



**AQUILA**<sup>®</sup>  
Tax-Free Trust  
of Oregon

# Semi-Annual Report

*September 30, 2022*





# Aquila Tax-Free Trust of Oregon

Keeping an Optimistic  
Long-Term View

*Serving Oregon 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 30<sup>th</sup>.

	<b>January 3, 2022</b>	<b>September 30, 2022</b>
	<b><u>Municipal % of U.S. Treasury</u></b>	<b><u>Municipal % of U.S. Treasury</u></b>
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,



A handwritten signature in black ink that reads "Diana P. Herrmann". The signature is fluid and cursive, with a large, sweeping flourish at the end.

Diana P. Herrmann, Vice Chair and President

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

*The market prices of the Fund's securities may rise or decline in value due to general market conditions, such as real or perceived adverse economic, 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 OREGON**  
**SCHEDULE OF INVESTMENTS**  
**SEPTEMBER 30, 2022 (unaudited)**

Principal Amount	General Obligation Bonds (62.9%)	Ratings Moody's, S&P and Fitch	Value
	<b>City &amp; County (6.7%)</b>		
\$ 2,690,000	Bend, Oregon 5.000%, 06/01/32 . . . . .	NR/AA+/NR	\$ 2,984,582
1,000,000	Boardman, Oregon Green Bond 4.000%, 06/15/33 Series 2021 BAMAC Insured . . . . .	NR/AA/NR	1,013,800
1,135,000	Clackamas County, Oregon Refunding 4.000%, 06/01/24 . . . . .	Aaa/NR/NR	1,135,443
1,485,000	Clackamas County, Oregon (Tax-Exempt) 5.000%, 06/01/25 Series 2016B . . . . .	Aaa/NR/NR	1,553,013
1,000,000	Clatsop County, Oregon 5.000%, 06/15/32 . . . . .	Aa2/NR/NR	1,089,540
1,000,000	Deschutes, Oregon Public Library District 4.000%, 06/01/31 Series 2021 . . . . .	Aa2/NR/NR	1,040,950
1,545,000	Gresham, Oregon Full Faith and Credit Refunding and Project Obligations 5.000%, 05/01/23 . . . . .	Aa2/NR/NR	1,561,532
780,000	Hermiston, Oregon Full Faith and Credit Refunding Obligations 4.000%, 06/01/32 Series 2020 . . . . .	NR/A+/NR	787,691
465,000	City of Hillsboro, Washington County Oregon Full Faith and Credit Bonds 5.000%, 06/01/30 . . . . .	Aa1/NR/NR	511,584
3,140,000	Lake Oswego, Oregon Refunding 4.000%, 12/01/30 . . . . .	Aaa/AAA/NR	3,237,434
1,050,000	Lebanon, Oregon Refunding 5.000%, 06/01/24 . . . . .	A1/NR/NR	1,063,576
1,165,000	5.000%, 06/01/25 . . . . .	A1/NR/NR	1,210,505
2,075,000	McMinnville, Oregon Refunding 5.000%, 02/01/27 . . . . .	Aa3/NR/NR	2,151,256
3,000,000	Multnomah County, Oregon 5.000%, 06/01/30 . . . . .	Aaa/AAA/NR	3,202,350
1,210,000	Portland, Oregon Limited Tax, Build Portland & Fuel Stations Projects 5.000%, 04/01/36 2017 Series 2022D. . . . .	Aaa/NR/NR	1,333,323

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

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b>City &amp; County (continued)</b>		
	Portland, Oregon Limited Tax, Sellwood Bridge & Archive Space Projects		
\$ 1,640,000	4.000%, 04/01/29 2017 Series A . . . . .	Aaa/NR/NR	\$ 1,690,971
1,710,000	4.000%, 04/01/30 2017 Series A . . . . .	Aaa/NR/NR	1,760,890
1,775,000	4.000%, 04/01/31 2017 Series A . . . . .	Aaa/NR/NR	1,818,026
	Portland, Oregon Public Safety		
1,345,000	5.000%, 06/15/25 Series A . . . . .	Aaa/NR/NR	1,409,923
	Redmond, Oregon Full Faith and Credit Bonds		
1,140,000	5.000%, 06/01/34 Series B-1 . . . . .	Aa2/NR/NR	1,230,185
	Troutdale, Oregon Refunding		
475,000	4.000%, 06/01/30 Series 2021 . . . . .	Aa2/NR/NR	494,370
	Total City & County . . . . .		<u>32,280,944</u>
	<b>Community College (4.1%)</b>		
	Blue Mountain Community College District Umatilla, Oregon Morrow and Baker Counties Oregon (Umatilla and Morrow Counties Service Area)		
970,000	4.000%, 06/15/27 Series 2015 . . . . .	NR/AA+/NR	988,585
	Chemeketa, Oregon Community College District		
2,000,000	5.000%, 06/15/25 . . . . .	NR/AA+/NR	2,059,700
	Clackamas, Oregon Community College District		
1,405,000	5.000%, 06/15/27 Series A . . . . .	Aa1/AA+/NR	1,468,000
	Columbia Gorge, Oregon Community College District, Refunding		
1,000,000	4.000%, 06/15/24 . . . . .	Aa1/NR/NR	1,000,390
	Lane, Oregon Community College		
1,840,000	5.000%, 06/15/24 . . . . .	NR/AA+/NR	1,842,116
1,750,000	4.000%, 06/15/24 . . . . .	Aa1/NR/NR	1,774,430
1,735,000	4.000%, 06/15/32 Series 2020A . . . . .	Aa1/NR/NR	1,776,727
1,070,000	4.000%, 06/15/34 Series 2020A . . . . .	Aa1/NR/NR	1,079,865
	Linn Benton, Oregon Community College		
1,520,000	5.000%, 06/01/27 . . . . .	NR/AA+/NR	1,587,245

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

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b><u>Community College (continued)</u></b>		
	Mount Hood, Oregon Community College District Refunding		
\$ 1,865,000	5.000%, 06/01/27 .....	Aa2/NR/NR	\$ 1,977,627
1,000,000	5.000%, 06/01/29 .....	Aa2/NR/NR	1,056,140
	Oregon Coast Community College District State		
1,770,000	5.000%, 06/15/25 .....	Aa1/NR/NR	1,771,558
	Rogue, Oregon Community College District		
1,375,000	4.000%, 06/15/29 Series B .....	Aa1/NR/NR	<u>1,407,574</u>
	Total Community College .....		<u>19,789,957</u>
	<b><u>Hospital (1.0%)</u></b>		
	Pacific Communities Health District, Oregon		
1,220,000	5.000%, 06/01/29 .....	A1/NR/NR	1,276,925
1,060,000	5.000%, 06/01/30 .....	A1/NR/NR	1,106,131
1,000,000	5.000%, 06/01/31 .....	A1/NR/NR	1,041,440
1,200,000	5.000%, 06/01/32 .....	A1/NR/NR	<u>1,248,060</u>
	Total Hospital .....		<u>4,672,556</u>
	<b><u>School District (33.9%)</u></b>		
	Benton & Linn Counties, Oregon School District #509J (Corvallis)		
2,000,000	5.000%, 06/15/31 Series B .....	Aa1/AA+/NR	2,172,160
1,615,000	5.000%, 06/15/32 Series B .....	Aa1/AA+/NR	1,744,410
	Clackamas County, Oregon School District #12 (North Clackamas)		
1,165,000	5.000%, 06/15/25 .....	Aa1/AA+/NR	1,218,462
3,205,000	5.000%, 06/15/30 .....	Aa1/AA+/NR	3,415,601
4,725,000	5.000%, 06/15/31 .....	Aa1/AA+/NR	5,022,817
1,100,000	5.000%, 06/15/32 .....	Aa1/NR/NR	1,185,195
2,160,000	5.000%, 06/15/29 Series B .....	Aa1/AA+/NR	2,308,694
3,000,000	5.000%, 06/15/34 Series B .....	Aa1/AA+/NR	3,165,150
	Clackamas County, Oregon School District #62 (Oregon City)		
1,310,000	5.000%, 06/15/31 Series B .....	Aa1/AA+/NR	1,419,228



