

DEUTSCHE STRATEGIC INCOME TRUST
Form N-Q
October 27, 2015

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: 811-08382

Deutsche Strategic 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: 8/31/2015

ITEM 1. SCHEDULE OF INVESTMENTS

Investment Portfolio as of August 31, 2015 (Unaudited)

Deutsche Strategic Income Trust

| | Principal Amount (\$) (a) | Value (\$) |
|------------------------|---------------------------------|------------|
| Corporate Bonds | 79.1% | |
| Consumer Discretionary | 15.7% | |
| 1011778 | | |
| B.C. | | |
| Unlimited | | |
| Liability | 40,000 | 40,200 |
| Co., | | |
| 144A, | | |
| 4.625%, | | |
| 1/15/2022 | | |
| Ally | | |
| Financial, | | |
| Inc.: | | |
| 3.25%, | 265,000 | 263,675 |
| 2/13/2018 | | |
| 4.125%, | 90,000 | 90,243 |
| 3/30/2020 | | |
| AMC | | |
| Entertainment, | | |
| Inc., | 80,000 | 81,200 |
| 5.875%, | | |
| 2/15/2022 | | |
| AmeriGas | | |
| Finance | | |
| LLC: | | |
| 6.75%, | 165,000 | 170,362 |
| 5/20/2020 | | |
| 7.0%, | 135,000 | 140,062 |
| 5/20/2022 | | |
| APX | | |
| Group, | | |
| Inc., | 75,000 | 72,844 |
| 6.375%, | | |
| 12/1/2019 | | |
| Arcelik | 220,000 | 203,188 |
| AS, | | |

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|--|---------|---------|
| 144A, 5.0%, 4/3/2023 Asbury Automotive Group, Inc., 6.0%, 12/15/2024 | 150,000 | 156,375 |
| Ashtead Capital, Inc., 144A, 6.5%, 7/15/2022 | 120,000 | 124,800 |
| Ashton Woods U.S.A. LLC, 144A, 6.875%, 2/15/2021 | 125,000 | 116,875 |
| Avis Budget Car Rental LLC: 144A, 5.25%, 3/15/2025 | 140,000 | 132,650 |
| 5.5%, 4/1/2023 | 215,000 | 213,185 |
| Block Communications, Inc., 144A, 7.25%, 2/1/2020 | 155,000 | 155,775 |
| Boyd Gaming Corp., 6.875%, 5/15/2023 | 50,000 | 51,375 |
| Cablevision Systems Corp., 5.875%, 9/15/2022 | 75,000 | 72,000 |
| Caleres, Inc., 144A, 6.25%, 8/15/2023 | 40,000 | 40,400 |

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| CCO Holdings LLC: 144A, 5.125%, 5/1/2023 | 120,000 | 120,000 |
| 144A, 5.375%, 5/1/2025 | 90,000 | 87,413 |
| 144A, 5.875%, 5/1/2027 | 155,000 | 151,900 |
| Cequel Communications Holdings I LLC: 144A, 5.125%, 12/15/2021 | 214,000 | 196,077 |
| 144A, 6.375%, 9/15/2020 | 340,000 | 333,795 |
| Clear Channel Worldwide Holdings, Inc.: Series A, 6.5%, 11/15/2022 | 95,000 | 95,998 |
| Series B, 6.5%, 11/15/2022 | 135,000 | 139,455 |
| Series A, 7.625%, 3/15/2020 | 20,000 | 20,500 |
| Series B, 7.625%, 3/15/2020 | 230,000 | 238,050 |
| Cogeco Cable, Inc., 144A, 4.875%, 5/1/2020 | 10,000 | 10,207 |
| CSC Holdings | 130,000 | 120,640 |

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|---|---------|---------|
| LLC, 5.25%, 6/1/2024 Dana Holding Corp., | 55,000 | 54,038 |
| 5.5%, 12/15/2024 DISH DBS Corp.: | | |
| 4.625%, 7/15/2017 | 400,000 | 408,500 |
| 5.0%, 3/15/2023 | 125,000 | 110,391 |
| 6.75%, 6/1/2021 | 30,000 | 30,117 |
| Dollar Tree, Inc.: | | |
| 144A, 5.25%, 3/1/2020 | 315,000 | 329,962 |
| 144A, 5.75%, 3/1/2023 | 105,000 | 109,987 |
| Fiat Chrysler Automobiles NV, | 110,000 | 110,055 |
| 4.5%, 4/15/2020 Global Partners LP, | | |
| 144A, 7.0%, 6/15/2023 | 75,000 | 69,750 |
| Goodyear Tire & Rubber Co., | 150,000 | 158,775 |
| 6.5%, 3/1/2021 Group 1 Automotive, Inc., | 150,000 | 148,875 |
| 5.0%, 6/1/2022 HD Supply, Inc.: | | |

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| 144A, 5.25%, 12/15/2021 | 85,000 | 87,338 |
| 7.5%, 7/15/2020 | 30,000 | 32,025 |
| 11.5%, 7/15/2020 | 105,000 | 120,225 |
| Hot Topic, Inc., 144A, 9.25%, 6/15/2021 | 55,000 | 55,550 |
| iHeartCommunications, Inc.: | | |
| 9.0%, 12/15/2019 | 55,000 | 51,769 |
| 11.25%, 3/1/2021 | 25,000 | 22,906 |
| Jaguar Land Rover Automotive PLC, 144A, 3.5%, 3/15/2020 | 305,000 | 291,275 |
| Jo-Ann Stores Holdings, Inc., 144A, 9.75%, 10/15/2019 | 50,000 | 42,000 |
| (PIK) Live Nation Entertainment, Inc.: | | |
| 144A, 5.375%, 6/15/2022 | 20,000 | 20,050 |
| 144A, 7.0%, 9/1/2020 | 130,000 | 137,800 |
| MDC Partners, Inc., 144A, 6.75%, 4/1/2020 | 90,000 | 89,213 |

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| Mediacom Broadband LLC: | | |
| 5.5%, 4/15/2021 | 20,000 | 19,600 |
| 6.375%, 4/1/2023 | 155,000 | 154,225 |
| Mediacom LLC, 7.25%, 2/15/2022 | 45,000 | 45,900 |
| MGM Resorts International: | | |
| 6.0%, 3/15/2023 | 85,000 | 86,275 |
| 6.75%, 10/1/2020 | 163,000 | 173,595 |
| 7.625%, 1/15/2017 | 100,000 | 105,250 |
| 8.625%, 2/1/2019 | 205,000 | 229,026 |
| Nielsen Finance LLC, 144A, 5.0%, 4/15/2022 | 45,000 | 44,381 |
| Numericable-SFR: | | |
| 144A, 4.875%, 5/15/2019 | 195,000 | 196,219 |
| 144A, 6.0%, 5/15/2022 | 290,000 | 290,000 |
| Penske Automotive Group, Inc., 5.375%, 12/1/2024 | 200,000 | 200,500 |
| Pinnacle Entertainment, Inc., 6.375%, 8/1/2021 | 60,000 | 63,900 |
| Quebecor Media, Inc., 5.75%, 1/15/2023 | 80,000 | 80,800 |

