



Semi-Annual Report

September 30, 2021





Aquila Tax-Free Trust of Arizona

Interest Rates: Lower for Longer?

Serving Arizona investors since 1986



November, 2021

Dear Fellow Shareholder:

The municipal bond market remains focused on key factors that drive interest rates, which is generally paramount on the minds of municipal bond investors. Included in these factors are Federal monetary and fiscal policies, both of which can have a direct impact on interest rates and, in turn, bond prices. So, what does this mean and how might it impact the municipal bond market and, specifically, your Fund?

Federal Reserve Tapering and Interest Rates

Much of the Federal Reserve (the “Fed”) activity and overall monetary policy is data dependent. The Fed carefully analyzes economic data and monitors current and projected growth. At its Federal Open Market Committee (“FOMC”) meeting in September, the Fed announced that it was preparing to reduce the pace of its monthly bond purchases, a process referred to as “tapering.” That is, tapering the pace of quantitative easing, also known as “QE,” which has been the Fed’s recent monetary policy to help stimulate U.S. economic growth in the wake of the ongoing pandemic. This announcement signaled the beginning of a shift in policy and prompted a change in market sentiment. In early November, the Fed announced that the tapering would begin “later this month” with reductions of \$15 billion each month – \$10 billion in U.S. Treasuries and \$5 billion in mortgage-backed securities – from the current \$120 billion a month that the Fed had been buying to reduce outstanding debt. The FOMC also voted to keep the 0%-0.25% target range of the federal funds rate, which affects the general level of interest rates and, subsequently, bond yields. The FOMC stressed that investors should not view the reduction in purchases as a signal that rate hikes are imminent. Officials have said they don’t envision rate hikes will begin until tapering is finished, which based on the current schedule will conclude around July, 2022.

The Potential Impact on Municipal Bond Yields

Much of the municipal bond market’s activity is influenced by the U.S. Treasury market, as determined by the yield ratio of municipal bonds to U.S. Treasury bonds. Municipal/Treasury ratios compare the current yield of municipal bonds to U.S. Treasury bonds and are used to help assess relative value. These ratios neared historical high levels in 2020, fueled by pandemic-related credit fears, only to reverse course during 2021. From a municipal bond perspective, current Municipal/Treasury ratios may generally be considered favorable in terms of offering enhanced relative value.

Although yields on municipal bonds have drifted upward, they continue to hover near historical lows. Fixed income investors still find themselves in a low interest rate environment, wondering when they may see more of an opportunity to earn attractive yields on their investments.

While uncertainty remains in terms of when longer term rates may rise, it is important to remember that all too often investors get caught in the trap of trying to “time the market.” Very few people are consistently right in calling securities market or interest rate movements.

Instead of concentrating on what the market is or isn't doing, we believe:

- It is prudent to focus on your goals, your time frame for achieving them, and your tolerance for risk. We generally recommend working with a financial professional to develop an asset allocation model to best address these important factors.
- Actively managed mutual funds may play an important role in your asset allocation model. Fund portfolio managers actively manage fund holdings over time, implementing various strategies based on market expectations that may mitigate the impact of market volatility. For example, fund holdings may be altered by quality rating (with a goal to manage credit risk that may increase with rising rates), as well as by maturity date and coupon (thereby adjusting portfolio duration, or the sensitivity of the fund to movements in interest rates – lower portfolio duration reduces sensitivity to changes in rates).
- Dollar-cost averaging may also be an important part of your investment plan. Investing a set amount of money on a regular basis regardless of whether the market is up or down removes timing the market from your investment equation. This approach doesn't guarantee a profit on your shares, nor will it protect against a loss if you redeem your investment in a declining market. However, it generally provides a balanced outcome over the longer term. When interest rates increase and share prices decline, as is bound to happen at some point, you may view that downturn as an opportunity to acquire more shares at a lower price.

The Aquila Advantage

Aquila Group of Funds' portfolio management teams are locally-based in the states where they invest, providing a distinct advantage that is a hallmark of our investment process. By having an up-close perspective on the economy and bond issuers in their local municipalities, cities and states, our Fund managers are able to gain valuable insights into what's happening “on the ground” and optimize the investment decision-making process.

Our investment professionals draw upon their many years of experience in analyzing securities, observing market and economic cycles, and recognizing risks and opportunities. Today's investment landscape is no exception. Regardless of Federal monetary policy and the direction of interest rates, each of our municipal bond funds is actively managed, consistently maintaining broadly diversified, high-

quality portfolios, generally with an intermediate average maturity. We remain committed to effective risk management, seeking to provide our shareholders with an appropriate level of risk-adjusted returns.

As always, thank you for being a valued shareholder of Aquila Group of Funds.

Sincerely,



A handwritten signature in black ink, appearing to read "Diana P. Herrmann". The signature is fluid and cursive.

Diana P. Herrmann, Vice Chair and President

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

The market prices of the Fund's securities may rise or decline in value due to general market conditions, such as real or perceived adverse economic or political conditions, inflation, changes in interest rates, lack of liquidity in the bond markets or adverse investor sentiment. When market prices fall, the value of your investment may go down. In the past several years, financial markets have experienced increased volatility, depressed valuations, decreased liquidity and heightened uncertainty. Rates of inflation have recently risen. 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 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, 2021 (unaudited)

Principal Amount	General Obligation Bonds (31.6%)	Ratings Moody's, S&P and Fitch	Value
	City (3.2%)		
	Buckeye Jackrabbit Trail Sanitary Sewer Improvement District		
\$ 222,000	6.250%, 01/01/29	NR/A-/NR	\$ 225,052
	Gilbert Improvement District No. 19		
5,000	5.200%, 01/01/23	Aa1/AA-/NR	5,019
	Gilbert Improvement District No. 20		
585,000	5.100%, 01/01/29	Aa1/AA-/NR	591,780
	Glendale, Arizona		
200,000	5.000%, 07/01/33	NR/AA-/AAA	247,750
	Goodyear, Arizona		
1,150,000	3.000%, 07/01/39	Aa1/AA/NR	1,269,404
	Goodyear McDowell Road Commercial Corridor Improvement District		
840,000	3.250%, 01/01/27 BAMAC Insured	Aa2/AA/NR	945,168
	Mesa, Arizona		
425,000	4.000%, 07/01/32	Aa2/AA/AAA	500,459
425,000	4.000%, 07/01/33	Aa2/AA/AAA	499,112
450,000	4.000%, 07/01/34	Aa2/AA/AAA	527,035
	Scottsdale, Arizona		
500,000	4.000%, 07/01/34	Aaa/AAA/AAA	577,870
	Tempe, Arizona		
555,000	5.000%, 07/01/33	NR/AAA/AAA	742,879
	Tempe Improvement District (Pier Town Lake)		
2,000,000	5.000%, 01/01/29	Aa2/NR/NR	2,007,380
	Tolleson, Arizona		
1,000,000	4.000%, 07/01/38	NR/AA/AAA	1,154,070
	Total City		<u>9,292,978</u>
	Community College (1.5%)		
	Pinal Co. Community College District		
500,000	4.000%, 07/01/33	NR/AA-/NR	607,940
1,000,000	3.000%, 07/01/34	NR/AA-/NR	1,107,490
	Yuma/ La Paz Counties Community College District (Arizona Western College)		
1,195,000	4.000%, 07/01/46 2021 BAMAC Insured. .	NR/AA/NR	1,394,326

