



AQUILA[®]
Narragansett
Tax-Free Income Fund

Semi-Annual Report

September 30, 2020

Beginning in March 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Fund's shareholder reports like this one will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Fund's website, and you will be notified by mail each time a report is posted and provided with a website link to access the report.

If you already receive shareholder reports electronically, you will not be affected by this change and need not take any action. You may elect to receive shareholder reports and other communications electronically by contacting your financial intermediary (i.e. broker dealer or bank) or, if you invest directly with the Fund, by calling 1-800-437-1000.

You may elect to receive all future reports in paper free of charge. If you invest directly with the Fund, you can inform the Fund that you wish to continue receiving paper copies of your shareholder reports by calling 1-800-437-1000. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. Your election to receive reports in paper will apply to all funds held in your account if you invest through a financial intermediary or all funds held with the Aquila Group of Funds if you invest directly.



Please Save the Tentative* Date for Your 2021 Shareholder Meeting

Tuesday, April 27, 2021

Rhode Island Convention Center, Providence, RI

Details will be available on our website as the date approaches:

www.aquilafunds.com

You may also contact your financial professional.

*In light of public health concerns regarding the ongoing coronavirus pandemic (COVID-19), and out of an abundance of caution with a goal to support the health and well-being of shareholders, we will determine at a later date whether or not we believe it is appropriate to hold a meeting. Thank you for your understanding while we navigate these difficult times.



Aquila Narragansett Tax-Free Income Fund

“Staying the Course”

Serving Rhode Island investors since 1992



AQUILA®
Narragansett
Tax-Free Income Fund

November, 2020

Dear Fellow Shareholder:

The road to financial well-being can be a winding one fraught with obstacles. Since there can be many twists and turns on the path to financial success, what are some steps you can take to increase your odds of reaching your financial goals?

- Get some assistance – A financial professional can help you assess your goals and objectives and, in turn, help you create an investment plan. While many people are highly skilled in their chosen fields of endeavor, when it comes to their personal investments, they often find themselves to be somewhat challenged. This is not surprising. Sufficient personal time and financial knowledge are generally needed to research the broad range of investment options. Fortunately, investors can seek the counsel of qualified financial professionals who are trained to assist in creating an investment program.
- Periodically visit with your financial professional – It’s important to revisit goals and circumstances on a regular basis. Many people mark their calendar to schedule a yearly physical with their doctor. And, many states require annual car inspections. But, when was the last time you scheduled a “financial checkup”? And, if you are already retired, even more importantly, a “retirement checkup?”

A checkup can help you assess if you are still on course for meeting your needs. This is especially important during retirement when it’s more difficult to make corrections. If your numbers don’t add up, the sooner you know, the better. While pre-planning for retirement is critical, it is just as important to evaluate how much money is coming in and going out once you have retired, particularly during periods when the market is volatile or down. Haven’t spoken to your financial professional in a while? Maybe it’s time to give him/her a call and schedule your financial/retirement checkup.

- Sketch out an investment map - where are you now, where do you want to be and how long do you have to get there? Develop an asset allocation model – diversify by not putting all of your eggs in one basket and rebalance your portfolio periodically to stay in line with your goals and timeline. Creating a sound investment strategy is a step-by-step process that requires thought and discipline. Consideration should be given to:
 - o establishing the length of time over which you intend to invest,
 - o determining your risk tolerance or level of comfort, and
 - o developing a diversified investment program that is right for you.

- Make a plan and stick to it. In other words, stay the course. Stay focused on your long-term goals. While there may be little bumps along the way, it can be helpful to remember that you (oftentimes with the assistance of a financial professional) have to conduct thorough research in order to choose an appropriate “financial road”. If your financial plan is a sound one, and is in line with your goals, be patient. It may not make sense to get off the road looking for a short-cut - you may just get lost.

Sincerely,



A handwritten signature in dark ink, appearing to read "Diana P. Herrmann". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Diana P. Herrmann, Vice Chair and President

Mutual fund investing involves risk and loss of principal is possible.

The market prices of the Fund's securities may rise or decline in value due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest rates, lack of liquidity in the bond markets or adverse investor sentiment. When market prices fall, the value of your investment may go down. In the past several years, financial markets have experienced increased volatility, depressed valuations, decreased liquidity and heightened uncertainty. These conditions may continue, recur, worsen or spread.

The respiratory illness COVID-19 caused by a novel coronavirus has resulted in a global pandemic and major disruption to economies and markets around the world, including the United States. Governments and central banks, including the Federal Reserve in the U.S., have taken extraordinary and unprecedented actions to support local and global economies and the financial markets. The impact of these measures, and whether they will be effective to mitigate the economic and market disruption, will not be known for some time.

Some interest rates are very low. The value of your investment may go down if and when interest rates rise. A rise in interest rates tends to have a greater impact on the prices of longer term securities. A general rise in interest rates may cause investors to move out of fixed income securities and could also result in increased redemptions from the Fund.

Investments in the Fund are subject to possible loss due to the financial failure of the issuers of underlying securities and their inability to meet their debt obligations.

The value of municipal securities can be adversely affected by changes in the financial condition of one or more individual municipal issuers or insurers of municipal issuers, regulatory developments, legislative actions, and by uncertainties and public perceptions concerning these and other factors. The Fund may be affected significantly by adverse economic, political or other events affecting state and other municipal issuers in which it invests, and may be more volatile than a more geographically diverse fund.

A portion of income may be subject to local, state, Federal and/or alternative minimum tax. Capital gains, if any, are subject to capital gains tax.

These risks may result in share price volatility.

Any information in this Shareholder Letter regarding market or economic trends or the factors influencing the Fund's historical or future performance are statements of opinion as of the date of this report. These statements should not be relied upon for any other purposes. Past performance is no guarantee of future results, and there is no guarantee that any market forecasts discussed will be realized.

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS
SEPTEMBER 30, 2020 (unaudited)

Principal Amount	General Obligation Bonds (27.3%)	Ratings Moody's, S&P and Fitch	Value
	Barrington, Rhode Island		
\$ 1,120,000	2.500%, 08/01/25	Aa1/NR/NR	\$ 1,161,899
	Bristol, Rhode Island		
865,000	3.500%, 08/01/31	NR/AA+/NR	1,012,249
	Coventry, Rhode Island		
1,605,000	3.625%, 03/15/27 MAC Insured	A1/AA/NR	1,800,168
	Cranston, Rhode Island		
1,325,000	4.000%, 07/01/28	A1/AA-/AA+	1,550,396
750,000	4.300%, 07/01/30 Series 2010 A AGMC Insured	A1/AA/AA+	752,250
1,170,000	5.000%, 08/01/32 Series 2018 A	A1/AA-/AA+	1,496,617
1,000,000	4.000%, 08/01/33 Series 2019 A BAMI Insured	A1/AA/AA+	1,188,630
615,000	4.000%, 08/01/35 Series 2019 A BAMI Insured	A1/AA/AA+	726,776
1,515,000	4.250%, 07/15/24 Series B BAMI Insured	A1/AA/AA+	1,733,781
1,000,000	4.250%, 07/15/25 Series B BAMI Insured	A1/AA/AA+	1,178,570
	Cumberland, Rhode Island		
500,000	4.250%, 11/01/27 Series 2011 A	NR/AA+/NR	519,435
500,000	4.625%, 11/01/31 Series 2011 A	NR/AA+/NR	519,785
700,000	4.500%, 03/15/32 Series 2018 A	NR/AA+/NR	862,477
	Hopkinton, Rhode Island		
500,000	4.375%, 08/15/31	Aa3/NR/NR	514,975
	Johnston, Rhode Island		
1,020,000	3.450%, 06/01/29 Series A	A2/AA/NR	1,080,986
1,020,000	3.700%, 06/01/33 Series A	A2/AA/NR	1,078,385
	Lincoln, Rhode Island		
1,500,000	3.500%, 08/01/24 Series A	Aa2/NR/AAA	1,675,665
2,225,000	3.500%, 08/01/25 Series A	Aa2/NR/AAA	2,540,283
	Narragansett, Rhode Island		
1,025,000	3.500%, 07/15/28	Aa2/AA+/NR	1,128,546
	North Kingstown, Rhode Island		
720,000	3.000%, 04/15/24 Series A	Aa2/AA+/NR	760,270
	North Smithfield, Rhode Island		
825,000	3.000%, 06/15/26 Series A	Aa2/NR/NR	935,765
1,075,000	3.500%, 05/15/34	Aa2/NR/NR	1,259,094

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Pawtucket, Rhode Island		
\$ 1,010,000	4.000%, 11/01/25 AGMC Insured	A2/AA/A+	\$ 1,129,119
890,000	4.500%, 07/15/33 Series C AGMC Insured	A2/AA/NR	1,107,498
935,000	4.500%, 07/15/34 Series C AGMC Insured	A2/AA/NR	1,158,026
975,000	4.500%, 07/15/35 Series C AGMC Insured	A2/AA/NR	1,192,971
	Portsmouth, Rhode Island		
1,140,000	3.750%, 02/01/31 Series A	Aa2/AAA/NR	1,312,528
	Providence, Rhode Island		
1,500,000	5.000%, 01/15/23 Series 2010 A AGMC Insured Refunding.	A2/AA/NR	1,518,555
1,500,000	5.000%, 01/15/26 Series 2010 A AGMC Insured Refunding.	A2/AA/NR	1,518,210
975,000	3.625%, 01/15/29 Series A AGMC Insured	A2/AA/A-	1,020,259
2,010,000	3.750%, 01/15/30 Series A AGMC Insured	A2/AA/A-	2,102,962
1,000,000	3.750%, 01/15/32 Series A AGMC Insured	A2/AA/A-	1,042,660
	Rhode Island State & Providence Plantations Consolidated Capital Development Loan		
2,000,000	3.750%, 11/01/23 Series A	Aa2/AA/AA	2,217,220
2,110,000	4.250%, 10/15/25 Series A	Aa2/AA/AA	2,350,624
2,000,000	3.000%, 05/01/31 Series A	Aa2/AA/AA	2,162,820
2,000,000	4.000%, 04/01/32 Series A	Aa2/AA/AA	2,397,980
2,000,000	3.000%, 05/01/32 Series A	Aa2/AA/AA	2,153,000
2,000,000	3.000%, 05/01/36 Series A	Aa2/AA/AA	2,189,820
1,150,000	4.000%, 10/15/24 Series B	Aa2/AA/AA	1,235,870
1,000,000	3.250%, 10/15/31 Series B	Aa2/AA/AA	1,034,730
1,500,000	5.000%, 11/01/34 Series B	Aa2/AA/AA	1,753,665
2,000,000	5.000%, 08/01/23 Series D	Aa2/AA/AA	2,270,700
2,000,000	5.000%, 08/01/24 Series D	Aa2/AA/AA	2,357,300
	Richmond, Rhode Island		
1,020,000	3.000%, 08/01/24	Aa3/NR/NR	1,087,014
	Warren, Rhode Island		
1,170,000	4.000%, 02/15/33 Series 2018 A	Aa3/NR/NR	1,376,973

