

DEUTSCHE STRATEGIC MUNICIPAL INCOME TRUST  
Form N-Q  
April 26, 2016

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: 811-05767

Deutsche 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

60 Wall Street

New York, NY 10005

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 250-3220

Date of fiscal year end: 11/30

Date of reporting period: 2/29/2016

**ITEM 1. SCHEDULE OF INVESTMENTS**Investment Portfolio **as of February 29, 2016 (Unaudited)****Deutsche Strategic Municipal Income Trust**

|   | Principal<br>Amount (\$) | Market Value (\$) |
|---|--------------------------|-------------------|
| Municipal Bonds and Notes 142.7%  |                          |                   |
| Arizona 1.3%  |                          |                   |
| Maricopa County, AZ, Pollution Control Corp. Revenue, El Paso Electric Co. Project, Series B, 7.25%, 4/1/2040                   | 1,570,000                | 1,837,591         |
| California 15.5%  |                          |                   |
| California, Golden State Tobacco Securitization Corp., Tobacco Settlement, Series A-1, 5.75%, 6/1/2047                          | 500,000                  | 483,425           |
| California, Health Facilities Financing Authority Revenue, Catholic Healthcare West, Series A, 6.0%, 7/1/2034                   | 1,000,000                | 1,050,940         |
| California, M-S-R Energy Authority, Series B, 7.0%, 11/1/2034, GTY: Citigroup, Inc.   | 1,310,000                | 1,900,631         |
| California, Morongo Band of Mission Indians, Enterprise Casino Revenue, Series B, 144A, 6.5%, 3/1/2028                          | 1,000,000                | 1,092,880         |
| California, South Bayside Waste Management Authority, Solid Waste Enterprise, Shoreway Environmental, Series A, 6.25%, 9/1/2029 | 1,425,000                | 1,662,380         |
| California, State General Obligation:   |                          |                   |
| 5.0%, 11/1/2043   | 1,500,000                | 1,755,000         |
| 5.25%, 4/1/2035   | 1,230,000                | 1,451,892         |
| 5.5%, 3/1/2040  | 1,000,000                | 1,058,320         |
| 5.75%, 4/1/2031   | 1,000,000                | 1,007,230         |
| 6.0%, 4/1/2038  | 1,000,000                | 1,049,060         |
| 6.5%, 4/1/2033  | 1,950,000                | 2,176,703         |
| California, State Public Works Board Lease Revenue, Capital Projects, Series I-1, 6.375%, 11/1/2034                             | 1,000,000                | 1,099,310         |
| California, State Public Works Board Lease Revenue, Riverside Campus Project, Series B, 6.125%, 4/1/2028                        | 2,000,000                | 2,480,000         |
| California, Statewide Communities Development Authority Revenue, Loma Linda University Medical Center:                          |                          |                   |
| Series A, 5.25%, 12/1/2044  | 195,000                  | 195,121           |
| Series A, 5.5%, 12/1/2054   | 195,000                  | 195,626           |
|   | 1,000,000                | 1,052,000         |

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|---|---------------|
| Riverside County, CA, Transportation Commission Toll Revenue Senior Lien, Series A, 5.75%, 6/1/2048   |               |
| San Buenaventura, CA, Community Memorial Health Systems, 7.5%, 12/1/2041  | 500,000,900   |
| San Francisco City & County, CA, Airports Commission, International Airport Revenue, Series A, AMT, 5.0%, 5/1/2044                                | 1,000,000,820 |
| San Joaquin Hills, CA, Transportation Corridor Agency, Toll Road Revenue, Series A, 5.0%, 1/15/2050   | 445,000,305   |
|   | 22,557,778    |
| Colorado 2.5%   |               |
| Colorado, Park Creek Metropolitan District Revenue, Senior Ltd. Property Tax Supported, Series A, 5.0%, 12/1/2045                                 | 235,000,442   |
| Colorado, Public Energy Authority, Natural Gas Purchased Revenue, 6.25%, 11/15/2028, GTY: Merrill Lynch & Co., Inc.                               | 635,000,879   |
| Colorado, State Health Facilities Authority Revenue, Covenant Retirement Communities:   |               |
| Series A, 5.0%, 12/1/2033   | 440,000,412   |
| Series A, 5.0%, 12/1/2035   | 250,000,158   |
| Colorado, State Health Facilities Authority Revenue, School Health Systems, Series A, 5.5%, 1/1/2035  | 1,000,000,150 |
| Denver, CO, City & County Airport Revenue, Series A, AMT, 5.25%, 11/15/2043   | 600,000,534   |
|   | 3,692,575     |
| Connecticut 1.7%  |               |
| Connecticut, Harbor Point Infrastructure Improvement District, Special Obligation Revenue, Harbor Point Project, Series A, 7.875%, 4/1/2039       | 2,000,000,780 |
| Connecticut, Mashantucket Western Pequot Tribe Bond, 6.05%, 7/1/2031(PIK)   | 2,492,000,523 |
|   | 2,537,303     |
| District of Columbia 0.8%   |               |
| District of Columbia, Metropolitan Airport Authority Systems Revenue:   |               |
| Series A, AMT, 5.0%, 10/1/2038  | 200,000,654   |
| Series A, AMT, 5.0%, 10/1/2043  | 850,000,072   |
|   | 1,166,726     |
| Florida 10.7%   |               |
| Collier County, FL, Industrial Development Authority, Continuing Care Community Revenue, Arlington of Naples Project, Series A, 8.125%, 5/15/2044 | 500,000,200   |
| Florida, Capital Region Community Development District, Capital Improvement Revenue, Series A, 7.0%, 5/1/2039                                     | 470,000,144   |
| Florida, Middle Village Community Development District, Special Assessment, Series A, 6.0%, 5/1/2035  | 930,000,837   |
| Florida, Tolomato Community Development District, Special Assessment:   |               |
| Series A-2, Step-up Coupon, 0% to 5/1/2017, 6.61% to 5/1/2039   | 50,000,169    |
| Series 2015-1, Step-up Coupon, 0% to 11/1/2021, 6.61% to 5/1/2040   | 250,000,988   |
| Series 2015-2, Step-up Coupon, 0% to 11/1/2024, 6.61% to 5/1/2040   | 150,000,713   |
| Series A-3, Step-up Coupon, 0% to 5/1/2019, 6.61% to 5/1/2040   | 110,000,099   |
| Series A-4, Step-up Coupon, 0% to 5/1/2022, 6.61% to 5/1/2040   | 55,000,504    |
| 5.4%, 5/1/2037  | 1,530,000,392 |
| Series 1, 6.55%, 5/1/2027   | 10,000,185    |
| Series 3, 6.55%, 5/1/2027 *   | 130,000       |