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| Sabre GLBL, Inc., 144A, 5.375%, 4/15/2023 | 5,000 | 4,900 |
| Seminole Hard Rock Entertainment, Inc., 144A, 5.875%, 5/15/2021 | 50,000 | 49,625 |
| Serta Simmons Bedding LLC, 144A, 8.125%, 10/1/2020 | 45,000 | 47,644 |
| Sirius XM Radio, Inc., 144A, 5.875%, 10/1/2020 | 80,000 | 83,400 |
| Spectrum Brands, Inc., 144A, 5.75%, 7/15/2025 | 40,000 | 41,200 |
| Springs Industries, Inc., 6.25%, 6/1/2021 | 115,000 | 114,137 |
| Starz LLC, 5.0%, 9/15/2019 | 60,000 | 60,150 |
| Suburban Propane Partners LP, 5.75%, 3/1/2025 | 45,000 | 43,088 |
| TRI Pointe | 55,000 | 54,519 |

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| Holdings, Inc., 4.375%, 6/15/2019 UCI International, Inc., | 45,000 | 36,900 |
| 8.625%, 2/15/2019 Unitymedia Hessen GmbH & Co., | 300,000 | 308,250 |
| KG, 144A, 5.5%, 1/15/2023 Viking Cruises Ltd.: | | |
| 144A, 6.25%, | 80,000 | 78,800 |
| 5/15/2025 144A, 8.5%, | 80,000 | 88,000 |
| 10/15/2022 | | 8,820,129 |
| Consumer Staples 1.9% Chiquita Brands International, Inc., | 16,000 | 17,280 |
| 7.875%, 2/1/2021 Cott Beverages, Inc.: | | |
| 5.375%, 7/1/2022 | 145,000 | 142,462 |
| 6.75%, 1/1/2020 | 55,000 | 57,063 |
| FAGE Dairy Industry SA, | 90,000 | 94,275 |
| 144A, 9.875%, 2/1/2020 JBS Investments GmbH, | 195,000 | 196,462 |

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| 144A, 7.25%, 4/3/2024 JBS U.S.A. LLC: | | |
| 144A, 5.75%, 6/15/2025 | 60,000 | 58,200 |
| 144A, 7.25%, 6/1/2021 | 205,000 | 213,969 |
| 144A, 8.25%, 2/1/2020 | 65,000 | 68,494 |
| Pilgrim's Pride Corp., 144A, 5.75%, 3/15/2025 | 60,000 | 61,350 |
| Post Holdings, Inc., 144A, 6.75%, 12/1/2021 | 45,000 | 45,338 |
| Roundy's Supermarkets, Inc., 144A, 10.25%, 12/15/2020 | 20,000 | 15,600 |
| Smithfield Foods, Inc., 6.625%, 8/15/2022 | 4,000 | 4,255 |
| The WhiteWave Foods Co., 5.375%, 10/1/2022 | 60,000 | 62,025 |
| | | 1,036,773 |
| Energy 10.7% Antero Resources Corp.: | | |
| 5.125%, 12/1/2022 | 100,000 | 90,521 |
| | 85,000 | 78,200 |

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| 5.375%, 11/1/2021 144A, 5.625%, 6/1/2023 | 60,000 | 54,600 |
| Baytex Energy Corp.: 144A, 5.125%, 6/1/2021 | 25,000 | 21,300 |
| 144A, 5.625%, 6/1/2024 | 35,000 | 29,208 |
| Berry Petroleum Co., LLC: 6.375%, 9/15/2022 | 75,000 | 38,250 |
| 6.75%, 11/1/2020 | 107,000 | 56,710 |
| Blue Racer Midstream LLC, 144A, 6.125%, 11/15/2022 | 65,000 | 63,700 |
| California Resources Corp.: 5.0%, 1/15/2020 | 40,000 | 31,492 |
| 5.5%, 9/15/2021 | 102,000 | 79,089 |
| 6.0%, 11/15/2024 | 40,000 | 29,660 |
| Carrizo Oil & Gas, Inc., 6.25%, 4/15/2023 | 75,000 | 67,500 |
| Chaparral Energy, Inc., 7.625%, 11/15/2022 | 15,000 | 6,450 |
| Chesapeake Energy | | |

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| Corp.: | | |
| 5.75%, 3/15/2023 | 195,000 | 145,374 |
| 6.125%, 2/15/2021 | 15,000 | 11,616 |
| 6.625%, 8/15/2020 | 75,000 | 59,812 |
| Concho Resources, Inc., | 160,000 | 158,066 |
| 5.5%, 4/1/2023 | | |
| Continental Resources, Inc., | 35,000 | 29,443 |
| 3.8%, 6/1/2024 | | |
| Crestwood Midstream Partners LP: | | |
| 6.125%, 3/1/2022 | 60,000 | 54,600 |
| 144A, 6.25%, 4/1/2023 | 30,000 | 27,150 |
| Delek & Avner Tamar Bond Ltd., 144A, 5.082%, 12/30/2023 | 200,000 | 201,000 |
| Endeavor Energy Resources LP: | | |
| 144A, 7.0%, 8/15/2021 | 195,000 | 182,366 |
| 144A, 8.125%, 9/15/2023 | 90,000 | 87,300 |
| EP Energy LLC, 6.375%, 6/15/2023 | 70,000 | 59,500 |
| EV Energy | 375,000 | 270,000 |

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| Partners LP, 8.0%, 4/15/2019 Gulfport Energy Corp., 144A, 6.625%, 5/1/2023 | 30,000 | 27,900 |
| Hilcorp Energy I LP, 144A, 5.75%, 10/1/2025 | 110,000 | 99,000 |
| Holly Energy Partners LP, 6.5%, 3/1/2020 | 45,000 | 42,758 |
| Laredo Petroleum, Inc., 6.25%, 3/15/2023 | 90,000 | 82,350 |
| Linn Energy LLC, 6.25%, 11/1/2019 | 55,000 | 21,450 |
| MEG Energy Corp.: 144A, 6.5%, 3/15/2021 | 85,000 | 71,017 |
| 144A, 7.0%, 3/31/2024 | 235,000 | 192,112 |
| Memorial Resource Development Corp., 5.875%, 7/1/2022 | 65,000 | 59,150 |
| Murphy Oil U.S.A., Inc., | 110,000 | 113,300 |

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| 6.0%, 8/15/2023 Newfield Exploration Co.: | | |
| 5.375%, 1/1/2026 | 45,000 | 41,850 |
| 5.75%, 1/30/2022 | 80,000 | 78,900 |
| Northern Oil & Gas, Inc., 8.0%, 6/1/2020 Oasis Petroleum, Inc.: | 230,000 | 174,800 |
| 6.875%, 3/15/2022 | 175,000 | 145,250 |
| 6.875%, 1/15/2023 | 60,000 | 47,400 |
| Parsley Energy LLC, 144A, 7.5%, 2/15/2022 | 10,000 | 9,800 |
| Range Resources Corp., 144A, 4.875%, 5/15/2025 | 65,000 | 58,500 |
| Ras Laffan Liquefied Natural Gas Co., Ltd. II, 144A, 5.298%, 9/30/2020 | 143,175 | 153,018 |
| Regency Energy Partners LP: 5.0%, 10/1/2022 | 40,000 | 39,185 |

