

DWS STRATEGIC MUNICIPAL INCOME TRUST
Form DEF 14A
April 16, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**SCHEDULE 14A
(Rule 14a-101)**

**INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

DWS STRATEGIC MUNICIPAL INCOME TRUST

(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

DWS DREMAN VALUE INCOME EDGE FUND, INC. (DHG)
DWS MULTI-MARKET INCOME TRUST (KMM)
DWS MUNICIPAL INCOME TRUST (KTF)
DWS STRATEGIC MUNICIPAL INCOME TRUST (KSM)
DWS STRATEGIC INCOME TRUST (KST)
345 PARK AVENUE
NEW YORK, NEW YORK 10154

**NOTICE OF JOINT ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 28, 2009**

This is the formal agenda for the joint annual meeting of DHG, KMM, KTF, KSM and KST (individually, a Fund and collectively, the Funds). It tells you the proposal that will be voted on and the time and place of the joint annual meeting, in the event you choose to attend in person.

To the shareholders of the Funds:

A joint annual meeting of the shareholders of each Fund will be held May 28, 2009 at 1:30 p.m. (Eastern time), at the New York Marriott East Side, 525 Lexington Avenue, New York, New York 10017 (the Meeting), to consider the following proposal (the Proposal):

PROPOSAL: To elect Board Members to the Board of each Fund as outlined below:

- (A) For DHG, KMM and KST only, to elect five Board Members to the Board of each Fund; and
- (B) For KTF and KSM only, to elect six Board Members to the Board of each Fund, with four Board Members to be elected by the holders of Preferred and Common Shares voting together and two Board Members to be elected by holders of the Preferred Shares only.

The individuals named as proxies will vote in their discretion on any other business that properly may come before the Meeting or any adjournments or postponements thereof.

Holders of record of shares of the Funds at the close of business on March 31, 2009 are entitled to vote at the Meeting and at any adjournments or postponements thereof.

THE BOARD OF YOUR FUND RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO ELECT EACH BOARD MEMBER.

In the event that the necessary quorum to transact business for a Fund is not obtained at the Meeting, the individuals named as proxies may propose one or more adjournments of a Fund's Meeting in accordance with applicable law to permit such further solicitation of proxies as may be deemed necessary or advisable. In addition, the By-Laws of DHG,

KMM and KST state that the Chairman of the Meeting may adjourn the meeting with respect to one or more matters to be considered at the meeting whether or not a quorum is present with respect to such matter(s).

This notice and the related proxy material are being mailed to shareholders on or about April 17, 2009. This proxy is being solicited on behalf of your Fund's Board.

By Order of the Board Members

John Millette
Secretary

April 14, 2009

We urge you to mark, sign, date and mail the enclosed proxy card in the postage-paid envelope provided or to record your voting instructions by telephone or via the Internet so that you will be represented at the Meeting. If you complete and sign the proxy card (or tell us how you want to vote by voting by telephone or via the Internet), we will vote it exactly as you tell us. If you simply sign the proxy card, we will vote it in accordance with the Board's recommendation on the Proposal. Your prompt return of the enclosed proxy card (or your voting by telephone or via the Internet) may save the necessity and expense of further solicitations. If you have any questions, please call Georgeson Inc., your Fund's proxy solicitor, at the special toll-free number we have set up for you (1-800-849-4134), or contact your financial advisor.

INSTRUCTIONS FOR SIGNING PROXY CARDS

The following general rules for signing proxy cards may be of assistance to you and avoid the time and expense involved in validating your vote if you fail to sign your proxy card properly.

1. Individual Accounts: Sign your name exactly as it appears in the registration on the proxy card.
2. Joint Accounts: Both parties should sign, and the name(s) of the party or parties signing should conform exactly to the name(s) shown in the registration on the proxy card.
3. All Other Accounts: The capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration. For example:

Registration

Valid Signature

Corporate Accounts

(1) ABC Corp

ABC Corp

John Doe, Treasurer

(2) ABC Corp.

John Doe, Treasurer

(3) ABC Corp. c/o John Doe, Treasurer

John Doe

(4) ABC Corp. Profit Sharing Plan

John Doe, Trustee

Partnership Accounts

(1) The XYZ Partnership

Jane B. Smith, Partner

(2) Smith and Jones, Limited Partnership

Jane B. Smith, General Partner

Trust Accounts

(1) ABC Trust Account

Jane B. Doe, Trustee

(2) Jane B. Doe, Trustee u/t/d 12/28/78

Jane B. Doe

Custodial or Estate Accounts

(1) John B. Smith, Cust. F/b/o John B. Smith Jr.