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|---|---------------|
| Series A-1, 6.55%, 5/1/2027   | 170,000,847   |
| Series 2015-3, 6.61%, 5/1/2040 *  | 165,000       |
| Florida, Village Community Development District No. 9, Special Assessment Revenue, 5.5%, 5/1/2042   | 150,002,450   |
| Hillsborough County, FL, Industrial Development Authority Revenue, Health Facilities, University Community Hospital, Series A, Prerefunded, 5.625%, 8/15/2029 | 1,872,001,762 |
| Martin County, FL, Health Facilities Authority, Martin Memorial Medical Center, 5.5%, 11/15/2042  | 335,000,262   |
| Miami Beach, FL, Health Facilities Authority, Mount Sinai Medical Center, 5.0%, 11/15/2044  | 500,002,905   |
| Miami-Dade County, FL, Aviation Revenue:  |               |
| Series A, AMT, 5.0%, 10/1/2031  | 30,003,874    |
| Series A, 5.5%, 10/1/2041   | 3,003,007,640 |
| Orlando & Orange County, FL, Expressway Authority Revenue, Series C, 5.0%, 7/1/2035   | 1,081,000,708 |
| Tallahassee, FL, Health Facilities Revenue, Memorial Healthcare, Inc. Project, Series A, 5.0%, 12/1/2055  | 150,003,464   |
| Tampa-Hillsborough County, FL, Expressway Authority:  |               |
| Series A, 5.0%, 7/1/2031  | 1,501,001,825 |
| Series A, 5.0%, 7/1/2037  | 1,591,006,748 |
|   | 15,468,719    |
| Georgia 6.3%  |               |
| Americus-Sumter County, GA, Hospital Authority, Magnolia Manor Obligated Group, Series A, 6.25%, 5/15/2033  | 1,001,008,620 |
| Atlanta, GA, Airport Revenue, Series C, AMT, 5.0%, 1/1/2037   | 375,000,674   |
| Atlanta, GA, Tax Allocation, Beltline Project, Series B, 7.375%, 1/1/2031   | 1,001,005,490 |
| Atlanta, GA, Water & Wastewater Revenue, Series A, Prerefunded, 6.25%, 11/1/2034  | 2,002,000,580 |
| DeKalb County, GA, Water & Sewer Revenue, Series A, 5.25%, 10/1/2036  | 1,001,001,330 |
| Gainesville & Hall County, GA, Hospital Authority, Northeast Georgia Health System, Inc. Project:   |               |
| Series A, 5.25%, 8/15/2049  | 100,006,212   |
| Series A, 5.5%, 8/15/2054   | 180,003,745   |
| Georgia, Main Street Natural Gas, Inc., Gas Project Revenue, Series A, 5.5%, 9/15/2024, GTY: Merrill Lynch & Co., Inc.  | 1,221,009,892 |
| Georgia, Medical Center Hospital Authority Revenue, Anticipation Certificates, Columbus Regional Healthcare System, 6.5%, 8/1/2038, INS: AGC                  | 1,001,000,390 |
|   | 9,150,933     |
| Guam 1.8%   |               |
| Guam, Government General Obligation, Series A, Prerefunded, 7.0%, 11/15/2039  | 1,001,006,660 |
| Guam, International Airport Authority Revenue, Series C, AMT, 6.375%, 10/1/2043   | 215,003,599   |
| Guam, Power Authority Revenue, Series A, 5.5%, 10/1/2030  | 1,001,003,510 |
|   | 2,603,769     |
| Hawaii 1.7%   |               |
| Gainesville & Hall County, GA, Development Authority Retirement Community Revenue, ACTS Retirement Life Community, Series A-2,                                | 1,001,003,880 |

