Deutsche Asset
& Wealth Management

Deutsche Mutual Fund

SCHEME INFORMATION DOCUMENT (SID)

DWS Arbitrage Fund

(An Open Ended Equity Scheme)

This product is suitable for investors seeking*:

- Income over short term
- Income through arbitrage opportunities between the equity spot and equity derivatives market and arbitrage opportunities within the equity derivatives segment
- Medium Risk (YELLOW)

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

Note: Risk is represented as:
(BLUE) investors understand that their principal will be at low risk.
(YELLOW) investors understand that their principal will be at medium risk.
(BROWN) investors understand that their principal will be at high risk

The scheme intends to generate income by investing in arbitrage opportunities that potentially exist between the cash and derivatives market as well as within the derivatives segment of the market. Investments may also be made in debt & money market instruments.

Offer of units at face value of Rs. 10 per unit during the New Fund Offer period and at NAV based prices during the continuous offer.

New Fund Offer Opens	:	August 13, 2014
New Fund Offer Closes	:	August 22, 2014
Schemes Reopens on	:	Within 5 business days from the date of allotment

Sponsors/Co-Sponsors

Deutsche Asset Management (Asia) Limited
One Raffles Quay, #17-00, South Tower, Singapore 048583.

Deutsche India Holdings Private Limited
Nirlon Knowledge Park, Block B-1,
Goregaon (East), Mumbai 400 063.

Trustee Company

Deutsche Trustee Services (India) Private Limited
2nd Floor, 222 Kodak House, Dr. D. N. Road, Fort, Mumbai 400001.

Asset Management Company

Deutsche Asset Management (India) Private Limited
2nd Floor, 222 Kodak House, Dr. D. N. Road, Fort, Mumbai 400001.

Website of the Entity
www.dws-india.com

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document (SID) sets forth concisely the information about the Scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this SID after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Deutsche Mutual Fund, Tax and Legal issues and **general information on www.dws-india.com**

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is dated August 04, 2014.

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Summary of the Scheme

Name of the Scheme	DWS Arbitrage Fund
Type	Open Ended Equity Scheme
Investment Objective	The scheme intends to generate income by investing in arbitrage opportunities that potentially exist between the cash and derivatives market as well as within the derivatives segment of the market. Investments may also be made in debt & money market instruments. There can be no assurance or guarantee that the investment objective of the Scheme will be realized.
Benchmark	CRISIL Liquid Fund Index The Trustees reserve the right to change the benchmark for evaluation of the performance of the scheme from time to time, subject to SEBI Regulations and other prevailing guidelines if any.
Plans	Direct Plan and Regular Plan Direct Plan is only for those investors who purchase /subscribe Units in a Scheme directly with the Fund and is not available for investors who route their investments through a Distributor. Regular Plan is for investors who route their investments through a Distributor. The default plan between Direct Plan and Regular Plan is Direct Plan.
Options	Growth, Dividend (Regular, Monthly, Quarterly and Annual) Payout and re-investment and Bonus (Regular and Annual). **Dividend Option—** Under this Option, the Trustees reserve the right to declare dividend under the Scheme depending on the net distributable surplus available under the Option. It should, however, be noted that actual declaration of dividends and the frequency of distribution will depend, inter-alia, on the availability of distributable surplus and will be entirely at the discretion of the Trustees or any Committee authorised by them. **Growth Option—** All income earned and any realized profit in respect of a unit issued under that will continue to remain invested until repurchase and shall be deemed to have remained invested in the option itself and will be reflected in the NAV. **Bonus Option—** Under this Option, the Trustees may declare issuance of bonus units by capitalizing net earnings and the amount standing to the credit of the reserves in the scheme. Both options will have a common portfolio. The default option between the growth, dividend and bonus is the Growth Option. The default Dividend sub-option will be the Regular Dividend payout and default bonus sub-option will be Regular Bonus. Pursuant to payment of dividend, if any, the NAV per unit of the dividend option of the Scheme would fall to the extent of the payout and statutory levy, if applicable. To the extent of payout of dividend, the NAV of dividend option will be different from growth option.
Minimum Application Amount	Minimum of Rs. 5,000 (Five Thousand) per application and in multiples of Re. 1/- thereafter During the New Fund Offer period and on an ongoing basis, Unitholders of other Schemes of Deutsche Mutual Fund have an option to switch in from other Schemes to this Scheme. However in case of switch during the NFO, the switch request should be accompanied with the duly filled in Application Form.
Redemption of Units	Rs. 1,000/- or 100 units or account balance, whichever is lower. Unit holders of this scheme also have an option to switch out to other schemes subject to terms and conditions of the switch in scheme.
Load Structure	**Entry Load:** Nil, **Exit Load:** 0.5% if redeemed/ switched out within 90 days from date of allotment. The AMC / Trustees reserve the right to change the above exit load at anytime, if they so deem fit after issuing addendum / notice to investors.
Systematic Investment Plan	Available on an ongoing basis but not during NFO.
Minimum Application Amount for investments through SIPs	Minimum Amount Rs. 12,000 divided into 12 cheques of Rs. 1000 each for 12 months OR 6 installments of Rs. 2,000 each for 6 months OR 4 installments of Rs. 3,000 each for 3 months.
Systematic Transfer Plan (STP)	Available on an ongoing basis but not during NFO.
Minimum Application Amount for investments through STPs	Minimum Amount Rs. 12,000 divided into 12 Installments of Rs. 1000 each for 12 months OR 6 Installments of Rs. 2,000 each for 6 months OR 4 Installments of Rs. 3,000 each for every 3 months.
Systematic Withdrawal Plan (SWP)	Available on an ongoing basis but not during NFO.
Minimum Application Amount for Investments Through SWPs	Minimum Amount Rs. 12,000 divided into 12 Installments of Rs. 1000 each for 12 months OR 6 Installments of Rs. 2,000 each for 6 months OR 4 Installments of Rs. 3,000 each for every 3 months.
Frequency for SIP/STP / SWP	7th, 15th, 21st & 28th of the month / quarter / week and on the next business day if the chosen date happens to be a holiday.
Switching	Investors may opt to switch units between different schemes of Deutsche Mutual Fund and also between different Options (Growth / Dividend / Bonus) / Plan of the same Scheme at NAV based prices.
Auto Switch Facility	This Fund will offer an auto switch facility from Liquid Schemes to DWS Arbitrage Fund during the NFO period. However DeAM reserves the right to extend or limit the said facility on such terms and conditions as may be decided from time to time.
Investments by NRIs / FIIs	Investments by NRIs/ FIIs are allowed on a full repatriation basis subject to RBI approvals, if any. However, the sale and solicitation of Units of the Fund is prohibited to citizens and residents of United States of America or any other jurisdiction which restricts or regulates the sale of Indian securities to its citizens and/or residents or which jurisdiction could otherwise subject the AMC or its parent companies or any of its affiliates or employees or the trustees to any reporting, licensing or registration requirements, in such jurisdiction. Neither this SID nor the units have been registered in any jurisdiction. The distribution of this SID in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this SID in such jurisdictions are required to inform themselves about, and to observe, any such restrictions. No person receiving a copy of this SID or any accompanying application form in such jurisdiction may treat this SID or such

	application form as constituting an invitation to them to subscribe for Units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements. The sale and solicitation of Units of the Fund is prohibited to citizens and residents of United States of America or any other US person (as defined in the US Securities Act of 1933) or any person of any other jurisdiction which restricts or regulates the sale of Indian securities to its citizens and/or residents or which jurisdiction could otherwise subject the AMC or its parent companies or any of its affiliates or employees or the trustees to any reporting, licensing or registration requirements, in such jurisdiction. Further, investors are requested to note that if, subsequent to the account opening, if an investor is found to be a US person or resident of US or any other jurisdiction which restricts or regulates the sale of Indian securities to its citizens and/or residents as mentioned above (whether or not due to a change in status), the AMC reserves the right to redeem such investor's investments.
Transparency	The first NAV shall be announced within 5 working days from the date of allotment. The NAV of the Scheme thereafter will be calculated and declared on every business day on the AMFI website www.amfiindia.com and the Fund's website www.dws-india.com by 9. p.m on the same day. Also, NAV will be send for publication to at least 2 daily newspapers. The NAV shall also be announced on the next Business Day in two newspapers whereas the complete portfolio shall be published in 2 newspapers on a half yearly basis. The monthly portfolio of the Schemes shall be available in a user-friendly and downloadable format on the website viz. www.dws-india.com on or before the tenth day of succeeding month.
Applicable NAV during ongoing offer	**Purchases and Switch-in:** **Purchase including Switch-ins: In respect of purchase of units in above Scheme with amount less than Rs. 2 Lakhs:** If the applications received on any Business Day at the official points of acceptance of transactions along with a local cheque or a demand draft payable at par at the place of submission of the applications: (i) upto 3.00 p.m. - Closing NAV of the day of receipt of application. (ii) after 3.00 p.m. - Closing NAV of the next Business Day. In respect of valid application received for an amount equal to or more than Rs. 2 lakhs upto 3.00 p.m. on a Business Day at the official point(s) of acceptance and funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the respective Scheme before the cut-off time i.e. available for utilization before the cut-off time – the closing NAV of the day shall be applicable; In respect of valid application received for an amount equal to or more than Rs. 2 lakhs after 3.00 p.m. on a Business Day at the official point(s) of acceptance and funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the respective Scheme before the cut-off time of the next Business Day i.e. available for utilization before the cut off time of the next Business Day - the closing NAV of the next Business Day shall be applicable; Irrespective of the time of receipt of application for an amount equal to or more than Rs. 2 lakhs at the official point(s) of acceptance, where funds for the entire amount of subscription/ purchase as per the application are credited to the bank account of the respective Scheme before the cut-off time on any subsequent Business Day i.e. available for utilization before the cut-off time on any subsequent Business Day – the closing NAV of such subsequent Business Day shall be applicable. **Redemption and Switch-out:** For applications received on any Business Day at the official points of acceptance of transactions: (i) upto 3:00 p.m. - Closing NAV of the day of receipt of application and (ii) after 3:00 p.m.- Closing NAV of the next Business Day
Liquidity	The Unitholders shall be entitled to redeem their units at any time post allotment on any business day at the applicable NAV, subject to the applicable load. The Schemes will not be listed on any stock exchange.
Duration of the Scheme	The duration of the Scheme is perpetual. However, the Scheme may be liquidated any time prior to the expiration, under the following circumstances: • On the happening of any event which, in the opinion of the Trustee, requires the Scheme to be wound up. • If seventy five per cent of the Unitholders pass a resolution that the Scheme be wound up. • If SEBI so directs in the interest of the Unit holders. • If number of unitholders or the individual Unitholders' holding in the Scheme breaches the requirement of SEBI Circular dated December 12, 2003 ref SEBI/IMD/ CIR No.10/22701/03 and dated June 14, 2005 ref SEBI/IMD/CIR No.1/42529/05 as amended from time to time.
KYC Policy	Investments in the Units of the Scheme is/are subject to scrutiny and due diligence including, know your customer (KYC) due diligence as per (a) anti money laundering and other applicable laws, rules, regulations, circulars and byelaws notified and in force, in India, from time to time ("Applicable Laws"); and (b) internal anti money laundering policies and procedures of the AMC ("AML Policies"). The AMC (including its agents) reserve(s) the right to freeze or terminate any folio which is not in accordance with or is otherwise found to be in breach of any Applicable Laws and/or internal AML Policies of the AMC, at any point of time, before or after the allocation of Units. For more details please refer to SAI. Further, in terms of SEBI circular dated August 12, 2010, all new folios/accounts can only be opened if all investor related documents, including KYC documents etc are available with the AMC and/or its Registrar. Further, in terms of SEBI Circular dated October 5, 2011, same KYC form and supporting documents shall be used by SEBI Registered Intermediaries like Mutual Funds, Portfolio Managers, Collective Investment Schemes, Depository Participants and Venture Capital Funds The uniform KYC requirements for the securities markets has come into effect from January 1, 2012 The new KYC forms shall be filled by all the new client accounts opened from January 1, 2012. Please log on to www.dws-india.com for the new KYC forms.

I. Introduction

A. RISK FACTORS

Standard Risk Factors

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the Scheme invests fluctuate, the value of your investment in the Scheme may go up or down.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme.
- The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns.
- The sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs 1 lakh made by it towards setting up the Fund.
- The Scheme is not a guaranteed or assured return Scheme.

Scheme Specific Risk Factors

Risk Factors Associated with Fixed Income and Money Market Instruments:

a) The Scheme may invest in debt and debt related instruments, as may be permitted by SEBI, from time to time. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments. Different segments of Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities' purchases due to settlement problems could cause the Scheme to miss certain investment opportunities. The length of time for settlement may affect the Scheme in the event the Scheme has to meet an exceptionally large number of redemption requests. The Scheme will retain certain investments in cash or cash equivalents for its day-to-day liquidity requirements.

b) A fundamental risk relating to all fixed income securities is a chance that an issuer will fail to make a principal and interest payments when due (credit risk). Issuers with higher credit risk typically offer higher yields for this added risk. Conversely, issuers with lower credit risk offer lower yields. Generally government securities are considered to be the safest in terms of the credit risk. Changes in financial conditions of an issuer, changes in economic and political conditions in general, or changes in economic or and political conditions specific to an issuer, all of which are factors that may have an adverse impact on a firms credit quality and security values. While it is the intent of the Investment Manager to invest primarily in highly rated debt securities, the Scheme may from time to time invest in higher yielding, lower rated securities. This is likely to enhance the degree of credit risk. The Investment Manager will endeavour to manage credit risk through in-house credit analysis.

c) All fixed income securities are also affected by changes in interest rates (interest rate risk). The prices of debt securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than the short-term securities. The Debt markets can be volatile leading to the possibility of up or down movements in prices of fixed income securities and thus the possible movements in the NAV. The Scheme(s) may use various hedging products from time to time, as are available and permitted by SEBI, to attempt to reduce the impact of undue market volatility on the Scheme's portfolio.

d) Debt securities may also be subject to price volatility due to factors such as market perception of the issuer and general market liquidity conditions (market risk).

e) Lower rated or unrated securities are more likely to react to developments affecting the credit market than highly rated securities, which react primarily to movements in the general level of interest rates. Lower rated securities also tend to be more sensitive to economic conditions than higher rated securities. The Investment Manager will consider both credit risk and market risk in making investment decisions.

f) The corporate debt market is relatively illiquid vis-à-vis the government securities market. Even though the government securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in both, the corporate debt market and G-sec market,due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through.

g) Zero coupon or deep discount bonds are debt obligations that do not entitle the holder to any periodic payment of interest prior to maturity or a specified date when the securities begin paying current interest and therefore, are generally issued and traded at a discount to their face values. The discount depends on the time remaining until maturity or the date when securities begin paying current interest. It also varies depending on the prevailing interest rates, liquidity of the security and the perceived credit risk of the Issuer. The market prices of zero coupon securities are generally more volatile than the market prices of securities that pay interest periodically and are likely to respond to changes in interest rates to a greater degree than other coupon bearing securities having similar maturities and credit quality.

h) Apart from normal credit risk, zero coupon bonds carry an additional risk, unlike bonds that pay interest throughout the period to maturity, zero coupon instruments/deferred interest bonds typically would not realise any cash until maturity or till the time interest payment on the bonds commences. If the issuer defaults, the Schemes may not obtain any return on its investment.

i) The Scheme may invest in securities which are not quoted on a stock exchange ("unlisted securities") which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted securities may lack a liquid secondary market, and there can be no assurance that the Scheme will realise its investments in unlisted securities at a fair market value, if sold in the secondary market.

j) There have been times in the past, when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct further transactions. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are not invested and no return is earned thereon.

k) Prepayment Risk: Certain fixed income securities give an issuer the right to call back its securities before their maturity date, in periods of declining interest rates. The possibility of such prepayment may force the fund to reinvest the proceeds of such investments in securities offering lower yields, resulting in lower interest income for the fund.

l) Reinvestment Risk: This risk refers to the interest rate levels at which cash flows received from the securities in the Plans are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.

m) Settlement Risk: The inability of the Scheme to make intended securities purchases due to settlement problems could cause the Scheme to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the Scheme's portfolio due to the extraneous factors that may impact liquidity would result at times, in potential losses to the Scheme, in case of a subsequent decline in the value of securities held in the Scheme's portfolio.

n) Regulatory Risk: Changes in government policy in general and changes in tax benefits applicable to Mutual Funds may impact the returns to investors in the Scheme.

o) The value of the Scheme's investments may be affected generally by factors affecting capital markets, such as interest rates, currency exchange rates, foreign investment, changes in government policy, taxation and political, economic or other developments. Consequently, the net asset value of the Scheme

may fluctuate and the value of the Scheme's Units may go down or up. Past performance of the sponsors is not necessarily indicative of future performance of the Scheme.

p) Money Market instruments are instruments that are generally have maturity of less than one year. The NAV of the Scheme's Units, will be affected by the changes in the level of interest rates.

q) Investments in money market instruments and debt instruments involve credit risk commensurate with short term rating of the issuers.

