

# Aquila Tax-Free Fund For Utah

## Podcast Transcript April 12, 2016

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**Moderator:**

Today we're talking to JT Thompson, Portfolio Manager of Aquila Tax Free Fund for Utah. JT, what level of new issuance have you seen in Utah during the first quarter and what are your expectations for issuance over the remainder of 2016?

**JT Thompson:**

New issuance in Utah is down 63 percent from 2015. That number is somewhat misleading as the Utah Transit Authority came to market with a massive refinancing in the first quarter of 2015. What has changed is the increased amount of bonds issued for new projects in the State of Utah, rather than refinancing existing debt. In Utah we expect issuers will continue to be careful in issuing debt, but will take any opportunity to refinance existing debt.

**Moderator:**

Through March month end the Barclays municipal index posted a ninth consecutive month of positive total returns. What factors do you believe contributed substantially to those results?

**JT Thompson:**

Municipals historically, have traded below Treasury rates. Since 2008, for the most part, municipals have traded above Treasury yields making municipal bonds a real bargain and attracting investors. The credit quality of municipals compared with that of corporates has brought in value investors adding to the demand for municipals.

**Moderator:**

In March, the Fed indicated that their next rate hike could come as early as April but futures seem to indicate that the probability of a hike in April, or even June, is low. How is the current rate environment affecting the municipal bond market?

**JT Thompson:**

Most believe the Fed will raise interest rates in a slow and measured pace. Increasing rates in this manner allows the market to prepare and to adjust to the higher rates. All markets dislike surprises and the Fed has said many times their goal is to be data dependent so there should be a calm reaction to any increases in rates. I think December's rate increase and the market reaction is a precursor to the future rate increases expected.

**Moderator:**

Let's shift to the local economy. What trends are you seeing in Utah and how are those affecting the market for local municipal bonds?

**JT Thompson:**

We're seeing an increased investment in the State of Utah, along with the Salt Lake International airport remodeling. Another good example is the recent announcement by Real Salt Lake, the major league soccer club in the state, and the Herriman Mayor, Carmen Freeman, unveiling plans to build a \$50 million soccer training complex.

Real Salt Lake believes that building a gathering place from the ground up, developing local talent and training that talent at an elite level,

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will lead to ultimate success. The goal of this facility is to create a program for youth training, and academy training that is equal to anything you could find in Europe at the elite soccer academies, like those at Barcelona and the English Premier Clubs. Groundbreaking for this 42 acre training complex which will include eight fields, with seven of those fields being regulation size soccer fields, will start shortly.

**Moderator:**

JT, thank you very much for speaking with us today. For those of you listening, before investing in the Fund, carefully read about and consider the investment objectives, risks, charges, expenses, and other information that you can find in the Fund prospectus on this site, or obtain from your financial advisor, or when you call 800-437-1020. Thank you for listening to this podcast.

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