

NEW GERMANY FUND INC
Form PRE 14A
April 28, 2010

SCHEDULE 14A

(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary proxy statement.
- Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2)).
- Definitive proxy statement.
- Definitive additional materials.
- Soliciting material under Rule 14a-12.

THE NEW GERMANY FUND, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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- No fee required.
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(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

THE NEW GERMANY FUND, INC.

345 Park Avenue
New York, New York 10154

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

June 28, 2010

To our Stockholders:

Notice is hereby given that the Annual Meeting of Stockholders (the "Meeting") of The New Germany Fund, Inc., a Maryland corporation (the "Fund"), will be held at 3:30 p.m., New York time, on June 28, 2010 at the New York Marriott East Side Hotel, 525 Lexington Avenue, New York, New York 10017 for the following purposes:

1. To elect four (4) Class I Directors, each to serve for a term of three years and until their successors are elected and qualify.
2. To elect one (1) Class II Director to serve for a term of one year and until his successor is elected and qualifies.
3. To elect one (1) Class III Director to serve for a term of two years and until his successor is elected and qualifies.
4. To ratify the appointment by the Audit Committee and the Board of Directors of PricewaterhouseCoopers LLP, an independent registered public accounting firm, as independent auditors for the fiscal year ending December 31, 2010.
5. To approve a proposed change in the Fund's fundamental investment objective to broaden the type of companies the Fund may invest in.
6. To transact such other business as may properly come before the Meeting or any postponement or adjournment thereof including acting upon one stockholder proposal presented in the Proxy Statement accompanying this Notice, if the proposal is brought before the meeting by the proponent or his representative that is qualified under state law to present the proposal on his behalf.

Only holders of record of Common Stock at the close of business on May 14, 2010 are entitled to notice of, and to vote at, this Meeting or any postponement or adjournment thereof.

If you have any questions or need additional information, please contact The Altman Group, Inc. at 1200 Wall Street West, 3rd Floor, Lyndhurst, New Jersey 07071.

By Order of the Board of Directors

David Goldman
Secretary

Dated: May [], 2010

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Whether or not you expect to attend the Meeting, please sign the enclosed Proxy Card and promptly return it to the Fund. We ask your cooperation in mailing in your Proxy Card promptly, so that the Fund can avoid additional expenses of solicitation of proxies.

THE NEW GERMANY FUND, INC.

345 Park Avenue
New York, New York 10154

Annual Meeting of Stockholders

June 28, 2010

PROXY STATEMENT

This Proxy Statement is furnished by the Board of Directors of The New Germany Fund, Inc. (the “Board of Directors” or “Board”), a Maryland corporation (the “Fund”), in connection with the solicitation of proxies for use at the Annual Meeting of Stockholders (the “Meeting”) to be held at 3:30 p.m., New York time, on June 28, 2010 at the New York Marriott East Side Hotel, 525 Lexington Avenue, New York, New York 10017. The purpose of the Meeting and the matters to be considered are set forth in the accompanying Notice of Annual Meeting of Stockholders.

If the accompanying Proxy Card is executed properly and returned, shares represented by it will be voted at the Meeting, and any postponement or adjournment thereof, in accordance with the instructions on the Proxy Card. However, if no instructions are specified, shares will be voted FOR the election of four (4) Class I directors of the Fund (“Directors”) nominated by the Board (Proposal 1), FOR the election of one (1) Class II director of the Fund nominated by the Board (Proposal 2), FOR the election of one (1) Class III director of the Fund nominated by the Board (Proposal 3), FOR the ratification of the appointment by the Audit Committee and the Board of PricewaterhouseCoopers LLP, an independent public accounting firm, as independent auditors for the Fund (Proposal 4), FOR a change to the Fund’s investment objective to broaden the definition of “German Company” (Proposal 5) and AGAINST the conversion of the Fund to an interval fund (Proposal 6). A proxy may be revoked at any time prior to the time it is voted by written notice to the Secretary of the Fund, by submitting a subsequently executed and dated proxy or by attending the Meeting and voting in person.

If a stockholder owns shares of the Fund in violation of applicable law, including the Investment Company Act of 1940, as amended (the “Investment Company Act”), the Fund may determine that any vote attributable to such shares shall not be counted, or that such shares will not be counted for quorum purposes, or both. Under Section 12(d)(1) of the Investment Company Act, the acquisition of more than 3% of the Fund’s common stock by another fund (whether registered, private or offshore) is unlawful. There is legal uncertainty about the operation of Section 12(d)(1) and about the Fund’s right under federal and state law to invalidate votes cast by any person whose Fund shares are held in violation of law. The Fund is prepared, if necessary, to seek judicial resolution of the uncertainty in any particular case.

The close of business on May 14, 2010 has been fixed as the record date for the determination of stockholders entitled to notice of, and to vote at, the Meeting. On that date, the Fund had [19,207,657.60] shares of Common Stock outstanding and entitled to vote. Each share will be entitled to one vote on each matter that comes before the Meeting. It is expected that the Notice of Annual Meeting, this Proxy Statement and the form of Proxy Card will first be mailed to stockholders on or about May [], 2010.

A quorum is necessary to hold a valid meeting. If stockholders entitled to cast one-third of all votes entitled to be cast at the Meeting are present in person or by proxy, a quorum will be established. The Fund intends to treat properly executed proxies that are marked “abstain” and broker non-votes (defined below) as present for the purposes of determining whether a quorum has been achieved at the Meeting. Under Maryland law, abstentions do not constitute a vote “for” or “against” a matter and will be disregarded in determining the “votes cast” on an issue. A “broker non-vote” occurs when a broker holding shares for a beneficial owner does not vote on a particular matter because the broker does not have discretionary voting power with respect to that matter and has not received instructions from the beneficial owner.

PROPOSALS 1, 2 AND 3: ELECTION OF DIRECTORS

The Fund's charter (the "Charter") provides that the Board of Directors be divided into three classes of Directors serving staggered three-year terms and until their successors are elected and qualify. The term of office for Directors in Class I expires at the 2010 Annual Meeting, Class II at the next succeeding annual meeting and Class III at the following succeeding annual meeting. Four Class I nominees, Mr. Christian H. Strenger, Mr. Detlef Bierbaum, Mr. Richard Karl Goeltz and Mr. Robert H. Wadsworth, are proposed in this Proxy Statement for election. If elected, each of the four Class I nominees will serve a three-year term of office until the Annual Meeting of Stockholders in 2013 and until his respective successor is elected and qualifies. One Class II nominee, Mr. Joachim Wagner, is proposed in this Proxy Statement for election. If elected, Mr. Wagner will serve a one year term of office until the Annual Meeting of Stockholders in 2011 and until his successor is elected and qualifies. In addition, one Class III nominee, Mr. Richard R. Burt, who is a current Class I Director of the Fund, is a nominee for election as a Class III Director. If elected as a Class III Director, Mr. Burt will serve a two year term of office until the Annual Meeting of Stockholders in 2012 and until his successor is elected and qualifies.