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Warwick, Rhode Island		
\$ 2,000,000	4.000%, 08/01/22 Series 2015 B AGMC Insured	NR/AA/NR	\$ 2,131,940
1,175,000	West Greenwich, Rhode Island 3.000%, 08/15/26	NR/AA+/NR	1,317,739
795,000	West Warwick, Rhode Island 5.000%, 10/01/32 Series A BAMI Insured	Baa1/AA/NR	950,160
	Total General Obligation Bonds		<u>67,567,345</u>
	Revenue Bonds (63.1%)		
	Development (9.0%)		
	Providence, Rhode Island Public Building Authority (Capital Improvement Program Projects)		
3,000,000	4.000%, 09/15/34 Series A AGMC Insured	A2/AA/BBB	3,474,300
3,000,000	4.000%, 09/15/35 Series A AGMC Insured	A2/AA/BBB	3,459,000
	Providence, Rhode Island Redevelopment Agency Refunding Public Safety Building Project		
1,680,000	5.000%, 04/01/26 Series A AGMC Insured	A2/AA/NR	1,981,190
	Rhode Island Convention Center Authority Refunding		
8,000,000	4.000%, 05/15/23 Series A	A1/AA-/AA-	8,641,280
	Rhode Island Infrastructure Bank Municipal Road and Bridge Revolving Fund		
935,000	4.000%, 10/01/33 Series 2019 A	NR/AA/NR	1,093,436
845,000	4.000%, 10/01/34 Series 2019 A	NR/AA/NR	985,709
1,010,000	4.000%, 10/01/35 Series 2019 A	NR/AA/NR	1,173,378
	Rhode Island Infrastructure Efficient Buildings Fund, Green Bonds		
1,110,000	4.000%, 10/01/29 Series 2018 A	NR/AA/NR	1,369,684
	Total Development		<u>22,177,977</u>

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
Healthcare (2.7%)			
	Rhode Island Health & Education Building Corp., Hospital Financing, Lifespan Obligated Group		
\$ 1,000,000	5.000%, 05/15/31 Series 2016	NR/BBB+/BBB+	\$ 1,127,040
1,000,000	5.000%, 05/15/33 Series 2016	NR/BBB+/BBB+	1,115,480
1,250,000	5.000%, 05/15/34 Series 2016	NR/BBB+/BBB+	1,389,613
1,750,000	5.000%, 05/15/39 Series 2016	NR/BBB+/BBB+	1,922,252
	Rhode Island State & Providence Plantations Lease COP (Eleanor Slater Hospital Project)		
1,000,000	4.000%, 11/01/32 Series B	Aa3/AA-/AA-	<u>1,190,530</u>
	Total Healthcare		<u>6,744,915</u>
Higher Education (8.5%)			
	Rhode Island Health and Education Building Corp., Higher Educational Facilities		
2,500,000	5.000%, 09/15/30 AGMC Insured	Aa3/NR/NR	2,508,675
	Rhode Island Health and Educational Building Corp., Higher Education Facility, Brown University		
2,000,000	4.000%, 09/01/37 Series 2017	Aa1/AA+/NR	2,324,820
	Rhode Island Health and Educational Building Corp., Higher Education Facility, Providence College		
2,490,000	4.000%, 11/01/24 Series 2015	A2/A/NR	2,796,320
	Rhode Island Health and Educational Building Corp., Higher Education Facility, Rhode Island School of Design		
3,000,000	3.500%, 06/01/29 Series 2012	A1/NR/A+	3,088,500
2,500,000	4.000%, 06/01/31 Series 2012	A1/NR/A+	2,587,150
1,000,000	3.500%, 08/15/30 Series B AGMC Insured	A1/AA/NR	1,038,630
	Rhode Island Health and Educational Building Corp., Higher Education Facility, University of Rhode Island		
1,000,000	4.250%, 09/15/31 Series A	Aa3/A+/NR	1,174,130

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Higher Education (continued)		
	Rhode Island Health and Educational Building Corp., Higher Education Facility, University of Rhode Island Auxiliary Enterprise		
\$ 500,000	4.000%, 09/15/31 Series 2016 B	A1/A+/NR	\$ 564,720
2,650,000	4.000%, 09/15/42 Series 2017 A	A1/A+/NR	2,935,458
1,000,000	4.000%, 09/15/32 Series 2017 B	A1/A+/NR	1,140,450
	Rhode Island Health and Education Facilities Authority, Providence College		
1,000,000	4.000%, 11/01/31	A2/A/NR	<u>1,025,980</u>
	Total Higher Education		<u>21,184,833</u>
	Housing (5.5%)		
	Rhode Island Housing & Mortgage Finance Corp. Home Funding		
1,440,000	3.450%, 04/01/35 Series 5	Aa2/NR/NR	1,473,048
	Rhode Island Housing & Mortgage Finance Corp. Homeownership Opportunity		
2,000,000	2.100%, 10/01/35 Series 73-A+++	Aa1/AA+/NR	1,992,980
250,000	3.000%, 10/01/39 Series 71	Aa1/AA+/NR	267,353
	Rhode Island Housing & Mortgage Finance Corp. Multi-Family Development Sustainability		
770,000	2.750%, 10/01/34 Series 1-B	Aa2/NR/NR	817,470
1,000,000	3.100%, 10/01/44 Series 1-B	Aa2/NR/NR	1,046,830
	Rhode Island Housing & Mortgage Finance Corp. Multi-Family Housing		
2,500,000	4.625%, 10/01/25 Series 2010 A	Aaa/NR/NR	2,508,450
2,000,000	5.000%, 10/01/30 Series 2010 A	Aaa/NR/NR	2,007,520
1,255,000	3.450%, 10/01/36 Series 2016 1B	Aa2/NR/NR	1,334,278
1,000,000	3.250%, 10/01/27 Series 1B	Aa2/NR/NR	1,041,890
1,000,000	3.400%, 10/01/29 Series 3B	Aa2/NR/NR	<u>1,058,700</u>
	Total Housing		<u>13,548,519</u>

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Public School (23.7%)		
	Rhode Island Health and Education Building Corp., Public Schools Financing Program		
\$ 795,000	5.000%, 05/15/27 Series 2015 C	Aa2/NR/NR	\$ 956,536
1,630,000	5.000%, 05/15/27 Series 2015 D	A1/NR/NR	1,952,137
	Rhode Island Health and Education Building Corp., Public School Financing Program, Chariho Regional School District		
1,520,000	4.000%, 05/15/31 Series 2017 J-2 B . . .	Aa3/NR/NR	1,771,286
	Rhode Island Health and Education Building Corp., Public School Financing Program, Town of Coventry		
1,000,000	3.750%, 05/15/28 Series 2013 B AGMC Insured	Aa3/AA/NR	1,045,630
1,000,000	4.000%, 05/15/33 AGMC Insured	Aa3/AA/NR	1,042,350
	Rhode Island Health and Educational Building Corp., Public School Financing Program, City of Cranston		
1,170,000	4.000%, 05/15/30 Series 2015 B BAM I Insured	NR/AA/NR	1,321,433
	Rhode Island Health and Education Building Corp., Public School Financing Program, East Greenwich		
1,000,000	3.375%, 05/15/30	Aa1/AA+/NR	1,034,000
	Rhode Island Health and Education Building Corp., Public School Financing Program, City of East Providence		
1,000,000	3.625%, 05/15/32 Series B	Aa3/NR/NR	1,030,660
	Rhode Island Health and Education Building Corp., Public School Financing Program, Town of Jamestown		
1,020,000	3.000%, 05/15/35 Series 2019 C	Aa1/NR/NR	1,109,189
	Rhode Island Health and Education Building Corp., Public School Financing Program, Town of Little Compton		
1,620,000	4.000%, 05/15/25 Series 2013 H	NR/AAA/NR	1,774,483

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Public School (continued)		
	Rhode Island Health and Education Building Corp., Public School Financing Program, City of Newport		
\$ 1,000,000	4.000%, 05/15/27 Series 2013 C	NR/AA+/NR	\$ 1,054,800
	Rhode Island Health and Education Building Corp., Public School Financing Program, Town of North Kingstown		
1,500,000	3.750%, 05/15/28 Series 2013 A	Aa2/AA+/NR	1,566,720
	Rhode Island Health and Education Building Corp., Public School Financing Program, Town of North Providence		
1,100,000	4.500%, 11/15/22 Series 2013 I	Aa3/AA-/NR	1,193,269
750,000	5.000%, 05/15/31 Series 2017 G AGMC Insured	Aa3/AA/NR	936,885
500,000	5.000%, 05/15/32 Series 2019 A AGMC Insured	Aa3/AA/NR	645,815
500,000	5.000%, 05/15/33 Series 2019 A AGMC Insured	Aa3/AA/NR	641,625
500,000	5.000%, 05/15/34 Series 2019 A AGMC Insured	Aa3/AA/NR	638,895
500,000	4.000%, 05/15/37 Series 2019 A AGMC Insured	Aa3/AA/NR	587,305
	Rhode Island Health and Education Building Corp., Public School Financing Program, City of Pawtucket		
1,570,000	4.000%, 05/15/26 Series 2014 C	Aa3/NR/NR	1,742,920
1,000,000	4.250%, 05/15/29 Series 2017 E BAMI Insured	Aa3/AA/NR	1,194,240
1,045,000	4.000%, 05/15/31 Series 2018 B	Aa3/NR/NR	1,230,122
1,090,000	4.000%, 05/15/32 Series 2018 B	Aa3/NR/NR	1,275,496
2,350,000	3.000%, 05/15/39 Series 2019 B	Aa3/NR/NR	2,489,567
	Rhode Island Health and Education Building Corp., Public School Financing Program, Town of Scituate		
1,285,000	4.500%, 05/15/33 Series 2018 A	NR/AA/NR	1,568,137

