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Thought For the Month

"The Value of Steadfastness"

Most of us have heard, at one time or another, the story of the tortoise and the hare. With any of the tax-free municipal bond funds in the AquilaSM Group of Funds, this old adage, highlighting the virtue of steadfastness, speaks volumes. If the finish line you are seeking to cross is one of capital preservation and double tax-free income, then an investment which performs much like the tortoise just might "win the race."

If it were possible to know in advance just when to buy or sell a security to maximize profit, constantly switching your investment vehicle, trying to capture the latest trend, would be uncomplicated. Unfortunately, "timing" the market with any degree of consistency is near impossible.

We have generally found that for the average investor switching continuously from one security to another in the management of his/her investment portfolio tends to be fruitless. Indeed, it may often prove to be an imprudent exercise. With the degree of volatility inherent in the equity markets, missing an upturn or downturn could result in a disastrous loss of invested principal.

It is no great secret that municipal bonds, such as those in which the Aquila Group invests, are generally not overly exciting investments. Unlike stocks, they do not experience abrupt, dramatic highs. However, municipal bonds also do not experience the dumbfounding lows that many stocks can. Municipal bond funds just plod along from year to year, much like the tortoise, producing consistent double tax-free results for shareholders.

While being a tortoise may not be as glamorous as being a hare, this should not represent a cause for concern. Being either a tortoise or a hare isn't really what counts! It is not how you got there - but that you got there at all!!

For certain investors, some dividends may be subject to Federal and state taxes, including the Alternative Minimum Tax (AMT).

Share value and dividend rate vary with interest rate fluctuations; redemptions are at the then current net asset value, which may be more or less than original cost.

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