

DWS Global Equity Agribusiness Fund

April 2012 Monthly Report



The Fund returned -0.92% gross (-1.00% net) for the month

Market review

Markets started out the month on a weak note after minutes from the Federal Market Open Committee were understood by markets to mean that further monetary stimulus is on hold. European markets continued to slide through mid-month on renewed concerns over borrowing costs for Europe's weaker economies. Spanish government bond yields climbed to the highest level of the year.

Markets regained footing during the month on better than expected US housing data and strong quarterly results from a number of blue chip companies. Volatility and correlations between asset classes are falling to levels not seen in a number of years. Implied volatility in interest rates and foreign exchange are now trading at prices seen pre-crisis. Some economists have taken this data as a positive symptom of markets returning to a more historical trading pattern. The central bank polices on both sides of the Atlantic have anchored long-term rates in order to provide an environment that enables weak economies to stabilise. This coordinated government monetary intervention has narrowed interest rate differentials between the US and the European Union. As a result, one of the reasons volatility has dropped is that trading volumes have declined on smaller risk opportunities in interest rates and foreign exchange.

Risk in the agriculture system has once again surfaced. This month US consumers had to address concerns about the level of oversight the inspection office has over the food chain, specifically beef. The US Department of Agriculture (USDA) confirmed a case of mad cow disease in California, the first in the US since 2006. This news comes on the heels of some other recent headlines regarding lean finely textured beef and boneless lean beef trimmings that have not shed the most

positive light on the quality of government supervision. The response from consumers has been to reduce consumption of those products they deem to be less reliable with health claims. Looking back to the early part of the decade, evidence of how mad cow disease affected consumer choice in Europe was most easily observable in fast food consumption. The behaviour response, perception change and lingering effects are still visible today. Analysts have noted that McDonald's management indicated that, in Germany, one month after the first case was identified in November 2000 that 57% of consumers polled indicated they would eat less beef. Six months later, 37% still indicated that they would eat less beef. The management team indicated during its 2002 Europe investor trip the degree to which mad cow changed consumer behaviour and the speed at which it happened.

By 2002, McDonald's noted that in some countries in Europe, it took 9 or 12 months before things turned around. These qualitative observations on consumer choice are substantiated in the US with quantitative results from per capita food consumption trends. This data indicates that the average American will consume 12% less meat and poultry in 2012 than they did in 2007. What is interesting is that consumption declines accelerated around the year 2000, right when these issues started to surface.

Analysts have cited three key reasons outside of consumer choice for the decline in the US, notably lower availability, higher cost and organisations proposing new dietary prescriptions. The first reason is unique in that the growth of meat consumption in developing markets has meant lower domestic availability and consumption in the US. Despite the downward trend in

Performance as at 30 April 2012

| | DWS Global Equity Agribusiness Fund Gross Performance (%) | DWS Global Equity Agribusiness Fund Net Performance (%) | ^MSCI World ex Australia Index Hedged AUD (%) |
|--------------------------------|-----------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------|
| 1 month | -0.92 | -1.00 | -1.31 |
| 3 months | 6.42 | 6.18 | 5.99 |
| 6 months | 7.52 | 7.04 | 10.86 |
| Financial year to date | -1.99 | -2.72 | 3.14 |
| 1 year | -5.50 | -6.34 | 1.03 |
| 2 years pa | 8.06 | 7.09 | 7.57 |
| 3 years pa | 19.93 | 18.86 | 16.38 |
| 5 years pa | 3.73 | 2.81 | -1.09 |
| Since commencement of Fund* pa | 4.49 | 3.56 | 0.22 |
| Exit price | 0.9137 | | |
| Fund size | \$103.6 million | | |

Past performance is not an indicator of future results.

Performance inception date: 19 March 2007. * This figure represents the annualised performance of the Fund from the first full month of operation.

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.

^ The fund does not have a formal benchmark. The MSCI World Index is provided for comparative purposes only.

Market review (continued)

developing nations consumption, GTP's proprietary work on global calorie consumption indicates that the continued trend in urbanisation will lead to overall increased global protein consumption driven from emerging markets nations. The second factor was that production increases in the US were limited as protein producers adapted as rising energy prices drove costs higher and pressured balance sheets. Some companies reduced output as others were forced out of business thus further reducing market supplies. Consequently, domestic availability of product was reduced to balance supply with the new cost-base. A final reason for the decline is the efforts by organisations highlighting the health benefits of lowered protein consumption. Potential beneficiaries of this development include those food products that focus on consistent, reliable, natural and/or organic ingredients that provide essential nutrition.

