

NEW GERMANY FUND INC  
Form N-Q  
May 28, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM N-Q  
QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

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Investment Company Act file number 811-5983

The New Germany Fund, Inc.  
(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: 12/31

Date of reporting period: 3/31/10

ITEM 1. SCHEDULE OF INVESTMENTS

THE NEW GERMANY FUND, INC.

SCHEDULE OF INVESTMENTS — MARCH 31, 2010 (unaudited)

| Shares                                      | Description                 | Value(a)     |
|---|-----------------------------|--------------|
| INVESTMENTS IN GERMAN SECURITIES –<br>92.8% |                             |              |
|   | COMMON STOCKS – 90.8%       |              |
|   | AEROSPACE & DEFENSE – 2.7%  |              |
|   | MTU Aero Engines<br>Holding | \$ 7,521,409 |
| 129,084                                     | AIRLINES – 0.3%             |              |

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|         |   |            |
|---------|---|------------|
| 170,000 | Air Berlin*†                            | 959,159    |
|         | AUTO COMPONENTS – 4.6%                  |            |
| 90,000  | Continental*                            | 4,570,841  |
| 188,344 | ElringKlinger                           | 4,698,013  |
| 150,000 | Leoni                                   | 3,483,879  |
|         |   | 12,752,733 |
|         | CHEMICALS – 12.8%                       |            |
| 317,760 | Lanxess                                 | 14,663,785 |
| 360,000 | Symrise                                 | 8,585,316  |
| 79,364  | Wacker Chemie†                          | 11,852,068 |
|         |   | 35,101,169 |
|         | COMMERCIAL BANKS – 1.2%                 |            |
| 100,000 | Deutsche Postbank*                      | 3,213,339  |
|         | COMPUTERS & PERIPHERALS – 3.2%          |            |
| 127,727 | Wincor Nixdorf                          | 8,664,732  |
|         | CONSTRUCTION & ENGINEERING – 9.2%       |            |
| 44,341  | Bauer                                   | 1,988,339  |
| 133,181 | Bilfinger Berger                        | 8,898,704  |
| 171,567 | Hochtief                                | 14,439,936 |
|         |   | 25,326,979 |
|         | CONSTRUCTION MATERIALS – 4.5%           |            |
| 222,500 | HeidelbergCement                        | 12,430,298 |
|         | ELECTRICAL EQUIPMENT – 3.4%             |            |
| 50,000  | Q-Cells*†                               | 497,794    |
| 60,686  | SGL Carbon*†                            | 1,777,248  |
| 271,957 | Solarworld†                             | 4,107,338  |
| 164,800 | Tognum                                  | 3,103,115  |
|         |   | 9,485,495  |
|         | HEALTH CARE PROVIDERS & SERVICES – 4.6% |            |
| 130,000 | Celesio                                 | 4,162,393  |
| 329,946 | Rhoen Klinikum                          | 8,457,725  |
|         |   | 12,620,118 |

Shares

|         | Description                           | Value(a)     |
|---------|---------------------------------------|--------------|
|         | HOUSEHOLD DURABLES – 0.6%             |              |
| 118,886 | Loewe                                 | \$ 1,675,714 |
|         | INDUSTRIAL CONGLOMERATES – 4.5%       |              |
| 172,583 | Rheinmetall                           | 12,380,014   |
|         | INTERNET SOFTWARE & SERVICES – 3.3%   |              |
| 600,966 | United Internet*                      | 9,129,167    |
|         | LIFE SCIENCES TOOLS & SERVICES – 1.2% |              |
| 108,287 | Gerresheimer                          | 3,391,008    |
|         | MACHINERY – 7.3%                      |              |
| 50,000  | Demag Cranes*                         | 1,755,467    |
| 573,046 | GEA Group                             | 13,301,734   |
| 100,000 | Gildemeister                          | 1,347,695    |
| 298,963 | MAX Automation                        | 1,132,340    |
|         | Pfeiffer Vacuum                       |              |
| 32,714  | Technology                            | 2,500,251    |

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|         |  |            |
|---------|--|------------|
|         |  | 20,037,487 |
|         | METALS & MINING – 2.4%                             |            |
| 130,000 | Aurubis†   | 6,709,595  |
|         | MORTGAGE BANKS – 1.7%                              |            |
| 210,000 | Aareal Bank*†                                      | 4,601,885  |
|         | PHARMACEUTICALS – 3.6%                             |            |
| 247,563 | Stada Arzneimittel                                 | 9,768,405  |
|         | REAL ESTATE MANAGEMENT &<br>DEVELOPMENT – 2.2%     |            |
| 179,592 | Deutsche Euroshop†                                 | 5,906,943  |
|         | SEMICONDUCTORS<br>& SEMICONDUCTOR EQUIPMENT – 1.0% |            |
| 40,000  | Aixtron  | 1,440,625  |
| 130,766 | Kontron  | 1,280,840  |
|         |  | 2,721,465  |
|         | SOFTWARE – 5.7%                                    |            |
| 200,000 | PSI*   | 2,661,031  |
| 110,000 | Software   | 13,119,432 |
|         |  | 15,780,463 |
|         | SPECIALTY RETAIL – 3.8%                            |            |
| 30,000  | Douglas Holdings                                   | 1,388,073  |
| 50,000  | Fielmann   | 4,031,722  |
|         | Praktiker Bau-<br>und Heimwerkermaerkte            | 2,824,027  |
| 263,465 | Tom Tailor Holding*                                | 2,063,950  |
| 120,000 |  | 10,307,772 |

6

THE NEW GERMANY FUND, INC.

