



Annual Report

March 31, 2022





Aquila Tax-Free Trust of Arizona

Maintaining Perspective with
Reason for Optimism



Serving Arizona investors since 1986

May, 2022

Dear Fellow Shareholder:

We recognize that the beginning of 2022 has presented a challenging period for fixed income markets, including municipal bonds. The markets have been driven by a number of factors, both domestically and globally, that have produced significant headwinds for rate-sensitive fixed income investments. These include a continuation of higher inflation levels, rising interest rates and subsequent bond price declines, and a shift in the Federal Reserve's monetary policy. In addition, ongoing supply chain disruptions, along with concerns about rising energy and commodity prices resulting from geopolitical tensions abroad, all have likely contributed to some consternation for municipal bond investors.

Despite inevitable changes in market conditions, we look forward to the coming fiscal year with continued optimism, underscored by the everlasting need for infrastructure (such as hospitals, schools and roadways) financed through municipal bonds, the underlying strength of municipal bond fundamentals, and what we believe to be the many benefits the asset class continues to afford investors. Let's briefly reflect on some key market events and ponder what lies ahead.

Interest Rates and Federal Reserve Response

The primary driver of bond yields, prices, and relative performance is interest rates. Consistent with the general level of interest rates, municipal bond yields have moved higher thus far in 2022, particularly on the lower end of the yield curve. This upward rate bias was spurred in anticipation of, and by, the Federal Reserve ("the Fed") which began raising its Federal Funds rate (the interest rate that banks charge one another to borrow or lend excess reserves overnight) in mid-March to help manage rising inflation. The March increase marked the first time the Federal Reserve has raised rates since 2018.

The Federal Reserve has indicated a willingness to carry out additional rate hikes this year as it may deem appropriate. The Fed's goal is to control inflation, which has risen to its highest level in 40 years, while at the same time, striving to avoid an economic recession thereby enabling a "soft landing". Adding to the Fed's dilemma is the need to reduce its \$9 trillion balance sheet, which is expected to be trimmed by \$95 billion per month.

The result has been a dramatic increase in municipal bond yields, especially with the market's anticipation of further interest rate hikes. And given the inverse relationship between bond yields and prices, municipal bond valuations have

dropped significantly in response. Of note, 10-year AAA municipal bond yields (as measured by Bloomberg) increased from 1.04% as of December 31st to 2.22% by the end of the first quarter of 2022. This contributed to 10-year municipal bonds underperforming their U.S. Treasury counterparts. Some investors reacted by selling their investment portfolio holdings (referred to as “outflows” for mutual funds), which created a seeming oversupply of municipal bonds in the secondary market relative to investor demand, and contributed to the municipal bond market’s slide in valuation.

Relative Yields and Valuations

Recent changes in the relationship between municipal bond yields and those of U.S. Treasuries have resulted in favorable Municipal/Treasury yield ratios (the AAA rated municipal bond yield divided by the U.S. Treasury yield). For instance, the rising interest rate environment caused the 10-year Municipal/Treasury ratio (per Thompson Reuters Municipal Market Data (“MMD”)) to rise from 68.8% as of December 31, 2021 to 93.7% as of March 31, 2022. As the Fed continues to pursue its path towards higher interest rates with a goal to help dampen inflation, municipal bond yields are generally expected to continue to increase in unison. While municipal bond yields have risen and prices have correspondingly decreased, we believe this environment bodes well for investors interested in income, and accentuates relative price valuations and the attractive opportunities they present for municipal bonds.

As mentioned earlier, municipal bond yields moved higher during the beginning of 2022, particularly on the lower end of the yield curve. This trend has led to the yield curve “flattening” at the time of this letter relative to the prior year, which means there is less of a difference between short-term and long-term yields for bonds of similar credit quality. It also gives market participants an interesting choice when considering investment opportunities.

Your fund typically invests in securities of intermediate-term maturity and duration with a goal to persevere in whatever markets we may face. Thus, a “flatter” yield curve, with attractive yields at the shorter end of the duration spectrum, may be viewed as being beneficial. Regardless of interest rates and the shape of the yield curve, your fund’s portfolio is actively managed consistent with its stated investment objective.

Maintaining Perspective

We believe it is important to keep in mind two key benefits of investing in municipal bonds (and municipal bond funds):

- the income from municipal bonds is generally tax-exempt; and,
- municipal bonds are considered, for the most part, to be safe investments with a low default rate on a comparative basis to other types of investments.

Your fund’s investment objective is to provide as high a level of current income exempt from state and regular federal income taxes as is consistent with preservation of capital. Your portfolio management team is locally-based in your state, which provides them with an up-close perspective on the economy and bond issuers in local municipalities, cities, and overall within the state. These investment professionals

draw upon their many years of experience in analyzing securities, observing market and economic cycles, and recognizing risks and opportunities for your benefit. And on a tax-equivalent basis (compared with taxable income generated by similar investments), the tax-exempt income provided to you as a shareholder can provide an important advantage to you.

We believe it is essential for shareholders to remain focused on their long-term financial goals. A common mistake that investors make is to allow fear or uncertainty keep them from participating in financial opportunities, rather than sticking with their intended plans. It is therefore important for us all to remain focused on our individual financial goals, our time frame for achieving them, and our tolerance for risk. We encourage you to speak with a financial professional to review your investment portfolio to ensure it continues to align with your individual goals.

Regardless of the direction of interest rates and Federal monetary policy, it is important to remember that your municipal bond fund is actively managed, maintaining broadly diversified, high-quality portfolios, generally with an intermediate average maturity. We remain committed to effective risk management, seeking to provide you, our shareholders, with what we believe to be an appropriate level of risk-adjusted return. As always, thank you for being a valued shareholder of Aquila Group of Funds.

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

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



Aquila Tax-Free Trust of Arizona

ANNUAL REPORT Management Discussion

Serving Arizona investors since 1986



Introduction

During the annual reporting period of April 1, 2021 through March 31, 2022, the Federal Reserve (the “Fed”) began to hint at tightening monetary policy in late 2021/early 2022 due to inflation no longer being considered as transitory. This resulted in a 25 basis point (“bp”) hike in the Federal Funds rate that was voted upon by the Fed’s Federal Open Market Committee on March 16, 2022 (a basis point is one hundredth of one percent and the Federal Funds rate is the target interest rate set by the Fed at which commercial banks borrow and lend their extra reserves to one another overnight). The March 16th rate hike combined with the expectation of more potential Fed Funds rate increases through the remainder of the year contributed to a selloff in the market. Yields on the ten year U.S. Treasury note rose from 1.74% on March 31, 2021 to 2.33% on March 31, 2022, or a 59 bp increase.

From March 31, 2021 to the end of the calendar year, demand for municipals precipitated large inflows into national municipal bond funds (from May 2020, the municipal market experienced positive inflows for 82 of 86 weeks through year-end 2021) with the aggregate size of inflows over this period of +\$133.1 billion; the largest increase experienced to date into municipal bond funds. This occurred primarily as a result of the new administration’s legislative priorities to raise taxes. Beginning in the fourth quarter of 2021, when it became apparent that the proposed tax hikes would not be enacted into law, a shift out of municipals began to occur. This weakened demand set up the historic decline in municipal values suffered in the first quarter of 2022; the largest quarterly decline since 1994. This, in turn, resulted in outflows in from municipal funds for the quarter ending March 31, 2022 of approximately -\$2 billion, per Refinitiv Lipper data.

The best municipal bond performers of 2021 were the Single A and BBB rated credits. For the calendar year 2021, Single A returned 2.25%, BBB returned 4.85% and the Bloomberg Municipal Bond Index Total Return Index Value Unhedged USD (the “Municipal Bond Index” returned 1.52%, as municipal buyers were reaching for yield. Consequently, those credits have been among the worst performers in the first quarter of 2022, Single A returned -6.29%, BBB returned -7.13% and the Municipal Bond Index returned -6.23%, while the Bloomberg Municipal Bond: Quality Intermediate Total Return Index Unhedged USD (the “Index” or the “Bloomberg Quality Intermediate Index”) has been one of the best performers for the first quarter of 2022, returning -5.12%. From April 1, 2021 to March 31, 2022 the Index returned -4.40%.

U.S. Economy

Current consensus forecast U.S. Gross Domestic Product (“GDP”) growth of 2.70% for 2022, following growth of 5.70% in 2021. Inflation expectations as measured by the Consumer Price Index (“CPI”) (Year Over Year %) increased from 4.70% in 2021 to 7.10% in 2022. Unemployment ended 2021 at 5.40%, while Bloomberg economic consensus reflects unemployment declining to 3.60% by year-end 2022. The Federal Reserve policy to deal with the rise in inflation has resulted in the 10-Year U.S. Treasury increasing from

MANAGEMENT DISCUSSION (continued)

1.74% on March 31, 2021 to 2.33% on March 31, 2022. The Fed is expected to raise rates by 50 bps in May 2022 and additional increases by year-end 2022, in an attempt to slow rising inflation. (Subsequent to Aquila Tax-Free Trust of Arizona's fiscal year end, on May 4th, the Fed increased the Fed Funds rate by 50 bps – this level of increase has not occurred since 2000 – and indicated that while 50 bps increases would be considered at the time of the Fed's next couple of meetings, the Fed was not actively considering a 75 bp increase in rates in conjunction with any single meeting. The May 4th Fed Funds increase represented the first time since 2006 that the Fed has implemented rate increases at back-to-back meetings.) Additionally, the Fed is expected to reduce their \$9 trillion dollar balance sheet by \$95 billion per month, beginning in May 2022.

