

DWS STRATEGIC MUNICIPAL INCOME TRUST
Form N-Q
October 30, 2006
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

DWS Strategic Municipal Income Trust

(Exact name of registrant as specified in charter)

222 South Riverside Plaza

Chicago, IL 60606

(Address of principal executive offices) (Zip code)

Paul Schubert

345 Park Avenue

New York, NY 10154

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 454-7190

Date of fiscal year end: 11/30

Date of reporting period: 08/31/06

Form N-Q is to be used by registered management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-4). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of

Edgar Filing: DWS STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

ITEM 1. SCHEDULE OF INVESTMENTS

Investment Portfolio

as of August 31, 2006 (Unaudited)

DWS Strategic Municipal Income Trust

	Principal Amount (\$)	Value (\$)
Municipal Bonds and Notes 149.7%		
Alabama 2.7%		
Alabama, Sales & Special Tax Revenue, Public School and College Authority, Series C, 5.625%, 7/1/2013	1,000,000	1,064,790
Huntsville, AL, Hospital & Healthcare Revenue, Health Care Authority, Series A, 5.75%, 6/1/2031	1,500,000	1,598,370
Sylacauga, AL, Health Care Authority Revenue, Coosa Valley Medical Center, Series A, 6.0%, 8/1/2035	1,000,000	1,034,810
		3,697,970
Arizona 1.4%		
Arizona, Project Revenue, Health Facilities Authority, The New Foundation Project, 8.25%, 3/1/2019	1,900,000	1,918,430
California 9.2%		
California, Special Assessment Revenue, Golden State Tobacco Securitization Corp.: Series B, 5.625%, 6/1/2038	1,890,000	2,103,646
Series 2003-A-1, 6.75%, 6/1/2039	4,500,000	5,080,590
California, State Public Works Board, Lease Revenue, Department of Corrections, Series C, 5.5%, 6/1/2019	1,920,000	2,116,205
Sacramento County, CA, Sales & Special Tax Revenue, Bradshaw Road Project, 7.2%, 9/2/2015	1,050,000	1,065,109
Sacramento, CA, Project Revenue, City Financing Authority, Convention Center Hotel, Series A, 6.25%, 1/1/2030	2,000,000	2,100,440
		12,465,990
Colorado 3.6%		
Colorado, Hospital & Healthcare Revenue, PorterCare Adventist Health Project, 6.5%, 11/15/2031	1,000,000	1,139,160
Colorado, Transportation/Tolls Revenue, Northwest Parkway Public Highway Authority, Series D, 7.125%, 6/15/2041	1,150,000	1,144,986
Denver, CO, Sales & Special Tax Revenue, Urban Renewal Authority, AMT, 7.75%, 9/1/2016	1,515,000	1,549,042
Mesa County, CO, Valley School District No. 051 Grand Junction, Series A, 5.0%, 12/1/2024 (a)	1,000,000	1,059,880
		4,893,068
Connecticut 2.8%		

Edgar Filing: DWS STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

Greenwich, CT, Multi-Family Housing Revenue, 6.35%, 9/1/2027	2,000,000	2,091,140
Mashantucket, CT, Sports, Expo & Entertainment Revenue, Mashantucket Western Pequot Tribe:		
Series B, 144A, Zero Coupon, 9/1/2017	2,000,000	1,139,520
Series B, 144A, Zero Coupon, 9/1/2018	1,000,000	538,190
		3,768,850

District of Columbia 0.8%

District of Columbia, General Obligation:

Series A, Prerefunded, 5.0%, 6/1/2018 (a)	340,000	351,461
Series A, 5.0%, 6/1/2018 (a)	660,000	678,784
		1,030,245

Florida 4.2%

Miami Beach, FL, Health Facilities Authority Hospital Revenue, Mount Sinai Medical Center, 144A, 6.75%, 11/15/2029	1,600,000	1,821,632
Nassau County, FL, ICF/MR-Intercare Facilities Mentally Retarded Revenue, GF/Amelia Island Properties Project, Series A, 9.75%, 1/1/2023	1,810,000	1,814,597