SCHEDULE OF INVESTMENTS — MARCH 31, 2010 (unaudited) (continued)

| Shares                                   | Description                             | Value(a)     |
|--|---|--------------|
| INVESTMENTS IN GERMAN SECURITIES – 92.8% |   |              |
| (continued)                              |   |              |
|  | TEXTILES, APPAREL & LUXURY GOODS – 0.7% |              |
| 5,647                                    | Puma                                    | \$ 1,791,656 |
|  | TRADING COMPANIES & DISTRIBUTORS – 2.2% |              |
| 200,000                                  | Kloeckner & Co.*                        | 5,920,768    |
|  | TRANSPORTATION INFRASTRUCTURE – 2.3%    |              |
| 120,000                                  | Fraport                                 | 6,328,201    |

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|   |         |   |                             |
|---|---------|---|-----------------------------|
|   |         | WIRELESS TELECOMMUNICATION SERVICES – 1.8%                                    |                             |
|   | 390,646 | Freenet*  | 4,835,106                   |
|   |         | Total Common Stocks (cost \$180,163,410)                                      | 249,361,080                 |
|   |         | PREFERRED STOCKS – 2.0%   |                             |
|   | 62,632  | HEALTH CARE EQUIPMENT & SUPPLIES – 0.6%                                       |                             |
|   |         | Sartorius   | 1,664,793                   |
|   |         | TELEVISION – 1.4%   |                             |
|   | 225,000 | ProSiebenSat.1 Media  | 3,804,469                   |
|   |         | Total Preferred Stocks (cost \$2,545,737)                                     | 5,469,262                   |
|   |         | Total Investments in German Securities (cost \$182,709,147)                   | 254,830,342                 |
| INVESTMENTS IN DUTCH COMMON STOCKS – 6.8% |         |   |                             |
|   | 519,645 | AEROSPACE & DEFENSE – 3.8%  |                             |
|   |         | EADS  | 10,470,050                  |
|   | 355,887 | LIFE SCIENCES TOOLS & SERVICES – 3.0%   |                             |
|   |         | QIAGEN*†  | 8,208,012                   |
|   |         | Total Investments in Dutch Common Stocks (cost \$11,363,007)                  | 18,678,062                  |
|   |         | Total Investments in Common and Preferred Stocks – 99.6% (cost \$194,072,154) | 273,508,404                 |
| Shares                                    |         | Description   | Value(a)                    |
| SECURITIES LENDING COLLATERAL – 8.6%      |         | Daily Assets Fund Institutional, 0.22% (cost \$23,735,792)(b)(c)              | \$ 23,735,792               |
| 23,735,792                                |         |   |                             |
| CASH EQUIVALENTS – 0.1%                   |         | Central Cash Management Fund, 0.16% (cost \$263,517)(c)                       | 263,517                     |
| 263,517                                   |         | Total Investments – 108.3% (cost \$218,071,463)**                             | 297,507,713<br>(22,785,361) |

|  |               |
|--|---------------|
| Other Assets and<br>Liabilities, Net – (8.3%)<br>NET ASSETS–100.0% | \$274,722,352 |
|--|---------------|

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.

\* Non-income producing security.

\*\* The cost for federal income tax purposes was \$222,124,777. At March 31, 2010, net unrealized appreciation for all securities based on tax cost was \$75,382,936. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$87,614,004 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$12,231,068

† All or a portion of these securities were on loan. The value of all securities loaned at March 31, 2010 amounted to \$22,754,610 which is 8.3% of the net assets.

(a) Value stated in US dollars

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

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

THE NEW GERMANY FUND, INC.

SCHEDULE OF INVESTMENTS — MARCH 31, 2010 (unaudited) (continued)

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 unobservable 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 March 31, 2010 in valuing the Fund's investments.

| Category   | Level 1       | Level 2 | Level 3 | Total         |
|--|---------------|---------|---------|---------------|
| Common Stocks and/or Other Equity Investments(d) |               |         |         |               |
| Germany  | \$254,830,342 | \$ 0    | \$ 0    | \$254,830,342 |
| Netherlands                                      | 18,678,062    | 0       | 0       | 18,678,062    |
| Short-Term                                       |               |         |         |               |
| Investments                                      | 23,999,309    | 0       | 0       | 23,999,309    |
| Total  | \$297,507,713 | \$ 0    | \$ 0    | \$297,507,713 |

(d) See Schedule of investments for additional detailed categorizations

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## 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: The New Germany Fund, Inc.

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

Date: May 21, 2010

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: The New Germany Fund, Inc.

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

Date: May 21, 2010

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

Date: May 21, 2010