AQUILA®

Tax-Free Trust of Arizona

Semi-Annual Report

September 30, 2022

AQUILA®

GROUP OF FUNDS

Aquila Tax-Free Trust of Arizona

Keeping an Optimistic Long-Term View

Serving Arizona investors since 1986

November, 2022

Dear Fellow Shareholder:

The fixed income markets have experienced significant volatility and downward pressure for much of 2022, driven primarily by several key economic factors, including continued high inflation, rising interest rates, and uncertainty about the direction of the U.S. economy. While these factors aren't necessarily new or unique, they nonetheless have presented challenges for rate-sensitive investments — and, in the process, have made the majority of investors increasingly skittish. While we understand investors' concerns, we remain optimistic about the municipal bond market.

Despite its inevitable ups and downs, the municipal bond market has historically demonstrated remarkable resiliency across multiple market cycles. We believe today's market appears reasonably sound at its core in terms of continuing credit fundamentals and current relative valuations. The municipal market's underpinnings remain deeply rooted in the need and demand for municipal bonds given the important role they play in financing vital local projects, such as schools, hospitals, and roadways that contribute to improving the quality of life for residents of the issuing municipalities.

It's important to understand what's driving the current market and maintain perspective. Let's explore further.

Understanding the Factors Impacting Municipal Bonds

The primary driver of bond yields, prices, and relative performance is interest rates. Since the Federal Reserve (the "Fed") introduced a change in its monetary policy in March of this year to help combat inflation, interest rates began a steady upward climb. This was spurred by the Fed raising the Federal Funds rate (the interest rate that banks charge one another to borrow or lend excess reserves overnight), the first such increase since 2018. To date, through 11/02/2022, the Fed has implemented six rate hikes, totaling 3.75%, bringing the stated target range for the Fed Funds rate to 3.75% – 4.00%. And, Federal Reserve Chairman Jerome Powell has indicated that additional increases may be deemed necessary going forward, dependent upon the status of the U.S. economy and data driven analytics. Mr. Powell and his colleagues have stated that the Fed will remain vigilant in its efforts to manage inflation, which has topped levels not seen in more than 40 years (as measured by the Consumer Price Index).

In reaction to the Federal Reserve's aggressive monetary policy stance, year to date interest rates have experienced a significant increase. As you may know, bond prices generally move in the opposite direction of rate changes. Therefore, while rising interest rates generally translate to higher yields for bond investments, bond prices or values usually fall. This changing yield/price landscape has created two shifts in the market — a shift for issuers of bonds (who may now be reluctant to issue new debt at increased costs), along with a shift in investor sentiment. For investors, on the one hand, higher yields mean greater income, which is a welcome development for those who during the recent low-yield environment sought opportunities to earn more attractive income levels. On the other hand, investors who are mindful of capital preservation have become wary as they have seen bond prices decline.

When investing in bonds, we believe that generating an attractive risk-adjusted return is a careful balance of the two factors— income and stability of capital. Your Fund's investment objective, in fact, seeks to provide as high a level of current income exempt (from state and regular federal income taxes) as is consistent with preservation of capital. So, how has the rise in interest rates affected municipal bonds?

Assessing the Current Market Cycle

It's important, in our view, to evaluate financial markets, performance, and valuations on a relative basis. This is true not only within the municipal bond market, but with and relative to other asset classes as well.

Municipal bonds are oftentimes viewed in comparison with U.S. Treasuries. Let's take a look at yield curves and the relative Municipal-to-Treasury relationship. During 2022, yields of U.S. Treasury securities have generally risen across the maturity spectrum, but the overall slope of the curve flattened, particularly during the third quarter of 2022. Specifically, there was a greater increase in interest rates on the short-end of the U.S. Treasury curve (shorter maturities) which exceeded increases on the longer-end. Given economic uncertainty and fears of a possible recession, some market participants are concerned that this change in the U.S. Treasury yield curve may signal an impending economic slump. Meanwhile, the municipal bond yield curve has been more positively sloped (with longer term maturities yielding more) throughout the year, in particular, steepening between 10- and 30-year maturities during the third quarter — which may be viewed positively by municipal investors.

The Municipal-to-Treasury relationship (based on the yield of AAA municipal securities as a percentage of the yield of U.S. Treasuries of the same maturity) has fluctuated over the past year, but generally in our view continued to trade in line with historical relationship norms. The chart below illustrates what we believe to be an indication of improved relative valuations for municipal obligations, whereby municipal yields represent a greater percentage in comparison to U.S. Treasury yields. As one would usually anticipate in a rising rate environment, such as now, the relationship ratio compares somewhat favorably for longer maturity municipal bonds (specifically, in the 30-year maturity range) which were yielding greater than U.S. Treasury securities as of September 30th.

	January 3, 2022 Municipal % of U.S. Treasury	September 30, 2022 Municipal % of U.S. Treasury
5-Year	44.1%	77.6%
10-year	63.8%	87.0%
30-year	74.3%	104.0%

Source: Bloomberg

Credit spreads among municipal bond issues have begun to widen during the year. (Credit spread is the difference in yield between securities of the same maturity with different credit ratings.) Wider credit spreads generally favor higher-quality issuers in a rising rate environment due to concerns related to lower quality issues during periods of slowing economic growth. This scenario may be viewed as a benefit to higher quality, shorter duration portfolios vis-à-vis lower quality, longer duration holdings. (Duration is a measurement of a bond's sensitivity or risk to changes in interest rates; shorter duration generally means less risk.) This assumes interest rates continue to rise, as the Fed seems to have signaled in recent press releases. Overall, we view municipal credit fundamentals to be relatively strong, while credit defaults as tracked by the Nationally Recognized Statistical Rating Agencies (such as Moody's and Standard & Poor's) generally remain relatively low, particularly among higher quality issues.

At a local level, many state and local economies continue to show signs of improvement and sustained growth. Despite recession risk, local municipalities and governments appear to us to be well-positioned to manage economic challenges. Higher employment, increasing wages, and rising property values in many jurisdictions throughout the country are among key contributors toward bolstering state and local revenue and tax receipts.

Looking Forward

We remain cautiously optimistic about the direction of the municipal bond market. In addition to many of the positive conditions and trends stated above — including what we believe to be potential opportunities for greater income than in recent years, improving relative valuations, strong credit fundamentals, expanding local economies, and sustained investor demand — keep in mind the attractive benefits that municipal bonds offer, such as a high level of current income exempt from state and regular federal income taxes. Although no one can reasonably predict the impact of continued inflation or future Fed actions to curb such inflation, on a tax-equivalent basis, the municipal income benefit may be attractive compared to taxable investments for certain investors.

Remember, too, the Aquila difference. Your portfolio management team is locally-based, which provides them with an up-close perspective on the economy and bond issuers within local municipalities, cities, counties, and across the state. Our investment professionals draw upon their wealth of experience in analyzing securities, navigating market and economic cycles, and seeking to identify both opportunities and risks. The current market cycle is no exception. Our team employs an active portfolio management strategy, with a goal to maintain broadly diversified investment grade municipal portfolios, generally with an intermediate average maturity, to help deliver attractive risk-adjusted returns.

