

DWS STRATEGIC MUNICIPAL INCOME TRUST  
Form N-Q  
October 29, 2008  
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

DWS 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

345 Park Avenue

New York, NY 10154-0004

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 454-7190

Date of fiscal year end: 11/30

Date of reporting period: 08/31/08

**ITEM 1. SCHEDULE OF INVESTMENTS**

## Investment Portfolio

as of August 31, 2008 (Unaudited)

## DWS Strategic Municipal Income Trust

|   | Principal<br>Amount (\$) | Value (\$)       |
|---|--------------------------|------------------|
| <b>Municipal Bonds and Notes 149.4%</b>   |                          |                  |
| <b>Alabama 2.8%</b>   |                          |                  |
| Alabama, Sales & Special Tax Revenue, Public School and College Authority, Series C, 5.625%,<br>7/1/2013        | 1,000,000                | 1,043,610        |
| Huntsville, AL, Hospital & Healthcare Revenue, Health Care Authority, Series A, Prerefunded,<br>5.75%, 6/1/2031 | 1,500,000                | 1,641,495        |
| Sylacauga, AL, Health Care Authority Revenue, Coosa Valley Medical Center, Series A, 6.0%,<br>8/1/2035          | 1,000,000                | 886,620          |
|   |                          | <b>3,571,725</b> |
| <b>Arizona 1.4%</b>   |                          |                  |
| Arizona, Project Revenue, Health Facilities Authority, The New Foundation Project, 8.25%,<br>3/1/2019           | 1,725,000                | <b>1,736,489</b> |

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**California 10.2%**

|  |           |                   |
|--|-----------|-------------------|
| California, Morongo Band of Mission Indians, Enterprise Casino Revenue, Series B, 144A, 6.5%, 3/1/2028                     | 1,000,000 | 973,420           |
| California, Special Assessment Revenue, Golden State Tobacco Securitization Corp.:   |           |                   |
| Series A-1, 5.0%, 6/1/2033   | 2,000,000 | 1,587,560         |
| Series B, Prerefunded, 5.625%, 6/1/2038  | 1,890,000 | 2,092,797         |
| Series 2003-A-1, Prerefunded, 6.75%, 6/1/2039  | 4,500,000 | 5,204,610         |
| Sacramento County, CA, Sales & Special Tax Revenue, Bradshaw Road Project, 7.2%, 9/2/2015                                  | 870,000   | 879,979           |
| Sacramento, CA, Project Revenue, City Financing Authority, Convention Center Hotel, Series A, Prerefunded, 6.25%, 1/1/2030 | 1,985,000 | 2,083,496         |
|  |           | <b>12,821,862</b> |

**Colorado 3.1%**

|  |           |                  |
|--|-----------|------------------|
| Colorado, Health Facilities Authority Revenue, Christian Living Communities Project, Series A, 5.75%, 1/1/2037               | 1,000,000 | 874,890          |
| Colorado, Hospital & Healthcare Revenue, Portercare Adventist Health Project, Prerefunded, 6.5%, 11/15/2031                  | 1,000,000 | 1,131,540        |
| Colorado, Public Energy Authority, Natural Gas Purchased Revenue, 6.25%, 11/15/2028  | 635,000   | 617,201          |
| Colorado, Transportation/Tolls Revenue, Northwest Parkway Public Highway Authority, Series D, Prerefunded, 7.125%, 6/15/2041 | 1,145,000 | 1,291,434        |
|  |           | <b>3,915,065</b> |

**Connecticut 3.5%**

|  |           |                  |
|--|-----------|------------------|
| Greenwich, CT, Multi-Family Housing Revenue, 6.35%, 9/1/2027   | 2,000,000 | 2,033,920        |
| Mashantucket, CT, Mashantucket Western Pequot Tribe, Special Revenue, Series A, 144A, 6.5%, 9/1/2031 | 705,000   | 678,591          |
| Mashantucket, CT, Sports, Expo & Entertainment Revenue, Mashantucket Western Pequot Tribe:           |           |                  |
| Series B, 144A, Zero Coupon, 9/1/2017  | 2,000,000 | 1,189,180        |
| Series B, 144A, Zero Coupon, 9/1/2018  | 1,000,000 | 531,130          |
|  |           | <b>4,432,821</b> |

