

Deutsche Mutual Fund

DWS Tax Saving Fund
Annual Report 2005-2006

1ST CHOICE FOR YOUR MONEY.



Sponsors / Co-Sponsors

Deutsche Asset Management (Asia) Limited

Registered Office :

20 Raffles Place, #27-01 Ocean Towers,
Singapore 048620.

Deutsche India Holdings Private Limited

5th Floor, Nicholas Piramal Tower,

Peninsula Corporate Park, Ganpatrao Kadam Marg,
Lower Parel, Mumbai 400 013.

Asset Management Company

Deutsche Asset Management (India) Private Limited

Registered & Corporate Office :

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

Trustee

Deutsche Trustee Services (India) Private Limited

Registered Office :

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

Custodian

JP Morgan Chase Bank

Mafatlal Centre, 9th Floor,

Nariman Point, Mumbai 400 021.

Registrars & Transfer Agents

Karvy Computershare Private Limited

46, Road No. 4, Street No. 1,

Banjara Hills, Hyderabad 500 034.

Auditors to the Fund & Tax Advisors

Price Waterhouse

1102/1107 Raheja Chambers,

Nariman Point, Mumbai 400 021.

Board of Directors of the Trustee Company

Mr. Gunit Chadha - Chairman

Mr. M. H. Kania

Mr. A. S. Mitra

Mr. Y. B. Desai

Mr. Debabrata Bhadury

Mr. Eduoard Fernen Peter

(Resigned w.e.f. August 22, 2006)

Board of Directors of the Asset Management Company

Mr. K. M. Gherda - Chairman

Mr. V. P. Gokhale

Mr. Stephen Paul Harris

Mr. Carl Saldanha (Resigned w.e.f. August 22, 2006)

Mr. Bhalchandra Bhide

Mr. Sandeep Dasgupta

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Trustee Report

Dear Investor,

It gives us great pleasure to welcome you to the Deutsche Mutual Fund – India (“the Mutual Fund” or “the Fund”). The Fund has now successfully completed three years and we furnish herein the audited financials of the various schemes as on 31st March, 2006.

- **Constitution of the Fund**

Deutsche Mutual Fund had been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) vide a Trust Deed dated May 29, 2002. The Fund has been registered with SEBI vide registration number MF/047/02/10 dated 28th October, 2002. The Head Office of the Mutual Fund was shifted to 222, Kodak House, Dr. D. N. Road, Fort, Mumbai 400 001 w.e.f. February 6, 2006. Deutsche Trustee Services (India) Private Limited is the trustee to the fund and Deutsche Asset Management (India) Private Limited has been appointed as Asset Management Company to the Mutual Fund vide Investment Management Agreement dated 29th May, 2002.

- **Sponsors / Co-Sponsors**

Deutsche Mutual Fund had been set up as a trust settled by Deutsche Asset Management (Asia) Ltd. (DeAM Asia) (liability restricted to Rs. 1 lakh). Pursuant to an internal restructuring, the shareholding of Deutsche Asset Management (Asia) Limited (DeAM Asia) in Deutsche Asset Management (India) Private Limited (DeAM) & Deutsche Trustee Services India Private Limited (DTS) has been acquired by Deutsche India Holdings Private Limited (DIHPL). The Co-sponsors to the Fund are DeAM Asia and DIHPL.

DeAM Asia was incorporated in 1987 and is headquartered in Singapore. DeAM Asia is responsible for marketing and sourcing new assets in the region for investments into Asia and Global range of equity and fixed interest products. DeAM Asia has an Investment Adviser License issued by the Monetary Authority of Singapore (“MAS”).

DIHPL, a company incorporated under the Companies Act, 1956 having its registered office at 5th Floor, Nicholas Piramal Tower, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai, is the co-sponsor for Deutsche Mutual Fund by virtue of its contribution of more than 40% to the networth of Deutsche Asset Management (India) Pvt. Ltd. Consequently, Deutsche Asset Management (Asia) Limited (“DeAM Asia”) and Deutsche India Holdings Private Limited are the co-sponsors for the Deutsche Mutual Fund. The company has been formed to act as a holding and investment company for the various existing and future operating subsidiaries of the Deutsche Bank group that are engaged in the financial services and back office processing services.

Deutsche Asset Management is one of the largest fund manager globally providing asset management capabilities to a variety of clients worldwide, including foundations, non-profit organisations, public and private superannuation funds, high-net-worth individuals and retail investors. With over Euro 500 bn of assets under management as on June 30, 2006, Deutsche Asset Management is one of the top 10 asset managers in the world.

- **DWS Investments**

In the year 1956 in Germany several private banks including the Deutsche Bank signed DWS Investments’ contract of incorporation. DWS Investments is the retail mutual fund brand of Deutsche Bank group. With Deutsche Asset Management, DWS Investments is both the name of the issuer and branding name for retail mutual funds in Europe.

DWS Investments’ has a proud heritage spanning over 50 years in Germany and over 20 years of steady growth in Europe. However, now in year 2006, DWS Investments has gone pan global with the rebranding of Scudder as DWS Scudder in America and with the launch in Asia in April 2006. DWS Investments now manages Euro 241 bn of assets as on June 2006. In Europe, DWS Investments is one of the top three players in the international fund market. This sets DWS Investments significantly apart from its international competitors. The local DWS Investments entities are not just mere distribution centres, but rather part of a multi cultural network combining global with local know-how to develop customized investment solutions.

DWS Investments focuses on active management of a variety of securities funds. The company is convinced that independence, responsibility and flexibility in investment decisions are crucial in achieving above average investment performance. For years, DWS Investments mutual funds have been winning performance awards from independent rating agencies. In March 2006 for the twelfth time in succession, DWS Investments won the Standard & Poor’s Fund Award as the best mutual fund company in Germany. And there were similar awards in Austria, Switzerland, France, Italy, Spain, Belgium and Poland.

With this strength and pedigree, DWS Investments was therefore decided to be made into Global brand. On February 06, 2006, Scudder of America was rebranded as DWS Scudder and on April 26, 2006 DWS Investments was officially launched in Singapore. Following the global initiative by Deutsche Asset Management to develop DWS as the global retail fund brand, the name of the existing schemes of DeAM India have now been changed to “DWS XYZ Fund”. For example the name of “Deutsche Alpha Equity Fund” has changed to “DWS Alpha Equity Fund” and the same has been adapted for all future schemes launched. This has been made effective from May 02, 2006 and a complete rebranding and marketing exercise was undertaken. As on August 25, 2006, the Assets under Management are Rs. 7057 crore.

- **Awards**

DWS Premier Bond Fund - Regular Plan has been ranked ICRA MFR 1 by ICRA Online Limited and has been awarded the Silver Award for “Second Best Performance” in the category, Open Ended Debt Scheme - Long Term for its one year performance ending December 30, 2005. The rank indicates performance within the top 10% of the stated category, which had a total of 22 similar schemes, including the scheme.

