

DEUTSCHE STRATEGIC MUNICIPAL INCOME TRUST
Form N-Q
April 26, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number: 811-05767

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: 2/28/2017

ITEM 1. SCHEDULE OF INVESTMENTS

Investment Portfolio

as of February 28, 2017 (Unaudited)

Deutsche Strategic Municipal Income Trust

	Principal Amount (\$)	Value (\$)
Municipal Bonds and Notes 139.4%		
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	1,745,024
California 16.3%		
California, Golden State Tobacco Securitization Corp., Tobacco Settlement, Series A-1, 5.75%, 6/1/2047	500,000	550
California, Health Facilities Financing Authority Revenue, Catholic Healthcare West, Series A, Prerefunded, 6.0%, 7/1/2034	1,000,000	1,420
California, M-S-R Energy Authority, Series B, 7.0%, 11/1/2034, GTY: Citigroup, Inc.	1,310,000	1,869
California, Morongo Band of Mission Indians, Enterprise Casino Revenue, Series B, 144A, 6.5%, 3/1/2028	1,000,000	1,540
California, South Bayside Waste Management Authority, Solid Waste Enterprise, Shoreway Environmental, Series A, 6.25%, 9/1/2029	1,425,000	1,513
California, State General Obligation:		
5.0%, 11/1/2043	1,500,000	1,715
5.25%, 4/1/2035	1,230,000	1,407
5.5%, 3/1/2040	1,000,000	1,970
5.75%, 4/1/2031	1,000,000	1,810
6.0%, 4/1/2038	1,000,000	1,570
6.5%, 4/1/2033	1,950,000	2,105
California, State Public Works Board Lease Revenue, Capital Projects, Series I-1, Prerefunded, 6.375%, 11/1/2034	1,000,000	1,450
California, State Public Works Board Lease Revenue, Riverside Campus Project, Series B, 6.125%, 4/1/2028	2,000,000	2,080
California, Statewide Communities Development Authority Revenue, Loma Linda University Medical Center:		
Series A, 5.25%, 12/1/2044	195,000	2043
Series A, 144A, 5.25%, 12/1/2056	735,000	1,175
Series A, 5.5%, 12/1/2054	195,000	2163
Riverside County, CA, Transportation Commission Toll Revenue Senior Lien, Series A, 5.75%, 6/1/2048	1,000,000	1,110

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San Buenaventura, CA, Community Memorial Health Systems, 7.5%, 12/1/2041	500,000,350
San Francisco City & County, CA, Airports Commission, International Airport Revenue, Series A, AMT, 5.0%, 5/1/2044	1,000,000,410
San Joaquin Hills, CA, Transportation Corridor Agency, Toll Road Revenue, Series A, 5.0%, 1/15/2050	445,000,826
	22,447,076
Colorado 2.6%	
Colorado, Park Creek Metropolitan District Revenue, Senior Ltd. Property Tax Supported, Series A, 5.0%, 12/1/2045	235,000,398
Colorado, Public Energy Authority, Natural Gas Purchased Revenue, 6.25%, 11/15/2028, GTY: Merrill Lynch & Co., Inc.	635,000,891
Colorado, State Health Facilities Authority Revenue, Covenant Retirement Communities: Series A, 5.0%, 12/1/2033	440,000,943
Series A, 5.0%, 12/1/2035	250,000,515
Colorado, State Health Facilities Authority Revenue, School Health Systems, Series A, 5.5%, 1/1/2035	1,000,000,580
Denver, CO, City & County Airport Revenue, Series A, AMT, 5.25%, 11/15/2043	600,000,810
	3,555,137
Connecticut 1.7%	
Connecticut, Harbor Point Infrastructure Improvement District, Special Obligation Revenue, Harbor Point Project, Series A, 7.875%, 4/1/2039	2,000,000,600
Connecticut, Mashantucket Western Pequot Tribe Bond, 6.05%, 7/1/2031* (PIK)	2,594,490,67
	2,342,667
District of Columbia 0.8%	
District of Columbia, Metropolitan Airport Authority Systems Revenue: Series A, AMT, 5.0%, 10/1/2038	200,000,132
Series A, AMT, 5.0%, 10/1/2043	850,000,249
	1,137,381
Florida 9.4%	
Collier County, FL, Industrial Development Authority, Continuing Care Community Revenue, Arlington of Naples Project, Series A, 8.125%, 5/15/2044	500,000,550
Florida, Capital Region Community Development District, Capital Improvement Revenue, Series A, 7.0%, 5/1/2039	465,000,730
Florida, Middle Village Community Development District, Special Assessment, Series A, 6.0%, 5/1/2035	900,000,645
Florida, Tolomato Community Development District, Special Assessment: Series A-2, Step-up Coupon, 0% to 5/1/2017, 6.61% to 5/1/2039	50,000,106
Series 2015-1, Step-up Coupon, 0% to 11/1/2021, 6.61% to 5/1/2040	250,000,263
Series 2015-2, Step-up Coupon, 0% to 11/1/2024, 6.61% to 5/1/2040	150,000,508
Series A-3, Step-up Coupon, 0% to 5/1/2019, 6.61% to 5/1/2040	110,000,515
Series A-4, Step-up Coupon, 0% to 5/1/2022, 6.61% to 5/1/2040 5.4%, 5/1/2037	55,000,228
Series 1, 6.55%, 5/1/2027	1,450,000,408
Series 3, 6.55%, 5/1/2027 *	10,000,034
Series A-1, 6.55%, 5/1/2027	130,000
Series 2015-3, 6.61%, 5/1/2040 *	170,000,076
	165,000