As a result of retirements from the Board over the past year, each class of Directors of the Board would not be of approximate equal size if no further action were taken. Under the Fund's By-laws and the New York Stock Exchange Listed Company Manual Rule 304 ("NYSE Rule 304"), the classes of the Fund's board should be of approximately equal size. Accordingly, the Fund's Nominating Committee nominated Mr. Burt, as a member of one of the largest classes of Directors of the Fund (Class I), to fill a Class III vacancy created by recent retirements. If each nominee is elected, each class of Directors of the Board would be of approximately equal size and in compliance with the requirements of the Fund's Bylaws and NYSE Rule 304.

Should any vacancy occur on the Board of Directors, the remaining Directors would be able to fill that vacancy by the affirmative vote of a majority of the remaining Directors in office, even if the remaining Directors do not constitute a quorum. Any Director elected by the Board to fill a vacancy would hold office until the remainder of the full term of the class of Directors in which the vacancy occurred and until a successor is elected and qualifies. If the size of the Board is increased, additional Directors will be apportioned among the three classes to make all classes as nearly equal as possible.

Unless authority is withheld, it is the intention of the persons named in the accompanying form of Proxy Card to vote each Proxy Card for the election of our five nominees listed above. Each nominee has indicated that he will continue to serve as a Director if elected, but if any nominee should be unable to serve, proxies will be voted for any other person determined by the persons named in the form of Proxy Card in accordance with their discretion. The Board of Directors has no reason to believe that any of the above nominees will be unable to serve as a Director.

BOARD OF DIRECTORS INFORMATION

The management of the business and affairs of the Fund is overseen by the Board of Directors. Directors who are not "interested persons" of the Fund as defined in the 1940 Act, are referred to as "Independent Directors", and Directors who are "interested persons" of the Fund are referred to as "Interested Directors". Certain information concerning the Fund's governance structure and each Director is set forth below.

Experience, Skills, Attributes, and Qualifications of the Fund's Directors. The Nominating and Governance Committee of the Fund's Board, which is composed entirely of Independent Directors, reviews the experience, qualifications, attributes and skills of potential candidates for nomination or election by the Board, and conducts a similar review in connection with the proposed nomination of current Directors for re-election by stockholders. When assessing a candidate for nomination it is the policy of the Nominating and Governance Committee to consider whether the individual's background, skills, and experience will complement the background, skills and experience of

other nominees and will contribute to the diversity of the Board. The Nominating and Governance Committee assesses the effectiveness of this policy as part of its annual self assessment. Additional information concerning the Nominating and Governance Committee's consideration of nominees appears in the description of the Committee following the table below.

The Board has concluded that, based on each Director's experience, qualifications, attributes or skills on an individual basis and in combination with those of the other Directors, that each Director is qualified and should continue to serve as such. In determining that a particular Director was and continues to be qualified to serve as a Director, the Board has considered a variety of criteria, none of which, in isolation, was controlling. In addition, the Board has taken into account the actual service and commitment of each Director during his tenure (including the Director's participation in Board and committee meetings, as well as his current and prior leadership of standing and ad hoc committees) in concluding that each should continue to serve. Information about the specific experience, skills, attributes and qualifications of each Director, which in each case led to the Board's conclusion that the Director should serve (or continue to serve) as a director of the Fund, is provided in the table following the "Risk Oversight" section below.

The Board believes that, collectively, the Directors have balanced and diverse experience, qualifications, attributes, and skills, which allow the Board to operate effectively in governing the Fund and protecting the interests of shareholders. Among other attributes common to all Directors are their willingness and ability to commit the necessary time and attention to their duties as Directors, their ability to review critically, evaluate, question and discuss information provided to them (including information requested by the Directors), to interact effectively with each other and with Deutsche Investment Management Americas Inc., the fund's investment manager (the "Investment Manager"), Deutsche Asset Management International GmbH (the "Investment Adviser") and other service providers, counsel and the Fund's independent registered public accounting firm, to exercise effective business judgment in the performance of their duties as Directors. References to the qualifications, attributes and skills of Directors are pursuant to requirements of the Securities and Exchange Commission, do not constitute holding out of the Board or any Director as having special expertise or experience and shall not be deemed to impose any greater responsibility or liability on any Director or on the Board by reason thereof.

Board Structure and Oversight Function. The Board is responsible for oversight of the Fund. The Fund has engaged the Investment Manager and the Investment Adviser to manage the Fund on a day-to-day basis. The Board is responsible for overseeing the Investment Manager and the Investment Adviser and the Fund's other service providers in the operations of each Fund in accordance with the Fund's investment objective and policies and otherwise in accordance with the requirements of the 1940 Act and other applicable Federal, state and other securities and other laws, and the Fund's charter and bylaws. The Board meets in person at regularly scheduled meetings four times throughout the year. In addition, the Directors may meet in person or by telephone at special meetings or on an informal basis at other times. The Directors also regularly meet outside the presence of any representatives of the Investment Manager and the Investment Adviser. As described below, the Board has established five standing committees – the Audit, Nominating and Governance, Advisory, Valuation and Executive Committees – and may establish ad hoc committees or working groups from time to time, to assist the Board in fulfilling its oversight responsibilities. Each committee other than the Executive Committee is composed exclusively of Independent Directors. Each year the Directors evaluate the performance of the Board and its committees. The responsibilities of each committee, including its oversight responsibilities, are described further below. The Independent Directors have also engaged independent legal counsel, and may from time to time engage consultants and other advisors, to assist them in performing their oversight responsibilities.

The Chairman's duties include setting the agenda for each Board meeting in consultation with management, presiding at each Board meeting, meeting with management between Board meetings, and facilitating communication and coordination between the Directors and management. Christian Strenger, the Chairman of the Fund's Board of Directors is an Interested Director as defined in the 1940 Act because he is a member of the Supervisory Board of a company that is affiliated with the Investment Manager and the Investment Adviser and because of his ownership of shares of the ultimate parent of the Investment Manager and the Investment Adviser. The Directors believe that it is appropriate for Mr. Strenger to serve as Chairman and that his service benefits shareholders because of his extensive knowledge of the investment management industry, the Deutsche Bank organization and the Funds. In addition, the Directors note that, although Mr. Strenger is an Interested Director as defined in the 1940 Act, he is not involved in

the management of the Fund and is not an officer or director of the Investment Manager or the Investment Adviser. The Independent Directors are satisfied that they can act independently and effectively without having an Independent Director serve as Chairman and note that a key structural component for ensuring that they are in a position to do so is for the Independent Directors to constitute a substantial majority of the Board. Richard Karl Goeltz, an Independent Director and Chairman of the Nominating and Governance Committee, serves as Lead Independent Director for the Fund and as such is available to act as

liaison between the Independent Directors and management and to consult with the Chairman to the extent deemed appropriate.