**District of Columbia 0.5%**

|  |         |                |
|--|---------|----------------|
| District of Columbia, General Obligation, Series A, 5.0%, 6/1/2018 (a) | 660,000 | <b>667,537</b> |
|--|---------|----------------|

**Florida 4.1%**

|  |           |                  |
|--|-----------|------------------|
| Hillsborough County, FL, Industrial Development Authority Revenue, Health Facilities, University Community Hospital, Series A, 5.625%, 8/15/2029 | 1,875,000 | 1,794,919        |
| Miami Beach, FL, Health Facilities Authority Hospital Revenue, Mount Sinai Medical Center, 144A, 6.75%, 11/15/2029                               | 1,600,000 | 1,609,024        |
| Orlando, FL, Greater Aviation Authority, Airport Facilities Revenue, Jet Blue Airways Corp., AMT, 6.5%, 11/15/2036                               | 1,000,000 | 689,200          |
| Orlando, FL, Special Assessment Revenue, Conroy Road Interchange Project, Series A, 5.8%, 5/1/2026   | 1,000,000 | 988,480          |
|  |           | <b>5,081,623</b> |

**Georgia 1.9%**

|   |           |                  |
|---|-----------|------------------|
| Americus-Sumter County, GA, Hospital & Healthcare Revenue, Hospital Authority, South Georgia Methodist, Series A, 6.375%, 5/15/2029 | 1,250,000 | 1,226,350        |
| Georgia, Main Street Natural Gas, Inc., Gas Project Revenue, Series A, 5.5%, 9/15/2024  | 1,220,000 | 1,105,161        |
|   |           | <b>2,331,511</b> |

**Guam 0.8%**

|  |           |                |
|--|-----------|----------------|
| Guam, Government Waterworks Authority, Water & Wastewater System Revenue, 6.0%, 7/1/2025 | 1,000,000 | <b>995,610</b> |
|--|-----------|----------------|

**Illinois 5.7%**

|   |           |           |
|---|-----------|-----------|
| Illinois, Finance Authority Revenue, Monarch Landing, Inc. Facility:<br>Series A, 7.0%, 12/1/2027 | 1,000,000 | 1,000,860 |
|---|-----------|-----------|

