

Scudder Municipal Closed End Bond Funds

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Deutsche Asset Management

Experience and Size to Efficiently Manage Municipal Assets

- Professional Resources

- 5 Municipal Analysts Average
industry experience 15 years
 - 8 Portfolio Managers/Traders (6 managing mutual funds) Average
tenure with the firm 12 years
 - Total in Municipal Bond Assets - \$18 Billion
 - 11 Tax Free Bond Funds - \$10 Billion

Including:

- Closed End Funds – Scudder Muni Income Trust (KTF) ; Scudder Strategic Muni (KSM)

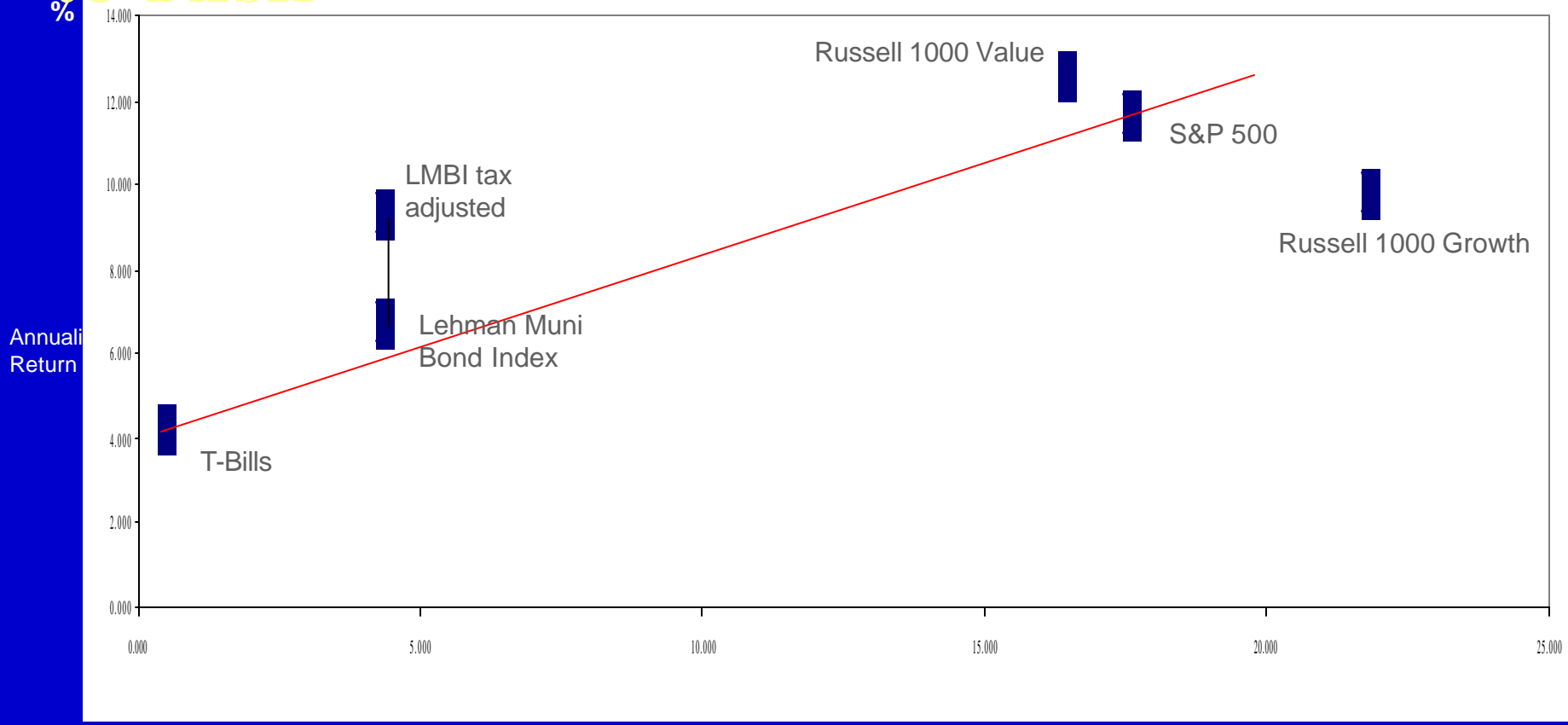
Index/Category Definitions

- **Lehman Muni Bond Index, Russell 1000 Value, S&P 500, Russell 1000 Growth. Indices are not for direct investment, are unmanaged, and assume reinvestment of distributions**
- **The Lehman Brothers Bond Index (LMBI) is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market. The SP 500 is a capitalization –weighted index of 500 stocks. The Russell 1000 Value Index represents the universe of large capitalization stocks in the value sector of the US equity market. The Russell 1000 Growth Index represents the universe of large capitalization stocks in the growth sector of the US equity market. The Lipper category for KTF is General Muni Debt Funds. The Lipper Category for KSM is High Yield Muni Debt.**

Risk:

- **Closed end funds, unlike open end funds, are not continuously offered. There is a one time public offering and once issued, shares of closed end funds are sold in the open market through a stock exchange. 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.**
- **These funds invest in individual bonds whose yields and market values fluctuate, so that your investment may be worth more or less than its original cost. Additionally, although the funds seek income that is federally tax-free, a portion of the fund's distributions may be subject to federal, state, local and alternative minimum tax.**

Municipal Bonds have been able to provide strong After-Tax Returns relative to Risk



From April 1994 to March 2004
 For illustrative purposes only. Not representative of any Scudder Fund.
¹Annualized – monthly standard deviation of return
 ** LMBI estimated income grossed up for 29.5% Federal Tax Income.
Past performance is no guarantee of future results.

