



# Semi-Annual Report

## *September 30, 2020*

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

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

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



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# Aquila Tax-Free Trust of Arizona

“Staying the Course”

*Serving Arizona investors since 1986*



November, 2020

Dear Fellow Shareholder:

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

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

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

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

NOT A PART OF THE SEMI-ANNUAL REPORT

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

Sincerely,



A handwritten signature in black ink that reads "Diana P. Herrmann". The signature is fluid and cursive, with a long, sweeping underline.

Diana P. Herrmann, Vice Chair and President

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

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

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

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

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

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

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

*These risks may result in share price volatility.*

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

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS**  
**SEPTEMBER 30, 2020 (unaudited)**

<b>Principal Amount</b>	<b>General Obligation Bonds (25.0%)</b>	<b>Ratings Moody's, S&amp;P and Fitch</b>	<b>Value</b>
	<b>City (2.8%)</b>		
	Buckeye Jackrabbit Trail Sanitary Sewer Improvement District		
\$ 243,000	6.250%, 01/01/29 . . . . .	NR/A-/NR	\$ 246,414
	Gilbert Improvement District No. 19		
10,000	5.200%, 01/01/23 . . . . .	Aa1/AA-/NR	10,040
	Gilbert Improvement District No. 20		
590,000	5.100%, 01/01/29 . . . . .	Aa1/AA-/NR	596,856
	Glendale, Arizona		
200,000	5.000%, 07/01/33 . . . . .	NR/AA-/AAA	257,678
	Goodyear McDowell Road Commercial Corridor Improvement District		
870,000	3.250%, 01/01/27 BAMAC Insured . . . . .	Aa2/AA/NR	994,166
	Mesa, Arizona		
425,000	4.000%, 07/01/32 . . . . .	Aa2/AA/NR	506,579
425,000	4.000%, 07/01/33 . . . . .	Aa2/AA/NR	503,956
450,000	4.000%, 07/01/34 . . . . .	Aa2/AA/NR	531,995
	Scottsdale, Arizona		
200,000	4.000%, 07/01/28 . . . . .	Aaa/AAA/AAA	230,042
500,000	4.000%, 07/01/34 . . . . .	Aaa/AAA/AAA	581,670
	Tempe Improvement District (Pier Town Lake)		
2,000,000	5.000%, 01/01/29 . . . . .	Aa2/NR/NR	2,007,700
	Tolleson, Arizona		
1,000,000	4.000%, 07/01/38 . . . . .	NR/AA/AAA	<u>1,154,300</u>
	Total City		<u>7,621,396</u>
	<b>County (6.3%)</b>		
	Drexel Heights Fire District		
120,000	3.000%, 07/01/21 . . . . .	NR/AA-/NR	122,461
100,000	3.000%, 07/01/22 . . . . .	NR/AA-/NR	104,415
255,000	3.000%, 07/01/23 . . . . .	NR/AA-/NR	272,011
	Maricopa Co. Daisy Mountain Fire District		
340,000	4.000%, 07/01/27 AGMC Insured . . . . .	NR/AA/NR	401,047
395,000	3.500%, 07/01/28 AGMC Insured . . . . .	NR/AA/NR	451,888

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b>County (continued)</b>		
	Maricopa Co. Special Health Care District		
\$ 2,500,000	5.000%, 07/01/25 .....	Aa3/NR/A+	\$ 3,003,725
2,500,000	5.000%, 07/01/26 .....	Aa3/NR/A+	3,081,200
3,000,000	5.000%, 07/01/32 .....	Aa3/NR/A+	3,718,410
1,500,000	5.000%, 07/01/34 .....	Aa3/NR/A+	1,844,430
	Pima Co. Northwest Fire District		
515,000	4.000%, 07/01/21 .....	NR/AA-/NR	529,405
545,000	4.000%, 07/01/22 .....	NR/AA-/NR	578,240
	Yavapai Co. Jail District		
1,650,000	4.000%, 07/01/33 BAMAC Insured .....	NR/AA/AA	1,912,812
	Yuma Co. Free Library District		
1,000,000	4.000%, 07/01/29 .....	Aa3/NR/AAA	<u>1,125,810</u>
	Total County .....		<u>17,145,854</u>
	<b>School District (15.9%)</b>		
	Buckeye Union High School District No. 201		
1,000,000	5.000%, 07/01/33 AGMC Insured .....	NR/AA/NR	1,191,680
500,000	5.000%, 07/01/36 BAMAC Insured .....	NR/AA/NR	607,925
	Gila Co. Unified School District No. 10 (Payson)		
1,000,000	5.000%, 07/01/28 .....	Aa3/NR/NR	1,162,780
	Glendale Union High School District No. 205		
525,000	5.000%, 07/01/27 BAMAC Insured .....	NR/AA/NR	588,919
	Maricopa Co. Elementary School District No. 1 (Phoenix)		
500,000	4.000%, 07/01/31 BAMAC Insured .....	NR/AA/NR	583,840
460,000	4.000%, 07/01/32 BAMAC Insured .....	NR/AA/NR	532,602
	Maricopa Co. Elementary School District No. 2 (Riverside)		
1,000,000	5.000%, 07/01/30 BAMAC Insured .....	NR/AA/NR	1,304,190
	Maricopa Co. Elementary School District No. 3 (Tempe)		
500,000	5.000%, 07/01/30 .....	Aa2/NR/NR	628,015

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
<b>School District (continued)</b>			
	Maricopa Co. Elementary School District No. 8 (Osborn)		
\$ 500,000	5.000%, 07/01/31 AGMC Insured . . . . .	NR/AA/NR	\$ 621,395
	Maricopa Co. Elementary School District No. 25 (Liberty)		
350,000	4.000%, 07/01/35 AGMC Insured . . . . .	NR/AA/NR	415,075
300,000	4.000%, 07/01/36 AGMC Insured . . . . .	NR/AA/NR	354,234
375,000	4.000%, 07/01/37 AGMC Insured . . . . .	NR/AA/NR	441,184
	Maricopa Co. Elementary School District No. 28 (Kyrene Elementary)		
350,000	5.000%, 07/01/34 . . . . .	Aa1/AA/NR	417,448
	Maricopa Co. Elementary School District No. 62 (Union)		
315,000	4.000%, 07/01/29 BAMAC Insured . . . . .	NR/AA/NR	376,028
580,000	4.000%, 07/01/32 BAMAC Insured . . . . .	NR/AA/NR	681,703
300,000	4.000%, 07/01/33 BAMAC Insured . . . . .	NR/AA/NR	350,988
375,000	4.000%, 07/01/34 BAMAC Insured . . . . .	NR/AA/NR	437,565
	Maricopa Co. Elementary School District No. 66 (Roosevelt)		
500,000	5.000%, 07/01/21 BAMAC Insured . . . . .	A2/AA/NR	517,450
	Maricopa Co. Elementary School District No. 92 (Pendergast)		
175,000	5.000%, 07/01/21 . . . . .	A1/NR/AA+	181,174
230,000	5.000%, 07/01/22 . . . . .	A1/NR/AA+	248,908
	Maricopa Co. High School District No. 210 (Phoenix)		
500,000	4.000%, 07/01/26 . . . . .	Aa2/AA/AAA	579,775
	Maricopa Co. High School District No. 214 (Tolleson)		
825,000	4.000%, 07/01/34 . . . . .	Aa1/AA/NR	972,015
	Maricopa Co. Unified School District No. 11 (Peoria)		
1,500,000	4.000%, 07/01/25 . . . . .	A1/AA-/NR	1,593,390
675,000	4.500%, 07/01/33 AGMC Insured . . . . .	A1/AA/NR	765,605
	Maricopa Co. Unified School District No. 24 (Gila Bend)		
105,000	5.500%, 07/01/22 . . . . .	NR/NR/NR*	105,192

