NEW GERMANY FUND INC
Form N-CSR
March 07, 2019
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM N-CSR

Investment Company Act file number: 811-05983

The New Germany Fund, Inc.

(Exact Name of Registrant as Specified in Charter)

345 Park Avenue

New York, NY 10154-0004

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code: (212) 250-2500

Diane Kenneally

One International Place

Boston, MA 02110

(Name and Address of Agent for Service)

Date of fiscal year end: 12/31

Date of reporting period: 12/31/2018

ITEM 1. REPORT TO STOCKHOLDERS

Table of Contents

December 31, 2018

Annual Report

to Shareholders

The New Germany Fund, Inc.

Ticker Symbol: GF

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund s annual and semiannual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Fund s Web site (dws.com), and you will be notified by mail each time a report is posted and provided with a Web site link to access the report.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund electronically anytime by contacting your financial intermediary (such as a broker-dealer or bank), or if you are a direct investor, by calling (800) 728-3337 or sending an email request to service@dws.com.

You may elect to receive all future reports in paper free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. If you invest directly with the Fund, you can call (800) 728-3337 or send an email request to service@dws.com to continue receiving paper copies of your shareholder reports. Your election to receive reports in paper will apply to all funds held in your account if you invest through your financial intermediary or all funds held with DWS if you invest directly with the Fund.

Table of Contents

Contents

The Fund seeks long-term capital appreciation primarily through investment in middle-market German equities.

Investments in funds involve risks, including the loss of principal.

The shares of most closed-end funds, including the Fund, are not continuously offered. Once issued, shares of closed-end funds are bought and sold in the open market. Shares of closed-end funds frequently trade at a discount to net asset value. The price of the Fund s shares is determined by a number of factors, several of which are beyond the control of the Fund. Therefore, the Fund cannot predict whether its shares will trade at, below, or above net asset value.

This Fund is diversified, but primarily focuses its investments in Germany, thereby increasing its vulnerability to developments in that country. Investing in foreign securities, particularly those of emerging markets, presents certain risks, such as currency fluctuations, political and economic changes and market risks. Any fund that concentrates in a particular segment of the market or in a particular geographical region will generally be more volatile than a fund that invests more broadly.

The European Union, the United States and other countries have imposed sanctions in response to the Russian military and other actions in recent years. These sanctions have adversely affected Russian individuals, Russian issuers and the Russian economy. Russia, in turn, has imposed sanctions targeting Western individuals, businesses and products. The various sanctions have adversely affected, and may continue to adversely affect, not only the Russian economy but also the economies of many countries in Europe, including Germany. The continuation of current sanctions or the imposition of additional sanctions may materially adversely affect the value of the Fund s portfolio.

In June 2016, citizens of the United Kingdom voted that the United Kingdom should leave the European Union and in March 2017, the United Kingdom initiated its withdrawal from the European Union, which is expected to take place by March 29, 2019. Significant uncertainty exists regarding the timing and terms of the United Kingdom s anticipated withdrawal from the European Union and the effects such withdrawal may have on the United Kingdom, other European countries and the global economy.

The brand DWS represents DWS Group GmbH & Co. KGaA and any of its subsidiaries such as DWS Distributors, Inc. which offers investment products or DWS Investment Management Americas, Inc. and RREEF America L.L.C. which offer advisory services.

Table of Contents

Letter to the Shareholders **(Unaudited)**

Dear Shareholder,

For the 12-month period ended December 31, 2018, the total return of the New Germany Fund, Inc. (the Fund) in U.S. dollars (USD) was 20.38% based on net asset value and 23.89% based on market price. During the same period, the total return in USD of the Fund s blended benchmark (a custom blend of the MDAX Index, 80% weight, and the SDAX Index, 20% weight) was 22.02%. The Fund s benchmark was changed on September 1, 2018 from the Midcap Market Index to the blended benchmark. As a comparison, the 12-month return for the same period from a combination of the Midcap Market Index from December 31, 2017 through August 31, 2018, and the new blended benchmark from September 1, 2018 through December 31, 2018, was 17.71%.[1]The Fund s discount to net asset value averaged 11.09% for the period in review, compared with 10.59% over the same period in 2017.

The period began positively, with the key German market index DAX and the small- and mid-cap indices MDAX and SDAX reaching all-time highs in January 2018. Healthy leading indicator levels pushed the consensus forecast for German GDP growth for 2018 to over 2.4%.[2] However, as first- and second-quarter GDP growth in Germany disappointed and confidence indicators weakened it became increasingly apparent that 2018 GDP growth was set to fall below the high-flying expectations of the spring and come in below 2%. Declines in the ifo index and the Eurozone PMI, the European Central Bank s decision to end its quantitative easing, four rate hikes by the U.S. Federal Reserve (the Fed), the flattening U.S. yield curve, weakening growth in China, political uncertainty regarding Brexit and Italy and the trade war between the United States and China resulted in disappointing performance by global equity markets in 2018.[3,4,5,6] The German equity market suffered disproportionately due to its exporter-heavy market index composition, which relies on global growth.

German GDP growth in 2018 was mainly driven by robust private consumption (expected at approximately 1.2% year over year for 2018) and investment spending. Household income levels benefited from wage hike negotiations and overall employment growth. Investment spending was helped by strong investment in machinery and equipment, which is expected to grow by over 4% in 2018 due to extraordinarily high capacity utilization in the manufacturing sector. Conversely, restrictive U.S. trade

Table of Contents

policy weighed on German exports. Real exports slowed markedly in 2018 from 4% in 2017 to 2% in 2018.

Within the Fund, the negative return over the 12-month period was driven by negative sector allocation and stock selection. Overall, performance suffered from underweights within defensive sectors, in particular the real estate and health care segments, which decoupled from the market s sell-off. Elsewhere, overweights and stock selection in the industrials and consumer sectors detracted from performance. In the industrial sector, positions in the automotive supplier OSRAM Licht AG and the forklift producer Jungheinrich AG had a negative effect on returns. Shares of OSRAM declined due to the deteriorating automotive end market, while Jungheinrich was hurt by mounting fears of an economic slowdown despite the fact that the company posted record strong results in 2018. Within the consumer segment, positions in the online fashion retailer Zalando SE and the meal-kit provider HelloFresh SE also detracted. Shares of Zalando declined following adverse weather conditions in Germany over the summer and autumn months, while HelloFresh was hurt by negative news posted by its U.S. affliliate. The Fund s positions in Sartorius AG, a health care equipment supplier to the biotechnology industry, and Puma SE, a global sporting goods company, contributed to returns.

Over the period, we meaningfully reduced the Fund s weightings in the more cyclical sectors of materials and technology due to the weaker economic environment. Conversely, the Fund s weightings in the more defensive sectors of real estate and communication services were increased. As the German real estate sector is dominated by residential players, this sector tends to exhibit the most defensive characteristics.

Sector Diversification (As a % of Equity Securities)	**12/31/18**	**12/31/17**
Industrials	32%	32%
Real Estate	12%	6%
Consumer Discretionary	11%	11%
Materials	10%	15%
Communication Services	10%	9%
Health Care	8%	8%
Financials	6%	3%
Information Technology	5%	10%
Utilities	5%	4%
Consumer Staples	1%	2%
	100%	100%

Table of Contents

We enter 2019 with a constructive view regarding equities, assuming that there is no further escalation in global trade conflicts, and no recession. Following the recent market correction, we foresee high-single-digit to low-double-digit total return potential for German stock markets in 2019. Our outlook assumes only two Fed hikes in 2019, a de-escalation of trade tensions and a U.S. economy that continues to grow at a reasonable rate. We believe that recent market corrections and elevated volatility levels are a reflection of the current stage of the business cycle. Upcoming policy decisions regarding the United States/China trade conflict, the Fed s magnitude and speed of rate hikes by the Fed, budget discussions in Italy, and Brexit developments will be critical to keeping our likely economic scenario and equity market forecasts on track.

We have adjusted our global growth forecast from 3.8% down to 3.6% for 2019 due to slightly lower growth projections for the United States, the Eurozone and China. Within the United States, private consumption and a stable corporate sector are supporting growth. After stronger than expected momentum in 2018, we expect a slowdown in U.S. GDP to 2.4% year over year for 2019. In the Eurozone, we have cut our growth forecast to 1.6% for 2019 as political risks stemming from Brexit, Italy and the global trade conflict are weighing on economic momentum. For China, we believe that the growth rate will decline further in 2019.

Ten Largest Equity Holdings at December 31, 2018

(46.5% of Net Assets)		Percent
1.	**Airbus SE**	**10.0%**
2.	**Brenntag AG**	**4.9%**
3.	**Deutsche Wohnen SE**	**4.8%**
4.	**MTU Aero Engines AG**	**4.5%**
5.	**Puma SE**	**4.2%**
6.	**LEG Immobilien AG**	**4.1%**
7.	**Scout24 AG**	**3.9%**
8.	**Fraport AG Frankfurt Airport Services Worldwide**	**3.7%**
9.	**Uniper SE**	**3.2%**
10.	**Zalando SE**	**3.2%**

Portfolio holdings and characteristics are subject to change and not indicative of future portfolio composition.

For more details about the Fund s investments, see the Schedule of Investments commencing on page 11. For additional information about the Fund, including performance, dividends, presentations, press releases, market updates, daily NAV and shareholder reports, please visit dws.com.

Table of Contents

In Germany, we still believe that moderate economic expansion will continue in 2019. Domestic demand in particular should remain the mainstay of growth. Private consumption in Germany continues to benefit from the ongoing decline of the unemployment rate, rising employment, and wage increases. Concerning investment, low interest rate levels should encourage further investment, especially within the construction sector. Additionally, modernization of capital stock will be an essential motivation for increased investment in machinery and equipment. In total, we are looking for German GDP growth of 1.5% year over year on average in 2019. Nevertheless, downside risks remain, mainly linked to increased trade protectionism, as well as the possibility of a hard Brexit, a severe worsening of financial conditions, and slower growth in emerging markets.

Due to the high degree of uncertainty surrounding potential risk factors, we have reduced the Fund s cyclical exposure through reductions in its industrials and materials weightings. Following the underperformance of cyclical stocks during the fourth quarter, we think that a deceleration in global growth is now reflected in the market. We have therefore refrained from underweighting cyclical sectors at this time. Rather, we have kept these weightings close to neutral versus the benchmark, while focusing on stock selection within these sectors. Finally, we believe that the Fund is positioned to benefit from expected growth in consumption and the attractive German real estate environment.

Sincerely,

Christian Strenger	Valerie Schueler	Hepsen Uzcan
Chairman	Portfolio Manager	President and Chief Executive Officer

The views expressed in the preceding discussion reflect those of the portfolio management team generally through the end of the period of the report as stated on the cover. The management team s views are subject to change at any time based on market and other conditions and should not be construed as recommendations. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk, including geopolitical and other risks.

Table of Contents

1 The Midcap Market Index was a total-return index that was composed of various mid-cap securities across all sectors of the MDAX and TecDAX, and was discontinued effective September 21, 2018. The MDAX is a total-return index of 60 mid-cap issues that rank below the DAX, with a focus on technology companies. The SDAX is a total-return index that tracks 70 German companies from all industries that rank directly below the MDAX equities in terms of market capitalization and exchange turnover, with a focus on technology companies. The DAX is a total-return index of 30 selected German blue chip stocks traded on the Frankfurt exchange. The TecDAX is a total-return index that tracks the 30 largest and most liquid issues from the various technology sectors of the Prime Segment beneath the DAX. Index returns assume reinvestment of dividends and, unlike Fund returns, do not reflect any fees or expenses. It is not possible to invest directly in the Fund s benchmark index.

2 GDP, or gross domestic product, is the value of all goods and services produced by a country s economy.

3 The ifo Business Climate Index is a monthly survey that measures the business climate in Germany.

4 Maintained by the Institute for Supply Management (ISM), the PMI is a composite of information extracted from responses to surveys from more than 400 purchasing managers selected for their geographic and industry diversification. The survey measures responses to topics such as production levels, new orders from customers, supplier deliveries, inventories and employment levels.

5 Quantitative easing (QE) is a type of monetary policy used by central banks to stimulate the economy. Central banks implement quantitative easing by purchasing financial assets from commercial banks and other financial institutions, thus raising the prices of those financial instruments and lowering their yields, while simultaneously increasing the money supply of a country or region.

6 The yield curve is a graph with a left to right line that shows how high or low yields are, from the shortest to the longest maturities. Typically the line rises from left to right as investors who are willing to tie up their money for a longer period of time are rewarded with higher yields.

Table of Contents

Outlook Interview with the Portfolio Manager **(Unaudited)**
Portfolio Manager

Valerie Schueler

Question: Next to German consumption, German investment is the other major driver of the country s GDP. What are your expectations regarding growth rates for 2019?

Answer: We expect investment in machinery and equipment to grow over 2% in 2019 compared with 2018 despite the blurring global economic environment. High capacity utilization in the manufacturing sector continues to provide positive momentum. According to the industry survey of the European Commission, annual capacity utilization of German industrial companies continued to rise in 2018 to 87.1% on average. This is well above the long-term average capacity utilization of 83.9% and only slightly below the all-time high. Further support is likely to come from financial conditions, which continue to be extremely easy. Another supporting factor is the increasingly tight German labor market and a shortage of skilled workers. This might further trigger investments into automation and digitalization. The Fund holds selective positions in the industrial segment to benefit from the growth in German investment.