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

<b>Principal Amount</b>	<b>General Obligation Bonds (continued)</b>	<b>Ratings Moody's, S&amp;P and Fitch</b>	<b>Value</b>
	<b>School District (continued)</b>		
	Clackamas County, Oregon School District #86 (Canby)		
\$ 1,660,000	4.000%, 06/15/34 Series 2020 A . . . . .	Aa1/NR/NR	\$ 1,644,662
	Clackamas & Washington Counties, Oregon School District No. 3JT (West Linn-Wilsonville)		
3,500,000	5.000%, 06/15/26 . . . . .	Aa1/AA+/NR	3,657,850
5,500,000	5.000%, 06/15/27 . . . . .	Aa1/AA+/NR	5,746,620
1,115,000	5.000%, 06/15/28 . . . . .	Aa1/AA+/NR	1,163,826
	Clatsop County, Oregon School District #1C (Astoria)		
1,080,000	5.000%, 06/15/31 Series B . . . . .	Aa1/NR/NR	1,184,166
1,215,000	5.000%, 06/15/32 Series B . . . . .	Aa1/NR/NR	1,320,012
	Clatsop County, Oregon School District #10 (Seaside)		
1,000,000	5.000%, 06/15/29 Series B . . . . .	Aa1/AA+/NR	1,070,630
	Clatsop County, Oregon School District #30 (Warrenton-Hammond)		
1,590,000	5.000%, 06/15/31 Series B . . . . .	Aa1/NR/NR	1,743,356
1,145,000	5.000%, 06/15/32 Series B . . . . .	Aa1/NR/NR	1,243,962
1,690,000	5.000%, 06/15/34 Series B . . . . .	Aa1/NR/NR	1,818,170
	Columbia County, Oregon School District #502 (St. Helens)		
1,000,000	5.000%, 06/15/34 . . . . .	Aa1/NR/NR	1,049,330
	Columbia & Clatsop Counties, Oregon School District #6J (Clatskanie)		
665,000	4.000%, 06/15/35 Series 2021 . . . . .	NR/AA+/NR	660,910
	Coos County, Oregon School District #9 (Coos Bay)		
1,035,000	5.000%, 06/15/32 . . . . .	NR/AA+/NR	1,117,935
	Deschutes County, Oregon Administrative School District #1 (Bend - La Pine)		
740,000	5.000%, 06/15/30 . . . . .	Aa1/NR/NR	814,414
3,000,000	4.000%, 06/15/30 . . . . .	Aa1/AA+/NR	3,088,920
2,150,000	5.000%, 06/15/31 . . . . .	Aa1/NR/NR	2,364,119
1,470,000	4.000%, 06/15/32 . . . . .	Aa1/NR/NR	1,504,383

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

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b>School District (continued)</b>		
	Deschutes and Jefferson Counties, Oregon School District #02J (Redmond)		
\$ 1,025,000	zero coupon, 06/15/23 . . . . .	Aa1/NR/NR	\$ 1,001,179
	Deschutes and Jefferson Counties, Oregon School District #6 (Sisters)		
750,000	4.000, 06/15/33 Series 2021 . . . . .	Aa1/NR/NR	760,935
	Greater Albany School District #8J (Linn & Benton Counties)		
1,000,000	5.000%, 06/15/30 . . . . .	Aa1/AA+/NR	1,065,260
	Hood River County, Oregon School District		
2,260,000	4.000%, 06/15/30 . . . . .	NR/AA+/NR	2,310,398
2,400,000	4.000%, 06/15/31 . . . . .	NR/AA+/NR	2,449,704
	Jackson County, Oregon School District #5 (Ashland)		
1,385,000	5.000%, 06/15/28 . . . . .	Aa1/AA+/NR	1,505,398
1,000,000	5.000%, 06/15/34 . . . . .	Aa1/AA+/NR	1,072,770
1,620,000	5.000%, 06/15/33 Series 2019 . . . . .	Aa1/AA+/NR	1,743,736
	Jackson County, Oregon School District #6 (Central Point)		
2,665,000	5.000%, 06/15/31 . . . . .	Aa1/NR/NR	2,922,039
	Jackson County, Oregon School District #549C (Medford)		
750,000	4.000%, 12/15/33 Series 2021 . . . . .	Aa3/NR/NR	764,093
570,000	4.000%, 12/15/34 Series 2021 . . . . .	Aa3/NR/NR	578,214
	Lane County, Oregon School District #4J (Eugene) Refunding		
3,300,000	5.000%, 06/15/33 . . . . .	Aa1/NR/NR	3,660,657
1,105,000	4.000%, 06/15/35 . . . . .	Aa1/NR/NR	1,108,691
	Lane County, Oregon School District #19 (Springfield)		
1,000,000	5.000%, 06/15/25 . . . . .	Aa1/AA+/NR	1,045,630
	Lane County, Oregon School District #69 (Junction City)		
630,000	5.000%, 06/15/25 . . . . .	Aa1/NR/NR	658,747

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

<b>Principal Amount</b>	<b>General Obligation Bonds (continued)</b>	<b>Ratings Moody's, S&amp;P and Fitch</b>	<b>Value</b>
	<b>School District (continued)</b>		
	Lane & Douglas Counties, Oregon School District #45J3		
\$ 2,665,000	4.000%, 06/15/27 Series B . . . . .	Aa1/NR/NR	\$ 2,738,607
	Lincoln County, Oregon School District		
2,370,000	4.000%, 06/15/24 Series A . . . . .	Aa1/NR/NR	2,370,924
	Linn & Marion Counties, Oregon School District #129J (Santiam Canyon)		
750,000	5.000%, 06/15/34 . . . . .	NR/AA+/NR	806,880
	Marion & Polk Counties, Oregon School District #24J (Salem-Keizer)		
5,000,000	5.000%, 06/15/30 . . . . .	Aa1/AA+/NR	5,445,400
5,525,000	5.000%, 06/15/31 . . . . .	Aa1/AA+/NR	5,982,691
1,135,000	5.000%, 06/15/32 Series 2020B . . . . .	Aa1/AA+/NR	1,249,896
7,600,000	5.000%, 06/15/33 Series 2020B . . . . .	Aa1/AA+/NR	8,298,212
1,000,000	5.000%, 06/15/34 Series 2020B . . . . .	Aa1/AA+/NR	1,085,650
	Multnomah County, Oregon School District #1J (Portland)		
2,970,000	5.000%, 06/15/26 Series B . . . . .	Aa1/AA+/NR	3,104,719
	Multnomah County, Oregon School District #7 (Reynolds)		
5,680,000	5.000%, 06/15/26 Series A . . . . .	Aa1/NR/NR	5,936,168
1,500,000	5.000%, 06/15/27 Series A . . . . .	Aa1/NR/NR	1,567,260
1,825,000	5.000%, 06/15/28 Series A . . . . .	Aa1/NR/NR	1,904,917
	Multnomah County, Oregon School District #40 (David Douglas)		
1,500,000	5.000%, 06/15/23 Series A . . . . .	NR/AA+/NR	1,501,305
	Multnomah and Clackamas Counties, Oregon School District #10 (Gresham-Barlow)		
1,535,000	5.000%, 06/15/29 . . . . .	Aa1/NR/NR	1,693,212
1,175,000	5.000%, 06/15/31 . . . . .	Aa1/AA+/NR	1,245,406
2,500,000	5.000%, 06/15/29 Series B . . . . .	Aa1/AA+/NR	2,673,225

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

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b>School District (continued)</b>		
	Multnomah and Clackamas Counties, Oregon School District #28JT (Centennial)		
\$ 1,260,000	5.000%, 06/15/34 Series 2020 . . . . .	Aa1/NR/NR	\$ 1,363,534
715,000	5.000%, 06/15/35 Series 2020 . . . . .	Aa1/NR/NR	771,957
	Polk, Marion & Benton Counties, Oregon School District #13J (Central)		
1,515,000	4.000%, 02/01/28 . . . . .	NR/AA+/NR	1,539,907
	Tillamook & Yamhill Counties, Oregon School District #101 (Nestucca Valley)		
1,275,000	5.000%, 06/15/31 . . . . .	NR/AA+/NR	1,384,752
	Umatilla County, Oregon School District #8 (Hermiston)		
2,750,000	5.000%, 06/15/30 . . . . .	NR/AA+/NR	3,058,935
	Washington County, Oregon School District #48J (Beaverton)		
1,500,000	5.000%, 06/15/27 Series C . . . . .	Aa1/AA+/NR	1,616,760
2,400,000	5.000%, 06/15/35 Series C . . . . .	Aa1/AA+/NR	2,519,448
	Washington & Clackamas Counties, Oregon School District #23J (Tigard)		
2,405,000	5.000%, 06/15/30 . . . . .	Aa1/AA+/NR	2,558,728
1,000,000	5.000%, 06/15/31 Series A . . . . .	Aa1/AA+/NR	1,096,450
1,000,000	5.000%, 06/15/32 Series A . . . . .	Aa1/AA+/NR	1,086,430
	Washington, Clackamas & Yamhill Counties, Oregon School District #88J		
2,785,000	5.000%, 06/15/29 Series B . . . . .	Aa1/AA+/NR	2,971,734
2,000,000	5.000%, 06/15/29 Series B . . . . .	Aa1/AA+/NR	2,178,120
	Washington, Multnomah & Yamhill Counties, Oregon School District #1J (Hillsboro)		
3,105,000	5.000%, 06/15/30 . . . . .	Aa1/NR/NR	3,310,396
2,110,000	5.000%, 06/15/31 . . . . .	Aa1/NR/NR	2,236,431
1,750,000	4.000%, 06/15/32 . . . . .	Aa1/NR/NR	1,786,190
2,175,000	4.000%, 06/15/33 . . . . .	Aa1/NR/NR	2,203,558