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Public School (continued)		
	Rhode Island Health and Education Building Corp., Public School Financing Program, Pooled Issue - Tiverton, Foster-Glocester, Cranston, East Greenwich		
\$ 3,000,000	4.000%, 05/15/28 Series A	Aa3/NR/NR	\$ 3,500,460
	Rhode Island Health and Education Building Corp., Public School Financing Program, Pooled Issue - Narragansett & Scituate		
1,665,000	4.250%, 05/15/28 Series 2017 B	Aa2/NR/NR	2,028,053
	Rhode Island Health and Education Building Corp., Public School Financing Program, Providence Public Buildings Authority		
1,000,000	3.500%, 05/15/24 Series 2015 A AGMC Insured	Aa3/AA/NR	1,101,680
3,000,000	3.750%, 05/15/27 Series 2015 A AGMC Insured	Aa3/AA/NR	3,352,170
1,500,000	4.000%, 05/15/28 Series 2015 A AGMC Insured	Aa3/AA/NR	1,676,370
2,000,000	4.000%, 05/15/30 Series 2015 B AGMC Insured	Aa3/AA/NR	2,216,920
	Rhode Island Health and Education Building Corp., Public School Financing Program, Providence Public Schools		
1,000,000	4.250%, 05/15/21 Series 2007 B AGMC Insured	A2/AA/NR	1,002,940
2,000,000	4.500%, 05/15/22 Series 2013 A	Aa3/NR/NR	2,132,900
2,000,000	4.500%, 05/15/23 Series 2013 A	Aa3/NR/NR	2,201,480
2,000,000	4.500%, 05/15/24 Series 2013 A	Aa3/NR/NR	2,203,360
1,000,000	4.000%, 05/15/35 Series 2019 A AGMC Insured	Aa3/AA/NR	1,184,070
	Rhode Island Health and Education Building Corp., Public School Financing Program, City of Warwick		
1,000,000	4.000%, 05/15/32 Series 2017 I	NR/AA/NR	1,155,810
800,000	3.500%, 05/15/26 Series B MAC Insured	NR/AA/NR	876,896
1,340,000	4.000%, 05/15/35 Series 2019 D	NR/AA/NR	1,586,654

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Public School (continued)		
	Rhode Island Health and Education Building Corp., Public School Financing Program, City of Woonsocket		
\$ 500,000	5.000%, 05/15/27 Series 2017 A AGMC Insured	Aa3/AA/NR	\$ 624,725
500,000	5.000%, 05/15/28 Series 2017 A AGMC Insured	Aa3/AA/NR	618,590
500,000	5.000%, 05/15/29 Series 2017 A AGMC Insured	Aa3/AA/NR	614,840
	Rhode Island Health and Education Building Corp., Public School Financing Program, Town of South Kingstown		
780,000	3.500%, 05/15/34 Series 2020A	Aa1/NR/NR	<u>874,996</u>
	Total Public School		<u>58,756,414</u>
	Transportation (4.1%)		
	Rhode Island Commerce Corp., Airport		
635,000	5.000%, 07/01/36 2016 Series D.	Baa1/A-/BBB+	701,529
1,015,000	5.000%, 07/01/37 2016 Series D.	Baa1/A-/BBB+	1,118,063
	Rhode Island Commerce Corp., First Lien Special Facility Refunding Bonds (Rhode Island Airport Corporation Intermodal Facility Project)		
1,500,000	5.000%, 07/01/30 Series 2018	Baa1/BBB+/NR	1,755,885
	Rhode Island Commerce Corp., Grant Anticipation Refunding Bonds (Rhode Island Department of Transportation)		
1,850,000	4.000%, 06/15/24 Series 2016 A.	A2/AA-/NR	2,069,299
1,000,000	5.000%, 06/15/31 Series 2016 B.	A2/AA-/NR	1,200,200
	Rhode Island State Economic Development Corp., Airport		
1,000,000	5.000%, 07/01/24 Series B	Baa1/A-/BBB+	1,105,240
2,000,000	4.000%, 07/01/24 Series B	Baa1/A-/BBB+	<u>2,154,260</u>
	Total Transportation		<u>10,104,476</u>

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Turnpike/Highway (2.1%)		
	Rhode Island State Turnpike & Bridge Authority, Motor Fuel Tax		
\$ 1,240,000	4.000%, 10/01/27 Series 2016 A	NR/A+/A	\$ 1,401,361
1,500,000	4.000%, 10/01/34 Series 2016 A	NR/A+/A	1,646,520
1,000,000	4.000%, 10/01/36 Series 2016 A	NR/A+/A	1,091,360
300,000	4.000%, 10/01/33 Series 2019 A	NR/A+/A	341,949
300,000	4.000%, 10/01/34 Series 2019 A	NR/A+/A	341,004
345,000	4.000%, 10/01/35 Series 2019 A	NR/A+/A	390,399
	Total Turnpike/Highway		<u>5,212,593</u>
	Water and Sewer (6.5%)		
	Narragansett, Rhode Island Bay Commission Wastewater System		
3,145,000	4.000%, 02/01/28 Series A	NR/AA-/NR	3,555,737
	Rhode Island Clean Water Finance Agency, Water Pollution Control Bonds		
3,000,000	4.375%, 10/01/21 Series 2002 B NPFG Insured	Aaa/AAA/AAA	3,126,870
	Rhode Island Clean Water Protection Finance Agency Safe Drinking Water Revolving Fund		
1,085,000	3.500%, 10/01/25	NR/AAA/AAA	1,216,524
1,000,000	3.750%, 10/01/33	NR/AAA/AAA	1,063,500
1,000,000	3.750%, 10/01/34	NR/AAA/AAA	1,062,410
	Rhode Island Infrastructure Bank Water, City of Pawtucket		
1,730,000	5.000%, 10/01/28 Series 2015 NPFG Insured	Baa2/A/NR	2,083,577
	Rhode Island Infrastructure Bank Water, Pollution Control		
2,575,000	4.000%, 10/01/29 Series A	NR/AAA/AAA	2,976,005
500,000	4.000%, 10/01/32 Series A	NR/AAA/AAA	595,440
	Rhode Island Infrastructure Bank Water, Safe Drinking Water		
500,000	3.000%, 10/01/31 Series A	NR/AAA/AAA	540,810
	Total Water and Sewer		<u>16,220,873</u>

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Other Revenue (1.0%)		
	Providence, Rhode Island Public Building Authority (Capital Improvement Program Projects)		
\$ 2,000,000	5.000%, 09/15/31 Series A AGMC Insured	A2/AA/NR	\$ 2,459,920
	Total Revenue Bonds		<u>156,410,520</u>
	Pre-Refunded\Escrowed to Maturity Bonds (4.8%)††		
	Healthcare (0.2%)		
	Rhode Island Health & Education Building Corp., Hospital Financing (Care New England)		
500,000	5.000%, 09/01/22 Series 2013 A ETM	NR/NR/NR*	<u>545,215</u>
	Higher Education (2.1%)		
	Rhode Island Health and Education Building Corp., Bryant University		
1,115,000	4.500%, 12/01/27 Series 2011	A2/A/NR	1,170,705
1,455,000	4.750%, 12/01/29 Series 2011	A2/A/NR	1,531,926
1,000,000	5.000%, 12/01/30 Series 2011	A2/A/NR	1,055,770
1,425,000	5.000%, 12/01/31 Series 2011	A2/A/NR	<u>1,504,472</u>
	Total Higher Education		<u>5,262,873</u>
	Public School (0.4%)		
	Rhode Island Health and Education Building Corp., Public School Financing Program, Chariho Regional School District		
1,000,000	5.000%, 05/15/26 Series 2011 B	Aa3/NR/NR	<u>1,030,400</u>
	Turnpike/Highway (1.9%)		
	Rhode Island State Turnpike & Bridge Authority		
1,600,000	4.625%, 12/01/27 Series 2010 A	NR/A-/A	1,611,648
2,000,000	5.125%, 12/01/35 Series 2010 A	NR/A-/A	2,016,200
1,000,000	5.000%, 12/01/35 Series 2010 A	NR/A-/A	<u>1,007,890</u>
	Total Turnpike/Highway		<u>4,635,738</u>

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

Principal Amount	Pre-Refunded\Escrowed to Maturity Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
Other Revenue (0.2%)			
	State of Rhode Island Depositors Economic Protection Corp.		
\$ 250,000	5.750%, 08/01/21 Series A AGMC Insured ETM	NR/NR/NR*	\$ 260,158
215,000	6.375%, 08/01/22 Series A NPFG Insured ETM	NR/NR/NR*	<u>236,319</u>
	Total Other Revenue		<u>496,477</u>
	Total Pre-Refunded\Escrowed to Maturity Bonds		<u>11,970,703</u>
	Total Municipal Bonds (cost \$222,110,318)		<u>235,948,568</u>
Shares Short-Term Investment (4.6%)			
11,317,543	Dreyfus Treasury Obligations Cash Management - Institutional Shares, 0.01%** (cost \$11,317,543)	Aaa-mf/AAAm/NR	<u>11,317,543</u>
	Total Investments (cost \$233,427,861-note 4)	99.8%	247,266,111
	Other assets less liabilities	<u>0.2</u>	<u>471,949</u>
	Net Assets	<u>100.0%</u>	<u>\$ 247,738,060</u>

<u>Portfolio Distribution By Quality Rating</u>	<u>Percentage of Investments†</u>
Aaa of Moody's or AAA of S&P or Fitch	9.5%
Pre-refunded bonds\ETM bonds††	5.1
Aa of Moody's or AA of S&P or Fitch	70.3
A of Moody's or S&P or Fitch.	12.0
BBB of S&P or Fitch.	<u>3.1</u>
	<u>100.0%</u>

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

PORTFOLIO ABBREVIATIONS

AGMC - Assured Guaranty Municipal Corp.
BAMI - Build America Mutual Insurance
COP - Certificates of Participation
ETM - Escrowed to Maturity
MAC - Municipal Assurance Corp.
NPF - National Public Finance Guarantee
NR - Not Rated

- * Any security not rated (“NR”) by any of the Nationally Recognized Statistical Rating Organizations (“NRSRO”) has been determined by the Investment Sub-Adviser to have sufficient quality to be ranked in the top credit four ratings if a credit rating were to be assigned by a NRSRO.
- ** The rate is an annualized seven-day yield at period end.
- † Where applicable, calculated using the highest rating of the three NRSRO. Percentages in this table do not include the Short-Term Investment.
- †† Pre-refunded bonds are bonds for which U.S. Government Obligations usually have been placed in escrow to retire the bonds at their earliest call date. Escrowed to Maturity bonds are bonds where money has been placed in the escrow account which is used to pay principal and interest through the bond’s originally scheduled maturity date. Escrowed to Maturity are shown as ETM. All other securities in the category are pre-refunded.
- ††† Security purchased on a delayed delivery or when-issued basis.

See accompanying notes to financial statements.