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| 6.625%, 11/15/2039   |               |
| Hawaii, State Airports Systems Revenue, Series A, AMT, 5.0%, 7/1/2041  | 695,000,581   |
| Hawaii, State Department of Budget & Finance, Special Purpose Revenue, Hawaiian Electric Co., Inc., 6.5%, 7/1/2039, GTY: Hawaiian Electric Co., Inc. | 500,000,225   |
|  | 2,480,686     |
| Idaho 0.2%   |               |
| Idaho, Health Facilities Authority Revenue, St. Luke's Regional Medical Center, 6.75%, 11/1/2037   | 305,000,891   |
| Illinois 7.8%  |               |
| Chicago, IL, Airport Revenue, O'Hare International Airport, Series B, 6.0%, 1/1/2041   | 2,000,000,120 |
| Chicago, IL, O'Hare International Airport Revenue, Series C, AMT, 5.0%, 1/1/2046   | 1,000,000,410 |
| Illinois, Finance Authority Revenue, Friendship Village of Schaumburg, Series A, 5.625%, 2/15/2037   | 2,000,000,180 |
| Illinois, Finance Authority Revenue, Park Place of Elmhurst, Series A, 8.0%, 5/15/2030   | 1,000,000,000 |
| Illinois, Finance Authority Revenue, The Admiral at Lake Project, Series A, 8.0%, 5/15/2040  | 1,000,000,900 |
| Illinois, Finance Authority Revenue, Three Crowns Park Plaza, Series A, 5.875%, 2/15/2038  | 1,000,000,970 |
| Illinois, Metropolitan Pier & Exposition Authority Revenue, McCormick Place Project, Series A, 5.0%, 6/15/2042                                       | 300,000,641   |
| Illinois, Railsplitter Tobacco Settlement Authority, 6.0%, 6/1/2028  | 365,000,974   |
| Illinois, State Finance Authority Revenue, OSF Healthcare System, Series A, 5.0%, 11/15/2045   | 525,000,727   |
| Illinois, State Finance Authority Revenue, Trinity Health Corp., Series L, 5.0%, 12/1/2030   | 1,000,000,960 |
| Springfield, IL, Electric Revenue, Senior Lien, 5.0%, 3/1/2040, INS: AGMC  | 385,000,034   |
|  | 11,285,916    |
| Indiana 4.2%   |               |
| Indiana, Finance Authority Hospital Revenue, Deaconess Hospital Obligation, Series A, Prerefunded, 6.75%, 3/1/2039                                   | 525,000,500   |
| Indiana, State Finance Authority Revenue, Community Foundation of Northwest Indiana, 5.0%, 3/1/2041  | 1,000,000,940 |
| Indiana, State Finance Authority Revenue, Greencroft Obligation Group, Series A, 7.0%, 11/15/2043  | 460,000,450   |
| Indiana, State Finance Authority Revenue, I-69 Development Partners LLC, AMT, 5.25%, 9/1/2034  | 225,000,128   |
| Indiana, State Finance Authority Revenue, Stadium Project, Series A, 5.25%, 2/1/2037   | 1,330,000,071 |
| Valparaiso, IN, Exempt Facilities Revenue, Pratt Paper LLC Project, AMT, 7.0%, 1/1/2044, GTY: Pratt Industries (U.S.A.)                              | 780,000,882   |
| Vigo County, IN, Hospital Authority Revenue, Union Hospital, Inc., 144A, 5.7%, 9/1/2037  | 1,000,000,820 |
|  | 6,059,791     |
| Iowa 0.8%  |               |
| Iowa, Finance Authority Retirement Community Revenue, Edgewater LLC Project, Prerefunded, 6.5%, 11/15/2027   | 1,000,000,100 |