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| 5.875%, 3/1/2022 | 10,000 | 10,291 |
| Reliance Industries Ltd., 144A, 4.125%, 1/28/2025 | 250,000 | 243,607 |
| Rice Energy, Inc., 144A, 7.25%, 5/1/2023 | 15,000 | 13,950 |
| RSP Permian, Inc., 144A, 6.625% , 10/1/2022 | 170,000 | 166,600 |
| Sabine Pass Liquefaction LLC: 5.625%, 2/1/2021 | 260,000 | 256,100 |
| 5.625%, 4/15/2023 144A, 5.625%, 3/1/2025 | 100,000 | 97,125 |
| 5.75%, 5/15/2024 | 75,000 | 72,516 |
| 260,000 | 254,150 | |
| Seven Generations Energy Ltd., 144A, 6.75%, 5/1/2023 | 25,000 | 23,000 |
| Sunoco LP: 144A, 5.5%, 8/1/2020 | 50,000 | 49,750 |
| 144A, 6.375%, 4/1/2023 | 45,000 | 45,225 |
| Talos Production LLC, 144A, 9.75%, | 145,000 | 105,850 |

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|-----------------|---------|-----------|
| 2/15/2018 | | |
| Targa | | |
| Resources | | |
| Partners LP: | | |
| 144A, | | |
| 4.125%, | 20,000 | 18,850 |
| 11/15/2019 | | |
| 144A, | | |
| 5.0%, | 155,000 | 153,450 |
| 1/15/2018 | | |
| TerraForm | | |
| Power | | |
| Operating | | |
| LLC, | 105,000 | 99,750 |
| 144A, | | |
| 5.875%, | | |
| 2/1/2023 | | |
| Transportadora | | |
| de | | |
| Gas | | |
| Internacional | | |
| SA | 200,000 | 203,700 |
| ESP, | | |
| 144A, | | |
| 5.7%, | | |
| 3/20/2022 | | |
| Triangle | | |
| U.S.A. | | |
| Petroleum | | |
| Corp., | 50,000 | 30,000 |
| 144A, | | |
| 6.75%, | | |
| 7/15/2022 | | |
| Whiting | | |
| Petroleum | | |
| Corp.: | | |
| 5.75%, | | |
| 3/15/2021 | 110,000 | 98,450 |
| 6.25%, | | |
| 4/1/2023 | 290,000 | 255,200 |
| WPX | | |
| Energy, Inc.: | | |
| 5.25%, | | |
| 1/15/2017 | 295,000 | 289,100 |
| 7.5%, | | |
| 8/1/2020 | 150,000 | 144,057 |
| | | 6,021,368 |
| Financials 5.6% | | |
| Alliance | 95,000 | 98,088 |
| Data | | |
| Systems | | |

| | | |
|--|---------|---------|
| Corp., 144A, 5.25%, 12/1/2017 BBVA Bancomer SA, 144A, 6.75%, 9/30/2022 CIT Group, Inc.: | 200,000 | 216,600 |
| 3.875%, 2/19/2019 | 415,000 | 415,000 |
| 5.0%, 5/15/2017 | 80,000 | 82,300 |
| CNO Financial Group, Inc.: | | |
| 4.5%, 5/30/2020 | 150,000 | 154,500 |
| 5.25%, 5/30/2025 | 45,000 | 46,406 |
| Corp. Financiera de Desarrollo SA, 144A, 4.75%, 2/8/2022 Corpbanca SA, 144A, 3.875%, 9/22/2019 | 250,000 | 256,875 |
| Credit Agricole SA, 144A, 7.875%, 1/29/2049 | 125,000 | 127,254 |
| Denali Borrower LLC, 144A, 5.625%, 10/15/2020 E*TRADE Financial Corp.: | 85,000 | 87,125 |

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| 4.625%, 9/15/2023 | 60,000 | 60,000 |
| 5.375%, 11/15/2022 | 50,000 | 52,250 |
| Equinix, Inc.: | | |
| (REIT), 5.375%, 1/1/2022 | 70,000 | 70,700 |
| (REIT), 5.375%, 4/1/2023 | 265,000 | 265,662 |
| (REIT), 5.75%, 1/1/2025 | 50,000 | 50,000 |
| MPT Operating Partnership LP: | | |
| (REIT), 6.375%, 2/15/2022 | 110,000 | 115,913 |
| (REIT), 6.875%, 5/1/2021 | 110,000 | 115,500 |
| Neuberger Berman Group LLC, 144A, 5.875%, 3/15/2022 | 110,000 | 116,050 |
| Societe Generale SA, 144A, 7.875%, 12/29/2049 | 190,000 | 190,712 |
| The Goldman Sachs Group, Inc., Series L, 5.7%, 12/29/2049 | 95,000 | 95,594 |
| | | 3,122,367 |
| Health Care 9.0% Alere, Inc., | 60,000 | 61,500 |

| | | |
|--|---------|---------|
| 144A, 6.375%, 7/1/2023 Community Health Systems, Inc.: | | |
| 5.125%, 8/15/2018 | 695,000 | 711,506 |
| 5.125%, 8/1/2021 | 20,000 | 20,550 |
| 6.875%, 2/1/2022 | 80,000 | 85,025 |
| 7.125%, 7/15/2020 | 750,000 | 793,125 |
| Concordia Healthcare Corp., 144A, 7.0%, 4/15/2023 Endo Finance LLC: | | |
| 144A, 5.375%, 1/15/2023 | 80,000 | 80,600 |
| 144A, 5.75%, 1/15/2022 | 80,000 | 81,800 |
| Endo Ltd., 144A, 6.0%, 2/1/2025 | 45,000 | 46,237 |
| Fresenius Medical Care U.S. Finance II, Inc., 144A, 6.5%, 9/15/2018 HCA, Inc.: | | |
| 6.5%, 2/15/2020 | 340,000 | 375,700 |
| 7.5%, 2/15/2022 | 170,000 | 195,022 |
| | 30,000 | 30,563 |

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| Hologic, Inc., 144A, 5.25%, 7/15/2022 | | |
| IMS Health, Inc., 144A, 6.0%, 11/1/2020 | 100,000 | 102,750 |
| LifePoint Health, Inc., 5.5%, 12/1/2021 | 105,000 | 109,397 |
| Mallinckrodt International Finance SA, 144A, 4.875%, 4/15/2020 | 50,000 | 50,500 |
| Par Pharmaceutical Companies, Inc., 7.375%, 10/15/2020 | 125,000 | 132,875 |
| Tenet Healthcare Corp.: 144A, 3.786% **, 6/15/2020 | 60,000 | 60,330 |
| 6.75%, 6/15/2023 | 125,000 | 128,750 |
| Valeant Pharmaceuticals International, Inc.: 144A, 5.375%, 3/15/2020 | 110,000 | 111,925 |
| 144A, 5.875%, 5/15/2023 | 105,000 | 107,100 |
| 144A, 6.125%, 4/15/2025 | 305,000 | 314,150 |