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
STATEMENT OF ASSETS AND LIABILITIES
SEPTEMBER 30, 2020 (unaudited)

ASSETS

Investments at value (cost \$233,427,861)	\$ 247,266,111
Interest receivable	2,812,488
Receivable for Fund shares sold	161,700
Other assets	19,306
Total assets	<u>250,259,605</u>

LIABILITIES

Payable for investment securities purchased	2,000,000
Dividends payable	208,336
Payable for Fund shares redeemed	117,241
Management fees payable	86,410
Distribution and service fees payable	533
Accrued expenses payable	109,025
Total liabilities	<u>2,521,545</u>

NET ASSETS	<u>\$ 247,738,060</u>
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Net Assets consist of:

Capital Stock – Authorized an unlimited number of shares, par value \$0.01 per share	\$ 223,717
Additional paid-in capital	234,627,784
Total distributable earnings	12,886,559
	<u>\$ 247,738,060</u>

CLASS A

Net Assets	\$ 122,599,157
Capital shares outstanding	11,070,945
Net asset value and redemption price per share	<u>\$ 11.07</u>
Maximum offering price per share (100/97 of \$11.07)	<u>\$ 11.41</u>

CLASS C

Net Assets	\$ 3,980,241
Capital shares outstanding	359,398
Net asset value and offering price per share	<u>\$ 11.07</u>

CLASS F

Net Assets	\$ 1,928,080
Capital shares outstanding	174,432
Net asset value, offering and redemption price per share	<u>\$ 11.05</u>

CLASS I

Net Assets	\$ 244,522
Capital shares outstanding	22,068
Net asset value, offering and redemption price per share	<u>\$ 11.08</u>

CLASS Y

Net Assets	\$ 118,986,060
Capital shares outstanding	10,744,837
Net asset value, offering and redemption price per share	<u>\$ 11.07</u>

See accompanying notes to financial statements.

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
STATEMENT OF OPERATIONS
SIX MONTHS ENDED SEPTEMBER 30, 2020 (unaudited)

Investment Income

Interest income \$ 3,569,107

Expenses

Management fee (note 3)	\$	614,570
Distribution and service fee (note 3)		115,884
Legal fees		71,305
Transfer and shareholder servicing agent fees		58,214
Fund accounting fees		35,763
Registration fees and dues		33,053
Trustees' fees and expenses (note 7)		26,411
Shareholders' reports		14,946
Auditing and tax fees		11,700
Credit facility fees (note 10)		5,874
Insurance		5,780
Custodian fees		5,380
Compliance services (note 3)		4,037
Miscellaneous		12,437
Total expenses		1,015,354

Management fee waived (note 3)	(94,445)	
Net expenses		920,909
Net investment income		2,648,198

Realized and Unrealized Gain (Loss) on Investments:

Net realized gain (loss) from securities transactions		(16,585)
Change in unrealized appreciation on investments		3,635,723
Net realized and unrealized gain (loss) on investments		3,619,138
Net change in net assets resulting from operations		\$ 6,267,336

See accompanying notes to financial statements.

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
STATEMENT OF CHANGES IN NET ASSETS

	<u>Six Months Ended September 30, 2020 (unaudited)</u>	<u>Year Ended March 31, 2020</u>
OPERATIONS		
Net investment income	\$ 2,648,198	\$ 5,471,835
Net realized gain (loss) from securities transactions . .	(16,585)	46,298
Change in unrealized appreciation on investments . .	<u>3,635,723</u>	<u>3,504,047</u>
Change in net assets resulting from operations	<u>6,267,336</u>	<u>9,022,180</u>
DISTRIBUTIONS TO SHAREHOLDERS (note 9):		
Class A Shares	(1,264,533)	(2,662,064)
Class C Shares	(31,801)	(86,697)
Class F Shares	(18,896)	(27,071)
Class I Shares	(2,402)	(4,433)
Class Y Shares	<u>(1,330,498)</u>	<u>(2,691,539)</u>
Change in net assets from distributions	<u>(2,648,130)</u>	<u>(5,471,804)</u>
CAPITAL SHARE TRANSACTIONS (note 6):		
Proceeds from shares sold	14,121,038	35,268,763
Reinvested dividends and distributions	1,354,467	2,779,850
Cost of shares redeemed	<u>(15,230,210)</u>	<u>(25,495,217)</u>
Change in net assets from capital share transactions . .	<u>245,295</u>	<u>12,553,396</u>
Change in net assets	3,864,501	16,103,772
NET ASSETS:		
Beginning of period	<u>243,873,559</u>	<u>227,769,787</u>
End of period	<u>\$ 247,738,060</u>	<u>\$ 243,873,559</u>

See accompanying notes to financial statements.

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 (unaudited)

1. Organization

Aquila Narragansett Tax-Free Income Fund (the “Fund”) is one of six series of Aquila Municipal Trust, a Massachusetts business trust registered under the Investment Company Act of 1940 as a non-diversified, open-end management investment company. The Fund, which commenced operations on October 12, 2013, is the successor to Narragansett Tax-Free Income Fund. Narragansett Tax-Free Income Fund transferred all of its assets and liabilities in exchange for shares of the Fund on October 11, 2013 pursuant to an agreement and plan of reorganization (the “reorganization”). The reorganization was approved by shareholders of Narragansett Tax-Free Income Fund on September 17, 2013. The reorganization was accomplished by exchanging the assets and liabilities of the predecessor fund for shares of the Fund. Shareowners holding shares of Narragansett Tax-Free Income Fund received corresponding shares of the Fund in a one-to-one exchange ratio in the reorganization. Accordingly, the reorganization, which was a tax-free exchange, had no effect on the Fund’s operations. The Fund is authorized to issue an unlimited number of shares. Class A Shares are sold at net asset value plus a sales charge of varying size (depending upon a variety of factors) paid at the time of purchase and bear a distribution fee. Class C Shares are sold at net asset value with no sales charge payable at the time of purchase but with a level charge for service and distribution fees for six years thereafter. Class C Shares automatically convert to Class A Shares after six years. Class F Shares and Class Y Shares are sold only through authorized financial institutions acting for investors in a fiduciary, advisory, agency, custodial or similar capacity, and are not offered directly to retail customers. Class F Shares and Class Y Shares are sold at net asset value with no sales charge, no redemption fee, no contingent deferred sales charge (“CDSC”) and no distribution fee. Class I Shares are offered and sold only through financial intermediaries and are not offered directly to retail customers. Class I Shares are sold at net asset value with no sales charge and no redemption fee or CDSC, although a financial intermediary may charge a fee for effecting a purchase or other transaction on behalf of its customers. Class I Shares carry a distribution and a service fee. All classes of shares represent interests in the same portfolio of investments and are identical as to rights and privileges but differ with respect to the effect of sales charges, the distribution and/or service fees borne by each class, expenses specific to each class, voting rights on matters affecting a single class and the exchange privileges of each class.

2. Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements. The policies are in conformity with accounting principles generally accepted in the United States of America for investment companies.

- a) Portfolio valuation: Municipal securities are valued each business day based upon information provided by a nationally prominent independent pricing service and periodically verified through other pricing services. In the case of securities for which market quotations are readily available, securities are valued by the pricing service at the mean of bid and ask quotations. If a market quotation or a valuation from the pricing service is not readily available, the security is valued at fair value determined in good faith under procedures established by and under the general supervision of the Board of Trustees.

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

b) Fair value measurements: The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's investments and are summarized in the following fair value hierarchy:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund's own assumptions about the assumptions a market participant would use in valuing the asset or liability, based on the best information available.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the valuation inputs, representing 100% of the Fund's investments, used to value the Fund's net assets as of September 30, 2020:

<u>Valuation Inputs*</u>	<u>Investments in Securities</u>
Level 1 – Quoted Prices - Short-Term Investment . . .	\$ 11,317,543
Level 2 – Other Significant Observable Inputs — Municipal Bonds*	235,948,568
Level 3 – Significant Unobservable Inputs	<u>—</u>
Total	<u>\$ 247,266,111</u>

* See schedule of investments for a detailed listing of securities.

c) *Subsequent events*: In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through the date these financial statements were issued.

d) *Securities transactions and related investment income*: Securities transactions are recorded on the trade date. Realized gains and losses from securities transactions are reported on the identified cost basis. Interest income is recorded daily on the accrual basis and is adjusted for amortization of premium and accretion of original issue and market discount.

e) *Federal income taxes*: It is the policy of the Fund to continue to qualify as a regulated investment company by complying with the provisions of the Internal Revenue Code applicable to certain investment companies. The Fund intends to make distributions of income and securities profits sufficient to relieve it from all, or substantially all, Federal income and excise taxes.

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

Management has reviewed the tax positions for each of the open tax years (2017 – 2019) or expected to be taken in the Fund's 2020 tax returns and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

- f) *Multiple Class Allocations:* All income, expenses (other than class-specific expenses), and realized and unrealized gains or losses are allocated daily to each class of shares based on the relative net assets of each class. Class-specific expenses, which include distribution and service fees and any other items that are specifically attributed to a particular class, are also charged directly to such class on a daily basis.
- g) *Use of estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.
- h) *Reclassification of capital accounts:* Accounting principles generally accepted in the United States of America require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications had no effect on net assets or net asset value per share. For the year ended March 31, 2020, there were no items identified that have been reclassified among components of net assets.
- i) The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standard Codification Topic 946 "Financial Services-Investment Companies".

3. Fees and Related Party Transactions

a) Management Arrangements:

Aquila Investment Management LLC (the "Manager"), a wholly-owned subsidiary of Aquila Management Corporation, the Fund's founder and sponsor, serves as the Manager for the Fund under an Advisory and Administration Agreement with the Fund. The portfolio management of the Fund has been delegated to a Sub-Adviser as described below. Under the Advisory and Administration Agreement, the Manager provides all administrative services to the Fund, other than those relating to the day-to-day portfolio management. The Manager's services include providing the office of the Fund and all related services as well as overseeing the activities of the Sub-Adviser and managing relationships with all the various support organizations to the Fund such as the shareholder servicing agent, custodian, legal counsel, fund accounting agent, auditor and distributor. For its services, the Manager is entitled to receive a fee which is payable monthly and computed as of the close of business each day at the annual rate of 0.50% on the Fund's net assets.

Citizens Investment Advisors, a department of Citizens Bank, N.A. (the "Sub-Adviser"), serves as the Investment Sub-Adviser for the Fund under a Sub-Advisory Agreement between the Manager and the Sub-Adviser. Under this agreement, the Sub-Adviser continuously provides, subject to oversight of the Manager and the Board of Trustees of the Fund, the investment program of the Fund and the composition of its portfolio, arranges for the purchases and sales of portfolio securities, and provides for

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

daily pricing of the Fund's portfolio. For the six months ended September 30, 2020 for its services, the Sub-Adviser was entitled to receive a fee from the Manager which is payable monthly and computed as of the close of business each day at the annual rate of 0.23% on the Fund's net assets. Starting October 1, 2019, the Sub-Advisor has contractually agreed to waive its fee through September 30, 2021 such that its annual rate shall be equivalent to 0.175% on the Fund's net assets.

The Manager has contractually undertaken to waive its fees so that management fees are equivalent to 0.48 of 1% of net assets of the Fund up to \$400,000,000; 0.46 of 1% of net assets above \$400,000,000 up to \$1,000,000,000; and 0.44 of 1% of net assets above \$1,000,000,000. This contractual undertaking is in effect until September 30, 2021. The Manager may not terminate the arrangement without the approval of the Board of Trustees. For the six months ended September 30, 2020, the Fund incurred management fees of \$614,570 of which \$94,445 was waived, which included supplemental fee waivers of \$69,863 above and beyond the contractual expense cap. These waivers are not reimbursable.