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b><u>School District (continued)</u></b>		
	Maricopa Co. Unified School District No. 60 (Higley)		
\$ 1,615,000	5.000%, 07/01/29 . . . . .	Aa3/A+/NR	\$ 1,870,719
	Maricopa Co. Unified School District No. 66 (Roosevelt)		
910,000	4.000%, 07/01/31 BAMAC Insured . . . . .	A2/AA/NR	1,059,395
	Maricopa Co. Unified School District No. 69 (Paradise Valley)		
100,000	5.000%, 07/01/24 . . . . .	Aa1/NR/AAA	117,827
1,000,000	4.500%, 07/01/30 . . . . .	Aa1/NR/AAA	1,094,370
	Maricopa Co. Unified School District No. 80 (Chandler)		
300,000	5.000%, 07/01/23 . . . . .	Aa1/AA/NR	339,876
545,000	4.000%, 07/01/36 . . . . .	Aa1/AA/NR	641,645
	Maricopa Co. Unified School District No. 89 (Dysart)		
500,000	4.000%, 07/01/28 . . . . .	NR/A+/AAA	552,670
2,185,000	5.500%, 07/01/22 NPF/FGIC Insured . .	Baa2/A+/NR	2,383,245
	Maricopa Co. Unified School District No. 90 (Saddle Mountain)		
1,300,000	5.125%, 07/01/25 AGMC Insured . . . . .	A2/AA/NR	1,344,772
	Maricopa Co. Unified School District No. 93 (Cave Creek)		
100,000	4.000%, 07/01/29 BAMAC Insured . . . . .	NR/AA/NR	113,272
	Mohave Co. Unified School District No. 1 (Lake Havasu)		
250,000	2.000%, 07/01/21 . . . . .	Aa2/NR/NR	253,473
500,000	5.000%, 07/01/35 . . . . .	Aa2/NR/NR	613,585
	Mohave Co. Unified School District No. 20 (Kingman)		
2,000,000	5.000%, 07/01/25 BAMAC Insured . . . . .	A1/AA/NR	2,425,940
	Navajo Co. Unified School District No. 10 (Show Low)		
500,000	4.000%, 07/01/31 AGMC Insured . . . . .	NR/AA/NR	583,840
	Navajo Co. Unified School District No. 32 (Blue Ridge)		
400,000	5.000%, 07/01/29 AGMC Insured . . . . .	NR/AA/NR	503,512



**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b>School District (continued)</b>		
	Pima Co. Unified School District No. 6 (Marana)		
\$ 1,250,000	5.000%, 07/01/25 . . . . .	NR/A/NR	\$ 1,293,238
950,000	5.250%, 07/01/25 AGMC Insured . . . . .	NR/AA/NR	1,029,639
1,000,000	4.000%, 07/01/37 AGMC Insured . . . . .	NR/AA/NR	1,141,960
1,000,000	4.250%, 07/01/32 MAC Insured . . . . .	NR/AA/NR	1,126,570
	Pima Co. Unified School District No. 8 (Flowing Wells)		
1,000,000	4.500%, 07/01/37 AGMC Insured . . . . .	NR/AA/NR	1,173,640
	Pima Co. Unified School District No. 10 (Amphitheater)		
700,000	5.000%, 07/01/27 . . . . .	Aa2/A+/NR	723,996
	Pima Co. Unified School District No. 12 (Sunnyside)		
1,050,000	4.000%, 07/01/28 BAMAC Insured . . . . .	NR/AA/NR	1,135,995
	Pima Co. Unified School District No. 20 (Vail)		
260,000	5.000%, 07/01/25 AGMC Insured . . . . .	NR/AA/NR	311,176
1,000,000	5.000%, 07/01/26 AGMC Insured . . . . .	NR/AA/NR	1,229,950
700,000	5.000%, 07/01/28 AGMC Insured . . . . .	NR/AA/NR	900,921
	Pinal Co. Unified School District No. 1 (Florence)		
200,000	2.000%, 07/01/21 BAMAC Insured . . . . .	NR/AA/NR	202,506
	Pinal Co. Unified School District No. 44 (J. O. Combs)		
1,225,000	3.750%, 07/01/38 AGMC Insured . . . . .	NR/AA/NR	1,377,892
	Western Maricopa Education Center District No. 402		
1,200,000	4.000%, 07/01/28 . . . . .	NR/AA-/NR	1,298,616
	Yavapai Co. Elementary School District No. 6 (Cottonwood-Oak Creek)		
720,000	5.000%, 07/01/34 BAMAC Insured . . . . .	A2/AA/NR	<u>855,058</u>
	Total School District . . . . .		<u>43,358,378</u>
	Total General Obligation Bonds. . . . .		<u>68,125,628</u>

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Principal Amount	Revenue Bonds (67.4%)	Ratings Moody's, S&P and Fitch	Value
	<b><u>Airport (7.1%)</u></b>		
	Phoenix Civic Improvement Corp. Airport Bonds		
\$ 5,000,000	4.000%, 07/01/40 . . . . .	A1/A/NR	\$ 5,501,150
725,000	5.000%, 07/01/22 AMT . . . . .	A1/A/NR	777,853
2,595,000	5.000%, 07/01/27 AMT . . . . .	Aa3/A+/NR	3,217,541
185,000	5.000%, 07/01/30 AMT . . . . .	Aa3/A+/NR	223,389
2,450,000	5.000%, 07/01/31 AMT . . . . .	Aa3/A+/NR	2,939,436
2,700,000	5.000%, 07/01/32 AMT . . . . .	Aa3/A+/NR	2,961,792
200,000	5.000%, 07/01/33 AMT . . . . .	Aa3/A+/NR	242,294
1,600,000	3.000%, 07/01/49 . . . . .	A1/A/NR	1,627,872
300,000	5.000%, 07/01/49 . . . . .	A1/A/NR	356,667
1,000,000	3.250%, 07/01/49 AMT . . . . .	A1/A/NR	1,012,610
	Phoenix-Mesa Gateway Airport Authority		
515,000	5.000%, 07/01/38 AMT . . . . .	A1/AA+/NR	<u>549,484</u>
	Total Airport . . . . .		<u>19,410,088</u>
	<b><u>Charter Schools (2.3%)</u></b>		
	Arizona Industrial Development Authority (Basis Schools)		
240,000	5.000%, 07/01/37 State Enhanced . . . . .	NR/AA-/NR	281,273
	Arizona Industrial Development Authority (Candeo Schools)		
500,000	3.375%, 07/01/41 State Enhanced . . . . .	NR/AA-/NR	511,210
	Arizona Industrial Development Authority (Equitable Schools)		
225,000	5.000%, 11/01/21 . . . . .	NR/A/NR	236,122
700,000	4.000%, 11/01/27 . . . . .	NR/A/NR	836,115
600,000	5.000%, 11/01/32 . . . . .	NR/A/NR	779,580
1,000,000	4.000%, 11/01/36 . . . . .	NR/A/NR	1,166,960
	La Paz Co. Industrial Development Authority (Harmony Public Schools Projects)		
200,000	5.000%, 02/15/28 . . . . .	NR/BBB/NR	226,598
	Maricopa Co. Industrial Development Authority (Great Hearts Arizona Projects)		
250,000	5.000%, 07/01/26 State Enhanced . . . . .	NR/AA-/NR	304,667
315,000	5.000%, 07/01/37 State Enhanced . . . . .	NR/AA-/NR	374,598

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b><u>Charter Schools (continued)</u></b>		
	Phoenix Industrial Development Authority (Great Hearts Academies Project)		
\$ 500,000	5.000%, 07/01/41 . . . . .	NR/BBB-/NR	\$ 539,150
	Phoenix Industrial Development Authority (Villa Montessori Inc. Project)		
415,000	5.000%, 07/01/35 . . . . .	NR/BBB-/NR	450,441
	Phoenix Industrial Development Authority (Vista College Preparatory Projects)		
430,000	5.000%, 07/01/43 State Enhanced. . . . .	NR/AA-/NR	<u>508,789</u>
	Total Charter Schools. . . . .		<u>6,215,503</u>
	<b><u>Excise Tax (11.5%)</u></b>		
	Buckeye Excise Tax		
400,000	4.000%, 07/01/36 . . . . .	NR/AA/AA	449,912
1,000,000	5.000%, 07/01/43 . . . . .	NR/AA/AA	1,182,470
	Buckeye Roosevelt Street Improvement District		
100,000	4.000%, 01/01/32 . . . . .	NR/A-/NR	105,431
125,000	4.050%, 01/01/33 . . . . .	NR/A-/NR	131,589
	Bullhead City Excise Tax		
310,000	3.000%, 07/01/21 . . . . .	NR/AA/NR	316,429
	Cottonwood Pledged Revenue Obligations		
500,000	5.000%, 07/01/30 AGMC Insured . . . . .	NR/AA/NR	598,675
	Flagstaff Pledged Revenue		
1,395,000	4.250%, 07/01/33 . . . . .	NR/AA/NR	1,600,874
	Gila Co. Pledged Revenue Obligations		
555,000	4.000%, 07/01/30 . . . . .	NR/AA/NR	665,412
	Gilbert Pledged Revenue Obligations		
450,000	4.000%, 07/01/35 . . . . .	Aa1/AAA/AAA	500,638
	Goodyear Public Improvement Corp.		
500,000	5.250%, 07/01/24 . . . . .	Aa2/AA+/NR	543,570
1,500,000	5.000%, 07/01/26 . . . . .	Aa2/AA+/NR	1,619,505
	Graham Co. Jail District Revenue Pledged Obligation		
1,000,000	5.000%, 07/01/35 . . . . .	NR/A-/NR	1,146,950