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

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
<b><u>School District (continued)</u></b>			
	Yamhill, Clackamas & Washington Counties, Oregon School District #29J (Newberg)		
\$ 1,000,000	4.000%, 06/15/32 .....	Aa1/NR/NR	\$ 1,017,750
3,685,000	4.000%, 06/15/35 Series 2021B .....	Aa1/NR/NR	3,668,123
	Yamhill County, Oregon School District #8 (Dayton)		
1,045,000	5.000%, 06/15/32 .....	NR/AA+/NR	1,132,080
1,080,000	5.000%, 06/15/33 .....	NR/AA+/NR	1,165,817
900,000	5.000%, 06/15/34 .....	NR/AA+/NR	965,493
	Yamhill County, Oregon School District #40 (McMinnville)		
1,000,000	4.000%, 06/15/29 .....	Aa1/AA+/NR	1,025,090
1,000,000	4.000%, 06/15/30 .....	Aa1/AA+/NR	1,023,700
	Total School District .....		<u>164,778,288</u>
<b><u>Special District (5.6%)</u></b>			
	Bend, Oregon Metropolitan Park & Recreational District		
1,430,000	4.000%, 06/01/27 .....	Aa2/NR/NR	1,437,622
	Clackamas County, Oregon Fire District No. 1		
1,020,000	4.000%, 06/01/30 .....	NR/AA/NR	1,046,969
2,705,000	4.000%, 06/01/31 .....	NR/AA/NR	2,766,295
	Metro, Oregon		
4,000,000	4.000%, 06/01/26 Series A .....	Aaa/AAA/NR	4,001,520
5,050,000	4.000%, 06/01/33 Series 2020 A .....	Aaa/AAA/NR	5,130,396
1,400,000	4.000%, 06/01/34 Series 2020 A .....	Aaa/AAA/NR	1,414,924
	Tualatin Hills, Oregon Park & Recreational District		
3,480,000	5.000%, 06/01/23 .....	Aa1/NR/NR	3,524,370
4,725,000	5.000%, 06/01/24 .....	Aa1/NR/NR	4,861,458
2,775,000	5.000%, 06/01/26 .....	Aa1/NR/NR	2,903,538
	Total Special District .....		<u>27,087,092</u>

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

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b>State (10.3%)</b>		
	State of Oregon		
\$ 750,000	5.000%, 05/01/25 Series A . . . . .	Aa1/AA+/AA+	\$ 771,578
2,000,000	5.000%, 05/01/33 Series 2022A . . . . .	Aa1/AA+/AA+	2,226,260
	State of Oregon Article XI-F(1) University Project		
835,000	4.000%, 08/01/35 Series H . . . . .	Aa1/AA+/AA+	838,073
1,250,000	5.000%, 08/01/31 Series I . . . . .	Aa1/AA+/AA+	1,338,687
	State of Oregon Article XI-G Higher Education		
500,000	5.000%, 08/01/25 Series O . . . . .	Aa1/AA+/AA+	524,510
	State of Oregon Article XI-M Seismic Projects		
1,000,000	5.000%, 06/01/30 . . . . .	Aa1/AA+/AA+	1,056,490
	State of Oregon Article XI-M and XI-N Seismic Projects		
765,000	5.000%, 06/01/33 Series E . . . . .	Aa1/AA+/AA+	838,868
1,125,000	5.000%, 06/01/34 Series E . . . . .	Aa1/AA+/AA+	1,228,961
	State of Oregon Article XI-Q State Projects		
2,140,000	5.000%, 11/01/28 . . . . .	Aa1/AA+/AA+	2,265,853
1,000,000	5.000%, 11/01/30 . . . . .	Aa1/AA+/AA+	1,053,970
2,000,000	5.000%, 11/01/31 . . . . .	Aa1/AA+/AA+	2,102,420
1,800,000	5.000%, 05/01/25 Series A . . . . .	Aa1/AA+/AA+	1,880,964
2,920,000	5.000%, 05/01/31 Series A . . . . .	Aa1/AA+/AA+	3,198,685
4,000,000	5.000%, 05/01/32 Series A . . . . .	Aa1/AA+/AA+	4,354,160
1,195,000	5.000%, 05/01/28 Series D . . . . .	Aa1/AA+/AA+	1,266,521
1,255,000	5.000%, 05/01/29 Series D . . . . .	Aa1/AA+/AA+	1,327,062
1,000,000	5.000%, 05/01/30 Series D . . . . .	Aa1/AA+/AA+	1,055,350
2,300,000	5.000%, 05/01/28 Series F . . . . .	Aa1/AA+/AA+	2,400,556
1,500,000	5.000%, 05/01/33 Series N . . . . .	Aa1/AA+/AA+	1,635,690
	State of Oregon Article XI-Q State Projects		
2,340,000	5.000%, 11/01/33 Series 2021K . . . . .	Aa1/AA+/AA+	2,596,487
1,410,000	5.000%, 11/01/35 Series 2021K . . . . .	Aa1/AA+/AA+	1,549,463

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

Principal Amount	General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b>State (continued)</b>		
	State of Oregon Higher Education		
\$ 1,000,000	5.000%, 08/01/28 Series A . . . . .	Aa1/AA+/AA+	\$ 1,047,360
1,390,000	5.000%, 08/01/31 Series G . . . . .	Aa1/AA+/AA+	1,525,553
1,920,000	5.000%, 08/01/32 Series G . . . . .	Aa1/AA+/AA+	2,093,990
3,000,000	5.000%, 08/01/33 Series G . . . . .	Aa1/AA+/AA+	3,259,740
1,900,000	5.000%, 08/01/34 Series G . . . . .	Aa1/AA+/AA+	2,057,605
1,250,000	5.000%, 08/01/30 Series L . . . . .	Aa1/AA+/AA+	1,342,712
1,300,000	5.000%, 08/01/32 Series L . . . . .	Aa1/AA+/AA+	1,385,670
	State of Oregon Veteran's Welfare		
450,000	1.950%, 06/01/31 Series 2020 I . . . . .	Aa1/AA+/AA+	381,110
2,000,000	2.150%, 12/01/34 Series 2020 I . . . . .	Aa1/AA+/AA+	<u>1,599,280</u>
	Total State . . . . .		<u>50,203,628</u>
	<b>Transportation (1.3%)</b>		
	Oregon State Department Transportation Highway Usertax (Senior Lien)		
5,000,000	5.000%, 11/15/29 Series B . . . . .	Aa1/AAA/AA+	5,341,050
	State of Oregon ODOT Projects		
1,020,000	5.000%, 11/15/30 Series M . . . . .	Aa1/AA+/AA+	<u>1,091,828</u>
	Total Transportation . . . . .		<u>6,432,878</u>
	Total General Obligation Bonds . . . . .		<u>305,245,343</u>
	<b>Revenue Bonds (25.0%)</b>		
	<b>City &amp; County (0.2%)</b>		
	Beaverton, Oregon Special Revenue Bonds		
200,000	5.000%, 06/01/32 Series 2020A . . . . .	Aa3/NR/NR	218,784
500,000	5.000%, 06/01/33 Series 2020A . . . . .	Aa3/NR/NR	544,780
400,000	5.000%, 06/01/34 Series 2020A . . . . .	Aa3/NR/NR	<u>434,180</u>
	Total City & County . . . . .		<u>1,197,744</u>
	<b>Electric (1.9%)</b>		
	Eugene, Oregon Electric Utility Refunding System		
2,875,000	5.000%, 08/01/29 Series A . . . . .	Aa2/AA-/AA-	3,038,760
4,030,000	5.000%, 08/01/30 Series A . . . . .	Aa2/AA-/AA-	4,244,759

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

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b>Electric (continued)</b>		
	Warm Springs Reservation, Oregon Confederated Tribes, Hydroelectric Revenue, Tribal Economic Development, Pelton Round Butte Project (Green Bonds)		
\$ 500,000	5.000%, 11/01/32 Series 2019B144A . . .	A3/NR/NR	\$ 533,400
1,000,000	5.000%, 11/01/33 Series 2019B144A . . .	A3/NR/NR	1,062,950
500,000	5.000%, 11/01/34 Series 2019B144A . . .	A3/NR/NR	529,875
	Total Electric . . . . .		<u>9,409,744</u>
	<b>Hospital (3.2%)</b>		
	Oregon Health Sciences University		
500,000	5.000%, 07/01/30 Series A . . . . .	Aa3/AA-/AA-	542,430
250,000	5.000%, 07/01/31 Series A . . . . .	Aa3/AA-/AA-	270,122
1,250,000	5.000%, 07/01/28 Series B . . . . .	Aa3/AA-/AA-	1,310,388
1,000,000	5.000%, 07/01/33 Series B . . . . .	Aa3/AA-/AA-	1,039,070
	Oregon Health Sciences University (Green Bonds)		
1,000,000	5.000%, 07/01/33 Series 2021A . . . . .	Aa3/AA-/AA-	1,085,120
1,000,000	5.000%, 07/01/34 Series 2021A . . . . .	Aa3/AA-/AA-	1,080,410
1,000,000	5.000%, 07/01/35 Series 2021A . . . . .	Aa3/AA-/AA-	1,075,190
	Oregon Health Sciences University 5.000%, 07/01/46 Series 2021B-2 (Mandatory Put Date 02/01/32) . . . . .	Aa3/AA-/AA-	5,823,345
	Oregon State Facilities Authority (Legacy Health Project)		
2,000,000	5.000%, 06/01/30 Series 2022B . . . . .	A1/A+/NR	2,137,460
	Union County, Oregon Hospital Facility Authority (Grande Ronde Hospital Project)		
135,000	5.000%, 07/01/28 Series 2022 . . . . .	NR/BBB/BBB-	138,766
175,000	5.000%, 07/01/29 Series 2022 . . . . .	NR/BBB/BBB-	179,790
200,000	5.000%, 07/01/30 Series 2022 . . . . .	NR/BBB/BBB-	205,348
325,000	5.000%, 07/01/31 Series 2022 . . . . .	NR/BBB/BBB-	330,947
500,000	5.000%, 07/01/32 Series 2022 . . . . .	NR/BBB/BBB-	506,870
	Total Hospital . . . . .		<u>15,725,256</u>



