

The Fund returned 1.01% gross (0.95% net) for the month, outperforming the benchmark by 0.62% gross (0.56% net)

Market review

With the buoyant mood across markets persisting over March many including ourselves are starting to question the ability of risky assets to extend the rally much further from here. The first quarter of 2012 has indeed been a very solid one for equities and corporate debt fuelled by unprecedented liquidity injection by the European Central Bank (ECB) and broader relief that the worst fears around Europe that prevailed towards the end of 2011 have been sidestepped for now. On balance, authorities have bought time with these interventions but have yet to deal with the underlying issues of longer term solvency, too little growth and a raft of structural reform that needs to be imposed on economies fairly rapidly. For these reasons it seems likely that over the course of the remainder of 2012 the going will be tougher for markets.

March provided a roller coaster month with US yields breaking above the 1.80-2.10% range which defined much of the preceding four months. Persistently better US data and a slight shift in the Federal Reserve's rhetoric combined for the market to push the US 10 year yield as high as 2.40%, ultimately settling down at month end around 2.20%. Australian yields moved in tune with US yields but the weaker domestic data saw Australian bond outperform in March with the 10 year country spread contracting 13 basis points to 1.77%. Spread products performed well with swap spreads, physical credit and synthetic indices such as the iTraxx Australia all contracting.

Portfolio Review

The Fund returned 1.01% gross (0.95% net) in March outperforming the UBSA Bank Bill Index by 0.62% gross (0.56% net).

Performance as at 31 March 2012

	DWS Diversified Income Fund Gross Performance (%)	DWS Diversified Income Fund Net Performance (%)	UBSA Bank Bill Index (%)
1 month	1.01	0.95	0.39
3 months	2.44	2.27	1.12
6 months	3.76	3.41	2.35
Financial year to date	3.14	2.61	3.62
1 year	3.94	3.24	4.89
Since commencement of Fund*	4.86	4.15	4.88
Exit price	1.0017		
Fund size	\$30.0 million		

Performance inception date: 08 April 2010

Gross performance figures are calculated using exit prices, pre-fees and reflect the annual reinvestment of distribution.

Net performance figures are calculated using exit prices, net of fees and reflect the annual reinvestment of distribution. Retail investors should refer to net returns. If investing through an IDPS Provider, the total after fees performance return of your investment in the Fund may be different from the information in this report.

*This figure represents the performance of the Fund from the first full month of operation.

Credit continued to perform strongly over the month, albeit the rally appears to be slowing after the strong first quarter. Overall macro strategies added positively to performance as did the credit position. We have been using the strength in credit to trim our exposure effectively shrinking our spread duration.

Within macro strategies, country spread was the best performing category in March with the AU/US spread narrowing and the EU/US spread widening as US yields moved higher. We took the opportunity at lower spread levels to trim the AU/US position to +1 from +2 and continue to hold the EU/US.

Currency was modestly positive with contributions from AUD/USD and EUR/USD. The short EUR/USD position remained unchanged through the month while the AUD/USD short position was added around mid month as the downtrend established itself.

The CDS indices category saw a shift in tone and positioning in March. The long risk iTraxx Australia position implemented in February was closed out early in the month after some good spread contraction, locking in performance. As the positive market tone began to wane late in the month, we added a short risk CDX North America position and held this into month end with neutral impact on performance.

In swap spreads, the 10 year spread narrower continued to add to performance. We continue to see scope for further performance from here.

Duration positioning was neutral while steepening position in the US 2/10 curve added to performance as the long end weakened through the middle of the month. As yields peaked, the 2/10 curve position was removed, locking in performance.

