



A CAREFUL APPROACH FOR TODAY'S MARKETS



AQUILA GROUP OF FUNDS: OUR GUIDING PRINCIPLES

MANAGE CONSERVATIVELY

Most people are more sensitive to potential investment losses than they are eager for outsized gains. We manage our bond funds accordingly.

FOCUS ON WHAT WE KNOW BEST

Our core investment skill is finding securities that we believe have a sound basis for investment. We do this through municipal bond teams who are locally-based and equity/high-yield teams who conduct extensive research.

PUT CUSTOMERS FIRST

The money we manage belongs to those who entrust it to us. We view every interaction with investors and advisors as an opportunity to strengthen a relationship.

KNOW WHAT'S IMPORTANT

We measure success by how well we meet expectations. By satisfying our shareholders, the success of our business will follow.

Aquila Investment Management LLC is a wholly-owned subsidiary of privately-held Aquila Management Corporation, founder of the Aquila Group of Funds®. Aquila Distributors, Inc., an affiliate, distributes shares for each of the Aquila-sponsored mutual funds.



KNOW WHAT YOU OWN

As investment managers for over a quarter century, we've always believed that investing successfully depends on knowing what you own and why you own it. We think this is particularly important in today's markets.

The Aquila Group of Funds pursues a consistent and disciplined investment approach, which emphasizes knowing what we own while seeking to preserve and build upon the value of invested assets. We also strive to provide advisors and shareholders with high-quality service and ready access to members of our team.



ABOUT US

The Aquila Group of Funds combines rigorous, hands-on investment research with a strong commitment to service and approachability.

*Diana Herrmann, CEO, with Lacy Herrmann
(1929–2012), Founder of Aquila Group of Funds*

“Our portfolio managers stay close to a wide array of information sources that can provide a deeper understanding of the issuers, securities and markets in which we invest. We go beyond pure number-crunching analysis to capture nuances that emerge as we conduct local, on-site, and face-to-face research.”

—DIANA HERRMANN

*Chief Executive Officer, Aquila Investment Management LLC
Aquila Group of Funds, Trustee*

Our seven single-state municipal bond funds are managed to our high standard of quality, for conservative portions of client portfolios. And, we use a comparable standard of care in managing funds for equity and high-yield corporate bond investors. Please see our Guiding Principles on the inside front cover of this brochure.

Aquila Management Corporation, the Funds’ founder and sponsor, is a family-owned, privately-held firm established in 1984 to serve the needs of investors and financial advisors.

SEARCHING FOR QUALITY

MANAGE RISK

We strive to preserve the value of shareholder assets—as we have since we began managing money in 1974 through our predecessor firm. So investment quality is critical to us. We focus on the source and reliability of revenue and income streams, management teams and the financial decisions they make, and the discipline they apply to executing their strategic and budgeting plans. By selecting what we believe to be higher-quality securities, we can pursue the funds' objectives without taking excessive risk.

REMAIN DISCIPLINED

Our systematic process involves digging into the details to capture information that helps us assess both potential sources of volatility and investment opportunities while prudently managing shareholder assets. We rely on information from a variety of sources, including political and economic developments, security market movements, financial reports, management teams, service providers, and competitors.