Question: How do you see the German real estate market developing in 2019? Is the increased portfolio weight in real estate a reflection of the underlying dynamics in the sector?

Answer: Demand for residential and office space is likely to remain high in Germany in 2019. The labor market situation is still very favorable, and people continue to migrate to Germany. The supply shortage especially in the residential area has been intensifying over the past 10 years. In total, more than one million apartments are lacking, particularly in large cities, and new supply is below demand growth. Bottlenecks are increasing in the office segment as well due to employment growth rates. A lack of available construction land, long permission procedures and complex construction rules limit new supply coming to the market. Therefore, we do not expect the undersupply situation to change over the coming years, but we do expect real estate prices to be supported by these fundamentals. The Fund is positioned in a German real estate developer that is benefiting from the strong demand situation.

Table of Contents

Performance Summary **December 31, 2018 (Unaudited)**

All performance shown is historical, assumes reinvestment of all dividend and capital gain distributions, and does not guarantee future results. Investment return and net asset value fluctuate with changing market conditions so that, when sold, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please visit dws.com for the most recent performance of the Fund.

Fund specific data and performance are provided for informational purposes only and are not intended for trading purposes.

Average Annual Total Returns as of 12/31/18

	1-Year	5-Year	10-Year
Net Asset Value[(a)]	**(20.38)%**	**5.21%**	**13.98%**
Market Price[(a)]	**(23.89)%**	**3.51%**	**15.01%**
Blended index: Midcap Market Index / (80% German Mid Cap Index / 20% German Small Cap Index)[(b)]	(17.71)%	3.99%	12.82%
Blended index: 80% German Mid Cap Index / 20% German Small Cap Index[(c)]	(22.02)%	1.95%	11.95%

a Total return based on net asset value reflects changes in the Fund s net asset value during each period. Total return based on market value reflects changes in market value during each period. Each figure includes reinvestments of income and capital gain distributions, if any. Total returns based on net asset value and market price will differ depending upon the level of any discount from or premium to net asset value at which the Fund s shares trade during the period. Expenses of the Fund include investment advisory and administration fees and other fund expenses. Total returns shown take into account these fees and expenses. The annualized expense ratio of the Fund for the year ended December 31, 2018 was 1.16%.

b Blended index represents the Midcap Market Index until August 31, 2018, and the blended index consisting of 80% MDAX / 20% SDAX from September 1, 2018 through December 31, 2018. The Midcap Market Index was a total-return index that was composed of various mid-cap securities across all sectors of the MDAX and TecDAX, and was discontinued effective September 21, 2018. The MDAX is a total-return index of 60 mid-cap issues that rank below the DAX, with a focus on technology companies. The SDAX is a total-return index that tracks 70 German companies from all industries that rank directly below the MDAX equities in terms of market capitalization and exchange turnover, with a focus on technology companies. The DAX is a total-return index of 30 selected German blue chip stocks traded on the Frankfurt exchange. The TecDAX is a total-return index that tracks the 30 largest and most liquid issues from the various technology sectors of the Prime Segment beneath the DAX.

c On September 1, 2018, the blended index consisting of 80% MDAX / 20% SDAX replaced the Midcap Market Index as the Fund s comparative securities market index. On June 18, 2018, Deutsche Börse announced that it would discontinue the Midcap Market Index effective September 21, 2018.

Index returns do not reflect any fees or expenses and it is not possible to invest directly in the blended index consisting of 80% German Mid Cap Index / 20% German Small Cap Index.

Table of Contents

Net Asset Value and Market Price

	As of 12/31/18	As of 12/31/17
Net Asset Value	$ 13.53	$ 21.49
Market Price	$ 11.70	$ 19.44

Prices and Net Asset Value fluctuate and are not guaranteed.

Distribution Information	Per Share
Twelve Months as of 12/31/18:	
Income	$ .25
Capital Gains	$ 3.40

Distributions are historical, not guaranteed and will fluctuate. Distributions do not include return of capital or other non-income sources.

Table of Contents

Schedule of Investments **as of December 31, 2018**

	Shares	Value ($)
Germany 98.1%		
Common Stocks 93.5%		
Aerospace & Defense 4.5%		
MTU Aero Engines AG	51,828	**9,383,522**
Auto Components 1.1%		
Hella GmbH & Co. KGaA	33,000	1,312,621
Leoni AG	30,503	1,055,710
		2,368,331
Banks 2.8%		
Commerzbank AG*	889,460	**5,879,303**
Chemicals 9.6%		
Evonik Industries AG	233,415	5,816,095
K+S AG (Registered)	186,845	3,357,223
LANXESS AG	67,981	3,123,632
Symrise AG	90,405	6,664,973
Wacker Chemie AG	15,766	1,425,425
		20,387,348
Commercial Services & Supplies 1.5%		
Bilfinger SE	107,478	**3,130,151**
Diversified Financial Services 0.3%		
Hypoport AG*	3,789	**641,828**
Diversified Telecommunication Services 3.0%		
United Internet AG (Registered)	144,037	**6,289,030**
Electrical Equipment 4.2%		
OSRAM Licht AG	83,754	3,630,113
Varta AG*	180,862	5,143,324
		8,773,437
Electronic Equipment, Instruments & Components 1.2%		
Jenoptik AG	96,297	**2,507,337**
Entertainment 0.3%		
CTS Eventim AG & Co. KGaA	18,143	**675,626**
Food & Staples Retailing 1.4%		
METRO AG	186,901	**2,861,545**
Independent Power & Renewable Electricity Producers 3.2%		
Uniper SE	265,368	**6,854,933**
Insurance 4.3%		
Hannover Rueck SE	24,071	3,238,298

Talanx AG	168,547	5,740,947
		8,979,245

The accompanying notes are an integral part of the financial statements.

Table of Contents

	Shares	Value ($)
Interactive Media & Services 4.7%		
Scout24 AG 144A	177,638	8,154,096
XING SE	6,192	1,680,896
		9,834,992
Internet & Direct Marketing Retail 7.0%		
Delivery Hero SE 144A*	96,905	3,599,779
HelloFresh SE*	632,085	4,414,311
Zalando SE 144A*	261,772	6,714,169
		14,728,259
Life Sciences Tools & Services 2.3%		
Evotec AG*	122,525	2,431,900
MorphoSys AG*	24,464	2,487,251
		4,919,151
Machinery 5.1%		
GEA Group AG	43,964	1,130,644
KION Group AG	104,537	5,296,805
Krones AG	14,355	1,107,524
Pfeiffer Vacuum Technology AG	26,256	3,262,153
		10,797,126
Media 1.6%		
ProSiebenSat.1 Media SE	128,281	2,280,022
Stroeer SE & Co. KGaA	24,861	1,198,592
		3,478,614
Metals & Mining 1.8%		
Aurubis AG	56,779	2,804,909
Salzgitter AG	33,791	987,593
		3,792,502
Multi-Utilities 1.8%		
Innogy SE 144A	81,308	**3,785,244**
Pharmaceuticals 0.7%		
Dermapharm Holding SE*	56,349	**1,462,037**
Real Estate Management & Development 12.1%		
Deutsche Wohnen SE	220,849	10,097,216
Instone Real Estate Group AG 144A*	206,876	3,925,224
LEG Immobilien AG	83,769	8,724,555
TLG Immobilien AG	96,812	2,680,091
		25,427,086

Semiconductors & Semiconductor Equipment 1.8%		
Siltronic AG	45,919	**3,789,447**
Software 2.1%		
Software AG	120,634	**4,355,776**

The accompanying notes are an integral part of the financial statements.

Table of Contents

	Shares	Value ($)
Textiles, Apparel & Luxury Goods 4.8%		
HUGO BOSS AG	20,918	1,289,188
Puma SE	18,051	8,809,989
		10,099,177
Trading Companies & Distributors 4.9%		
Brenntag AG	239,002	**10,298,859**
Transportation Infrastructure 3.7%		
Fraport AG Frankfurt Airport Services Worldwide	109,007	**7,782,204**
Wireless Telecommunication Services 1.7%		
1&1 Drillisch AG	71,551	**3,639,334**
Total Common Stocks (Cost $189,500,203)		**196,921,444**
Preferred Stocks 4.6%		
Health Care Equipment & Supplies 1.8%		
Sartorius AG	30,285	**3,769,656**
Machinery 2.8%		
Jungheinrich AG	223,758	**5,841,454**
Total Preferred Stocks (Cost $8,465,476)		**9,611,110**
Total Germany (Cost $197,965,679)		**206,532,554**
Netherlands 13.0%		
Common Stocks		
Aerospace & Defense 10.0%		
Airbus SE	219,421	**21,057,017**
Life Sciences Tools & Services 3.0%		
QIAGEN NV*	188,731	**6,402,556**
Total Netherlands (Cost $8,198,501)		**27,459,573**
Luxembourg 1.5%		
Common Stocks		
Real Estate Management & Development 1.5%		
Aroundtown SA (Cost $3,356,975)	378,196	**3,121,047**
France 0.9%		
Common Stocks		
Life Sciences Tools & Services 0.9%		
Sartorius Stedim Biotech (Cost $1,491,332)	18,362	**1,833,281**
United Kingdom 0.8%		
Common Stocks		

Semiconductors & Semiconductor Equipment 0.8%		
Dialog Semiconductor PLC* (Cost $2,150,178)	69,665	**1,794,795**

The accompanying notes are an integral part of the financial statements.

Table of Contents

	Shares	Value ($)
Securities Lending Collateral 6.4%		
DWS Government & Agency Securities Portfolio DWS Government Cash Institutional Shares , 2.29% (Cost $13,387,408) (a) (b)	13,387,408	**13,387,408**
Cash Equivalents 7.3%		
DWS Central Cash Management Government Fund, 2.41% (Cost $15,444,192) (b)	15,444,192	**15,444,192**

	% of Net Assets	Value ($)
Total Investment Portfolio (Cost $241,994,265)	128.0	**269,572,850**
Other Assets and Liabilities, Net	(28.0)	**(58,985,921)**
Net Assets	100.0	**210,586,929**

A summary of the Fund s transactions with affiliated investments during the year ended December 31, 2018 are as follows:

Value ($) at 12/31/2017	Purchases Cost ($)	Sales Proceeds ($)	Net Realized Gain/(Loss) ($)	Net Change in Unrealized Appreciation/(Depreciation) ($)	Income ($)	Capital Gain Distributions ($)	Number of Shares at 12/31/2018	Value ($) at 12/31/2018
Securities Lending Collateral 6.4%								
DWS Government & Agency Securities Portfolio DWS Government Cash Institutional Shares , 2.29% (a) (b)								
2,096,047	11,291,361(c)				405,352		13,387,408	13,387,408
Cash Equivalents 7.3%								
DWS Central Cash Management Government Fund, 2.41% (b)								
3,180,295	102,201,271	89,937,374			110,607		15,444,192	15,444,192
5,276,342	**113,492,632**	**89,937,374**			**515,959**		**28,831,600**	**28,831,600**

* Non-income producing security.

All or a portion of these securities were on loan. The value of all securities loaned at December 31, 2018 amounted to $12,738,012, which is 6.0% of net assets.

(a) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.

(b) Affiliated fund managed by DWS Investment Management Americas, Inc. The rate shown is the annualized seven-day yield at period end.

(c) Represents the net increase (purchases cost) or decrease (sales proceeds) in the amount invested for the period ended December 31, 2018.

144A: Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

The accompanying notes are an integral part of the financial statements.

Table of Contents

For purposes of its industry concentration policy, the Fund classifies issuers of portfolio securities at the industry sub-group level. Certain of the categories in the above Schedule of Investments consist of multiple industry sub-groups or industries.

Securities are listed in the country of domicile. For purposes of the Fund s investment objective policy to invest in German companies, non-Germany domiciled securities may qualify as German companies as defined in the Fund s Statement of Investment Objectives, Policies and Investment Restrictions.

Fair Value Measurements

Various inputs are used in determining the value of the Fund s investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund s own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of December 31, 2018 in valuing the Fund s investments.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common Stocks and/or Other Equity Investments (d)				
Germany	$ 206,532,554	$	$	$ 206,532,554
Netherlands	27,459,573			27,459,573
Luxembourg	3,121,047			3,121,047
France	1,833,281			1,833,281
United Kingdom	1,794,795			1,794,795
Short-Term Instruments (d)	28,831,600			28,831,600
Total	**$ 269,572,850**	**$**	**$**	**$ 269,572,850**

(d) See Schedule of Investments for additional detailed categorizations.

The accompanying notes are an integral part of the financial statements.