The rank is an outcome of an objective and comparative analysis against various parameters, including :risk adjusted return, fund size, sector concentration, portfolio turnover, liquidity, company concentration and average maturity. The ranking methodology did not take into account entry and exit loads imposed by the Fund. The rank is neither a certificate of statutory compliance nor any guarantee on the future performance of DWS Premier Bond Fund - Regular Plan

Trustee Report

Report of the Board of Trustees on the Operations of Various Schemes of the Fund and the Fund as a whole during the year and the Future Outlook of the Fund

The Year that was 2005-2006

Indian economy is experiencing one of its best phases in recent times. The upturn in India's business cycle continued to strengthen in FY'06. Full year GDP growth touched 8.4% year on year basis, beating both government and private sector forecasts. From the demand side, investment activity has started to complement the already strong consumption and the investment to GDP ratio is now above 30%.

Strong economic performance was aptly reflected in performance of corporate India. Corporate sector profits grew at over 20% in FY'06. Stock markets had yet another year of strong performance, as BSE Sensex ended FY'06 at 11280, showing an impressive gain of around 74%.

Strong economic performance led to unprecedented credit growth. Rising consumer demand and pick up in investment demand led to credit growth in excess of 31% for FY'06, on the back of an equally strong 30% growth in FY'05. Credit growth outstripped deposit growth. Credit deposit ratio touched a 30-year high at 70%, indicating pressure on available resources. Strong credit growth naturally pushed the interest rates higher. RBI raised repo rates by 75 bps during the year and 10-year bond yields rose 85 bps to 7.55% in March '06.

Inflation broadly remained well within the RBI's range of 5%-5.5%, partly due to limited fuel price hikes and partly due to problems of mis-measurement. The current account continued to widen although the full year reading of 1.4% of GDP was better than market estimates. Coupled with strong foreign portfolio flows of around USD 12.5 bn, overall liquidity conditions for asset price expansion remained favourable during the year. The only brief disruption was in January-March 2006 due to the redemption of the Indian Millennium Bonds and continued strong credit expansion.

Portfolio flows hit a record high both due to the growing recognition of corporate India's performance and partly due to easy liquidity conditions. Portfolio flows remained strong despite the government's slow pace of reforms.

Market Outlook for 2006-2007

Indian economy remains to be one of the fastest growing economies worldwide & its buoyant growth rate of 8% seems achievable. Indian GDP growth is well supported by domestic consumption that is palpable in the sales demand for automobiles, expansion of the telecom users, unprecedented increase in aviation passengers, etc. The Industrial & capital goods sector is also experiencing robust growth as witnessed with increased capex cycle showing positive outlook for 2-3 years horizon. Infrastructural investment is at all time high level with a proposed expenditure of +US \$ 200 bn in next 5 years. Geopolitical tensions and resultant increase in crude prices will be the main risk factors for the Indian economy in the near future.

The economic optimism is likely to support equity market. Corporate sector is slated to record yet another year of 20% plus profit growth. However after a handsome 74% gain in equity indices in FY'06, returns are likely to moderate to a more sustainable level. FII flows play a very important role in determining direction of Indian equity market. Global demand for risk appetite and emerging market allocations need to be tracked closely to get a sense on likely direction of Indian market.

On the fixed income market, strong credit demand, volatile oil prices, rising inflation and rising global rates are likely to act as dampener to investor sentiment. Monetary policy currently seems focused on price stability. Bond markets are likely to stay volatile for sometime. Stability could emerge later in the year as and when any of these factors start easing. We believe, while interest rates could stay volatile for sometime, with an appropriate policy response the Authorities could better manage inflationary expectations and therefore stabilize interest rates in the economy.

Performance Review

During the period under review, Deutsche Mutual Fund launched an equity scheme DWS Tax Saving Fund, one debt scheme, namely DWS Money Plus Fund and various close ended schemes under DWS Fixed Term Series. The total Assets Under Management in all the schemes was Rs. 2535.31 crores as at March 31, 2006.

Performance Record (As on March 31, 2006)

Particulars	DWS Alpha Equity Fund	Benchmark Returns NSE Nifty	DWS Investment Opportunity Fund	Benchmark Returns BSE 200 Index
1 Month	18.57%	10.64%	15.25%	9.08%
3 Months	30.11%	19.96%	25.78%	18.98%
6 Months	42.67%	30.78%	42.91%	28.65%
Last 1 Year	72.96%	67.12%	62.78%	62.82%
Since Inception	346.40%	215.61%	102.50%	88.62%

Trustee Report

Particulars	DWS Premier Bond Fund - Regular	Benchmark Returns CRISIL Bond Fund Index	DWS Money Plus Fund	Benchmark Returns CRISIL Bond Fund Index
1 Month	-0.50%	-0.12%		
3 Months	-0.46%	-0.01%		
6 Months	-0.44%	0.58%		
Last 1 Year	4.19%	3.30%		
Since Inception	16.59%	11.91%	0.47%	0.34%

Particulars	DWS MIP Fund – Plan A	Benchmark Returns CRISIL MIP Blended Index	DWS MIP Fund – Plan B	Benchmark Returns CRISIL MIP Blended Index
1 Month	0.71%	1.44%	0.14%	1.44%
3 Months	1.99%	2.79%	1.99%	2.79%
6 Months	2.92%	4.72%	2.66%	4.72%
Last 1 Year	10.98%	11.23%	8.08%	11.23%
Since Inception	19.99%	14.92%	15.36%	14.92%

Particulars	DWS Short Maturity Fund	Benchmark Returns CRISIL Short Term Bond Fund Index	DWS Tax Saving Fund	Benchmark Returns S&P CNX Nifty
1 Month	0.14%	2.49%		
3 Months	0.56%	2.96%		
6 Months	1.27%	3.45%		
Last 1 Year	4.34%	6.22%		
Since Inception	17.66%	16.36%	8.08%	3.48%

Particulars	DWS Insta Cash Plus Fund – Regular Plan	Benchmark Returns CRISIL Liquid Fund Index	DWS Insta Cash Plus Fund – Institutional Plan	Benchmark Returns CRISIL Liquid Fund Index
Last 1 Month	0.53%	0.49%	0.54%	0.49%
Last 3 Months	1.45%	1.30%	1.49%	1.30%
Last 6 Months	2.82%	2.45%	2.90%	2.45%
Last 1 Year	5.56%	4.86%	5.72%	4.86%
Since Inception	17.45%	15.00%	9.72%	8.22%

Particulars	DWS Floating Rate Fund		Benchmark Returns CRISIL Liquid Fund Index
1 Month		0.53%	0.49%
3 Months		1.43%	1.30%
Last 6 Months		2.81%	2.45%
Last 1 Year		5.70%	4.86%
Since Inception		13.17%	11.17%