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| 144A, 6.375%, 10/15/2020 | 90,000 | 93,825 |
| 144A, 6.75%, 8/15/2018 | 820,000 | 857,925 |
| 144A, 7.5%, 7/15/2021 | 385,000 | 413,394 |
| | | 5,045,252 |
| Industrials 9.2% | | |
| ADT Corp.: | | |
| 3.5%, 7/15/2022 | 55,000 | 49,242 |
| 4.125%, 4/15/2019 | 15,000 | 15,225 |
| 5.25%, 3/15/2020 | 90,000 | 92,025 |
| 6.25%, 10/15/2021 | 60,000 | 61,950 |
| Aerojet Rocketdyne Holdings, Inc., 7.125%, 3/15/2021 | | |
| | 185,000 | 194,712 |
| Air Lease Corp., 4.75%, 3/1/2020 | | |
| | 110,000 | 116,466 |
| Apex Tool Group LLC, 144A, 7.0%, 2/1/2021 | | |
| | 70,000 | 58,800 |
| Artesyn Embedded Technologies, Inc., 144A, 9.75%, 10/15/2020 | | |
| | 105,000 | 103,425 |
| Belden, Inc., 144A, 5.5%, 9/1/2022 | | |
| | 135,000 | 132,975 |

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| Bombardier, Inc., 144A, 5.75%, 3/15/2022 | 90,000 | 67,050 |
| 144A, 6.0%, 10/15/2022 | 95,000 | 71,250 |
| 144A, 7.5%, 3/15/2025 | 30,000 | 22,725 |
| 144A, 7.75%, 3/15/2020 | 465,000 | 388,275 |
| Casella Waste Systems, Inc., 7.75%, 2/15/2019 | 140,000 | 139,650 |
| CNH Capital LLC, 3.25%, 2/1/2017 | 335,000 | 332,906 |
| CNH Industrial Capital LLC, 144A, 3.875%, 7/16/2018 | 60,000 | 59,775 |
| Covanta Holding Corp., 5.875%, 3/1/2024 | 85,000 | 82,875 |
| CTP Transportation Products LLC, 144A, 8.25%, 12/15/2019 | 105,000 | 111,562 |
| DigitalGlobe, Inc., 144A, 5.25%, 2/1/2021 | 55,000 | 52,800 |
| DP World | 250,000 | 269,062 |

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| Ltd., 144A, 6.85%, 7/2/2037 DR Horton, Inc., 4.0%, 2/15/2020 | 30,000 | 30,150 |
| EnerSys, 144A, 5.0%, 4/30/2023 | 15,000 | 14,475 |
| Florida East Coast Holdings Corp., 144A, 6.75%, 5/1/2019 | 85,000 | 85,638 |
| FTI Consulting, Inc., 6.0%, 11/15/2022 | 80,000 | 84,000 |
| Garda World Security Corp., 144A, 7.25%, 11/15/2021 | 105,000 | 98,175 |
| Gates Global LLC, 144A, 6.0%, 7/15/2022 | 70,000 | 57,057 |
| Huntington Ingalls Industries, Inc., 144A, 5.0%, 12/15/2021 | 120,000 | 123,900 |
| Masonite International Corp., 144A, 5.625%, | 65,000 | 65,325 |

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| 3/15/2023 | | |
| Meritor, Inc.: | | |
| 6.25%, 2/15/2024 | 80,000 | 77,500 |
| 6.75%, 6/15/2021 | 115,000 | 116,725 |
| Moog, Inc., 144A, 5.25%, 12/1/2022 | 50,000 | 50,500 |
| Navios Maritime Holdings, Inc., 144A, 7.375%, 1/15/2022 | 310,000 | 257,300 |
| Nortek, Inc., 8.5%, 4/15/2021 | 85,000 | 91,056 |
| OPE KAG Finance Sub, Inc., 144A, 7.875%, 7/31/2023 | 80,000 | 81,600 |
| Oshkosh Corp.: | | |
| 5.375%, 3/1/2022 | 60,000 | 60,600 |
| 5.375%, 3/1/2025 | 5,000 | 5,000 |
| Ply Gem Industries, Inc., 6.5% , 2/1/2022 | 145,000 | 142,106 |
| SBA Communications Corp., 5.625%, 10/1/2019 | 75,000 | 78,703 |
| Spirit AeroSystems, Inc., | 105,000 | 108,281 |

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| | | |
|---|---------|---------|
| 5.25%, 3/15/2022 Titan International, Inc., | 185,000 | 165,575 |
| 6.875%, 10/1/2020 TransDigm, Inc.: | | |
| 6.0%, 7/15/2022 | 95,000 | 93,589 |
| 6.5%, 7/15/2024 | 55,000 | 53,763 |
| 7.5%, 7/15/2021 | 305,000 | 324,825 |
| Triumph Group, Inc., | 45,000 | 44,100 |
| 5.25%, 6/1/2022 United Rentals North America, Inc.: | | |
| 4.625%, 7/15/2023 | 50,000 | 49,188 |
| 6.125%, 6/15/2023 | 10,000 | 10,200 |
| 7.625%, 4/15/2022 | 120,000 | 129,300 |
| USG Corp., 144A, | 5,000 | 4,975 |
| 5.5%, 3/1/2025 Wise Metals Group LLC, 144A, | 75,000 | 71,063 |
| 8.75%, 12/15/2018 XPO Logistics, Inc.: | | |
| 144A, 6.5%, 6/15/2022 | 75,000 | 73,875 |
| 144A, 7.875%, | 75,000 | 79,500 |

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| | | |
|---|---------|-----------|
| 9/1/2019 | | 5,150,794 |
| Information Technology 4.1% | | |
| ACI Worldwide, Inc., 144A, 6.375%, 8/15/2020 | 35,000 | 36,663 |
| Activision Blizzard, Inc., 144A, 5.625%, 9/15/2021 | 335,000 | 352,169 |
| Audatex North America, Inc.: 144A, 6.0%, 6/15/2021 | 110,000 | 107,411 |
| 144A, 6.125%, 11/1/2023 | 35,000 | 34,690 |
| BMC Software Finance, Inc., 144A, 8.125%, 7/15/2021 | 85,000 | 69,487 |
| Boxer Parent Co., Inc., 144A, 9.0%, 10/15/2019 | 115,000 | 85,100 |
| (PIK) Cardtronics, Inc., 5.125%, 8/1/2022 | 50,000 | 48,125 |
| CDW LLC: 5.5%, 12/1/2024 | 100,000 | 99,000 |
| 6.0%, 8/15/2022 | 115,000 | 120,606 |
| EarthLink Holdings | 95,000 | 99,037 |

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| | | |
|---|---------|---------|
| Corp., 7.375%, 6/1/2020 | | |
| Entegris, Inc., 144A, | 55,000 | 55,687 |
| 6.0%, 4/1/2022 | | |
| First Data Corp.: | | |
| 144A, 6.75%, 11/1/2020 | 435,000 | 457,837 |
| 144A, 8.75%, 1/15/2022 | 180,000 | 189,450 |
| Freescale Semiconductor, Inc., 144A, | 100,000 | 104,500 |
| 6.0%, 1/15/2022 | | |
| Infor U.S., Inc., 144A, | 70,000 | 65,625 |
| 6.5%, 5/15/2022 | | |
| Italics Merger Sub, Inc., 144A, | 30,000 | 29,019 |
| 7.125%, 7/15/2023 | | |
| Jabil Circuit, Inc., 5.625%, 12/15/2020 | 105,000 | 111,037 |
| Micron Technology, Inc., 144A, | 70,000 | 65,275 |
| 5.25%, 8/1/2023 | | |
| NCR Corp.: | | |
| 5.875%, 12/15/2021 | 20,000 | 20,350 |
| 6.375%, 12/15/2023 | 50,000 | 51,313 |