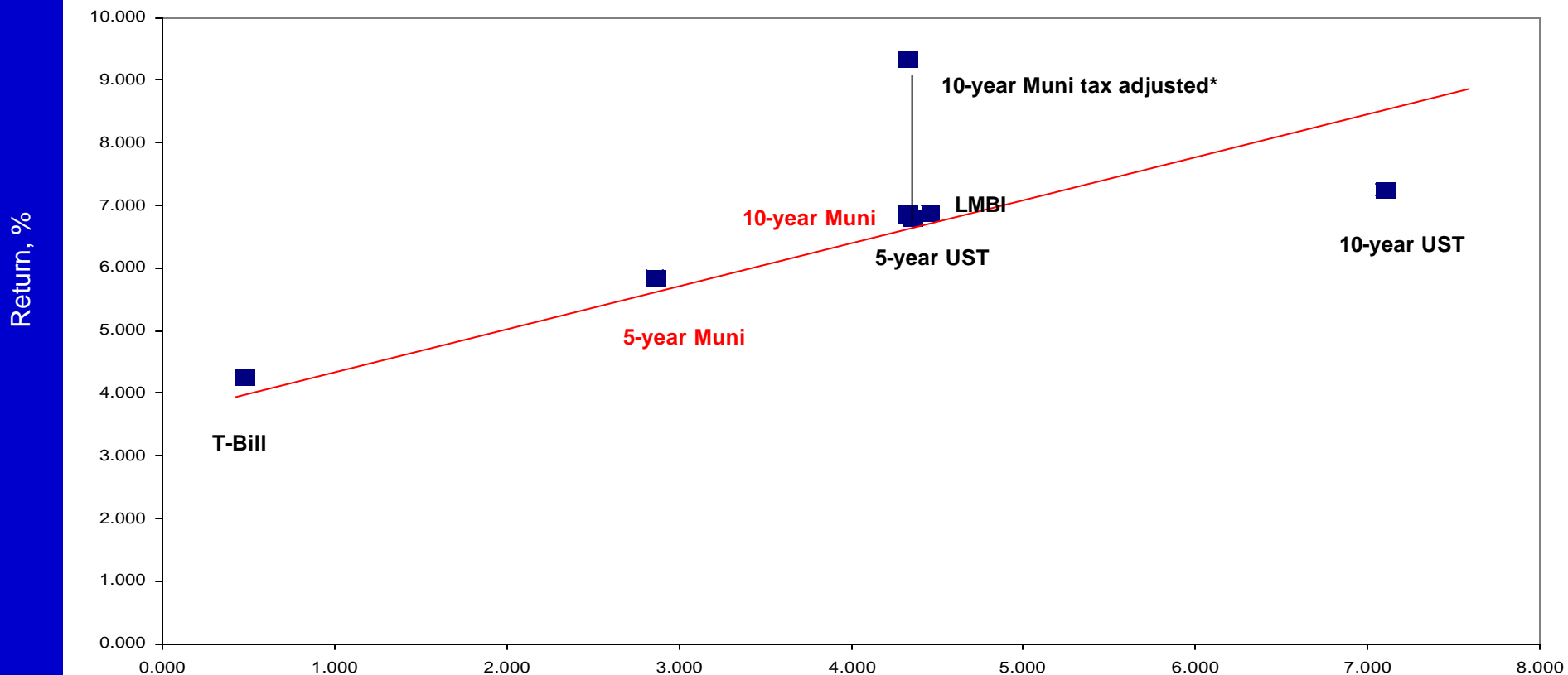
Risk¹

- Standard Deviation is a statistical measure of the volatility of a fund's returns. Generally, the greater the standard deviation, the greater the Fund's volatility.
- The government guarantees the prompt payment of principal and interest of US Treasuries, however, such guarantee does not remove market risks if the investment is sold prior to maturity.

Municipal Bonds:

Within the bond sector, there has been compelling after-tax returns relative to risk

10-year risk/return performance



From April 1993 to March 2004

For illustrative purposes only. Not representative of any Scudder Fund.

¹Annualized – monthly standard deviation of return

**10 year muni tax adjusted estimated income grossed up for 29.5% Federal Income tax

Past performance is not indicative of future results.

*10-year Muni tax adjusted based on Muni Market Data

UST is US Treasuries

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We Believe Investment Grade Municipals are Second only to Treasuries in Credit Quality

- Average cumulative 10-year default rates from 1970 to 2000 were .04% for all grades of municipals versus 9.83% for all grades of corporates.
- Investment Grade Municipal's Cumulative Default rate 10 years after issuance averages 0.03% vs. a cumulative Default Rate on AAA corporates averages 0.675%.
- “Out of 28,000 municipal issuers rated from 1970 to 2000, only 18 have defaulted compared to 819 defaults by around 7,000 rated corporate issuers”

Income & Risk

- Income can be increased by adding excess:
 - Maturity risk
 - Credit risk
 - Call risk
- Adding additional risk at the wrong time can have a severe impact on principal.
- Therefore the municipal funds with the highest income can often have the poorest overall performance.

Past performance is not guarantee of future results.

Objective of Scudder Municipal Bond Funds

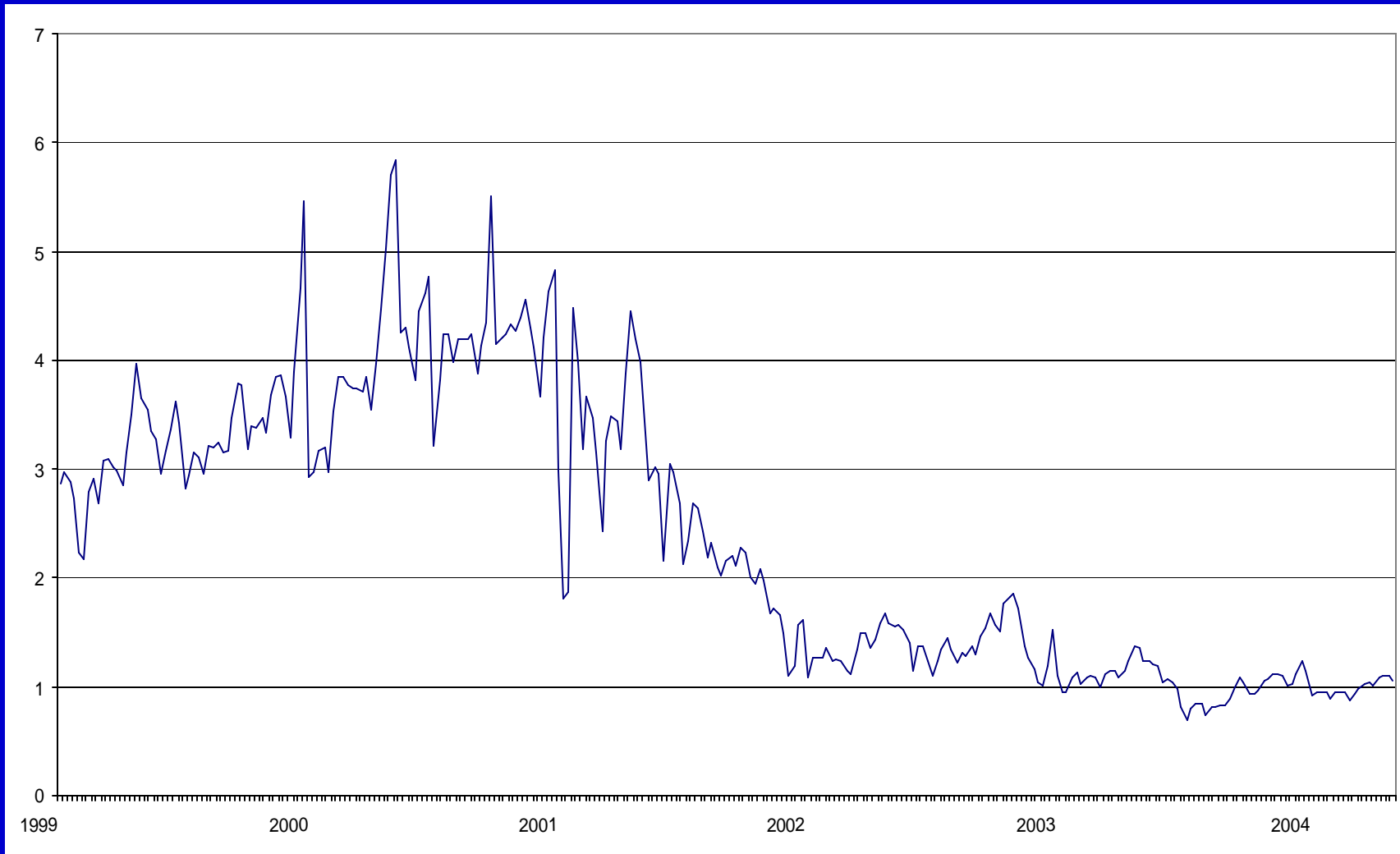
- Goals:
 - High Level of Current Income
 - Total Return
 - Minimization of Taxable Events
- While income is the primary objective of a municipal bond fund; Scudder municipal bond funds do not seek to maximize income at the expense of principal

Current Investment Strategy

- Maintain durability of dividend
- Maintain average duration
 - Monitor benchmark and peer groups
- Yield curve decision
- As market shifts sell bonds with weak structure, add bonds with strong structure in optimal part of the yield curve
- Avoid callable par bonds: preference for premium or discount, callable or noncallable bonds subject to best value
- Selectively add lower grade credits; watch credit spreads