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| Kansas 0.2%   |               |
| Lenexa, KS, Health Care Facility Revenue, Lakeview Village, Inc. Project,<br>7.25%, 5/15/2039   | 300,000,800   |
| Kentucky 5.4%   |               |
| Kentucky, Economic Development Finance Authority, Hospital Facilities<br>Revenue, Owensboro Medical Health Systems, Series A, 6.5%, 3/1/2045        | 2,000,000,540 |
| Kentucky, Economic Development Finance Authority, Louisville Arena<br>Project Revenue, Series A-1, 6.0%, 12/1/2033, INS: AGC                        | 365,000,715   |
| Kentucky, Public Transportation Infrastructure Authority Toll Revenue, 1st<br>Tier-Downtown Crossing, Series A, 6.0%, 7/1/2053                      | 1,440,000,904 |
| Louisville & Jefferson County, KY, Metropolitan Government Health<br>Systems Revenue, Norton Healthcare, Inc., 5.0%, 10/1/2030                      | 3,425,000,260 |
|   | 7,853,419     |
| Louisiana 1.5%  |               |
| Louisiana, Local Government Environmental Facilities, Community<br>Development Authority Revenue, 6.75%, 11/1/2032                                  | 1,000,000,450 |
| Louisiana, St. John Baptist Parish Revenue, Marathon Oil Corp., Series A,<br>5.125%, 6/1/2037   | 1,000,000,560 |
| Louisiana, Tobacco Settlement Financing Corp. Revenue, Series A, 5.25%,<br>5/15/2035  | 180,000,764   |
|   | 2,240,774     |
| Maine 0.8%  |               |
| Maine, Health & Higher Educational Facilities Authority Revenue, Maine<br>General Medical Center, 6.75%, 7/1/2036                                   | 1,000,000,200 |
| Maryland 4.2%   |               |
| Maryland, Economic Development Corp., Pollution Control Revenue,<br>Potomac Electric Power Co., 6.2%, 9/1/2022                                      | 1,500,000,630 |
| Maryland, State Health & Higher Educational Facilities Authority<br>Revenue, Anne Arundel Health Systems, Series A, Prerefunded, 6.75%,<br>7/1/2039 | 500,000,910   |
| Maryland, State Health & Higher Educational Facilities Authority<br>Revenue, Meritus Medical Center Obligated Group, 5.0%, 7/1/2040                 | 1,000,000,250 |
| Maryland, State Health & Higher Educational Facilities Authority<br>Revenue, Washington County Hospital:<br>Prerefunded, 5.75%, 1/1/2033            | 1,000,000,350 |
| Prerefunded, 6.0%, 1/1/2028   | 1,385,000,619 |
|   | 6,052,759     |
| Massachusetts 2.0%  |               |
| Massachusetts, State Development Finance Agency Revenue, Linden<br>Ponds, Inc. Facility:<br>Series B, 11/15/2056 *                                  | 505,000,927   |
| Series A-2, 5.5%, 11/15/2046  | 101,000,935   |
| Series A-1, 6.25%, 11/15/2039   | 1,903,000,006 |
| Massachusetts, State Health & Educational Facilities Authority Revenue,<br>Milford Regional Medical Center, Series E, 5.0%, 7/15/2037               | 950,000,870   |
|   | 2,927,738     |
| Michigan 7.8%   |               |
| Detroit, MI, Water & Sewerage Department, Sewerage Disposal System<br>Revenue, Series A, 5.25%, 7/1/2039  | 280,000,145   |
| Detroit, MI, Water Supply Systems Revenue, Series A, 5.75%, 7/1/2037  | 1,000,000,230 |
|   | 1,000,000,640 |