Over the fiscal year ending March 31, 2022, municipal issuance declined from \$502.3 billion in 2021 to \$457.1 billion ending March 31, 2022. The lack of supply of municipals could assist the asset class in outperforming U.S. Treasury securities for the remainder of 2022. Globally, U.S. Treasury demand continues, although as an example, the German 10-Year Bund has gone from -9 bps on January 5, 2022 to +54 bps as of March 31, 2022. The point being made, U.S. Treasuries still look attractive at 2.33% vs. +54 bps on the German Bund. Should Euro rates continue to rise and compete for assets, we would expect a decline in the U.S. dollar, even as U.S. interest rates rise. However, the Russia – Ukraine War has kept the Euro under pressure. In addition, World agencies such as the IMF, predict the conflict will have a negative effect on COVID rebounding world economies, given the world economies will be growing at a slower pace. The impact on the U.S. economy does not include a major drag on GDP, as certain U.S. war material suppliers ramp up production. This in turn would indicate to us a rise in the U.S. 10-Year Treasury to approximately 3.40%, by the end of 2022.

Municipal Market

Tax-exempt municipal bond yields spent the majority of the reporting period range bound until spiking up sharply in the 1st quarter of 2022 in anticipation of and in reaction to the arrival of concrete tightening actions by the Fed. The 10-Year Bloomberg AAA municipal yield in the first 9 months of the reporting period actually declined slightly from 1.08% on March 31, 2021 to 1.05% on December 31, 2021, before increasing to 2.23% on March 31, 2022.

A total of \$342.6 billion of new tax-exempt issues were sold in 2021, a 4.2% increase from the \$328.9 billion sold in 2020. Taxable municipal issuance, however, dropped 18.9% from last year, declining from the \$146.3 billion issued in the lower interest rate environment of 2020 to \$118.7 billion in 2021.

In late October 2021, the highly anticipated municipal bond market enhancements that market participants had speculated on at length for most of the year, such as proposals for taxable direct pay and new infrastructure bonds, and the reinstatement of tax-exempt refunding issues, were cut from the Democrats' Build Back Better fiscal bill. Of significant impact was the retention of the 2017 "Trump tax cuts", which left marginal tax rates unchanged. Following the failure of these legislative efforts, the municipal market was essentially left "in place", as compared to the expectations for impactful shifts in the composition and growth of new municipal issuance.

A potential "silver lining" in this outcome was that expectations created by the prospect of higher marginal tax rates for a permanently higher shift in municipal bond valuations and lower yield ratios abated. The relatively expensive municipal bond valuations that

MANAGEMENT DISCUSSION (continued)

were seen at the start of the reporting period improved considerably, as measured by the ratio of AAA-rated municipal yields to U.S. Treasury bond yields of similar maturities:

<u>Maturity</u>	<u>March 31, 2021</u>	<u>March 31, 2022</u>
5 year	54%	82%
10 year	62%	96%
30 year	75%	106%

Arizona State Economy

After achieving a milestone in November 2021, when the State had recovered 100% of the job losses incurred at the outset of the COVID-19 Pandemic, Arizona’s employment picture ended the reporting period with record low unemployment. The Arizona unemployment rate declined to 3.2% in March 2022, which left it below the overall U.S. unemployment rate of 3.6%, while total nonfarm employment surged to 3,044,900. This was a year-over-year change of 116,500 in nonfarm jobs, or a 4.0% increase.

The State continues to show solid fiscal momentum. Fiscal Year 2022 General Fund revenues through March 2022 (June fiscal year end) increased 11.7% from the prior year. Sales tax revenue gains of 16.5% helped this increase. The recovery in the tourism industry picked up significantly in the past twelve months. Hotel occupancy in February 2022 was 72.0%, which was 30.1% above February 2021 occupancy. More importantly, revenue per room available in February 2022 came in at \$127.95, twice the amount reported in February 2021. The rebound in the tourism industry helped further the State’s recovery from the COVID-19 Pandemic.

Fund Performance

	<u>March 31, 2022</u>
	<u>1-Year Total Return</u>
Aquila Tax-Free Trust of Arizona	
Class A Share (without sales charge)	-4.32%
Class Y Share	-4.26%
Bloomberg Quality Intermediate Index	-4.37%

Aquila Tax-Free Trust of Arizona Portfolio Characteristics:

	<u>March 31, 2021</u>	<u>March 31, 2022</u>
Weighted Average Maturity	11.17 yrs.	9.42 yrs.
Option Adj. (Effective) Duration	5.35 yrs.	4.78 yrs.
Modified Duration	4.53 yrs.	4.43 yrs.

Bloomberg Quality Intermediate Characteristics

	<u>March 31, 2022</u>
Option Adj. (Effective) Duration	4.12 yrs.
Modified Duration	3.86 yrs.

The Aquila Tax-Free Trust of Arizona (the “Fund”) Class A and Y share total returns outperformed the Bloomberg Quality Intermediate Index which returned -4.37%.

MANAGEMENT DISCUSSION (continued)

Over the latter half of the reporting period, the stated final maturity and duration characteristics of the Fund were maneuvered into a much more defensive position in response to increasingly hawkish Federal Reserve commentary, elevated inflation readings, and an expected easing of demand after the failure of the Build Back Better proposal. In the 8 month period from July 31, 2021 to March 31, 2022, the Fund's average final maturity was reduced from a peak of 11.88 years to 9.42 years, and effective duration from 5.43 years to 4.78 years. This enabled the Fund to outperform the Index in a negative return period even though the portfolio still had longer duration characteristics than that of the Index. This was primarily due to the Fund's broadly diversified exposure across the maturity spectrum.

The more modest reduction in effective duration was a product of the improved call protection positioning we achieved in active management and value-added bond swaps that were conducted during the reporting period. As reflected in the Fund's turnover rate of 35%, these robust active management efforts enabled the Fund to harvest valuable tax losses, minimize erosion in the Fund's distributable income, and take advantage of persistent "flatness" in the municipal bond yield curve that exists beyond 15 years. One positive development in the wake of the spike in municipal bond yields at the end the reporting period has been a subsiding of reinvestment risk. Approaching maturities, along with our holdings of pre-refunded securities, can give us flexibility to reinvest into extended maturities at a time when better values appear to have returned to the municipal bond landscape.

Outlook and Strategy

The Federal Reserve initiated its first increase in the Federal Funds rate since 2018 at its March 16th, 2022 meeting. The Fed has also voiced increasingly hawkish views for further rate increases throughout 2022 and potentially into 2023, along with an expectation to pare back its balance sheet. We believe our current fund maturity and duration exposure leaves us in a desirable position to respond to any favorable shifts that could occur in the yield curve and credit spreads as monetary policy unfolds.

The increased fluctuations the municipal market has experienced in the past quarter may likely continue as Federal Reserve monetary policy becomes clearer and if inflation persists at recent elevated levels. These periods can introduce valuable opportunities to leverage our demonstrated active management techniques that have enabled the Fund to limit erosion in the monthly distributions, while maintaining a conservative intermediate maturity position.

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, political or regulatory conditions, recessions, inflation, changes in interest rates, lack of liquidity in the bond markets, the spread of infectious illness or other public health issues, armed conflict including Russia's military invasion of Ukraine, sanctions against Russia, other nations or individuals or companies and possible countermeasures, market disruptions caused by tariffs, trade disputes or other factors, 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.

Rates of inflation have recently risen. The value of assets or income from an investment may be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Fund's assets can decline as can the value of the Fund's distributions.

MANAGEMENT DISCUSSION (continued)

The global pandemic of the novel coronavirus respiratory disease designated COVID-19 has resulted in 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 sectors of the economy and individual issuers have experienced particularly large losses. These circumstances may continue for an extended period of time, and may continue to affect adversely the value and liquidity of the Fund's investments. Following Russia's recent invasion of Ukraine, Russian securities have lost all, or nearly all, their market value. Other securities or markets could be similarly affected by past or future geopolitical or other events or conditions. Governments and central banks, including the U.S. Federal Reserve, have taken extraordinary and unprecedented actions to support local and global economies and the financial markets. These actions have resulted in significant expansion of public debt, including in the U.S. The consequences of high public debt, including its future impact on the economy and securities markets, may not be known for some time.

The value of your investment will generally go down when interest rates rise. A rise in interest rates tends to have a greater impact on the prices of longer term or longer duration securities. In recent years, interest rates and credit spreads in the U.S. have been at historic lows, which means there is more risk that they may go up. The U.S. Federal Reserve has recently started to raise certain interest rates. A general rise in interest rates may cause investors to move out of fixed income securities on a large scale and could also result in increased redemptions from the Fund.

