

# Scudder Municipal Income Trust

FEB  
2005

Investment style: Tax-free income

### Investment objective

This fund seeks to provide high current income exempt from federal income tax by investing in a diversified portfolio of investment-grade, tax-exempt securities.

### Important risk information

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.

The fund invests 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 fund seeks income that is federally tax-free, a portion of the fund's distributions may be subject to federal, state, local and alternative minimum tax.

### Fund statistics

<b>Total net assets</b>	\$486,001,675
<i>Does not include \$265,000,000 in preferred shares</i>	
<b>Shares outstanding</b>	38,832,628
<b>Ticker symbol</b>	KTF
<b>Primary exchange</b>	NYSE
<b>Dividend reinvestment and cash purchase plan</b>	Yes
<b>Annualized expense ratio** (11/04)</b>	0.68%
<b>CUSIP</b>	81118R604
<b>Inception date</b>	10/20/88
<b>Portfolio manager</b>	Phil Condon

\*\*Includes preferred share equity

### Yield information

**Annualized dividend yield<sup>B</sup>** as of 2/28/05

Market yield	NAV yield
6.64%	6.47%

**Yields fluctuate and are not guaranteed.**

<sup>B</sup>Annualized dividend yield is the latest monthly dividend shown as an annualized percentage of net asset value/market price at month-end. Annualized dividend yield simply measures the level of dividends and is not a complete measure of performance.

### Performance history

**Average annual total returns** as of 2/28/05

Based on	1-mth.*	3-mth.*	1-yr.	3-yr.	5-yr.	10-yr.	Life of fund
Annualized							
<b>Market price</b>	1.05%	3.04%	3.12%	9.10%	10.12%	7.44%	7.46%
<b>Net asset value<sup>A</sup></b>	-0.25	2.51	3.86	8.25	10.15	7.55	8.14

**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.**

\*Not annualized

<sup>A</sup>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.

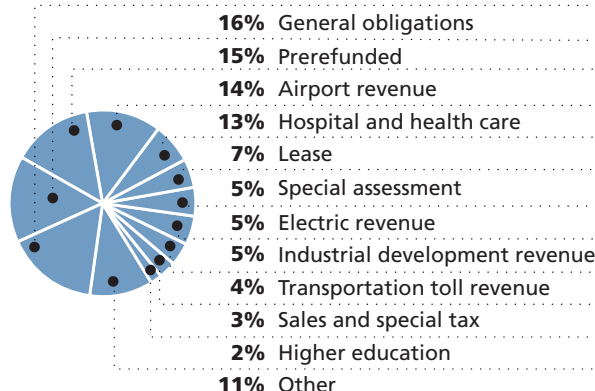
### Fund diversification

#### Credit quality

AAA	69%
AA	5
A	14
BBB	9
BB	1
Nonrated	2

The ratings of Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Corporation (S&P) represent these companies' opinions as to the quality of the securities they rate. Ratings are relative and subjective and are not absolute standards of quality. The fund's credit quality does not remove the market risk.

### Largest sector holdings



Sector composition is subject to change.

### Top five state allocations

State	% of market value
1. Texas	13%
2. California	11
3. New York	9
4. New Jersey	7
5. Illinois	6

Portfolio holdings are subject to change. Percentage (%) of market value refers to all securities in the portfolio, except cash and equivalents.

**Portfolio characteristics**

<b>Number of issues:</b>	175
<b>Average maturity/duration</b>	
Average maturity (years)	5.90
Average duration (years)	4.97
<b>Alternative minimum tax exposure</b>	29.58%
<b>Average coupon</b>	5.80%

**Callables over the next five years**

Callables	% of total market value
2/1/05–12/31/05	6.66%
1/1/06–12/31/06	7.90
1/1/07–12/31/07	2.92
1/1/08–12/31/08	7.79
1/1/09–12/31/09	13.09

*Portfolio characteristics are subject to change.*

**Market and net asset value data**

Month-end	Market price	NAV
Feb-05	\$12.19	\$12.52
Jan-05	\$12.13	\$12.62
Dec-04	\$11.56	\$12.57
Nov-04	\$12.03	\$12.42
Oct-04	\$12.25	\$12.63
Sep-04	\$12.23	\$12.55
Aug-04	\$12.25	\$12.52
Jul-04	\$11.91	\$12.26
Jun-04	\$11.22	\$12.14
May-04	\$11.06	\$12.14
Apr-04	\$10.95	\$12.24
Mar-04	\$12.42	\$12.72

Prices and net asset values fluctuate and are not guaranteed.

**Dividends and capital gain distributions**

Payable date	Ordinary income	ST gains	LT gains
2/28/2005	\$0.0675	–	–
1/31/2005	\$0.0675	–	–
12/31/2004	\$0.0675	–	–
11/30/2004	\$0.0675	–	–
10/31/2004	\$0.0675	–	–
9/30/2004	\$0.0675	–	–
8/31/2004	\$0.0675	–	–
7/30/2004	\$0.0675	–	–
6/30/2004	\$0.0675	–	–
5/28/2004	\$0.0675	–	–
4/30/2004	\$0.0675	–	–
3/31/2004	\$0.0675	–	–

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**This data is provided for informational purposes only and is not intended for trading purposes.**

*Performance assumes reinvestment of dividends and capital gains.*

*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 Bank Trust Company Americas, Deutsche Asset Management Inc., Deutsche Asset Management Investment Services Ltd., Deutsche Investment Management Americas Inc. and Scudder Trust Company.*

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