

Introducing the DWS Diversified Income Fund

The core defensive in your portfolio



TRADITIONAL THINKING IS NOT ENOUGH.



The role of fixed income assets in a portfolio

Fixed income investments are typically incorporated into a portfolio/model to provide one or both of the following characteristics:

- » Diversification against growth assets; and
- » Lower volatility than growth assets.

In general, it is also preferred, if through the investment/interest rate cycle that such investments consistently provide:

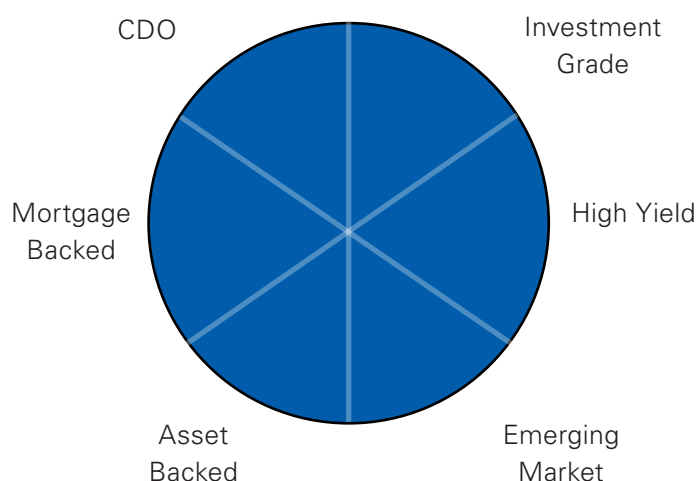
- » Income;
- » Returns higher than cash;
- » Daily liquidity; and
- » Transparency of underlying strategies and performance.

Some fixed income investments used for such “defensive” allocations in a portfolio in the past have not always delivered on these outcomes through the cycle. A common market approach to income solutions involves allocating to bottom-up credit related strategies as noted in Figure 1.

After the lessons learnt through the recent financial crisis and credit crises, as well as the bond crisis in the 1990’s, it has become more evident that a defensive fixed income solution should have the following characteristics which can see you through the full investment/interest rate cycle:

- » **Low exposure to interest rate duration:**
If interest rates increase over the next three years government bonds may lose capital value.
- » **Low exposure to high yield securities:**
Corporate debt exposure needs to be high grade and have minimal impact from credit spread expansion.
- » **Invested in liquid securities:**
The fund’s investments need to be as liquid as possible.
- » **Investment diversification:**
A fund needs to have a broad range of investment decisions to help protect from one single decision significantly impacting the portfolio’s performance.

Figure 1. A common market approach to income solutions



Introducing the DWS Diversified Income Fund

DWS Investments believes delivering consistently strong, risk-adjusted performance in fixed income strategies requires diversifying risk across a large number of individual investment strategies that tend to be uncorrelated to each other.

The DWS Diversified Income Fund ('Fund') seeks to employ a large number of diverse active investment decisions that tend to be uncorrelated with each other. As well as adopting a relatively conservative approach to investment grade credit the fund employs approximately 45 strategies (Figure 2) from the traditional fixed income universe including Duration, Yield Curve, Country Spreads, Currencies, Swap Spreads and Investment Grade Indices. The use of derivatives is the most effective way to access these different strategies and is a key component in DWS Investments' efficient approach to portfolio management.

For example, if an analyst believes Australian interest rates are going to decline, Australian Government Bond Futures may be purchased to position the portfolio to benefit from a fall in Australian government bond yields.

Who is the Fund best suited to?