Particulars	DWS Fixed Term Fund	Benchmark Returns CRISIL Composite Bond Index	DWS Fixed Term Fund – Series 2	Benchmark Returns CRISIL Liquid Fund Index
Last 1 Month	0.59%	-0.19%	0.63%	0.58%
Last 3 Month	1.50%	0.07%	1.47%	1.38%
Last 6 Months	2.76%	0.58%	2.61%	2.48%
Since Inception	5.96%	3.29%	4.19%	3.74%

Trustee Report

Particulars	DWS Fixed Term Fund – Series 3	Benchmark Returns CRISIL Liquid Fund Index	DWS Fixed Term Fund – Series 4	Benchmark Returns CRISIL Liquid Fund Index
Last 1 Month	0.53%	0.58%	0.12%	0.58%
Last 3 Months	1.07%	1.38%	0.92%	1.38%
Last 6 Months	1.90%	2.48%		
Since Inception	2.72%	3.07%	0.52%	1.70%

Particulars	DWS Fixed Term Fund – Series 5	Benchmark Returns CRISIL Liquid Fund Index	DWS Fixed Term Fund – Series 6	Benchmark Returns CRISIL Liquid Fund Index
Last 1 Month			0.24%	0.58%
Since Inception	0.17%	0.04%	0.35%	0.64%

Particulars	DWS Fixed Term Fund – Series 8	Benchmark Returns CRISIL Liquid Fund Index	DWS Fixed Term Fund – Series 9	Benchmark Returns CRISIL MIP Bond Index
Since Inception	0.17%	0.36%	0.18%	0.56%

- Past Performance may or may not be sustained in future and should not be used as basis of comparison with other investments.
- Performances calculated on Growth Plan NAV. Returns do not take in to account the entry load.
- Since inception returns are calculated on Rs. 10 invested on inception. Inception date is deemed as date of NFO closing for all schemes.

Investment Objectives and Policy of Investment and Schemewise Operation During the Year:

Equity Funds

DWS Alpha Equity Fund

The Investment objective of the scheme is to generate long-term capital growth from a diversified portfolio of equity and equity related securities of companies registered in, and/or listed on a regulated market of India. The Scheme invests in companies across a range of market capitalisations with a preference for medium and large companies.

It is a diversified equity fund launched in January 2003 with Dividend and Growth options. The scheme had a corpus of Rs. 67.11 crores as at 31st March, 2005 which decreased to Rs. 46.11 crores as at 31st March, 2006.

DWS Investment Opportunity Fund

The Investment objective of the scheme is to generate capital appreciation on the portfolio over a long term by actively investing in different asset classes as per market conditions. The investment manager has the discretion to invest upto 100% of the assets in the portfolio in equity market / equity related instruments at a given point of time however the equity allocation may fall to as low as 5% under certain circumstances, in which case, the fund shall be invested in debt and money market instruments at its discretion.

It is a dynamic allocation fund launched in January 2004 with Dividend and Growth options. The scheme had a corpus of Rs. 19.61 crores as at 31st March, 2005 which has decreased to Rs. 7.59 crores as at 31st March, 2006.

DWS Tax Saving Fund

This scheme is a open ended equity linked saving scheme with a Investment objective to generate long term capital appreciation from a portfolio that is invested predominantly in equity and equity related instruments.

It is a equity linked saving scheme launched in February 2006. The scheme had a corpus of Rs. 30.49 crores as at 31st March, 2006.

Debt Funds

DWS Premier Bond Fund

The investment objective of the Scheme is to provide regular income by investing in debt securities including bonds and money market instruments.

The scheme was launched in January 2003. The scheme had a corpus of Rs. 19.77 crores as at 31st March, 2005 which has decreased to Rs. 4.20 crores as at March 31, 2006.

DWS Short Maturity Fund

The investment objective of the Scheme is to generate steady returns with low to medium market risk for investors by investing in a portfolio of short – medium term debt and money market securities.

The scheme was launched in January 2003 and had a corpus of Rs. 107 crores as at 31st March, 2005 which decreased to Rs. 104.40 crores as at March 31, 2006.

DWS Money Plus Fund

The investment objective of the scheme is to generate steady return by investing in debt and money market securities across the credit spectrum. The portfolio will be invested in money market instruments and investment grade debt securities with an aim to preserve capital and offer higher return and moderate liquidity over a short medium term.

The scheme was launched in February 2006. The scheme had a corpus of Rs. 80.63 crores as at March 31, 2006.



Trustee Report

DWS Insta Cash Plus Fund

The investment objective of the scheme is to generate steady returns with high liquidity by investing in a portfolio of short-term, high quality money market and debt instruments.

The scheme was launched in January 2003 with Dividend and Growth options. The scheme had a corpus of Rs. 966.33 Crores as at 31st March, 2005 which decreased to Rs. 728.44 crores as at March 31, 2006.

DWS Floating Rate Fund

The investment objective of the Scheme is to provide income consistent with the prudent risk from a portfolio comprising substantially of floating rate debt instruments, fixed rate debt instruments swapped for floating rate returns and also fixed rate & money market instruments.

The scheme was launched in October 2003 and had a corpus of Rs. 458.59 Crores as at March 31, 2005 which decreased to Rs. 208.05 crores as at March 31, 2006.

DWS MIP Fund

The investment objective of the Scheme is to generate regular income (No Assured Return) in order to make regular dividend payments and growth of capital.

The scheme was launched in January 2004 with two plans having equity exposure of 20% & 10% respectively. The scheme had a combined corpus of Rs. 40.48 crores as at March 31, 2005 which decreased to Rs. 9.95 crores as at March 31, 2006.

DWS Fixed Term Fund – Series 1, 2, 3, 4, 5, 6 and 8

The investment objective of all the series under the Deutsche Fixed Term Schemes is to generate steady returns with low to medium market risk for investors by investing in a portfolio of short – medium term debt and money market securities.

DWS Fixed Term Fund – Series 9

The investment objective of this series is to generate income by investing primarily into debt and money market instruments usually maturing in line with the time profile of the fund and to attain capital appreciation by investing a small portion in equity / equity related instruments.

The series had a combined corpus of Rs. 134.33 crores as at 31st March, 2005 which increased manifold to Rs. 973.67 crores as at March 31, 2006.

Deutsche Dynamic Bond Fund

The Scheme Deutsche Dynamic Bond Fund was wound up on December 23, 2005 in compliance with the SEBI Circular No. SEBI/IMD/CIR No. 10/22701/03 dated December 12, 2003.

Deutsche Fixed Term Fund - Series 7

The scheme which was a close ended scheme was launched on 29th December 2005 and got matured on 28.03.2006.

Dividends

Following dividends were paid out during the year in DWS Alpha Equity Fund and DWS Investment Opportunity Fund.

Scheme Name	Record Date	Dividend Rate
DWS Alpha Equity Fund	26.09.2005	5.00
DWS Alpha Equity Fund	09.01.2006	2.50
DWS Investment Opportunity Fund	09.02.2006	2.75

Statutory Details

The price and redemption value of the units, and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments.

