



AQUILA TAX-FREE TRUST OF OREGON

AQUILA®
GROUP OF FUNDS



COVID-19 UPDATE

March, 2020

A SHARES:
ORTFX

C SHARES:
ORTCX

F SHARES:
ORFFX

Y SHARES:
ORTYX

MARKET REACTION

Following the initial spread of the COVID-19 virus in the U.S., the markets experienced the worst week since the financial crisis in 2008, while some investors abandoned the stock market on recession fears, sending the S&P 500 index down over 11% and the Dow Jones Industrial Average down over 12%. During times of unrest, investors have traditionally looked to the municipal bond market as a source of respite. Given the concerns of the stock market, municipal bonds provide a less volatile investment option given the asset classes reliance on property taxes and essential service revenues, such as water, sewer and power, all of which are resistant to the strains inflicted by recessions. However, some municipal sectors, such as airports, convention centers and sales tax supported projects, could become impaired if we experience an extended interruption of economic activity.

THE OREGON BOND MARKET & AQUILA TAX-FREE TRUST OF OREGON

Holdings within the Aquila Tax-Free Trust of Oregon that may be more susceptible to the impact of the COVID-19 Virus include the Portland Airport, Metro's financing of the Convention Center Hotel and the City of Portland's Convention Center Bonds. Collectively, these bonds account for 2.5% of Trust assets. The Portland Airport provided a relatively strong 2.4x debt service coverage in 2019, which means revenues could decrease by almost 50% and still produce adequate coverage. In addition, the bonds are secured by a reserve fund which is funded to provide a year of debt service. Reserve funds are a relatively common feature of municipal securities and provide significant comfort to investors when faced with potential unexpected interruptions of revenues. The portfolio also holds Metro's Aa3 rated convention center hotel project bonds, which include a debt service reserve funded to provide a year of debt service, and the City of Portland's Aaa rated convention center bonds, which are supported by transient lodging taxes and the motor vehicle rental tax.

However, due to the nature of public finance, a disruption of municipal revenue sources won't happen overnight and may take several months, or up to a year or more for distress to become apparent. Furthermore, investors with diverse portfolios of high grade securities, such as the Aquila Tax-Free Trust of Oregon, will be less prone to the impact of a potential recession. The Trust holds high quality liquid bonds with over 90% of holdings rated AA or higher and the Trust is positioned defensively to limit interest rate and credit risk. Most importantly, we regularly monitor and review our holdings to make informed portfolio decisions whether for COVID-19 risks, real estate declines or recession risks.

For specific information about fund characteristics, [holdings](#) and performance, please see the [Fund Fact Sheet](#) on our website at www.aquilafunds.com.

Independent rating services (such as Standard & Poor's, Moody's and Fitch) assign ratings, which generally range from AAA (highest) to D (lowest), to indicate the credit worthiness of the underlying bonds in the portfolio. Where the independent rating services differ in the rating they assign to an issue, or do not provide a rating for an issue, the highest available rating is used in calculating allocations by rating.

Information regarding holdings is subject to change and is not necessarily representative of the entire portfolio. Mutual fund investing involves risk; loss of principal is possible. Investments in bonds may 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.

Before investing in the Trust, carefully read about and consider the investment objectives, risks, charges, expenses and other information found in the Trust 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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