Edgar Filing: DWS STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

Orlando, FL, Greater Aviation Authority, Airport Facilities Revenue, Jet Blue Airways Corp., AMT, 6.5%, 11/15/2036	1,000,000	1,039,070
Orlando, FL, Special Assessment Revenue, Conroy Road Interchange Project, Series A, 5.8%, 5/1/2026	1,000,000	1,026,590
		5,701,889
Georgia 0.9%		
Americus-Sumter County, GA, Hospital & Healthcare Revenue, Hospital Authority, South Georgia Methodist, Series A, 6.375%, 5/15/2029	1,250,000	1,280,563
Guam 0.8%		
Guam, Government Waterworks Authority, Water & Wastewater System Revenue, 6.0%, 7/1/2025	1,000,000	1,073,950
Hawaii 1.0%		
Hawaii, State General Obligation:		
Series CU, Prerefunded, 5.75%, 10/1/2011 (a)	65,000	70,273
Series CU, 5.75%, 10/1/2011 (a)	1,185,000	1,278,805
		1,349,078
Illinois 9.5%		
Chicago, IL, Core City General Obligation, Board of Education, Series A, 5.75%, 12/1/2017 (a)	1,380,000	1,519,173
Chicago, IL, Housing Authority Revenue, 5.0%, 7/1/2016 (a)	1,570,000	1,699,179
Illinois, Finance Authority Revenue, Three Crowns Park Plaza, Series A, 5.875%, 2/15/2038	1,000,000	1,031,270
Illinois, Hospital & Healthcare Revenue, 6.75%, 2/15/2016	2,180,000	2,418,143
Illinois, State General Obligation, Prerefunded, 6.0%, 1/1/2013 (a)	3,315,000	3,564,222
Illinois, Upper River Valley Development Authority, Solid Waste Disposal Revenue, Waste Recovery Project, AMT, 5.9%, 2/1/2014	1,475,000	1,502,140
University Park, IL, Sales & Special Tax Revenue, Governors Gateway Industrial Park, 8.5%, 12/1/2011	1,105,000	1,117,089
		12,851,216
Indiana 2.7%		
Indiana, Senior Care Revenue, Health Facilities Finance Authority, Franciscan Eldercare Community Services, 5.875%, 5/15/2029	3,000,000	3,044,580
Indianapolis, IN, Local Public Improvement Bond Bank, Indianapolis Airport Authority, Series F, AMT, 5.0%, 1/1/2015 (a)	500,000	532,740
		3,577,320
Iowa 0.7%		
Lake City, IA, Senior Care Revenue, Health Care Facility, Opportunity Living Project, 144A, 6.45%, 5/1/2011	875,000	888,974
Kansas 3.1%		
Manhattan, KS, Senior Care Revenue, Meadowlark Hills Retirement, Series A, 6.5%, 5/15/2028	500,000	519,230
Overland Park, KS, Industrial Development Revenue, Series A, 7.375%, 1/1/2032	2,000,000	2,192,020
Wyandotte County, KS, Unified Government Special Obligation Revenue, Sales Tax, Series B, 5.0%, 12/1/2020	1,400,000	1,455,076
		4,166,326
Kentucky 0.8%		
Kentucky, Hospital & Healthcare Revenue, Economic Development Finance Authority, Norton Healthcare, Inc., Series A, 6.625%, 10/1/2028	1,000,000	1,088,310
Louisiana 2.4%		
Morehouse Parish, LA, Pollution Control Revenue, International Paper Co. Project, Series A, 5.25%, 11/15/2013	3,000,000	3,179,550
Maryland 7.7%		
Anne Arundel County, MD, General Obligation, National Business Park Project, Prerefunded, 144A, 7.375%, 7/1/2028	991,000	1,137,886
Anne Arundel County, MD, Revenue Lease, Arundel Mills Project, Prerefunded, 7.1%, 7/1/2029	1,500,000	1,665,120

Edgar Filing: DWS STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

Maryland, Higher Education Revenue, Collegiate Housing Foundation:

Series A, Prerefunded, 5.75%, 6/1/2019	1,000,000	1,072,380
Series A, Prerefunded, 5.75%, 6/1/2031	1,000,000	1,072,380
Maryland, Hospital & Healthcare Revenue, University of Maryland Medical System, 6.75%, 7/1/2030	1,000,000	1,121,080
Maryland, Project Revenue, Economic Development Corp., Chesapeake Bay, Series B, 7.625%, 12/1/2022	4,000,000	4,264,440