Risk Oversight. The Fund is subject to a number of risks, including investment, compliance and operational risks. Day-to-day risk management with respect to the Fund resides with the Investment Manager and the Investment Adviser or other service providers (depending on the nature of the risk), subject to supervision by the Investment Manager. The Board has charged the Adviser and its affiliates with (i) identifying events or circumstances the occurrence of which could have demonstrable and material adverse effects on the Fund; (ii) to the extent appropriate, reasonable or practicable, implementing processes and controls reasonably designed to lessen the possibility that such events or circumstances occur or to mitigate the effects of such events or circumstances if they do occur; and (iii) creating and maintaining a system designed to evaluate continuously, and to revise as appropriate, the processes and controls described in (i) and (ii) above.

Risk oversight forms part of the Board's general oversight of each Fund's investment program and operations and is addressed as part of various regular Board and committee activities. Each of the Investment Manager, the Investment Adviser, and the Fund's other principal service providers has an independent interest in risk management but the policies and the methods by which one or more risk management functions are carried out may differ from the Fund's and each other's in the setting of priorities, the resources available or the effectiveness of relevant controls. Oversight of risk management is provided by the Board and the Audit Committee. The Directors regularly receive reports from, among others, management, the Fund's Chief Compliance Officer, its independent registered public accounting firm, counsel, and internal auditors for the Investment Manager, as appropriate, regarding risks faced by the Fund and the Investment Manager's risk management programs.

Not all risks that may affect the Fund can be identified, nor can controls be developed to eliminate or mitigate their occurrence or effects. The processes and controls employed to address certain risks may be limited in their effectiveness, and some risks are simply beyond the reasonable control of the Fund or the Investment Manager, its affiliates or other service providers. Moreover, it is necessary to bear certain risks (such as investment-related risks) to achieve the Fund's goals.

Information Regarding Directors and Officers

The following tables show certain information about the nominees for election as Directors and about Directors whose terms will continue, including beneficial ownership of Common Stock of the Fund, and about all officers of the Fund. Most current Directors resident in the United States own Fund shares. Directors who are German residents would be subject to adverse German tax consequences if they owned shares of a fund organized outside of Germany, such as the Fund, that is not subject to German regulation or tax reporting.

Nominees Proposed for Election:

Class I Directors

(Term will Expire in 2010; Nominees for Term Expiring in 2013)

Name, Address(1) & Age	Position(s) with Fund	Length of Time Served	Principal Occupation(s) During Past Five Years or Longer and Other Relevant Qualifications*	Number of Portfolios in Fund Complex(2) Overseen by Director	Other Directorships Held by Director During Past Five Years(3)	Shares of Common Stock Beneficially Owned at March 31, 2010(4)
Non-Interested Directors						
Detlef Bierbaum, 67	Director	Since 1990	Vice Chairman of the Supervisory Board of Oppenheim KAG GmbH (asset management) and a member of the Supervisory Board of Bank Sal. Oppenheim Jr. & Cie. (österreich) AG (private bank) for more than five years. Mr. Bierbaum also serves as a member of the Board or Supervisory Board of a number of non-U.S. investment companies and of companies in diverse businesses including insurance, reinsurance, real estate, and retailing. He is a former member of the Supervisory Board of Sal. Oppenheim Jr. & Cie KGaA (private bank) (2008 to March 2010) and was formerly a partner of that firm. He is also a former member of the Supervisory Board of DWS Investment GmbH (asset management) (2005-2008).	3	Director of The Central Europe and Russia Fund, Inc. (since 1990) and The European Equity Fund, Inc. (since 1986).(2)	None

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Richard Karl Goeltz, 67	Director	Since 1990	Retired. Formerly, Vice Chairman and Chief Financial Officer of American Express Co. (financial services) (1996-2000) and previously served as chief financial officer of two other major multi-national corporations. Mr. Goeltz is also a member of the Court of Governors of the London School of Economics and Political Science, Trustee of the American Academy in Berlin and of other charitable organizations..	3	Director of The Central Europe and Russia Fund, Inc. (since 2008) and The European Equity Fund, Inc. (since 2008).(2) Independent Non-Executive Director of Aviva plc (financial services) and The Warnaco Group, Inc. (apparel). Formerly director of Federal Home Loan Mortgage Corporation and Delta Air Lines, Inc. (air transport).	12,104
Robert H. Wadsworth, 70	Director	Since 1992	President, Robert H. Wadsworth Associates, Inc. (investment management consulting firm) (1983 to present). Mr. Wadsworth also has experience as an owner and chief executive officer of various businesses serving the mutual fund industry, including a registered broker-dealer and a registered transfer agent, and has served as a senior executive officer of several mutual funds.	129(5)	Director of The Central Europe and Russia Fund, Inc. (since 1990) and The European Equity Fund, Inc. (since 1986),(2) as well as other funds in the Fund Complex as indicated. (5)	5,863
Christian H. Strenger, 66	Director and Chairman	Since 1990	Member of Supervisory Board (since 1999) and formerly Managing Director (1991-1999) of DWS Investment GmbH (investment management), a subsidiary of Deutsche Bank	3	Director of The Central Europe and Russia Fund, Inc. (since 1990) and The European Equity Fund, Inc. (since 1986).(2)	None

AG. Mr. Strenger is also Member, Supervisory Board, Evonik Industries AG (chemical, utility and property business), Fraport AG (international airport business) and Hermes Equity Ownership Services Ltd. (governance advisory).