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Florida, Village Community Development District No. 9, Special Assessment Revenue, 5.5%, 5/1/2042	150,005,420
Martin County, FL, Health Facilities Authority, Martin Memorial Medical Center, 5.5%, 11/15/2042	335,009,944
Miami Beach, FL, Health Facilities Authority, Mount Sinai Medical Center, 5.0%, 11/15/2044	500,005,755
Miami-Dade County, FL, Aviation Revenue:	
Series A, AMT, 5.0%, 10/1/2031	30,002,824
Series A, 5.5%, 10/1/2041	3,003,008,180
Orlando & Orange County, FL, Expressway Authority Revenue, Series C, Prerefunded, 5.0%, 7/1/2035	1,080,000,749
Tallahassee, FL, Health Facilities Revenue, Memorial Healthcare, Inc. Project, Series A, 5.0%, 12/1/2055	150,007,027
Tampa-Hillsborough County, FL, Expressway Authority:	
Series A, 5.0%, 7/1/2031	1,500,003,655
Series A, 5.0%, 7/1/2037	1,590,003,245
	12,929,865
Georgia 5.6%	
Americus-Sumter County, GA, Hospital Authority, Magnolia Manor Obligated Group, Series A, 6.25%, 5/15/2033	1,000,008,220
Atlanta, GA, Airport Revenue, Series C, AMT, 5.0%, 1/1/2037	375,000,044
Atlanta, GA, Tax Allocation, Beltline Project, Series B, Prerefunded, 7.375%, 1/1/2031	1,000,005,630
Atlanta, GA, Water & Wastewater Revenue, Series A, Prerefunded, 6.25%, 11/1/2034	1,000,005,740
DeKalb County, GA, Water & Sewer Revenue, Series A, 5.25%, 10/1/2036	1,000,004,950
Gainesville & Hall County, GA, Hospital Authority, Northeast Georgia Health System, Inc. Project:	
Series A, 5.25%, 8/15/2049	100,002,602
Series A, 5.5%, 8/15/2054	180,007,794
Georgia, Main Street Natural Gas, Inc., Gas Project Revenue, Series A, 5.5%, 9/15/2024, GTY: Merrill Lynch & Co., Inc.	1,220,007,302
Georgia, Medical Center Hospital Authority Revenue, Anticipation Certificates, Columbus Regional Healthcare System, Prerefunded, 6.5%, 8/1/2038, INS: AGC	1,000,000,240
	7,703,522
Guam 1.8%	
Guam, Government General Obligation, Series A, Prerefunded, 7.0%, 11/15/2039	1,000,004,750
Guam, International Airport Authority Revenue, Series C, AMT, 6.375%, 10/1/2043	215,005,726
Guam, Power Authority Revenue, Series A, 5.5%, 10/1/2030	1,000,005,350
	2,465,826
Hawaii 1.8%	
Gainesville & Hall County, GA, Development Authority Retirement Community Revenue, ACTS Retirement Life Community, Series A-2, Prerefunded, 6.625%, 11/15/2039	1,000,006,220
Hawaii, State Airports Systems Revenue, Series A, AMT, 5.0%, 7/1/2041	695,002,046
Hawaii, State Department of Budget & Finance, Special Purpose Revenue, Hawaiian Electric Co., Inc., 6.5%, 7/1/2039	500,002,990

