DWS Strategic Value Fund

December 2009 Monthly Report

Please note: the DWS Strategic Value Fund re-opened on 26 November 2009.

The Fund returned -0.59% net for the month.

Hedge fund market review 2009

Hedge fund performance was very good in 2009, reflecting numerous positive factors, the most significant of which was the sharp rebound in the broad equity and credit markets. This recovery benefitted most hedge fund strategies, but most particularly those with directional market exposure.

Opportunities improved in 2009 as a result of the sharp reduction in hedge fund industry capital following the 2008 financial crisis. Less crowded investment ideas led to better risk-adjusted return opportunities. Lastly, the pick-up in company specific events (corporate restructurings, mergers and acquisitions) has provided a fertile environment for managers to generate attractive returns through fundamental research. As always, hedge fund returns are composed of alpha or skill based returns as well as market beta. Overall, 2009 was a very good year for alpha among hedge funds given the opportunities presented by the broad and severe market dislocation during 2008.

Net Fund performance to 31 December 2009

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CYTD
2009	1.28	1.26	0.18	1.17	1.81	1.11	0.72	0.78	0.76	-0.57	0.47	-0.59	8.58
2008	-2.36	1.85	-2.38	1.15	2.62	0.08	-2.60	-0.28	-8.74	-10.22	-3.32	-1.59	-23.65
2007	0.85	0.88	1.09	1.21	1.92	0.48	0.19	-2.36	1.93	3.15	-0.71	0.73	9.66
2006	2.91	1.01	1.86	1.52	-1.25	-0.06	0.01	1.15	0.46	1.45	1.62	1.77	13.09
2005	0.67	1.13	-0.16	-0.46	-0.13	1.17	1.69	1.08	1.50	-0.86	1.58	2.55	10.14
2004	1.47	1.04	0.15	0.14	0.32	0.56	-0.22	0.35	0.84	0.66	1.61	1.53	8.74
2003	1.55	0.64	1.08	1.17	1.18	0.72	0.46	0.24	0.76	0.90	0.87	1.06	11.16
2002	0.69	0.40	0.78	0.47	0.34	0.05	-0.90	0.21	-4.25	0.04	0.51	0.69	-1.09
2001	1.95	0.16	0.04	2.02	0.34	0.19	0.53	0.54	-0.22	0.67	0.39	0.60	7.42
2000	1.97	4.80	2.36	-0.92	-0.55	-0.38	-1.10	0.46	0.43	-0.76	-0.33	1.23	7.28
1999												3.12	3.12

Past performance is not an indication of future results. Performance figures are calculated using exit prices, net of fees and reflect the annual re-investment of distributions.

Performance review

The DWS Strategic Value Fund returned -0.50% (gross) and -0.59% (net) for the month of December 2009. This brings the 2009 calendar year return to 8.58% (net). The main drag on performance during the month was the sale of several hedge fund positions on the secondary market.

During the month all sectors were positive contributors to the Fund with the exception of Specialist Credit. Long/Short Equity and Long/Short Equity Sector returned 1.78% and 1.67% respectively for the month, while Relative Value and Multi Strategy gained 3.64% and 1.55% respectively. The Event Driven sector was up 1.10%.

Of the 23 managers in the Fund only six managers had a negative month. These were spread across Long/Short Equity, Event Driven, Specialist Credit and Multi Strategy. The best performing manager for the month was a Credit Multi Strategy manager that added 4.59% in December. Other highlights for the month include a Relative Value manager up 3.64%, three Long/Short US Equity managers up 2.80%, 2.76% and 2.14% respectively, and a Global Event Driven manager up 1.45%.

Over calendar 2009, all strategies that the Fund invested in had positive performance, led by the Relative Value sector which had a particularly strong year. The laggard for the year was the Specialist Credit strategy which only generated single digit returns.

As at 1 January 2010 the Fund held 21 manager positions. In December, two managers were liquidated via a sale in the secondary market and a further manager returned 90% of its value.

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Top five holdings by size as at 31 December 2009

Manager	Strategy	Sub-Strategy
PSAM Worldarb Fund	Event Driven	Global
Arbitrage Associates II Offshore Ltd	Event Driven	Global
DE Shaw Composite International Fund	Multi Strategy	Multi Strategy
Seligman Tech Spectrum LTD	Long/Short Equity Sector Specific	Technology
Hunter Global Investors Offshore Ltd	Long/Short Equity	Long/Short Equity US

Source: K2 Advisors

Top 5 managers represent 17.32% of DWS Strategic Value Fund assets as at 31 December 2009.