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
<u>Community College (continued)</u>			
	Yuma/ La Paz Counties Community College District (Arizona Western College), Refunding		
\$ 1,000,000	4.000%, 07/01/28 2014A	Aa3/A+/NR	\$ 1,089,790
	Total Community College		<u>4,199,546</u>
<u>County (7.4%)</u>			
	Drexel Heights Fire District		
100,000	3.000%, 07/01/22	NR/AA-/NR	101,979
	Maricopa Co. Daisy Mountain Fire District		
340,000	4.000%, 07/01/27 AGMC Insured	NR/AA/NR	389,045
	Maricopa Co. Special Health Care District		
2,500,000	5.000%, 07/01/25	Aa3/NR/AA-	2,918,200
2,500,000	5.000%, 07/01/26	Aa3/NR/AA-	3,008,850
3,000,000	5.000%, 07/01/32	Aa3/NR/AA-	3,726,030
1,500,000	5.000%, 07/01/34	Aa3/NR/AA-	1,853,175
4,345,000	5.000%, 07/01/34	Aa3/NR/AA-	5,724,929
	Pima Co. Northwest Fire District		
545,000	4.000%, 07/01/22	NR/AA-/NR	559,159
	Yavapai Co. Jail District		
1,650,000	4.000%, 07/01/33 BAMAC Insured	NR/AA/AA	1,918,884
	Yuma Co. Free Library District		
1,000,000	4.000%, 07/01/29	Aa3/NR/AAA	1,120,750
	Total County		<u>21,321,001</u>
<u>School District (17.1%)</u>			
	Buckeye Union High School District No. 201		
1,000,000	5.000%, 07/01/33 AGMC Insured	NR/AA/NR	1,155,590
500,000	5.000%, 07/01/36 BAMAC Insured	NR/AA/NR	599,010
	Gila Co. Unified School District No. 10 (Payson)		
1,000,000	5.000%, 07/01/28	Aa2/NR/NR	1,121,840
	Glendale Union High School District No. 205		
525,000	5.000%, 07/01/27 BAMAC Insured	NR/AA/NR	566,281
650,000	3.000%, 07/01/35 AGMC Insured	NR/AA/NR	715,448

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	School District (continued)		
	Maricopa Co. Elementary School District No. 1 (Phoenix)		
\$ 500,000	4.000%, 07/01/31 BAMAC Insured	NR/AA/NR	\$ 574,495
460,000	4.000%, 07/01/32 BAMAC Insured	NR/AA/NR	527,234
	Maricopa Co. Elementary School District No. 2 (Riverside)		
1,000,000	5.000%, 07/01/30 BAMAC Insured	NR/AA/NR	1,269,450
	Maricopa Co. Elementary School District No. 3 (Tempe)		
500,000	5.000%, 07/01/30	Aa1/NR/NR	613,325
	Maricopa Co. Elementary School District No. 8 (Osborn)		
500,000	5.000%, 07/01/31 AGMC Insured	NR/AA/NR	603,605
	Maricopa Co. Elementary School District No. 25 (Liberty)		
350,000	4.000%, 07/01/35 AGMC Insured	NR/AA/NR	411,915
300,000	4.000%, 07/01/36 AGMC Insured	NR/AA/NR	352,023
375,000	4.000%, 07/01/37 AGMC Insured	NR/AA/NR	438,836
	Maricopa Co. Elementary School District No. 28 (Kyrene Elementary)		
350,000	5.000%, 07/01/34	Aaa/AA/NR	403,193
	Maricopa Co. Elementary School District No. 40 (Glendale)		
2,050,000	2.000%, 07/01/35 AGMC Insured	NR/AA/AA+	2,064,001
	Maricopa Co. Elementary School District No. 62 (Union)		
315,000	4.000%, 07/01/29 BAMAC Insured	NR/AA/NR	366,106
580,000	4.000%, 07/01/32 BAMAC Insured	NR/AA/NR	668,241
300,000	4.000%, 07/01/33 BAMAC Insured	NR/AA/NR	344,838
375,000	4.000%, 07/01/34 BAMAC Insured	NR/AA/NR	430,031
	Maricopa Co. Elementary School District No. 65 (Littleton)		
650,000	3.000%, 07/01/37 BAMAC Insured	Aa3/AA/NR	709,052
	Maricopa Co. High School District No. 210 (Phoenix)		
500,000	4.000%, 07/01/26	Aa1/AA/AAA	564,925

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
School District (continued)			
	Maricopa Co. High School District No. 214 (Tolleson)		
\$ 2,090,000	5.000%, 07/01/29+++	Aa1/AA/NR	\$ 2,701,220
1,000,000	5.000%, 07/01/30+++	Aa1/AA/NR	1,317,270
300,000	3.000%, 07/01/34+++	Aa1/AA/NR	334,281
825,000	4.000%, 07/01/34	Aa1/AA/NR	963,336
200,000	3.000%, 07/01/35+++	Aa1/AA/NR	222,312
	Maricopa Co. Unified School District No. 11 (Peoria)		
1,500,000	4.000%, 07/01/25	Aa3/AA-NR	1,540,815
675,000	4.500%, 07/01/33 AGMC Insured	Aa3/AA/NR	766,260
	Maricopa Co. Unified School District No. 24 (Gila Bend)		
70,000	5.500%, 07/01/22	NR/NR/NR*	70,127
	Maricopa Co. Unified School District No. 60 (Higley)		
1,615,000	5.000%, 07/01/29	Aa2/A+/NR	1,808,477
	Maricopa Co. Unified School District No. 66 (Roosevelt)		
910,000	4.000%, 07/01/31 BAMAC Insured	A1/AA/NR	1,048,302
	Maricopa Co. Unified School District No. 69 (Paradise Valley)		
1,000,000	4.500%, 07/01/30	Aa1/NR/AAA	1,069,240
425,000	4.000%, 07/01/35	Aa1/NR/AAA	513,102
900,000	3.000%, 07/01/36	Aa1/NR/AAA	1,001,745
300,000	3.000%, 07/01/36	Aa1/NR/AAA	330,270
	Maricopa Co. Unified School District No. 80 (Chandler)		
1,000,000	4.000%, 07/01/32	Aaa/NR/AAA	1,225,570
545,000	4.000%, 07/01/36	Aaa/AA/NR	637,437
	Maricopa Co. Unified School District No. 89 (Dysart)		
500,000	4.000%, 07/01/28	NR/A+/AAA	543,895
2,185,000	5.500%, 07/01/22 NCFG/FGIC Insured	Baa2/A+/NR	2,269,494
	Maricopa Co. Union School District No. 216 (Agua Fria)		
900,000	3.000%, 07/01/37	Aa1/NR/NR	985,995

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
School District (continued)			
	Maricopa Co. Unified School District No. 90 (Saddle Mountain)		
\$ 1,000,000	5.000%, 07/01/31 AGMC Insured	NR/AA/NR	\$ 1,273,450
	Mohave Co. Unified School District No. 1 (Lake Havasu)		
500,000	5.000%, 07/01/35	Aa1/NR/NR	604,345
	Navajo Co. Unified School District No. 10 (Show Low)		
500,000	4.000%, 07/01/31 AGMC Insured	NR/AA/NR	570,030
	Navajo Co. Unified School District No. 32 (Blue Ridge)		
400,000	5.000%, 07/01/29 AGMC Insured	NR/AA/NR	489,104
	Pima Co. Unified School District No. 6 (Marana)		
1,250,000	5.000%, 07/01/25	NR/A/NR	1,264,000
950,000	5.250%, 07/01/25 AGMC Insured	NR/AA/NR	984,694
1,000,000	4.250%, 07/01/32 AGMC Insured	NR/AA/NR	1,122,070
1,000,000	4.000%, 07/01/37 AGMC Insured	NR/AA/NR	1,140,070
	Pima Co. Unified School District No. 8 (Flowing Wells)		
1,000,000	4.500%, 07/01/37 AGMC Insured	NR/AA/NR	1,161,530
250,000	4.000%, 07/01/28 BAMAC Insured	NR/AA/NR	295,672
250,000	4.000%, 07/01/29 BAMAC Insured	NR/AA/NR	299,188
300,000	3.000%, 07/01/38 BAMAC Insured	NR/AA/NR	321,918
280,000	3.000%, 07/01/40 BAMAC Insured	NR/AA/NR	298,987
	Pima Co. Unified School District No. 12 (Sunnyside)		
1,050,000	4.000%, 07/01/28 BAMAC Insured	NR/AA/NR	1,111,152
	Pima Co. Unified School District No. 20 (Vail)		
700,000	5.000%, 07/01/28 AGMC Insured	NR/AA/NR	876,736
	Pinal Co. Unified School District No. 44 (J. O. Combs)		
1,225,000	3.750%, 07/01/38 AGMC Insured	NR/AA/NR	1,361,073
	Santa Cruz Co. Unified School District No. 35 (Santa Cruz Valley)		
300,000	3.000%, 07/01/36 AGMC Insured	NR/AA/NR	330,567