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| Kalamazoo, MI, Economic Development Corp. Revenue, Limited Obligation, Heritage Community, 5.5%, 5/15/2036   |               |
| Kentwood, MI, Economic Development, Limited Obligation, Holland Home, Series A, 5.375%, 11/15/2036   | 2,002,000,180 |
| Michigan, State Building Authority Revenue, Facilities Program:  |               |
| Series I, 5.0%, 4/15/2038  | 775,000,232   |
| Series I-A, 5.5%, 10/15/2045   | 2,002,005,440 |
| Michigan, State Finance Authority Revenue, Detroit Water & Sewer, Series C-3, 5.0%, 7/1/2033, INS: AGMC  | 180,005,950   |
| Michigan, State Finance Authority Revenue, Detroit Water & Sewer Department, Series C, 5.0%, 7/1/2035  | 90,000,440    |
| Michigan, State Housing Development Authority Revenue, Berrien Woods III, Series A, AMT, 0.04% **, 7/1/2032, LOC: Citibank NA                                    | 1,170,000,000 |
| Royal Oak, MI, Hospital Finance Authority Revenue, William Beaumont Hospital, Prerefunded, 8.25%, 9/1/2039   | 1,000,000,600 |
| Tawas City, MI, Hospital Finance Authority, St. Joseph Health Services, Series A, ETM, 5.75%, 2/15/2023  | 980,000,714   |
|  | 11,335,571    |
| Minnesota 0.8%   |               |
| Minneapolis, MN, Health Care Systems Revenue, Fairview Health Services, Series A, Prerefunded, 6.75%, 11/15/2032   | 1,000,000,900 |
| Mississippi 1.1%   |               |
| Lowndes County, MS, Solid Waste Disposal & Pollution Control Revenue, Weyerhaeuser Co. Project, Series A, 6.8%, 4/1/2022   | 250,000,720   |
| Mississippi, Business Finance Corp., Pollution Control Revenue, Systems Energy Resources, Inc. Project, 5.875%, 4/1/2022   | 725,000,345   |
| Warren County, MS, Gulf Opportunity Zone, International Paper Co., Series A, 6.5%, 9/1/2032  | 435,000,720   |
|  | 1,542,785     |
| Missouri 2.2%  |               |
| Missouri, State Health & Educational Facilities Authority Revenue, Lutheran Senior Services, Series C, 5.0%, 2/1/2042  | 2,002,000,580 |
| Missouri, State Health & Educational Facilities Authority Revenue, Medical Research, Lutheran Senior Services, Series A, 5.0%, 2/1/2046                          | 65,000,424    |
| Missouri, State Health & Educational Facilities Authority, Health Facilities Revenue, Lester E Cox Medical Centers, Series A, 5.0%, 11/15/2048                   | 150,000,175   |
| St. Louis County, MO, Industrial Development Authority, Senior Living Facilities, St. Andrews Resources for Seniors Obligated Group, Series A, 5.125%, 12/1/2045 | 365,000,483   |
| St. Louis, MO, Lambert-St. Louis International Airport Revenue, Series A-1, 6.625%, 7/1/2034   | 415,000,997   |
|  | 3,120,659     |
| Nevada 3.7%  |               |
| Clark County, NV, School District, Series A, 5.0%, 6/15/2022, INS: NATL  | 1,390,000,150 |
| Henderson, NV, Health Care Facility Revenue, Catholic Healthcare West, Series B, 5.25%, 7/1/2031   | 2,002,000,880 |
| Las Vegas Valley, NV, Water District, Series B, 5.0%, 6/1/2037   | 1,565,000,652 |
|  | 5,396,682     |
| New Hampshire 1.2%   |               |
| New Hampshire, State Business Finance Authority, Solid Waste Disposal Revenue, Waste Management, Inc. Project, AMT, 5.2%, 5/1/2027                               | 1,750,000,230 |

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| New Jersey 6.3%   |               |
| New Jersey, Health Care Facilities Financing Authority Revenue, St. Joseph's Health Care System, 6.625%, 7/1/2038   | 715,007,058   |
| New Jersey, State Economic Development Authority, Continental Airlines, Inc. Project, AMT, 4.875%, 9/15/2019  | 620,005,786   |
| New Jersey, State Economic Development Authority, Special Facilities Revenue, Continental Airlines, Inc. Project, Series B, AMT, 5.625%, 11/15/2030                         | 500,006,990   |
| New Jersey, State Health Care Facilities Financing Authority Revenue, University Hospital, Series A, 5.0%, 7/1/2046, INS: AGMC  | 180,002,334   |
| New Jersey, State Transportation Trust Fund Authority, Series B, 5.5%, 6/15/2031  | 1,500,002,320 |
| New Jersey, State Turnpike Authority Revenue, Series E, 5.0%, 1/1/2045  | 1,015,004,654 |
| New Jersey, Tobacco Settlement Financing Corp.:   |               |
| Series 1A, 4.75%, 6/1/2034  | 4,280,009,758 |
| Series 1A, 5.0%, 6/1/2041   | 500,001,860   |
|   | 9,110,760     |
| New York 8.8%   |               |
| New York, Metropolitan Transportation Authority Revenue:  |               |
| Series D, 5.0%, 11/15/2038  | 275,008,131   |
| Series E, 5.0%, 11/15/2042  | 305,006,581   |
| New York, State Liberty Development Corp. Revenue, World Trade Center Project, Class 1-3, 5.0%, 11/15/2044  | 500,003,410   |
| New York & New Jersey Port Authority, One Hundred Forty-Seventh, AMT, 5.0%, 10/15/2023, INS: NATL   | 8,268,009,216 |
| New York & New Jersey Port Authority, Special Obligation Revenue, JFK International Air Terminal LLC, 6.0%, 12/1/2042   | 680,001,088   |
| New York City, NY, Industrial Development Agency, Special Facility Revenue, American Airlines, JFK International Airport, AMT, 8.0%, 8/1/2028, GTY: American Airlines Group | 2,002,007,940 |
|   | 12,716,366    |
| North Carolina 1.0%   |               |
| North Carolina, Medical Care Commission, Health Care Facilities Revenue, University Health Systems, Series D, Prerefunded, 6.25%, 12/1/2033                                 | 1,000,001,740 |
| North Carolina, Medical Care Commission, Retirement Facilities Revenue, First Mortgage-Aldersgate, 5.0%, 7/1/2045   | 330,006,559   |
|   | 1,498,299     |
| Ohio 1.2%   |               |
| Ohio, American Municipal Power, Inc. Revenue, Fremont Energy Center Project, Series B, 5.0%, 2/15/2037  | 1,575,006,915 |
| Oregon 1.2%   |               |
| Port of Portland, OR, Portland International Airport Revenue, Series 23, 5.0%, 7/1/2038   | 1,500,005,370 |
| Pennsylvania 5.0%   |               |
| Butler County, PA, Hospital Authority Revenue, Butler Health Systems Project, Prerefunded, 7.25%, 7/1/2039  | 2,002,000,820 |
| Pennsylvania, Commonwealth Financing Authority, Series A, 5.0%, 6/1/2035  | 315,007,396   |
| Pennsylvania, State Economic Development Financing Authority Revenue, Bridges Finco LP, AMT, 5.0%, 12/31/2038   | 715,004,533   |



