

DWS Global Equity Thematic Fund (Fully Hedged)

April 2012 Monthly Report



The Fund returned -2.66% gross (2.73% net) for the month, underperforming the benchmark by 1.35% gross (1.42% net)

Market review

After a strong start to 2012, international equity markets were generally weaker or flat during April. The MSCI World Index fell 1.14% in USD terms. Equity markets started out the month on a weak note after minutes from the Federal Market Open Committee (FOMC) were understood by investors to mean that further monetary stimulus is on hold. Markets regained footing during the month on better than expected US housing data and strong quarterly results from a number of blue chip companies. However most markets failed to regain March closing levels.

Over the month, German 10 year Bund yields reached an all time low of 1.65%, while US Treasuries fell below 2% for the first time since February. Positive news continued to emerge in the US with the Federal Reserve releasing the February 17th to April 2nd Beige Book on current economic conditions. The Fed reported all districts had experienced economic growth due to stronger manufacturing, retail spending and residential real estate, however concerns persisted around higher transportation costs and reports of difficulty finding qualified workers, especially for high skilled positions.

Chinese GDP figures came in below expectations at 8.1% year on year, the weakest result in three years, while industrial production increased 11.9% and retail spending was up 15.2%, both beating analysts' expectations. The International Monetary Fund (IMF) released its April 2012 World Economic Outlook report in mid-April, increasing its projection of global growth from 3.3% to 3.5% in 2012. The IMF estimates developing economies will average 5.75% real GDP growth, while advanced economies will grow by 1.5%, constrained by sluggish job creation, with the need for income support, skills development and retraining for

the unemployed.

The first round of the French presidential elections took place on April 22nd, with the Socialist Party candidate Francois Hollande narrowly defeating the incumbent President Nicolas Sarkozy, with the country due to move to a second round run-off on May 6th. Meanwhile in Dutch politics, the fragile liberal conservative coalition government collapsed, with politicians unable to come to an agreement on the European Fiscal Pact after the far Right Freedom Party walked out of talks to implement \$14.5 bn of cuts. Late in the month, preliminary data from the National Statistics Institute suggested Spain has slipped back into recession, with GDP shrinking 0.3% in the first quarter of 2012, the same result as the final quarter of 2011. This recession comes barely two years since Spain emerged from the last downturn, and coincides with an unemployment rate of 24.4%. Against this backdrop, Standard and Poor's cut Spain's credit rating by two notches from A to BBB+, with a negative outlook. As a consequence Spanish government bond yields climbed to the highest level of the year and European markets continued to slide through mid-month on renewed concerns over borrowing costs for Europe's weaker economies.

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

Performance as at 30 April 2012

	DWS Global Equity Thematic Fund (Fully Hedged) Gross Performance (%)	DWS Global Equity Thematic Fund (Fully Hedged) Net Performance (%)	MSCI World ex-Australia Index (Hedged in AUD) (%)
1 month	-2.66	-2.73	-1.31
3 months	2.32	2.10	5.99
6 months	7.19	6.72	10.86
Financial year to date	-4.49	-5.20	3.14
1 year	-7.12	-7.95	1.03
2 years pa	3.39	2.46	7.57
3 years pa	15.39	14.36	16.38
5 years pa	-3.15	-4.01	-1.09
Since commencement of Fund* pa	-0.43	-1.31	0.99
Exit price (\$)	0.5991		
Fund size	\$14.8 million		

Past performance is not an indicator of future performance

*This figure represents the annualised performance of the Fund from the first full month of operation. Inception date: 4 December 1996.

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.

Market review (continued)

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.

Performance review

The Fund returned -2.66% gross (-2.73% net) for the month, underperforming the benchmark by 1.35% gross (1.42% net). After a strong start to the year in the first quarter, the performance of the Fund was impacted by broadly weaker equity markets in April. Our themes, Disequilibria, Global Agribusiness and Personalised Medicine detracted most, resulting in underperformance for the month, whereas Supply Chain Dominance contributed to returns.

The Disequilibria theme, which seeks to identify companies that will benefit from rapid changes in industry dynamics, was impacted by negative performances of KPN, Metro and Nokia. KPN, the Netherlands based telecommunications service provider, underperformed in April, along with the European telecommunications sector in general. The industry challenges were exacerbated by concerns over new entrant risk in KPN's home market, which we believe are priced into the stock's current valuation. The German retailer Metro, which owns cash-and-carry stores as well as department stores, supermarkets and hypermarkets and consumer electronics stores, was affected by consumer demand weakness in Europe. We believe that the company's new management team, in place since late 2011, will accelerate the review of the conglomerate structure of the company, which currently also provides an attractive dividend yield. Nokia, the Finland based global mobile communication company, reported poor quarterly results driven by weaker than expected sales of their Symbian based phones as competition was greater than expected from low-end Android devices. The company is launching the "Lumina" new generation of smart phones based on Microsoft Windows software, phasing out the legacy Symbian based devices. Among the positive contributors to the Disequilibria theme was Williams Companies Inc., the US based integrated natural gas company. Williams performed strongly in April after completing the acquisition of Caiman Eastern Midstream, which offers significant opportunity to leverage its assets and expand into shale gas. The company increased its projections for expected 2012-2014 dividends and raised earnings guidance for 2014.

