

DWS Global Equity Agribusiness Fund

December 2011 Monthly Report



The Fund returned -1.10% gross (-1.17% net) for the month

Market review

Global financial markets rallied mid-month as a result of positive data from the United States combined with strengthening investor sentiment towards Europe. The rally came after global indices fell to the lowest level of the month as euro currency issues and rising borrowing costs for Italy kept investor anxiety levels elevated. The market rose after a report on the US housing sector exceeded consensus expectations. Housing starts in the US surged 9.3% in November, rising to the highest level in 19 months, with a noted increase in construction permits. As the housing industry has been mired in recession for years, both data points were a welcome relief. The sentiment in Europe began to reverse as European markets rose mid-month after the German IFO business confidence index rose in December and exceeded analysts' projections. Separately, Spain sold EUR5.64 billion (USD7.33 billion) of short-term Treasury bills, exceeding the target of EUR4.5 billion. The average yields fell sharply from the previous auction of bills in November. In total, the amount of longer-term bonds Spain had sold was almost two times more than it had anticipated.

Turning to agriculture, the US Department of Agriculture (USDA) made a few changes to the US balances in the December World Agricultural Supply and Demand Estimates (WASDE) report. The only changes for 2011-12 corn/soybean projections were a five million bushels decrease in food, seed, and industrial (FSI) and 25 million bushels decrease in soybean exports. Some adjustments were made to the USDA's price forecasts (corn from \$5.90 to \$6.90, soybeans from \$10.70 to \$12.70). Market analysts will now wait until January for a sense of South American production estimates and export numbers. Without any

significant change to supply/demand fundamental information, it should be external factors that move crop prices until Latin American and US planting takes centre stage for upstream companies.

Performance review

The Fund returned -1.10% gross (-1.17% net) for the month. The global index outpaced the Fund during the month as the performance from the top ten performers was focused in food retail, with mixed performance from the supply chain managers. Specifically, food retail companies in the US added 42 bps of performance as grocery industry dollar sales were up 3-4% in November and unchanged from October, ahead of analyst's expectations. The performance from the supply chain managers Viterra and Graincorp added 30 bps to performance. An additional contribution to return of 13 bps was seen from specialty food processing such as food seasonings producer Daesang Corp. Downstream holdings in Safeway, SUPERVALU and Ralcorp also performed well with sentiment improvement towards private label production and distribution as well as low price elasticity for food – at least in high income countries.

Not much performance could be gained from other supply chain management exposures as the main detractor of 98 bps came this month from two US based companies, Archer Daniels Midland and Bunge. While short-term concerns have been raised about corn crush margins in the former case and the profitability of oilseed processing in the latter case, our analysis of the underlying assets of the businesses concludes that the long-term food demand drivers will drive future revenue growth

Performance as at 31 December 2011

	DWS Global Equity Agribusiness Fund Gross Performance (%)	DWS Global Equity Agribusiness Fund Net Performance (%)	^MSCI World ex Australia Index Hedged AUD (%)
1 month	-1.10	-1.17	0.98
3 months	6.74	6.50	8.69
6 months	-12.59	-12.98	-6.90
Financial year to date	-12.59	-12.98	-6.90
1 year	-9.29	-10.10	-1.91
2 years pa	4.05	3.12	5.34
3 years pa	20.49	19.42	12.03
4 years pa	-2.56	-3.43	-3.81
Since commencement of Fund* pa	2.33	1.42	-1.88
Exit price	0.8173		
Fund size	\$94.5 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.

Performance review (continued)

and capacity utilisation rates.

Although crop prices recovered from November lows, fertiliser stock performance did not follow, with CF Industries being the exception. Price stabilisation for all three big fertiliser types and increasing volumes in the first quarter of 2012, combined with lower input costs, could lead to decent margins in coming quarters. One aspect of delayed buying that has not been discussed in the investment world: due to the good shape of the global farmers' balance sheet, is the fact that the farmer has the financial muscle to negotiate harder with wholesalers. The consequence should only be a delay in purchasing, unlike 2008, where we experienced a buyers strike due to looming drops in farm income, a higher global economic insecurity and double the price level for fertilisers compared with today.