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b>Excise Tax (continued)</b>		
	Marana Pledged Excise Tax		
\$ 275,000	4.000%, 07/01/30 .....	NR/AA/NR	\$ 296,846
1,400,000	5.000%, 07/01/33 .....	NR/AA/NR	1,568,812
	Page Pledged Revenue Refunding		
1,080,000	5.000%, 07/01/25 .....	NR/AA-/NR	1,117,271
	Phoenix Civic Improvement Corp.		
2,425,000	4.000%, 07/01/45 .....	Aa2/AAA/AA+	2,849,278
	Phoenix Civic Improvement Corp. (Civic Plaza)		
2,000,000	5.500%, 07/01/27 BHAC/FGIC Insured ..	Aa1/AA+/NR	2,563,620
2,000,000	5.500%, 07/01/30 BHAC/FGIC Insured ..	Aa1/AA+/NR	2,732,000
1,000,000	5.500%, 07/01/23 NPG/FGIC Insured ..	Aa2/AA/NR	1,127,450
2,300,000	5.500%, 07/01/33 NPG/FGIC Insured ..	Aa2/AA/NR	3,296,084
	Pinal Co. Revenue Obligations Refunding		
1,500,000	5.000%, 08/01/33 .....	NR/AA-/AA	1,725,825
	Queen Creek Excise Tax & State Shared Revenue		
250,000	5.000%, 08/01/30 .....	NR/AA/AA	280,735
	Santa Cruz Co. Jail District		
1,655,000	5.000%, 07/01/28 AGMC Insured .....	NR/AA/NR	2,077,124
885,000	5.000%, 07/01/31 AGMC Insured .....	NR/AA/NR	1,094,055
	Scottsdale Municipal Property Corp.		
1,500,000	5.000%, 07/01/34 .....	Aa1/AAA/AA+	<u>1,795,245</u>
	Total Excise Tax .....		<u>31,385,800</u>
	<b>Healthcare (12.4%)</b>		
	Arizona Health Facilities Authority (Banner Health)		
5,000,000	4.000%, 01/01/43 .....	NR/AA-/AA-	5,126,100
2,000,000	5.000%, 01/01/44 .....	NR/AA-/AA-	2,200,320
	Arizona Health Facilities Authority (Dignity Health)		
2,175,000	5.250%, 03/01/39 .....	Baa1/BBB+/BBB+	2,212,410
	Arizona Health Facilities Authority (Phoenix Children's Hospital)		
1,000,000	5.000%, 02/01/27 .....	A1/A/A+	1,057,330
775,000	5.000%, 02/01/30 .....	A1/A/A+	816,052
6,035,000	5.000%, 02/01/34 .....	A1/A/A+	6,325,646

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b>Healthcare (continued)</b>		
	Arizona Health Facilities Authority (Scottsdale Lincoln Hospitals)		
\$ 3,000,000	5.000%, 12/01/34 .....	A2/NR/A	\$ 3,461,790
1,500,000	5.000%, 12/01/42 .....	A2/NR/A	1,693,020
	Maricopa Co. Industrial Development Authority (Banner Health)		
1,600,000	5.000%, 01/01/38 .....	NR/AA-/AA-	1,905,264
	Maricopa Co. Industrial Development Authority (HonorHealth)		
2,250,000	4.125%, 09/01/38 .....	A2/NR/A	2,552,557
1,000,000	4.125%, 09/01/42 .....	A2/NR/A	1,121,940
	Yavapai Co. Industrial Development Authority (Northern Arizona Healthcare System)		
500,000	5.250%, 10/01/25 .....	NR/AA-/NR	523,195
500,000	5.250%, 10/01/26 .....	NR/AA-/NR	522,310
	Yavapai Co. Industrial Development Authority (Yavapai Regional Medical Center)		
200,000	5.000%, 08/01/21 .....	A2/NR/A+	207,244
1,000,000	5.250%, 08/01/33 .....	A2/NR/A+	1,101,730
675,000	5.000%, 08/01/34 .....	A2/NR/A+	789,845
	Yuma Industrial Development Authority (Yuma Regional Medical Center)		
1,635,000	5.000%, 08/01/23 .....	NR/A/NR	1,834,045
200,000	5.000%, 08/01/32 .....	NR/A/NR	224,634
	Total Healthcare .....		<u>33,675,432</u>
	<b>Higher Education (8.8%)</b>		
	Arizona Board of Regents (Arizona State University System)		
480,000	5.000%, 07/01/31 .....	Aa2/AA/NR	570,317
285,000	5.000%, 07/01/32 .....	Aa2/AA/NR	304,750
115,000	5.000%, 07/01/32 .....	Aa2/AA/NR	122,969
565,000	4.000%, 07/01/49 .....	Aa2/AA/NR	655,055
	Arizona Board of Regents (Arizona State University System) Green Bonds		
750,000	5.000%, 07/01/34 .....	Aa2/AA/NR	883,027

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b>Higher Education (continued)</b>		
\$ 575,000	Arizona Board of Regents (Northern Arizona University System) 5.000%, 06/01/32 . . . . .	A1/A+/NR	\$ 648,209
2,090,000	Arizona Board of Regents (Northern Arizona University) Speed Stimulus Plan for Economic & Educational Development 5.000%, 08/01/29 AGMC Insured . . . . .	A2/AA/NR	2,717,230
1,500,000	Arizona Board of Regents (University of Arizona System) Speed Stimulus Plan for Economic & Educational Development 5.000%, 08/01/34 . . . . .	Aa3/A+/NR	1,707,150
1,500,000	Arizona Board of Regents (University of Arizona System) 3.125%, 08/01/39 . . . . .	Aa3/A+/NR	1,604,625
400,000	Arizona Industrial Development Authority (North Carolina Central University Student Housing) 5.000%, 06/01/29 . . . . .	Aa2/AA-/NR	461,108
250,000	4.000%, 06/01/34 BAMAC Insured . . . . .	Baa3/AA/NR	279,730
700,000	4.000%, 06/01/39 BAMAC Insured . . . . .	Baa3/AA/NR	772,128
625,000	Arizona State University Speed Stimulus Plan for Economic & Educational Development 5.000%, 08/01/34 . . . . .	Aa3/AA-/NR	711,312
630,000	Cochise Co. Community College District 5.000%, 07/01/31 BAMAC Insured . . . . .	A2/AA/NR	718,918
1,000,000	McAllister Academic Village (Arizona State University Hassayampa) 5.000%, 07/01/39 . . . . .	Aa3/AA-/NR	1,181,530
200,000	Phoenix Industrial Development Authority (Downtown Phoenix Student Housing) 5.000%, 07/01/26 . . . . .	Baa3/NR/NR	220,076
400,000	5.000%, 07/01/33 . . . . .	Baa3/NR/NR	434,728
1,250,000	5.000%, 07/01/42 . . . . .	Baa3/NR/NR	1,325,625