10,333,286

Massachusetts 7.9%

Massachusetts, Hospital & Healthcare Revenue, Health & Educational Facilities Authority, Civic Investments, Series A, 9.0%, 12/15/2015	1,900,000	2,327,614
Massachusetts, Hospital & Healthcare Revenue, Partners Healthcare System, Series C, 5.75%, 7/1/2032	1,000,000	1,083,730
Massachusetts, Industrial Development Revenue, Development Finance Agency, Series A, 7.1%, 7/1/2032	1,925,000	2,008,641
Massachusetts, Project Revenue, Health & Educational Facilities Authority, Jordan Hospital, Series E, 6.75%, 10/1/2033	1,790,000	1,965,313
Massachusetts, State General Obligation, Consolidated Loan:		
Series B, Prerefunded, 5.0%, 4/1/2016 (a)	915,000	943,804
Series B, 5.0%, 4/1/2016 (a)	2,260,000	2,331,145

10,660,247

Michigan 5.3%

Kalamazoo, MI, Industrial Development Revenue, Economic Development Corp., Series A, 7.5%, 5/15/2029	2,000,000	2,174,620
Kentwood, MI, Economic Development, Limited Obligation, Holland Home, Series A, 5.375%, 11/15/2036	1,000,000	1,021,190
Michigan, State Hospital Finance Authority Revenue, Henry Ford Health System, Series A, 5.0%, 11/15/2016	1,125,000	1,205,674
Saginaw, MI, Hospital & Healthcare Revenue, Hospital Finance Authority, Covenant Medical Center, Series F, 6.5%, 7/1/2030	1,000,000	1,094,880
Tawas City, MI, Hospital Finance Authority, St. Joseph Health Services:		
Series A, ETM, 5.6%, 2/15/2013	310,000	322,335
Series A, ETM, 5.75%, 2/15/2023	1,300,000	1,363,765

7,182,464

Missouri 0.8%

St. Louis, MO, Special Assessment Revenue, Scullin Redevelopment Area, Series A, 10.0%, 8/1/2010	980,000	
--	---------	--

1,088,564

Nebraska 0.0%

Nebraska, Single Family Housing Revenue, Investment Finance Authority, AMT, Series A, 6.7%, 9/1/2026	5,000	
--	-------	--

5,061

Nevada 1.5%

Las Vegas, NV, Transportation/Tolls Revenue, Las Vegas Monorail Project, 7.375%, 1/1/2030	2,000,000	2,059,000
Nevada, Single Family Housing Revenue, AMT, Series C, 6.5%, 4/1/2028	15,000	15,315

2,074,315

New Hampshire 3.5%

New Hampshire, Higher Education Revenue, Health & Educational Facilities Authority, New Hampshire College Issue, 7.4%, 1/1/2023	1,000,000	1,153,830
New Hampshire, Higher Educational & Health Facility Authority Revenue, Havenwood Heritage Heights, 7.45%, 1/1/2025	2,000,000	2,043,340
New Hampshire, Hospital & Healthcare Revenue, Rivermead at Peterborough Retirement Community, 5.75%, 7/1/2028	1,500,000	1,535,010

4,732,180

New Jersey 4.2%

New Jersey, Economic Development Authority Revenue, Cigarette Tax, 5.75%, 6/15/2034	290,000	308,984
New Jersey, Economic Development Authority Revenue, Motor Vehicle Surplus Revenue:		
Series A, 5.0%, 7/1/2022 (a)	1,430,000	1,529,242
Series A, 5.0%, 7/1/2023 (a)	1,770,000	1,865,403