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
<u>School District (continued)</u>			
	Western Maricopa Education Center District No. 402		
\$ 1,200,000	4.000%, 07/01/28	NR/AA-/NR	\$ 1,272,264
	Yavapai Co. Elementary School District No. 6 (Cottonwood-Oak Creek)		
720,000	5.000%, 07/01/34 BAMAC Insured	A2/AA/NR	830,866
	Total School District		<u>49,456,303</u>
<u>Special District (2.4%)</u>			
	Eastmark Community Facilities District No. 1		
345,000	4.000%, 07/15/33 AGMC Insured	NR/AA/NR	389,671
360,000	4.000%, 07/15/34 AGMC Insured	NR/AA/NR	405,655
	Estrella Mountain Ranch Community Facilities District		
155,000	5.000%, 07/15/32 AGMC Insured	NR/AA/NR	186,378
	Festival Ranch Community Facilities District		
950,000	5.000%, 07/15/37 BAMAC Insured	NR/AA/NR	1,146,374
750,000	5.000%, 07/15/38 BAMAC Insured	NR/AA/NR	903,510
	Gladden Farms (Phase II) Community Facilities District		
470,000	4.000%, 07/15/41 BAMAC Insured	NR/AA/NR	547,183
	Goodyear Community Facilities Utilities District No. 1		
500,000	4.000%, 07/15/28	A1/A-/NR	540,910
460,000	4.000%, 07/15/32	A1/A-/NR	514,036
	Merrill Ranch Community Facilities District #2		
680,000	6.750%, 07/15/38	NR/BBB/NR	741,826
	Tartesso West Community Facilities District		
1,000,000	4.000%, 07/15/46 AGMC Insured	NR/AA/NR	1,137,070
	Verrado Community Facilities Utilities District No. 1		
500,000	6.000%, 07/15/33 144A	NR/NR/NR*	519,520
	Total Special District		<u>7,032,133</u>
	Total General Obligation Bonds.		<u>91,301,961</u>

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount	Revenue Bonds (60.8%)	Ratings Moody's, S&P and Fitch	Value
	<u>Airport (8.3%)</u>		
	Phoenix Civic Improvement Corp. Airport Bonds		
\$ 5,000,000	4.000%, 07/01/40++++	A1/A/NR	\$ 5,657,200
2,595,000	5.000%, 07/01/27 AMT.	Aa3/A+/NR	3,181,470
185,000	5.000%, 07/01/30 AMT.	Aa3/A+/NR	224,621
3,850,000	5.000%, 07/01/31 AMT.	Aa3/A+/NR	4,671,551
2,900,000	5.000%, 07/01/31 AMT.	Aa3/A+/NR	3,590,693
2,700,000	5.000%, 07/01/32 AMT.	Aa3/A+/NR	2,903,931
200,000	5.000%, 07/01/33 AMT.	Aa3/A+/NR	247,312
1,600,000	3.000%, 07/01/49	A1/A/NR	1,654,432
300,000	5.000%, 07/01/49	A1/A/NR	368,751
1,000,000	3.250%, 07/01/49 AMT.	A1/A/NR	1,035,100
	Phoenix-Mesa Gateway Airport Authority		
515,000	5.000%, 07/01/38 AMT.	A1/AA+/NR	<u>532,186</u>
	Total Airport		<u>24,067,247</u>
	<u>Charter Schools (2.6%)</u>		
	Arizona Industrial Development Authority (Basis Schools)		
240,000	5.000%, 07/01/37 State Enhanced.	NR/AA-/NR	280,162
	Arizona Industrial Development Authority (Candeo Schools)		
500,000	3.375%, 07/01/41 State Enhanced.	NR/AA-/NR	535,615
	Arizona Industrial Development Authority (Equitable Schools)		
225,000	5.000%, 11/01/21	NR/A/NR	225,805
600,000	5.000%, 11/01/32	NR/A/NR	765,834
1,000,000	4.000%, 11/01/36	NR/A/NR	1,161,760
	Arizona Industrial Development Authority (Greathearts Academies)		
1,000,000	3.000%, 07/01/37 State Enhanced.	NR/AA-/NR	1,072,650
	La Paz Co. Industrial Development Authority (Harmony Public Schools Projects)		
200,000	5.000%, 02/15/28	NR/BBB/NR	228,036
	Maricopa Co. Industrial Development Authority (Great Hearts Arizona Projects)		
250,000	5.000%, 07/01/26 State Enhanced.	NR/AA-/NR	296,380
315,000	5.000%, 07/01/37 State Enhanced.	NR/AA-/NR	368,648

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Charter Schools (continued)		
\$ 500,000	Phoenix Industrial Development Authority (Great Hearts Academies Project) 5.000%, 07/01/41	NR/BBB-/NR	\$ 552,075
315,000	Phoenix Industrial Development Authority (Macombs Facility Project) 5.000%, 07/01/33	NR/BBB-/NR	393,810
325,000	4.000%, 07/01/34	NR/BBB-/NR	371,868
315,000	4.000%, 07/01/35	NR/BBB-/NR	359,875
415,000	Phoenix Industrial Development Authority (Villa Montessori Inc. Project) 5.000%, 07/01/35	NR/BBB-/NR	461,804
430,000	Phoenix Industrial Development Authority (Vista College Preparatory Projects) 5.000%, 07/01/43 State Enhanced.	NR/AA-/NR	<u>503,977</u>
	Total Charter Schools.		<u>7,578,299</u>
	Excise Tax (9.7%)		
400,000	Buckeye Excise Tax 4.000%, 07/01/36	NR/AA/AA	449,984
1,000,000	5.000%, 07/01/43	NR/AA/AA	1,142,050
100,000	Buckeye Roosevelt Street Improvement District 4.000%, 01/01/32	NR/A-/NR	103,534
125,000	4.050%, 01/01/33	NR/A-/NR	129,426
500,000	Cottonwood Pledged Revenue Obligations 5.000%, 07/01/30 AGMC Insured.	NR/AA/NR	581,415
1,395,000	Flagstaff Pledged Revenue 4.250%, 07/01/33	NR/AA/NR	1,601,265
555,000	Gila Co. Pledged Revenue Obligations 4.000%, 07/01/30	NR/AA/NR	650,466
450,000	Gilbert Pledged Revenue Obligations 4.000%, 07/01/35	Aa1/AAA/AAA	493,974
1,000,000	Graham Co. Jail District Revenue Pledged Obligation 5.000%, 07/01/35	NR/A-/NR	1,128,310
275,000	Marana Pledged Excise Tax 4.000%, 07/01/30	NR/AA/NR	291,659
1,400,000	5.000%, 07/01/33	NR/AA/NR	1,510,334

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Excise Tax (continued)		
	Mesa Excise Tax		
\$ 1,000,000	3.000%, 07/01/38	Aa3/AA+/NR	\$ 1,087,250
	Phoenix Civic Improvement Corp.		
3,770,000	4.000%, 07/01/45	Aa2/AAA/AA+	4,417,837
	Phoenix Civic Improvement Corp. (Civic Plaza)		
2,000,000	5.500%, 07/01/27 BHAC/FGIC Insured . .	Aa1/AA+/NR	2,497,600
2,000,000	5.500%, 07/01/30 BHAC/FGIC Insured . .	Aa1/AA+/NR	2,677,100
1,000,000	5.500%, 07/01/23 NPFG/FGIC Insured . .	Aa2/AA/NR	1,084,180
2,300,000	5.500%, 07/01/33 NPFG/FGIC Insured . .	Aa2/AA/NR	3,199,760
	Pinal Co. Revenue Obligations Refunding		
1,500,000	5.000%, 08/01/33	NR/AA-/AA	1,668,675
	Queen Creek Excise Tax & State Shared Revenue		
250,000	5.000%, 08/01/30	NR/AA/AA	270,910
	Santa Cruz Co. Jail District		
1,655,000	5.000%, 07/01/28 AGMC Insured	NR/AA/NR	1,992,355
885,000	5.000%, 07/01/31 AGMC Insured	NR/AA/NR	1,049,495
	Total Excise Tax		<u>28,027,579</u>
	Healthcare (9.7%)		
	Arizona Health Facilities Authority (Banner Health)		
2,000,000	5.000%, 01/01/44	NR/AA-/AA-	2,175,240
	Arizona Health Facilities Authority (Scottsdale Lincoln Hospitals)		
3,000,000	5.000%, 12/01/34	A2/NR/A+	3,396,660
1,500,000	5.000%, 12/01/42	A2/NR/A+	1,696,830
	Arizona Industrial Development Authority (Phoenix Children's Hospital)		
800,000	5.000%, 02/01/32+++	A1/A+/AA-	1,063,336
1,100,000	5.000%, 02/01/33+++	A1/A+/AA-	1,450,647
690,000	4.000%, 02/01/38+++	A1/A+/AA-	818,554
	Maricopa Co. Industrial Development Authority (Banner Health)		
1,600,000	5.000%, 01/01/38	NR/AA-/AA-	1,915,040
3,000,000	3.000%, 01/01/49	NR/AA-/AA-	3,162,120