John B. Smith

GMA/UTMA

(2) Estate of John B. Smith

John B. Smith, Jr., Executor

**JOINT PROXY STATEMENT
FOR THE JOINT ANNUAL MEETING OF SHAREHOLDERS**

April 14, 2009

GENERAL

This proxy statement (the **Proxy Statement**) is being furnished in connection with the solicitation of proxies by the Board Members of each of the DWS funds listed in the enclosed Notice of Joint Annual Meeting of Shareholders (each a **Fund** and collectively, the **Funds**), for the annual meeting of each Fund to be held jointly at the New York Marriott East Side, 525 Lexington Avenue, New York, New York 10017 on May 28, 2009 at 1:30 p.m. (Eastern time), and at any and all adjournments or postponements thereof (the **Meeting**), at which shareholders will be asked to consider the proposal (the **Proposal**). The principal executive address of the Funds is 345 Park Avenue, New York, New York 10154.

This Proxy Statement, along with the enclosed Notice of Joint Annual Meeting of Shareholders and the accompanying proxy cards (the **Proxy Card**), is being mailed to shareholders on or about April 17, 2009. It explains what you should know before voting on the matter described herein. Please read it carefully and keep it for future reference.

The term **Board**, as used herein, refers to a board of trustees/directors of a Fund. The term **Board Member**, as used herein, refers to a person who serves as a trustee or director of a Fund (a **Trustee** or **Director**).

The Meeting is being held to consider and to vote on the following Proposal for the Funds, as indicated below and as described more fully herein, and such other matters as properly may come before the Meeting:

PROPOSAL: To elect Board Members to the Board of each Fund as outlined below:

- (A) For DHG, KMM and KST only, to elect five Board Members to the Board of each Fund; and
- (B) For KTF and KSM only, to elect six Board Members to the Board of each Fund, with four Board Members to be elected by the holders of Preferred and Common Shares voting together and two Board Members to be elected by holders of the Preferred Shares only.

**The Board of each Fund recommends that shareholders vote
FOR the Proposal.**

The vote required to approve the Proposal is described under Proposal- Election of Board Members Required Vote and Additional Information Quorum and Required Vote.

The appointed proxies will vote in their discretion on any other business that properly may come before the Meeting.

The most recent Annual Report of each Fund, containing audited financial statements for the applicable fiscal years (a Report), previously has been furnished to each Fund s shareholders. An additional copy of a Report will be furnished without charge upon request by writing to a Fund at 222 South Riverside Plaza, Chicago, Illinois 60606-5808, or by calling 1-800-349-4281. Reports also are available on the DWS website at www.dws-investments.com or at the website of the Securities and Exchange Commission (the SEC) at www.sec.gov.

**PROPOSAL
ELECTION OF BOARD MEMBERS**

Shareholders of each Fund are being asked to elect Board Members to the Board of their Fund as described below.

For KMM and KST only. Board Members are elected pursuant to each Fund's Amended and Restated Agreement and Declaration of Trust and Amended and Restated By-Laws. In March 2009, the By-Laws of each Fund were amended, in part, to provide for the division of the Board into classes. Pursuant to the amended By-Laws, the Board Members of each Fund classified themselves by resolution dated March 11, 2009 into three classes as follows: Ms. Dawn-Marie Driscoll and Messrs. Keith R. Fox, Richard J. Herring, William N. Searcy and Robert H. Wadsworth were designated as Class I Board Members, each to serve until the annual meeting of shareholders in 2009 and until the election and qualification of a successor or until such Board Member sooner dies, resigns, retires or is removed; Ms. Jean Gleason Stromberg and Messrs. Henry P. Becton Jr., Paul K. Freeman and William McClayton were designated as Class II Board Members, each to serve until the annual meeting of shareholders in 2010 and until the election and qualification of a successor or until such Board Member sooner dies, resigns, retires or is removed; and Ms. Rebecca W. Rimel and Messrs. John W. Ballantine, Kenneth C. Froewiss and Axel Schwarzer were designated as Class III Board Members, each to serve until the annual meeting of shareholders in 2011 and until the election and qualification of a successor or until such Board Member sooner dies, resigns, retires or is removed.

At each annual meeting beginning with this Meeting, the Class of Board Members elected at such meeting will be elected to hold office until the annual meeting held in the third succeeding year and until the election and qualification of such Board Member's successor, if any, or until such Board Member sooner dies, resigns, retires or is removed.

At the Meeting, five (5) Class I Board Members are to be elected by shareholders of a Fund, each to hold office until the annual meeting of shareholders in 2012 and until such Board Member's successor has been duly elected and qualified or until such Board Member sooner dies, resigns, retires or is removed. The Class I Board Member nominees for election at the Meeting are: Ms. Driscoll and Messrs. Fox, Herring, Searcy and Wadsworth.