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| Pennsylvania, State Economic Development Financing Authority, Exempt Facilities Revenue, PPL Energy Supply, Series A, 6.4%, 12/1/2038                    | 185,007,212   |
| Pennsylvania, State Turnpike Commission Revenue:   |               |
| Series A-1, 5.0%, 12/1/2040  | 2,502,825,825 |
| Series C, 5.0%, 12/1/2044  | 240,070,017   |
| Philadelphia, PA, Redevelopment Authority Revenue, First Lien Mortgage, Series A, 6.5%, 1/1/2029   | 470,001,241   |
|  | 7,297,044     |
| Puerto Rico 1.7%   |               |
| Puerto Rico, Public Buildings Authority Revenue, Series Q, 5.625%, 7/1/2039  | 1,005,600,450 |
| Puerto Rico, Sales Tax Financing Corp., Sales Tax Revenue:   |               |
| Series A, 5.5%, 8/1/2042   | 750,009,998   |
| Series A, 6.0%, 8/1/2042   | 1,000,095,10  |
| Series A, 6.375%, 8/1/2039   | 950,002,049   |
| Puerto Rico, Sales Tax Financing Corp., Sales Tax Revenue, Convertible Capital Appreciation, Series A, Step-up Coupon, 0% to 8/1/2016, 6.75% to 8/1/2032 | 2,008,000,420 |
|  | 2,493,427     |
| Rhode Island 0.1%  |               |
| Rhode Island, Tobacco Settlement Financing Corp., Series A, 5.0%, 6/1/2040   | 155,005,153   |
| South Carolina 3.0%  |               |
| Hardeeville, SC, Assessment Revenue, Anderson Tract Municipal Improvement District, Series A, 7.75%, 11/1/2039   | 894,002,124   |
| South Carolina, State Public Service Authority Revenue, Series E, 5.25%, 12/1/2055   | 2,072,056,074 |
| South Carolina, State Public Service Authority Revenue, Santee Cooper, Series A, 5.75%, 12/1/2043  | 890,0079,454  |
|  | 4,307,652     |
| Tennessee 1.6%   |               |
| Clarksville, TN, Natural Gas Acquisition Corp., Gas Revenue:   |               |
| 5.0%, 12/15/2017, GTY: Merrill Lynch & Co., Inc.   | 500,001,730   |
| 5.0%, 12/15/2018, GTY: Merrill Lynch & Co., Inc.   | 540,090,015   |
| Johnson City, TN, Health & Educational Facilities Board Hospital Revenue, Mountain States Health Alliance, Series A, 7.75%, 7/1/2038                     | 1,001,008,090 |
|  | 2,259,835     |
| Texas 18.4%  |               |
| Brazos River, TX, Harbor Navigation District, Brazoria County Environmental Health, Dow Chemical Co. Project:  |               |
| Series B-2, 4.95%, 5/15/2033   | 1,001,053,440 |
| Series A-3, AMT, 5.125%, 5/15/2033   | 1,001,052,040 |
| Central Texas, Regional Mobility Authority Revenue, Series A, 5.0%, 1/1/2043   | 1,501,002,110 |
| Central Texas, Regional Mobility Authority Revenue, Senior Lien:   |               |
| Series A, 5.0%, 1/1/2040   | 230,059,813   |
| 6.0%, 1/1/2041   | 545,006,435   |
| Dallas-Fort Worth, International Airport Revenue:  |               |
| Series F, AMT, 5.0%, 11/1/2035   | 1,001,003,870 |
| Series D, AMT, 5.0%, 11/1/2038   | 2,002,091,820 |
|  | 615,088,560   |

