



# Annual Report

*March 31, 2021*



Please Save the Tentative\* Date for Your 2021 Shareholder Meeting

Thursday, October 28, 2021

The McCormick Ranch Golf Club, Scottsdale, Arizona

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

[www.aquilafunds.com](http://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 Tax-Free Trust of Arizona

“It has been Quite the Year”

*Serving Arizona investors since 1986*



May, 2021

Dear Fellow Shareholder:

More than likely, you became a fellow shareholder based on our Fund’s investment objective, which is to provide as high a level of double tax-free income as is consistent with preservation of capital.

The COVID-19 pandemic brought a lot of uncertainty to the U.S. beginning in March 2020. Given that uncertainty oftentimes results in market volatility, you may have wondered how the Aquila Group of Funds handles changes in the market and potential volatility. And, are there any regulatory safeguards related to investments in the Fund?

Let’s begin with your Fund’s investment strategy. By design, the investment strategy we formulated with our first municipal bond fund back in 1985 was designed with potential market volatility in mind. This strategy includes:

High-Quality Investments – When selecting securities we have always focused on the source and reliability of revenue and income streams, the management teams and the financial decisions they make, and the discipline those teams apply to executing their strategic and budget plans. You may be aware that organizations such as Moody’s, S&P, and Fitch register with the U.S. Securities and Exchange Commission (“SEC”) as Nationally Recognized Statistical Rating Organizations (“NRSROs”), subject to the SEC’s oversight and examination authority. Each of the NRSROs uses a wide variety of financial analysis and modeling techniques to evaluate municipal issuers’ financial data and collateral and consider such other factors they believe to be pertinent. Ultimately, the NRSRO ratings reflect their professional assessment of an issuer’s ability to pay interest as well as a bond’s face value at maturity. This review process continues through routine ongoing analysis and evaluation. And, in the interim, any major events or news announcements that affect an issuer’s debt may cause rating agencies to reassess, and possibly revise their opinions. Similar reviews may also be conducted across an entire sector, such as hospitals or schools. Our goal with the Aquila Group of Funds is, as feasible, to conduct our own review and ongoing monitoring of securities in which your Fund invests.

Intermediate maturities – Our goal with maintaining an average intermediate maturity is to limit volatility with any change in interest rates.

Diversification – This part of our strategy is quite simple – “don’t put all of your eggs in one basket.” To the maximum extent possible, we have sought to invest, on behalf of our shareholders, in as many types of projects as possible throughout the state. This limits exposure in any particular situation (and, it enhances the quality of life throughout the state by financing worthy municipal projects).

Local Expertise – In line with our guiding principles, we have always believed that local makes a real difference. With portfolio investment professionals that generally reside in the states in which we invest, we don't have to read about issues affecting the state, because we have our local eyes and ears. Our portfolio management teams are attuned to the nuances of the local municipal markets, the economy and policy decisions.

Now, let's talk about regulatory safeguards related to investments in the Fund – of course, please bear in mind that past performance is no guarantee of future results. Mutual funds are highly regulated in large part because they are one of the primary savings and investment vehicles for U.S. investors. The Investment Company Act of 1940 (the "1940 Act") – an act of Congress that regulates mutual funds – is enforced and regulated by the SEC, whose mission includes protecting investors. Two important areas of focus by the SEC and your Fund's management are as follows:

Portfolio Valuation – Your Fund's portfolio securities are valued based upon information provided by a nationally prominent independent pricing service. As an added precaution, we periodically assess the reasonableness of these prices through other pricing services. If a market quotation or a valuation from the pricing service is not readily available for a particular security, we seek to value the security in good faith under procedures established by and under the general supervision of your Fund's Board of Trustees.

Liquidity Risk Management – The SEC recently adopted Rule 22e-4 with the goal to reduce the risk that funds will be unable to meet shareholder requests to redeem shares without significantly reducing the value of other remaining shareholders' investments in the fund. Your shareholder report now includes a Statement Regarding Liquidity Risk Management Program.

As always, thank you for your continued confidence in the Fund. We remain committed to our disciplined strategy as we manage your Fund, keeping in mind the trust you have placed in us.

Sincerely,



A handwritten signature in black ink that reads "Diana P. Herrmann". The signature is fluid and cursive.

Diana P. Herrmann, Vice Chair and President

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*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.*

NOT A PART OF THE ANNUAL REPORT



# Aquila Tax-Free Trust of Arizona

## ANNUAL REPORT Management Discussion

*Serving Arizona investors since 1986*



### Introduction

During the reporting period, April 1, 2020, to March 31, 2021, the Federal Reserve (“the Fed”) has continued its aggressive policy actions that commenced early in 2020. The Fed’s policy kept U. S. Treasury yields at historic lows until the first quarter of 2021 when the 10-year yield spiked from 0.91% on December 31, 2020 to 1.74% on March 31, 2021. This was the worst quarter for Treasuries since the 1980s. We believe that after this rise in interest rates we will see the 10-year Treasury range-bound through the end of 2021.

Demand for tax-free bonds throughout the year enabled the municipal bond market to be one of the best performers in fixed income. The new Administration has indicated that corporations and individuals should expect tax increases. Depending on the size of the increases, higher taxes have historically been generally positive for the municipal market; thus, we do not see a reduction in demand in the near future. The stimulus packages passed have been positive for the municipal bond market as all states have received money from the Federal Government. These funds should help strengthen the balance sheets of most public entities.

### U.S. Economy

Current consensus forecasts U.S. Gross Domestic Product (“GDP”) growth of 5.7% for 2021, after contracting 3.5% during 2020. Inflation expectations have risen from 1.2% in 2020, to 2.4% in 2021. Unemployment closed out 2020 at 8.1%, which should decline to 5.6% according to consensus economic projections as indicated by Bloomberg data. Current Federal Reserve policy accommodation is allowing inflation to run above 2%, which has moved the 10-year U.S. Treasury yield from 0.51% on August 4th, 2020, to 1.74% as of March 31, 2021. Federal Reserve officials have pledged to be unusually patient in regard to raising rates over the next several years. Experts expect the Federal Funds rate to remain near zero for the remainder of 2021; however, they anticipate rates will start climbing at the end of 2022. Municipal mutual funds harboring cash at the end of March 2021, coupled with promised higher state/Federal tax rates, a marginal increase in municipal issuance (+7% at the end of March 2021) and Federal COVID relief funds filling state coffers, are all factors that lead to the assumption municipals should continue to trade at historically high levels versus U.S. Treasuries of comparable maturities. Globally, demand for U.S. Treasuries should continue, since the comparative yields of other countries are the major attractant. This, in turn, should create demand for dollars and a strong currency. A moderate rise in rates of the U.S. Treasury 10-year to the 1.90% - 2.00% yield range

## MANAGEMENT DISCUSSION (continued)

is plausible, given this yield scenario relatively tracks the 10-year yield prior to the onset of the pandemic.

### Municipal Market

Municipal issuance over the calendar year 2020 was up 11.2%. The trend of issuing taxable municipals to pre-refund outstanding tax-exempt issues was a prominent theme throughout the year. There were 2,622 taxable municipal issues out of a total number of 12,844 municipal issues, or 20% of issuance. Taxable municipals comprised approximately 31% of the dollar volume of issuance in 2020.

The recognized measure of determining the current value of municipal yields versus Treasury yields, the Municipal/ Treasury Ratio (the yield on the AAA-rated municipal bonds relative to the yield on U.S. Treasury bonds of similar maturities) experienced significant swings during the fiscal year ending March 31, 2021.

	<u>March 31, 2020</u>	<u>March 31, 2021</u>
5 yr. ....	316%	54%
10 yr. ....	215%	64%
30 yr. ....	154%	72%

The dramatic yield movement in the Municipal / Treasury ratio was partially due to the initial COVID-19 market unrest. Subsequently, following the Presidential election, increasing demand for tax-sheltered investments drove demand and seems to be responsible for the relatively low historical ratios as of March 31, 2021. All in all, municipal securities outpaced Treasuries in total return performance over the fiscal year reporting period ending March 31, 2021.

The initial impact to the municipal market from the COVID-19 pandemic was primarily credit-related. Airports, private colleges, hospitals, stadiums, and arenas, along with state general revenues were of major concern. By virtue of the Federal COVID relief bills, some creative financing, and unexpected revenue streams, such as the boom in online commerce, states have fared remarkably well financially. One example would be Illinois, which was moved from a negative credit watch to stable by one major Nationally Recognized Statistical Rating Organization (“NRSRO”).

### Arizona State Economy

On March 11, 2021, the American Rescue Plan Act of 2021 (“ARP”) was signed into law. Out of this \$1.9 trillion package, \$650 billion is being directed towards public investment that supports U.S. public finance. Arizona is receiving about \$15 billion out of the \$650 billion, which will provide a boost to municipal governments across the state. Arizona had the 3rd best GDP performance in 2020, out of all states, with a minor contraction in GDP of -0.9%, while the overall U.S. economy shrank -3.5%. General Fund revenues for Fiscal Year 2021 through February have totaled \$8.825 billion, an increase of 12.6% compared to the same period in Fiscal Year 2020 (this excluded the artificial gain from the deferral last year of the State’s income tax filing due date from April 15 to July 15, 2020). The State’s core revenue categories of Sales Taxes and Individual Income Tax (“IIT”) withholding continue to perform well,

**MANAGEMENT DISCUSSION (continued)**

driving this growth. In particular, tax receipts from Contracting (up 19.4% year-to-date) and Retail/Remote Sales (up 16.6% year-to-date) have been very robust, even taking into account the continued economic recovery. The Phoenix metropolitan area and Arizona housing markets have been among the best performing in the nation, experiencing double-digit price appreciation throughout the past year. The momentum of the Arizona housing market was demonstrated in the pace of existing-home sales and new home construction. Through January 2021, Arizona’s 12-month total of single-family building permits rose 24% to 41,941 from the prior year, while the average number of days on the market of existing homes for sale in the Phoenix area declined from 64 to 46 days during the same period. Although the employment report in March showed Arizona with an unemployment rate of 6.7%, above the U.S. rate of 6.0%, this is primarily attributed to robust state population growth and expansion of the labor pool. The State’s employment base has demonstrated resiliency and is a significant driver in buttressing the State’s revenues and budget. As an example, the average annual employment rate in Arizona for all of 2020 was only 3.1% below the average for 2019, despite the initial shutdown of the economy last March and its resulting spike in job losses.

**Fund Performance**

The table in the Performance Report section of this annual report provides the Fund’s total return performance information for the one-year, five-year and ten-year and since-inception periods ended March 31, 2021 compared to the performance of the Bloomberg Barclays Quality Intermediate Municipal Bond Index (the “Bloomberg Barclays Intermediate Index”), the Fund’s benchmark. Comparative performance and characteristics of the Fund and the Bloomberg Barclays Intermediate Index of note are as follows:

	<b>March 31, 2021</b>
	<b><u>1-Year Total Return</u></b>
Aquila Tax-Free Trust of Arizona	
Class A Share at NAV (without sales charge) . . . . .	3.63%
Class Y Share . . . . .	3.88%
Bloomberg Barclays Intermediate Index . . . . .	4.47%

**Aquila Tax-Free Trust of Arizona Portfolio Characteristics:**

	<b><u>March 31, 2020</u></b>	<b><u>March 31, 2021</u></b>
Weighted Average Maturity . . . . .	10.68 yrs.	11.17 yrs.
Option Adj. (Effective) Duration. . . . .	4.56 yrs.	5.21 yrs.
Modified Duration . . . . .	4.17 yrs.	4.41 yrs.

**Bloomberg Barclays Intermediate Index Characteristics**

	<b><u>March 31, 2021</u></b>
Option (Adj.) Effective Duration . . . . .	4.25 yrs.
Modified Duration . . . . .	4.03 yrs.

## MANAGEMENT DISCUSSION (continued)

The Fund's Class A and Y share total returns underperformed the Bloomberg Barclays Intermediate Index which returned 4.47%. Although the Fund maintained a longer interest rate risk profile than the Fund's benchmark during a year when interest rates declined and bond prices increased, the Fund underperformed the benchmark primarily due to its larger holdings of short maturity bonds, which had lower capital appreciation and restrained the increase in NAV over the reporting period. The Fund's maturity exposure is much more diversified across the yield curve than that of its benchmark. The Fund maintained an average stated maturity of 10.88 years compared to 6.41 for the Bloomberg Barclays Intermediate Index. Our active management efforts sought to reduce reinvestment risk and minimize erosion in the Fund's monthly distributable income. This included slightly increasing the Fund's duration when there was an opportunity last April and May 2020, during the municipal market dislocation, to swap out of short-maturity holdings into longer maturities that briefly offered elevated yields. This maturity extension locked in high yields and helped to minimize the degree of erosion in distributable income arising from early bond redemptions and maturity roll-offs.