Risk factors associated with Trading in Derivatives:

a) Derivatives are high risk, high return instruments as they may be highly leveraged. A small price movement in the underlying security could have a large impact on their value and may also result in a loss.

b) Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

c) The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

d) The fund may use derivative instruments like Interest Rate Swaps, Forward Rate Agreements or other fixed income derivatives.

e) Credit Risk: The credit risk in a derivative transaction is the risk that the counter party will default on its obligations and is generally low, as there is no exchange of principal amounts in a derivative transaction.

f) Market risk: Derivatives carry the risk of adverse changes in the market price.

g) Illiquidity risk: The risk that a derivative cannot be sold or purchased quickly enough at a fair price, due to lack of liquidity in the market.

h) Floating Leg Risk: The fund pays the daily compounded rate. In practice however there can be a difference in the actual rate at which money is lent in the call market and the benchmark, which appears and is used

i) It may be mentioned here that the guidelines issued by Reserve Bank of India from time to time for forward rate agreements and interest rate swaps and other derivative products would be adhered to.

Risk Factors Associated with investment in equity and equity related Instruments:

- Subject to the stated investment objectives, the Scheme proposes to invest in equity and equity related securities. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments. Different segments of Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities' purchases due to settlement problems could cause the Scheme to miss certain investment opportunities. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are not invested and no return is earned thereon. The inability to sell securities held in the Scheme's portfolio, due to the absence of a liquid secondary market, would result at times, in potential losses to the Scheme, should there be a subsequent decline in the value of securities held in the Scheme's portfolio.
- Equity securities and equity related securities are volatile and prone to price fluctuations on a daily basis.
- The performance and the value of the Scheme's investments may be affected by factors affecting the securities markets such as price and volume volatility in the capital markets, currency exchange rates, changes in law / policies of the Government, taxation laws and political, economic or other developments which may have an adverse bearing on individual securities, a specific sector or all sectors. Consequently, the NAV of the Units may be affected.
- The liquidity and valuation of the Scheme's investments due to its holdings of unlisted securities may be affected if they have to be sold prior to their target date of divestment.
- The Scheme may invest in securities which are not quoted on a stock exchange ("unlisted securities") which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted securities may lack a liquid secondary market and there can be no assurance that the Scheme will realize its investments in unlisted securities at a fair value.
- The Scheme may also use various derivative and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unitholders' interest. The risks associated with dealing in Derivatives trading are given below under "Risk factors associated with trading in derivatives".

Risk factors applicable to Arbitrage position, unwinding the arbitrage position, Roll over the futures, and a multi Options arbitrage strategy:

- Lack of opportunity to invest in arbitrage portions in the equity market.
- The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- While future market are typically more liquid than underlying cash market, there can be no assurance that ready liquidity would exists at all point in time for the scheme to purchase and close out a specific futures contract.
- In case of arbitrage, if futures are allowed to expire with corresponding buy/sell in cash market, there is a risk that price at which futures expires, may/may not match with the actual cost at which it is bought/sold in the cash market in last half an hour of the expiry day (Weighted average price for buy or sell).

Risk Mitigation measures by AMC

Nature of Risk	Risk Mitigation Measures by AMC
For making investments in Fixed Income and Money Market Instruments	
Credit Risk: Debt securities are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations.	The fund has a rigorous credit research process. The credit team analyses and approves each issuer before investment by the scheme. There is a regulatory and internal cap on exposure to each issuer. This ensures a diversified portfolio and reduced credit risk in the portfolio.
Liquidity Risk: The corporate debt market is relatively illiquid vis-à-vis the government securities market. Even though the government securities market is more liquid compared to that of other debt instruments, on occasions, there could be difficulties in transacting in the market due to extreme volatility or unusual constriction in market volumes or on occasions when an unusually large transaction has to be put through.	The funds are envisaged to be actively managed portfolios. The liquidity and volatility of a security are important criteria in the security selection process. This ensures that liquidity risk is minimized.
Investing in unlisted securities: The Schemes may invest in securities which are not quoted on a stock exchange ("unlisted securities") which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted securities may lack a liquid secondary market and there can be no assurance that the Schemes will realise its investments in unlisted securities at a fair value.	The scheme will predominantly invest in listed securities and in some instances, invest in securities which are expected to be listed. Further, listing of debt securities typically has no significant impact on the liquidity, trading volatility and price discovery.
Settlement Risk: There have been times in the past, when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct further transactions. Delays or other problems in settlement of transactions could result in temporary periods when the assets of the Scheme are not invested and no return is earned thereon.	The AMC has a strong operations team and well laid out processes and systems, which mitigate operational risks attached with the settlement process.
Reinvestment Risk: This risk refers to the interest rate levels at which cash flows received from the securities in the Plans are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.	Reinvestment risk is an inherent feature of the portfolio management process. It may be managed, to a certain extent, by seeking to invest in securities with relatively low intermittent cash flows.
For making investment in equity and equity related securities	
Liquidity Risk: Trading volumes, settlement periods and transfer procedures may restrict the liquidity of underlying investments.	All trades are executed on the two leading exchanges, the NSE and BSE. The internal investment process incorporates the days required to sell as an important criteria for investment decisions. Further, the days required to liquidate an investment is actively monitored by our internal systems. This ensures that the liquidity risk in the portfolio is minimized.
Settlement Risk: Different segments of Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities' purchases due to settlement problems could cause the Scheme to miss certain investment opportunities.	The portfolio invests only in stocks listed on the Bombay Stock Exchange and/or the National Stock Exchange. Both these exchanges are regulated by SEBI. The counterparty risk and settlement risk for all trades on the NSE is guaranteed by the National Securities Clearing Corporation Ltd. (a wholly owned subsidiary of the NSE); and by the Trade Guarantee Fund of BSE. Fixed income investments for equity scheme are limited to highly liquid money market instruments and used only as a cash management tool. Therefore, this minimizes the settlement risk in the portfolio.
Volatility Risk: Equity securities and equity related securities are volatile and prone to price fluctuations on a daily basis.	The scheme has a diversified portfolio to counter the volatility in the prices of individual stocks. Diversification in the portfolio reduces the impact of high fluctuations in daily individual stock prices on the portfolio.
Risk of investing in unlisted securities: In general investing in unlisted securities are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted securities may lack a liquid secondary market and there can be no assurance that the Scheme will realize its investments in unlisted securities at a fair value.	As per SEBI guidelines, not more than 10% of the portfolio can be invested in unlisted securities. Rigorous due diligence is undertaken before any investments are made by the portfolio in unlisted securities.
Risk of investing in derivative instruments: The Scheme may also use various derivative and hedging products from time to time, as would be available and permitted by SEBI.	The scheme proposes to invest in derivative instruments subject to SEBI and internal guidelines. The scheme may invest in exchange traded derivatives only, as per current guidelines. Derivatives are cash settled in the Indian equity markets and settlement of trades on the exchanges is guaranteed by the exchange.

Special Considerations

a) Mutual funds being vehicles of securities investments are subject to market and other risks and there can be no guarantee against loss resulting from investing in the Scheme. The various factors which impact the value of the Scheme's investments include, but are not limited to, fluctuations in the equity and bond markets, fluctuations in interest rates, prevailing political and economic environment, changes in government policy, factors specific to the issuer of the securities, tax laws, liquidity of the underlying instruments, settlement periods, trading volumes, etc.

b) The past performance of the mutual funds managed by the Sponsors and their affiliates / associates is not indicative of the future performance of the Scheme.

c) Investment decisions made by the AMC / Investment Manager may not always be profitable.

d) The Scheme in accordance with the Regulations can invest in securities which are not quoted on a stock exchange ("unlisted securities") which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted securities may lack a liquid secondary market and there can be no assurance that the Schemes will realise its investments in unlisted securities at a fair value.

e) Different types of securities in which the Scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly the Scheme's risk may increase or decrease depending upon its investment pattern.

f) The Fund may, where necessary, appoint other intermediaries of repute as advisors, custodian / sub-custodians etc. for managing and administering such investments. The appointment of such intermediaries shall be in accordance with the applicable requirements of SEBI and within the permissible ceilings of expenses. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, fees of appointed advisors and sub-managers, transaction costs and overseas regulatory costs.

g) As liquidity of the Scheme's investments could, at times, be restricted by trading volumes and settlement periods, the time taken by the Mutual Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or of a restructuring of the Schemes' portfolio. In view of this, the Trustee has the right, in its sole discretion to limit redemptions (including suspending redemption) under certain circumstances, as described under the section titled "Right to Limit Redemptions "in SAI.

h) In case the Scheme utilizes any derivatives, under the SEBI Regulations, the Scheme may, in certain situations, be exposed to price risks.

i) It is compulsory for mutual funds to dematerialise their holdings in certain notified securities / companies.

j) Certain focus areas are already enjoying favourable tax treatment by Government of India. Other focus areas the Schemes may also receive favourable tax treatment. If these tax benefits are removed or amended, it is possible that the changes may have a material adverse impact on the companies' revenue and earnings.

k) Neither this SID nor the units have been registered in any jurisdiction. The distribution of this SID in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this SID in such jurisdictions are required to inform themselves about, and to observe, any such restrictions. No person receiving a copy of this SID or any accompanying application form in such jurisdiction may treat this SID or such application form as constituting an invitation to them to subscribe for Units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements.

l) The Scheme may be narrowly focused among sectors and therefore, changes in a particular industry can have a substantial impact on the Schemes NAV.

Investors are urged to study the terms of the offer carefully before investing in the Scheme, and to retain this SID for future reference.

Compliance under Foreign Account Tax Compliance Act (FATCA) regulations

The Internal Revenue Service of United States of America (IRS) introduced the Foreign Account Tax Compliance Act (FATCA) Regulations in the year 2010. The intention of FATCA is that details of U.S. investors holding assets outside the US will be reported by financial institutions to the United States Internal Revenue Service (IRS), as a safeguard against U.S. tax evasion. As a result of FATCA, and to discourage non-U.S. financial institutions from staying outside this regime, financial institutions that do not enter and comply with the regime will be subject to a 30% penalty withholding tax with respect to certain U.S. source income (including dividends) and gross proceeds from the sale or other disposal of property that can produce U.S. source income. Sections 1471 through 1474 of the U.S. Internal Revenue Code impose a 30% withholding tax on certain payments to a foreign financial institution ("FFI") if that FFI is not compliant with FATCA.

The Mutual Fund is a FFI and thus, subject to FATCA. Beginning 1 July 2014, this withholding tax applies to payments to the Fund that constitute interest, dividends and other types of income from U.S. sources (such as dividends paid by a U.S. corporation) and beginning on 1 January 2017, this withholding tax is extended to the proceeds received from the sale or disposition of assets that give rise to U.S. source dividend or interest payments. These FATCA withholding taxes may be imposed on payments to the Mutual Fund unless (i) the Mutual Fund becomes FATCA compliant pursuant to the provisions of FATCA and the relevant regulations, notices and announcements issued thereunder, or (ii) the Mutual Fund is subject to an appropriate Inter-governmental Agreement ("IGA") to improve international tax compliance and to implement FATCA. India has agreed "in substance" with IRS for Inter Governmental Agreement Model 1 (IGA-1) on 11th April 2014. Under IGA-1 model, Mutual Funds are required to institute a process to identify US Person investors and report the same.

Applicants are required to refer to the "FATCA information" section in the application and mandatorily fill/sign off on the same. Applications without this information / declaration being filled/signed off will be deemed as incomplete and are liable to be rejected. Investors are requested to note that the contents of the information to be provided / declaration in the application form may undergo a change on receipt of communication / guidelines from AMFI/SEBI.

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme. However, if such limit is breached during the NFO of the Scheme , the Fund will endeavor to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the relevant Plan complies with these two conditions. In case the Scheme does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly that Plan shall be wound up and the units would be redeemed at applicable NAV.

The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Scheme shall adhere to the requirements prescribed by SEBI from time to time in this regard.

C. DEFINITIONS

In this SID, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

AMC or Asset Management Company or DeAM	Deutsche Asset Management (India) Private Limited incorporated under the provisions of the Companies Act, 1956, and approved by SEBI to act as Investment Manager for the Scheme of Deutsche Mutual Fund.
Applicable NAV	The Net Asset Value applicable for purchases / redemptions / switches, based on the Business Day and relevant cut-off times on which the application is accepted at an Investor Service Centre /AMC offices/ branches.
AMFI	Association of Mutual Fund in India
ASBA / Applications Supported by Blocked Amount	An application as defined in clause (d) of sub-regulation (1) of regulation 2 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.
Business Day	A day other than; (1) Saturday and Sunday or (2) a day on which The Stock Exchange, Mumbai or National Stock Exchange of India Limited or Reserve Bank of India or banks in Mumbai are closed or (3) the day on which the money markets are closed / not accessible or (4) a day on which there is no RBI clearing / settlement of securities or (5) a day on which the sale and/or redemption of Units is suspended by the Trustees / AMC or (6) a day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time. Notwithstanding the above, the AMC may declare any day as a non Business Day by giving adequate notice to the investors.
Custodian	Standard Chartered Bank, Mumbai, registered under the SEBI (Custodian of Securities) Regulations, 1996, currently acting as Custodian to the Scheme, or any other custodian approved by the Trustees.
D.D.	Demand Draft
DeAM Asia / Sponsor	Deutsche Asset Management (Asia) Limited
DIHPL/ Co - Sponsor	Deutsche India Holdings Private Limited
DeAM Asia and DIHPL	Shall be referred to as Sponsors or Co-Sponsors
Designated Centre(s)	Such centre(s) including collecting bank branches as may be designated by the AMC for subscription in the scheme
Distributor/Agent	Such persons / firms / companies / corporate as may be appointed by the AMC to distribute / sell / market the Scheme of the Fund.
Dividend	Income distributed by the scheme on the units, where applicable.
DTAA	Double Taxation Avoidance Agreement
Foreign Institutional Investor or FII	Foreign Institutional Investors, registered with SEBI under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 as amended from time to time.
Fund or Mutual Fund	Deutsche Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882 and registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 vide Registration No. MF/047/02/10 dated 28th October, 2002.
Investment Management Agreement or IMA	The Agreement dated May 29, 2002 entered into between the Trustees of Deutsche Mutual Fund and Deutsche Asset Management (India) Private Limited as amended from time to time.
Investor Service Centre/ISC	Such centers as are designated by the AMC for subscription in the Scheme.
KIM	Key Information Memorandum
KYC	Know Your Customer
Local Cheque	A cheque handled locally and drawn on any bank which is a member of the Banker's Clearing House located at the place where the Application Form is submitted.
NAV	Net Asset Value of the Units of the Scheme calculated in the manner provided in this SID or as may be prescribed by the Regulations from time to time.
New Fund Offer Period	The dates on or the period during which the initial subscription to Units of the Scheme can be made subject to an extension, if any.
New Fund Offer (NFO)	Offer for purchase of Units of the Scheme - DWS Arbitrage Fund
NRI	Non Resident Indian or a person of Indian Origin resident outside India.
Ongoing Offer	Offer of Units under the Scheme when it becomes open- ended after the closure of the New Fund Offer Period.
POA	Power of Attorney
RBI	Reserve Bank of India
Redemption Load/Exit Load	A charge paid by the investor when Units are redeemed (sold back to the Mutual Fund).
Registrar	Karvy Computershare Private Limited, (KARVY), registered under the SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, currently acting as Registrar to the Scheme(s) or any other registrar appointed by the AMC from time to time.
Repo / Reverse Repo	Sale / purchase of Government Securities as may be allowed by RBI from time to time with simultaneous agreement to repurchase / resell them at a later date.
Redemption Price	Applicable NAV*(1-Exit Load)
Repurchase / Redemption	Repurchase / redemption of Units of the relevant Scheme
SAI	Scheme of Additional Information

Scheme Information Document (SID)	This document issued by Deutsche Mutual Fund, offering units of DWS Arbitrage Fund for subscription.
Sale/ Subscription	Sale/Subscription of Units of this Scheme
Scheme	DWS Arbitrage Fund (including, as the context permits, the Plans and Options including sub options that may be introduced from time to time) collectively referred to as the Scheme and individually, as the context permits, as the Scheme.
SEBI	Securities and Exchange Board of India established under Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI MF Regulations 1996 or Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time, including by way of circulars or notifications issued by SEBI, the Government of India or RBI.
Switch	Sale of a Unit in one Scheme / Plan/ Option against purchase of a Unit in another Scheme / Plan/ Option of the Fund.
The Act	The Income Tax Act, 1961, as amended from time to time.
Trust Deed	The Trust Deed dated May 29, 2002 made by and between the Sponsor and the Trustee establishing Deutsche Mutual Fund, as amended from time to time.
Trust Fund	Amounts settled / contributed by the Settler towards the corpus of the Deutsche Mutual Fund and additions / accretions thereto.
Trustees	Deutsche Trustee Services (India) Private Limited, the trustees of Deutsche Mutual Fund and approved by SEBI to act as the Trustees of the Scheme(s) of the Fund.
Unit	The interest of an investor which consists of one undivided share in the net assets of the relevant Scheme(s).
Unit holder	A holder of Units in any one or more Scheme(s) of Deutsche Mutual Fund.