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Healthcare (continued)		
	Maricopa Co. Industrial Development Authority (HonorHealth)		
\$ 2,250,000	4.125%, 09/01/38	A2/NR/A+	\$ 2,608,762
1,000,000	4.125%, 09/01/42	A2/NR/A+	1,149,810
	Pima Co. Industrial Development Authority (Tucson Medical Center)		
1,150,000	5.000%, 04/01/33	NR/A/NR	1,507,317
880,000	4.000%, 04/01/37	NR/A/NR	1,046,663
1,000,000	3.000%, 04/01/51	NR/A/NR	1,042,640
	Yavapai Co. Industrial Development Authority (Northern Arizona Healthcare System)		
500,000	5.250%, 10/01/25	NR/AA-/NR	500,000
500,000	5.250%, 10/01/26	NR/AA-/NR	500,000
	Yavapai Co. Industrial Development Authority (Yavapai Regional Medical Center)		
1,000,000	5.250%, 08/01/33	A2/NR/A+	1,083,580
675,000	5.000%, 08/01/34	A2/NR/A+	787,307
	Yuma Industrial Development Authority (Yuma Regional Medical Center)		
1,635,000	5.000%, 08/01/23	NR/A/NR	1,773,632
200,000	5.000%, 08/01/32	NR/A/NR	<u>223,742</u>
	Total Healthcare		<u>27,901,880</u>
	Higher Education (8.8%)		
	Arizona Board of Regents (Arizona State University System)		
480,000	5.000%, 07/01/31	Aa2/AA/NR	556,805
1,985,000	5.000%, 07/01/36	Aa2/AA/NR	2,610,672
1,500,000	5.000%, 07/01/41	Aa2/AA/NR	1,912,965
565,000	4.000%, 07/01/49	Aa2/AA/NR	649,010
	Arizona Board of Regents (Arizona State University System) Green Bonds		
750,000	5.000%, 07/01/34	Aa2/AA/NR	868,192
	Arizona Board of Regents (Northern Arizona University System)		
575,000	5.000%, 06/01/32	A1/A+/NR	637,411

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Higher Education (continued)		
	Arizona Board of Regents (Northern Arizona University) Speed Stimulus Plan for Economic & Educational Development		
\$ 2,090,000	5.000%, 08/01/29 AGMC Insured	A2/AA/NR	\$ 2,665,774
	Arizona Board of Regents (University of Arizona System) Speed Stimulus Plan for Economic & Educational Development		
1,500,000	5.000%, 08/01/34	Aa3/A+/NR	1,681,455
1,500,000	3.125%, 08/01/39	Aa3/A+/NR	1,632,615
	Arizona Board of Regents (University of Arizona System)		
400,000	5.000%, 06/01/29	Aa2/AA-/NR	445,880
105,000	4.000%, 06/01/38	Aa2/AA-/NR	125,895
	Arizona Industrial Development Authority (North Carolina Central University Student Housing)		
250,000	4.000%, 06/01/34 BAMAC Insured	Baa3/AA/NR	287,400
700,000	4.000%, 06/01/39 BAMAC Insured	Baa3/AA/NR	794,906
	Arizona State University Speed Stimulus Plan for Economic & Educational Development		
625,000	5.000%, 08/01/34	Aa3/AA-/NR	700,606
	McAllister Academic Village (Arizona State University Hassayampa)		
1,000,000	5.000%, 07/01/39	Aa3/AA-/NR	1,174,840
	Phoenix Industrial Development Authority (Downtown Phoenix Student Housing)		
200,000	5.000%, 07/01/26	Baa3/NR/NR	235,430
400,000	5.000%, 07/01/33	Baa3/NR/NR	478,384
1,250,000	5.000%, 07/01/42	Baa3/NR/NR	1,472,425
	Phoenix Industrial Development Authority (Downtown Phoenix Student Housing II)		
100,000	5.000%, 07/01/26	Baa3/NR/NR	117,210
250,000	5.000%, 07/01/27	Baa3/NR/NR	299,940
150,000	5.000%, 07/01/28	Baa3/NR/NR	182,789
200,000	5.000%, 07/01/30	Baa3/NR/NR	246,050
300,000	5.000%, 07/01/32	Baa3/NR/NR	365,205

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
Higher Education (continued)			
\$ 500,000	Phoenix Industrial Development Authority (Eastern Kentucky University Project) 5.000%, 10/01/36	A3/BBB+/NR	\$ 582,070
2,000,000	Phoenix Industrial Development Authority (Rowan University Project) 5.250%, 06/01/34	A3/A/NR	2,061,500
1,075,000	Pima Co. Community College District 5.000%, 07/01/36	Aa3/NR/AA-	1,322,465
750,000	4.000%, 07/01/37	Aa3/NR/AA-	862,080
500,000	4.000%, 07/01/38	Aa3/NR/AA-	573,590
	Total Higher Education		<u>25,543,564</u>
Housing (1.7%)			
4,914,036	Arizona Industrial Development Authority Green Bond MTEB (Chandler Village Apartments Project) 2.120%, 07/01/37 FNMA Insured Series 2020	Aaa/NR/NR	<u>4,926,272</u>
Lease (2.8%)			
600,000	Arizona Board of Regents (Northern Arizona University) COP 5.000%, 09/01/27	A2/A/NR	622,032
500,000	5.000%, 09/01/28	A2/A/NR	518,390
1,000,000	5.000%, 09/01/29	A2/A/NR	1,036,840
845,000	Nogales Municipal Development Authority, Inc. 4.000%, 06/01/36	NR/AA-/NR	936,522
615,000	5.000%, 06/01/28 AGMC Insured	NR/AA/NR	723,160
810,000	4.000%, 06/01/33 AGMC Insured	NR/AA/NR	944,063
2,000,000	4.000%, 06/01/39 AGMC Insured	NR/AA/NR	2,295,580
500,000	Prescott Municipal Property Corp. 5.000%, 07/01/34	Aa3/AA+/NR	559,320
500,000	State of Arizona COP 5.000%, 09/01/27	Aa2/AA-/NR	583,205
	Total Lease.		<u>8,219,112</u>

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
<u>Pollution Control (2.5%)</u>			
	Apache Co. Industrial Development Authority, Pollution Control (Tucson Electric Power Co.)		
\$ 2,955,000	4.500%, 03/01/30	A3/A-/NR	\$ 3,002,162
	Maricopa Co. Pollution Control (El Paso Electric Co.)		
375,000	3.600%, 02/01/40	Baa2/NR/BBB+	410,014
250,000	3.600%, 04/01/40	Baa2/NR/BBB+	273,343
	Maricopa Co. Pollution Control (Palo Verde Project)		
1,000,000	1.050%***, 01/01/38 (Mandatory Put Date 6/01/22).	Baa2/BBB/NR	1,003,730
1,500,000	0.875%***, 06/01/43 (Mandatory Put Date 10/01/26).	NR/BBB/NR	1,486,095
1,000,000	0.875%***, 06/01/43 (Mandatory Put Date 10/01/26).	NR/BBB/NR	<u>990,730</u>
	Total Pollution Control.		<u>7,166,074</u>
<u>Resource Recovery (2.2%)</u>			
	Chandler Industrial Development Authority (Intel Corporation Project)		
4,250,000	2.700%, 12/01/37 AMT (Mandatory Put Date 8/14/23).	A1/A+/NR	4,422,380
	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	1,507,410
	Yavapai Co. Industrial Development Authority, (Waste Management Inc. Project)		
520,000	2.200%, 03/01/28 AMT (Mandatory Put Date 06/03/24).	NR/A-/NR	<u>543,078</u>
	Total Resource Recovery		<u>6,472,868</u>