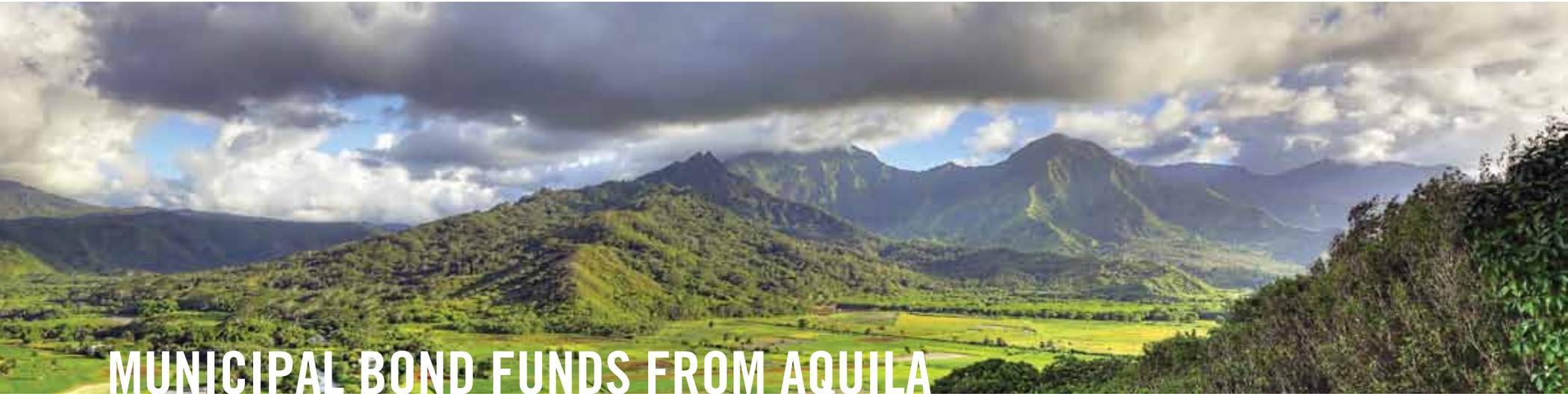
GO TO THE SOURCE

Our municipal bond fund investment teams are locally-based in the states where they invest, providing a distinct advantage that is a hallmark of our investment process. Our high-yield corporate bond and equity teams conduct detailed research in order to identify well-managed companies, along with debt and equity investments that have the potential to respond to improvements in the corporate balance sheet.

APPLY EXPERIENCE

Our investment professionals draw upon their many years of experience in analyzing securities, observing market and economic cycles, and recognizing risks and opportunities in order to evaluate investment alternatives. They bring the expertise gained over their long careers to the task of serving fund shareholders every day.





MUNICIPAL BOND FUNDS FROM AQUILA

Aquila manages seven single-state municipal bond funds, each employing our locally-based approach to municipal bond investing.

WHY MUNICIPAL BONDS

A key benefit of investing in municipal bonds is earning tax-exempt income. Interest on most municipal bonds is exempt from regular federal income tax and, generally, from income tax of the state in which the bonds are issued. Double tax-exempt income can be very attractive to investors in all tax brackets. Characteristics of municipal bonds may make them suitable for conservative investors.

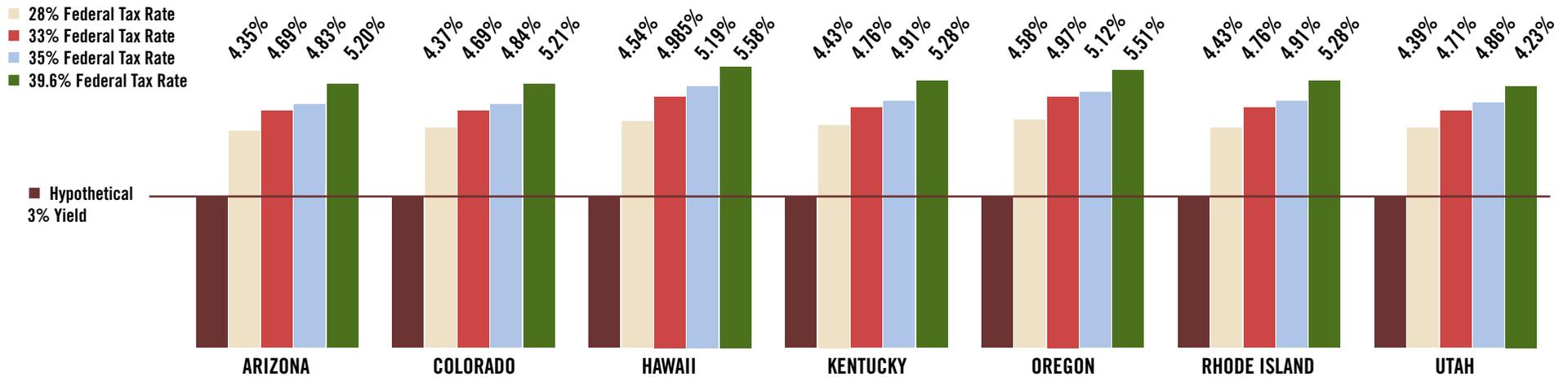
WHY NOW

Double tax-exempt income can be particularly appealing during periods of rising tax rates. With a variety of tax increases either recently implemented or proposed, interest in municipal bonds has been growing.