For KTF and KSM only. Board Members are elected pursuant to each Fund's Amended and Restated Agreement and Declaration of Trust and Amended and Restated By-Laws. Pursuant to the Amended and Restated Agreement and Declaration of Trust of each Fund, each Board may authorize separate classes of shares of beneficial interest. The Board of each Fund has authorized, and each Fund has issued, common shares of

beneficial interest (the Common Shares) and preferred shares of beneficial interest (the Preferred Shares). The Common Shares and the Preferred Shares have different powers, rights, preferences and privileges, qualifications, limitations and restrictions with respect to, among other things, dividends, liquidation, redemption and voting as more fully set forth in the Certificate of Designation for Preferred Shares that established the Preferred Shares. For KTF, the Common Shares were first issued on October 20, 1988 and the Preferred Shares were first issued on July 24, 1989 (Series A, B, C and D) and November 24, 1999 (Series E). For KSM, the Common Shares were first issued on March 22, 1989 and the Preferred Shares were first issued on September 21, 1999. At the Meeting, the holders of the Preferred Shares, voting as a separate class, are entitled to elect two Board Members, and the holders of the Common Shares and the Preferred Shares, voting together as a single class, are entitled to elect four Board Members (as described below).

In March 2009, the By-Laws of each Fund were amended, in part, to provide for the division of the Board into classes. Pursuant to the amended By-Laws, the Board Members of each Fund classified themselves by resolution dated March 11, 2009 into three classes as follows: Ms. Dawn-Marie Driscoll and Messrs. Keith R. Fox, Richard J. Herring and William N. Searcy were designated as Class I Board Members, each to serve until the annual meeting of shareholders in 2009 and until the election and qualification of a successor or until such Board Member sooner dies, resigns, retires or is removed; Ms. Jean Gleason Stromberg and Messrs. Henry P. Becton Jr., Paul K. Freeman and William McClayton were designated as Class II Board Members, each to serve until the annual meeting of shareholders in 2010 and until the election and qualification of a successor or until such Board Member sooner dies, resigns, retires or is removed; and Ms. Rebecca W. Rimel and Messrs. John W. Ballantine and Kenneth C. Froewiss were designated as Class III Board Members, each to serve until the annual meeting of shareholders in 2011 and until the election and qualification of a successor or until such Board Member sooner dies, resigns, retires or is removed.

At each annual meeting beginning with this Meeting, the Class of Board Members elected at such meeting by holders of the Common Shares and Preferred Shares voting together will be elected to hold office until the annual meeting held in the third succeeding year and until the election and qualification of such Board Member's successor, if any, or until such Board Member sooner dies, resigns, retires or is removed. The Board Members elected by the holders of the Preferred Shares, voting as a separate class, will continue to be elected to hold office until the next annual meeting and until the election and qualification of such Board Member's successor, if any, or until such Board Member sooner dies, resigns, retires or is removed.

At the Meeting, four (4) Class I Board Members are to be elected by a Fund's Common Shares and Preferred Shares voting together, each to hold office until the annual meeting of shareholders in 2012 and until such Board Member's successor has been duly elected and qualified or until such Board Member sooner dies, resigns, retires or is removed; and two (2) Board Members are to be elected, by a Fund's Preferred Shares voting as a separate class, each to hold office until the annual meeting of shareholders in 2010 and until such Board Member's successor has been duly elected and qualified or until such Board Member sooner dies, resigns, retires or is removed. The Class I Board Member nominees for election at the Meeting are: Ms. Driscoll and Messrs. Fox, Herring and Searcy. The Preferred Board Member Nominees for election at the Meeting are: Messrs. Schwarzer and Wadsworth.

For DHG only. Pursuant to DHG's Articles of Amendment and Restatement and By-Laws, the Board Members of DHG have been divided into three classes with each Class Board Members being elected to serve until the third succeeding annual meeting subsequent to their election. At the Meeting, five (5) Class II Board Members are to be elected by shareholders of the Fund for a term expiring at the annual meeting of shareholders in 2012 or until their successors have been duly elected and qualified. The Class II Board Member nominees for election at the Meeting are: Ms. Driscoll and Messrs. Fox, Herring, Searcy and Wadsworth.

The individuals nominated for election as Board Members of each Fund at the Meeting (the Board Member Nominees), were nominated by the Fund's present Board. The Board Member Nominees are currently Board Members of each Fund, and are currently Board Members of other DWS funds advised by Deutsche Investment Management Americas Inc. (DIMA or the Advisor). All the Board Member Nominees were last selected to each Fund's Board, except DHG, at the previous annual meeting of shareholders in 2008. For DHG, all the Board Member Nominees, except Mr. Wadsworth, were last selected to DHG's Board at the previous annual meeting of shareholders in 2008. Mr. Wadsworth was appointed to the Board of DHG as a Class II Board Member in October 2006 by the Fund's initial Board Member.

It is the intention of the persons named in the enclosed proxy to vote the shares represented thereby for the election of the Board Member Nominees unless the proxy is marked otherwise. Each of the Board Member Nominees has agreed to serve as a Board Member of a Fund if elected. However, should any Board Member Nominee become unable or unwilling to accept nomination for election, the proxies will be voted for substitute nominees, if any, designated by a Fund's present Board.

