

Factsheet

Investment Policy

The investment objective of the fund is to achieve an attractive return by investing in assets which are in the Managers' opinion, equivalent to or better than single A quality investment grade bonds of Singapore and major bond markets such as the G7 countries, Australia, New Zealand, Hong Kong and South Korea. The G7 countries are Canada, France, Germany, Italy, Japan, U.K. and U.S.A.

Portfolio Management's Comment

The S&P hit yet another record high on 22 May then started falling thereafter, though still ending up +3.9% MoM. Risk sentiment at the beginning of the month started out positive but the VIX crept up during the month, signalling market unease the Fed's comments on 'QE Tapering'. This seemingly caught part of the market by surprise and bond yields also backed up substantially.

US economic data continued to show some strength, putting off concerns over a significant summer slowdown. The jobs market looked stronger with the ADP Employment survey showing +23k more jobs created MoM and the Non-Farms Payrolls +22k improvement MoM, reversing Apr'13 weakness. The current run-rate of between +150-200k new jobs per month is seen as encouraging but not strong. The Case-Shiller Home Price Index for 20 cities saw a +10.9% rise YoY in Apr'13 and the U. of Michigan Consumer Sentiment index also rebounded strongly to 84.5 for May'13 from 76.4 previously. The ISM Manufacturing PMI indicated contraction in May'13 coming in at 49.0 from weak expansion indicated the month before. The data indicates continued tepid growth which could influence the Fed to continue QE that much longer.

The ECB had a quiet month as ECB President Draghi announced stable rates with some attention on his detailed commentary. His comments were seen as less dovish than the previous month and the markets could test his promise to 'do whatever it takes' during any future market volatility. PMI readings for both Manufacturing at 48.3 and Services at 47.2 in May'13, continued to indicate contraction but has at least consolidated over recent months – Industrial Production grew for a

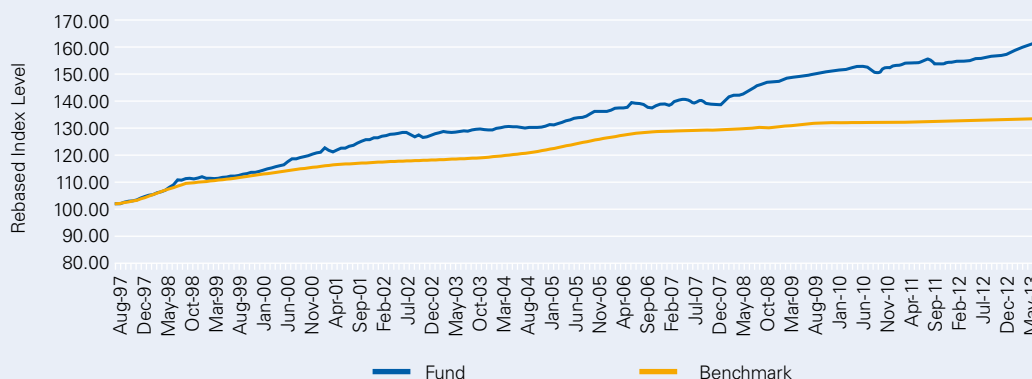
Managed by:

Deutsche Asset Management
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Performance

Fund Performance - Share Class A (SGD)



Cumulative Return

SGD	1 m	YTD	1 y	3 y	5 y	S. Launch
NAV to NAV	-0.01	0.89	2.53	7.32	16.23	60.89
Benchmark#	0.03	0.13	0.31	1.18	3.07	33.68
Offer to Bid*	-2.01	-1.13	0.48	5.18	13.91	57.74

Annualised Return

	3 y	5 y	S. Launch
NAV to NAV	2.38	3.05	3.05
Benchmark#	0.39	0.61	1.85
Offer to Bid*	1.70	2.64	2.92

Calendar Years Return

	2012	2011	2010
NAV to NAV	3.00	1.86	3.48
Benchmark#	0.32	0.42	0.56
Offer to Bid*	0.94	-0.18	1.41