As always, we encourage you to consult with your financial professional to evaluate whether the investment choices you make are aligned with your individual financial goals and risk tolerances.

Thank you for your continued confidence in Aquila Group of Funds.

Sincerely,

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, political or regulatory conditions, recessions, inflation, changes in interest rates, lack of liquidity in the bond markets, the spread of infectious illness or other public health issues, armed conflict including Russia's military invasion of Ukraine, sanctions against Russia, other nations or individuals or companies and possible countermeasures, market disruptions caused by tariffs, trade disputes or other factors, or adverse investor sentiment. When market prices fall, the value of your investment may go down. In the past several years, financial markets have experienced increased volatility, depressed valuations, decreased liquidity and heightened uncertainty. These conditions may continue, recur, worsen or spread.

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

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

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

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

The value of municipal securities can be adversely affected by changes in the financial condition of one or more individual municipal issuers or insurers of municipal issuers, regulatory developments, legislative actions, and by uncertainties and public perceptions concerning these and other factors. The Fund may be affected significantly by adverse economic, political or other events affecting state and other municipal issuers in which it invests, and may be more volatile than a more geographically diverse fund. The municipal bond market can be susceptible to unusual volatility, particularly for lower-rated and unrated securities. Liquidity can be reduced unpredictably in response to overall economic conditions or credit tightening. Municipal issuers may be adversely affected by rising health care costs, increasing unfunded pension liabilities, and by the phasing out of federal programs providing financial support. Unfavorable conditions and developments relating to projects financed with municipal securities can result in lower revenues to issuers of municipal securities, potentially resulting in defaults. Municipal securities may be more susceptible to downgrades or defaults during a recession or similar periods of economic stress. Financial difficulties of municipal issuers may continue or get worse, particularly in the event of economic or market turmoil or a recession.

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, 2022 (unaudited)

Principal Amount	General Obligation Bonds (37.6%)	Ratings Moody's, S&P and Fitch	Value
	City (5.3%)		
	Buckeye Jackrabbit Trail Sanitary Sewer Improvement District		
$ 199,000	6.250%, 01/01/29	NR/A-/NR	$ 200,512
	Gilbert Improvement District No. 20		
460,000	5.100%, 01/01/29	Aa1/AA-/NR	462,401
	Goodyear McDowell Road Commercial Corridor Improvement District		
840,000	3.250%, 01/01/27 BAMAC Insured	Aa2/AA/NR	837,673
	Mesa, Arizona		
425,000	4.000%, 07/01/32	Aa2/AA/AAA	429,382
425,000	4.000%, 07/01/33	Aa2/AA/AAA	428,030
	Phoenix, Arizona		
3,000,000	5.000%, 07/01/27	Aa1/AA+/AAA	3,228,660
	Scottsdale, Arizona		
500,000	4.000%, 07/01/34	Aaa/AAA/AAA	506,185
	Tempe Improvement District (Pier Town Lake)		
1,000,000	5.000%, 01/01/29	Aa2/NR/NR	1,013,850
	Tolleson, Arizona		
1,000,000	4.000%, 07/01/38	NR/AA/AAA	939,700
	Tucson, Arizona		
3,000,000	5.000%, 07/01/24	Aa3/AA/AA+	3,092,280
	Total City		11,138,673
	Community College (1.1%)		
	Pinal Co. Community College District		
500,000	4.000%, 07/01/33	NR/AA-/NR	510,385
1,000,000	3.000%, 07/01/34	NR/AA-/NR	876,930
	Yuma/ La Paz Counties Community College District (Arizona Western College), Refunding		
1,000,000	4.000%, 07/01/28 2014A	Aa3/A+/NR	1,007,800
	Total Community College		2,395,115

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2022 (unaudited)

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	County (7.7%)		
	Maricopa Co. Daisy Mountain Fire District		
$ 340,000	4.000%, 07/01/27 AGMC Insured	NR/AA/NR	$ 348,282
	Maricopa Co. Special Health Care District		
2,500,000	5.000%, 07/01/25	Aa3/NR/AA-	2,612,475
3,000,000	5.000%, 07/01/32	Aa3/NR/AA-	3,209,430
1,500,000	5.000%, 07/01/34	Aa3/NR/AA-	1,591,020
4,345,000	5.000%, 07/01/34	Aa3/NR/AA-	4,658,622
	Yavapai Co. Jail District		
1,180,000	5.000%, 07/01/30 BAMAC Insured	NR/AA/AA	1,284,324
1,650,000	4.000%, 07/01/33 BAMAC Insured	NR/AA/AA	1,658,696
	Yuma Co. Free Library District		
1,000,000	4.000%, 07/01/29	Aa3/NR/AAA	1,019,190
	Total County		16,382,039
	School District (21.2%)		
	Buckeye Union High School District No. 201		
1,000,000	5.000%, 07/01/33 AGMC Insured	NR/AA/NR	1,033,830
500,000	5.000%, 07/01/36 BAMAC Insured	NR/AA/NR	525,085
	Gila Co. Unified School District No. 10 (Payson)		
1,000,000	5.000%, 07/01/28	Aa2/NR/NR	1,027,500
	Glendale Union High School District No. 205		
525,000	5.000%, 07/01/27 BAMAC Insured	NR/AA/NR	531,814
	Maricopa Co. Elementary School District No. 1 (Phoenix)		
500,000	4.000%, 07/01/31 BAMAC Insured	NR/AA/NR	508,290
460,000	4.000%, 07/01/32 BAMAC Insured	NR/AA/NR	465,778
	Maricopa Co. Elementary School District No. 2 (Riverside)		
1,000,000	5.000%, 07/01/30 BAMAC Insured	NR/AA/NR	1,082,170
	Maricopa Co. Elementary School District No. 3 (Tempe)		
500,000	5.000%, 07/01/30	Aa1/NR/NR	532,675
5,615,000	5.000%, 07/01/31	Aa1/NR/NR	6,055,160

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2022 (unaudited)

