



www.aquilafunds.com

Thought For the Month

“The Best Offense Is A Good Defense”

Have you ever noticed that many of the best sport teams/players excel through defense?

- In baseball, they have fewer errors;
- In football, they allow fewer points and create more turnovers; and,
- In golf, they have fewer sand trap shots.

We, at the Aquilasm Group of Funds, also try to be one of the best at “our game.” Lipper, one of the leading international mutual fund data and performance information-tracking firms, presented Aquila Management Corporation its Lipper Fund Group Award 2003 for being the Best Bond Fund Group in the USA.

How does Aquila do it?

WE DO IT WITH DEFENSE! We believe defense is the best way to benefit our shareholders.

HIGH CREDIT QUALITY: For protection of investors' capital, each of the funds intentionally limits, by prospectus, its investments to the four highest credit ratings - AAA, AA, A, and BBB. (In the case of our Rhode Island Fund, 100% of its investments are AAA rated.) Management of the Aquilasm Group of Funds firmly believes that the best way to defend against potential problems when dealing with investments is to stick with quality. Therefore, in practice, the portfolios have a substantial portion of their investments in the top two categories – AAA and AA.

INTERMEDIATE MATURITY: As a defensive measure, we attempt to provide a satisfactory level of return without subjecting the share price to excessive swings as interest rates increase and decrease. In its security selection, each fund in the Aquila Group strives for a blend of maturities – including both shorter-term and longer-term in its portfolio. Stability is gained from the shorter-term maturities and higher yields are gained from longer-term maturities.

LOCAL, LOCAL, LOCAL: As a defensive measure, we feel that who better to oversee your money than dedicated people, some of whom are local residents, who understand your concerns. Aquila never loses sight of the fact that it is **your** money, invested in **your** fund, which in turn invests in projects in **your** communities and **your** state. Therefore, each fund in the Aquila group has a local portfolio manager, some local Trustees, local officers, and local shareholder and informational meetings. Thus, many of the individuals who are providing services to your fund are your friends, neighbors, and colleagues – they live and work in your communities and face the same challenges that you do. We back up our local orientation philosophy with top-rated national service organizations.

Aquila has never been an organization that swings for a homerun every time we get up to bat – there's too much risk of striking out. Rather, we seek singles, doubles and triples and play a solid defense. We feel our strategy is a sound one. We are playing to still be in the game – regardless of the changing environment.

For shareholders in the Aquilasm Group of Funds, we believe that the best offense is a good defense.

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