Positive contributors

SUPERVALU, +10.5%, performed well this month after the announced takeover of Winn-Dixie Stores. The announced transaction valued Winn-Dixie at a premium to SUPERVALU providing the company with a strong valuation support level. Additionally, Wall Street analysts performed a deep dive into SUPERVALU's discount banner and concluded that this business and the wholesale business alone could justify the

current stock price, and that the traditional grocery business was a free option for investors.

Safeway, +5.9%, improved this month after announcing that it would refinance a portion of its notes outstanding and increase its share repurchase program. Safeway plans to offer \$800 million in notes to repay a tranche of debt due in August and in part to fund share repurchase activity. The company was further supported after the announced takeover of Winn-Dixie, as the premium offered exceeded Safeway's valuation.

Viterra, +2.9%, increased this month on reports of a new service agreement between the company and Canadian Pacific. This agreement focused on improving supply-chain management between the two companies, including sharing performance benchmarks. Later in the month the company provided an update on the South Australian grain harvest which continued to show strong results in both wheat and canola yields.

Graincorp Ltd., +9.9%, performed well this month as the large Australian harvest continued to pressure tight storage constraints. As the largest grain handler in the country, analysts noted that Graincorp will benefit from increased carryover of the 2011 crop, increased storage fees, and additional port loadings.

Key contributors and detractors in December 2011

Security	Sub-industry	Contribution %*
Top positive contributors		
SUPERVALU Inc	Food Retail	0.23
Safeway Inc	Food Retail	0.19
Viterra Inc	Agricultural Products	0.17
Graincorp Ltd	Food Distributors	0.13
Daesang Corp	Packaged Foods & Meats	0.13
Ralcorp Holdings Inc	Packaged Foods & Meats	0.11
CF Industries Holdings Inc	Fertilisers & Agricultural Chemicals	0.09
Emmi AG	Packaged Foods & Meats	0.08
Santos Brasil	Marine Ports & Services	0.06
Raiffeisen Bank International	Diversified Banks	0.06
Top negative contributors		
Bunge Ltd	Agricultural Products	-0.67
K+S AG	Fertilisers & Agricultural Chemicals	-0.64
Metro	Hypermarkets & Super Centres	-0.43
Archer Daniels Midland Co	Agricultural Products	-0.31
AGCO Corp	Construction & Farm Machinery & Heavy Trucks	-0.21
Monsanto Co	Fertilisers & Agricultural Chemicals	-0.17
Mosaic Co	Fertilisers & Agricultural Chemicals	-0.15
SLC Agricola	Agricultural Products	-0.14
ICICI Bank Ltd	Diversified Banks	-0.13
Vilmorin & Cie	Agricultural Products	-0.11

*in USD terms

Positive contributors (continued)

Furthermore, the strong demand for Australian wheat remained supported by supply-constraints in the FSU, China, and the US.

Daesang Corp., +26.3%, improved this month as analysts expected that the company would continue to benefit from sales volume growth and improving price realisations. The Street also expected that the company would face less domestic competition in 2012, and that Daesang would start to benefit from conclusion of its restructuring program. Lastly, the company witnessed increasing prices in its starch sugar division, leading to improved earnings momentum.

Negative contributors

Bunge, -8.5%, decreased this month after an initiation of coverage report was released that questioned how long the oilseed processing industry would remain underutilised. In this report, the analyst primarily focused on this one side of Bunge's business, and less emphasis was put on the company's operations outside of North America. At the end of the month the company announced that Bunge's Indian subsidiary would purchase the edible oils and fats businesses of Amrit Banaspati.