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	School District (continued)		
	Maricopa Co. Elementary School District No. 8 (Osborn)		
$ 500,000	5.000%, 07/01/31 AGMC Insured	NR/AA/NR	$ 528,640
	Maricopa Co. Elementary School District No. 25 (Liberty)		
350,000	4.000%, 07/01/35 AGMC Insured	NR/AA/NR	351,040
300,000	4.000%, 07/01/36 AGMC Insured	NR/AA/NR	300,435
375,000	4.000%, 07/01/37 AGMC Insured	NR/AA/NR	372,360
	Maricopa Co. Elementary School District No. 40 (Glendale)		
2,050,000	2.000%, 07/01/35 AGMC Insured	NR/AA/AA+	1,504,556
	Maricopa Co. Elementary School District No. 62 (Union)		
315,000	4.000%, 07/01/29 BAMAC Insured	NR/AA/NR	324,129
580,000	4.000%, 07/01/32 BAMAC Insured	NR/AA/NR	594,059
300,000	4.000%, 07/01/33 BAMAC Insured	NR/AA/NR	306,441
375,000	4.000%, 07/01/34 BAMAC Insured	NR/AA/NR	382,091
	Maricopa Co. Elementary School District No. 65 (Littleton)		
125,000	3.000%, 07/01/35 BAMAC Insured	Aa3/AA/NR	102,031
	Maricopa Co. High School District No. 210 (Phoenix)		
500,000	4.000%, 07/01/26	Aa1/AA/AAA	510,575
	Maricopa Co. High School District No. 214 (Tolleson)		
200,000	3.000%, 07/01/35	Aaa/AA/NR	169,834
	Maricopa Co. Unified School District No. 4 (Mesa)		
4,000,000	5.000%, 07/01/29	Aa2/AA-/NR	4,417,160
	Maricopa Co. Unified School District No. 11 (Peoria)		
1,490,000	4.000%, 07/01/25	Aa3/AA-/NR	1,490,909
675,000	4.500%, 07/01/33 AGMC Insured	Aa3/AA/NR	688,621
	Maricopa Co. Unified School District No. 41 (Gilbert)		
3,000,000	5.000%, 07/01/26	Aa1/AA-/NR	3,179,430

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2022 (unaudited)

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	School District (continued)		
	Maricopa Co. Unified School District No. 60 (Higley)		
$ 1,615,000	5.000%, 07/01/29	Aa2/AA-/NR	$ 1,657,491
	Maricopa Co. Unified School District No. 66 (Roosevelt)		
910,000	4.000%, 07/01/31 BAMAC Insured	A1/AA/NR	928,273
	Maricopa Co. Unified School District No. 69 (Paradise Valley)		
1,500,000	5.000%, 07/01/27	Aa1/NR/AAA	1,607,505
425,000	4.000%, 07/01/35	Aa1/NR/AAA	425,340
	Maricopa Co. Unified School District No. 80 (Chandler)		
545,000	4.000%, 07/01/36	Aaa/AA/NR	548,542
	Maricopa Co. Unified School District No. 89 (Dysart)		
500,000	4.000%, 07/01/28	NR/A+/AAA	504,560
	Maricopa Co. Unified School District No. 90 (Saddle Mountain)		
1,350,000	5.000%, 07/01/28 AGMC Insured	NR/AA/NR	1,464,467
	Mohave Co. Unified School District No. 1 (Lake Havasu)		
500,000	5.000%, 07/01/35	Aa1/NR/NR	525,530
	Navajo Co. Unified School District No. 10 (Show Low)		
500,000	4.000%, 07/01/31 AGMC Insured	NR/AA/NR	507,855
	Navajo Co. Unified School District No. 32 (Blue Ridge)		
400,000	5.000%, 07/01/29 AGMC Insured	NR/AA/NR	425,060
	Pima Co. Unified School District No. 6 (Marana)		
955,000	5.000%, 07/01/25	NR/A/NR	959,765
950,000	5.250%, 07/01/25 AGMC Insured	NR/AA/NR	955,301
1,000,000	4.250%, 07/01/32 AGMC Insured	NR/AA/NR	1,018,870
1,000,000	4.000%, 07/01/37 AGMC Insured	NR/AA/NR	992,960

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2022 (unaudited)

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	School District (continued)		
	Pima Co. Unified School District No. 8 (Flowing Wells)		
$ 1,000,000	4.500%, 07/01/37 AGMC Insured	NR/AA/NR	$ 1,027,280
250,000	4.000%, 07/01/28 BAMAC Insured	NR/AA/NR	255,958
250,000	4.000%, 07/01/29 BAMAC Insured	NR/AA/NR	256,403
	Pima Co. Unified School District No. 12 (Sunnyside)		
1,050,000	4.000%, 07/01/28 BAMAC Insured	NR/AA/NR	1,056,668
	Pima Co. Unified School District No. 20 (Vail)		
700,000	5.000%, 07/01/28 AGMC Insured	NR/AA/NR	755,559
	Santa Cruz Co. Unified School District No. 35 (Santa Cruz Valley)		
300,000	3.000%, 07/01/36 AGMC Insured	NR/AA/NR	259,095
	Western Maricopa Education Center District No. 402		
1,200,000	4.000%, 07/01/28	NR/AA-/NR	1,205,952
	Yavapai Co. Elementary School District No. 6 (Cottonwood-Oak Creek)		
720,000	5.000%, 07/01/34 BAMAC Insured	A2/AA/NR	743,407
	Total School District		45,066,454
	Special District (2.3%)		
	Eastmark Community Facilities District No. 1		
345,000	4.000%, 07/15/33 AGMC Insured	NR/AA/NR	347,129
360,000	4.000%, 07/15/34 AGMC Insured	NR/AA/NR	361,314
	Estrella Mountain Ranch Community Facilities District		
155,000	5.000%, 07/15/32 AGMC Insured	NR/AA/NR	163,455
	Festival Ranch Community Facilities District		
950,000	5.000%, 07/15/37 BAMAC Insured	NR/AA/NR	982,120
	Goodyear Community Facilities Utilities District No. 1		
500,000	4.000%, 07/15/28	A1/A-/NR	502,165
460,000	4.000%, 07/15/32	A1/A-/NR	462,190

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2022 (unaudited)

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Special District (continued)		
	Merrill Ranch Community Facilities District #2		
$ 680,000	6.750%, 07/15/38	NR/BBB/NR	$ 695,409
	Verrado Community Facilities Utilities District No. 1		
500,000	6.000%, 07/15/33 144A	NR/NR/NR*	495,260
	Vistancia Community Facilities District		
850,000	4.000%, 07/15/25 BAMAC Insured	A1/AA/NR	864,119
	Total Special District		4,873,161
	Total General Obligation Bonds.		79,855,442
	Revenue Bonds (56.4%)		
	Airport (6.5%)		
	Phoenix Civic Improvement Corp. Airport Bonds		
4,000,000	4.000%, 07/01/40	A1/A/NR	3,693,880
2,595,000	5.000%, 07/01/27 AMT.	Aa3/A+/NR	2,709,180
185,000	5.000%, 07/01/30 AMT.	Aa3/A+/NR	191,495
3,850,000	5.000%, 07/01/31 AMT.	Aa3/A+/NR	3,967,425
2,900,000	5.000%, 07/01/31 AMT.	Aa3/A+/NR	3,004,980
200,000	5.000%, 07/01/33 AMT.	Aa3/A+/NR	205,468
	Total Airport		13,772,428
	Charter Schools (3.5%)		
	Arizona Industrial Development Authority (Basis Schools)		
240,000	5.000%, 07/01/37 State Enhanced.	NR/AA-/NR	245,671
	Arizona Industrial Development Authority (Candeo Schools)		
500,000	3.375%, 07/01/41 State Enhanced.	NR/AA-/NR	405,325
	Arizona Industrial Development Authority (Equitable Schools)		
1,000,000	4.000%, 11/01/36	NR/A/NR	918,770
2,000,000	4.000%, 11/01/38	NR/A/NR	1,799,920
2,000,000	4.000%, 11/01/40	NR/A/NR	1,768,760