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|  |               |
|--|---------------|
| Houston, TX, Airport System Revenue, United Airlines, Inc., Terminal E Project, AMT, 4.75%, 7/1/2024   |               |
| Matagorda County, TX, Navigation District No. 1, Pollution Control Revenue, AEP Texas Central Co. Project, Series A, 4.4%, 5/1/2030, INS: AMBAC                    | 2,252,000,907 |
| North Texas, Tollway Authority Revenue, Series B, 5.0%, 1/1/2045   | 665,000,667   |
| North Texas, Tollway Authority Revenue, Toll Second Tier, Series F, Prerefunded, 5.75%, 1/1/2033   | 2,002,000,780 |
| Red River, TX, Health Facilities Development Corp., Retirement Facilities Revenue, MRC Crossings Project, Series A, 8.0%, 11/15/2049                               | 285,000,298   |
| San Antonio, TX, Convention Center Hotel Finance Corp., Contract Revenue, Empowerment Zone, Series A, AMT, 5.0%, 7/15/2039, INS: AMBAC                             | 1,001,000,790 |
| Tarrant County, TX, Cultural Education Facilities Finance Corp. Revenue, Trinity Terrace Project, The Cumberland Rest, Inc., Series A-1, 5.0%, 10/1/2044           | 175,000,938   |
| Tarrant County, TX, Cultural Education Facilities Finance Corp., Hospital Revenue, Scott & White Healthcare, 5.0%, 8/15/2043                                       | 2,102,000,476 |
| Tarrant County, TX, Cultural Education Facilities Finance Corp., Retirement Facility, Mirador Project, Series A, 8.25%, 11/15/2044                                 | 570,000,320   |
| Texas, Grand Parkway Transportation Corp., System Toll Revenue, Series B, 5.0%, 4/1/2053   | 500,000,185   |
| Texas, Love Field Airport Modernization Corp., Special Facilities Revenue, Southwest Airlines Co. Project, 5.25%, 11/1/2040  | 1,055,000,391 |
| Texas, SA Energy Acquisition Public Facility Corp., Gas Supply Revenue, 5.5%, 8/1/2020, GTY: The Goldman Sachs Group, Inc.   | 2,002,000,320 |
| Texas, State Municipal Gas Acquisition & Supply Corp. III Gas Supply Revenue:  |               |
| 5.0%, 12/15/2030, GTY: Macquarie Group Ltd.  | 165,000,292   |
| 5.0%, 12/15/2031, GTY: Macquarie Group Ltd.  | 1,001,000,440 |
| 5.0%, 12/15/2032, GTY: Macquarie Group Ltd.  | 1,001,000,510 |
| Texas, State Private Activity Bond, Surface Transportation Corp. Revenue, Senior Lien, North Tarrant Express Mobility Partners Segments LLC, AMT, 6.75%, 6/30/2043 | 280,000,856   |
| Texas, State Transportation Commission, Turnpike Systems Revenue, Series C, 5.0%, 8/15/2034  | 825,000,203   |
| Travis County, TX, Health Facilities Development Corp. Revenue, Westminster Manor Health, 7.125%, 11/1/2040  | 510,000,077   |
|  | 26,729,538    |
| Virgin Islands 1.1%  |               |
| Virgin Islands, Public Finance Authority Revenue, Gross Receipts Tax Loan Notes, Series A, 5.0%, 10/1/2032   | 1,501,000,770 |
| Virginia 1.1%  |               |
| Washington County, VA, Industrial Development Authority, Hospital Facility Revenue, Mountain States Health Alliance, Series C, 7.75%, 7/1/2038                     | 1,371,000,211 |
| Washington 3.4%  |               |
| Washington, State Health Care Facilities Authority Revenue, Series C, 5.375%, 8/15/2028, INS: AGC  | 595,000,126   |
| Washington, State Health Care Facilities Authority Revenue, Virginia Mason Medical Center, Series A, 6.125%, 8/15/2037   | 2,002,000,220 |