Class II Director
(Nominee for Term Expiring in 2011)

Name, Address(1) & Age	Position(s) with Fund	Length of Time Served	Principal Occupation(s) During Past Five Years or Longer and Other Relevant Qualifications* Non-Interested Director	Number of Portfolios in Fund Complex(2) Overseen by Director	Other Directorships Held by Director During Past Five Years(3)	Shares of Common Stock Beneficially Owned at March 31, 2010(4)
Joachim Wagner, 63	Director	Since 2009	Chief Financial Officer, RAG Beteiligungs AG/Evonik Industries AG, Germany (mining holding company) (2006-2009). Formerly, Chief Financial Officer, Degussa AG, Germany (chemical manufacturer) (2001-2006). Mr. Wagner is also a member of the Supervisory Board of a German retail bank and a member of the advisory board of a private German bank, and Treasurer of a Frankfurt-based scientific and technical society.	2	Director of The European Equity Fund, Inc. (since 2009).(2) Member of the Advisory Board of Bankhaus Metzler Frankfurt, Germany (since 2006).	None

Class III Director
(Nominee for Term Expiring in 2012)

Name, Address(1) & Age	Position(s) with Fund	Length of Time Served	Principal Occupation(s) During Past Five Years or Longer and Other Relevant Qualifications*	Number of Portfolios in Fund Complex(2) Overseen by Director	Other Directorships Held by Director During Past Five Years(3)	Shares of Common Stock Beneficially Owned at March 31, 2010(4)
Non-Interested Directors						
Ambassador Richard R. Burt, 63	Director	Since 2004	Managing Director, McLarty Associates (international strategic advisory). Formerly, Chairman, Diligence, Inc. (international information and risk management firm) (2002-2007); Chairman of the Board, Weirton Steel Corp. (1996-2004); Partner, McKinsey & Company (consulting firm) (1991-1994); State Department Chief Negotiator in charge of negotiating the Arms Treaty with Russia (1989-1991); U.S. Ambassador to the Federal Republic of Germany (1985-1989). Mr. Burt is also Director, IGT, Inc. (gaming technology) (since 1995), and HCL Technologies Inc. (information technology and product engineering) (since 1999) and member, Textron Inc. International Advisory Council (aviation, automotive, industrial operations and finance) (since 1996).	3	Director of The European Equity Fund, Inc. (since 2000) and The Central Europe and Russia Fund, Inc. (since 2000).(2) Director, UBS family of mutual funds (since 1995).	1,572

Directors whose terms will continue:

Class II Directors (Term will Expire in 2011)							Shares of Common Stock Beneficially Owned at March 31, 2010(4)
Name, Address(1) & Age	Position(s) with Fund	Length of Time Served	Principal Occupation(s) During Past Five Years or Longer and Other Relevant Qualifications* Non-Interested Directors	Number of Portfolios in Fund Complex(2) Overseen by Director	Other Directorships Held by Director During Past Five Years(3)		
John H. Cannon, 68	Director	Since 1990	Consultant (since 2002). Formerly, Vice President and Treasurer, Venator Group/Footlocker, Inc. (footwear retailer) (1982-2002).	3	Director of The Central Europe and Russia Fund, Inc. (since 2004) and The European Equity Fund, Inc. (since 2004).(2)	5,915	
Werner Walbröl, 72	Director	Since 2004	Delegate for North American Humboldt Universität (Berlin). Formerly, President and Chief Executive Officer, The European American Chamber of Commerce, Inc. (2004-2008); President and Chief Executive Officer, The German American Chamber of Commerce, Inc. (until 2003). Mr. Walbröl is also a Director of The German American Chamber of Commerce, Inc. President and Director, German-American Partnership Program (student exchange programs), and a Director of an independent testing and assessment company.	3	Director of The European Equity Fund, Inc. (since 1986) and The Central Europe and Russia Fund, Inc. (since 1990).(2)	1,885	

Interested Director(6)

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John Bult, 74Director	Since 1990	Chairman, PaineWebber International (financial services holding company) (since 1985). Mr. Bult has many years of experience in the securities industry.	3	Director of The European Equity Fund, Inc. (since 1986) and The Central Europe and Russia Fund, Inc. (since 1990).(2) Director of The Greater China Fund, Inc. (closed-end fund)(since 1992).	3,075
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Class III Directors
(Term will Expire in 2012)

Name, Address(1) & Age	Position(s) with Fund	Length of Time Served	Principal Occupation(s) During Past Five Years or Longer and Other Relevant Qualifications*	Number of Portfolios in Fund Complex(2) Overseen by Director	Other Directorships Held by Director During Past Five Years(3)	Shares of Common Stock Beneficially Owned at March 31, 2010(4)
Non-Interested Directors						
Dr. Franz Wilhelm Hopp, 67	Director	Since 1993	Member of the Board of Management of KarstadtQuelle Pension Trust e.V. (February 2007-September 2009). Former Member of the Boards of Management of ERGO Insurance Group AG, ERGO Europa Beteiligungsgesellschaft AG, and ERGO International AG (insurance) (over five years until 2004). Former Member of the Boards of Management of VICTORIA Holding, VICTORIA Lebensversicherung AG (life insurance), VICTORIA Versicherung AG (insurance), VICTORIA International, VICTORIA Rückversicherung AG (reinsurance) and D.A.S. Versicherungs-AG. (insurance).	3	Director of The European Equity Fund, Inc. (since 2008) and The Central Europe and Russia Fund, Inc. (since 2008). (2)	None
Dr. Friedbert H. Malt, 68	Director	Since 2007	Vice Chairman and Member of the Executive Committee of NOL Neptune Orient Lines Ltd., Singapore ("NOL") (since 2002). He	3	Director of The European Equity Fund, Inc. (since 2007) and The Central Europe and Russia Fund, Inc. (since 2007).(2)	None

			currently is also a Director of NOL (since 2000) and TÜV Rheinland of North America, Inc., a company offering independent testing and assessment services. Formerly, Dr. Malt was a Member of the Executive Board of DG Bank (now DZ Bank), Frankfurt (until 2001).			
Dr. Frank Trömel, 74(7)	Director	Since 1990	Deputy Chairman of the Supervisory Board of DELTON AG (strategic management holding company operation in the pharmaceutical, household products, logistics and power supply sectors) (2000-2006). Member (since 2000) and Vice-President (2002-2006) of the German Accounting Standards Board.	1	Formerly director of The European Equity Fund, Inc. (2005-2009) and The Central Europe and Russia Fund, Inc. (2005-2009).	None

* The information above includes each Director's principal occupation during the last five years and other information relating to the experience, attributes and skills relevant to each Director's qualifications to serve as a Director, which led (together with the Director's current and prior experience as a Director of other SEC reporting companies, if any, as indicated elsewhere in the table) to the conclusion that each Director should serve as a Director for the Fund.