Consideration should be given to the risks of investing. Investments in bonds involve certain risks including a decline in value due to rising interest rates, a real or perceived decline in credit quality of the issuer, borrower, counterparty, or collateral, adverse tax or legislative changes, court decisions, market or economic conditions. Fund performance could be more volatile than that of funds with greater geographic diversification. For certain investors, some dividends may be subject to federal and state taxes, including Alternative Minimum Tax (AMT). Please consult your professional tax advisor.

THE APPEAL OF DOUBLE TAX-EXEMPT INCOME

Tax-Equivalent Yields Based on Combined Federal and State Tax Rates



The combined federal and state effective tax rates illustrated for each state represent the marginal 2013 federal income tax rates of 28%, 33%, 35% and 39.6%, combined with the highest state income tax rate at the corresponding income level, and are based on a hypothetical 3% yield, assuming that it is exempt from both federal and state income tax.

This tax-equivalent yield chart is for illustrative purposes only, and does not represent past or future performance of any investment.

For certain investors, some dividends may be subject to federal and state income taxes, including the Alternative Minimum Tax (AMT). Please consult your professional tax advisor.



WHY AQUILA

For over 25 years, the Aquila Group of Funds has sought to provide municipal bond fund investors with double tax-exempt income and preservation of capital.

Designed to manage risk

We seek to manage interest rate and credit risk by consistently maintaining broadly-diversified, high-quality portfolios of bonds with an intermediate average maturity.

Locally-based

Our locally-based teams have an up-close perspective on the issuers and economy in their states. We believe this gives them valuable insights regarding the economic and political climate of the state, the financing needs and capabilities of individual issuers, and ready access to multiple sources of information when evaluating the potential risk and return opportunities of a given security.

Every Aquila municipal bond fund also benefits from locally-based trustees who provide governance and oversight of investment management, distribution, and administrative services. And our locally-based representatives

provide financial advisors and investors with dependable, responsive access to current information on the funds.

Finally, your investment in one of our municipal bond funds may directly benefit your state, your county, and even your community by financing important local projects.

OUR MUNICIPAL BOND FUNDS

Aquila Tax-Free Trust of Arizona

Portfolio manager location: Phoenix, AZ

Inception date: March 14, 1986

Aquila Tax-Free Fund of Colorado

Portfolio manager location: Denver, CO

Inception date: May 21, 1987

Hawaiian Tax-Free Trust

Portfolio manager location: Honolulu, HI

Inception date: February 20, 1985

Aquila Churchill Tax-Free Fund of Kentucky

Portfolio manager location: Louisville, KY

Inception date: May 21, 1987

Aquila Tax-Free Trust of Oregon

Portfolio manager location: Portland, OR

Inception date: June 16, 1986

Aquila Narragansett Tax-Free Income Fund (RI)

Portfolio manager location: Providence, RI

Inception date: September 10, 1992

Aquila Tax-Free Fund For Utah

Portfolio manager location: Salt Lake City, UT

Inception date: July 24, 1992



HIGH-YIELD: AQUILA THREE PEAKS HIGH INCOME FUND

Aquila's approach to high-yield investing is research-intensive and relatively conservative.

WHY HIGH-YIELD

A number of benefits make high-yield bonds appealing to investors who are willing to accept the associated risks.

Low correlation with other asset classes

Securities that do not perform in a similar manner through market cycles are said to have low correlation. Combining securities with low correlations is key to diversifying and managing risk. High-yield corporate bonds have a relatively low correlation with investment-grade bonds and stocks. This may make them a valuable addition to a diversified portfolio, where they can be added incrementally to reduce portfolio volatility.