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	2,441,256
Idaho 0.2%	
Idaho, Health Facilities Authority Revenue, St. Luke's Regional Medical Center, 6.75%, 11/1/2037	305,000,055
Illinois 8.8%	
Chicago, IL, General Obligation, Series A, 6.0%, 1/1/2038	455,000,628
Chicago, IL, O'Hare International Airport Revenue:	
Series C, AMT, 5.0%, 1/1/2046	1,000,000,380
Series B, 6.0%, 1/1/2041	2,000,000,360
Illinois, Finance Authority Revenue, Friendship Village of Schaumburg, Series A, 5.625%, 2/15/2037	2,000,000,340
Illinois, Finance Authority Revenue, The Admiral at Lake Project, Series A, 8.0%, 5/15/2040	1,000,000,000
Illinois, Finance Authority Revenue, Three Crowns Park Plaza, Series A, 5.875%, 2/15/2038	1,000,000,620
Illinois, Metropolitan Pier & Exposition Authority Revenue, McCormick Place Project, Series A, 5.0%, 6/15/2042	300,000,706
Illinois, Metropolitan Pier & Exposition Authority, Dedicated State Tax Revenue, Capital Appreciation-McCormick, Series A, Zero Coupon, 6/15/2036, INS: NATL	3,000,000,120
Illinois, Railsplitter Tobacco Settlement Authority, 6.0%, 6/1/2028	365,000,257
Illinois, State Finance Authority Revenue, OSF Healthcare Systems, Series A, 5.0%, 11/15/2045	525,000,688
Illinois, State Finance Authority Revenue, Park Place of Elmhurst Project, Series C, 2.0%, 5/15/2055	150,000,235
Illinois, State Finance Authority Revenue, Trinity Health Corp., Series L, 5.0%, 12/1/2030	1,000,000,010
Illinois, State General Obligation, 5.0%, 2/1/2029	225,000,353
Springfield, IL, Electric Revenue, Senior Lien, 5.0%, 3/1/2040, INS: AGMC	385,000,334
	12,173,031
Indiana 4.4%	
Indiana, Finance Authority Hospital Revenue, Deaconess Hospital Obligation, Series A, Prerefunded, 6.75%, 3/1/2039	525,000,693
Indiana, State Finance Authority Revenue, BHI Senior Living Obligated Group, Series A, 5.25%, 11/15/2046	365,000,031
Indiana, State Finance Authority Revenue, Community Foundation of Northwest Indiana, 5.0%, 3/1/2041	1,000,000,460
Indiana, State Finance Authority Revenue, Greencroft Obligation Group, Series A, 7.0%, 11/15/2043	460,000,332
Indiana, State Finance Authority Revenue, Stadium Project, Series A, 5.25%, 2/1/2037	1,330,000,040
Valparaiso, IN, Exempt Facilities Revenue, Pratt Paper LLC Project, AMT, 7.0%, 1/1/2044, GTY: Pratt Industries (U.S.A.)	780,000,936
Vigo County, IN, Hospital Authority Revenue, Union Hospital, Inc., 144A, Prerefunded, 5.7%, 9/1/2037	1,000,000,170
	6,034,662
Iowa 0.7%	
Iowa, Finance Authority Retirement Community Revenue, Edgewater LLC Project, Prerefunded, 6.5%, 11/15/2027	1,000,000,630
Kansas 0.2%	