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|  |           |                     |
|--|-----------|---------------------|
| Washington, State Health Care Facilities Authority, Catholic Health Initiatives, Series A, 5.0%, 2/1/2041  | 1,000,000 | 8,240               |
| Washington, State Housing Finance Commission, Rockwood Retirement Communities Project, Series A, 7.375%, 1/1/2044  | 1,000,000 | 9,230               |
|  |           | 4,986,816           |
| Wisconsin 2.6%   |           |                     |
| Wisconsin, State Health & Educational Facilities Authority Revenue, Agnesian Healthcare, Inc., Series B, 5.0%, 7/1/2036  | 500,000   | 3,135               |
| Wisconsin, State Health & Educational Facilities Authority Revenue, Prohealth Care, Inc. Obligation Group, Prerefunded, 6.625%, 2/15/2039                      | 1,110,000 | 9,810               |
| Wisconsin, State Health & Educational Facilities Authority Revenue, Thedacare, Inc., Series A, 5.5%, 12/15/2038  | 1,765,000 | 1,419               |
|  |           | 3,814,364           |
| <b>Total Municipal Bonds and Notes (Cost \$185,002,040)</b>  |           | <b>207,243,815</b>  |
| Underlying Municipal Bonds of Inverse Floaters (a) 12.5%   |           |                     |
| Massachusetts 4.1%   |           |                     |
| Massachusetts, State Development Finance Agency Revenue, Partners Healthcare System, Inc., Series Q, 5.0%, 7/1/2035, c (b)                                     | 5,000,000 | 12,150              |
| <i>Trust: Massachusetts, State Development Finance Agency Revenue, Series 2016-XM0136, 144A, 18.095%, 1/1/2024, Leverage Factor at purchase date: 4 to 1</i>   |           |                     |
| <b>New York 4.0%</b>   |           |                     |
| New York, State Dormitory Authority, State Personal Income Tax Revenue, Series A, 5.0%, 3/15/2023 (b)  | 5,535,000 | 3,328               |
| <i>Trust: New York, State Dormitory Authority Revenue, Secondary Issues, Series 1955-2, 144A, 18.243%, 9/15/2016, Leverage Factor at purchase date: 4 to 1</i> |           |                     |
| Tennessee 4.4%   |           |                     |
| Nashville & Davidson County, TN, Metropolitan Government, 5.0%, 1/1/2024 (b)   | 5,918,000 | 5,612               |
| <i>Trust: Nashville &amp; Davidson County, TN, Metropolitan Government, Series 2631-1, 144A, 18.256%, 7/1/2017, Leverage Factor at purchase date: 4 to 1</i>   |           |                     |
| <b>Total Underlying Municipal Bonds of Inverse Floaters (Cost \$17,518,905)</b>  |           | <b>18,116,090</b>   |
|  | %         |                     |
|  | of        |                     |
|  | Net       | Value (\$)          |
|  | Assets    |                     |
| <b>Total Investment Portfolio (Cost \$202,520,945) †</b>   | 155.2     | <b>225,359,905</b>  |
| <b>Floating Rate Notes (a)</b>   | (8.5)     | <b>(12,338,378)</b> |
| <b>Series 2018 MTPS, at Liquidation Value</b>  | (48.2)    | <b>(70,000,000)</b> |
| <b>Other Assets and Liabilities, Net</b>   | 1.5       | <b>2,195,004</b>    |
| <b>Net Assets Applicable to Common Shareholders</b>  | 100.0     | <b>145,216,531</b>  |

For information on the Fund's policies regarding the valuation of investments and other significant accounting policies, please refer to the Fund's most recent semi-annual or annual financial statements.

The following table represents bonds that are in default:

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| Security  | Coupon | Maturity Date | Principal Amount (\$) | Cost (\$) | Value (\$) |
|---|--------|---------------|-----------------------|-----------|------------|
| Florida, Tolomato Community Development District, Special Assessment, Series 1        | 6.55%  | 5/1/2027      | 10,000                | 4,160     | 10,185     |
| Florida, Tolomato Community Development District, Special Assessment, Series 3 *      | 6.55%  | 5/1/2027      | 130,000               | 1         | 1          |
| Florida, Tolomato Community Development District, Special Assessment, Series 2015-3 * | 6.61%  | 5/1/2040      | 165,000               | 0         | 2          |
|   |        |               |                       | 4,161     | 10,188     |

\* Non-income producing security.

\*\* 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 29, 2016.

† The cost for federal income tax purposes was \$188,593,244. At February 29, 2016, net unrealized appreciation for all securities based on tax cost was \$24,428,283. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$29,131,714 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$4,703,431.

(a) Securities represent the underlying municipal obligations of inverse floating rate obligations held by the Fund. The Floating Rate Notes represents leverage to the Fund and is the amount owed to the floating rate note holders.

Security forms part of the below inverse floater. The Fund accounts for these inverse floaters as a form of secured borrowing, by reflecting the value of the underlying bond in the investments of the Fund and the amount owed to the floating rate note holder as a liability.

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.

AGC: Assured Guaranty Corp.

AGMC: Assured Guaranty Municipal Corp.

AMBAC: Ambac Financial Group, Inc.

AMT: Subject to alternative minimum tax.

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

GTY: Guaranty Agreement

INS: Insured

LOC: Letter of Credit

NATL: National Public Finance Guarantee Corp.

PIK: Denotes that all or a portion of the income is paid in-kind in the form of additional principal.

Prerefunded: Bonds which are prerefunded are collateralized usually by U.S. 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***

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 level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities.

*The following is a summary of the inputs used as of February 29, 2016 in valuing the Fund's investments.*

| Assets                               | Level 1 | Level 2       | Level 3 | Total         |
|--------------------------------------|---------|---------------|---------|---------------|
| Municipal Investments <sup>(c)</sup> | \$—     | \$225,359,905 | \$—     | \$225,359,905 |
| Total                                | \$—     | \$225,359,905 | \$—     | \$225,359,905 |

There have been no transfers between fair value measurement levels during the period ended February 29, 2016.

(c) See Investment Portfolio for additional detailed categorizations.

**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: Deutsche Strategic Municipal Income Trust

/s/Brian E. Binder

By: Brian E. Binder

President

Date: April 22, 2016

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.

/s/Brian E. Binder

By: Brian E. Binder

President

Date: April 22, 2016

/s/Paul Schubert

By: Paul Schubert

Chief Financial Officer and Treasurer

Date: April 22, 2016