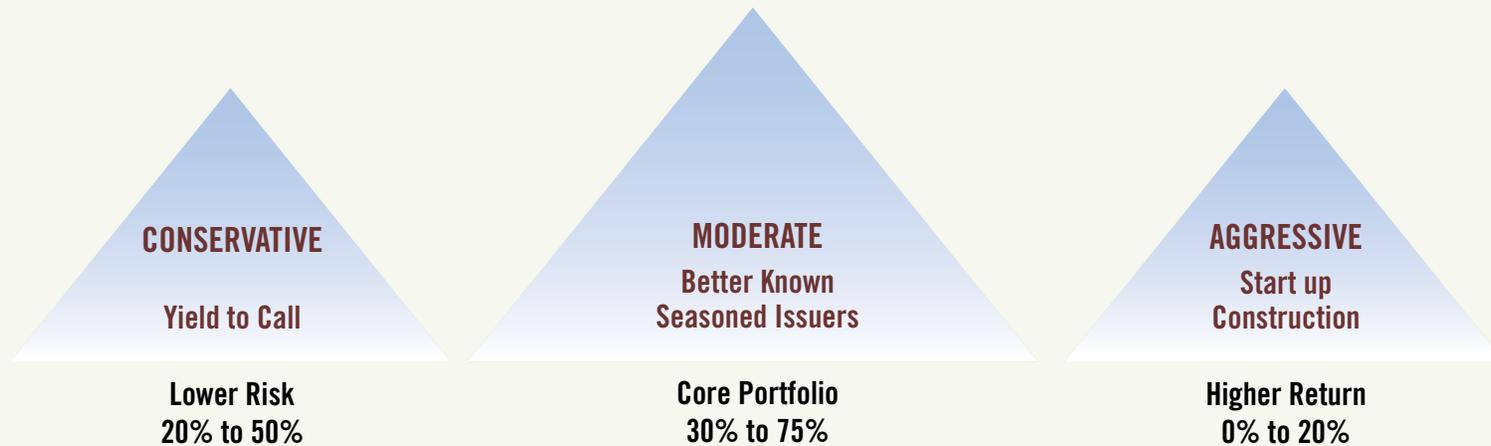
Lower long-term volatility than stocks

JPMorgan conducts annual research on the high-yield market, which is published in their High-Yield Annual Review. That research has shown that long-term returns of the JPMorgan Global High Yield Index are competitive with returns on the S&P 500, while the volatility of returns on the JPMorgan Global High-Yield Index is significantly lower than the volatility of returns on the S&P 500.

Senior securities, with a risk premium

Bond holders are paid before stockholders in the event of a corporate liquidation, which makes high-yield corporate bonds comparatively less risky than stocks. On the other hand, high-yield corporate bonds have greater credit risk than investment-grade bonds. High-yield bonds therefore generally pay a higher rate of income to compensate investors for taking on more risk.

A FOCUS ON MODERATE-RISK ISSUERS



WHY AQUILA

Intensive research

We develop a thorough knowledge of high-yield corporate bond issuers through intensive research. Our goal is to identify companies with accessible and fiscally responsible management teams that have successfully employed the leverage of high-yield debt to grow their businesses, that have demonstrated the ability to generate free cash flow, and that are committed to improving their corporate balance sheets. We favor bonds issued by asset-rich companies in relatively stable sectors.

Active management

We believe our intensive fundamental research discipline and our relatively conservative investment approach can effectively identify well-managed companies and debt investments that can potentially respond to improvements in the corporate balance sheet.

The Appeal of High-Yield

We recognize the attractive risk and return characteristics of high-yield debt, and that is where we invest. We seek to provide high current income by investing a large percentage of the portfolio, even up to 100%, in high-yield income-producing corporate securities. In an effort to preserve capital and minimize volatility, we focus on what we believe are moderate-risk issuers, which may represent 30% to 75% of the portfolio.

The Fund may invest up to 100% of its assets in high-yield bonds that are rated below investment grade. Lower rated bonds generally offer higher yields, but also involve a greater degree of credit risk and default risk than higher rated bonds. The return of principal for the bond holdings in this fund is not guaranteed.



EQUITIES: AQUILA THREE PEAKS OPPORTUNITY GROWTH FUND

Aquila’s approach to equity investing relies heavily on in-person visits with the companies we follow.

WHY EQUITIES

Long-term growth

Among the major investment asset classes, equities, or stocks, have historically provided the highest level of long-term growth. For investors who can tolerate their higher risk, stocks can be an important part of a long-term investment strategy.

