CENTRAL & EASTERN EUROPE FUND, INC.
Form N-CSR
January 03, 2018
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM N-CSR

Investment Company Act file number: 811-06041

The Central and Eastern Europe Fund, Inc.

(Exact Name of Registrant as Specified in Charter)

345 Park Avenue

New York, NY 10154-0004

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code: (212) 250-3220

Paul Schubert

345 Park Avenue

New York, NY 10154-0004

(Name and Address of Agent for Service)

Date of fiscal year end: 10/31

Date of reporting period: 10/31/2017

ITEM 1. REPORT TO STOCKHOLDERS

October 31, 2017

Annual Report
to Shareholders

The Central and Eastern Europe Fund, Inc.

(formerly The Central Europe, Russia and Turkey Fund, Inc.)

Ticker Symbol: CEE

Contents

The Fund seeks long-term capital appreciation through investment primarily in equity and equity-linked securities of issuers domiciled in Central and Eastern Europe and invests more than 25% of its total assets in the energy sector.

Investments in funds involve risks, including the loss of principal.

The shares of most closed-end funds, including the Fund, are not continuously offered. Once issued, shares of closed-end funds are bought and sold in the open market. Shares of closed-end funds frequently trade at a discount to net asset value. The price of the Fund's shares is determined by a number of factors, several of which are beyond the control of the Fund. Therefore, the Fund cannot predict whether its shares will trade at, below, or above net asset value.

This fund is non-diversified and can take larger positions in fewer issuers than a diversified fund, increasing its potential risk. Investing in foreign securities presents certain risks, such as currency fluctuations, political and economic changes, and market risks. Any fund that focuses in a particular segment of the market or in a particular geographical region will generally be more volatile than a fund that invests more broadly.

The European Union, the United States and other countries have imposed sanctions on Russia as a result of the Russian military intervention in the Ukraine. These sanctions have adversely affected Russian individuals, Russian issuers and the Russian economy. Russia, in turn, has imposed sanctions targeting Western individuals, businesses and products, including food products. The various sanctions have adversely affected, and may continue to adversely affect, not only the Russian economy but also the economies of many countries in Europe, including countries in Central and Eastern Europe. Potential developments in the Ukraine, and the continuation of current sanctions, or the imposition of additional sanctions, may materially adversely affect the value or liquidity of the Fund's portfolio.

Deutsche Asset Management represents the asset management activities conducted by Deutsche Bank AG or any of its subsidiaries.

NOT FDIC/NCUA INSURED NO BANK GUARANTEE MAY LOSE VALUE NOT A DEPOSIT NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

Letter to the Shareholders (Unaudited)

Dear Shareholder,

For its most recent fiscal year ended October 31, 2017, the Central and Eastern Europe Fund, Inc. (the "Fund") delivered a total return in U.S. dollar terms ("USD") of 26.78% based on net asset value (NAV) and 30.92% based on market price. On August 1, 2017, following stockholder approvals discussed in the succeeding paragraph, the Fund’s benchmark was changed from the MSCI Emerging Markets Europe ex Greece Index to the MSCI Emerging Markets Eastern Europe Index, which includes the Czech Republic, Hungary, Poland and Russia ("Emerging Markets Eastern Europe").[1] The MSCI Emerging Markets Europe ex Greece Index, which was the benchmark for the first nine months of the Fund’s most recent fiscal year, returned 23.58% for the full 12-month period. The total return of the Fund’s new benchmark, the MSCI Emerging Markets Eastern Europe Index, was 25.50% for the same period. The Fund’s discount to NAV averaged 12.26% for the period in review, compared with 12.54% for the same period a year earlier.