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
<b>Higher Education (continued)</b>			
	Phoenix Industrial Development Authority (Downtown Phoenix Student Housing II)		
\$ 100,000	5.000%, 07/01/26 .....	Baa3/NR/NR	\$ 109,486
250,000	5.000%, 07/01/27 .....	Baa3/NR/NR	275,825
150,000	5.000%, 07/01/28 .....	Baa3/NR/NR	166,434
200,000	5.000%, 07/01/30 .....	Baa3/NR/NR	221,474
300,000	5.000%, 07/01/32 .....	Baa3/NR/NR	328,431
	Phoenix Industrial Development Authority (Eastern Kentucky University Project)		
500,000	5.000%, 10/01/36 .....	A3/BBB+/NR	569,960
	Phoenix Industrial Development Authority (Rowan University Project)		
2,000,000	5.250%, 06/01/34 .....	A3/A/NR	2,090,800
	Pima Co. Community College District		
1,075,000	5.000%, 07/01/36 .....	Aa3/NR/AA-	1,348,233
750,000	4.000%, 07/01/37 .....	Aa3/NR/AA-	874,163
500,000	4.000%, 07/01/38 .....	Aa3/NR/AA-	581,065
	Yavapai Co. Community College District		
1,000,000	4.875%, 07/01/25 AGMC Insured .....	A1/AA/NR	1,030,980
	Yuma/ La Paz Counties Community College District (Arizona Western College), Refunding		
1,000,000	4.000%, 07/01/28 2014A .....	Aa3/A+/NR	<u>1,105,340</u>
	Total Higher Education .....		<u>24,020,678</u>
<b>Housing (1.8%)</b>			
	Arizona Industrial Development Authority Green Bond MTEB (Chandler Village Apartments Project)		
4,988,395	2.120%, 07/01/37 FNMA Insured Series 2020 .....	Aaa/NR/NR	<u>4,989,542</u>
<b>Lease (5.4%)</b>			
	Arizona Board of Regents (Northern Arizona University) COP		
600,000	5.000%, 09/01/27 .....	A2/A/NR	636,834
500,000	5.000%, 09/01/28 .....	A2/A/NR	529,640
1,000,000	5.000%, 09/01/29 .....	A2/A/NR	1,057,470

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b><u>Lease (continued)</u></b>		
\$ 4,000,000	Maricopa Co. COP 5.000%, 07/01/21 . . . . .	Aa1/AA+/AA+	\$ 4,142,360
845,000	Nogales Municipal Development Authority, Inc. 4.000%, 06/01/36 . . . . .	NR/AA-/NR	929,542
615,000	5.000%, 06/01/28 AGMC Insured . . . . .	NR/AA/NR	748,381
810,000	4.000%, 06/01/33 AGMC Insured . . . . .	NR/AA/NR	955,946
2,000,000	4.000%, 06/01/39 AGMC Insured . . . . .	NR/AA/NR	2,309,800
1,470,000	Pinal Co. Correctional Facilities 5.250%, 10/01/21 ACA Insured . . . . .	NR/BBB/NR	1,473,631
500,000	Prescott Municipal Property Corp. 5.000%, 07/01/34 . . . . .	Aa3/AA+/NR	565,680
500,000	State of Arizona COP 5.000%, 10/01/25 . . . . .	Aa2/AA-/NR	614,030
500,000	5.000%, 09/01/27 . . . . .	Aa2/AA-/NR	605,790
	Total Lease . . . . .		<u>14,569,104</u>
	<b><u>Mortgage (2.7%)</u></b>		
345,000	Eastmark Community Facilities District No. 1 4.000%, 07/15/33 AGMC Insured . . . . .	NR/AA/NR	395,453
360,000	4.000%, 07/15/34 AGMC Insured . . . . .	NR/AA/NR	411,577
1,000,000	Estrella Mountain Ranch Community Facilities District 5.000%, 07/15/32 AGMC Insured . . . . .	NR/AA/NR	1,208,300
950,000	Festival Ranch Community Facilities District 5.000%, 07/15/37 BAMAC Insured . . . . .	NR/AA/NR	1,149,367
750,000	5.000%, 07/15/38 BAMAC Insured . . . . .	NR/AA/NR	904,552
500,000	Goodyear Community Facilities Utilities District No. 1 4.000%, 07/15/28 . . . . .	A1/A-/NR	552,120
500,000	4.000%, 07/15/32 . . . . .	A1/A-/NR	566,565
680,000	Merrill Ranch Community Facilities District #2 6.750%, 07/15/38 . . . . .	NR/BBB/NR	773,548



**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
<b><u>Mortgage (continued)</u></b>			
	Verrado Community Facilities Utilities District No. 1		
\$ 500,000	6.000%, 07/15/33 144A . . . . .	NR/NR/NR*	\$ 515,825
	Vistancia Community Facilities District		
710,000	4.000%, 07/15/23 BAMAC Insured . . . . .	A1/AA/NR	<u>779,481</u>
	Total Mortgage . . . . .		<u>7,256,788</u>
<b><u>Pollution Control (1.7%)</u></b>			
	Apache Co. Industrial Development Authority, Pollution Control (Tucson Electric Power Co.)		
2,955,000	4.500%, 03/01/30 . . . . .	A3/A-/NR	3,060,405
	Maricopa Co. Pollution Control (El Paso Electric Co.)		
375,000	3.600%, 02/01/40 . . . . .	Baa2/NR/BBB+	403,717
250,000	3.600%, 04/01/40 . . . . .	Baa2/NR/BBB+	269,015
	Maricopa Co. Pollution Control (Palo Verde Project)		
1,000,000	1.050%, 01/01/38 (Mandatory Put Date 6/01/22). . . . .	Baa2/BBB/NR	<u>1,003,770</u>
	Total Pollution Control . . . . .		<u>4,736,907</u>
<b><u>Resource Recovery (3.0%)</u></b>			
	Chandler Industrial Development Authority (Intel Corporation Project)		
4,250,000	2.700%, 12/01/37 AMT (Mandatory Put Date 8/14/23). . . . .	A1/A+/NR	4,481,752
	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	1,521,330
	Yavapai Co. Industrial Development Authority, (Waste Management Inc. Project)		
1,500,000	2.800%, 06/01/27 AMT (Mandatory Put Date 06/01/21). . . . .	NR/A-/NR	1,521,930
520,000	2.200%, 03/01/28 AMT (Mandatory Put Date 06/03/24). . . . .	NR/A-/NR	<u>543,962</u>
	Total Resource Recovery . . . . .		<u>8,068,974</u>

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
<b>Senior Living Facilities (2.2%)</b>			
	Arizona Industrial Development Authority, First Tier (Great Lakes Senior Living Communities)		
\$ 480,000	4.250%, 01/01/40 . . . . .	NR/BB+/NR	\$ 391,474
	Arizona Industrial Development Authority, Second Tier (Great Lakes Senior Living Communities)		
620,000	5.000%, 01/01/28 . . . . .	NR/BB/NR	596,607
555,000	5.000%, 01/01/29 . . . . .	NR/BB/NR	529,670
1,205,000	5.000%, 01/01/30 . . . . .	NR/BB/NR	1,136,640
1,405,000	4.000%, 01/01/33 . . . . .	NR/BB/NR	1,161,457
	Maricopa Co. Industrial Development Authority (Christian Care Retirement Apartments)		
1,000,000	5.000%, 01/01/30 . . . . .	NR/A/NR	1,143,400
	Pima Co. Industrial Development Authority (Christian Care Senior Living Facility)		
1,000,000	5.000%, 12/15/32 . . . . .	NR/A-/NR	<u>1,132,820</u>
	Total Senior Living Facilities. . . . .		<u>6,092,068</u>
<b>Transportation (0.2%)</b>			
	Pima Co. Regional Transportation Authority Excise Tax		
500,000	5.000%, 06/01/26 . . . . .	NR/AA+/AA	<u>561,910</u>
<b>Utility (5.1%)</b>			
	Greater Arizona Development Authority Revenue		
500,000	5.000%, 08/01/28 AGMC Insured . . . . .	A1/AA/NR	572,510
	Mesa Utility System		
1,500,000	4.000%, 07/01/32 . . . . .	Aa2/AA-/NR	1,716,495
2,100,000	5.000%, 07/01/35 . . . . .	Aa2/AA-/NR	2,173,605
	Pinal Co. Electrical District No. 3, Electrical System Revenue		
305,000	4.750%, 07/01/31 . . . . .	NR/A+/NR	313,217