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2022 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Charter Schools (continued)		
	Arizona Industrial Development Authority (Greathearts Academies)		
$ 1,000,000	3.000%, 07/01/37 State Enhanced.	NR/AA-/NR	$ 809,440
	Maricopa Co. Industrial Development Authority (Great Hearts Arizona Projects)		
250,000	5.000%, 07/01/26 State Enhanced.	NR/AA-/NR	259,767
315,000	5.000%, 07/01/37 State Enhanced.	NR/AA-/NR	321,902
	Phoenix Industrial Development Authority (Macombs Facility Project)		
315,000	5.000%, 07/01/33	NR/BBB-/NR	314,880
325,000	4.000%, 07/01/34	NR/BBB-/NR	290,180
315,000	4.000%, 07/01/35	NR/BBB-/NR	278,268
	Total Charter Schools.		7,412,883
	Excise Tax (9.5%)		
	Buckeye Excise Tax		
400,000	4.000%, 07/01/36	NR/AA/AA	402,268
	Buckeye Roosevelt Street Improvement District		
85,000	4.000%, 01/01/32	NR/A-/NR	85,056
	Cottonwood Pledged Revenue Obligations		
500,000	5.000%, 07/01/30 AGMC Insured	NR/AA/NR	521,160
	Flagstaff Pledged Revenue		
1,395,000	4.250%, 07/01/33	NR/AA/NR	1,425,941
	Gila Co. Pledged Revenue Obligations		
555,000	4.000%, 07/01/30	NR/AA/NR	567,621
	Graham Co. Jail District Revenue Pledged Obligation		
1,000,000	5.000%, 07/01/35	NR/A-/NR	1,023,860
	Marana Pledged Excise Tax		
275,000	4.000%, 07/01/30	NR/AA/NR	277,161
1,400,000	5.000%, 07/01/33	NR/AA/NR	1,414,770
	Phoenix Civic Improvement Corp.		
3,490,000	5.000%, 07/01/42	Aa2/AAA/AA+	3,734,370

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2022 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Excise Tax (continued)		
	Phoenix Civic Improvement Corp. (Civic Plaza)		
$ 2,000,000	5.500%, 07/01/27 BHAC/FGIC Insured. . .	Aa1/AA+/NR	$ 2,182,260
2,000,000	5.500%, 07/01/30 BHAC/FGIC Insured. . .	Aa1/AA+/NR	2,245,340
1,000,000	5.500%, 07/01/23 NPFG/FGIC Insured. . .	Aa2/AA/NR	1,016,750
2,300,000	5.500%, 07/01/33 NPFG/FGIC Insured. . .	Aa2/AA/NR	2,597,919
	Santa Cruz Co. Jail District		
1,655,000	5.000%, 07/01/28 AGMC Insured	NR/AA/NR	1,746,124
885,000	5.000%, 07/01/31 AGMC Insured	NR/AA/NR	925,887
	Total Excise Tax		20,166,487
	Healthcare (6.2%)		
	Arizona Health Facilities Authority (Scottsdale Lincoln Hospitals)		
1,360,000	5.000%, 12/01/26	A2/NR/A+	1,397,903
	Maricopa Co. Industrial Development Authority (Banner Health)		
1,600,000	5.000%, 01/01/38	NR/AA-/AA-	1,643,120
500,000	4.000%, 01/01/48	NR/AA-/AA-	432,785
	Maricopa Co. Industrial Development Authority (HonorHealth)		
2,250,000	4.125%, 09/01/38	A2/NR/A+	2,079,517
	Phoenix Industrial Development Authority (Mayo Clinic) VRDO***		
2,650,000	2.720%, 11/15/52	Aa2/AA/NR	2,650,000
	Pima Co. Industrial Development Authority (Tucson Medical Center)		
1,150,000	5.000%, 04/01/33	NR/A/NR	1,195,356
880,000	4.000%, 04/01/37	NR/A/NR	800,756
250,000	3.000%, 04/01/51	NR/A/NR	162,975
	Yavapai Co. Industrial Development Authority (Yavapai Regional Medical Center)		
1,000,000	5.250%, 08/01/33	A2/NR/A+	1,009,540

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2022 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Healthcare (continued)		
	Yuma Industrial Development Authority (Yuma Regional Medical Center)		
$ 1,635,000	5.000%, 08/01/23	NR/A/NR	$ 1,653,950
200,000	5.000%, 08/01/32	NR/A/NR	202,086
	Total Healthcare		13,227,988
	Higher Education (7.2%)		
	Arizona Board of Regents (Arizona State University System) Green Bonds		
1,500,000	5.000%, 07/01/36	Aa2/AA/NR	1,614,720
	Arizona Board of Regents (Arizona State University System) VRDO***		
4,175,000	2.500%, 07/01/34	Aa2/AA/NR	4,175,000
	Arizona Board of Regents (Northern Arizona University) Speed Stimulus Plan for Economic & Educational Development		
2,090,000	5.000%, 08/01/29 AGMC Insured	A1/AA/NR	2,270,283
	Arizona Board of Regents (University of Arizona System) Speed Stimulus Plan for Economic & Educational Development		
1,000,000	3.125%, 08/01/39	Aa3/A+/NR	780,470
	Arizona Board of Regents (University of Arizona System)		
400,000	5.000%, 06/01/29	Aa2/AA-/NR	409,272
105,000	4.000%, 06/01/38	Aa2/AA-/NR	99,306
	Arizona Industrial Development Authority (North Carolina Central University Student Housing)		
250,000	4.000%, 06/01/34 BAMAC Insured	Baa3/AA/NR	240,267
700,000	4.000%, 06/01/39 BAMAC Insured	Baa3/AA/NR	640,584
	Phoenix Industrial Development Authority (Downtown Phoenix Student Housing)		
200,000	5.000%, 07/01/26	Baa3/NR/NR	202,914
400,000	5.000%, 07/01/33	Baa3/NR/NR	393,124
1,250,000	5.000%, 07/01/42	Baa3/NR/NR	1,159,575