Under a Compliance Agreement with the Manager, the Manager is compensated by the Fund for compliance related services provided to enable the Fund to comply with Rule 38a-1 of the Investment Company Act of 1940, as amended (the "1940 Act").

Specific details as to the nature and extent of the services provided by the Manager and the Sub-Adviser are more fully defined in the Fund's Prospectus and Statement of Additional Information.

b) Distribution and Service Fees:

The Fund has adopted a Distribution Plan (the "Plan") pursuant to Rule 12b-1 (the "Rule") under the 1940 Act. Under one part of the Plan, with respect to Class A Shares, the Fund is authorized to make distribution fee payments to broker-dealers or others ("Qualified Recipients") selected by Aquila Distributors LLC ("the Distributor"), including, but not limited to, any principal underwriter of the Fund with which the Distributor has entered into written agreements contemplated by the Rule and which have rendered assistance in the distribution and/or retention of the Fund's shares or servicing of shareholder accounts. The Fund makes payment of this distribution fee at the annual rate of 0.15% of the Fund's average net assets represented by Class A Shares. For the six months ended September 30, 2020, distribution fees on Class A Shares amounted to \$90,124, of which the Distributor retained \$6,065.

Under another part of the Plan, the Fund is authorized to make payments with respect to Class C Shares to Qualified Recipients which have rendered assistance in the distribution and/or retention of the Fund's Class C Shares or servicing of shareholder accounts. These payments are made at the annual rate of 0.75% of the Fund's average net assets represented by Class C Shares and for the six months ended September 30, 2020, amounted to \$19,228. In addition, under a Shareholder Services Plan, the Fund is authorized to make service fee payments with respect to Class C Shares to Qualified Recipients for providing personal services and/or maintenance of shareholder accounts. These payments are made at the annual rate of 0.25% of the Fund's average net assets represented by Class C Shares and for the six months ended September 30, 2020, amounted to \$6,409. The total of these payments with respect to Class C Shares amounted to \$25,637, of which the Distributor retained \$7,182.

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

Under another part of the Plan, the Fund is authorized to make payments with respect to Class I Shares to Qualified Recipients. Class I payments, under the Plan, may not exceed, for any fiscal year of the Fund a rate (currently 0.10%) set from time to time by the Board of Trustees of not more than 0.25% of the average annual net assets represented by the Class I Shares. In addition, the Fund has a Shareholder Services Plan under which it may pay service fees (currently 0.25%) of not more than 0.25% of the average annual net assets of the Fund represented by Class I Shares. That is, the total payments under both plans will not exceed 0.50% of such net assets. For the six months ended September 30, 2020, these payments were made at the average annual rate of 0.35% of such net assets amounting to \$431 of which \$123 related to the Plan and \$308 related to the Shareholder Services Plan.

Specific details about the Plans are more fully defined in the Fund's Prospectus and Statement of Additional Information.

Under a Distribution Agreement, the Distributor serves as the exclusive distributor of the Fund's shares. Through agreements between the Distributor and various brokerage and advisory firms ("financial intermediaries"), the Fund's shares are sold primarily through the facilities of these financial intermediaries having offices within Rhode Island, with the bulk of any sales commissions inuring to such financial intermediaries. For the six months ended September 30, 2020, total commissions on sales of Class A Shares amounted to \$56,593, of which the Distributor received \$6,583.

c) Transfer and shareholder servicing fees:

The Fund occasionally compensates financial intermediaries in connection with the sub-transfer agency related services provided by such entities in connection with their respective Fund shareholders so long as the fees are deemed by the Board of Trustees to be reasonable in relation to (i) the value of the services and the benefits received by the Fund and certain shareholders; and (ii) the payments that the Fund would make to another entity to perform similar ongoing services to existing shareholders.

4. Purchases and Sales of Securities

During the six months ended September 30, 2020, purchases of securities and proceeds from the sales of securities aggregated \$2,852,298 and \$7,044,175, respectively.

At September 30, 2020, the aggregate tax cost for all securities was \$233,427,861. At September 30, 2020, the aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost amounted to \$13,876,040 and aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value amounted to \$37,790 for a net unrealized appreciation of \$13,838,250.

5. Portfolio Orientation

Since the Fund invests principally and may invest entirely in double tax-free municipal obligations of issuers within Rhode Island, it is subject to possible risks associated with economic, political, or legal developments or industrial or regional matters specifically affecting Rhode Island and whatever effects these may have upon Rhode Island issuers' ability to meet their obligations.

The Fund is also permitted to invest in U.S. territorial municipal obligations meeting comparable quality standards and providing income which is exempt from both regular Federal

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

and Rhode Island income taxes. The general policy of the Fund is to invest in such securities only when comparable securities of Rhode Island issuers are not available in the market. At September 30, 2020, the Fund had all of its long-term portfolio holdings invested in the securities of Rhode Island issuers.

6. Capital Share Transactions

Transactions in Capital Shares of the Fund were as follows:

	Six Months Ended		Year Ended	
	September 30, 2020		March 31, 2020	
	(unaudited)			
	Shares	Amount	Shares	Amount
Class A Shares:				
Proceeds from shares sold	651,204	\$ 7,206,440	1,098,336	\$ 11,977,410
Reinvested dividends and distributions	84,233	929,527	181,550	1,983,762
Cost of shares redeemed	<u>(627,225)</u>	<u>(6,892,828)</u>	<u>(1,059,290)</u>	<u>(11,524,535)</u>
Net change	<u>108,212</u>	<u>1,243,139</u>	<u>220,596</u>	<u>2,436,637</u>
Class C Shares:				
Proceeds from shares sold	20,522	225,323	37,733	410,890
Reinvested dividends and distributions	1,210	13,351	2,967	32,392
Cost of shares redeemed	<u>(166,089)</u>	<u>(1,841,382)</u>	<u>(197,211)</u>	<u>(2,145,383)</u>
Net change	<u>(144,357)</u>	<u>(1,602,708)</u>	<u>(156,511)</u>	<u>(1,702,101)</u>
Class F Shares:				
Proceeds from shares sold	36,705	406,300	87,575	955,535
Reinvested dividends and distributions	1,717	18,923	2,477	27,072
Cost of shares redeemed	<u>(1,948)</u>	<u>(21,412)</u>	<u>(7,633)</u>	<u>(83,055)</u>
Net change	<u>36,474</u>	<u>403,811</u>	<u>82,419</u>	<u>899,552</u>
Class I Shares:				
Proceeds from shares sold	203	2,242	6,228	68,180
Reinvested dividends and distributions	192	2,125	277	3,034
Cost of shares redeemed	<u>(800)</u>	<u>(8,888)</u>	<u>(2,989)</u>	<u>(32,597)</u>
Net change	<u>(405)</u>	<u>(4,521)</u>	<u>3,516</u>	<u>38,617</u>
Class Y Shares:				
Proceeds from shares sold	568,567	6,280,733	2,001,097	21,856,748
Reinvested dividends and distributions	35,389	390,541	67,097	733,590
Cost of shares redeemed	<u>(585,706)</u>	<u>(6,465,700)</u>	<u>(1,076,176)</u>	<u>(11,709,647)</u>
Net change	<u>18,250</u>	<u>205,574</u>	<u>992,018</u>	<u>10,880,691</u>
Total transactions in Fund shares	<u>18,174</u>	<u>\$ 245,295</u>	<u>1,142,038</u>	<u>\$ 12,553,396</u>

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

7. Trustees' Fees and Expenses

At September 30, 2020, there were 9 Trustees, one of whom is affiliated with the Manager and is not paid any fees. The total amount of Trustees' service fees (for carrying out their responsibilities) and attendance fees paid during the six months ended September 30, 2020 was \$26,411. Attendance fees are paid to those in attendance at regularly scheduled quarterly Board Meetings and meetings of the independent Trustees held prior to each quarterly Board Meeting, as well as additional meetings (such as Audit, Nominating, Shareholder and special meetings). Trustees are reimbursed for their expenses such as travel, accommodations and meals incurred in connection with attendance at Board Meetings and at the Annual Meeting of Shareholders. For the six months ended September 30, 2020, due to the COVID-19 pandemic, such meeting-related expenses amounted to \$0.

8. Securities Traded on a When-Issued Basis

The Fund may purchase or sell securities on a when-issued basis. When-issued transactions arise when securities are purchased or sold by the Fund with payment and delivery taking place in the future in order to secure what is considered to be an advantageous price and yield to the Fund at the time of entering into the transaction. Beginning on the date the Fund enters into a when-issued transaction, cash or other liquid securities are segregated in an amount equal to or greater than the value of the when-issued transaction. These transactions are subject to market fluctuations and their current value is determined in the same manner as for other securities.

9. Income Tax Information and Distributions

The Fund declares dividends daily from net investment income and makes payments monthly. Net realized capital gains, if any, are distributed annually and are taxable. These distributions are paid in additional shares at the net asset value per share or in cash, at the shareholder's option.

The Fund intends to maintain, to the maximum extent possible, the tax-exempt status of interest payments received from portfolio municipal securities in order to allow dividends paid to shareholders from net investment income to be exempt from regular Federal and State of Rhode Island income taxes. Due to differences between financial statement reporting and Federal income tax reporting requirements, distributions made by the Fund may not be the same as the Fund's net investment income, and/or net realized securities gains. Further, a small portion of the dividends may, under some circumstances, be subject to taxes at ordinary income rates. As a result of the passage of the Regulated Investment Company Act of 2010 ("the Act"), losses incurred in this fiscal year and beyond retain their character as short-term or long-term, have no expiration date and are utilized before capital losses incurred prior to the enactment of the Act.

At March 31, 2020, the Fund had capital loss carry forwards of \$992,234 of which \$795,279 retains its character of short-term and \$196,955 retains its character of long-term; both have no expiration. This carryover is available to offset future net realized gains on securities transactions to the extent provided for in the Internal Revenue Code.

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

The tax character of distributions was as follows:

	Year Ended March 31, 2020	Year Ended March 31, 2019
Net tax-exempt income	\$ 5,380,416	\$ 5,681,096
Ordinary Income	91,388	55,005
	\$ 5,471,804	\$ 5,736,101

As of March 31, 2020, the components of distributable earnings on a tax basis were:

Undistributed tax-exempt income.....	\$ 281,993
Accumulated net realized loss.....	(992,234)
Unrealized appreciation.....	10,202,701
Other temporary differences	(225,107)
	\$ 9,267,353

The difference between book basis and tax basis undistributed income is due to the timing difference, and other temporary differences, in recognizing dividends paid and the tax treatment of market discount amortization and the deduction of distributions payable.

