

DWS Global Equity Thematic Fund

January 2010 Monthly Report



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Market review

After a strong run-up over 2009, many leading equity indices declined in the first month of 2010. In particular, the MSCI's emerging markets stock index dropped back more than 5% in the month, pulled lower by reversals in Chinese shares in particular.

Despite the market correction, there were encouraging signs for investors in January that the global economy might avoid a double-dip recession. The last G7 country finally emerged from recession during the month — although the UK's return to growth was substantially weaker than expected, with GDP rising just 0.1% in Q4 2009 from the previous quarter.

Citing Thomson Reuters data, the Financial Times reported that almost four out of five of the S&P 500 companies to have reported Q4 2009 earnings so far have beaten profit expectations. Within the financial sector, results suggested that conditions may be starting to improve for the US consumer. Bank of America, for example, reported a quarter-on-quarter fall in credit losses and net charge-offs in the last three months of 2009; other financial earnings reports added to hopes that the consumer credit cycle may have turned a corner.

In manufacturing, data showed that the sector was gaining momentum worldwide. The Institute for Supply Management's barometer of US industrial activity rose to its highest level since Q2 2004, climbing to 58.4 from 54.9 a month earlier. The equivalent European metric also indicated an expanding manufacturing sector, with the purchasing managers' index for the eurozone increasing to 52.4 in January from 51.6 in December 2009.

For the tenth straight month, the HSBC China PMI rose to reach a record level of 57.4 in January, up from 56.1 a year earlier. Along with improving indicators for India and other key Asian markets, that contributed to growing confidence that global economic recovery may be sustainable. But positive sentiment was tempered by concerns that China's aggressive stimulus initiatives, particularly the rapid increase in bank lending, could be contributing to an overheating economy, future inflation, asset bubbles and credit problems. Indications from the Beijing government in January that it may step up efforts to curb credit expansion sent stock markets lower.

Performance as at 31 January 2010

	DWS Global Equity Thematic Fund Gross Performance (%)	DWS Global Equity Thematic Fund Net Performance (%)	MSCI World ex-Australia Index (%)
1 month	-2.26	-2.33	-2.88
3 months	4.39	4.16	3.43
6 months	4.13	3.66	0.70
Financial year to date	9.54	8.96	6.16
1 year	7.73	6.76	-3.33
2 years pa	-9.04	-9.85	-10.58
3 years pa	-11.09	-11.89	-11.74
5 years pa	3.33	2.40	-1.37
7 years pa	4.54	3.61	1.13
10 years pa	0.56	-0.33	-3.57
Since commencement of Fund* pa	7.09	6.13	3.28
Exit price (\$)	1.1845		
Fund size	\$571.2 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.

Performance review

The Fund returned -2.26% gross (-2.33% net) for the month, outperforming the benchmark by 0.62% gross (0.55% net). New Annuities and Talent & Ingenuity were the only contributing themes, while Disequilibria, Asymmetric Negotiators were the

two largest detractors from absolute performance.

General Electric Co. and Japan Tobacco Inc. led gains in the New Annuities theme, which targets companies with predictable long-term returns and high dividends generated by diverse

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product lines. G.E., the American industrial conglomerate, benefited from an apparent decoupling with financial stocks – with which G.E. had more broadly been trading in the last year because of its financial segment G.E. Capital. With its financial business faring relatively well through the crisis, G.E. is now beginning to be appreciated for its diverse industrial segments' growth prospects. Japan Tobacco gained as regulatory overhang on tariffs was removed. GlaxoSmithKline, the British pharmaceutical giant, detracted moderately from the theme's January performance.

For the Talent & Ingenuity theme, which invests in companies that thrive on human talent rather than hard assets, January saw modest gains while global equity indices generally pulled back. The theme was led by the portfolio's strongest performing stock – Berkshire Hathaway Inc. Warren Buffet's company benefited from a 50:1 stock split and its subsequent addition to the S&P 500 stock index. Intel Corp. was a minor detractor from the theme's monthly performance.

The Disequilibria theme seeks companies facing rapid changes in industry dynamics. The theme was the Fund's main detractor in January, led lower by Daimler AG and Motorola Inc. The German automaker had a difficult second half of January, as European trucking and auto fundamentals continue to be challenging. Motorola, the global mobile device maker, faced declines in the later part of the month as earnings results were strong but came with warnings of a difficult first half in 2010.

Theme distribution & contribution as at 31 January 2010

Theme	% of Fund	Contribution to return (%)
New Annuities	12.69	0.31
Talent & Ingenuity	6.07	0.02
Market Hedge	2.65	-0.04
Indian Ocean	5.20	-0.07
Private/Public Partnerships	1.74	-0.09
Large Units	4.18	-0.11
Distressed Companies	9.11	-0.17
Global Agribusiness	5.14	-0.25
Personalized Medicine	8.09	-0.26
Supply Chain Dominance	15.60	-0.39
Security	6.24	-0.57
Asymmetric Negotiators	10.57	-0.58
Disequilibria (Data in USD)	12.71	-0.59

Anglo American PLC and Exxon Mobil Corp. led declines in the Asymmetric Negotiators theme, which invests in companies with access to resources in limited supply that allow them to conduct one-sided price negotiations.

Anglo American, the South African-based global mining and natural resources company, saw shares drop in January along with those of other materials stocks on the back of investor concerns over potential lending curbs in China. Exxon, the energy giant, pulled back in line with a decline in the price of crude.