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|   |           |                  |
|---|-----------|------------------|
| Series A, 7.0%, 12/1/2037   | 1,000,000 | 970,240          |
| Illinois, Finance Authority Revenue, Three Crowns Park Plaza, Series A, 5.875%, 2/15/2038                                     | 1,000,000 | 885,200          |
| Illinois, Hospital & Healthcare Revenue, ETM, 6.75%, 2/15/2016  | 2,180,000 | 2,338,508        |
| Illinois, Upper River Valley Development Authority, Solid Waste Disposal Revenue, Waste Recovery Project, AMT, 5.9%, 2/1/2014 | 1,165,000 | 1,116,757        |
| University Park, IL, Sales & Special Tax Revenue, Governors Gateway Industrial Park, 8.5%, 12/1/2011                          | 795,000   | 797,870          |
|   |           | <b>7,109,435</b> |
| <b>Indiana 2.8%</b>   |           |                  |
| Indiana, Senior Care Revenue, Health Facilities Finance Authority, Franciscan Eldercare Community Services, 5.875%, 5/15/2029 | 3,000,000 | 2,681,490        |
| Vigo County, IN, Hospital Authority Revenue, Union Hospital, Inc., 144A, 5.7%, 9/1/2037                                       | 1,000,000 | 855,360          |
|   |           | <b>3,536,850</b> |
| <b>Iowa 2.3%</b>  |           |                  |
| Cedar Rapids, IA, First Mortgage Revenue, Cottage Grove Place, Series A, 5.875%, 7/1/2028                                     | 1,670,000 | 1,421,655        |
| Iowa, Finance Authority Retirement Community Revenue, Edgewater LLC Project, 6.5%, 11/15/2027                                 | 1,000,000 | 937,970          |
| Lake City, IA, Senior Care Revenue, Health Care Facility, Opportunity Living Project, 144A, 6.45%, 5/1/2011                   | 525,000   | 527,546          |
|   |           | <b>2,887,171</b> |
| <b>Kansas 4.5%</b>  |           |                  |
| Lenexa, KS, Health Care Facility Revenue, 5.5%, 5/15/2039   | 2,000,000 | 1,762,800        |
| Manhattan, KS, Senior Care Revenue, Meadowlark Hills Retirement, Series A, Prerefunded, 6.5%, 5/15/2028                       | 300,000   | 313,287          |
| Overland Park, KS, Industrial Development Revenue, Series A, Prerefunded, 7.375%, 1/1/2032                                    | 2,000,000 | 2,230,200        |
| Wyandotte County, KS, Unified Government Special Obligation Revenue, Sales Tax, Series B, 5.0%, 12/1/2020                     | 1,400,000 | 1,369,158        |
|   |           | <b>5,675,445</b> |
| <b>Kentucky 1.2%</b>  |           |                  |
| Kentucky, Economic Development Finance Authority, Health System Revenue, Norton Healthcare:                                   |           |                  |
| Series A, Prerefunded, 6.625%, 10/1/2028  | 790,000   | 867,231          |
| Series A, 6.625%, 10/1/2028   | 210,000   | 219,051          |
| Kentucky, Economic Development Finance Authority, Louisville Arena Project Revenue, Series A-1, 6.0%, 12/1/2033 (a)           | 365,000   | 372,796          |
|   |           | <b>1,459,078</b> |
| <b>Louisiana 3.2%</b>   |           |                  |
| Louisiana, Local Government Environmental Facilities, Community Development Authority Revenue, 6.75%, 11/1/2032               | 1,000,000 | 984,080          |
| Morehouse Parish, LA, Pollution Control Revenue, International Paper Co. Project, Series A, 5.25%, 11/15/2013                 | 3,000,000 | 2,981,550        |
|   |           | <b>3,965,630</b> |
| <b>Maryland 5.9%</b>  |           |                  |
| Anne Arundel County, MD, General Obligation, National Business Park Project, Prerefunded, 144A, 7.375%, 7/1/2028              | 966,000   | 1,070,222        |
| Anne Arundel County, MD, Revenue Lease, Arundel Mills Project, Prerefunded, 7.1%, 7/1/2029                                    | 1,500,000 | 1,592,400        |
| Maryland, Higher Education Revenue, Collegiate Housing Foundation, Series A, Prerefunded, 5.75%, 6/1/2031                     | 1,000,000 | 1,049,120        |
| Maryland, Hospital & Healthcare Revenue, University of Maryland Medical System, Prerefunded, 6.75%, 7/1/2030                  | 1,000,000 | 1,092,560        |
| Maryland, State Economic Development Corp. Revenue, Senior Lien Project, Chesapeake Bay, Series B, 5.25%, 12/1/2031           | 2,000,000 | 1,554,280        |