Executive Officers(8)

Name, Address(1) & Age	Position(s) with Fund	Length of Time Served	Principal Occupation(s) During Past Five Years	Shares of Common Stock Beneficially Owned at March 31, 2010(4)
Michael G. Clark, 44(9)	President and Chief Executive Officer	Since 2006	Managing Director, Deutsche Asset Management (since 2006); President of DWS family of funds; formerly, Director of Fund Board Relations (2004-2006) and Director of Product Development, Merrill Lynch Investment Managers (2000-2004).	None
Paul H. Schubert, 47(9)	Treasurer and Chief Financial Officer	Since 2004	Managing Director, Deutsche Asset Management (since 2004). Formerly, Executive Director, Head of Mutual Fund Services and Treasurer for UBS Family of Funds at UBS Global Asset Management (1998-2004).	None
David Goldman, 36(9)	Secretary	Since 2006	Director, Deutsche Asset Management (since 2008). Formerly, Vice President, Deutsche Asset Management (2002-2008).	None
John Millette, 47(9)	Assistant Secretary	Since 2006	Director, Deutsche Asset Management (since 2002).	None
Rita Rubin, 39	Chief Legal Officer	Since 2008	Vice President and Counsel, Deutsche Asset Management (since 2007). Formerly, Vice President, Morgan Stanley Investment Management Inc. (2004-2007).	None
Alexis Kuchinsky, 34	Chief Compliance Officer	Since 2009	Vice President, Deutsche Asset Management (since 2002); Head of Compliance Program Oversight of Deutsche Asset Management.	None
John Caruso, 45	Anti-Money Laundering Compliance Officer	Since 2010	Managing Director, Deutsche Asset Management.	None
Rainer Vermehren, 42	Vice President	Since 2010	Director, DWS Investment GmbH (since 2007). Fund Manager, DWS Investment GmbH (since 1997).	None

(1)The mailing address of all directors and officers with respect to Fund operations is c/o Deutsche Investment Management Americas Inc., 345 Park Avenue, NYC20-2799, New York, New York 10154.

(2)The Fund Complex includes The European Equity Fund, Inc. and The Central Europe and Russia Fund, Inc., which are other closed-end registered investment companies for which Deutsche Investment Management Americas Inc. acts as manager. It also includes 126 other open- and closed-end funds advised by wholly owned entities of the Deutsche Bank Group in the United States.

- (3) Directorships are only for companies that file reports with the SEC.
- (4) As of March 31, 2010, all Directors, Nominees for election and Executive Officers as a group (20 persons) owned 30,414 shares, which constitutes less than 1% of the outstanding Common Stock of the Fund. Share numbers in this Proxy Statement have been rounded to the nearest whole share.
- (5) Mr. Wadsworth oversees all 129 funds in the Fund Complex .
- (6) Indicates “Interested Person,” as defined in the Investment Company Act. Mr. Bult is an “interested” Director because of his affiliation with PaineWebber International, an affiliate of UBS Securities LLC, a registered broker-dealer and Mr. Strenger is an “interested” Director because of his affiliation with DWS-Deutsche Gesellschaft für Wertpapiersparen mbH (“DWS”), a subsidiary of Deutsche Bank AG, and because of his ownership of Deutsche Bank AG shares. Prior to April 2010 Mr. Bierbaum was interested because of his prior relationships with Sal. Oppenheim Jr. & Cie KGaA, which executed portfolio securities transactions for the Fund and certain affiliated persons, and because of his former ownership of Deutsche Bank AG shares.
- (7) Dr. Trömel’s son has been employed since March 1, 2002 by an indirect subsidiary of Deutsche Bank AG.
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- (8) Each also serving as an officer of The European Equity Fund, Inc. and The Central Europe and Russia Fund, Inc. The officers of the Fund are elected annually by the Board of Directors at its meeting following the Annual Meeting of Stockholders. Each of Messrs. Clark, Schubert, Millette and Caruso, and Ms. Rubin also serves as an officer of other Funds in the Fund Complex.
- (9) Indicates ownership of securities of Deutsche Bank AG either directly or through Deutsche Bank's deferred compensation plan.
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The following table contains additional information with respect to the beneficial ownership of equity securities by each Director or Nominee in the Fund and, on an aggregated basis, in any registered investment companies overseen by the Director or Nominee within the same Family of Investment Companies as the Fund:

Name of Director or Nominee	Dollar Range of Equity Securities in the Fund(1)	Aggregate Dollar Range of Equity Securities in All Funds Overseen by Director or Nominee in Family of Investment Companies(1), (2)
Detlef Bierbaum	None	None
John Bult	\$10,001-\$50,000	Over \$100,000
Ambassador Richard R. Burt	\$10,001-\$50,000	Over \$100,000
John H. Cannon	\$50,001-\$100,000	\$50,001-\$100,000
Richard Karl Goeltz	Over \$100,000	Over \$100,000
Dr. Franz Wilhelm Hopp	None	None
Dr. Friedbert Malt	None	None
Christian H. Strenger	None	\$10,001-\$50,000
Dr. Frank Trömel	None	None
Robert H. Wadsworth	\$50,001-\$100,000	\$50,001-\$100,000
Joachim Wagner	None	None
Werner Walbröl	\$10,001-\$50,000	Over \$100,000

(1) Valuation date is March 31, 2010. Directors who are German residents would be subject to adverse German tax consequences if they owned shares of a fund organized outside of Germany, such as the Fund, that is not subject to German regulation or tax reporting.

(2) The Family of Investment Companies consists of the Fund, The European Equity Fund, Inc. and The Central Europe and Russia Fund, Inc., which are closed-end funds that share the same investment adviser and manager and hold themselves out as related companies.

The Board of Directors presently has five standing committees including an audit committee (the “Audit Committee”), an advisory committee (the “Advisory Committee”), an executive committee (the “Executive Committee”), a nominating and governance committee (the “Nominating Committee”) and a valuation committee (the “Valuation Committee”).

The Audit Committee, currently comprising Messrs. Burt, Cannon (Chair), Goeltz, Wadsworth, Wagner and Walbröl and Drs. Malt and Trömel, operates pursuant to a written charter. The Audit Committee charter is currently available on the Fund’s website, www.dws-investments.com. The Audit Committee’s organization and responsibilities are contained in the Audit Committee Report, which is included in this Proxy Statement, and in its written charter. The members of the Audit Committee are “independent” as required by the independence standards of Rule 10A-3 under the Securities Exchange Act of 1934. The Board of Directors has determined that each member of the Audit Committee is financially literate and has determined that Messrs. Cannon, Goeltz, Wadsworth and Wagner meet the requirements for an audit committee financial expert under the rules of the Securities and Exchange Commission (“SEC”). Although the Board has determined that all four meet the requirements for an audit committee financial expert, their responsibilities are the same as those of the other audit committee members. Messrs. Cannon, Goeltz, Wadsworth and Wagner are not auditors or accountants, do not perform “field work” and are not full-time employees. The SEC has determined that an audit committee member who is designated as an audit committee financial expert will not be deemed to be an “expert” for any purpose as a result of being identified as an audit committee financial expert. The Audit Committee met four times during the fiscal year ended December 31, 2009.