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

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

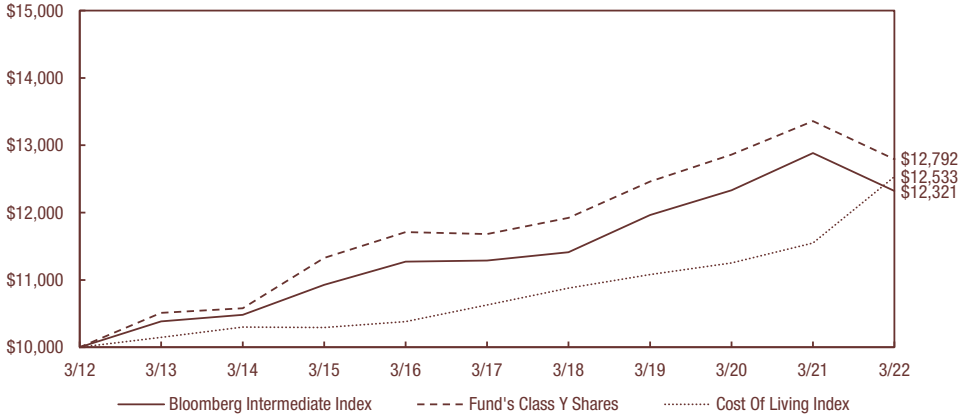
A portion of income may be subject to local, state, Federal and/or alternative minimum tax. Capital gains, if any, are subject to capital gains tax.

These risks may result in share price volatility.

Any information in this Annual Report 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.

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, 2022 as compared with the Bloomberg Municipal Bond: Quality Intermediate TR Unhedged Index (the “Bloomberg 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 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, 2022

Class and Inception Date	Since Inception			
	1 Year	5 Years	10 Years	
Class A since 3/13/86				
With Maximum Sales Charge	(7.15)%	0.88%	1.93%	4.81%
Without Sales Charge	(4.32)	1.71	2.35	4.93
Class C since 4/01/96				
With CDSC**	(6.07)	0.82	1.47	3.03
Without CDSC	(5.13)	0.82	1.47	3.03
Class Y since 4/01/96				
No Sales Charge	(4.26)	1.83	2.49	4.14
Bloomberg Intermediate Index	(4.37)	1.77	2.11	4.92* (Class A) 4.17 (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, 2022, 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, 2022, 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit 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 its internal control over financial reporting. As part of our audit 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 audit 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, 2022 by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audit provides a reasonable basis for our opinion.

TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
May 27, 2022

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS
MARCH 31, 2022

Principal Amount	General Obligation Bonds (36.8%)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	City (3.3%)		
	Buckeye Jackrabbit Trail Sanitary Sewer Improvement District		
\$ 199,000	6.250%, 01/01/29	NR/A-/NR	\$ 201,348
	Chandler, Arizona		
1,400,000	5.000%, 07/01/25	Aaa/AAA/AAA	1,532,244
	Gilbert Improvement District No. 20		
585,000	5.100%, 01/01/29	Aa1/AA-/NR	590,645
	Goodyear McDowell Road Commercial Corridor Improvement District		
840,000	3.250%, 01/01/27 BAMAC Insured	Aa2/AA/NR	883,747
	Mesa, Arizona		
425,000	4.000%, 07/01/32	Aa2/AA/AAA	466,284
425,000	4.000%, 07/01/33	Aa2/AA/AAA	465,655
450,000	4.000%, 07/01/34	Aa2/AA/AAA	492,561
	Scottsdale, Arizona		
500,000	4.000%, 07/01/34	Aaa/AAA/AAA	539,610
	Tempe Improvement District (Pier Town Lake)		
2,000,000	5.000%, 01/01/29	Aa2/NR/NR	2,006,140
	Tolleson, Arizona		
1,000,000	4.000%, 07/01/38	NR/AA/AAA	<u>1,084,740</u>
	Total City		<u>8,262,974</u>
	Community College (1.1%)		
	Pinal Co. Community College District		
500,000	4.000%, 07/01/33	NR/AA-/NR	556,760
1,000,000	3.000%, 07/01/34	NR/AA-/NR	1,018,440
	Yuma/ La Paz Counties Community College District (Arizona Western College), Refunding		
1,000,000	4.000%, 07/01/28 2014A	Aa3/A+/NR	<u>1,038,030</u>
	Total Community College		<u>2,613,230</u>

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	County (8.5%)		
	Drexel Heights Fire District		
\$ 100,000	3.000%, 07/01/22	NR/AA-/NR	\$ 100,451
	Maricopa Co. Daisy Mountain Fire District		
340,000	4.000%, 07/01/27 AGMC Insured	NR/AA/NR	365,752
	Maricopa Co. Special Health Care District		
2,500,000	5.000%, 07/01/25	Aa3/NR/AA-	2,727,900
2,500,000	5.000%, 07/01/26	Aa3/NR/AA-	2,791,050
3,000,000	5.000%, 07/01/32	Aa3/NR/AA-	3,436,650
1,500,000	5.000%, 07/01/34	Aa3/NR/AA-	1,714,410
4,345,000	5.000%, 07/01/34	Aa3/NR/AA-	5,192,362
	Pima Co. Northwest Fire District		
545,000	4.000%, 07/01/22	NR/AA-/NR	548,553
	Yavapai Co. Jail District		
1,180,000	5.000%, 07/01/30 BAMAC Insured	NR/AA/AA	1,378,098
1,650,000	4.000%, 07/01/33 BAMAC Insured	NR/AA/AA	1,796,636
	Yuma Co. Free Library District		
1,000,000	4.000%, 07/01/29	Aa3/NR/AAA	<u>1,055,790</u>
	Total County		<u>21,107,652</u>
	School District (21.5%)		
	Buckeye Union High School District No. 201		
1,000,000	5.000%, 07/01/33 AGMC Insured	NR/AA/NR	1,083,960
500,000	5.000%, 07/01/36 BAMAC Insured	NR/AA/NR	560,445
	Gila Co. Unified School District No. 10 (Payson)		
1,000,000	5.000%, 07/01/28	Aa2/NR/NR	1,063,610
	Glendale Union High School District No. 205		
525,000	5.000%, 07/01/27 BAMAC Insured	NR/AA/NR	544,966
	Maricopa Co. Elementary School District No. 1 (Phoenix)		
500,000	4.000%, 07/01/31 BAMAC Insured	NR/AA/NR	535,535
460,000	4.000%, 07/01/32 BAMAC Insured	NR/AA/NR	491,758

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	School District (continued)		
	Maricopa Co. Elementary School District No. 2 (Riverside)		
\$ 1,000,000	5.000%, 07/01/30 BAMAC Insured	NR/AA/NR	\$ 1,167,880
	Maricopa Co. Elementary School District No. 3 (Tempe)		
500,000	5.000%, 07/01/30	Aa1/NR/NR	569,395
5,615,000	5.000%, 07/01/31	Aa1/NR/NR	6,525,023
	Maricopa Co. Elementary School District No. 8 (Osborn)		
500,000	5.000%, 07/01/31 AGMC Insured	NR/AA/NR	561,225
	Maricopa Co. Elementary School District No. 25 (Liberty)		
350,000	4.000%, 07/01/35 AGMC Insured	NR/AA/NR	382,714
300,000	4.000%, 07/01/36 AGMC Insured	NR/AA/NR	327,762
375,000	4.000%, 07/01/37 AGMC Insured	NR/AA/NR	409,395
	Maricopa Co. Elementary School District No. 28 (Kyrene Elementary)		
350,000	5.000%, 07/01/34	Aaa/AA/NR	379,158
	Maricopa Co. Elementary School District No. 40 (Glendale)		
2,050,000	2.000%, 07/01/35 AGMC Insured	NR/AA/AA+	1,777,944
	Maricopa Co. Elementary School District No. 62 (Union)		
315,000	4.000%, 07/01/29 BAMAC Insured	NR/AA/NR	341,920
580,000	4.000%, 07/01/32 BAMAC Insured	NR/AA/NR	627,850
300,000	4.000%, 07/01/33 BAMAC Insured	NR/AA/NR	324,375
375,000	4.000%, 07/01/34 BAMAC Insured	NR/AA/NR	405,127
	Maricopa Co. High School District No. 210 (Phoenix)		
500,000	4.000%, 07/01/26	Aa1/AA/AAA	531,605
	Maricopa Co. High School District No. 214 (Tolleson)		
2,090,000	5.000%, 07/01/29	Aa1/AA/NR	2,476,441
1,000,000	5.000%, 07/01/30	Aa1/AA/NR	1,202,880
300,000	3.000%, 07/01/34	Aa1/AA/NR	305,811
825,000	4.000%, 07/01/34	Aa1/AA/NR	900,529
200,000	3.000%, 07/01/35	Aa1/AA/NR	201,180