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| | | |
|--|---------|-----------|
| Open Text Corp., 144A, 5.625%, 1/15/2023 | 60,000 | 60,000 |
| Project Homestake Merger Corp., 144A, 8.875%, 3/1/2023 | 45,000 | 40,950 |
| Sanmina Corp., 144A, 4.375%, 6/1/2019 | 10,000 | 10,038 |
| | | 2,313,369 |
| Materials 7.6% ArcelorMittal SA, 5.125%, 6/1/2020 | 20,000 | 19,750 |
| Ball Corp., 5.25%, 7/1/2025 | 75,000 | 74,625 |
| Berry Plastics Corp., 5.5%, 5/15/2022 | 160,000 | 154,800 |
| Cascades, Inc., 144A, 5.5%, 7/15/2022 | 55,000 | 52,800 |
| Cemex SAB de CV, 144A, 6.5%, 12/10/2019 | 200,000 | 203,000 |
| Chemours Co.: 144A, 6.625%, 5/15/2023 | 145,000 | 126,150 |
| | 25,000 | 21,375 |

| | | |
|--|---------|---------|
| 144A, 7.0%, 5/15/2025 Clearwater Paper Corp., 144A, 5.375%, 2/1/2025 | 60,000 | 58,650 |
| Coveris Holding Corp., 144A, 10.0%, 6/1/2018 | 90,000 | 93,600 |
| Coveris Holdings SA, 144A, 7.875%, 11/1/2019 | 215,000 | 208,550 |
| First Quantum Minerals Ltd.: 144A, 6.75%, 2/15/2020 | 45,000 | 32,175 |
| 144A, 7.0%, 2/15/2021 | 170,000 | 119,850 |
| Greif, Inc., 7.75%, 8/1/2019 | 230,000 | 253,287 |
| Hexion, Inc.: 6.625%, 4/15/2020 | 220,000 | 205,150 |
| 8.875%, 2/1/2018 | 60,000 | 52,200 |
| Huntsman International LLC, 8.625%, 3/15/2021 | 20,000 | 20,898 |
| Kaiser Aluminum Corp., 8.25%, 6/1/2020 | 100,000 | 106,500 |
| | 490,000 | 488,775 |

| | | |
|--|---------|---------|
| Novelis, Inc., 8.75%, 12/15/2020 | | |
| Plastipak Holdings, Inc., 144A, 6.5%, 10/1/2021 | 100,000 | 98,000 |
| Platform Specialty Products Corp., 144A, 6.5%, 2/1/2022 | 65,000 | 62,941 |
| Reynolds Group Issuer, Inc.: | | |
| 5.75%, 10/15/2020 | 920,000 | 948,750 |
| 6.875%, 2/15/2021 | 205,000 | 214,738 |
| Sealed Air Corp.: | | |
| 144A, 4.875%, 12/1/2022 | 35,000 | 35,000 |
| 144A, 5.125%, 12/1/2024 | 15,000 | 15,178 |
| Signode Industrial Group Lux SA, 144A, 6.375%, 5/1/2022 | 75,000 | 72,375 |
| Tronox Finance LLC: | | |
| 6.375%, 8/15/2020 | 75,000 | 61,500 |
| 144A, 7.5%, 3/15/2022 | 70,000 | 56,350 |
| Volcan Cia Minera | 420,000 | 379,638 |

| | | |
|--|---------|-----------|
| SAA, 144A, 5.375%, 2/2/2022 WR Grace & Co-Conn: 144A, 5.125%, 10/1/2021 | 30,000 | 30,375 |
| 144A, 5.625%, 10/1/2024 | 15,000 | 15,469 |
| | | 4,282,449 |
| Telecommunication Services 12.8% | | |
| B Communications Ltd., 144A, 7.375%, 2/15/2021 Bharti Airtel International Netherlands BV, 144A, 5.125%, 3/11/2023 CenturyLink, Inc.: | | |
| Series V, 5.625%, 4/1/2020 | 40,000 | 39,900 |
| Series T, 5.8%, 3/15/2022 | 150,000 | 142,312 |
| Series N, 6.0%, 4/1/2017 | 500,000 | 521,250 |
| Series W, 6.75%, 12/1/2023 CommScope, Inc.: | 105,000 | 102,112 |
| 144A, 4.375%, 6/15/2020 | 40,000 | 40,350 |

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| | | |
|--|---------|---------|
| 144A, 5.0%, 6/15/2021 | 95,000 | 93,832 |
| CyrusOne LP: | | |
| 6.375%, 11/15/2022 | 40,000 | 40,900 |
| 144A, 6.375%, 11/15/2022 | 70,000 | 71,575 |
| Digicel Group Ltd.: | | |
| 144A, 7.125%, 4/1/2022 | 95,000 | 82,769 |
| 144A, 8.25%, 9/30/2020 | 487,000 | 450,475 |
| Digicel Ltd., | | |
| 144A, 7.0%, 2/15/2020 | 200,000 | 199,000 |
| Frontier Communications Corp.: | | |
| 6.25%, 9/15/2021 | 45,000 | 41,081 |
| 6.875%, 1/15/2025 | 195,000 | 165,019 |
| 7.125%, 1/15/2023 | 515,000 | 465,045 |
| 8.25%, 4/15/2017 | 119,000 | 127,627 |
| 8.5%, 4/15/2020 | 35,000 | 35,963 |
| Hughes Satellite Systems Corp.: | | |
| 6.5%, 6/15/2019 | 247,000 | 269,230 |
| 7.625%, 6/15/2021 | 90,000 | 98,437 |
| Intelsat Jackson Holdings SA: | | |
| 5.5%, 8/1/2023 | 165,000 | 145,200 |
| | 465,000 | 450,469 |

| | | |
|---|---------|---------|
| 7.5%, 4/1/2021 | | |
| Level 3 Financing, Inc.: | | |
| 5.375%, 8/15/2022 | 215,000 | 215,761 |
| 144A, 5.375%, 5/1/2025 | 60,000 | 57,975 |
| 6.125%, 1/15/2021 | 60,000 | 62,850 |
| 7.0%, 6/1/2020 | 145,000 | 152,612 |
| Millicom International Cellular SA, 144A, 6.0%, 3/15/2025 | 200,000 | 189,000 |
| Plantronics, Inc., 144A, 5.5%, 5/31/2023 | 30,000 | 30,150 |
| Sprint Communications, Inc.: | | |
| 144A, 7.0%, 3/1/2020 | 85,000 | 90,287 |
| 144A, 9.0%, 11/15/2018 | 305,000 | 339,694 |
| Sprint Corp., 7.125%, 6/15/2024 | 440,000 | 406,864 |
| T-Mobile U.S.A., Inc.: | | |
| 6.125%, 1/15/2022 | 40,000 | 41,250 |
| 6.375%, 3/1/2025 | 151,000 | 154,322 |
| 6.625%, 11/15/2020 | 65,000 | 67,275 |
| Turk Telekomunikasyon AS, 144A, | 500,000 | 492,838 |

