



AQUILA  
GROUP OF FUNDS®

# Churchill Tax-Free Fund of Kentucky

## Taxable Equivalent Yield Comparison



CHURCHILL  
TAX-FREE FUND  
OF KENTUCKY

### Here is what tax-free income can mean to you!

To see how beneficial a tax-free rate of return can be to you, check the chart below. The chart shows what a taxable investment would have to yield to match a tax-free investment.

Churchill Tax-Free Fund of Kentucky is a mutual fund which seeks to provide as high a level of current income, exempt from both State of Kentucky and Federal income taxes, as is consistent with preservation of capital.<sup>1</sup> To achieve this objective, the Fund invests primarily in tax-free municipal obligations of Kentucky issuers; securities that finance schools, highways, hospitals, water and sewer facilities, and other projects in Kentucky.

CHURCHILL TAX-FREE FUND OF KENTUCKY TAXABLE EQUIVALENT YIELD TABLE - 2012 RATES

TAXPAYER INCOME STATUS		FEDERAL TAX BRACKET	KENTUCKY STATE TAX RATE	COMBINED EFFECTIVE RATE	TAX-FREE YIELD			
					2.50%	3.00%	3.50%	4.00%
SINGLE RETURN	MARRIED RETURN				TAXABLE EQUIVALENT YIELD			
\$8,571-35,350	\$17,401-70,700	15.00%	5.80%	19.93%	3.12%	3.75%	4.37%	5.00%
\$35,351-75,000	\$70,701-75,000	25.00%	5.80%	29.35%	3.54%	4.25%	4.95%	5.66%
\$75,001-85,650	\$75,001-142,700	25.00%	6.00%	29.50%	3.55%	4.26%	4.96%	5.67%
\$85,651-178,650	\$142,701-217,450	28.00%	6.00%	32.32%	3.69%	4.43%	5.17%	5.91%
\$178,651-388,350	\$217,451-388,350	33.00%	6.00%	37.02%	3.97%	4.76%	5.56%	6.35%
OVER \$388,350	OVER \$388,350	35.00%	6.00%	38.90%	4.09%	4.91%	5.73%	6.55%

*This chart is for illustration purposes only; it does not represent past or future performance of any investment. The taxable equivalent yields assume the highest marginal tax rates applicable to the income levels indicated within each bracket. The tax rates shown represent 2012 Federal tax rates and 2012 Kentucky tax rates. The combined effective rate is computed assuming that taxpayers itemize deductions on their federal income tax returns.*

*For certain investors, some Fund dividends may be subject to Federal and State taxes, including the Alternative Minimum Tax. Consult your professional tax advisor. Mutual fund investing involves risk; loss of principal is possible. Investments in bonds may decline in value due to rising interest rates, a real or perceived decline in credit quality of the issuer, borrower, counterparty, or collateral, adverse tax or legislative changes, court decisions, market or economic conditions. Fund performance could be more volatile than that of funds with greater geographic diversification. Insurance on an obligation is intended to mitigate credit risk; it does not insure the market price of the obligation.*

**Before investing in the Fund, carefully read about and consider the investment objectives, risks, charges, expenses and other information found in the Fund prospectus. The prospectus is available from your financial advisor, and when you call 800-437-1020, or visit [www.aquilafunds.com](http://www.aquilafunds.com).**

<sup>1</sup> For those individuals subject to the alternative minimum tax, a portion of the dividend paid by Churchill Tax-Free Fund of Kentucky may be subject to AMT.

**Not FDIC Insured - No Bank Guarantee - May Lose Value Not NCUA Insured**