

DWS Strategic High Yield Tax-Free Fund

Eligible for \$250,000 NAV purchase privilege†

Executive summary

- _ Class S shares of DWS Strategic High Yield Tax-Free Fund returned 1.76% in the quarter compared to -0.39% for the fund's benchmark, the Bloomberg Municipal Bond Index.¹
- _ The AAA municipal yield curve finished the quarter higher across its length while flattening between 2 and 30 years.²
- _ The fund's overweight to BBB issues and out-of-benchmark exposure to below-investment grade issues proved additive as more credit sensitive segments of the market outperformed.^{3,4}

Market review

- _ Entering the new year, with inflation trending lower, the markets were anticipating that the U.S. Federal Reserve (Fed) would implement as many as six or seven rate cuts in 2024, with the first coming as soon as March. However while inflation data continued to show progress towards the Fed's 2% target, the pace of disinflation remained slower than hoped for by Fed officials and market participants. Given lingering inflation and surprisingly resilient economic data, the consensus shifted by the end of the quarter to three rate cuts for the year with the first occurring in June. Against the backdrop of a less favorable policy outlook, the yield on the two-year U.S. Treasury note rose from 4.23% to 4.59% over the quarter, while the 10-year rose from 3.88% to 4.22%, weighing on bond market returns broadly.
- _ In keeping with Treasuries, the AAA municipal yield curve finished the quarter higher across its length. The two-year municipal yield finished at 2.97% vs. 2.52% three months earlier, the 10-year finished at 2.54% vs. 2.28%, and the 30-year at 3.68% vs. 3.42% (source: Thomson Reuters). New issue supply was higher relative to the same period in 2023 but remained manageable given strong tax-free mutual fund inflows, most notably with respect to high yield funds. Demand from separately managed accounts continued to support high quality issues with maturities below 15 years. Within the investment grade municipal market, lower quality issues generally outperformed, while returns for below-investment grade municipal issues outpaced their investment grade counterparts⁵

Performance review

- _ Class S shares of DWS Strategic High Yield Tax-Free Fund returned 1.76% in the quarter compared to -0.39% for the fund's benchmark, the Bloomberg Municipal Bond Index.
- _ Municipals outperformed the broad taxable-bond market as measured by the Bloomberg U.S. Aggregate Index, which returned -0.78%.⁵ The average fund in the Morningstar peer group, High Yield Municipal, returned 1.54% for the quarter.⁶

Attribution analysis

- _ The fund's overweight to BBB issues (the lowest investment grade rating) and out-of-benchmark exposure to below-investment grade issues proved additive as more credit sensitive segments of the market outperformed.
- _ In sector terms, overweights to the senior living and charter school sectors added to relative performance, while an overweight to the private higher education sector detracted from relative performance during the quarter.
- _ While the fund's duration was close to neutral to its peer group, the fund had a longer duration compared to the benchmark, which detracted from relative performance for the quarter as returns for longer maturities were most impacted by rising interest rates.⁷

Portfolio positioning

The relative steepness of the municipal yield curve versus Treasuries and the fact that the 10-year municipal yield is only

59.7% of the comparable Treasury yield due partly to strong retail interest in shorter maturities support the Fund's focus on longer maturities. Credit spreads look compelling in certain sectors when considering that credit fundamentals generally remain sound.⁸

The fund has been selling longer bonds that are priced closer to par due to their unattractive interest rate risk

profile, while investing in the 15-30 year part of the curve with a premium coupon or deep discount structure. The fund has been selectively adding to lower quality and BBB issues when it makes sense. The focus on purchases has mainly been on new issues, which are coming to market at wider spreads.

AVERAGE ANNUAL TOTAL RETURNS* (as of 3/31/24 returns of less than one year are cumulative)

Share class	3-month	YTD	1-year	3-year	5-year	10-year	Since inception	Inception date	Gross/Net expenses
Class S	1.76%	1.76%	7.39%	-0.84%	1.60%	2.85%	5.27%	1/22/87	0.74%/0.61%
Class INST	1.86%	1.86%	7.50%	-0.80%	1.61%	2.86%	3.98%	8/19/02	0.69%/0.61%
Class A (Unadjusted)	1.70%	1.70%	7.13%	-1.09%	1.35%	2.59%	5.03%	5/1/00	0.95%/0.86%
Class A (Adjusted)	-1.10%	-1.10%	4.18%	-2.01%	0.78%	2.30%	4.95%	5/1/00	0.95%/0.86%
Bloomberg Municipal Bond Index	-0.39%	-0.39%	3.13%	-0.41%	1.59%	2.66%	n/a	n/a	n/a