Statement of Assets and Liabilities

as of December 31, 2018

Assets	
Investments in non-affiliated securities, at value (cost $213,162,665) including $12,738,012 of securities loaned	$ 240,741,250
Investment in DWS Central Cash Management Government Fund (cost $15,444,192)	15,444,192
Investment in DWS Government & Agency Securities Portfolio (cost $13,387,408)*	13,387,408
Foreign currency, at value (cost $100,188)	100,188
Cash	7,974
Foreign taxes recoverable	497,496
Interest receivable	67,997
Other assets	27,684
Total assets	270,274,189
Liabilities	
Distributions payable	45,757,452
Payable upon return of securities loaned	13,387,408
Investment advisory fee payable	153,392
Payable for Fund shares repurchased	111,148
Administration fee payable	45,468
Payable for Directors fees and expenses	2,259
Accrued expenses and other liabilities	230,133
Total liabilities	59,687,260
Net assets	**$ 210,586,929**
Net Assets Consist of	
Distributable earnings (gain)	32,485,642
Paid-in capital	178,101,287
Net assets	**$ 210,586,929**
Net Asset Value	
Net assets value per share ($210,586,929 ÷ 15,560,614 shares of common stock issued and outstanding, $.001 par value, 80,000,000 shares authorized)	**$ 13.53**

* Represents collateral on securities loaned.

The accompanying notes are an integral part of the financial statements.

Table of Contents

Statement of Operations

for the year ended December 31, 2018

Net Investment Income	
Income:	
Dividends (net of foreign withholding taxes of $773,282)	$ 4,990,569
Income distributions DWS Central Cash Management Government Fund	110,607
Securities lending income, net of borrower rebates	405,352
Total investment income	5,506,528
Expenses:	
Investment advisory fee	2,171,080
Administration fee	657,027
Custody and accounting fee	164,885
Services to shareholders	16,062
Reports to shareholders and shareholder meeting expenses	46,334
Directors fees and expenses	210,317
Legal fees	314,923
Audit and tax fees	97,044
NYSE listing fee	33,837
Insurance	48,160
Miscellaneous	38,544
Net expenses	3,798,213
Net investment income	**1,708,315**
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from:	
Investments	49,350,099
Foreign currency	(73,020)
Net realized gain (loss)	49,277,079
Change in net unrealized appreciation (depreciation) on:	
Investments	(119,125,370)
Foreign currency	(26,641)
Change in net unrealized appreciation (depreciation)	(119,152,011)
Net gain (loss)	**(69,874,932)**
Net increase (decrease) in net assets resulting from operations	**$ (68,166,617)**

The accompanying notes are an integral part of the financial statements.

Table of Contents

Statements of Changes in Net Assets

Increase (Decrease) in Net Assets	**Years Ended December 31, 2018**	**2017**
Operations:		
Net investment income (loss)	$ 1,708,315	$ 7,986,417
Net realized gain (loss)	49,277,079	17,135,066
Change in net unrealized appreciation (depreciation)	(119,152,011)	90,285,147
Net increase (decrease) in net assets resulting from operations	(68,166,617)	115,406,630
Distributions to shareholders	(57,033,738)	(11,746,658)*
Fund share transactions:		
Net proceeds from reinvestment of distributions	8,601,968	5,823,508
Shares repurchased	(12,438,990)	(5,698,621)
Net increase (decrease) in net assets from Fund share transactions	(3,837,022)	124,887
Total increase (decrease) in net assets	(129,037,377)	103,784,859
Net assets at beginning of period	339,624,306	235,839,447
Net assets at end of period	**$ 210,586,929**	**$ 339,624,306****
Other Information		
Shares outstanding at beginning of period	15,803,388	15,750,714
Shares issued from reinvestment of distributions	445,326	420,774
Shares repurchased	(688,100)	(368,100)
Shares outstanding at end of period	**15,560,614**	**15,803,388**

* Includes distributions from net investment income of $5,505,900 and from net realized gains of $6,240,758.

** Including undistributed net investment income of $2,529,867.

The accompanying notes are an integral part of the financial statements.

Table of Contents

Financial Highlights

	Years Ended December 31,				
	2018	2017	2016	2015	2014
Per Share Operating Performance					
Net asset value, beginning of period	**$21.49**	**$14.97**	**$16.19**	**$15.32**	**$21.24**
Income (loss) from investment operations:					
Net investment income (loss)[a]	.11	.50[c]	.12	.13	.21
Net realized and unrealized gain (loss) on investments and foreign currency	(4.46)	6.77	(.17)	2.07	(1.80)
Total from investment operations	(4.35)	7.27	(.05)	2.20	(1.59)
Less distributions from:					
Net investment income	(.25)	(.35)	(.39)	(.08)	(.37)
Net realized gains	(3.40)	(.39)	(.59)	(1.15)	(3.97)
Return of capital			(.21)		
Total distributions	(3.65)	(.74)	(1.19)	(1.23)	(4.34)
Dilution in net asset value from dividend reinvestment	(.06)	(.05)	(.05)	(.13)	(.14)
Increase resulting from share repurchases	.10	.04	.07	.03	.15
Net asset value, end of period	**$13.53**	**$21.49**	**$14.97**	**$16.19**	**$15.32**
Market value, end of period	**$11.70**	**$19.44**	**$13.07**	**$14.70**	**$14.04**
Total Investment Return for the Period[b]					
Based upon market value (%)	(23.89)	54.02	(3.25)	14.31	(8.35)
Based upon net asset value (%)	(20.38)	48.65	.61	15.38	(6.16)
Ratios to Average Net Assets					
Total expenses (%)	1.16	1.16	1.21	1.16	1.14
Net investment income (%)	.52	2.70[c]	.76	.78	1.06
Portfolio turnover (%)	37	25	65	55	55
Net assets at end of period ($ thousands)	210,587	339,624	235,839	257,825	228,414

[a] Based on average shares outstanding during the period.

[b] Total investment return based on net asset value reflects changes in the Fund s net asset value during each period. Total return based on market value reflects changes in market value during each period. Each figure includes reinvestments of dividend and capital gain distributions, if any. These figures will differ depending upon the level of any discount from or premium to net asset value at which the Fund s shares trade during the period.

[c] Net investment income per share and the ratio of net investment income include non-recurring dividend income amounting to $0.42 per share and 2.28% of average daily net assets, for the year ended December 31, 2017.

The accompanying notes are an integral part of the financial statements.

Table of Contents

Notes to Financial Statements
A. Accounting Policies

The New Germany Fund, Inc. (the Fund) was incorporated in Maryland on January 16, 1990 as a non-diversified, closed-end management investment company. The Fund commenced investment operations on January 30, 1990. The Fund became a diversified fund on October 26, 2007.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The Fund qualifies as an investment company under Topic 946 of Accounting Standards Codification of U.S. GAAP. The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements.

In October 2018, the Securities and Exchange Commission adopted amendments to certain disclosure requirements in Securities Act Release No. 33-10532, Disclosure Update and Simplification, which is intended to facilitate the disclosure of information to investors and simplify compliance without significantly altering the total mix of information provided to investors. Effective with the current reporting period, the Fund adopted the amendments with the impacts being that the Fund is no longer required to present components of distributable earnings on the Statement of Assets and Liabilities or the sources of distributable earnings and the amount of undistributed net investment income on the Statements of Changes in Net Assets.

Security Valuation. The Fund calculates its net asset value (NAV) per share for publication at the close of regular trading on Deutsche Börse XETRA, normally at 11:30 a.m., New York time.

Various inputs are used in determining the value of the Fund s investments. These inputs are summarized in three broad levels. Level 1 includes quoted prices in active markets for identical securities. Level 2 includes other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds and credit risk). Level 3 includes significant unobservable inputs (including the Fund s own assumptions in determining the fair value of investments). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

Equity securities are valued at the most recent sale price or official closing price reported on the exchange (U.S. or foreign) or over-the-counter market on which they trade prior to the time of valuation. Securities for which no sales are reported are valued at the calculated mean between the most recent bid and asked quotations on the relevant market or, if a mean cannot be determined, at the most recent bid quotation. Equity securities are generally categorized as Level 1.

Investments in open-end investment companies and closed-end investment companies are valued and traded at their NAV each business day and are categorized as Level 1.

Securities and other assets for which market quotations are not readily available or for which the above valuation procedures are deemed not to reflect fair value are valued in a manner that is intended to reflect their fair value as determined in accordance with procedures approved by the Board and are generally categorized as Level 3. In accordance with the Fund s valuation procedures, factors considered in determining value may include, but are not limited to, the type of the security; the size of the holding; the initial cost of the security; the existence of any contractual restrictions on the security s disposition; the price and extent of public trading in similar securities of the issuer or of comparable companies; quotations or evaluated prices from broker-dealers and/or the appropriate stock exchange (for exchange-traded securities); an analysis of the company s or issuer s financial statements; an evaluation of the forces that influence the issuer and the market(s) in which the security is purchased and sold; and, with respect to debt securities, the maturity, coupon, creditworthiness, currency denomination, and the movement of the market in which the security is normally traded. The value determined under these procedures may differ from published values for the same securities.

Disclosure about the classification of the fair value measurements is included in a table following the Fund s Schedule of Investments.

Securities Transactions and Investment Income. Investment transactions are accounted for on a trade date plus one basis for daily NAV calculation. However, for financial reporting purposes, investment security transactions are reported on trade date. Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date net of foreign withholding taxes. Certain dividends from foreign securities may be recorded subsequent to the ex-dividend date as soon as the Fund is informed of such dividends. Realized gains and losses from investment transactions are recorded on an identified cost basis. Proceeds from litigation payments, if any, are included in net realized gain (loss) for investments.

Securities Lending. Brown Brothers Harriman & Co., as lending agent, lends securities of the Fund to certain financial institutions under the terms of its securities lending agreement. During the term of the loans, the Fund continues to receive interest and dividends generated by the securities and to participate in any changes in their market value. The Fund requires the borrowers of the securities to maintain collateral with the Fund consisting of either cash or liquid, unencumbered assets having a value at least equal to the value of the securities loaned. When the collateral falls below specified amounts, the lending agent will use its best effort to obtain additional collateral on the next business day to meet required amounts under the securities lending agreement. As of period end, any securities on loan were collateralized by cash. During the year ended December 31, 2018, the Fund invested the cash collateral into a joint trading account in affiliated money market funds managed by DWS Investment Management Americas, Inc. As of December 31, 2018, the Fund invested the cash collateral in DWS Government & Agency Securities Portfolio. DWS Investment Management Americas, Inc. receives a management/administration fee (0.12% annualized effective rate as of December 31, 2018) on the cash collateral invested in DWS Government & Agency Securities Portfolio. The Fund receives compensation for lending its securities either in the form of fees or by earning interest on invested cash collateral net of borrower rebates and fees paid to a lending agent. Either the Fund or the borrower may terminate the loan at any time and the borrower, after notice, is required to return borrowed securities within a standard time period. There may be risks of delay and costs in recovery of securities or even loss of rights in the collateral should the borrower of the securities fail financially. If the Fund is not able to recover securities lent, the Fund may sell the collateral and purchase a replacement investment in the market, incurring the risk that the value of the replacement security is greater than the value of the collateral. The Fund is also subject to all investment risks associated with the reinvestment of any cash collateral received including, but not limited to, interest rate, credit and liquidity risk associated with such investments.

As of December 31, 2018, the Fund had securities on loan which were classified as common stock in the Schedule of Investments. The value of the related collateral exceeded the value of the securities loaned at period end. As of period end, the remaining contractual maturity of the collateral agreements were overnight and continuous.

Foreign Currency Translation. The books and records of the Fund are maintained in United States dollars.

Assets and liabilities denominated in foreign currency are translated into United States dollars at the prevailing exchange rates at period end. Purchases and sales of investment securities, income and expenses are translated at the rate of exchange prevailing on the respective dates of such transactions. Net realized and unrealized gains and losses on foreign currency transactions represent net gains and losses between trade and settlement dates on securities transactions, the acquisition and disposition of foreign currencies, and the difference between the amount of net investment income accrued and the U.S. dollar amount actually received. The portion of both realized and unrealized gains and losses on investments that results from fluctuations in foreign currency exchange rates is not separately disclosed but is included with net realized and unrealized gain/appreciation and loss/depreciation on investments.

At December 31, 2018, the exchange rate was EUR 1.00 to USD $1.14.

Contingencies. In the normal course of business, the Fund may enter into contracts with service providers that contain general indemnification clauses. The Fund s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, based on experience, the Fund expects the risk of loss to be remote.

Taxes. The Fund s policy is to comply with the requirements of the Internal Revenue Code, as amended, which are applicable to regulated investment companies, and to distribute all of its taxable income to its shareholders.

Additionally, the Fund may be subject to taxes imposed by the governments of countries in which it invests. Such taxes are generally based on income and/or capital gains earned or repatriated. Estimated tax liabilities on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized gain/loss on investments. Tax liabilities realized as a result of security sales are reflected as a component of net realized gain/loss on investments.

At December 31, 2018, the aggregate cost of investments for federal income tax purposes was $242,085,503. The net unrealized appreciation for all investments based on tax cost was $27,487,347. This consisted of aggregate gross unrealized appreciation for all investments in which there was an excess of value over tax cost of $61,614,046 and aggregate gross unrealized depreciation for all investments in which there was an excess of tax cost over value of $34,126,699.

The Fund has reviewed the tax positions for the open tax years as of December 31, 2018 and has determined that no provision for income tax and/or uncertain tax provisions is required in the Fund s financial statements. The Fund s federal tax returns for the prior three fiscal years remain open subject to examinations by the Internal Revenue Service.