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|   |           |                   |
|---|-----------|-------------------|
| Maryland, State Health & Higher Educational Facilities Authority Revenue, Washington County Hospital, 5.75%, 1/1/2033                               | 1,000,000 | 981,930           |
|   |           | <b>7,340,512</b>  |
| <b>Massachusetts 5.4%</b>   |           |                   |
| Massachusetts, Hospital & Healthcare Revenue, Health & Educational Facilities Authority, Civic Investments, Series A, Prerefunded, 9.0%, 12/15/2015 | 1,700,000 | 2,052,971         |
| Massachusetts, Industrial Development Revenue, Development Finance Agency, Series A, 7.1%, 7/1/2032   | 1,875,000 | 1,891,219         |
| Massachusetts, Project Revenue, Health & Educational Facilities Authority, Jordan Hospital, Series E, 6.75%, 10/1/2033                              | 1,790,000 | 1,779,153         |
| Massachusetts, State Health & Educational Facilities Authority Revenue, Partners Healthcare Systems:  |           |                   |
| Series C, Prerefunded, 5.75%, 7/1/2032  | 965,000   | 1,062,610         |
| Series C, 5.75%, 7/1/2032   | 35,000    | 35,604            |
|   |           | <b>6,821,557</b>  |
| <b>Michigan 4.5%</b>  |           |                   |
| Kalamazoo, MI, Economic Development Corp. Revenue, Heritage Community, 5.375%, 5/15/2027  | 1,000,000 | 849,080           |
| Kalamazoo, MI, Industrial Development Revenue, Economic Development Corp., Series A, Prerefunded, 7.5%, 5/15/2029                                   | 2,000,000 | 2,204,920         |
| Saginaw, MI, Hospital & Healthcare Revenue, Hospital Finance Authority, Covenant Medical Center, Series F, 6.5%, 7/1/2030                           | 1,000,000 | 1,052,030         |
| Tawas City, MI, Hospital Finance Authority, St. Joseph Health Services:   |           |                   |
| Series A, ETM, 5.6%, 2/15/2013  | 230,000   | 242,606           |
| Series A, ETM, 5.75%, 2/15/2023   | 1,300,000 | 1,328,925         |
|   |           | <b>5,677,561</b>  |
| <b>Missouri 0.6%</b>  |           |                   |
| Branson, MO, Regional Airport Transportation Development District, Airport Revenue, Series B, AMT, 6.0%, 7/1/2037                                   | 250,000   | 202,113           |
| St. Louis, MO, Special Assessment Revenue, Scullin Redevelopment Area, Series A, 10.0%, 8/1/2010  | 535,000   | 583,016           |
|   |           | <b>785,129</b>    |
| <b>Nevada 8.1%</b>  |           |                   |
| Clark County, NV, School District General Obligation, Series A, 5.0%, 6/15/2022 (a)   | 7,325,000 | 7,739,375         |
| Henderson, NV, Health Care Facility Revenue, Catholic Healthcare West, Series B, 5.25%, 7/1/2031  | 2,000,000 | 1,901,600         |
| Las Vegas, NV, Transportation/Tolls Revenue, Las Vegas Monorail Project, 7.375%, 1/1/2030   | 2,000,000 | 574,880           |
|   |           | <b>10,215,855</b> |
| <b>New Hampshire 1.9%</b>   |           |                   |
| New Hampshire, Higher Education Revenue, Health & Educational Facilities Authority, New Hampshire College Issue, Prerefunded, 7.4%, 1/1/2023        | 1,000,000 | 1,123,570         |
| New Hampshire, Hospital & Healthcare Revenue, Rivermead at Peterborough Retirement Community, 5.75%, 7/1/2028                                       | 1,500,000 | 1,324,500         |
|   |           | <b>2,448,070</b>  |
| <b>New Jersey 2.5%</b>  |           |                   |
| New Jersey, Economic Development Authority Revenue, Cigarette Tax, 5.75%, 6/15/2034   | 290,000   | 270,216           |
| New Jersey, Health Care Facilities Financing Authority Revenue, St. Joseph's Health Care System, 6.625%, 7/1/2038                                   | 1,430,000 | 1,370,283         |
| New Jersey, Resource Recovery Revenue, Tobacco Settlement Financing Corp., 5.75%, 6/1/2032  | 1,330,000 | 1,445,803         |
|   |           | <b>3,086,302</b>  |
| <b>New Mexico 2.1%</b>  |           |                   |
| Farmington, NM, Pollution Control Revenue, 5.8%, 4/1/2022   | 2,750,000 | 2,633,977         |