The word Sponsor wherever appearing shall be read as Sponsors.

Interpretation

For all purposes of this SID, except as otherwise expressly provided or unless the context otherwise requires:

- The terms defined in this SID include the plural as well as the singular.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.

All references to "US$" refer to United States Dollars and "Rs." refer to Indian Rupees. A "crore" means "ten million" and a "lakh" means a "hundred thousand".

D. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY

It is confirmed that:

(i) The draft Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.

(ii) All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.

(iii) The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the proposed Scheme.

(iv) The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid as on date.

Sd/-

Suresh Soni

Chief Executive Officer

Place : Mumbai
Date : August 01, 2014

II. Information about the Scheme

A. NAME OF THE SCHEME

DWS Arbitrage Fund

B. TYPE OF THE SCHEME

An Open Ended Equity Scheme

C. INVESTMENT OBJECTIVE

The investment objective is to generate income by investing in arbitrage opportunities that potentially exist between the cash and derivatives market as well as within the derivatives segment of the market. Investments may also be made in debt & money market instruments.

There can be no assurance or guarantee that the investment objective of the scheme will be realised.

D. ASSET ALLOCATION

Under normal circumstances, the asset allocation of the Scheme will be as under: -

Asset Class	Indicative Allocations (% of total assets)		Risk Profile **
	Minimum	Maximum	
Equity and Equity related instruments including Index and stock derivatives#	65	100	High
Debt and Money Market instruments	0	35	Low to Medium

In the event of adequate arbitrage opportunities not being available in the equity and derivative markets, then 100% of the portfolio will be invested in short term debt and money market instruments.

** Risk profile refers to the price risk of the respective asset class. Please refer to the risk factors for more details.

As per Regulation 2(o) of SEBI (MF) Regulations, 1996, "money market instruments" includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time.

The Scheme retains the flexibility to invest across all the securities in the debt and money markets as permitted by SEBI / RBI from time to time.

The scheme may also invest in derivatives instruments to the extent of 50% of the Net Assets as permitted vide SEBI Circular no. DNPD/ Cir 29/2005 dated September 14, 2005 and SEBI Circular No. DNPD/ Cir-30/2006 dated January 20, 2006, SEBI circular No. SEBI/DNPD/ Cir-31/2006 dated September 22, 2006 and SEBI Circular No. Cir/ IMD/ DF/ 11/ 2010 dated August 18, 2010. The Scheme may use fixed income derivative instruments, subject to the guidelines as maybe issued by SEBI and RBI and for such purposes as maybe permitted from time to time, including for the purpose of hedging and portfolio balancing, based on the opportunities available.

The cumulative gross exposure through debt, money market instruments and derivative positions shall not exceed 100% of the net assets of the Scheme. The Scheme will not have a leveraged position in derivatives. The Scheme will not invest in securitized debt and foreign securities. The Scheme will not participate in Repo in corporate debt securities and Credit Default Swap. The Scheme will not invest in scrip lending. The Scheme will not invest in equity linked debentures. The scheme will not engaged in short selling of securities.

It must be clearly understood that the percentages stated above are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders.

In the event of the asset allocation falling outside the range as indicated above, rebalancing will be called for by the Investment Manager within 30 days. Where the portfolio is not rebalanced within 30 Days, justification for the same shall be placed before the Investment Review Committee and reasons for the same shall be recorded in writing. The Investment Review committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.

Any alteration in the Investment Pattern will be for a short term on defensive considerations; the intention being at all times to protect the interests of the Unit Holders. The rebalancing provision as mentioned above will also be applicable when the portfolio is invested for defensive consideration.

The scheme may also hold cash from time to time.

E. SCHEME'S INVESTMENTS

DWS Arbitrage Fund will invest in equity, debt securities and money market instruments. The Scheme will also invest in other instruments as may be permitted by RBI / SEBI/ such other regulatory authorities from time to time. Such instruments will include but will not be limited to:-

- Equity issued by Indian companies and traded on a recognized stock exchange
- Exchange Traded Derivatives like Options and futures with equity indices or stocks as underlying.
- Securities created and issued by the Central and State Governments and / or repos / reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
- Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
- Debt securities of domestic Government agencies and statutory bodies, which may or may not carry a Central / State Government guarantee.
- Corporate debt and securities (of both public and private sector undertakings) including Bonds, Debentures, Notes, Scrips, etc.
- Securities of banks (both public and private sector) and development financial institutions.
- Non-convertible part of convertible debentures
- Money market instruments as permitted by SEBI / RBI, call money market or in alternative investments for the call money market as may be provided by RBI to meet the liquidity requirements and as defined under the SEBI (Mutual Funds) Regulations, 1996.
- Certificate of Deposits (CDs).
- Commercial Paper (CPs).
- Derivative instruments like Exchange Traded Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements and such other derivative instruments as permitted by SEBI/ RBI
- Any other debt instruments, as may be permitted by RBI / SEBI / such other Regulatory Authority, from time to time.

It must be clearly understood that the percentages stated in the asset allocation pattern are only indicative and not absolute and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. The Board of AMC reserves the right to change the above pattern in the interest of the investors depending on the market conditions, market opportunities, applicable regulations and political and economic factors. The Investment Manager is required to rebalance the above asset allocation / investment pattern based on its views on the markets and liquidity or liability needs. Investors may note that securities which offer higher potential return will usually display higher volatility. The Scheme retains the flexibility to invest across all the securities in the debt and money markets instruments and in the event of the asset allocation falling outside the range as indicated above, the asset allocation pattern shall be bought to indicative allocation by the Investment Manager within 30 calendar days. If not, it shall account to fundamental attribute change of the scheme.

From time to time it is possible that the portfolio may hold cash. The Scheme may invest its funds in short-term deposits of scheduled commercial banks pending deployment.

The Scheme could invest in Fixed/Floating rate Securities issued by government, quasi government entities, corporate issuers, structured notes and multilateral agencies. The securities mentioned above

could be listed or unlisted, privately placed, secured or unsecured, rated or un-rated and of any maturity, as enabled under SEBI Regulations/ circulars/ RBI. The securities may be acquired from primary market, secondary market operations, private placement or negotiated deals. Pending deployment of the funds collected in the Scheme, funds of the Scheme can be parked in Short Term Deposits of Scheduled Commercial Banks subject to compliance with the SEBI Circular No. SEBI/IMD/CIR No.9/20306/03 dated November 12, 2003, SEBI Circular No. SEBI/IMD/Cir No.1/91171/07 dated April 16, 2007, SEBI and Clause 8 of Seventh Schedule of Mutual Funds Regulations, 1996 and SEBI Circular No. SEBI/IMD/Cir No.1/91171/07 dated April 16, 2007.

The Scheme may invest in other debt Schemes managed by the AMC or in the debt Schemes of any other Mutual Funds, provided it is in conformity to the investment objectives of the Scheme and in terms of the prevailing Regulations. As per the Regulations, no investment management fees will be charged for such investments and the aggregate inter Scheme investment made by all Schemes of Deutsche Mutual Fund or in the Schemes under the management of other asset management companies shall not exceed 5% of the net asset value of the Deutsche Mutual Fund.

The Scheme does not intend to enter into underwriting obligations. However, if the Scheme does enter into an underwriting agreement, it would do so after complying with the Regulations and with the requisite approval of the Board of the AMC / Trustee. This would not require change in the fundamental attributes of the scheme as per SEBI regulations

The AMC may invest in the scheme in the New Fund Offer Period or thereafter at any time during the continuous offer period subject to the SEBI Regulations & circulars issued by SEBI and to the extent permitted by its Board of Directors from time to time. As per the existing SEBI Regulations, the AMC will not charge investment management and advisory fee on the investment made by it in the Scheme.

Debt Market in India

The Indian debt market, one of the largest in Asia, is developing rapidly buoyed by a multitude of factors including new instruments, increased liquidity, deregulation of interest rates and improved settlement systems. The major players in the Indian debt markets today are banks, financial institutions, insurance companies, pension funds, provident funds and mutual funds. The instruments in the market can be broadly categorized as those issued by corporates, banks, financial institutions and those issued by state/central governments. The main risks associated with any investments are - credit risk, interest rate risk and liquidity risk. While corporate papers carry credit risk due to changing business conditions, government securities carry zero credit risk. Interest rate risk is present in all debt securities and changes in interest rates depend on a variety of macroeconomic factors. The largest segment of the Indian Debt market consists of the Government of India securities where the daily average trading volume is in excess of Rs.5000 crores, with instrument tenors ranging from short dated Treasury Bills to long dated securities extending upto 30 years. The Corporate Bond market, though relatively less liquid, is also fast developing with an increased participation from the banks, Financial Institutions, mutual funds, provident funds, insurance companies and corporate treasuries. Also there are a large number of instruments available like MIBOR linked bonds, commercial papers, certificate of deposits and medium to long dated fixed and floating rate bonds. The yield curve usually tends to be positive sloping i.e. yield of shorter dated securities being lower than that of longer dated ones.

The money markets in India essentially consist of call money market (i.e. market for overnight and term money between banks and institutions), repo transactions (temporary sale with an agreement to buy back the securities at a future date at specified price), CBLO, commercial papers (CPs, short term unsecured promissory note, generally issued by Corporates), certificate of deposits (CDs, issued by banks) and Treasury Bills (issued by RBI). A predominantly institutional market, the key money market players are banks, financial institutions, insurance companies, mutual funds, primary dealers and Corporates.

The various instruments currently available for investments are:

Instruments	Current Yields* (as of August 01, 2014)	Liquidity
Central / State Government securities	8.000% - 9.50%	Very High
PSU Bonds / Corporate debentures	8.50% - 9.75%	Medium - High
Securitised debt	10.50% - 13.00%	Low - Medium
Commercial Papers / Certificate of deposits	9.00% - 10.50%	Medium - High
Call / Notice Money	8.00% - 9.00%	Very High
Repo	7.00% - 9.00%	Very High

***Source: RBI and Bloomberg** (These rates are derived from information obtained from third party sources. While care has been taken to ensure accuracy, the same is not guaranteed.)

The actual yields of the instruments, would, however, vary in line with general levels of interest rates and

Policies in connection with Trading in Derivatives:

SEBI vide its circular no. MFD/CIR/011/061/2000 dated February 1, 2000 has permitted all the mutual funds to participate in the derivatives trading subject to observance of guidelines issued by SEBI in this behalf. Pursuant to this, the mutual funds may use various derivative and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unit holders' interest.

Pursuant to SEBI Circular no. DNPD/Cir 29/2005 dated September 14, 2005 and SEBI Circular No. DNPD/Cir-30/2006 dated January 20, 2006, SEBI circular No. SEBI/DNPD/Cir-31/2006 dated September 22, 2006 and SEBI Circular No. Cir/ IMD/ DF/ 11/ 2010 dated August 18, 2010 and such other circular issued by SEBI from time to time in this regard, the Fund may use derivative instruments like Interest Rate Swaps, Forward Rate Agreements, stock future or other derivative instruments for the purpose of hedging and portfolio balancing or for its efficient management.

Derivative instruments may take the form of Stock and Index futures, Options on Stocks and Indices, Interest rate swaps, Forward rate agreements and such other derivative instruments as may be available from time to time and appropriate for the portfolio.

The risks and returns ensuring from such investments are explained herein below:

Advantages of Equity Derivatives:

Equity markets experience high volatility Derivatives provide much needed flexibility to investors and may provide a hedge against this volatility. Some of the advantages of specific derivative products are given below:

Stock Index Futures can give exposure to the index. Appreciation in Index stocks can be effectively captured through investment in Stock Index Futures without buying individual stocks that make up the index.

The Scheme can sell futures to hedge against market movements without actually selling the underlying stocks it holds.

By buying call options on the index one can participate in the rise in the market, without actually buying individual stocks.

By buying put options on the index the Scheme can insulate the portfolio (assuming a perfect co-relation between portfolio and index - which may not be the case) from the downside risk at a small cost.

Basic Structure of an Equity Derivative Instrument

A Stock/ Index Future

The Stock / Index Future is an instrument designed to give exposure to equity market indices or individual stocks. The Stock Exchange, Mumbai and The National Stock Exchange provide trading in index and stock futures of 1, 2 and 3-month maturities. Pricing of an index/stock future is a function of the underlying index/ stock and short-term interest rates.

Assumptions:

1 month Nifty Future

Spot Index: 3800

Future Price on day 1: 3820

Fund buys 10,000 futures

On Expiry

Future price = Closing spot price = 3850

Profits for the Scheme = (3850 - 3820) X 10000 = Rs. 300,000

The net impact for the Scheme will be in terms of the difference between the closing price of the index and cost price (ignoring margins for the sake of simplicity). Thus, profit or loss for the Scheme will be the difference between the closing price (which can be higher or lower than the purchase price) and the purchase price.

Buying Options

Benefits of buying a call option

Buying a call option on a stock or index gives the owner the right, but not the obligation, to buy the underlying stock / index at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

Illustration

If the Fund buys a 1 month call option on Hindustan Lever at a strike of Rs. 190, the current market price being say Rs.191. The Fund will have to pay a premium of say Rs. 15 to buy this call. If the stock price goes below Rs. 190 during the tenure of the call, the Fund avoids the loss it would have incurred had it straightaway bought the stock instead of the call option. The Fund gives up the premium of Rs. 15 that has to be paid in order to protect the Fund from this probable downside. If the stock goes above Rs. 190, it can exercise its right and own Hindustan Lever at a cost price of Rs. 190, thereby participating in the upside of the stock.

Benefits of buying a put option

Buying a put option on a stock originally held by the buyer gives him/her the right, but not the obligation, to sell the underlying stock at the designated strike price. Here the downside risks are limited to the premium paid to purchase the option.

Illustration

If the Fund owns Hindustan Lever and also buys a three-month put option on Hindustan Lever at a strike of Rs. 190, the current market price being say Rs.191. The Fund will have to pay a premium of say Rs. 12 to buy this put.

If the stock price goes below Rs. 190 during the tenure of the put, the Fund can still exercise the put and sell the stock at Rs. 190, avoiding therefore any downside on the stock below Rs. 190. The Fund incurs a loss of fixed premium of Rs. 12 that has to be paid in order to protect the Fund from this probable downside. If the stock goes above Rs. 190, say to Rs. 220, it will not exercise its option. The Fund will participate in the upside of the stock, since it can now sell the stock at the prevailing market price of Rs. 220.

Interest Rate Swaps

An interest rate swap is an agreement whereby two parties agree to exchange periodic interest payments. The amount of interest payments exchanged is based on some predetermined principal, called notional principal amount. The amount each counter party pays to the other is the agreed upon periodic interest rate multiplied by the notional principal amount. The only amount that is exchanged between the parties are the interest payment, not the notional principal amount.

A Forward Rate Agreement, on the other hand, is an agreement between two counter parties to pay or to receive the difference between an agreed fixed rate (the FRA rate) and the interest rate prevailing on a stipulated future date based on a notional amount, for an agreed period.

In the most common type of swap one party agrees to pay the other party fixed interest payments at designated dates for the life of contract. The other party agrees to make interest rate payments that float with some index.

The interest rate benchmarks that are commonly used for floating rate in an interest rate swap are those on various money market instruments. In Indian markets the benchmark most commonly used is MIBOR.

Swaps can be unwound by either reversing the original swap entered into or doing by a reverse swap with cash flows matching the original swap.