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
Senior Living Facilities (1.8%)			
	Arizona Industrial Development Authority, Second Tier (Great Lakes Senior Living Communities)		
\$ 620,000	5.000%, 01/01/28	NR/CCC+/NR	\$ 628,575
555,000	5.000%, 01/01/29	NR/CCC+/NR	558,646
1,205,000	5.000%, 01/01/30	NR/CCC+/NR	1,205,675
655,000	4.000%, 01/01/33	NR/CCC+/NR	576,105
	Maricopa Co. Industrial Development Authority (Christian Care Retirement Apartments)		
1,000,000	5.000%, 01/01/30	NR/A/NR	1,133,390
	Pima Co. Industrial Development Authority (Christian Care Senior Living Facility)		
1,000,000	5.000%, 12/15/32	NR/BBB+/NR	<u>1,140,030</u>
	Total Senior Living Facilities		<u>5,242,421</u>
Transportation (0.2%)			
	Pima Co. Regional Transportation Authority Excise Tax		
500,000	5.000%, 06/01/26	NR/AA+/AA+	<u>538,600</u>
Turnpike/Highway (0.5%)			
	Pima Co. Street & Highway Revenue		
1,480,000	2.000%, 07/01/33	NR/AA/AA	<u>1,498,944</u>
Utility (6.7%)			
	Greater Arizona Development Authority Revenue		
500,000	5.000%, 08/01/28 AGMC Insured	A1/AA/NR	550,810
	Mesa Utility System		
1,500,000	4.000%, 07/01/32	Aa2/AA-/NR	1,702,995
4,310,000	4.000%, 07/01/35	Aa2/AA-/NR	5,276,690
	Salt River Project Agricultural Improvement and Power Revenue		
6,100,000	4.000%, 01/01/39	Aa1/AA+/NR	7,259,427
150,000	5.000%, 01/01/32	Aa1/AA+/NR	185,453
	Salt Verde Finance Corp. Gas Revenue		
3,000,000	5.250%, 12/01/28	A3/BBB+/NR	3,776,460

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<u>Utility (continued)</u>		
	Surprise Utility System Senior Lien Obligations		
\$ 470,000	5.000%, 07/01/33	NR/AA+/NR	\$ 580,502
	Total Utility		<u>19,332,337</u>
	<u>Water/Sewer (3.3%)</u>		
	Gilbert Water Resource Municipal Property Corp.		
1,190,000	4.000%, 07/01/34	NR/AAA/AAA	1,349,865
	Glendale Water & Sewer Revenue		
500,000	5.000%, 07/01/28	A1/AA/NR	517,025
	Goodyear Water and Sewer Revenue		
2,000,000	4.000%, 07/01/45 AGMC Insured	Aa3/AA/NR	2,314,940
	Lake Havasu City Wastewater System Revenue		
1,000,000	5.000%, 07/01/43 AGMC Insured	A2/AA/NR	1,139,680
	Phoenix Civic Improvement Corp. Wastewater Revenue		
1,500,000	5.500%, 07/01/24 NCFG/FGIC Insured ..	Aa2/AAA/NR	1,713,330
	Phoenix Civic Improvement Corp. Water System Revenue		
1,100,000	5.000%, 07/01/38	Aa2/AAA/NR	1,297,351
	Tempe Water and Sewer Revenue		
830,000	5.000%, 07/01/34	NR/AA-/AA+	<u>1,101,559</u>
	Total Water/Sewer		<u>9,433,750</u>
	Total Revenue Bonds		<u>175,948,947</u>
	<u>Pre-Refunded Bonds (8.4%)††</u>		
	<u>Pre-Refunded General Obligation Bonds (0.7%)</u>		
	<u>School District (0.3%)</u>		
	Maricopa Co. Elementary School District No. 28 (Kyrene Elementary)		
250,000	5.500%, 07/01/30	Aaa/AA/NR	273,070
	Tempe High School District No. 213		
650,000	4.000%, 07/01/32	Aaa/AA/NR	<u>693,037</u>
	Total School District		<u>966,107</u>

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount		Ratings Moody's, S&P and Fitch	Value
	Pre-Refunded Bonds (continued)++		
	Special District (0.4%)		
	Estrella Mountain Ranch Community Facilities District		
\$ 845,000	5.000%, 07/15/32 AGMC Insured	NR/AA/NR	\$ 1,045,620
	Goodyear Community Facilities Utilities District No. 1		
40,000	4.000%, 07/15/32	NR/NR/NR*	<u>46,297</u>
	Total Special District		
			<u>1,091,917</u>
	Total Pre-Refunded General Obligation Bonds.		
			<u>2,058,024</u>
	Pre-Refunded Revenue Bonds (7.7%)		
	Excise Tax (1.1%)		
	Goodyear Public Improvement Corp.		
1,500,000	5.000%, 07/01/26	Aa2/AA+/NR	1,554,240
	Scottsdale Municipal Property Corp.		
1,500,000	5.000%, 07/01/34	Aa1/AAA/AA+	<u>1,755,375</u>
	Total Excise Tax		
			<u>3,309,615</u>
	Healthcare (5.7%)		
	Arizona Health Facilities Authority (Banner Health)		
5,000,000	4.000%, 01/01/43	NR/AA-/NR	5,047,100
	Arizona Health Facilities Authority (Phoenix Children's Hospital)		
1,000,000	5.000%, 02/01/27	A1/A+/AA-	1,015,380
775,000	5.000%, 02/01/30	A1/A+/AA-	786,920
6,035,000	5.000%, 02/01/34	A1/A+/AA-	6,127,818
	Maricopa Co. Hospital Revenue (Sun Health)		
920,000	5.000%, 04/01/25	NR/NR/NR*	991,456
2,125,000	5.000%, 04/01/35	NR/NR/NR*	<u>2,368,801</u>
	Total Healthcare		
			<u>16,337,475</u>
	Higher Education (0.9%)		
	Arizona Board of Regents (Arizona State University System)		
285,000	5.000%, 07/01/32	Aa2/AA/NR	295,306
115,000	5.000%, 07/01/32	Aa2/AA/NR	119,158

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

Principal Amount	Pre-Refunded Bonds (continued)††	Ratings Moody's, S&P and Fitch	Value
	Higher Education (continued)		
	Arizona Board of Regents (University of Arizona System)		
\$ 460,000	5.000%, 06/01/31	Aa2/AA-/NR	\$ 474,145
	Northern Arizona University Speed Stimulus Plan for Economic & Educational Development		
1,445,000	5.000%, 08/01/38	A2/A/NR	<u>1,570,166</u>
	Total Higher Education		<u>2,458,775</u>
	Total Pre-Refunded Revenue Bonds		<u>22,105,865</u>
	Total Pre-Refunded Bonds		<u>24,163,889</u>
	Total Municipal Bonds (cost \$276,124,130)		<u>291,414,797</u>
	Shares Short-Term Investment (1.4%)		
4,150,037	Dreyfus Treasury Obligations Cash Management - Institutional Shares, 0.01%** (cost \$4,150,037)	Aaa-mf/AAAm/NR	<u>4,150,037</u>
	Total Investments (cost \$280,274,167-note 4)	102.2%	295,564,834
	Other assets less liabilities	<u>(2.2)</u>	<u>(6,306,069)</u>
	Net Assets	<u>100.0%</u>	<u>\$ 289,258,765</u>

<u>Portfolio Distribution By Quality Rating</u>	<u>Percentage of Investments†</u>
Aaa of Moody's or AAA of S&P or Fitch	8.9%
Pre-refunded bonds††	8.3
Aa of Moody's or AA of S&P or Fitch	59.3
A of Moody's or S&P or Fitch	18.3
Baa of Moody's or BBB of S&P or Fitch	4.0
CCC of S&P	1.0
Not Rated*	<u>0.2</u>
	<u>100.0%</u>

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2021 (unaudited)

PORTFOLIO ABBREVIATIONS

AGMC - Assured Guaranty Municipal Corp.
AMT - Alternative Minimum Tax
BAMAC - Build America Mutual Assurance Co.
BHAC - Berkshire Hathaway Assurance Corp.
COP- Certificates of Participation
FGIC - Financial Guaranty Insurance Co.
FNMA - Federal National Mortgage Association
MTEB - Multifamily Tax-Exempt Mortgage-Backed Bonds
NPFG - National Public Finance Guarantee
NR - Not Rated

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

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

*** Variable rate.

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

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

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

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

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

See accompanying notes to financial statements.