### Outlook and Strategy

Utilizing the consensus economic projections of significantly higher growth in GDP, both this year and dating to 2023 as some experts are predicting, one may assume that moderately higher rates will be the trend. The market is currently experiencing an increase in interest rates. Specifically, the U.S. Treasury 10-year bottomed at 0.50% in August 2020 and is currently trading at 1.74%, as of March 31, 2021. We believe the Fund is well-positioned to take advantage of moderately higher rates, mitigating risk by utilizing its relatively short duration and ability to reinvest the Fund's maturities at higher rates, potentially increasing the Fund's distribution yield.

Additionally, the Fund's broad diversification of sectors, maturities, issuers and bond structures support the concepts of enhancing liquidity and reducing volatility. We intend to maintain the Fund's high-quality emphasis as we search the Arizona municipal market for value in order to maintain current income, which in turn should help reduce price volatility.

We believe it is imperative to continue to monitor credit quality selection, with particular focus on those sectors or issuers whose credit quality could potentially be impacted by COVID-19 events.

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*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.*



## MANAGEMENT DISCUSSION (continued)

*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.*

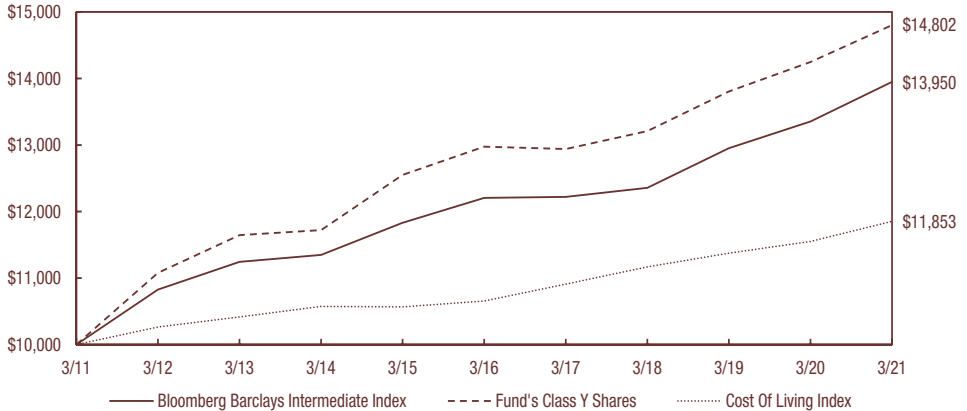
*A portion of income may be subject to local, state, Federal and/or alternative minimum tax. Capital gains, if any, are subject to capital gains tax.*

*These risks may result in share price volatility.*

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## PERFORMANCE REPORT

The following graph illustrates the value of \$10,000 invested in the Class Y shares of Aquila Tax-Free Trust of Arizona (the “Fund”) for the 10-year period ended March 31, 2021 as compared with the Bloomberg Barclays Quality Intermediate Municipal Bond Index (the “Bloomberg Barclays Intermediate Index”) and the Consumer Price Index (a cost of living index). The performance of each of the other classes is not shown in the graph but is included in the table below. It should be noted that the Bloomberg Barclays Intermediate Index does not include any operating expenses nor sales charges, and being nationally oriented, does not reflect state-specific bond market performance.



### Average Annual Total Return for periods ended March 31, 2021

Class and Inception Date	Since Inception			
	1 Year	5 Years	10 Years	
Class A since 3/13/86				
With Maximum Sales Charge . . . . .	(0.56)%	1.68%	3.43%	5.08%
Without Sales Charge . . . . .	3.63	2.52	3.85	5.21
Class C since 4/01/96				
With CDSC** . . . . .	1.76	1.64	2.96	3.37
Without CDSC . . . . .	2.76	1.64	2.96	3.37
Class Y since 4/01/96				
No Sales Charge . . . . .	3.88	2.67	4.00	4.50
Bloomberg Barclays Intermediate Index . . .	4.47	2.71	3.39	5.06* (Class A) 4.34 (Class C & Y)

Total return figures shown for the Fund reflect any change in price and assume all distributions within the period including capital gains, were invested in additional shares. The returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund Shares. The rates of return will vary and the principal value of an investment will fluctuate with market conditions. Shares, if redeemed, may be worth more or less than their original cost. A portion of each class's income may be subject to Federal and state income taxes and/or the Federal Alternative Minimum Tax (“AMT”). Past performance is not predictive of future investment results.

\* From commencement of the Bloomberg Barclays Quality Index on 1/1/87.

\*\* CDSC = 1% contingent deferred sales charge imposed on redemptions made within the first 12 months after purchase.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

### To the Trustees of Aquila Municipal Trust and the Shareholders of Aquila Tax-Free Trust of Arizona:

#### Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Aquila Tax-Free Trust of Arizona (the "Fund"), including the schedule of investments, as of March 31, 2021, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and financial highlights for each of the five years in the period then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of March 31, 2021, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and its financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We have served as the auditor for the Trust since 2005.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of the Fund's internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of March 31, 2021 by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

**TAIT, WELLER & BAKER LLP**

Philadelphia, Pennsylvania  
May 28, 2021

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS**  
**MARCH 31, 2021**

Principal Amount		Ratings Moody's, S&P and Fitch (unaudited)	Value
	<b>General Obligation Bonds (25.7%)</b>		
	<b>City (3.0%)</b>		
	Buckeye Jackrabbit Trail Sanitary Sewer Improvement District		
\$ 222,000	6.250%, 01/01/29 .....	NR/A-/NR	\$ 225,027
	Gilbert Improvement District No. 19		
5,000	5.200%, 01/01/23 .....	Aa1/AA-/NR	5,018
	Gilbert Improvement District No. 20		
585,000	5.100%, 01/01/29 .....	Aa1/AA-/NR	591,630
	Glendale, Arizona		
200,000	5.000%, 07/01/33 .....	NR/AA-/AAA	251,424
	Goodyear McDowell Road Commercial Corridor Improvement District		
855,000	3.250%, 01/01/27 Bamac Insured .....	Aa2/AA/NR	969,456
	Mesa, Arizona		
425,000	4.000%, 07/01/32 .....	Aa2/AA/AAA	505,158
425,000	4.000%, 07/01/33 .....	Aa2/AA/AAA	503,359
450,000	4.000%, 07/01/34 .....	Aa2/AA/AAA	531,329
	Scottsdale, Arizona		
200,000	4.000%, 07/01/28 .....	Aaa/AAA/AAA	226,618
500,000	4.000%, 07/01/34 .....	Aaa/AAA/AAA	578,406
1,000,000	2.000%, 07/01/38 .....	Aaa/AAA/AAA	1,013,805
	Tempe Improvement District (Pier Town Lake)		
2,000,000	5.000%, 01/01/29 .....	Aa2/NR/NR	2,006,930
	Tolleson, Arizona .....		
1,000,000	4.000%, 07/01/38 .....	NR/AA/AAA	<u>1,156,994</u>
	Total City .....		<u>8,565,154</u>
	<b>Community College (0.6%)</b>		
	Pinal Co. Community College District		
500,000	4.000%, 07/01/33+++ .....	NR/AA-/NR	606,742
1,000,000	3.000%, 07/01/34+++ .....	NR/AA-/NR	<u>1,109,655</u>
	Total Community College .....		<u>1,716,397</u>

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	<b>County (5.8%)</b>		
	Drexel Heights Fire District		
\$ 120,000	3.000%, 07/01/21 .....	NR/AA-/NR	\$ 120,787
100,000	3.000%, 07/01/22 .....	NR/AA-/NR	103,235
	Maricopa Co. Daisy Mountain Fire District		
340,000	4.000%, 07/01/27 AGMC Insured .....	NR/AA/NR	394,227
	Maricopa Co. Special Health Care District		
2,500,000	5.000%, 07/01/25 .....	Aa3/NR/AA-	2,937,822
2,500,000	5.000%, 07/01/26 .....	Aa3/NR/AA-	3,024,281
3,000,000	5.000%, 07/01/32 .....	Aa3/NR/AA-	3,725,803
1,500,000	5.000%, 07/01/34 .....	Aa3/NR/AA-	1,850,857
	Pima Co. Northwest Fire District		
515,000	4.000%, 07/01/21 .....	NR/AA-/NR	519,608
545,000	4.000%, 07/01/22 .....	NR/AA-/NR	568,595
	Yavapai Co. Jail District		
1,650,000	4.000%, 07/01/33 BAMAC Insured .....	NR/AA/AA	1,903,449
	Yuma Co. Free Library District		
1,000,000	4.000%, 07/01/29 .....	Aa3/NR/AAA	<u>1,114,056</u>
	Total County .....		<u>16,262,720</u>
	<b>School District (16.3%)</b>		
	Buckeye Union High School District No. 201		
1,000,000	5.000%, 07/01/33 AGMC Insured .....	NR/AA/NR	1,165,570
500,000	5.000%, 07/01/36 BAMAC Insured .....	NR/AA/NR	602,126
	Gila Co. Unified School District No. 10 (Payson)		
1,000,000	5.000%, 07/01/28 .....	Aa2/NR/NR	1,141,370
	Glendale Union High School District No. 205		
525,000	5.000%, 07/01/27 BAMAC Insured .....	NR/AA/NR	578,333
650,000	3.000%, 07/01/35 AGMC Insured .....	NR/AA/NR	714,033
	Maricopa Co. Elementary School District No. 1 (Phoenix)		
500,000	4.000%, 07/01/31 BAMAC Insured .....	NR/AA/NR	580,361
460,000	4.000%, 07/01/32 BAMAC Insured .....	NR/AA/NR	532,249

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	<b><u>School District (continued)</u></b>		
\$ 1,000,000	Maricopa Co. Elementary School District No. 2 (Riverside) 5.000%, 07/01/30 BAMAC Insured . . . . .	NR/AA/NR	\$ 1,284,536
500,000	Maricopa Co. Elementary School District No. 3 (Tempe) 5.000%, 07/01/30 . . . . .	Aa1/NR/NR	617,584
500,000	Maricopa Co. Elementary School District No. 8 (Osborn) 5.000%, 07/01/31 AGMC Insured . . . . .	NR/AA/NR	611,898
350,000	Maricopa Co. Elementary School District No. 25 (Liberty) 4.000%, 07/01/35 AGMC Insured . . . . .	NR/AA/NR	412,975
300,000	4.000%, 07/01/36 AGMC Insured . . . . .	NR/AA/NR	352,781
375,000	4.000%, 07/01/37 AGMC Insured . . . . .	NR/AA/NR	439,531
350,000	Maricopa Co. Elementary School District No. 28 (Kyrene Elementary) 5.000%, 07/01/34 . . . . .	Aaa/AA/NR	407,791
2,050,000	Maricopa Co. Elementary School District No. 40 (Glendale) 2.000%, 07/01/35 AGMC Insured . . . . .	NR/AA/AA+	2,057,807
315,000	Maricopa Co. Elementary School District No. 62 (Union) 4.000%, 07/01/29 BAMAC Insured . . . . .	NR/AA/NR	370,140
580,000	4.000%, 07/01/32 BAMAC Insured . . . . .	NR/AA/NR	674,867
300,000	4.000%, 07/01/33 BAMAC Insured . . . . .	NR/AA/NR	347,981
375,000	4.000%, 07/01/34 BAMAC Insured . . . . .	NR/AA/NR	433,804
500,000	Maricopa Co. Elementary School District No. 66 (Roosevelt) 5.000%, 07/01/21 BAMAC Insured . . . . .	A1/AA/NR	505,605
175,000	Maricopa Co. Elementary School District No. 92 (Pendergast) 5.000%, 07/01/21 . . . . .	Aa3/NR/AA+	177,035
230,000	5.000%, 07/01/22 . . . . .	Aa3/NR/AA+	243,801
500,000	Maricopa Co. High School District No. 210 (Phoenix) 4.000%, 07/01/26 . . . . .	Aa1/AA/AAA	570,065