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2022 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Higher Education (continued)		
	Phoenix Industrial Development Authority (Downtown Phoenix Student Housing II)		
$ 100,000	5.000%, 07/01/26	Baa3/NR/NR	$ 101,457
250,000	5.000%, 07/01/27	Baa3/NR/NR	253,560
150,000	5.000%, 07/01/28	Baa3/NR/NR	151,554
200,000	5.000%, 07/01/30	Baa3/NR/NR	200,438
300,000	5.000%, 07/01/32	Baa3/NR/NR	297,243
	Pima Co. Community College District		
1,075,000	5.000%, 07/01/36	Aa3/NR/AA-	1,142,542
750,000	4.000%, 07/01/37	Aa3/NR/AA-	734,123
500,000	4.000%, 07/01/38	Aa3/NR/AA-	471,810
	Total Higher Education		15,338,242
	Housing (1.7%)		
	Arizona Industrial Development Authority Green Bond MTEB (Chandler Village Apartments Project)		
4,837,104	2.120%, 07/01/37 FNMA Insured Series 2020	Aaa/NR/NR	3,617,041
	Lease (2.6%)		
	Arizona Board of Regents (Northern Arizona University) COP		
600,000	5.000%, 09/01/27	A2/A/NR	600,798
	Nogales Municipal Development Authority, Inc.		
845,000	4.000%, 06/01/36	NR/AA-/NR	855,182
615,000	5.000%, 06/01/28 AGMC Insured	NR/AA/NR	645,885
810,000	4.000%, 06/01/33 AGMC Insured	NR/AA/NR	814,253
2,000,000	4.000%, 06/01/39 AGMC Insured	NR/AA/NR	1,871,420
	Prescott Municipal Property Corp.		
500,000	5.000%, 07/01/34	Aa3/AA+/NR	512,815
	State of Arizona COP		
100,000	5.000%, 09/01/27	Aa2/AA-/NR	104,527
	Total Lease		5,404,880

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2022 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Pollution Control (0.6%)		
	Maricopa Co. Pollution Control (El Paso Electric Co.)		
$ 375,000	3.600%, 02/01/40	Baa2/NR/BBB+	$ 307,492
250,000	3.600%, 04/01/40	Baa2/NR/BBB+	204,740
	Maricopa Co. Pollution Control (Southern California Edison Co.)		
1,000,000	2.400%, 06/01/35	A3/A-/BBB+	746,150
	Total Pollution Control.		1,258,382
	Resource Recovery (2.9%)		
	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	4,197,555
	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	1,489,530
	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	505,388
	Total Resource Recovery		6,192,473
	Sales Tax (3.0%)		
	Arizona Sports & Tourism Authority (Multipurpose Stadium Facility Project)		
6,000,000	5.000%, 07/01/30 BAMAC Insured	A1/AA/A	6,418,500

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2022 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Senior Living Facilities (1.1%)		
	Arizona Industrial Development Authority, Second Tier (Great Lakes Senior Living Communities)		
$ 620,000	5.000%, 01/01/28	NR/CCC+/NR	$ 513,062
555,000	5.000%, 01/01/29	NR/CCC+/NR	445,621
1,205,000	5.000%, 01/01/30	NR/CCC+/NR	940,430
655,000	4.000%, 01/01/33	NR/CCC+/NR	431,409
	Total Senior Living Facilities.		2,330,522
	Transportation (0.2%)		
	Pima Co. Regional Transportation Authority Excise Tax		
500,000	5.000%, 06/01/26	NR/AA+/AA+	505,885
	Utility (7.2%)		
	Greater Arizona Development Authority Revenue		
500,000	5.000%, 08/01/28 AGMC Insured	A1/AA/NR	510,030
	Mesa Utility System		
1,500,000	4.000%, 07/01/32	Aa2/AA-/NR	1,511,475
3,310,000	4.000%, 07/01/35	Aa2/AA-/NR	3,261,575
5,000,000	5.000%, 07/01/36	Aa3/A+/NR	5,484,550
	Salt Verde Finance Corp. Gas Revenue		
3,000,000	5.250%, 12/01/28	A3/BBB+/NR	3,103,830
	Surprise Utility System Senior Lien Obligations		
470,000	5.000%, 07/01/33	NR/AA+/NR	505,504
	Yuma Utility System		
1,000,000	4.000%, 07/01/34 BAMAC Insured	NR/AA/AA-	983,300
	Total Utility		15,360,264
	Water/Sewer (4.2%)		
	Gilbert Water Resource Municipal Property Corp.		
1,190,000	4.000%, 07/01/34	NR/AAA/AAA	1,201,817

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2022 (unaudited)

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Water/Sewer (continued)		
	Glendale Water & Sewer Revenue Refunding Senior Lien		
$ 6,120,000	3.000%, 07/01/24	A1/AA/NR	$ 6,088,788
	Phoenix Civic Improvement Corp. Wastewater Revenue		
1,500,000	5.500%, 07/01/24 NPFG/FGIC Insured . .	Aa2/AAA/NR	1,559,265
	Total Water/Sewer		8,849,870
	Total Revenue Bonds		119,855,845
	Pre-Refunded Bonds (4.1%)††		
	Pre-Refunded General Obligation Bonds (0.7%)		
	City (0.1%)		
	Glendale, Arizona		
200,000	5.000%, 07/01/33	NR/AA/AAA	218,488
	School District (0.1%)		
	Maricopa Co. Elementary School District No. 28 (Kyrene Elementary)		
250,000	5.500%, 07/01/30	Aaa/AA/NR	254,393
	Special District (0.5%)		
	Estrella Mountain Ranch Community Facilities District		
845,000	5.000%, 07/15/32 AGMC Insured	NR/AA/NR	907,953
	Goodyear Community Facilities Utilities District No. 1		
40,000	4.000%, 07/15/32	NR/NR/NR*	40,962
	Total Special District		948,915
	Total Pre-Refunded General Obligation Bonds.		1,421,796
	Pre-Refunded Revenue Bonds (3.4%)		
	Excise Tax (0.2%)		
	Scottsdale Municipal Property Corp.		
375,000	5.000%, 07/01/34	Aa1/AAA/AA+	392,978

AQUILA TAX-FREE TRUST OF ARIZONA
SCHEDULE OF INVESTMENTS (continued)
SEPTEMBER 30, 2022 (unaudited)

Principal Amount	Pre-Refunded Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	Healthcare (2.3%)		
	Arizona Health Facilities Authority (Banner Health)		
$ 2,000,000	5.000%, 01/01/44	NR/AA-/AA-	$ 2,044,080
	Maricopa Co. Hospital Revenue (Sun Health)		
705,000	5.000%, 04/01/25	NR/NR/NR*	717,859
2,125,000	5.000%, 04/01/35	NR/NR/NR*	2,182,481
	Total Healthcare		4,944,420
	Higher Education (0.7%)		
	Northern Arizona University Speed Stimulus Plan for Economic & Educational Development		
1,445,000	5.000%, 08/01/38	A2/A/NR	1,466,588
	Lease (0.2%)		
	State of Arizona COP		
400,000	5.000%, 09/01/27	NR/NR/NR*	419,128
	Total Pre-Refunded Revenue Bonds		7,223,114
	Total Pre-Refunded Bonds		8,644,910
	Total Municipal Bonds (cost $222,655,453).		208,356,197
Shares	**Short-Term Investment (1.9%)**		
3,992,233	Dreyfus Treasury Obligations Cash Management - Institutional Shares, 2.85%** (cost $3,992,233).	Aaa-mf/AAAm/NR	3,992,233
	Total Investments (cost $226,647,686 - note 4)	100.0%	212,348,430
	Other assets less liabilities	(0.0)	(46,762)
	Net Assets	100.0%	$ 212,301,668

Portfolio Distribution By Quality Rating	Percentage of Investments†
Aaa of Moody's or AAA of S&P or Fitch	9.8%
Pre-refunded bonds††	4.2
Aa of Moody's or AA of S&P or Fitch	67.7
A of Moody's or S&P or Fitch	14.7
Baa of Moody's or BBB of S&P or Fitch	2.3
CCC of S&P	1.1
Not Rated*	0.2
	100.0%

PORTFOLIO ABBREVIATIONS

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

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

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

*** Variable rate demand obligations (“VRDOs”) are payable upon demand within the same day for securities with daily liquidity or seven days for securities with weekly liquidity.