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Lenexa, KS, Health Care Facility Revenue, Lakeview Village, Inc. Project, 7.25%, 5/15/2039	300, 000 248
Kentucky 3.0%	
Kentucky, Economic Development Finance Authority, Hospital Facilities Revenue, Owensboro Medical Health Systems, Series A, 6.5%, 3/1/2045	2,002, 000 460
Kentucky, Economic Development Finance Authority, Louisville Arena Project Revenue, Series A-1, 6.0%, 12/1/2033, INS: AGC	365, 000 728
Kentucky, Public Transportation Infrastructure Authority Toll Revenue, 1st Tier-Downtown Crossing, Series A, 6.0%, 7/1/2053	1,441, 000 885
	4,175,073
Louisiana 1.6%	
Louisiana, Local Government Environmental Facilities, Community Development Authority Revenue, 6.75%, 11/1/2032	1,001, 000 530
Louisiana, St. John Baptist Parish Revenue, Marathon Oil Corp., Series A, 5.125%, 6/1/2037	950, 000 845
Louisiana, Tobacco Settlement Financing Corp. Revenue, Series A, 5.25%, 5/15/2035	180, 000 103
	2,179,478
Maine 0.8%	
Maine, Health & Higher Educational Facilities Authority Revenue, Maine General Medical Center, 6.75%, 7/1/2036	1,001, 000 780
Maryland 4.1%	
Maryland, Economic Development Corp., Pollution Control Revenue, Potomac Electric Power Co., 6.2%, 9/1/2022	1,501, 000 155
Maryland, State Health & Higher Educational Facilities Authority Revenue, Adventist Healthcare Obligated Group, Series A, 5.5%, 1/1/2046	375, 000 629
Maryland, State Health & Higher Educational Facilities Authority Revenue, Anne Arundel Health Systems, Series A, Prerefunded, 6.75%, 7/1/2039	500, 000 870
Maryland, State Health & Higher Educational Facilities Authority Revenue, Meritus Medical Center Obligated Group, 5.0%, 7/1/2040	1,001, 000 640
Maryland, State Health & Higher Educational Facilities Authority Revenue, Washington County Hospital: Prerefunded, 5.75%, 1/1/2033	500, 000 755
Prerefunded, 6.0%, 1/1/2028	1,385, 000 400
	5,668,449
Massachusetts 2.2%	
Massachusetts, State Development Finance Agency Revenue, Linden Ponds, Inc. Facility: Series B, 11/15/2056*	505, 000 527
Series A-2, 5.5%, 11/15/2046	101, 000 683
Series A-1, 6.25%, 11/15/2039	1,903, 000 189
Massachusetts, State Health & Educational Facilities Authority Revenue, Milford Regional Medical Center, Series E, 5.0%, 7/15/2037	950, 000 989
	3,020,388
Michigan 5.6%	
Detroit, MI, Water & Sewerage Department, Sewerage Disposal System Revenue, Series A, 5.25%, 7/1/2039	280, 000 397
Detroit, MI, Water Supply Systems Revenue, Series A, 5.75%, 7/1/2037	1,001, 000 330
Kalamazoo, MI, Economic Development Corp. Revenue, Limited Obligation, Heritage Community, 5.5%, 5/15/2036	1,001, 000 340

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Michigan, State Building Authority Revenue, Facilities Program:	
Series I, 5.0%, 4/15/2038	775,000,095
Series I-A, 5.5%, 10/15/2045	2,002,001,840
Michigan, State Finance Authority Revenue, Detroit Water & Sewer, Series C-3, 5.0%, 7/1/2033, INS: AGMC	180,001,542
Michigan, State Finance Authority Revenue, Detroit Water & Sewer Department, Series C, 5.0%, 7/1/2035	90,006,988
Royal Oak, MI, Hospital Finance Authority Revenue, William Beaumont Hospital, Prerefunded, 8.25%, 9/1/2039	1,001,009,270
Tawas City, MI, Hospital Finance Authority, St. Joseph Health Services, Series A, ETM, 5.75%, 2/15/2023	860,003,922
	7,765,724
Minnesota 0.8%	
Minneapolis, MN, Health Care Systems Revenue, Fairview Health Services, Series A, Prerefunded, 6.75%, 11/15/2032	1,001,008,440
Mississippi 1.7%	
Lowndes County, MS, Solid Waste Disposal & Pollution Control Revenue, Weyerhaeuser Co. Project, Series A, 6.8%, 4/1/2022	250,001,202
Mississippi, Business Finance Corp., Pollution Control Revenue, Systems Energy Resources, Inc. Project, 5.875%, 4/1/2022	620,002,964
Mississippi, State Business Finance Commission, Gulf Opportunity Zone, Chevron U.S.A., Inc. Project, Series B, 0.57% **, 12/1/2030, GTY: Chevron Corp.	1,001,000,000
Warren County, MS, Gulf Opportunity Zone, International Paper Co., Series A, 6.5%, 9/1/2032	435,002,714
	2,376,880
Missouri 0.8%	
Missouri, State Health & Educational Facilities Authority Revenue, Medical Research, Lutheran Senior Services, Series A, 5.0%, 2/1/2046	65,007,268
Missouri, State Health & Educational Facilities Authority, Health Facilities Revenue, Lester E Cox Medical Centers, Series A, 5.0%, 11/15/2048	150,002,192
St. Louis County, MO, Industrial Development Authority, Senior Living Facilities, St. Andrews Resources for Seniors Obligated Group, Series A, 5.125%, 12/1/2045	365,006,912
St. Louis, MO, Lambert-St. Louis International Airport Revenue, Series A-1, 6.625%, 7/1/2034	415,001,721
	1,048,093
Nevada 3.8%	
Clark County, NV, School District, Series A, 5.0%, 6/15/2022, INS: NATL	1,391,008,491
Henderson, NV, Health Care Facility Revenue, Catholic Healthcare West, Series B, Prerefunded, 5.25%, 7/1/2031	2,002,001,460
Las Vegas Valley, NV, Water District, Series B, 5.0%, 6/1/2037	1,561,009,232
	5,229,183
New Jersey 7.4%	
New Jersey, Health Care Facilities Financing Authority Revenue, St. Joseph's Health Care System, Prerefunded, 6.625%, 7/1/2038	715,009,304
New Jersey, State Economic Development Authority Revenue, Series BBB, 5.5%, 6/15/2030	895,005,284
New Jersey, State Economic Development Authority, Continental Airlines, Inc. Project, AMT, 4.875%, 9/15/2019	480,009,570
	500,001,905