Performance review

The Fund returned -0.92% gross (-1.00% net) for the month. The MSCI World Index and the Fund slid in April. Within the upstream companies in the portfolio, weaker than market performance from some fertiliser producers was offset by strong performance from the European seed and crop protection companies.

All the major global seed producers have indicated an increase in sales for the first quarter of 2012. This has followed the strong conclusion from the semiannual reporting season (ended 2011) from the European producers KWS Saat and Vilmorin & Cie. The companies continue to build out business platforms by internally developing and acquiring new germplasm. The rise in capital expenditure at KWS Saat was attributed in part to the acquisition of new breeding areas and equipment for the potato business in the Netherlands and the expansion of production capacity in Argentina. Vilmorin has strengthened its corn seeds organisation in Brazil through the purchase of the research activities of the Brazilian-based company Genetica Agricola. The company indicated that this breeding program has germplasm quality that is very well suited to the specific growing conditions of these new regions.

The equity value of the potash and phosphate producers has been relatively weak over the past month. The value of Potash Corp. and Mosaic Corp. has slipped 4.47% and 6.72% respectively over the period compared to a 1.14% fall in the MSCI World Index. For Potash Corp, the demand environment for fertiliser in the beginning of the year was uncertain with potash curtailments of 1.6 million tons announced for the first quarter of 2012. Weakness in the fiscal budget in India led to a decrease in small-hold farmer subsidies for the year 2012. As a result, the forecasted global potash demand in 2012 is projected to be flat from 2011 levels at 54-56 million tons, this compares to 55.5 million tons of global shipments in 2011, 53 million tons in 2010, and 31 million tons in 2009. However, given India's projected consumption levels for 2012, the nitrogen-to-potash

ratio is expected to fall back to a level recognised by the country's agronomists as inadequate to improve on lagging crop productivity and to meet the future food needs of its increasing population.

In contrast to India, underlying Western Hemisphere farmer economics remain robust yet shares of the fertiliser producers are pricing in the possibility of demand destruction in fertiliser purchases and price erosion. Farmer profits per acre on corn, soy, wheat and cotton are above five year averages. These are favorable dynamics for a consolidated commodity industry structure such as potash with the leading companies of Potash and Mosaic commanding substantial control of the merchant market.

Geographic distribution as at 30 April 2012

| Country | % of Fund |
|----------------|-----------|
| Argentina | 0.29 |
| Australia | 5.07 |
| Austria | 1.08 |
| Brazil | 5.17 |
| Canada | 4.83 |
| China | 2.06 |
| Cyprus | 0.11 |
| France | 2.33 |
| Germany | 7.11 |
| Hong Kong | 1.40 |
| India | 0.97 |
| Indonesia | 0.25 |
| Ireland | 0.22 |
| Israel | 0.12 |
| Mexico | 0.16 |
| Netherlands | 2.06 |
| Norway | 5.65 |
| Poland | 0.44 |
| Russia | 0.30 |
| Singapore | 0.76 |
| South Africa | 1.61 |
| South Korea | 0.48 |
| Spain | 1.85 |
| Switzerland | 7.43 |
| Uruguay | 0.25 |
| Ukraine | 0.10 |
| United Kingdom | 1.89 |
| United States | 43.93 |
| Cash | 2.08 |

(Data in AUD)

Positive contributors

CF Industries, +5.7%, performed well this month as earlier than expected plantings drove higher demand and higher prices for nitrogen products. Over the month urea prices increased by over thirty percent, while the natural gas feedstock increased by only six percent, leading several Wall Street analysts to upgrade earnings estimates. The analysts suggested that in addition to the strong early Corn Belt planting demand, part of the price support could be attributed to better southern plains demand, facility shutdowns, and reduced imports.

KWS Saat, +18.5%, rallied this month as the company raised sales and earnings targets for 2012. Management noted that this upgrade was driven by demand for alternative seeds after frost damaged both the French and German wheat crops. The poor conditions of wheat crops forced farmers to replant fields with different seasonal crops including corn, where KWS Saat has an eighteen percent market share. The benefit from this switch led analysts to upgrade sales estimates by three percent and EBIT estimates by close to fifteen percent.