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| | | |
|---|---------|-----------|
| 3.75%, 6/19/2019 UPCB Finance IV Ltd., | 305,000 | 295,850 |
| 144A, 5.375%, 1/15/2025 UPCB Finance V Ltd., | 90,000 | 96,638 |
| 144A, 7.25%, 11/15/2021 UPCB Finance VI Ltd., | 171,000 | 181,901 |
| 144A, 6.875%, 1/15/2022 Wind Acquisition Finance SA, 144A, 6.5%, 4/30/2020 Windstream Services LLC: | 80,000 | 84,200 |
| 7.75%, 10/15/2020 | 30,000 | 26,700 |
| 7.75%, 10/1/2021 | 165,000 | 134,477 |
| Zayo Group LLC: 144A, 6.0%, 4/1/2023 | 60,000 | 59,922 |
| 144A, 6.375%, 5/15/2025 | 75,000 | 74,250 |
| | | 7,159,714 |
| Utilities 2.5% Calpine Corp.: 5.375%, 1/15/2023 | 85,000 | 82,000 |

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| | | |
|--|---------|-------------------|
| 5.75%, 1/15/2025 Dynergy, Inc.: | 85,000 | 82,344 |
| 7.375%, 11/1/2022 | 75,000 | 77,625 |
| 7.625%, 11/1/2024 | 140,000 | 145,712 |
| Energy Future Holdings Corp., Series Q, 6.5%, 11/15/2024 * | 110,000 | 108,350 |
| Hrvatska Elektroprivreda, 144A, 6.0%, 11/9/2017 | 200,000 | 207,838 |
| Lamar Funding Ltd., 144A, 3.958%, 5/7/2025 | 250,000 | 234,062 |
| NGL Energy Partners LP, 5.125%, 7/15/2019 | 70,000 | 64,750 |
| NRG Energy, Inc.: | | |
| 6.25%, 5/1/2024 | 285,000 | 270,750 |
| 7.875%, 5/15/2021 | 80,000 | 82,600 |
| Talen Energy Supply LLC, 144A, 4.625%, 7/15/2019 | 35,000 | 33,075 |
| | | 1,389,106 |
| Total Corporate Bonds (Cost | | 44,341,321 |

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\$45,965,418)

Asset-Backed 4.1%

Miscellaneous

Apidos

CLO

XXI,

"C",

Series 375,000 354,496

2015-21A,

144A,

3.827%,

7/18/2027

Babson

CLO

Ltd.,

"D",

Series 1,000,000 993,120

2015-2A,

144A,

3.894%,

7/20/2027

Cumberland

Park

CLO

Ltd.,

"D",

Series 500,000 469,705

2015-2A,

144A,

3.672%,

7/20/2026

Marea

CLO

Ltd.,

"DR",

Series 500,000 499,986

2012-1A,

144A,

4.039%

**,

10/15/2023

Total Asset-Backed

2,317,307

(Cost \$2,331,977)

Collateralized Mortgage Obligations

0.8%

Federal 202,494 202,480

Home

Loan

Mortgage

Corp.,

"ZP",

Series
4490,
4.0%,
7/15/2045
Federal
National
Mortgage
Association,
"PZ", 219,570 255,109
Series
2010-129,
4.5%,
11/25/2040

Total Collateralized

Mortgage
Obligations (Cost **457,589**
\$432,981)

Government & Agency Obligations
6.3%

Other Government Related (b) 0.8%

VTB
Bank
OJSC, 265,000 **266,590**
144A,
6.315%,
2/22/2018
Sovereign Bonds 5.5%

Dominican
Republic,
144A, 100,000 99,000
5.5%,
1/27/2025

KazAgro
National
Management
Holding
JSC, 250,000 209,750
144A,
4.625%,
5/24/2023

Perusahaan
Penerbit
SBSN, 200,000 187,000
144A,
4.325%,
5/28/2025

Republika
of
Argentina-Inflation
Linked 481 169

| | | |
|--|------------|---------|
| Bond, 5.83%, 12/31/2033 Republic of El Salvador: | | |
| 144A, 6.375%, 1/18/2027 | 75,000 | 70,875 |
| 144A, 7.65%, 6/15/2035 | 100,000 | 96,750 |
| Republic of Hungary: | | |
| 4.0%, 3/25/2019 | 200,000 | 207,770 |
| Series 19/A HUF | 11,600,000 | 47,614 |
| 6.5%, 6/24/2019 | | |
| Republic of Panama, 9.375%, 1/16/2023 | 665,000 | 909,388 |
| Republic of Slovenia: | | |
| 144A, 4.75%, 5/10/2018 | 200,000 | 212,490 |
| 144A, 5.5%, 10/26/2022 | 500,000 | 561,198 |
| Republic of South Africa, Series R204, 8.0%, 12/21/2018 | 900,000 | 68,612 |
| Republic of Sri Lanka, 144A, 5.125%, 4/11/2019 | 200,000 | 197,250 |
| Republic of Uruguay, 5.1%, | 40,000 | 36,650 |

| | | |
|---|-----------|------------------|
| 6/18/2050 Republic of Vietnam, 144A, 4.8%, 11/19/2024 | 200,000 | 192,000 |
| United Mexican States, 4.6%, 1/23/2046 | 200,000 | 182,500 |
| | | 3,279,016 |
| Total Government & Agency Obligations (Cost \$3,554,556) | | 3,545,606 |
| Loan Participations and Assignments 39.7% | | |
| Senior Loans ** | | |
| Consumer Discretionary 12.9% | | |
| 1011778 B.C. Unlimited Liability Co., Term Loan B, 3.75%, 12/12/2021 | 433,570 | 433,624 |
| Atlantic Broadband Finance LLC, Term Loan B, 3.25%, 11/30/2019 | 1,005,709 | 1,004,331 |
| Avis Budget Car Rental LLC, Term Loan B, 3.0%, 3/15/2019 | 363,492 | 363,354 |
| | 411,477 | 410,193 |

| | | |
|---|---------|---------|
| Cequel Communications LLC, Term Loan B, 3.5%, 2/14/2019 | 981,906 | 970,555 |
| CSC Holdings, Inc., Term Loan B, 2.698%, 4/17/2020 | 775,000 | 778,387 |
| Goodyear Tire & Rubber Co., Second Lien Term Loan, 3.75%, 4/30/2019 | 918,114 | 918,160 |
| Hilton Worldwide Finance LLC, Term Loan B2, 3.5%, 10/26/2020 | 142,302 | 142,263 |
| Petco Animal Supplies, Inc., Term Loan, 4.0%, 11/24/2017 | 413,739 | 414,602 |
| Polymer Group, Inc., First Lien Term Loan, | | |