Information is provided below as of April 1, 2009 for each Board Member Nominee for election at the Meeting and other Board Members. All of the Board Member Nominees, except Mr. Schwarzer, would be non-

interested Board Members, as that term is used in the Investment Company Act of 1940 (Independent Board Members). Mr. Schwarzer, CEO of DWS Investments, would be an interested Board Member by virtue of his positions with Deutsche Asset Management (DeAM). Each Board Member Nominee has indicated a willingness to serve if elected.

Unless otherwise noted, each Board Member has engaged in the principal occupation(s) noted in the table for at least the most recent five years, although not necessarily in the same capacity.

Independent Board Members

Name and Year of Birth ⁽¹⁾	Business Experience and Directorships During the Past 5 Years	Position with the DWS Funds and Length of Time Served; ⁽²⁾ and Term of Office
John W. Ballantine (1946)	Retired; formerly: Executive Vice President and Chief Risk Management Officer, First Chicago NBD Corporation/The First National Bank of Chicago (1996-1998); Executive Vice President and Head of International Banking (1995-1996); Directorships: Healthways Inc. (provider of disease and care management services); Portland General Electric (utility company); Stockwell Capital Investments PLC (private equity); former Directorships: First Oak Brook Bancshares, Inc. and Oak Brook Bank	Board Member since 1999; ⁽⁴⁾ and Term: as a Class I or Class III Board Member until 2011.
Henry P. Becton, Jr. (1943)	Vice Chair, WGBH Educational Foundation; Directorships: Association of Public Television Stations; Becton Dickinson and Company (medical technology company); Belo Corporation (media company); Boston Museum of Science; Public Radio International; PRX, The Public Radio Exchange; The PBS Foundation; former Directorships: American Public Television; Concord Academy; New England Aquarium; Mass. Corporation for Educational Telecommunications; Committee for Economic Development; Public Broadcasting Service	Board Member since 1990; ⁽⁴⁾ and Term: as a Class II or Class III Board Member until 2010.

Name and Year of Birth ⁽¹⁾	Business Experience and Directorships During the Past 5 Years	Position with the DWS Funds and Length of Time Served; ⁽²⁾ and Term of Office
Dawn-Marie Driscoll (1946)	President, Driscoll Associates (consulting firm); Executive Fellow, Center for Business Ethics, Bentley University; formerly: Partner, Palmer & Dodge (1988-1990); Vice President of Corporate Affairs and General Counsel, Filene's (1978-1988); Directorships: Trustee of 20 open-end mutual funds managed by Sun Capital Advisers, Inc. (since 2007); Director of ICI Mutual Insurance Company (since 2007); Advisory Board, Center for Business Ethics, Bentley University; Trustee, Southwest Florida Community Foundation (charitable organization); former Directorships: Investment Company Institute (audit, executive, nominating committees) and Independent Directors Council (governance, executive committees)	Board Member since 1987; ⁽³⁾ and Term: as a Class I or Class II Board Member until 2009.
Keith R. Fox (1954)	Managing General Partner, Exeter Capital Partners (a series of private equity funds); Directorships: Progressive Holding Corporation (kitchen goods importer and distributor); Natural History, Inc. (magazine publisher); Box Top Media Inc. (advertising); The Kennel Shop (retailer)	Board Member since 1996; ⁽³⁾ and Term: as a Class I or Class II Board Member until 2009.
Paul K. Freeman (1950)	Consultant, World Bank/Inter-American Development Bank; Governing Council of the Independent Directors Council (governance, executive committees); formerly: Project Leader, International Institute for Applied Systems Analysis (1998-2001); Chief Executive Officer, The Eric Group, Inc. (environmental insurance) (1986-1998)	Board Member since 2002; ⁽⁴⁾ Chairperson since 2009; and Term: as a Class II or Class III Board Member until 2010.
Kenneth C. Froewiss (1945)	Clinical Professor of Finance, NYU Stern School of Business (1997-present); Member, Finance Committee, Association for Asian Studies (2002-present); Director, Mitsui Sumitomo Insurance Group (US) (2004-present); prior thereto, Managing Director, J.P. Morgan (investment banking firm) (until 1996)	Board Member since 2001; ⁽⁴⁾ and Term: as a Class I or Class III Board Member until 2011.