K+S Ag, -16.4%, fell this month after potash producers reported production curtailments due to weaker than expected fourth quarter demand. Fertiliser retailers in both Western Europe and Latin America slowed purchasing patterns as inventories were adequate during the seasonal planting lull. Nevertheless, the stock improved from mid-month lows after an analyst reiterated a buy recommendation citing the potential for demand to be reignited in the first quarter of 2012.

Metro AG, -25.7%, was negatively impacted after reducing sales and earnings guidance for 2011 after recently suggesting that EBIT could be upwards of 10% greater than the prior year. The company cited a weak start to the Christmas season, negative currency effects and the impact of the sovereign debt crisis on consumer confidence, as reasons for the revision. Later in the month the company indicated that the sale of its department store chain Kaufhof would likely be pushed into the following year.

Archer Daniels Midland, -5.1%, fell early in the month as corn crushing margins began to retreat from multi-year high levels. At the company's analyst day, management noted that this reversion would likely occur due to accelerated ethanol blending prior to the expiration of the ethanol subsidies at the end of 2011. Toward the end of the month the company concluded the acquisition of Elstar Oils, further supporting efforts to expand its Eastern European asset base.

AGCO, -6.1%, decreased this month after releasing a strong outlook for 2012, but failing to upgrade earnings guidance for the fourth quarter of 2011. The street expected AGCO to raise fourth quarter earnings due to continued reports of strong sales volumes across the key Western European farming countries. Nevertheless, the outlook for 2012 was very positive due to a

strong order book and better than expected integration benefits from the recently announced acquisition of GSI.

Investment strategy and outlook

The reality that positive fundamentals of farm net income and subsequent grain movement have increased the economic rent of those companies positioned at the farm gate, has not been completely reflected in the performance of the portfolio. Overall, we believe the performance of the fund over the past year reflects investor anxiety related to the profitability of the agribusiness value chain given the recently volatile nature of the operating environment. The portfolio was positioned with the

Geographic distribution as at 31 December 2011

Country	% of Fund
Argentina	0.40
Australia	4.96
Austria	1.39
Brazil	5.03
Canada	8.10
China	2.31
Cyprus	0.21
Denmark	0.51
France	1.93
Germany	6.41
Hong Kong	1.65
India	0.96
Indonesia	0.32
Ireland	0.17
Israel	0.13
Japan	0.99
Luxembourg	0.62
Mexico	0.18
Netherlands	2.13
Norway	3.84
Russia	0.32
Singapore	0.63
South Africa	1.30
South Korea	0.64
Spain	1.89
Switzerland	7.33
United Kingdom	2.81
United States	41.95
Uruguay	0.01
Cash	0.88

(Data in AUD)

Investment strategy and outlook (continued)

highest weights on average throughout the year in supply-chain managers and agricultural chemical/seed producers. Of these two sectors the chemical and seed producers have made significant contributions to the total return of the portfolio based on capital allocation. This portfolio selection has reflected our view that the continuous stress on the agribusiness chain will accrue economic rents to this sector as both industries are best positioned to benefit from crop shortfalls.

On the weather front, climate/weather had a big impact on crop yields, insurers have noted that severe weather events can largely be explained by the La Niña climate phenomenon. As part of this natural climate oscillation, weather fronts with cool air from the northwest more frequently move over the central states of the US and meet humid warm air in the south. La Nina also tends to bring drought to South America and flooding rains to Australia, which was the case in 2011. Under such conditions, extreme weather events are more probable than in normal years. As a result of La Nina the globe recorded one of the lowest stocks-to-use in decades, stressing the current supply chain to increase agricultural output. The long term loss of arable land does not give much flexibility in terms of short term shift in agricultural production regions.