Example: Interest Rate Swap (IRS)

Suppose the Scheme has a portion of its portfolio in cash. The Fund Manager has a view that the interest rate scenario is soft and call rates are unlikely to spurt over the next three months. The fund manager would therefore prefer to receive a higher rate of return on his cash, which he is lending in the overnight call market. In other words he would like to move to a 91 Day fixed interest rate from overnight floating rate

In the above example

Say Notional Amount	:	Rs.5 crores
Benchmark	:	NSE MIBOR
Tenor	:	91 days
Fixed Rate	:	6.25% At the end of 91 days
The Scheme Pays	:	compounded call rates for 91 days, which averages to say 5.90%

The Scheme receives fixed rate at 6.25% for 91 days.

At the end of 91 days the transaction will be settled as under:-

DWS Fund receives	
Fixed rate @ 6.25% for 91 days	Rs. 7,79,110
DWS Fund pays	
floating rate @ 5.90% for 91 days	
amounting to	Rs. 7,35,479
Net Receivable /Settlement Value	Rs. 43,631

Alternatively, usage of swap could result in a loss.

In the above example, let us assume that the Call Rate moves to 6.50%, as short term liquidity in the system hardens unexpectedly. In such a scenario, the nature of payments to be made and to be received by the Scheme would be as under:

The Scheme pays compounded Call rates for 91 days, which averages 6.50% while it receives a fixed rate payment at 6.25% for 91 days.

<u>At the end of 91 days the transaction will be settled as under:-</u>

DWS Fund receives Fixed rate @ 6.25% for 91 days	Rs. 7,79,110
DWS Fund pays floating rate @ 6.50 % for 91 days –	Rs. 810,274
Net Receivable /Settlement Value	Loss of Rs. 31,164

Please note that the above example is hypothetical in nature and the figures are assumed.

The Scheme may use derivative instruments primarily to protect the value of portfolio against potential risks such as interest rate risk, credit risks, reinvestment risk and liquidity risks. This protection is also known as hedge. At the same time, however, a properly correlated hedge will result in a gain in the portfolio position being offset by a loss in the hedge position. As a result, the use of derivatives could limit any potential gain from an increase in value of

the position hedged. In addition, an exposure to derivatives in excess of the hedging requirement can lead to losses. IRS and FRAs do also have inherent credit and settlement risks. However, these risks are substantially reduced as they are limited to the interest streams and not the notional principal amounts.

Derivative instruments offer unique advantages like security exposures without the attendant execution and settlement risk. Derivative instruments carry a high risk return ratio. It is like a insurance policy where one has to pay the premium up-front and the benefit is contingent upon an event. Derivative instrument if used on a leveraged basis could distort the risk return ratio considerably even with a small price movement (the Scheme will not take a leveraged exposure). It requires a high level of knowledge, understanding and surveillance to control risk.

The Indian market for derivative instruments is still evolving.

The Scheme, however, will use the derivative instruments very judiciously and keep in mind the overall objective the Scheme.

In terms of SEBI Circular Cir/IMD/DF/11/2010 dated August 18, 2010, following shall be applicable with respect to investments made in derivative instruments:

- The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the Scheme.
- Mutual Funds shall not write options or purchase instruments with embedded written options.
- The total exposure related to option premium paid must not exceed 20% of the net assets of the Scheme.
- Cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.
- Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:

a) Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.

b) Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated under limits mentioned in Point 1.

c) Any derivative instrument used to hedge has the same underlying security as the existing position being hedged.

d) The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.

- Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be treated under the limits mentioned in point 1.
- Definition of Exposure in case of Derivative Positions: Each position taken in derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain derivative positions may theoretically have unlimited possible loss. Exposure in derivative positions shall be computed as follows:

Position	Exposure
Long Future	Futures Price * Lot Size * Number of Contracts
Short Future	Futures Price * Lot Size * Number of Contracts
Option bought Option	Premium Paid * Lot Size * Number of Contracts

- Mutual Funds may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions has to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases must not exceed the value of respective existing assets being hedged by the Scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the Scheme.

The AMC retains the right to enter into such derivative transactions as may be permitted by the SEBI regulations from time to time

Limits for investment in derivatives instruments

In accordance with SEBI circulars nos. DNPD/Cir-29/2005 dated September 14, 2005, DNPD/Cir- 30/2006 dated January 20, 2006 and SEBI/DNPD/Cir-31/2006 dated September 22, 2006, Cir/ IMD/ DF/ 11/ 2010 dated August 18, 2010, the following conditions shall apply to the Scheme's participation in the derivatives market. The investment restrictions applicable to the Scheme's participation in the derivatives market will be as prescribed or varied by SEBI or by the Trustees (subject to SEBI requirements) from time to time.

i. Position limit for the Mutual Fund in equity index options contracts

a. The Mutual Fund position limit in all equity index options contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest of the market in equity index option contracts, whichever is higher, per Stock Exchange

b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

ii. Position limit for the Mutual Fund in equity index futures contracts:

a. The Mutual Fund position limit in all equity index futures contracts on a particular underlying index shall be Rs. 500 crore or 15% of the total open interest in the market in equity index futures contracts, whichever is higher, per Stock Exchange.

b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

iii. Additional position limit for hedging

In addition to the position limits at point (i) and (ii) above, Mutual Fund may take exposure in equity index derivatives subject to the following limits:

a. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.

b. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

iv. Position limit for the Mutual Fund for stock based derivative contracts

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts, :-

a. For stocks having applicable market-wise position limit (MWPL) of Rs. 500 crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or Rs. 300 crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 crores, whichever is lower.

b. For stocks having applicable market-wise position limit (MWPL) less than Rs. 500 crores, the combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or Rs. 50 crore whichever is lower.

v. Position limit for the Scheme

The position limits for the Scheme and disclosure requirements are as follows:–

a. For stock option and stock futures contracts, the gross open position across all derivatives contracts on a particular underlying stock of a Scheme of the Mutual Fund shall not exceed the higher of:

1% of the free float market capitalisation (in terms of number of shares).

Or

5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).

b. This position limit shall be applicable on the combined position in all derivative contracts on an underlying stock at a Stock Exchange.

c. For index based contracts, the Mutual Fund shall disclose the total open interest held by its Scheme or all Schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

I. In case of interest rate swaps, the exposure to a single counterparty shall not exceed 10% of the net assets of a Fund.

As and when SEBI notifies amended limits in position limits for exchange traded derivative contracts in future, the aforesaid position limits, to the extent relevant, shall be read as if they were substituted with the SEBI amended limits.

F. INVESTMENT STRATEGY

The fund would have an actively managed portfolio. A combination of the top down and bottom up approach will be used to invest in equity and equity related instruments. Investments will be pursued in selected sectors based on the investment team's analysis of business cycles, regulatory reforms, competitive advantage etc. Selective stock picking will be done from these sectors.

The scheme will seek to achieve its investment objective primarily by employing various strategies which seek to exploit available arbitrage opportunities in markets.

The equity and derivative markets have experienced enormous growth in India in the last few years. The market is not always efficient and mispricing between the derivative market and the underlying cash market occurs on many trading days. Arbitrage techniques attempt exploit various forms of imperfection in the underlying equity and derivatives market. However, when such opportunities are not available, the scheme may invest in short term debt securities or money market instruments.

The arbitrage strategies the Fund may adopt could be as under. The list is not exhaustive and the Fund could use similar strategies and any other strategies as available in the markets.

1. Index / Stock spot - Index / Stock Futures

The pricing of the futures is derived from underlying Index spot or the underlying stock. It is the cost of carry that binds the value of the futures to the underlying portfolio. When the two go out of sync, there are opportunities.

The cost of carry links the futures price to the price of the underlying asset. The price of the futures at any given instance should typically be more than the level of the spot price at that point. Theoretically, the fair value of the futures is equal to the spot price of the underlying plus the cost of carry i.e. the interest rate prevailing for an equivalent credit risk. Cash and carry trades at times provide higher than the prevailing interest rates. There is an opportunity to exploit by selling the overpriced futures and buying the underlying portfolio. It may also happen that the Index / Stock Future may be at a discount. In such cases, the Scheme may buy the future and sell the stock after borrowing the same. The Scheme shall enter into a combination of these transactions simultaneously.

If the Scheme has to unwind the positions prior to the expiry on account of redemptions or any other reason, the returns would depend on the spread between the spot and futures price at which the position is unwound. If the price differential between the spot and futures position of the subsequent month maturity is attractive near the expiry date, then the scheme may rollover the futures position and continue with the position in the spot market.

The Scheme shall endeavour to deploy its assets through transactions in the above pattern, which may involve Index Futures with Stock Futures or Futures of the same stock with different expiry months.

2. Cash Futures Arbitrage Strategy

The fund would look for market opportunities between the spot and the futures market. The cash futures arbitrage strategy can be employed when the price of the futures exceeds the price of the underlying stock. The fund would first buy the stocks in cash market and then sell in the futures market to lock the spread.

Buying the stock in cash market and selling the futures results in a hedge where the fund portfolio has locked in a spread and is not affected by the price movements in the spot and futures markets. The arbitrage position can be continued till expiry of the futures contracts. The futures contracts are settled based on the last half an hour's weighted average trade of the cash market. There is a convergence between the cash market and the futures market on expiry and this convergence results in the portfolio being able to generate the arbitrage return locked in earlier. However, the position may even be closed earlier in the event of the price differential being realized before expiry or better opportunities being available in other stocks / indexes. The strategy is attractive if this price differential (post all costs) is higher than the investor's cost-of capital.

Illustration of a Cash Futures Arbitrage Strategy:-

Buy 100 shares of Company X at Rs 1000 and sell the same quantity of stock's futures of the Company X at Rs 1100.

1. Market goes up and the price on the expiry day is Rs 2000.

   At the end of the month (expiry day) the futures expires automatically:

   Settlement price of futures = closing spot price = Rs 2000

   Gain on stock is 100*(2000-1000) = Rs 100,000

   Loss on futures is 100*(1100-2000) = Rs – 90,000

   Net gain is 100,000 – 90,000 = Rs 10,000

2. Market goes down and the price on the expiry day is Rs 500.

   At the end of the month (expiry day) the futures expires automatically:

   Settlement price of futures = closing spot price = Rs 500

   Loss on stock is 100*(500-1000) = Rs – 50,000

   Gain on futures is 100*(1100-500) = Rs 60,000

   Net gain is 60,000 – 50,000 = Rs 10,000

Unwinding the position:

Buy 100 shares of Company X at Rs 1000 and sell the same quantity of stock's futures of the Company X at Rs 1100.

The market goes up and at some point of time during the month (before expiry) the stock trades at Rs 1200 and the futures trades at Rs 1190 then we unwind the position:

Buy back the futures at Rs 1190: loss incurred is (1100- 1190)*100= Rs – 9,000

Sell the stock at Rs 1200: gain realized: (1200-1000)*100 = Rs 20,000

Net gain is 20,000 – 9,000 = Rs 11,000

Rolling over the futures:

We continue to stay invested in the stock in the Cash market. Close to expiry, if the stock's price is at Rs 1500 then the stock's futures is close to Rs 1500 as well. Also if the price of the current month stock futures is below the current price of the next month stock futures, we may roll over the futures position to the next expiry:

The price of the stock futures next month contract is at Rs 1510

The price of the stock futures current month contract is at Rs 1500

Then sell the futures next month contract at Rs 1510 and buy back current month futures contract at Rs 1500 = gain of 100*(1510-1500) = Rs 9,000 and the arbitrage position is rolled over.

3. Corporate Action / Event Driven Strategies

a. Dividend Arbitrage

At the time of declaration of dividend, the stock futures / options market can provide a profitable opportunity. Generally, the stock prices decline by the dividend amount when the stock becomes ex-dividend.

b. Buy-Back / Open Offer Arbitrage

When the Company announces the buy-back or open offer of its own shares, there could be opportunities due to price differential in buyback price and traded price.

c. Merger

When the Company announces any merger, amalgamation, hive off, de-merger, etc, there could be opportunities due to price differential in the cash and the derivative market.

Fixed Income:

The fixed income portfolio will consist of a pool of investment grade rated fixed income securities.

The Fund Management team endeavours to meet the investment objective whilst maintaining a balance between safety and return on investments. The Scheme shall be actively managed and the Fund Management team may endeavour to generate returns whilst moderating credit and interest rate risk. The Fund Manager shall formulate a view of the interest rate movement based on various parameters of the Indian economy, as well as developments in global markets. The Investment Manager may try to leverage its international resource base to understand the global economic and interest rate environment. Deutsche Asset Management (DeAM) has a proprietary research platform, accessed by DeAM investment professionals across the globe. Research inputs along with discussions with colleagues across the globe on the global economic environment provide the fund management team with a global perspective.

Investment views/decisions inter alia may be taken on the basis of the following parameters:

- Returns offered relative to alternative investment opportunities.
- Prevailing interest rate scenario
- Quality of the security/instrument (including the financial health of the issuer)
- Maturity profile of the instrument
- Any other factors considered relevant in the opinion of the Fund Management team.

The Scheme may also use derivatives to reduce the volatility of the portfolio and/or to enhance the portfolio returns. The Scheme may try to identify securities that yield relative value over others for similar risk and liquidity level. Various analytical tools like yield curve analysis, spreads between asset classes, horizon returns, forward implied interest rates, may be deployed to evaluate various investment options.

The proposed scheme is different from the existing open ended equity schemes of Deutsche Mutual Fund as stated below:

<table>
<tr><th>Name of the Scheme</th><th>Asset allocation of the Scheme</th><th>Primary investment Pattern / Strategy</th><th>Distinction between the Open Ended Equity Schemes & the proposed scheme</th><th>AUM as on 31.07.2014 (Rs. in Crs.)</th><th>No. of folios as on 31.07.2014</th></tr>
<tr><td>DWS Alpha Equity Fund (DAEF) (Open ended equity scheme</td><td>
<table>
<tr><th>Instruments</th><th colspan="2">Indicative Allocation (% of Total Assets)</th><th>Risk Profile**</th></tr>
<tr><th></th><th>Maximum</th><th>Minimum</th><th></th></tr>
<tr><td>Equities* and Equity related securities</td><td>100</td><td>80</td><td>Medium to High</td></tr>
<tr><td>Debt Securities & Money Market Instruments (including cash and money at call)</td><td>20</td><td>0</td><td>Low to Medium</td></tr>
<tr><td colspan="4">** Risk profile refers to the price risk of the respective asset class. Please refer risk factors for more details.
The Scheme will invest in derivatives only for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines and the exposure to derivatives shall be restricted to 50% of the net assets of the Scheme.</td></tr>
</table>
</td><td>The aim of the DAEF is to deliver above benchmark returns with due regard to capital conservation by providing long-term capital growth from an actively managed portfolio, mainly comprising companies registered in and/or listed on a regulated market of India. Income is not a primary consideration in the investment policies of the DAEF. The Scheme will invest across a range of market capitalization with a preference for medium and large companies.</td><td>• The investment strategy for the DWS Arbitrage Fund focuses on Arbitrage strategies using equity derivatives while the DAEF focuses on stock selection for investments in the portfolio.
The Asset Allocation pattern of the DAF is also significantly different from the DAEF.
• The benchmark of DAF is the CRISIL Liquid Fund Index while the benchmark for the DAEF is the CNX NIFTY.</td><td>61.78</td><td>8812</td></tr>
<tr><td>DWS Investment Opportunity Fund (DIOF) (Open ended dynamic allocation scheme)</td><td>
<table>
<tr><th>Instruments</th><th colspan="2">Indicative Allocation (% of Total Assets)</th><th>Risk Profile**</th></tr>
<tr><th></th><th>Maximum</th><th>Minimum</th><th></th></tr>
<tr><td>Equities* and Equity related securities</td><td>100</td><td>5</td><td>Medium to High</td></tr>
<tr><td>Debt Securities & Money Market Instruments (including cash and money at call)</td><td>95</td><td>0</td><td>Low to Medium</td></tr>
<tr><td colspan="4">* Debt securities may include securitised debts up to 25% of the net assets.
** Risk profile refers to the price risk of the respective asset class. Please refer risk factors for more details.
Whenever in the opinion of the Investment Manager, the equity market valuation appears more attractive and the Investment Manager anticipates higher return compared to the debt market returns, the investment in equities would be highest. However if in the opinion of the Investment Manager, the market valuation appears stretched and/or the risks outweigh the opportunities, the Fund could shift significantly in favour of Debt instruments.
The Scheme will invest in derivatives only for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines and the exposure to derivatives shall be restricted to 50% of the net assets of the scheme(s).</td></tr>
</table>
</td><td>An open-ended dynamic allocation Scheme seeking to generate capital appreciation on the portfolio over a long term by actively investing in different asset classes as per market conditions.</td><td>• The investment strategy for the DWS Arbitrage Fund focuses on Arbitrage strategies using equity derivatives while the DIOF focuses on stock selection for investments in the portfolio.
• The Asset Allocation pattern of the DAF is also significantly different from the DIOF.
• The benchmark of DAF is the CRISIL Liquid Fund Index while the benchmark for the DIOF is the S&P BSE 200.</td><td>201.40</td><td>7949</td></tr>
</table>

<table>
<tr><th>Name of the Scheme</th><th>Asset allocation of the Scheme</th><th>Primary investment Pattern / Strategy</th><th>Distinction between the Open Ended Equity Schemes & the proposed scheme</th><th>AUM as on 31.07.2014 (Rs. in Crs.)</th><th>No. of folios as on 31.07.2014</th></tr>
<tr><td rowspan="5">DWS Tax Saving Fund (DTSF) (Open ended equity-linked saving scheme)</td><td><table>
<tr><th>Instruments</th><th colspan="2">Indicative Allocation (% of Total Assets)</th><th>Risk Profile**</th></tr>
<tr><th></th><th>Maximum</th><th>Minimum</th><th></th></tr>
<tr><td>Equities and Equity related securities</td><td>100</td><td>80</td><td>High</td></tr>
<tr><td>Debt* Instruments including Government Securities and cash & money at call, Market Instruments and securitized debt instruments</td><td>20</td><td>0</td><td>Low to Medium</td></tr>
</table></td><td rowspan="4">The investment objective of the Scheme is to generate long term capital appreciation from a portfolio that is invested predominantly in equity and equity related instruments.

The funds collected under the Scheme shall be invested in equities, cumulative convertible preference shares and fully convertible debentures and bonds of companies.

Investment may be made in partly convertible debentures and bonds including those issued on a rights basis subject to the condition that, as far as possible, the non convertible portion of the debenture so acquired or subscribed shall be disinvested within a period of 12 months.</td><td rowspan="4">• The investment strategy for the DWS Arbitrage Fund focuses on Arbitrage strategies using equity derivatives while the DTSF focuses on stock selection for investments in the portfolio.
• The Asset Allocation pattern of the DAF is also significantly different from the DTSF.
• The benchmark of DAF is the CRISIL Liquid Fund Index while the benchmark for the DTSF is the BSE 200.</td><td rowspan="4">44.28</td><td rowspan="4">14795</td></tr>
<tr><td>* Investment in Securitised Debt would be up to a maximum of 10% of the net assets of the Scheme.

** Risk profile refers to the price risk of the respective asset class. Please refer risk factors for more details.

The Scheme will invest in derivatives only for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines and the exposure to derivatives shall be restricted to 50% of the net assets of the Scheme.</td></tr>
</table>

Risk Control

Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process.

The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns.. For investments in debt securities, the AMC aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, rigorous and in-depth credit evaluation of the securities proposed to be invested in, will be carried out by the investment team of the AMC. Rated Debt instruments in which the Scheme invests will be of investment grade as rated by a credit rating agency. The AMC will be guided but not limited by the ratings of Rating Agencies such as CRISIL, CARE, ICRA and Fitch or any other rating agencies that may be registered with SEBI from time to time. In case a debt instrument is not rated, all the investments in unrated papers are periodically reviewed by the Investment Review Committee and the Board of AMC & Trustee Company.

The Scheme may also use various derivatives and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unitholders' interest.

Procedure and Recording of Investment Decisions:

- The Fund Manager for the Scheme is responsible for making buy / sell decisions in respect of the securities in the respective Schemes' portfolios. The investment decisions are made on a daily basis keeping in view the market conditions and all relevant aspects.
- The Board of the AMC has constituted an Investment Review Committee that will meet at periodic intervals. The Investment review committee will consist of Chief Executive Officer, Chief Operating Officer, Chief Investment Officer, Head - Fixed Income/Fund Manager, Head- Domestic Equity, Compliance Officer & Company Secretary. The Board of the AMC may add more members to the committee as and when required
- Investment Review Committee will review all investments in unrated securities. The approval of unrated debt instruments will be based on parameters laid down by the Board of the AMC and the Trustees. The details of such investments will be communicated by the AMC to the Trustees in their periodical reports along with a disclosure regarding how the parameters have been complied with. Such reporting shall be in the manner prescribed by SEBI from time to time. The Committee will also review the performance of the Scheme(s) and general market outlook and assess the investment pattern of the scheme with regard to parameters and directions laid down in the Key Operating Procedure for Equity and Fixed Income.
- It is the responsibility of the AMC to ensure that the investments are made as per the internal and Regulatory guidelines, Scheme investment objectives and in the interest of the Unitholders of the respective Scheme(s).
- The CEO/ CIO/Fund Manager will make presentations to the Board of the AMC and the Trustees periodically, indicating the performance of the Scheme(s). Among other things, the Board of AMC and Trustee will review the performance of the Scheme in comparison to the benchmark. The Trustees reserve the right to change the benchmark for evaluation of performance of the scheme from time to time in conformity with the Investment objectives and appropriateness of the benchmark subject to SEBI Regulations, and other prevailing guidelines, if any.
- The CEO/ CIO/ Fund Manager will bring to the notice of the AMC Board, specific factors if any, which are impacting the performance of any individual Scheme. The Board on consideration of all relevant factors may, if necessary, give appropriate directions to the AMC. Similarly, the performance of the Scheme(s) will be submitted to the Trustees. CEO/CIO/ Fund Manager will explain to the Trustees, the details on the Schemes' performance vis-à-vis the benchmark returns. The Trustees and the AMC board may also review the performance of the schemes in the light of performance of the mutual funds industry as published from time to time by independent research agencies and financial newspapers and journals and may take corrective action in case of unsatisfactory performance.
- All investment decisions shall be recorded in terms of SEBI Circular no MFD/CIR/6/73/2000 dated July 27, 2000 or as may be revised by SEBI from time to time. Scheme. Such changes in the investment pattern will be for short term and defensive considerations.

G. FUNDAMENTAL ATTRIBUTES

Following are the Fundamental Attributes of the Scheme, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

(i) Type of a Scheme

- Open ended equity scheme

(ii) Investment Objective

- Main Objective - The scheme intends to generate income by investing in arbitrage opportunities that potentially exist between the cash and derivatives market as well as within the derivatives segment of the market. Investments may also be made in debt & money market instruments.

(iii) Terms of Issue

- Liquidity provisions such as listing, repurchase, redemption:- As mentioned in summary of the Scheme, Section III A and Section III B of this SID
- Aggregate fees and expenses charged to the Scheme. - As mentioned under Chapter IV, Para B, Page no 27)
- Any safety net or guarantee provided : This Scheme does not provide any guaranteed or assured return to its Investors

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the Trustees shall ensure that no change in the fundamental attributes of the Scheme(s) and the Plan(s) / Option(s) there under or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) there under and affect the interests of Unitholders is carried out unless:

- A written communication about the proposed change is sent to each Unitholders and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- The Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

H. BENCHMARK

The Benchmark for the scheme would be the CRISIL Liquid Fund Index

CRISIL Liquid Fund Index

The CRISIL Liquid Fund Index is designed to track the returns on a Portfolio that includes CBLO, Commercial Paper & Certificate of Deposits instruments. The CRISIL Liquid Fund Index is framed using the returns of the CBLO Index, CD Index and the CP Index.

All equity derivative positions have an inherent assumption on prevailing interest rates. The profitability of the arbitrage opportunity is influenced by the interest rates. This is mostly linked to prevailing money market rates given the fact that most act segment of the derivatives markets is the contracts expiring in a 1 to 3 months time horizon. Therefore, the CRISIL Liquid Fund Index is a suitable benchmark for the performance of the fund as it comprises money market securities.

Further, the Board of AMC and Trustee will review the performance of the Scheme in comparison to the benchmark. The Trustees reserve the right to change the benchmark for evaluation of performance of the Scheme from time to time in conformity with the Investment objectives and appropriateness of the benchmark subject to SEBI Regulations, and other prevailing guidelines, if any.

I. FUND MANAGERS TO THE SCHEME

Name of the Fund Manager	Age & Qualification	Experience	Name of other schemes of the Fund under his management
Akash Singhania (For managing investment in Equity Market)	36 Years B.COM (H) , CA , Licentiate ICSI, & PGDBM (IIM-L)	Over 12 years of experience in Equity Markets: • Deutsche Asset Management (India) Private Limited — Fund Manager (Equity) from December 24, 2012 onwards — Fund Manager – PMS (From May 2008 – December 21, 2012) • ICICI Prudential Asset Management Co.Ltd — Research analyst (from March 2006 to May 2008) • S R Batliboi & Co (Ernst & Young). — Sr. Executive (Financial Analysis and due diligence (from July 2005 to March 2006) • Bharat S Raut & Co (KPMG) — Sr.Executive (Corporate Tax and Regulatory Services (from August 2002 to May 2003) • Pricewaterhouse & Co — Jr. Executive (Corporate Tax and Regulatory Services (from October 2001 to July 2002)	DWS Alpha Equity Fund DWS Investment Opportunity Fund DWS Tax Saving Fund DWS Global Thematic Offshore Fund DWS Global Agribusiness Offshore Fund DWS Hybrid Fixed Term Fund – Series 2 to 14, 17, 19, 21-23 (Equity portion of close ended scheme) DWS Income Advantage Fund DWS Twin Advantage Fund
Kumaresh Ramakrishnan (For managing investment in Debt Market)	41 Years B.E. (Mumbai University) MBA (MMS) from NMIMS (Mumbai University)	Over 18 years of work experience in the Indian Fixed Income markets as under: • Deutsche Asset Management (India) Private Limited — Head - Fixed Income (January 2011 onwards) — Fund Manager & Credit Risk Analyst (April 2007 to present) — Credit Analyst (October 2005 to March 2007) • Societe Generale (SG), Senior Credit analyst (2000-2005). • Prior to this was employed as a Senior Rating analyst at Credit Analysis & Research Ltd., (CARE) (1996-2000)	DWS Gilt Fund DWS Premier Bond Fund DWS Medium Term Income Fund DWS Insta Cash Plus Fund DWS Money Plus Fund DWS Cash Opportunities Fund DWS Hybrid Fixed Term Fund — Series 4-14 (Debt portion of close ended scheme) DWS Fixed Maturity Plan — Series 4, 16, 31-33 DWS Fixed Term Fund — Series 91 and 96

J. INVESTMENT LIMITATIONS / RESTRICTIONS

As per the Trust Deed read with the Regulations, the following investment restrictions apply in respect of the Scheme at the time of making investments. However, all investments by the Scheme will be made in accordance with the Investment Objective, Investment Focus, Investment Pattern described above as well as the Regulations, including Schedule VII thereof.

1. The Scheme shall not invest more than 15% of its NAV in Debt instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity by SEBI. Such investment limit may be extended to 20% of the NAV of the Scheme with the prior approval of the Trustees and the Board of Asset Management Company The aforesaid limit shall not be applicable for investments in government securities.
2. The Scheme shall not invest more than 30% of its net assets in money market instruments of an issuer. The aforesaid limit shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations.
3. The Scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the Scheme. All such investments shall be made with the prior approval of the Board of Trustees and the Board of Asset Management Company.
4. The Mutual Fund under all its schemes shall not own more than 10% of any Company's paid-up capital carrying voting rights
5. The Scheme shall not invest more than 10% of their respective NAV in the equity shares or equity related instruments of any company.
6. The Scheme shall not invest more than 5% of their respective NAV in the unlisted equity shares.
7. Transfers of investments from one Scheme to another Scheme in the same mutual fund shall be allowed only if, -

a) such transfers are done at the prevailing market price for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a Stock Exchange for the spot transaction); and

b) the securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.

8. The Scheme may invest in another Scheme under the same AMC or any other mutual fund without charging any fees, provided that aggregate inter Scheme investment made by all Schemes under the same management or in Schemes under the management of any other AMC shall not exceed 5% of the net asset value of the Fund.
9. The Mutual Fund shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:

   Provided further that the Mutual Fund may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by SEBI.

   Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the RBI in this regard.
10. The Fund shall get the securities purchased / transferred in the name of the Fund on account of the concerned Scheme, wherever the instruments are intended to be of long term nature.
11. Pending Deployment of funds of the Scheme in securities in terms of investment objective of the Scheme, can be invested in Short Term Deposits of Scheduled Commercial Banks subject to compliance with SEBI Circular no. SEBI / IMD / CIR No. 1/91171/07 dated April 16, 2007. However, Investment in short term deposit(s) with any one scheduled commercial bank including its subsidiaries should not exceed 10% of the net assets of the scheme and short term investments in Associate Banks shall not exceed 20% of total investments in short term deposits made under all the Schemes by the Mutual Fund.
12. The Scheme shall not make any investments in;

i. any unlisted security of an associate or group company of the sponsor; or

ii. any security issued by way of private placement by an associate or group company of the sponsor; or

iii. the listed securities of group companies of the sponsor which is in excess of 25% of the net assets

13. The Scheme shall not make any investment in Fund of Fund Scheme
14. No loans for any purpose may be advanced by the Fund and the Fund shall not borrow except to meet temporary liquidity needs of the Scheme for the purpose of repurchase, redemption of Units or payment of interest or dividends to Unit Holders, provided that the Fund shall not borrow more than 20% of the net assets of the Scheme and the duration of such a borrowing shall not exceed a period of six months.
15. If any company invests more than 5 percent of the NAV of the Scheme then investment made by any other Scheme of the Fund in that company or its subsidiaries will be disclosed in accordance with the Regulations..
16. The Scheme will comply with the SEBI Circulars issued from time to time with respect to investment in derivatives.
17. The total exposure of the Scheme in a particular sector (excluding investments in Bank CDs, CBLO, G-Secs, TBills and AAA rated securities issued by Public Financial Institutions and Public Sector Banks) shall not exceed 30% of the net assets of the scheme. However, the Scheme can have an additional exposure to financial services sector (over and above the limit of 30%) not exceeding 10% of the net assets of the scheme in Housing Finance Companies (HFCs). The additional exposure to such securities issued by HFCs should be rated AA and above and these HFCs should be registered with National Housing Bank (NHB) and the total investment/ exposure in HFCs shall not exceed 30% of the net assets of the Scheme. The sectors will be considered as per AMFI classification.
18. In case of interest rate swaps, the exposure to a single counterparty shall not exceed 10% of the net assets of a Fund.

The Scheme will comply with any other Regulations applicable to the investments of Mutual Funds from time to time.

As per the SEBI Circular No.MFD/CIR/09/014/2000 dated January 5, 2000, all investment restrictions shall be applicable at the time of making investment.

K. PERFORMANCE

This Scheme is a new Scheme and does not have any performance track record.