Attribution from Macro Decisions

Country Spread	
Australia vs US	●
Canada vs US	▲
UK vs EUR	
US vs Japan	
US vs Europe	●
Currency	
AUD/USD	●
CAD/USD	
CHF/EUR	
EUR/USD	▲
GBP/EUR	▲
HUF/EUR	
JPY/USD	▲
NOK/EUR	▲
PLN/EUR	
SEK/EUR	
ZAR/USD	●
Macro Credit	
iTraxx Australia	●
iTraxx Europe	
CDX NA	▲

Swap Spreads

Australia 10yr	●
Australia 3yr	
EUR 10yr	
EUR 2yr	
UK 10yr	
US 10yr	
US 2yr	

Duration

Australia	
Euro	
Japan	
UK	
US	▲

Yield Curve

Australia	
Euro	
Japan	
UK	
US	●

Legend:

- Positive contribution
- ▲ Neutral contribution
- ◆ Negative contribution

Sector Breakdown

Sector	% of Fund
Cash	19.2
Banks	30.9
Diversified Financials	13.5
Real Estate	17.2
Telecommunication Services	4.7
Industrials	4.3
Covered Bonds	1.7
Materials	3.3
Insurance	1.7
Utilities	1.7
Transportation	1.6

Top 10 Holdings

Holding	% of Fund
Cash	19.2
Morgan Stanley FRN	3.9
Stockland Trust Management	3.5
CFS Retail Property Trust	3.3
Barclays Bank Plc/Australia	3.3
Cooperative Centrale Raiffeisen-Boerenleenbank AB/Australia	3.3
Credit Agricole	3.0
Westpac Securities NZ Ltd	3.0
QIC Shopping Centre FD	2.1
QBE Insurance Group Ltd	1.7

Portfolio Characteristics

	Portfolio	Benchmark
Average credit rating*	A	AA*
Duration (years)	0.35	0.13
Running yield (%)	6.06%	4.33%

*NB: The average credit rating of the benchmark is implied

Quarterly video commentary

Quarterly video commentary for the DWS Diversified Income Fund is also available via the Ironbark Asset Management website. Visit www.ironbarkam.com and click on the link in the 'Videos' section on the home page.

Contact details

To discuss any information in this report please call:

Individual investors

1800 034 402

Advisers

1800 678 519

Institutional investors

(02) 8258 2400

Alternatively, visit the Ironbark Asset Management website at

www.ironbarkam.com

Important Information

Issued by Ironbark Asset Management Pty Limited ABN 53 136 679 420 AFSL 341020 ("Ironbark"). This document is not an offer of securities or financial products, nor is it financial product advice. As this document has been prepared without taking account of any investors' particular objectives, financial situation and needs, you should consider its appropriateness having regard to your objectives, financial situation and needs. The Fund referred to is issued by Deutsche Asset Management (Australia) Limited ABN 63 116 232 154 AFSL 298 626, the Responsible Entity. To acquire units in the Fund, complete the application form that accompanies the current PDS, which you can obtain from www.ironbarkam.com or by calling client services on 1800 034 402. You should consider the PDS in deciding to acquire or to continue to hold the Fund. Although specific information has been prepared from sources believed to be reliable, we offer no guarantees as to its accuracy or completeness. The information stated, opinions expressed and estimates given constitute best judgement at the time of publication and are subject to change without notice to you. This document describes some current internal investment guidelines and processes. These are constantly under review, and may change over time. Consequently, although this document is provided in good faith, it is not intended to create any legal liability on the part of Ironbark or any other entity and does not vary the terms of a relevant disclosure statement. Past performance is not an indicator of future results. All dollars are Australian dollars unless otherwise specified. All indices are copyrighted by and proprietary to the issuer of the index. An investment is not a deposit with or any other type of liability of Deutsche Bank AG ARBN 064 165 162, Deutsche Asset Management (Australia) Limited or any other member of the Deutsche Bank AG Group and the capital value of and performance of an investment in the Fund is not in any way guaranteed by Deutsche Bank AG, Deutsche Asset Management (Australia) Limited or any other member of the Deutsche Bank AG Group. Investments are subject to investment risk, including possible delays in repayment and loss of income and principal invested. Deutsche Asset Management (Australia) Limited is not an Authorised Deposit-taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority.