

DEUTSCHE STRATEGIC MUNICIPAL INCOME TRUST
Form N-Q
October 27, 2017

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 10154-0004

(Address of principal executive offices) (Zip code)

Paul Schubert

345 Park Avenue
New York, NY 10154-0004

(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: 8/31/2017

ITEM 1. SCHEDULE OF INVESTMENTS

Investment Portfolio

as of August 31, 2017 (Unaudited)

Deutsche Strategic Municipal Income Trust

| | Principal Amount (\$) | Value (\$) |
|---|--------------------------|------------------|
| Municipal Bonds and Notes 137.8% | | |
| Alabama 0.3% | | |
| Alabama, UAB Medicine Finance Authority Revenue, Series B2, 5.0%, 9/1/2041 | 325,000 | 376,636 |
| Arizona 1.2% | | |
| Maricopa County, AZ, Pollution Control Corp. Revenue, El Paso Electric Co. Project, Series B, 7.25%, 4/1/2040 | 1,570,000 | 1,711,944 |
| California 15.9% | | |
| California, Golden State Tobacco Securitization Corp., Tobacco Settlement, Series A-1, 5.75%, 6/1/2047 | 470,000 | 469,958 |
| California, Health Facilities Financing Authority Revenue, Catholic Healthcare West, Series A, Prerefunded, 6.0%, 7/1/2034 | 1,000,000 | 1,093,860 |
| California, M-S-R Energy Authority, Series B, 7.0%, 11/1/2034, GTY: Citigroup, Inc. | 1,310,000 | 1,895,688 |
| California, Morongo Band of Mission Indians, Enterprise Casino Revenue, Series B, 144A, 6.5%, 3/1/2028 | 1,000,000 | 1,020,830 |
| California, South Bayside Waste Management Authority, Solid Waste Enterprise, Shoreway Environmental, Series A, 6.25%, 9/1/2029 | 1,425,000 | 1,574,568 |
| California, State General Obligation: 5.0%, 11/1/2043 | 1,500,000 | 1,755,060 |

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| 5.25%, 4/1/2035 | 1,230,000 | 1,445,484 |
| 5.5%, 3/1/2040 | 1,000,000 | 1,106,730 |
| 5.75%, 4/1/2031 | 1,000,000 | 1,077,190 |
| 6.0%, 4/1/2038 | 1,000,000 | 1,078,300 |
| 6.5%, 4/1/2033 | 1,950,000 | 2,128,347 |
| California, State Public Works Board Lease Revenue, Capital Projects, Series I-1, Prerefunded, 6.375%, 11/1/2034 | 1,000,000 | 1,119,730 |
| California, State Public Works Board Lease Revenue, Riverside Campus Project, Series B, 6.125%, 4/1/2028 | 2,000,000 | 2,165,480 |
| California, Statewide Communities Development Authority Revenue, Loma Linda University Medical Center: | | |
| Series A, 5.25%, 12/1/2044 | 195,000 | 212,501 |
| Series A, 144A, 5.25%, 12/1/2056 | 735,000 | 807,920 |
| Series A, 5.5%, 12/1/2054 | 195,000 | 214,525 |
| Riverside County, CA, Transportation Commission Toll Revenue Senior Lien, Series A, 5.75%, 6/1/2048 | 1,000,000 | 1,135,600 |
| San Buenaventura, CA, Community Memorial Health Systems, 7.5%, 12/1/2041 | 500,000 | 585,200 |
| San Francisco City & County, CA, Airports Commission, International Airport Revenue, Series A, AMT, 5.0%, 5/1/2044 | 1,000,000 | 1,127,720 |
| San Joaquin Hills, CA, Transportation Corridor Agency, Toll Road Revenue, Series A, 5.0%, 1/15/2050 | 445,000 | 490,639 |
| | | 22,505,330 |
| Colorado 3.1% Colorado, High Performance Transportation Enterprise Revenue, C-470 Express Lanes, 5.0%, 12/31/2056 | 225,000 | 249,395 |
| Colorado, Park Creek Metropolitan District Revenue, Senior Ltd. Property Tax Supported, Series A, 5.0%, 12/1/2045 | 235,000 | 256,538 |
| Colorado, Public Energy Authority, Natural Gas Purchased Revenue, 6.25%, 11/15/2028, GTY: Merrill | 635,000 | 809,930 |

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| Lynch & Co., Inc. | | |
| Colorado, Regional Transportation District, Sales Tax Revenue, Series B, 4.0%, 11/1/2035 | 385,000 | 423,827 |
| Colorado, State Health Facilities Authority Revenue, Covenant Retirement Communities: | | |
| Series A, 5.0%, 12/1/2033 | 440,000 | 473,783 |
| Series A, 5.0%, 12/1/2035 | 250,000 | 274,005 |
| Colorado, State Health Facilities Authority Revenue, School Health Systems, Series A, 5.5%, 1/1/2035 | 1,000,000 | 1,164,490 |
| Denver, CO, City & County Airport Revenue, Series A, AMT, 5.25%, 11/15/2043 | 600,000 | 668,700 |
| | | 4,320,668 |
| Connecticut 1.6% | | |
| Connecticut, Harbor Point Infrastructure Improvement District, Special Obligation Revenue, Harbor Point Project, Series A, 7.875%, 4/1/2039 | 2,000,000 | 2,220,000 |
| Connecticut, Mashantucket Western Pequot Tribe Bond, 6.05%, 7/1/2031* (PIK) | 2,672,979 | 102,268 |
| | | 2,322,268 |
| District of Columbia 1.1% | | |
| District of Columbia, Ingleside Rock Creek Project: | | |
| Series A, 5.0%, 7/1/2042 | 130,000 | 132,521 |
| Series A, 5.0%, 7/1/2052 | 195,000 | 198,169 |
| District of Columbia, Metropolitan Airport Authority Systems Revenue: | | |
| Series A, AMT, 5.0%, 10/1/2038 | 200,000 | 223,974 |
| Series A, AMT, 5.0%, 10/1/2043 | 850,000 | 946,364 |
| | | 1,501,028 |
| Florida 11.0% | | |
| Collier County, FL, Industrial Development Authority, Continuing Care Community Revenue, Arlington of Naples Project, Series A, 8.125%, 5/15/2044 | 500,000 | 556,980 |
| | 455,000 | 456,356 |

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| Florida, Capital Region Community Development District, Capital Improvement Revenue, Series A, 7.0%, 5/1/2039 | | |
| Florida, Middle Village Community Development District, Special Assessment, Series A, 6.0%, 5/1/2035 | 900,000 | 771,651 |
| Florida, Tolomato Community Development District, Special Assessment: Series 2015-1, Step-up Coupon, 0% to 11/1/2021, 6.61% to 5/1/2040 | 250,000 | 155,395 |
| Series 2015-2, Step-up Coupon, 0% to 11/1/2024, 6.61% to 5/1/2040 | 150,000 | 78,180 |
| Series A-3, Step-up Coupon, 0% to 5/1/2019, 6.61% to 5/1/2040 | 110,000 | 66,198 |
| Series A-4, Step-up Coupon, 0% to 5/1/2022, 6.61% to 5/1/2040 | 55,000 | 24,547 |
| 5.4%, 5/1/2037 | 1,390,000 | 1,390,097 |
| Series 1, 6.55%, 5/1/2027 | 10,000 | 10,040 |
| Series 3, 6.55%, 5/1/2027 * | 130,000 | 1 |
| Series A-1, 6.55%, 5/1/2027 | 170,000 | 170,080 |
| Series A-2, 6.61%, 5/1/2039 | 50,000 | 50,002 |
| Series 2015-3, 6.61%, 5/1/2040 * | 165,000 | 2 |
| Florida, Village Community Development District No. 9, Special Assessment Revenue, 5.5%, 5/1/2042 | 150,000 | 167,631 |
| Greater Orlando, FL, Aviation Authority Airport Facilities Revenue: Series A, AMT, 5.0%, 10/1/2042 (a) | 620,000 | 720,000 |
| Series A, AMT, 5.0%, 10/1/2047 (a) | 400,000 | 462,284 |
| Martin County, FL, Health Facilities Authority, Martin | 335,000 | 368,818 |

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| Memorial Medical Center, 5.5%, 11/15/2042 | | |
| Miami Beach, FL, Health Facilities Authority, Mount Sinai Medical Center, 5.0%, 11/15/2044 | 500,000 | 544,385 |
| Miami-Dade County, FL, Aviation Revenue: | | |
| Series A, AMT, 5.0%, 10/1/2031 | 30,000 | 33,726 |
| Series B, AMT, 5.0%, 10/1/2040 | 470,000 | 546,812 |
| Series A, 5.5%, 10/1/2041 | 3,000,000 | 3,257,640 |
| Miami-Dade County, FL, Health Facilities Authority Hospital Revenue, Nicklaus Children's Hospital, 5.0%, 8/1/2047 | 665,000 | 761,146 |
| Orange County, FL, Housing Finance Authority, Post Fountains Project, 0.81% **, 9/7/2017, LIQ: Fannie Mae | 365,000 | 365,000 |
| Orlando & Orange County, FL, Expressway Authority Revenue, Series C, Prerefunded, 5.0%, 7/1/2035 | 830,000 | 922,752 |
| Tallahassee, FL, Health Facilities Revenue, Memorial Healthcare, Inc. Project, Series A, 5.0%, 12/1/2055 | 150,000 | 162,084 |
| Tampa-Hillsborough County, FL, Expressway Authority: | | |
| Series A, 5.0%, 7/1/2031 | 1,500,000 | 1,723,455 |
| Series A, 5.0%, 7/1/2037 | 1,590,000 | 1,807,099 |
| | | 15,572,361 |
| Georgia 5.9% | | |
| Americus-Sumter County, GA, Hospital Authority, Magnolia Manor Obligated Group, Series A, 6.25%, 5/15/2033 | 1,000,000 | 1,109,390 |
| Atlanta, GA, Airport Revenue, Series C, AMT, 5.0%, 1/1/2037 | 375,000 | 410,194 |
| Atlanta, GA, Development Authority, Senior Health Care Facilities Revenue, Proton Treatment Center, Series A-1, 6.5%, 1/1/2029 | 225,000 | 234,074 |
| Atlanta, GA, Tax Allocation, Beltline Project, Series B, Prerefunded, 7.375%, 1/1/2031 | 1,000,000 | 1,086,450 |

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| Atlanta, GA, Water & Wastewater Revenue, Series A, Prerefunded, 6.25%, 11/1/2034 | 1,000,000 | 1,114,900 |
| Cobb County, GA, Kennestone Hospital Authority, Revenue Anticipation Certificates, Wellstar Health System, Series A, 5.0%, 4/1/2047 | 175,000 | 198,181 |
| DeKalb County, GA, Water & Sewer Revenue, Series A, 5.25%, 10/1/2036 | 1,000,000 | 1,143,810 |
| Fulton County, GA, Development Authority Hospital Revenue, Revenue Anticipation Certificates, Wellstar Health System, Series A, 5.0%, 4/1/2047 | 210,000 | 238,566 |
| Gainesville & Hall County, GA, Hospital Authority, Northeast Georgia Health System, Inc. Project: | | |
| Series A, 5.25%, 8/15/2049 | 100,000 | 115,522 |
| Series A, 5.5%, 8/15/2054 | 180,000 | 212,882 |
| Georgia, Main Street Natural Gas, Inc., Gas Project Revenue, Series A, 5.5%, 9/15/2024, GTY: Merrill Lynch & Co., Inc. | 1,220,000 | 1,451,410 |
| Georgia, Medical Center Hospital Authority Revenue, Anticipation Certificates, Columbus Regional Healthcare System, Prerefunded, 6.5%, 8/1/2038, INS: AGC | 1,000,000 | 1,051,640 |
| | | 8,367,019 |
| Guam 1.7% | | |
| Guam, Government General Obligation, Series A, Prerefunded, 7.0%, 11/15/2039 | 1,000,000 | 1,132,010 |
| Guam, International Airport Authority Revenue, Series C, AMT, 6.375%, 10/1/2043 | 215,000 | 245,435 |
| Guam, Power Authority Revenue, Series A, 5.5%, 10/1/2030 | 1,000,000 | 1,072,540 |
| | | 2,449,985 |
| Hawaii 1.7% | | |
| Gainesville & Hall County, GA, Development Authority Retirement Community Revenue, ACTS Retirement Life Community, Series A-2, Prerefunded, 6.625%, 11/15/2039 | 1,000,000 | 1,124,200 |

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| Hawaii, State Airports Systems Revenue, Series A, AMT, 5.0%, 7/1/2041 | 695,000 | 793,454 |
| Hawaii, State Department of Budget & Finance, Special Purpose Revenue, Hawaiian Electric Co., Inc., 6.5%, 7/1/2039 | 500,000 | 540,785 |
| | | 2,458,439 |
| Idaho 0.2% | | |
| Idaho, Health Facilities Authority Revenue, St. Luke's Regional Medical Center, 6.75%, 11/1/2037 | 305,000 | 322,745 |
| Illinois 8.5% | | |
| Chicago, IL, General Obligation, Series A, 6.0%, 1/1/2038 | 455,000 | 526,426 |
| Chicago, IL, O'Hare International Airport Revenue: | | |
| Series C, AMT, 5.0%, 1/1/2046 | 1,000,000 | 1,117,480 |
| Series B, Prerefunded, 6.0%, 1/1/2041 | 2,000,000 | 2,323,420 |
| Chicago, IL, O'Hare International Airport Revenue, Senior Lien, Series D, AMT, 5.0%, 1/1/2047 | 415,000 | 470,901 |
| Illinois, Finance Authority Revenue, Friendship Village of Schaumburg, Series A, 5.625%, 2/15/2037 | 2,000,000 | 2,000,200 |
| Illinois, Finance Authority Revenue, The Admiral at Lake Project, Series A, 8.0%, 5/15/2040 | 1,000,000 | 1,108,840 |
| Illinois, Metropolitan Pier & Exposition Authority, Dedicated State Tax Revenue, Capital Appreciation-McCormick, Series A, Zero Coupon, 6/15/2036, INS: NATL | 3,000,000 | 1,376,430 |
| Illinois, Railsplitter Tobacco Settlement Authority, 6.0%, 6/1/2028 | 365,000 | 416,359 |
| Illinois, State Finance Authority Revenue, OSF Healthcare Systems, Series A, 5.0%, 11/15/2045 | 525,000 | 578,749 |
| Illinois, State Finance Authority Revenue, Park Place of Elmhurst Project, Series C, 2.0%, 5/15/2055 | 150,000 | 6,345 |
| * | | |
| Illinois, State Finance Authority Revenue, Three Crowns Park Obligated Group, 5.25%, | 325,000 | 343,853 |

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2/15/2047

| | | |
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| Illinois, State Finance Authority Revenue, Trinity Health Corp., Series L, 5.0%, 12/1/2030 | 1,000,000 | 1,114,450 |
| Illinois, State General Obligation, 5.0%, 2/1/2029 | 225,000 | 245,716 |
| Springfield, IL, Electric Revenue, Senior Lien, 5.0%, 3/1/2040, INS: AGMC | 385,000 | 433,071 |
| | | 12,062,240 |

Indiana 4.3%

| | | |
|--|-----------|-----------|
| Indiana, Finance Authority Hospital Revenue, Deaconess Hospital Obligation, Series A, Prerefunded, 6.75%, 3/1/2039 | 525,000 | 571,321 |
| Indiana, State Finance Authority Revenue, BHI Senior Living Obligated Group, Series A, 5.25%, 11/15/2046 | 365,000 | 407,271 |
| Indiana, State Finance Authority Revenue, Community Foundation of Northwest Indiana, 5.0%, 3/1/2041 | 1,000,000 | 1,092,410 |
| Indiana, State Finance Authority Revenue, Greencroft Obligation Group, Series A, 7.0%, 11/15/2043 | 460,000 | 521,092 |
| Indiana, State Finance Authority Revenue, Stadium Project, Series A, 5.25%, 2/1/2037 | 1,330,000 | 1,572,339 |
| Valparaiso, IN, Exempt Facilities Revenue, Pratt Paper LLC Project, AMT, 7.0%, 1/1/2044, GTY: Pratt Industries (U.S.A.) | 780,000 | 937,014 |
| Vigo County, IN, Hospital Authority Revenue, Union Hospital, Inc., 144A, Prerefunded, 5.7%, 9/1/2037 | 1,000,000 | 1,000,000 |
| | | 6,101,447 |

Iowa 0.7%

| | | |
|---|-----------|------------------|
| Iowa, Finance Authority Retirement Community Revenue, Edgewater LLC Project, Prerefunded, 6.5%, 11/15/2027 | 1,000,000 | 1,011,770 |
|---|-----------|------------------|

Kansas 0.2%

| | | |
|--|---------|----------------|
| Lenexa, KS, Health Care Facility Revenue, Lakeview Village, Inc. Project, Prerefunded, 7.25%, 5/15/2039 | 300,000 | 331,734 |
|--|---------|----------------|

Kentucky 3.3%

| | | |
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| Kentucky, Economic Development Finance Authority, Hospital | 2,000,000 | 2,295,440 |
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| Facilities Revenue, Owensboro Medical Health Systems, Series A, Prerefunded, 6.5%, 3/1/2045 Kentucky, Economic Development Finance Authority, Louisville Arena Project Revenue, Series A-1, 6.0%, 12/1/2033, INS: AGC Kentucky, Public Transportation Infrastructure Authority Toll Revenue, 1st Tier-Downtown Crossing, Series A, 6.0%, 7/1/2053 Kentucky, State Economic Development Finance Authority, Owensboro Health, Inc. Obligated Group: | 365,000 | 372,574 |
| Series A, 5.0%, 6/1/2045 | 130,000 | 141,279 |
| Series A, 5.25%, 6/1/2041 | 190,000 | 213,083 |
| | | 4,656,401 |
| Louisiana 2.4% Louisiana, Local Government Environmental Facilities, Community Development Authority Revenue, 6.75%, 11/1/2032 | 1,000,000 | 1,007,580 |
| Louisiana, New Orleans Aviation Board, General Airport North Terminal, Series B, AMT, 5.0%, 1/1/2048 | 140,000 | 159,219 |
| Louisiana, Public Facilities Authority Revenue, Ochsner Clinic Foundation Project, 5.0%, 5/15/2046 | 1,000,000 | 1,130,390 |
| Louisiana, St. John Baptist Parish Revenue, Marathon Oil Corp., Series A, 5.125%, 6/1/2037 | 950,000 | 949,924 |
| Louisiana, Tobacco Settlement Financing Corp. Revenue, Series A, 5.25%, 5/15/2035 | 180,000 | 197,217 |
| | | 3,444,330 |
| Maine 0.8% Maine, Health & Higher Educational Facilities Authority Revenue, Maine General Medical Center, 6.75%, 7/1/2036 | 1,000,000 | 1,098,630 |
| Maryland 4.0% Maryland, Economic Development Corp., Pollution Control Revenue, Potomac Electric Power Co., 6.2%, 9/1/2022 | 1,500,000 | 1,619,250 |

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| Maryland, State Health & Higher Educational Facilities Authority Revenue, Adventist Healthcare Obligated Group, Series A, 5.5%, 1/1/2046 | 375,000 | 430,717 |
| Maryland, State Health & Higher Educational Facilities Authority Revenue, Anne Arundel Health Systems, Series A, Prerefunded, 6.75%, 7/1/2039 | 500,000 | 553,740 |
| Maryland, State Health & Higher Educational Facilities Authority Revenue, Meritus Medical Center Obligated Group, 5.0%, 7/1/2040 | 1,000,000 | 1,105,550 |
| Maryland, State Health & Higher Educational Facilities Authority Revenue, Washington County Hospital: Prerefunded, 5.75%, 1/1/2033 | 500,000 | 508,300 |
| Prerefunded, 6.0%, 1/1/2028 | 1,385,000 | 1,409,141 |
| | | 5,626,698 |
| Massachusetts 2.2% Massachusetts, State Development Finance Agency Revenue, Linden Ponds, Inc. Facility: Series B, 11/15/2056 | 505,485 | 11,854 |
| * | | |
| Series A-2, 5.5%, 11/15/2046 | 100,000 | 97,578 |
| Series A-1, 6.25%, 11/15/2039 | 1,903,948 | 1,974,470 |
| Massachusetts, State Health & Educational Facilities Authority Revenue, Milford Regional Medical Center, Series E, 5.0%, 7/15/2037 | 950,000 | 952,308 |
| | | 3,036,210 |
| Michigan 5.6% Detroit, MI, Water & Sewerage Department, Sewerage Disposal System Revenue, Series A, 5.25%, 7/1/2039 | 280,000 | 311,735 |
| Detroit, MI, Water Supply Systems Revenue, Series A, 5.75%, 7/1/2037 | 1,000,000 | 1,117,280 |
| Kalamazoo, MI, Economic Development Corp. Revenue, Limited Obligation, Heritage Community, 5.5%, 5/15/2036 | 1,000,000 | 1,000,460 |

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| Michigan, State Building Authority Revenue, Facilities Program: Series I, 5.0%, 4/15/2038 | 775,000 | 892,606 |
| Series I-A, 5.5%, 10/15/2045 | 2,000,000 | 2,271,280 |
| Michigan, State Finance Authority Revenue, Detroit Water & Sewer, Series C-3, 5.0%, 7/1/2033, INS: AGMC | 180,000 | 205,308 |
| Michigan, State Finance Authority Revenue, Detroit Water & Sewer Department, Series C, 5.0%, 7/1/2035 | 90,000 | 100,878 |
| Royal Oak, MI, Hospital Finance Authority Revenue, William Beaumont Hospital, Prerefunded, 8.25%, 9/1/2039 | 1,000,000 | 1,074,510 |
| Tawas City, MI, Hospital Finance Authority, St. Joseph Health Services, Series A, ETM, 5.75%, 2/15/2023 | 860,000 | 863,629 |
| | | 7,837,686 |
| Minnesota 0.8% Minneapolis, MN, Health Care Systems Revenue, Fairview Health Services, Series A, Prerefunded, 6.75%, 11/15/2032 | 1,000,000 | 1,070,820 |
| Mississippi 1.1% Lowndes County, MS, Solid Waste Disposal & Pollution Control Revenue, Weyerhaeuser Co. Project, Series A, 6.8%, 4/1/2022 | 250,000 | 290,973 |
| Mississippi, Business Finance Corp., Pollution Control Revenue, Systems Energy Resources, Inc. Project, 5.875%, 4/1/2022 | 620,000 | 625,840 |
| Mississippi, State Business Finance Corp., Solid Waste Disposal Revenue, Waste Pro U.S.A., Inc. Project, AMT, 144A, 5.0%, Mandatory Put 8/1/2022 @ 100, 2/1/2036 | 145,000 | 148,843 |
| Warren County, MS, Gulf Opportunity Zone, International Paper Co., Series A, 6.5%, 9/1/2032 | 435,000 | 456,528 |
| | | 1,522,184 |
| Missouri 1.2% Missouri, State Health & Educational Facilities Authority | 65,000 | 71,061 |

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| Revenue, Medical Research, Lutheran Senior Services, Series A, 5.0%, 2/1/2046 | | |
| Missouri, State Health & Educational Facilities Authority, Health Facilities Revenue, Lester E Cox Medical Centers, Series A, 5.0%, 11/15/2048 | 150,000 | 165,042 |
| St. Louis County, MO, Industrial Development Authority, Senior Living Facilities, St. Andrews Resources for Seniors Obligated Group, Series A, 5.125%, 12/1/2045 | 365,000 | 387,138 |
| St. Louis, MO, Airport Revenue, Series C, 5.0%, 7/1/2047, INS: AGMC | 500,000 | 581,355 |
| St. Louis, MO, Lambert-St. Louis International Airport Revenue, Series A-1, 6.625%, 7/1/2034 | 415,000 | 454,620 |
| | | 1,659,216 |
| Nebraska 0.4% | | |
| Douglas County, NE, Hospital Authority No.2, Health Facilities, Children's Hospital Obligated Group, 5.0%, 11/15/2047 | 535,000 | 610,938 |
| Nevada 1.9% | | |
| Clark County, NV, School District, Series A, 5.0%, 6/15/2022, INS: NATL | 825,000 | 852,580 |
| Las Vegas Valley, NV, Water District, Series B, 5.0%, 6/1/2037 | 1,565,000 | 1,793,505 |
| | | 2,646,085 |
| New Hampshire 0.3% | | |
| New Hampshire, State Health & Educational Facilities Authority Revenue, Hillside Village: Series A, 144A, 6.125%, 7/1/2037 | 100,000 | 105,388 |
| Series A, 144A, 6.125%, 7/1/2052 | 200,000 | 208,452 |
| Series A, 144A, 6.25%, 7/1/2042 | 100,000 | 105,941 |
| | | 419,781 |
| New Jersey 7.4% | | |
| New Jersey, Health Care Facilities Financing Authority Revenue, St. Joseph's Health Care System, Prerefunded, 6.625%, 7/1/2038 | 715,000 | 749,542 |
| New Jersey, State Economic Development Authority Revenue, | 895,000 | 1,042,594 |

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| Series BBB, 5.5%, 6/15/2030 New Jersey, State Economic Development Authority, Continental Airlines, Inc. Project, AMT, 4.875%, 9/15/2019 | 330,000 | 341,550 |
| New Jersey, State Economic Development Authority, Special Facilities Revenue, Continental Airlines, Inc. Project, Series B, AMT, 5.625%, 11/15/2030 | 500,000 | 565,625 |
| New Jersey, State Health Care Facilities Financing Authority Revenue, University Hospital, Series A, 5.0%, 7/1/2046, INS: AGMC | 180,000 | 202,950 |
| New Jersey, State Transportation Trust Fund Authority, Series B, 5.5%, 6/15/2031 | 1,500,000 | 1,631,040 |
| New Jersey, State Turnpike Authority Revenue, Series E, 5.0%, 1/1/2045 | 1,015,000 | 1,166,428 |
| New Jersey, Tobacco Settlement Financing Corp.: | | |
| Series 1A, 4.75%, 6/1/2034 | 4,280,000 | 4,196,369 |
| Series 1A, 5.0%, 6/1/2041 | 500,000 | 485,815 |
| | | 10,381,913 |
| New York 3.9% | | |
| New York, Brooklyn Arena Local Development Corp., Pilot Revenue, Barclays Center Project, Series A, 4.0%, 7/15/2035, INS: AGMC | 45,000 | 48,385 |
| New York, Buffalo & Fort Erie Public Bridge Authority, 5.0%, 1/1/2047 | 1,000,000 | 1,169,710 |
| New York, Metropolitan Transportation Authority Revenue: | | |
| Series D, 5.0%, 11/15/2038 | 275,000 | 320,122 |
| Series E, 5.0%, 11/15/2042 | 305,000 | 346,294 |
| New York, State Liberty Development Corp. Revenue, World Trade Center Project, Class 1-3, 5.0%, 11/15/2044 | 915,000 | 996,893 |
| New York, State Transportation Development Corp., Special Facilities Revenue, American Airlines, Inc., John F. Kennedy International Airport Project, | 445,000 | 476,065 |

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| | | |
|---|-----------|-----------|
| AMT, 5.0%, 8/1/2031, GTY: American Airlines Group New York, State Transportation Development Corp., Special Facility Revenue, Laguardia Gateway Partners LLC, Redevelopment Project, Series A, AMT, 5.0%, 7/1/2041 | 1,200,000 | 1,328,484 |
| New York, TSASC, Inc., Series A, 5.0%, 6/1/2041 | 60,000 | 66,826 |
| New York & New Jersey Port Authority, Special Obligation Revenue, JFK International Air Terminal LLC, 6.0%, 12/1/2042 | 680,000 | 761,729 |
| | | 5,514,508 |
| North Carolina 1.4% New Hanover County, NC, Hospital Revenue, New Hanover Regional Medical Centre, 5.0%, 10/1/2042 | 260,000 | 300,298 |
| 5.0%, 10/1/2047 | 240,000 | 275,858 |
| North Carolina, Medical Care Commission, Health Care Facilities Revenue, University Health Systems, Series D, Prerefunded, 6.25%, 12/1/2033 | 1,000,000 | 1,066,660 |
| North Carolina, Medical Care Commission, Retirement Facilities Revenue, First Mortgage-Aldersgate, 5.0%, 7/1/2045 | 330,000 | 348,576 |
| | | 1,991,392 |
| Ohio 2.6% Centerville, OH, Health Care Revenue, Graceworks Lutheran Services, 5.25%, 11/1/2047 | 220,000 | 232,778 |
| Chillicothe, OH, Hospital Facilities Revenue, Adena Health System Obligated Group Project, 5.0%, 12/1/2047 | 445,000 | 503,989 |
| Hamilton County, OH, Health Care Revenue, Life Enriching Communities Project: 5.0%, 1/1/2036 | 45,000 | 48,757 |
| 5.0%, 1/1/2046 | 370,000 | 396,251 |
| Ohio, Akron, Bath & Copley Joint Township Hospital District Revenue, 5.25%, 11/15/2046 | 615,000 | 693,880 |
| Ohio, American Municipal Power, Inc. Revenue, Fremont Energy | 1,575,000 | 1,751,274 |

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|---|-----------|-----------|
| Center Project, Series B, 5.0%, 2/15/2037 | | 3,626,929 |
| Pennsylvania 7.1% | | |
| Butler County, PA, Hospital Authority Revenue, Butler Health Systems Project, Prerefunded, 7.25%, 7/1/2039 | 2,000,000 | 2,224,540 |
| Lancaster County, PA, Hospital Authority, Brethren Village Project: | | |
| 5.125%, 7/1/2037 | 100,000 | 110,307 |
| 5.25%, 7/1/2041 | 100,000 | 110,503 |
| Pennsylvania, Commonwealth Financing Authority, Series A, 5.0%, 6/1/2035 | 315,000 | 359,900 |
| Pennsylvania, Geisinger Authority Health System Revenue, Series A-1, 5.0%, 2/15/2045 | 740,000 | 853,146 |
| Pennsylvania, State Economic Development Financing Authority Revenue, Bridges Finco LP: | | |
| AMT, 5.0%, 12/31/2034 | 1,000,000 | 1,136,690 |
| AMT, 5.0%, 12/31/2038 | 1,000,000 | 1,123,590 |
| Pennsylvania, State Economic Development Financing Authority, Exempt Facilities Revenue, PPL Energy Supply, Series A, 6.4%, 12/1/2038 | 185,000 | 190,844 |
| Pennsylvania, State Turnpike Commission Revenue: | | |
| Series A-1, 5.0%, 12/1/2040 | 2,500,000 | 2,845,200 |
| Series C, 5.0%, 12/1/2044 | 240,000 | 273,067 |
| Philadelphia, PA, Authority for Individual Development Senior Living Revenue, Wesley Enhanced Living Obligated Group: | | |
| Series A, 5.0%, 7/1/2042 | 135,000 | 141,842 |
| Series A, 5.0%, 7/1/2049 | 160,000 | 166,679 |
| Philadelphia, PA, Redevelopment Authority Revenue, First Lien Mortgage, Series A, 6.5%, 1/1/2029 | 434,300 | 435,442 |
| | | 9,971,750 |
| Puerto Rico 0.5% | | |

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|---|-----------|----------------|
| Puerto Rico, Sales Tax Financing Corp., Sales Tax Revenue: | | |
| Series A, 5.5%, 8/1/2042 * | 750,000 | 190,313 |
| Series A, 6.0%, 8/1/2042 * | 1,000,000 | 253,750 |
| Series A, 6.375%, 8/1/2039 * | 950,000 | 241,062 |
| | | 685,125 |
| Rhode Island 0.1% | | |
| Rhode Island, Tobacco Settlement Financing Corp., Series A, 5.0%, 6/1/2040 | | |
| | 155,000 | 168,460 |
| South Carolina 2.2% | | |
| Hardeeville, SC, Assessment Revenue, Anderson Tract Municipal Improvement District, Series A, 7.75%, 11/1/2039 | | |
| | 875,000 | 887,128 |
| South Carolina, State Public Service Authority Revenue, Series E, 5.25%, 12/1/2055 | | |
| | 1,070,000 | 1,224,176 |
| South Carolina, State Public Service Authority Revenue, Santee Cooper, Series A, 5.75%, 12/1/2043 | | |
| | 890,000 | 1,026,846 |
| | | 3,138,150 |
| Tennessee 1.5% | | |
| Clarksville, TN, Natural Gas Acquisition Corp., Gas Revenue: | | |
| 5.0%, 12/15/2017, GTY: Merrill Lynch & Co., Inc. | 500,000 | 505,715 |
| 5.0%, 12/15/2018, GTY: Merrill Lynch & Co., Inc. | 540,000 | 567,513 |
| Johnson City, TN, Health & Educational Facilities Board Hospital Revenue, Mountain States Health Alliance, Series A, 7.75%, 7/1/2038 | | |
| | 1,000,000 | 1,069,600 |
| | | 2,142,828 |
| Texas 19.8% | | |
| 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 | 1,022,500 |
| Series A-3, AMT, 5.125%, 5/15/2033 | 1,000,000 | 1,022,640 |

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| Central Texas, Regional Mobility Authority Revenue, Senior Lien: | | |
| Series A, 5.0%, 1/1/2040 | 230,000 | 260,861 |
| Series A, 5.0%, 1/1/2043 | 1,500,000 | 1,638,270 |
| Prerefunded, 6.0%, 1/1/2041 | 545,000 | 632,549 |
| Dallas-Fort Worth, International Airport Revenue: | | |
| Series F, AMT, 5.0%, 11/1/2035 | 1,000,000 | 1,097,930 |
| Series D, AMT, 5.0%, 11/1/2038 | 2,000,000 | 2,233,140 |
| Houston, TX, Airport System Revenue, United Airlines, Inc., Terminal E Project, AMT, 4.75%, 7/1/2024 | 615,000 | 669,563 |
| 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 | 2,547,225 |
| Mission, TX, Economic Development Corp. Revenue, Senior Lien, Natgasoline Project, Series B, AMT, 144, 5.75%, 10/1/2031 | 250,000 | 261,642 |
| North Texas, Tollway Authority Revenue, Series B, 5.0%, 1/1/2045 | 665,000 | 749,608 |
| North Texas, Tollway Authority Revenue, Toll Second Tier, Series F, Prerefunded, 5.75%, 1/1/2033 | 2,000,000 | 2,033,280 |
| Red River, TX, Health Facilities Development Corp., Retirement Facilities Revenue, MRC Crossings Project, Series A, 8.0%, 11/15/2049 | 285,000 | 328,366 |
| 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 | 1,000,660 |
| 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 | 186,363 |
| Tarrant County, TX, Cultural Education Facilities Finance Corp., Hospital Revenue, Scott & White | 2,100,000 | 2,356,683 |

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| Healthcare, 5.0%, 8/15/2043 Tarrant County, TX, Cultural Education Facilities Finance Corp., Retirement Facilities Revenue, Buckner Senior Living Ventana Project: | 315,000 | 343,076 |
| Series A, 6.625%, 11/15/2037 Series A, 6.75%, 11/15/2047 | 250,000 | 271,860 |
| Tarrant County, TX, Cultural Education Facilities Finance Corp., Retirement Facilities Revenue, Mirador Project, Series A, 5.0%, 11/15/2055 | 570,000 | 481,245 |
| Texas, Grand Parkway Transportation Corp., System Toll Revenue, Series B, 5.0%, 4/1/2053 | 500,000 | 573,470 |
| Texas, Love Field Airport Modernization Corp., Special Facilities Revenue, Southwest Airlines Co. Project, 5.25%, 11/1/2040 | 1,055,000 | 1,160,532 |
| Texas, SA Energy Acquisition Public Facility Corp., Gas Supply Revenue, 5.5%, 8/1/2020, GTY: The Goldman Sachs Group, Inc. | 2,000,000 | 2,219,560 |
| Texas, State General Obligation, 0.8% **, 9/7/2017, SPA: Sumitomo Mitsui Banking Texas, State Municipal Gas Acquisition & Supply Corp. III Gas Supply Revenue: | 680,000 | 680,000 |
| 5.0%, 12/15/2030, GTY: Macquarie Group Ltd. | 165,000 | 183,666 |
| 5.0%, 12/15/2031, GTY: Macquarie Group Ltd. | 1,000,000 | 1,107,930 |
| 5.0%, 12/15/2032, GTY: Macquarie Group Ltd. | 1,000,000 | 1,103,270 |
| 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 | 324,842 |
| Texas, State Transportation Commission, Turnpike Systems Revenue, Series C, 5.0%, 8/15/2034 | 825,000 | 931,747 |

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| Travis County, TX, Health Facilities Development Corp. Revenue, Westminster Manor Health, Prerefunded, 7.125%, 11/1/2040 | 510,000 | 605,242 |
| | | 28,027,720 |
| Utah 0.7% Salt Lake City, UT, Airport Revenue, Series A, AMT, 5.0%, 7/1/2047 | 595,000 | 686,350 |
| Utah, State Charter School Financing Authority Revenue, Freedom Academy Foundation Project, 5.375%, 6/15/2048 (a) | 320,000 | 315,242 |
| | | 1,001,592 |
| Virginia 1.1% Fairfax County, VA, Economic Development Authority, Residential Care Facility Revenue, Goodwin House, Inc., Series A, 5.0%, 10/1/2042 | 115,000 | 127,842 |
| Washington County, VA, Industrial Development Authority, Hospital Facility Revenue, Mountain States Health Alliance, Series C, 7.75%, 7/1/2038 | 1,370,000 | 1,466,297 |
| | | 1,594,139 |
| Washington 3.8% King County, WA, Water Sewer Revenue, Series B, 4.0%, 7/1/2041 | 2,000,000 | 2,130,120 |
| Klickitat County, WA, Public Hospital District No. 2, Hospital Revenue, Skyline Hospital: 5.0%, 12/1/2037 (a) | 100,000 | 102,324 |
| 5.0%, 12/1/2046 (a) | 135,000 | 135,419 |
| Port of Seattle, WA, Revenue Bonds, Series C, AMT, 5.0%, 5/1/2042 | 415,000 | 479,910 |
| Washington, State Economic Development Finance Authority, Environmental Facilities Revenue, Columbia Pulp I LLC Project, Series A, AMT, 144A, 7.5%, 1/1/2032 | 135,000 | 148,260 |
| Washington, State Health Care Facilities Authority, Catholic Health Initiatives, Series A, 5.0%, 2/1/2041 | 595,000 | 622,120 |
| Washington, State Health Care Facilities Authority, Virginia Mason Medical Center: | | |

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| 5.0%, 8/15/2034 | 135,000 | 154,585 |
| 5.0%, 8/15/2035 | 120,000 | 136,861 |
| 5.0%, 8/15/2036 | 80,000 | 91,022 |
| Washington, State Housing Finance Commission, Presbyterian Retirement Communities | 250,000 | 263,125 |
| Northwest Project, Series A, 144A, 5.0%, 1/1/2046 | | |
| Washington, State Housing Finance Commission, Rockwood Retirement Communities Project, Series A, 7.375%, 1/1/2044 | 1,000,000 | 1,163,100 |
| | | 5,426,846 |
| West Virginia 0.6% West Virginia, State Hospital Finance Authority, State University Health System Obligated Group, Series A, 5.0%, 6/1/2047 | 805,000 | 904,595 |
| Wisconsin 3.7% Wisconsin, Public Finance Authority, Education Revenue, North Carolina Charter Educational Foundation Project, Series A, 5.0%, 6/15/2046 | 470,000 | 440,056 |
| Wisconsin, Public Finance Authority, Senior Living Revenue, Mary's Woods at Marylhurst Project, Series A, 144A, 5.25%, 5/15/2052 | 1,000,000 | 1,067,300 |
| Wisconsin, State Health & Educational Facilities Authority Revenue, Agnesian Healthcare, Inc., Series B, 5.0%, 7/1/2036 | 500,000 | 555,675 |
| Wisconsin, State Health & Educational Facilities Authority Revenue, Prohealth Care, Inc. Obligation Group, Prerefunded, 6.625%, 2/15/2039 | 1,110,000 | 1,202,441 |
| Wisconsin, State Health & Educational Facilities Authority Revenue, Thedacare, Inc., Series A, 5.5%, 12/15/2038 | 1,765,000 | 1,883,643 |
| | | 5,149,115 |
| Total Municipal Bonds and Notes (Cost \$178,114,790) | | 194,769,655 |
| Underlying Municipal Bonds of Inverse Floaters (b) 28.6% California 3.8% University of California, State Revenues, Series K, 4.0%, 5/15/2036 (c) | 5,000,000 | 5,388,350 |

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|---|-----------|------------------|
| <p><i>Trust: California, State Revenues, Series 2016-XM0347, 144A, 11.65%, 5/15/2024, Leverage Factor at purchase date: 4 to 1</i></p> | | |
| District of Columbia 4.2% | | |
| District of Columbia, General Obligation, Series A, 5.0%, 6/1/2041 (c) | 5,000,000 | 5,877,900 |
| <p><i>Trust: District of Columbia, General Obligation, Series 2016-XM0326, 144A, 15.68%, 6/1/2024, Leverage Factor at purchase date: 4 to 1</i></p> | | |
| Florida 4.2% | | |
| Orange County, FL, School Board Certificates Participation, Series C, 5.0%, 8/1/2034 (c) | 5,000,000 | 5,888,450 |
| <p><i>Trust: Orange County, FL, School Board, Series 2016-XM0183, 144A, 15.44%, 2/1/2024, Leverage Factor at purchase date: 4 to 1</i></p> | | |
| Massachusetts 8.0% | | |
| Massachusetts, State Development Finance Agency Revenue, Partners Healthcare System, Inc., Series Q, 5.0%, 7/1/2035 (c) | 5,000,000 | 5,821,350 |
| <p><i>Trust: Massachusetts, State Development Finance Agency Revenue, Series 2016-XM0136, 144A, 15.68%, 1/1/2024, Leverage Factor at purchase date: 4 to 1</i></p> | | |
| Massachusetts, State Development Finance Agency Revenue, Harvard University, Series A, 4.0%, 7/15/2036 (c) | 5,000,000 | 5,530,450 |
| <p><i>Trust: Massachusetts, State Development Finance Agency Revenue, Series 2016-XM0401, 144A, 7.465%, 7/15/2024, Leverage Factor at purchase date: 4 to 1</i></p> | | |
| | | 11,351,800 |
| Texas 4.2% | | |

Texas, State Transportation
Commission- Highway
Improvement, Series A, 5.0%,
4/1/2038 (c)

5,000,000

5,917,750

*Trust: Texas, State
Transportation Commission,
Series 2016-XM0405, 144A,
11.465%, 4/1/2024,
Leverage Factor at
purchase date: 4 to 1*

Washington 4.2%

Washington, State General
Obligation, Series D, 5.0%,
2/1/2035 (c)

5,000,000

5,987,250

*Trust: Washington, State
General Obligation, Series
2017-XM0478, 144A,
11.465%, 8/1/2024,
Leverage Factor at
purchase date: 4 to 1*

**Total Underlying Municipal Bonds of Inverse
Floaters (Cost \$40,512,097)**

40,411,500

| | % of Net Assets | Value (\$) |
|---|--------------------|---------------------|
| Total Investment | | |
| Portfolio (Cost \$218,626,887) | 166.4 | 235,181,155 |
| Floating Rate Notes (b) | (18.6) | (26,250,000) |
| Series 2018 MTPS, at Liquidation Value | (49.5) | (70,000,000) |
| Other Assets and Liabilities, Net | 1.7 | 2,404,715 |
| Net Assets Applicable to Common Shareholders | 100.0 | 141,335,870 |

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 (\$) |
|---|--------|---------------|-----------------------|-----------|------------|
| Connecticut, Mashantucket Western Pequot Tribe Bond * | 6.05 % | 7/1/2031 | 2,672,979 | 1,909,657 | 102,268 |
| Florida, Tolomato Community Development District, Special Assessment, Series 2015-3 * | 6.61 % | 5/1/2040 | 165,000 | 0 | 2 |
| Florida, Tolomato Community Development District, Special Assessment, Series 3 * | 6.55 % | 5/1/2027 | 130,000 | 1 | 1 |

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|---|-------|---|----------|-----------|-----------|---------|
| Puerto Rico, Sales Tax Financing Corp., Sales Tax Revenue, Series A * | 6.0 | % | 8/1/2042 | 1,000,000 | 810,423 | 253,750 |
| Puerto Rico, Sales Tax Financing Corp., Sales Tax Revenue, Series A * | 6.375 | % | 8/1/2039 | 950,000 | 862,600 | 241,062 |
| Puerto Rico, Sales Tax Financing Corp., Sales Tax Revenue, Series A * | 5.5 | % | 8/1/2042 | 750,000 | 576,247 | 190,313 |
| | | | | | 4,158,928 | 787,396 |

* Non-income producing security.

Variable rate demand notes are securities whose interest rates are reset periodically (usually daily mode or weekly mode) by remarketing agents based on current market levels, and are not directly set as a fixed spread to a reference rate. These securities may be redeemed at par by the holder at any time, and are shown at their current rates as of August 31, 2017. Date shown reflects the earlier of demand date or stated maturity date.

(a) When-issued security.

(b) 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 (c) 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

LIQ: Liquidity Facility

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.

SPA: Standby Bond Purchase Agreement

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, 2017 in valuing the Fund's investments

| Assets | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|---------|---------------|---------|---------------|
| Municipal Investments ^(d) | \$— | \$235,181,155 | \$— | \$235,181,155 |
| Total | \$— | \$235,181,155 | \$— | \$235,181,155 |

There have been no transfers between fair value measurement levels during the period ended August 31, 2017.

(d) See Investment Portfolio for additional detailed categorizations.

ITEM 2. CONTROLS AND PROCEDURES

(a) The Chief Executive and Financial Officers concluded that the Registrant's Disclosure Controls and 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.

(b) There have been no changes in the registrant's internal control over financial reporting that occurred during 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, 2017

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, 2017

/s/Paul Schubert

By: Paul Schubert

Chief Financial Officer and Treasurer

Date: October 23, 2017