Name and Year of Birth ⁽¹⁾	Business Experience and Directorships During the Past 5 Years	Position with the DWS Funds and Length of Time Served; ⁽²⁾ and Term of Office
Richard J. Herring (1946)	Jacob Safra Professor of International Banking and Professor, Finance Department, The Wharton School, University of Pennsylvania (since July 1972); Co-Director, Wharton Financial Institutions Center (since July 2000); Director, Japan Equity Fund, Inc. (since September 2007), Thai Capital Fund, Inc. (since September 2007), Singapore Fund, Inc. (since September 2007); formerly: Vice Dean and Director, Wharton Undergraduate Division (July 1995-June 2000); Director, Lauder Institute of International Management Studies (July 2000-June 2006)	Board Member since 1990; ⁽³⁾ and Term: as a Class I or Class II Board Member until 2009.
William McClayton (1944)	Managing Director, Diamond Management & Technology Consultants, Inc. (global management consulting firm) (2001-present); Directorship: Board of Managers, YMCA of Metropolitan Chicago; formerly: Senior Partner, Arthur Andersen LLP (accounting) (1966-2001); Trustee, Ravinia Festival	Board Member since 2004; ⁽⁴⁾ and Term: as a Class II or Class III Board Member until 2010.
Rebecca W. Rimel (1951)	President and Chief Executive Officer, The Pew Charitable Trusts (charitable organization) (1994 to present); Trustee, Thomas Jefferson Foundation (charitable organization) (1994 to present); Trustee, Executive Committee, Philadelphia Chamber of Commerce (2001 to 2007); Trustee, Pro Publica (2007-present) (charitable organization); formerly: Executive Vice President, The Glenmede Trust Company (investment trust and wealth management) (1983 to 2004); Board Member, Investor Education (charitable organization) (2004-2005); Director, Viasys Health Care (January 2007-June 2007)	Board Member since 1995; ⁽⁴⁾ and Term: as a Class I or Class III Board Member until 2011.
William N. Searcy, Jr. (1946)	Private investor since October 2003; Trustee of 20 open-end mutual funds managed by Sun Capital Advisers, Inc. (since October 1998); formerly: Pension & Savings Trust Officer, Sprint Corporation (telecommunications) (November 1989-September 2003)	Board Member since 1993; ⁽³⁾ and Term: as a Class I or Class II Board Member until 2009.

Name and Year of Birth ⁽¹⁾	Business Experience and Directorships During the Past 5 Years	Position with the DWS Funds and Length of Time Served; ⁽²⁾ and Term of Office
Jean Gleason Stromberg (1943)	Retired; formerly: Consultant (1997-2001); Director, US Government Accountability Office (1996-1997); Partner, Fulbright & Jaworski, L.L.P. (law firm) (1978-1996); Directorships: The William and Flora Hewlett Foundation; Business Leadership Council, Wellesley College; former Directorships: Service Source, Inc., Mutual Fund Directors Forum (2002-2004), American Bar Retirement Association (funding vehicle for retirement plans) (1987-1990 and 1994-1996)	Board Member since 1997; ⁽⁴⁾ and Term: as a Class II or Class III Board Member until 2010.
Robert H. Wadsworth (1940)	President, Robert H. Wadsworth & Associates, Inc. (consulting firm) (1983 to present); Director, The Phoenix Boys Choir Association	Board Member since 2004; ⁽³⁾ and Term: Annual or as a Class I or Class II Board Member until 2009.

Interested Board Member

Name and Year of Birth ⁽¹⁾	Business Experience and Directorships During the Past 5 Years	Position with the DWS Funds and Length of Time Served; ⁽²⁾ and Term of Office
Axel Schwarzer (1958)	Managing Director, Deutsche Asset Management; Head of Deutsche Asset Management Americas; CEO of DWS Investments; formerly: board member of DWS Investments, Germany (1999-2005); Head of Sales and Product Management for the Retail and Private Banking Division of Deutsche Bank in Germany (1997-1999); various strategic and operational positions for Deutsche Bank Germany Retail and Private Banking Division in the field of investment funds, tax driven instruments and asset management for corporates (1989-1996)	Board Member since 2006; ⁽³⁾ and Term: Annual or as a Class I or Class III Board Member until 2011.

⁽¹⁾ Unless otherwise indicated, the mailing address of each Board Member is c/o Dawn-Marie Driscoll, P.O. Box 100176, Cape Coral, FL 33904. The mailing address of Axel Schwarzer is c/o Deutsche Investment

Management Americas Inc., 345 Park Avenue, New York, New York 10154.

- (2) Each Board Member, except Mr. Wadsworth, currently oversees 133 funds in the DWS funds complex. Mr. Wadsworth currently oversees 136 funds in the DWS funds complex.
- (3) The length of time served represents the year in which the Board Member joined the Board of one or more DWS funds currently overseen by the Board.

As reported to the Funds, Exhibit A to this Proxy Statement sets forth the dollar range of securities beneficially owned and the amount of shares beneficially owned by each Board Member in each Fund as of March 31, 2009.

Under its Board Governance Policies, each Board has established the expectation that within three years of becoming a Board Member, a Board Member will have invested in the aggregate at least \$200,000 in the DWS funds.

Officers

The officers of each Fund are set forth in Exhibit B hereto.

