

DEUTSCHE STRATEGIC MUNICIPAL INCOME TRUST  
Form N-Q  
October 27, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

---

Investment Company Act file number: 811-05767

Deutsche Strategic Municipal Income Trust

(Exact name of registrant as specified in charter)

345 Park Avenue  
New York, NY 10154

(Address of principal executive offices) (Zip code)

Paul Schubert

60 Wall Street

New York, NY 10005

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 250-3220

Date of fiscal year end: 11/30

Date of reporting period: 8/31/2015

**ITEM 1. SCHEDULE OF INVESTMENTS**

Investment Portfolio as of August 31, 2015 (Unaudited)

**Deutsche Strategic Municipal Income Trust**

	Principal Amount (\$) Value (\$)
Municipal Bonds and Notes 142.4%	
Arizona 1.3%	
Maricopa County, AZ, Pollution Control Corp. Revenue, El Paso Electric Co. Project, Series B, 7.25%, 4/1/2040	1,570,807,338
California 15.3%	
California, Health Facilities Financing Authority Revenue, Catholic Healthcare West, Series A, 6.0%, 7/1/2034	1,001,001,870
California, M-S-R Energy Authority, Series B, 7.0%, 11/1/2034, GTY: Citigroup, Inc.	1,310,001,622
California, Morongo Band of Mission Indians, Enterprise Casino Revenue, Series B, 144A, 6.5%, 3/1/2028	1,001,001,380
California, South Bayside Waste Management Authority, Solid Waste Enterprise, Shoreway Environmental, Series A, 6.25%, 9/1/2029	1,425,007,923
California, State General Obligation:	
5.0%, 11/1/2043	1,501,008,040
5.25%, 4/1/2035	1,231,008,412
5.5%, 3/1/2040	1,001,002,070
5.75%, 4/1/2031	1,001,008,730
6.0%, 4/1/2038	1,001,005,550
6.5%, 4/1/2033	1,952,000,652
California, State Public Works Board Lease Revenue, Capital Projects, Series I-1, 6.375%, 11/1/2034	1,001,000,050
California, State Public Works Board Lease Revenue, Riverside Campus Project, Series B, 6.125%, 4/1/2028	2,002,004,280
California, Statewide Communities Development Authority Revenue, Loma Linda University Medical Center:	
Series A, 5.25%, 12/1/2044	195,003,775
Series A, 5.5%, 12/1/2054	195,006,055
Riverside County, CA, Transportation Commission Toll Revenue Senior Lien, Series A, 5.75%, 6/1/2048	1,001,001,060
San Buenaventura, CA, Community Memorial Health Systems, 7.5%, 12/1/2041	500,008,385
San Francisco City & County, CA, Airports Commission, International Airport Revenue, Series A, AMT, 5.0%, 5/1/2044	1,001,006,320
San Joaquin Hills, CA, Transportation Corridor Agency, Toll Road Revenue, Series A, 5.0%, 1/15/2050	445,008,518

Edgar Filing: DEUTSCHE STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

	21,857,692
Colorado 2.3%	
Colorado, Public Energy Authority, Natural Gas Purchased Revenue, 6.25%, 11/15/2028, GTY: Merrill Lynch & Co., Inc.	635,000,325
Colorado, State Health Facilities Authority Revenue, Covenant Retirement Communities:	
Series A, 5.0%, 12/1/2033	440,000,635
Series A, 5.0%, 12/1/2035	250,000,160
Colorado, State Health Facilities Authority Revenue, School Health Systems, Series A, 5.5%, 1/1/2035	1,000,000,220
Denver, CO, City & County Airport Revenue, Series A, AMT, 5.25%, 11/15/2043	600,000,376
	3,349,716
Connecticut 1.8%	
Connecticut, Harbor Point Infrastructure Improvement District, Special Obligation Revenue, Harbor Point Project, Series A, 7.875%, 4/1/2039	2,000,000,460
Connecticut, Mashantucket Western Pequot Tribe Bond, 144A, 6.05%, 7/1/2031(PIK)	2,419,683,644
	2,542,104
District of Columbia 0.8%	
District of Columbia, Metropolitan Airport Authority Systems Revenue:	
Series A, AMT, 5.0%, 10/1/2038	200,000,776
Series A, AMT, 5.0%, 10/1/2043	850,000,095
	1,143,871
Florida 10.6%	
Collier County, FL, Industrial Development Authority, Continuing Care Community Revenue, Arlington of Naples Project, Series A, 8.125%, 5/15/2044	500,000,910
Florida, Capital Region Community Development District, Capital Improvement Revenue, Series A, 7.0%, 5/1/2039	470,000,908
Florida, Middle Village Community Development District, Special Assessment, Series A, 6.0%, 5/1/2035	930,000,639
Florida, Tolomato Community Development District, Special Assessment:	
Series A-2, Step-up Coupon, 0% to 5/1/2017, 6.61% to 5/1/2039	50,000,753
Series 2015-1, Step-up Coupon, 0% to 11/1/2021, 6.61% to 5/1/2040	250,000,468
Series 2015-2, Step-up Coupon, 0% to 11/1/2024, 6.61% to 5/1/2040	150,000,420
Series A-3, Step-up Coupon, 0% to 5/1/2019, 6.61% to 5/1/2040	110,000,929
Series A-4, Step-up Coupon, 0% to 5/1/2022, 6.61% to 5/1/2040 5.4%, 5/1/2037	55,000,428
Series 1, 6.55%, 5/1/2027 *	1,565,000,064
Series 3, 6.55%, 5/1/2027 *	10,000,166
Series A-1, 6.55%, 5/1/2027	130,000
Series 2015-3, 6.61%, 5/1/2040 *	170,000,556
Florida, Village Community Development District No. 9, Special Assessment Revenue, 5.5%, 5/1/2042	165,000
Hillsborough County, FL, Industrial Development Authority Revenue, Health Facilities, University Community Hospital, Series A, Prerefunded, 5.625%, 8/15/2029	155,000,444
Martin County, FL, Health Facilities Authority, Martin Memorial Medical Center, 5.5%, 11/15/2042	1,872,000,737
	335,000,879
	500,000,970

Edgar Filing: DEUTSCHE STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

Miami Beach, FL, Health Facilities Authority, Mount Sinai Medical Center, 5.0%, 11/15/2044	
Miami-Dade County, FL, Aviation Revenue:	
Series A, AMT, 5.0%, 10/1/2031	30,000,309
Series A, 5.5%, 10/1/2041	3,000,000,610
Orlando & Orange County, FL, Expressway Authority Revenue, Series C, 5.0%, 7/1/2035	1,080,000,185
Tampa-Hillsborough County, FL, Expressway Authority:	
Series A, 5.0%, 7/1/2031	1,500,000,375
Series A, 5.0%, 7/1/2037	1,590,000,019
	15,218,772
Georgia 7.2%	
Americus-Sumter County, GA, Hospital Authority, Magnolia Manor Obligated Group, Series A, 6.25%, 5/15/2033	1,000,000,120
Atlanta, GA, Airport Revenue, Series C, AMT, 5.0%, 1/1/2037	375,000,937
Atlanta, GA, Tax Allocation, Beltline Project, Series B, 7.375%, 1/1/2031	1,000,000,330
Atlanta, GA, Water & Wastewater Revenue, Series A, Prerefunded, 6.25%, 11/1/2034	2,000,000,520
DeKalb County, GA, Water & Sewer Revenue, Series A, 5.25%, 10/1/2036	1,000,000,030
Gainesville & Hall County, GA, Development Authority Retirement Community Revenue, ACTS Retirement Life Community, Series A-2, 6.625%, 11/15/2039	1,000,000,020
Gainesville & Hall County, GA, Hospital Authority, Northeast Georgia Health System, Inc. Project:	
Series A, 5.25%, 8/15/2049	100,000,217
Series A, 5.5%, 8/15/2054	180,000,958
Georgia, Main Street Natural Gas, Inc., Gas Project Revenue, Series A, 5.5%, 9/15/2024, GTY: Merrill Lynch & Co., Inc.	1,220,000,684
Georgia, Medical Center Hospital Authority Revenue, Anticipation Certificates, Columbus Regional Healthcare System, 6.5%, 8/1/2038, INS: AGC	1,000,000,720
	10,246,536
Guam 1.8%	
Guam, Government General Obligation, Series A, Prerefunded, 7.0%, 11/15/2039	1,000,000,380
Guam, International Airport Authority Revenue, Series C, AMT, 6.375%, 10/1/2043	215,000,582
Guam, Power Authority Revenue, Series A, 5.5%, 10/1/2030	1,000,000,530
	2,595,492
Hawaii 0.4%	
Hawaii, State Department of Budget & Finance, Special Purpose Revenue, Hawaiian Electric Co., Inc., 6.5%, 7/1/2039, GTY: Hawaiian Electric Co., Inc.	500,000,705
Idaho 0.2%	
Idaho, Health Facilities Authority Revenue, St. Luke's Regional Medical Center, 6.75%, 11/1/2037	305,000,219
Illinois 6.3%	
Chicago, IL, Airport Revenue, O'Hare International Airport, Series B, 6.0%, 1/1/2041	2,000,000,700
	2,000,000,080

Edgar Filing: DEUTSCHE STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

Illinois, Finance Authority Revenue, Friendship Village of Schaumburg, Series A, 5.625%, 2/15/2037	
Illinois, Finance Authority Revenue, Park Place of Elmhurst, Series A, 8.0%, 5/15/2030	1,005,984,400
Illinois, Finance Authority Revenue, The Admiral at Lake Project, Series A, 8.0%, 5/15/2040	1,001,007,300
Illinois, Finance Authority Revenue, Three Crowns Park Plaza, Series A, 5.875%, 2/15/2038	1,001,004,370
Illinois, Metropolitan Pier & Exposition Authority Revenue, McCormick Place Project, Series A, 5.0%, 6/15/2042	300,002,727
Illinois, Railsplitter Tobacco Settlement Authority, 6.0%, 6/1/2028	365,009,357
Illinois, State Finance Authority Revenue, Trinity Health Corp., Series L, 5.0%, 12/1/2030	1,001,001,640
Illinois, State General Obligation, 5.5%, 7/1/2038	130,008,140
	9,055,714
Indiana 4.2%	
Indiana, Finance Authority Hospital Revenue, Deaconess Hospital Obligation, Series A, Prerefunded, 6.75%, 3/1/2039	525,007,149
Indiana, State Finance Authority Revenue, Community Foundation of Northwest Indiana, 5.0%, 3/1/2041	1,001,000,620
Indiana, State Finance Authority Revenue, Greencroft Obligation Group, Series A, 7.0%, 11/15/2043	460,000,002
Indiana, State Finance Authority Revenue, I-69 Development Partners LLC, AMT, 5.25%, 9/1/2034	225,004,928
Indiana, State Finance Authority Revenue, Stadium Project, Series A, 5.25%, 2/1/2037	1,331,502,809
Valparaiso, IN, Exempt Facilities Revenue, Pratt Paper LLC Project, AMT, 7.0%, 1/1/2044, GTY: Pratt Industries (U.S.A.)	780,007,162
Vigo County, IN, Hospital Authority Revenue, Union Hospital, Inc., 144A, 5.7%, 9/1/2037	1,001,006,400
	5,972,070
Iowa 1.5%	
Iowa, Finance Authority Retirement Community Revenue, Edgewater LLC Project, 6.5%, 11/15/2027	1,001,006,750
Iowa, State Finance Authority, Midwestern Disaster Area Revenue, Fertilizer Co. Project, 5.25%, 12/1/2025	1,001,009,530
	2,146,280
Kansas 0.2%	
Lenexa, KS, Health Care Facility Revenue, Lakeview Village, Inc. Project, 7.25%, 5/15/2039	300,000,900
Kentucky 5.5%	
Kentucky, Economic Development Finance Authority, Hospital Facilities Revenue, Owensboro Medical Health Systems, Series A, 6.5%, 3/1/2045	2,002,007,160
Kentucky, Economic Development Finance Authority, Louisville Arena Project Revenue, Series A-1, 6.0%, 12/1/2033, INS: AGC	365,008,900
Kentucky, Public Transportation Infrastructure Authority Toll Revenue, 1st Tier-Downtown Crossing, Series A, 6.0%, 7/1/2053	1,441,009,037
Louisville & Jefferson County, KY, Metropolitan Government Health Systems Revenue, Norton Healthcare, Inc., 5.0%, 10/1/2030	3,425,000,674
	7,838,771
Louisiana 2.0%	

Edgar Filing: DEUTSCHE STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

Louisiana, Local Government Environmental Facilities, Community Development Authority Revenue, 6.75%, 11/1/2032	1,000,000,510
Louisiana, St. John Baptist Parish Revenue, Marathon Oil Corp., Series A, 5.125%, 6/1/2037	1,500,000,485
Louisiana, Tobacco Settlement Financing Corp. Revenue, Series A, 5.25%, 5/15/2035	180,000,962
	2,847,957
Maine 0.8%	
Maine, Health & Higher Educational Facilities Authority Revenue, Maine General Medical Center, 6.75%, 7/1/2036	1,000,000,180
Maryland 4.3%	
Maryland, Economic Development Corp., Pollution Control Revenue, Potomac Electric Power Co., 6.2%, 9/1/2022	1,500,000,415
Maryland, State Health & Higher Educational Facilities Authority Revenue, Anne Arundel Health Systems, Series A, Prerefunded, 6.75%, 7/1/2039	500,000,690
Maryland, State Health & Higher Educational Facilities Authority Revenue, Meritus Medical Center Obligated Group, 5.0%, 7/1/2040	1,000,000,760
Maryland, State Health & Higher Educational Facilities Authority Revenue, Washington County Hospital: Prerefunded, 5.75%, 1/1/2033	1,000,000,160
Prerefunded, 6.0%, 1/1/2028	1,385,000,765
Westminster, MD, Project Revenue, Lutheran Village Millers Grant, Inc., Series A, 6.25%, 7/1/2044	60,000,324
	6,133,114
Massachusetts 3.3%	
Massachusetts, Project Revenue, Health & Educational Facilities Authority, Jordan Hospital, Series E, 6.75%, 10/1/2033	1,790,000,113
Massachusetts, State Development Finance Agency Revenue, Linden Ponds, Inc. Facility: Series B, 11/15/2056 *	505,000,967
Series A-2, 5.5%, 11/15/2046	101,000,150
Series A-1, 6.25%, 11/15/2039	1,903,000,152
Massachusetts, State Health & Educational Facilities Authority Revenue, Milford Regional Medical Center, Series E, 5.0%, 7/15/2037	950,000,414
	4,681,796
Michigan 7.0%	
Detroit, MI, Water & Sewerage Department, Sewerage Disposal System Revenue, Series A, 5.25%, 7/1/2039	280,000,210
Detroit, MI, Water Supply Systems Revenue, Series A, 5.75%, 7/1/2037	1,000,000,010
Kalamazoo, MI, Economic Development Corp. Revenue, Limited Obligation, Heritage Community, 5.5%, 5/15/2036	1,000,000,930
Kentwood, MI, Economic Development, Limited Obligation, Holland Home, Series A, 5.375%, 11/15/2036	2,000,000,600
Michigan, State Building Authority Revenue, Facilities Program: Series I, 5.0%, 4/15/2038	775,000,729
Series I-A, 5.5%, 10/15/2045	2,000,000,500
Michigan, State Finance Authority Revenue, Detroit Water & Sewer, Series C-3, 5.0%, 7/1/2033, INS: AGMC	180,000,914
Royal Oak, MI, Hospital Finance Authority Revenue, William Beaumont Hospital, Prerefunded, 8.25%, 9/1/2039	1,000,000,660

Edgar Filing: DEUTSCHE STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

Tawas City, MI, Hospital Finance Authority, St. Joseph Health Services, Series A, ETM, 5.75%, 2/15/2023	1,095,100,136
	10,049,689
Minnesota 0.8%	
Minneapolis, MN, Health Care Systems Revenue, Fairview Health Services, Series A, Prerefunded, 6.75%, 11/15/2032	1,001,069,950
Mississippi 1.1%	
Lowndes County, MS, Solid Waste Disposal & Pollution Control Revenue, Weyerhaeuser Co. Project, Series A, 6.8%, 4/1/2022	250,002,205
Mississippi, Business Finance Corp., Pollution Control Revenue, Systems Energy Resources, Inc. Project, 5.875%, 4/1/2022	840,004,200
Warren County, MS, Gulf Opportunity Zone, International Paper Co., Series A, 6.5%, 9/1/2032	435,003,016
	1,649,421
Missouri 1.9%	
Missouri, State Health & Educational Facilities Authority Revenue, Lutheran Senior Services, Series C, 5.0%, 2/1/2042	2,002,002,120
Missouri, State Health & Educational Facilities Authority, Health Facilities Revenue, Lester E Cox Medical Centers, Series A, 5.0%, 11/15/2048	150,002,964
St. Louis, MO, Lambert-St. Louis International Airport Revenue, Series A-1, 6.625%, 7/1/2034	415,000,155
	2,665,239
Nevada 6.6%	
Clark County, NV, School District, Series A, 5.0%, 6/15/2022, INS: NATL Henderson, NV, Health Care Facility Revenue, Catholic Healthcare West, Series B, 5.25%, 7/1/2031	5,145,000,967
	2,002,006,060
Las Vegas Valley, NV, Water District, Series B, 5.0%, 6/1/2037	1,565,008,731
	9,496,758
New Hampshire 1.3%	
New Hampshire, State Business Finance Authority, Solid Waste Disposal Revenue, Waste Management, Inc. Project, AMT, 5.2%, 5/1/2027	1,751,802,342
New Jersey 4.7%	
New Jersey, Health Care Facilities Financing Authority Revenue, St. Joseph's Health Care System, 6.625%, 7/1/2038	715,006,403
New Jersey, State Economic Development Authority, Continental Airlines, Inc. Project, AMT, 4.875%, 9/15/2019	620,003,390
New Jersey, State Economic Development Authority, Special Facilities Revenue, Continental Airlines, Inc. Project, Series B, AMT, 5.625%, 11/15/2030	500,001,345
New Jersey, State Transportation Trust Fund Authority, Series B, 5.5%, 6/15/2031	1,501,501,700
New Jersey, Tobacco Settlement Financing Corp., Series 1A, 4.75%, 6/1/2034	4,283,006,692
	6,804,530
New York 9.3%	
Nassau, NY, Health Care Corp. Revenue, 0.01% **, 8/1/2029, LOC: TD Bank NA	970,000,000
New York, Metropolitan Transportation Authority Revenue:	
Series D, 5.0%, 11/15/2038	275,006,262
Series E, 5.0%, 11/15/2042	305,007,583
	8,268,006,834

Edgar Filing: DEUTSCHE STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

New York & New Jersey Port Authority, One Hundred Forty-Seventh, AMT, 5.0%, 10/15/2023, INS: NATL	
New York & New Jersey Port Authority, Special Obligation Revenue, JFK International Air Terminal LLC, 6.0%, 12/1/2042	680,000,200
New York City, NY, Industrial Development Agency, Special Facility Revenue, American Airlines, JFK International Airport, AMT, 8.0%, 8/1/2028, GTY: American Airlines Group	2,000,000,300
	13,305,179
North Carolina 0.8%	
North Carolina, Medical Care Commission, Health Care Facilities Revenue, University Health Systems, Series D, Prerefunded, 6.25%, 12/1/2033	1,000,000,260
Ohio 1.2%	
Ohio, American Municipal Power, Inc. Revenue, Fremont Energy Center Project, Series B, 5.0%, 2/15/2037	1,575,000,468
Oregon 1.2%	
Port of Portland, OR, Portland International Airport Revenue, Series 23, 5.0%, 7/1/2038	1,500,000,480
Pennsylvania 5.8%	
Butler County, PA, Hospital Authority Revenue, Butler Health Systems Project, Prerefunded, 7.25%, 7/1/2039	2,000,000,760
Pennsylvania, Commonwealth Financing Authority, Series A, 5.0%, 6/1/2035	315,000,539
Pennsylvania, State Economic Development Financing Authority Revenue, Bridges Finco LP, AMT, 5.0%, 12/31/2038	715,000,579
Pennsylvania, State Economic Development Financing Authority, Exempt Facilities Revenue, PPL Energy Supply, Series A, 6.4%, 12/1/2038	185,000,535
Pennsylvania, State Turnpike Commission Revenue:	
Series A-1, 5.0%, 12/1/2040	2,500,000,650
Series C, 5.0%, 12/1/2044	240,000,238
Philadelphia, PA, Redevelopment Authority Revenue, First Lien Mortgage, Series A, 6.5%, 1/1/2029	481,000,115
Westmoreland County, PA, Industrial Development Authority Revenue, Retirement Community-Redstone, Series A, Prerefunded, 5.875%, 1/1/2032	1,000,000,980
	8,287,396
Puerto Rico 1.7%	
Puerto Rico, Public Buildings Authority Revenue, Series Q, 5.625%, 7/1/2039	1,000,000,000
Puerto Rico, Sales Tax Financing Corp., Sales Tax Revenue:	
Series A, 5.5%, 8/1/2042	750,000,283
Series A, 6.0%, 8/1/2042	1,000,000,650
Series A, 6.375%, 8/1/2039	1,060,000,378
Puerto Rico, Sales Tax Financing Corp., Sales Tax Revenue, Convertible Capital Appreciation, Series A, Step-up Coupon, 0% to 8/1/2016, 6.75% to 8/1/2032	2,000,000,000
	2,455,711
Rhode Island 0.1%	
Rhode Island, Tobacco Settlement Financing Corp., Series A, 5.0%, 6/1/2040	155,000,836
South Carolina 1.3%	



Edgar Filing: DEUTSCHE STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

Hardeeville, SC, Assessment Revenue, Anderson Tract Municipal Improvement District, Series A, 7.75%, 11/1/2039	919,800,037
South Carolina, State Public Service Authority Revenue, Santee Cooper, Series A, 5.75%, 12/1/2043	890,000,208
	1,927,245
Tennessee 1.6%	
Clarksville, TN, Natural Gas Acquisition Corp., Gas Revenue: 5.0%, 12/15/2017, GTY: Merrill Lynch & Co., Inc.	500,000,990
5.0%, 12/15/2018, GTY: Merrill Lynch & Co., Inc.	540,000,576
Johnson City, TN, Health & Educational Facilities Board Hospital Revenue, Mountain States Health Alliance, Series A, 7.75%, 7/1/2038	1,000,000,610
	2,273,176
Texas 17.7%	
Brazos River, TX, Harbor Navigation District, Brazoria County Environmental Health, Dow Chemical Co. Project: Series B-2, 4.95%, 5/15/2033	1,000,000,400
Series A-3, AMT, 5.125%, 5/15/2033	1,000,000,440
Central Texas, Regional Mobility Authority Revenue, Series A, 5.0%, 1/1/2043	1,500,000,830
Central Texas, Regional Mobility Authority Revenue, Senior Lien, 6.0%, 1/1/2041	545,000,415
Dallas-Fort Worth, International Airport Revenue: Series F, AMT, 5.0%, 11/1/2035	1,000,000,870
Series D, AMT, 5.0%, 11/1/2038	2,000,000,860
Houston, TX, Airport System Revenue, United Airlines, Inc., Terminal E Project, AMT, 4.75%, 7/1/2024	615,000,004
Matagorda County, TX, Navigation District No. 1, Pollution Control Revenue, AEP Texas Central Co. Project, Series A, 4.4%, 5/1/2030, INS: AMBAC	2,250,000,062
North Texas, Tollway Authority Revenue, Toll Second Tier, Series F, Prerefunded, 5.75%, 1/1/2033	2,000,000,620
Red River, TX, Health Facilities Development Corp., Retirement Facilities Revenue, MRC Crossings Project, Series A, 8.0%, 11/15/2049	285,000,480
San Antonio, TX, Convention Center Hotel Finance Corp., Contract Revenue, Empowerment Zone, Series A, AMT, 5.0%, 7/15/2039, INS: AMBAC	1,000,000,810
Tarrant County, TX, Cultural Education Facilities Finance Corp. Revenue, Trinity Terrace Project, The Cumberland Rest, Inc., Series A-1, 5.0%, 10/1/2044	175,000,923
Tarrant County, TX, Cultural Education Facilities Finance Corp., Hospital Revenue, Scott & White Healthcare, 5.0%, 8/15/2043	2,100,000,500
Tarrant County, TX, Cultural Education Facilities Finance Corp., Retirement Facility, Mirador Project, Series A, 8.25%, 11/15/2044	570,000,584
Texas, Grand Parkway Transportation Corp., System Toll Revenue, Series B, 5.0%, 4/1/2053	500,000,910
Texas, Love Field Airport Modernization Corp., Special Facilities Revenue, Southwest Airlines Co. Project, 5.25%, 11/1/2040	1,050,000,847
Texas, SA Energy Acquisition Public Facility Corp., Gas Supply Revenue, 5.5%, 8/1/2020, GTY: The Goldman Sachs Group, Inc.	2,000,000,880
Texas, State Municipal Gas Acquisition & Supply Corp., III Gas Supply Revenue:	

Edgar Filing: DEUTSCHE STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

5.0%, 12/15/2030	165,008,367
5.0%, 12/15/2031	1,001,007,700
5.0%, 12/15/2032	1,001,004,400
Texas, State Private Activity Bond, Surface Transportation Corp. Revenue, Senior Lien, North Tarrant Express Mobility Partners Segments LLC, AMT, 6.75%, 6/30/2043	280,000,295
Texas, State Transportation Commission, Turnpike Systems Revenue, Series C, 5.0%, 8/15/2034	825,006,774
Travis County, TX, Health Facilities Development Corp. Revenue, Westminster Manor Health, 7.125%, 11/1/2040	510,086,668
	25,370,639
Virgin Islands 1.1%	
Virgin Islands, Public Finance Authority Revenue, Gross Receipts Tax Loan Notes, Series A, 5.0%, 10/1/2032	1,501,005,545
Virginia 1.1%	
Washington County, VA, Industrial Development Authority, Hospital Facility Revenue, Mountain States Health Alliance, Series C, 7.75%, 7/1/2038	1,371,571,828
Washington 3.5%	
Washington, State Health Care Facilities Authority Revenue, Series C, 5.375%, 8/15/2028, INS: AGC	595,003,590
Washington, State Health Care Facilities Authority Revenue, Virginia Mason Medical Center, Series A, 6.125%, 8/15/2037	2,002,000,240
Washington, State Health Care Facilities Authority, Catholic Health Initiatives, Series A, 5.0%, 2/1/2041	1,001,004,170
Washington, State Housing Finance Commission, Rockwood Retirement Communities Project, Series A, 7.375%, 1/1/2044	1,001,003,150
	4,961,150
Wisconsin 2.8%	
Wisconsin, State Health & Educational Facilities Authority Revenue, Agnesian Healthcare, Inc., Series B, 5.0%, 7/1/2036	500,002,235
Wisconsin, State Health & Educational Facilities Authority Revenue, Prohealth Care, Inc. Obligation Group:	
5.0%, 8/15/2039	200,007,832
Prerefunded, 6.625%, 2/15/2039	1,111,007,592
Wisconsin, State Health & Educational Facilities Authority Revenue, Thedacare, Inc., Series A, 5.5%, 12/15/2038	1,765,007,978
	4,025,637
<b>Total Municipal Bonds and Notes (Cost \$183,120,575)</b>	<b>204,028,706</b>
Underlying Municipal Bonds of Inverse Floaters (a) 11.8%	
California 3.1%	
San Diego County, CA, Water Authority Revenue, Certificates of Participation, Series 2008-A, 5.0%, 5/1/2027, INS: AGMC (b)	2,122,380,301
San Diego County, CA, Water Authority Revenue, Certificates of Participation, Series 2008-A, 144A, 5.0%, 5/1/2028, INS: AGMC (b)	1,932,312,447
<i>Trust: San Diego County, CA, Water Utility Improvements, Certificates of Participation, Series 2008-1104, 144A, 9.374%, 11/1/2015, Leverage Factor at purchase date: 2 to 1</i>	
	4,450,748
New York 4.1%	

New York, State Dormitory Authority, State Personal Income Tax Revenue, Series A, 5.0%, 3/15/2023 (b)	5,535,909,103
<i>Trust: New York, State Dormitory Authority Revenue, Secondary Issues, Series 1955-2, 144A, 18.303%, 9/15/2016, Leverage Factor at purchase date: 4 to 1</i>	
Tennessee 4.6%	
Nashville & Davidson County, TN, Metropolitan Government, 5.0%, 1/1/2024 (b)	5,918,595,637
<i>Trust: Nashville &amp; Davidson County, TN, Metropolitan Government, Series 2631-1, 144A, 18.316%, 1/1/2016, Leverage Factor at purchase date: 4 to 1</i>	
<b>Total Underlying Municipal Bonds of Inverse Floaters (Cost \$15,676,013)</b>	<b>16,865,488</b>
	%
	of
	Net Value (\$)
	Assets
<b>Total Investment Portfolio (Cost \$ 198,796,588) †</b>	154.2 <b>220,894,194</b>
<b>Floating Rate Notes (a)</b>	(7.4) <b>(10,615,039)</b>
<b>Series 2015 MTPS, at Liquidation Value</b>	(48.9) <b>(70,000,000)</b>
<b>Other Assets and Liabilities, Net</b>	2.1 <b>2,941,477</b>
<b>Net Assets Applicable to</b>	
	100.0 <b>143,220,632</b>
<b>Common Shareholders</b>	