Edgar Filing: DWS STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

New Jersey, Health Care Facilities, Financing Authority Revenue, Series A-3, 3.37% *, 7/1/2035,	295,000	295,000
Fleet National Bank (b)		
New Jersey, Resource Recovery Revenue, Tobacco Settlement Financing Corp., 5.75%, 6/1/2032	1,615,000	1,696,961
		5,695,590
New Mexico 2.1%		
Farmington, NM, Pollution Control Revenue, 5.8%, 4/1/2022	2,750,000	2,771,752
New York 14.6%		
Nassau County, NY, Hospital & Healthcare Revenue, 6.0%, 8/1/2016 (a)	2,825,000	3,070,012
Nassau County, NY, Project Revenue, North Shore Healthcare Systems Project, Series B, 5.875%, 11/1/2011	670,000	702,247
New York, Core City General Obligation, Series C, 7.0%, 2/1/2010	315,000	319,105
New York, Sales & Special Tax Revenue, Metropolitan Transportation Authority, Series A, Prerefunded, 5.125%, 4/1/2019 (a)	1,450,000	1,594,768
New York, Sales & Special Tax Revenue, Transitional Finance Authority, Series B, 6.0%, 11/15/2013	490,000	536,325
New York, State General Obligation Lease, Higher Education Revenue, Dormitory Authority, State University, Prerefunded, 5.125%, 5/15/2021 (a)	1,880,000	1,942,867
New York, Transitional Finance Authority, Series B, Prerefunded, 6.0%, 11/15/2013	1,510,000	1,652,755
New York, Transportation/Tolls Revenue, Triborough Bridge and Tunnel Authority Systems, ETM, Series Y, 6.0%, 1/1/2012	5,000,000	5,438,400
New York City, NY, Industrial Development Agency Revenue, Liberty-7, World Trade Center, Series A, 6.25%, 3/1/2015	2,000,000	2,128,200
New York City, NY, Industrial Development Agency, Special Facility Revenue, American Airlines, JFK International Airport, AMT, 8.0%, 8/1/2028	2,000,000	2,365,320
		19,749,999
North Carolina 1.8%		
North Carolina, Electric Revenue, Municipal Power Agency:		
Series C, 5.375%, 1/1/2017	1,000,000	1,062,690
Series B, 6.375%, 1/1/2013	1,300,000	1,403,168
		2,465,858
North Dakota 0.8%		
Grand Forks, ND, Hospital & Healthcare Revenue, Altru Health Care System, 7.125%, 8/15/2024	1,000,000	1,108,990
Ohio 4.0%		
Ohio State, Water Development Authority, Pollution Control Revenue, Water Quality Loan Fund, 5.0%, 12/1/2015	5,000,000	5,405,500
Pennsylvania 5.2%		
Montgomery County, PA, Industrial Development Authority Revenue, Whitemarsh Continuing Care, 6.25%, 2/1/2035	600,000	637,848
Montgomery County, PA, Senior Care Revenue, Higher Education & Health Authority, Philadelphia Geriatric Center, Series A, 7.25%, 12/1/2027	2,000,000	2,233,540
Pennsylvania, Hospital & Healthcare Revenue, Economic Development Financing Authority, UPMC Health System, Series A, 6.0%, 1/15/2031	750,000	817,620
Pennsylvania, St. Mary Hospital Authority, Health Systems Revenue, Catholic Health East, Series B, 5.5%, 11/15/2024	1,465,000	1,575,402
Philadelphia, Redevelopment Authority Revenue, First Lien Mortgage, Series A, 6.5%, 1/1/2029	629,000	643,989
Westmoreland County, PA, Senior Care Revenue, Industrial Development Authority, Health Care Facilities-Redstone, Series B, 8.125%, 11/15/2030	1,000,000	1,165,410
		7,073,809
Puerto Rico 1.6%		
Commonwealth of Puerto Rico, Government Development Bank, Series C, AMT, 5.25%, 1/1/2015	2,000,000	2,146,980
Rhode Island 1.6%		
Rhode Island, Special Assessment Revenue, Series A, 6.125%, 6/1/2032	2,000,000	2,121,300

Edgar Filing: DWS STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

South Carolina 7.1%

South Carolina, Hospital & Healthcare Revenue, Jobs Economic Development Authority, Bon Secours Health Systems, Inc., Series A, 5.625%, 11/15/2030	2,000,000	2,124,400
South Carolina, Hospital & Healthcare Revenue, Jobs Economic Development Authority, Palmetto Health Alliance:		
Series C, Prerefunded, 7.0%, 8/1/2030	1,375,000	1,636,869
Series C, 7.0%, 8/1/2030	170,000	197,479
Series A, Prerefunded, 7.375%, 12/15/2021	1,000,000	1,160,090
South Carolina, Transportation Infrastructure Bank Revenue, Series A, Prerefunded, 5.375%, 10/1/2024 (a)	4,150,000	4,403,316
		9,522,154

South Dakota 1.6%

South Dakota, Hospital & Healthcare Revenue, Sioux Valley Hospital, Series E, 5.375%, 11/1/2024	2,000,000	2,094,220
---	-----------	------------------

Tennessee 2.8%

Clarksville, TN, Natural Gas Acquisition Corp., Gas Revenue:		
5.0%, 12/15/2017	500,000	538,250
5.0%, 12/15/2018	540,000	581,915
Clarksville, TN, Public Building Authority Revenue, Tennessee Municipal Bond Fund, 3.58% *, 7/1/2034, Bank of America NA (b)	300,000	300,000
Johnson City, TN, Hospital & Healthcare Revenue, Health & Educational Facilities Board Hospital, Series A, 7.5%, 7/1/2033	2,000,000	2,335,700
		3,755,865