III. Units and Offer

A. NEW FUND OFFER (NFO)

New Fund Offer Period This is the period during which a new Scheme sells its units to the investors	NFO opens on: August 13, 2014 NFO closes on: August 22, 2014 The Trustees reserve the right to extend the closing date, by releasing an addendum to this effect subject to the condition that the subscription lists shall not be kept open for more than 15 days. The Trustees reserve the right to close the subscription list earlier by giving at least one day prior notice in one daily newspaper.
New Fund Offer Price This is the price per unit that the investors have to pay to invest during the NFO.	Rs.10/-
Minimum Amount for Application in the NFO	Rs.5,000 (Five Thousand) per application and in multiples of Re.1 thereafter.
Minimum Target amount	Rs. 10,00,00,000 This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return. However, if AMC fails to refund the amount within 5 business days from closure of the NFO, if applicable, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of 5 business days from the date of closure of the subscription period.
Maximum Amount to be raised (if any)	NA
Plans	Direct Plan and Regular Plan Direct Plan is only for investors who purchase /subscribe Units in a Scheme directly with the Fund and is not available for investors who route their investments through a Distributor. Investors should also indicate "Direct" in the ARN column of the application form. However, in case Distributor code is mentioned in the application form, but "Direct Option" is indicated against the Scheme name, the Distributor code will be ignored and the application will be processed under Direct Plan. In case neither distributor's code nor "Direct" is indicated in the application form, the same will be treated as "Direct Plan" application Both these Plans would have common portfolio.
Options	Growth, Dividend (Regular, Monthly, Quarterly and Annual) Payout & re-investment and Bonus (Regular and Annual) Both the Plan and options will have common portfolio. **Default Option:** The investor must clearly specify his choice of option. In the absence of such clear instruction, it will be assumed that the investor has opted for 'default' option and the application will be processed accordingly. The default option between the growth, dividend and bonus is growth. The default Dividend sub-option will be Regular Dividend payout and the default Bonus sub-option will be Regular Bonus Option.
Dividend Policy	The Scheme may declare Dividend under Dividend Option from time to time. However it should be noted that the actual distribution and frequency of dividend will depend on the net distributable surplus available under the Option and will be entirely at the discretion of the Trustees or any Committee authorised by them.
Allotment	All applicants will receive full and firm allotment of Units, provided the applications are complete in all respects and are found to be in order. The Trustees retain the sole and absolute discretion to reject any application. The process of allotment of Units will be completed within 5 working days from the date of closure of the New Fund Offer Period. Allotment to NRIs / FIIs will be subject to RBI approval, if any, required.
Refund	In accordance with the Regulations, Plan fails to collect the minimum subscription amount of Ten Crores, the Fund shall be liable to refund the money to the applicants. In addition to the above, refund of subscription money to applicants whose applications are invalid for any reason whatsoever will commence immediately after the allotment process is completed. No interest will be payable on any subscription money refunded within 5 working days from the closure of the New Fund Offer Period of the relevant Plan. Interest on subscription amount will be payable for amounts refunded after 5 working days from the closure of the New Fund Offer Period of the relevant Plan at the rate of 15% per annum for the period in excess of 5 working days and will be charged to the AMC. Refund Orders will be by way of RTGS / NEFT/ Pay Order. In case of Pay order, Refund orders will be marked "A/c Payee only" and will be in favour of and be dispatched to the sole / first Applicant, by registered post / courier.
Who can invest This is an indicative list and Investors are requested to consult their financial advisor to ascertain whether the Scheme is suitable to your risk profile.	The following persons (subject to, wherever relevant, purchase of units of mutual funds being permitted under respective constitutions and relevant statutory regulations) are eligible and may apply for subscription to the Units of the Scheme. • Resident Adult Individuals either singly or jointly (not exceeding three) • Minors through parent / legal guardian • Companies, Bodies Corporate, Public Sector Undertakings, association of persons or bodies of individuals whether incorporated or not and societies registered under the Societies Registration Act, 1860 (so long as the purchase of Units is permitted under the respective constitutions)

	• Religious, Charitable and Private Trusts, under the provisions of 11(5) of Income Tax Act, 1961 read with Rule 17C of Income Tax Rules, 1962 (subject to receipt of necessary approvals as "Public Securities", wherever required) • Wakfs and Trustee of private trusts authorised to invest in mutual fund scheme under the Trust Deed • Partnership Firms • Karta of Hindu Undivided Family (HUF) • Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions • Non Resident Indians (NRIs) / Persons of Indian origin residing abroad on full repatriation basis (subject to RBI approval, if any) or on non-repatriation basis • Foreign Institutional Investors (FIIs) registered with SEBI on full repatriation basis (subject to RBI approval, if any) • Army, Air Force, Navy and other para-military funds and eligible institutions • Scientific and Industrial Research Organisations • International Multilateral Agencies approved by the Government of India • Non Government Provident/Pension/Gratuity funds as and when permitted to invest • Others who are permitted to invest in the Scheme as per the respective constitution • Trustees, AMC or Sponsor or their associates (if eligible and permitted under prevailing laws), may subscribe to the Units under the Scheme(s) • Other Scheme(s) of Deutsche Mutual Fund subject to the conditions and limits prescribed in SEBI regulations
Who cannot invest	The sale and solicitation of Units of the Fund is prohibited to citizens and residents of United States of America or any other US person (as defined in the US Securities Act of 1933) or any person of any other jurisdiction which restricts or regulates the sale of Indian securities to its citizens and/or residents or which jurisdiction could otherwise subject the AMC or its parent companies or any of its affiliates or employees or the trustees to any reporting, licensing or registration requirements, in such jurisdiction. Further, investors are requested to note that if, subsequent to the account opening, if an investor is found to be a US person or resident of US or any other jurisdiction which restricts or regulates the sale of Indian securities to its citizens and/or residents as mentioned above (whether or not due to a change in status), the AMC reserves the right to redeem such investor's investments. The Fund also reserves the right to include / exclude new / existing categories of investors to invest in the Scheme(s) from time to time, subject to SEBI Regulations, and other prevailing statutory regulations, if any.
Where can you submit the filled up applications	The application forms or transaction slips for the purchase of Units of the Scheme will be available at the office of the AMC, the Designated Centers and the Investor Service Centers of the Registrar & Transfer Agent. Please refer the inside back cover page for address and contact no. of Registrar and Transfer Agent (R&T), email id of R&T, website address of R&T, official points of acceptance, collecting banker details etc. Investors apart from the current process of making payment through cheques/ demand draft also have the ASBA facility as an additional mode of payment during NFO of the Scheme. It is mandatory for the investors of mutual fund schemes to mention their bank account numbers in their applications form. Application forms without Bank Mandate are liable to be rejected.
How to Apply	Please refer the Application form and SAI for the instructions.
Listing	The Scheme being an open ended, the Units are not proposed to be listed on any Stock Exchange. However, the Fund may at its discretion list the Units on one or more Stock Exchanges at a later date, and thereupon the Fund will make suitable public announcement to that effect.
Special Products / facilities available during the NFO	The Unit holders may switch in from other schemes of the Fund to the Scheme during NFO. **Auto Switch Facility** This fund will offer an auto switch facility from designated Liquid Schemes of Deutsche Mutual Fund to DWS Arbitrage Fund during the NFO period. However DeAM reserves the right to extent or limit the said facility on such terms and conditions as may be decided from time to time.
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the Scheme or the AMC) involved in the same.	NA
Restrictions, if any, on the right to freely retain or dispose off units being offered	Investors can redeem their units on any business day post allotment by submitting a valid redemption request at any of the ISCs of the Fund subject to applicable Exit Load.

B. ONGOING OFFER DETAILS

Ongoing offer period This is the date from which the relevant Plan will be reopen for subscriptions/ redemptions after the closure of NFO period.	The Scheme will offer Units for Purchase and Redemption at Applicable NAV on every Business Day on an ongoing basis commencing not later 5 working days from the date of the allotment.
Ongoing price for subscription This is the price you need to pay for purchase/switch-in.	Applicable NAV

Ongoing price for redemption	The redemption price of the units will be calculated on the basis of the applicable NAV subject to prevailing the exit load. With the applicable Exit Load, Redemption Price will be calculated as under: Redemption Price = Applicable NAV * (1 - Exit Load) For Example - if the applicable NAV is Rs. 10.00 and the Exit Load is 0.50 % then the redemption price will be Rs. 9.95
Cut off timing for subscriptions/ redemptions/ Purchases and Switch-in: Switches	**Purchases and Switch-in:** Purchase including Switch-ins: In respect of purchase of units in above Scheme with amount less than Rs. 2 Lakhs: If the applications received on any Business Day at the official points of acceptance of transactions along with a local cheque or a demand draft payable at par at the place of submission of the applications: Applications received on any Business Day at the official points of acceptance of transactions along with a local cheque or a demand draft payable at par at the place of submission of the applications: (i) upto 3.00 p.m. - Closing NAV of the day of receipt of application. (ii) after 3.00 p.m. - Closing NAV of the next Business Day. In respect of valid application received for an amount equal to or more than Rs. 2 lakh upto 3.00 p.m. on a Business Day at the official point(s) of acceptance and funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the respective Scheme before the cut-off time i.e. available for utilization before the cut-off time – the closing NAV of the day shall be applicable; In respect of valid application received for an amount equal to or more than Rs. 2 lakh after 3.00 p.m. on a Business Day at the official point(s) of acceptance and funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the respective Scheme before the cut-off time of the next Business Day i.e. available for utilization before the cutoff time of the next Business Day – the closing NAV of the next Business Day shall be applicable; Irrespective of the time of receipt of application for an amount equal to or more than Rs. 2 lakh at the official point(s) of acceptance, where funds for the entire amount of subscription/ purchase as per the application are credited to the bank account of the respective Scheme before the cut-off time on any subsequent Business Day i.e. available for utilization before the cut-off time on any subsequent Business Day – the closing NAV of such subsequent Business Day shall be applicable. **Redemption and Switch-out:** For applications received on any Business Day at the official points of acceptance of transactions: (i) upto 3.00 p.m. - Closing NAV of the day of receipt of application and (ii) after 3.00 p.m. - Closing NAV of the next Business Day
Where can the applications for purchase/redemption Switches are submitted?	Details are provided on Inside Back cover page of this Document
Minimum Redemption / Switch-Out Amount	Rs. 1,000/- or 100 units or account balance.
Minimum Balance to be maintained and consequence of Non maintenance	NA
Purchase Price	The Purchase price of the units on an ongoing basis, will be the Applicable NAV
How to Purchase	The application forms or transaction slips for the purchase of Units of the Scheme will be available at the office of the AMC, the Designated Centers and the Investor Service Centers. New Unit Holders can purchase Units by completing an Application Form. Existing Unit Holders may use the form attached to the bottom of their Account Statement or fill out a deposit slip. Application must be for a minimum amount of Rs. 5000 and in multiples of Re. 1/- thereafter. Applications can be made either by way of a "Regular Application" i.e. along with a cheque / DD or under Direct Deposit Application Facility i.e. along with account to account transfer instruction. The Fund may introduce other newer methods of application which will be notified as and when introduced. Investors should complete the Application Form and deliver the same along with cheque / draft (i.e. in case of "Regular Application") or account to account transfer instructions (in case availing of 'Direct Deposit Application Facility') at any of the: — Investor Service Centres, — Designated Centres, — AMC Offices The addresses of the ISCs and Designated Centres respectively are given at the end of this SID. The AMC shall, have absolute discretion to reject any application for purchase of Units, if in its opinion, increasing the size of the Unit Capital is not in the general interest of the Unit Holders, or if for any other reason it does not believe it would be in the best interest of the Scheme or its Unit Holders to accept such an application. Incomplete Applications or those not specifying the Scheme / option and / or accompanied by cheque / demand drafts / account to account transfer instructions favouring scheme / option other than that specified in the application are liable to be rejected. Further, no cash or third party cheques will be accepted towards subscription amount. In specific exceptional situations where Third Party payment is permitted like (i) Payment by

	Parents / Grand-Parents / Related persons on behalf of a minor (other than registered guardian) in consideration of natural love and affection or as gift for value not exceeding Rs 50,000 for each purchase, (ii) Payment by an Employer on behalf of Employee under Systematic Investment Plans /lump sum/one-time subscription through Payroll deductions or (iii) Custodian on behalf of an FII or a client. In case a payment is covered under above exceptions, the following additional documents are also required to be mandatorily provided together with the Application Form: a) Determining the identity of the Investor and the person making payment i.e. mandatory KYC for Investor and the person making the payment. b) Obtaining necessary declaration from the Investor and the person making the payment. Declaration by the person making the payment should give details of the bank account from which the payment is made and the relationship with the beneficiary. c) Verifying the source of funds to ensure that funds have come from the drawer`s account only. As per the directives issued by SEBI, it is mandatory for applicants to mention their bank account number and permanent account number (PAN) in their applications for purchase of units. In case such details are not mentioned, the application forms will be rejected. Further, no cash or third party cheques will be accepted towards subscription amount. In case if an investor makes a subscription in the Scheme and makes the payment by way of a demand draft then the bank charges paid by the investor would be borne by the AMC, subject to the terms & conditions as may be notified by the AMC from time to time. In case of subscription through pre-funded instruments such as Pay Order / Demand Draft / Banker's Cheque, such pre-funded instruments should be procured by the Investor only against a registered Pay - in account. Along with the payment instrument, the Investor is also required to submit a Certificate from the Banker issuing the pre-funded payment instrument stating the account holder's name and the account number from which the amount has been debited for the issue of the instrument. Further, the investors who have registered for on-line transactions on www.dws-india.com can purchase unit of Scheme(s) on-line during NFO. The AMC reserve the right to reject the application form in case of insufficient details / deficiencies/any other reason in the application form, without assigning any reason whatsoever.
Mode of Holding	Applicants have to specify the 'mode of holding' in the application form. The mode of holding may be "Single", "Joint" or "Anyone or Survivor". **Joint Holdings:** Where Units are jointly held, the person first-named in the Application Form will receive all notices and correspondences with respect to the Folio, as well as any distributions through dividends, redemptions or otherwise. Such person shall hold the voting right, if any, associated with the Units. However, all documentation shall necessarily be signed by all the holders. The liability of the Mutual Fund in this regard shall be only to the first-named holder. **Any one or Survivors:** When Units are held as anyone or survivor, the person first-named in the Application Form will receive all notices and correspondences with respect to the Account, as well as any distributions through dividends or otherwise. The first named holder shall exercise the voting right, if any, associated with the Units. All documentation may be signed by any one of the joint holders and the Mutual Fund will act on the instructions of any one of the account holders. If two or more persons apply for units without specifying the mode of holding, they shall be deemed to have elected to hold the units jointly. Any change in the mode of holding will require the signature of all the holders. By following the above procedure, the Mutual Fund and the AMC shall be discharged of all liability towards the joint /remaining unitholders.
Special Products/Facilities available	The Investor can avail facilities under SIP, STP & SWP once the scheme reopens for subscription. **Systematic Investment Plan (SIP):** By investing a fixed amount of Rupees at regular intervals, investors can take advantage of the benefits of Rupee Cost Averaging, at the same time, saving a fixed amount each month. The investment under SIP has to be for a minimum amount of Rs. 12,000 divided into 12 cheques of Rs. 1,000/- each for 12 months or 6 cheques of Rs. 2,000/- each for 6 months or 4 cheques of Rs. 3000/- each for every 3 months on any of the specified dates i.e. 7/14/21/28 of the month / quarter and on the next Business Day if the chosen date happens to be a holiday. With respect to the SIP applications wherein the investor has opted for the "Auto Debit Facility", the initial application along with the first SIP cheque should be handed over to the respective collection centre at least 21 days before the first SIP date. For investors wishing to avail of the Auto Debit Facility for SIP should fill in the Auto Debit form along with the application form. Alternatively you may contact the KARVY ISC / AMC Offices for more information. **Systematic Transfer Plan (STP):** A unit holder may establish a Systematic Transfer Plan and choose to transfer from the Scheme to another Deutsche Mutual Fund scheme. The transfer will be effected by way of redemption of units and a reinvestment of the redemption proceeds in another Scheme(s). The transfers through STP has to be for a minimum amount of Rs. 12,000 divided into 12 installments of Rs. 1,000/- each for 12 months or 6 installments of Rs. 2,000/- each for 6 months or 4 installments of Rs. 3000/- each for every 3 months on any of the specified dates i.e. 7/14/21/28 of the month / quarter and on the next Business Day if the chosen date happens to be a holiday. Unitholders may change the amount (but not below the specified minimum) by giving written notice to the registrars.