Weekly Bond Market Swap Index Yield

1/1/99 – 5/10/04

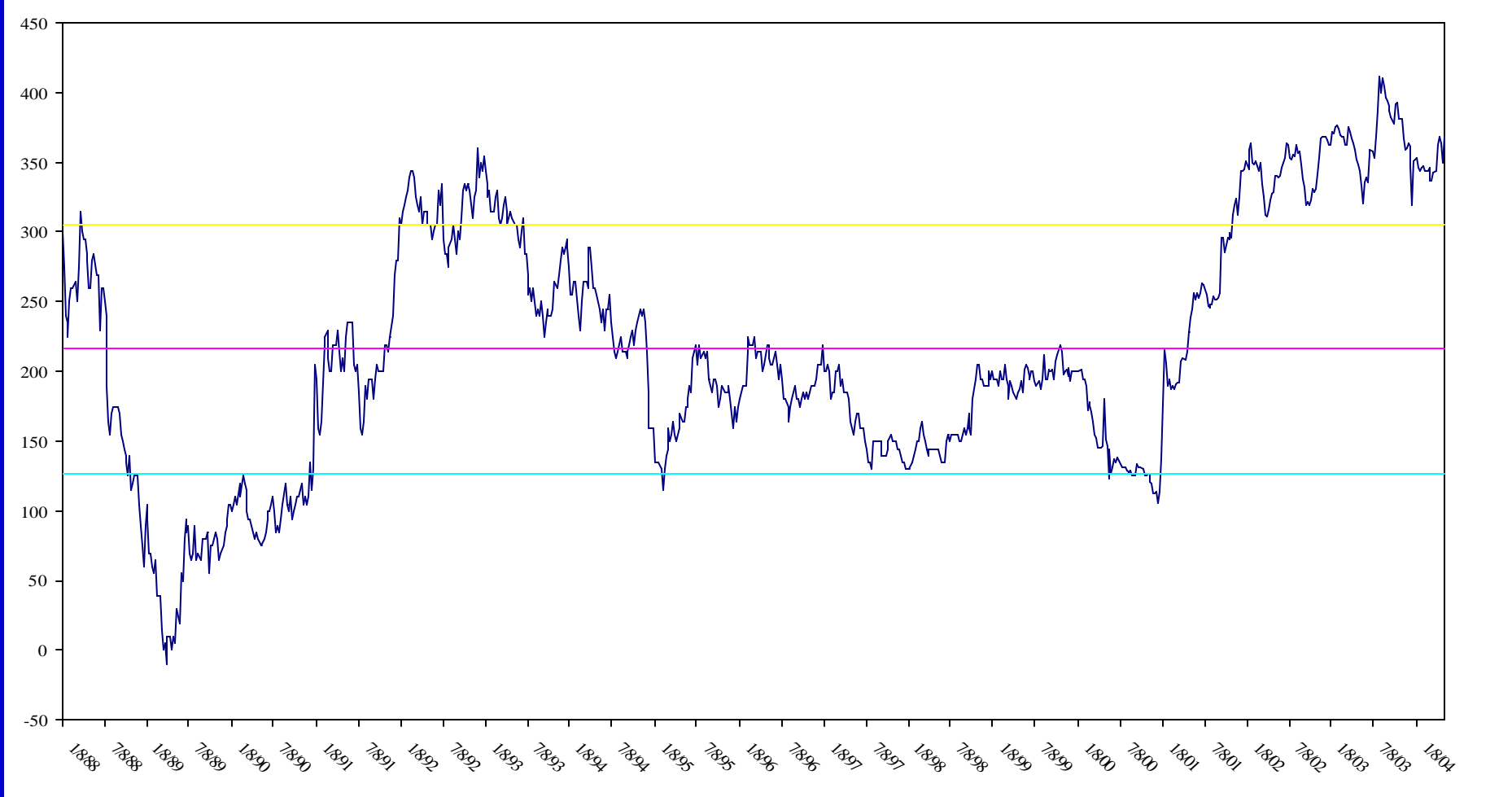


Past performance is no guarantee of future results

Source : Bloomberg

Yield Spread

30-year AAA vs. 1-year AAA Municipals
January 1988 – May 2004



Past performance is no guarantee of future results

Source: Deutsche Asset Management

Yield Curve Spread

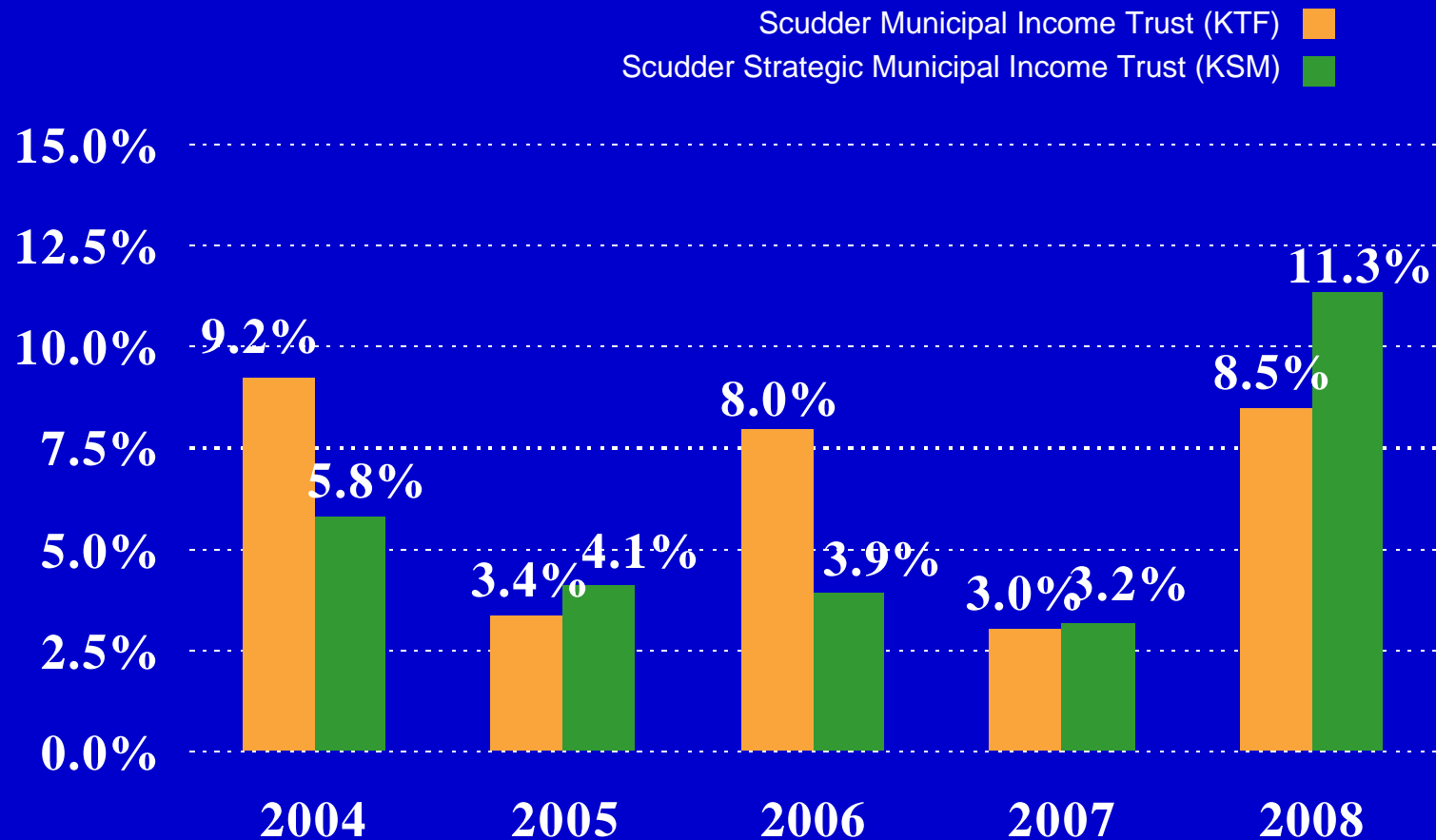
20-year AAA vs. 10-year AAA Municipals
June 1999 – May 2004