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	School District (continued)		
	Maricopa Co. Unified School District No. 11 (Peoria)		
\$ 1,500,000	4.000%, 07/01/25	Aa3/AA-NR	\$ 1,510,110
675,000	4.500%, 07/01/33 AGMC Insured	Aa3/AA-NR	720,967
	Maricopa Co. Unified School District No. 24 (Gila Bend)		
70,000	5.500%, 07/01/22	NR/NR/NR*	70,085
	Maricopa Co. Unified School District No. 41 (Gilbert)		
3,000,000	5.000%, 07/01/26	Aa1/AA-NR	3,355,740
	Maricopa Co. Unified School District No. 60 (Higley)		
1,615,000	5.000%, 07/01/29	Aa2/A+/NR	1,715,178
	Maricopa Co. Unified School District No. 66 (Roosevelt)		
910,000	4.000%, 07/01/31 BAMAC Insured	A1/AA-NR	976,985
	Maricopa Co. Unified School District No. 69 (Paradise Valley)		
1,500,000	5.000%, 07/01/27+++	Aa1/NR/AAA	1,716,885
1,000,000	5.000%, 07/01/30+++	Aa1/NR/AAA	1,201,150
1,000,000	4.500%, 07/01/30	Aa1/NR/AAA	1,031,420
425,000	4.000%, 07/01/35	Aa1/NR/AAA	471,321
300,000	3.000%, 07/01/36	Aa1/NR/AAA	298,620
	Maricopa Co. Unified School District No. 80 (Chandler)		
545,000	4.000%, 07/01/36	Aaa/AA-NR	597,244
	Maricopa Co. Unified School District No. 89 (Dysart)		
500,000	4.000%, 07/01/28	NR/A+/AAA	519,240
2,185,000	5.500%, 07/01/22 NPFG/FGIC Insured	Baa2/A+/NR	2,208,139
	Maricopa Co. Unified School District No. 90 (Saddle Mountain)		
1,350,000	5.000%, 07/01/28 AGMC Insured	NR/AA-NR	1,565,338
	Mohave Co. Unified School District No. 1 (Lake Havasu)		
500,000	5.000%, 07/01/35	Aa1/NR/NR	563,320

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
School District (continued)			
	Navajo Co. Unified School District No. 10 (Show Low)		
\$ 500,000	4.000%, 07/01/31 AGMC Insured	NR/AA/NR	\$ 535,535
	Navajo Co. Unified School District No. 32 (Blue Ridge)		
400,000	5.000%, 07/01/29 AGMC Insured	NR/AA/NR	453,184
	Pima Co. Unified School District No. 6 (Marana)		
1,250,000	5.000%, 07/01/25	NR/A/NR	1,261,588
950,000	5.250%, 07/01/25 AGMC Insured	NR/AA/NR	959,443
1,000,000	4.250%, 07/01/32 AGMC Insured	NR/AA/NR	1,057,130
1,000,000	4.000%, 07/01/37 AGMC Insured	NR/AA/NR	1,069,040
	Pima Co. Unified School District No. 8 (Flowing Wells)		
1,000,000	4.500%, 07/01/37 AGMC Insured	NR/AA/NR	1,088,280
250,000	4.000%, 07/01/28 BAMAC Insured	NR/AA/NR	272,805
250,000	4.000%, 07/01/29 BAMAC Insured	NR/AA/NR	274,670
	Pima Co. Unified School District No. 12 (Sunnyside)		
1,050,000	4.000%, 07/01/28 BAMAC Insured	NR/AA/NR	1,074,896
	Pima Co. Unified School District No. 20 (Vail)		
700,000	5.000%, 07/01/28 AGMC Insured	NR/AA/NR	807,247
	Santa Cruz Co. Unified School District No. 35 (Santa Cruz Valley)		
300,000	3.000%, 07/01/36 AGMC Insured	NR/AA/NR	306,162
	Western Maricopa Education Center District No. 402		
1,200,000	4.000%, 07/01/28	NR/AA-/NR	1,230,084
	Yavapai Co. Elementary School District No. 6 (Cottonwood-Oak Creek)		
720,000	5.000%, 07/01/34 BAMAC Insured	A2/AA/NR	<u>780,451</u>
	Total School District		<u>53,390,745</u>

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
Special District (2.4%)			
	Eastmark Community Facilities District No. 1		
\$ 345,000	4.000%, 07/15/33 AGMC Insured	NR/AA/NR	\$ 367,032
360,000	4.000%, 07/15/34 AGMC Insured	NR/AA/NR	382,666
	Estrella Mountain Ranch Community Facilities District		
155,000	5.000%, 07/15/32 AGMC Insured	NR/AA/NR	173,354
	Festival Ranch Community Facilities District		
950,000	5.000%, 07/15/37 BAMAC Insured	NR/AA/NR	1,080,292
750,000	5.000%, 07/15/38 BAMAC Insured	NR/AA/NR	851,977
	Goodyear Community Facilities Utilities District No. 1		
500,000	4.000%, 07/15/28	A1/A-/NR	517,050
460,000	4.000%, 07/15/32	A1/A-/NR	483,110
	Merrill Ranch Community Facilities District #2		
\$ 680,000	6.750%, 07/15/38	NR/BBB/NR	716,224
	Verrado Community Facilities Utilities District No. 1		
500,000	6.000%, 07/15/33 144A	NR/NR/NR*	507,200
	Vistancia Community Facilities District		
850,000	4.000%, 07/15/25 BAMAC Insured	A1/AA/NR	<u>900,142</u>
	Total Special District		<u>5,979,047</u>
	Total General Obligation Bonds.		<u>91,353,648</u>
Revenue Bonds (56.9%)			
Airport (6.6%)			
	Phoenix Civic Improvement Corp. Airport Bonds		
5,000,000	4.000%, 07/01/40	A1/A/NR	5,211,850
2,595,000	5.000%, 07/01/27 AMT.	Aa3/A+/NR	2,896,539
185,000	5.000%, 07/01/30 AMT.	Aa3/A+/NR	206,763
3,850,000	5.000%, 07/01/31 AMT.	Aa3/A+/NR	4,294,752
2,900,000	5.000%, 07/01/31 AMT.	Aa3/A+/NR	3,263,689

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
<u>Airport (continued)</u>			
\$ 200,000	5.000%, 07/01/33 AMT	Aa3/A+/NR	\$ 223,654
300,000	5.000%, 07/01/49	A1/A/NR	<u>338,481</u>
	Total Airport		<u>16,435,728</u>
<u>Charter Schools (3.8%)</u>			
	Arizona Industrial Development Authority (Basis Schools)		
240,000	5.000%, 07/01/37 State Enhanced	NR/AA-/NR	264,806
	Arizona Industrial Development Authority (Candeo Schools)		
500,000	3.375%, 07/01/41 State Enhanced	NR/AA-/NR	501,075
	Arizona Industrial Development Authority (Equitable Schools)		
1,000,000	4.000%, 11/01/36	NR/A/NR	1,053,790
2,000,000	4.000%, 11/01/38	NR/A/NR	2,113,480
2,000,000	4.000%, 11/01/40	NR/A/NR	2,106,240
	Arizona Industrial Development Authority (Greathearts Academies)		
1,000,000	3.000%, 07/01/37 State Enhanced	NR/AA-/NR	962,910
	La Paz Co. Industrial Development Authority (Harmony Public Schools Projects)		
200,000	5.000%, 02/15/28	NR/BBB-/NR	214,426
	Maricopa Co. Industrial Development Authority (Great Hearts Arizona Projects)		
250,000	5.000%, 07/01/26 State Enhanced	NR/AA-/NR	275,155
315,000	5.000%, 07/01/37 State Enhanced	NR/AA-/NR	345,467
	Phoenix Industrial Development Authority (Macombs Facility Project)		
315,000	5.000%, 07/01/33	NR/BBB-/NR	343,618
325,000	4.000%, 07/01/34	NR/BBB-/NR	328,978
315,000	4.000%, 07/01/35	NR/BBB-/NR	318,474
	Phoenix Industrial Development Authority (Vista College Preparatory Projects)		
430,000	5.000%, 07/01/43 State Enhanced	NR/AA-/NR	<u>470,566</u>
	Total Charter Schools		<u>9,298,985</u>

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	Excise Tax (8.4%)		
	Buckeye Excise Tax		
\$ 400,000	4.000%, 07/01/36	NR/AA/AA	\$ 421,436
1,000,000	5.000%, 07/01/43	NR/AA/AA	1,074,220
	Buckeye Roosevelt Street Improvement District		
85,000	4.000%, 01/01/32	NR/A-/NR	86,092
110,000	4.050%, 01/01/33	NR/A-/NR	111,437
	Cottonwood Pledged Revenue Obligations		
500,000	5.000%, 07/01/30 AGMC Insured	NR/AA/NR	545,580
	Flagstaff Pledged Revenue		
1,395,000	4.250%, 07/01/33	NR/AA/NR	1,496,988
	Gila Co. Pledged Revenue Obligations		
555,000	4.000%, 07/01/30	NR/AA/NR	607,703
	Gilbert Pledged Revenue Obligations		
450,000	4.000%, 07/01/35	Aa1/AAA/AAA	468,931
	Graham Co. Jail District Revenue Pledged Obligation		
1,000,000	5.000%, 07/01/35	NR/A-/NR	1,066,830
	Marana Pledged Excise Tax		
275,000	4.000%, 07/01/30	NR/AA/NR	281,963
1,400,000	5.000%, 07/01/33	NR/AA/NR	1,453,424
	Phoenix Civic Improvement Corp. (Civic Plaza)		
2,000,000	5.500%, 07/01/27 BHAC/FGIC Insured ..	Aa1/AA+/NR	2,322,560
2,000,000	5.500%, 07/01/30 BHAC/FGIC Insured ..	Aa1/AA+/NR	2,426,880
1,000,000	5.500%, 07/01/23 NPFG/FGIC Insured ..	Aa2/AA/NR	1,045,140
2,300,000	5.500%, 07/01/33 NPFG/FGIC Insured ..	Aa2/AA/NR	2,871,803
	Pinal Co. Revenue Obligations Refunding		
1,500,000	5.000%, 08/01/33	NR/AA-/AA	1,586,760
	Queen Creek Excise Tax & State Shared Revenue		
250,000	5.000%, 08/01/30	NR/AA/AA+	260,030