On written request present and prospective unitholder / investor can obtain a copy of the Trust Deed, the annual report and the text of the relevant schemes. A copy of the Annual report of the AMC shall be provided to the unitholders on request.

Liabilities and Responsibilities of Trustees

The Sponsor has appointed Deutsche Trustees Service (India) Private Limited as the Trustee for the Deutsche Mutual Fund. The Rights, Duties and Responsibilities of the Trustee shall be consistent with the Regulations and the Trust Deed. The Trustee shall discharge such duties and responsibilities as provided in the Regulations and the Trust Deed.

The Sponsor DeAM Asia is not responsible or liable for any loss resulting from the operation of the schemes beyond the initial contribution of Rs. 1 lakh made by it towards setting up of Deutsche Mutual Fund.

For and on behalf of the Board of Directors,
Deutsche Trustee Services (India) Private Limited
(Trustee to Deutsche Mutual Fund)

Gunit Chadha

Chairman

Place : Mumbai

Date : August 30, 2006

Notes :

- A copy of the Annual Report of the Fund will be posted to all the unitholders.
- The Annual results have been placed by Deutsche Asset Management (India) Private Limited before the Board of the Trustee Company and approved by the Trustee Company on August 30, 2006.

Auditors' Report

To the Trustee,

DEUTSCHE MUTUAL FUND

1. We have audited the Balance Sheet of Deutsche Mutual Fund – **DWS Tax Saving Fund (formerly Deutsche Tax Saving Fund)** ("the Scheme") as at March 31, 2006 and the related Revenue Account for the period January 24, 2006 to March 31, 2006, both of which we have signed under reference to this report. These financial statements are the responsibility of the Board of Trustees of Deutsche Mutual Fund and the Management of Deutsche Asset Management (India) Private Limited (the "Management"). Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned at March 31, 2006 by correspondence with the custodian and others. An audit also includes assessing the accounting principles used and significant estimates made by the Management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit. The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of the Scheme.
4. In our opinion and to the best of our information and according to the explanations given to us,
 - (i) The Balance Sheet and the Revenue Account together with the notes thereon give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto, as applicable, and also give respectively, a true and fair view of the state of affairs of Deutsche Mutual Fund – DWS Tax Saving Fund as at March 31, 2006 and its net surplus for the period January 24, 2006 to March 31, 2006.
 - (ii) The Balance Sheet as at March 31, 2006 and the Revenue Account for the period January 24, 2006 to March 31, 2006, together with the notes thereon have been prepared in all material respects in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto as applicable.
 - (iii) The method used to value equity shares awaiting listing in good faith as at March 31, 2006 as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund is fair and reasonable.

K. H. Vachha
Partner
Membership No. F/30798

For and on behalf of
Price Waterhouse
Chartered Accountants

Place : Mumbai
Date : August 30, 2006

Balance Sheet

as at March 31, 2006

	Schedule	March 31, 2006 Rupees
Assets		
Investments	1	288,234,786
Other Current Assets	2	35,653,497
Deferred Revenue Expenditure	3	16,288,317
TOTAL		340,176,600
Liabilities		
Unit Capital	4	282,096,656
Reserves and Surplus	5	22,794,474
Current Liabilities and Provisions	6	35,285,470
TOTAL		340,176,600

Reconciliation of Net Asset Value Per Unit

	March 31, 2006		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Assets as per Balance Sheet (Total Assets less Current Liabilities and Provisions) (Note 2.5)	122,887,315	182,003,815	304,891,130
Number of Units in Issue	11,369,993.141	16,839,672.348	
Net Asset Value per Unit	10.8080	10.8080	

Notes to the Financial Statements 9

The schedules referred to herein form an integral part of the Financial Statements

This is the Balance Sheet referred to in our report of even date.

K. H. VACHHA
Partner

For **Deutsche Trustee Services (India)
Private Limited**

For **Deutsche Asset Management (India)
Private Limited**

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

Gunit Chadha
Director

M. H. Kania
Director

Stephen Paul Harris
Director

Sandeep Dasgupta
Director

Y. B. Desai
Director

A. S. Mitra
Director

Kersi M. Gherda
Director

Bhalchandra Bhide
Director

Debabrata Bhadury
Director

Eduoard Ferner Peter
Director

Vijay P. Gokhale
Director

Carl Saldanha
Director

Place: Mumbai
Date : August 30, 2006

Vinay Kulkarni
Portfolio Manager

Revenue Account

for the period ended January 24, 2006 to March 31, 2006

Schedule	January 24, 2006 to March 31, 2006 Rupees
Income and Gains	
Dividends (Note 2.4)	32,400
Interest and Discount	7 651,662
Net Profit on Sale of Investments (Note 2.3)	7,180,151
TOTAL	7,864,213
Expenses and Losses	
Investment Management and Advisory Fees (Note 3)	118,718
Trustee Fees and Expenses (Note 4)	950
Transfer Agent Fees and Expenses	12,198
Custodian Fees and Expenses (Note 5)	24,733
Audit Fees	19,726
Selling and Distribution Expenses	64,778
Initial Issue Expenses (Note 2.9)	180,480
Other Operating Expenses	1,531,499
	1,953,082
Less: Expenses to be Reimbursed by the Investment Manager (Note 7)	1,535,167
TOTAL	417,915
Net Surplus for the Period	7,446,298
Net Unrealised Appreciation in Value of Investments	8 14,914,378
Net Surplus including Net Unrealised Appreciation in Value of Investments	22,360,676

	January 24, 2006 to March 31, 2006		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Net Surplus including Net Unrealised Appreciation in Value of Investments by Plan	9,017,574	13,343,102	22,360,676
Transfer From Dividend Equalisation Reserve (Note 2.7)	58,317	90,801	149,118
Balance Transferred to Reserve Fund	9,075,891	13,433,903	22,509,794

Notes to the Financial Statements

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The Schedules referred to herein form an integral part of the Financial Statements

This is the Revenue Account referred to in our report of even date.