The Advisory Committee, currently comprising Messrs. Cannon, Goeltz and Wadsworth (Chair) and Dr. Trömel, makes recommendations to the full Board with respect to the Management Agreement between the Fund and Deutsche Investment Management Americas Inc., and the Investment Advisory Agreement between the Fund and Deutsche Asset Management International GmbH. The Advisory Committee met twice during the past fiscal year, in connection with the annual continuance of those agreements.

The Executive Committee, currently comprising Messrs. Burt, Cannon, Goeltz, Strenger, Wadsworth and Walbröl, has the authority to act for the Board on all matters between meetings of the Board subject to any limitations under applicable state law. During the past fiscal year the Executive Committee did not meet.

The Valuation Committee, currently comprising Messrs. Cannon, Wadsworth (Chair) and Walbröl and Dr. Trömel, reviews the Fund's valuation procedures and makes recommendations with respect thereto and, to the extent

required by such procedures, determines the fair value of the Fund's securities or other assets. During the past fiscal year, the Valuation Committee met once.

The Nominating and Governance Committee is currently comprised of Messrs. Burt, Cannon, Goeltz (Chair), Wadsworth and Walbröl and Dr. Trömel. The Board has determined that each of the members of the Nominating and Governance Committee is not an "interested person" as the term is defined in Section 2(a)(19) of the Investment Company Act. Generally, the Nominating and Governance Committee identifies, evaluates and selects and nominates, or recommends to the Board of Directors, candidates for the Board or any committee of the Board, and also advises the Board regarding governance matters generally and confirms that the Board and Audit Committee undertake annual self-evaluations. To be eligible for nomination as a Director a person must, at the time of such person's nomination, have Relevant Experience and Country Knowledge and must not have any Conflict of Interest, as those terms are defined in the Fund's Bylaws. The relevant portions of the Fund's Bylaws describing these requirements are included as Annex A. The Nominating and Governance Committee may also take into account additional factors listed in the Nominating and Governance Committee Charter, which generally relate to the nominee's industry knowledge, business experience, education, ethical reputation, special skills, ability to work well in group settings and the ability to qualify as an "independent director". When assessing a candidate for nomination, the Nominating and Governance Committee considers whether the individual's background, skills and experience will complement the background, skills and experience of other nominees and will contribute to the diversity of the Board.

The Nominating and Governance Committee will consider nominee candidates properly submitted by stockholders in accordance with applicable law, the Fund's Charter or Bylaws, resolutions of the Board and the qualifications and procedures set forth in the Nominating and Governance Committee Charter, which is currently available on the Fund's website, www.dws-investments.com. A stockholder or group of stockholders seeking to submit a nominee candidate (i) must have beneficially owned at least 5% of the Fund's common stock for at least two years, (ii) may submit only one nominee candidate for any particular meeting of stockholders, and (iii) may submit a nominee candidate for only an annual meeting or other meeting of stockholders at which directors will be elected. The stockholder or group of stockholders must provide notice of the proposed nominee pursuant to the requirements found in the Fund's Bylaws. Generally, this notice must be received not less than 90 days nor more than 120 days prior to the first anniversary of the date of mailing of the notice for the preceding year's annual meeting. Such notice shall include the specific information required by the Fund's Bylaws. The relevant portions describing these requirements are included as Annex C. The Nominating and Governance Committee will evaluate nominee candidates properly submitted by stockholders on the same basis as it considers and evaluates candidates recommended by other sources. The Nominating and Governance Committee met four times during the past fiscal year.

All members on each of the five committees of the Board are not "interested persons" as the term is defined in the Investment Company Act, with the exception of Mr. Strenger, who is a member of the Executive Committee.

During the past fiscal year, the Board of Directors had four regular meetings. Each incumbent Director who served as a Director during the past fiscal year attended at least 75% of the aggregate number of meetings of the Board and meetings of Board Committees on which that Director served. The Board has a policy that encourages Directors to attend the Annual Meeting of Stockholders, to the extent that travel to the Annual Meeting of Stockholders is reasonable for that Director. Two Directors attended the 2009 Annual Meeting of Stockholders.

To communicate with the Board of Directors or an individual Director of the Fund, a stockholder must send a written communication to the Fund's principal office at 345 Park Avenue, NYC20-2799, New York, New York 10154 (c/o The New Germany Fund, Inc.), addressed to (i) the Board of Directors of the Fund or an individual Director, and (ii) the Secretary of the Fund. The Secretary of the Fund will direct the correspondence to the appropriate parties.

The Fund pays each of its Directors who is not an interested person of the Fund, of the investment adviser or of the manager an annual fee of \$6,000 plus \$750 for each Board and Committee meeting attended. Each such Director who is also a Director of The European Equity Fund, Inc. or The Central Europe and Russia Fund, Inc. also receives the same annual and per-meeting fees for services as a Director of each such fund. These compensation arrangements were effective as of January 1, 2010. Each of the Fund, The European Equity Fund, Inc. and The

Central Europe and Russia Fund, Inc. reimburses the Directors (except for those employed by the Deutsche Bank Group) for travel expenses in connection with Board meetings. These three funds, together with 126 other open- and closed-end funds advised by wholly owned entities of the Deutsche Bank Group in the United States, represent the entire Fund Complex within the meaning of the applicable rules and regulations of the SEC.

The following table sets forth (a) the aggregate compensation from the Fund for the fiscal year ended December 31, 2009, and (b) the total compensation from each fund in the Fund Complex that includes the Fund, for the 2009 fiscal year of each such fund, (i) for each Director who is not an interested person of the Fund, and (ii) for all such Directors as a group:

Name of Director	Aggregate Compensation From Fund	Total Compensation From Fund Complex
Detlef Bierbaum	\$ 0	\$ 0
Ambassador Richard R. Burt	\$ 10,334	\$ 32,500
John H. Cannon	\$ 11,001	\$ 36,000
Richard Karl Goeltz	\$ 14,250	\$ 14,250
Dr. Franz Wilhelm Hopp	\$ 10,500	\$ 10,500
Dr. Friedbert H. Malt	\$ 9,000	\$ 28,500
Dr. Frank Trömel	\$ 13,127	\$ 23,171
Robert H. Wadsworth	\$ 10,500	\$ 33,000
Joachim Wagner	\$ 2,189	\$ 4,378
Werner Walbröl	\$ 10,834	\$ 34,000
Total	\$ 91,735	\$ 216,299

No compensation is paid by the Fund to Directors who are interested persons of the Fund or of any entity of the Deutsche Bank Group or to officers. Mr. Bierbaum was an interested person of the Fund during the fiscal year ended December 31, 2009 and, as such, received no compensation from the Fund Complex.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR PROPOSALS 1, 2 AND 3.