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New Jersey, State Economic Development Authority, Special Facilities Revenue, Continental Airlines, Inc. Project, Series B, AMT, 5.625%, 11/15/2030	
New Jersey, State Health Care Facilities Financing Authority Revenue, University Hospital, Series A, 5.0%, 7/1/2046, INS: AGMC	180,000,046
New Jersey, State Transportation Trust Fund Authority, Series B, 5.5%, 6/15/2031	1,500,000,500
New Jersey, State Turnpike Authority Revenue, Series E, 5.0%, 1/1/2045	1,015,000,614
New Jersey, Tobacco Settlement Financing Corp.:	
Series 1A, 4.75%, 6/1/2034	4,280,000,524
Series 1A, 5.0%, 6/1/2041	500,000,325
	10,264,072
New York 9.4%	
New York, Brooklyn Arena Local Development Corp., Pilot Revenue, Barclays Center Project, Series A, 4.0%, 7/15/2035, INS: AGMC	45,000,586
New York, Metropolitan Transportation Authority Revenue:	
Series D, 5.0%, 11/15/2038	275,000,030
Series E, 5.0%, 11/15/2042	305,000,150
New York, State Liberty Development Corp. Revenue, World Trade Center Project, Class 1-3, 5.0%, 11/15/2044	500,000,180
New York, State Transportation Development Corp., Special Facilities Revenue, American Airlines, Inc., John F. Kennedy International Airport Project, AMT, 5.0%, 8/1/2031, GTY: American Airlines Group	445,000,153
New York, State Transportation Development Corp., Special Facility Revenue, Laguardia Gateway Partners LLC, Redevelopment Project, Series A, AMT, 5.0%, 7/1/2041	1,200,000,108
New York, TSASC, Inc., Series A, 5.0%, 6/1/2041	60,000,263
New York & New Jersey Port Authority, One Hundred Forty-Seventh, AMT, 5.0%, 10/15/2023, INS: NATL	8,260,000,026
New York & New Jersey Port Authority, Special Obligation Revenue, JFK International Air Terminal LLC, 6.0%, 12/1/2042	680,000,489
New York City, NY, Transitional Finance Authority Revenue, NYC Recovery, Series 3, 0.64% **, 11/1/2022, SPA: Bank of New York Mellon	950,000,000
	13,036,985
North Carolina 1.0%	
North Carolina, Medical Care Commission, Health Care Facilities Revenue, University Health Systems, Series D, Prerefunded, 6.25%, 12/1/2033	1,000,000,560
North Carolina, Medical Care Commission, Retirement Facilities Revenue, First Mortgage-Aldersgate, 5.0%, 7/1/2045	330,000,845
	1,424,405
Ohio 1.9%	
Hamilton County, OH, Health Care Revenue, Life Enriching Communities Project:	
5.0%, 1/1/2036	45,000,524
5.0%, 1/1/2046	120,000,097
Ohio, Akron, Bath & Copley Joint Township Hospital District Revenue, 5.25%, 11/15/2046	615,000,591
Ohio, American Municipal Power, Inc. Revenue, Fremont Energy Center Project, Series B, 5.0%, 2/15/2037	1,575,000,106
	2,564,318