K. H. VACHHA
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

For **Deutsche Trustee Services (India)
Private Limited**

Gunit Chadha
Director

Y. B. Desai
Director

Debabrata Bhadury
Director

M. H. Kania
Director

A. S. Mitra
Director

Eduoard Fernen Peter
Director

For **Deutsche Asset Management (India)
Private Limited**

Stephen Paul Harris
Director

Kersi M. Gherda
Director

Vijay P. Gokhale
Director

Vinay Kulkarni
Portfolio Manager

Sandeep Dasgupta
Director

Bhalchandra Bhide
Director

Carl Saldanha
Director

Place: Mumbai
Date : August 30, 2006



Deutsche Asset Management 
A Member of the Deutsche Bank Group

Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the period ended January 24, 2006 to March 31, 2006

	March 31, 2006	
	Market / Fair Value Rupees	Cost Rupees
Schedule 1		
Investments		
(Notes 2.2, 2.3, 8, 9, 10, 11 and 14)		
(Refer to the attached Statement of Portfolio Holding as at March 31, 2006)		
Equity Shares	288,234,786	273,320,408
TOTAL	288,234,786	273,320,408
		March 31, 2006 Rupees
Schedule 2		
Other Current Assets		
Balance with Banks in Current Account		17,601,861
Sales Contracts Awaiting Completion - Equity Shares		11,176,969
Application Money Pending Allotment - Equity Shares		3,582,500
Unit Subscription Receivable		1,742,000
Receivable from the Investment Manager		1,535,167
Inter-Scheme Receivable - Others		15,000
TOTAL		35,653,497
		March 31, 2006 Rupees
Schedule 3		
Deferred Revenue Expenditure		
Incurred during the period		16,468,797
Less: Amortised during the period		180,480
At the end of the period		16,288,317
		March 31, 2006 Rupees
		Units
Schedule 4		
Unit Capital		
Growth Plan		
Issued and Subscribed:		
Units of Rs.10 each fully paid-up	110,699,576	11,069,957.576
Outstanding:		
Initial Issue and Subscription	110,699,576	11,069,957.576
Issued during the period	3,000,356	300,035.565
	113,699,932	11,369,993.141
Redeemed during the period	-	-
At the end of the period	113,699,932	11,369,993.141
Dividend Plan		
Issued and Subscribed:		
Units of Rs.10 each fully paid-up	163,780,371	16,378,037.052
Outstanding:		
Initial Issue and Subscription	163,780,371	16,378,037.052
Issued during the period	4,616,353	461,635.296
	168,396,724	16,839,672.348
Redeemed during the period	-	-
At the end of the period	168,396,724	16,839,672.348
TOTAL	282,096,656	28,209,665.489

Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the period ended January 24, 2006 to March 31, 2006

	March 31, 2006		
	Growth Plan Rupees	Dividend Plan Rupees	Total Rupees
Schedule 5			
Reserves and Surplus			
Unit Premium Reserve (Note 2.6)			
Added during the period	111,492	173,188	284,680
At the end of the period	111,492	173,188	284,680
Dividend Equalisation Reserve (Note 2.7)			
Added during the period	58,317	90,801	149,118
Transferred to Revenue Account	(58,317)	(90,801)	(149,118)
At the end of the period	-	-	-
Reserve Fund			
Balance Transferred from Revenue Account	9,075,891	13,433,903	22,509,794
At the end of the period [including net unrealised appreciation in value of investments Rs.14,914,378]	9,075,891	13,433,903	22,509,794
TOTAL	9,187,383	13,607,091	22,794,474

Schedule 6

Current Liabilities and Provisions

Current Liabilities

Investment Management and Advisory Fees	118,718
Trustee Fees and Expenses	950
Transfer Agent Fees and Expenses	12,198
Custodian Fees and Expenses	20,582
Audit Fees	19,726
Purchase Contracts Awaiting Completion - Equity Shares	16,867,318
Selling and Distribution Expenses	245,931
Units Pending Allotment	1,000
Initial Issue Expenses Payable to Investment Manager	16,468,797
Sundry Payables	1,530,250
TOTAL	35,285,470

January 24, 2006
to March 31, 2006
Rupees

Schedule 7

Interest and Discount

(Note 2.4)

Debentures / Bonds	7,167
Reverse Repos	644,495
TOTAL	651,662

Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the period ended January 24, 2006 to March 31, 2006

January 24, 2006
to March 31, 2006
Rupees

Schedule 8

Unrealised Appreciation in Value of Investments

(Note 8)

Equity Shares

At the beginning of the period	–
At the end of the period	14,914,378
Net unrealised appreciation in value of investments during the period	14,914,378

Schedule 9

Notes to the Financial Statements

1. Organisation

DWS Tax Saving Fund (formerly Deutsche Tax Saving Fund) (the "Scheme") is an open-ended equity linked savings scheme of Deutsche Mutual Fund (the "Fund") and was launched on January 24, 2006. Deutsche Mutual Fund has been sponsored by Deutsche Asset Management (Asia) Limited. Deutsche Asset Management (India) Private Limited incorporated under the Companies Act, 1956, has been appointed as the asset management company. The duration of the Scheme is perpetual. The Scheme closed for initial subscription on February 22, 2006 and reopened for issue and redemption of units on March 24, 2006. The Scheme has been prepared pursuant to the notification dated November 3, 2005 and December 13, 2005 issued by the Department of Economic Affairs, Ministry of Finance, Government of India or such other scheme as the Central Government may by notification in the Official Gazette specify under Section 80C of the Income Tax Act, 1961. 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 Scheme has two plans - Growth Plan and Dividend Plan.

The Scheme will not declare dividend under the Growth Plan. The income earned on such units will remain invested within the Scheme and will be reflected in the net asset value.

The name of the Scheme has been changed from Deutsche Tax Saving Fund to DWS Tax Saving Fund subsequent to the year end for which necessary approvals have been received.

2. Significant Accounting Policies

2.1 Basis of Accounting

The Scheme maintains its books of account on an accrual basis. These financial statements have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (the "Regulations") and amendments thereto, as applicable.

2.2 Portfolio Valuation

Investments are stated at market / fair value at the Balance Sheet date / date of determination. In valuing the Scheme's investments:

- i. Equity securities listed on a recognised stock exchange are valued at the last quoted closing price on the Bombay Stock Exchange Limited (BSE). If on a particular valuation day, a security is not traded on BSE, the value at which it is traded on the National Stock Exchange of India Limited (NSE) is used. If no sale is reported at that time, the last quoted closing price on the principal stock exchange on which the security is traded is used when it is not more than thirty days prior to the valuation date.
- ii. Non traded and thinly traded equity securities, including those not traded within thirty days prior to the valuation date are valued at fair value as determined by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by the Securities and Exchange Board of India (SEBI).
- iii. Equity shares awaiting listing are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- iv. Debt securities listed on a recognised stock exchange are valued at the last quoted closing price on the NSE. If no sale is reported at that time, such security is valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- v. Non-traded and thinly traded debt securities are valued at fair value as determined by Deutsche Asset Management

Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the period ended January 24, 2006 to March 31, 2006

(India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds dated September 18, 2000 and amendments thereto, as applicable, issued by SEBI.

- vi. Privately placed debt securities are valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee of Deutsche Mutual Fund.
- vii. Instruments bought on 'repo' basis are valued at the resale price after deduction of applicable interest up to the date of resale.