The Fund is best suited to investors who seek:

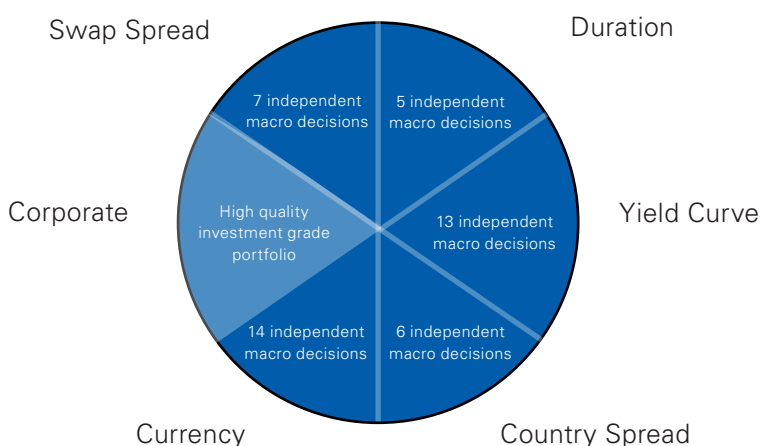
- » Stable income and moderate volatility in investment returns; and
- » An investment solution designed to provide lower volatility with a strong emphasis on capital stability in all market conditions.

Why invest in the Fund?

- » **Diversification:** The Fund invests in a diverse array of fixed income strategies, that tend to be uncorrelated with each other;
- » **Professional investment management:** DWS Investments' draws on the expertise of our global fixed income group which comprises approximately 150 professionals based around the world. Investment decisions are made by specialists within the team, with these decisions communicated in real time to portfolio managers around the world.
- » **Liquidity:** With a strong emphasis on the provision of liquidity, the Fund is managed within risk control limits. Where possible we will use derivatives in implementing some of the Fund's strategies in order to minimise transaction costs and efficiently manage the Fund.
- » **Income:** Any income available for distribution will be distributed quarterly.

Please note that there are also risks when investing. Please refer to the DWS Diversified Income Fund PDS for further details.

Figure 2. DWS Investments' approach to income solutions



■ Macro alpha overlay strategies

The Fund at a glance

Investment objective	The investment objective of the Fund is to provide investors with access to an actively managed portfolio of fixed income strategies, with an aim to deliver returns in excess of the UBS Australian Bank Bill Index, after fees, over the short to medium term. There is no guarantee that the Fund will meet this objective. Returns are not guaranteed.
Benchmark	UBS Australian Bank Bill Index
Fund Inception date	9 November 2009
Suggested minimum investment period	3 years +
Entry and exit fee	Nil
Minimum investment amount	\$25,000
Investment Management Fee	0.675% pa of the Net Asset Value of the Fund
Estimated Expense Recovery	0.10% pa of the Net Asset Value of the Fund
Buy/sell spread	+0.10/-0.10%
Distribution frequency	Any income available for distribution is distributed quarterly after the end of each calendar quarter.
Currency hedging	As far as practical, we aim to fully hedge the foreign currency exposure of the Fund to the Australian dollar. The Fund also intends to use currency related derivatives as part of the 'active management' of the Fund to take advantage of changes in one country's currency relative to another. This currency exposure will not be hedged.
APIR Code	DAM0012AU

Your dedicated Key Account team

Contact your dedicated Key Account team at Ironbark Asset Management for further information about the DWS Diversified Income Fund.

Alternatively visit www.ironbarkam.com or contact our Client Services team on 1800 034 402.

About DWS Investments

DWS Investments is the global retail asset management business of Deutsche Bank. Founded in Germany in 1956, DWS Investments is the largest* mutual fund company in Germany and among the top ten players globally^ in terms of assets under management. DWS Investments is also the name under which Deutsche Asset Management (Australia) Limited ('DeAM'), as the responsible entity, markets a range of its funds in Australia. DeAM, the issuer of this Fund, has appointed Ironbark Asset Management to provide distribution services in relation to the current DWS Investments retail funds offered in Australia.

As at 31 December 2009, Deutsche Asset Management invests approximately US\$340 Billion in cash and fixed income on behalf of clients around the world.

* BVI, 31 January 2010; including DB products

^ Lipper FMI (Europe), Simfund (US, Asia, Australia); 31 December 2009. European figures including DB products

Important information

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