Performance is historical and does not guarantee future results. Investment returns and principal fluctuate so your shares may be worth more or less when redeemed. Current performance may be lower or higher than the performance data quoted. Please visit www.dws.com for the fund's most recent month-end performance. Adjusted returns include the maximum sales charge of 2.75%. Unadjusted returns do not reflect sales charges and would have been lower if they did. Performance includes reinvestment of all distributions. Index returns do not reflect fees or expenses. It is not possible to invest directly in an index or category. Not all share classes are available to all investors. A minimum investment of \$1 million is required to open an account for Institutional shares. Class A, S, and INST shares have a contractual waiver that runs through 09/30/2024. Without a waiver, returns would have been lower and any rankings/ratings might have been less favorable.

* This fund's performance prior to inception reflects that of Class S shares. Returns prior to inception reflect the original share class performance, adjusted for higher operating expenses and/or the maximum sales charge.

† If you're investing \$250,000 or more, you may be eligible to purchase Class A shares of this fund without a sales charge. However, redemptions within 12 months may be subject to sales charges.

¹The Bloomberg Municipal Bond Index tracks the performance of investment-grade, fixed-rate municipal bonds with maturities greater than two years.

²The yield curve is a graphical representation of how yields on bonds of different maturities compare. Normally, yield curves slant up, as bonds with longer maturities typically offer higher yields than short-term bonds. One basis point equals 1/100 of a percentage point.

³“Overweight” means the Fund holds a higher weighting in a given sector or security than the benchmark. “Underweight” means the Fund holds a lower weighting.

⁴Credit quality is a measure of a bond issuer's ability to repay interest and principal in a timely manner. Rating agencies assign letter designations such as AAA, AA and so forth. The lower the rating, the higher the probability of default. The Fund's credit quality does not remove market risk and is subject to change.

⁵The Bloomberg U.S. Aggregate Index tracks the performance of the broad U.S. investment-grade, fixed-rate bond market, including both government and corporate bonds.

⁶The Morningstar High Yield Municipal category consists of portfolios that invest a high portion of assets in high income municipal securities that are not rated or are rated at the level of BBB or below by a major rating agency. The category average returns for the one-, five- and 10-year periods ended 3/31/24 were 5.75%, 1.54% and 3.32%, respectively.

⁷Duration, which is expressed in years, measures the sensitivity of the price of a bond or bond fund to a change in interest rates.

⁸Spread, or credit spread, refers to the excess yield offered by a lower quality bond relative to a higher quality bond of comparable maturity. When spreads widen, yield differences increase between the bonds being compared. When spreads narrow, the opposite is true.

Index returns do not reflect fees or expenses. It is not possible to invest directly in an index or category.

The opinions and forecasts expressed herein by the fund managers do not necessarily reflect those of DWS, are as of 3/31/24 and may not come to pass.

Percentages in parentheses represent percentages of the fund's market value as of 2/29/24. Securities referenced do not represent all of the securities purchased or sold by the fund, may or may not be profitable, and should not be construed as a recommendation of any specific security. Current and future portfolio holdings are subject to risk. The opinions and forecasts expressed herein by the fund managers do not necessarily reflect those of DWS, are as of 3/31/24 and may not come to pass.

Important risk information

War, terrorism, sanctions, economic uncertainty, trade disputes, public health crises and related geopolitical events have led and, in the future, may lead to significant disruptions in U.S. and world economies and markets, which may lead to increased market volatility and may have significant adverse effects on the fund and its investments.

Bond investments are subject to interest-rate, credit, liquidity and market risks to varying degrees. When interest rates rise, bond prices generally fall. Credit risk refers to the ability of an issuer to make timely payments of principal and interest.

Investments in lower-quality (“junk bonds”) and non-rated securities present greater risk of loss than investments in higher-quality securities. Municipal securities are subject to the risk that litigation, legislation or other political events, local business or economic conditions or the bankruptcy of the issuer could have a significant effect on an issuer's ability to make payments of principal and/or interest. The market for municipal bonds may be less liquid than for taxable bonds and there may be less information available on the financial condition of issuers of municipal securities than for public corporations. The fund invests in inverse floaters, which are derivatives that involve leverage and could magnify the fund's gains or losses. Although the fund seeks income that is exempt from federal income taxes, a portion of the fund's distributions may be subject to federal, state and local taxes, including the alternative minimum tax. Please read the prospectus for details.

Obtain a prospectus

Consider the investment objective, risks, charges and expenses carefully before investing. For a summary prospectus, or prospectus that contains this and other information, download one from www.dws.com or talk to your financial representative. Read the prospectus carefully before investing.

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