

DWS STRATEGIC MUNICIPAL INCOME TRUST
Form N-Q
April 29, 2009
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: 2/28/09

ITEM 1. SCHEDULE OF INVESTMENTS

Investment Portfolio

as of February 28, 2009 (Unaudited)

DWS Strategic Municipal Income Trust

	Principal Amount (\$)	Value (\$)
Municipal Bonds and Notes 156.1%		
Alabama 0.6%		
Sylacauga, AL, Health Care Authority Revenue, Coosa Valley Medical Center, Series A, 6.0%, 8/1/2035	1,000,000	627,430
Arizona 1.5%		
Arizona, Project Revenue, Health Facilities Authority, The New Foundation Project, 8.25%, 3/1/2019	1,725,000	1,635,886
California 7.3%		
California, Bay Area Toll Authority, Toll Bridge Revenue, Series C, 0.35% *, 4/1/2045	1,000,000	1,000,000
California, Morongo Band of Mission Indians, Enterprise Casino Revenue, Series B, 144A, 6.5%, 3/1/2028	1,000,000	765,060
California, Special Assessment Revenue, Golden State Tobacco Securitization Corp., Series 2003-A-1, Prerefunded, 6.75%, 6/1/2039	4,500,000	5,301,765
Sacramento County, CA, Sales & Special Tax Revenue, Bradshaw Road Project, 7.2%, 9/2/2015	870,000	872,636
		7,939,461
Colorado 3.2%		
Colorado, Health Facilities Authority Revenue, Christian Living Communities Project, Series A, 5.75%, 1/1/2037	1,000,000	643,350
Colorado, Health Facilities Authority Revenue, Portercare Adventist Health Project, Prerefunded, 6.5%, 11/15/2031	1,000,000	1,138,760
Colorado, Public Energy Authority, Natural Gas Purchased Revenue, 6.25%, 11/15/2028	635,000	524,224
Colorado, Transportation/Tolls Revenue, Northwest Parkway Public Highway Authority, Series D, Prerefunded, 7.125%, 6/15/2041	1,145,000	1,224,246
		3,530,580
Connecticut 3.3%		
Greenwich, CT, Multi-Family Housing Revenue, 6.35%, 9/1/2027	2,000,000	1,967,940
Mashantucket, CT, Mashantucket Western Pequot Tribe, Special Revenue, Series A, 144A, 6.5%, 9/1/2031	705,000	417,875
Mashantucket, CT, Sports, Expo & Entertainment Revenue, Mashantucket Western Pequot Tribe: Series B, 144A, Zero Coupon, 9/1/2017	2,000,000	818,660
Series B, 144A, Zero Coupon, 9/1/2018	1,000,000	366,890
		3,571,365
Florida 5.4%		
Florida, Capital Region Community Development District Revenue, Capital Improvement, Series A, 7.0%, 5/1/2039	500,000	351,685
Florida, Tolomato Community Development District, Special Assessment: 5.4%, 5/1/2037	1,990,000	1,058,819
6.55%, 5/1/2027	850,000	585,778
Hillsborough County, FL, Industrial Development Authority Revenue, Health Facilities, University Community Hospital, Series A, 5.625%, 8/15/2029	1,875,000	1,411,050
Miami Beach, FL, Health Facilities Authority Hospital Revenue, Mount Sinai Medical Center, 144A, 6.75%, 11/15/2029	1,600,000	1,034,496
Orlando, FL, Greater Aviation Authority, Airport Facilities Revenue, Jet Blue Airways Corp., AMT, 6.5%, 11/15/2036	1,000,000	606,400
Orlando, FL, Special Assessment Revenue, Conroy Road Interchange Project, Series A, 5.8%, 5/1/2026	1,000,000	825,470
		5,873,698
Georgia 2.7%		