The Global Agribusiness theme, which targets holdings across the agribusiness value chain, including distribution inefficiencies, irrigation and nutrient scarcity, was negatively impacted during the month as a result of holdings in several upstream companies, notably Potash Corp. of Saskatchewan and Mosaic. The demand environment for fertiliser at present remains uncertain with some potash curtailments announced during the first quarter of 2012. It is our view however, that the underlying farmer economics in the

west remain robust, with farmers' profits well above five year averages. We view these dynamics, especially in a consolidated

Country allocation as at 30 April 2012

Country	Fund (%)	MSCI World Ex-Australia (%)
Austria	0.45	0.11
Bahrain	0.22	0.00
Belgium	0.46	0.44
Bermuda	0.64	0.00
Brazil	4.20	0.00
Canada	6.14	5.30
China	2.57	0.02
Colombia	0.46	0.00
Denmark	0.70	0.51
Egypt	0.46	0.00
Finland	0.45	0.35
France	0.59	3.67
Germany	7.22	3.63
Greece	0.02	0.04
Hong Kong	0.40	1.29
India	2.48	0.00
Indonesia	0.65	0.15
Ireland	0.00	0.12
Israel	2.21	0.28
Italy	0.00	0.90
Japan	3.13	9.25
Luxembourg	0.00	0.17
Malaysia	0.46	0.00
Mexico	0.83	0.02
Netherlands	6.47	1.21
New Zealand	0.00	0.05
Nigeria	0.20	0.00
Norway	0.00	0.41
Panama	0.76	0.00
Portugal	0.00	0.09
Russia	1.71	0.00
Singapore	0.00	0.79
South Africa	3.33	0.05
South Korea	1.89	0.00
Spain	0.00	1.11
Sweden	2.31	1.34
Switzerland	3.71	3.68
Taiwan	0.84	0.00
Thailand	1.20	0.00
United Kingdom	2.38	10.08
United States	37.45	54.94
Cash	3.01	0.00

(Data in AUD)

Performance review (continued)

commodity industry structure such as potash, as very favourable, yet shares of the fertiliser producers are pricing in the possibility of demand destruction in fertiliser purchases and price erosion. This backdrop offers an ample opportunity set for our Agribusiness theme going forward.

Allscripts Healthcare Solutions Inc. negatively impacted our Personalised Medicine theme, which targets companies exposed to the exponentially improving economics of genetic analysis and the subsequent paradigm shift in medicine from “diagnose and treat” to “predict and prevent”. The company, which develops electronic health records, announced lower than expected Q1 earnings, lowered financial year guidance based on delayed product launch, and disclosed a strategy dispute that led to board member departures.

Our holding in Symantec Corporation, part of the Security theme, also detracted from the overall performance during the month of April, as the company announced lower than expected license revenue ahead of its storage and server management product refresh. However, strong renewal rates continue to drive deferred revenue growth and the valuation remains attractive in our view, with a double-digit free cash flow yield and an ongoing \$1 billion

share buyback.

The Supply Chain Dominance theme, which seeks companies that are gaining leverage over their suppliers, customers and competitors through economies of scale and/or cost savings, contributed to performance this month mainly due to its holdings in Samsung Electronics and NCR Corp. Samsung, the Korean consumer and industrial electronics manufacturer, benefitted from the reporting of strong quarterly results with the smart phone segment being far above expectations. Market share and margins surpassed estimates as their vertically integrated approach and the benefits of scale begin to bear fruit. NCR Corp., the US based maker of financial transaction machines such as ATMs and self check-out and self-service kiosks, preannounced stronger than expected quarterly earnings and raised its full year guidance, with the CEO noting that the core Financial Services business is performing stronger than ever. As noted in our February monthly report, the company’s margin continues to expand as its business mix shifts into higher value products and services, which is a key tenet of our investment thesis.