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
Excise Tax (continued)			
	Santa Cruz Co. Jail District		
\$ 1,655,000	5.000%, 07/01/28 AGMC Insured	NR/AA/NR	\$ 1,853,335
885,000	5.000%, 07/01/31 AGMC Insured	NR/AA/NR	<u>981,881</u>
	Total Excise Tax		<u>20,962,993</u>
Healthcare (9.4%)			
	Arizona Health Facilities Authority (Scottsdale Lincoln Hospitals)		
1,360,000	5.000%, 12/01/26	A2/NR/A+	1,467,046
3,000,000	5.000%, 12/01/34+++	A2/NR/A+	3,207,930
	Maricopa Co. Industrial Development Authority (Banner Health)		
1,600,000	5.000%, 01/01/38	NR/AA-/AA-	1,783,056
5,000,000	4.000%, 01/01/48	NR/AA-/AA-	5,212,250
	Maricopa Co. Industrial Development Authority (HonorHealth)		
2,250,000	4.125%, 09/01/38	A2/NR/A+	2,406,870
1,000,000	4.125%, 09/01/42	A2/NR/A+	1,064,400
	Phoenix Industrial Development Authority (Mayo Clinic) VRDO***		
2,000,000	0.340%, 11/15/52	Aa2/AA/NR	2,000,000
	Pima Co. Industrial Development Authority (Tucson Medical Center)		
1,150,000	5.000%, 04/01/33	NR/A/NR	1,364,096
880,000	4.000%, 04/01/37	NR/A/NR	926,772
250,000	3.000%, 04/01/51	NR/A/NR	218,425
	Yavapai Co. Industrial Development Authority (Yavapai Regional Medical Center)		
1,000,000	5.250%, 08/01/33	A2/NR/A+	1,042,570
675,000	5.000%, 08/01/34	A2/NR/A+	746,692
	Yuma Industrial Development Authority (Yuma Regional Medical Center)		
1,635,000	5.000%, 08/01/23	NR/A/NR	1,703,670
200,000	5.000%, 08/01/32	NR/A/NR	<u>212,128</u>
	Total Healthcare		<u>23,355,905</u>

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	Higher Education (8.0%)		
	Arizona Board of Regents (Arizona State University System)		
\$ 480,000	5.000%, 07/01/31	Aa2/AA/NR	\$ 524,074
565,000	4.000%, 07/01/49	Aa2/AA/NR	605,912
	Arizona Board of Regents (Arizona State University System) Green Bonds		
750,000	5.000%, 07/01/34	Aa2/AA/NR	818,370
	Arizona Board of Regents (Arizona State University System) VRDO***		
3,490,000	0.510%, 07/01/34	Aa2/AA/NR	3,490,000
	Arizona Board of Regents (Northern Arizona University System)		
575,000	5.000%, 06/01/32	A1/A+/NR	605,947
	Arizona Board of Regents (Northern Arizona University) Speed Stimulus Plan for Economic & Educational Development		
2,090,000	5.000%, 08/01/29 AGMC Insured	A1/AA/NR	2,424,651
	Arizona Board of Regents (University of Arizona System) Speed Stimulus Plan for Economic & Educational Development		
1,000,000	3.125%, 08/01/39	Aa3/A+/NR	990,660
	Arizona Board of Regents (University of Arizona System)		
400,000	5.000%, 06/01/29	Aa2/AA-/NR	423,436
105,000	4.000%, 06/01/38	Aa2/AA-/NR	114,726
	Arizona Industrial Development Authority (North Carolina Central University Student Housing)		
250,000	4.000%, 06/01/34 BAMAC Insured	Baa3/AA/NR	265,170
700,000	4.000%, 06/01/39 BAMAC Insured	Baa3/AA/NR	738,052
	Arizona State University Speed Stimulus Plan for Economic & Educational Development		
625,000	5.000%, 08/01/34	Aa3/AA-/NR	664,656

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
Higher Education (continued)			
	Phoenix Industrial Development Authority (Downtown Phoenix Student Housing)		
\$ 200,000	5.000%, 07/01/26	Baa3/NR/NR	\$ 220,250
400,000	5.000%, 07/01/33	Baa3/NR/NR	442,332
1,250,000	5.000%, 07/01/42	Baa3/NR/NR	1,365,238
	Phoenix Industrial Development Authority (Downtown Phoenix Student Housing II)		
100,000	5.000%, 07/01/26	Baa3/NR/NR	109,702
250,000	5.000%, 07/01/27	Baa3/NR/NR	278,435
150,000	5.000%, 07/01/28	Baa3/NR/NR	168,498
200,000	5.000%, 07/01/30	Baa3/NR/NR	225,298
300,000	5.000%, 07/01/32	Baa3/NR/NR	334,233
	Phoenix Industrial Development Authority (Eastern Kentucky University Project)		
500,000	5.000%, 10/01/36	A3/BBB+/NR	548,700
	Phoenix Industrial Development Authority (Rowan University Project)		
2,000,000	5.250%, 06/01/34	A3/A/NR	2,011,060
	Pima Co. Community College District		
1,075,000	5.000%, 07/01/36	Aa3/NR/AA-	1,236,766
750,000	4.000%, 07/01/37	Aa3/NR/AA-	810,038
500,000	4.000%, 07/01/38	Aa3/NR/AA-	539,370
	Total Higher Education		<u>19,955,574</u>
Housing (1.7%)			
	Arizona Industrial Development Authority Green Bond MTEB (Chandler Village Apartments Project)		
4,875,220	2.120%, 07/01/37 FNMA Insured Series 2020	Aaa/NR/NR	<u>4,309,744</u>

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	<u>Lease (3.7%)</u>		
	Arizona Board of Regents (Northern Arizona University) COP		
\$ 600,000	5.000%, 09/01/27	A2/A/NR	\$ 606,486
500,000	5.000%, 09/01/28	A2/A/NR	505,490
1,000,000	5.000%, 09/01/29	A2/A/NR	1,011,250
	Nogales Municipal Development Authority, Inc.		
845,000	4.000%, 06/01/36	NR/AA-/NR	897,567
615,000	5.000%, 06/01/28 AGMC Insured	NR/AA/NR	678,320
810,000	4.000%, 06/01/33 AGMC Insured	NR/AA/NR	875,821
2,000,000	4.000%, 06/01/39 AGMC Insured	NR/AA/NR	2,148,540
	Prescott Municipal Property Corp.		
500,000	5.000%, 07/01/34	Aa3/AA+/NR	530,560
	State of Arizona COP		
1,255,000	5.000%, 09/01/22	Aa2/AA-/NR	1,275,093
500,000	5.000%, 09/01/27	Aa2/AA-/NR	<u>547,405</u>
	Total Lease.		<u>9,076,532</u>
	<u>Pollution Control (0.6%)</u>		
	Maricopa Co. Pollution Control (El Paso Electric Co.)		
375,000	3.600%, 02/01/40	Baa2/NR/BBB+	378,131
250,000	3.600%, 04/01/40	Baa2/NR/BBB+	252,087
	Maricopa Co. Pollution Control (Southern California Edison Co.)		
1,000,000	2.400%, 06/01/35	A3/A-/BBB+	<u>874,570</u>
	Total Pollution Control.		<u>1,504,788</u>
	<u>Resource Recovery (2.5%)</u>		
	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	4,285,870

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
Resource Recovery (continued)			
	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	\$ 1,503,030
	Yavapai Co. Industrial Development Authority, (Waste Management Inc. Project)		
520,000	2.200%, 03/01/28 AMT (Mandatory Put Date 06/03/24)	NR/A-/NR	<u>515,965</u>
	Total Resource Recovery		<u>6,304,865</u>
Senior Living Facilities (1.0%)			
	Arizona Industrial Development Authority, Second Tier (Great Lakes Senior Living Communities)		
620,000	5.000%, 01/01/28	NR/CCC+/NR	550,008
555,000	5.000%, 01/01/29	NR/CCC+/NR	483,888
1,205,000	5.000%, 01/01/30	NR/CCC+/NR	1,033,528
655,000	4.000%, 01/01/33	NR/CCC+/NR	<u>489,868</u>
	Total Senior Living Facilities		<u>2,557,292</u>
Transportation (0.2%)			
	Pima Co. Regional Transportation Authority Excise Tax		
500,000	5.000%, 06/01/26	NR/AA+/AA+	<u>518,645</u>
Utility (7.3%)			
	Greater Arizona Development Authority Revenue		
500,000	5.000%, 08/01/28 AGMC Insured	A1/AA/NR	525,540
	Mesa Utility System		
1,500,000	4.000%, 07/01/32	Aa2/AA-/NR	1,599,630
4,310,000	4.000%, 07/01/35	Aa2/AA-/NR	4,811,598