Following the issue of the guidance note on accounting for investments in the financial statements of mutual funds by the Institute of Chartered Accountants of India (pursuant to the Eleventh Schedule of the Regulations) net unrealized appreciation / depreciation in the value of investments is determined separately for each category of investments. Further the change in net unrealized appreciation / depreciation, if any, between two Balance Sheet dates / dates of determination is recognized in the Revenue Account. Unrealized appreciation is reduced from the distributable income at the time of income distribution. At the end of the financial year, the balance in the Revenue Account including change in the net unrealised appreciation or depreciation in the value of investments is transferred to Reserve Fund.

2.3 Securities Transaction

Investment securities transactions are accounted for on a trade date basis. The Scheme uses the average cost method for determining the realized gain or loss on sale of investments.

2.4 Investment Income

Dividend and interest income are recorded on an accrual basis.

2.5 Net Asset Value for Growth / Dividend Plans

The net asset value of the units of the Scheme is determined separately for the units issued under the Growth and Dividend Plans.

For reporting the net asset value for the Plans, daily income earned, including realized and unrealized gain or loss in the value of investments and expenses incurred by the Scheme are allocated to the Plans in proportion to the value of the units outstanding.

2.6 Unit Premium Reserve

Upon issue and redemption of units, the net premium or discount to the face value of units is adjusted against the unit premium reserve of the Scheme, after an appropriate portion of the issue proceeds and redemption payout is credited or debited respectively to the dividend equalization reserve.

The unit premium reserve is available for dividend distribution except to the extent it is represented by unrealised net appreciation in value of investments.

2.7 Dividend Equalisation Reserve

The net distributable income relating to units issued / repurchased is transferred to / from dividend equalization reserve for determining the net surplus / deficit, transferred from / to unit premium reserve.

2.8 Load

Load collected is retained under a separate account in the Scheme and is used to meet the selling and distribution expenses of the Scheme.

2.9 Initial Issue Expenses

Initial issue expenses comprise those costs directly associated with the issue of units of the Scheme and include advertising expenses, agents commissions, marketing expenses, printing and distribution expenses and other miscellaneous expenses. Initial issue expenses upto 6% of the amount collected in the initial offer were borne by the Scheme and are being amortised over a period of three years from the date of allotment of units.

3. Investment Management and Advisory Fees

The Scheme has paid or provided for investment management and advisory fees payable to Deutsche Asset Management (India) Private Limited for managing the Scheme at an annual rate of 1.25% of the average daily net asset values recorded by the Scheme upto Rs.100 crores. All costs, charges and expenses incurred by Deutsche Asset Management (India) Private Limited in the administration and execution of the activities of the Scheme, except costs allowed to be charged to the Scheme under the Regulations and amendments thereto, as applicable, are on their own account for which they receive investment management and advisory fees.

4. Trustee Fees

In accordance with the Deed of Trust dated May 29, 2002 between Deutsche Asset Management (Asia) Limited (the "Settlor") and Deutsche Trustee Services (India) Private Limited (the "Trustee"), the Scheme has paid or provided for trustee fees payable to the Trustee at an annual rate of 0.01% of the average daily net asset values recorded by the Scheme .

Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the period ended January 24, 2006 to March 31, 2006

5. Custodian Fees

J P Morgan Chase Bank provides custodial services to the Scheme for which it receives custody fees.

6. Income Taxes

No provision for taxation has been made as the Scheme qualifies as a recognised mutual fund under Section 10 (23D) of the Income Tax Act, 1961 of India.

7. Limitation on Expenses

The total expenses chargeable to the Scheme is limited to an annual rate of 2.50% of the average daily net asset values recorded by the Scheme upto Rs.100 crores. Deutsche Asset Management (India) Private Limited has borne Rs.1,535,167 in excess of the above mentioned percentage of the average daily net assets allowable to be charged to the Scheme as total expenses for the year.

8. Aggregate Appreciation and Depreciation In Value of Investments

Aggregate appreciation and depreciation in value of investments is as follows:

	March 31, 2006 Rupees
Equity Shares	
– Appreciation	17,385,575
– Depreciation	2,471,197

9. Aggregate Fair Value of Non-Traded Investments

Aggregate value of non-traded (including private placements) investment as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee at March 31, 2006 is Rs.1,427,470.

10. Illiquid Securities

Illiquid security as a percentage of net asset value at March 31, 2006 is 0.47%.

11. Aggregate Value of Purchases and Sale of Investments

The aggregate value of investment securities purchased and sold (including matured) during the financial year are Rs. 412,548,385 and Rs. 146,408,128 respectively being 142.81% and 50.68% of the average daily net assets.

12. Income and Expenses

The total income (including net profit on sale of investments and net unrealized appreciation in value of investments) and expenditure (excluding initial issue expenses) is Rs. 22,778,591 and Rs. 237,435 respectively being 239.84% (annualized) and 2.50% (annualized) of the average daily net assets.

13. Disclosure Under Regulation 25(8) of the Securities and Exchange Board of India (Mutual Funds) Regulation, 1996 as amended

Deutsche Bank AG, Mumbai Branch and Kotak Mahindra Bank Limited, associate entities of Deutsche Asset Management (India) Private Limited were paid commission amounting to Rs. 25,512 and Rs. 1,161 respectively for procuring unit subscriptions for the Scheme. Further, Deutsche Equities India Private Limited was paid brokerage of Rs. 137,800 on purchase and sale of investments by the Scheme. The commission and brokerage paid were at rates similar to those offered to other distributors / brokers.

14. Disclosure Under Regulation 25 (11) of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended

Deutsche Mutual Fund has made the following investments in companies, which hold units in excess of 5% of the net asset value of any Scheme of Deutsche Mutual Fund.

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
DSP Merrill Lynch Capital Limited	DWS Insta Cash Plus Fund	DWS Insta Cash Plus Fund	6,784.00	129.64
		DWS Fixed Term Fund - Series 7	4,216.78	–
		DWS Floating Rate Fund	3,401.99	–
		DWS Fixed Term Fund - Series 3	867.67	878.66
		DWS Short Maturity Fund	493.73	110.43
		DWS MIP Fund - Plan A	235.17	67.22
		DWS Fixed Term Fund - Series 2	197.10	201.66
		DWS MIP - Fund - Plan B	107.45	38.41
		DWS Fixed Term Fund	14.08	14.40

Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the period ended January 24, 2006 to March 31, 2006