Key contributors and detractors as at 30 April 2012

Security	Theme	Contribution %
Top 10 positive contributors		
Samsung Electronics Co Ltd	Supply Chain Dominance	0.16
NCR Corp	Supply Chain Dominance	0.15
Williams Companies Inc	Disequilibria	0.15
Amazon.com Inc	Supply Chain Dominance	0.11
Calpine Corp	Disequilibria	0.10
Roche Holdings	Personalised Medicine	0.10
Volkswagen	Supply Chain Dominance	0.06
Qiagen	Personalised Medicine	0.06
Energy Transfer Partners	Market Hedge	0.05
Ashland Inc	Disequilibria	0.05
Top 10 negative contributors		
Allscripts Healthcare Solutions Inc	Personalised Medicine	-0.37
Koninklijke KPN	Disequilibria	-0.26
Metro	Disequilibria	-0.24
Nokia Corp	Disequilibria	-0.23
Symantec Corp	Security	-0.21
Bank of America Corp	Market-Implied Distressed	-0.15
Wal-Mart de Mexico	Large Units/Bottom Billions	-0.14
Petrobras Petroleo Brasileiro	Asymmetric Negotiators	-0.14
Potash Corp of Saskatchewan Inc	Global Agribusiness	-0.12
GOL Linhas Aereas Inteligentes	Large Units/Bottom Billions	-0.12

(Data in USD)

Market outlook and strategy

Historically, employment increases were steered by the general hesitancy to re-hire after the storm, while employment decreases happened more rapidly. Hence the general asymmetry in firing and re-hiring.

However, during the past few years, a development that occurred between 1950-1980 is re-asserting itself, namely the disintermediation of labour by new technologies. We are witnessing an aggressive rebirth of this phenomenon which is challenging a large number of orthodoxies in different industries. A leading management consultant recently offered the following examples:

- Significant innovation rates in mining (fracture technology) and agriculture;
- Research enabling dairy output in Israel to triple and aquaculture to increase to 60 times current levels
- Call centres with medical doctors covering 90% of healthcare needs in India;
- Innovation can be simple: UPS has cut out left turns by using route mapping software to save 2% of their overall fuel cost.

As part of our management interviews across the globe, we speak with different companies, and the impression is increasingly focused on how to deal with overcapacity. This overcapacity is often a result of uncertain demand (but no one wants to reduce staff levels if there is a need to re-hire in the next upcycle). In our view, most overcapacity is the result of the same job done better or equivalently by fewer, and in some cases by better qualified people. But, increasingly, the point is: better and fewer people. We think there is an innate desire for most people to be employed and contribute to society in one way or the other. That said, we observe a society which:

- a) produces more goods and generates more services than the planet needs; and
- b) includes segments/sectors that may erroneously believe they are adding value and are indispensable.

Overstaffed financial services are a prime example. Debt and equity origination teams or equity and debt sales are good examples of employees with general business training performing largely scheduling and administrative tasks but yet seek compensation on a level that relates to the nominal size of assets they are touching in very indirect ways. Technology has rendered less creative value-added contributions increasingly irrelevant, and conversely has introduced a higher premium for researchers and work that is performed on the cutting edge of science, engineering and entertainment.

Against this backdrop, we have revisited our themes and concluded that we are adding an additional litmus test for a company's inclusion in the portfolio. If we believe a firm requires rising employment to sell more goods and services to people that are most likely economically sidelined by the development

Theme distribution & contribution as at 30 April 2012

Theme	% of Fund	Contribution to return (%)
Supply Chain Dominance	13.42	0.46
Sufficiency	1.50	-0.03
Private/Public Partnerships	2.79	-0.04
Indian Ocean	3.51	-0.07
Large Units/Bottom Billions	14.13	-0.13
Asymmetric Negotiators	7.81	-0.18
Talent & Ingenuity	5.44	-0.18
Security	3.72	-0.31
Market-Implied Distressed	4.61	-0.37
Market Hedge	7.09	-0.43
Personalised Medicine	10.00	-0.45
Global Agribusiness	12.28	-0.48
Disequilibria	13.69	-0.91

(Data in USD, ex cash)

Top 10 holdings as at 30 April 2012

Stock	Country	Theme	% of portfolio
Unilever	Netherlands	Large Units/Bottom Billions	3.46
Mosaic Co	United States	Global Agribusiness	2.59
Ericsson	Sweden	Disequilibria	2.31
Abbott Laboratories	United States	Personalised Medicine	2.01
Deutsche Post	Germany	Private/Public Partnerships	1.99
Roche Holding	Switzerland	Personalised Medicine	1.98
ICICI Bank Ltd	India	Indian Ocean	1.98
Koninklijke	Netherlands	Disequilibria	1.92
Samsung Electronics Co.Ltd	South Korea	Supply Chain Dominance	1.90
Potash Corp. of Saskatchewan Inc	Canada	Global Agribusiness	1.86

(Data in AUD)

Market outlook and strategy (continued)

of labour disintermediation, then it is our view that this is probably not a great business. Conversely, if a company understands that its products and services are a result of the irreducible human value-add, and is not at risk of technological disintermediation,

then we are more likely to continue to engage with such a firm. In respect of the latter category, one can find firms such as Axel Springer, Adobe, Samsung Electronics, Infineon, NCR, Schlumberger and Julius Baer amongst others.

Quarterly video commentary

Quarterly video commentary for the DWS Global Equity Thematic 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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