10. Credit Facility

Since August 30, 2017, The Bank of New York Mellon and the Aquila Group of Funds (which is comprised of 9 funds) have been parties to a \$40 million credit agreement, which currently terminates on August 25, 2021. In accordance with the Aquila Group of Funds Guidelines for Allocation of Committed Line of Credit, principal, interest and other expenses associated with a specific loan that is made to a fund under the credit agreement will be paid solely by that particular fund. The interest rate is selected at the time of borrowing by the borrowing fund and is either the one month Eurodollar Rate, or the Alternate Base Rate (equal to the greater of the lender's prime rate, the Federal Funds effective rate and the one-month Eurodollar rate in effect on the applicable date) plus, in each case, 1.25%. In addition, each fund is responsible for payment of its proportionate share of

- a) an upfront fee; and
- b) a 0.17% per annum commitment fee on the unused portion of the facility.

There were no borrowings under the credit agreement during the six months ended September 30, 2020.

11. Recent events

The respiratory illness COVID-19 caused by a novel coronavirus has resulted in a global pandemic and major disruption to economies and markets around the world, including the United States. Global financial markets have experienced extreme volatility and severe losses, and trading in many instruments has been disrupted. Liquidity for many instruments has been greatly reduced for periods of time. Some interest rates are very low.

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2020 (unaudited)

Some sectors of the economy and individual issuers have experienced particularly large losses. These circumstances may continue for an extended period of time, and affect adversely the value and/or liquidity of the Fund's investments. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual issuers, are not known. Governments and central banks, including the Federal Reserve in the U.S., have taken extraordinary and unprecedented actions to support national economies and the financial markets. These actions have resulted in significant expansion of public debt, including in the U.S. The impact of these measures, and whether they will be effective to mitigate the economic and market disruption, may not be known for some time. The consequences of high public debt, including its future impact on the economy and securities markets, likewise may not be known for some time.

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
FINANCIAL HIGHLIGHTS (continued)

For a share outstanding throughout each period

	Class A					
	Six Months Ended 9/30/20 (unaudited)	Year Ended March 31,				
		2020	2019	2018	2017	2016
Net asset value, beginning of period	\$10.91	\$10.74	\$10.57	\$10.61	\$10.92	\$10.81
Income (loss) from investment operations:						
Net investment income ⁽¹⁾	0.12	0.25	0.26	0.27	0.28	0.30
Net gain (loss) on securities (both realized and unrealized)	0.16	0.17	0.17	(0.04)	(0.31)	0.11
Total from investment operations	0.28	0.42	0.43	0.23	(0.03)	0.41
Less distributions (note 9):						
Dividends from net investment income	(0.12)	(0.25)	(0.26)	(0.27)	(0.28)	(0.30)
Distributions from capital gains	—	—	—	—	—	—
Total distributions	(0.12)	(0.25)	(0.26)	(0.27)	(0.28)	(0.30)
Net asset value, end of period	\$11.07	\$10.91	\$10.74	\$10.57	\$10.61	\$10.92
Total return (not reflecting sales charge)	2.54% ⁽²⁾	3.89%	4.18%	2.18%	(0.30)%	3.85%
Ratios/supplemental data						
Net assets, end of period (in millions)	\$123	\$120	\$115	\$116	\$127	\$133
Ratio of expenses to average net assets	0.80% ⁽³⁾	0.79%	0.79%	0.76%	0.77%	0.77%
Ratio of net investment income to average net assets	2.10% ⁽³⁾	2.25%	2.51%	2.53%	2.58%	2.78%
Portfolio turnover rate	1% ⁽²⁾	6%	9%	4%	12%	19%
Expense and net investment income ratios without the effect of the contractual expense cap and/or contractual fee waiver, as well as additional voluntary fee waivers were (note 3):						
Ratio of expenses to average net assets	0.88% ⁽³⁾	0.87%	0.86%	0.84%	0.85%	0.85%
Ratio of net investment income to average net assets	2.02% ⁽³⁾	2.17%	2.43%	2.45%	2.50%	2.70%

(1) Per share amounts have been calculated using the daily average shares method.

(2) Not annualized.

(3) Annualized.

See accompanying notes to financial statements.

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
FINANCIAL HIGHLIGHTS (continued)

For a share outstanding throughout each period

	Class C					
	Six Months Ended 9/30/20 (unaudited)	Year Ended March 31,				
		2020	2019	2018	2017	2016
Net asset value, beginning of period	\$10.91	\$10.74	\$10.57	\$10.61	\$10.92	\$10.81
Income (loss) from investment operations:						
Net investment income ⁽¹⁾	0.07	0.15	0.17	0.18	0.19	0.21
Net gain (loss) on securities (both realized and unrealized)	0.16	0.17	0.17	(0.04)	(0.31)	0.11
Total from investment operations	0.23	0.32	0.34	0.14	(0.12)	0.32
Less distributions (note 9):						
Dividends from net investment income	(0.07)	(0.15)	(0.17)	(0.18)	(0.19)	(0.21)
Distributions from capital gains	—	—	—	—	—	—
Total distributions	(0.07)	(0.15)	(0.17)	(0.18)	(0.19)	(0.21)
Net asset value, end of period	\$11.07	\$10.91	\$10.74	\$10.57	\$10.61	\$10.92
Total return (not reflecting sales charge)	2.10% ⁽²⁾	3.01%	3.30%	1.31%	(1.14)%	2.97%
Ratios/supplemental data						
Net assets, end of period (in millions)	\$4	\$5	\$7	\$9	\$12	\$14
Ratio of expenses to average net assets	1.65% ⁽³⁾	1.65%	1.63%	1.61%	1.61%	1.62%
Ratio of net investment income to average net assets	1.25% ⁽³⁾	1.41%	1.66%	1.68%	1.72%	1.93%
Portfolio turnover rate	1% ⁽²⁾	6%	9%	4%	12%	19%
Expense and net investment income ratios without the effect of the contractual expense cap and/or contractual fee waiver, as well as additional voluntary fee waivers were (note 3):						
Ratio of expenses to average net assets	1.73% ⁽³⁾	1.73%	1.71%	1.69%	1.69%	1.70%
Ratio of net investment income to average net assets	1.17% ⁽³⁾	1.33%	1.58%	1.60%	1.64%	1.85%

(1) Per share amounts have been calculated using the daily average shares method.

(2) Not annualized.

(3) Annualized.

See accompanying notes to financial statements.

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
FINANCIAL HIGHLIGHTS (continued)

For a share outstanding throughout each period

	Class F		
	Six Months Ended 9/30/20 (unaudited)	Year Ended March 31, 2020	For the Period November 30, 2018* through March 31, 2019
Net asset value, beginning of period	\$10.89	\$10.72	\$10.48
Income (loss) from investment operations:			
Net investment income ⁽¹⁾	0.13	0.26	0.09
Net gain (loss) on securities (both realized and unrealized)	0.16	0.17	0.24
Total from investment operations	0.29	0.43	0.33
Less distributions (note 9):			
Dividends from net investment income	(0.13)	(0.26)	(0.09)
Distributions from capital gains	—	—	—
Total distributions	(0.13)	(0.26)	(0.09)
Net asset value, end of period	<u>\$11.05</u>	<u>\$10.89</u>	<u>\$10.72</u>
Total return	2.63% ⁽²⁾	4.08%	3.18% ⁽²⁾
Ratios/supplemental data			
Net assets, end of period (in millions)	\$2	\$1.5	\$0.6
Ratio of expenses to average net assets	0.63% ⁽³⁾	0.61%	0.63% ⁽³⁾
Ratio of net investment income to average net assets . . .	2.27% ⁽³⁾	2.41%	2.58% ⁽³⁾
Portfolio turnover rate	1% ⁽²⁾	6%	9% ⁽³⁾
Expense and net investment income ratios without the effect of the contractual fee waiver, as well as additional voluntary fee waivers were (note 3):			
Ratio of expenses to average net assets	0.70% ⁽³⁾	0.69%	0.71% ⁽³⁾
Ratio of investment income to average net assets	2.19% ⁽³⁾	2.33%	2.50% ⁽³⁾

* Commencement of operations.

(1) Per share amounts have been calculated using the daily average shares method.

(2) Not annualized.

(3) Annualized.

See accompanying notes to financial statements.

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
FINANCIAL HIGHLIGHTS (continued)

For a share outstanding throughout each period

	Class I					
	Six Months Ended 9/30/20 (unaudited)	Year Ended March 31,				
		2020	2019	2018	2017	2016
Net asset value, beginning of period	\$10.91	\$10.74	\$10.56	\$10.61	\$10.92	\$10.80
Income (loss) from investment operations:						
Net investment income ⁽¹⁾	0.11	0.23	0.26	0.26	0.26	0.28
Net gain (loss) on securities (both realized and unrealized)	0.17	0.17	0.18	(0.05)	(0.31)	0.12
Total from investment operations	0.28	0.40	0.44	0.21	(0.05)	0.40
Less distributions (note 9):						
Dividends from net investment income	(0.11)	(0.23)	(0.26)	(0.26)	(0.26)	(0.28)
Distributions from capital gains	—	—	—	—	—	—
Total distributions	(0.11)	(0.23)	(0.26)	(0.26)	(0.26)	(0.28)
Net asset value, end of period	\$11.08	\$10.91	\$10.74	\$10.56	\$10.61	\$10.92
Total return	2.55% ⁽²⁾	3.74%	4.24%	1.95%	(0.45)%	3.80%
Ratios/supplemental data						
Net assets, end of period (in millions)	\$0.2	\$0.2	\$0.2	\$0.1	\$0.1	\$0.2
Ratio of expenses to average net assets	0.96% ⁽³⁾	0.94%	0.83%	0.89%	0.90%	0.92%
Ratio of net investment income to average net assets	1.95% ⁽³⁾	2.10%	2.47%	2.41%	2.43%	2.63%
Portfolio turnover rate	1% ⁽²⁾	6%	9%	4%	12%	19%
Expense and net investment income ratios without the effect of the contractual expense cap and/or contractual fee waiver, as well as additional voluntary fee waivers were (note 3):						
Ratio of expenses to average net assets	1.03% ⁽³⁾	1.02%	0.91%	0.97%	0.98%	1.00%
Ratio of net investment income to average net assets	1.87% ⁽³⁾	2.02%	2.39%	2.33%	2.35%	2.55%

(1) Per share amounts have been calculated using the daily average shares method.

(2) Not annualized.

(3) Annualized.

See accompanying notes to financial statements.