Dividends and Distributions to Shareholders. The Fund records dividends and distributions to its shareholders on the ex-dividend date. The timing and character of certain income and capital gain distributions are determined annually in accordance with United States federal income tax regulations, which may differ from accounting principles generally accepted in the United States of America. These differences primarily relate to investments in foreign passive investment companies and certain securities sold at a loss. As a result, net investment income (loss) and net realized gain (loss) on investment transactions for a reporting period may differ significantly from distributions during such period. Accordingly, the Fund may periodically make reclassifications among certain of its capital accounts without impacting the NAV of the Fund.

At December 31, 2018, the Fund s components of distributable earnings (accumulated losses) on a tax basis were as follows:

Undistributed ordinary income	$ 247,366
Undistributed long-term capital gain	$ 4,774,944
Net unrealized appreciation (depreciation)	$ 27,487,347

In addition, the tax character of distributions paid to shareholders by the Fund is summarized as follows:

	Years Ended December 31,	
	2018	**2017**
Distributions from ordinary income*	$ 5,096,576	$ 8,243,047
Distributions from long-term capital gains	$ 51,937,162	$ 3,503,611

* For tax purposes, short-term capital gain is considered ordinary income.

B. Investment Advisory and Administration Agreements

The Fund is party to an Investment Advisory Agreement with DWS International GmbH (formerly Deutsche Asset Management International GmbH). The Fund also has an Administration Agreement with DWS Investment Management Americas, Inc. (formerly Deutsche Investment Management Americas Inc.) (DIMA). DWS International GmbH and DIMA are affiliated companies.

Under the Investment Advisory Agreement with DWS International GmbH, DWS International GmbH directs the investments of the Fund in accordance with its investment objectives, policies and restrictions. DWS International GmbH determines the securities, instruments and other contracts relating to investments to be purchased, sold or entered into by the Fund.

The Investment Advisory Agreement provides DWS International GmbH with a fee, computed weekly and payable monthly, at the annual rate of 0.80% of the Fund s average weekly net assets up to and including $100 million, 0.60% of such assets in excess of $100 million and up to and including $500 million, and 0.55% of such assets in excess of $500 million.

Accordingly, for the year ended December 31, 2018, the fee pursuant to the Investment Advisory Agreement was equivalent to an annual rate of 0.66% of the Fund s average daily net assets.

Under the Administration Agreement with DIMA, DIMA provides certain fund administration services to the Fund. The Administration Agreement provides DIMA with an annual fee, computed weekly and payable monthly, of 0.20% of the Fund s average weekly net assets.

C. Transactions with Affiliates

DWS Service Company (DSC), an affiliate of DIMA, is the transfer agent, dividend-paying agent and shareholder service agent of the Fund. Pursuant to a sub-transfer agency agreement between DSC and DST Systems, Inc. (DST), DSC has delegated certain transfer agent and dividend-paying agent functions to DST. DSC compensates DST out of the fee it receives from the Fund. For the year ended December 31, 2018, the amount charged to the Fund by DSC aggregated $12,045, of which $1,016 is unpaid.

Under an agreement with DIMA, DIMA is compensated for providing certain pre-press and regulatory filing services to the Fund. For the year ended December 31, 2018, the amount charged to the Fund by DIMA included in the Statement of Operations under Reports to shareholders and shareholder meeting expenses aggregated $10,387, of which $5,304 is unpaid.

Deutsche Bank AG, the majority shareholder in the DWS Group, and its affiliates may receive brokerage commissions as a result of executing agency transactions in portfolio securities on behalf of the Fund, that the Board determined were effected in compliance with the Fund s Rule 17e-1 procedures. For the year ended December 31, 2018, Deutsche Bank did not receive brokerage commissions from the Fund.

Certain Officers of the Fund are also officers of DIMA.

The Fund pays each Director who is not an interested person of DIMA or DWS International GmbH retainer fees plus specified amounts for attended board and committee meetings.

The Fund may invest cash balances in DWS Central Cash Management Government Fund, which is managed by DIMA. The Fund indirectly bears its proportionate share of the expenses of DWS Central Cash Management Government Fund. DWS Central Cash Management Government Fund does not pay DIMA an investment management fee. DWS Central Cash Management Government Fund seeks maximum current income to the extent consistent with stability of principal.

D. Portfolio Securities

Purchases and sales of investment securities, excluding short-term investments, for the year ended December 31, 2018, were $119,907,378 and $157,877,655, respectively.

Table of Contents

E. Capital

During the year ended December 31, 2018 and the year ended December 31, 2017, the Fund purchased 688,100 and 368,100 of its shares of common stock on the open market at a total cost of $12,438,990 and $5,698,621 ($18.08 and $15.48 average per share), respectively. The average discount of these purchased shares comparing the purchase price to the NAV per share at the time of purchase was 11.10% and 10.90%, respectively.

During the year ended December 31, 2018 and the year ended December 31, 2017, the Fund issued for dividend reinvestment 445,326 and 420,774 shares, respectively. The average discount of these issued shares, comparing the issue price to the NAV per share at the time of issuance, was 10.03% and 11.97%, respectively.

F. Share Repurchases

On July 25, 2016, the Fund announced that the Board of Directors approved an extension of the repurchase authorization permitting the Fund to repurchase up to 1,596,000 shares during the period from August 1, 2016 through July 31, 2017. The Fund repurchased 642,096 shares between August 1, 2016 and July 31, 2017. On July 31, 2017, the Fund announced that the Board of Directors approved an extension of the repurchase authorization permitting the Fund to repurchase up to 796,000 shares during the period from August 1, 2017 through July 31, 2018. The Fund repurchased 439,400 shares between August 1, 2017 and July 31, 2018. On July 27, 2018, the Fund announced that the Board of Directors approved an extension of the repurchase authorization permitting the Fund to repurchase up to 1,595,000 shares during the period from August 1, 2018 through July 31, 2019. The Fund repurchased 317,400 shares between August 1, 2018 and December 31, 2018.

Repurchases will be made from time to time when they are believed to be in the best interests of the Fund. There can be no assurance that the Fund s repurchases will reduce the spread between the market price of the Fund s shares referred to below and its NAV per share.

Monthly updates concerning the Fund s repurchase program are available on its Web site at dws.com.

G. Concentration of Ownership

From time to time, the Fund may have a concentration of several shareholder accounts holding a significant percentage of shares outstanding. Investment activities of these shareholders could have a material impact on the Fund. At December 31, 2018, there were three shareholders that held approximately 15%, 13% and 7%, respectively, of the outstanding shares of the Fund.

Table of Contents

Report of Independent Registered

Public Accounting Firm

To the Board of Directors and Shareholders of

The New Germany Fund, Inc.

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of The New Germany Fund, Inc. (the Fund) as of December 31, 2018, the related statement of operations for the year ended December 31, 2018, the statements of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2018 (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2018 and the financial highlights for each of the five years in the period ended December 31, 2018 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund s management. Our responsibility is to express an opinion on the Fund s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Table of Contents

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian and transfer agent. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Boston, Massachusetts

February 19, 2019

We have served as the auditor of one or more investment companies in the DWS family of funds since 1930.

Table of Contents

Tax Information **(Unaudited)**

The Fund paid distributions of $3.3294 per share from net long-term capital gains during its year ended December 31, 2018.

For federal Income tax purposes, the Fund designates $5,744,000, or the maximum amount allowable under tax law, as qualified dividend income.

The Fund paid foreign taxes of $773,282 and earned $2,236,687 of foreign source income during the year ended December 31, 2018. Pursuant to Section 853 of the Internal Revenue Code, the Fund designates $0.0497 per share as foreign taxes paid and $0.1437 per share as income earned from foreign sources for the year ended December 31, 2018.

Pursuant to Section 852 of the Internal Revenue Code, the Fund designates $54,134,000 as capital gain dividends for its year ended December 31, 2018.

Please consult a tax advisor if you have questions about federal or state income tax laws, or on how to prepare your tax returns. If you have specific questions about your account, please call (800) 728-3337.

The Fund elected to be subject to the statutory calculation, notification and publication requirements of the German Investment Tax Act (Investmentsteuergesetz) (the Act) for the fiscal year ended December 31, 2017 and intends to elect to be subject to the Act for the fiscal year ending December 31, 2018. This election allows investors based in Germany to invest in the Fund without adverse tax consequences.

Shares Repurchased and Issued **(Unaudited)**

The Fund has been purchasing shares of its common stock in the open market and has also purchased shares pursuant to tender offers. Shares repurchased in the open market, shares issued for dividend reinvestment, and shares tendered and accepted for the past five years are as follows:

	Years Ended December 31,				
	2018	**2017**	**2016**	**2015**	**2014**
Shares repurchased	688,100	368,100	664,300	257,208	1,216,464
Shares issued for dividend reinvestment	445,326	420,774	492,027	1,271,320	1,196,343

Table of Contents

Voluntary Cash Purchase Program and Dividend Reinvestment Plan **(Unaudited)**

The Fund offers shareholders a Voluntary Cash Purchase Program and Dividend Reinvestment Plan (Plan) which provides for optional cash purchases and for the automatic reinvestment of dividends and distributions payable by the Fund in additional Fund shares. A more complete description of the Plan is provided in the Plan brochure available from DWS Service Company, the transfer agent (the Transfer Agent), P.O. Box 219066, Kansas City, Missouri 64105 (telephone 1-800-GERMANY (1-800-437-6269)). DST Systems, Inc. (the Plan Agent) acts as the plan agent under the Plan. A shareholder should read the Plan brochure carefully before enrolling in the Plan.

Under the Plan, participating shareholders (Plan Participants) appoint the Transfer Agent to receive or invest Fund distributions as described below under Reinvestment of Fund Shares. In addition, Plan Participants may make optional cash purchases through the Transfer Agent as often as once a month as described below under Voluntary Cash Purchases. There is no charge to Plan Participants for participating in the Plan, although when shares are purchased under the Plan by the Plan Agent on the New York Stock Exchange or otherwise on the open market, each Plan Participant will pay a pro rata share of brokerage commissions incurred in connection with such purchases, as described below under Reinvestment of Fund Shares and Voluntary Cash Purchases.

Reinvestment of Fund Shares. Whenever the Fund declares a capital gain distribution, an income dividend or a return of capital distribution payable, at the election of shareholders, either in cash or in Fund shares, or payable only in cash, the Transfer Agent shall automatically elect to receive Fund shares for the account of each Plan Participant.

Whenever the Fund declares a capital gain distribution, an income dividend or a return of capital distribution payable only in cash and the net asset value per share of the Fund s common stock equals or is less than the market price per share on the valuation date (the Market Parity or Premium), the Transfer Agent shall apply the amount of such dividend or distribution payable to a Plan Participant to the purchase from the Fund of Fund Shares for a Plan Participant s account, except that if the Fund does not offer shares for such purpose because it concludes Securities Act registration would be required and such registration cannot be timely effected or is not otherwise a cost-effective alternative for the Fund, then the Transfer Agent shall follow the procedure described in the next paragraph. The number of additional shares to be credited to a Plan Participant s account shall be determined by dividing the dollar amount of

Table of Contents

the distribution payable to a Plan Participant by the net asset value per share of the Fund s common stock on the valuation date, or if the net asset value per share is less than 95% of the market price per share on such date, then by 95% of the market price per share. The valuation date will be the payable date for such dividend or distribution.

Whenever the Fund declares a capital gains distribution, an income dividend or a return of capital distribution payable only in cash and the net asset value per share of the Fund s common stock exceeds the market price per share on the valuation date (the Market Discount), the Plan Agent shall apply the amount of such dividend or distribution payable to a Plan Participant (less a Plan Participant s pro rata share of brokerage commissions incurred with respect to open-market purchases in connection with the reinvestment of such dividend or distribution) to the purchase on the open market of Fund shares for a Plan Participant s account. The valuation date will be the payable date for such dividend or distribution. Such purchases will be made on or shortly after the valuation date and in no event more than 30 days after such date except where temporary curtailment or suspension of purchase is necessary to comply with applicable provisions of federal securities laws.

The Transfer Agent or the Plan Agent may aggregate a Plan Participant s purchases with the purchases of other Plan Participants, and the average price (including brokerage commissions) of all shares purchased by the Plan Agent shall be the price per share allocable to each Plan Participant.

For all purposes of the Plan, the market price of the Fund s common stock on a payable date shall be the last sales price on the New York Stock Exchange on that date, or, if there is no sale on such Exchange (or, if different, the principal exchange for Fund shares) on that date, then the mean between the closing bid and asked quotations for such stock on such Exchange on such date. The net asset value per share of the Fund s common stock on a valuation date shall be as determined by or on behalf of the Fund.

The Transfer Agent may hold a Plan Participant s shares acquired pursuant to the Plan, together with the shares of other Plan Participants acquired pursuant to this Plan, in non-certificated form in the name of the Transfer Agent or that of a nominee. The Transfer Agent will forward to each Plan Participant any proxy solicitation material and will vote any shares so held for a Plan Participant only in accordance with the proxy returned by a Plan Participant to the Fund. Upon a Plan Participant s written request, the Transfer Agent will deliver to a Plan Participant, without charge, a certificate or certificates for the full shares held by the Transfer Agent.