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

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b><u>Housing (0.3%)</u></b>		
	Clackamas County, Oregon Housing Authority Multifamily Housing Revenue (Easton Ridge Apartments Project)		
\$ 1,310,000	4.000%, 09/01/27 Series A . . . . .	Aa2/NR/NR	<u>\$ 1,311,114</u>
	<b><u>Lottery (4.2%)</u></b>		
	Oregon State Department of Administration Services (Lottery Revenue)		
2,000,000	5.000%, 04/01/32 Series A . . . . .	Aa2/AAA/NR	2,179,320
1,000,000	5.000%, 04/01/33 Series A . . . . .	Aa2/AAA/NR	1,085,990
1,500,000	5.000%, 04/01/35 Series A . . . . .	Aa2/AAA/NR	1,632,315
1,000,000	5.000%, 04/01/25 Series B . . . . .	Aa2/AAA/NR	1,026,160
4,000,000	5.000%, 04/01/30 Series C . . . . .	Aa2/AAA/NR	4,247,720
5,000,000	5.000%, 04/01/26 Series D . . . . .	Aa2/AAA/NR	5,212,100
4,000,000	5.000%, 04/01/28 Series D . . . . .	Aa2/AAA/NR	4,164,800
1,000,000	5.000%, 04/01/29 Series D . . . . .	Aa2/AAA/NR	<u>1,040,960</u>
	Total Lottery. . . . .		<u>20,589,365</u>
	<b><u>Sales Tax (0.2%)</u></b>		
	Metro, Oregon Dedicated Tax Revenue (Oregon Convention Center Hotel)		
750,000	5.000%, 06/15/31 . . . . .	Aa3/NR/NR	<u>793,942</u>
	<b><u>Transportation (4.0%)</u></b>		
	Oregon State Department Transportation Highway Usertax (Subordinate Lien)		
2,250,000	5.000%, 11/15/35 Series 2020A . . . . .	Aa2/AA+/AA+	2,435,737
	Port Portland, Oregon Airport Revenue Refunding, Portland International Airport Series Twenty Three		
2,525,000	5.000%, 07/01/26 . . . . .	NR/AA-/NR	2,630,671
1,000,000	5.000%, 07/01/28 . . . . .	NR/AA-/NR	1,039,830
2,390,000	5.000%, 07/01/29 . . . . .	NR/AA-/NR	2,478,167

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

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b>Transportation (continued)</b>		
	Tri-County Metropolitan Transportation District, Oregon Capital Grant Receipt		
\$ 1,100,000	5.000%, 10/01/27 Series A . . . . .	A3/A/NR	\$ 1,175,240
2,000,000	5.000%, 10/01/30 Series A . . . . .	A3/A/NR	2,121,240
3,000,000	5.000%, 10/01/31 Series 2018A . . . . .	A3/A/NR	3,163,440
	Tri-County Metropolitan Transportation District, Oregon (Senior Lien Payroll Tax)		
1,000,000	5.000%, 09/01/25 Series A . . . . .	Aaa/AAA/NR	1,050,370
1,890,000	5.000%, 09/01/28 Series A . . . . .	Aaa/AAA/NR	2,005,460
	Tri-County Metropolitan Transportation District, Oregon (Senior Lien Payroll Tax Green Bond)		
1,000,000	5.000%, 09/01/35 Series 2021A . . . . .	Aaa/AAA/NR	<u>1,093,740</u>
	Total Transportation . . . . .		<u>19,193,895</u>
	<b>Water and Sewer (11.0%)</b>		
	Beaverton, Oregon Water Revenue		
1,000,000	5.000%, 04/01/32 Series 2020 . . . . .	NR/AA+/NR	1,092,820
	Bend, Oregon Water Revenue, Bridge Creek Project		
695,000	5.000%, 12/01/30 . . . . .	Aa2/AA/NR	731,077
	Clackamas County, Oregon Service District No. 1		
2,240,000	5.000%, 12/01/26 . . . . .	NR/AAA/NR	2,395,434
	Clean Water Services, Oregon Refunding (Senior Lien)		
1,510,000	5.000%, 10/01/27 . . . . .	Aa1/AAA/NR	1,634,847
	Eugene, Oregon Water Utility System		
115,000	5.000%, 08/01/28 . . . . .	Aa2/AA/AA+	121,762
450,000	5.000%, 08/01/29 . . . . .	Aa2/AA/AA+	475,632
	Grants Pass, Oregon		
680,000	4.000%, 12/01/23 . . . . .	NR/AA/NR	680,932
	Hillsboro, Oregon Water System		
1,630,000	5.000%, 06/01/31 . . . . .	Aa2/NR/NR	1,786,708
1,710,000	5.000%, 06/01/32 . . . . .	Aa2/NR/NR	1,862,583

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

Principal Amount	Revenue Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
	<b><u>Water and Sewer (continued)</u></b>		
	Portland, Oregon Sewer System (Second Lien)		
\$ 5,405,000	4.500%, 05/01/31 Series A . . . . .	Aa2/AA/NR	\$ 5,559,151
6,355,000	5.000%, 03/01/32 Series A . . . . .	Aa2/AA/NR	6,946,714
2,000,000	5.000%, 10/01/25 Series B . . . . .	Aa2/AA/NR	2,070,260
2,000,000	5.000%, 06/01/26 Series B . . . . .	Aa2/AA/NR	2,092,120
2,000,000	5.000%, 06/01/27 Series B . . . . .	Aa2/AA/NR	2,091,600
5,000,000	4.000%, 03/01/34 Series 2020A . . . . .	Aa2/AA/NR	5,037,750
	Portland, Oregon Water System (First Lien)		
3,230,000	5.000%, 05/01/27 Series A . . . . .	Aa1/NR/NR	3,318,405
3,500,000	5.000%, 06/01/28 Series A . . . . .	Aa1/AA+/NR	3,651,200
	Portland, Oregon Water System (Second Lien)		
2,590,000	5.000%, 05/01/31 Series A . . . . .	Aa2/NR/NR	2,845,322
2,000,000	5.000%, 05/01/32 Series A . . . . .	Aa2/NR/NR	2,188,980
2,000,000	5.000%, 05/01/33 Series A . . . . .	Aa2/NR/NR	2,174,400
2,230,000	5.000%, 05/01/35 Series 2019A . . . . .	Aa2/NR/NR	2,402,825
	Portland, Oregon Water System Revenue Refunding (Junior Lien)		
2,000,000	5.000%, 10/01/23 . . . . .	Aa2/NR/NR	<u>2,018,160</u>
	Total Water and Sewer . . . . .		<u>53,178,682</u>
	Total Revenue Bonds . . . . .		<u>121,399,742</u>
	<b><u>Pre-Refunded\Escrowed to Maturity Bonds (9.1%)+†</u></b>		
	<b><u>Pre-Refunded General Obligation Bonds (4.6%)</u></b>		
	<b><u>Higher Education (0.8%)</u></b>		
	Oregon State Higher Education		
1,000,000	5.000%, 08/01/25 Series C . . . . .	Aa1/AA+/AA+	1,032,690
1,795,000	5.000%, 08/01/27 Series C . . . . .	Aa1/AA+/AA+	1,853,679
	Oregon State, Oregon University System		
1,090,000	5.000%, 08/01/25 Series N . . . . .	Aa1/AA+/AA+	<u>1,106,732</u>
	Total Higher Education . . . . .		<u>3,993,101</u>

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

Principal Amount	Pre-Refunded General Obligation Bonds (continued)	Ratings Moody's, S&P and Fitch	Value
<b>School District (3.1%)</b>			
	Clackamas County, Oregon School District #62 (Oregon City)		
\$ 440,000	5.000%, 06/01/29 AGMC Insured . . . . .	NR/AA/NR	\$ 452,782
560,000	5.000%, 06/01/29 AGMC Insured . . . . .	A1/AA/NR	576,727
	Jefferson County, Oregon School District #509J		
1,400,000	5.000%, 06/15/25 . . . . .	Aa1/NR/NR	1,417,528
	Klamath County, Oregon School District		
1,250,000	5.000%, 06/15/24 . . . . .	NR/AA+/NR	1,266,088
	Lane County, Oregon School District #4J (Eugene) Refunding		
2,000,000	5.000%, 06/15/26 . . . . .	Aa1/NR/NR	2,061,080
	Lane County, Oregon School District #19 (Springfield)		
1,735,000	5.000%, 06/15/27 . . . . .	Aa1/AA+/NR	1,814,654
	Marion County, Oregon School District #103 (Woodburn)		
2,140,000	5.000%, 06/15/27 . . . . .	Aa1/NR/NR	2,235,423
2,260,000	5.000%, 06/15/28 . . . . .	Aa1/NR/NR	2,360,773
	Union County, Oregon School District #1 (La Grande)		
1,000,000	5.000%, 06/15/27 . . . . .	Aa1/NR/NR	1,047,230
	Washington County, Oregon School District #48J (Beaverton)		
1,845,000	5.000%, 06/15/29 Series 2014B . . . . .	Aa1/AA+/NR	1,901,346
	Total School District . . . . .		<u>15,133,631</u>
<b>State (0.7%)</b>			
	State of Oregon Article XI-G Community College Projects		
\$ 1,160,000	5.000%, 08/01/27 Series J . . . . .	Aa1/AA+/AA+	\$ 1,217,176
	State of Oregon Article XI-G Higher Education		
1,000,000	5.000%, 08/01/26 Series O . . . . .	Aa1/AA+/AA+	1,049,290
1,000,000	5.000%, 08/01/27 Series O . . . . .	Aa1/AA+/AA+	<u>1,049,290</u>
	Total State . . . . .		<u>3,315,756</u>
	Total Pre-Refunded General Obligation Bonds . . . . .		<u>22,442,488</u>