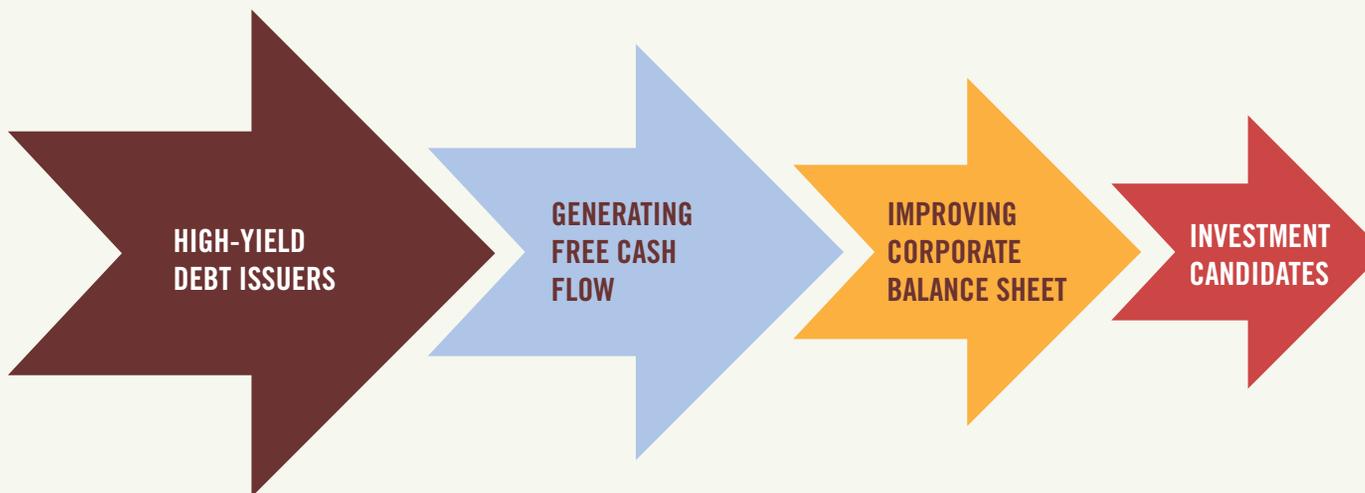
Equity ideas developed while investing in corporate bonds

Based on our observations, we believe that the U.S. high-yield corporate debt market serves as a leading indicator of developments in the domestic equity market. Further, we believe that financial developments affecting the

performance of a specific company’s high-yield bonds will also affect its stock.

We believe that our research of high-yield debt issuers provides a distinct advantage, enabling us to identify companies with improving balance sheets—companies that may deliver benefits to the equity investor, including the opportunity for capital appreciation.

OUR EQUITY RESEARCH BEGINS WITH OUR KNOWLEDGE OF HIGH-YIELD DEBT



WHY AQUILA

Intensive research

Our high-yield corporate debt research gives us an understanding of a company's full capital structure, along with the business decisions and results that have an impact on the corporate balance sheet and stock performance. As we search for high-yield issuers that have successfully employed leverage to grow the business, that have demonstrated the ability to

generate free cash flow, and that are committed to improving their corporate balance sheets, we also search for opportunities to participate in improving equity performance. In our opinion, we take a unique approach to managing equities that may lead us to opportunities others overlook.

On-site visits, deeper insights

We feel that it is important to maintain direct communication with management, and we devote significant resources to in-person visits with executives of the companies we follow.

Flexibility to pursue opportunity

We believe that high-yield bonds have the ability to moderate equity market volatility by virtue of their coupon payments and their characteristically lower volatility relative to equities. At times, up to 30% of assets may be invested in fixed income securities, including high-yield corporate bonds.

An investment involves certain risks including market risk, financial risk, interest rate risk, credit risk, and risks associated with investments in highly-leveraged companies, lower-quality debt securities, foreign markets and foreign currencies, and potential loss of value.



PERSONAL SERVICE

As fund shareholders ourselves, we remain keenly aware that investors have entrusted their investment assets to our care, and we strive meet their expectations.

From our inception, we have been careful to align our interests with those of our shareholders.

To us, shareholders are not “account numbers” but individuals. Over the years, we have met and gotten to know many fund investors at local shareholder meetings, where they and their financial advisors have the opportunity to speak with the portfolio managers, trustees, and executives responsible for the stewardship of their assets.

In today’s markets, it pays to know what you are investing in and why. And, it is comforting to know the professionals who oversee those investment decisions.

Find out what other advisors and investors already know about the Aquila Group of Funds. Speak to your financial advisor today. You may contact us by calling (800) 437-1020 or visiting our website at www.aquilafunds.com.

Before investing in one of the Aquila Group of Funds, carefully read about and consider the investment objectives, risks, charges, expenses, and other information found in the Fund prospectus. The prospectus is available from your financial advisor, and when you call 800-437-1020 or visit www.aquilafunds.com.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE | NOT NCUA INSURED

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