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

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

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, 2022 (unaudited)

ASSETS	
Investments at value (cost $226,647,686)	$ 212,348,430
Interest receivable	2,319,684
Receivable for investment securities sold	835,488
Receivable for Fund Shares sold	282,421
Other assets	22,001
Total assets	215,808,024
LIABILITIES	
Payable for investment securities purchased	3,130,643
Payable for Fund shares redeemed	143,784
Management fee payable	72,049
Dividends payable	71,318
Distribution and service fees payable	404
Accrued expenses	88,158
Total liabilities	3,506,356
NET ASSETS	$ 212,301,668
Net Assets consist of:	
Capital Stock – Authorized an unlimited number of shares, par value $0.01 per share	$ 223,631
Additional paid-in capital	228,039,406
Total distributable earnings (losses)	(15,961,369)
	$ 212,301,668
CLASS A	
Net Assets	$ 155,962,323
Capital shares outstanding	16,433,333
Net asset value and redemption price per share	$ 9.49
Maximum offering price per share (100/97 of $9.49)	$ 9.78
CLASS C	
Net Assets	$ 2,832,338
Capital shares outstanding	298,739
Net asset value and offering price per share	$ 9.48
CLASS Y	
Net Assets	$ 53,507,007
Capital shares outstanding	5,631,010
Net asset value, offering and redemption price per share	$ 9.50

See accompanying notes to financial statements.

AQUILA TAX-FREE TRUST OF ARIZONA
STATEMENT OF OPERATIONS
SIX MONTHS ENDED SEPTEMBER 30, 2022 (unaudited)

Investment Income		
Interest income		$ 3,319,530
Expenses		
Investment Adviser fee (note 3)	$ 459,794	
Distribution and service fee (note 3)	146,776	
Transfer and shareholder servicing agent fees	48,912	
Legal fees	43,233	
Trustees' fees and expenses (note 7)	35,682	
Registration fees and dues	16,576	
Auditing and tax fees	12,284	
Shareholders' reports	9,070	
Insurance	6,984	
Custodian fees	4,790	
Compliance services (note 3)	4,690	
Credit facility fees (note 10)	3,017	
Miscellaneous	20,377	
Total expenses		812,185
Net investment income		2,507,345
Realized and Unrealized Gain (Loss) on Investments:		
Net realized gain (loss) from securities transactions	(1,423,269)	
Change in unrealized appreciation (depreciation) on investments	(13,631,008)	
Net realized and unrealized gain (loss) on investments		(15,054,277)
Net change in net assets resulting from operations		$ (12,546,932)

See accompanying notes to financial statements.

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

	Six Months Ended September 30, 2022 (unaudited)	Year Ended March 31, 2022
OPERATIONS		
Net investment income	$ 2,507,345	$ 5,984,239
Realized gain (loss) from securities transactions	(1,423,269)	(514,009)
Change in unrealized appreciation (depreciation) on investments	(13,631,008)	(17,057,872)
Change in net assets resulting from operations	(12,546,932)	(11,587,642)
DISTRIBUTIONS TO SHAREHOLDERS (note 9):		
Class A Shares	(1,778,894)	(4,083,825)
Class C Shares	(26,857)	(79,168)
Class Y Shares	(660,491)	(1,732,704)
Change in net assets from distributions	(2,466,242)	(5,895,697)
CAPITAL SHARE TRANSACTIONS (note 6):		
Proceeds from shares sold	15,928,749	41,773,669
Reinvested dividends and distributions	2,012,459	4,869,901
Cost of shares redeemed	(39,053,992)	(61,735,189)
Change in net assets from capital share transactions	(21,112,784)	(15,091,619)
Change in net assets	(36,125,958)	(32,574,958)
NET ASSETS:		
Beginning of period	248,427,626	281,002,584
End of period	$ 212,301,668	$ 248,427,626

See accompanying notes to financial statements.

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 using other fair value methods. Aquila Investment Management LLC, the Fund's investment manager, has been designated as the Fund's valuation designee, with responsibility for fair valuation subject to oversight by the Fund's 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.

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, 2022:

Valuation Inputs*	Investments in Securities
Level 1 – Quoted Prices — Short-Term Investment	$ 3,992,233
Level 2 – Other Significant Observable Inputs — Municipal Bonds*	208,356,197
Level 3 – Significant Unobservable Inputs	—
Total	$ 212,348,430

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

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

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

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

Management has reviewed the tax positions for each of the open tax years (2019 – 2021) or expected to be taken in the Fund's 2022 tax returns and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

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

g) *Use of estimates*: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

h) *Reclassification of capital accounts*: Accounting principles generally accepted in the United States of America require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications had no effect on net assets or net asset value per share. For the year ended March 31, 2022, there were no items identified that have been reclassified among components of net assets.

i) The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board ("FASB") Accounting Standard Codification Topic 946 "Financial Services-Investment Companies".

3. Fees and Related Party Transactions

a) *Management Arrangements*:

Aquila Investment Management LLC (the "Manager"), a wholly-owned subsidiary of Aquila Management Corporation, the Fund's founder and sponsor, serves as the Manager for the Fund under an Advisory and Administration Agreement with the Fund. Under the Advisory and Administration Agreement, the Manager provides all investment management and administrative services to the Fund. The Manager's services include providing the office of the Fund and all related services as well as managing relationships with all the various support organizations to the Fund such as the transfer and 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, 2022, distribution fees on Class A Shares amounted to $125,587, of which the Distributor retained $14,360.

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, 2022, amounted to $15,892. 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, 2022, these payments amounted to $5,297. The total of these payments with respect to Class C Shares amounted to $21,189, of which the Distributor retained $5,247.

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, 2022, total commissions on sales of Class A Shares amounted to $9,197, of which the Distributor received $1,995.

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, 2022, purchases of securities and proceeds from the sales of securities aggregated $29,498,327 and $46,128,489, respectively.

At September 30, 2022, the aggregate tax cost for all securities was $226,168,441. At September 30, 2022, the aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost amounted to $1,461,489 and aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value amounted to $15,281,500 for a net unrealized depreciation of $13,820,011.