Voluntary Cash Purchases. Plan Participants have the option of making investments in Fund shares through the Transfer Agent as often as once

Table of Contents

a month. Plan Participants may invest as little as $100 in any month and may invest up to $36,000 annually through the voluntary cash purchase feature of the Plan.

The Plan Agent shall apply such funds (less a Plan Participant s pro rata share of brokerage commissions or other costs, if any) to the purchase on the New York Stock Exchange (or, if different, on the principal exchange for Fund shares) or otherwise on the open market of Fund shares for such Plan Participant s account, regardless of whether there is a Market Parity or Premium or a Market Discount. The Plan Agent will purchase shares for Plan Participants on or about the 15th of each month. Cash payments received by the Transfer Agent less than five business days prior to a cash purchase investment date will be held by the Transfer Agent until the next month s investment date. Uninvested funds will not bear interest. Plan Participants may withdraw any voluntary cash payment by written notice received by the Transfer Agent not less than 48 hours before such payment is to be invested.

Enrollment and Withdrawal. Both current shareholders and first-time investors in the Fund are eligible to participate in the Plan. Current shareholders may join the Plan by either enrolling their shares with the Transfer Agent or by making an initial cash deposit of at least $250 with the Transfer Agent. First-time investors in the Fund may join the Plan by making an initial cash deposit of at least $250 with the Transfer Agent. In order to become a Plan Participant, shareholders must complete and sign the enrollment form included in the Plan brochure and return it, and, if applicable, an initial cash deposit of at least $250 directly to the Transfer Agent if shares are registered in their name. Shareholders who hold Fund shares in the name of a brokerage firm, bank or other nominee should contact such nominee to arrange for it to participate in the Plan on such shareholder s behalf.

If the Plan Participant elects to participate in the Plan by enrolling current shares owned by the Plan Participant with the Transfer Agent, participation in the dividend reinvestment feature of the Plan begins with the next dividend or capital gains distribution payable after the Transfer Agent receives the Plan Participant s written authorization, provided such authorization is received by the Transfer Agent prior to the record date for such dividend or distribution. If such authorization is received after such record date, the Plan Participant s participation in the dividend reinvestment feature of the Plan begins with the following dividend or distribution.

If the Plan Participant elects to participate in the Plan by making an initial cash deposit of at least $250 with the Transfer Agent, participation in the dividend reinvestment feature of the Plan begins with the next dividend or capital gains distribution payable after the Transfer Agent receives the Plan Participant s authorization and deposit, and after the Plan Agent

Table of Contents

purchases shares for the Plan Participant on the New York Stock Exchange (or, if different, on the principal exchange for Fund shares) or otherwise on the open market, provided that the authorization and deposit are received, and the purchases are made by the Plan Agent prior to the record date. If such authorization and deposit are received after the record date, or if the Plan Agent purchases shares for the Plan Participant after the record date, the Plan Participant s participation in the dividend reinvestment feature of the Plan begins with the following dividend or distribution.

A shareholder s written authorization and cash payment must be received by the Transfer Agent at least five business days in advance of the next cash purchase investment date (normally the 15th of every month) in order for the Plan Participant to participate in the voluntary cash purchase feature of the Plan in that month.

Plan Participants may withdraw from the Plan without charge by written notice to the Transfer Agent. Plan Participants who choose to withdraw may elect to receive stock certificates representing all of the full shares held by the Transfer Agent on their behalf, or to instruct the Transfer Agent to sell such full shares and distribute the proceeds, net of brokerage commissions, to such withdrawing Plan Participant. Withdrawing Plan Participants will receive a cash adjustment for the market value of any fractional shares held on their behalf at the time of termination. Withdrawal will be effective immediately with respect to distributions with a record date not less than 10 days later than receipt of such written notice by the Transfer Agent.

Amendment and Termination of Plan. The Plan may only be amended or supplemented by the Fund or by the Transfer Agent by giving each Plan Participant written notice at least 90 days prior to the effective date of such amendment or supplement, except that such notice period may be shortened when necessary or appropriate in order to comply with applicable law or the rules or policies of the Securities and Exchange Commission or any other regulatory body.

The Plan may be terminated by the Fund or by the Transfer Agent by written notice mailed to each Plan Participant. Such termination will be effective with respect to all distributions with a record date at least 90 days after the mailing of such written notice to the Plan Participants.

Federal Income Tax Implications of Reinvestment of Fund Shares. Reinvestment of Fund shares does not relieve Plan Participants from any income tax which may be payable on dividends or distributions. For U.S. federal income tax purposes, when the Fund issues shares representing an income dividend or a capital gains dividend, a Participant will include in income the fair market value of the shares received as of the payment date, which will be ordinary dividend income or capital gains, as the case may be. The shares will have a tax basis equal to such fair market value, and the holding period for the shares will begin on the day after the date of distribution. If shares are purchased on the open market by the Plan Agent, a Plan Participant will include in income the amount of the cash payment made. The basis of such shares will be the purchase price of the shares, and the holding period for the shares will begin on the day following the date of purchase. State, local and foreign taxes may also be applicable.

Table of Contents

Approval of Continuance of Investment Advisory Agreement **(Unaudited)**

The Fund s directors unanimously approved the continuance of the investment advisory agreement between the Fund and DWS International GmbH (DWSI), fka Deutsche Asset Management International GmbH (the agreement) at a meeting held on November 2, 2018. The Fund s directors simultaneously approved the continuance of the administration agreement (the administration agreement) between the Fund and DWS Investment Management Americas, Inc. (DIMA) (fka Deutsche Investment Management Americas Inc.), an affiliate of DWSI.

In preparation for the meeting, the directors had requested, received and evaluated extensive materials from DWSI, including performance and expense information for other investment companies with similar investment objectives derived from data compiled by Broadridge Financial Solutions, Inc. (Broadridge). Prior to voting, the directors reviewed the proposed approval of the continuance of the agreement with management and experienced Fund counsel and received a memorandum from such counsel discussing the legal standards for their consideration of the proposed approval of the continuance. The directors also discussed the proposed approval in private sessions with counsel at which no representatives of DWSI or DIMA were present. In reaching their determination relating to approval of the agreement, the directors considered all factors they believed relevant, including the following:

1. information comparing the Fund s performance to other investment companies with similar investment objectives and to an index;

2. the nature, extent and quality of investment advisory and other services rendered by DWSI;

3. payments received by DWSI and its affiliates (including DIMA) from all sources in respect to the Fund and all investment companies in the DWS family of funds;

4. the costs borne by, and profitability of, DWSI and DIMA in providing services to the Fund;

5. comparative fee and expense data for the Fund and other investment companies with similar investment objectives;

6. the extent to which economies of scale would be realized as the Fund grows and whether fee levels reflect these economies of scale for the benefit of investors;

7. DWSI s policies and practices regarding allocation of the Fund s portfolio transactions, including the extent to which DWSI benefits from soft dollar arrangements;

Table of Contents

8. the Fund s portfolio turnover rates compared to those of other closed-end investment companies investing in international equities;

9. fall-out benefits which DWSI and its affiliates receive from their relationships with the Fund;

10. information concerning the programs established by DWSI with respect to compliance, risk management, disclosure and ethics;

11. the professional experience and qualifications of the Fund s portfolio management team and other senior personnel of DWSI and the implications for DWSI and DIMA of recent developments relating to Deutsche Bank AG (Deutsche Bank) and DWS Group GmbH & Co. KGaA (DWS Group), including: (A) the initial public offering (the IPO) of DWS Group, Deutsche Bank s asset management business, by Deutsche Bank in March 2018, which resulted in DWS Group becoming a public company with Deutsche Bank retaining a 79.49% ownership interest; (B) ongoing expense reduction efforts by both Deutsche Bank and DWS; and (C) Deutsche Bank s various material legal enforcement and litigation exposures, and management s representations that none of the IPO, the expense reduction efforts, or the regulatory enforcement and litigation exposures of Deutsche Bank were expected to have any adverse effect on the management or operations of the Fund or the quality of services provided by DWSI and DIMA to the Fund, or result in any material changes to the persons at DWSI and DIMA providing services to the Fund, and that, to the extent such persons leave DWSI or DIMA, high quality replacements would be put in place as promptly as is reasonably practicable; and

12. the terms of the agreement.

The directors also considered their knowledge of the nature and quality of the services provided by DIMA and DWSI to the Fund gained from their experience as directors of the European Equity Fund and the Central and Eastern Europe Fund and their confidence in DWSI s integrity and competence gained from that experience and DWSI s responsiveness to concerns raised by them in the past, including DWSI s willingness to consider and implement organizational and operational changes designed to improve investment results and the services provided to the Fund.

In their deliberations, the directors did not identify any particular information that was all-important or controlling, and each director attributed different weights to the various factors.

The directors determined that the overall arrangements between the Fund and DWSI, as provided in the agreement, were fair and reasonable in light of the services performed, expenses incurred and such other matters as the directors considered relevant in the exercise of their reasonable judgment. The directors further determined that they were satisfied that the services provided by DWSI to the Fund represented good value for the money payable to it by the Fund.

The material factors and conclusions that formed the basis for the directors reaching their determination to approve the continuance of the agreement (including their determinations that DWSI should continue in its role as investment advisor for the Fund, and that the fees payable to DWSI pursuant to the agreement are appropriate) were separately discussed by the directors.

Nature, Extent and Quality of Services Provided by DWSI. The directors noted that, under the agreement, DWSI, in accordance with the Fund s investment objectives, policies and limitations, makes all decisions with respect to suitable securities for investment by the Fund and transmits purchase and sale orders and selects brokers and dealers to execute portfolio transactions on behalf of the Fund. DWSI pays all of the compensation of the Fund s directors and officers who are interested persons of DWSI.

The directors considered the scope and quality of services provided by DWSI under the agreement and noted that the scope of services provided had expanded over time as a result of regulatory and other developments. The directors also considered the commitment of DWSI to, and the programs established by it with respect to, compliance, risk management, disclosure and ethics. The directors considered the quality of the investment research capabilities of DWSI and the other resources it has dedicated to performing services for the Fund. The quality of the advisory services provided also were considered. The directors considered management s representation that the various recent developments affecting DWS Group and Deutsche Bank enumerated in No. 11 above were not expected to have any adverse effect on the management or operations of the Fund or the quality of services provided by DWSI and DIMA to the Fund, or result in any material changes to the persons at DWSI and DIMA providing services to the Fund and that, to the extent such persons leave DWSI or DIMA, high quality replacements would be put in place as promptly as is reasonably practicable. The directors agreed that they would continue to monitor the availability and dedication of resources to the Fund going forward, and management agreed to continue to provide detailed information to facilitate such review. The

Table of Contents

directors concluded that, overall, they were satisfied with the nature, extent and quality of services provided (and expected to be provided) to the Fund under the agreement.

Costs of Services Provided and Profitability to DWSI. At the request of the directors, DWSI provided information concerning its revenues, expenses and net income and financial condition for 2017 as well as information about revenues and expenses and the profitability of its relationship with the Fund in 2017. Similar information was provided for DIMA. The directors reviewed the assumptions and methods of allocation used by DWSI and DIMA in preparing Fund-specific profitability data. DWSI and DIMA stated their belief that the methods of allocation used were reasonable, but noted that there are limitations inherent in allocating costs to multiple individual clients served by organizations such as DIMA and DWSI where each of the clients draws on, and benefits from, the research and other resources of the Deutsche Bank organization.

The directors recognized that it is difficult to make comparisons of profitability from fund advisory contracts because comparative information is not generally publicly available and is affected by numerous factors, including the structure of the particular advisor, the types of funds it manages, its business mix, numerous assumptions regarding allocations and the advisor s capital structure and cost of capital. In considering profitability information, the directors considered the effect of possible fall-out benefits on DWSI s expenses, including the fact that there were no affiliated brokerage commissions.

The directors noted that in 2017 DWSI allocated a portion of the Fund s brokerage to receive research generated by, or paid for by, executing brokers, and that such practice was discontinued at the beginning of 2018. They also noted that DWSI has policies to prohibit consideration of the sale of shares of DWS funds when selecting broker dealers to execute portfolio transactions for the Fund or other DWS funds.

The directors recognized that DWSI should, as a general matter, be entitled to earn a reasonable level of profits for the services it provides to the Fund and, based on their review, concluded that DWSI s level of profitability from its relationships with the Fund was not excessive. The directors also considered the aggregate profitability of the relationships with the Fund of DWSI and DIMA and concluded that it was not excessive.

Table of Contents

Investment Results. In addition to the information received by the directors for the meeting, the directors receive detailed performance information for the Fund at each regular board meeting during the year and also receive monthly performance information. As the Fund is not aware of any closed-end fund with an objective similar to that of the Fund, the directors generally focus on the Fund s performance based on net asset value compared to its benchmark when assessing investment results. The directors also reviewed information showing the Fund s performance compared to that of other investment vehicles compiled by management based on information provided by Broadridge and Morningstar. The directors also reviewed information showing performance of the Fund s benchmark index, a custom blend of the German Mid Cap Index (80% weight) and the German Small Cap Index (20% weight), and prior to September 1, 2018 the German Mid Cap Market Index of 80 stocks.