At the Fund's Annual Meeting of Stockholders in July, stockholders approved proposed changes to the Fund's investment objective and a related fundamental policy, and to the Fund's concentration policy. As a result, effective August 1, 2017, the Fund's investment objective is seeking long-term capital appreciation through investment primarily in equity and equity-linked securities of issuers domiciled in Central and Eastern Europe and the Fund, under normal circumstances, invests at least 80% of its net assets in the securities of issuers domiciled in Central and Eastern Europe. In addition, the Fund concentrates its investments in the energy sector. The Fund's name was simultaneously changed to The Central and Eastern Europe Fund. The Fund may now invest up to 80% of the value of its total assets in equity or equity-linked securities of issuers domiciled in Russia, and up to 15% of its total assets in equity or equity-linked securities of issuers domiciled in Turkey. Based on these changes and current market conditions in Turkey, management has reduced the Fund's investments in Turkey from the levels they had been in the past.

During the course of the reporting period, equity markets in Emerging Markets Eastern Europe performed very well due to improvements in the global and domestic economic environment, along with favorable earnings results in the region. Poland was the top performer, gaining 53.1% (WIG20 in USD terms), followed by Hungary at 40.7% (BUX in USD terms).[2,3] Russia increased by 19.0% (RTS in USD terms).[4]

Recently, the Russian equity market has once again displayed a very strong correlation to the price of oil. Russian stocks hit a low point in mid-2017, but outperformed the region since then. The RTS Index recovered almost 20% from its June low thanks to the increase in the oil price, overall "risk-on" investor sentiment, and the global emerging markets rally. Russia’s domestic macroeconomic environment remains supportive for its equity market. The Central Bank of Russia ("CBR") decreased interest rates by 175 basis points during the reporting period, with the next rate cut expected in December 2017.[5] Inflation in Russia has fallen to 2.7% year-over-year. During the period, we increased the Fund’s exposure in Russia to more than 60% of portfolio assets. Within the MSCI Russia Index, the largest sector outperformers were financials, followed by materials and telecommunication services.[6] In these sectors, the performance of individual stocks diverged meaningfully. For example, Sberbank of Russia PJSC outperformed VTB Bank PJSC by 56%, and X5 Retail Group NV outperformed Magnit PJSC by almost 65%.

In Poland, gross domestic product ("GDP") growth accelerated during the first half of 2017 and grew by 4.4% year-over-year in the first half of 2017.[7] We expect this strength to continue as consumer confidence in Poland remains at record highs and the unemployment rate is very low. We continue to be optimistic regarding investments in the country as the positive effects of the new EU Financial Framework begin to feed into the real economy in Poland, and as more projects within the country are accredited and go onstream. The National Bank of Poland has kept the country’s policy rate at 1.5% since April 2015, and we do not expect any changes to the rate until the second half of 2018. Positive economic and fiscal developments have been overshadowed in recent months by increased risk stemming from the government’s sweeping proposed changes to Poland’s judiciary system, resulting in strong criticism from the EU. This led to some currency weakness.

The Hungarian economy grew by 3.7% year-over-year in the first half of 2017, and the country’s economic fundamentals remain healthy. Fixed investment and private consumption grew at a strong pace in annual terms thanks to ongoing fiscal stimulus, the resumption of EU investment inflows into the economy and a tight labor market. This suggests that Hungary’s positive economic momentum should continue going forward. Additionally, business confidence in Hungary reached the highest level since surveys began in January 1996. The top performers within the MSCI Hungary Index were MOL Hungarian Oil & Gas PLC and OTP Bank PLC.[8]

GDP growth for the Czech Republic accelerated from 3.0% year-over-year in the first quarter of 2017 to 4.7% year-over-year in the second quarter, largely driven by foreign trade, domestic demand and fixed investment. However, a tight Czech labor market and upward pressure on wages have translated into higher consumer inflation, resulting in an average inflation rate of 2.2% year-over-year in the second quarter of 2017. Consequently, the Czech National Bank took measures to curb inflation and the growth of the Czech economy by increasing interest rates in August. On the political front, October’s general election delivered a strong victory for the ANO party (a centrist populist political party in the Czech Republic). We believe that the country’s new government should be positive for growth in the next several years. However, the ongoing debate in the Czech Republic regarding the referendum on EU membership could continue, and may adversely affect valuations of Czech equities.