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
Grasim Industries Limited	DWS Fixed Term Fund - Series 3	DWS Alpha Equity Fund	678.02	329.27
		DWS Tax Saving Fund	220.54	246.95
		DWS Investment Opportunity Fund	55.14	61.74
		DWS Tax Saving Fund^	125.26	136.89
		DWS Alpha Equity Fund^	72.68	-
Hindustan Lever Limited	DWS Fixed Term Fund - Series 4 DWS Fixed Term Fund - Series 6	DWS Alpha Equity Fund	495.15	-
Hindustan Zinc Limited	DWS Insta Cash Plus Fund DWS Fixed Term Fund - Series 5	DWS Alpha Equity Fund	170.99	261.60
Infosys Technologies Limited	DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	2,967.35	-
		DWS Investment Opportunity Fund	480.71	-
		DWS MIP Fund - Plan A	136.65	8.94
		DWS MIP Fund - Plan B	25.99	-
ITC Limited	DWS Floating Rate Fund DWS Short Maturity Fund DWS Fixed Term Fund - Series 7 DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	1,316.00	136.47
		DWS Investment Opportunity Fund	413.51	48.74
		DWS Tax Saving Fund	171.58	97.48
		DWS MIP Fund - Plan A	28.10	12.67
		DWS MIP Fund - Plan B	12.20	-
Larsen & Toubro Limited	DWS Alpha Equity Fund DWS Insta Cash Plus Fund	DWS Alpha Equity Fund	1,765.39	152.04
		DWS Floating Rate Fund	1,000.00	-
		DWS Insta Cash Plus Fund	900.00	-
		DWS Investment Opportunity Fund	177.45	36.49
		DWS Tax Saving Fund	122.28	121.63
		DWS Short Maturity Fund	100.00	-
		DWS MIP Fund - Plan B	3.73	-
		DWS Insta Cash Plus Fund^^	18,202.34	2,200.00
		DWS Floating Rate Fund^^	3,800.00	1,297.19
		DWS Fixed Term Fund - Series 7^^	3,700.00	-
		DWS Short Maturity Fund^^	1,800.00	-
DWS Fixed Term Fund^^	1,799.21	797.75		
DWS Fixed Term Fund - Series 2^^	1,698.95	1,698.03		
DWS Money Plus Fund ^^	200.00	-		
Sterlite Industries India Limited	DWS Fixed Term Fund - Series 7	DWS Insta Cash Plus Fund	21,140.00	-
		DWS Floating Rate Fund	12,020.00	-
		DWS Short Maturity Fund	3,220.00	-
		DWS Fixed Term Fund - Series 7	1,000.00	-
		DWS Fixed Term Fund - Series 8	800.00	-
		DWS Alpha Equity Fund	662.57	384.88
		DWS Premier Bond Fund	160.00	-
		DWS MIP Fund - Plan A	100.00	-
		DWS Investment Opportunity Fund	67.51	78.73
		DWS MIP Fund - Plan B	50.00	-
		DWS Fixed Term Fund - Series 4	10.00	-
The Tata Steel Limited	DWS Insta Cash Plus Fund DWS Fixed Term Fund - Series 7	DWS Alpha Equity Fund	2,065.32	375.48
		DWS Investment Opportunity Fund	822.49	-
		DWS Tax Saving Fund	116.78	134.10
		DWS MIP Fund - Plan A	116.41	-
		DWS MIP Fund - Plan B	35.50	-

Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the period ended January 24, 2006 to March 31, 2006

Company Name	Schemes invested in by the Company	Investment made by Schemes of Deutsche Mutual Fund in the Company / Subsidiary	Aggregate for the period under Regulation 25(11) At Cost (Rupees in lakhs)	Outstanding as at March 31, 2006 At Market / Fair Value (Rupees in lakhs)
The Bombay Dyeing and Manufacturing Company Limited	DWS Short Maturity Fund	DWS Fixed Term Fund - Series 2	2,000.00	–
Videsh Sanchar Nigam Limited	DWS Insta Cash Plus Fund DWS Short Maturity Fund	DWS Investment Opportunity Fund DWS Alpha Equity Fund	94.30 73.24	– –

^ DTSF and DAEF have invested in Ultratech Cemco which is a subsidiary of Grasim Industries Limited.

^^ DICPF, DFRF, DFTF-7, DSMF, DFTF, DFTF-2 and DMPF have invested in L&T Finance Limited which is a subsidiary of Larsen & Toubro Limited.

The above investments comprise equity shares, debentures / bonds, commercial paper, fixed deposits and other debt instruments. These investments have been made on account of their high credit quality and competitive yield for the investment in fixed income / money market instruments and in case of equity shares because of attractive valuations of these companies.

15. Perspective Historical Per Unit Statistics*

	January 24, 2006 to March 31, 2006
(a) Net asset value per unit at the end of the year / period (Note 2.6)	
Growth Plan	10.8080
Dividend Plan	10.8080
(b) Gross Income	
(i) income other than profit on sale of investment.	0.0242
(ii) income from profit on inter-scheme sales / transfer of investment	0.0000
(iii) income (net) from profit on sale of investments to third party	0.2545
(iv) transfer of revenue account from past year's reserve	NA
(c) Aggregate of expenses, writeoff, amortisation and charges	0.0148
(d) Net income	0.2640
(e) Net unrealised appreciation in value of investments	0.5287
(f) Redemption price	
– Highest	
Growth Plan	–
Dividend Plan	–
– Lowest	
Growth Plan	–
Dividend Plan	–
(g) Purchase price	
– Highest	
Growth Plan	10.8080
Dividend Plan	10.8080
– Lowest	
Growth Plan	10.0000
Dividend Plan	10.0000
(h) Price earnings ratio	NA
(i) Ratio of expenses (excluding initial issue expenses) to average daily net assets by percentage @	2.50%
(j) Ratio of gross income (including net loss on sale of investments and net unrealised appreciation in value of investments) to average daily net assets by percentage @	239.84%

* The above per unit calculations are based on the number of units in issue at the end of the financial period

@ The ratio of expenses and gross income to average daily net assets by percentage have been annualised for the period March 20, 2006 to March 31, 2006.

Schedules

forming part of the Balance Sheet as at March 31, 2006 and the Revenue Account for the period ended January 24, 2006 to March 31, 2006

16. Composition of Board of Directors of Investment Manager

An independent Director of Deutsche Asset Management (India) Private Limited ('the Company') had resigned from the Board of Directors ('the Board') with effect from October 31, 2005 due to which the composition of the Board was reduced to below the minimum requirement of 50% independent directors as required under the Regulations. An independent Director was appointed on the Board on February 6, 2006, after which the composition of the Board was in compliance with the Regulations. The Company has informed the Securities and Exchange Board of India of the same.

17. Prior Period's Figures

As these are the first financial statements of the Scheme since the date of its commencement, there are no comparative figures.

Signatures to the Schedules 1 to 9 forming part of the Balance Sheet and the Revenue Account.