Texas 22.5%

Abilene, TX, Senior Care Revenue, Health Facilities Development, Sears Methodist Retirement Facilities, Series A, 5.9%, 11/15/2025	2,500,000	2,549,050
Austin, TX, Project Revenue, Bergstrom Landhost Enterprises, Inc. Airport Hotel Project, Series A, 4.387%, 4/1/2027	1,990,000	1,502,887
Crowley, TX, School District General Obligation, 5.125%, 8/1/2025	4,000,000	4,115,240
Hidalgo County, TX, Hospital & Healthcare Revenue, Mission Hospital, Inc. Project, 6.75%, 8/15/2016	2,000,000	2,088,820
Houston, TX, General Obligation:		
Series A, Prerefunded, 5.0%, 3/1/2016	1,365,000	1,393,829
5.0%, 3/1/2016	1,635,000	1,661,667
Houston, TX, School District General Obligation, Series A, 5.0%, 2/15/2024	2,000,000	2,065,920
Houston, TX, Transportation/Tolls Revenue, Special Facilities, Continental Airlines, Inc., AMT, Series E, 6.75%, 7/1/2029	2,000,000	2,105,520
Tarrant County, TX, Hospital & Healthcare Revenue, Health Facilities Development Corp., 6.7%, 11/15/2030	1,000,000	1,124,770
Texas, Industrial Development Revenue, Waste Disposal Authority, AMT, Series A, 6.1%, 8/1/2024	1,000,000	1,077,690
Texas, Lower Colorado River Authority Revenue, Series B, 6.0%, 5/15/2013 (a)	5,000,000	5,342,450
Travis County, TX, Health Facilities Development Corp., Retirement Facility Revenue, Querencia Barton Creek Project, 5.65%, 11/15/2035	1,250,000	1,262,475
Travis County, TX, Hospital & Healthcare Revenue, Ascension Health Credit, Series A, 6.0%, 11/15/2012 (a)	3,860,000	4,143,131
		30,433,449

Virgin Islands 2.4%

Virgin Islands, Sales & Special Tax Revenue, Public Finance Authority, Series A, 6.375%, 10/1/2019	3,000,000	3,292,560
--	-----------	------------------

Virginia 1.6%

Fairfax County, VA, Hospital & Healthcare Revenue, Economic Development Authority, Greenspring Retirement Community, Series A, 7.25%, 10/1/2019	2,000,000	2,175,620
---	-----------	------------------

West Virginia 1.7%

West Virginia, Hospital & Healthcare Revenue, Hospital Finance Authority, Charleston Medical Center, Series A, 6.75%, 9/1/2022	390,000	430,708
West Virginia, Hospital Finance Authority, Charleston Medical Center, Prerefunded, 6.75%, 9/1/2022	1,610,000	1,809,721
		2,240,429

Edgar Filing: DWS STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

Wisconsin 0.8%

Wisconsin, Hospital & Healthcare Revenue, Health & Education Facilities Authority, Aurora Health Care, Inc., 6.875%, 4/15/2030	1,000,000	1,142,320
	% of	Value (\$)

	Net Assets	
Total Investment Portfolio (Cost \$185,844,745)	149.7	202,204,241
Other Assets and Liabilities, Net	2.1	2,868,612
Preferred Shares, at Redemption Value	(51.8)	(70,000,000)
Net Assets	100.0	135,072,853

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.

* 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 August 31, 2006.

(a) Bond is insured by one of these companies:

	As a % of Total
Insurance Coverage	Investment Portfolio
Ambac Financial Group, Inc.	2.4
Financial Guaranty Insurance Company	2.7
Financial Security Assurance, Inc.	5.8
MBIA Corp.	7.8

(b) Security incorporates a letter of credit from a major bank.

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.

AMT: Subject to alternative minimum tax.

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

Prerefunded: Bonds which are prerefunded are collateralized by US Treasury securities which are held in escrow and are used to pay principal and interest on tax-exempt issues and to retire the bonds in full at the earliest refunding date.

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: DWS Strategic Municipal Income Trust

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

President

Edgar Filing: DWS STRATEGIC MUNICIPAL INCOME TRUST - Form N-Q

Date: October 23, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Registrant: DWS Strategic Municipal Income Trust

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

Date: October 23, 2006

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

Date: October 23, 2006