Country Breakdown (As a % of Net Assets)	**10/31/17**	**10/31/16**
Russia	63%	48%

Poland	22%	17%
Hungary	8%	7%
Czech Republic	3%	6%
Turkey	1%	10%
Austria	—	2%
Other	2%	1%
Cash*	1%	9%
	100%	100%

* Includes Cash Equivalents and Other Assets and Liabilities, Net.

Sector Diversification (As a % of Equity Securities)	**10/31/17**	**10/31/16**
Energy	40%	41%
Financials	24%	27%
Materials	13%	7%
Telecommunication Services	7%	7%
Consumer Staples	6%	6%
Utilities	4%	6%
Consumer Discretionary	3%	2%
Health Care	3%	2%
Information Technology	0%	0%
Industrials	—	2%
	100%	100%

Ten Largest Equity Holdings at October 31, 2017 (52.6% of Net Assets)	**Country**	**Percent**
1. Sberbank of Russia PJSC	Russia	**9.8%**
2. Gazprom PAO	Russia	**9.0%**
3. Lukoil PJSC	Russia	**8.3%**
4. Novatek PJSC	Russia	**5.0%**
5. Rosneft Oil Co PJSC	Russia	**4.7%**
6. Polski Koncern Naftowy ORLEN SA	Poland	**4.0%**
7. OTP Bank PLC	Hungary	**3.6%**
8. MMC Norilsk Nickel PJSC	Russia	**2.9%**
9. Magnit PJSC	Russia	**2.8%**
10. Polskie Gornictwo Naftowe i Gazownictwo SA	Poland	**2.5%**

Portfolio holdings and characteristics are subject to change and not indicative of future portfolio composition.

For more details about the Fund's investments, see the Schedule of Investments commencing on page 13. For additional information about the Fund, including performance, dividends, presentations, press releases, market updates, daily NAV and shareholder reports, please visit deutschefunds.com.

Economic Outlook

Global markets are benefiting from broad-based and solid growth momentum, combined with continued low inflation and interest rates. The countries included in the Fund's benchmark index continue to benefit from this favorable environment, producing the highest GDP growth figures across Europe. One of the main reasons for this is private consumption, driven by a healthy labor market, very low unemployment and nominal wage increases. Higher commodity prices and a relatively strong ruble are currently supporting our investment case for Russia.

Going forward, we believe that Russian equities should benefit from the country's economic recovery, as well as the rising oil price. Inflation there should continue its downward trend, opening the door for further rate cuts by the CBR. This should lead to lower interest expenses for Russian companies and lower weighted average costs of capital. Hence, the Russian equity market could follow a fixed-income market rally. In addition, new sanctions imposed by the United States might have a limited impact on the Russian market. The recent U.S. legislation imposing sanctions on Russian companies in the defense and intelligence industries takes authority away from the President to suspend sanctions, except in special cases. Thus, existing sanctions have become law. The Russian presidential elections will take place in March 2018, and it appears that President Putin will remain in power for the next term, with his approval rating holding consistently above 80%. In Poland, after an impressive first half of 2017, we believe that growth should peak at well above 4% year-over-year for the third quarter of this year. Private consumption should be strong, as it continues to be supported by low inflation and recent legislation increasing Poland's minimum wage. In terms of sectors in Poland, we remain negative regarding the banking sector, as valuations there appear stretched. The country's Swiss franc exposure remains a risk, and an obstacle for possible dividend payments. The Fund continues to maintain a small non-benchmark position in select names in Turkey.