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	<b>School District (continued)</b>		
	Maricopa Co. High School District No. 214 (Tolleson)		
\$ 825,000	4.000%, 07/01/34 . . . . .	Aa1/AA/NR	\$ 970,992
	Maricopa Co. Unified School District No. 11 (Peoria)		
1,500,000	4.000%, 07/01/25 . . . . .	Aa3/AA-/NR	1,565,887
675,000	4.500%, 07/01/33 AGMC Insured . . . . .	Aa3/AA/NR	766,161
	Maricopa Co. Unified School District No. 24 (Gila Bend)		
105,000	5.500%, 07/01/22 . . . . .	NR/NR/NR*	105,186
	Maricopa Co. Unified School District No. 60 (Higley)		
1,615,000	5.000%, 07/01/29 . . . . .	Aa2/A+/NR	1,830,485
	Maricopa Co. Unified School District No. 66 (Roosevelt)		
910,000	4.000%, 07/01/31 BAMAC Insured . . . . .	A1/AA/NR	1,059,221
	Maricopa Co. Unified School District No. 69 (Paradise Valley)		
1,000,000	4.500%, 07/01/30 . . . . .	Aa1/NR/AAA	1,082,151
425,000	4.000%, 07/01/35 . . . . .	Aa1/NR/AAA	514,113
225,000	3.000%, 07/01/35 . . . . .	Aa1/NR/AAA	249,136
900,000	3.000%, 07/01/36 . . . . .	Aa1/NR/AAA	1,003,543
300,000	3.000%, 07/01/36 . . . . .	Aa1/NR/AAA	331,026
	Maricopa Co. Unified School District No. 80 (Chandler)		
545,000	4.000%, 07/01/36 . . . . .	Aaa/AA/NR	642,134
	Maricopa Co. Unified School District No. 89 (Dysart)		
500,000	4.000%, 07/01/28 . . . . .	NR/A+/AAA	546,841
2,185,000	5.500%, 07/01/22 NPF/FGIC Insured . . . . .	Baa2/A+/NR	2,325,950
	Maricopa Co. Unified School District No. 90 (Saddle Mountain)		
1,300,000	5.125%, 07/01/25 AGMC Insured . . . . .	A2/AA/NR	1,315,320
	Maricopa Co. Unified School District No. 93 (Cave Creek)		
100,000	4.000%, 07/01/29 BAMAC Insured . . . . .	NR/AA/NR	112,287

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
<b>School District (continued)</b>			
	Mohave Co. Unified School District No. 1 (Lake Havasu)		
\$ 250,000	2.000%, 07/01/21 . . . . .	Aa1/NR/NR	\$ 251,122
500,000	5.000%, 07/01/35 . . . . .	Aa1/NR/NR	608,681
	Mohave Co. Unified School District No. 20 (Kingman)		
2,000,000	5.000%, 07/01/25 BAMAC Insured . . . . .	Aa3/AA/NR	2,364,946
	Navajo Co. Unified School District No. 10 (Show Low)		
500,000	4.000%, 07/01/31 AGMC Insured . . . . .	NR/AA/NR	575,506
	Navajo Co. Unified School District No. 32 (Blue Ridge)		
400,000	5.000%, 07/01/29 AGMC Insured . . . . .	NR/AA/NR	491,641
	Pima Co. Unified School District No. 6 (Marana)		
1,250,000	5.000%, 07/01/25 . . . . .	NR/A/NR	1,263,900
950,000	5.250%, 07/01/25 AGMC Insured . . . . .	NR/AA/NR	1,008,246
1,000,000	4.000%, 07/01/37 AGMC Insured . . . . .	NR/AA/NR	1,148,481
1,000,000	4.250%, 07/01/32 MAC Insured . . . . .	NR/AA/NR	1,127,219
	Pima Co. Unified School District No. 8 (Flowing Wells)		
1,000,000	4.500%, 07/01/37 AGMC Insured . . . . .	NR/AA/NR	1,171,651
	Pima Co. Unified School District No. 10 (Amphitheater)		
700,000	5.000%, 07/01/27 . . . . .	Aa1/A+/NR	707,750
	Pima Co. Unified School District No. 12 (Sunnyside)		
1,050,000	4.000%, 07/01/28 BAMAC Insured . . . . .	NR/AA/NR	1,120,761
	Pima Co. Unified School District No. 20 (Vail)		
260,000	5.000%, 07/01/25 AGMC Insured . . . . .	NR/AA/NR	307,323
700,000	5.000%, 07/01/28 AGMC Insured . . . . .	NR/AA/NR	889,438
	Pinal Co. Unified School District No. 44 (J. O. Combs)		
1,225,000	3.750%, 07/01/38 AGMC Insured . . . . .	NR/AA/NR	1,365,566
	Western Maricopa Education Center District No. 402		
1,200,000	4.000%, 07/01/28 . . . . .	NR/AA-/NR	1,287,806



**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	<b><u>School District (continued)</u></b>		
	Yavapai Co. Elementary School District No. 6 (Cottonwood-Oak Creek)		
\$ 720,000	5.000%, 07/01/34 BAMAC Insured . . . . .	A2/AA/NR	\$ 840,190
	Total School District . . . . .		<u>45,772,903</u>
	Total General Obligation Bonds. . . . .		<u>72,317,174</u>
	<b><u>Revenue Bonds (66.1%)</u></b>		
	<b><u>Airport (7.5%)</u></b>		
	Phoenix Civic Improvement Corp. Airport Bonds		
5,000,000	4.000%, 07/01/40 . . . . .	A1/A/NR	5,581,897
725,000	5.000%, 07/01/22 AMT . . . . .	A1/A/NR	764,494
2,595,000	5.000%, 07/01/27 AMT . . . . .	Aa3/A+/NR	3,198,603
185,000	5.000%, 07/01/30 AMT . . . . .	Aa3/A+/NR	223,540
3,850,000	5.000%, 07/01/31 AMT . . . . .	Aa3/A+/NR	4,634,694
2,700,000	5.000%, 07/01/32 AMT . . . . .	Aa3/A+/NR	2,952,668
200,000	5.000%, 07/01/33 AMT . . . . .	Aa3/A+/NR	242,937
1,600,000	3.000%, 07/01/49 . . . . .	A1/A/NR	1,648,632
300,000	5.000%, 07/01/49 . . . . .	A1/A/NR	366,063
1,000,000	3.250%, 07/01/49 AMT . . . . .	A1/A/NR	1,035,289
	Phoenix-Mesa Gateway Airport Authority		
515,000	5.000%, 07/01/38 AMT . . . . .	A1/AA+/NR	<u>542,209</u>
	Total Airport . . . . .		<u>21,191,026</u>
	<b><u>Charter Schools (2.2%)</u></b>		
	Arizona Industrial Development Authority (Basis Schools)		
240,000	5.000%, 07/01/37 State Enhanced. . . . .	NR/AA-/NR	280,523
	Arizona Industrial Development Authority (Candeo Schools)		
500,000	3.375%, 07/01/41 State Enhanced. . . . .	NR/AA-/NR	515,554
	Arizona Industrial Development Authority (Equitable Schools)		
225,000	5.000%, 11/01/21 . . . . .	NR/A/NR	230,777
700,000	4.000%, 11/01/27 . . . . .	NR/A/NR	829,231
600,000	5.000%, 11/01/32 . . . . .	NR/A/NR	779,529
1,000,000	4.000%, 11/01/36 . . . . .	NR/A/NR	1,168,868

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
<b><u>Charter Schools (continued)</u></b>			
	La Paz Co. Industrial Development Authority (Harmony Public Schools Projects)		
\$ 200,000	5.000%, 02/15/28 . . . . .	NR/BBB/NR	\$ 230,060
	Maricopa Co. Industrial Development Authority (Great Hearts Arizona Projects)		
250,000	5.000%, 07/01/26 State Enhanced. . . . .	NR/AA-/NR	301,148
315,000	5.000%, 07/01/37 State Enhanced. . . . .	NR/AA-/NR	373,246
	Phoenix Industrial Development Authority (Great Hearts Academies Project)		
500,000	5.000%, 07/01/41 . . . . .	NR/BBB-/NR	548,585
	Phoenix Industrial Development Authority (Villa Montessori Inc. Project)		
415,000	5.000%, 07/01/35 . . . . .	NR/BBB-/NR	455,510
	Phoenix Industrial Development Authority (Vista College Preparatory Projects)		
430,000	5.000%, 07/01/43 State Enhanced. . . . .	NR/AA-/NR	<u>508,731</u>
	Total Charter Schools. . . . .		<u>6,221,762</u>
<b><u>Excise Tax (11.3%)</u></b>			
	Buckeye Excise Tax		
400,000	4.000%, 07/01/36 . . . . .	NR/AA/AA	442,701
1,000,000	5.000%, 07/01/43 . . . . .	NR/AA/AA	1,155,655
	Buckeye Roosevelt Street Improvement District		
100,000	4.000%, 01/01/32 . . . . .	NR/A-/NR	103,858
125,000	4.050%, 01/01/33 . . . . .	NR/A-/NR	129,740
	Bullhead City Excise Tax		
310,000	3.000%, 07/01/21 . . . . .	NR/AA/NR	312,071
	Cottonwood Pledged Revenue Obligations		
500,000	5.000%, 07/01/30 AGMC Insured . . . . .	NR/AA/NR	585,966
	Flagstaff Pledged Revenue		
1,395,000	4.250%, 07/01/33 . . . . .	NR/AA/NR	1,593,561
	Gila Co. Pledged Revenue Obligations		
555,000	4.000%, 07/01/30 . . . . .	NR/AA/NR	655,525

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
<b>Excise Tax (continued)</b>			
	Gilbert Pledged Revenue Obligations		
\$ 450,000	4.000%, 07/01/35 .....	Aa1/AAA/AAA	\$ 495,938
	Goodyear Public Improvement Corp.		
500,000	5.250%, 07/01/24 .....	Aa2/AA+/NR	530,849
1,500,000	5.000%, 07/01/26 .....	Aa2/AA+/NR	1,587,333
	Graham Co. Jail District Revenue Pledged Obligation		
1,000,000	5.000%, 07/01/35 .....	NR/A-/NR	1,132,195
	Marana Pledged Excise Tax		
275,000	4.000%, 07/01/30 .....	NR/AA/NR	291,388
1,400,000	5.000%, 07/01/33 .....	NR/AA/NR	1,536,935
	Mesa Excise Tax		
1,000,000	3.000%, 07/01/38 .....	Aa3/AA+/NR	1,080,732
	Page Pledged Revenue Refunding		
1,080,000	5.000%, 07/01/25 .....	NR/AA-/NR	1,091,983
	Phoenix Civic Improvement Corp.		
3,770,000	4.000%, 07/01/45 .....	Aa2/AAA/AA+	4,473,290
	Phoenix Civic Improvement Corp. (Civic Plaza)		
2,000,000	5.500%, 07/01/27 BHAC/FGIC Insured ..	Aa1/AA+/NR	2,554,374
2,000,000	5.500%, 07/01/30 BHAC/FGIC Insured ..	Aa1/AA+/NR	2,730,999
1,000,000	5.500%, 07/01/23 NPFG/FGIC Insured ..	Aa2/AA/NR	1,108,202
2,300,000	5.500%, 07/01/33 NPFG/FGIC Insured ..	Aa2/AA/NR	3,224,603
	Pinal Co. Revenue Obligations Refunding		
1,500,000	5.000%, 08/01/33 .....	NR/AA-/AA	1,692,451
	Queen Creek Excise Tax & State Shared Revenue		
250,000	5.000%, 08/01/30 .....	NR/AA/AA	275,109
	Santa Cruz Co. Jail District		
1,655,000	5.000%, 07/01/28 AGMC Insured .....	NR/AA/NR	2,020,766
885,000	5.000%, 07/01/31 AGMC Insured .....	NR/AA/NR	<u>1,062,464</u>
	Total Excise Tax .....		<u>31,868,688</u>
<b>Healthcare (10.9%)</b>			
	Arizona Health Facilities Authority (Banner Health)		
2,000,000	5.000%, 01/01/44 .....	NR/AA-/AA-	2,210,496