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Pennsylvania 5.3%	
Butler County, PA, Hospital Authority Revenue, Butler Health Systems Project, Prerefunded, 7.25%, 7/1/2039	2,002,006,020
Pennsylvania, Commonwealth Financing Authority, Series A, 5.0%, 6/1/2035	315,002,959
Pennsylvania, State Economic Development Financing Authority Revenue, Bridges Finco LP, AMT, 5.0%, 12/31/2038	1,001,005,620
Pennsylvania, State Economic Development Financing Authority, Exempt Facilities Revenue, PPL Energy Supply, Series A, 6.4%, 12/1/2038	185,007,307
Pennsylvania, State Turnpike Commission Revenue:	
Series A-1, 5.0%, 12/1/2040	2,502,007,975
Series C, 5.0%, 12/1/2044	240,002,385
Philadelphia, PA, Redevelopment Authority Revenue, First Lien Mortgage, Series A, 6.5%, 1/1/2029	446,607,667
	7,339,933
Puerto Rico 1.0%	
Puerto Rico, Sales Tax Financing Corp., Sales Tax Revenue:	
Series A, 5.5%, 8/1/2042	750,004,687
Series A, 6.0%, 8/1/2042	1,005,098,330
Series A, 6.375%, 8/1/2039	950,003,601
	1,374,118
Rhode Island 0.1%	
Rhode Island, Tobacco Settlement Financing Corp., Series A, 5.0%, 6/1/2040	155,002,136
South Carolina 3.0%	
Hardeeville, SC, Assessment Revenue, Anderson Tract Municipal Improvement District, Series A, 7.75%, 11/1/2039	875,007,617
South Carolina, State Public Service Authority Revenue, Series E, 5.25%, 12/1/2055	2,072,002,676
South Carolina, State Public Service Authority Revenue, Santee Cooper, Series A, 5.75%, 12/1/2043	890,0059,652
	4,209,945
Tennessee 1.6%	
Clarksville, TN, Natural Gas Acquisition Corp., Gas Revenue:	
5.0%, 12/15/2017, GTY: Merrill Lynch & Co., Inc.	500,005,385
5.0%, 12/15/2018, GTY: Merrill Lynch & Co., Inc.	540,000,737
Johnson City, TN, Health & Educational Facilities Board Hospital Revenue, Mountain States Health Alliance, Series A, 7.75%, 7/1/2038	1,001,005,180
	2,171,302
Texas 19.0%	
Brazos River, TX, Harbor Navigation District, Brazoria County Environmental Health, Dow Chemical Co. Project:	
Series B-2, 4.95%, 5/15/2033	1,001,004,640
Series A-3, AMT, 5.125%, 5/15/2033	1,001,004,920
Central Texas, Regional Mobility Authority Revenue, Senior Lien:	
Series A, 5.0%, 1/1/2040	230,009,049
Series A, 5.0%, 1/1/2043	1,501,589,400
Prerefunded, 6.0%, 1/1/2041	545,009,105
Dallas-Fort Worth, International Airport Revenue:	
Series F, AMT, 5.0%, 11/1/2035	1,001,009,560
Series D, AMT, 5.0%, 11/1/2038	2,002,006,980