There have been several recent changes to the Fund's Board. Dr. Kenneth C. Froewiss and Dr. Wolfgang Leoni joined the Board in June 2017 following their election by stockholders. In late 2017, Dr. Franz Wilhelm Hopp and Mr. Richard Karl Goeltz retired as Directors of the Fund. The Board thanks Dr. Hopp and Mr. Goeltz for their service to the Fund and welcomes Dr. Froewiss and Dr. Leoni to the Board.

Sincerely,

Christian Strenger Chairman	Sylwia Szczepek Portfolio Manager	Hepsen Uzcan President and Chief Executive Officer

The views expressed in the preceding discussion regarding portfolio management matters are only through the end of the period of the report as stated on the cover. Portfolio management's views are subject to change at any time based on market and other conditions and should not be construed as recommendations. Past performance is no guarantee of future results. Current and future portfolio holdings are subject to risk, including geopolitical and other risks.

[1] The MSCI Emerging Markets Europe ex Greece Index is a free-float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of the emerging markets countries of Europe (excluding Greece). Index returns assume reinvestment of dividends and, unlike Fund returns, do not reflect any fees or expenses. The MSCI Emerging Markets Eastern Europe Index is a free-float weighted equity index that is designed to capture large and mid cap representation across four emerging markets countries in Eastern Europe (Czech Republic, Hungary, Poland and Russia). MSCI Inc. (formerly Morgan Stanley Capital International) is a provider of equity and fixed income market indices. It is not possible to invest directly in the MSCI Emerging Markets Europe ex Greece Index or the MSCI Emerging Markets Eastern Europe Index.

[2] The WIG20 is a capitalization-weighted stock market index of the 20 largest companies on the Warsaw Stock Exchange. It is not possible to invest directly in the WIG20 Index.

[3] The BUX Index is a blue chip stock market index consisting of the 25 major Hungarian companies trading on the Budapest Stock Exchange. Index returns assume reinvestment of dividends and, unlike Fund returns, do not reflect any fees or expenses. It is not possible to invest directly in the BUX Index.

[4] The RTS Index is the capital-weighted composite index calculated based on prices of the 50 most liquid Russian stocks of the largest and most dynamically developing Russian issuers presented on the Moscow Exchange. It is not possible to invest directly in the RTS Index.

[5] A basis point is equal to one hundredth of a percentage point and is often used to illustrate differences and changes in fixed-income yields.

[6] The MSCI Russia Index is designed to measure the performance of the large- and mid-cap segments of the Russian market. With 22 constituents, the Index covers approximately 85% of the free float-adjusted market capitalization in Russia. It is not possible to invest directly in the MSCI Russia Index.

[7] GDP is the monetary value of all finished goods and services produced within a country during a specific time period.

[8] The MSCI Hungary Index is designed to measure the performance of the large- and mid-cap segments of the Hungarian market. With three constituents, the Index covers approximately 85% of the Hungarian equity universe. It is not possible to invest directly in the MSCI Hungary Index.

Outlook Interview with the
Portfolio Manager (Unaudited)

Portfolio Manager

Sylwia Szczepek, Vice President

Portfolio Manager since December 22, 2014.

Question: Russia was an underperformer within the emerging markets universe to date in 2017. What is your prediction for 2018?

Answer: We believe that Russian equities should perform better next year. It appears that the Russian economy has learned to live under the sanctions regime and is capable of growing, though at a sub-optimal rate of approximately 2%. The oil price has recovered thanks to OPEC actions. Inflation declined to of 2.7% year-over-year at the end of October. Corporations have deleveraged, as did the Russian population. During the past several years, the Russian economy lacked investments, and consumers were in savings mode. With credit becoming more affordable and the political situation set to become clearer after presidential elections take place next March, we can reasonably expect an increase in economic activity. The soccer World Cup next summer in Russia should provide an additional economic stimulus. In terms of Russian companies, we believe there is strong potential for 20% earnings growth in 2018. Energy, telecommunications, retail and information technology companies are likely to be the frontrunners from that perspective.

Question: What does Poland's FTSE upgrade to Developed Markets mean for its local equity market? Would that have an immediate impact on MSCI indices?