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Americus-Sumter County, GA, Hospital & Healthcare Revenue, Hospital Authority, South Georgia Methodist, Series A, 6.375%, 5/15/2029	1,250,000	911,650
Georgia, Main Street Natural Gas, Inc., Gas Project Revenue, Series A, 5.5%, 9/15/2024	1,220,000	940,474
Georgia, Medical Center Hospital Authority Revenue, Anticipation Certificates, Columbus Regional Healthcare Systems, 6.5%, 8/1/2038 (a)	1,000,000	1,056,930
		2,909,054
Guam 0.7%		
Guam, Government Waterworks Authority, Water & Wastewater System Revenue, 6.0%, 7/1/2025	1,000,000	818,850
Idaho 0.3%		
Idaho, Health Facilities Authority Revenue, St. Luke's Regional Medical Center, 6.75%, 11/1/2037	305,000	312,247
Illinois 9.0%		
Aurora, IL, Single Family Mortgage Revenue, Series C, AMT, 5.5%, 6/1/2045	2,859,849	2,811,146
Illinois, Finance Authority Revenue, Friendship Village of Schaumburg, Series A, 5.625%, 2/15/2037	2,000,000	1,115,100
Illinois, Finance Authority Revenue, Monarch Landing, Inc. Facility: Series A, 7.0%, 12/1/2027	1,000,000	738,860
Series A, 7.0%, 12/1/2037	1,000,000	684,330
Illinois, Finance Authority Revenue, Three Crowns Park Plaza, Series A, 5.875%, 2/15/2038	1,000,000	600,300
Illinois, Hospital & Healthcare Revenue, ETM, 6.75%, 2/15/2016	2,180,000	2,312,653
Illinois, Upper River Valley Development Authority, Solid Waste Disposal Revenue, Waste Recovery Project, AMT, 5.9%, 2/1/2014	995,000	899,002
University Park, IL, Sales & Special Tax Revenue, Governors Gateway Industrial Park, 8.5%, 12/1/2011	620,000	621,593
		9,782,984
Indiana 2.4%		
Indiana, Senior Care Revenue, Health Facilities Finance Authority, Franciscan Eldercare Community Services, 5.875%, 5/15/2029	3,000,000	2,016,210
Vigo County, IN, Hospital Authority Revenue, Union Hospital, Inc., 144A, 5.7%, 9/1/2037	1,000,000	653,420
		2,669,630
Iowa 2.1%		
Cedar Rapids, IA, First Mortgage Revenue, Cottage Grove Place, Series A, 5.875%, 7/1/2028	1,670,000	1,089,708
Iowa, Finance Authority Retirement Community Revenue, Edgewater LLC Project, 6.5%, 11/15/2027	1,000,000	736,500
Lake City, IA, Senior Care Revenue, Health Care Facility, Opportunity Living Project, 144A, 6.45%, 5/1/2011	525,000	521,031
		2,347,239
Kansas 4.4%		
Lenexa, KS, Health Care Facility Revenue, 5.5%, 5/15/2039	2,000,000	1,105,220
Manhattan, KS, Senior Care Revenue, Meadowlark Hills Retirement, Series A, Prerefunded, 6.5%, 5/15/2028	300,000	306,879
Overland Park, KS, Industrial Development Revenue, Series A, Prerefunded, 7.375%, 1/1/2032	2,000,000	2,210,560
Wyandotte County, KS, Unified Government Special Obligation Revenue, Sales Tax, Series B, 5.0%, 12/1/2020	1,400,000	1,218,084
		4,840,743
Kentucky 3.7%		
Kentucky, Economic Development Finance Authority, Health System Revenue, Norton Healthcare: Series A, 6.625%, 10/1/2028	215,000	194,500
Series A, Prerefunded, 6.625%, 10/1/2028	785,000	856,262
Kentucky, Economic Development Finance Authority, Louisville Arena Project Revenue, Series A-1, 6.0%, 12/1/2033 (a)	365,000	374,078
Louisville & Jefferson County, KY, Metropolitan Government Health Systems Revenue, Norton Healthcare, Inc., 5.0%, 10/1/2030	3,425,000	2,610,021
		4,034,861
Louisiana 4.1%		
Louisiana, Local Government Environmental Facilities, Community Development Authority Revenue, 6.75%, 11/1/2032	1,000,000	663,450
Louisiana, St. John Baptist Parish Revenue, Marathon Oil Corp., Series A, 5.125%, 6/1/2037	1,500,000	1,106,895
	3,000,000	2,654,280