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**New York 20.2%**

|   |           |                   |
|---|-----------|-------------------|
| Long Island, NY, Power Authority, Electric System Revenue, Series E, 5.0%, 12/1/2021 (a)  | 2,900,000 | 2,969,136         |
| Nassau County, NY, Industrial Development Agency, Continuing Care Retirement, Amsterdam at Harborside, Series A, 6.7%, 1/1/2043               | 1,000,000 | 994,950           |
| Nassau County, NY, Project Revenue, North Shore Healthcare Systems Project, Series B, 5.875%, 11/1/2011                                       | 475,000   | 494,542           |
| New York, Core City General Obligation, Series C, 7.0%, 2/1/2010  | 315,000   | 321,215           |
| New York, Sales & Special Tax Revenue, Metropolitan Transportation Authority, Series A, Prerefunded, 5.125%, 4/1/2019 (a)                     | 1,450,000 | 1,622,419         |
| New York, State General Obligation Lease, Higher Education Revenue, Dormitory Authority, State University, 5.125%, 5/15/2021 (a)              | 1,515,000 | 1,533,331         |
| New York, Transportation/Tolls Revenue, Triborough Bridge and Tunnel Authority Systems, Series Y, ETM, 6.0%, 1/1/2012                         | 5,000,000 | 5,341,900         |
| New York & New Jersey Port Authority, One Hundred Forty-Seventh, AMT, 5.0%, 10/15/2023 (a)  | 8,260,000 | 8,223,078         |
| New York City, NY, Industrial Development Agency Revenue, Liberty-7, World Trade Center, Series A, 6.25%, 3/1/2015                            | 2,000,000 | 2,022,180         |
| New York City, NY, Industrial Development Agency, Special Facility Revenue, American Airlines, JFK International Airport, AMT, 8.0%, 8/1/2028 | 2,000,000 | 1,849,780         |
|   |           | <b>25,372,531</b> |

**North Carolina 1.9%**

|   |           |                  |
|---|-----------|------------------|
| North Carolina, Electric Revenue, Municipal Power Agency:<br>Series C, 5.375%, 1/1/2017 | 1,000,000 | 1,030,500        |
| Series B, 6.375%, 1/1/2013  | 1,300,000 | 1,373,918        |
|   |           | <b>2,404,418</b> |

**North Dakota 0.9%**

|  |           |                  |
|--|-----------|------------------|
| Grand Forks, ND, Hospital & Healthcare Revenue, Altru Health Care System, Prerefunded, 7.125%, 8/15/2024 | 1,000,000 | <b>1,100,050</b> |
|--|-----------|------------------|

**Ohio 2.3%**

|   |           |                  |
|---|-----------|------------------|
| Buckeye, OH, Tobacco Settlement Financing Authority, Series A-2, 5.875%, 6/1/2030 | 3,350,000 | <b>2,911,250</b> |
|---|-----------|------------------|

**Pennsylvania 4.2%**

|  |           |                  |
|--|-----------|------------------|
| Montgomery County, PA, Industrial Development Authority Revenue, Whitmarsh Continuing Care, 6.25%, 2/1/2035  | 600,000   | 541,464          |
| Montgomery County, PA, Senior Care Revenue, Higher Education & Health Authority, Philadelphia Geriatric Center, Series A, Prerefunded, 7.25%, 12/1/2027    | 2,000,000 | 2,159,240        |
| Pennsylvania, Hospital & Healthcare Revenue, Economic Development Financing Authority, UPMC Health System, Series A, 6.0%, 1/15/2031                       | 750,000   | 788,917          |
| Philadelphia, Redevelopment Authority Revenue, First Lien Mortgage, Series A, 6.5%, 1/1/2029   | 603,400   | 604,378          |
| Westmoreland County, PA, Senior Care Revenue, Industrial Development Authority, Health Care Facilities-Redstone, Series B, Prerefunded, 8.125%, 11/15/2030 | 1,000,000 | 1,130,020        |
|  |           | <b>5,224,019</b> |