Compensation of Board Members and Officers

Each Independent Board Member receives compensation from the Funds for his or her services, which includes retainer fees and specified amounts for various committee services and for the Board Chairperson. No additional compensation is paid to any Independent Board Member for travel time to meetings, attendance at directors educational seminars or conferences, service on industry or association committees, participation as speakers at directors conferences or service on special fund industry director task forces or subcommittees. Independent Board Members do not receive any employee benefits such as pension or retirement benefits or health insurance from the Funds or any fund in the DWS fund complex.

Board Members and Fund officers who are officers, directors, employees or stockholders of Deutsche Asset Management or its affiliates receive no direct compensation from the Funds, although they are compensated as employees of Deutsche Asset Management, or its affiliates, and as a result may be deemed to participate in fees paid by the Funds. Deutsche Asset Management is the marketing name in the US for the asset management activities of Deutsche Bank AG, DIMA, Deutsche Bank Trust Company Americas and DWS Trust Company.

Exhibit C to this Proxy Statement sets forth compensation paid to each Board Member by each Fund for its most recently completed fiscal year and to each Board Member by the DWS funds complex for the calendar year ended December 31, 2008.

Certain Indemnification Arrangements

In addition to indemnification rights provided by the governing instruments of each Fund, Board Members may be eligible to seek indemnification from DIMA in connection with certain matters as follows. In connection with litigation or regulatory action related to possible improper market timing or other improper trading activity or possible

improper marketing and sales activity in certain DWS funds (the **Affected Funds**), DIMA has agreed to indemnify and hold harmless the Affected Funds (**Fund Indemnification Agreement**) against any and all loss, damage, liability and expense, arising from market timing or marketing and sales matters alleged in any enforcement actions brought by governmental authorities involving or potentially affecting the Affected Funds or DIMA (**Enforcement Actions**) or that are the basis for private actions brought by shareholders of the Affected Funds against the Affected Funds, their directors and officers, DIMA and/or certain other parties (**Private Litigation**), or any proceedings or actions that may be threatened or commenced in the future by any person (including governmental authorities), arising from or similar to the matters alleged in the Enforcement Actions or Private Litigation. In recognition of its undertaking to indemnify the Affected Funds and in light of the rebuttable presumption generally afforded to independent directors/trustees of investment companies that they have not engaged in disabling conduct, DIMA has also agreed, subject to applicable law and regulation, to indemnify certain (or, with respect to certain Affected Funds, all) of the Independent Board Members of the Affected Funds, against certain liabilities the Independent Board Members may incur from the matters alleged in any Enforcement Actions or Private Litigation or arising from or similar to the matters alleged in the Enforcement Actions or Private Litigation, and advance expenses that may be incurred by the Independent Board Members in connection with any Enforcement Actions or Private Litigation. DIMA is not, however, required to provide indemnification and advancement of expenses: (1) with respect to any proceeding or action which the Affected Funds Board determines that the Independent Board Members ultimately would not be entitled to indemnification or (2) for any liability of the Independent Board Members to the Funds or their shareholders to which the Independent Board Member would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the Independent Board Member's duties as a director or trustee of the Affected Funds as determined in a final adjudication in such action or proceeding. The estimated amount of any expenses that may be advanced to the Independent Board Members or indemnity that may be payable under the indemnity agreements is currently unknown. These agreements by DIMA will survive the termination of the investment management agreements between DIMA and the Affected Funds.

Board Structure

The primary responsibility of each Fund's Board is to represent the interests of the Fund and to provide oversight of the management of the Fund. If the Board Member Nominees are elected by shareholders, each Board will be comprised of one individual who would be an interested Board Member, and twelve individuals who would be Independent Board Members. SEC

rules currently require a majority of the board members of a fund to be independent if the fund takes advantage of certain exemptive rules under the 1940 Act. If the proposed Board Member Nominees are elected by shareholders, 92% will be Independent Board Members. Each of the Board Member Nominees that will be considered an Independent Board Member, if elected, has been selected and nominated solely by the current Independent Board Members of each Fund.

Each Fund's Board meets multiple times during the year to review investment performance and other operational matters, including regulatory and compliance related policies and procedures. Furthermore, the Independent Board Members review the fees paid to the Advisor and its affiliates for investment advisory services and other services. Each Board has adopted specific policies and guidelines that, among other things, seek to further enhance the effectiveness of the Independent Board Members in performing their duties. For example, the Independent Board Members select independent legal counsel to work with them in reviewing fees, advisory and other contracts and overseeing fund matters, and regularly meet privately with their counsel.

During calendar year 2008, the Boards of KSM and KST each met seven times and the Boards of DHG, KMM and KTF each met eight times. Each Board Member attended at least 75% of the respective meetings of the Boards and the Committees (if a member thereof) held during calendar year 2008.

The Board of each Fund provides a process for shareholders to send communications to the Board. Correspondence should be sent by U.S. mail or courier service to Dawn-Marie Driscoll, P.O. Box 100176, Cape Coral, FL 33904, who will forward it to a specific Board Member if addressed to that Board Member.

Dr. Freeman has served as Chairperson of the Board of each Fund since January 1, 2009. He was elected for an initial three year term ending December 31, 2011.