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
	Utility (continued)		
	Salt River Project Agricultural Improvement and Power Revenue		
\$ 3,500,000	5.000%, 01/01/23	Aa1/AA+/NR	\$ 3,592,820
150,000	5.000%, 01/01/32	Aa1/AA+/NR	172,038
	Salt Verde Finance Corp. Gas Revenue		
3,000,000	5.250%, 12/01/28	A3/BBB+/NR	3,418,320
	Surprise Utility System Senior Lien Obligations		
470,000	5.000%, 07/01/33	NR/AA+/NR	540,632
	Yuma Utility System		
1,000,000	4.000%, 07/01/34 BAMAC Insured	NR/AA/AA-	1,117,740
1,000,000	4.000%, 07/01/35 BAMAC Insured	NR/AA/AA-	1,116,380
1,000,000	4.000%, 07/01/36 BAMAC Insured	NR/AA/AA-	1,115,210
	Total Utility		<u>18,009,908</u>
	Water/Sewer (3.7%)		
	Gilbert Water Resource Municipal Property Corp.		
1,190,000	4.000%, 07/01/34	NR/AAA/AAA	1,263,102
	Glendale Water & Sewer Revenue Refunding Senior Lien		
6,120,000	3.000%, 07/01/24	A1/AA/NR	6,267,002
	Phoenix Civic Improvement Corp. Wastewater Revenue		
1,500,000	5.500%, 07/01/24 NPF/FGIC Insured ..	Aa2/AAA/NR	1,618,965
	Total Water/Sewer		<u>9,149,069</u>
	Total Revenue Bonds		<u>141,440,028</u>

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

Principal Amount		Ratings Moody's, S&P and Fitch (unaudited)	Value
	Pre-Refunded Bonds (4.9%)††		
	Pre-Refunded General Obligation Bonds (0.9%)		
	City (0.1%)		
	Glendale, Arizona		
\$ 200,000	5.000%, 07/01/33	NR/AA/AAA	\$ 233,296
	School District (0.4%)		
	Maricopa Co. Elementary School District No. 28 (Kyrene Elementary)		
250,000	5.500%, 07/01/30	Aaa/AA/NR	261,793
	Tempe High School District No. 213		
650,000	4.000%, 07/01/32	Aaa/AA/NR	<u>668,727</u>
	Total School District		<u>930,520</u>
	Special District (0.4%)		
	Estrella Mountain Ranch Community Facilities District		
845,000	5.000%, 07/15/32 AGMC Insured	NR/AA/NR	965,827
	Goodyear Community Facilities Utilities District No. 1		
40,000	4.000%, 07/15/32	NR/NR/NR*	<u>43,137</u>
	Total Special District		<u>1,008,964</u>
	Total Pre-Refunded General Obligation Bonds		<u>2,172,780</u>
	Pre-Refunded Revenue Bonds (4.0%)		
	Excise Tax (0.7%)		
	Scottsdale Municipal Property Corp.		
1,500,000	5.000%, 07/01/34	Aa1/AAA/AA+	<u>1,643,670</u>
	Healthcare (2.0%)		
	Arizona Health Facilities Authority (Banner Health)		
2,000,000	5.000%, 01/01/44	NR/AA-/AA-	2,106,100
	Maricopa Co. Hospital Revenue (Sun Health)		
705,000	5.000%, 04/01/25	NR/NR/NR*	731,226
2,125,000	5.000%, 04/01/35	NR/NR/NR*	<u>2,250,226</u>
	Total Healthcare		<u>5,087,552</u>

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

Principal Amount	Pre-Refunded Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch (unaudited)	Value
Higher Education (0.7%)			
	Arizona Board of Regents (Arizona State University System)		
\$ 115,000	5.000%, 07/01/32	Aa2/AA/NR	\$ 116,119
	Northern Arizona University Speed Stimulus Plan for Economic & Educational Development		
1,445,000	5.000%, 08/01/38	A2/A/NR	<u>1,506,860</u>
	Total Higher Education		<u>1,622,979</u>
Senior Living Facilities (0.4%)			
	Maricopa Co. Industrial Development Authority (Christian Care Retirement Apartments)		
1,000,000	5.000%, 01/01/30	NR/NR/NR*	<u>1,095,390</u>
Water/Sewer (0.2%)			
	Glendale Water & Sewer Revenue		
500,000	5.000%, 07/01/28	A1/AA/NR	<u>504,805</u>
	Total Pre-Refunded Revenue Bonds		<u>9,954,396</u>
	Total Pre-Refunded Bonds		<u>12,127,176</u>
	Total Municipal Bonds (cost \$245,589,100)		<u>244,920,852</u>
Shares	Short-Term Investment (0.2%)		
520,623	Dreyfus Treasury Obligations Cash Management - Institutional Shares, 0.15%** (cost \$520,623)	Aaa-mf/AAAm/NR	<u>520,623</u>
	Total Investments (cost \$246,109,723-note 4)	98.8%	245,441,475
	Other assets less liabilities	<u>1.2</u>	<u>2,986,151</u>
	Net Assets	<u>100.0%</u>	<u>\$ 248,427,626</u>

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
MARCH 31, 2022

<u>Portfolio Distribution By Quality Rating (unaudited)</u>	<u>Percentage of Investments[†]</u>
Aaa of Moody's or AAA of S&P or Fitch	8.2%
Pre-refunded bonds ^{††}	5.0
Aa of Moody's or AA of S&P or Fitch	64.1
A of Moody's or S&P or Fitch	19.2
Baa of Moody's or BBB of S&P or Fitch	2.3
CCC of S&P	1.0
Not Rated*	0.2
	<u>100.0%</u>

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
- MTEB - Multifamily Tax-Exempt Mortgage-Backed Bonds
- NPFG - National Public Finance Guarantee
- NR - Not Rated
- VRDO - Variable Rate Demand Obligation

* 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 four credit 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 demand obligations (VRDOs) are payable upon demand within the same day for securities with daily liquidity or seven days for securities with weekly liquidity.

† Where applicable, calculated using the highest rating of the three NRSRO. Percentages in this table do not include the Short-Term Investment.

†† Pre-refunded bonds are bonds for which U.S. Government Obligations usually have been placed in escrow to retire the bonds at their earliest call date.

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

†††† Security pledged as collateral for the Fund’s delayed delivery or when-issued commitments.

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, 2022

ASSETS

Investments at value (cost \$246,109,723)	\$ 245,441,475
Interest receivable	2,485,030
Receivable for investment securities sold	5,272,406
Receivable for Fund Shares sold	179,230
Other assets	<u>33,112</u>
Total assets	<u>253,411,253</u>

LIABILITIES

Payable for investment securities purchased	3,009,400
Payable for Fund shares redeemed	1,696,883
Management fee payable	87,368
Dividends payable	81,569
Distribution and service fees payable	899
Accrued expenses	<u>107,508</u>
Total liabilities	<u>4,983,627</u>

NET ASSETS \$ 248,427,626

Net Assets consist of:

Capital Stock – Authorized an unlimited number of shares, par value \$0.01 per share	\$ 244,993
Additional paid-in capital	249,130,828
Total distributable earnings (losses)	<u>(948,195)</u>
	<u>\$ 248,427,626</u>

CLASS A

Net Assets	<u>\$ 178,757,078</u>
Capital shares outstanding	<u>17,633,524</u>
Net asset value and redemption price per share	<u>\$ 10.14</u>
Maximum offering price per share (100/97 of \$10.14)	<u>\$ 10.45</u>

CLASS C

Net Assets	<u>\$ 5,152,226</u>
Capital shares outstanding	<u>508,647</u>
Net asset value and offering price per share	<u>\$ 10.13</u>

CLASS Y

Net Assets	<u>\$ 64,518,322</u>
Capital shares outstanding	<u>6,357,105</u>
Net asset value, offering and redemption price per share	<u>\$ 10.15</u>

See accompanying notes to financial statements.

AQUILA TAX-FREE TRUST OF ARIZONA
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2022

Investment Income

Interest income \$ 7,861,217

Expenses

Investment Adviser fee (note 3)	\$	1,125,093
Distribution and service fee (note 3)		359,980
Transfer and shareholder servicing agent fees		126,997
Legal fees		68,216
Trustees' fees and expenses (note 7)		68,159
Registration fees and dues		29,913
Auditing and tax fees		24,500
Insurance		13,557
Shareholders' reports		12,125
Custodian fees		10,130
Compliance services (note 3)		8,352
Credit facility fees (note 10)		4,599
Miscellaneous		<u>25,357</u>
Total expenses		<u>1,876,978</u>
Net investment income		5,984,239

Realized and Unrealized Gain (Loss) on Investments:

Net realized gain (loss) from securities transactions		(514,009)
Change in unrealized appreciation (depreciation) on investments		<u>(17,057,872)</u>
Net realized and unrealized gain (loss) on investments		<u>(17,571,881)</u>
Net change in net assets resulting from operations		<u>\$ (11,587,642)</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, 2022</u>	<u>Year Ended</u> <u>March 31, 2021</u>
OPERATIONS		
Net investment income	\$ 5,984,239	\$ 6,275,087
Realized gain (loss) from securities transactions	(514,009)	(23,340)
Change in unrealized appreciation (depreciation) on investments	<u>(17,057,872)</u>	<u>3,265,689</u>
Change in net assets resulting from operations	<u>(11,587,642)</u>	<u>9,517,436</u>
DISTRIBUTIONS TO SHAREHOLDERS (note 9):		
Class A Shares	(4,083,825)	(4,540,853)
Class C Shares	(79,168)	(108,101)
Class Y Shares	<u>(1,732,704)</u>	<u>(1,541,242)</u>
Change in net assets from distributions	<u>(5,895,697)</u>	<u>(6,190,196)</u>
CAPITAL SHARE TRANSACTIONS (note 6):		
Proceeds from shares sold	41,773,669	54,526,407
Reinvested dividends and distributions	4,869,901	4,997,145
Cost of shares redeemed	<u>(61,735,189)</u>	<u>(41,762,632)</u>
Change in net assets from capital share transactions	<u>(15,091,619)</u>	<u>17,760,920</u>
Change in net assets	(32,574,958)	21,088,160
NET ASSETS:		
Beginning of period	<u>281,002,584</u>	<u>259,914,424</u>
End of period	<u>\$ 248,427,626</u>	<u>\$ 281,002,584</u>

See accompanying notes to financial statements.