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	<b>Healthcare (continued)</b>		
	Arizona Health Facilities Authority (Phoenix Children's Hospital)		
\$ 1,000,000	5.000%, 02/01/27 .....	A1/A/A+	\$ 1,038,507
775,000	5.000%, 02/01/30 .....	A1/A/A+	804,252
6,035,000	5.000%, 02/01/34 .....	A1/A/A+	6,259,727
	Arizona Health Facilities Authority (Scottsdale Lincoln Hospitals)		
3,000,000	5.000%, 12/01/34 .....	A2/NR/A+	3,409,047
1,500,000	5.000%, 12/01/42 .....	A2/NR/A+	1,686,167
	Arizona Industrial Development Authority (Phoenix Children's Hospital)		
1,115,000	5.000%, 02/01/34 .....	A1/A/A+	1,432,934
	Maricopa Co. Industrial Development Authority (Banner Health)		
1,600,000	5.000%, 01/01/38 .....	NR/AA-/AA-	1,902,220
3,000,000	3.000%, 01/01/49 .....	NR/AA-/AA-	3,107,983
	Maricopa Co. Industrial Development Authority (HonorHealth)		
2,250,000	4.125%, 09/01/38 .....	A2/NR/A+	2,615,667
1,000,000	4.125%, 09/01/42 .....	A2/NR/A+	1,151,653
	Yavapai Co. Industrial Development Authority (Northern Arizona Healthcare System)		
500,000	5.250%, 10/01/25 .....	NR/AA-/NR	511,290
500,000	5.250%, 10/01/26 .....	NR/AA-/NR	510,917
	Yavapai Co. Industrial Development Authority (Yavapai Regional Medical Center)		
200,000	5.000%, 08/01/21 .....	A2/NR/A+	202,991
1,000,000	5.250%, 08/01/33 .....	A2/NR/A+	1,087,987
675,000	5.000%, 08/01/34 .....	A2/NR/A+	787,069
	Yuma Industrial Development Authority (Yuma Regional Medical Center)		
1,635,000	5.000%, 08/01/23 .....	NR/A/NR	1,807,225
200,000	5.000%, 08/01/32 .....	NR/A/NR	<u>224,892</u>
	Total Healthcare .....		<u>30,751,024</u>

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	<b>Higher Education (10.1%)</b>		
	Arizona Board of Regents (Arizona State University System)		
\$ 480,000	5.000%, 07/01/31 . . . . .	Aa2/AA/NR	\$ 560,780
1,985,000	5.000%, 07/01/36+++ . . . . .	Aa2/AA/NR	2,629,059
1,500,000	5.000%, 07/01/41 . . . . .	Aa2/AA/NR	1,922,251
565,000	4.000%, 07/01/49 . . . . .	Aa2/AA/NR	653,323
	Arizona Board of Regents (Arizona State University System) Green Bonds		
750,000	5.000%, 07/01/34 . . . . .	Aa2/AA/NR	876,219
	Arizona Board of Regents (Northern Arizona University System)		
575,000	5.000%, 06/01/32 . . . . .	A1/A+/NR	644,158
	Arizona Board of Regents (Northern Arizona University) Speed Stimulus Plan for Economic & Educational Development		
2,090,000	5.000%, 08/01/29 AGMC Insured . . . . .	A2/AA/NR	2,699,928
	Arizona Board of Regents (University of Arizona System) Speed Stimulus Plan for Economic & Educational Development		
1,500,000	5.000%, 08/01/34 . . . . .	Aa3/A+/NR	1,715,614
1,500,000	3.125%, 08/01/39 . . . . .	Aa3/A+/NR	1,619,472
	Arizona Board of Regents (University of Arizona System)		
400,000	5.000%, 06/01/29 . . . . .	Aa2/AA-/NR	452,715
	Arizona Industrial Development Authority (North Carolina Central University Student Housing)		
250,000	4.000%, 06/01/34 BAMAC Insured . . . . .	Baa3/AA/NR	284,099
700,000	4.000%, 06/01/39 BAMAC Insured . . . . .	Baa3/AA/NR	784,078
	Arizona State University Speed Stimulus Plan for Economic & Educational Development		
625,000	5.000%, 08/01/34 . . . . .	Aa3/AA-/NR	704,261
	Cochise Co. Community College District		
630,000	5.000%, 07/01/31 BAMAC Insured . . . . .	A2/AA/NR	725,578

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	<b>Higher Education (continued)</b>		
	McAllister Academic Village (Arizona State University Hassayampa)		
\$ 1,000,000	5.000%, 07/01/39 .....	Aa3/AA-/NR	\$ 1,178,796
	Phoenix Industrial Development Authority (Downtown Phoenix Student Housing)		
200,000	5.000%, 07/01/26 .....	Baa3/NR/NR	229,053
400,000	5.000%, 07/01/33 .....	Baa3/NR/NR	459,827
1,250,000	5.000%, 07/01/42 .....	Baa3/NR/NR	1,403,717
	Phoenix Industrial Development Authority (Downtown Phoenix Student Housing II)		
100,000	5.000%, 07/01/26 .....	Baa3/NR/NR	114,526
250,000	5.000%, 07/01/27 .....	Baa3/NR/NR	290,750
150,000	5.000%, 07/01/28 .....	Baa3/NR/NR	176,860
200,000	5.000%, 07/01/30 .....	Baa3/NR/NR	237,341
300,000	5.000%, 07/01/32 .....	Baa3/NR/NR	352,347
	Phoenix Industrial Development Authority (Eastern Kentucky University Project)		
500,000	5.000%, 10/01/36 .....	A3/BBB+/NR	575,807
	Phoenix Industrial Development Authority (Rowan University Project)		
2,000,000	5.250%, 06/01/34 .....	A3/A/NR	2,079,304
	Pima Co. Community College District		
1,075,000	5.000%, 07/01/36 .....	Aa3/NR/AA-	1,336,162
750,000	4.000%, 07/01/37 .....	Aa3/NR/AA-	867,125
500,000	4.000%, 07/01/38 .....	Aa3/NR/AA-	576,655
	Yavapai Co. Community College District		
1,000,000	4.875%, 07/01/25 AGMC Insured .....	A1/AA/NR	1,009,496
	Yuma/ La Paz Counties Community College District (Arizona Western College), Refunding		
1,000,000	4.000%, 07/01/28 2014A .....	Aa3/A+/NR	<u>1,098,721</u>
	Total Higher Education .....		<u>28,258,022</u>

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	<b><u>Housing (1.8%)</u></b>		
	Arizona Industrial Development Authority Green Bond MTEB (Chandler Village Apartments Project)		
\$ 4,950,844	2.120%, 07/01/37 FNMA Insured Series 2020 . . . . .	Aaa/NR/NR	\$ <u>4,907,433</u>
	<b><u>Lease (4.4%)</u></b>		
	Arizona Board of Regents (Northern Arizona University) COP		
600,000	5.000%, 09/01/27 . . . . .	A2/A/NR	633,060
500,000	5.000%, 09/01/28 . . . . .	A2/A/NR	526,959
1,000,000	5.000%, 09/01/29 . . . . .	A2/A/NR	1,053,509
	Maricopa Co. COP		
4,000,000	5.000%, 07/01/21 . . . . .	Aa1/AA+/AA+	4,046,896
	Nogales Municipal Development Authority, Inc.		
845,000	4.000%, 06/01/36 . . . . .	NR/AA-/NR	924,495
615,000	5.000%, 06/01/28 AGMC Insured . . . . .	NR/AA/NR	734,171
810,000	4.000%, 06/01/33 AGMC Insured . . . . .	NR/AA/NR	950,210
2,000,000	4.000%, 06/01/39 AGMC Insured . . . . .	NR/AA/NR	2,304,263
	Prescott Municipal Property Corp.		
500,000	5.000%, 07/01/34 . . . . .	Aa3/AA+/NR	569,127
	State of Arizona COP		
500,000	5.000%, 09/01/27 . . . . .	Aa2/AA-/NR	<u>591,044</u>
	Total Lease . . . . .		<u>12,333,734</u>
	<b><u>Mortgage (2.3%)</u></b>		
	Eastmark Community Facilities District No. 1		
345,000	4.000%, 07/15/33 AGMC Insured . . . . .	NR/AA/NR	392,650
360,000	4.000%, 07/15/34 AGMC Insured . . . . .	NR/AA/NR	408,635
	Estrella Mountain Ranch Community Facilities District		
1,000,000	5.000%, 07/15/32 AGMC Insured . . . . .	NR/AA/NR	1,197,840
	Festival Ranch Community Facilities District		
950,000	5.000%, 07/15/37 BAMAC Insured . . . . .	NR/AA/NR	1,159,333
750,000	5.000%, 07/15/38 BAMAC Insured . . . . .	NR/AA/NR	913,303

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	<b><u>Mortgage (continued)</u></b>		
	Goodyear Community Facilities Utilities District No. 1		
\$ 500,000	4.000%, 07/15/28 .....	A1/A-/NR	\$ 548,152
500,000	4.000%, 07/15/32 .....	A1/A-/NR	564,080
	Merrill Ranch Community Facilities District #2		
680,000	6.750%, 07/15/38 .....	NR/BBB/NR	757,868
	Verrado Community Facilities Utilities District No. 1		
500,000	6.000%, 07/15/33 144A .....	NR/NR/NR*	<u>520,643</u>
	Total Mortgage .....		<u>6,462,504</u>
	<b><u>Pollution Control (1.7%)</u></b>		
	Apache Co. Industrial Development Authority, Pollution Control (Tucson Electric Power Co.)		
2,955,000	4.500%, 03/01/30 .....	A3/A-/NR	3,032,178
	Maricopa Co. Pollution Control (El Paso Electric Co.)		
375,000	3.600%, 02/01/40 .....	Baa2/NR/BBB+	409,860
250,000	3.600%, 04/01/40 .....	Baa2/NR/BBB+	273,338
	Maricopa Co. Pollution Control (Palo Verde Project)		
1,000,000	1.050%***, 01/01/38 (Mandatory Put Date 6/01/22) .....	Baa2/BBB/NR	<u>1,005,667</u>
	Total Pollution Control .....		<u>4,721,043</u>
	<b><u>Resource Recovery (2.9%)</u></b>		
	Chandler Industrial Development Authority (Intel Corporation Project)		
4,250,000	2.700%, 12/01/37 AMT (Mandatory Put Date 8/14/23) .....	A1/A+/NR	4,464,762
	Maricopa Co. Industrial Development Authority, (Waste Management Inc. Project)		
1,500,000	3.375%, 12/01/31 AMT (Mandatory Put Date 6/03/24) .....	NR/A-/NR	1,506,998



**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

<b>Principal Amount</b>	<b>Revenue Bonds (continued)</b>	<b>Ratings Moody's, S&amp;P and Fitch (unaudited)</b>	<b>Value</b>
	<b><u>Resource Recovery (continued)</u></b>		
	Yavapai Co. Industrial Development Authority, (Waste Management Inc. Project)		
\$ 1,500,000	2.800%, 06/01/27 AMT (Mandatory Put Date 06/01/21) . . . . .	NR/A-/NR	\$ 1,505,564
520,000	2.200%, 03/01/28 AMT (Mandatory Put Date 06/03/24) . . . . .	NR/A-/NR	<u>546,012</u>
	Total Resource Recovery . . . . .		<u>8,023,336</u>
	<b><u>Senior Living Facilities (2.0%)</u></b>		
	Arizona Industrial Development Authority, First Tier (Great Lakes Senior Living Communities)		
480,000	4.250%, 01/01/40 . . . . .	NR/B+/NR	445,338
	Arizona Industrial Development Authority, Second Tier (Great Lakes Senior Living Communities)		
620,000	5.000%, 01/01/28 . . . . .	NR/B/NR	615,756
555,000	5.000%, 01/01/29 . . . . .	NR/B/NR	547,610
1,205,000	5.000%, 01/01/30 . . . . .	NR/B/NR	1,180,700
655,000	4.000%, 01/01/33 . . . . .	NR/B/NR	571,320
	Maricopa Co. Industrial Development Authority (Christian Care Retirement Apartments)		
1,000,000	5.000%, 01/01/30 . . . . .	NR/A/NR	1,139,309
	Pima Co. Industrial Development Authority (Christian Care Senior Living Facility)		
1,000,000	5.000%, 12/15/32 . . . . .	NR/BBB+/NR	<u>1,136,752</u>
	Total Senior Living Facilities. . . . .		<u>5,636,785</u>
	<b><u>Transportation (0.2%)</u></b>		
	Pima Co. Regional Transportation Authority Excise Tax		
500,000	5.000%, 06/01/26 . . . . .	NR/AA+/AA	<u>550,285</u>
	<b><u>Turnpike/Highway (0.5%)</u></b>		
	Pima Co. Street & Highway Revenue		
1,480,000	2.000%, 07/01/33 . . . . .	NR/AA/AA	<u>1,496,152</u>