Basis Points



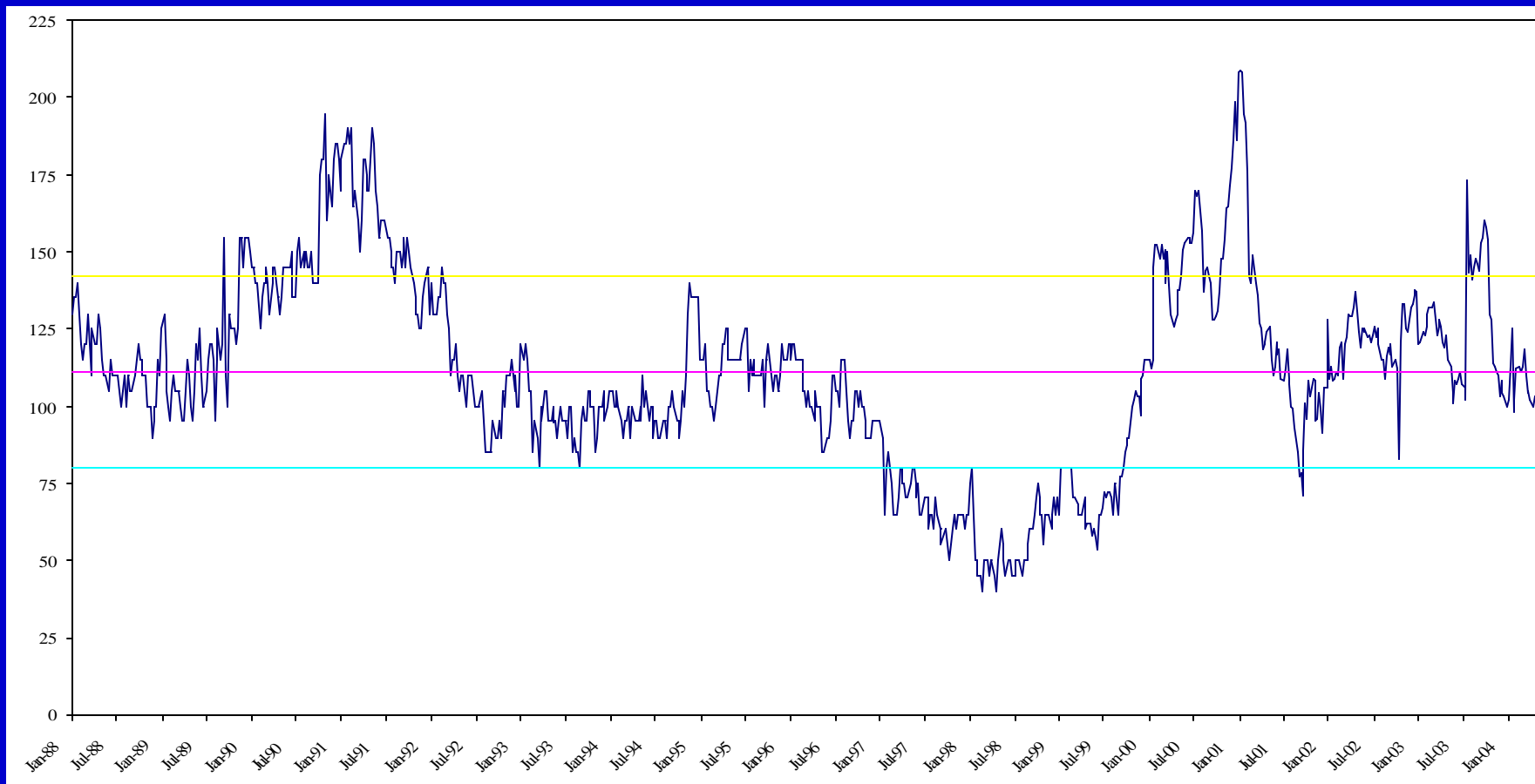
— Spread — Average — +1 Standard Deviation — -1 Standard Deviation

Bond Calls (as of 4/30/04)



Yield Spread

Lower Medium Grade vs. 30-year AAA Municipals
January 1988 – May 2004

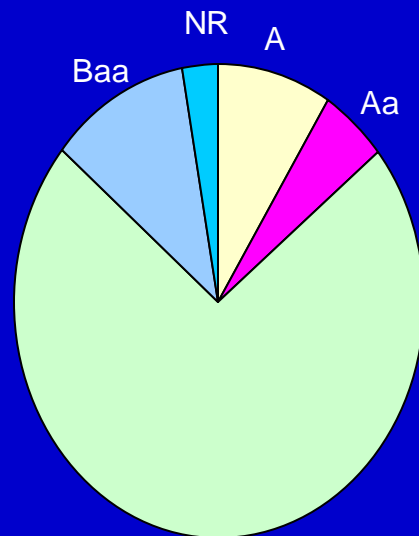


Source : Deutsche Asset Management
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Scudder Municipal Income Trust and Scudder Strategic Municipal Income Trust

Credit Ratings 4-30-04

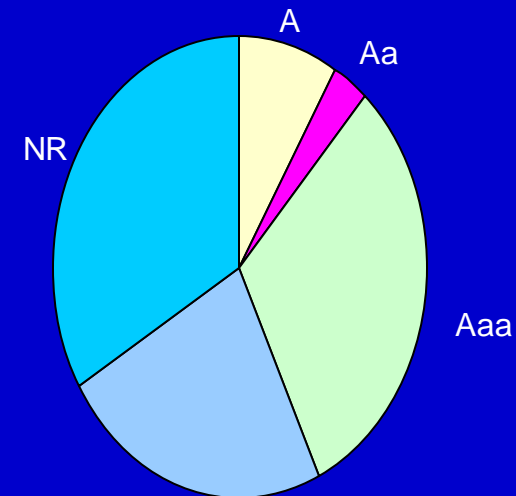
KTF



Aaa

Average Quality Aa

KSM



Baa

Average Quality A1

The ratings of Moody's Investors Service, Inc. represents the opinions as to the quality of the securities. Ratings are relative and subjective and are not absolute standards of quality. The fund's credit quality does not remove market risk.