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| | | |
|---|---------|----------------|
| 5.25%, 12/19/2019 Quebecor Media, Inc., Term Loan | 943,282 | 927,369 |
| B1, 3.25%, 8/17/2020 Seminole Tribe of Florida, Term Loan, | 893,050 | 892,679 |
| 3.0%, 4/29/2020 | | 7,255,517 |
| Consumer Staples 3.4% Albertson's LLC, Term Loan | 707,771 | 708,655 |
| B2, 5.375%, 3/21/2019 Pinnacle Foods Finance LLC: Term Loan | | |
| G, 3.0%, 4/29/2020 Term Loan | 317,792 | 316,563 |
| H, 3.0%, 4/29/2020 | 725,766 | 721,865 |
| Vogue International, Inc., Term Loan, | 162,938 | 163,854 |
| 5.75%, 2/14/2020 | | 1,910,937 |
| Energy 1.1% | 644,968 | 605,060 |

| | | |
|--|-----------|-----------|
| MEG Energy Corp., Term Loan, 3.75%, 3/31/2020 Financials 1.0% | | |
| Asurion LLC, Second Lien Term Loan, 8.5%, 3/3/2021 | 140,000 | 137,666 |
| Delos Finance SARL, Term Loan B, 3.5%, 3/6/2021 | 425,000 | 425,372 |
| Health Care 4.3% | | 563,038 |
| Amsurg Corp., First Lien Term Loan B, 3.75%, 7/16/2021 | 217,800 | 218,099 |
| Community Health Systems, Inc.: Term Loan G, 3.75%, 12/31/2019 | 73,020 | 73,047 |
| Term Loan H, 4.0%, 1/27/2021 | 134,355 | 134,867 |
| DaVita HealthCare | 1,124,640 | 1,124,876 |

| | | |
|--|---------|-----------|
| Partners, Inc., Term Loan B, 3.5%, 6/24/2021 Par Pharmaceutical Companies, Inc., Term | 314,867 | 314,946 |
| Loan B2, 4.0%, 9/30/2019 Valeant Pharmaceuticals International, Inc.: | | |
| Term Loan B, | 291,407 | 291,015 |
| 3.5%, 2/13/2019 Term Loan B, | 275,431 | 274,992 |
| 3.75%, 12/11/2019 | | 2,431,842 |
| Industrials 4.0% BE Aerospace, Inc., Term Loan | 234,545 | 236,099 |
| B, 4.0%, 12/16/2021 Ply Gem Industries, Inc., Term | 988,713 | 980,556 |
| Loan, 4.0%, 2/1/2021 Transdigm, Inc., Term | 474,501 | 470,520 |

| | | |
|---|---------|-----------|
| Loan C, 3.75%, 2/28/2020 WP CPP Holdings LLC, Term | 535,830 | 533,655 |
| Loan B3, 4.5%, 12/28/2019 | | 2,220,830 |
| Information Technology 1.1% | | |
| First Data Corp., Term | 490,000 | 490,086 |
| Loan, 4.2%, 3/24/2021 Freescale Semiconductor, Inc., Term | 138,245 | 138,245 |
| Loan B4, 4.25%, 2/28/2020 | | 628,331 |
| Materials 5.1% | | |
| American Rock Salt Holdings LLC, First | 737,550 | 733,401 |
| Lien Term Loan, 4.75%, 5/20/2021 Axalta | 526,203 | 525,087 |
| Coating Systems U.S. Holdings, Inc., Term Loan, | | |

| | | |
|--|---------|-----------|
| 3.75%, 2/1/2020 Berry Plastics Holding Corp.: | | |
| Term Loan D, | 734,962 | 725,368 |
| 3.5%, 2/8/2020 | | |
| Term Loan E, | 304,001 | 302,033 |
| 3.75%, 1/6/2021 MacDermid, Inc.: | | |
| First Lien Term Loan, | 225,400 | 225,329 |
| 4.5%, 6/7/2020 | | |
| Term Loan B2, | 349,123 | 349,996 |
| 4.75%, 6/7/2020 | | |
| | | 2,861,214 |
| Telecommunication Services 1.6% DigitalGlobe, Inc., | | |
| Term Loan | 14,663 | 14,632 |
| B, 3.75%, 1/31/2020 | | |
| Level 3 Financing, Inc.: | | |
| Term Loan B2, | 180,000 | 178,482 |
| 3.5%, 5/31/2022 | | |
| Term Loan B, | 485,000 | 485,531 |
| 4.0%, 1/15/2020 | | |

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| | | |
|---|-----------|-------------------|
| Syniverse Holdings, Inc., Term Loan B, 4.0%, 4/23/2019 | 208,447 | 193,595 |
| | | 872,240 |
| Utilities 5.2% Calpine Corp., Term Loan B5, 3.5%, 5/27/2022 | 1,855,000 | 1,835,587 |
| NRG Energy, Inc., Term Loan B, 2.75%, 7/2/2018 | 1,119,657 | 1,105,897 |
| | | 2,941,484 |
| Total Loan Participations and Assignments (Cost \$22,432,241) | | 22,290,493 |
| Convertible Bond 0.3% Materials GEO Specialty Chemicals, Inc., 144A, 7.5%, 10/30/2018 (Cost \$104,168) | 105,307 | 146,503 |
| Preferred Security 0.3% Materials Hercules, Inc., 6.5%, 6/30/2029 (Cost \$120,797) | 175,000 | 161,437 |
| Shares | | Value (\$) |
| Common Stocks 0.0% | | |

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| | | |
|---|-----------------|--------------|
| Consumer Discretionary 0.0% | | |
| Dawn Holdings, Inc.* | 2 | 2,351 |
| (c) | | |
| Industrials 0.0% | | |
| Congoleum Corp.* | 2,000 | 0 |
| Quad Graphics, Inc. | 29 | 419 |
| | | 419 |
| Materials 0.0% | | |
| GEO Specialty Chemicals, Inc.* | 11,502 | 6,143 |
| Total Common Stocks (Cost \$25,413) | | |
| | | 8,913 |
| Preferred Stock 0.2% | | |
| Consumer Discretionary | | |
| Ally Financial, Inc., Series G, 144A, 7.0% (Cost \$113,300) | 122 | 123,971 |
| Warrants 0.0% | | |
| Materials | | |
| Hercules Trust II, Expiration Date 3/31/2029* (Cost \$20,981) | 95 | 265 |
| | Contract Amount | Value (\$) |
| Call Options Purchased 0.0% | | |
| Options on Interest Rate Swap Contracts | | |
| Pay Fixed Rate - 3.72% - Receive Floating | 200,000 | 222 |

-
 3-Month
 LIBOR,
 Swap
 Expiration
 Date
 4/22/2026,
 Option
 Expiration
 Date
 4/20/2016¹ (Cost
 \$9,870)

| | Shares | Value (\$) |
|---|-----------|------------------|
| Cash Equivalents 2.3% | | |
| Central Cash Management Fund, 0.11% | 1,274,010 | 1,274,010 |
| (d) (Cost \$1,274,010) | | |

| | % of Net Assets | Value (\$) |
|---|--------------------|---------------------|
| Total Investment Portfolio (Cost \$76,385,712) † | 133.1 | 74,667,637 |
| Other Assets and Liabilities, Net | 2.7 | 1,517,855 |
| Notes Payable | (35.8) | (20,100,000) |
| Net Assets | 100.0 | 56,085,492 |

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 (\$) |
|-------------------------------|--------|------------------|---------------------|-----------|------------|
| Energy Future Holdings Corp.* | 6.5% | 11/15/2024 | USD 110,000 | 66,796 | 108,350 |

* Non-income producing security.

** Floating rate securities' yields vary with a designated market index or market rate, such as the coupon-equivalent of the U.S. Treasury Bill rate. These securities are shown at their current rate as of August 31, 2015.