AQUILA TAX-FREE TRUST OF ARIZONA
STATEMENT OF ASSETS AND LIABILITIES
SEPTEMBER 30, 2021 (unaudited)

ASSETS

Investments at value (cost \$280,274,167)	\$ 295,564,834
Interest receivable	2,724,745
Receivable for investment securities sold	2,190,413
Receivable for Fund Shares sold	27,344
Other assets	<u>22,486</u>
Total assets	<u>300,529,822</u>

LIABILITIES

Payable for investment securities purchased	10,487,015
Payable for Fund shares redeemed	520,075
Management fee payable	95,598
Dividends payable	83,918
Distribution and service fees payable	1,038
Accrued expenses	<u>83,413</u>
Total liabilities	<u>11,271,057</u>

NET ASSETS \$ 289,258,765

Net Assets consist of:

Capital Stock – Authorized an unlimited number of shares, par value \$0.01 per share	\$ 268,032
Additional paid-in capital	273,419,757
Total distributable earnings	<u>15,570,976</u>
	<u>\$ 289,258,765</u>

CLASS A

Net Assets	<u>\$ 200,597,775</u>
Capital shares outstanding	<u>18,594,502</u>
Net asset value and redemption price per share	<u>\$ 10.79</u>
Maximum offering price per share (100/97 of \$10.79)	<u>\$ 11.12</u>

CLASS C

Net Assets	<u>\$ 6,519,471</u>
Capital shares outstanding	<u>604,831</u>
Net asset value and offering price per share	<u>\$ 10.78</u>

CLASS Y

Net Assets	<u>\$ 82,141,519</u>
Capital shares outstanding	<u>7,603,833</u>
Net asset value, offering and redemption price per share	<u>\$ 10.80</u>

See accompanying notes to financial statements.

AQUILA TAX-FREE TRUST OF ARIZONA
STATEMENT OF OPERATIONS
SIX MONTHS ENDED SEPTEMBER 30, 2021 (unaudited)

Investment Income

Interest income \$ 4,070,373

Expenses

Investment Adviser fee (note 3)	\$	576,181
Distribution and service fee (note 3)		185,393
Transfer and shareholder servicing agent fees		66,163
Legal fees		33,943
Trustees' fees and expenses (note 7)		32,900
Registration fees and dues		13,872
Auditing and tax fees		11,933
Insurance		6,665
Shareholders' reports		6,253
Custodian fees		4,722
Compliance services (note 3)		4,037
Credit facility fees (note 10)		1,493
Miscellaneous		<u>13,489</u>
Total expenses		<u>957,044</u>
Net investment income		3,113,329

Realized and Unrealized Gain (Loss) on Investments:

Net realized gain (loss) from securities transactions		91,040
Change in unrealized appreciation on investments		<u>(1,098,957)</u>
Net realized and unrealized gain (loss) on investments		<u>(1,007,917)</u>
Net change in net assets resulting from operations		<u>\$ 2,105,412</u>

See accompanying notes to financial statements.

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

	Six Months Ended September 30, 2021 (unaudited)	Year Ended March 31, 2021
OPERATIONS		
Net investment income	\$ 3,113,329	\$ 6,275,087
Realized gain (loss) from securities transactions	91,040	(23,340)
Change in unrealized appreciation on investments	<u>(1,098,957)</u>	<u>3,265,689</u>
Change in net assets resulting from operations	<u>2,105,412</u>	<u>9,517,436</u>
DISTRIBUTIONS TO SHAREHOLDERS (note 9):		
Class A Shares	(2,120,213)	(4,540,853)
Class C Shares	(43,736)	(108,101)
Class Y Shares	<u>(905,631)</u>	<u>(1,541,242)</u>
Change in net assets from distributions	<u>(3,069,580)</u>	<u>(6,190,196)</u>
CAPITAL SHARE TRANSACTIONS (note 6):		
Proceeds from shares sold	28,601,476	54,526,407
Reinvested dividends and distributions	2,545,390	4,997,145
Cost of shares redeemed	<u>(21,926,517)</u>	<u>(41,762,632)</u>
Change in net assets from capital share transactions	<u>9,220,349</u>	<u>17,760,920</u>
Change in net assets	8,256,181	21,088,160
NET ASSETS:		
Beginning of period	<u>281,002,584</u>	<u>259,914,424</u>
End of period	<u>\$ 289,258,765</u>	<u>\$ 281,002,584</u>

See accompanying notes to financial statements.

AQUILA TAX-FREE TRUST OF ARIZONA
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 (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 similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

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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, 2021:

<u>Valuation Inputs*</u>	<u>Investments in Securities</u>
Level 1 – Quoted Prices — Short-Term Investment	\$ 4,150,037
Level 2 – Other Significant Observable Inputs — Municipal Bonds*	291,414,797
Level 3 – Significant Unobservable Inputs	—
Total	<u>\$ 295,564,834</u>

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

- c) *Subsequent events*: In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through the date these financial statements were issued.
- d) *Securities transactions and related investment income*: Securities transactions are recorded on the trade date. Realized gains and losses from securities transactions are reported on the identified cost basis. Interest income is recorded daily on the accrual basis and is adjusted for amortization of premium and accretion of original issue and market discount.
- e) *Federal income taxes*: It is the policy of the Fund to continue to qualify as a regulated investment company by complying with the provisions of the Internal Revenue Code applicable to certain investment companies. The Fund intends to make distributions of income and securities profits sufficient to relieve it from all, or substantially all, Federal income and excise taxes.

Management has reviewed the tax positions for each of the open tax years (2018 – 2020) or expected to be taken in the Fund’s 2021 tax returns and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

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

AQUILA TAX-FREE TRUST OF ARIZONA
NOTES TO FINANCIAL STATEMENTS (continued)
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- g) *Use of estimates*: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.
- h) *Reclassification of capital accounts*: Accounting principles generally accepted in the United States of America require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications had no effect on net assets or net asset value per share. For the year ended March 31, 2021, there were no items identified that have been reclassified among components of net assets.
- i) The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (“FASB”) Accounting Standard Codification Topic 946 “Financial Services-Investment Companies”.

3. Fees and Related Party Transactions

a) *Management Arrangements*:

Aquila Investment Management LLC (the “Manager”), a wholly-owned subsidiary of Aquila Management Corporation, the Fund’s founder and sponsor, serves as the Manager for the Fund under an Advisory and Administration Agreement with the Fund. Under the Advisory and Administration Agreement, the Manager provides all investment management and administrative services to the Fund. The Manager’s services include providing the office of the Fund and all related services as well as managing relationships with all the various support organizations to the Fund such as the shareholder servicing agent, custodian, legal counsel, auditors and distributor. For its services, the Manager is entitled to receive a fee which is payable monthly and computed as of the close of business each day at the annual rate of 0.40% on the Fund’s net assets.

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

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

b) *Distribution and Service Fees*:

The Fund has adopted a Distribution Plan (the “Plan”) pursuant to Rule 12b-1 (the “Rule”) under the 1940 Act. Under one part of the Plan, with respect to Class A Shares, the Fund is authorized to make distribution fee payments to broker-dealers or others (“Qualified Recipients”) selected by Aquila Distributors LLC (the “Distributor”) including, but not limited to, any principal underwriter of the Fund, with which the Distributor has entered into written agreements contemplated by the Rule and which have rendered assistance in the distribution and/or retention of the Fund’s shares or servicing of shareholder accounts. The Fund makes payment of this distribution fee at the annual rate of 0.15% of the Fund’s average net assets represented by Class A Shares. For the six months ended September 30, 2021, distribution fees on Class A Shares amounted to \$150,697, of which the Distributor retained \$17,473.