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	<b>Utility (5.8%)</b>		
	Greater Arizona Development Authority Revenue		
\$ 500,000	5.000%, 08/01/28 AGMC Insured . . . . .	A1/AA/NR	\$ 560,434
	Mesa Utility System		
1,500,000	4.000%, 07/01/32 . . . . .	Aa2/AA-/NR	1,707,304
2,100,000	5.000%, 07/01/35 . . . . .	Aa2/AA-/NR	2,124,312
	Salt River Project Agricultural Improvement and Power Revenue		
115,000	5.000%, 01/01/26 . . . . .	Aa1/AA+/NR	138,973
6,100,000	4.000%, 01/01/39 . . . . .	Aa1/AA+/NR	7,302,351
150,000	5.000%, 01/01/32 . . . . .	Aa1/AA+/NR	187,487
	Salt Verde Finance Corp. Gas Revenue		
3,000,000	5.250%, 12/01/28 . . . . .	A3/BBB+/NR	3,797,048
	Surprise Utility System Senior Lien Obligations		
470,000	5.000%, 07/01/33 . . . . .	NR/AA+/NR	<u>587,160</u>
	Total Utility . . . . .		<u>16,405,069</u>
	<b>Water/Sewer (2.5%)</b>		
	Gilbert Water Resource Municipal Property Corp.		
1,190,000	4.000%, 07/01/34 . . . . .	NR/AAA/AAA	1,344,534
	Glendale Water & Sewer Revenue		
500,000	5.000%, 07/01/28 . . . . .	A1/AA/NR	528,018
	Lake Havasu City Wastewater System Revenue		
1,000,000	5.000%, 07/01/43 AGMC Insured . . . . .	A2/AA/NR	1,160,150
	Phoenix Civic Improvement Corp. Wastewater Revenue		
1,500,000	5.500%, 07/01/24 NCFG/FGIC Insured . .	Aa2/AAA/NR	1,749,259
	Phoenix Civic Improvement Corp. Water System Revenue		
1,100,000	5.000%, 07/01/38 . . . . .	Aa2/AAA/NR	1,313,252
	Pima Co. Sewer Revenue System		
865,000	5.000%, 07/01/27 . . . . .	NR/AA/AA	<u>915,585</u>
	Total Water/Sewer . . . . .		<u>7,010,798</u>
	Total Revenue Bonds . . . . .		<u>185,837,661</u>

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

Principal Amount		Ratings Moody's, S&P and Fitch (unaudited)	Value
<b>Pre-Refunded Bonds (5.9%)++</b>			
<b>Pre-Refunded General Obligation Bonds (0.8%)</b>			
<b>School District (0.8%)</b>			
	Maricopa Co. Elementary School District No. 28 (Kyrene Elementary)		
\$ 250,000	5.500%, 07/01/30 .....	Aaa/AA/NR	\$ 279,823
	Maricopa Co. Unified School District No. 48 (Scottsdale)		
1,200,000	4.750%, 07/01/30 .....	Aa1/AA/NR	1,213,382
	Tempe High School District No. 213		
650,000	4.000%, 07/01/32 .....	Aaa/AA/NR	<u>705,759</u>
	Total Pre-Refunded General Obligation Bonds .....		
			<u>2,198,964</u>
<b>Pre-Refunded Revenue Bonds (5.1%)</b>			
<b>Excise Tax (0.7%)</b>			
	Scottsdale Municipal Property Corp.		
1,500,000	5.000%, 07/01/34 .....	Aa1/AAA/AA+	<u>1,785,536</u>
	Total Excise Tax .....		
			<u>1,785,536</u>
<b>Healthcare (3.1%)</b>			
	Arizona Health Facilities Authority (Banner Health)		
5,000,000	4.000%, 01/01/43 .....	NR/AA-/NR	5,144,746
	Maricopa Co. Hospital Revenue (Sun Health)		
1,125,000	5.000%, 04/01/25 .....	NR/NR/NR*	1,213,016
2,125,000	5.000%, 04/01/35 .....	NR/NR/NR*	<u>2,417,179</u>
	Total Healthcare .....		
			<u>8,774,941</u>
<b>Higher Education (0.9%)</b>			
	Arizona Board of Regents (Arizona State University System)		
285,000	5.000%, 07/01/32 .....	Aa2/AA/NR	300,787
115,000	5.000%, 07/01/32 .....	Aa2/AA/NR	121,370
	Arizona Board of Regents (University of Arizona System)		
460,000	5.000%, 06/01/31 .....	Aa2/AA-/NR	484,919

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

<u>Principal Amount</u>	<u>Pre-Refunded Bonds (continued)††</u>	<u>Ratings Moody's, S&amp;P and Fitch (unaudited)</u>	<u>Value</u>
	<b><u>Higher Education (continued)</u></b>		
	Northern Arizona University Speed Stimulus Plan for Economic & Educational Development		
\$ 1,445,000	5.000%, 08/01/38 . . . . .	A2/A/NR	\$ 1,604,897
	Total Higher Education . . . . .		<u>2,511,973</u>
	<b><u>Utility (0.2%)</u></b>		
	Pinal Co. Electrical District No. 3, Electrical System Revenue Refunding		
305,000	4.750%, 07/01/31 . . . . .	NR/A+/NR	308,364
250,000	5.250%, 07/01/36 . . . . .	NR/A+/NR	<u>253,086</u>
	Total Utility . . . . .		<u>561,450</u>
	<b><u>Water/Sewer (0.2%)</u></b>		
	Goodyear Water and Sewer Revenue		
635,000	5.250%, 07/01/31 AGMC Insured . . . . .	Aa3/AA/NR	<u>642,762</u>
	Total Pre-Refunded Revenue Bonds . . . . .		<u>14,276,662</u>
	Total Pre-Refunded Bonds . . . . .		<u>16,475,626</u>
	Total Municipal Bonds (cost \$258,240,837) . . . . .		<u>274,630,461</u>
	<b><u>Shares Short-Term Investment (2.6%)</u></b>		
7,305,983	Dreyfus Treasury Obligations Cash Management - Institutional Shares, 0.02%** (cost \$7,305,983). . . . .	Aaa-mf/AAAm/NR	<u>7,305,983</u>
	Total Investments (cost \$265,546,820-note 4) . . . . .	100.3%	281,936,444
	Other assets less liabilities . . . . .	(0.3)	<u>(933,860)</u>
	Net Assets . . . . .	<u>100.0%</u>	<u>\$ 281,002,584</u>

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**MARCH 31, 2021**

<u>Portfolio Distribution By Quality Rating (unaudited)</u>	<u>Percentage of Investments†</u>
Aaa of Moody's or AAA of S&P or Fitch . . . . .	9.1%
Pre-refunded bonds†† . . . . .	6.0
Aa of Moody's or AA of S&P or Fitch . . . . .	57.7
A of Moody's or S&P or Fitch. . . . .	22.8
Baa of Moody's or BBB of S&P or Fitch . . . . .	3.0
B of S&P . . . . .	1.2
Not Rated* . . . . .	0.2
	100.0%

PORTFOLIO ABBREVIATIONS

- AGMC - Assured Guaranty Municipal Corp.
- AMT - Alternative Minimum Tax
- BAMAC - Build America Mutual Assurance Co.
- BHAC - Berkshire Hathaway Assurance Corp.
- COP- Certificates of Participation
- FGIC - Financial Guaranty Insurance Co.
- FNMA - Federal National Mortgage Association
- MAC - Municipal Assurance Corp.
- MTEB - Multifamily Tax-Exempt Mortgage-Backed Bonds
- NPFG - 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 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.

\*\*\* Variable rate.

† Where applicable, calculated using the highest rating of the three NRSROs. 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.

††† Security purchased on a delayed delivery or when-issued basis.

Note: 144A – Private placement subject to SEC rule 144A, which modifies a two-year holding period requirement to permit qualified institutional buyers to trade these securities among themselves, thereby significantly improving the liquidity of these securities.

See accompanying notes to financial statements.

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**MARCH 31, 2021**

**ASSET**

Investments at value (cost \$265,546,820) . . . . .	\$ 281,936,444
Interest receivable . . . . .	2,633,958
Receivable for investment securities sold . . . . .	1,812,523
Receivable for Fund Shares sold . . . . .	81,452
Other assets . . . . .	<u>32,084</u>
Total assets . . . . .	<u>286,496,461</u>

**LIABILITIES**

Payable for investment securities purchased . . . . .	4,312,346
Payable for Fund shares redeemed . . . . .	863,135
Dividends payable . . . . .	96,439
Management fee payable . . . . .	95,243
Distribution and service fees payable . . . . .	717
Accrued expenses . . . . .	<u>125,997</u>
Total liabilities . . . . .	<u>5,493,877</u>

**NET ASSETS** . . . . . \$ 281,002,584

Net Assets consist of:

Capital Stock – Authorized an unlimited number of shares, par value \$0.01 per share . . . . .	\$ 259,580
Additional paid-in capital . . . . .	264,207,860
Total distributable earnings . . . . .	<u>16,535,144</u>
	<u>\$ 281,002,584</u>

**CLASS A**

Net Assets . . . . .	<u>\$ 198,417,483</u>
Capital shares outstanding . . . . .	<u>18,335,346</u>
Net asset value and redemption price per share . . . . .	<u>\$ 10.82</u>
Maximum offering price per share* (100/97 of \$10.82) . . . . .	<u>\$ 11.15</u>

**CLASS C**

Net Assets . . . . .	<u>\$ 7,383,738</u>
Capital shares outstanding . . . . .	<u>682,880</u>
Net asset value and offering price per share . . . . .	<u>\$ 10.81</u>

**CLASS Y**

Net Assets . . . . .	<u>\$ 75,201,363</u>
Capital shares outstanding . . . . .	<u>6,939,754</u>
Net asset value, offering and redemption price per share . . . . .	<u>\$ 10.84</u>

\* Maximum sales rate reduced to 3% on September 1, 2020.

See accompanying notes to financial statements.

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**STATEMENT OF OPERATIONS**  
**YEAR ENDED MARCH 31, 2021**

**Investment Income**

Interest income . . . . . \$ 8,163,949

**Expenses**

Investment Adviser fee (note 3) . . . . .	\$ 1,087,718	
Distribution and service fee (note 3) . . . . .	368,956	
Transfer and shareholder servicing agent fees . . . . .	121,725	
Legal fees . . . . .	84,034	
Trustees' fees and expenses (note 7) . . . . .	56,756	
Registration fees and dues . . . . .	33,174	
Auditing and tax fees . . . . .	23,800	
Shareholders' reports . . . . .	22,668	
Insurance . . . . .	12,968	
Custodian fees . . . . .	12,961	
Credit facility fees (note 10) . . . . .	9,086	
Compliance services (note 3) . . . . .	8,052	
Miscellaneous . . . . .	46,964	
Total expenses . . . . .		<u>1,888,862</u>
Net investment income . . . . .		6,275,087

**Realized and Unrealized Gain (Loss) on Investments:**

Net realized gain (loss) from securities transactions . . .	(23,340)	
Change in unrealized appreciation on investments. . . .	3,265,689	
Net realized and unrealized gain on investments . . . . .		<u>3,242,349</u>
Net change in net assets resulting from operations . . . .		<u>\$ 9,517,436</u>

See accompanying notes to financial statements.

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**STATEMENTS OF CHANGES IN NET ASSETS**

	<u>Year Ended</u> <u>March 31, 2021</u>	<u>Year Ended</u> <u>March 31, 2020</u>
<b>OPERATIONS</b>		
Net investment income . . . . .	\$ 6,275,087	\$ 6,535,013
Realized gain (loss) from securities transactions . . . . .	(23,340)	124,015
Change in unrealized appreciation on investments . . . . .	<u>3,265,689</u>	<u>1,304,886</u>
Change in net assets resulting from operations . . . . .	<u>9,517,436</u>	<u>7,963,914</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS (note 9):</b>		
Class A Shares . . . . .	(4,540,853)	(5,082,016)
Class C Shares . . . . .	(108,101)	(139,029)
Class Y Shares . . . . .	<u>(1,541,242)</u>	<u>(1,231,826)</u>
Change in net assets from distributions . . . . .	<u>(6,190,196)</u>	<u>(6,452,871)</u>
<b>CAPITAL SHARE TRANSACTIONS (note 6):</b>		
Proceeds from shares sold . . . . .	54,526,407	38,518,369
Reinvested dividends and distributions . . . . .	4,997,145	4,996,175
Cost of shares redeemed . . . . .	<u>(41,762,632)</u>	<u>(38,499,539)</u>
Change in net assets from capital share transactions . . . . .	<u>17,760,920</u>	<u>5,015,005</u>
Change in net assets . . . . .	21,088,160	6,526,048
<b>NET ASSETS:</b>		
Beginning of period . . . . .	<u>259,914,424</u>	<u>253,388,376</u>
End of period . . . . .	<u>\$ 281,002,584</u>	<u>\$ 259,914,424</u>

See accompanying notes to financial statements.