**Puerto Rico 3.3%**

|   |           |                  |
|---|-----------|------------------|
| Commonwealth of Puerto Rico, Aqueduct & Sewer Authority Revenue, Series A, 6.0%, 7/1/2038 | 4,000,000 | <b>4,193,440</b> |
|---|-----------|------------------|

**Rhode Island 1.5%**

|  |           |                  |
|--|-----------|------------------|
| Rhode Island, Special Assessment Revenue, Series A, 6.125%, 6/1/2032 | 2,000,000 | <b>1,883,180</b> |
|--|-----------|------------------|

**South Carolina 8.2%**

|  |           |           |
|--|-----------|-----------|
| Hardeeville, SC, Assessment Revenue, Anderson Tract Municipal Improvement District, Series A, 7.75%, 11/1/2039                       | 1,000,000 | 993,430   |
| South Carolina, Jobs Economic Development Authority Revenue, Bon Secours Health System:<br>Series A, Prerefunded, 5.625%, 11/15/2030 | 415,000   | 462,435   |
| Series B, 5.625%, 11/15/2030   | 1,585,000 | 1,594,161 |
| South Carolina, Jobs Economic Development Authority, Hospital Facilities Revenue, Palmetto Health Alliance:                          |           |           |

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|  |           |                    |
|--|-----------|--------------------|
| Series C, Prerefunded, 7.0%, 8/1/2030  | 1,545,000 | 1,826,744          |
| Series A, Prerefunded, 7.375%, 12/15/2021  | 1,000,000 | 1,129,810          |
| South Carolina, Transportation Infrastructure Bank Revenue, Series A, Prerefunded, 5.375%, 10/1/2024 (a)                               | 4,150,000 | 4,345,050          |
|  |           | <b>10,351,630</b>  |
| <b>South Dakota 1.6%</b>   |           |                    |
| South Dakota, Hospital & Healthcare Revenue, Sioux Valley Hospital, Series E, 5.375%, 11/1/2024  | 2,000,000 | <b>2,033,660</b>   |
| <b>Tennessee 2.7%</b>  |           |                    |
| Clarksville, TN, Natural Gas Acquisition Corp., Gas Revenue:   |           |                    |
| 5.0%, 12/15/2017   | 500,000   | 467,500            |
| 5.0%, 12/15/2018   | 540,000   | 497,048            |
| Johnson City, TN, Hospital & Healthcare Revenue, Health & Educational Facilities Board Hospital, Series A, Prerefunded, 7.5%, 7/1/2033 | 2,000,000 | 2,389,220          |
|  |           | <b>3,353,768</b>   |
| <b>Texas 16.5%</b>   |           |                    |
| Abilene, TX, Senior Care Revenue, Health Facilities Development, Sears Methodist Retirement Facilities, Series A, 5.9%, 11/15/2025     | 2,500,000 | 2,354,325          |
| Austin, TX, Bergstrom Landhost Enterprises, Inc., Airport Hotel Project, Series A, 6.413%, 4/1/2027 *                                  | 1,975,000 | 1,412,737          |
| Houston, TX, Higher Education Finance Corp. Revenue, William Marsh Rice University Project, Series A, 2.55% **, 5/15/2048              | 3,000,000 | 3,000,000          |
| Houston, TX, Transportation/Tolls Revenue, Special Facilities, Continental Airlines, Inc., AMT, Series E, 6.75%, 7/1/2029              | 2,000,000 | 1,610,400          |
| Tarrant County, TX, Hospital & Healthcare Revenue, Health Facilities Development Corp., Prerefunded, 6.7%, 11/15/2030                  | 1,000,000 | 1,103,330          |