Required Vote. Provided a quorum has been established, the affirmative vote of a majority of the votes entitled to be cast at the Meeting is required for the election of each Director. For purposes of the election of Directors, abstentions and broker non-votes will have the same effect as a vote against a Director.

PROPOSAL 4: RATIFICATION OF THE APPOINTMENT OF INDEPENDENT AUDITORS

The Audit Committee has approved PricewaterhouseCoopers LLP (the “Firm” or “PwC”), an independent registered public accounting firm, as independent auditors for the Fund for the fiscal year ending December 31, 2010. A majority of members of the Board of Directors, including a majority of the members of the Board of Directors who are not “interested” Directors (as defined in the Investment Company Act) of the Fund, have ratified the appointment of PwC as the Fund’s independent auditors for that fiscal year. Based principally on representations from the Firm, the Fund knows of no direct financial or material indirect financial interest of such Firm in the Fund. That Firm, or a predecessor firm, has served as the independent auditors for the Fund since inception.

Neither our Charter nor Bylaws require that the stockholders ratify the appointment of PwC as our independent auditors. We are doing so because we believe it is a matter of good corporate practice. If the stockholders do not ratify

the appointment, the Audit Committee and the Board of Directors will reconsider whether or not to retain PwC, but may retain such independent auditors. Even if the appointment is ratified, the Audit Committee and the Board of Directors in their discretion may change the appointment at any time during the year if they determine that such change would be in the best interests of the Fund and its stockholders. It is intended that the persons named in the accompanying form of proxy will vote for PwC. A representative of PwC will be present

at the Meeting and will have the opportunity to make a statement and is expected to be available to answer appropriate questions concerning the Fund’s financial statements.

THE BOARD UNANIMOUSLY RECOMMENDS A VOTE “FOR” PROPOSAL 4.

Required Vote. Provided a quorum has been established, the affirmative vote of a majority of the votes cast at the Meeting is required for the ratification of the appointment by the Audit Committee and the Board of Directors of PwC as independent auditors for the Fund for the fiscal year ending December 31, 2010. For purposes of Proposal 2 abstentions will have no effect on the result of the vote.

Information With Respect to the Fund’s Independent Auditors

The following table shows fees paid to PwC by the Fund during the Fund’s two most recent fiscal years: (i) for audit and non-audit services provided to the Fund, and (ii) for engagements for non-audit services pre-approved by the Audit Committee for the Fund’s manager and investment adviser and certain entities controlling, controlled by, or under common control with the manager and investment adviser that provide ongoing services to the Fund (collectively, the “Adviser Entities”), which engagements relate directly to the operations and financial reporting of the Fund. The Audit Committee of each board will review, at least annually, whether PwC’s receipt of non-audit fees from the Fund, the Fund’s manager, the Fund’s investment adviser and all Adviser Entities is compatible with maintaining PwC’s independence.

Fiscal Year	Audit Fees(1)		Audit Related Fees(2)		Tax Fees(3)		All Other Fees(4)	
	Fund	Fund	Adviser Entities	Fund	Adviser Entities	Fund	Adviser Entities	
2009.....	\$63,000	\$0	\$2,000	\$0	\$0	\$0	\$0	
2008.....	\$70,000	\$0	\$0	\$0	\$19,000	\$0	\$0	

(1) “Audit Fees” are the aggregate fees billed for professional services for the audit of the Fund’s annual financial statements and services provided in connection with statutory and regulatory filings or engagements.

(2) “Audit Related Fees” are the aggregate fees billed for assurance and related services reasonably related to the performance of the audit or review of financial statements and are not reported under “Audit Fees”.

(3) “Tax Fees” are the aggregate fees billed for professional services for tax compliance and tax planning.

(4) “All Other Fees” are the aggregate fees billed for products and services other than “Audit Fees,” “Audit Related Fees” and “Tax Fees”.

Audit Committee Pre-Approval Policies and Procedures. Generally, the Audit Committee must pre-approve (i) all services to be performed for the Fund by the Fund’s independent auditors and (ii) all non-audit services to be performed by the Fund’s independent auditors for the Fund’s investment adviser or any Adviser Entities with respect to operations and financial reporting of the Fund. Any member of the Audit Committee may pre-approve any audit or non-audit services to be performed by the independent auditors, provided that any such approvals are presented to the Audit Committee at its next scheduled meeting. The auditors shall report to the Audit Committee at each of its regular meetings all audit or non-audit services to the Fund and all non-audit services to the Adviser Entities that relate directly to the Fund’s operations and financial reporting initiated since the last such report was rendered, including a

general description of the services and projected fees and the means by which such services were approved by the Audit Committee.

All Non-Audit Fees. The table below shows the aggregate non-audit fees billed by PwC for services rendered to the Fund and to the Adviser Entities that provide ongoing services to the Fund, whether or not such engagements relate directly to the operations and financial reporting of the Fund, for the two most recent fiscal years for the Fund.

Fiscal Year	Aggregate Non-Audit Fees
2009	\$100,000
2008	\$19,000

Audit Committee Report

The purposes of the Audit Committee are 1) to assist the Board of Directors in its oversight of (i) the integrity of the Fund's financial statements; (ii) the Fund's compliance with legal and regulatory requirements; (iii) the independent auditors' qualifications and independence; and (iv) the performance of the independent auditors; and 2) to prepare this report. Each Member of the Audit Committee is "independent", as required by the independence standards of Rule 10A-3 under the Securities Exchange Act of 1934. The Audit Committee operates pursuant to a written charter. As set forth in the Audit Committee Charter, management of the Fund and applicable service providers are responsible for the preparation, presentation and integrity of the Fund's financial statements and for the effectiveness of internal control over financial reporting. Management and applicable service providers are responsible for maintaining appropriate accounting and financial reporting principles and policies and internal control over financial reporting and other procedures that provide for compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and carrying out a proper audit of the Fund's annual financial statements and expressing an opinion as to their conformity with generally accepted accounting principles.

In the performance of its oversight function, the Audit Committee has considered and discussed the audited financial statements with management and the independent auditors of the Fund. The Audit Committee has also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as currently in effect. The Audit Committee has also considered whether the provision of any non-audit services not pre-approved by the Audit Committee provided by the Fund's independent auditors to the Fund's investment adviser, manager or to any entity controlling, controlled by or under common control with the Fund's investment adviser or manager that provides ongoing services to the Fund is compatible with maintaining the auditors' independence. Finally, the Audit Committee has received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, as currently in effect, and has discussed with the auditors their independence.

