

NEW GERMANY FUND INC  
Form N-Q  
November 25, 2009  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

**FORM N-Q**

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

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Investment Company Act file number 811-5983

The New Germany Fund, Inc.

(Exact name of registrant as specified in charter)

345 Park Avenue

New York, NY 10154

(Address of principal executive offices) (Zip code)

Paul Schubert

345 Park Avenue

New York, NY 10154-0004

(Name and address of agent for service)

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

Date of fiscal year end: 12/31

Date of reporting period: 9/30/09

**ITEM 1. SCHEDULE OF INVESTMENTS**

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THE NEW GERMANY FUND, INC.  
SCHEDULE OF INVESTMENTS SEPTEMBER 30, 2009 (unaudited)

| Shares   | Description              | Value(a)     |
|--|--------------------------|--------------|
| <b>INVESTMENTS IN GERMAN SECURITIES 87.4%</b>    |                          |              |
| <b>COMMON STOCKS 85.4%</b>                       |                          |              |
| <b>AEROSPACE &amp; DEFENSE 2.2%</b>              |                          |              |
| 129,084  | MTU Aero Engines Holding | \$ 6,104,917 |
| <b>AIRLINES 0.3%</b>                             |                          |              |
| 170,000  | Air Berlin*              | 926,737      |
| <b>AUTO COMPONENTS 3.2%</b>                      |                          |              |
| 90,000   | Continental*             | 4,856,272    |
| 188,344  | ElringKlinger            | 3,861,965    |
|  |                          | 8,718,237    |
| <b>BUILDING PRODUCTS 1.1%</b>                    |                          |              |
| 45,000   | HeidelbergCement         | 2,909,554    |
| <b>CHEMICALS 11.1%</b>                           |                          |              |
| 317,760  | Lanxess                  | 10,936,767   |
| 360,000  | Symrise                  | 6,855,604    |
| 79,364   | Wacker Chemie            | 12,363,426   |
|  |                          | 30,155,797   |
| <b>COMMERCIAL BANKS 2.7%</b>                     |                          |              |
| 210,000  | Deutsche Postbank*       | 7,418,136    |
| <b>COMPUTERS &amp; PERIPHERALS 3.6%</b>          |                          |              |
| 152,727  | Wincor Nixdorf           | 9,823,495    |
| <b>CONSTRUCTION &amp; ENGINEERING 8.9%</b>       |                          |              |
| 44,341   | Bauer                    | 1,859,885    |
| 133,181  | Bilfinger Berger         | 9,204,716    |
| 171,567  | Hochtief                 | 13,053,794   |
|  |                          | 24,118,395   |
| <b>ELECTRICAL EQUIPMENT 5.2%</b>                 |                          |              |
| 50,000   | Q-Cells*                 | 956,552      |
| 150,686  | SGL Carbon*              | 6,157,563    |
| 171,957  | Solarworld               | 4,171,831    |
| 164,800  | Tognum                   | 2,813,189    |
|  |                          | 14,099,135   |
| <b>HEALTH CARE PROVIDERS &amp; SERVICES 4.4%</b> |                          |              |
| 130,000  | Celesio                  | 3,579,506    |
| 329,946  | Rhoen Klinikum           | 8,385,737    |
|  |                          | 11,965,243   |
| <b>Shares</b>                                    |                          |              |
| <b>Description</b>                               |                          |              |
| <b>Value(a)</b>                                  |                          |              |
| <b>HOUSEHOLD DURABLES 0.7%</b>                   |                          |              |
| 118,886  | Loewe                    | \$ 1,848,720 |
| <b>INDUSTRIAL CONGLOMERATES 4.4%</b>             |                          |              |
| 202,583  | Rheinmetall              | 11,979,197   |