Country Allocation as at 31 January 2010

Country	Fund (%)	MSCI World Ex-Australia (%)
Austria	3.04	0.16
Belgium	0.99	0.99
Bermuda	0.56	0.56
Brazil	3.38	0.00
Canada	0.00	4.87
China	1.24	0.01
Cyprus	0.00	0.02
Denmark	0.00	0.46
Egypt	0.12	0.00
Finland	0.00	0.59
France	0.47	4.97
Germany	5.87	3.73
Greece	1.05	0.21
Hong Kong	0.42	1.13
India	0.49	0.00
Ireland	0.38	0.13
Israel	1.70	0.00
Italy	0.42	1.59
Japan	9.86	10.80
Kazakhstan	0.50	0.00
Luxembourg	0.70	0.28
Mexico	2.32	0.01
Netherlands	1.56	1.38
New Zealand	0.00	0.05
Norway	0.00	0.34
Panama	1.09	0.00
Portugal	0.00	0.14
Russia	1.01	0.00
Singapore	0.05	0.71
South Africa	1.00	0.00
South Korea	1.74	0.00
Spain	0.26	2.07
Sweden	0.00	1.23
Switzerland	3.75	3.79
Thailand	0.73	0.00
United Kingdom	8.02	10.49
United States	44.56	50.25
Cash	2.73	0.00

(Data in AUD)

Market outlook and strategy

Listed below are a number of issues that we are watching closely:

1. The most recent attempts by the US government to break up US banks into deposit takers/lenders and principal investors increases the general notion that political instability and risk are on the rise. Regulatory reform and the accompanying risks thus need to become an integral part of equity analysis – even in the US, which no longer can be seen as the bedrock of political stability.

2. The widening of sovereign spreads in Greece over the price of Bunds has proven the point that Europe has a very hard time coming together and convincing the market that Greece will roll over its debt over the next few years. We believe that there is a "Plan B" whereby France and Germany would garner enough support and/or guarantees to prevent a credit event in Greece. The uncertainty, however, means that the Euro is far from replacing the USD as the global reserve currency. In fact, the episodes of the past few weeks have diminished the chances of such a development. The long term question remains: what is the sustainable competitive advantage of an economy such as Greece, and can there be a currency area such as the eurozone without clear and transparent fiscal transfer mechanisms in place? We do not believe so.

3. P&G reported strong numbers. With 7% free cash flow yield, operating margins exceeding 22%, gross margins over 53% and

6.4% accelerating revenue growth, this US\$178 billion firm is probably a better indicator of the recovering global economy than multitudes of economists and surveys. We own a sizable position in the firm and believe there is more upside in the share price with limited risk to the downside.

4. The savings rate in Japan is declining and as a result the demand for domestic debt as a result becomes a larger question. At current yields and Foreign Exchange rates, buying JGBs is a very unattractive investment. We continue to believe that there will be a dramatic currency adjustment and eventually a market clearing price for JGBs, once the domestic constituent buyer is considered "not enough" to fill the fiscal gap. A weak yen is very positive for Japanese equities. In fact, equities in Japan could become the asset of choice once the currency and fixed income markets begin adjusting. We maintain a moderate position in select Japanese firms to express this view. We believe the downside is measurable and the upside optionality very significant.

5. The start up company Counsyl is bringing genetic screening to the masses. An article in the New York Times by Andrew Pollack on the 28th January 2010 provides further details: <http://www.nytimes.com/2010/01/29/business/29gene.html>. This further supports our Personalized Medicine theme and our investments in the hardware and systems providers enabling the creation of consumer genetics testing.

Top 10 holdings as at 31 January 2010

Stock	Country	Theme	% of portfolio
Hewlett-Packard Co.	United States	Supply Chain Dominance	2.92
General Electric Co.	United States	New Annuities	2.86
McDonald's Corp.	United States	Supply Chain Dominance	2.47
Erste Group Bank AG	Austria	Disequilibria	2.27
Exxon Mobil Corp.	United States	Asymmetric Negotiators	2.25
Daimler AG	Germany	Disequilibria	1.95
Procter & Gamble Co.	United States	New Annuities	1.87
iShares NASDAQ Biotechnology Index Fund	United States	Talent & Ingenuity	1.70
NASDAQ OMX Group Inc. (The)	United States	Security	1.62
Bank of America Corp	United States	Distressed Companies	1.61

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Key contributors and detractors as at 31 January 2010

Security	Theme	Total Return %	Contribution %
Top 10 positive contributors			
Berkshire Hathaway Inc.	Talent & Ingenuity	15.52	0.15
Hitachi Ltd.	Supply Chain Dominance	12.45	0.15
General Electric Co.	New Annuities	6.28	0.15
Illumina Inc.	Personalized Medicine	19.59	0.10
Sberbank	Large Units	12.59	0.10
Japan Tobacco Inc.	New Annuities	7.28	0.06
Sumitomo Mitsui Financial Group Inc.	Distressed Companies	13.95	0.06
Mitsubishi UFJ Financial Group Inc.	Disequilibria	6.33	0.06
Imperial Tobacco Group PLC	New Annuities	5.24	0.06
KT&G Corp.	Market Hedge	5.37	0.05
Top 10 negative contributors			
Hewlett-Packard Co.	Supply Chain Dominance	-8.62	-0.26
Santos Brasil Sa	Global Agribusiness	-16.17	-0.22
Daimler AG	Disequilibria	-13.02	-0.19
Anglo American PLC	Asymmetric Negotiators	-17.55	-0.19
NASDAQ OMX Group Inc.	Security	-9.23	-0.15
Motorola Inc.	Disequilibria	-20.75	-0.13
Deutsche Telekom AG	Disequilibria	-11.91	-0.13
UBS Ag	Security	-16.12	-0.12
Exxon Mobil Corp.	Asymmetric Negotiators	-5.51	-0.12
E.ON AG	Private/Public Partnerships	-11.64	-0.12

(Data in USD)

Monthly video commentary

Monthly 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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