	The unit holder may avail of this plan by completing the Application Form or by filling up the relevant portion of the transaction statements. A systematic transfer plan may be terminated on appropriate written notice by the unit holder of the fund, and it will terminate automatically if all the units are liquidated or withdrawn from the account, or upon the Fund's receipt of notification of death or incapacity of the unit holder. The Investment Manager may change rules relating to the plan from time to time. **Systematic Withdrawal Plan (SWP):** A Unitholder may establish a Systematic Withdrawal Plan in the Scheme and receive regular / quarterly payments from the account. The investor can alternatively withdraw capital appreciation. In case of withdrawal of capital appreciation, SWP is available in Growth Option only. The Unit holder may avail of SWP by filling up the relevant portion of the transaction statement or by completing an Application Form and sending it to any of the ISCs mentioned at the reverse of this SID. Investors can choose to withdraw Fixed Amount / Capital Appreciation (available only for Growth option). The frequency for withdrawal can be monthly, bimonthly or quarterly on the 7th / 15th / 21/28 th of the month and on the next business day if it happens to be a holiday. The minimum amount of SWP shall be Rs.5000/- for monthly, Rs.2000/- for bi-monthly and Rs. 3,000/- for quarterly. An investor cannot simultaneously participate in SIP and SWP/STP or SWP and STP in the same scheme. The Load on SWP shall be same as of Exit Load of respective Scheme. However, the Trustees/AMC reserves the right to reintroduce the loads or charge waived load in case the terms and conditions as may be notified by the Trustees/AMC are not complied with. The Trustees/AMC reserves the right to modify the terms and conditions at any time in future as to close an investor's account if the balance falls below the minimum prescribed limit.
Account Statements	All applicants will receive full and firm allotment of Units, provided the applications are complete in all respects and are found to be in order. The AMC retain the sole and absolute discretion to reject any application. Allotment to NRIs/FIIs will be subject to RBI approval, if any, required. The process of allotment of Units will be completed within 5 working days from the date of closure of the NFO period. The Mutual Fund will encourage the investor to provide their e-mail addresses for all correspondence. For those unit holders who have provided an e-mail address, the AMC will send the account statement by e-mail. Where mobile number of the investor is available, the allotment will be confirmed via SMS. Further, the investor will get the monthly consolidated account statement in respect of his transactions done during the month across the mutual funds within 10 days of the end of month. **Consolidated Account Statement (CAS)** shall contain details relating to all the transactions** carried out by the investor across all schemes of all mutual funds during the month and holding at the end of the month including transaction charges paid to the distributor. ** The word 'transaction' shall include purchase, redemption, switch, dividend payout, dividend reinvestment, systematic investment plan, systematic withdrawal plan, systematic transfer plan and bonus transactions. Unit holders who receive account statements by e-mail may download and print the account statement after receiving e-mail from the Mutual Fund. Should the Unit holder experience any difficulty in accessing the electronically delivered Account Statement, the Unit holder shall promptly advice the Mutual Fund to enable the Mutual Fund to make the delivery through alternate means. Failure to advice the Mutual Fund of such difficulty within 24 Hours after receiving the e-mail would serve as an affirmation regarding the acceptance by the Unit holder of the Account Statement. The unit holder may request for an Account Statement any time during the tenor of the Scheme by writing to the AMC / ISC / R&T. The same will be delivered to his email id of the investor or dispatch the account statement within 5 working days from the receipt of request without any charges Allotment of Units and dispatch of Account Statements to NRIs / FIIs will be subject to RBI's general permission dated March 30, 1999 to mutual funds, in terms of Notification No. FERA 195/99-RB or such other notifications, guidelines issued by RBI from time to time. Investors who wish to subscribe/hold units of the Scheme in demat form shall mention their depository account details in the Application form/transaction slip. For investors who have given valid demat account details, the Units issued by the AMC shall be credited by the Registrar to the investors' beneficiary account with the DP as per information provided in the application form and information of allotment will be accordingly sent by the Registrar. Further, the investors who have registered for on-line transactions facility can download account statement any time. In case, an investor desires to convert the units from/to Physical/Dematerialized Mode, as the case may be, at a later date, the request for conversion of units held in physical mode to demat mode or vice-versa should be submitted along with Request Form to their Depository Participants. The statement of holding of the beneficiary account holder for units held in demat will be sent by the respective DPs periodically. Units of the Schemes/Plans/Options held in demat mode will be transferable in accordance with provisions of Depositories Act, 1996 and the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time.

	AMC may, at its sole discretion, disclose details of the investor's account and transaction there under to those intermediaries whose stamp / ARN Code appears on the application form. In addition, the Mutual Fund may also disclose such details at its sole discretion, to the bankers / its agents, as may be necessary for the purpose of effecting payments to the investor. If a request is received from any other person, the AMC shall accede to such request only on receipt of a written consent from the investor. The Mutual Fund may disclose details of the investor's account and transactions there under to any Regulatory / Statutory entities as per the provisions of law. **Half Yearly Consolidated Account Statement:** A consolidated account statement detailing holding across all schemes at the end of every six months (i.e. September/ March), on or before 10th day of succeeding month, to all such Unit holders in whose folios no transaction has taken place during that period shall be sent by mail/ email. The consolidated Account Statement shall reflect the latest closing balance and value of the Units at the end of half year.
Dividend	The dividend warrants shall be dispatched to the Unit holders within 30 days of the date of declaration of the dividend.
Redemption	As per the Regulations, the Fund shall dispatch the redemption proceeds within 10 Business Days from date of redemption. However, under normal circumstances, the Fund will endeavor to dispatch the redemption proceeds within 3 Business Days from the date of the Applicable NAV.
Delay in payment of redemption/ repurchase proceeds/Delay in dispatch of dividend warrant	In the event of delay / failure to dispatch the redemption/repurchase proceeds within 10 Business Days or dividend warrants within 30 days, the AMC will be liable to pay interest to the Unitholders @ 15% p.a. for the period of delay.

C. PERIODIC DISCLOSURES

Net Asset Value	The Mutual Fund shall calculate the Net asset value of the Scheme on every business day and declare on AMFI's website www.amfiindia.com and the Fund's website www.dws-india.com by 9 pm on the same day. The Net Asset Value of the Scheme shall also be published on every Business Day in 2 Newspapers.
Monthly Portfolio Disclosure	The monthly portfolio (along with ISIN) of all the schemes of DMF as on the last day of the month will be disclosed on the Fund's website i.e. www.dws-india.com on or before 10th day of the succeeding month.
Half yearly Disclosures: Portfolio	The mutual fund shall publish a complete statement of the Scheme portfolio and the unaudited financial results, within one month from the close of each half year (i.e. 31st March and 30th September), by way of an advertisement in one National English daily and one regional newspaper in the language of the region where the head office of the mutual fund is located.
Half Yearly Results	The half yearly unaudited financial results of all the schemes of DMF will be uploaded on the Fund's website i.e. www.dws-india.com within one month from the close of each half year ended 30th September and 31st March. The AMC will publish an advertisement disclosing the hosting of such financial results on its website, in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the mutual fund is situated.
Annual Report	Scheme wise Annual Report or an abridged summary thereof shall be emailed/ mailed to all unitholders within four months from the date of closure of the relevant accounts year i.e. 31st March each year. A link of the scheme annual report or abridged summary shall be displayed prominently on the website of the Fund i.e. www.dws-india.com and the AMC shall make the physical copies available to the investors at its registered offices at all times. Investor(s) who have provided their email address in the application form or any subsequent communication in any of the folio belonging to the investor, Electronic Mail (email) shall be treated as a default mode for sending various statutory communications including Abridged Annual Report to the investor. The investor(s) may however on request obtain a physical copy of Abridged Annual Report or any other statutory communication.
Associate Transactions	Please refer Statement of Additional Information (SAI).

Taxation

The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the Schemes.

Applicable tax rates based on prevailing tax laws			
Nature of Income	**Unitholder**		**Mutual Fund**
	Resident	**FII**	
Tax on Dividend	Nil	Nil	Nil
Short Term Capital Gain	15%	15%	Nil
Long Term Capital Gain	Nil	Nil	Nil

Note

(1) The above rates would be increased by a surcharge of:

Surcharge* rate as a % of Income Tax			
Type of Investor	**If income is less than Rs. 1 cr.**	**If income exceeds Rs. 1 cr but less than Rs. 10 crores**	**If income exceeds Rs. 10 crores**
Individual (including non-resident individuals, QFI-individuals), HUF, AOP & Partnership Firm	NIL	10%	
Domestic Company	NIL	5%	10%
Foreign Company / FII / QFI (corporate)	NIL	2%	5%
FII and QFI (non-corporate)	NIL	10%	

* Further, an additional surcharge of 3% by way of education cess and secondary and higher education cess would be charged on the amount of tax inclusive of surcharge for all unit holders.

Note:

1) Under section 196D of the Income tax Act, 1961, capital gains arising to FII from transfer of securities is not subject to withholding tax.
2) Under section 10(23D) of the Income tax Act, 1961, income earned by a Mutual Fund registered with SEBI is exempt from income tax.
3) Where the fund receives any income from investments made in overseas jurisdiction, the same may be subject to withholding tax (or any other tax) in the relevant jurisdiction from which the income is received.
4) As the income of the mutual fund is exempt from tax in India, credit / refund in respect of such foreign taxes may not be available in India.
5) Since, DWS Arbitrage Fund qualifies as an equity oriented fund, Securities Transaction tax is payable by unit holders on redemption/ repurchase of units of Fund at 0.001% sale/redemption value.

For further details on taxation please refer to the clause on taxation in the SAI.

Investor Services	Investors Relations Officer Mr. Murali Ramasubramanian, Head - Operations Deutsche Asset Management (India) Private Limited, 2nd Floor, 222, Kodak House, Dr. D. N. Road, Fort, Mumbai - 400 001 Tel. No. : +91 22 7158 4342 / 4305

D. COMPUTATION OF NAV

NAV of Units under the Scheme shall be calculated as shown below:

$$\text{NAV (Rs.)} = \frac{\text{Market or Fair Value of Scheme's investments (+) Current Assets (-) Current Liabilities and Provisions}}{\text{No. of Units outstanding under Scheme}}$$

The NAV of the Schemes will be calculated up to 2 decimal places and announced on every Business day in at least two daily newspapers with national circulation. Also, the NAV will be declared on every business day on the AMFI website www.amfiindia.com and the Fund's website www.dws-india.com by 9. p.m on the same day. The valuation of the Scheme' assets and calculation of the Scheme' NAV shall be subject to audit on an annual basis and such regulations as may be prescribed by SEBI from time to time.

IV. Fees and Expenses

A. NEW FUND OFFER (NFO) EXPENSES

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc. The entire new fund offer expense of the said scheme shall be borne by the AMC.

B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the Scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated that the following % per annum of the daily net assets of the Scheme will be charged to the Scheme as recurring expenses. For the actual current expenses being charged, the investor should refer to the website of the mutual fund.

Expense Head/ Nature of Expense	**% of Daily Net Assets (Per Annum)**
Investment Management & Advisory Fee	Upto 2.50
Trustee fee	
Audit fees	
Custodian Fees	
RTA fees	
Marketing & Selling Expenses including Agents Commission	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements and dividend redemption cheques and warrants	
Costs of statutory Advertisements	
Cost towards investor education & awareness (at least 2 bps)	
Brokerage & transaction cost over and above 12 bps and 5 bps for cash and derivative market trades resp.	
Service tax on expenses other than investment and advisory fees	
Service tax on brokerage and transaction cost	
Other Expenses* (including listing expenses)	
Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a)	**Upto 2.50**
Additional expenses under regulation 52 (6A) (c)	Upto 0.20
Additional expenses for gross new inflows from specified cities i.e. beyond top 15 cities	Upto 0.30

* As permitted under the Regulation 52 of SEBI (Mutual Funds) Regulations, 1996

** Direct Plan shall have a lower expense ratio excluding distribution expenses, commission, etc and no commission for distribution of Units will be paid / charged under Direct Plan. Commission/ Distribution expenses will not be charged in case of Direct Plan.

These estimates have been made in good faith as per the information available to the Investment Manager based on past experience and are subject to change inter-se within the overall limit of Total Running Expenses permitted by the SEBI (MF) Regulations.

The total recurring expenses which may be charged to the respective Plan(s) are explained below:

Recurring expenses under Regulation 52 (6):

On the first Rs. 100 crores of the daily net assets - 2.50% p.a.

On the next Rs. 300 crores of the daily net assets - 2.25% p.a.

On the next Rs. 300 crores of the daily net assets - 2.00% p.a.

On the balance of the assets - 1.75% p.a.

Further, as per regulation 52 (6A) of SEBI (Mutual Funds) Regulations, 1996, the AMC may charge the following to the Scheme:

I. Additional TER up to 30 basis points will be charged on daily net assets of the scheme, if the new inflows from beyond top 15 cities are at least (a) 30% of gross new inflows in the scheme or (b) 15% of the average assets under management (year to date) of the scheme, whichever is higher.

   In case inflows from beyond top 15 cities is less than the higher of (a) or (b) above, additional TER on daily net assets of the scheme shall be charged on a proportionate basis as per the formula prescribed by SEBI.

   The expenses charged under this clause should be utilized for distribution expenses incurred for bringing inflows from beyond top 15 cities. The amount incurred as expense on account of inflows from such cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment.

II. Additional expenses incurred towards different permissible heads, not exceeding 0.20 percent of daily net assets of the Scheme.

III. Brokerage and transaction costs which are incurred for the purpose of execution of trade and is included in the cost of investment, not exceeding 0.12 per cent in case of cash market transactions and 0.05 per cent in case of derivative market transactions.

AMC may charge service tax on investment and advisory fees of the scheme in addition to the maximum limit of TER as per the Regulation 52(6) and (6A).

AMC may charge service tax on expenses other than investment and advisory fees of the scheme, if any within the maximum limit of TER as per the Regulation under 52(6) and (6A).

Service tax on brokerage and transaction cost paid for asset purchases, will be within the limit prescribed under regulation 52 of the Regulations.

As per SEBI Circular dated November 19, 2012 having reference number CIR/IMD/24/2012, it is clarified that the brokerage and transaction cost incurred for the purpose of execution of trade may be capitalized to the extent of 0.12 percent and 0.05 percent for cash market transactions and derivatives transactions respectively. Any payment towards brokerage and transaction cost, over and above the said 12 bps and 5bps for cash market transactions and derivatives transactions respectively may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under regulation 52 of the SEBI (MF) Regulations. Any expenditure in excess of the said prescribed limit (including brokerage and transaction cost, if any) shall be borne by the AMC or by the trustee or sponsors.

C. LOAD STRUCTURE

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the Scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC www.dws-india.com or you may call at Toll Free : 1-800-209-5005 (9.00 A.M. to 6.00 P.M.) or your distributor.

Type of Load	**Load chargeable (as % of NAV)**
Entry Load	Nil
Exit Load	0.50 % if redeemed / exited within 90 days of allotment and Nil, if redeemed / exited Subsequent to 90 days of allotment of units.

Notes:

a) No entry load will be charged by the Scheme to the investor effective August 1, 2009. Upfront commission shall be paid directly by the investor to the AMFI registered Distributors based

on the investors' assessment of various factors including the service rendered by the distributor".

b) No Exit load shall be charged on reinvested units allotted under the Dividend - Reinvestment Option of the Scheme.

c) No exit load will be charged for switches between Options of the Scheme.

d) In case of SIP / SWP, the exit load will be charged as per the prevailing structure for regular / lump sum investments in the Scheme.

e) In case of STP, the exit load will be as per the prevailing structure for regular / lump sum investments in the scheme. However, no exit load will be charged where the STP is in to an equity fund from a non equity fund.

f) The Entire exit load on the redemption value charged to the unit holder shall be credited to the Scheme immediately

g) The Redemption Price however, will not be lower than 93% of the NAV.

h) Investors may note that the AMC has the right to modify the existing load structure, subject to a maximum as prescribed under the SEBI (MF) Regulations. Any imposition or enhancement of Load in future shall be applicable on prospective investments only.

i) The addendum detailing the changes may be attached to Scheme Information Documents and key information memorandum. The addendum shall be circulated to all the distributors/brokers so that the same can be attached to all Scheme Information Documents and key information memoranda already in stock.

j) For any change in load structure AMC will issue an addendum and display it on the website/Investor Service Centers.

k) A public notice shall be given in respect of any such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Fund is situated.

l) The introduction of the Exit Load along with the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and will also be disclosed in the statement of accounts issued after the introduction of such load.

m) The investor is requested to check the prevailing load structure of the Scheme before investing.

D. TRANSACTION CHARGES

In compliance with SEBI circular no. Cir/ IMD/ DF/13/ 2011 dated August 22, 2011, and amendments if any, the AMC may deduct Transaction Charge for subscriptions made through distributors of mutual funds. Such Transaction Charge collected by the AMC will be paid to the distributor/ARN Holder (who have 'Opted in' to receive the transaction charges) through whom the investment has been made. The distributors shall also have the option to opt in or opt out of levying transactions charges based on the type of product. However, no Transaction Charges will be imposed for investments made directly with the Fund.

Transaction Charge shall be subject to the following as well as amendments that may be made from time to time:

i. For existing mutual fund investors, an amount of Rs.100/- per subscription of Rs.10,000/- and above.

ii. For a new investor investing for the first time in mutual funds, an amount of Rs.150/- per subscription of Rs.10,000/- and above.

iii. There shall be no Transaction Charge on subscription below Rs.10,000/-

iv. There shall be no Transaction Charge on transactions other than purchases/ subscriptions relating to new inflows.

v. Such amount shall be deducted by the AMC from the subscription amount and paid to the distributor; and the balance amount shall be invested under the Scheme and units allotted accordingly.

vi. The Statement of Account sent to the Unit holder shall state gross subscription less transaction charge and also show the number of units allotted against the net investment.

V. Rights of Unitholders

Please refer to SAI for details.