Answer: FTSE Russell announced at the end of September that Poland will be assigned Developed market status during the next country classification review scheduled for September 2018. While the upgrade from FTSE is a sign of international appreciation of the Polish capital market, we see some cash flow risk. A very small index weight among Developed Markets creates a risk that Poland can become "omitted" in portfolios and could trigger a net supply of USD 660m in Polish equities. MSCI's upgrade (which usually follows FTSE upgrades) is still likely far into the future, as we would first expect an upgrade of South Korea, which is still treated as an emerging market country in the MSCI universe.

Question: What is the reason for consistent weakness in the Turkish lira (TRY) despite the country's strong macroeconomic statistics?

Answer: Thanks to the increased size of the credit guarantee fund, which was made available to small- and mid-sized enterprises in Turkey at the beginning of the year, Turkish economic growth has recovered appreciably. The increased economic activity has also fueled consumption, which is partly to blame for a higher current account deficit, coupled with rising oil prices. The resulting growth in inflation and lack of response by the Turkish Central Bank has led to a weakening TRY, which was exacerbated by higher yields in the United States in the third quarter of 2017.

[1] FTSE is a company that specializes in index calculation.

Performance Summary October 31, 2017 (Unaudited)

All performance shown is historical, assumes reinvestment of all dividend and capital gain distributions, and does not guarantee future results. Investment return and principal value fluctuate with changing market conditions so that, when sold, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Please visit deutschefunds.com for the most recent performance of the Fund.

Fund specific data and performance are provided for informational purposes only and are not intended for trading purposes.

Average Annual Total Returns as of 10/31/17

	1-Year	**5-Year**	**10-Year**
Net Asset Value[(a)]	**26.78%**	**(1.32)%**	**(4.60)%**
Market Price[(a)]	**30.92%**	**(1.72)%**	**(4.75)%**
MSCI Emerging Markets Eastern Europe Index[(b)]	25.50%	(0.32)%	(5.33)%
MSCI Emerging Markets Europe ex Greece Index[(c)]	23.58%	(1.20)%	(5.14)%

[a] Total return based on net asset value reflects changes in the Fund's net asset value during each period. Total return based on market value reflects changes in market value during each period. Each figure includes reinvestments of income and capital gain distributions, if any. Total returns based on net asset value and market price will differ depending upon the level of any discount from or premium to net asset value at which the Fund's shares trade during the period. Expenses of the Fund include investment advisory and administration fees and other fund expenses. Total returns shown take into account these fees and expenses. The annualized expense ratio of the Fund for the year ended October 31, 2017 was 1.37%.

[b] The MSCI Emerging Markets Eastern Europe Index is a free-float weighted equity index that is designed to capture large and mid cap representation across four emerging markets countries in Eastern Europe (Czech Republic, Hungary, Poland and Russia).

[c] The MSCI Emerging Markets Europe ex Greece Index is a free-float-adjusted market-capitalization-weighted index that is designed to measure the equity market performance of the emerging markets countries of Europe (excluding Greece).

On July 25, 2017, the Fund's stockholders approved changes to the Fund's investment objective and related fundamental policy, and a change to the Fund's concentration policy. These changes became effective on August 1, 2017, as did a change in the benchmark index for the Fund from the MSCI Emerging Markets Europe ex Greece Index to the MSCI Emerging Markets Eastern Europe Index. Management believed, and the Board agreed, that the MSCI Emerging Markets Eastern Europe Index is a more appropriate benchmark for the Fund after implementation of the changes to the Fund's investment objective and policies.

Index returns do not reflect any fees or expenses and it is not possible to invest directly in the MSCI Emerging Markets Eastern Europe Index or the MSCI Emerging Markets Europe ex Greece Index.

Net Asset Value and Market Price

	As of 10/31/17	As of 10/31/16
Net Asset Value	$ 27.58	$ 22.08
Market Price	$ 24.52	$ 19.01

Prices and Net Asset Value fluctuate and are not guaranteed.