AQUILA NARRAGANSETT TAX-FREE INCOME FUND
FINANCIAL HIGHLIGHTS (continued)

For a share outstanding throughout each period

	Class Y					
	Six Months Ended 9/30/20 (unaudited)	Year Ended March 31,				
		2020	2019	2018	2017	2016
Net asset value, beginning of period	\$10.91	\$10.74	\$10.57	\$10.61	\$10.92	\$10.81
Income (loss) from investment operations:						
Net investment income ⁽¹⁾	0.12	0.26	0.28	0.29	0.30	0.31
Net gain (loss) on securities (both realized and unrealized)	0.16	0.17	0.17	(0.04)	(0.31)	0.11
Total from investment operations	0.28	0.43	0.45	0.25	(0.01)	0.42
Less distributions (note 9):						
Dividends from net investment income	(0.12)	(0.26)	(0.28)	(0.29)	(0.30)	(0.31)
Distributions from capital gains	—	—	—	—	—	—
Total distributions	(0.12)	(0.26)	(0.28)	(0.29)	(0.30)	(0.31)
Net asset value, end of period	\$11.07	\$10.91	\$10.74	\$10.57	\$10.61	\$10.92
Total return	2.62% ⁽²⁾	4.05%	4.34%	2.34%	(0.15)%	4.01%
Ratios/supplemental data						
Net assets, end of period (in millions)	\$119	\$117	\$105	\$106	\$104	\$101
Ratio of expenses to average net assets	0.65% ⁽³⁾	0.64%	0.64%	0.61%	0.62%	0.62%
Ratio of net investment income to average net assets	2.25% ⁽³⁾	2.40%	2.66%	2.69%	2.73%	2.92%
Portfolio turnover rate	1% ⁽²⁾	6%	9%	4%	12%	19%
Expense and net investment income ratios without the effect of the contractual expense cap and/or contractual fee waiver, as well as additional voluntary fee waivers were (note 3):						
Ratio of expenses to average net assets	0.73% ⁽³⁾	0.72%	0.72%	0.69%	0.70%	0.70%
Ratio of net investment income to average net assets	2.17% ⁽³⁾	2.32%	2.58%	2.61%	2.65%	2.84%

(1) Per share amounts have been calculated using the daily average shares method.

(2) Not annualized.

(3) Annualized.

See accompanying notes to financial statements.

Additional Information:

Statement Regarding Liquidity Risk Management Program

Rule 22e-4 under the Investment Company Act of 1940, as amended, requires open-end management investment companies to adopt and implement written liquidity risk management programs that are reasonably designed to assess and manage liquidity risk. Liquidity risk is defined in the rule as the risk that a fund could not meet requests to redeem shares issued by the fund without significant dilution of remaining investors' interests in the fund. In accordance with Rule 22e-4, Aquila Municipal Trust ("AMT") has adopted a Liquidity Risk Management ("LRM") program (the "program"). AMT's Board of Trustees (the "Board") has designated an LRM Committee consisting of employees of Aquila Investment Management LLC ("AIM") as the administrator of the program (the "Committee").

The Board met on June 12, 2020 to review the program. At the meeting, the Committee provided the Board with a report that addressed the operation of the program and assessed its adequacy and effectiveness of implementation, and any material changes to the program (the "Report"). The Report covered the period from December 1, 2018 through May 29, 2020 (the "Reporting Period").

During the Reporting Period, the Committee reviewed whether each Fund's strategy is appropriate for an open-end fund structure taking into account less liquid and illiquid assets.

The Committee reviewed each Fund's short-term and long-term cash flow projections during both normal and reasonably foreseeable stressed conditions. In classifying and reviewing each Fund's investments, the Committee considered whether trading varying portions of a position in a particular portfolio investment or asset class in sizes the Fund would reasonably anticipate trading, would be reasonably expected to significantly affect liquidity. The Committee considered the following information when determining the sizes in which each Fund would reasonably anticipate trading: historical net redemption activity, the Fund's concentration in an issuer, shareholder concentration, Fund performance, Fund size, and distribution channels.

The Committee considered each Fund's holdings of cash and cash equivalents, as well as borrowing arrangements. The Committee considered the terms of the credit facility applicable to the Funds, the financial health of the institution providing the facility and the fact that the credit facility is shared among multiple Funds. The Committee also considered other types of borrowing available to the Funds, such as the ability to use interfund lending arrangements.

The Committee also performed an analysis to determine whether a Fund is required to maintain a Highly Liquid Investment Minimum ("HLIM"), and determined that the requirement to maintain an HLIM was inapplicable to the Funds because each Fund primarily holds highly liquid investments.

There were no material changes to the program during the Reporting Period. The Report provided to the Board stated that the Committee concluded that the program is reasonably designed and operated effectively throughout the Review Period.

Additional Information (unaudited):

Renewal of the Advisory and Administration Agreement and the Sub-Advisory Agreement

Aquila Investment Management LLC (the “Manager”) serves as the investment adviser to the Fund pursuant to an Advisory and Administration Agreement (the “Advisory Agreement”). The Manager has retained Citizens Investment Advisors, a department of Citizens Bank, N.A. (the “Sub-Adviser”) to serve as the sub-adviser to the Fund pursuant to a Sub-Advisory Agreement between the Manager and the Sub-Adviser (the “Sub-Advisory Agreement”). In order for the Manager and the Sub-Adviser to continue to serve in their respective roles, the Trustees of the Fund must determine annually whether to renew the Advisory Agreement and the Sub-Advisory Agreement for the Fund.

In considering whether to approve the renewal of the Advisory Agreement and the Sub-Advisory Agreement, the Trustees requested and obtained such information as they deemed reasonably necessary. The independent Trustees met telephonically on August 7, 2020 and on August 13, 2020 to review and discuss the contract review materials that were provided in advance of the August 7, 2020 meeting. The Trustees considered, among other things, information presented by the Manager and the Sub-Adviser. They also considered information presented in a report prepared by an independent consultant with respect to the Fund’s fees, expenses and investment performance, which included comparisons of the Fund’s investment performance against peers and the Fund’s benchmark and comparisons of the advisory fee payable by the Fund under the Advisory Agreement against the advisory fees paid by the Fund’s peers, as well as information regarding the operating margins of certain investment advisory firms (the “Consultant’s Report”). In addition, the Trustees took into account the information related to the Fund provided to the Trustees at each regularly scheduled meeting. The Trustees considered the Advisory Agreement and the Sub-Advisory Agreement separately as well as in conjunction with each other to determine their combined effects on the Fund. The Trustees also discussed the memorandum provided by Fund counsel that summarized the legal standards and other considerations that are relevant to the Trustees in their deliberations regarding the renewal of the Advisory and Sub-Advisory Agreements.

At the meeting held on August 13, 2020, based on their evaluation of the information provided by the Manager, the Sub-Adviser and the independent consultant, the Trustees of the Fund present at the meeting, including the independent Trustees voting separately, unanimously approved the renewal of each of the Advisory Agreement and the Sub-Advisory Agreement until September 30, 2021. In considering the renewal of the Advisory Agreement and the Sub-Advisory Agreement, the Trustees considered various factors that they determined were relevant, including the factors described below. The Trustees did not identify any single factor as the controlling factor in determining to approve the renewal of the Advisory Agreement or the Sub-Advisory Agreement.

The nature, extent, and quality of the services provided by the Manager and the Sub-Adviser.

The Trustees considered the nature, extent and quality of the services that had been provided by the Manager and the Sub-Adviser to the Fund, taking into account the investment objectives and strategies of the Fund. The Trustees reviewed the terms of the Advisory Agreement and the Sub-Advisory Agreement.

The Manager has retained the Sub-Adviser to provide investment management of the Fund’s portfolio. The Trustees reviewed the Sub-Adviser’s investment approach for the Fund. The Trustees considered the personnel of the Sub-Adviser who provide investment management services to the Fund. The Trustees noted the extensive experience of the Sub-Adviser’s portfolio manager, Mr. Jeffrey Hanna. They considered that Mr. Hanna is based in Providence, Rhode Island and that he has a comprehensive understanding regarding

the economy of the State of Rhode Island and the securities in which the Fund invests, including those securities with less than the highest ratings from the rating agencies.

The Trustees considered that the Manager supervised and monitored the performance of the Sub-Adviser. The Trustees also considered that the Manager and the Sub-Adviser had provided all advisory services to the Fund that the Trustees deemed necessary or appropriate, including the specific services that the Trustees have determined are required for the Fund, given that it seeks to provide shareholders with as high a level of current income exempt from Rhode Island state and regular Federal income taxes as is consistent with preservation of capital.

The Trustees also noted that the Manager has additionally provided all administrative services to the Fund and provided the Fund with personnel (including Fund officers) and other resources that are necessary for the Fund's business management and operations. The Trustees considered the nature and extent of the Manager's supervision of third-party service providers, including the Fund's fund accountant, shareholder servicing agent and custodian.

Based on these considerations, the Trustees concluded that the nature, extent and quality of services that had been provided by the Manager and the Sub-Adviser to the Fund were satisfactory and consistent with the terms of the Advisory Agreement and Sub-Advisory Agreement, respectively.

The investment performance of the Fund

The Trustees reviewed the Fund's performance (Class A shares) and compared its performance to the performance of:

- the funds in the Fund's peer group (the "Peer Group"), as selected by the independent consultant (the Fund and seven other single-state intermediate and single-state long municipal bond funds, as classified by Morningstar, that are similar to the Fund in size and that charge a front-end sales charge);
- the funds in the Fund's product category for performance (the "Product Category for Performance") (all funds (and all classes) included in the Morningstar Single-State Intermediate Municipal Bond Funds category); and
- the Fund's benchmark index, the Bloomberg Barclays Quality Intermediate Municipal Bond Index.

The Trustees considered that the materials included in the Consultant's Report indicated that the Fund's average annual total return was higher than the average annual total return of the funds in both the Peer Group and the Product Category for Performance for the one, three, five and ten-year periods ended May 31, 2020. The Trustees also considered that the Fund's average annual return was higher than that of its benchmark index for the one, three, five and ten-year periods ended May 31, 2020.

The Trustees noted that the Fund invests primarily in municipal obligations issued by the State of Rhode Island, its counties and various other local authorities, while the funds in the Product Category for Performance invest in, and the Fund's benchmark index includes, municipal bonds of issuers throughout the United States. They noted that only 0.20% of the benchmark index consists of Rhode Island bonds and that none of the funds in the Peer Group invests in Rhode Island municipal obligations. They further noted that, unlike the Fund's returns, the performance of the benchmark index did not reflect any fees, expenses or sales charges.

In addition, the Trustees considered that, as reflected in the Consultant's Report, the Fund's standard deviation, a measure of volatility, was in the second quintile relative

to the funds in the Product Category for Performance for both the three and five-year periods ended May 31, 2020. The Trustees further noted that the Fund's Sharpe ratio was in the first quintile for both the three and five-year periods ended May 31, 2020, when compared to the funds in the Product Category for Performance. A Sharpe ratio is a measure for calculating risk-adjusted return. The higher the Sharpe ratio, the better the fund's historical risk-adjusted performance. The Trustees noted that the Fund was the only Rhode Island state-specific tax-free municipal bond fund in the State.