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b><u>Utility (continued)</u></b>		
	Salt River Project Agricultural Improvement and Power Revenue		
\$ 115,000	5.000%, 01/01/26 .....	Aa1/AA+/NR	\$ 142,977
3,600,000	4.000%, 01/01/39 .....	Aa1/AA+/NR	4,331,880
150,000	5.000%, 01/01/32 .....	Aa1/AA+/NR	192,189
	Salt Verde Finance Corp. Gas Revenue		
3,000,000	5.250%, 12/01/28 .....	A3/BBB+/NR	3,832,530
	Surprise Utility System Senior Lien Obligations		
470,000	5.000%, 07/01/33 .....	NR/AA+/NR	<u>601,530</u>
	Total Utility .....		<u>13,876,933</u>
	<b><u>Water/Sewer (3.2%)</u></b>		
	Gilbert Water Resource Municipal Property Corp.		
1,190,000	4.000%, 07/01/34 .....	NR/AAA/AAA	1,346,211
	Glendale Water & Sewer Revenue		
500,000	5.000%, 07/01/28 .....	A1/AA/NR	538,920
	Lake Havasu City Wastewater System Revenue		
1,000,000	5.000%, 07/01/43 AGMC Insured .....	A2/AA/NR	1,168,810
	Phoenix Civic Improvement Corp. Wastewater Revenue		
1,500,000	5.500%, 07/01/24 NPFG/FGIC Insured ..	Aa2/AAA/NR	1,796,625
	Phoenix Civic Improvement Corp. Water System Revenue		
1,100,000	5.000%, 07/01/38 .....	Aa2/AAA/NR	1,328,261
	Pima Co. Sewer Revenue System		
1,335,000	5.000%, 07/01/26 .....	NR/AA/AA-	1,441,359
865,000	5.000%, 07/01/27 .....	NR/AA/AA-	<u>933,283</u>
	Total Water/Sewer .....		<u>8,553,469</u>
	Total Revenue Bonds .....		<u>183,413,196</u>

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Principal Amount		Ratings Moody's, S&P and Fitch	Value
	<b>Pre-Refunded Bonds (3.6%)††</b>		
	<b>Pre-Refunded General Obligation Bonds (0.8%)</b>		
	<b>School District (0.8%)</b>		
	Maricopa Co. Elementary School District No. 28 (Kyrene Elementary)		
\$ 250,000	5.500%, 07/01/30 .....	Aa1/AA/NR	\$ 286,505
	Maricopa Co. Unified School District No. 48 (Scottsdale)		
1,200,000	4.750%, 07/01/30 .....	Aa1/AA/NR	1,241,484
	Tempe High School District No. 213		
650,000	4.000%, 07/01/32 .....	Aa1/AA/NR	<u>718,205</u>
	Total School District .....		<u>2,246,194</u>
	<b>Pre-Refunded Revenue Bonds (2.8%)</b>		
	<b>Excise Tax (0.1%)</b>		
	Mesa Excise Tax		
250,000	5.000%, 07/01/32 .....	Aa3/AA+/NR	<u>270,873</u>
	<b>Healthcare (1.4%)</b>		
	Maricopa Co. Hospital Revenue (Sun Health)		
1,125,000	5.000%, 04/01/25 .....	NR/NR/NR*	1,233,968
2,125,000	5.000%, 04/01/35 .....	NR/NR/NR*	<u>2,473,011</u>
	Total Healthcare .....		<u>3,706,979</u>
	<b>Higher Education (0.8%)</b>		
	Arizona Board of Regents (University of Arizona System)		
460,000	5.000%, 06/01/31 .....	Aa2/AA-/NR	495,374
	Northern Arizona University Speed Stimulus Plan for Economic & Educational Development		
1,445,000	5.000%, 08/01/38 .....	A2/A/NR	<u>1,639,353</u>
	Total Higher Education .....		<u>2,134,727</u>
	<b>Mortgage (0.2%)</b>		
	Vistancia Community Facilities District		
540,000	5.000%, 07/15/26 .....	A1/NR/AA-	<u>541,242</u>

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

<u>Principal Amount</u>	<u>Pre-Refunded Bonds (continued)</u>	<u>Ratings Moody's, S&amp;P and Fitch</u>	<u>Value</u>
	<b>Utility (0.1%)</b>		
\$ 250,000	Pinal Co. Electrical District No. 3, Electrical System Revenue Refunding 5.250%, 07/01/36 . . . . .	NR/A+/NR	\$ 259,575
	<b>Water/Sewer (0.2%)</b>		
635,000	Goodyear Water and Sewer Revenue 5.250%, 07/01/31 AGMC Insured . . . . .	Aa3/AA/NR	659,079
	Total Pre-Refunded Revenue Bonds . . . . .		<u>7,572,475</u>
	Total Pre-Refunded Bonds . . . . .		<u>9,818,669</u>
	Total Municipal Bonds (cost \$244,268,466) . . . . .		<u>261,357,493</u>
<b>Shares</b>	<b>Short-Term Investment (3.5%)</b>		
9,579,564	Dreyfus Treasury Obligations Cash Management - Institutional Shares, 0.01%** (cost \$9,579,564) . . . . .	Aaa-mf/AAAm/NR	<u>9,579,564</u>
	Total Investments (cost \$253,848,030 note 4) . . . . .	99.5%	270,937,057
	Other assets less liabilities . . . . .	0.5	<u>1,324,848</u>
	Net Assets . . . . .	<u>100.0%</u>	<u>\$ 272,261,905</u>

<u>Portfolio Distribution By Quality Rating</u>	<u>Percentage of Investments†</u>
Aaa of Moody's or AAA of S&P or Fitch . . . . .	7.8%
Pre-refunded bonds†† . . . . .	3.7
Aa of Moody's or AA of S&P or Fitch . . . . .	58.7
A of Moody's or S&P or Fitch . . . . .	24.1
Baa of Moody's or BBB of S&P or Fitch . . . . .	4.0
BB+ of S&P . . . . .	1.5
Not Rated* . . . . .	<u>0.2</u>
	<u>100.0%</u>

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**SCHEDULE OF INVESTMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

PORTFOLIO ABBREVIATIONS

ACA - American Capital Assurance Financial Guaranty Corp.

AGMC - Assured Guaranty Municipal Corp.

AMT - Alternative Minimum Tax

BAMAC - Build America Mutual Assurance Co.

BHAC - Berkshire Hathaway Assurance Corp.

COP- Certificates of Participation

FGIC - Financial Guaranty Insurance Co.

FNMA - Federal National Mortgage Association

MAC - Municipal Assurance Corp.

MTEB - Multifamily Tax-Exempt Mortgage-Backed Bonds

NPFG - National Public Finance Guarantee

NR - Not Rated

\* Any security not rated (“NR”) by any of the Nationally Recognized Statistical Rating Organizations (“NRSRO”) has been determined by the Investment Adviser to have sufficient quality to be ranked in the top credit four ratings if a credit rating were to be assigned by a NRSRO.

\*\* The rate is an annualized seven-day yield at period end.

† 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.

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**  
**SEPTEMBER 30, 2020 (unaudited)**

**ASSET**

Investments at value (cost \$253,848,030) . . . . .	\$ 270,937,057
Interest receivable . . . . .	2,579,664
Receivable for Fund Shares sold . . . . .	21,008
Other assets . . . . .	<u>21,879</u>
Total assets . . . . .	<u>273,559,608</u>

**LIABILITIES**

Payable for Fund shares redeemed . . . . .	992,346
Dividends payable . . . . .	96,072
Management fee payable . . . . .	89,692
Distribution and service fees payable . . . . .	996
Accrued expenses . . . . .	<u>118,597</u>
Total liabilities . . . . .	<u>1,297,703</u>

**NET ASSETS** . . . . . \$ 272,261,905

Net Assets consist of:

Capital Stock – Authorized an unlimited number of shares, par value \$0.01 per share . . . . .	\$ 250,971
Additional paid-in capital . . . . .	254,772,968
Total distributable earnings . . . . .	<u>17,237,966</u>
	<u>\$ 272,261,905</u>

**CLASS A**

Net Assets . . . . .	\$ 201,660,520
Capital shares outstanding . . . . .	<u>18,594,318</u>
Net asset value and redemption price per share . . . . .	<u>\$ 10.85</u>
Maximum offering price per share (100/97 of \$10.85) . . . . .	<u>\$ 11.19</u>

**CLASS C**

Net Assets . . . . .	\$ 7,628,483
Capital shares outstanding . . . . .	<u>704,014</u>
Net asset value and offering price per share . . . . .	<u>\$ 10.84</u>

**CLASS Y**

Net Assets . . . . .	\$ 62,972,902
Capital shares outstanding . . . . .	<u>5,798,790</u>
Net asset value, offering and redemption price per share . . . . .	<u>\$ 10.86</u>

See accompanying notes to financial statements.

