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Thought For the Month

“Boring Can Be Best”

Just a few years ago, bond funds were considered “boring, boring, boring.” With the allure of the stock market so great, many people wouldn’t consider putting even a small portion of their investment money into bonds. Well, what a difference a few years can make.

Those boring old bonds are looking pretty attractive now.

It is no great secret that municipal bonds, such as those in which the Aquila Group invests, are generally not exciting investments. Unlike stocks, they do not experience abrupt, dramatic highs. However, as witnessed by recent events, it must be kept in mind that municipal bonds also do not experience the dumbfounding lows of stocks. Municipal bonds just plod along from year to year producing consistent tax-free results for shareholders.

Our various survey results indicate that a substantial portion of investors in the bond funds in the Aquila Group are retirees or pre-retirees who are concerned about capital preservation. Accordingly, staying on track with your investment could well prove to be the most appropriate course to follow. Although equity investments can be rewarding for a portion of one’s capital, it is critical to keep firmly in mind your overall investment goal and not get disproportionately distracted by the sometime dazzle of other investments.

Most of us have heard, at one time or another, the story of the tortoise and the hare. With respect to your investment in any of the bonds funds in the AquilaSM Group of Funds, this old adage, detailing the virtue of steadfastness, speaks volumes. If the finish line you are seeking to cross is one of capital preservation and tax-free* income, then an investment that performs much like the boring old tortoise just might help you to “win the race.”

While being a tortoise may not be as glamorous as being a hare, this should not represent a cause for concern. The end result is really what counts – not how you got there, but that you got there at all. As we have all witnessed lately, boring can be best.

* For certain investors, some dividends may be subject to Federal and state taxes, including the Alternative Minimum Tax. Consideration should be given to the risks of investing including potential loss of value, market risk, interest rate risk, credit risk, and geographic concentration. Insurance on an obligation is intended to mitigate credit risk; it does not insure the market price of the obligation. There is no assurance that any investment will be successful or achieve its investment objectives. For certain investors, some dividends may be subject to Federal and State taxes, including the Alternative Minimum Tax. Consult your professional tax adviser.