



www.aquilafunds.com

## Thought For the Month

“Is This A Good Time To Buy Shares in a Municipal Bond Fund?”

With interest rates at all time lows and the recent cuts in federal income taxes, this is a question we are frequently hearing.

However, we believe that the question should be, “Is including shares of a municipal bond fund right for my portfolio?” All too often investors get caught in the trap of trying to “time the market” – buy when share prices are low and sell when they are high. The truth is that very few people have been consistently right in calling securities market or interest rate movements.

Instead of concentrating on what the market is or isn't doing, we believe the most prudent way to invest is to focus on your goals, your time frame for achieving them, and your tolerance for risk. Armed with this information, your financial adviser can help you come up with an asset allocation model. This model will outline how to diversify your investments in order to best achieve your goals and will determine which percentage of your assets should be in a municipal bond fund, if any.

A technique to employ if you are concerned about the ever-changing world of investments is “dollar-cost averaging.” Dollar-cost averaging involves investing a set amount of money on a regular basis – regardless of whether the market is up or down. When the price of the fund's shares is low, your fixed dollar amount buys more shares. Conversely, when the price is high, the same dollar amount buys fewer shares.

This approach doesn't guarantee a profit on your shares. Nor will it protect against a loss if you redeem your investment in a declining market. However, it does take the worry of market timing out of the equation and tends to give you the most for your money over the longer-term. When interest rates increase and share prices decline, as is bound to happen sooner or later, perhaps you may now see that downturn as an advantage – bond funds on sale - an opportunity to acquire more shares at a lower price.

In brief, as long as you keep your investment goals in mind, are investing for the long term and are employing the strategy of dollar-cost averaging, we believe there is really no bad time to invest.

This “Thought” is not authorized for distribution unless a current Prospectus precedes or accompanies it.

Aquila Distributors, Inc. – 7/03