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

Principal Amount	Pre-Refunded\Escrowed to Maturity Revenue Bonds (4.5%)	Ratings Moody's, S&P and Fitch	Value
<b>Higher Education (0.6%)</b>			
	Oregon State Facilities Authority (Linfield College Project)		
\$ 1,000,000	5.000%, 10/01/23 Series A ETM . . . . .	Baa2/NR/NR	\$ 1,015,340
	Oregon State Facilities Authority (Reed College Project)		
500,000	5.000%, 07/01/30 Series A . . . . .	Aa2/AA-/NR	533,575
1,135,000	4.000%, 07/01/31 Series A . . . . .	Aa2/AA-/NR	<u>1,160,481</u>
	Total Higher Education . . . . .		<u>2,709,396</u>
<b>Transportation (3.8%)</b>			
	Oregon State Department Transportation Highway User Tax (Senior Lien)		
625,000	5.000%, 11/15/25 Series A . . . . .	Aa1/AAA/AA+	626,419
1,000,000	5.000%, 11/15/26 Series A . . . . .	Aa1/AAA/AA+	1,020,430
1,040,000	5.000%, 11/15/26 Series A . . . . .	Aa1/AAA/AA+	1,079,073
8,000,000	5.000%, 11/15/28 Series A . . . . .	Aa1/AAA/AA+	8,300,560
	Tri-County Metropolitan Transportation District, Oregon (Senior Lien Payroll Tax)		
3,975,000	5.000%, 09/01/30 Series A . . . . .	Aaa/AAA/NR	4,237,350
1,000,000	5.000%, 09/01/31 Series A . . . . .	Aaa/AAA/NR	1,080,960
	Tri-County Metropolitan Transportation District, Oregon (Senior Lien Payroll Tax)		
2,010,000	5.000%, 09/01/29 Series B . . . . .	Aaa/AAA/NR	<u>2,111,827</u>
	Total Transportation . . . . .		<u>18,456,619</u>
<b>Water and Sewer (0.1%)</b>			
	Madras, Oregon		
725,000	4.500%, 02/15/27 . . . . .	A3/NR/NR	<u>728,690</u>
	Total Pre-Refunded\Escrowed to Maturity Revenue Bonds . . . . .		<u>21,894,705</u>
	Total Pre-Refunded\Escrowed to Maturity Bonds . . . . .		<u>44,337,193</u>
	Total Municipal Bonds (cost \$498,400,930) . . . . .		<u>470,982,278</u>

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

<u>Shares</u>	<u>Short-Term Investment (1.8%)</u>	<u>Ratings Moody's, S&amp;P and Fitch</u>	<u>Value</u>
8,558,507	Dreyfus Treasury Obligations Cash Management - Institutional Shares, 2.85%* (cost \$8,558,507) . . . . .	Aaa-mf/AAAm/NR	\$ 8,558,507
	Total Investments (cost \$506,959,437 - note 4) . . . . .	98.8%	479,540,785
	Other assets less liabilities . . . . .	1.2	5,928,149
	Net Assets . . . . .	<u>100.0%</u>	<u>\$ 485,468,934</u>

<u>Portfolio Distribution By Quality Rating</u>	<u>Percentage of Investments†</u>
Aaa of Moody's or AAA of S&P . . . . .	13.1%
Pre-refunded bonds\ ETM bonds†† . . . . .	9.4
Aa of Moody's or AA of S&P or Fitch . . . . .	73.3
A of Moody's or S&P . . . . .	3.9
Baa of Moody's . . . . .	<u>0.3</u>
	<u>100.0%</u>

PORTFOLIO ABBREVIATIONS

AGMC - Assured Guaranty Municipal Corp.  
BAMAC - Build America Mutual Assurance Co.  
ETM - Escrowed to Maturity  
NR - Not Rated  
ODOT - Oregon Department of Transportation

- \* The rate is an annualized seven-day yield at period end.
- † Where applicable, calculated using the highest rating of the three NRSRO. Percentages in this table do not include the Short-Term Investment.
- †† Pre-refunded bonds are bonds for which U.S. Government Obligations usually have been placed in escrow to retire the bonds at their earliest call date. Escrowed to Maturity bonds are bonds where money has been placed in the escrow account which is used to pay principal and interest through the bond's originally scheduled maturity date. Escrowed to Maturity are shown as ETM. All other securities in the category are pre-refunded.

Note: 144A – Security exempt from registration pursuant to Rule 144A under the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

See accompanying notes to financial statements.

**AQUILA TAX-FREE TRUST OF OREGON**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**SEPTEMBER 30, 2022 (unaudited)**

**ASSETS**

Investments at value (cost \$506,959,437) . . . . .	\$ 479,540,785
Interest receivable . . . . .	6,770,185
Receivable for Fund shares sold . . . . .	1,207,852
Other assets . . . . .	<u>38,265</u>
Total assets . . . . .	<u>487,557,087</u>

**LIABILITIES**

Payable for Fund shares redeemed . . . . .	1,642,490
Management fee payable . . . . .	161,454
Dividends payable . . . . .	124,925
Distribution and service fees payable . . . . .	1,367
Accrued expenses payable . . . . .	<u>157,917</u>
Total liabilities . . . . .	<u>2,088,153</u>

<b>NET ASSETS</b> . . . . .	<u>\$ 485,468,934</u>
-----------------------------	-----------------------

Net Assets consist of:

Capital Stock – Authorized an unlimited number of shares, par value \$0.01 per share . . . . .	\$ 484,363
Additional paid-in capital . . . . .	524,392,961
Total distributable earnings (losses) . . . . .	<u>(39,408,390)</u>
	<u>\$ 485,468,934</u>

**CLASS A**

Net Assets . . . . .	\$ 299,724,767
Capital shares outstanding . . . . .	<u>29,895,852</u>
Net asset value and redemption price per share . . . . .	<u>\$ 10.03</u>
Maximum offering price per share (100/97 of \$10.03) . . . . .	<u>\$ 10.34</u>

**CLASS C**

Net Assets . . . . .	\$ 5,030,569
Capital shares outstanding . . . . .	<u>502,351</u>
Net asset value and offering price per share . . . . .	<u>\$ 10.01</u>

**CLASS F**

Net Assets . . . . .	\$ 5,396,224
Capital shares outstanding . . . . .	<u>538,988</u>
Net asset value and offering price per share . . . . .	<u>\$ 10.01</u>

**CLASS Y**

Net Assets . . . . .	\$ 175,317,374
Capital shares outstanding . . . . .	<u>17,499,126</u>
Net asset value, offering and redemption price per share . . . . .	<u>\$ 10.02</u>

See accompanying notes to financial statements.

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

**Investment income**

Interest income . . . . . \$ 6,112,536

**Expenses**

Management fee (note 3) . . . . . \$ 1,047,307  
Distribution and service fee (note 3) . . . . . 270,869  
Transfer and shareholder servicing agent fees . . . . . 114,817  
Legal fees . . . . . 85,637  
Trustees' fees and expenses (note 6) . . . . . 75,813  
Registration fees and dues . . . . . 27,644  
Insurance . . . . . 16,441  
Auditing and tax fees . . . . . 16,395  
Custodian fees . . . . . 9,597  
Credit facility fees (note 10) . . . . . 6,960  
Shareholders' reports and proxy statements . . . . . 5,570  
Compliance services (note 3) . . . . . 4,690  
Miscellaneous . . . . . 26,844  
Total expenses . . . . . 1,708,584

Management fee waived (note 3) . . . . . (12,256)

Net expenses . . . . . 1,696,328

Net investment income . . . . . 4,416,208

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

Net realized gain (loss) from securities transactions . . . . . (7,713,944)

Change in unrealized appreciation (depreciation) on  
investments . . . . . (19,645,271)

Net realized and unrealized gain (loss) on investments . . . . . (27,359,215)

Net change in net assets resulting from operations . . . . . \$ (22,943,007)

See accompanying notes to financial statements.