AQUILA TAX-FREE TRUST OF ARIZONA
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

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, 2022

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, 2022:

<u>Valuation Inputs*</u>	<u>Investments in Securities</u>
Level 1 – Quoted Prices — Short-Term Investment . . .	\$ 520,623
Level 2 – Other Significant Observable Inputs — Municipal Bonds*	244,920,852
Level 3 – Significant Unobservable Inputs	—
Total	<u>\$ 245,441,475</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 (2019 – 2021) or expected to be taken in the Fund’s 2022 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, 2022

- 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, 2022, 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, 2022, distribution fees on Class A Shares amounted to \$295,361, of which the Distributor retained \$33,663.

AQUILA TAX-FREE TRUST OF ARIZONA
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

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, 2022, amounted to \$48,464. 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, 2022, these payments amounted to \$16,155. The total of these payments with respect to Class C Shares amounted to \$64,619, of which the Distributor retained \$15,929.

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, 2022, total commissions on sales of Class A Shares amounted to \$45,457, of which the Distributor received \$15,156.

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, 2022, purchases of securities and proceeds from the sales of securities aggregated \$96,300,612 and \$115,052,735, respectively.

At March 31, 2022, the aggregate tax cost for all securities was \$245,581,605. At March 31, 2022, the aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost amounted to \$6,260,415 and aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value amounted to \$6,400,545 for a net unrealized depreciation of \$140,130.

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, 2022

securities only when comparable securities of Arizona issuers are not available in the market. At March 31, 2022, 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:

	Year Ended March 31, 2022		Year Ended March 31, 2021	
	Shares	Amount	Shares	Amount
Class A Shares				
Proceeds from shares sold...	1,386,842	\$ 15,045,831	1,695,529	\$ 18,408,016
Reinvested dividends and distributions.....	313,418	3,364,280	332,499	3,601,907
Cost of shares redeemed.....	<u>(2,402,082)</u>	<u>(25,790,639)</u>	<u>(2,353,115)</u>	<u>(25,483,422)</u>
Net change	<u>(701,822)</u>	<u>(7,380,528)</u>	<u>(325,087)</u>	<u>(3,473,499)</u>
Class C Shares:				
Proceeds from shares sold ...	33,684	364,928	100,968	1,096,349
Reinvested dividends and distributions.....	6,725	72,248	9,043	97,851
Cost of shares redeemed.....	<u>(214,642)</u>	<u>(2,310,543)</u>	<u>(176,659)</u>	<u>(1,914,550)</u>
Net change	<u>(174,233)</u>	<u>(1,873,367)</u>	<u>(66,648)</u>	<u>(720,350)</u>
Class Y Shares:				
Proceeds from shares sold ...	2,438,440	26,362,910	3,222,783	35,022,042
Reinvested dividends and distributions.....	133,270	1,433,373	119,561	1,297,387
Cost of shares redeemed.....	<u>(3,154,359)</u>	<u>(33,634,007)</u>	<u>(1,325,337)</u>	<u>(14,364,660)</u>
Net change	<u>(582,649)</u>	<u>(5,837,724)</u>	<u>2,017,007</u>	<u>21,954,769</u>
Total transactions in Fund shares	<u>(1,458,704)</u>	<u>\$ (15,091,619)</u>	<u>1,625,272</u>	<u>\$ 17,760,920</u>

7. Trustees' Fees and Expenses

At March 31, 2022, 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, 2022 was \$65,691. 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, 2022, due to the COVID-19 pandemic, such meeting-related expenses were reduced and amounted to \$2,468.

AQUILA TAX-FREE TRUST OF ARIZONA
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

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, 2022, the Fund had capital loss carry forwards of \$326,866, \$258,915 is short-term and \$67,951 is long-term both have no expiration date. As of March 31, 2022, the Fund had post-October losses of \$553,142, which is deferred until fiscal 2023 for tax purposes.

The tax character of distributions was as follows:

	<u>Year Ended</u> <u>March 31, 2022</u>	<u>Year Ended</u> <u>March 31, 2021</u>
Net tax-exempt income	\$ 5,844,296	\$ 6,190,196
Ordinary Income	<u>51,401</u>	<u>—</u>
	<u>\$ 5,895,697</u>	<u>\$ 6,190,196</u>

AQUILA TAX-FREE TRUST OF ARIZONA
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

As of March 31, 2022, the components of distributable earnings on a tax basis were:

Undistributed tax-exempt income.....	\$ 153,512
Undistributed net realized loss on investments	(326,866)
Unrealized depreciation	(140,130)
Post October losses	(553,142)
Other temporary differences	(81,569)
	<u>\$ (948,195)</u>

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 (comprised of nine funds) have been parties to a \$40 million credit agreement, which currently terminates on August 24, 2022 (per the August 25, 2021 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 per annum rate selected by the Aquila Group of Funds at the time of the borrowing of either (i) the One-month Eurodollar Rate plus 1% or (ii) the sum of the higher of (a) the Prime Rate, (b) the Federal Funds Effective Rate, or (c) the One-month Eurodollar Rate plus 1%).

There were no borrowings under the credit agreement during the year ended March 31, 2022.

11. Risks

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, political or regulatory conditions, recessions, inflation, changes in interest rates, lack of liquidity in the bond markets, the spread of infectious illness or other public health issues, armed conflict including Russia’s military invasion of Ukraine, sanctions against Russia, other nations or individuals or companies and possible countermeasures, market disruptions caused by tariffs, trade disputes or other factors, 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.

AQUILA TAX-FREE TRUST OF ARIZONA
NOTES TO FINANCIAL STATEMENTS (continued)
MARCH 31, 2022

Rates of inflation have recently risen. The value of assets or income from an investment may be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Fund's assets can decline as can the value of the Fund's distributions.

The global pandemic of the novel coronavirus respiratory disease designated COVID-19 has resulted in 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 sectors of the economy and individual issuers have experienced particularly large losses. These circumstances may continue for an extended period of time, and may continue to affect adversely the value and liquidity of the Fund's investments. Following Russia's recent invasion of Ukraine, Russian securities have lost all, or nearly all, their market value. Other securities or markets could be similarly affected by past or future geopolitical or other events or conditions. Governments and central banks, including the U.S. Federal Reserve, have taken extraordinary and unprecedented actions to support local and global economies and the financial markets. These actions have resulted in significant expansion of public debt, including in the U.S. The consequences of high public debt, including its future impact on the economy and securities markets, may not be known for some time.

The value of your investment will generally go down when interest rates rise. A rise in interest rates tends to have a greater impact on the prices of longer term or longer duration securities. In recent years, interest rates and credit spreads in the U.S. have been at historic lows, which means there is more risk that they may go up. The U.S. Federal Reserve has recently started to raise certain interest rates. A general rise in interest rates may cause investors to move out of fixed income securities on a large scale 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.