The Board of each Fund has established the following standing committees: Audit Committee, Nominating and Governance Committee, Contract Committee, Equity Oversight Committee (for DHG only), Fixed-Income and Quant Oversight Committee, Operations Committee and Marketing and Shareholder Services Committee (each a Committee). For each Committee, a written charter setting forth the Committee's responsibilities was adopted by each Board. The function, membership and number of meetings held in calendar year 2008 for each Committee is discussed below. All Committee members are Independent Board Members.

Audit Committee. The Audit Committee, which consists entirely of Independent Board Members, assists the Board in fulfilling its responsibility

for oversight of (1) the integrity of the financial statements, (2) a Fund's accounting and financial reporting policies and procedures, (3) a Fund's compliance with legal and regulatory requirements related to accounting and financial reporting and (4) the qualifications, independence and performance of the independent registered public accounting firm for a Fund. It also approves and recommends to the Board the appointment, retention or termination of the independent registered public accounting firm for a Fund, reviews the scope of audit and internal controls, considers and reports to the Board on matters relating to a Fund's accounting and financial reporting practices, and performs such other tasks as the full Board deems necessary or appropriate. The Audit Committee receives annual representations from the independent registered public accounting firm as to its independence. Each Fund's Audit Committee is governed by the Audit Committee Charter, a copy of which is attached as Exhibit D. Each Fund's Audit Committee is comprised of only Independent Board Members who are independent as defined in the New York Stock Exchange (NYSE) and the Chicago Stock Exchange (CHX) listing standards applicable to closed-end funds. During the calendar year 2008, the Audit Committee of each Fund's Board held six (6) meetings.

For the 2008 fiscal year, each Fund's Audit Committee reviewed and discussed the audited financial statements with management. Each Fund's Audit Committee also discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61 (Communications with Audit Committees). Each Fund's independent registered public accounting firm provided the Fund's Audit Committee the written disclosure required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Fund's Audit Committee discussed with representatives of the independent registered public accounting firm their firm's independence, including the matters described beginning on page 16. Based on its review of each Fund's financial statements and discussions with management and the independent registered public accounting firm and other written disclosure provided by the independent registered public accounting firm, the Fund's Audit Committee recommended to the Fund's Board that the audited financial statements be included in the annual report provided to shareholders for the Fund's 2008 fiscal year. The current members of each Fund's Audit Committee are:

William McClayton (Chair)
Kenneth C. Froewiss (Vice Chair)
John W. Ballantine
Henry P. Becton, Jr.
Keith R. Fox
William N. Searcy, Jr.

Nominating and Governance Committee. The Nominating and Governance Committee, which consists entirely of Independent Board Members, recommends individuals for membership on the Board, nominates officers, Board and committee chairs, vice chairs and committee members, and oversees the operations of the Board. The Nominating and Governance Committee also reviews recommendations by shareholders for candidates for Board positions. Shareholders may recommend candidates for Board positions by forwarding their correspondence by US mail or courier service to Dawn-Marie Driscoll, P.O. Box 100176, Cape Coral, FL 33904. Each Fund's Nominating and Governance Committee is governed by the Nominating and Governance Committee Charter, a copy of which is attached as Exhibit E. Each Fund's Nominating and Governance Committee is comprised of only Independent Board Members who are independent as defined in the NYSE and the CHX listing standards applicable to closed-end funds. The members of the Nominating and Governance Committee are Henry P. Becton, Jr. (Chair), Rebecca W. Rimel (Vice Chair), Paul K. Freeman and William McClayton. During the calendar year 2008, the Nominating and Governance Committee of each Fund's Board held five (5) meetings.

Contract Committee. The Contract Committee, which consists entirely of Independent Board Members, reviews at least annually, (a) a Fund's financial arrangements with DIMA and its affiliates, and (b) a Fund's expense ratios. The members of the Contract Committee are Robert H. Wadsworth (Chair), Keith R. Fox (Vice Chair), Henry P. Becton, Jr., Richard J. Herring, William McClayton and Jean Gleason Stromberg. During the calendar year 2008, the Contract Committee of each Fund's Board held seven (7) meetings.

Fixed-Income and Quant Oversight Committee. The Fixed-Income and Quant Oversight Committee reviews the investment operations of those funds that primarily invest in fixed-income securities or are managed by a quantitative investment team. The members of the Fixed-Income and Quant Oversight Committee are William N. Searcy, Jr. (Chair), Jean Gleason Stromberg (Vice Chair), Dawn-Marie Driscoll, Kenneth C. Froewiss and Robert H. Wadsworth. During the calendar year 2008, the Fixed-Income Oversight Committee of each Fund's Board held five (5) meetings.