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**STATEMENT OF OPERATIONS**  
**SIX MONTHS ENDED SEPTEMBER 30, 2020 (unaudited)**

**Investment Income**

Interest income . . . . . \$ 4,071,595

**Expenses**

Investment Adviser fee (note 3) . . . . . \$	534,372
Distribution and service fee (note 3) . . . . .	181,818
Transfer and shareholder servicing agent fees . . . . .	61,411
Legal fees . . . . .	57,373
Trustees' fees and expenses (note 7) . . . . .	28,254
Registration fees and dues . . . . .	22,564
Shareholders' reports . . . . .	16,306
Auditing and tax fees . . . . .	11,900
Insurance . . . . .	6,369
Credit facility fees (note 10) . . . . .	6,079
Custodian fees . . . . .	5,287
Compliance services (note 3) . . . . .	4,037
Miscellaneous . . . . .	<u>26,807</u>
Total expenses . . . . .	<u>962,577</u>
Net investment income . . . . .	3,109,018

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

Net realized gain (loss) from securities transactions . . .	22,527
Change in unrealized appreciation on investments. . . . .	<u>3,965,092</u>
 Net realized and unrealized gain on investments . . . . .	 <u>3,987,619</u>
Net change in net assets resulting from operations . . . .	<u>\$ 7,096,637</u>

See accompanying notes to financial statements.



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

	Six Months Ended September 30, 2020 (unaudited)	Year Ended March 31, 2020
<b>OPERATIONS</b>		
Net investment income . . . . .	\$ 3,109,018	\$ 6,535,013
Realized gain (loss) from securities transactions . . . . .	22,527	124,015
Change in unrealized appreciation on investments . . . . .	3,965,092	1,304,886
Change in net assets resulting from operations . . . . .	7,096,637	7,963,914
<b>DISTRIBUTIONS TO SHAREHOLDERS (note 9):</b>		
Class A Shares . . . . .	(2,295,844)	(5,082,016)
Class C Shares . . . . .	(56,122)	(139,029)
Class Y Shares . . . . .	(714,609)	(1,231,826)
Change in net assets from distributions . . . . .	(3,066,575)	(6,452,871)
<b>CAPITAL SHARE TRANSACTIONS (note 6):</b>		
Proceeds from shares sold . . . . .	23,738,365	38,518,369
Reinvested dividends and distributions . . . . .	2,455,967	4,996,175
Cost of shares redeemed . . . . .	(17,876,913)	(38,499,539)
Change in net assets from capital share transactions . . . . .	8,317,419	5,015,005
Change in net assets . . . . .	12,347,481	6,526,048
<b>NET ASSETS:</b>		
Beginning of period . . . . .	259,914,424	253,388,376
End of period . . . . .	\$ 272,261,905	\$ 259,914,424

See accompanying notes to financial statements.

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 (unaudited)**

## **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

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

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

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

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

<u>Valuation Inputs*</u>	<u>Investments in Securities</u>
Level 1 – Quoted Prices — Short-Term Investment . .	\$ 9,579,564
Level 2 – Other Significant Observable Inputs — Municipal Bonds* . . . . .	261,357,493
Level 3 – Significant Unobservable Inputs . . . . .	—
Total . . . . .	<u>\$ 270,937,057</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 (2017 – 2019) or expected to be taken in the Fund’s 2020 tax returns and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

- f) *Multiple Class Allocations*: All income, expenses (other than class-specific expenses), and realized and unrealized gains or losses are allocated daily to each class of shares based on the relative net assets of each class. Class-specific expenses, which include distribution and service fees and any other items that are specifically attributed to a particular class, are also charged directly to such class on a daily basis.

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

- g) *Use of estimates*: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.
- h) *Reclassification of capital accounts*: Accounting principles generally accepted in the United States of America require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications had no effect on net assets or net asset value per share. For the year ended March 31, 2020, there were no items identified that have been reclassified among components of net assets.
- i) The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification Topic 946 “Financial Services-Investment Companies”.

### **3. Fees and Related Party Transactions**

a) *Management Arrangements*:

Aquila Investment Management LLC (the “Manager”), a wholly-owned subsidiary of Aquila Management Corporation, the Fund’s founder and sponsor, serves as the Manager for the Fund under an Advisory and Administration Agreement with the Fund. 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 six months ended September 30, 2020, distribution fees on Class A Shares amounted to \$143,096, of which the Distributor retained \$15,551.

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

Under another part of the Plan, the Fund is authorized to make payments with respect to Class C Shares to Qualified Recipients which have rendered assistance in the distribution and/or retention of the Fund's Class C Shares or servicing of shareholder accounts. These payments are made at the annual rate of 0.75% of the Fund's average net assets represented by Class C Shares and for the six months ended September 30, 2020, amounted to \$29,042. In addition, under a Shareholder Services Plan, the Fund is authorized to make service fee payments with respect to Class C Shares to Qualified Recipients for providing personal services and/or maintenance of shareholder accounts. These payments are made at the annual rate of 0.25% of the Fund's average net assets represented by Class C Shares and for the six months ended September 30, 2020, these payments amounted to \$9,680. The total of these payments with respect to Class C Shares amounted to \$38,722, of which the Distributor retained \$9,586.

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 six months ended September 30, 2020, total commissions on sales of Class A Shares amounted to \$22,322, of which the Distributor received \$4,822.

*c) Transfer and shareholder servicing fees:*

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

#### **4. Purchases and Sales of Securities**

During the six months ended September 30, 2020, purchases of securities and proceeds from the sales of securities aggregated \$31,085,131 and \$13,465,308, respectively.

At September 30, 2020, the aggregate tax cost for all securities was \$253,415,161. At September 30, 2020, the aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost amounted to \$18,413,065 and aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value amounted to \$891,169 for a net unrealized appreciation of \$17,521,896.

#### **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)**  
**SEPTEMBER 30, 2020 (unaudited)**

securities only when comparable securities of Arizona issuers are not available in the market. At September 30, 2020, the Fund had all of its long-term portfolio holdings invested in the securities of Arizona issuers.

**6. Capital Share Transactions**

Transactions in Capital Shares of the Fund were as follows:

	<b>Six Months Ended</b>		<b>Year Ended</b>	
	<b>September 30, 2020</b>		<b>March 31, 2020</b>	
	<b>(unaudited)</b>			
	<b>Shares</b>	<b>Amount</b>	<b>Shares</b>	<b>Amount</b>
<b>Class A Shares</b>				
Proceeds from shares sold...	873,002	\$ 9,463,742	1,595,920	\$ 17,142,572
Reinvested dividends and distributions.....	167,173	1,806,597	357,534	3,853,947
Cost of shares redeemed.....	<u>(1,106,290)</u>	<u>(11,918,696)</u>	<u>(2,514,282)</u>	<u>(26,959,499)</u>
Net change .....	<u>(66,115)</u>	<u>(648,357)</u>	<u>(560,828)</u>	<u>(5,962,980)</u>
<b>Class C Shares:</b>				
Proceeds from shares sold ...	60,523	657,001	111,230	1,200,633
Reinvested dividends and distributions.....	4,663	50,330	11,366	122,421
Cost of shares redeemed.....	<u>(110,700)</u>	<u>(1,197,724)</u>	<u>(245,085)</u>	<u>(2,629,834)</u>
Net change .....	<u>(45,514)</u>	<u>(490,393)</u>	<u>(122,489)</u>	<u>(1,306,780)</u>
<b>Class Y Shares:</b>				
Proceeds from shares sold ...	1,261,389	13,617,622	1,871,808	20,175,164
Reinvested dividends and distributions.....	55,331	599,040	94,434	1,019,807
Cost of shares redeemed.....	<u>(440,677)</u>	<u>(4,760,493)</u>	<u>(827,768)</u>	<u>(8,910,206)</u>
Net change .....	<u>876,043</u>	<u>9,456,169</u>	<u>1,138,474</u>	<u>12,284,765</u>
Total transactions in Fund shares.....	<u>764,414</u>	<u>\$ 8,317,419</u>	<u>455,157</u>	<u>\$ 5,015,005</u>

**7. Trustees' Fees and Expenses**

At September 30, 2020, there were 9 Trustees, one of whom is affiliated with the Manager and is not paid any fees. The total amount of Trustees' service fees (for carrying out their responsibilities) and attendance fees paid during the six months ended September 30, 2020 was \$28,254. 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 six months ended September 30, 2020, due to the COVID-19 pandemic, such meeting-related expenses amounted to \$0.