AQUILA TAX-FREE TRUST OF ARIZONA FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

	Class A				
	Year Ended March 31,				
	2022	2021	2020	2019	2018
Net asset value, beginning of period	<u>\$10.82</u>	<u>\$10.68</u>	<u>\$10.61</u>	<u>\$10.47</u>	<u>\$10.58</u>
Income (loss) from investment operations:					
Net investment income ⁽¹⁾	0.23	0.25	0.27	0.29	0.30
Net gain (loss) on securities (both realized and unrealized)	<u>(0.69)</u>	<u>0.14</u>	<u>0.07</u>	<u>0.16</u>	<u>(0.10)</u>
Total from investment operations	<u>(0.46)</u>	<u>0.39</u>	<u>0.34</u>	<u>0.45</u>	<u>0.20</u>
Less distributions (note 9):					
Dividends from net investment income	(0.22)	(0.25)	(0.27)	(0.29)	(0.29)
Distributions from capital gains	—	—	—	<u>(0.02)</u>	<u>(0.02)</u>
Total distributions	<u>(0.22)</u>	<u>(0.25)</u>	<u>(0.27)</u>	<u>(0.31)</u>	<u>(0.31)</u>
Net asset value, end of period	<u>\$10.14</u>	<u>\$10.82</u>	<u>\$10.68</u>	<u>\$10.61</u>	<u>\$10.47</u>
Total return (not reflecting sales charge)	(4.32)%	3.63%	3.16%	4.37%	1.93%
Ratios/supplemental data					
Net assets, end of period (in millions)	\$179	\$198	\$199	\$204	\$218
Ratio of expenses to average net assets	0.69%	0.71%	0.74%	0.73%	0.69%
Ratio of net investment income to average net assets	2.11%	2.30%	2.49%	2.74%	2.77%
Portfolio turnover rate	35%	11%	21%	34%	16%

(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,				
	2022	2021	2020	2019	2018
Net asset value, beginning of period	<u>\$10.81</u>	<u>\$10.67</u>	<u>\$10.61</u>	<u>\$10.47</u>	<u>\$10.58</u>
Income (loss) from investment operations:					
Net investment income ⁽¹⁾	0.14	0.16	0.18	0.20	0.20
Net gain (loss) on securities (both realized and unrealized) . .	<u>(0.69)</u>	<u>0.13</u>	<u>0.05</u>	<u>0.15</u>	<u>(0.09)</u>
Total from investment operations.	<u>(0.55)</u>	<u>0.29</u>	<u>0.23</u>	<u>0.35</u>	<u>0.11</u>
Less distributions (note 9):					
Dividends from net investment income	(0.13)	(0.15)	(0.17)	(0.19)	(0.20)
Distributions from capital gains	<u>—</u>	<u>—</u>	<u>—</u>	<u>(0.02)</u>	<u>(0.02)</u>
Total distributions	<u>(0.13)</u>	<u>(0.15)</u>	<u>(0.17)</u>	<u>(0.21)</u>	<u>(0.22)</u>
Net asset value, end of period	<u>\$10.13</u>	<u>\$10.81</u>	<u>\$10.67</u>	<u>\$10.61</u>	<u>\$10.47</u>
Total return (not reflecting sales charge)	(5.13)%	2.76%	2.20%	3.49%	1.06%
Ratios/supplemental data					
Net assets, end of period (in millions)	\$5	\$7	\$8	\$9	\$14
Ratio of expenses to average net assets	1.54%	1.56%	1.59%	1.58%	1.54%
Ratio of net investment income to average net assets	1.26%	1.45%	1.65%	1.88%	1.92%
Portfolio turnover rate	35%	11%	21%	34%	16%

(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,				
	2022	2021	2020	2019	2018
Net asset value, beginning of period	<u>\$10.84</u>	<u>\$10.69</u>	<u>\$10.63</u>	<u>\$10.49</u>	<u>\$10.60</u>
Income (loss) from investment operations:					
Net investment income ⁽¹⁾	0.24	0.26	0.28	0.30	0.31
Net gain (loss) on securities (both realized and unrealized)	<u>(0.69)</u>	<u>0.15</u>	<u>0.06</u>	<u>0.16</u>	<u>(0.09)</u>
Total from investment operations	<u>(0.45)</u>	<u>0.41</u>	<u>0.34</u>	<u>0.46</u>	<u>0.22</u>
Less distributions (note 9):					
Dividends from net investment income	(0.24)	(0.26)	(0.28)	(0.30)	(0.31)
Distributions from capital gains	—	—	—	<u>(0.02)</u>	<u>(0.02)</u>
Total distributions	<u>(0.24)</u>	<u>(0.26)</u>	<u>(0.28)</u>	<u>(0.32)</u>	<u>(0.33)</u>
Net asset value, end of period	<u>\$10.15</u>	<u>\$10.84</u>	<u>\$10.69</u>	<u>\$10.63</u>	<u>\$10.49</u>
Total return (not reflecting sales charge)	(4.26)%	3.88%	3.21%	4.51%	2.08%
Ratios/supplemental data					
Net assets, end of period (in millions)	\$65	\$75	\$53	\$40	\$41
Ratio of expenses to average net assets	0.54%	0.56%	0.60%	0.59%	0.55%
Ratio of net investment income to average net assets	2.26%	2.44%	2.62%	2.88%	2.92%
Portfolio turnover rate	35%	11%	21%	34%	16%

(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 as the administrator of the program (the "Committee").

The Board met on June 11, 2021 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 May 30, 2020 through April 30, 2021 (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⁽¹⁾
and Officers**

Name and Year of Birth⁽²⁾	Positions Held with Trust and Length of Service⁽³⁾	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex⁽⁴⁾ Overseen by Trustee	Other Directorships Held by Trustee During Past 5 Years
Interested Trustee⁽⁵⁾				
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 ⁽⁶⁾ 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 Board of Trustees (2003-2020), President (1998-2020) and Trustee (1994-2020) of The Cascades Trust (Predecessor Fund of Aquila Tax-Free Trust of Oregon)

Non-Interested Trustees

Thomas A. Christopher Danville, KY (1947)	Chair of the Board of Aquila Municipal Trust since 2017; Trustee since 2009	Retired; previously Principal 2017-April 2022 and Senior Partner 1977-2017, Robinson, Hughes & Christopher, C.P.A.s, P.S.C., 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⁽²⁾</u>	<u>Positions Held with Trust and Length of Service⁽³⁾</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex⁽⁴⁾ Overseen by Trustee</u>	<u>Other Directorships Held by Trustee During Past 5 Years</u>
<u>Non-Interested Trustees (cont'd)</u>				
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, 2019-2021, Commissioner, 2013-2021; Dean, Marriott School of Management, 2008-2013; Past President, National Tax Association; Fellow, Lincoln Institute of Land Policy, 2002-present; 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⁽²⁾</u>	<u>Positions Held with Trust and Length of Service⁽³⁾</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex⁽⁴⁾ Overseen by Trustee</u>	<u>Other Directorships Held by Trustee During Past 5 Years</u>
<u>Non-Interested Trustees (cont'd)</u>				
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 Vandever 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 2018-2021; 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⁽²⁾</u>	<u>Positions Held with Trust and Length of Service⁽³⁾</u>	<u>Principal Occupation(s) During Past 5 Years</u>	<u>Number of Portfolios in Fund Complex⁽⁴⁾ Overseen by Trustee</u>	<u>Other Directorships Held by Trustee During Past 5 Years</u>
<u>Non-Interested Trustees (cont'd)</u>				
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 or the EDGAR Database at the SEC's internet site at 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 Opportunity Growth Fund, which is an equity fund; and Aquila High Income Fund, which is a high-income corporate bond fund.

Name and Year of Birth⁽¹⁾	Positions Held with Trust and Length of Service⁽²⁾	Principal Occupation(s) During Past 5 Years
Officers³⁾		
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 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, Brixx 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; Aquila Tax-Free Trust of Arizona and Aquila Tax-Free Fund For Utah (since 2017); 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.
Troy Miller Louisville, KY (1971)	Vice President of Aquila Municipal Trust since March 2022	Vice President, Aquila Municipal Trust (which includes Aquila Churchill Tax-Free Fund of Kentucky) since March 2022; Regional Sales Manager of the Distributor since January 2022; Financial Consultant, Fidelity Investments (wealth management), May 2020 – February 2021; Vice President, Manager-Life Planning Strategies, June 2017 – October 2019, and Vice President, Manager-Retirement Products, April 2010 – June 2017, Baird Trust Company (formerly known as Hilliard Lyons Trust Company) (wealth management).

Name and Year of Birth ⁽¹⁾	Positions Held with Trust and Length of Service ⁽²⁾	Principal Occupation(s) During Past 5 Years
Officers (cont'd)⁽³⁾		
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 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.
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 Opportunity Growth Fund, 2004-2013 and Aquila Funds Trust since 2013.

Name and Year of Birth⁽¹⁾	Positions Held with Trust and Length of Service⁽²⁾	Principal Occupation(s) During Past 5 Years
Officers (cont'd)⁽³⁾		
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 or the EDGAR Database at the SEC's internet site at 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 10/1/21	Ending ⁽¹⁾ Account Value 3/31/22	Expenses ⁽²⁾ Paid During Period 10/1/21 – 3/31/22	Ending Account Value 3/31/22	Expenses ⁽²⁾ Paid During Period 10/1/21 – 3/31/22	Net Annualized Expense Ratio
A	\$1,000	\$949.40	\$3.35	\$1,021.49	\$3.48	0.69%
C	\$1,000	\$945.30	\$7.47	\$1,017.25	\$7.75	1.54%
Y	\$1,000	\$950.20	\$2.63	\$1,022.24	\$2.72	0.54%

- (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. 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 (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 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. The quarterly Portfolio Holdings Report may be accessed, free of charge, by visiting www.aquilafunds.com or calling us at 1-800-437-1000.

Proxy Voting Record (unaudited)

During the 12 month period ended June 30, 2021, there were no proxies related to any portfolio instruments held by the Fund. As such, the Fund did not vote any proxies. Applicable regulations require us to inform you that the Fund's proxy voting information is available on the SEC website at www.sec.gov.

Federal Tax Status of Distributions (unaudited)

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

For the fiscal year ended March 31, 2022, \$5,844,296 of dividends paid by Aquila Tax-Free Trust of Arizona, constituting 99% of total dividends paid were exempt-interest dividends; and the balance was ordinary income.

Prior to February 15, 2023, shareholders will be mailed the appropriate tax form(s) which will contain information on the status of distributions paid for the **2022 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.