Top – Five States (as of April 30, 2004)

Scudder Municipal Income Trust

KTF

<u>State</u>	<u>Percent</u>
Texas	13.56%
New Jersey	6.92%
Illinois	6.98%
New York	6.77%
California	5.53%

Scudder Strategic Municipal Income Trust

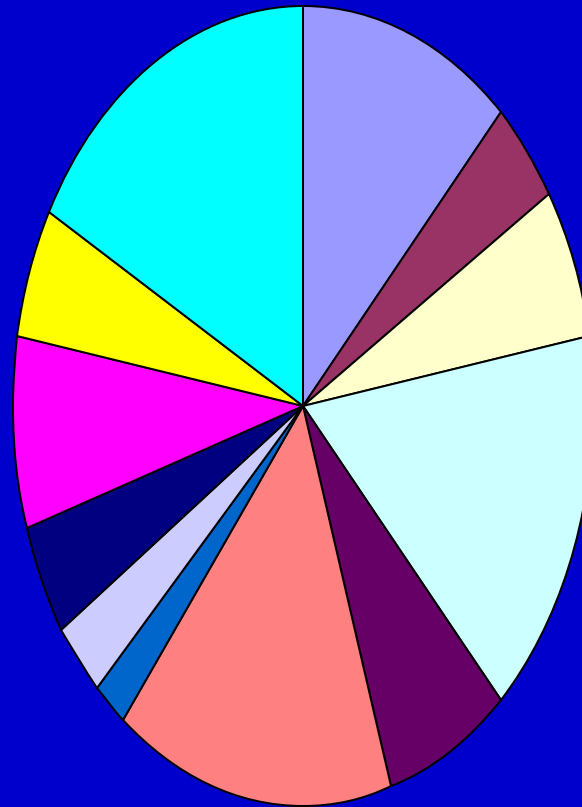
KSM

<u>State</u>	<u>Percent</u>
Texas	14.49%
New York	8.13%
Illinois	7.76%
California	5.75%
Massachusetts	5.41%

Sector allocation is subject to change.

Scudder Municipal Income Trust

Sectors 4-30-04

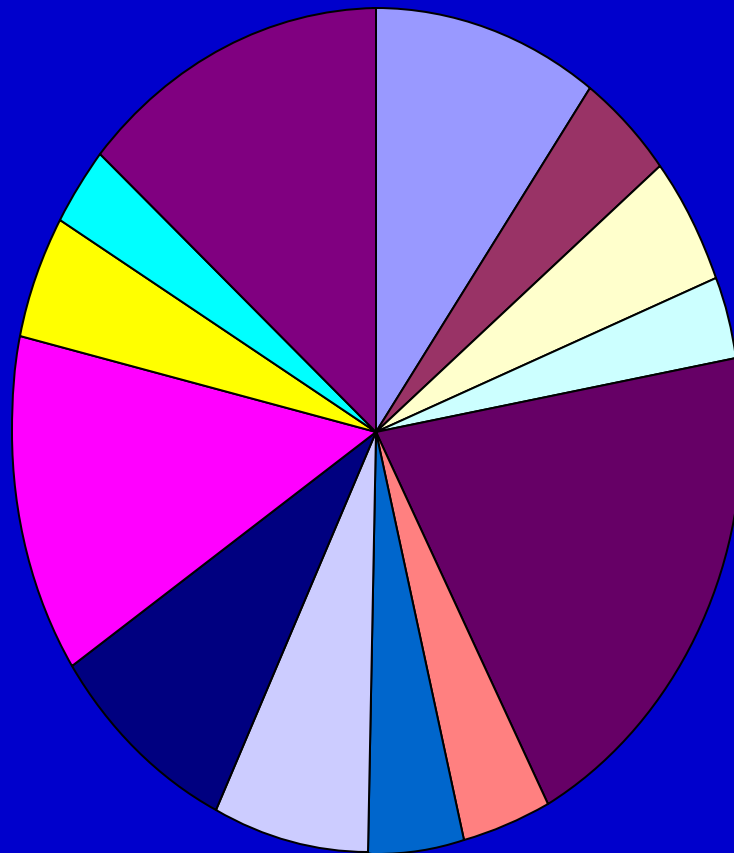


- General Obligation
- Electric Revenue
- PCR / IDR
- Healthcare Revenue
- Transportation
- Airport Revenue
- Sales and Special Tax
- Higher Education
- Special Assessment
- Misc.
- Lease
- Prerefunded

Sector weightings are subject to change

Scudder Strategic Municipal Income Trust

Sectors 4-30-04



- General Obligation
- Electric Revenue
- PCR / IDR
- Housing
- Healthcare Revenue
- Transportation
- Sales and Special Tax
- Project Revenue
- Special Assessment
- Senior Care
- Misc.
- Lease
- Prerefunded

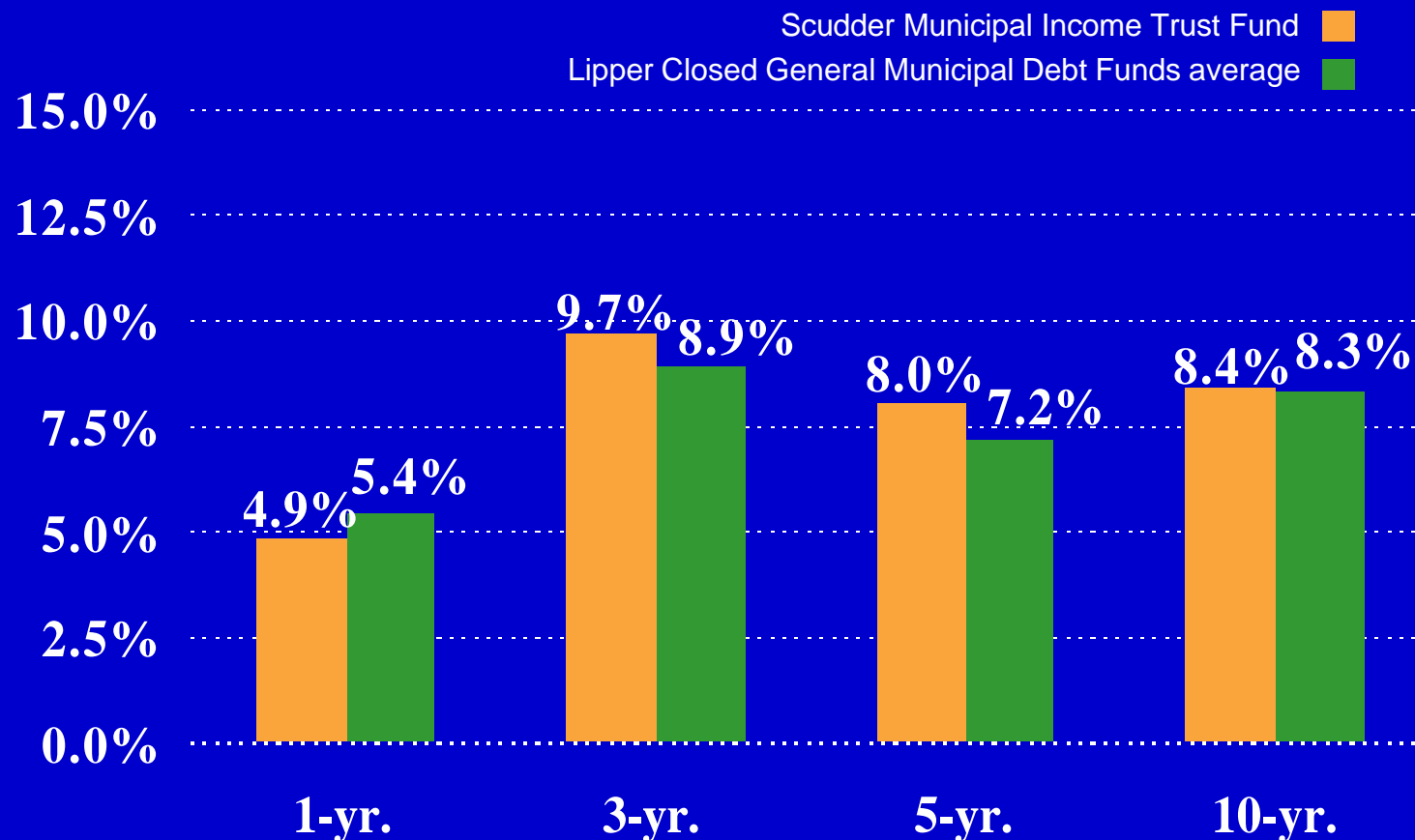
Sector weightings are subject to change

Why Scudder for Tax Free Bond Funds?