We have written on many occasions in the past about the importance of improving logistics for the proper functioning of the agri supply chain. Africa is a good example of a continent trying to overcome logistic difficulties. In a book published this year, *The New Harvest, Agricultural Innovation in Africa*, Calestous Juma outlines some of the requirements for development, including renewed infrastructure, building human capabilities and stimulating agribusiness development. Juma highlights what we have stressed for years: reliable logistics are absolutely critical for growth and innovation in agriculture and agribusiness. Sufficient roads, rail and seaports are essential elements for trade, international exports, and the cross-border investments that make both possible. Juma makes a key observation that

innovation in other areas of agriculture such as improved genetic material, better access to capital, and best farming practices will produce results only if farmers and companies have a way to get their products to market and get critical inputs to farms.

As we have made the argument earlier, investments across the agri value chain will have to happen in the near term and continue for the foreseeable future. Equity investments only represent one alternative but it is a very fast way to allocate needed capital. With a wide range of proprietary developed analysis and investment tools, the GTP agribusiness team tries to stay ahead of new technological developments, market share changes, replacement cycles, asset valuations, consumer trends and obvious climate issues. As incremental investors, analysts and politicians incorporate our holistic way of thinking about the agribusiness value chain, they not only could provide increased liquidity in the public markets, but as the world's largest agribusiness equity investor, they are likely to also seek our advice to enrich the discussions. Finally, for us it is self evident that we are following sustainable investment criteria which we apply within our investment process. As always, we are prepared for the worst and hope for the best. Over the coming years, we hope the governing agencies improve reporting accuracy and inventory count of crops, increase transparency on who is trading crops, reinforce the understanding that investments have to happen soon and identify and treat equity and soft commodity markets as a solution to overcome inefficiencies in global agribusiness.

Short term we believe higher volatility in food prices will continue due to climate, regulation, and macroeconomic disturbances. Crop planting issues from 2009/2010 (La Nina) have the potential to effect global planting decisions into the next year. This will most likely only increase the volatility and outcomes of prices as the value chain is stretched for yet another year to deliver nutrition to the planet. Demand is yet again predicted to

Top 10 Holdings as at 31 December 2011

Stock	Country	Sector	% of Equity
Bunge Ltd.	United States	Agricultural Products	7.47
Archer Daniels Midland Co.	United States	Agricultural Products	6.44
Viterra Inc.	Canada	Agricultural Products	6.27
Syngenta AG	Switzerland	Fertilisers & Agricultural Chemicals	4.64
Mosaic Co.	United States	Fertilisers & Agricultural Chemicals	4.57
Monsanto Co.	United States	Fertilisers & Agricultural Chemicals	4.53
Safeway Inc.	United States	Food Retail	3.70
K+S AG	Germany	Fertilisers & Agricultural Chemicals	3.69
Yara International ASA	Norway	Fertilisers & Agricultural Chemicals	3.59
AGCO Corp.	United States	Construction & Farm Machinery & Heavy Trucks	3.26

(Data in AUD)

Investment strategy and outlook (continued)

grow at the relentless rate of 2% per annum. We could see a scenario of further dwindling inventory levels, stable to slightly upwards moving crop prices and further food inflation.

For 2012 we expect:

1. Stabilisation and improvement in certain crop prices due to climate issues already improving in parts of Southern and Northern America.
2. Potentially higher imports from China due to a permanent increase in animal protein consumption. We believe more Chinese funding will be set aside for domestic agribusiness research and developments but also for foreign investments.
3. The return of non-branded food will offer a good opportunity to benefit from market share shifts in high income countries.
4. Continuing progress in some of our 'restructuring' companies that have already achieved or passed certain financial milestones.
5. Current valuations lead to many classical "make or buy" situations that should be discussed in board rooms. Global companies might want to expand their geographic footprint of assets and customers, diversify into other natural resources, benefit from the rapid growth of the bottom billion income group, or expand their range of services offered.
6. More attention paid to DNA sequencing in light of food production and eating behaviour.

Monthly video commentary

Monthly 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.

Contact details

To discuss any information in this report please call:

Individual investors
1800 034 402

Advisers
1800 678 519

Institutions
02 8258 2400

Alternatively, visit the Ironbark Asset Management website:

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 298626, 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.