The comparative information showed that the Fund outperformed its benchmark in the first nine months of 2018 and in 2017, underperformed it in 2016 and outperformed the benchmark in 2015, 2014 and 2013. While the Fund underperformed the benchmark in 2012 and 2011, it outperformed it in each of the four years ended 2010. Taking into account these comparisons and the other factors considered, the directors concluded that the Fund s investment results over time were satisfactory.

Management and Investment Advisory Fees and Other Expenses. The directors considered the investment advisory fee rates payable by the Fund to DWSI under the agreement. The directors recognized that it is difficult to make comparisons of advisory fees because there are variations in the services that are included in the fees paid by other funds and noted that no closed-end or open-end fund has a similar investment strategy as the Fund. The directors also considered information provided by DWSI concerning the fee rates charged to other investment companies having somewhat similar mandates as the Fund, the representation by DWSI that it does not manage any other institutional accounts that are similar to the Fund and DWSI s review of the reasons that it does not consider institutional fee rates to be relevant to the consideration of appropriate fee rates payable by investment companies such as the Fund. The directors noted that DWSI advises non-U.S. open-end funds that pay management fees that, while not entirely comparable to the fees payable by the Fund to DWSI and DIMA, are substantially higher than the combined advisory and administration fee rate paid by the Fund.

The Fund s management expense comparison group consisted of six closed-end developed market funds (including the Fund), one emerging market closed-end fund, and 12 open-end European region fund (plus the Fund) selected by Broadridge. The directors reviewed information comparing the combined advisory and administrative fees payable under the agreement and the administration agreement for this purpose, noting that DWSI and DIMA are affiliated companies. The directors noted that the combined advisory and administrative fee rate paid by the Fund in 2017 of 0.868% was below the median fee rate of the closed-end fund comparison group and above the median fee rate of the open-end fund comparison group. The directors noted that the Fund s effective fee rate reflects the effect of breakpoints. The directors also considered the Fund s net expense ratio in comparison to the fees and expenses of 35 other closed-end international equity funds compiled by management based on Morningstar data. The directors also noted that the Fund s net expense ratio was below the median and average and in the lowest quartile. The directors concluded that the Fund s expense ratio was satisfactory.

Economies of Scale. The directors noted that the investment advisory fee schedule in the agreement contains breakpoints that reduce the fee rate on assets above specified levels. The directors recognized that breakpoints may be an appropriate way for DWSI to share its economies of scale with some funds that have substantial assets or that may grow materially over the next year. However, they also recognized that there is no direct relationship between the economies of scale realized by funds and those realized by DWSI as assets increase, largely because economies of scale are realized (if at all) by DWSI across a variety of products and services, and not only in respect of a single fund. They also noted that the Fund s assets have generally diminished over recent years, although in 2017 the assets of the Fund increased. Having taken these factors into account, the directors concluded that the breakpoint arrangements in the agreement were acceptable under the Fund s circumstances.

Table of Contents

Directors and Officers of the Fund

Directors Name, Age, Term of Office and Length of Time Served*	Principal Occupation(s) During the Past Five Years and Other Information	Other Directorships Held by Director
Dr. Wilhelm Bender, 74(1) Class I Since 2013	Senior Advisor of Advent International GmbH (private equity) (since 2009); of Hebert Smith Freehills Germany LLP (legal services) (since 2016); and of IFM Investors (UK) (Australian infrastructure fund) (since 2016), He is a member of Supervisory Board of FrankfurtRheinMain GmbH (International Marketing of the Region) (since 2013). He is also an Independent Director/Member of the Board of Directors of the National Welfare Fund Samruk-Kazyna (sovereign wealth fund and joint stock company in Kazakhstan) (since 2018). He is the former Chairman of the Executive Board (CEO) of Fraport AG, Germany (aviation industry) (1993 2009).	Director, The European Equity Fund, Inc. (since 2013) and The Central and Eastern Europe Fund, Inc. (since 2013).
Ambassador Richard R. Burt, 71(1) Class III Since 2004	Managing Partner, McLarty Associates (international strategic advisory) (since 2007). Formerly, Chairman, Diligence, Inc. (international information and risk management firm) (2002 2007); Chairman of the Board, Weirton Steel Corp. (1996 2004); Partner, McKinsey & Company (consulting firm) (1991 1994); State Department, Chief Negotiator in charge of negotiating the Arms Treaty with Russia (1989 1991); U.S. Ambassador to the Federal Republic of Germany (1985 1989). Mr. Burt is also Director, IGT, Inc. (gaming technology) (since 1995), and HCL Technologies, Inc. (information technology and product engineering) (since 1999) and member, Textron Inc. International Advisory Council (aviation, automotive, industrial operations and finance) (since 1996).	Director, The European Equity Fund, Inc. (since 2000) and The Central and Eastern Europe Fund, Inc. (since 2000). Director, UBS family of mutual funds (since 1995).
Walter C. Dostmann, 62(1) Class I Since 2015	Founder and Principal, Dostmann & Partners LLC (international business advisory firm) (2000 to present); Director of 360 T Systems, Inc. (trading platform provider) (2013 to present). Formerly, Managing Director and Head of International Corporate Finance Division at Deutsche Bank Securities, Inc. (1990 to 1999); and Senior Vice President of Deutsche Bank AG, New York branch (1985 to 1990). Director and Chairman of North American Income Fund (since 1998) and CABEI Central American Fund (since 1999).	Director, The European Equity Fund, Inc. (since 2015) and The Central and Eastern Europe Fund, Inc. (since 2015).
Dr. Kenneth C. Froewiss, 73(1) Class II Since 2017	Retired Clinical Professor of Finance, NYU Stern School of Business (1997 2014); Member, Finance Committee, Association for Asian Studies (2002 present); Director, Mitsui Sumitomo Insurance Group (US) (2004 present); and Chairman of DWS USA Corporation (since March 28, 2018); prior to 1997, Managing Director, J.P. Morgan (investment banking firm) (until 1996).	Director, The European Equity Fund, Inc. (since 2017) and The Central and Eastern Europe Fund, Inc. (since 2017). Director,

Deutsche family of funds (2001 March 28, 2018).

Table of Contents

Name, Age, Term of Office and Length of Time Served*	Principal Occupation(s) During the Past Five Years and Other Information	Other Directorships Held by Director
Dr. Wolfgang Leoni, 61[(1)(2)] Class III Since 2017	Managing Director of HQ Asset Management GmbH (since January 2018); Chief Executive Officer of Sal. Oppenheim Jr. & CIE. Komplementär AG, Cologne (Germany) (private bank) (from April 2013 until April 2017) and Chairman of Sal. Oppenheim Jr. & CIE. Luxembourg S.A. (since 2013). He is the former Chief Investment Officer and member of the Management Board of Sal. Oppenheim Jr. & CIE. Komplementär AG, Cologne (Germany) (private bank) (2009 2013). He is the former Managing Director/CIO of Oppenheim Kapitalanlagegesellschaft MBH, Cologne (Germany) (investment company) (2007 2009), Managing Director/CIO of Lupus Alpha Alternative Solutions GMBH Frankfurt/M (investment company) (2006). He is the former Managing Director/CIO of DEKA Investment GMBH, Frankfurt/M (investment company) (2002 2006) and Managing Director/management board member (1996 2002).	Director, The European Equity Fund, Inc. (since 2017) and The Central and Eastern Europe Fund, Inc. (since 2017).
Dr. Christopher Pleister, 70[(1)] Class II Since 2016	Director (nonexecutive) of Depfa Bank plc (since 2015), Chairman of the Appeal Panel of the Single Resolution Board (Institution of the European Banking Union) since November 2016 (member since 2015). He is the former Chairman of FMSA (German financial market stabilization agency) (2011 2014) and board member (2009 2011), and former Chairman of the Supervisory Board of Deutsche Zentral-Genossenschaftsbank Frankfurt (2000 2008), former Chairman of BVR (federal association of German cooperative banks) (2000 2008) and Director of Deutsche Genossenschaftsbank (1990 1999).	Director, The European Equity Fund, Inc. (since 2016) and The Central and Eastern Europe Fund, Inc. (since 2016).
Christian H. Strenger, 75[(1)(2)] Class I Since 1990	Member of Supervisory Board (since 1999) and formerly Managing Director (1991 1999) of Deutsche Asset Management Investment GmbH (investment management), a subsidiary of Deutsche Bank AG. Mr. Strenger serves as Director of the Center for Corporate Governance at the Leipzig Graduate School of Management.	Director and Chairman, The European Equity Fund, Inc. (since 1986) and The Central and Eastern Europe Fund, Inc. (since 1990).

* The address of each Director is c/o DWS Investment Management Americas, Inc., 345 Park Avenue, New York, NY 10154.

The term of office for Directors in Class I expires at the 2019 Annual Meeting, Class II expires at the 2020 Annual Meeting and Class III expires at the 2021 Annual Meeting.

(1) Indicates that the Director also serves as a Director of The European Equity Fund, Inc. and The Central and Eastern Europe Fund, Inc., two other closed-end registered investment companies for which DWS Investment

Management Americas, Inc. acts as Administrator and DWS International GmbH acts as Investment Adviser.

(2) Indicates Interested Person , as defined in the Investment Company Act of 1940, as amended (the 1940 Act). Dr. Leoni is an interested Director because of his ownership of Deutsche Bank AG shares. Mr. Strenger is an interested Director because of his affiliation with DWS-Deutsche Gesellschaft für Werpapiersparen mbH (DWS), an indirect wholly owned subsidiary of Deutsche Bank AG, and because of his ownership of Deutsche Bank AG shares.

Table of Contents

Officers* **Name, Age, Position with the Fund and Length of Time Served**	**Principal Occupation(s) During the Past Five Years**
Hepsen Uzcan, 44[2] President and Chief Executive Officer, 2017 present Assistant Secretary, 2013 present	Managing Director,[1] DWS; Secretary, DWS USA Corporation (since March 2018); Assistant Secretary, DWS Distributors, Inc. (since June 25, 2018); Director and Vice President, DWS Service Company (since June 25, 2018); Assistant Secretary, DWS Investment Management Americas, Inc. (since June 25, 2018); and Director and President, DB Investment Managers, Inc. (since June 25, 2018); formerly: Vice President for the Deutsche funds (2016 2017).
Diane Kenneally, 52[3][6] Treasurer and Chief Financial Officer, since 2018	Director[1], DWS
John Millette, 56[3] Secretary, 2011 present[5]	Director,[1] DWS; Chief Legal Officer, DWS Investment Management Americas, Inc. (2015 present); and Director and Vice President, DWS Trust Company (2016 present); formerly, Secretary, Deutsche Investment Management Americas Inc. (2015 2017).
Sheila Cadogan, 52[3][7] Assistant Treasurer, since 2018	Director[1], DWS; Director and Vice President, DWS Trust Company (since 2018)
Caroline Pearson, 56[3] Chief Legal Officer, 2012 present	Managing Director,[1] DWS; formerly: Secretary, Deutsche AM Distributors, Inc. (2002 2017); and Secretary, Deutsche AM Service Company (2010 2017).
Scott D. Hogan, 48[3] Chief Compliance Officer, 2016 present	Director,[1] DWS.
Wayne Salit, 51[4] Anti-Money Laundering Compliance Officer, 2014 present	Director,[1] Deutsche Bank; and AML Officer, DWS Trust Company; formerly: Managing Director, AML Compliance Officer at BNY Mellon (2011 2014); and Director, AML Compliance Officer at Deutsche Bank (2004 2011).

Each also serves as an Officer of The European Equity Fund, Inc. and The Central and Eastern Europe Fund, Inc., two other closed-end registered investment companies for which DWS Investment Management Americas, Inc. acts as Administrator.

*

As a result of their respective positions held with the Administrator or its affiliates, these individuals are considered interested persons of the Administrator within the meaning of the 1940 Act. Interested persons receive no compensation directly from the Fund.

(1) Executive title, not a board directorship.

(2) Address: 345 Park Avenue, New York, New York 10154.

(3) Address: One International Place, Boston, Massachusetts 02110.

(4) Address: 60 Wall Street, New York, New York 10005.

(5) Served as Assistant Secretary from July 14, 2006 to December 31, 2010 and as Secretary to the Fund from January 30, 2006 to July 13, 2006.

(6) Appointed Treasurer and Chief Financial Officer effective July 27, 2018.

(7) Appointed Assistant Treasurer effective July 27, 2018.