VI. Penalties, Pending Litigation or Proceedings, Findings of Inspections or Investigations for which action may have been taken or is in the process of being taken by any regulatory authority

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.
   - NONE
2. In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.
   - NONE
3. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.
   - NONE
4. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately.
   - NONE
5. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.
   - NONE

JURISDICTION

The jurisdiction for any matters arising out of this Scheme shall reside with the courts in India.

OMNIBUS CLAUSE

Besides the AMC, the Trustee / Sponsor may also absorb expenditures in addition to the limits laid down under Regulation 52. Further, any amendment / clarification and guidelines including in the form of notes or circulars issued from time to time by SEBI for the operation and management of mutual fund shall be applicable.

Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.

This Scheme Information Document has been approved by the Trustees on January 13, 2014 Further, the Trustees have ensured that DWS Arbitrage Fund is a new product offered by Deutsche Mutual Fund and is not a minor modification of the existing Scheme / Fund / Product.

For and on behalf of the Board of Directors of
Deutsche Asset Management (India) Private Limited
(Asset Management Company for Deutsche Mutual Fund)

Sd/-

Suresh Soni
Chief Executive Officer

Place: Mumbai
Date : August 04, 2014

Official Points for Accepting Transactions

Deutsche Asset Management (India) Private Limited:

Ahmedabad: 303-A, 3rd Floor, Raindrop Bldg, C G Road, Ahmedabad-380006. Tel: +91 (079) 65124445/26463005. **Bangalore:** No.909, 9th Floor, Prestige Meridian-1, # 29, M.G. Road, Bangalore-560001, Karnataka, India. Tel: +91 (080) 64545651/64545652. **Chandigarh:** 333-334, Megabyte Centre, 1st floor, Sector 35, Chandigarh. Tel: +91 (0172) 4628570. **Chennai:** Gee Gee Plaza, 3rd Floor, Plot no.14A, Door No. 1, Wheat Crofts Road, Nungambakkam, Chennai-600034 Tel: +91 (044) 64504425/26/27. **Cochin:** 510, 5th Floor, Govardhan Business Centre, Chittoor Road, Cochin-682035. Tel: +91 (0484) 4022116. **Hyderabad:** DBS Business Center, DBS House 1-7-43-46, Sardar Patel Road, Secunderabad-500003. Tel: +91 (040) 64555700/27846970. **Jaipur:** 2nd Floor, Building No. 1, Opposite Amarapura,M.I. Road, Jaipur-302001, Tel: +91 (141) 6505302/303. **Kanpur:** Office No. 410, 4th Floor, Kan Chamber, 14/113, Civil Lines, Kanpur-208001. Tel.: +91 (0512) 3938989. **Kolkata:** 'Chowringhee Court', 55 & 55/1, Chowringhee Road, 3rd Floor, Room No. 24, Kolkata-700071. Tel: +91 (033) 22821144 / 4005 5247. **Mumbai:** 2nd Floor, 222, Kodak House, Dr. D. N. Road, Fort, Mumbai-400001. Tel: +91 (022) 71584350/4342/4305. **New Delhi:** Unit 1307 & 1308, 13th Floor, Gopaldas Bhavan, Barakhamba Road, Connaught Place, New Delhi - 110001. Tel: +91 (011) 43070184/185. **Pune:** 105, 1st Floor, Above AUDI Showroom, Pro-1 Business Centre, Senapati Bapat Road, Pune-411016. Tel: +91 (020) 40068171. **Vadodara:** 135, Siddharth Complex, R.C. Dutt Road, Vadodara-390007. Tel: +91 (265) 3095446/6643918.

Karvy Computershare Pvt. Ltd.

Investor Service Centres : The Registrar will be the official point of acceptance for electronic transactions received from specified banks, financial institutions, distribution channels, etc. (mobilised on behalf of their clients) with whom the AMC has entered / may enter into specific arrangements for purchase/sale/switch of Units.

Agra: Deepak Wasan Plaza, Behind Holiday Inn, Opp Megdoot Furnitures, Sanjay Place, Agra 282002 (U.P). **Ahmedabad:** 201, Shail Building, Opp Madhusudhan House, Nr. Navrangpura Telephone Exchange, Navrangpura, Ahmedabad 380006. **Ajmer:** 1-2, II Floor, Ajmer Tower, Kutchary Road, Ajmer 305001. **Allahabad:** RSA Towers, 2nd Floor, Above Sony TV Showroom, 57, S P Marg, Civil Lines, Allahabad 211001. **Alwar:** 101, 1st Floor, Saurabh Towers, Opp. UTI, Road No # 2, Bhagat Singh Circle, Alwar 301001. **Ambala:** 6349, Nicholson Road, Adjacent Kos Hospital, Ambala Cantt, Ambala 133001. **Amravati:** Shop No. 21, 2nd Floor, Gulshan Tower, Near Panchsheel Talkies, Jaistambh Square, Amravati (M.H.) 444601. **Amritsar:** 72-A, Taylor's Road, Aga Heritage Gandhi Ground, Amritsar 143001. **Anand:** B-42 Vaibhav Commercial Center, Nr Tvs Down Town Shrow Room, Grid Char Rasta, Anand, Baroda 380001. **Ananthapur:** # 15-149, 1st Floor, S.R.Towers, Opp Lalithakala Parishat, Subash Road, Anantapur 515001. **Aurangabad:** Ramkunj, Railway Station Road, Near Osmanpura Circle, Aurangabad 431005. **Bangalore:** 59, Skanda, Puttanna Road, Basavanagudi, Bangalore 560004. **Bareilly:** 1st Floor, 165, Civil Lines, Opp. Hotel Bareilly Palace, Near Rly Station Road, Bareilly 243001. **Baroda:** SB-4&5, Mangaldeep Complex, Opposite Mesonic Hall, Productivity Road, Alkapuri, Vadodara 390007. **Bhavnagar:** Krushna Darshan Complex,Parimal Chowk, Office No. 306-307, 3rd Floor, Above Jed Blue Show Room, Bhavnagar 364002. **Bhilai:** Shop No. 1, First Floor, Plot No. 1, Old Sada Office Block, Commercial Complex, Near HDFC ATM, Nehru Nagar- East, Bhilai 490020. **Bhilwara:** 27-28, 1st Floor, Hira-Panna Complex, Pur Road, Bhilwara 311001. **Bhopal:** Kay Kay Business Centre, 133, Zone I, Mp Nagar, Above City Bank, Bhopal 462011. **Bhubaneswar:** 2nd & 3rd Floor, Janardan House, A 181, Saheed Nagar, Bhubaneswar 751007, Odisha. **Bikaner:** 2nd Floor, Plot No 70 & 71, Panchshati Circle, Sardul Gunj Scheme, Bikaner 334003. Calicut: Sowbhagya Shoping Complex, Areyadathupalam, Mavoor Road, Calicut 673004. **Chandigarh:** SCO-371-372, First Floor, Above HDFC Bank, Sector 35B, Chandigarh 160022. **Chennai:** Flat No F11, First Floor, Akshya Plaza, (Erstwhile Harris Road), Opp Chief City Metropolitan Court, # 108, Adhithanar Salai, Egmore, Chennai 600002. **Cochin:** Building No. 39 Ali Arcade, 1st floor, Near Atlantis Junction, Kizhvana Road, Panampili Nagar, Cochin 682036. **Coimbatore:** 3rd Floor, Jaya Enclave, 1056-1057 Avinashi Road, Coimbatore 641 018. **Cuttack:** Dargha Bazar, Opp. Dargha Bazar Police Station, Buxibazar, Cuttack 753001. **Dehradun:** Kaulagarh Road, Near Sirmour Marg, Above Reliance Webworld, Dehradun 248001. **Dhule:** Ground Floor Ideal Laundry, Lane No. 4, Khol Galli, Near Muthoot Finance, Opp. Bhavasar General Store, Dhule 424001. **Durgapur:** MWAV-16 Bengal Ambuja, 2nd Floor, City Centre, Durgapur 713216. **Faridabad:** A-2B, 1st Floor, Nehru Ground, Neelam Bata Road, Nit, Faridabad 121001. **Ghaziabad:** 1st Floor, C-7, Lohia Nagar, Ghaziabad 201001. **Gorakhpur:** Above V.I.P. House, Ajdacent A.D. Girls Inter College, Bank Road, Gorakpur 273001. **Guntur:** Door No. 6-10-18, Sai House, 10/1, Arundelpet, Guntur 522002. **Gurgaon:** Shop No. 18, Ground Floor, Sector-14, Opp. AKD Tower, Near Huda Office, Gurgaon 122001. **Guwahati:** 54 Sagarika Bhawan, R G Baruah Road, (AIDC Bus Stop), Guwahati 781024. **Gwalior:** 2nd Floor, Rajeev Plaza, Jayendra Ganj, Lashkar, Gwalior, M.P. 474009. **Haridwar:** 8, Govind Puri, Opp. LIC - 2, Above Vijay Bank, Main Road, Ranipur More, Haridwar 249401. **Hissar:** SCO 71, 1st Floor, Red Square Market, Hissar 125001. **Hubli:** 22 & 23, 3rd Floor, Eurecka Junction, T B Road, Hubli 580029. **Hyderabad:** 8-2-596 Karvy Plaza, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500034. **Indore:** 2nd floor, 203-205 Balaji Corporate, Above ICICI bank, 19/1 New Palasia Indore – 452001. **Jabalpur:** Grover Chamber, 43 Naya Bazar Malviya Chowk, Opp Shyam Market, Jabalpur 482002. **Jaipur:** S-16 A, 3rd Floor, Land Mark, Opposite Jaipur Club, Mahavir Marg, C-Scheme, Jaipur 302001. **Jalandhar:** Lower Ground Floor, Office No. 3, Arora Prime Tower, Plot No. 28, G T Road, Jalandhar 144004. **Jamshedpur:** 2nd Floor, R.R square, SB shop area, near Reliance Foot Print & Hotel- BS Park Plaza, Main Road, Bistupur Jamshedpur- 831001. **Jodhpur:** 203, Modi Arcade, Chupasni Road, Jodhpur 342001. **Kanpur:** 15/46, Ground Floor, Opp. Muir Mills, Civil Lines, Kanpur 208001. **Karimnagar:** H.No.4-2-130/131, Above Union Bank, Jafri Road, Rajeev Chowk, Karimnagar 505001. **Karnal:** 18/369, Char Chaman, Kunjpura road, Karnal 132001. **Kolhapur:** 605/1/4 E Ward, Near Sultane Chambers, Shahupuri 2nd Lane, Kolhapur 416001. **Kolkata:** 166A, Rashbehari Avenue, 2nd Floor, Near Adi Dhakerhwari Bastralaya, Opp Fortis Hospital, Kolkata 700029. **Kota:** H.No. 29, First Floor, Near Lala Lajpat Rai Circle, Shopping Centre, Kota 324007. **Kurnool:** Shop No. 43, 1st Floor, S V Complex, Railway Station Road, Kurnool 518004. **Lucknow:** Usha Sadan, 24, Prem Nagar, Ashok Marg, Lucknow 226001. **Ludhiana:** SCO - 136, First Floor, Above Airtel Show Room, Feroze Gandhi Market, Ludhiana 141001. **Madurai:** Rakesh Towers, 30-C, Bye Pass Road, 1st Floor, Opp Nagappa Motors, Madurai 625010. **Mangalore:** Ground Floor, Mahendra Arcade, Kodial Bail, Mangalore 575003. **Margoa:** 2nd Floor, Dalal Commercial Complex, Pajifond, Margao 403601. **Mathura:** Ambey Crown, 2nd Floor, In Front of BSA College, Gaushala Road, Mathura 281001. **Meerut:** 1st Floor, Medi Centre Complex, Opp. ICICI Bank, Hapur Road, Meerut 250002. **Moradabad:** Om Arcade, Parker Road, Above Syndicate Bank, Tari Khana Chowk, Moradabad 244001. **Mumbai:** Office number 01/04, 24/B, Raja Bahadur Compound, Ambalal Doshi Marg, Behind Bombay Stock Exchange, Fort, Mumbai 400001. **Mysore:** L-350, Silver Tower, Clock Tower, Ashoka Road, Mysore 570001. **Nagpur:** Plot No.2/1, House No. 102/1, Mangaldeep Apartment, Mata Mandir Road, Opp. Khandelwal Jewellers, Dharampeth, Nagpur 440010. **Nasik:** S-12, Second Floor, Suyojit Sankul, Sharanpur Road, Nasik 422002. **Navsari:** 1/1 Chinmay Aracade, Opp Sattapir Rd, Tower Rd, Navsari, Baroda 396445. **Nellore:** 207, II Floor, Kaizen Heights, 16/2/230, Sunday Market, Pogathota, Nellore 524001. **New Delhi:** 305, 3rd Floor, New Delhi House, Bara Khamba Road, Connaught Place, New Delhi 110001. **Noida:** 307 Jaipuria Plaza, D 68 A, 2nd Floor, Opp Delhi Public School, Sector 26, Noida 201301. **Panipat:** 1st Floor, Krishna Tower, Near HDFC Bank, Opp. Railway Road, G T Road, Panipat 132103. **Panjim:** City Business Centre, Coelho Pereira Building, Room Nos.18,19 & 20, Dada Vaidya Road, Panjim 403001. **Patiala:** SCO 27 D, Chhoti Baradari, Patiala 147001. **Patna:** 3A, 3rd floor, Anand tower, Beside Chankya Cinema Hall, Exhibition Road, Patna 800001. **Pondicherry:** First Floor, No.7, Thiayagaraja Street, Pondicherry 605001. **Pune:** Shop No. 16, 17 & 18, Ground Floor, Sreenath Plaza, Dyaneshwar Paduka Chowk, F C Road, Pune 411004. **Raipur:** Room No. TF 31, 3rd Floor, Millennium Plaza, Behind Indian Coffee House, G E Road, Raipur 492001. **Rajahmundry:** Dr. No. 6-1-4, first floor, Rangachary street,Tnagar, Rajahmundry 533101. **Rajkot:** 104, Siddhi Vinayak Complex, Dr Yagnik Road, Opp Ramkrishna Ashram, Rajkot 360001. **Ranchi:** Room No. 307, 3rd Floor, Commerce Towers, Beside Mahabir Towers, Main Road, Ranchi 834001. **Rohtak:** 1st Floor, Ashoka Plaza, Delhi Road, Rohtak 124001. **Salem:** Door No. 40, Brindavan Road, Near Perumal Koil, Fairlands, Salem 636016. **Shillong:** Mani Bhawan, Thana Road, Lower Police Bazar, Shillong 793001. **Shimla:** Triveni Building, By Pas Chowk, Khallini, Shimla 171002. **Siliguri:** Nanak Complex, Near Church Road, Sevoke Road, Siliguri 734001. **Sonepat:** 205 R Model Town, Above Central Bank of India, Sonepat 131001. **Surat:** G-6 Empire State Building, Near Parag House, Udhna Darwaja, Ring Road, Surat 395002. **Tirupathi:** Plot No.16 (South Part), First Floor, R C Road, Tirupati 517502. **Trichy:** Sri krishna Arcade, 1st Floor, 60 Thennur High Road, Trichy 620017. **Trivandrum:** 2nd Floor, Akshaya Towers, Above Jetairways, Sasthamangalam, Trivandrum 695010. **Udaipur:** 201-202, Madhav Chambers, Opp. G.P.O, Chetak Circle, Madhuban, Udaipur 313001. **Valsad:** Shop No. 2 , Phiroza Corner, Opp Next Show Room, Tithal Road, Valsad, Baroda 396001. **Vapi:** Shop No. 12, Ground Floor, Sheetal Appatment, Near K P Tower, Vapi, Baroda, Baroda 396195. **Varanasi:** D-64/132, KA 1st Floor, Anant Complex, Sigra, Varanasi 221010. **Vellore:** No.1, M.N.R. Arcade, Officer's Line, Krishna Nagar, Vellore 632001. **Vijayawada:** 39-10-7 Opp Municipal Water Tank, Labbipet, Vijayawada 520010. **Visakhapatnam:** 47-14-5/1 Eswar Paradise, Dwaraka Nagar, Main Road, Visakhapatnam 530016. **Warangal:** 5-6-95, 1st floor, Opp B.Ed Collage, Lashkar Bazar, Chandra Complex, Hanmakonda, Warangal 506001.

Deutsche Asset Management (India) Private Limited

Registered & Corporate Office:

2nd Floor, 222, Kodak House, Dr. D. N. Road,
Fort, Mumbai - 400 001.

Tel. : +91 (22) 7158 4300

Fax : +91 (22) 2207 4411

E-mail : dws.mutual@db.com

Website : www.dws-india.com