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

	Six Months Ended September 30, 2022 (unaudited)	Year Ended March 31, 2022
<b>OPERATIONS</b>		
Net investment income . . . . .	\$ 4,416,208	\$ 9,770,546
Net realized gain (loss) from securities transactions . . . . .	(7,713,944)	(2,663,848)
Change in unrealized appreciation (depreciation) on investments . . . . .	<u>(19,645,271)</u>	<u>(37,953,616)</u>
Change in net assets resulting from operations . . . .	<u>(22,943,007)</u>	<u>(30,846,918)</u>
<b>DISTRIBUTIONS TO SHAREHOLDERS (note 9):</b>		
Class A Shares . . . . .	(2,642,333)	(5,282,819)
Class C Shares . . . . .	(23,349)	(62,320)
Class F Shares . . . . .	(46,840)	(70,431)
Class Y Shares . . . . .	<u>(1,703,710)</u>	<u>(4,354,961)</u>
Change in net assets from distributions . . . . .	<u>(4,416,232)</u>	<u>(9,770,531)</u>
<b>CAPITAL SHARE TRANSACTIONS (note 7):</b>		
Proceeds from shares sold . . . . .	61,620,515	103,699,412
Reinvested dividends and distributions . . . . .	3,627,509	7,651,616
Cost of shares redeemed . . . . .	<u>(144,102,165)</u>	<u>(156,794,397)</u>
Change in net assets from capital share transactions . . . . .	<u>(78,854,141)</u>	<u>(45,443,369)</u>
Change in net assets . . . . .	(106,213,380)	(86,060,818)
<b>NET ASSETS:</b>		
Beginning of period . . . . .	591,682,314	677,743,132
End of period . . . . .	<u>\$ 485,468,934</u>	<u>\$ 591,682,314</u>

See accompanying notes to financial statements.

**AQUILA TAX-FREE TRUST OF OREGON**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022 (unaudited)**

## 1. Organization

Aquila Tax-Free Trust of Oregon (the “Fund”) is one of six series of Aquila Municipal Trust, a Massachusetts business trust registered under the Investment Company Act of 1940 (the “1940 Act”) as a non-diversified, open-end management investment company. The Fund, which commenced operations on June 27, 2020, is the successor to Aquila Tax-Free Trust of Oregon. Aquila Tax-Free Trust of Oregon transferred all of its assets and liabilities in exchange for shares of the Fund on June 26, 2020 pursuant to an agreement and plan of reorganization (the “reorganization”). The reorganization was approved by shareholders of Aquila Tax-Free Trust of Oregon on May 29, 2020. The reorganization was accomplished by exchanging the assets and liabilities of the predecessor fund for shares of the Fund. Shareowners holding shares of Aquila Tax-Free Trust of Oregon received corresponding shares of the Fund in a one-to-one exchange ratio in the reorganization. Accordingly, the reorganization, which was a tax-free exchange, had no effect on the Fund’s operations. 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 F Shares and 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 F Shares and 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. 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:

**AQUILA TAX-FREE TRUST OF OREGON**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2022 (unaudited)**

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:

<u>Valuation Inputs*</u>	<u>Investments in Securities</u>
Level 1 – Quoted Prices . . . . .	\$ 8,558,507
Level 2 – Other Significant Observable Inputs — Municipal Bonds*. . . . .	470,982,278
Level 3 – Significant Unobservable Inputs. . . . .	<u>—</u>
Total . . . . .	<u>\$ 479,540,785</u>

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

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

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

**AQUILA TAX-FREE TRUST OF OREGON**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2022 (unaudited)**

- 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. The portfolio management of the Fund has been delegated to a Sub-Adviser as described below. Under the Advisory and Administrative Agreement, the Manager provides all administrative services to the Fund, other than those relating to the day-to-day portfolio management. The Manager’s services include providing the office of the Fund and all related services as well as overseeing the activities of the Sub-Adviser and 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 and additionally maintaining the Fund’s accounting books and records. 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% of net assets of the Fund. The Manager has contractually agreed to waive its fees through September 30, 2023 to the extent necessary in order to pass savings through to the shareholders recognized under the Sub-Advisory Agreement (as described below) such that its fees are as follows: the annual rate shall be equivalent to 0.40% of net assets of the Fund up to \$400 million; 0.38% of the Fund’s net assets above that amount to \$1 billion and 0.36% of the Fund’s net assets above \$1 billion. The Manager may not terminate the arrangement without the approval of the Board of Trustees. For the six months ended September 30, 2022, the Fund incurred management fees of \$1,047,307, of which \$12,256 was waived.

**AQUILA TAX-FREE TRUST OF OREGON**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2022 (unaudited)**

Kirkpatrick Pettis Capital Management (the “Sub-Adviser”) serves as the Investment Sub-Adviser for the Fund under a Sub-Advisory Agreement between the Manager and the Sub-Adviser. Under this agreement, the Sub-Adviser continuously provides, subject to oversight of the Manager and the Board of Trustees of the Fund, the investment program of the Fund and the composition of its portfolio, arranges for the purchases and sales of portfolio securities, and provides for daily pricing of the Fund’s portfolio. For its services, the Sub-Adviser has contractually agreed to waive its fee through September 30, 2023 such that its annual rate of fees is at 0.16% of net assets of the Fund up to \$400 million; 0.14% of net assets above \$400 million up to \$1 billion; and 0.12% of net assets above \$1 billion.

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 and the Sub-Adviser 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 \$241,166 of which the Distributor retained \$10,847.

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 \$22,277. 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, amounted to \$7,426. The total of these payments made with respect to Class C Shares amounted to \$29,703 of which the Distributor retained \$7,974.

Specific details about the Plans are more fully defined in the Fund’s Prospectus and Statement of Additional Information.

**AQUILA TAX-FREE TRUST OF OREGON**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2022 (unaudited)**

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 Oregon, 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 \$10,692 of which the Distributor received \$6,704.

*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 \$39,837,606 and \$121,422,854, respectively.

At September 30, 2022, the aggregate tax cost for all securities was \$506,959,437. 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 \$38,675 and aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value amounted to \$27,457,327 for a net unrealized depreciation of \$27,418,652.

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

Since the Fund invests principally and may invest entirely in double tax-free municipal obligations of issuers within Oregon, it is subject to possible risks associated with economic, political, or legal developments or industrial or regional matters specifically affecting Oregon and whatever effects these may have upon Oregon issuers' ability to meet their obligations. For example, Measure 5, a 1990 amendment to the Oregon Constitution, as well as Measures 47 and 50, limit the taxing and spending authority of certain Oregon governmental entities. These amendments could have an adverse effect on the general financial condition of certain municipal entities that would impair the ability of certain Oregon issuers to pay interest and principal on their obligations. At September 30, 2022, the Fund had 100% of its long-term portfolio holdings invested in municipal obligations of issuers within Oregon.

#### **6. 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 \$73,184. Attendance fees are paid to those in attendance at regularly scheduled quarterly Board Meetings and meetings of the Independent Trustees

**AQUILA TAX-FREE TRUST OF OREGON**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2022 (unaudited)**

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 at the Annual Meeting 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 \$2,629.

**7. 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
<b>Class A Shares:</b>				
Proceeds from shares sold..	982,687	\$ 10,177,372	2,849,050	\$ 32,003,648
Reinvested dividends and distributions .....	234,418	2,420,388	436,389	4,856,209
Cost of shares redeemed ...	<u>(3,620,864)</u>	<u>(37,404,087)</u>	<u>(4,714,915)</u>	<u>(52,445,823)</u>
Net change .....	<u>(2,403,759)</u>	<u>(24,806,327)</u>	<u>(1,429,476)</u>	<u>(15,585,966)</u>
<b>Class C Shares:</b>				
Proceeds from shares sold..	29,027	299,965	72,129	806,800
Reinvested dividends and distributions .....	2,178	22,457	5,366	59,758
Cost of shares redeemed ...	<u>(230,704)</u>	<u>(2,379,435)</u>	<u>(575,145)</u>	<u>(6,364,928)</u>
Net change .....	<u>(199,499)</u>	<u>(2,057,013)</u>	<u>(497,650)</u>	<u>(5,498,370)</u>
<b>Class F Shares:</b>				
Proceeds from shares sold..	147,741	1,523,896	216,501	2,407,035
Reinvested dividends and distributions .....	4,545	46,823	6,357	70,430
Cost of shares redeemed ...	<u>(90,901)</u>	<u>(938,765)</u>	<u>(73,736)</u>	<u>(812,675)</u>
Net change .....	<u>61,385</u>	<u>631,954</u>	<u>149,122</u>	<u>1,664,790</u>
<b>Class Y Shares:</b>				
Proceeds from shares sold..	4,814,574	49,619,282	6,126,394	68,481,929
Reinvested dividends and distributions .....	110,277	1,137,841	239,590	2,665,219
Cost of shares redeemed ...	<u>(10,024,852)</u>	<u>(103,379,878)</u>	<u>(8,798,435)</u>	<u>(97,170,971)</u>
Net change .....	<u>(5,100,001)</u>	<u>(52,622,755)</u>	<u>(2,432,451)</u>	<u>(26,023,823)</u>
Total transactions in Fund shares .....	<u>(7,641,874)</u>	<u>\$ (78,854,141)</u>	<u>(4,210,455)</u>	<u>\$ (45,443,369)</u>