†

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The cost for federal income tax purposes was \$76,375,336. At August 31, 2015, net unrealized depreciation for all securities based on tax cost was \$1,707,699. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$807,634 and aggregate gross unrealized depreciation for all securities in which there was an excess of tax cost over value of \$2,515,333.

(a) Principal amount stated in U.S. dollars unless otherwise noted.

(b) Government-backed debt issued by financial companies or government sponsored enterprises.

The Fund may purchase securities that are subject to legal or contractual restrictions on resale ("restricted securities"). Restricted securities are securities which have not been registered with the Securities and Exchange Commission under the Securities Act of 1933. The Fund may be unable to sell a restricted security and it may be more difficult to determine a market value for a restricted security. Moreover, if adverse market conditions were to

(c) develop during the period between the Fund's decision to sell a restricted security and the point at which the Fund is permitted or able to sell such security, the Fund might obtain a price less favorable than the price that prevailed when it decided to sell. This investment practice, therefore, could have the effect of increasing the level of illiquidity of the Fund. The future value of these securities is uncertain and there may be changes in the estimated value of these securities.

| Schedule of Restricted Securities | Acquisition Date | Cost (\$) | Value (\$) | Value as % of Net Assets |
|-----------------------------------|------------------|-----------|------------|--------------------------|
| Dawn Holdings, Inc. * | August 2013 | 5,863 | 2,351 | 0.0 |

(d) Affiliated fund managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

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.

CLO: Collateralized Loan Obligation

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

REIT: Real Estate Investment Trust

SBSN: Surat Berharga Syariah Negara (Islamic Based Government Securities)

At August 31, 2015, open written options contracts were as follows:

Options on Interest Rate Swap Contracts

| | Swap Effective/ Expiration Date | Contract Amount | Option Expiration Date | Premiums Received (\$) | Value (\$) (e) |
|--|---------------------------------|----------------------|------------------------|------------------------|----------------|
| Call Options | | | | | |
| Receive Fixed - 4.22% - Pay Floating - 3-Month LIBOR | 4/22/2016 | 200,000 ¹ | 4/20/2016 | 7,130 | (49) |
| | 4/22/2026 | | | | |

(e) Unrealized appreciation on written options on interest rate swap contracts at August 31, 2015 was \$7,081.

At August 31,
2015, open
credit default
swap contracts
sold were as
follows:
Bilateral Swaps

| Effective/ Expiration Date | Notional Amount (\$) (f) | Fixed Cash Flows Received | Underlying Debt Obligation/ Quality Rating (g) | Value (\$) | Upfront Payments Paid/ (Received) (\$) | Unrealized Appreciation (\$) |
|----------------------------------|-----------------------------|------------------------------------|--|------------|---|------------------------------------|
| 6/20/2013 9/20/2018 | 260,000 ² | 5.0% | Sprint Communications, Inc., 6.0%, 12/1/2016, B+ | 15,827 | 9,432 | 6,395 |
| 1/21/2015 3/20/2020 | 100,000 ³ | 5.0% | General Motors Corp., 6.25%, 10/2/2043, BBB- | 15,751 | 14,487 | 1,264 |
| 3/20/2015 6/20/2020 | 75,000 ⁴ | 5.0% | CCO Holdings LLC, 7.375%, 6/1/2020, BB- | 7,400 | 6,924 | 476 |
| Total unrealized appreciation | | | | | | 8,135 |

The maximum potential amount of future undiscounted payments that the Fund could be required to make under a credit default swap contract would be the notional amount of the contract. These potential amounts (f) would be partially offset by any recovery values of the referenced debt obligation or net amounts received from the settlement of buy protection credit default swap contracts entered into by the Fund for the same referenced debt obligation, if any.

(g) The quality ratings represent the higher of Moody's Investors

Service, Inc.
("Moody's") or
Standard & Poor's
Corporation ("S&P")
credit ratings and are
unaudited.

Counterparties:

- 1 Nomura International PLC
- 2 Bank of America
- 3 Credit Suisse
- 4 Barclays Bank PLC

LIBOR: London Interbank
Offered Rate; 3 Month
LIBOR rate at August 31,
2015 is 0.33%.

Currency Abbreviations

ARS Argentine Peso
HUF Hungarian Forint
USD United States Dollar
ZAR South African Rand

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 inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of August 31, 2015 in valuing the Fund's investments.

| Assets | Level 1 | Level 2 | Level 3 | Total |
|---|---------|--------------|---------|--------------|
| Fixed Income Investments ^(h) | | | | |
| Corporate Bonds | \$— | \$44,341,321 | \$— | \$44,341,321 |
| Asset-Backed | — | 2,317,307 | — | 2,317,307 |
| Collateralized Mortgage Obligations | — | 457,589 | — | 457,589 |
| Government & Agency Obligations | — | 3,545,606 | — | 3,545,606 |
| Loan Participations and Assignments | — | 22,290,493 | — | 22,290,493 |
| Convertible Bond | — | — | 146,503 | 146,503 |

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| | | | | |
|-------------------------------|-------------|--------------|-----------|--------------|
| Preferred Security | — | 161,437 | — | 161,437 |
| Common Stocks ^(h) | 419 | — | 8,494 | 8,913 |
| Preferred Stock | — | 123,971 | — | 123,971 |
| Warrants | — | — | 265 | 265 |
| Short-Term Investments | 1,274,010 | — | — | 1,274,010 |
| Derivatives ⁽ⁱ⁾ | | | | |
| Purchased Options | — | 222 | — | 222 |
| Credit Default Swap Contracts | — | 8,135 | — | 8,135 |
| Total | \$1,274,429 | \$73,246,081 | \$155,262 | \$74,675,772 |

| | | | | |
|----------------------------|---------|---------|---------|--------|
| Liabilities | Level 1 | Level 2 | Level 3 | Total |
| Derivatives ⁽ⁱ⁾ | | | | |
| Written Options | \$— | \$(49) | \$— | \$(49) |
| Total | \$— | \$(49) | \$— | \$(49) |

During the period ended August 31, 2015, the amount of transfers between Level 3 and Level 2 was \$163,970. Investments were transferred from Level 3 to Level 2 as a result of the availability of a pricing source supported by observable inputs.

(h) See Investment Portfolio for additional detailed categorizations.

(i) Derivatives include value of options purchased, unrealized appreciation (depreciation) on credit default swap contracts, and written options, at value.

Derivatives

The following table presents, by major type of derivative contract, the unrealized appreciation (depreciation) of the Fund's derivative instruments as of August 31, 2015 categorized by the primary underlying risk exposure.

| | |
|---|-----------------|
| Primary Underlying Risk Disclosure Swaps | Options |
| Credit Contracts | \$ 8,135 \$ — |
| Interest Rate Contracts | \$ — \$ (2,567) |

ITEM 2. CONTROLS AND PROCEDURES

The Chief Executive and Financial Officers concluded that the Registrant's Disclosure Controls and (a) 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.

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There have been no changes in the registrant's internal control over financial reporting that occurred during (b) 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 Income Trust

/s/Brian E. Binder

By: Brian E. Binder

President

Date: October 23, 2015

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.

By: /s/Brian E. Binder

Brian E. Binder

President

Date: October 23, 2015

/s/Paul Schubert

By: Paul Schubert

Chief Financial Officer and Treasurer

Date: October 23, 2015