Syngenta, +4.2%, increased this month after reporting Q1 sales and revenue in which Syngenta achieved price increases of four percent for crop protection and seven percent for seeds. Strength in the product portfolio was exhibited in both North America and Europe, approximately ten percent volume growth. However, there was some volume weakness in Latin America

and Asia due to unfavorable drought weather events. Newly launched products contributed well to the growth, up thirty five percent, and are on track to achieve management targeted sales.

Yara International, +2.9%, performed in line this month after reporting first quarter results which met analyst expectations. The company experienced better than expected results in both the upstream and downstream businesses; however, this was offset by weaker industrial results. Nevertheless, Yara International reported volume growth that was higher than expected as the company increased sales volumes outside of Europe. Analysts suggested that the company could potentially see some pricing growth in Q2 as Black Sea prilled urea has risen significantly, and large tenders were announced.

Incitec Pivot Ltd., +4.3%, increased this month as expectations regarding Diammonium Phosphate Fertiliser (DAP) demand improved. Over the past couple months Incitec Pivot Ltd (IPL) suffered from strong foreign change headwinds, poor top dress cotton demand, and weaker DAP prices due to Indian subsidy cuts. However, analysts now believe that as the US enters peak seasonal demand, it should lead to price support. Furthermore, IPL's explosive assets, which are used primarily in mining, continue to outperform driven by solid demand in both Australia and the Americas.

Key contributors and detractors in April 2012

| Security | Sub-industry | Contribution %* |
|------------------------------------|--------------------------------------|-----------------|
| Top positive contributors | | |
| CF Industries Holdings Inc | Fertilisers & Agricultural Chemicals | 0.35 |
| KWS Saat | Agricultural Products | 0.29 |
| Syngenta | Fertilisers & Agricultural Chemicals | 0.19 |
| Yara International | Fertilisers & Agricultural Chemicals | 0.15 |
| Incitec Pivot Ltd | Fertilisers & Agricultural Chemicals | 0.12 |
| China Agri-Industries Holdings Ltd | Agricultural Products | 0.09 |
| SUPERVALU Inc | Food & Staples Retailing | 0.07 |
| Fresh Market Inc | Food & Staples Retailing | 0.07 |
| Daesang Corp | Food Products | 0.06 |
| Tiger Brands Ltd | Food Products | 0.06 |
| Top negative contributors | | |
| Bunge Ltd | Agricultural Products | -0.42 |
| Mosaic Co | Fertilisers & Agricultural Chemicals | -0.34 |
| Potash Corp of Saskatchewan Inc | Fertilisers & Agricultural Chemicals | -0.28 |
| Metro | Food & Staples Retailing | -0.25 |
| Monsanto Co | Fertilisers & Agricultural Chemicals | -0.23 |
| SLC Agricola | Agricultural Products | -0.18 |
| K+S AG | Fertilisers & Agricultural Chemicals | -0.17 |
| Life Technologies Corp | Life Sciences Tools & Services | -0.12 |
| Cresud SACIF yA | Food Products | -0.12 |
| Ebro Foods | Packaged Foods & Meat | -0.11 |

(*in USD terms)

Negative contributors

Bunge Ltd., -5.8%, fell this month after reporting Q1 earnings that were below consensus expectations. The variance versus expectations was the result of negative earnings in both the fertiliser and sugar and ethanol divisions as the company worked through high cost inventories. Nevertheless, Bunge's Agribusiness division, the largest segment for the firm, produced good results and management indicated that the environment was likely to improve further. Additionally, the company pointed to normalisation in the Food and Edible Oils segment, and the beginning of the sugar harvest in Brazil, as opportunities to show significantly improved earnings in the second half of the year.

Mosaic, -4.5%, suffered this month despite announcing that both potash and phosphate volumes would likely be at the high end of the previous guidance range, reported at the end of March. The change in guidance was driven by seasonal demand strength and overall market improvement across the nutrient chain. Analysts noted that strong demand for potash in Latin America will likely result in better pricing, similar to what was seen at the end of 2011. The market also suggested that potash shipments to China would help to draw down North American producer inventories.