- Consistency of style...
 - Minimal duration management
 - Emphasis on portfolio construction
 - Value investing
 - Credit research
 - Same style used to manage the funds for years
- ...Can potentially lead to consistency of returns

Solid Long-Term Results for the 1-, 3-, 5- and 10-year periods

Scudder Municipal Income Trust (KTF)



Sources: Lipper, Inc. and Deutsche Investment Management Americas Inc. as of 4/30/04

Performance based on NAV

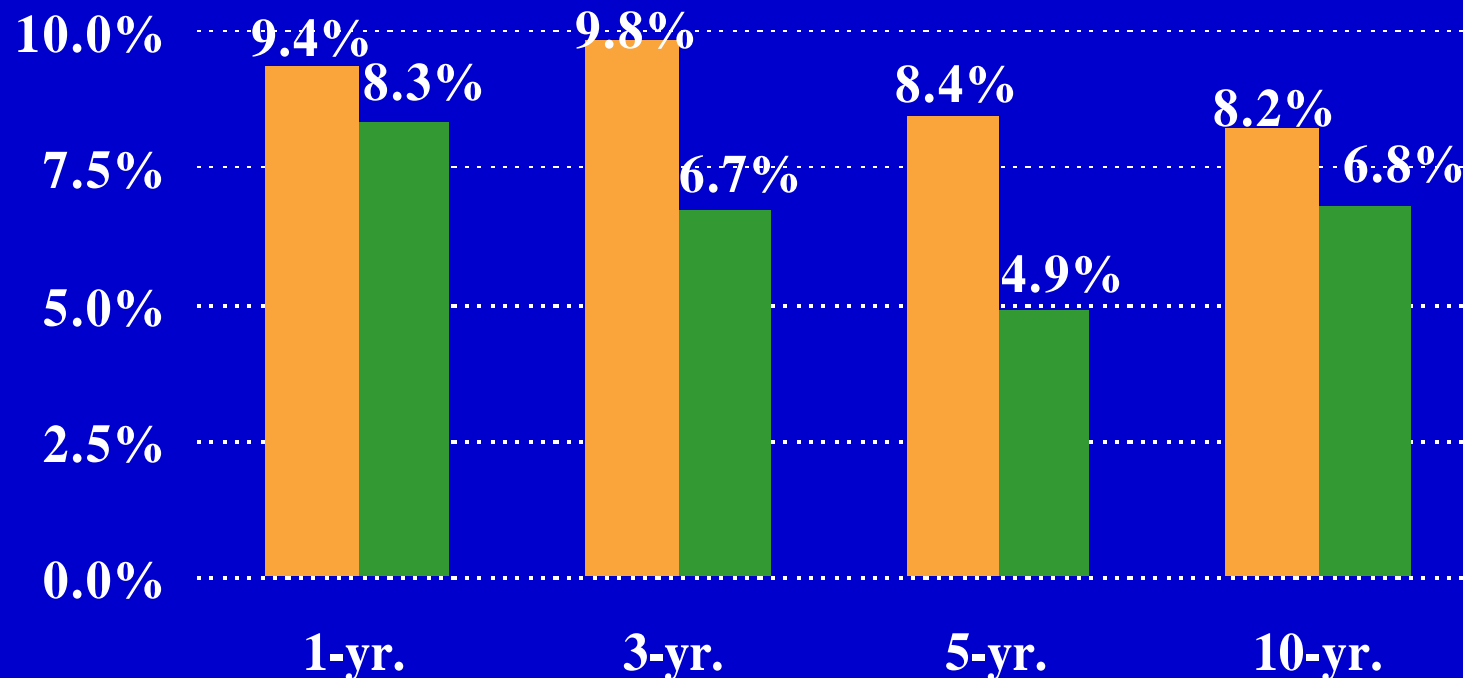
Past results are not necessarily indicative of future performance of the fund. Investment return and principal value will fluctuate, therefore current performance may be lower or higher than the figures shown.

*Total investment returns reflect changes in net asset value per share during each period and assume that dividends and capital gain distributions, if any, were reinvested. These percentages are not an indication of the performance of a shareholder's investment in the Fund based on market price."

Solid Long-Term Results top decile 3-, 5- and 10-year periods

Scudder Strategic Municipal Income Trust (KSM)

Scudder Strategic Municipal Income Trust Fund ■
Lipper Closed High Yield Municipal Debt Funds average ■



Sources: Lipper, Inc. and Deutsche Investment Management Americas Inc. as of 4/30/04

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Performance based on NAV

Distribution History (as of April 30, 2004)

Scudder Municipal Income Trust

KTF

	<u>Income</u>	<u>Cap Gain</u>
2004 YTD	.340	.000
2003	.790	.000
2002	.725	.005
2001	.720	.000
2000	.788	.000
1999	.822	.000