* The basis of quotation of unit prices for the fund has been converted to single pricing, effectively 8 Nov 2004. Accordingly, the returns from Dec 2004 onwards are calculated based on NAV to NAV (taking into account for the front end load).
6M SIBOR less 12.5bp

Portfolio Analysis

Principal Holdings

	%
CapitaMall Trust	4.35
United Overseas Bank Ltd.	4.09
Standard Chartered Bank	4.08
Singapore Press Holdings Ltd.	3.83
Citigroup Inc.	3.60
Danga Capital Berhad	3.46
DBS Bank Ltd.	2.98
Korea Expressway Corporation	2.88
Winmall Ltd.	2.60
Lloyds TSB Bank PLC	2.60
Total	34.47

Breakdown by Country

	%
Singapore	44.57
Korea	11.59
Great Britain	8.65
USA	6.07
Australia	5.86
Malaysia	5.20
Hong Kong	4.76
China	3.09
New Zealand	1.74
Cayman Islands	1.12
Supranationals	1.04
Cash	6.31
Total	100.00

Breakdown by Sector

	%
Financials	51.30
Property / Real Estate	17.06
Industrials / Shipping	5.63
Print / Publishing	3.83
F&B / Consumer Staples	3.82
Energy	2.81
Quasi-Sovereign	1.89
Telecommunications	1.84
Utilities	0.67
Others	4.84
Cash	6.31
Total	100.00

second month up +1.0% MoM in Apr'13. What seems like a base forming has led to increased optimism, yet Eurozone Unemployment is a more intractable problem, stuck as it is above 12% for the fourth month in a row.

In Asia, China's PMI surveys show divergence where the private sector/export-orientated HSBC Manufacturing PMI fell back to 49.2, into contraction territory, from 50.4 previously. The official Manufacturing PMI linked to State-Owned Enterprises rose instead to 50.8 in May'13. Financing has started to contract MoM as the banking regulators begin to focus on asset quality, especially in the "shadow banking" space. Given the credit-hungry nature of China's past growth, this has been taken as a slightly negative signal.

Singapore's economy 1Q13 growth saw a welcome revision to hit positive territory at +1.8% QoQ annualised, banishing lingering concerns of a possible technical recession. Services saw stronger expansion with Construction also positive whilst Manufacturing continued to lag, likely due to seasonal factors. Looking forward, the main PMI also showed a healthy uptick to 51.1 from 50.3 previously with the key Electronics PMI also rising to 51.4 from 51.2 previously. In line with this, NODX continued to improve with the YoY now -1.0% with the coming months likely to benefit from favourable base effects.

SGS 10-year yields spiked about +43bps to 1.79%, pushing the curve steeper from the 2-year maturity onwards, in line with US Treasuries. This has continued through the start of June and could persist for weeks.

The SGD primary market for high quality corporate papers remained shut but the volatility could see some high quality bonds being sold in the secondary market by investors needing to raise liquidity. Secondary offers of rarely-traded bonds at reasonable prices could present opportunities.

Fund Information

Bloomberg	SGD : DBLBDFI SP USD : DBLBDFU SP
ISIN Code	SG9999004691
Management Fee	0.5% p.a.
Initial Charge	Up to 2%
CPF Risk Classification	Low to Medium Risk - Broadly Diversified
Minimum Initial Investment	SGD 1,000
Fund Denomination	SGD
Dealing Currency	SGD / USD
Subscription Type	Cash / CPF -OA / CPF -SA / SRS
Total Fund Size	SGD 294.85 m
Unit Trust Hotline	(65) 6538 5550
Launch Date	11-Aug-1997
Average Credit Rating	A+
Average Coupon Rate	3.122%
Effective Duration	1.74
Yield to Maturity	1.74%

Legal Disclaimer

Returns are computed on the assumption that all dividends and distributions are reinvested, taking into account all charges which would have been payable upon such reinvestment.

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DWS is the brand name of mutual funds offered by Deutsche Asset Management (Asia) Limited in Singapore.

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