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|         |  |            |
|---------|--|------------|
|         | <b>INTERNET SOFTWARE &amp; SERVICES 4.2%</b>             |            |
| 750,966 | United Internet*   | 11,315,604 |
|         | <b>LIFE SCIENCES TOOLS &amp; SERVICES 1.2%</b>           |            |
| 108,287 | Gerresheimer   | 3,402,621  |
|         | <b>MACHINERY 8.1%</b>                                    |            |
| 50,000  | Demag Cranes   | 1,793,260  |
| 573,046 | GEA Group  | 11,942,846 |
| 298,963 | MAX Automation   | 1,306,434  |
| 52,714  | Pfeiffer Vacuum Technology                               | 4,322,029  |
| 23,000  | Vossloh  | 2,602,771  |
|         |  | 21,967,340 |
|         | <b>METALS &amp; MINING 1.3%</b>                          |            |
| 85,000  | Aurubis  | 3,537,999  |
|         | <b>PHARMACEUTICALS 2.5%</b>                              |            |
| 247,563 | Stada Arzneimittel                                       | 6,758,673  |
|         | <b>REAL ESTATE MANAGEMENT &amp; DEVELOPMENT 3.8%</b>     |            |
| 153,937 | Deutsche Euroshop  | 5,388,245  |
| 454,364 | IVG Immobilien*  | 4,967,117  |
|         |  | 10,355,362 |
|         | <b>SEMICONDUCTORS &amp; SEMICONDUCTOR EQUIPMENT 2.4%</b> |            |
| 800,000 | Infineon Technologies*                                   | 4,507,266  |
| 160,766 | Kontron  | 1,968,961  |
|         |  | 6,476,227  |
|         | <b>SOFTWARE 3.7%</b>                                     |            |
| 120,000 | Software   | 10,172,040 |
|         | <b>SPECIALTY RETAIL 3.2%</b>                             |            |
| 30,000  | Douglas Holding  | 1,370,156  |
| 50,000  | Fielmann   | 3,628,174  |
| 263,465 | Praktiker Bau- und Heimwerkermaerkte                     | 3,631,060  |
|         |  | 8,629,390  |

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| Shares  | Description   | Value(a)     |
|---|---|--------------|
| <b>INVESTMENTS IN GERMAN SECURITIES 87.4% (continued)</b> |   |              |
|   | <b>TEXTILES, APPAREL &amp; LUXURY GOODS 0.7%</b>                  |              |
| 5,647   | Puma  | \$ 1,872,874 |
|   | <b>TRADING COMPANIES &amp; DISTRIBUTORS 1.2%</b>                  |              |
| 140,000   | Kloeckner & Co.*  | 3,204,193    |
|   | <b>TRANSPORTATION INFRASTRUCTURE 2.3%</b>                         |              |
| 120,000   | Fraport   | 6,375,063    |
|   | <b>AUTO COMPONENTS 1.0%</b>                                       |              |
| 120,000   | Leoni   | 2,732,420    |
|   | <b>WIRELESS TELECOMMUNICATION SERVICES 2.0%</b>                   |              |
| 390,646   | Freenet*  | 5,326,769    |
|   | Total Common Stocks<br>(cost \$168,414,031)                       | 232,194,138  |
|   | <b>PREFERRED STOCKS 1.9%</b>                                      |              |
|   | <b>HEALTH CARE EQUIPMENT &amp; SUPPLIES 0.4%</b>                  |              |
| 62,632  | Sartorius<br>(cost \$691,434)                                     | 1,116,747    |
|   | <b>MEDIA 0.8%</b>   |              |
| 205,000   | ProSiebenSat.1 Media<br>(cost \$1,587,732)                        | 2,202,115    |
|   | <b>TEXTILES, APPAREL &amp; LUXURY GOODS 0.7%</b>                  |              |
| 50,000  | Hugo Boss<br>(cost \$2,329,142)                                   | 1,944,526    |
|   | Total Preferred Stocks<br>(cost \$4,608,308)                      | 5,263,388    |
|   | <b>RIGHTS 0.1%</b>  |              |
|   | <b>BUILDING PRODUCTS 0.1%</b>                                     |              |
| 45,000  | HeidelbergCement (Expiration<br>Date 10/7/2009)*<br>(cost \$0)    | 242,024      |
|   | Total Investments in<br>German Securities<br>(cost \$173,022,339) | 237,699,550  |

| Shares   | Description  | Value(a)      |
|--|--|---------------|
| <b>INVESTMENTS IN DUTCH COMMON STOCKS 8.9%</b> |  |               |
|  | <b>AEROSPACE &amp; DEFENSE 6.1%</b>  |               |
| 739,645  | EADS   | \$ 16,587,810 |
|  | <b>LIFE SCIENCES TOOLS &amp; SERVICES 2.8%</b>                                       |               |
| 355,887  | QIAGEN*  | 7,541,868     |
|  | Total Investments in<br>Dutch Common Stocks<br>(cost \$14,472,584)                   | 24,129,678    |
|  | Total Investments in<br>Common and Preferred<br>Stocks 96.3%<br>(cost \$187,494,923) | 261,829,228   |