For information on the Fund's policies regarding the valuation of investments and other significant accounting policies, please refer to the Fund's most recent semi-annual or annual financial statements.

The following table represents bonds that are in default:

Security	Coupon	Maturity Date	Principal Amount (\$)	Cost (\$)	Value (\$)
Florida, Tolomato Community Development District, Special Assessment, Series 1 *	6.55%	5/1/2027	10,000	4,160	10,166
Florida, Tolomato Community Development District, Special Assessment, Series 2015-3 *	6.61%	5/1/2040	165,000	—	2
Florida, Tolomato Community Development District, Special Assessment, Series 3 *	6.55%	5/1/2027	130,000	1	1
				4,161	10,169

\* Non-income producing security.

\*\* Variable rate demand notes are securities whose interest rates are reset periodically at market levels. These securities are often payable on demand and are shown at their current rates as of August 31, 2015.

† The cost for federal income tax purposes was \$186,735,304. At August 31, 2015, net unrealized appreciation for all securities based on tax cost was \$23,543,851. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$28,469,604 and aggregate gross unrealized

depreciation for all securities in which there was an excess of tax cost over value of \$4,925,753.

- (a) Securities represent the underlying municipal obligations of inverse floating rate obligations held by the Fund. The Floating Rate Notes represents leverage to the Fund and is the amount owed to the floating rate note holders. Security forms part of the below inverse floater. The Fund accounts for these inverse floaters as a form of secured (b) borrowing, by reflecting the value of the underlying bond in the investments of the Fund and the amount owed to the floating rate note holder as a liability.

144A: Security 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.

AGC: Assured Guaranty Corp.

AGMC: Assured Guaranty Municipal Corp.

AMBAC: Ambac Financial Group, Inc.

AMT: Subject to alternative minimum tax.

ETM: Bonds bearing the description ETM (escrow to maturity) are collateralized usually by U.S. Treasury securities which are held in escrow and used to pay principal and interest on bonds so designated.

GTY: Guaranty Agreement

INS: Insured

NATL: National Public Finance Guarantee Corp.

PIK: Denotes that all or a portion of the income is paid in-kind in the form of additional principal.

Prerefunded: Bonds which are prerefunded are collateralized usually by U.S. Treasury securities which are held in escrow and used to pay principal and interest on tax-exempt issues and to retire the bonds in full at the earliest refunding date.

### *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 or liquidity associated with investing in those securities.

The following is a summary of the inputs used as of August 31, 2015 in valuing the Fund's investments.

Assets	Level 1	Level 2	Level 3	Total
Municipal Investments <sup>(c)</sup>	\$—	\$220,894,194	\$—	\$220,894,194
Total	\$—	\$220,894,194	\$—	\$220,894,194

There have been no transfers between fair value measurement levels during the period ended August 31, 2015.

(c) See Investment Portfolio for additional detailed categorizations.

**ITEM 2. CONTROLS AND PROCEDURES**

The Chief Executive and Financial Officers concluded that the Registrant's Disclosure Controls and (a) Procedures are effective based on the evaluation of the Disclosure Controls and Procedures as of a date within 90 days of the filing date of this report.

There have been no changes in the registrant's internal control over financial reporting that occurred during (b) the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal controls over financial reporting.

**ITEM 3. EXHIBITS**

Certification pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) is filed and attached hereto as Exhibit 99.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: Deutsche Strategic Municipal Income Trust

/s/Brian E. Binder

By: Brian E. Binder  
President

Date: October 23, 2015

Edgar Filing: DEUTSCHE STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/Brian E. Binder

By: Brian E. Binder

President

Date: October 23, 2015

/s/Paul Schubert

By: Paul Schubert

Chief Financial Officer and Treasurer

Date: October 23, 2015