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Houston, TX, Airport System Revenue, United Airlines, Inc., Terminal E Project, AMT, 4.75%, 7/1/2024	615,000,474
Matagorda County, TX, Navigation District No. 1, Pollution Control Revenue, AEP Texas Central Co. Project, Series A, 4.4%, 5/1/2030, INS: AMBAC	2,252,000,500
Mission, TX, Economic Development Corp. Revenue, Senior Lien, Natgasoline Project, Series B, AMT, 144A, 5.75%, 10/1/2031	250,000,255
North Texas, Tollway Authority Revenue, Series B, 5.0%, 1/1/2045	665,000,707
North Texas, Tollway Authority Revenue, Toll Second Tier, Series F, Prerefunded, 5.75%, 1/1/2033	2,002,000,060
Red River, TX, Health Facilities Development Corp., Retirement Facilities Revenue, MRC Crossings Project, Series A, 8.0%, 11/15/2049	285,000,009
San Antonio, TX, Convention Center Hotel Finance Corp., Contract Revenue, Empowerment Zone, Series A, AMT, 5.0%, 7/15/2039, INS: AMBAC	1,000,000,260
Tarrant County, TX, Cultural Education Facilities Finance Corp. Revenue, Trinity Terrace Project, The Cumberland Rest, Inc., Series A-1, 5.0%, 10/1/2044	175,000,322
Tarrant County, TX, Cultural Education Facilities Finance Corp., Hospital Revenue, Scott & White Healthcare, 5.0%, 8/15/2043	2,102,000,700
Tarrant County, TX, Cultural Education Facilities Finance Corp., Retirement Facility, Mirador Project, Series A, 8.25%, 11/15/2044	570,000,715
Texas, Grand Parkway Transportation Corp., System Toll Revenue, Series B, 5.0%, 4/1/2053	500,000,780
Texas, Love Field Airport Modernization Corp., Special Facilities Revenue, Southwest Airlines Co. Project, 5.25%, 11/1/2040	1,055,000,090
Texas, SA Energy Acquisition Public Facility Corp., Gas Supply Revenue, 5.5%, 8/1/2020, GTY: The Goldman Sachs Group, Inc.	2,002,000,280
Texas, State Municipal Gas Acquisition & Supply Corp. III Gas Supply Revenue:	
5.0%, 12/15/2030, GTY: Macquarie Group Ltd.	165,000,892
5.0%, 12/15/2031, GTY: Macquarie Group Ltd.	1,000,000,220
5.0%, 12/15/2032, GTY: Macquarie Group Ltd.	1,000,000,000
Texas, State Private Activity Bond, Surface Transportation Corp. Revenue, Senior Lien, North Tarrant Express Mobility Partners Segments LLC, AMT, 6.75%, 6/30/2043	280,000,787
Texas, State Transportation Commission, Turnpike Systems Revenue, Series C, 5.0%, 8/15/2034	825,000,562
Travis County, TX, Health Facilities Development Corp. Revenue, Westminster Manor Health, Prerefunded, 7.125%, 11/1/2040	510,000,734
	26,277,001
Utah 0.5%	
Salt Lake City, UT, Airport Revenue, Series A, AMT, 5.0%, 7/1/2047	595,000,396
Virginia 1.3%	
Fairfax County, VA, Economic Development Authority, Residential Care Facility Revenue, Goodwin House, Inc., Series A, 5.0%, 10/1/2042	115,000,229
Federal Home Loan Mortgage Corp., Multi-Family Variable Rate Certificates, "A", Series M017, 144A, AMT, 0.63% **, 9/15/2050, LIQ: Freddie Mac	120,000,000
Washington County, VA, Industrial Development Authority, Hospital Facility Revenue, Mountain States Health Alliance, Series C, 7.75%,	1,370,000,985