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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, 2021, amounted to \$26,022. 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, 2021, these payments amounted to \$8,674. The total of these payments with respect to Class C Shares amounted to \$34,696, of which the Distributor retained \$8,507.

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, 2021, total commissions on sales of Class A Shares amounted to \$24,507, of which the Distributor received \$9,898.

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, 2021, purchases of securities and proceeds from the sales of securities aggregated \$50,958,322 and \$31,845,602, respectively.

At September 30, 2021, the aggregate tax cost for all securities was \$279,789,432. At September 30, 2021, the aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost amounted to \$16,758,492 and aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value amounted to \$983,090 for a net unrealized appreciation of \$15,775,402.

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
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securities only when comparable securities of Arizona issuers are not available in the market. At September 30, 2021, the Fund had all of its long-term portfolio holdings invested in the securities of Arizona issuers.

6. Capital Share Transactions

Transactions in Capital Shares of the Fund were as follows:

	Six Months Ended September 30, 2021 (unaudited)		Year Ended March 31, 2021	
	Shares	Amount	Shares	Amount
Class A Shares				
Proceeds from shares sold...	1,043,330	\$ 11,378,980	1,695,529	\$ 18,408,016
Reinvested dividends and distributions.....	160,143	1,743,729	332,499	3,601,907
Cost of shares redeemed.....	<u>(944,317)</u>	<u>(10,294,701)</u>	<u>(2,353,115)</u>	<u>(25,483,422)</u>
Net change	<u>259,156</u>	<u>2,828,008</u>	<u>(325,087)</u>	<u>(3,473,499)</u>
Class C Shares:				
Proceeds from shares sold ...	21,506	234,292	100,968	1,096,349
Reinvested dividends and distributions.....	3,687	40,119	9,043	97,851
Cost of shares redeemed.....	<u>(103,242)</u>	<u>(1,126,040)</u>	<u>(176,659)</u>	<u>(1,914,550)</u>
Net change	<u>(78,049)</u>	<u>(851,629)</u>	<u>(66,648)</u>	<u>(720,350)</u>
Class Y Shares:				
Proceeds from shares sold ...	1,555,402	16,988,204	3,222,783	35,022,042
Reinvested dividends and distributions.....	69,844	761,542	119,561	1,297,387
Cost of shares redeemed.....	<u>(961,167)</u>	<u>(10,505,776)</u>	<u>(1,325,337)</u>	<u>(14,364,660)</u>
Net change	<u>664,079</u>	<u>7,243,970</u>	<u>2,017,007</u>	<u>21,954,769</u>
Total transactions in Fund shares.....	<u>845,186</u>	<u>\$ 9,220,349</u>	<u>1,625,272</u>	<u>\$ 17,760,920</u>

7. Trustees' Fees and Expenses

At September 30, 2021, there were 9 Trustees, one of whom is affiliated with the Manager and is not paid any fees. The total amount of Trustees' service fees (for carrying out their responsibilities) and attendance fees paid during the six months ended September 30, 2021 was \$32,900. 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, 2021, due to the COVID-19 pandemic, such meeting-related expenses amounted to \$0.

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NOTES TO FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2021 (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, 2021, the Fund had capital loss carry forwards of \$411,999, \$9,046 is short-term and \$402,953 is long-term both have no expiration date.

The tax character of distributions was as follows:

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

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

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

AQUILA TAX-FREE TRUST OF ARIZONA
NOTES TO FINANCIAL STATEMENTS (continued)
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The difference between book basis and tax basis unrealized appreciation and undistributed income is due to the timing difference, and other temporary differences, in recognizing dividends paid, the tax treatment of market discount amortization, and the deduction of distributions payable.

10. Credit Facility

Since August 30, 2017, Bank of New York Mellon and the Aquila Group of Funds (comprised of nine funds) have been parties to a \$40 million credit agreement, which currently terminates on August 24, 2022 (per the August 25, 2021 amendment). In accordance with the Aquila Group of Funds Guidelines for Allocation of Committed Line of Credit, each fund is responsible for payment of its proportionate share of

- a) a 0.17% per annum commitment fee; and,
- b) interest on amounts borrowed for temporary or emergency purposes by the fund (at the applicable per annum rate selected by the Aquila Group of Funds at the time of the borrowing of either (i) the One-month Eurodollar Rate plus 1% or (ii) the sum of the higher of (a) the Prime Rate, (b) the Federal Funds Effective Rate, or (c) the One-month Eurodollar Rate plus 1%).

There were no borrowings under the credit agreement during the six months ended September 30, 2021.

11. Ongoing Events: COVID-19

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 and in some cases yields are negative. Some sectors of the economy and individual issuers have experienced particularly large losses. Rates of inflation have risen. These circumstances may continue for an extended period of time, and may continue to affect adversely the value and liquidity of the Fund's investments. 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. These actions have resulted in significant expansion of public debt, including in the U.S. The impact of these measures will 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 9/30/21 (unaudited)	Year Ended March 31,				
		2021	2020	2019	2018	2017
Net asset value, beginning of period	\$10.82	\$10.68	\$10.61	\$10.47	\$10.58	\$10.95
Income (loss) from investment operations:						
Net investment income ⁽¹⁾	0.12	0.25	0.27	0.29	0.30	0.32
Net gain (loss) on securities (both realized and unrealized)	(0.03)	0.14	0.07	0.16	(0.10)	(0.36)
Total from investment operations	0.09	0.39	0.34	0.45	0.20	(0.04)
Less distributions (note 9):						
Dividends from net investment income	(0.12)	(0.25)	(0.27)	(0.29)	(0.29)	(0.32)
Distributions from capital gains	—	—	—	(0.02)	(0.02)	(0.01)
Total distributions	(0.12)	(0.25)	(0.27)	(0.31)	(0.31)	(0.33)
Net asset value, end of period	\$10.79	\$10.82	\$10.68	\$10.61	\$10.47	\$10.58
Total return (not reflecting sales charge)	0.78% ⁽²⁾	3.63%	3.16%	4.37%	1.93%	(0.42)%
Ratios/supplemental data						
Net assets, end of period (in millions)	\$201	\$198	\$199	\$204	\$218	\$229
Ratio of expenses to average net assets	0.69% ⁽³⁾	0.71%	0.74%	0.73%	0.69%	0.70%
Ratio of net investment income to average net assets	2.14% ⁽³⁾	2.30%	2.49%	2.74%	2.77%	2.96%
Portfolio turnover rate	11% ⁽²⁾	11%	21%	34%	16%	19%

(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 9/30/21 (unaudited)	Year Ended March 31,				
		2021	2020	2019	2018	2017
Net asset value, beginning of period	\$10.81	\$10.67	\$10.61	\$10.47	\$10.58	\$10.95
Income (loss) from investment operations:						
Net investment income ⁽¹⁾	0.07	0.16	0.18	0.20	0.20	0.23
Net gain (loss) on securities (both realized and unrealized)	(0.03)	0.13	0.05	0.15	(0.09)	(0.37)
Total from investment operations	0.04	0.29	0.23	0.35	0.11	(0.14)
Less distributions (note 9):						
Dividends from net investment income	(0.07)	(0.15)	(0.17)	(0.19)	(0.20)	(0.22)
Distributions from capital gains	—	—	—	(0.02)	(0.02)	(0.01)
Total distributions	(0.07)	(0.15)	(0.17)	(0.21)	(0.22)	(0.23)
Net asset value, end of period	\$10.78	\$10.81	\$10.67	\$10.61	\$10.47	\$10.58
Total return (not reflecting sales charge)	0.36% ⁽²⁾	2.76%	2.20%	3.49%	1.06%	(1.26)%
Ratios/supplemental data						
Net assets, end of period (in millions)	\$7	\$7	\$8	\$9	\$14	\$17
Ratio of expenses to average net assets	1.53% ⁽³⁾	1.56%	1.59%	1.58%	1.54%	1.55%
Ratio of net investment income to average net assets	1.29% ⁽³⁾	1.45%	1.65%	1.88%	1.92%	2.11%
Portfolio turnover rate	11% ⁽²⁾	11%	21%	34%	16%	19%