Market Overview

Continuing the theme that dominated most of 2009, equity, credit and commodities markets again posted positive results in December. Investor risk appetite once again remained strong, with lower quality companies outperforming.

World stock markets gains were broad based in terms of geography and sector. In Europe the DJ Stoxx 600 Index gained 6.16%. The MSCI Asia Pacific ex Japan moved 3.5% higher, while the MSCI Japan Index rose only 0.77% (in USD terms). In the US, the S&P 500 Index gained 1.93%. Information technology was the leading sector globally as profits and product pricing continued to improve for the group, especially in semiconductors. The financial sector was one of the weakest performers in each of the three major market regions, as credit concerns and capital adequacy issues continued to plague banks.

The corporate credit markets rallied on light volume in December, wrapping up what has been the best year on record for the corporate loan and high yield bond markets after bottoming in early March 2009. The Credit Suisse Leveraged Loan Index returned 2.68% for the month and ended the year up a record 44.88%, while the Merrill Lynch High Yield Index returned 3.13% for the month, ending the year up a record 57.51%. High yield spreads tightened 126 basis points versus the Treasury market during the month, ending the period at 639 basis points over Treasuries. Lower rated bonds continued to perform better than higher rated bonds, with CCC-rated bonds returning 5.58% in December, versus BB- and B-rated bonds, which returned 2.41% and 2.25% respectively for the month. Virtually every sector had positive performance this month, led by banks and broadcasting, while the technology and energy sectors lagged slightly.

Commodity markets, and in particular, agriculture, crude oil and precious metals, experienced a sharp sell-off early in December as a very strong US payrolls report initiated a substantial US dollar rally against most currencies, generating a feeling that interest rates may rise sooner rather than later.

Portfolio versus market indices

31 December 2009	DWS Strategic Value Fund (Net AUD)	UBS Australia Bank Bill Index	MSCI World Index hedged in AUD	S&P/ASX Australian All Ordinaries Index
1 year net return	8.58%	3.46%	24.14%	33.43%
3 year annualised net return	-3.13%	5.92%	-8.31%	-4.72%
5 year annualised net return	2.52%	5.92%	0.78%	3.79%
Since Fund Inception*				
Net return	4.82%	5.64%	-0.80%	4.80%
Standard deviation	6.24%	0.33%	15.86%	13.35%
Sharpe ratio	0.36	8.18	-0.15	0.21
Correlation (Fund vs Index)		-28.29%	61.17%	63.55%
Maximum drawdown^	-24.29%	0.00%	-52.38%	-51.37%
Best month	4.80%	0.71%	9.77%	7.64%
Worst month	-10.22%	0.25%	-18.90%	-14.00%
% positive months	78.86%	100.00%	56.20%	61.16%

Past performance is not an indication of future results. Source: K2 Advisors, Deutsche Asset Management (Australia) Limited, Bloomberg.
*Inception: 30 November 1999; this data represents the annualised performance of the Fund or Index from the first full month of operation of the Fund.
^Maximum drawdown refers to the largest overall drop in the Fund or Index value which occurred in a given period before it returned to its previous high.

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Fund performance attribution – December 2009

Sector/Strategy	Number of Funds[a]	Allocation [a]	Monthly Return[b]	Monthly Contribution[b]	YTD 2009 Return[b]
Long/Short Equity	6	12.50%	1.78%	0.09%	10.81%
Long/Short Equity Sector Specific	1	2.73%	1.67%	0.02%	22.07%
Relative Value	1	2.20%	3.64%	0.06%	47.34%
Event Driven	6	12.19%	1.10%	0.01%	11.10%
Specialist Credit	5	2.83%	-2.02%	-0.09%	2.43%
Multi Strategy	4	5.29%	1.55%	0.03%	23.10%
Cash		62.26%			
Total	**23**	100.00%			

Source: K2 Advisors.
For the row titled "Total" a sum greater than 100% indicates short-term leverage (typically 10-15 days) utilised by the Investment Manager to bridge purchases and redemptions.
(a) Number of Funds and Allocation columns are as of 31 December 2009. (b) These columns are net of underlying funds' fees but gross of the Fund's fees and expenses.
Sector and strategy returns referenced above represent the Master DB Strategic Value Fund (stated in USD) in which DWS Strategic Value Fund (in AUD) invests its assets.

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Important Information