Scudder Strategic Municipal Income Trust

KSM

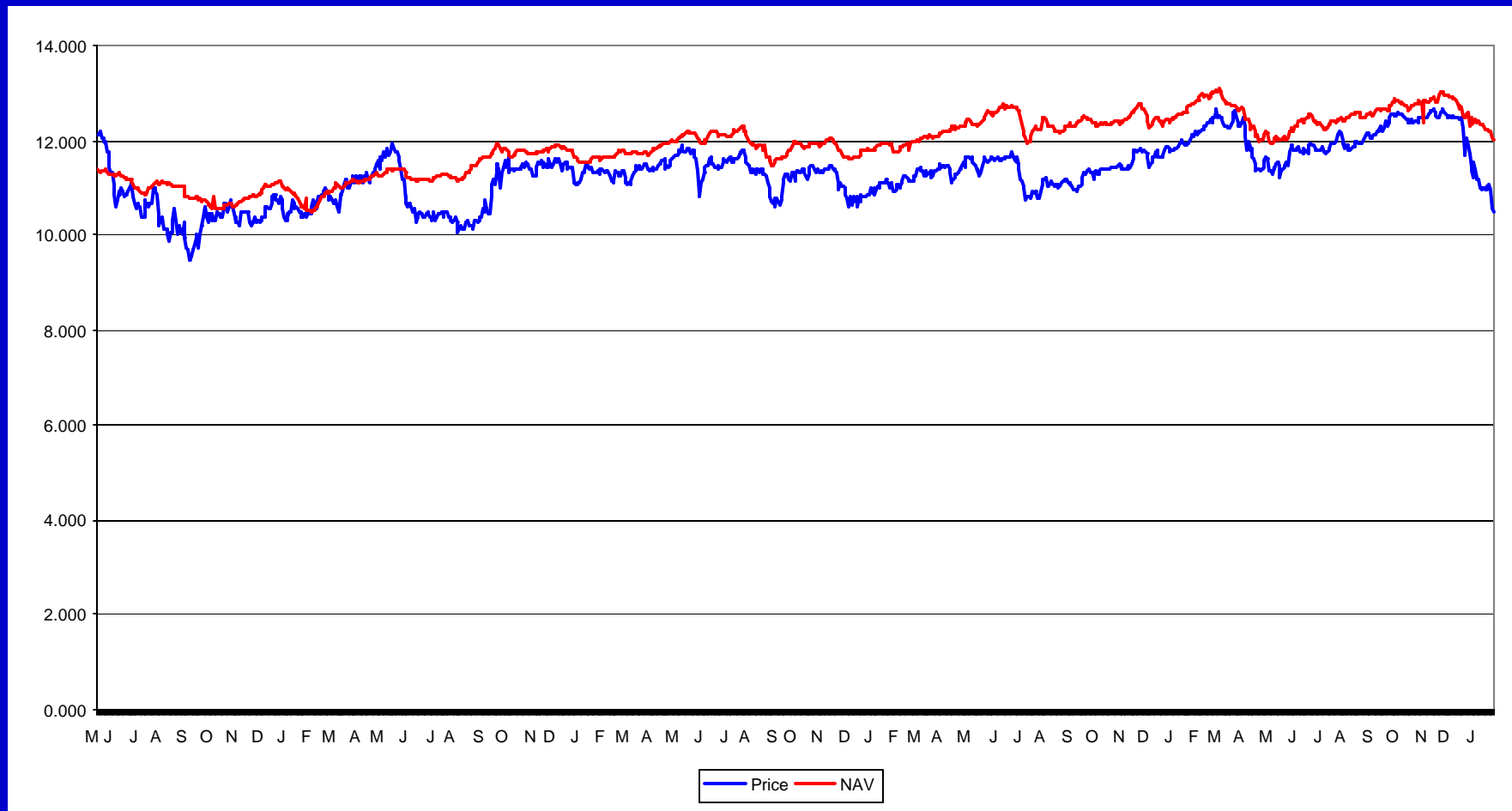
	<u>Income</u>	<u>Cap Gain</u>
2004 YTD	.380	.000
2003	.870	.000
2002	.790	.000
2001	.750	.000
2000	.750	.000
1999	.750	.050

Scudder Municipal Income Trust

SCUDDER
INVESTMENTS

Premium / Discount

4/30/99 to 5/10/04



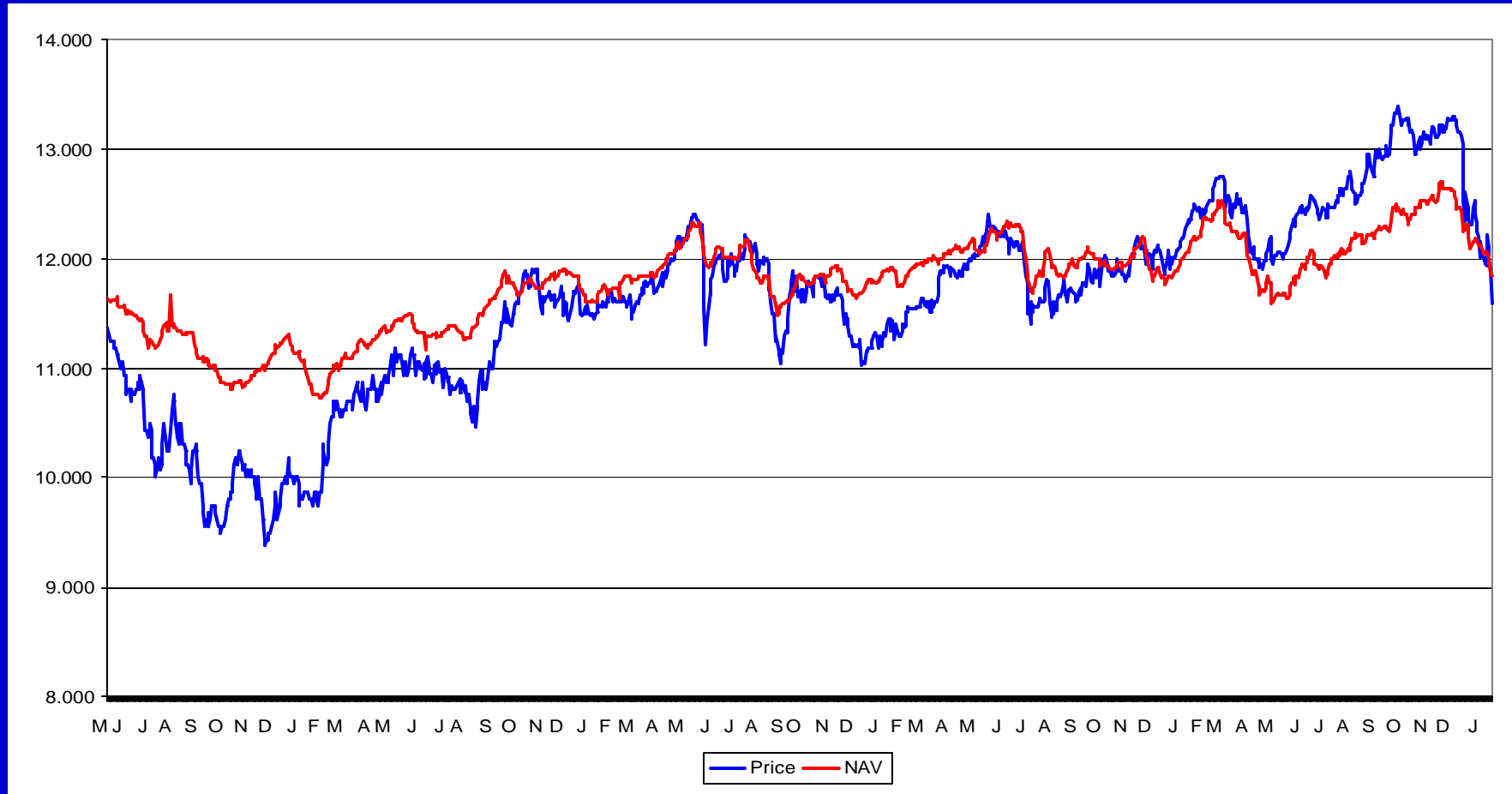
Past performance is no guarantee of future results. Net asset value (NAV) is total assets less total liabilities divided by the number of shares outstanding. Premium/discount is the amount by which the market price trades above or below the NAV. Annualized dividend yield is the latest monthly dividend shown as an annualized percentage of net asset value and market price as of [date]. Annualized dividend yield simply measures the level of dividends and is not a complete measure of performance.

Data as of 5/10/04

Scudder Strategic Municipal Income Trust SCUDDER INVESTMENTS

Premium / Discount

4/30/99 to 5/10/04



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Data as of 5/10/04

Disclosure on Performance

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The government guarantees the prompt payment of principal and interest of Us Treasuries , however, such guarantee does not remove market risks if the investment is sold prior to maturity. Federal Funds rate is the interest rate banks charge each other for overnight loans and is a closely watched indicator of US Federal Reserve Board monetary policy.