**AQUILA TAX-FREE TRUST OF OREGON**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2022 (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. 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 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 Oregon 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 portion of the dividends may, under some circumstances, be subject to taxes at ordinary income and/or capital gain rates. 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 date 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 \$1,929,323 of which \$736,170 retains its character of short-term and \$1,193,153 retains its character of long-term; both have no expiration. As of March 31, 2022, the Fund had post-October losses of \$2,671,933, 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 .....	\$ 9,769,437	\$ 10,674,155
Ordinary Income .....	1,094	4,272
	\$ 9,770,531	\$ 10,678,427

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

Unrealized depreciation .....	\$ (7,759,079)
Undistributed tax-exempt income.....	485,885
Accumulated net loss on investments.....	(1,929,323)
Post October losses .....	(2,671,993)
Other temporary differences.....	(174,641)
	\$ (12,049,151)



**AQUILA TAX-FREE TRUST OF OREGON**  
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The difference between book basis and tax basis undistributed income is due to the timing difference, post October losses, and other temporary differences, in recognizing dividends paid and 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

**AQUILA TAX-FREE TRUST OF OREGON**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**SEPTEMBER 30, 2022 (unaudited)**

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 OREGON 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 . . . . .	\$10.55	\$11.25	\$11.13	\$10.98	\$10.81	\$10.99
Income (loss) from investment operations:						
Net investment income <sup>(1)</sup> . . . . .	0.09	0.16	0.18	0.21	0.24	0.26
Net gain (loss) on securities (both realized and unrealized) . . . . .	(0.52)	(0.70)	0.12	0.15	0.17	(0.18)
Total from investment operations . . . . .	(0.43)	(0.54)	0.30	0.36	0.41	0.08
Less distributions (note 9):						
Dividends from net investment income . . . . .	(0.09)	(0.16)	(0.18)	(0.21)	(0.24)	(0.26)
Distributions from capital gains . . . . .	—	—	—	—	—	—
Total distributions . . . . .	(0.09)	(0.16)	(0.18)	(0.21)	(0.24)	(0.26)
Net asset value, end of period . . . . .	<u>\$10.03</u>	<u>\$10.55</u>	<u>\$11.25</u>	<u>\$11.13</u>	<u>\$10.98</u>	<u>\$10.81</u>
Total return (not reflecting sales charge) . . . . .	(4.14)% <sup>(2)</sup>	(4.89)%	2.68%	3.30%	3.90%	0.68%
Ratios/supplemental data						
Net assets, end of period (in millions) . . . . .	\$300	\$341	\$379	\$375	\$368	\$390
Ratio of expenses to average net assets . . . . .	0.69% <sup>(3)</sup>	0.66%	0.71%	0.71%	0.70%	0.71%
Ratio of net investment income to average net assets . . . . .	1.64% <sup>(3)</sup>	1.41%	1.57%	1.90%	2.27%	2.35%
Portfolio turnover rate . . . . .	8% <sup>(2)</sup>	13%	5%	12%	10%	8%
Expense and net investment income ratios without the effect of the contractual fee waiver were (note 3):						
Ratio of expenses to average net assets . . . . .	0.70% <sup>(3)</sup>	0.67%	0.72%	0.72%	0.70%	0.72%
Ratio of net investment income to average net assets . . . . .	1.64% <sup>(3)</sup>	1.40%	1.56%	1.89%	2.26%	2.34%

(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 OREGON**  
**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 . . . . .	\$10.54	\$11.23	\$11.12	\$10.97	\$10.80	\$10.98
Income (loss) from investment operations:						
Net investment income <sup>(1)</sup> . . . . .	0.04	0.06	0.08	0.12	0.15	0.16
Net gain (loss) on securities (both realized and unrealized) . . . . .	(0.53)	(0.69)	0.11	0.15	0.17	(0.18)
Total from investment operations . . . . .	(0.49)	(0.63)	0.19	0.27	0.32	(0.02)
Less distributions (note 9):						
Dividends from net investment income . . . . .	(0.04)	(0.06)	(0.08)	(0.12)	(0.15)	(0.16)
Distributions from capital gains . . . . .	—	—	—	—	—	—
Total distributions . . . . .	(0.04)	(0.06)	(0.08)	(0.12)	(0.15)	(0.16)
Net asset value, end of period . . . . .	\$10.01	\$10.54	\$11.23	\$11.12	\$10.97	\$10.80
Total return (not reflecting CDSC) . . . . .	(4.65)% <sup>(2)</sup>	(5.62)%	1.72%	2.43%	3.02%	(0.18)%
Ratios/supplemental data						
Net assets, end of period (in millions) . . . . .	\$5	\$7	\$13	\$16	\$20	\$28
Ratio of expenses to average net assets . . . . .	1.54% <sup>(3)</sup>	1.51%	1.56%	1.56%	1.54%	1.56%
Ratio of net investment income to average net assets . . . . .	0.79% <sup>(3)</sup>	0.56%	0.73%	1.05%	1.42%	1.49%
Portfolio turnover rate . . . . .	8% <sup>(2)</sup>	13%	5%	12%	10%	8%
Expense and net investment income ratios without the effect of the contractual fee waiver were (note 3):						
Ratio of expenses to average net assets . . . . .	1.55% <sup>(3)</sup>	1.52%	1.57%	1.57%	1.55%	1.57%
Ratio of net investment income to average net assets . . . . .	0.78% <sup>(3)</sup>	0.55%	0.72%	1.04%	1.42%	1.49%

(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 OREGON**  
**FINANCIAL HIGHLIGHTS (continued)**

For a share outstanding throughout each period

	Class F				For the Period November 30, 2018* through March 31, 2019
	Six Months Ended 9/30/22 (unaudited)	Year Ended March 31,			
		2022	2021	2020	
Net asset value, beginning of period	\$0.53	\$11.22	\$11.11	\$10.95	\$10.71
Income (loss) from investment operations:					
Net investment income <sup>(1)</sup>	0.09	0.18	0.20	0.23	0.08
Net gain (loss) on securities (both realized and unrealized)	(0.52)	(0.69)	0.11	0.16	0.24
Total from investment operations	(0.43)	(0.51)	0.31	0.39	0.32
Less distributions (note 9):					
Dividends from net investment income	(0.09)	(0.18)	(0.20)	(0.23)	(0.08)
Distributions from capital gains	—	—	—	—	—
Total distributions	(0.09)	(0.18)	(0.20)	(0.23)	(0.08)
Net asset value, end of period	\$0.01	\$10.53	\$11.22	\$11.11	\$10.95
Total return	(4.06)% <sup>(2)</sup>	(4.64)%	2.77%	3.58%	3.03% <sup>(2)</sup>
Ratios/supplemental data					
Net assets, end of period (in millions)	\$5	\$5	\$4	\$2	\$1
Ratio of expenses to average net assets	0.52% <sup>(3)</sup>	0.48%	0.53%	0.53%	0.54% <sup>(3)</sup>
Ratio of net investment income to average net assets	1.82% <sup>(3)</sup>	1.59%	1.73%	2.05%	2.36% <sup>(3)</sup>
Portfolio turnover rate	8% <sup>(2)</sup>	13%	5%	12%	10% <sup>(3)</sup>
Expense and net investment income ratios without the effect of the contractual fee waiver were (note 3):					
Ratio of expenses to average net assets	0.52% <sup>(3)</sup>	0.49%	0.54%	0.54%	0.55% <sup>(3)</sup>
Ratio of net investment income to average net assets	1.82% <sup>(3)</sup>	1.58%	1.72%	2.04%	2.35% <sup>(3)</sup>

\* Commencement of operations.

(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 OREGON**  
**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 . . . . .	\$10.55	\$11.24	\$11.12	\$10.97	\$10.80	\$10.98
Income (loss) from investment operations:						
Net investment income <sup>(1)</sup> . . . . .	0.09	0.17	0.19	0.23	0.26	0.27
Net gain (loss) on securities (both realized and unrealized) . . . . .	(0.53)	(0.69)	0.13	0.15	0.17	(0.18)
Total from investment operations . . . . .	(0.44)	(0.52)	0.32	0.38	0.43	0.09
Less distributions (note 9):						
Dividends from net investment income . . . . .	(0.09)	(0.17)	(0.20)	(0.23)	(0.26)	(0.27)
Distributions from capital gains . . . . .	—	—	—	—	—	—
Total distributions . . . . .	(0.09)	(0.17)	(0.20)	(0.23)	(0.26)	(0.27)
Net asset value, end of period . . . . .	\$10.02	\$10.55	\$11.24	\$11.12	\$10.97	\$10.80
Total return . . . . .	(4.16)% <sup>(2)</sup>	(4.66)%	2.83%	3.46%	4.05%	0.83%
Ratios/supplemental data						
Net assets, end of period (in millions) . . . . .	\$175	\$238	\$281	\$235	\$213	\$209
Ratio of expenses to average net assets . . . . .	0.54% <sup>(3)</sup>	0.51%	0.56%	0.56%	0.55%	0.56%
Ratio of net investment income to average net assets . . . . .	1.79% <sup>(3)</sup>	1.56%	1.71%	2.04%	2.42%	2.50%
Portfolio turnover rate . . . . .	8% <sup>(2)</sup>	13%	5%	12%	10%	8%
Expense and net investment income ratios without the effect of the contractual fee waiver were (note 3):						
Ratio of expenses to average net assets . . . . .	0.55% <sup>(3)</sup>	0.52%	0.57%	0.57%	0.55%	0.57%
Ratio of net investment income to average net assets . . . . .	1.78% <sup>(3)</sup>	1.55%	1.71%	2.03%	2.41%	2.49%

(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 and the Sub-Advisory 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”). Davidson Fixed Income Management, Inc., doing business as Kirkpatrick Pettis Capital Management (the “Sub-Adviser”), serves as the sub-adviser to the Fund pursuant to a Sub-Advisory Agreement between the Manager and the Sub-Adviser (the “Sub-Advisory Agreement”). In order for the Manager and the Sub-Adviser to continue to serve in their respective roles, the Trustees of the Fund must determine annually whether to renew the Advisory Agreement and the Sub-Advisory Agreement for the Fund.