| Texas, Industrial Development Revenue, Waste Disposal Authority, AMT, Series A, 6.1%, 8/1/2024   | 1,000,000 | 936,640            |
| Texas, Lower Colorado River Authority Revenue:   |           |                    |
| Series B, Prerefunded, 6.0%, 5/15/2013 (a)   | 10,000    | 10,404             |
| Series B, 6.0%, 5/15/2013 (a)  | 4,990,000 | 5,159,161          |
| Travis County, TX, Health Facilities Development Corp., Retirement Facility Revenue, Querencia Barton Creek Project, 5.65%, 11/15/2035 | 1,250,000 | 1,069,313          |
| Travis County, TX, Hospital & Healthcare Revenue, Ascension Health Credit, Series A, 6.0%, 11/15/2012 (a)                              | 3,860,000 | 4,050,375          |
|  |           | <b>20,706,685</b>  |
| <b>Virgin Islands 2.5%</b>   |           |                    |
| Virgin Islands, Sales & Special Tax Revenue, Public Finance Authority, Series A, 6.375%, 10/1/2019                                     | 3,000,000 | <b>3,159,030</b>   |
| <b>Washington 2.0%</b>   |           |                    |
| Washington, State Health Care Facilities Authority Revenue, Series C, 5.375%, 8/15/2028 (a)  | 595,000   | 567,202            |
| Washington, State Health Care Facilities Authority Revenue, Virginia Mason Medical Center, Series A, 6.125%, 8/15/2037                 | 2,000,000 | 1,935,520          |
|  |           | <b>2,502,722</b>   |
| <b>West Virginia 1.8%</b>  |           |                    |
| West Virginia, Hospital & Healthcare Revenue, Hospital Finance Authority, Charleston Medical Center:                                   |           |                    |
| Series A, Prerefunded, 6.75%, 9/1/2022   | 390,000   | 427,963            |
| Prerefunded, 6.75%, 9/1/2022   | 1,610,000 | 1,766,717          |
|  |           | <b>2,194,680</b>   |
| <b>Wisconsin 0.8%</b>  |           |                    |
| Wisconsin, Hospital & Healthcare Revenue, Health & Education Facilities Authority, Aurora Health Care, Inc., 6.875%, 4/15/2030         | 1,000,000 | <b>1,046,870</b>   |
| <b>Total Municipal Bonds and Notes</b> (Cost \$184,516,176)  |           | <b>187,634,748</b> |

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**Municipal Inverse Floating Rate Notes (b) 15.3%**

**California 3.4%**

|   |           |                  |
|---|-----------|------------------|
| San Diego County, CA, Water Authority Revenue, Certificates of Participation, Series 2008-A, 5.0%, 5/1/2027 (a) (c) | 2,124,844 | 2,199,133        |
| San Diego County, CA, Water Authority Revenue, Certificates of Participation, Series 2008-A, 5.0%, 5/1/2028 (a) (c) | 1,933,492 | 2,001,090        |
| <i>Trust: California, Series 2008-1104, 144A, 13.186%, 5/1/2027, Leverage Factor at purchase date: 4 to 1</i>       |           |                  |
|   |           | <b>4,200,223</b> |

**Illinois 2.3%**

|  |           |                  |
|--|-----------|------------------|
| Aurora, IL, Single Family Mortgage Revenue, Series C, AMT, 5.5%, 6/1/2045 (c)  | 2,920,000 | <b>2,923,752</b> |
| <i>Trust: Aurora, IL, Puttable Floating Option Tax Exempt Receipts, RITES-PA-1499, AMT, 144A, 15.64%, 6/1/2045, Leverage Factor at purchase date: 4 to 1</i> |           |                  |