Potash Corp. of Saskatchewan, -6.7%, declined this month after reporting Q1 results that were below consensus expectations. The variance versus street expectations was due to weaker North American potash volumes, 400 million tonnes actual versus 600 million expected. Management lowered 2012 EPS guidance to reflect the lower total global potash volumes for the full year. Phosphate pricing was strong and volumes were in line, reflecting a demand scenario similar to what fertiliser peer Mosaic reported. Lastly, nitrogen pricing and volumes were in line with estimates as strong Corn Belt demand continued.

Metro, -16.4%, fell this month as consensus adjusted estimates lower due to concerns of potential profit contractions across store formats. Analysts suggested that price cuts at both the country and product level, in addition to ongoing restructuring charges, could lead to operating losses at the cash-and-carry format. There was also concern that the switch to an everyday low pricing methodology may limit potential rebates that Metro

previously achieved. Nevertheless, analysts noted that management is working hard to optimise the portfolio, and if it monetises any of its asset portfolio, it will lead to a rerating of the stock.

Monsanto, -4.1%, suffered this month despite reporting 2Q earnings that exceeded analyst expectations and raising guidance for 2012. The company reported that there was significant grower reception to refuge reduced corn, strong corn seed demand due to the potential for a ninety five million acre crop in the US, and that Brazil was performing above expectations. Furthermore, management confirmed that these factors would likely lead to market share gains across the seed portfolio.

Investment strategy and outlook

After analysing the top 300 agricultural equities capital expenditure and Research and Development (R&D) programs over two decades a picture of chronic underinvestment emerges. This proprietary analysis looks at the actual dollars spent by these top companies that have a substantial amount of their financial resources in the agribusiness universe. Approximately \$40bn was spent last year in new capital expenditures and \$15bn in R&D for a total of approximately \$65bn dollars invested in both developed and developing countries by public companies. This is in addition to the maintenance capital expenditures of approximately \$90bn (assuming 55% maintenance requirement for existing assets). The Food and Agriculture Organisation's (FAO) Expert Meeting on How to Feed the World in 2050 concludes that the cumulative gross investment requirements for developing countries' agriculture add up to a total of nearly US\$9.2 trillion over the next 44 years (2005/07-2050).

This amount would be necessary to remain consistent with FAO's long-term outlook for global agriculture (World agriculture: towards 2050). In annual terms, approximately \$210bn dollars in gross investment in developing countries is needed by 2050 to meet the increasing challenges of food supply. The challenges

Top 10 Holdings as at 30 April 2012

| Stock | Country | Sector | % of Equity |
|---------------------------------|---------------|--------------------------------------|-------------|
| Mosaic Co | United States | Fertilisers & Agricultural Chemicals | 7.16 |
| Bunge Ltd | United States | Agricultural Products | 7.08 |
| CF Industries Holdings Inc | United States | Fertilisers & Agricultural Chemicals | 6.80 |
| Yara International | Norway | Fertilisers & Agricultural Chemicals | 5.42 |
| Monsanto Co | United States | Fertilisers & Agricultural Chemicals | 5.22 |
| Syngenta | Switzerland | Fertilisers & Agricultural Chemicals | 4.75 |
| Potash Corp of Saskatchewan Inc | Canada | Fertilisers & Agricultural Chemicals | 4.37 |
| K+S AG | Germany | Fertilisers & Agricultural Chemicals | 3.71 |
| Archer Daniels Midland Co | United States | Agricultural Products | 2.96 |
| Incitec Pivot Ltd | Australia | Fertilisers & Agricultural Chemicals | 2.90 |

(Data in AUD)

Investment strategy and outlook (continued)

of food demand are not drawn along the lines of developed versus developing nations. Capital investment is needed across the globe, from the most efficient North American producers to meet today's surging needs, to the inefficient Sub-Saharan producers to meet substantial future needs of populations. GTP has found that spending by public agricultural equity

companies has been drastically curbed from the Global Financial Crisis in 2008, where \$90bn was spent on capital expenditures and R&D. The level spent in the subsequent years in both developing and developed countries since then has averaged 30% less, while the capital requirements needed to meet increasing demand has not subsided.

Quarterly video commentary

Quarterly video commentary for the DWS Global Equity Agribusiness 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.

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