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Morehouse Parish, LA, Pollution Control Revenue, International Paper Co. Project, Series A, 5.25%, 11/15/2013		4,424,625
Maryland 8.1%		
Anne Arundel County, MD, General Obligation, National Business Park Project, 144A, Prerefunded, 7.375%, 7/1/2028	966,000	1,055,538
Anne Arundel County, MD, Revenue Lease, Arundel Mills Project, Prerefunded, 7.1%, 7/1/2029	1,500,000	1,558,350
Maryland, Higher Education Revenue, Collegiate Housing Foundation, Series A, Prerefunded, 5.75%, 6/1/2031	1,000,000	1,033,480
Maryland, Hospital & Healthcare Revenue, University of Maryland Medical System, Prerefunded, 6.75%, 7/1/2030	1,000,000	1,085,100
Maryland, State Economic Development Corp. Revenue, Senior Lien Project, Chesapeake Bay: Series A, 5.0%, 12/1/2031	1,000,000	510,720
Series B, 5.25%, 12/1/2031	2,000,000	1,058,060
Maryland, State Health & Higher Educational Facilities Authority Revenue, Anne Arundel Health Systems, Series A, 6.75%, 7/1/2039	500,000	505,315
Maryland, State Health & Higher Educational Facilities Authority Revenue, Washington County Hospital: 5.75%, 1/1/2033	1,000,000	784,370
6.0%, 1/1/2028	1,385,000	1,177,624
		8,768,557
Massachusetts 6.2%		
Massachusetts, Hospital & Healthcare Revenue, Health & Educational Facilities Authority, Civic Investments, Series A, Prerefunded, 9.0%, 12/15/2015	1,600,000	1,957,984
Massachusetts, Industrial Development Revenue, Development Finance Agency, Series A, 7.1%, 7/1/2032	1,875,000	1,430,625
Massachusetts, Project Revenue, Health & Educational Facilities Authority, Jordan Hospital, Series E, 6.75%, 10/1/2033	1,790,000	1,291,360
Massachusetts, State Development Finance Agency Revenue, Linden Ponds, Inc. Facility, Series A, 5.75%, 11/15/2035	2,700,000	1,540,134
Massachusetts, State Health & Educational Facilities Authority Revenue, Milford Regional Medical Center, Series E, 5.0%, 7/15/2037	950,000	541,851
Massachusetts, State Health & Educational Facilities Authority Revenue, Partners Healthcare Systems, Series C, 5.75%, 7/1/2032	35,000	35,076
		6,797,030
Michigan 5.8%		
Kalamazoo, MI, Economic Development Corp. Revenue, Heritage Community, 5.375%, 5/15/2027	1,000,000	636,730
Kalamazoo, MI, Industrial Development Revenue, Economic Development Corp., Series A, Prerefunded, 7.5%, 5/15/2029	2,000,000	2,190,020
Royal Oak, MI, Hospital Finance Authority Revenue, William Beaumont Hospital, 8.25%, 9/1/2039	1,000,000	1,065,380
Saginaw, MI, Hospital & Healthcare Revenue, Hospital Finance Authority, Covenant Medical Center, Series F, 6.5%, 7/1/2030	1,000,000	945,950
Tawas City, MI, Hospital Finance Authority, St. Joseph Health Services: Series A, ETM, 5.6%, 2/15/2013	190,000	202,605
Series A, ETM, 5.75%, 2/15/2023	1,300,000	1,317,251
		6,357,936
Minnesota 1.0%		
Minneapolis, MN, Health Care Systems Revenue, Fairview Health Services, Series A, 6.75%, 11/15/2032	1,000,000	1,048,120
Mississippi 1.2%		
Lowndes County, MS, Solid Waste Disposal & Pollution Control Revenue, Weyerhaeuser Co. Project, Series A, 6.8%, 4/1/2022	250,000	200,565
Mississippi, Business Finance Corp., Pollution Control Revenue, Systems Energy Resources, Inc. Project, 5.875%, 4/1/2022	1,000,000	823,390
Warren County, MS, Gulf Opportunity Zone, International Paper Co., Series A, 6.5%, 9/1/2032	435,000	305,909
		1,329,864
Missouri 0.7%		
Branson, MO, Regional Airport Transportation Development District, Airport Revenue, Series B, AMT, 6.0%, 7/1/2037	250,000	153,768