In considering whether to approve the renewal of the Advisory Agreement and the Sub-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 and Sub-Adviser. 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 by the Fund 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 considered the Advisory Agreement and the Sub-Advisory Agreement separately as well as in conjunction with each other to determine their combined effects on the Fund. 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 and Sub-Advisory Agreements.

At the meeting held on September 10, 2022, based on their evaluation of the information provided by the Manager, the Sub-Adviser and the independent consultant, the Trustees of the Fund, including the independent Trustees voting separately, unanimously approved the renewal of each of the Advisory Agreement and the Sub-Advisory Agreement until September 30, 2023.

In considering the renewal of the Advisory Agreement and the Sub-Advisory Agreement, the Trustees considered various factors, 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 or the Sub-Advisory Agreement.

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

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



At the direction of the Trustees, the Manager has retained the Sub-Adviser to provide investment management of the Fund's portfolio. The Trustees reviewed the Sub-Adviser's investment approach for the Fund. The Trustees considered the personnel of the Sub-Adviser who provide investment management services to the Fund. The Trustees noted the extensive experience of the Sub-Adviser's portfolio managers, Messrs. Christopher Johns and Timothy Iltz, and their comprehensive understanding regarding the economy of the State of Oregon and the securities in which the Fund invests. The Trustees also considered the Sub-Adviser's credit analysis of the securities in which the Fund invests. The Trustees noted that, compared to other Oregon state-specific municipal bond-funds, the portfolio of the Fund generally was of higher quality, and that the Fund did not hold any securities subject to the alternative minimum tax or any securities issued by a U.S. territory.

The Trustees considered that the Manager and the Sub-Adviser had provided all advisory 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 Oregon state and regular Federal income taxes as is consistent with preservation of capital.

The Trustees also 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 and the Sub-Adviser to the Fund were satisfactory and consistent with the terms of the Advisory Agreement and Sub-Advisory Agreement, respectively.

### **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 three, five, and ten-year periods ended June 30, 2022, but higher than average annual total return of the funds in the Morningstar Category for the one-year period 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 second quintile and that its average annual return for each of the three and five-year periods ended June 30, 2022 was in the fourth 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's average annual return was lower than the

average annual return of the benchmark index for the one, three, five and ten-year periods ended June 30, 2022. The Trustees further noted, as reflected in the Consultant's Report, that the Fund's total return for 2021 was lower than both the average total return of the funds in the Morningstar Category and the total return of its benchmark index for 2021.

The Trustees noted that the Fund invests primarily in municipal obligations issued by the State of Oregon, 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 its territories and that only 1.2% of the benchmark index consists of Oregon bonds. The Trustees noted that, unlike the Fund's returns, the performance of the benchmark index did not reflect any fees or expenses.

The Trustees discussed the Fund's performance record with the Manager and the Sub-Adviser and considered the Manager's and the Sub-Adviser's view that the Fund's performance, as compared to its peer group, was explained in part by the Fund's generally higher-quality portfolio and lower duration. The Trustees also considered the steps taken by the Sub-Adviser in recent months in an effort to improve the Fund's investment performance.

The Trustees considered the Fund's investment performance to be consistent with the investment objectives of the Fund. Evaluation of this factor indicated to the Trustees that renewal of the Advisory Agreement and Sub-Advisory Agreement would be appropriate.

### **Advisory and Sub-Advisory Fees and Fund Expenses**

The Trustees evaluated the fee payable under the Advisory Agreement. They noted that the Manager paid the Sub-Adviser under the Sub-Advisory Agreement. The Trustees evaluated both the fee under the Sub-Advisory Agreement and the portion of the advisory fee paid under the Advisory Agreement and retained by the Manager. 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 15 other Municipal Single-State Intermediate-Term Bond funds, three Municipal Minnesota Bond funds and two Municipal New Jersey Bond funds, each categorized by Morningstar, Inc. with portfolio assets ranging between \$157 million and \$987 million). Only front-end load and retail no-load funds were considered for inclusion in the Expense Group. In addition, peer selection 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 (after giving effect to fee waivers) for its most recent fiscal year was in the second quintile relative to the management fees paid by the other funds in its Expense Group for the comparable period (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 all asset levels up to \$10 billion).

The Trustees considered that the Fund's net total expenses (for Class A Shares), after giving effect to fee waivers and expense reimbursements, for the most recent fiscal year were in the second quintile relative to 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 each of the Manager and the Sub-Adviser 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 the fee rates for those clients were not lower than the contractual fee rate for the Fund. With respect to the Sub-Adviser, the Trustees noted that the fee rates for its separately managed account clients were generally lower than the fees paid to the Sub-Adviser with respect to the Fund. In evaluating the fees associated with the separately managed accounts, the Trustees took into account the respective demands, resources and complexity associated with the Fund and those client accounts.

The Trustees concluded that the advisory and sub-advisory fees were reasonable in relation to the nature and quality of the services provided to the Fund by the Manager and the Sub-Adviser.

### **Profitability**

The Trustees received materials from each of the Manager and the Sub-Adviser 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 services provided to the Fund, as well as the other financial information provided to the financial review committee. The Trustees concluded that profitability to the Manager with respect to advisory services provided to the Fund did not argue against approval of the fees to be paid under the Advisory Agreement.

The Trustees also considered information provided by the Sub-Adviser regarding the profitability of the Sub-Adviser with respect to the sub-advisory services provided by the Sub-Adviser to the Fund. The Trustees concluded that the profitability of the Sub-Adviser with respect to sub-advisory services provided to the Fund supported the renewal of the Sub-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 and the Sub-Adviser may realize economies of scale or other efficiencies in managing the Fund. They noted that the Fund has in place breakpoints in the sub-advisory fee schedule based on the size of the Fund. In addition, it was noted that the Manager has contractually agreed to waive fees to the extent necessary so that the annual rate payable under the Advisory

Agreement shall be equivalent to 0.40% on the Fund's net assets up to \$400 million; 0.38% on assets above that amount to \$1 billion in net assets and 0.36% on net assets thereafter. 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 the Sub-Adviser and their affiliates from their relationships with the Fund**

The Trustees observed that, as is generally true of most fund complexes, the Manager and Sub-Adviser and their affiliates, by providing services to a number of funds or other investment clients including the Fund, were able to spread costs as they would otherwise be unable to do. The Trustees noted that while that could produce efficiencies and increased profitability for the Manager and Sub-Adviser and their affiliates, 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 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 4/1/22	Ending <sup>(1)</sup> Account Value 9/30/22	Expenses <sup>(2)</sup> Paid During Period 4/1/22 – 9/30/22	Ending Account Value 9/30/22	Expenses <sup>(2)</sup> Paid During Period 4/1/22 – 9/30/22	Net Annualized Expense Ratio
A	\$1,000	\$ 958.60	\$3.39	\$1,021.61	\$3.50	0.69%
C	\$1,000	\$ 953.50	\$7.54	\$1,017.35	\$7.79	1.54%
F	\$1,000	\$ 959.40	\$2.55	\$1,022.46	\$2.64	0.52%
Y	\$1,000	\$ 958.40	\$2.65	\$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](http://www.sec.gov). You may also review or, for a fee, copy the forms at the SEC's Public Reference Room in Washington, D.C. or by calling 1-800-SEC-0330.

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

### Portfolio Holdings Reports

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

## Proxy Voting Record (unaudited)

During the 12 month period ended June 30, 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](http://www.sec.gov).

## Federal Tax Status of Distributions (unaudited)

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

For the fiscal year ended March 31, 2022, \$9,769,437 of dividends paid by Aquila Tax-Free Trust of Oregon, constituting 99.9% of total dividends paid during the fiscal year ended March 31, 2022, were exempt-interest dividends; and the balance was ordinary income.

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

## **Founders**

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

## **Manager**

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

## **Investment Sub-Adviser**

KIRKPATRICK PETTIS CAPITAL MANAGEMENT  
222 SW Columbia Street, Suite 1400  
Portland, Oregon 97201

## **Board of Trustees**

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

## **Officers**

Diana P. Herrmann, President  
Paul G. O'Brien, Senior Vice President  
Christine L. Neimeth, 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.