(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 9/30/21 (unaudited)	Year Ended March 31,				
		2021	2020	2019	2018	2017
Net asset value, beginning of period	\$10.84	\$10.69	\$10.63	\$10.49	\$10.60	\$10.97
Income (loss) from investment operations:						
Net investment income ⁽¹⁾	0.13	0.26	0.28	0.30	0.31	0.34
Net gain (loss) on securities (both realized and unrealized)	(0.05)	0.15	0.06	0.16	(0.09)	(0.37)
Total from investment operations	0.08	0.41	0.34	0.46	0.22	(0.03)
Less distributions (note 9):						
Dividends from net investment income	(0.12)	(0.26)	(0.28)	(0.30)	(0.31)	(0.33)
Distributions from capital gains	—	—	—	(0.02)	(0.02)	(0.01)
Total distributions	(0.12)	(0.26)	(0.28)	(0.32)	(0.33)	(0.34)
Net asset value, end of period	\$10.80	\$10.84	\$10.69	\$10.63	\$10.49	\$10.60
Total return (not reflecting sales charge)	0.77% ⁽²⁾	3.88%	3.21%	4.51%	2.08%	(0.26)%
Ratios/supplemental data						
Net assets, end of period (in millions)	\$82	\$75	\$53	\$40	\$41	\$42
Ratio of expenses to average net assets	0.54% ⁽³⁾	0.56%	0.60%	0.59%	0.55%	0.55%
Ratio of net investment income to average net assets	2.29% ⁽³⁾	2.44%	2.62%	2.88%	2.92%	3.11%
Portfolio turnover rate	11% ⁽²⁾	11%	21%	34%	16%	19%

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

The Board met on June 11, 2021 to review the program. At the meeting, the Committee provided the Board with a report that addressed the operation of the program and assessed its adequacy and effectiveness of implementation, and any material changes to the program (the "Report"). The Report covered the period from May 30, 2020 through April 30, 2021 (the "Reporting Period").

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

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

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

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

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

Additional Information (unaudited):

Renewal of the Advisory and Administration Agreement

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

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 25, 2021 and on September 11, 2021 to review and discuss the contract review materials that were provided in advance of the August 25, 2021 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 Fund’s fees, expenses and investment performance, which included comparisons of the Fund’s investment performance against peers and the Fund’s benchmark and comparisons of the advisory fee payable under the Advisory Agreement against the advisory fees paid by the Fund’s peers (the “Consultant’s Report”). In addition, the Trustees took into account the information related to the Fund provided to the Trustees at each regularly scheduled meeting. The Trustees also discussed the memorandum provided by Fund counsel that summarized the legal standards and other considerations that are relevant to the Trustees in their deliberations regarding the renewal of the Advisory Agreement.

At the meeting held on September 11, 2021, based on their evaluation of the information provided by the Manager and the independent consultant, the Trustees of the Fund, including the independent Trustees voting separately, unanimously approved the renewal of the Advisory Agreement until September 30, 2022. 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 Fund, taking into account the investment objectives and strategies of the Fund. The Trustees reviewed the terms of the Advisory Agreement.

The Trustees reviewed the Manager’s investment approach for the Fund and its research process. The Trustees considered that the Manager had provided all advisory and administrative services to the Fund that the Trustees deemed necessary or appropriate, including the specific services that the Trustees have determined are required for the Fund, given that it seeks to provide shareholders with as high a level of current income exempt from 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 Fund. The Manager has employed Messrs. Tony Tanner, James Thompson and Royden Durham as portfolio managers for the Fund and has

established facilities and capabilities for credit analysis of the Fund's portfolio securities. They considered that Mr. Tanner, the Fund'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 Fund 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 Fund and provided the Fund with personnel (including Fund officers) and other resources that are necessary for the Fund's business management and operations. The Trustees considered the nature and extent of the Manager's supervision of third-party service providers, including the Fund's fund accountant, shareholder servicing agent and custodian.

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

The investment performance of the Fund

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

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

The Trustees considered that the materials included in the Consultant's Report indicated that the Fund's average annual total return was lower than the average annual total return of the funds in the Peer Group for the one, three, five and ten-year periods ended June 30, 2021. The Trustees noted the difference in the performance between the intermediate and long-maturity funds in the Peer Group. The Trustees also considered that, as reflected in the Consultant's Report, the Fund's average annual total return was higher than the average annual total return of the funds in the Product Category for Performance for the one, three, five and ten-year periods ended June 30, 2021. The Trustees further considered that the Fund outperformed its benchmark index for the one and ten-year periods, but underperformed its benchmark index for the three and five-year periods, all as of June 30, 2021. The Trustees noted that the Fund 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 Fund'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 Fund'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 Fund’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 June 30, 2021. The Trustees further noted that the Fund’s Sharpe ratio was in first quintile for the three-year period and the second quintile for the five-year period, both ended June 30, 2021, 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 Fund’s investment performance to be consistent with the investment objectives of the Fund. Evaluation of the investment performance of the Fund indicated to the Trustees that renewal of the Advisory Agreement would be appropriate.

Advisory Fees and Fund Expenses

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

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

The Trustees considered that the Fund’s contractual advisory fee was lower than the average and median contractual advisory fee of the funds in the Peer Group (at the Fund’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 Fund’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 Fund’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 Fund. In evaluating the fees associated with the other funds, the Trustees took into account the respective demands, resources and complexity associated with the Fund and those funds.

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

Profitability

The Trustees received materials from the Manager related to profitability. The Manager provided information which showed the profitability to the Manager of its services to the Fund, as well as the profitability of Aquila Distributors LLC of distribution services provided to the Fund. The Manager also provided other financial information to the members of the financial review committee of the Fund and the other funds in the Aquila Group of Funds.

The Trustees considered the information provided by the Manager regarding the profitability of the Manager with respect to the advisory services provided by the Manager to the Fund, including the methodology used by the Manager in allocating certain of its costs to the management of the Fund. The Trustees concluded that profitability to the Manager with respect to the advisory services provided to the Fund 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 Fund grows

The Trustees considered the extent to which the Manager may realize economies of scale or other efficiencies in managing the Fund. The Trustees considered that the materials indicated that the Fund'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 Fund.

Benefits derived or to be derived by the Manager and its affiliate from the relationship with the Fund

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 Fund, 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 Fund at favorable levels of quality and cost which are more advantageous to the Fund than would otherwise have been possible.

Your Fund's Expenses (unaudited)

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

Actual Fund Expenses

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

Hypothetical Example for Comparison with Other Funds

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

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

	Actual			Hypothetical		
	(actual return after expenses)			(5% annual return before expenses)		
Share Class	Beginning Account Value 4/1/21	Ending ⁽¹⁾ Account Value 9/30/21	Expenses ⁽²⁾ Paid During Period 4/1/21 – 9/30/21	Ending Account Value 9/30/21	Expenses ⁽²⁾ Paid During Period 4/1/21 – 9/30/21	Net Annualized Expense Ratio
A	\$1,000	\$1,007.80	\$3.47	\$1,021.61	\$3.50	0.69%
C	\$1,000	\$1,003.60	\$7.68	\$1,017.40	\$7.74	1.53%
Y	\$1,000	\$1,007.70	\$2.72	\$1,022.36	\$2.74	0.54%

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

Information Available (unaudited)

Annual and Semi-Annual Reports and Complete Portfolio Holding Schedules

Your Fund's Annual and Semi-Annual Reports are filed with the SEC twice a year. Each Report contains a complete Schedule of Portfolio Holdings, along with full financial statements and other important financial statement disclosures. Additionally, your Fund files a complete Schedule of Portfolio Holdings with the SEC for the first and third quarters of each fiscal year as an exhibit to its Reports on Form N-PORT. Your Fund's Annual and Semi-Annual Reports and N-PORT reports are available free of charge on the SEC website at www.sec.gov. You may also review or, for a fee, copy the forms at the SEC's Public Reference Room in Washington, D.C. or by calling 1-800-SEC-0330.

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

Portfolio Holdings Reports

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

Proxy Voting Record (unaudited)

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

Federal Tax Status of Distributions (unaudited)

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

For the fiscal year ended March 31, 2021, \$6,190,196 of dividends paid by Aquila Tax-Free Trust of Arizona, constituting 100% of total dividends paid were exempt-interest dividends.

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

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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
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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.