Table of Contents

Additional Information

Automated Information Lines	**DWS Closed-End Fund Info Line** **1-800-GERMANY (1-800-437-6269)**
Web Site	**dws.com** Obtain fact sheets, financial reports, press releases and webcasts when available.
Written Correspondence	**DWS** Attn: Secretary of the DWS Funds One International Place, 12th Floor Boston, MA 02110
Legal Counsel	**Sullivan & Cromwell LLP** 125 Broad Street New York, NY 10004
Dividend Reinvestment Plan Agent	**DST Systems, Inc.** 333 W. 11th Street, 5th Floor Kansas City, MO 64105
Shareholder Service Agent and Transfer Agent	**DWS Service Company** P.O. Box 219066 Kansas City, MO 64121-9066 **1-800-GERMANY (1-800-437-6269)**
Custodian	**Brown Brothers Harriman & Company** 50 Post Office Square

	Boston, MA 02110
Independent Registered Public Accounting Firm	**PricewaterhouseCoopers LLP** 101 Seaport Boulevard, Suite 500 Boston, MA 02210
Proxy Voting	A description of the Fund s policies and procedures for voting proxies for portfolio securities and information about how the Fund voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 is available on our web site dws.com/en-us/resources/proxy-voting or on the SEC s web site sec.gov. To obtain a written copy of the Fund s policies and procedures without charge, upon request, call us toll free at 1-800-GERMANY (1-800-437-6269).
Portfolio Holdings	Following the Fund s fiscal first and third quarter-end, a complete portfolio holdings listing is filed with the SEC on Form N-Q or Form N-PORT (available for filings after March 31, 2019). The Fund s Form N-Q or Form N-PORT will be available on the SEC s Web site at sec.gov. The Fund s portfolio holdings as of the month-end are posted on dws.com on or after the last day of the following month. More frequent posting of portfolio holdings information may be made from time to time on dws.com.

Table of Contents

Investment Management	DWS International GmbH (the Advisor), which is part of the DWS Group GmbH & Co. KGaA (DWS Group), is the investment advisor for the Fund. DWS International GmbH provides a full range of investment advisory services to both institutional and retail clients. DWS International GmbH is a wholly owned subsidiary of DWS Group.
	DWS Group is a global organization that offers a wide range of investing expertise and resources, including hundreds of portfolio managers and analysts and an office network that reaches the world s major investment centers. This well-resourced global investment platform brings together a wide variety of experience and investment insight across industries, regions, asset classes and investing styles.
Voluntary Cash Purchase Program and Dividend Reinvestment Plan	The Fund offers shareholders a Voluntary Cash Purchase Program and Dividend Reinvestment Plan (Plan) which provides for optional cash purchases and for the automatic reinvestment of dividends and distributions payable by the Fund in additional Fund shares. Plan participants may invest as little as $100 in any month and may invest up to $36,000 annually. The Plan allows current shareholders who are not already participants in the Plan and first time investors to enroll in the Plan by making an initial cash deposit of at least $250 with the plan agent. Share purchases are combined to receive a beneficial brokerage fee. A brochure is available by writing or telephoning the transfer agent: DWS Service Company P.O. Box 219066 Kansas City, MO 64105 Tel.: 1-800-GERMANY (1-800-437-6269)
NYSE Symbol	GF
Nasdaq Symbol	XGFNX
CUSIP Number	644465106

Table of Contents

Notes

Table of Contents

There are three closed-end funds investing in European equities advised and administered by wholly owned subsidiaries of the DWS Group:

The Central and Eastern Europe Fund, Inc. investing primarily in equity or equity-linked securities of issuers domiciled in Central and Eastern Europe (with normally at least 80% in securities of issuers domiciled in countries in Central and Eastern Europe) and concentrating in the energy sector (with more than 25% of the fund s total assets in issuers conducting their principal activities in that sector).

The European Equity Fund, Inc. investing primarily in equity or equity-linked securities of issuers domiciled in Europe (with normally at least 80% in securities of issuers domiciled in Europe).

The New Germany Fund, Inc. investing primarily in equity or equity-linked securities of middle market German companies with up to 20% in other Western European companies (with no more than 15% in any single country).

Please consult your broker for advice on any of the above or call 1-800-GERMANY (1-800-437-6269) for shareholder reports.

The New Germany Fund, Inc. is diversified, but primarily focuses its investments in Germany, thereby increasing its vulnerability to developments in that country. Investing in foreign securities presents certain risks, such as currency fluctuations, political and economic changes and market risks. Any fund that concentrates in a particular segment of the market or in a particular geographical region will generally be more volatile than a fund that invests more broadly.

Table of Contents

NGF-2

(R-025797-8 2/19)

ITEM 2. CODE OF ETHICS

As of the end of the period covered by this report, the registrant has adopted a code of ethics, as defined in Item 2 of Form N-CSR that applies to its Principal Executive Officer and Principal Financial Officer.

There have been no amendments to, or waivers from, a provision of the code of ethics during the period covered by this report that would require disclosure under Item 2.

A copy of the code of ethics is filed as an exhibit to this Form N-CSR.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT

The Fund's Board of Directors has determined that the Fund has at least one "audit committee financial expert" serving on its audit committee: Mr. Walter C. Dostmann and Dr. Kenneth C. Froewiss. Each of these audit committee members is "independent," meaning that he is not an "interested person" of the Fund (as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940) and he does not accept any consulting, advisory, or other compensatory fee from the Fund (except in the capacity as a Board or committee member).

An "audit committee financial expert" is not an "expert" for any purpose, including for purposes of Section 11 of the Securities Act of 1933, as a result of being designated as an "audit committee financial expert." Further, the designation of a person as an "audit committee financial expert" does not mean that the person has any greater duties, obligations, or liability than those imposed on the person without the "audit committee financial expert" designation. Similarly, the designation of a person as an "audit committee financial expert" does not affect the duties, obligations, or liability of any other member of the audit committee or board of directors.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES

the New Germany Fund, inc.
form n-csr disclosure re: AUDIT FEES

The following table shows the amount of fees that PricewaterhouseCoopers, LLP ("PWC"), the Fund's independent registered public accounting firm, billed to the Fund during the Fund's last two fiscal years. The Audit Committee approved in advance all audit services and non-audit services that PWC provided to the Fund.

Services that the Fund's Independent Registered Public Accounting Firm Billed to the Fund

Fiscal Year Ended December 31,	Audit Fees Billed to Fund	Audit-Related Fees Billed to Fund	Tax Fees Billed to Fund	All Other Fees Billed to Fund
2018	$68,000	$0	$0	$5,452
2017	$75,600	$0	$0	$5,343

"All Other Fees Billed to Fund" were billed for services associated with foreign tax filings.

Services that the Fund's Independent Registered Public Accounting Firm Billed to the Adviser and Affiliated Fund Service Providers

The following table shows the amount of fees billed by PWC to the Fund's advisor, DWS AM International GmbH, or the administrator, DWS Investment Management Americas, Inc. ("DIMA"), and any entity controlling, controlled by or under common control with DWS International GmbH or DWS Investment Management Americas, Inc. ("Control Affiliate") that provides ongoing services to the Fund (collectively, the Advisor Entities"), for engagements directly related to the Fund's operations and financial reporting, during the Fund's last two fiscal years.

Fiscal Year Ended December 31,	Audit-Related Fees Billed to Adviser Entities	Tax Fees Billed to Adviser Entities	All Other Fees Billed to Adviser Entities
2018	$0	$0	$0
2017	$0	$0	$0

Non-Audit Services

The following table shows the amount of fees that PWC billed during the Fund's last two fiscal years for non-audit services. The Audit Committee pre-approved all non-audit services that PWC provided to the Adviser and any Affiliated Fund Service Provider that related directly to the Fund's operations and financial reporting. The Audit Committee requested and received information from PWC about any non-audit services that PWC rendered during the Fund's last fiscal year to the Adviser and any Affiliated Fund Service Provider. The Committee considered this information in evaluating PWC's independence.

Fiscal Year Ended December 31,	Total Non-Audit Fees Billed to Fund (A)	Total Non-Audit Fees billed to Adviser and Affiliated Fund Service Providers (engagements related directly to the operations and financial reporting of the Fund) (B)	Total Non-Audit Fees billed to Adviser and Affiliated Fund Service Providers (all other engagements) (C)	Total of (A), (B) and (C)
2018	$5,452	$0	$0	$5,452
2017	$5,343	$0	$0	$5,343

Audit Committee Pre-Approval Policies and Procedures. Generally, each Fund's Audit Committee must pre approve (i) all services to be performed for a Fund by a Fund's Independent Registered Public Accounting Firm and (ii) all non-audit services to be performed by a Fund's Independent Registered Public Accounting Firm for the Advisor Entities with respect to operations and financial reporting of the Fund. The Audit Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Audit Committee. The Board and the Audit Committee have authorized any member of the Audit Committee to pre-approve any audit or non-audit services to be performed by the independent auditors, provided that any such approvals are presented to the Audit Committee at its next scheduled meeting.

There were no amounts that were approved by the Audit Committee pursuant to the de minimis exception under Rule 2-01 of Regulation S-X.

According to the registrant's principal Independent Registered Public Accounting Firm, substantially all of the principal Independent Registered Public Accounting Firm's hours spent on auditing the registrant's financial statements were attributed to work performed by full-time permanent employees of the principal Independent Registered Public Accounting Firm.

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In connection with the audit of the 2017 and 2018 financial statements, the Fund entered into an engagement letter with PwC. The terms of the engagement letter required by PwC, and agreed to by the Fund's Audit Committee, include a provision mandating the use of mediation and arbitration to resolve any controversy or claim between the parties arising out of or relating to the engagement letter or the services provided there-under.

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1.) In a letter provided to the Audit Committee pursuant to PCAOB Rule 3526 and dated September 30, 2016, PwC informed the Audit Committee that PwC had identified circumstances where PwC maintains lending relationships with owners of greater than 10% of the shares of certain investment companies within the "investment company complex" as defined under Rule 2-01(f)(14) of Regulation S-X. PwC informed the Audit Committee that these lending relationships are inconsistent with the SEC Staff's interpretation of Rule 2-01(c)(l)(ii)(A) of Regulation S-X (referred to as the "Loan Rule").

The Loan Rule specifically provides that an accounting firm would not be independent if it receives a loan from a lender that is a record or beneficial owner of more than ten percent of an audit client's equity securities. For purposes of the Loan Rule, audit clients include the Fund as well as all registered investment companies advised by DWS Investment Management Americas, Inc. (the "Adviser"), the Fund's investment adviser, and its affiliates, including other subsidiaries of the Adviser's parent company, Deutsche Bank AG (collectively, the "DWS Funds Complex"). PwC's lending relationships affect PwC's independence under the SEC Staff's interpretation of the Loan Rule with respect to all investment companies in the DWS Funds Complex.

In its September 30, 2016 letter, PwC affirmed to the Audit Committee that, as of the date of the letter, PwC is an independent accountant with respect to the Fund, within the meaning of PCAOB Rule 3520. In its letter, PwC also informed the Audit Committee that, after evaluating the facts and circumstances and the applicable independence rules, PwC has concluded that with regard to its compliance with the independence criteria set forth in the rules and regulations of the SEC related to the Loan Rule, it believes that it remains objective and impartial despite matters that may ultimately be determined to be inconsistent with these criteria and therefore it can continue to serve as the Fund's independent registered public accounting firm. PwC informed the Audit Committee that its conclusion was based on a number of factors, including, among others, PwC's belief that the lenders are not able to impact the impartiality of PwC or assert any influence over the investment companies in the DWS Funds Complex whose shares the lenders own or the applicable investment company's investment adviser; and the lenders receive no direct benefit from their ownership of the investment companies in the DWS Funds Complex in separate accounts maintained on behalf of their insurance contract holders. In addition, the individuals at PwC who arranged PwC's lending relationships have no oversight of, or ability to influence, the individuals at PwC who conducted the audits of the Fund's financial statements.

On June 20, 2016, the SEC Staff issued a "no-action" letter to another mutual fund complex (see Fidelity Management & Research Company et al., No-Action Letter) related to similar Loan Rule issues as those described above. In that letter, the SEC Staff confirmed that it would not recommend enforcement action against an investment company that relied on the audit services performed by an audit firm that was not in compliance with the Loan Rule in certain specified circumstances. The circumstances described in the no-action letter appear to be substantially similar to the circumstances that affected PwC's independence under the Loan Rule with respect to the Fund. PwC confirmed to the Audit Committee that it meets the conditions of the no-action letter.

2.) In a letter provided to the Audit Committee pursuant to PCAOB Rule 3526 and dated January 12, 2018, PwC informed the Audit Committee that PwC had identified circumstances where (1) a covered person within PwC that provided non-audit services to an entity within the "investment company complex" as defined under Rule 2-01(f)(14) of Regulation S-X maintained a financial relationship with an investment company within the investment company complex in contradiction of Rule 2-01(c)(1)(i)(A) of Regulation S-X and (2) PwC maintains lending relationships with owners of greater than 10% of the shares of certain investment companies within the investment company complex that are inconsistent with the SEC Staff's interpretation of Rule 2-01(c)(l)(ii)(A) of Regulation S-X (referred to as the "Loan Rule").

Covered Person Matter: In its January 12, 2018 letter, PwC advised the Audit Committee that after consideration of the facts and circumstances and the applicable independence rules, PwC concluded that a reasonable investor with knowledge of all relevant facts and circumstances would conclude that PwC is capable of exercising objective and impartial judgment on all issues encompassed within its audit of the financial statements of the Fund. In the letter, PwC also affirmed to the Audit Committee that, as of the date of the letter, PwC is an independent accountant with respect to the Fund, within the meaning of PCAOB Rule 3520. In assessing this matter, PwC indicated that, upon detection of the breach, the PwC covered person was removed from the non-audit engagement and that, among other things, the breach (i) did not relate to financial relationships directly in the Fund, (ii) did not involve a professional who was part of the audit engagement team for the Fund or in a position to influence the audit engagement team, (iii) involved a professional whose non-audit services were not and will not be utilized or relied upon by the audit engagement team in the audit of the financial statements of the Fund and (iv) involved a professional that did not provide any consultation to the audit engagement team of the Fund.