**New York 4.6%**

|   |           |                  |
|---|-----------|------------------|
| New York, State Dormitory Authority, State Personal Income Tax Revenue, Series A, 5.0%, 3/15/2023 (c)   | 5,535,000 | <b>5,817,638</b> |
| <i>Trust: New York, State Dormitory Authority Revenues, Secondary Issues, Series 1955-2, 144A, 13.929%, 3/15/2023, Leverage Factor at purchase date: 4 to 1</i> |           |                  |

**Tennessee 5.0%**

|  |           |                  |
|--|-----------|------------------|
| Nashville & Davidson County, TN, Metropolitan Government, 5.0%, 1/1/2024 (c)   | 5,918,585 | <b>6,248,240</b> |
| <i>Trust: Nashville &amp; Davidson County, TN, Metropolitan Government, Series 2631-1, 144A, 13.547%, 1/1/2024, Leverage Factor at purchase date: 4 to 1</i> |           |                  |

**Total Municipal Inverse Floating Rate Notes (Cost \$19,042,218)** **19,189,853**

|  | % of<br>Net Assets | Value (\$)          |
|--|--------------------|---------------------|
| <b>Total Investment Portfolio</b> (Cost \$203,558,394) | 164.7              | <b>206,824,601</b>  |
| <b>Other Assets and Liabilities, Net</b>               | (9.0)              | <b>(11,231,180)</b> |
| <b>Preferred Shares, at Redemption Value</b>           | (55.7)             | <b>(70,000,000)</b> |
| <b>Net Assets Applicable to Common Shareholders</b>    | 100.0              | <b>125,593,421</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.*

\* *Partial interest paying security. The rate shown represents 95% of the original coupon rate.*

\*\* *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, 2008.*

*The cost for federal income tax purposes was \$202,965,716. At August 31, 2008, net unrealized appreciation for all securities based on tax cost was \$3,858,885. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$9,918,017 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$6,059,132.*

(a) *Bond is insured by one of these companies:*

*As a % of Total*

| <b>Insurance Coverage</b>            | <b>Investment Portfolio</b> |
|--------------------------------------|-----------------------------|
| Ambac Financial Group, Inc.          | 2.1                         |
| Assured Guaranty Corp.               | 0.2                         |
| Financial Guaranty Insurance Company | 9.9                         |
| Financial Security Assurance, Inc.   | 5.3                         |
| MBIA Corp.                           | 2.2                         |
| Radian Asset Assurance, Inc.         | 0.3                         |

(b) *Securities represent the underlying municipal obligations of inverse floating rate obligations held by the Fund.*





(c) Security forms part of the below tender option bond trust. Principal amount and value shown take into account the leverage factor.

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.

AMT: Subject to alternative minimum tax.

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

Prerefunded: Bonds which are prerefunded are collateralized usually by US 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.

RITES: Residual Interest Tax Exempt Security

### **Fair Value Measurements**

The following is a summary of the inputs used as of August 31, 2008 in valuing the Fund's investments. Please see below for information on the Fund's policy regarding valuation inputs, and their aggregate levels used in the table below:

| <b>Valuation Inputs</b> | <b>Investments in Securities</b> |
|-------------------------|----------------------------------|
| Level 1                 | -                                |
| Level 2                 | \$ 206,824,601                   |
| Level 3                 | -                                |
| <b>Total</b>            | <b>\$ 206,824,601</b>            |

The Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"), effective at the beginning of the Fund's fiscal year. FAS 157 establishes a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and requires additional disclosure about the classification of 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, credit risk, etc.). Level 3 includes significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments). The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

### **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: DWS Strategic Municipal Income Trust

By: /s/Michael G. Clark  
Michael G. Clark  
President

Date: October 22, 2008

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.

Registrant: DWS Strategic Municipal Income Trust

By: /s/Michael G. Clark  
Michael G. Clark  
President

Date: October 22, 2008

By: /s/Paul Schubert  
Paul Schubert  
Chief Financial Officer and Treasurer

Date: October 22, 2008