**AQUILA TAX-FREE TRUST OF ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2021**

## **1. Organization**

Aquila Tax-Free Trust of Arizona (the “Fund”), one of six series of Aquila Municipal Trust (prior to October 12, 2013, the Fund operated under the name Tax-Free Trust of Arizona), a non-diversified, open-end investment company, was organized on October 17, 1985, as a Massachusetts business Trust and commenced operations on March 13, 1986. 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 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 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. As of the date of this report, there were no Class F Shares outstanding. 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.
- 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.

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**MARCH 31, 2021**

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 March 31, 2021:

<u>Valuation Inputs*</u>	<u>Investments in Securities</u>
Level 1 – Quoted Prices — Short-Term Investment . . .	\$ 7,305,983
Level 2 – Other Significant Observable Inputs — Municipal Bonds* . . . . .	274,630,461
Level 3 – Significant Unobservable Inputs . . . . .	—
Total . . . . .	<u>\$ 281,936,444</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.

Management has reviewed the tax positions for each of the open tax years (2018 – 2020) or expected to be taken in the Fund’s 2021 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.

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**MARCH 31, 2021**

- 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, 2021, 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. Under the Advisory and Administration Agreement, the Manager provides all investment management and administrative services to the Fund. The Manager’s services include providing the office of the Fund and all related services as well as managing relationships with all the various support organizations to the Fund such as the shareholder servicing agent, custodian, legal counsel, auditors 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 0.40% on the Fund’s net assets.

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 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 year ended March 31, 2021, distribution fees on Class A Shares amounted to \$292,893, of which the Distributor retained \$33,379.

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**MARCH 31, 2021**

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 year ended March 31, 2021, amounted to \$57,047. 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 year ended March 31, 2021, these payments amounted to \$19,016. The total of these payments with respect to Class C Shares amounted to \$76,063, of which the Distributor retained \$18,601.

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 Arizona, with the bulk of any sales commissions inuring to such financial intermediaries. For the year ended March 31, 2021, total commissions on sales of Class A Shares amounted to \$51,349, of which the Distributor received \$15,483.

*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 year ended March 31, 2021, purchases of securities and proceeds from the sales of securities aggregated \$60,936,682 and \$28,835,642, respectively.

At March 31, 2021, the aggregate tax cost for all securities was \$265,035,307. At March 31, 2021, the aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost amounted to \$17,579,174 and aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value amounted to \$678,037 for a net unrealized appreciation of \$16,901,137.

#### **5. Portfolio Orientation**

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

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**MARCH 31, 2021**

securities only when comparable securities of Arizona issuers are not available in the market. At March 31, 2021, the Fund had all of its long-term portfolio holdings invested in the securities of Arizona issuers.

**6. Capital Share Transactions**

Transactions in Capital Shares of the Fund were as follows:

	<b>Year Ended</b>		<b>Year Ended</b>	
	<b>March 31, 2021</b>		<b>March 31, 2020</b>	
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>
<b>Class A Shares</b>				
Proceeds from shares sold...	1,695,529	\$ 18,408,016	1,595,920	\$ 17,142,572
Reinvested dividends and distributions.....	332,499	3,601,907	357,534	3,853,947
Cost of shares redeemed.....	<u>(2,353,115)</u>	<u>(25,483,422)</u>	<u>(2,514,282)</u>	<u>(26,959,499)</u>
Net change .....	<u>(325,087)</u>	<u>(3,473,499)</u>	<u>(560,828)</u>	<u>(5,962,980)</u>
<b>Class C Shares:</b>				
Proceeds from shares sold ...	100,968	1,096,349	111,230	1,200,633
Reinvested dividends and distributions.....	9,043	97,851	11,366	122,421
Cost of shares redeemed.....	<u>(176,659)</u>	<u>(1,914,550)</u>	<u>(245,085)</u>	<u>(2,629,834)</u>
Net change .....	<u>(66,648)</u>	<u>(720,350)</u>	<u>(122,489)</u>	<u>(1,306,780)</u>
<b>Class Y Shares:</b>				
Proceeds from shares sold ...	3,222,783	35,022,042	1,871,808	20,175,164
Reinvested dividends and distributions.....	119,561	1,297,387	94,434	1,019,807
Cost of shares redeemed.....	<u>(1,325,337)</u>	<u>(14,364,660)</u>	<u>(827,768)</u>	<u>(8,910,206)</u>
Net change .....	<u>2,017,007</u>	<u>21,954,769</u>	<u>1,138,474</u>	<u>12,284,765</u>
Total transactions in Fund shares .....	<u>1,625,272</u>	<u>\$ 17,760,920</u>	<u>455,157</u>	<u>\$ 5,015,005</u>

**7. Trustees' Fees and Expenses**

At March 31, 2021, 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 year ended March 31, 2021 was \$56,756. 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 the Annual and Outreach Meetings of Shareholders. For the year ended March 31, 2021, due to the COVID-19 pandemic, such meeting-related expenses amounted to \$0.

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**MARCH 31, 2021**

**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 Arizona 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. For certain shareholders, some dividend income may, under some circumstances, be subject to the alternative minimum tax. 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 and are utilized before capital losses incurred prior to the enactment of the Act. At March 31, 2021, the Fund had capital loss carry forwards of \$411,999, \$9,046 is short-term and \$402,953 is long-term both have no expiration date.

The tax character of distributions was as follows:

	<u>Year Ended</u> <u>March 31, 2021</u>	<u>Year Ended</u> <u>March 31, 2020</u>
Net tax-exempt income .....	\$ 6,190,196	\$ 6,356,063
Ordinary Income .....	—	96,808
Long-term capital gains .....	—	—
	<u>\$ 6,190,196</u>	<u>\$ 6,452,871</u>

As of March 31, 2021, the components of distributable earnings on a tax basis were:

Undistributed tax-exempt income.....	\$ 194,770
Undistributed net realized loss on investments .....	(411,999)
Unrealized appreciation.....	16,901,137
Other temporary differences .....	(148,764)
	<u>\$ 16,535,144</u>

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**MARCH 31, 2021**

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

#### **10. Credit Facility**

Since August 30, 2017, Bank of New York Mellon and the Aquila Group of Funds (which is comprised of nine funds) have been parties to a \$40 million credit agreement, which currently terminates on August 25, 2021 (per the August 26, 2020 amendment). In accordance with the Aquila Group of Funds Guidelines for Allocation of Committed Line of Credit, each fund is responsible for payment of its proportionate share of

- a) a 0.17% per annum commitment fee; and,
- b) interest on amounts borrowed for temporary or emergency purposes by the fund (at the applicable rate selected by the Aquila Group of Funds at the time of the borrowing of either (i) the one-month Eurodollar Rate or (ii) a rate equal to the greater of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day, or (c) the Overnight Eurodollar Rate in effect on such day).

There were no borrowings under the credit agreement during the year ended March 31, 2021.

#### **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 or negative. 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 TAX-FREE TRUST OF ARIZONA**  
**FINANCIAL HIGHLIGHTS**

For a share outstanding throughout each period

	Class A				
	Year Ended March 31,				
	2021	2020	2019	2018	2017
Net asset value, beginning of period . . . . .	\$10.68	\$10.61	\$10.47	\$10.58	\$10.95
Income (loss) from investment operations:					
Net investment income <sup>(1)</sup> . . . . .	0.25	0.27	0.29	0.30	0.32
Net gain (loss) on securities (both realized and unrealized) . .	0.14	0.07	0.16	(0.10)	(0.36)
Total from investment operations. . . . .	0.39	0.34	0.45	0.20	(0.04)
Less distributions (note 9):					
Dividends from net investment income . . . . .	(0.25)	(0.27)	(0.29)	(0.29)	(0.32)
Distributions from capital gains . . . . .	—	—	(0.02)	(0.02)	(0.01)
Total distributions . . . . .	(0.25)	(0.27)	(0.31)	(0.31)	(0.33)
Net asset value, end of period . . . . .	<u>\$10.82</u>	<u>\$10.68</u>	<u>\$10.61</u>	<u>\$10.47</u>	<u>\$10.58</u>
Total return (not reflecting sales charge) . . . . .	3.63%	3.16%	4.37%	1.93%	(0.42)%
Ratios/supplemental data					
Net assets, end of period (in millions) . . . . .	\$198	\$199	\$204	\$218	\$229
Ratio of expenses to average net assets . . . . .	0.71%	0.74%	0.73%	0.69%	0.70%
Ratio of net investment income to average net assets . . . . .	2.30%	2.49%	2.74%	2.77%	2.96%
Portfolio turnover rate . . . . .	11%	21%	34%	16%	19%

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

See accompanying notes to financial statements.



**AQUILA TAX-FREE TRUST OF ARIZONA**  
**FINANCIAL HIGHLIGHTS (continued)**

For a share outstanding throughout each period

	Class C				
	Year Ended March 31,				
	2021	2020	2019	2018	2017
Net asset value, beginning of period . . . . .	<u>\$10.67</u>	<u>\$10.61</u>	<u>\$10.47</u>	<u>\$10.58</u>	<u>\$10.95</u>
Income (loss) from investment operations:					
Net investment income <sup>(1)</sup> . . . . .	0.16	0.18	0.20	0.20	0.23
Net gain (loss) on securities (both realized and unrealized) . .	<u>0.13</u>	<u>0.05</u>	<u>0.15</u>	<u>(0.09)</u>	<u>(0.37)</u>
Total from investment operations . . . . .	<u>0.29</u>	<u>0.23</u>	<u>0.35</u>	<u>0.11</u>	<u>(0.14)</u>
Less distributions (note 9):					
Dividends from net investment income . . . . .	(0.15)	(0.17)	(0.19)	(0.20)	(0.22)
Distributions from capital gains . . . . .	<u>—</u>	<u>—</u>	<u>(0.02)</u>	<u>(0.02)</u>	<u>(0.01)</u>
Total distributions . . . . .	<u>(0.15)</u>	<u>(0.17)</u>	<u>(0.21)</u>	<u>(0.22)</u>	<u>(0.23)</u>
Net asset value, end of period . . . . .	<u>\$10.81</u>	<u>\$10.67</u>	<u>\$10.61</u>	<u>\$10.47</u>	<u>\$10.58</u>
Total return (not reflecting sales charge) . . . . .	2.76%	2.20%	3.49%	1.06%	(1.26)%
Ratios/supplemental data					
Net assets, end of period (in millions) . . . . .	\$7	\$8	\$9	\$14	\$17
Ratio of expenses to average net assets . . . . .	1.56%	1.59%	1.58%	1.54%	1.55%
Ratio of net investment income to average net assets . . . . .	1.45%	1.65%	1.88%	1.92%	2.11%
Portfolio turnover rate . . . . .	11%	21%	34%	16%	19%

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

See accompanying notes to financial statements.