Loan Rule Matter: The Loan Rule specifically provides that an accounting firm would not be independent if it receives a loan from a lender that is a record or beneficial owner of more than ten percent of an audit client's equity securities. For purposes of the Loan Rule, audit clients include the Fund as well as all registered investment companies advised by DWS Investment Management Americas, Inc. (the "Adviser"), the Fund's investment adviser, and its affiliates, including other subsidiaries of the Adviser's parent company, Deutsche Bank AG (collectively, the "DWS Funds Complex"). PwC's lending relationships affect PwC's independence under the SEC Staff's interpretation of the Loan Rule with respect to all investment companies in the DWS Funds Complex.

In its January 12, 2018 letter, PwC affirmed to the Audit Committee that, as of the date of the letter, PwC is an independent accountant with respect to the Fund, within the meaning of PCAOB Rule 3520. In its letter, PwC also informed the Audit Committee that PwC has concluded that with regard to its compliance with the independence criteria set out in the rules and regulations of the SEC related to the Loan Rule, it believes that it remains objective and impartial despite matters that may ultimately be determined to be inconsistent with these criteria, and therefore it can continue to serve as the Fund's independent registered public accounting firm. PwC informed the Audit Committee that its conclusion was based on a number of factors, including, among others, (i) PwC's belief that it is unlikely the lenders would have any interest in the outcome of the audit of the Fund and therefore would not seek to influence the outcome of the audit, (ii) no third party made an attempt to influence the outcome of the audit of the Fund and even if an attempt was made, PwC professionals are required to disclose any relationships that may raise issues about objectivity, confidentiality, independence, conflicts of interest or favoritism, and (iii) the lenders typically lack influence over the investment adviser, who controls the management of the Fund.

On June 20, 2016, the SEC Staff issued a "no-action" letter to another mutual fund complex (see Fidelity Management & Research Company et al., No-Action Letter) related to similar Loan Rule issues as those described above. In that letter, the SEC Staff confirmed that it would not recommend enforcement action against an investment company that relied on the audit services performed by an audit firm that was not in compliance with the Loan Rule in certain specified circumstances. The circumstances described in the no-action letter appear to be substantially similar to the circumstances that affected PwC's independence under the Loan Rule with respect to the Fund. PwC represented that it has complied with PCAOB Rule 3526(b)(1) and (2), which are conditions to the Fund relying on the no action letter, and affirmed that it is an independent accountant within the meaning of PCAOB Rule 3520.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS

The registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The registrant's audit committee consists of Walter C. Dostmann (Chairman), Richard R. Burt, Dr. Christopher Pleister, and Dr. Kenneth C. Froewiss.

ITEM 6. SCHEDULE OF INVESTMENTS

Not applicable

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Part II: Appendix II-I — Proxy Voting Policy and Guidelines

1. Introduction

Deutsche Asset Management ("AM") has adopted and implemented the following Policies and Guidelines, which it believes are reasonably designed to ensure that proxies are voted in the best economic interest of clients and in accordance with its fiduciary duties and local regulation. This Proxy Voting Policy and Guidelines – AM ("Policy and Guidelines") shall apply to all accounts managed by US domiciled advisers and to all US client accounts managed by non-US regional offices. Non-US regional offices are required to maintain procedures and to vote proxies as may be required by law on behalf of their non-US clients. In addition, AM's proxy policies reflect the fiduciary standards and responsibilities for ERISA accounts.

The attached guidelines represent a set of global recommendations that were determined by the Global Proxy Voting Sub-Committee (the "GPVSC"). These guidelines were developed to provide AM with a comprehensive list of recommendations that represent how AM will generally vote proxies for its clients. The recommendations derived from the application of these guidelines are not intended to influence the various AM legal entities either directly or indirectly by parent or affiliated companies. In addition, the organizational structures and documents of the various AM legal entities allows, where necessary or appropriate, the execution by individual AM subsidiaries of the proxy voting rights independently of any DB parent or affiliated company. This applies in particular to non-US fund management companies. The individuals that make proxy voting decisions are also free to act independently, subject to the normal and customary supervision by the Management/Boards of these AM legal entities.

2. AM'S Proxy Voting Responsibilities

Proxy votes are the property of AM's advisory clients.1 As such, AM's authority and responsibility to vote such proxies depend upon its contractual relationships with its clients or other delegated authority. AM has delegated responsibility for effecting its advisory clients' proxy votes to Institutional Shareholder Services ("ISS"), an independent third-party proxy voting specialist. ISS votes AM's advisory clients' proxies in accordance with AM's proxy guidelines or AM's specific instructions. Where a client has given specific instructions as to how a proxy should be voted, AM will notify ISS to carry out those instructions. Where no specific instruction exists, AM will follow the procedures in voting the proxies set forth in this document. Certain Taft-Hartley clients may direct AM to have ISS vote their proxies in accordance with Taft Hartley Voting Guidelines.

Clients may in certain instances contract with their custodial agent and notify AM that they wish to engage in securities lending transactions. In such cases, it is the responsibility of the custodian to deduct the number of shares that are on loan so that they do not get voted twice. To the extent a security is out on loan and AM determines that a proxy vote (or other shareholder action) is materially important to the client's account, AM may request, on a best efforts basis, that the agent recall the security prior to the record date to allow AM to vote the securities.

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1 For purposes of this document, "clients" refers to persons or entities: (i) for which AM serves as investment adviser or sub-adviser; (ii) for which AM votes proxies; and (iii) that have an economic or beneficial ownership interest in the portfolio securities of issuers soliciting such proxies.

3. Policies

3.1. Proxy Voting Activities are Conducted in the Best Economic Interest of Clients

AM has adopted the following Policies and Guidelines to ensure that proxies are voted in accordance with the best economic interest of its clients, as determined by AM in good faith after appropriate review.

3.2. The Global Proxy Voting Sub-Committee

The GPVSC is an internal working group established by the applicable AM's Investment Risk Oversight Committee pursuant to a written charter. The GPVSC is responsible for overseeing AM's proxy voting activities, including:

(i) Adopting, monitoring and updating guidelines, attached as Attachment A (the "Guidelines"), that provide how AM will generally vote proxies pertaining to a comprehensive list of common proxy voting matters;

(ii) Voting proxies where (i) the issues are not covered by specific client instruction or the Guidelines; (ii) the Guidelines specify that the issues are to be determined on a case-by-case basis; or (iii) where an exception to the Guidelines may be in the best economic interest of AM's clients; and

(iii) Monitoring Proxy Vendor Oversight's proxy voting activities (see below).

AM's Proxy Vendor Oversight, a function of AM's Operations Group, is responsible for coordinating with ISS to administer AM's proxy voting process and for voting proxies in accordance with any specific client instructions or, if there are none, the Guidelines, and overseeing ISS' proxy responsibilities in this regard.

3.3 Availability of Proxy Voting Policy and Guidelines and Proxy Voting Record

Copies of this Policy, as it may be updated from time to time, is made available to clients as required by law and otherwise at AM's discretion. Clients may also obtain information on how their proxies were voted by AM as required by law and otherwise at AM's discretion. Note, however, that AM must not selectively disclose its investment company clients' proxy voting records. Proxy Vendor Oversight will make proxy voting reports available to advisory clients upon request. The investment companies' proxy voting records will be disclosed to shareholders by means of publicly-available annual filings of each company's proxy voting record for the 12-month periods ending June 30 (see Section 5, below), if so required by relevant law.

4. Procedures

The key aspects of AM's proxy voting process are delineated below.

4.1. The GPVSC's Proxy Voting Guidelines

The Guidelines set forth the GPVSC's standard voting positions on a comprehensive list of common proxy voting matters. The GPVSC has developed, and continues to update the Guidelines based on consideration of current corporate governance principles, industry standards, client feedback, and the impact of the matter on issuers and the value of the investments.

The GPVSC will review the Guidelines as necessary to support the best economic interests of AM's clients and, in any event, at least annually. The GPVSC will make changes to the Guidelines, whether as a result of the annual review or otherwise, taking solely into account the best economic interests of clients. Before changing the Guidelines, the GPVSC will thoroughly review and evaluate the proposed change and the reasons therefore, and the GPVSC Chair will ask GPVSC members whether anyone outside of the AM organization (but within Deutsche Bank and its affiliates) or any entity that identifies itself as an AM advisory client has requested or attempted to influence the proposed change and whether any member has a conflict of interest with respect to the proposed change. If any such matter is reported to the GPVSC Chair, the Chair will promptly notify the Conflicts of Interest Management Sub-Committee (see Section 4.4) and will defer the approval, if possible. Lastly, the GPVSC will fully document its rationale for approving any change to the Guidelines.

The Guidelines may reflect a voting position that differs from the actual practices of the public company(ies) within the Deutsche Bank organization or of the investment companies for which AM or an affiliate serves as investment adviser or sponsor. Investment companies, particularly closed-end investment companies, are different from traditional operating companies. These differences may call for differences in voting positions on the same matter. Further, the manner in which AM votes investment company proxies may differ from proposals for which an AM-advised or sponsored investment company solicits proxies from its shareholders. As reflected in the Guidelines, proxies solicited by closed-end (and open-end) investment companies are generally voted in accordance with the pre-determined guidelines of ISS.

Funds ("Underlying Funds") in which Topiary Fund Management Fund of Funds (each, a "Fund") invest, may from time to time seek to revise their investment terms (i.e. liquidity, fees, etc.) or investment structure. In such event, the Underlying Funds may require approval/consent from its investors to effect the relevant changes. Topiary Fund Management has adopted Proxy Voting Procedures which outline the process for these approvals.

4.2. Specific Proxy Voting Decisions Made by the GPVSC

Proxy Vendor Oversight will refer to the GPVSC all proxy proposals (i) that are not covered by specific client instructions or the Guidelines; or (ii) that, according to the Guidelines, should be evaluated and voted on a case-by-case basis.

Additionally, if Proxy Vendor Oversight, the GPVSC Chair or any member of the GPVSC, a Portfolio Manager, a Research Analyst or a sub-adviser believes that voting a particular proxy in accordance with the Guidelines may not be in the best economic interests of clients, that individual may bring the matter to the attention of the GPVSC Chair and/or Proxy Vendor Oversight.2

If Proxy Vendor Oversight refers a proxy proposal to the GPVSC or the GPVSC determines that voting a particular proxy in accordance with the Guidelines is not in the best economic interests of clients, the GPVSC will evaluate and vote the proxy, subject to the procedures below regarding conflicts.

The GPVSC endeavors to hold meetings to decide how to vote particular proxies sufficiently before the voting deadline so that the procedures below regarding conflicts can be completed before the GPVSC's voting determination.

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2 Proxy Vendor Oversight generally monitors upcoming proxy solicitations for heightened attention from the press or the industry and for novel or unusual proposals or circumstances, which may prompt Proxy Vendor Oversight to bring the solicitation to the attention of the GPVSC Chair. AM Portfolio Managers, AM Research Analysts and sub-advisers also may bring a particular proxy vote to the attention of the GPVSC Chair, as a result of their ongoing monitoring of portfolio securities held by advisory clients and/or their review of the periodic proxy voting record reports that the GPVSC Chair distributes to AM portfolio managers and AM research analysts.

4.3. Certain Proxy Votes May Not Be Cast

In some cases, the GPVSC may determine that it is in the best economic interests of its clients not to vote certain proxies, or that it may not be feasible to vote certain proxies. If the conditions below are met with regard to a proxy proposal, AM will abstain from voting:

- Neither the Guidelines nor specific client instructions cover an issue;
- ISS does not make a recommendation on the issue; and
- The GPVSC cannot convene on the proxy proposal at issue to make a determination as to what would be in the client's best interest. (This could happen, for example, if the Conflicts of Interest Management Sub-Committee found that there was a material conflict or if despite all best efforts being made, the GPVSC quorum requirement could not be met).

In addition, it is AM's policy not to vote proxies of issuers subject to laws of those jurisdictions that impose restrictions upon selling shares after proxies are voted, in order to preserve liquidity. In other cases, it may not be possible to vote certain proxies, despite good faith efforts to do so. For example, some jurisdictions do not provide adequate notice to shareholders so that proxies may be voted on a timely basis. Voting rights on securities that have been loaned to third-parties transfer to those third-parties, with loan termination often being the only way to attempt to vote proxies on the loaned securities. Lastly, the GPVSC may determine that the costs to the client(s) associated with voting a particular proxy or group of proxies outweighs the economic benefits expected from voting the proxy or group of proxies.

Proxy Vendor Oversight will coordinate with the GPVSC Chair regarding any specific proxies and any categories of proxies that will not or cannot be voted. The reasons for not voting any proxy shall be documented.

4.4. Conflict of Interest Procedures

4.4.1. Procedures to Address Conflicts of Interest and Improper Influence

Overriding Principle. In the limited circumstances where the GPVSC votes proxies,3 the GPVSC will vote those proxies in accordance with what it, in good faith, determines to be the best economic interests of AM's clients.