Equity Oversight Committee (for DHG only). The Equity Oversight Committee reviews the investment operations of those funds that primarily invest in equity securities. The members of the Equity Oversight Committee are John W. Ballantine (Chair), William McClayton (Vice Chair), Henry P. Becton, Jr., Keith R. Fox, Richard J. Herring and Rebecca W. Rimel. During the calendar year 2008, the Equity Oversight Committee of DHG's Board held five (5) meetings.

Operations Committee. The Operations Committee reviews the administrative operations, legal affairs and general compliance matters of a Fund. The Operations Committee reviews administrative matters related to the operations of a Fund, policies and procedures relating to portfolio transactions, custody arrangements, fidelity bond and insurance arrangements, valuation of Fund assets and securities and such other tasks as the full Board deems necessary or appropriate. The Operations Committee also oversees the valuation of a Fund's securities and other assets and determines, as needed, the fair value of Fund securities or other assets under certain circumstances as described in a Fund's Valuation Procedures. The Operations Committee has appointed a Valuation Sub-Committee, which may make determinations of fair value required when the Operations Committee is not in session. The members of the Operations Committee are Dawn-Marie Driscoll (Chair), John W. Ballantine (Vice Chair), Kenneth C. Froewiss, Rebecca W. Rimel and William N. Searcy, Jr. The members of the Valuation Sub-Committee are Kenneth C. Froewiss (Chair), John W. Ballantine, Dawn-Marie Driscoll (Alternate), Rebecca W. Rimel (Alternate) and William N. Searcy, Jr. (Alternate). During the calendar year 2008, the Operations Committee held five (5) meetings and the Valuation Sub-Committee held no meetings.

Marketing and Shareholder Services Committee. The Marketing and Shareholder Services Committee reviews a Fund's marketing program, sales practices and literature and shareholder services. The members of the Marketing and Shareholder Services Committee are Richard J. Herring (Chair), Dawn-Marie Driscoll (Vice Chair), Rebecca W. Rimel, Jean Gleason Stromberg and Robert H. Wadsworth. During the calendar year 2008, the Marketing/Distribution/Shareholder Service Committee of each Fund's Board held four (4) meetings.

Ad Hoc Committees. In addition to the standing committees described above, from time to time the Board may also form ad hoc committees to consider specific issues.

Required Vote

Each Fund will vote separately on the election of Board Member Nominees. For DHG, KMM and KST only, the election of a Board Member Nominee requires the affirmative vote of a majority of the shares outstanding and entitled to vote. For KTF and KSM only, the election of a Board Member Nominee requires the affirmative vote of a plurality of the shares represented in person or by proxy at the Meeting.

Recommendation of the Board

The Board of your Fund believes that the election of each Board Member Nominee is in the best interests of your Fund. **Accordingly, the Board unanimously recommends that shareholders vote FOR the election of each Board Member Nominee as set forth in the Proposal.**

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Each Board, including the Independent Board Members, has selected Ernst & Young LLP (E&Y) to act as independent registered public accounting firm to audit the books and records of each Fund for the current fiscal year. E&Y has served each Fund in this capacity since each Fund was organized and has no direct or indirect financial interest in any Fund except as the independent registered public accounting firm. E&Y will not be represented at the Meeting.

In connection with the audit of the 2007 and 2008 financial statements, the Funds entered into an engagement letter with E&Y. The terms of the engagement letter required by E&Y, and agreed to by each Fund's Audit Committee, include provisions in which the parties consent to the sole jurisdiction of federal courts in New York, Boston or the Northern District of Illinois, as well as a waiver of right to a trial by jury and an exclusion of punitive damages.

The following table shows fees billed by E&Y to each Fund during the two most recent fiscal years: (i) for audit and non-audit services provided to the Fund, and (ii) for engagements for non-audit services preapproved by each Fund's Audit Committee for DIMA and certain entities controlling, controlled by, or under common control with DIMA that provide ongoing services to the Fund (collectively, the DIMA Entities), which engagements relate directly to the operations and financial reporting of the Fund. Each Fund's Audit Committee has reviewed whether E&Y's receipt of non-audit fees from the Fund, DIMA and all DIMA Entities is compatible with maintaining E&Y's independence.

Name of Fund	Audit		Audit Related		Tax Fees ⁽³⁾		All Other		
	Fees ⁽¹⁾		Fees ⁽²⁾		Fees ⁽³⁾		Fees ⁽⁴⁾		
	Fund	Fund	DIMA Entities	Fund	DIMA Entities	Fund	DIMA Entities	Fund	DIMA Entities
DHG									
2007	\$ 52,955	\$ 0	\$ 250,000	\$ 7,221	\$ 486,614	\$ 0	\$ 0	\$ 0	\$ 0
2008	\$ 67,750	\$ 0	\$ 0	\$ 8,373	\$ 382,000	\$ 0	\$ 0	\$ 0	\$ 0
KMM									
2007	\$ 49,344	\$ 0	\$ 250,000	\$ 6,729	\$ 486,614	\$ 0	\$ 0	\$ 0	\$ 0