The Trustees considered the Fund's investment performance to be consistent with the investment objectives of the Fund. Evaluation of the investment performance of the Fund indicated to the Trustees that renewal of the Advisory Agreement and Sub-Advisory Agreement would be appropriate.

Advisory Fees and Sub-Advisory Fees and Fund Expenses.

The Trustees evaluated the fee payable under the Advisory Agreement. They noted that the Manager, and not the Fund, paid the Sub-Adviser under the Sub-Advisory Agreement. The Trustees evaluated both the fee under the Sub-Advisory Agreement and the portion of the advisory fee paid under the Advisory Agreement and retained by the Manager. The Trustees reviewed the Fund's advisory fees and expenses and compared them to the advisory fee and expense data for:

- the funds in the Peer Group (as defined above); and
- the funds in the product category for expenses (the "Product Category for Expenses") (Morningstar Single-State Intermediate Municipal Bond Funds and Morningstar Single-State Long Municipal Bond Funds from states within which 1-3 mutual funds are operating, with similar operating expense structures).

The Trustees considered that the Fund's contractual advisory fee was higher than the average and median (by only 0.001%) contractual advisory fees of the funds in the Peer Group (at the Fund's current asset level) and higher than the asset-weighted average contractual advisory fee of the funds in the Product Category for Expenses (at various asset levels up to \$5 billion). The Trustees noted that the Fund's actual management fee was higher than the average actual management fee of the funds in the Peer Group but lower than the average actual management fee of the funds in the Product Category for Expenses (after giving effect to fee waivers in effect for those funds). The Trustees further noted that the Fund's actual expenses (for Class A shares) were lower than the average actual expenses of the funds in the Product Category for Expenses but only slightly higher (by 0.003%) than the average actual expenses (for Class A shares) of the funds in the Peer Group (after giving effect to fee waivers and expense reimbursements in effect for those funds).

The Trustees further noted that the Manager has contractually undertaken to waive its fees so that management fees are equivalent to 0.48 of 1% of net assets of the Fund up to \$400,000,000; 0.46 of 1% of net assets above \$400,000,000 up to \$1,000,000,000; and 0.44 of 1% of net assets above \$1,000,000,000. This contractual undertaking is in effect until September 30, 2021. The Manager may not terminate these arrangements without the approval of the Board of Trustees.

The Trustees reviewed management fees charged by each of the Manager and the Sub-Adviser to its other clients. It was noted that the Manager does not have any other clients except for other funds in the Aquila Group of Funds. The Trustees noted that, in most instances, the fee rates for those clients were comparable to the fees paid to the Manager by the Fund. With respect to the Sub-Adviser, the Trustees noted that the fee rates for its other clients were generally lower than the fees paid to the Sub-Adviser

with respect to the Fund. In evaluating the fees associated with the client accounts, the Trustees took into account the respective demands, resources and complexity associated with the Fund and those client accounts.

The Trustees considered that the Manager and, in turn, the Sub-Adviser was currently voluntarily waiving a portion of its fees and had been since the Fund's inception. Additionally, it was noted that the Manager had indicated that it intended to continue to voluntarily waive fees as necessary for the Fund to remain competitive.

The Trustees concluded that the advisory and sub-advisory fees were reasonable in relation to the nature and quality of the services provided to the Fund by the Manager and the Sub-Adviser.

Profitability

The Trustees received materials from the Manager and from the independent consultant related to profitability. The Manager provided information which showed the profitability to the Manager of its services to the Fund, as well as the profitability of Aquila Distributors LLC of distribution services provided to the Fund. The independent consultant provided publicly available data regarding the profitability of other asset managers in comparison to the overall profitability of the Manager.

The Trustees considered the information provided by the Manager regarding the profitability of the Manager with respect to the advisory services provided by the Manager to the Fund, including the methodology used by the Manager in allocating certain of its costs to the management of the Fund. The Trustees also considered information regarding the profitability of the Manager provided to the Trustees by the independent consultant. The Trustees concluded that profitability to the Manager with respect to advisory services provided to the Fund did not argue against approval of the fees to be paid under the Advisory Agreement.

The Trustees also considered information provided by the Sub-Adviser regarding the profitability of the Sub-Adviser with respect to the sub-advisory services provided by the Sub-Adviser to the Fund. The Trustees concluded that the profitability of the Sub-Adviser with respect to sub-advisory services provided to the Fund did not argue against approval of the fees to be paid under the Sub-Advisory Agreement.

The extent to which economies of scale would be realized as the Fund grows.

The Trustees considered the extent to which the Manager and the Sub-Adviser may realize economies of scale or other efficiencies in managing the Fund. They noted that the Manager has agreed, through a contractual advisory fee waiver, to include breakpoints in its advisory fee schedule based on the size of the Fund. The Trustees noted that the Manager's profitability also may be an indicator of the availability of any economies of scale. Accordingly, the Trustees concluded that economies of scale, if any, were being appropriately shared with the Fund.

Benefits derived or to be derived by the Manager and the Sub-Adviser and their affiliates from their relationships with the Fund.

The Trustees observed that, as is generally true of most fund complexes, the Manager and Sub-Adviser and their affiliates, by providing services to a number of funds or other investment clients including the Fund, were able to spread costs as they would otherwise be unable to do. The Trustees noted that while that could produce efficiencies and increased profitability for the Manager and Sub-Adviser and their affiliates, it also makes their services available to the Fund at favorable levels of quality and cost which are more advantageous to the Fund than would otherwise have been possible.

Your Fund's Expenses (unaudited)

As a Fund shareholder, you may incur two types of costs: (1) transaction costs, including front-end sales charges with respect to Class A shares or contingent deferred sales charges ("CDSC") with respect to Class C shares; and (2) ongoing costs including management fees; distribution "12b-1" and/or service fees; and other Fund expenses. The table below is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The table below assumes a \$1,000 investment held for the six months indicated.

Actual Fund Expenses

The table provides information about actual account values and actual expenses. You may use the information provided in this table, together with the amount you invested, to estimate the expenses that you paid over the period. To estimate the expenses that you paid on your account, divide your ending account value by \$1,000 (for example, an \$8,600 ending account value divided by \$1,000 = 8.6), then multiply the result by the number under the heading "Expenses Paid During the Period".

Hypothetical Example for Comparison with Other Funds

Under the heading, "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other funds. To do so, compare this 5% hypothetical example for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that expenses shown in the table are meant to highlight ongoing costs and do not reflect any transactional costs. Therefore, information under the heading "Hypothetical" is useful comparing ongoing costs only, and will not help you compare total costs of owning different funds. In addition, if transactional costs were included, your total costs would have been higher.

	Actual			Hypothetical		
	(actual return after expenses)			(5% annual return before expenses)		
Share Class	Beginning Account Value 4/1/20	Ending ⁽¹⁾ Account Value 9/30/20	Expenses ⁽²⁾ Paid During Period 4/1/20 – 9/30/20	Ending Account Value 9/30/20	Expenses ⁽²⁾ Paid During Period 4/1/20 – 9/30/20	Net Annualized Expense Ratio
A	\$1,000	\$1,025.40	\$4.06	\$1,021.06	\$4.05	0.80%
C	\$1,000	\$1,021.00	\$8.36	\$1,016.80	\$8.34	1.65%
F	\$1,000	\$1,026.30	\$3.20	\$1,021.91	\$3.19	0.63%
I	\$1,000	\$1,025.50	\$4.87	\$1,020.26	\$4.86	0.96%
Y	\$1,000	\$1,026.20	\$3.30	\$1,021.81	\$3.29	0.65%

- (1) Assumes reinvestment of all dividends and capital gain distributions, if any, at net asset value and does not reflect the deduction of the applicable sales charges with respect to Class A or the applicable CDSC with respect to Class C shares. Total return is not annualized and as such, it may not be representative of the total return for the year.
- (2) Expenses are equal to the annualized expense ratio for the six-month period as indicated above - in the far right column - multiplied by the simple average account value over the period indicated, and then multiplied by 183/365 to reflect the one-half year period.

Information Available (unaudited)

Much of the information that the funds in the Aquila Group of Funds produce is automatically sent to you and all other shareholders. Specifically, you are routinely sent your Fund's entire list of portfolio securities twice a year in the semi-annual and annual reports that you receive. Additionally, under Fund policies, the Manager publicly discloses the complete schedule of the Fund's portfolio holdings, as of each calendar quarter, generally by the 15th day after the end of each calendar quarter. Such information remains accessible until the next schedule is made publicly available. You may obtain a copy of the Fund's portfolio holdings schedule for the most recently completed period by visiting the Fund's website at www.aquilafunds.com. Whenever you wish to see a listing of your Fund's portfolio other than in your shareholder reports, please check our website at www.aquilafunds.com or call us at 1-800-437-1000.

The Fund additionally files a complete list of its portfolio holdings with the SEC for the first and third quarters of each fiscal year as an exhibit to its reports on Form N-PORT, which may be obtained free of charge on the SEC website at www.sec.gov. You may also review or, for a fee, copy the forms at the SEC's Public Reference Room in Washington, D.C. or by calling 1-800-SEC-0330.

Proxy Voting Record (unaudited)

During the 12 month period ended June 30, 2020, there were no proxies related to any portfolio instruments held by the Fund. As such, the Fund did not vote any proxies. Applicable regulations require us to inform you that the Fund's proxy voting information is available on the SEC website at www.sec.gov.

Federal Tax Status of Distributions (unaudited)

This information is presented in order to comply with a requirement of the Internal Revenue Code. **No action on the part of shareholders is required.**

For the fiscal year ended March 31, 2020, \$5,380,416 of dividends paid by Aquila Narragansett Tax-Free Income Fund, constituting 98.3% of total dividends paid, were exempt-interest dividends; and the balance was ordinary income.

Prior to February 15, 2021, shareholders will be mailed the appropriate tax form(s) which will contain information on the status of distributions paid for the **2020 calendar year**.

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Founders

Lacy B. Herrmann (1929-2012)
Aquila Management Corporation, Sponsor

Manager

AQUILA INVESTMENT MANAGEMENT LLC
120 West 45th Street, Suite 3600
New York, New York 10036

Investment Sub-Adviser

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Board of Trustees

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Diana P. Herrmann, Vice Chair
Ernest Calderón
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Diana P. Herrmann, President
Stephen J. Caridi, Senior Vice President
Paul G. O'Brien, Senior Vice President
Randall S. Fillmore, Chief Compliance Officer
Joseph P. DiMaggio, Chief Financial Officer
and Treasurer
Anita Albano, Secretary

Distributor

AQUILA DISTRIBUTORS LLC
120 West 45th Street, Suite 3600
New York, New York 10036

Transfer and Shareholder Servicing Agent

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4400 Computer Drive
Westborough, Massachusetts 01581

Custodian

THE BANK OF NEW YORK MELLON
240 Greenwich Street
New York, New York 10286

Further information is contained in the Prospectus,
which must precede or accompany this report.