

ARSN 139 852 761

DWS Diversified Income Fund

The DWS Diversified Income Fund draws on a wide range of well developed, diversified and transparent investment strategies from across the traditional global fixed income universe which bears low correlation with credit. Importantly, our portfolio includes individual decisions in relatively small sizes such that no single decision can overwhelm portfolio performance. Combining diverse investment strategies which exhibit low correlation with each other, can mitigate adverse portfolio returns in volatile markets.

Investment Process

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.

Our extensive global research team perform fundamental research and relative value analysis to generate investment insights and decisions. Individual credit securities are subject to a rigorous, in depth bottom-up analysis which is combined with top down strategic decisions to identify suitable investment opportunities for the Fund.

To ensure long term stability of investment returns we regularly review the Fund's positions. 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.

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 Germany¹ and among the top fifteen players globally² in terms of assets under management. DWS Investments is also the name under which Deutsche Asset Management (Australia) Limited, as the responsible entity, markets a range of its funds in Australia.

¹ BVI, 31 July 2009; ² Lipper FMI (Europe), Simfund (US, Asia, Australia); 30 June 2009.

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.

Our investment strategy

The Fund's investment strategy is to invest in a large and diverse array of fixed income strategies that tend to be uncorrelated with each other, in order to bring greater diversification to the Fund. The portfolio's investment universe will consist of generally liquid fixed income securities including high quality short-term call deposits and cash equivalent securities, government and semi-government bonds, and high quality corporate and asset backed securities.

The portfolio will also employ a number of additional active investment decisions in the following categories, primarily through the use of derivatives (described below):

- Duration – changes in the general level of interest rates. For example, if we believe interest rates in the US Treasury market are likely to decline we may purchase US Treasury bonds or US Treasury Bond futures;
- Yield Curve – changes in the government bond yield differential between short and long term rates. For example, if we believe the European yield curve is going to steepen we may purchase short dated European government bonds or futures and sell longer dated European government bond futures;
- Country Spread – changes in the yield differential between government bond yields in different countries. For example, if we believe the yield differential between Australian and US government bond yields is going to narrow we may purchase Australian government bond futures and sell US treasury futures;
- Currency – changes in the value of one country's currency relative to another. For example, if we believe the British Pound is going to appreciate relative to the Euro we may purchase British Pounds while selling Euros;
- Swap Spread – changes in the differential between government bond yields and swap yields. For example, if we believe the yield differential between Australian government bonds and bank swap yields is going to decline we may position to take advantage of this movement by taking an overweight or long position in the swap market against government bonds; and
- Credit default swaps – agreements to either buy or sell credit risk on either a broad index of companies or an individual company. For example, if we believe the general level of investment grade credit spreads is going to decline in Australia we may take a long position in the Australian investment grade credit default swap index.

Derivatives will be used to efficiently implement various types of active investment strategies as well as for currency hedging. The use of derivatives by the Fund can increase the return potential of active investment strategies and also increase the potential for loss. Derivatives are used within a disciplined and controlled risk framework with positions regularly monitored.

Until the Fund reaches \$15 million or more, investments may be restricted to cash and cash like securities, which may impact the ability of the fund to meet its stated investment objective and strategy. Should the Fund remain below \$15 million for a prolonged period of time as determined by the Responsible Entity, it may need to assess the options in relation to the Fund, in light of our obligations under the Corporations Act and the powers of the Responsible Entity set out in the Constitution.

DWS Diversified Income Fund

Factsheet



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Fund at a glance

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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

Why invest in the DWS Diversified Income Fund?

The DWS Diversified Income Fund provides the following:

- » **Diversification:** The Fund invests in a diverse array of fixed income strategies, that tend to be uncorrelated with each other, in order to bring greater diversification;
- » **Professional investment management:** the Fund draws on the expertise of our global fixed income group which comprises approximately 150 professionals based 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.

Contact details

To discuss any information in this factsheet please call or email:

Individual investors

Phone: 1800 034 402

Email:
client.services@ironbarkam.com

Advisers

Phone: 1800 678 519

Email:
adviser.services@ironbarkam.com

Wholesale

Phone: 02 8258 2400

Alternatively, visit the Ironbark Asset Management website:

www.ironbarkam.com

Important information

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