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

**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, 2020, the Fund had capital loss carry forwards of \$434,525, which retains its character of long-term and has no expiration.

The tax character of distributions was as follows:

	<u>Year Ended</u> <u>March 31, 2020</u>	<u>Year Ended</u> <u>March 31, 2019</u>
Net tax-exempt income .....	\$ 6,356,063	\$ 6,864,628
Ordinary Income .....	96,808	70,430
Long-term capital gains .....	<u>—</u>	<u>602,393</u>
	<u>\$ 6,452,871</u>	<u>\$ 7,537,451</u>

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

Undistributed tax-exempt income .....	\$ 193,700
Undistributed net realized loss on investments .....	(434,525)
Unrealized appreciation .....	13,558,496
Other temporary differences .....	<u>(109,767)</u>
	<u>\$ 13,207,904</u>

**AQUILA TAX-FREE TRUST OF ARIZONA**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2020 (unaudited)**

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

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

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

#### **11. Recent events**

The respiratory illness COVID-19 caused by a novel coronavirus has resulted in a global pandemic and major disruption to economies and markets around the world, including the United States. Global financial markets have experienced extreme volatility and severe losses, and trading in many instruments has been disrupted. Liquidity for many instruments has been greatly reduced for periods of time. Some interest rates are very low. Some sectors of the economy and individual issuers have experienced particularly large losses. These circumstances may continue for an extended period of time, and affect adversely the value and/or liquidity of the Fund's investments. The ultimate economic fallout from the pandemic, and the long-term impact on economies, markets, industries and individual issuers, are not known. Governments and central banks, including the Federal Reserve in the U.S., have taken extraordinary and unprecedented actions to support national economies and the financial markets. These actions have resulted in significant expansion of public debt, including in the U.S. The impact of these measures, and whether they will be effective to mitigate the economic and market disruption, may not be known for some time. The consequences of high public debt, including its future impact on the economy and securities markets, likewise may not be known for some time.



## AQUILA TAX-FREE TRUST OF ARIZONA FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

	Class A					
	Six Months Ended 9/30/20 (unaudited)	Year Ended March 31,				
		2020	2019	2018	2017	2016
Net asset value, beginning of period . . . . .	\$10.68	\$10.61	\$10.47	\$10.58	\$10.95	\$10.98
Income (loss) from investment operations:						
Net investment income <sup>(1)</sup> . . . . .	0.13	0.27	0.29	0.30	0.32	0.37
Net gain (loss) on securities (both realized and unrealized) . . . . .	0.16	0.07	0.16	(0.10)	(0.36)	(0.03)
Total from investment operations . . . . .	0.29	0.34	0.45	0.20	(0.04)	0.34
Less distributions (note 9):						
Dividends from net investment income . . . . .	(0.12)	(0.27)	(0.29)	(0.29)	(0.32)	(0.35)
Distributions from capital gains . . . . .	—	—	(0.02)	(0.02)	(0.01)	(0.02)
Total distributions . . . . .	(0.12)	(0.27)	(0.31)	(0.31)	(0.33)	(0.37)
Net asset value, end of period . . . . .	\$10.85	\$10.68	\$10.61	\$10.47	\$10.58	\$10.95
Total return (not reflecting sales charge) . . . . .	2.77% <sup>(2)</sup>	3.16%	4.37%	1.93%	(0.42)%	3.20%
Ratios/supplemental data						
Net assets, end of period (in millions) . . . . .	\$202	\$199	\$204	\$218	\$229	\$242
Ratio of expenses to average net assets . . . . .	0.73% <sup>(3)</sup>	0.74%	0.73%	0.69%	0.70%	0.71%
Ratio of net investment income to average net assets . . . . .	2.32% <sup>(3)</sup>	2.49%	2.74%	2.77%	2.96%	3.36%
Portfolio turnover rate . . . . .	5% <sup>(2)</sup>	21%	34%	16%	19%	10%

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

(2) Not annualized.

(3) Annualized.

See accompanying notes to financial statements.

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

For a share outstanding throughout each period

	Class C					
	Six Months Ended 9/30/20 (unaudited)	Year Ended March 31,				
		2020	2019	2018	2017	2016
Net asset value, beginning of period . . . . .	\$10.67	\$10.61	\$10.47	\$10.58	\$10.95	\$10.98
Income (loss) from investment operations:						
Net investment income <sup>(1)</sup> . . . . .	0.08	0.18	0.20	0.20	0.23	0.28
Net gain (loss) on securities (both realized and unrealized) . . . . .	0.17	0.05	0.15	(0.09)	(0.37)	(0.03)
Total from investment operations . . . . .	0.25	0.23	0.35	0.11	(0.14)	0.25
Less distributions (note 9):						
Dividends from net investment income . . . . .	(0.08)	(0.17)	(0.19)	(0.20)	(0.22)	(0.26)
Distributions from capital gains . . . . .	—	—	(0.02)	(0.02)	(0.01)	(0.02)
Total distributions . . . . .	(0.08)	(0.17)	(0.21)	(0.22)	(0.23)	(0.28)
Net asset value, end of period . . . . .	\$10.84	\$10.67	\$10.61	\$10.47	\$10.58	\$10.95
Total return (not reflecting sales charge) . . . . .	2.33% <sup>(2)</sup>	2.20%	3.49%	1.06%	(1.26)%	2.34%
Ratios/supplemental data						
Net assets, end of period (in millions) . . . . .	\$8	\$8	\$9	\$14	\$17	\$18
Ratio of expenses to average net assets . . . . .	1.58% <sup>(3)</sup>	1.59%	1.58%	1.54%	1.55%	1.56%
Ratio of net investment income to average net assets . . . . .	1.47% <sup>(3)</sup>	1.65%	1.88%	1.92%	2.11%	2.51%
Portfolio turnover rate . . . . .	5% <sup>(2)</sup>	21%	34%	16%	19%	10%

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

(2) Not annualized.

(3) Annualized.

See accompanying notes to financial statements.

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

For a share outstanding throughout each period

	Class Y					
	Six Months Ended 9/30/20 (unaudited)	Year Ended March 31,				
		2020	2019	2018	2017	2016
Net asset value, beginning of period . . . . .	\$10.69	\$10.63	\$10.49	\$10.60	\$10.97	\$11.00
Income (loss) from investment operations:						
Net investment income <sup>(1)</sup> . . . . .	0.13	0.28	0.30	0.31	0.34	0.38
Net gain (loss) on securities (both realized and unrealized) . . . . .	0.17	0.06	0.16	(0.09)	(0.37)	(0.02)
Total from investment operations . . . . .	0.30	0.34	0.46	0.22	(0.03)	0.36
Less distributions (note 9):						
Dividends from net investment income . . . . .	(0.13)	(0.28)	(0.30)	(0.31)	(0.33)	(0.37)
Distributions from capital gains . . . . .	—	—	(0.02)	(0.02)	(0.01)	(0.02)
Total distributions . . . . .	(0.13)	(0.28)	(0.32)	(0.33)	(0.34)	(0.39)
Net asset value, end of period . . . . .	\$10.86	\$10.69	\$10.63	\$10.49	\$10.60	\$10.97
Total return (not reflecting sales charge) . . . . .	2.83% <sup>(2)</sup>	3.21%	4.51%	2.08%	(0.26)%	3.38%
Ratios/supplemental data						
Net assets, end of period (in millions) . . . . .	\$63	\$53	\$40	\$41	\$42	\$41
Ratio of expenses to average net assets . . . . .	0.58% <sup>(3)</sup>	0.60%	0.59%	0.55%	0.55%	0.56%
Ratio of net investment income to average net assets . . . . .	2.46% <sup>(3)</sup>	2.62%	2.88%	2.92%	3.11%	3.49%
Portfolio turnover rate . . . . .	5% <sup>(2)</sup>	21%	34%	16%	19%	10%

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

(2) Not annualized.