Distribution Information	**Per Share**
Twelve Months as of 10/31/17:	
Income	$ .32
Capital Gains	$ —

Distributions are historical, not guaranteed and will fluctuate. Distributions do not include return of capital or other non-income sources.

Schedule of Investments as of October 31, 2017

	Shares	Value ($)
Russia 62.8%		
Common Stocks		
Banks 12.0%		
Bank St Petersburg PJSC	2,180,620	2,005,080
Sberbank of Russia PJSC	2,000,000	6,643,200
Sberbank of Russia PJSC (ADR)†	900,000	12,915,000
VTB Bank PJSC (GDR) (Registered)	1,100,000	2,277,000
		23,840,280
Capital Markets 1.8%		
Moscow Exchange MICEX-RTS PJSC	1,780,000	**3,600,584**
Diversified Telecommunication Services 0.5%		
Rostelecom PJSC	800,000	**936,480**
Electric Utilities 1.5%		
Inter RAO UES PJSC	18,000,000	1,103,400
RusHydro PJSC (ADR)	1,410,151	1,889,602
		2,993,002
Energy Equipment & Services 1.9%		
TMK PJSC (GDR) (Registered)	695,111	**3,823,110**
Food & Staples Retailing 5.3%		
Magnit PJSC	14,500	1,911,857
Magnit PJSC (GDR) (Registered)	130,000	3,679,000
X5 Retail Group NV (GDR) (Registered)*	120,019	4,932,781
		10,523,638
Metals & Mining 7.1%		
Alrosa PJSC	3,620,000	4,665,818
MMC Norilsk Nickel PJSC (ADR)†	310,000	5,713,300
Polyus PJSC (GDR) (Registered)	94,013	3,859,234
		14,238,352
Oil, Gas & Consumable Fuels 28.2%		
Gazprom PAO (ADR)	4,180,000	17,932,850
Lukoil PJSC (ADR)	310,000	16,495,100
Novatek PJSC (GDR) (Registered)	87,500	9,983,750

Rosneft Oil Co PJSC (GDR) (Registered)	1,735,000	9,507,800
Tatneft PAO (ADR)	52,038	2,341,710
		56,261,210
Wireless Telecommunication Services 3.4%		
MegaFon PJSC (GDR) (Registered)	450,000	4,702,500
Mobile Telesystems PJSC (ADR)	200,527	2,110,547
		6,813,047
Preferred Stocks		
Oil, Gas & Consumable Fuels 1.1%		
Surgutneftegas OJSC (Cost $2,813,275)	4,600,000	**2,286,200**
Total Russia (Cost $101,421,721)		**125,315,903**
Poland 22.0%		
Common Stocks		
Banks 2.1%		
Bank Pekao SA	129,000	**4,213,417**
Chemicals 1.0%		
Ciech SA*	114,765	**1,951,159**
Consumer Finance 1.0%		
KRUK SA	26,899	**2,061,594**
Diversified Telecommunication Services 1.8%		
Orange Polska SA*	2,299,935	**3,544,388**
Electric Utilities 1.2%		
PGE Polska Grupa Energetyczna SA*	653,000	**2,340,920**
Food & Staples Retailing 0.2%		
Eurocash SA	39,504	**399,457**
Insurance 1.2%		
Powszechny Zaklad Ubezpieczen SA	185,000	**2,387,523**
Media 1.8%		
Cyfrowy Polsat SA	515,000	**3,587,726**
Metals & Mining 3.0%		
Jastrzebska Spolka Weglowa SA*	106,962	2,876,571
KGHM Polska Miedz SA	94,556	3,193,599
		6,070,170
Oil, Gas & Consumable Fuels 6.5%		
Polski Koncern Naftowy ORLEN SA	224,429	7,934,514
Polskie Gornictwo Naftowe i Gazownictwo SA	2,770,000	5,090,597
		13,025,111
Paper & Forest Products 0.9%		
Pfleiderer Group SA†	173,360	**1,904,898**
Software 0.3%		
Asseco Poland SA	40,000	**524,133**
Textiles, Apparel & Luxury Goods 1.0%		
CCC SA	26,000	**1,949,482**
Total Poland (Cost $41,173,327)		**43,959,978**
Hungary 8.3%		
Common Stocks		
Banks 3.6%		
OTP Bank PLC	176,478	7,108,975
Diversified Telecommunication Services 0.9%		