The members of the Audit Committee are not full-time employees of the Fund and are not performing the functions of auditors or accountants. As such, it is not the duty or responsibility of the Audit Committee or its members to conduct "field work" or other types of auditing or accounting reviews or procedures or to set auditor independence standards. Members of the Audit Committee necessarily rely on the information provided to them by management and the independent auditors. Accordingly, the Audit Committee's considerations and discussions referred to above do not assure that the audit of the Fund's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that the Fund's auditors are in fact "independent".

Based upon the reports and discussions described in this report, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Charter, the Audit Committee recommended to the Board of Directors of the Fund that the audited financial statements of the Fund be included in the Fund's annual report to stockholders for the fiscal year ended December 31, 2009.

Submitted by the Audit Committee

of the Fund's Board of Directors

John H. Cannon, Chair
Richard R. Burt
Richard Karl Goeltz
Dr. Friedbert Malt
Dr. Frank Trömel
Robert H. Wadsworth
Joachim Wagner
Werner Walbröl

PROPOSAL 5: TO CHANGE THE FUND'S INVESTMENT OBJECTIVE TO BROADEN THE DEFINITION OF "GERMAN COMPANY"

The Board of Directors has approved a change to the Fund's investment objective (as amended, the "Proposed Investment Objective") to eliminate the current concept of companies "domiciled" in Germany, which is restricted to companies organized under German law, and to replace it with a broader concept of "German companies" which includes not only companies organized under German law, but also companies that are closely tied economically to Germany. The current investment objective and the Proposed Investment Objectives appear below.

Current Investment Objective

The Fund's investment objective is to seek capital appreciation through investment primarily in equity or equity-linked securities of companies domiciled in Germany. For this purpose, only companies organized under German law are considered to be domiciled in Germany.

Proposed Investment Objective

The Fund's investment objective is to seek capital appreciation through investment primarily in equity or equity-linked securities of German companies. For this purpose, a company is a "German company" if (i) it is organized under the laws of Germany or maintains its principal place of business in Germany, (ii) its equity securities are traded principally in Germany and its principal place of business is in the European Union or in a state that is a member of the European Free Trade Association or (iii) during its most recent fiscal year, it derived at least 50% of its revenues or profits from goods produced or sold, or investments made, or services performed, in Germany or had at least 50% of its assets in Germany.

The Fund's Investment Manager and Investment Adviser recommended approval of the Proposed Investment Objective to the Fund's Board at a meeting on April 13, 2010. They noted that there are a number of companies that are closely tied economically to Germany but are not organized under German law for various reasons, and that a number of such companies are included in the Fund's benchmark. They stated that they believed that the current

concept of companies “domiciled” in Germany is too narrow and that it would be in the best interests of the Fund for it to be able to treat companies that are closely tied economically to Germany as “German companies” for purposes of the Fund’s investment objective and policies. The Proposed Investment Objective defines a company as a “German company” if (i) it is organized under the laws of Germany or maintains its principal place of business in Germany, (ii) its equity securities are traded principally in Germany and its principal place of business is in the European Union or in a state that is a member of the European Free Trade Association or (iii) during its most recent fiscal year, it derived at least 50% of its revenues or profits from goods produced or sold, or investments made, or services performed, in Germany or had at least 50% of its assets in Germany. Since the

Fund's investment objective is "fundamental", it cannot be changed without the approval of stockholders. After discussion and consideration of the proposal, the Board of Directors [unanimously] agreed with the recommendation of the Investment Manager and Investment Adviser and approved the Proposed Investment Objective and recommends it to stockholders for their approval.

The Investment Manager and Investment Adviser noted that there are a number of companies that are closely tied economically to Germany but are not organized under German law for various reasons, and that some of these companies are included in the Fund's benchmark. In addition, they noted that certain German companies (including Allianz, BASF, Porsche, Q-Cells and Solon) have chosen to reincorporate as a Societas Europaea (European company) since it became possible to do so in 2004, and that more are expected to do so. They stated that in such circumstances they believed that if the Proposed Investment Objective is approved, the Fund will be able to treat a broader range of companies as "German companies" for purposes of its investment policies. There would be no change to wording of the Fund's policies that under normal market conditions at least 80% of the Fund's total assets are invested in equity and equity-linked securities of German companies, or that it may invest up to 35% of its total assets in equity and equity-linked securities of major German companies (i.e., the 20 largest companies by market capitalization, as determined from time to time pursuant to procedures adopted by the Fund's Board of Directors), but the policies would be interpreted in accordance with the new definition of "German company". The Fund's non-fundamental policy of investing at least 65% of its total assets in equity and equity-linked securities of smaller- and medium-sized companies domiciled in Germany, including securities introduced for trading in the over-the-counter market in Germany, and publicly traded securities of issuers domiciled elsewhere in Western Europe would be revised to incorporate the new defined term "German company" and would read as follows: "At least 65% of the Fund's total assets are invested in equity and equity-linked securities of smaller- and medium-sized German companies, including securities introduced for trading in the over-the-counter market in Germany, and publicly traded securities of issuers domiciled elsewhere in Western Europe." In addition, not more than 20% of the Fund's total assets would be invested in non-German companies.

The Board of Directors [unanimously] recommends that the stockholders vote FOR Proposal 5. Approval of the Proposed Investment Objective requires the affirmative vote of the holders of a "majority of the outstanding voting securities" of the Fund as defined in the Investment Company Act, which means the lesser of (i) 67% or more of the voting securities of the Fund present or represented by proxy, if the holders of more than 50% of the outstanding voting securities are present or represented by proxy, or (ii) more than 50% of the outstanding voting securities of the Fund.

If the Proposed Investment Objective is not approved, the Board of Directors will consider what actions, if any, may be in the best interests of the Fund.

PROPOSAL 6: STOCKHOLDER PROPOSAL REGARDING CONVERSION OF THE FUND TO AN INTERVAL FUND

The Fund has received one proposal from a stockholder for inclusion in this year's proxy materials, which is set forth below. The Fund will provide the name and address of such stockholder and the number of shares of the Fund's common stock owned by such stockholder upon oral or written request.

In accordance with rules of the Securities and Exchange Commission ("SEC"), the text of the stockholder's resolution and supporting statement is printed verbatim from his submission letter. Neither the Fund, the Board nor DIMA is responsible for the contents of the stockholder's proposal or supporting statement.