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St. Louis, MO, Special Assessment Revenue, Scullin Redevelopment Area, Series A, 10.0%, 8/1/2010	535,000	560,054 713,822
Nevada 9.4%		
Clark County, NV, Industrial Development Revenue, Nevada Power Co. Project, Series B, AMT, 5.9%, 10/1/2030	1,665,000	1,212,270
Clark County, NV, School District, General Obligation, Series A, 5.0%, 6/15/2022 (a)	7,140,000	7,184,268
Henderson, NV, Health Care Facility Revenue, Catholic Healthcare West, Series B, 5.25%, 7/1/2031	2,000,000	1,726,260
Las Vegas, NV, Transportation/Tolls Revenue, Las Vegas Monorail Project, 3.688%, 1/1/2030 (b)	2,000,000	160,000
		10,282,798
New Hampshire 5.2%		
New Hampshire, Health & Education Facilities Authority Revenue, Dartmouth College Issue, 0.43% *, 6/1/2032	2,100,000	2,100,000
New Hampshire, Higher Education Revenue, Health & Educational Facilities Authority, New Hampshire College Issue, Prerefunded, 7.4%, 1/1/2023	1,000,000	1,119,670
New Hampshire, Hospital & Healthcare Revenue, Rivermead at Peterborough Retirement Community, 5.75%, 7/1/2028	1,500,000	1,022,355
New Hampshire, State Business Finance Authority, Solid Waste Disposal Revenue, Waste Management, Inc. Project, AMT, 5.2%, 5/1/2027	1,750,000	1,409,432
		5,651,457
New Jersey 1.2%		
New Jersey, Economic Development Authority Revenue, Cigarette Tax, 5.75%, 6/15/2034	290,000	211,532
New Jersey, Health Care Facilities Financing Authority Revenue, St. Joseph's Health Care System, 6.625%, 7/1/2038	1,430,000	1,042,084
		1,253,616
New Mexico 2.1%		
Farmington, NM, Pollution Control Revenue, 5.8%, 4/1/2022	2,750,000	2,267,182
New York 17.3%		
Long Island, NY, Power Authority, Electric System Revenue, Series E, 5.0%, 12/1/2021 (a)	2,900,000	2,924,853
Nassau County, NY, Industrial Development Agency, Continuing Care Retirement, Amsterdam at Harborside, Series A, 6.7%, 1/1/2043	1,000,000	758,680
Nassau County, NY, Project Revenue, North Shore Healthcare Systems Project, Series B, 5.875%, 11/1/2011	365,000	384,261
New York, Core City General Obligation, Series C, 7.0%, 2/1/2010	315,000	322,478
New York, Sales & Special Tax Revenue, Metropolitan Transportation Authority, Series A, Prerefunded, 5.125%, 4/1/2019 (a)	1,450,000	1,689,511
New York, State General Obligation Lease, Higher Education Revenue, Dormitory Authority, State University, 5.125%, 5/15/2021 (a)	1,515,000	1,517,984
New York & New Jersey Port Authority, One Hundred Forty-Seventh, AMT, 5.0%, 10/15/2023 (a)	8,260,000	8,011,044
New York City, NY, Industrial Development Agency Revenue, Liberty-7, World Trade Center, Series A, 6.25%, 3/1/2015	2,000,000	1,705,360
New York City, NY, Industrial Development Agency, Special Facility Revenue, American Airlines, JFK International Airport, AMT, 8.0%, 8/1/2028	2,000,000	1,545,120
		18,859,291
North Carolina 3.1%		
North Carolina, Electric Revenue, Municipal Power Agency: Series C, 5.375%, 1/1/2017	1,000,000	1,026,430
Series B, 6.375%, 1/1/2013	1,300,000	1,345,396
North Carolina, Medical Care Commission, Health Care Facilities Revenue, University Health Systems, Series D, 6.25%, 12/1/2033	1,000,000	1,035,710
		3,407,536
North Dakota 1.0%		