Relative Performance and Levels

(period ended 4/30/04)

	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
S & P (886)	22.87%	-2.36%	-2.26%	4.36%
Lehman Bros. MBI (Gross)	2.68	6.03	5.44	6.47
Scudder Municipal Income Trust				
Avg. Annual Return based on NAV*	3.77	8.51	6.81	7.26
Avg. Annual Return based on MKT	-2.61	5.15	4.21	6.37
Scudder Strategic Muni Inc. Trust				
Avg. Annual Return based on NAV*	7.96	8.43	7.02	7.06
Avg. Annual Return based on MKT	5.37	8.48	6.92	7.11

Levels

	<u>4-30-04</u>	<u>4-30-01</u>	<u>4-30-99</u>	<u>4-30-94</u>
10 yr Treasury	4.50%	5.34%	5.35%	7.04%
Fed Fund Rate	1.00%	4.50%	4.75%	3.75%

Scudder Municipal Income Trust (KTF)

Market Price	\$10.95	Market Yield	7.40%	Advisor	Deutsche Asset Mgmt
Net Asset Value	\$12.24	Subject to AMT	27.71%	Investment Objective	Municipal-National
Premium / (discount)	-10.54%	Average Maturity including leverage	8.45 13.16	Average Coupon	5.84%
Net Assets	\$727.274m	Duration including leverage	5.45 8.49	Management Fee	.55%
Shares Outstanding	38,832,628	Leverage	35.8%	Inception Date	10/20/88

Scudder Strategic Municipal Income Trust (KSM)

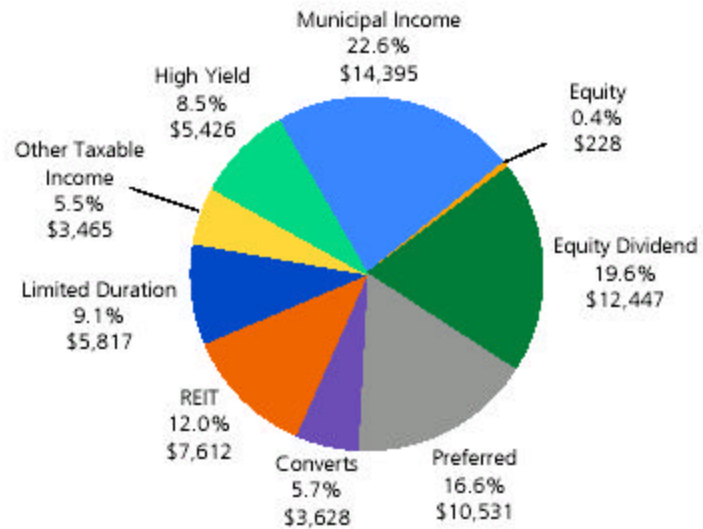
Market Price	\$12.06	Market Yield	7.46%	Advisor	Deutsche Asset Mgmt
Net Asset Value	\$11.95	Subject to AMT	5.88%	Investment Objective	Municipal-National
Premium / (discount)	-.912%	Average Maturity including leverage	11.52 17.69	Average Coupon	6.30%
Net Assets	\$200.465m	Duration including leverage	6.69 10.27	Management Fee	.60%
Shares Outstanding	10,825,365	Leverage	35%	Inception Date	3/21/89

Past performance is no guarantee of future results. Annualized dividend yield is the latest monthly dividend shown as an annualized percentage of market price as of 4/30/04. Annualized dividend yield simply measures the level of dividends and is not a complete measure of performance

Composition of Recent New Issues

In the recent three-year cycle, offerings have been varied by asset class and theme

(\$mm)



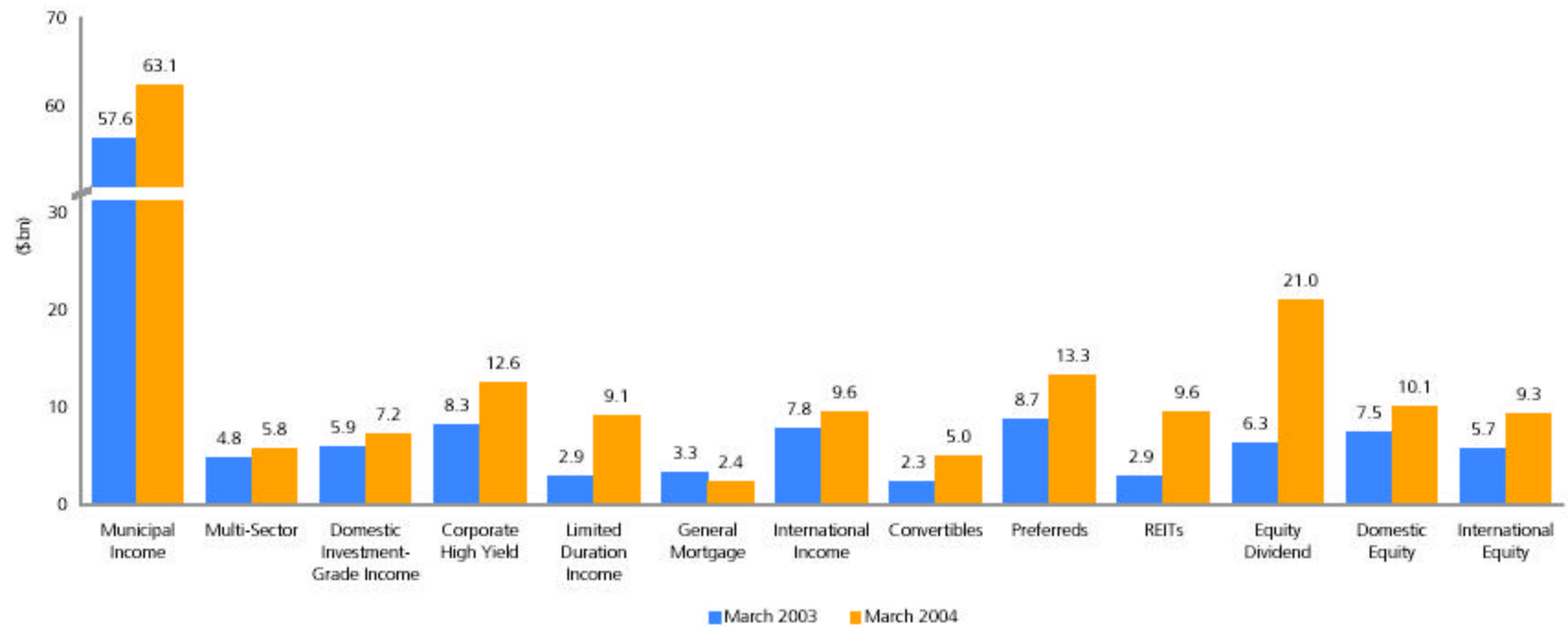
Note:

1 Based on initial offering amounts. Excludes leverage and overallocation options. Data includes 2001 – YTD 2004

Market Capitalization

Closed-end funds are a large, diversified and growing segment of the market

- ◆ The market capitalization of closed-end funds has increased by \$54 billion over the past year from \$124 billion in March 2003 to \$178 billion in March 2004



Note:

1 Based on market price and shares outstanding. Excludes leverage.

Important Notes

- Performance assumes reinvestment of dividends and capital gains.
- *Fund shares are not FDIC-insured and are not deposits or other obligations of, or guaranteed by, any bank. Fund shares involve investment risk, including possible loss of principal.*
- *Indices are not available for direct investment.*
- *The opinions and forecasts expressed are those of the investment team as of 4/10/2004, and may not actually come to pass. This information is subject to change at any time, based on market and other conditions and should not be construed as a recommendation of any specific security.*
- *Scudder Investments is part of Deutsche Asset Management, which is the marketing name in the US for the asset management activities of Deutsche Bank AG, Deutsche Investment Management Americas Inc., Deutsche Asset Management Inc., Deutsche Bank Securities Inc., Deutsche Asset Management Investment Services Ltd., Deutsche Bank Trust Company Americas and Scudder Trust Company.*

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