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**SECURITIES LENDING**

**COLLATERAL 10.9%**

|            |   |            |
|------------|---|------------|
|            | Daily Assets Fund<br>Institutional, 0.29% |            |
| 29,619,431 | (cost \$29,619,431) <sup>(b)(c)</sup>     | 29,619,431 |

**CASH EQUIVALENTS 0.0%**

|        |  |                       |
|--------|--|-----------------------|
|        | Cash Management QP Trust, 0.18% <sup>(c)</sup> |                       |
| 60,612 | (cost \$60,612)                                | 60,612                |
|        | Total Investments 107.2%                       |                       |
|        | (cost \$217,174,966)**                         | 291,509,271           |
|        | Other Assets and Liabilities,<br>Net (7.2%)    | (19,616,518)          |
|        | <b>NET ASSETS 100.0%</b>                       | <b>\$ 271,892,753</b> |

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

\* Non-income producing securities.

\*\* The cost for federal income tax purposes was \$219,338,155. At September 30, 2009, net unrealized appreciation for all securities based on tax cost was \$72,171,116. This consisted of aggregate gross unrealized appreciation for all securities in which there was an excess of value over tax cost of \$82,214,608 and aggregate gross unrealized

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depreciation for all securities in which there was an excess of tax cost over value of \$10,043,492.

All or a portion of these securities were on loan. The value of all securities loaned at September 30, 2009 amounted to \$28,496,591, which is 10.5% of the net assets.

- (a) Values stated in US dollars.
- (b) Represents collateral held in connection with securities lending. Income earned by the Fund is net of borrower rebates.
- (c) Affiliated fund managed by Deutsche Investment Management Americas Inc. The rate shown is the annualized seven-day yield at period end.

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### 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 unobservable 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 September 30, 2009 in valuing the Fund's investments.

| Category   | Level 1               | Level 2               | Level 3     | Total                 |
|--|-----------------------|-----------------------|-------------|-----------------------|
| Common Stocks and/or Other Equity Investments <sup>(d)</sup> |                       |                       |             |                       |
| Germany  | \$ 237,699,550        | \$ 0                  | \$ 0        | \$ 237,699,550        |
| Netherlands  | 24,129,678            | 0                     | 0           | 24,129,678            |
| Short-Term Instruments                                       | 29,619,431            | 60,612 <sup>(e)</sup> | 0           | 29,680,043            |
| <b>Total</b>   | <b>\$ 291,448,659</b> | <b>\$ 60,612</b>      | <b>\$ 0</b> | <b>\$ 291,509,271</b> |

(d) See Investment Portfolio for additional detailed categorizations.

(e) Investment in Cash Management QP Trust, an affiliated fund, is reflected as Level 2 since it is only available to affiliated funds.

**ITEM 2. CONTROLS AND PROCEDURES**

(a) The Chief Executive and Financial Officers concluded that the Registrant's Disclosure Controls and Procedures are effective based on the evaluation of the Disclosure Controls and Procedures as of a date within 90 days of the filing date of this report.

(b) There have been no changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal controls over financial reporting.

**ITEM 3. EXHIBITS**

Certification pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) is filed and attached hereto as Exhibit 99.CERT.



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**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: The New Germany Fund, Inc.

By: /s/Michael G. Clark

Michael G. Clark

President

Date: November 19, 2009

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: The New Germany Fund, Inc.

By: /s/Michael G. Clark

Michael G. Clark

President

Date: November 19, 2009

By: /s/Paul Schubert

Paul Schubert

Chief Financial Officer and Treasurer

Date: November 19, 2009