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 securities only when comparable securities of Arizona issuers are not available in the market. At September 30, 2022, the Fund had all of its long-term portfolio holdings invested in the securities of Arizona issuers.

6. Capital Share Transactions

Transactions in Capital Shares of the Fund were as follows:

	Six Months Ended September 30, 2022 (unaudited)		Year Ended March 31, 2022	
	Shares	Amount	Shares	Amount
Class A Shares				
Proceeds from shares sold...	435,834	$ 4,300,851	1,386,842	$ 15,045,831
Reinvested dividends and distributions......................	148,184	1,457,425	313,418	3,364,280
Cost of shares redeemed......	(1,784,209)	(17,595,846)	(2,402,082)	(25,790,639)
Net change	(1,200,191)	(11,837,570)	(701,822)	(7,380,528)
Class C Shares:				
Proceeds from shares sold ...	16,157	161,082	33,684	364,928
Reinvested dividends and distributions......................	2,437	23,992	6,725	72,248
Cost of shares redeemed......	(228,502)	(2,244,247)	(214,642)	(2,310,543)
Net change	(209,908)	(2,059,173)	(174,233)	(1,873,367)
Class Y Shares:				
Proceeds from shares sold ...	1,162,675	11,466,816	2,438,440	26,362,910
Reinvested dividends and distributions......................	53,920	531,042	133,270	1,433,373
Cost of shares redeemed......	(1,942,690)	(19,213,899)	(3,154,359)	(33,634,007)
Net change	(726,095)	(7,216,041)	(582,649)	(5,837,724)
Total transactions in Fund shares................................	(2,136,194)	$ (21,112,784)	(1,458,704)	$ (15,091,619)

7. Trustees' Fees and Expenses

At September 30, 2022, there were 9 Trustees, one of whom is affiliated with the Manager and is not paid any fees. The total amount of Trustees' service fees (for carrying out their responsibilities) and attendance fees paid during the six months ended September 30, 2022 was $34,324. 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, 2022, due to the COVID-19 pandemic, such meeting-related expenses were reduced and amounted to $1,358.

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. These transactions are subject to market fluctuations and their current value is determined in the same manner as for other securities.

9. Income Tax Information and Distributions

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

The Fund intends to maintain, to the maximum extent possible, the tax-exempt status of interest payments received from portfolio municipal securities in order to allow dividends paid to shareholders from net investment income to be exempt from regular Federal and State of Arizona income taxes. Due to differences between financial statement reporting and Federal income tax reporting requirements, distributions made by the Fund may not be the same as the Fund's net investment income, and/or net realized securities gains. Further, a small portion of the dividends may, under some circumstances, be subject to taxes at ordinary income rates. For certain shareholders, some dividend income may, under some circumstances, be subject to the Alternative Minimum Tax. As a result of the passage of the Regulated Investment Company Act of 2010 (the "Act"), losses incurred in this fiscal year and beyond retain their character as short-term or long-term, have no expiration and are utilized before capital losses incurred prior to the enactment of the Act. At March 31, 2022, the Fund had capital loss carry forwards of $326,866, $258,915 is short-term and $67,951 is long-term. Both have no expiration date. As of March 31, 2022, the Fund had post-October losses of $553,142, which is deferred until fiscal 2023 for tax purposes.

The tax character of distributions was as follows:

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

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

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

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 23, 2023 (per the August 24, 2022 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 adjusted daily simple Secured Overnight Financing Rate (“SOFR”) plus 1% or (ii) the sum of the higher of (a) the Prime Rate, (b) the Federal Funds Effective Rate, or (c) the adjusted daily simple Secured Overnight Financing Rate (“SOFR”) plus 1%).

There were no borrowings under the credit agreement during the six months ended September 30, 2022.

11. Risks

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

The market prices of the Fund’s securities may rise or decline in value due to general market conditions, such as real or perceived adverse economic, political or regulatory conditions, recessions, inflation, changes in interest rates, lack of liquidity in the bond markets, the spread of infectious illness or other public health issues, armed conflict including Russia’s military invasion of Ukraine, sanctions against Russia, other nations or individuals or companies and possible countermeasures, market disruptions caused by tariffs, trade disputes or other factors, or adverse investor sentiment. When market prices fall, the value of your investment may go down. In the past several years, financial markets have experienced increased volatility, depressed valuations, decreased liquidity and heightened uncertainty. These conditions may continue, recur, worsen or spread.

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

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

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

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

The value of municipal securities can be adversely affected by changes in the financial condition of one or more individual municipal issuers or insurers of municipal issuers, regulatory developments, legislative actions, and by uncertainties and public perceptions concerning these and other factors. The Fund may be affected significantly by adverse economic, political or other events affecting state and other municipal issuers in which it invests, and may be more volatile than a more geographically diverse fund. The municipal bond market can be susceptible to unusual volatility, particularly for lower-rated and unrated securities. Liquidity can be reduced unpredictably in response to overall economic conditions or credit tightening. Municipal issuers may be adversely affected by rising health care costs, increasing unfunded pension liabilities, and by the phasing out of federal programs providing financial support. Unfavorable conditions and developments relating to projects financed with municipal securities can result in lower revenues to issuers of municipal securities, potentially resulting in defaults. Municipal securities may be more susceptible to downgrades or defaults during a recession or similar periods of economic stress. Financial difficulties of municipal issuers may continue or get worse, particularly in the event of economic or market turmoil or a recession.

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

These risks may result in share price volatility.

AQUILA TAX-FREE TRUST OF ARIZONA
FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period

	Class A					
	Six Months Ended 9/30/22 (unaudited)	Year Ended March 31, 2022	2021	2020	2019	2018
Net asset value, beginning of period	$10.14	$10.82	$10.68	$10.61	$10.47	$10.58
Income (loss) from investment operations:						
Net investment income[1]	0.11	0.23	0.25	0.27	0.29	0.30
Net gain (loss) on securities (both realized and unrealized)	(0.65)	(0.69)	0.14	0.07	0.16	(0.10)
Total from investment operations	(0.54)	(0.46)	0.39	0.34	0.45	0.20
Less distributions (note 9):						
Dividends from net investment income	(0.11)	(0.22)	(0.25)	(0.27)	(0.29)	(0.29)
Distributions from capital gains	—	—	—	—	(0.02)	(0.02)
Total distributions	(0.11)	(0.22)	(0.25)	(0.27)	(0.31)	(0.31)
Net asset value, end of period	$9.49	$10.14	$10.82	$10.68	$10.61	$10.47
Total return (not reflecting sales charge)	(5.41)%[2]	(4.32)%	3.63%	3.16%	4.37%	1.93%
Ratios/supplemental data						
Net assets, end of period (in millions)	$156	$179	$198	$199	$204	$218
Ratio of expenses to average net assets	0.73%[3]	0.69%	0.71%	0.74%	0.73%	0.69%
Ratio of net investment income to average net assets	2.16%[3]	2.11%	2.30%	2.49%	2.74%	2.77%
Portfolio turnover rate	13%[2]	35%	11%	21%	34%	16%