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**FINANCIAL HIGHLIGHTS (continued)**

For a share outstanding throughout each period

	Class Y				
	Year Ended March 31,				
	2021	2020	2019	2018	2017
Net asset value, beginning of period . . . . .	<u>\$10.69</u>	<u>\$10.63</u>	<u>\$10.49</u>	<u>\$10.60</u>	<u>\$10.97</u>
Income (loss) from investment operations:					
Net investment income <sup>(1)</sup> . . . . .	0.26	0.28	0.30	0.31	0.34
Net gain (loss) on securities (both realized and unrealized) . .	<u>0.15</u>	<u>0.06</u>	<u>0.16</u>	<u>(0.09)</u>	<u>(0.37)</u>
Total from investment operations. . . . .	<u>0.41</u>	<u>0.34</u>	<u>0.46</u>	<u>0.22</u>	<u>(0.03)</u>
Less distributions (note 9):					
Dividends from net investment income . . . . .	(0.26)	(0.28)	(0.30)	(0.31)	(0.33)
Distributions from capital gains . . . . .	<u>—</u>	<u>—</u>	<u>(0.02)</u>	<u>(0.02)</u>	<u>(0.01)</u>
Total distributions . . . . .	<u>(0.26)</u>	<u>(0.28)</u>	<u>(0.32)</u>	<u>(0.33)</u>	<u>(0.34)</u>
Net asset value, end of period . . . . .	<u>\$10.84</u>	<u>\$10.69</u>	<u>\$10.63</u>	<u>\$10.49</u>	<u>\$10.60</u>
Total return (not reflecting sales charge) . . . . .	3.88%	3.21%	4.51%	2.08%	(0.26)%
Ratios/supplemental data					
Net assets, end of period (in millions) . . . . .	\$75	\$53	\$40	\$41	\$42
Ratio of expenses to average net assets . . . . .	0.56%	0.60%	0.59%	0.55%	0.55%
Ratio of net investment income to average net assets . . . . .	2.44%	2.62%	2.88%	2.92%	3.11%
Portfolio turnover rate . . . . .	11%	21%	34%	16%	19%

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

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)

### Trustees<sup>(1)</sup>

#### and Officers

<u>Name and Year of Birth<sup>(2)</sup></u>	<u>Positions Held with Trust and Length of Service<sup>(3)</sup></u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex<sup>(4)</sup> Overseen by Trustee</u>	<u>Other Directorships Held by Trustee During Past 5 Years</u>
<b>Interested Trustee<sup>(5)</sup></b>				
Diana P. Herrmann New York, NY (1958)	Vice Chair of Aquila Municipal Trust since 2014, Trustee since 1994 and President since 1998	Chair (since 2016 and previously Vice Chair since 2004) and Chief Executive Officer (since 2004) of Aquila Management Corporation, Founder and Sponsor of the Aquila Group of Funds <sup>(6)</sup> and parent of Aquila Investment Management LLC, Manager, President since 1997, Chief Operating Officer, 1997-2008, a Director since 1984, Secretary, 1986-2016, and previously its Executive Vice President, Senior Vice President or Vice President, 1986-1997; Chief Executive Officer (since 2004) and Chair (since 2016 and previously Vice Chair since 2004), President and Manager since 2003, and Chief Operating Officer (2003-2008), of the Manager; Chair, Vice Chair, President, Executive Vice President and/or Senior Vice President of funds in the Aquila Group of Funds since 1986; Manager of the Distributor since 1997; Governor, Investment Company Institute (the U.S. mutual fund industry trade organization dedicated to protecting shareholder interests and educating the public about investing) for various periods since 2004, and Chair of its Small Funds Committee, 2004-2009; active in charitable and volunteer organizations.	10	Director of ICI Mutual Insurance Company, a Risk Retention Group, for various periods since 2006; formerly Vice Chair and Trustee of Pacific Capital Funds of Cash Assets Trust (three money-market funds in the Aquila Group of Funds) 2004-2012  Vice Chair of the Board of Trustees of The Cascades Trust (Predecessor Fund of Aquila Tax-Free Trust of Oregon) 2003-2020, President of The Cascades Trust 1998-2020 and Trustee of the Cascades Trust 1994-2020

### **Non-Interested Trustees**

Thomas A. Christopher Danville, KY (1947)	Chair of the Board of Aquila Municipal Trust since 2017; Trustee since 2009	Principal, Robinson, Hughes & Christopher, C.P.A.s, P.S.C., since July 2017, previously Senior Partner, since 1977; Chairman of the Board, A Good Place for Fun, Inc., a sports facility, since 1987, President, 1987-2012; Director, Global Outreach International, 2011-2018; member of the Kentucky Primary Care Technical Advisory Committee, 2017-2019; Director, Sunrise Children's Services Inc., 2010-2013; currently or formerly active with various professional and community organizations; Trustee of various funds in the Aquila Group of Funds since 1985.	6	None
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<u>Name and Year of Birth<sup>(2)</sup></u>	<u>Positions Held with Trust and Length of Service<sup>(3)</sup></u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex<sup>(4)</sup> Overseen by Trustee</u>	<u>Other Directorships Held by Trustee During Past 5 Years</u>
<b><u>Non-Interested Trustees (cont'd)</u></b>				
Ernest Calderón Phoenix, AZ (1957)	Trustee of Aquila Municipal Trust since 2004	Attorney (currently, Partner, Calderón Law Offices, PLC); Regent emeritus and President emeritus Arizona Board of Regents; Adjunct Professor, Northern Arizona University; Doctor of Education in Organizational Change and Educational Leadership, University of Southern California; served six Arizona governors by appointment; Past President, Grand Canyon Council of Boy Scouts of America; Past President, State Bar of Arizona, 2003-2004; member, American Law Institute; Trustee of various funds in the Aquila Group of Funds since 2004.	6	None
Gary C. Cornia St. George, UT (1948)	Trustee of Aquila Municipal Trust since 2009	Emeritus Dean and Professor, Marriott School of Management, Brigham Young University, 2014-present; Professor, Marriott School of Management, Brigham Young University, 1980-2014; Chair, Utah State Securities Commission, since 2019, Commissioner, 2013–present; Dean, Marriott School of Management, 2008-2013; Director, Romney Institute of Public Management, Marriott School of Management, 2004-2008; Past President, National Tax Association; Fellow, Lincoln Institute of Land Policy, 2002-present; Associate Dean, Marriott School of Management, Brigham Young University, 1991-2000; member, Utah Governor's Tax Review Committee, 1993-2009; Trustee of various funds in the Aquila Group of Funds since 1993.	8	International Center for Land Policies and Training, Taipei, Taiwan, Director and Chair of Executive Committee  Trustee of The Cascades Trust (Predecessor Fund of Aquila Tax-Free Trust of Oregon) 2002-2020
Grady Gammage, Jr. Phoenix, AZ (1951)	Trustee of Aquila Municipal Trust since 2001	Founding partner, Gammage & Burnham, PLC, a law firm, Phoenix, Arizona, since 1983; director, Central Arizona Water Conservation District, 1992-2004; Senior Fellow, Morrison Institute for Public Policy and Kyl Institute for Water Policy; Adjunct Professor, Sandra Day O'Connor College of Law; W. P. Carey School of Business; active with Urban Land Institute; Author, "The Future of the Suburban City" Island Press, 2016; Trustee of various funds in the Aquila Group of Funds since 2001.	8	None

<u>Name and Year of Birth<sup>(2)</sup></u>	<u>Positions Held with Trust and Length of Service<sup>(3)</sup></u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex<sup>(4)</sup> Overseen by Trustee</u>	<u>Other Directorships Held by Trustee During Past 5 Years</u>
<b><u>Non-Interested Trustees (cont'd)</u></b>				
James A. Gardner Redmond, OR (1943)	Trustee of Aquila Municipal Trust since 2020	President, Gardner Associates, an investment and real estate firm, since 1989; Owner and Developer of Vandeverst Ranch, Sunriver, Oregon since 1989; Founding Partner, Chairman Emeritus and previously Chairman (1991-2010), Ranch at the Canyons, Terrebonne, Oregon; President Emeritus and previously President (1981-1989), Lewis and Clark College and Law School; director, Oregon High Desert Museum, 1989-2003; active in civic, business and educational organizations in Oregon; writer on Native American and settlement history of Oregon Trustee of various funds in the Aquila Group of Funds since 1986.	6	Chair of the Board of Trustees of The Cascades Trust 2005-2020 and Trustee of The Cascades Trust (Predecessor Fund of Aquila Tax-Free Trust of Oregon) 1986-2020
Patricia L. Moss Bend, OR (1953)	Trustee of Aquila Municipal Trust since 2020	Vice Chairman, Cascade Bancorp and Bank of the Cascades 2012-2017, President and Chief Executive Officer 1997-2012; member, Oregon Investment Council since 2018; active in community and educational organizations; Trustee of various funds in the Aquila Group of Funds 2002-2005 and since 2015.	8	First Interstate BancSystem, Inc.; MDU Resources Group, Inc.  Trustee of The Cascades Trust (Predecessor Fund of Aquila Tax-Free Trust of Oregon) 2015-2020, 2002-2005; Trustee Emerita 2005-2015
Glenn P. O'Flaherty Granby, CO (1958)	Trustee of Aquila Municipal Trust since 2013	Chief Financial Officer and Chief Operating Officer of Lizard Investors, LLC, 2008; Co-Founder, Chief Financial Officer and Chief Compliance Officer of Three Peaks Capital Management, LLC, 2003-2005; Vice President – Investment Accounting, Global Trading and Trade Operations, Janus Capital Corporation, and Chief Financial Officer and Treasurer, Janus Funds, 1991-2002; Trustee of various funds in the Aquila Group of Funds since 2006.	9	Granby Ranch Metropolitan District (quasi-municipal corporation); formerly Trustee of Pacific Capital Funds of Cash Assets Trust (three money-market funds in the Aquila Group of Funds) 2009-2012

<u>Name and Year of Birth<sup>(2)</sup></u>	<u>Positions Held with Trust and Length of Service<sup>(3)</sup></u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex<sup>(4)</sup> Overseen by Trustee</u>	<u>Other Directorships Held by Trustee During Past 5 Years</u>
<b><u>Non-Interested Trustees (cont'd)</u></b>				
Laureen L. White North Kingstown, RI (1959)	Trustee of Aquila Municipal Trust since 2013	President, Greater Providence Chamber of Commerce, since 2005, Executive Vice President 2004-2005 and Senior Vice President, 1989-2002; Executive Counselor to the Governor of Rhode Island for Policy and Communications, 2003-2004; Trustee of various funds in the Aquila Group of Funds since 2005.	6	None

- (1) The Trust's Statement of Additional Information includes additional information about the Trustees and is available, without charge, upon request by calling 800-437-1020 (toll-free) or by visiting [www.aquilafunds.com](http://www.aquilafunds.com) or the EDGAR Database at the SEC's internet site at [www.sec.gov](http://www.sec.gov).
- (2) The mailing address of each Trustee is c/o Aquila Municipal Trust, 120 West 45th Street, Suite 3600, New York, NY 10036.
- (3) Each Trustee holds office until his or her successor is elected or his or her earlier retirement or removal.
- (4) Includes an Aquila-sponsored fund that is dormant and has no public shareholders.
- (5) Ms. Herrmann is an "interested person" of the Trust, as that term is defined in the Investment Company Act of 1940, as amended (the "1940 Act"), as an officer of the Trust, as a director, officer and shareholder of the Manager's corporate parent, as an officer and Manager of the Manager, and as a Manager of the Distributor.
- (6) The "Aquila Group of Funds" includes: Aquila Tax-Free Trust of Arizona, Aquila Tax-Free Fund of Colorado, Hawaiian Tax-Free Trust, Aquila Churchill Tax-Free Fund of Kentucky, Aquila Tax-Free Trust of Oregon, Aquila Narragansett Tax-Free Income Fund (Rhode Island) and Aquila Tax-Free Fund For Utah, each of which is a tax-free municipal bond fund and are called the "Aquila Municipal Bond Funds"; Aquila Three Peaks Opportunity Growth Fund, which is an equity fund; and Aquila Three Peaks High Income Fund, which is a high-income corporate bond fund.