Magyar Telekom Telecommunications PLC	1,109,194	1,923,194
Oil, Gas & Consumable Fuels 2.0%		
MOL Hungarian Oil & Gas PLC	333,336	3,987,177
Pharmaceuticals 1.8%		
Richter Gedeon Nyrt	142,703	3,546,112
Total Hungary (Cost $11,548,393)		**16,565,458**
Czech Republic 3.2%		
Common Stocks		
Banks 1.8%		
Moneta Money Bank AS 144A	1,020,000	3,485,795
Electric Utilities 1.4%		
CEZ AS	128,000	2,805,845
Total Czech Republic (Cost $5,845,074)		**6,291,640**
Turkey 1.1%		
Common Stocks		
Food Products 0.7%		
Ulker Biskuvi Sanayi AS	260,000	**1,385,389**
Metals & Mining 0.4%		
Koza Altin Isletmeleri AS*	87,255	**755,284**
Total Turkey (Cost $2,171,156)		**2,140,673**
Sweden 0.8%		
Common Stocks		
Health Care Providers & Services 0.8%		
Medicover AB "B"* (Cost $1,302,395) (a)	193,211	**1,522,763**
Netherlands 0.5%		
Common Stocks		
Hotels, Restaurants & Leisure 0.5%		
DP Eurasia NV 144A* (Cost $648,730) (b)	306,924	**937,398**
Kazakhstan 0.4%		
Common Stocks		
Metals & Mining 0.4%		
Altyn PLC* (Cost $1,824,443)	50,000,000	**836,577**
Securities Lending Collateral 1.8%		
Deutsche Government & Agency Securities Portfolio "Deutsche Government Cash Institutional Shares", 0.96% (Cost $3,499,900) (c) (d)	3,499,900	**3,499,900**
Cash Equivalents 3.8%		
Deutsche Central Cash Management Government Fund, 1.07% (Cost $7,621,962) (d)	7,621,962	**7,621,962**

	% of Net Assets	**Value ($)**
Total Investment Portfolio (Cost $177,057,101)	104.7	**208,692,252**
Other Assets and Liabilities, Net	(4.7)	**(9,285,788)**

Net Assets	100.0	**199,406,464**

* Non-income producing security.

† All or a portion of these securities were on loan. The value of all securities loaned at October 31, 2017 amounted to $3,350,996, which is 1.7% of net assets.

(a) Medicover provides healthcare and diagnostic services in Poland, Germany, Romania, Ukraine, and Central and Eastern Europe.

(b) DP Eurasia serves customers in Turkey, Russia, Azerbaijan and Georgia.

(c) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.

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

144A: Securities 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.

ADR: American Depositary Receipt

GDR: Global Depositary Receipt

OJSC: Open Joint Stock Company

PJSC: Public Joint Stock Company

For purposes of its industry concentration policy, the Fund classifies issuers of portfolio securities at the industry sub-group level. Certain of the categories in the above Schedule of Investments consist of multiple industry sub-groups or industries.

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 associated with investing in those securities.

The following is a summary of the inputs used as of October 31, 2017 in valuing the Fund's investments.

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Common Stocks and/or Other Equity Investments (e)				
Russia	$ 125,315,903	$ —	$ —	$ 125,315,903
Poland	43,959,978	—	—	43,959,978
Hungary	16,565,458			