(3) Annualized.

See accompanying notes to financial statements.

## **Additional Information:**

### **Statement Regarding Liquidity Risk Management Program**

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

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

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

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

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

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

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

## **Additional Information (unaudited):**

### **Renewal of the Advisory and Administration Agreement**

Aquila Investment Management LLC (the “Manager”) serves as the investment adviser to the Trust pursuant to an Advisory and Administration Agreement (the “Advisory Agreement”). In order for the Manager to remain the investment adviser of the Trust, the Trustees of the Trust must determine annually whether to renew the Advisory Agreement for the Trust.

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

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

### **The nature, extent, and quality of the services provided by the Manager**

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

The Trustees reviewed the Manager’s investment approach for the Trust and its research process. The Trustees considered that the Manager had provided all advisory and administrative services to the Trust that the Trustees deemed necessary or appropriate, including the specific services that the Trustees have determined are required for the Trust, given that it seeks to provide shareholders with as high a level of current income exempt from Arizona state and regular Federal income taxes as is consistent with preservation of capital. The Trustees considered the personnel of the Manager who provide investment management services to the Trust. The Manager has employed Messrs. Tony Tanner, James Thompson and Royden Durham as portfolio managers for the Trust and has established facilities and capabilities for credit analysis of the Trust’s portfolio securities. They considered that Mr. Tanner, the Trust’s lead portfolio manager, is based in Phoenix, Arizona and that he has a comprehensive understanding regarding the economy of the State of Arizona and the securities in which the Trust invests, including those securities with less than the highest ratings from the rating agencies.

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

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

### **The investment performance of the Trust**

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

- the funds in the Trust’s peer group (the “Peer Group”), as selected by the independent consultant (the Trust and five other Arizona intermediate and long municipal bond funds, as classified by Morningstar, that charge a front-end sales charge);
- the funds in the Trust’s product category for performance (the “Product Category for Performance”) (all funds (and all classes) included in the Morningstar Single-State Intermediate Municipal Bond Funds category); and
- the Trust’s benchmark index, the Bloomberg Barclays Quality Intermediate Municipal Bond Index.

The Trustees considered that the materials included in the Consultant’s Report indicated that the Trust’s average annual total return was lower than the average annual total return of the funds in the Peer Group for the three, five and ten-year periods ended May 31, 2020 but higher than the average total return of the fund in the Peer Group for the one-year period ended May 31, 2020. The Trustees also considered that, as reflected in the Consultant’s Report, the Trust’s average annual total return was higher than the average annual total return of the funds in the Product Category for Performance for the three, five and ten-year periods ended May 31, 2020 but lower than the average annual total return of the funds in the Product Category for Performance for the one-year period ended May 31, 2020. The Trustees further considered that the Trust outperformed its benchmark index for the ten-year period, but underperformed its benchmark index for the one, three and five-year periods, all as of May 31, 2020. The Trustees noted that the Trust invests primarily in municipal obligations issued by the State of Arizona, its counties and various other local authorities, while the funds in the Product Category for Performance invest in, and the Trust’s benchmark index includes, municipal bonds of issuers throughout the United States and that less than 2% of the benchmark index consists of Arizona bonds. The Trustees also noted that, unlike the Trust’s returns, the performance of the benchmark index did not reflect any fees or expenses.

In addition, the Trustees considered that, as reflected in the Consultant’s Report, the Trust’s standard deviation, a measure of volatility, was in the first quintile relative to the funds in the Product Category for Performance for the three and five-year periods ended May 31, 2020. The Trustees further noted that the Trust’s Sharpe ratio was in the second quintile for the three-year period and the first quintile for the five-year period, both ended May 31, 2020, when compared to the funds in the Product Category for Performance. A Sharpe ratio is a measure for calculating risk-adjusted return. The higher the Sharpe ratio, the better the fund’s historical risk-adjusted performance.

The Trustees considered the Trust’s investment performance to be consistent with the investment objectives of the Trust. Evaluation of the investment performance of the Trust indicated to the Trustees that renewal of the Advisory Agreement would be appropriate.

### **Advisory Fees and Trust Expenses**

The Trustees reviewed the Trust’s advisory fees and expenses and compared them to the advisory fee and expense data for:

- the funds in the Peer Group (as defined above); and
- the funds in the product category for expenses (the “Product Category for Expenses”) (Morningstar Single-State Intermediate Municipal Bond Funds and Morningstar Single-State Long Municipal Bond Funds from states within which 4-7 mutual funds are operating, with similar operating expense structures).

The Trustees considered that the Trust’s contractual advisory fee was lower than the average and median contractual advisory fee of the funds in the Peer Group (at the Trust’s current asset level) and lower than the asset-weighted average contractual advisory fee of the funds in the Product Category for Expenses (at various asset levels up to \$5 billion).

The Trustees noted that the Trust’s actual management fee was higher than the average actual management fee of the funds in the Peer Group (after giving effect to fee waivers in effect for those funds) but lower than the average actual management fee of the funds in the Product Category for Expenses (after giving effect to fee waivers in effect for those funds). They noted that the Trust’s expenses were less than the average actual expenses of the funds in both the Product Category for Expenses and the Peer Group (after giving effect to fee waivers in effect for those funds).

The Trustees reviewed management fees charged by the Manager to its other clients. It was noted that the Manager does not have any other clients except for other funds in the Aquila Group of Funds. The Trustees noted that, in most instances, the fee rates for those clients were comparable to the fees paid to the Manager with respect to the Trust. In evaluating the fees associated with the other funds, the Trustees took into account the respective demands, resources and complexity associated with the Trust and those funds.

The Trustees concluded that the advisory fee and expenses of the Trust were reasonable in relation to the nature and quality of the services provided by the Manager to the Trust.

### **Profitability**

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

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

## **The extent to which economies of scale would be realized as the Trust grows**

The Trustees considered the extent to which the Manager may realize economies of scale or other efficiencies in managing the Trust. The Trustees considered that the materials indicated that the Trust's fees are already generally lower than those of its peers, including those with breakpoints. The Trustees noted that the Manager's profitability also may be an indicator of the availability of any economies of scale. Accordingly, the Trustees concluded that economies of scale, if any, were being appropriately shared with the Trust.

## **Benefits derived or to be derived by the Manager and its affiliate from the relationship with the Trust**

The Trustees observed that, as is generally true of most fund complexes, the Manager and its affiliate, by providing services to a number of funds including the Trust, were able to spread costs as they would otherwise be unable to do. The Trustees noted that while that produces efficiencies and increased profitability for the Manager and its affiliate, it also makes their services available to the Trust at favorable levels of quality and cost which are more advantageous to the Trust than would otherwise have been possible.



## Your Fund's Expenses (unaudited)

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

### Actual Fund Expenses

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

### Hypothetical Example for Comparison with Other Funds

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

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

	Actual			Hypothetical		
	(actual return after expenses)			(5% annual return before expenses)		
Share Class	Beginning Account Value 4/1/20	Ending <sup>(1)</sup> Account Value 9/30/20	Expenses <sup>(2)</sup> Paid During Period 4/1/20 – 9/30/20	Ending Account Value 9/30/20	Expenses <sup>(2)</sup> Paid During Period 4/1/20 – 9/30/20	Net Annualized Expense Ratio
A	\$1,000	\$1,027.70	\$3.71	\$1,021.41	\$3.70	0.73%
C	\$1,000	\$1,023.30	\$8.01	\$1,017.15	\$7.99	1.58%
Y	\$1,000	\$1,028.30	\$2.95	\$1,022.16	\$2.94	0.58%

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

### Information Available (unaudited)

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

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

### Proxy Voting Record (unaudited)

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

### Federal Tax Status of Distributions (unaudited)

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

For the fiscal year ended March 31, 2020, \$6,356,063 of dividends paid by Aquila Tax-Free Trust of Arizona, constituting 98.5% of total dividends paid, were exempt-interest dividends; and the balance was ordinary income.

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

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### ***Founders***

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

### ***Manager***

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

### ***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

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