<b>Name and Year of Birth<sup>(1)</sup></b>	<b>Positions Held with Trust and Length of Service<sup>(2)</sup></b>	<b>Principal Occupation(s) During Past 5 Years</b>
<b>Officers<sup>(3)</sup></b>		
Stephen J. Caridi New York, NY (1961)	Senior Vice President of Aquila Municipal Trust since 2013	Regional Sales Manager (since 2009) and registered representative (since 1986) of the Distributor; Vice President of the Distributor 1995-2009; Vice President, Hawaiian Tax-Free Trust since 1998; Senior Vice President, Aquila Municipal Trust (which includes Aquila Narragansett Tax-Free Income Fund) since 2013; Vice President, Aquila Funds Trust since 2013; Senior Vice President, Aquila Narragansett Tax-Free Income Fund 1998-2013, Vice President 1996-1997; Senior Vice President, Aquila Tax-Free Fund of Colorado 2004-2009; Vice President, Aquila Three Peaks Opportunity Growth Fund 2006-2013.
Paul G. O'Brien New York, NY (1959)	Senior Vice President of Aquila Municipal Trust since 2010	President, Aquila Distributors LLC since 2019, Co-President 2010-2019, Managing Director, 2009-2010; Senior Vice President of all funds in the Aquila Group of Funds since 2010; held various positions to Senior Vice President and Chief Administrative Officer of Evergreen Investments Services, Inc., 1997-2008; Mergers and Acquisitions Coordinator for Wachovia Corporation, 1994-1997.
Robert C. Arnold Scottsdale, AZ (1973)	Vice President of Aquila Municipal Trust since 2019	Vice President, Aquila Municipal Trust (which includes Aquila Tax-Free Trust of Arizona) since 2019; Regional Sales Manager, Aquila Distributors LLC since 2018; Financial Advisor, Prudential Advisors, 2017 - 2018; Founder/Consultant, Brix Cooper Consulting, 2015-2016; Vice President, National Accounts & Regional Advisory Consultant, Advisors Asset Management Inc., 2008-2015.
Craig T. DiRuzzo Denver, CO (1976)	Vice President of Aquila Municipal Trust since 2013	Vice President, Aquila Municipal Trust (which includes Aquila Tax-Free Fund of Colorado), and Regional Sales Manager of the Distributor, since 2013; Regional Vice President, B I C Group, LLC, Denver, CO, 2012; Vice President, Wellesley Investment Advisors, Denver, CO, 2011-2012; Mutual Funds Sales Director, UBS Global Asset Management, Denver, CO, 2004-2010, Internal Investment Consultant, 2002-2004.
Royden P. Durham Louisville, KY (1951)	Vice President of Aquila Municipal Trust since 2013; Lead Portfolio Manager of Aquila Churchill Tax-Free Fund of Kentucky (since 2011); Portfolio Manager of Aquila Tax-Free Trust of Arizona (since 2017) and Aquila Tax-Free Fund For Utah (since 2017)	Portfolio Manager of Aquila Churchill Tax-Free Fund of Kentucky (since 2011); Portfolio Manager of Aquila Tax-Free Trust of Arizona (since 2017) and Aquila Tax-Free Fund For Utah (since 2011); Vice President, Aquila Municipal Trust (since 2013) and Aquila Churchill Tax-Free Fund of Kentucky 2011-2013; President, advEnergy solutions LLC, 2007-2011; Vice President and Trust Advisor, JP Morgan Chase, 2005-2006; Vice President and Trust Officer, Regions Morgan Keegan Trust, 2003-2005; Vice President Fixed Income and Equity Portfolios, The Sachs Company / Louisville Trust Company, 1986-2003.
Christine L. Neimeth Portland, OR (1964)	Vice President of Aquila Municipal Trust since 2020	Vice President of Aquila Funds Trust since 2013 and Aquila Municipal Trust (which includes Aquila Tax-Free Trust of Oregon) since 2020; formerly Vice President, Aquila Three Peaks Opportunity Growth Fund 1999 – 2013 and Aquila Tax-Free Trust of Oregon 1998 – 2020; Regional Sales Manager and/or registered representative of the Distributor since 1999.



Name and Year of Birth <sup>(1)</sup>	Positions Held with Trust and Length of Service <sup>(2)</sup>	Principal Occupation(s) During Past 5 Years
<b>Officers (cont'd)<sup>(3)</sup></b>		
Candace D. Roane New York, NY (1977)	Vice President of Aquila Municipal Trust since September 2019	Vice President of all funds in the Aquila Group of Funds since 2019; Senior Vice President, Director of Communications and Marketing, Aquila Distributors LLC since 2019, Vice President, Marketing Communication and Data Manager, 2010 –2019.
Nicholas R. Stewart Louisville, KY (1990)	Vice President of Aquila Municipal Trust since March 2021	Vice President, Aquila Municipal Trust (which includes Aquila Churchill Tax-Free Fund of Kentucky) since March 2021; Regional Sales Manager and registered representative of the Distributor since February 2021; Vice President, Account Manager, 2019-2020 and Senior Account Associate, 2016-2019, PIMCO Investments LLC; Product Specialist, Hilliard Lyons, 2015-2016.
Anthony A. Tanner Phoenix, AZ (1960)	Vice President of Aquila Municipal Trust, Lead Portfolio Manager of Aquila Tax-Free Trust of Arizona, and Portfolio Manager of Aquila Churchill Tax-Free Fund of Kentucky and Aquila Tax-Free Fund For Utah since 2018	Vice President of Aquila Municipal Trust (since 2018); Portfolio Manager of Aquila Tax-Free Trust of Arizona, Aquila Churchill Tax-Free Fund of Kentucky and Aquila Tax-Free Fund For Utah since 2018; Senior Portfolio Manager at BNY Mellon Wealth Management from 2016 to 2018; a Senior Client Advisor at BMO Private Bank from 2014 to 2015; and Senior Fixed Income Manager at Wells Fargo Private Bank from 2010 to 2014.
James T. Thompson Bountiful, Utah (1955)	Vice President of Aquila Municipal Trust and Lead Portfolio Manager of Aquila Tax-Free Fund For Utah since 2009; Portfolio Manager, Aquila Tax-Free Trust of Arizona and Aquila Churchill Tax-Free Fund of Kentucky since 2017	Portfolio Manager of Aquila Tax-Free Fund For Utah, Aquila Churchill Tax-Free Fund of Kentucky and Aquila Tax-Free Trust of Arizona (since 2009); Vice President Aquila Municipal Trust (since 2013) and Aquila Tax-Free Fund For Utah (2009 – 2013); Senior Vice President, First Security Bank/Wells Fargo Brokerage Services LLC, Salt Lake City, Utah 1991-2009.
M. Kayleen Willis South Jordan, UT (1963)	Vice President of Aquila Municipal Trust since 2013	Vice President, Aquila Municipal Trust (which includes Aquila Tax-Free Fund For Utah) since 2013; Vice President, Aquila Tax-Free Fund For Utah 2003-2013, Assistant Vice President, 2002-2003; Vice President, Aquila Three Peaks Opportunity Growth Fund, 2004-2013 and Aquila Funds Trust since 2013.

<b>Name and Year of Birth<sup>(1)</sup></b>	<b>Positions Held with Trust and Length of Service<sup>(2)</sup></b>	<b>Principal Occupation(s) During Past 5 Years</b>
<b>Officers (cont'd)<sup>(3)</sup></b>		
Eric D. Okerlund Highland, UT (1961)	Assistant Vice President of Aquila Municipal Trust since March 2021	Assistant Vice President, Aquila Municipal Trust (which includes Aquila Tax Free Fund For Utah) since March 2021; Credit Analyst (for Aquila Tax-Free Fund For Utah), Aquila Investment Management LLC, since January 2021; Budget Officer, City of West Jordan, Utah, 2000-2020; Senior Accountant, Provo City Corporation, Provo, Utah, 1989-2000; Auditor, Defense Contract Audit Agency, Anaheim, California, 1989; Revenue Agent, Internal Revenue Service, Los Angeles, California, 1987-1989.
Randall S. Fillmore New York, NY (1960)	Chief Compliance Officer of Aquila Municipal Trust since 2012	Chief Compliance Officer of all funds in the Aquila Group of Funds, the Manager and the Distributor since 2012; Managing Director, Fillmore & Associates, 2009-2012; Fund and Adviser Chief Compliance Officer (2002-2009), Senior Vice President - Broker Dealer Compliance (2004-2009), Schwab Funds Anti Money Laundering Officer and Identity Theft Prevention Officer (2004-2009), Vice President - Internal Audit (2000-2002), Charles Schwab Corporation; National Director, Information Systems Risk Management - Consulting Services (1999-2000), National Director, Investment Management Audit and Business Advisory Services (1992-1999), Senior Manager, Manager, Senior and Staff Roles (1983-1992), PricewaterhouseCoopers LLP.
Joseph P. DiMaggio New York, NY (1956)	Chief Financial Officer of Aquila Municipal Trust since 2003 and Treasurer since 2000	Chief Financial Officer of all funds in the Aquila Group of Funds since 2003 and Treasurer since 2000.
Anita Albano, CPA New York, NY (1973)	Secretary of Aquila Municipal Trust since 2020, Assistant Secretary 2018-2019	Secretary of all funds in the Aquila Group of Funds since 2020, Assistant Secretary 2018 – 2019; Senior Vice President and Chief Financial Officer of Aquila Investment Management LLC and Aquila Management Corporation since 2018; Treasurer of Aquila Investment Management LLC and Aquila Management Corporation since 2005.
Yolonda S. Reynolds New York, NY (1960)	Assistant Treasurer of Aquila Municipal Trust since 2010	Assistant Treasurer of all funds in the Aquila Group of Funds since 2010; Director of Fund Accounting for the Aquila Group of Funds since 2007.
Lori A. Vindigni New York, NY (1966)	Assistant Treasurer of Aquila Municipal since 2000	Assistant Treasurer of all funds in the Aquila Group of Funds since 2000; Assistant Vice President of the Manager or its predecessor and current parent since 1998; Fund Accountant for the Aquila Group of Funds, 1995-1998.

(1) The mailing address of each officer is c/o Aquila Municipal Trust, 120 West 45th Street, Suite 3600, New York, NY 10036.

(2) The term of office of each officer is one year.

(3) The Trust's Statement of Additional Information includes additional information about the officers and is available, without charge, upon request by calling 800-437-1020 (toll-free) or by visiting [www.aquilafunds.com](http://www.aquilafunds.com) or the EDGAR Database at the SEC's internet site at [www.sec.gov](http://www.sec.gov).

## 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 10/1/20	Ending <sup>(1)</sup> Account Value 3/31/21	Expenses <sup>(2)</sup> Paid During Period 10/1/20 – 3/31/21	Ending Account Value 3/31/21	Expenses <sup>(2)</sup> Paid During Period 10/1/20 – 3/31/21	Net Annualized Expense Ratio
A	\$1,000	\$1,008.40	\$3.40	\$1,021.54	\$3.43	0.68%
C	\$1,000	\$1,004.20	\$7.65	\$1,017.30	\$7.70	1.53%
Y	\$1,000	\$1,010.10	\$2.66	\$1,022.29	\$2.67	0.53%

- (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 182/365 to reflect the one-half year period.

### Information Available (unaudited)

#### Annual and Semi-Annual Reports and Complete Portfolio Holding Schedules

Your Fund's Annual and Semi-Annual Reports are filed with the SEC twice a year. Each Report contains a complete Schedule of Portfolio Holdings, along with full financial statements and other important financial statement disclosures. Additionally, your Fund files a complete Schedule of 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. Your Fund's Annual and Semi-Annual Reports and N-PORT reports are available free of charge on the SEC website at [www.sec.gov](http://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.

In addition, your Fund's Annual and Semi-Annual Reports and complete Portfolio Holdings Schedules for each fiscal quarter end are also available, free of charge, on your Fund's website, [www.aquilafunds.com](http://www.aquilafunds.com) (under the prospectuses & reports tab) or by calling us at 1-800-437-1000.

#### Portfolio Holdings Reports

In accordance with your Fund's Portfolio Holdings Disclosure Policy, the Manager also prepares a Portfolio Holdings Report as of each quarter end, which is typically posted to your Fund's individual page at [www.aquilafunds.com](http://www.aquilafunds.com) by the 15th day after the end of each calendar quarter. Such information will remain accessible until the next Portfolio Holdings Report is made publicly available by being posted to [www.aquilafunds.com](http://www.aquilafunds.com). The quarterly Portfolio Holdings Report may be accessed, free of charge, by visiting [www.aquilafunds.com](http://www.aquilafunds.com) or calling us at 1-800-437-1000.

### 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](http://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, 2021, \$6,190,196 of dividends paid by Aquila Tax-Free Trust of Arizona, constituting 100% of total dividends paid were exempt-interest dividends.

Prior to February 15, 2022, shareholders will be mailed the appropriate tax form(s) which will contain information on the status of distributions paid for the **2021 calendar year**.

***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

***Board of Trustees***

Thomas A. Christopher, Chair  
Diana P. Herrmann, Vice Chair  
Ernest Calderón  
Gary C. Cornia  
Grady Gammage, Jr.  
James A. Gardner  
Patricia L. Moss  
Glenn P. O'Flaherty  
Lauren L. White

***Officers***

Diana P. Herrmann, President  
Paul G. O'Brien, Senior Vice President  
Anthony A. Tanner, Vice President and  
Lead Portfolio Manager  
Royden P. Durham, Vice President and  
Portfolio Manager  
James T. Thompson, Vice President and  
Portfolio Manager  
Robert C. Arnold, 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***  
BNY MELLON INVESTMENT SERVICING (US) INC.  
4400 Computer Drive  
Westborough, Massachusetts 01581

***Custodian***

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

***Independent Registered Public Accounting Firm***

TAIT, WELLER & BAKER LLP  
Two Liberty Place  
50 South 16th Street, Suite 2900  
Philadelphia, Pennsylvania 19102

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