(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 9/30/22 (unaudited)	Year Ended March 31,				
		2022	2021	2020	2019	2018
Net asset value, beginning of period	$10.13	$10.81	$10.67	$10.61	$10.47	$10.58
Income (loss) from investment operations:						
Net investment income[1]	0.06	0.14	0.16	0.18	0.20	0.20
Net gain (loss) on securities (both realized and unrealized)	(0.65)	(0.69)	0.13	0.05	0.15	(0.09)
Total from investment operations	(0.59)	(0.55)	0.29	0.23	0.35	0.11
Less distributions (note 9):						
Dividends from net investment income	(0.06)	(0.13)	(0.15)	(0.17)	(0.19)	(0.20)
Distributions from capital gains	—	—	—	—	(0.02)	(0.02)
Total distributions	(0.06)	(0.13)	(0.15)	(0.17)	(0.21)	(0.22)
Net asset value, end of period	$9.48	$10.13	$10.81	$10.67	$10.61	$10.47
Total return (not reflecting sales charge)	(5.82)%[2]	(5.13)%	2.76%	2.20%	3.49%	1.06%
Ratios/supplemental data						
Net assets, end of period (in millions)	$3	$5	$7	$8	$9	$14
Ratio of expenses to average net assets	1.58%[3]	1.54%	1.56%	1.59%	1.58%	1.54%
Ratio of net investment income to average net assets	1.30%[3]	1.26%	1.45%	1.65%	1.88%	1.92%
Portfolio turnover rate	13%[2]	35%	11%	21%	34%	16%

(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 9/30/22 (unaudited)	Year Ended March 31, 2022	2021	2020	2019	2018
Net asset value, beginning of period	$10.15	$10.84	$10.69	$10.63	$10.49	$10.60
Income (loss) from investment operations:						
Net investment income[1]	0.11	0.24	0.26	0.28	0.30	0.31
Net gain (loss) on securities (both realized and unrealized)	(0.65)	(0.69)	0.15	0.06	0.16	(0.09)
Total from investment operations	(0.54)	(0.45)	0.41	0.34	0.46	0.22
Less distributions (note 9):						
Dividends from net investment income	(0.11)	(0.24)	(0.26)	(0.28)	(0.30)	(0.31)
Distributions from capital gains	—	—	—	—	(0.02)	(0.02)
Total distributions	(0.11)	(0.24)	(0.26)	(0.28)	(0.32)	(0.33)
Net asset value, end of period	$9.50	$10.15	$10.84	$10.69	$10.63	$10.49
Total return (not reflecting sales charge)	(5.33)%[2]	(4.26)%	3.88%	3.21%	4.51%	2.08%
Ratios/supplemental data						
Net assets, end of period (in millions)	$54	$65	$75	$53	$40	$41
Ratio of expenses to average net assets	0.58%[3]	0.54%	0.56%	0.60%	0.59%	0.55%
Ratio of net investment income to average net assets	2.31%[3]	2.26%	2.44%	2.62%	2.88%	2.92%
Portfolio turnover rate	13%[2]	35%	11%	21%	34%	16%

(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 17, 2022 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 1, 2021 through April 30, 2022 (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 via video conference on August 25, 2022 and in person on September 10, 2022 to review and discuss the contract review materials that were provided in advance of the August 25, 2022 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 performance and other 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 10, 2022, 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, 2023. 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 Municipal Single State Intermediate-Term Bond category as assigned by Morningstar, Inc. (the "Morningstar Category"); and
- the Fund's benchmark index, the Bloomberg Municipal Bond: Quality Intermediate Total Return Index Unhedged USD.

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 Morningstar Category for the one and three-year periods, but was higher than the average annual total return of the funds in the Morningstar Category for the five and ten-year periods ended June 30, 2022. They noted that the Fund's return for each of the one-year period and six months ended June 30, 2022 was in the fourth quintile and that its average annual return for each of the three and five-year periods ended June 30, 2022 was in the third quintile, in each case relative to the funds in the Morningstar Category for the same periods. (Each quintile represents one-fifth of the peer group and first quintile is most favorable to the Fund's shareholders.) The Trustees further considered that the Fund 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 June 30, 2022. They further noted, as reflected in the Consultant's Report, that the Fund's total return for 2021 outperformed both the average annual total return of the funds in the Morningstar Category and the annual return of its benchmark index for 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 Morningstar Category 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.

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 21 funds in the Fund's expense group (the "Expense Group"), as selected by the independent consultant (the Fund and 13 other Municipal Single-State Intermediate-Term Bond funds, two Municipal Massachusetts Bond funds, two Municipal Minnesota Bond funds, two Municipal New Jersey Bond funds, and one Municipal Pennsylvania Bond fund, each categorized by Morningstar, Inc. with portfolio assets ranging between $130 million and $692 million). Only front-end load and retail no-load funds were considered for inclusion in the Expense Group. In addition, peer selection for the Expense Group focused on municipal bond funds with an intermediate duration across comparable categories. The Trustees also compared the Fund's advisory fees and expenses to advisory fee data for the Fund's Morningstar Category (as defined above). Certain of the peer group comparisons referred to below are organized in quintiles. Each quintile represents one-fifth of the peer group. In all peer group comparisons referred to below, first quintile is most favorable to the Fund's shareholders.

The Trustees considered that the Fund's net management fee for its most recent fiscal year was in the third quintile relative to the management fees paid by the other funds in its Expense Group for the comparable period and lower than the median net management fee of the funds in the Expense Group (after giving effect to fee waivers in effect for those funds). They also considered that the Fund's contractual advisory fee was lower than the average and median contractual advisory fee of the funds in the Morningstar Category (at the Fund's current asset level and at various asset levels up to $10 billion).

The Trustees considered that the Fund's net total expenses for the most recent fiscal year were in the second quintile relative the net total expenses of the other funds in its Expense Group for the comparable period (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 (actual return after expenses)			Hypothetical (5% annual return before expenses)		
Share Class	**Beginning Account Value 4/1/22**	**Ending[(1)] Account Value 9/30/22**	**Expenses[(2)] Paid During Period 4/1/22 – 9/30/22**	**Ending Account Value 9/30/22**	**Expenses[(2)] Paid During Period 4/1/22 – 9/30/22**	**Net Annualized Expense Ratio**
A	$1,000	$945.90	$3.56	$1,021.41	$3.70	0.73%
C	$1,000	$941.80	$7.69	$1,017.15	$7.99	1.58%
Y	$1,000	$946.70	$2.83	$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)

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, 2022, there were no proxies related to any portfolio instruments held by the Fund. As such, the Fund did not vote any proxies. Applicable regulations require us to inform you that the Fund's proxy voting information is available on the SEC website at www.sec.gov.

Federal Tax Status of Distributions (unaudited)

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

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

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

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