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Washington 1.8%

Washington, State Health Care Facilities Authority Revenue, Series C, 5.375%, 8/15/2028 (a)	595,000	431,744
Washington, State Health Care Facilities Authority Revenue, Virginia Mason Medical Center, Series A, 6.125%, 8/15/2037	2,000,000	1,549,660
		1,981,404

West Virginia 2.0%

West Virginia, Hospital Finance Authority Revenue, Charleston Medical Center, Prerefunded, 6.75%, 9/1/2022	2,000,000	2,178,500
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Wisconsin 1.5%

Wisconsin, Hospital & Healthcare Revenue, Health & Education Facilities Authority, Aurora Health Care, Inc., 6.875%, 4/15/2030	1,000,000	881,900
Wisconsin, State Health & Educational Facilities Authority Revenue, Aurora Health Care, Inc., Series A, 5.6%, 2/15/2029	1,040,000	795,236
		1,677,136

Total Municipal Bonds and Notes (Cost \$183,949,488)

170,051,454

Municipal Inverse Floating Rate Notes (c) 14.8%

California 3.8%

San Diego County, CA, Water Authority Revenue, Certificates of Participation, Series 2008-A, 5.0%, 5/1/2027 (a) (d)	2,121,349	2,129,333
San Diego County, CA, Water Authority Revenue, Certificates of Participation, Series 2008-A, 5.0%, 5/1/2028 (a) (d)	1,930,312	1,937,576
<i>Trust: San Diego County, CA, Water Utility Improvements, Certificates of Participation, Series 2008-1104, 144A, 8.723%, 5/1/2027, Leverage Factor at purchase date: 2 to 1</i>		4,066,909

New York 5.3%

New York, State Dormitory Authority, State Personal Income Tax Revenue, Series A, 5.0%, 3/15/2023 (d)	5,535,000	5,782,404
<i>Trust: New York, State Dormitory Authority Revenues, Secondary Issues, Series 1955-2, 144A, 17.704%, 3/15/2023, Leverage Factor at purchase date: 4 to 1</i>		

Tennessee 5.7%

Nashville & Davidson County, TN, Metropolitan Government, 5.0%, 1/1/2024 (d)	5,918,585	6,242,764
<i>Trust: Nashville & Davidson County, TN, Metropolitan Government, Series 2631-1, 144A, 17.356%, 1/1/2024, Leverage Factor at purchase date: 4 to 1</i>		
Total Municipal Inverse Floating Rate Notes (Cost \$15,914,004)		16,092,077

	% of	
	Net Assets	Value (\$)
Total Investment Portfolio (Cost \$199,863,492)	170.9	186,143,531
Other Assets and Liabilities, Net	(6.6)	(7,233,078)
Preferred Shares, at Redemption Value	(64.3)	(70,000,000)
Net Assets Applicable to Common Shareholders	100.0	108,910,453

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.

* 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 February 28, 2009. The cost for federal income tax purposes was \$199,343,075. At February 28, 2009, net unrealized depreciation for all securities based on tax cost was \$13,199,544. This consisted of aggregate gross unrealized depreciation for all securities in which there was an excess of value over tax cost of \$8,613,178 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$21,812,722.

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

	As a % of Total
	Investment Portfolio
Insurance Coverage	
Ambac Financial Group, Inc.	0.6
Assured Guaranty Corp.	0.8

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Financial Guaranty Insurance Co.	10.5
Financial Security Assurance, Inc.	3.1
MBIA Corp.	2.2
Radian	0.2

(b) *Partial interest paying security. The rate shown represents 50% of the original coupon rate.*

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

(d) *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.

Fair Value Measurements

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements, establishes a three-tier hierarchy for measuring fair value 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, and credit risk). 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.

The following is a summary of the inputs used as of February 28, 2009 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:

Valuation Inputs	Investments in Securities
Level 1	\$ -
Level 2	186,143,531
Level 3	-
Total	\$ 186,143,531

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.

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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: April 22, 2009

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: April 22, 2009

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

Date: April 22, 2009