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7/1/2038

	1,731,214
Washington 4.9%	
King County, WA, Water Sewer Revenue, Series B, 4.0%, 7/1/2041	2,002,000,100
Washington, State Health Care Facilities Authority Revenue, Series C, 5.375%, 8/15/2028, INS: AGC	595,000,509
Washington, State Health Care Facilities Authority Revenue, Virginia Mason Medical Center, Series A, 6.125%, 8/15/2037	2,002,000,700
Washington, State Health Care Facilities Authority, Catholic Health Initiatives, Series A, 5.0%, 2/1/2041	595,000,396
Washington, State Housing Finance Commission, Presbyterian Retirement Communities Northwest Project, Series A, 144A, 5.0%, 1/1/2046	250,000,983
Washington, State Housing Finance Commission, Rockwood Retirement Communities Project, Series A, 7.375%, 1/1/2044	1,001,000,930
	6,698,618
Wisconsin 3.0%	
Wisconsin, Public Finance Authority, Education Revenue, North Carolina Charter Educational Foundation Project, Series A, 5.0%, 6/15/2046	470,000,598
Wisconsin, State Health & Educational Facilities Authority Revenue, Agnesian Healthcare, Inc., Series B, 5.0%, 7/1/2036	500,000,970
Wisconsin, State Health & Educational Facilities Authority Revenue, Prohealth Care, Inc. Obligation Group, Prerefunded, 6.625%, 2/15/2039	1,110,000,001
Wisconsin, State Health & Educational Facilities Authority Revenue, Thedacare, Inc., Series A, 5.5%, 12/15/2038	1,765,000,338
	4,088,907
Total Municipal Bonds and Notes (Cost \$177,402,619)	192,315,218
Underlying Municipal Bonds of Inverse Floaters (a) 28.3%	
California 3.8%	
University of California, State Revenues, Series K, 4.0%, 5/15/2036 (b) <i>Trust: California, State Revenues, Series 2016-XM0347, 144A, 12.16%, 5/15/2036, Leverage Factor at purchase date: 4 to 1</i>	5,005,000,250
District of Columbia 4.1%	
District of Columbia, General Obligation, Series A, 5.0%, 6/1/2041 (b) <i>Trust: District of Columbia, General Obligation, Series 2016-XM0326, 144A, 16.16%, 6/1/2041, Leverage Factor at purchase date: 4 to 1</i>	5,005,000,300
Florida 4.1%	
Orange County, FL, School Board Certificates Participation, Series C, 5.0%, 8/1/2034 (b) <i>Trust: Orange County, FL, School Board, Series 2016-XM0183, 144A, 15.95%, 8/1/2034, Leverage Factor at purchase date: 4 to 1</i>	5,005,000,600
Massachusetts 7.9%	
Massachusetts, State Development Finance Agency Revenue, Partners Healthcare System, Inc., Series Q, 5.0%, 7/1/2035 (b) <i>Trust: Massachusetts, State Development Finance Agency Revenue, Series 2016-XM0136, 144A, 16.16%, 1/1/2024, Leverage Factor at purchase date: 4 to 1</i>	5,005,000,250
Massachusetts, State Development Finance Agency Revenue, Harvard University, Series A, 4.0%, 7/15/2036 (b) <i>Trust: Massachusetts, State Development Finance Agency Revenue, Series 2016-XM0401, 144A, 7.975%, 7/15/2036, Leverage Factor at purchase date: 4 to 1</i>	5,005,000,100

	10,948,350
Texas 4.2%	
Texas, State Transportation Commission- Highway Improvement, Series A, 5.0%, 4/1/2038 (b)	5,000,000
<i>Trust: Texas, State Transportation Commission, Series 2016-XM0405, 144A, 11.975%, 4/1/2038, Leverage Factor at purchase date: 4 to 1</i>	5,000,000 4,500,000
Washington 4.2%	
Washington, State General Obligation, Series D, 5.0%, 2/1/2035 (b)	5,000,000
<i>Trust: Washington, State General Obligation, Series 2017-XM0478, 144A, 11.975%, 2/1/2035, Leverage Factor at purchase date: 4 to 1</i>	5,000,000 5,801,550
Total Underlying Municipal Bonds of Inverse Floaters (Cost \$40,742,303)	39,095,500
	%
	of
	Net
	Value (\$)
	Assets
Total Investment Portfolio (Cost \$218,144,922) †	167.7 231,410,718
Floating Rate Notes (a)	(19.0) (26,250,000)
Series 2018 MTPS, at Liquidation Value	(50.7) (70,000,000)
Other Assets and Liabilities, Net	2.0 2,824,233
Net Assets Applicable to Common Shareholders	100.0 137,984,951

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:

Security	Coupon	Maturity Date	Principal Amount (\$)	Cost (\$)	Value (\$)
Connecticut, Mashantucket Western Pequot Tribe Bond *	6.05 %	7/1/2031	2,594,496	1,831,174	102,067
Florida, Tolomato Community Development District, Special Assessment, Series 2015-3 *	6.61 %	5/1/2040	165,000	0	2
Florida, Tolomato Community Development District, Special Assessment, Series 3 *	6.55 %	5/1/2027	130,000	1	1
				1,831,175	102,070

* 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 28, 2017.

† The cost for federal income tax purposes was \$190,482,689. At February 28, 2017, net unrealized appreciation for all securities based on tax cost was \$14,678,029. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$19,484,531 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$4,806,502.

(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.

(b)

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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

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.

SPA: Standby Bond Purchase Agreement

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 28, 2017 in valuing the Fund's investments

Assets	Level 1	Level 2	Level 3	Total
Municipal Investments (c)	\$—	\$231,410,718	\$—	\$231,410,718
Total	\$—	\$231,410,718	\$—	\$231,410,718

There have been no transfers between fair value measurement levels during the period ended February 28, 2017.

(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 20, 2017

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 20, 2017

/s/Paul Schubert

By: Paul Schubert

Chief Financial Officer and Treasurer

Date: April 20, 2017