K. H. VACHHA
Partner

For and on behalf of
PRICE WATERHOUSE
Chartered Accountants

For **Deutsche Trustee Services (India)
Private Limited**

Gunit Chadha
Director

Y. B. Desai
Director

Debabrata Bhadury
Director

M. H. Kania
Director

A. S. Mitra
Director

Eduoard Fernen Peter
Director

For **Deutsche Asset Management (India)
Private Limited**

Stephen Paul Harris
Director

Kersi M. Gherda
Director

Vijay P. Gokhale
Director

Vinay Kulkarni
Portfolio Manager

Sandeep Dasgupta
Director

Bhalchandra Bhide
Director

Carl Saldanha
Director

Place: Mumbai
Date : August 30, 2006

Statement of Portfolio Holding

as at March 31, 2006

(Referred to in Schedule 1 to the Balance Sheet as at March 31, 2006 and the Revenue Account for the period January 24, 2006 to March 31, 2006)

Description	Quantity	Market / Fair Value Rupees
Equity Shares (100%)		
Auto (7.61%)		
Mahindra and Mahindra Limited	35,000	21,948,500
		21,948,500
Banks (10.84%)		
Bank of Baroda	60,000	13,818,000
State Bank of India	18,000	17,424,900
		31,242,900
Cement (13.32%)		
Grasim Industries Limited@	12,000	24,695,400
Ultra Tech Cement Limited@	20,000	13,689,000
		38,384,400
Construction (3.26%)		
Jaiprakash Associates Limited	18,000	8,471,700
JMC Projects (India) Limited	3,644	923,936
		9,395,636
Consumer Non-Durables (8.96%)		
Balrampur Chini Mills Limited	60,000	11,262,000
ITC Limited@	50,000	9,747,500
Radico Khaitan Limited	30,000	4,824,000
		25,833,500
Ferrous Metals (10.23%)		
Steel Authority of India Limited	150,000	12,495,000
Mahindra UGINE Steel Co. Limited	26,600	3,585,680
Tata Steel Limited@	25,000	13,410,000
		29,490,680
Fertilisers (5.40%)		
Tata Chemicals Limited	59,000	15,567,150
		15,567,150
Industrial Capital Goods (7.92%)		
Bharat Earth Movers Limited	5,000	7,402,250
McNally Bharat Engineering Co Limited	23,309	3,256,267
Larsen and Toubro Limited@	5,000	12,163,000
		22,821,517
Industrial Products (8.83%)		
Bharat Forge Limited	40,000	17,794,000
Solar Explosives Limited*	7,513	1,427,470
Amforge Industries Limited	22,933	6,218,283
		25,439,753
Non - Ferrous Metals (12.89%)		
National Aluminium Company Limited	80,000	23,464,000
Hindalco Industries Limited	75,000	13,683,750
		37,147,750
Pharmaceuticals (3.51%)		
Wockhardt Limited	20,000	10,133,000
		10,133,000
Software (7.23%)		
Mphasis BFL Limited	100,000	20,830,000
		20,830,000
TOTAL INVESTMENTS	(Cost - Rs. 273,320,408)	288,234,786

Confirmation has been received from J P Morgan Chase Bank, Mumbai Branch at the end of the financial year for the investments held by them.

* Equity Shares awaiting listing valued at fair value as determined in good faith by Deutsche Asset Management (India) Private Limited under procedures approved by the Trustee.

@ Investment in companies which have invested more than five per cent of the net asset value of any schemes of Deutsche Mutual Fund

Statutory Details :

Deutsche Mutual Fund had been set up as a trust settled by Deutsche Asset Management (Asia) Ltd. (DeAM Asia) (liability restricted to Rs. 1 lakh). Pursuant to an internal restructuring the shareholdings of Deutsche Asset Management (Asia) Limited and United Associates Holdings India Pvt. Ltd. in Deutsche Asset Management (India) Pvt. Ltd. and Deutsche Trustee Services India Pvt. Ltd. have been acquired by Deutsche India Holdings Private Limited ('DIHPL'). The Co-sponsors to the Fund are DeAM Asia and DIHPL. The Trustee of the Mutual Fund is Deutsche Trustee Services (India) Private Limited and the Investment Manager is Deutsche Asset Management (India) Private Ltd. The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of an amount of Rs.1 lakh collectively made by them towards setting up the Fund or such other accretions and additions to the initial corpus set up by the Sponsors.

Standard Risk Factors :

Mutual funds, like securities investments, are subject to market and other risks and there can be no guarantee against loss resulting from an investment in the Scheme nor can there be any assurance that the Scheme's objectives will be achieved. As with any investment in securities, the NAV of the Units issued under the Scheme can go up or down depending on various factors that may affect the values of the Scheme's investments. In addition to the factors that affect the value of individual securities, the NAV of the Scheme can be expected to fluctuate with movements in the broader equity and bond markets and may be influenced by factors affecting capital markets in general, such as, but not limited to, changes in interest rates, currency exchange rates, changes in governmental policies, taxation, political, economic or other developments and increased volatility in the stock and bond markets. Neither the past performance of the Sponsor / AMC / Mutual Fund / Scheme nor their affiliates / associates indicate the future performance of the scheme of the mutual fund. As per SEBI Circular, each scheme and individual plan(s) under the scheme should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such scheme / plan(s). The name of the Scheme(s) do not in any manner indicate the quality of the Scheme(s), its future prospects or returns. Investors in the Schemes are not being offered a guaranteed or assured rate of return. **Please refer to the Offer Document for scheme specific risk factors before investing.**

Deutsche Asset Management (India)
Private Limited
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Contacts

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Karvy Investor Service Centres

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BANGALORE : 1st Floor, Surya Building, Rathna Avenue 51 / 25, Richmond Road, Bangalore 560 025. Tel.: 080-25320085 / 86
BARODA : 31-34, Payal Complex, Near Vadodara Stock Exchange, Sayajiguj, Baroda 390 005. Tel.: 0265-2225210 / 2361514
CHENNAI : Flat 2 - B, First Floor, Wellington Estate No. 24, Ethiraj Salai, Commander-in-Chief Road, Chennai 600 105. Tel.: 044-52028858 (D) / 52028512
COCHIN : G 39, Panampally Nagar, Cochin 682 036. Tel.: 0484-310884 / 322152
HYDERABAD : Karvy Plaza, Road No. 10, Banjara Hills, Hyderabad 500 034. Tel.: 040-23312454 Extn. 488 / 119
INDORE : 105-106-107, DM Towers, Above Standard Chartered Bank, Indore 452 001. Tel.: 0731-3014204 / 05
KOLKATA : 49, Jatindas Road, Kolkata 700 029. Tel.: 033-24659267 (D) / 24659263
LUCKNOW : 94, Mahatma Gandhi Marg, (Opp. Governor House) Hazratganj, Lucknow 226 001. Tel.: 0522-2236828 / 19
MUMBAI : 16-22 , Bake House, Ground Floor, Maharashtra Chamber of Commerce Lane, Opp. Msc Bank, Fort, Mumbai 400 023. Tel.: 022-56346513 (D) / 56381746 to 50
NEW DELHI : 105-108, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi 110 001. Tel.: 011-51511627 (D)
PUNE : 202, Mahadkar Chambers, Opp. Karishma Heights, Karve Road, Pune 411 029. Tel.: 020-25456890 / 870 / 4028431
SURAT : G / 16, Empire State Building, Near Udhana Darwaja, Ring Road, Surat 395 002. Tel.: 0261-3017155 / 156



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