



AQUILA TAX-FREE FUND FOR UTAH

PORTFOLIO MANAGER COMMENTARY

October, 2020



A SHARES:
UTAHX

C SHARES:
UTACX

Y SHARES:
UTAYX

UTAH ECONOMY & MUNICIPAL MARKET

The Utah employers' council has reported the employees in the state should see their pay increase by 2.3% which is higher than the current inflation rate. The 2.3% rate ties Arizona as the states with the largest wage gains in the intermountain area. The Utah economy continues on a growth path even with some of the economic headwinds.

The third quarter and start of the fourth can be referred to the calm before the election 2020 storm. For the third quarter, the share price of the A shares started and ended at the same NAV. Bond issuance in Utah for the quarter was \$796 million, fairly consistent with the previous quarters. Utah issuers were able to take advantage of low interest rates using taxable municipal bonds to refinance current tax exempt debt. We have recently seen demand increase for high-quality debt, and with almost 47% of the Utah issuance rated "AAA", Utah issuers have been providing supply by borrowing at historically low interest rates.

The long awaited opening of the Salt Lake City international airport occurred on September 15, 2020, to a much smaller crowd than expected due to COVID-19. The new airport is remarkable and travelers will be able to take advantage of the facilities when travel resumes to normal levels. Although there are travel restrictions, Moody's Investors Services has reported that Salt Lake City international airport is one of 4 airports that have enplanements at 35% of prior years. The airport authorities have indicated that because of the lower passenger enplanements they are able to expedite the second phase of the new airport and could help save up to \$300 million. The airport authorities claim that they have the cash on hand to handle the economic downturn. To see more about the airport and other sectors in the Utah municipal bond market, take a look at our [Municipal Sector Review](#).

FUND STRATEGY

The Aquila Tax-Free Fund for Utah continues to stick to its objective of holding high-quality intermediate bonds with nearly 80% of the investments in the fund rated "AA" or higher, or pre-refunded, an average maturity of 9.63 years at the end of October, and a modified duration of 4.41 years. For specific information about fund characteristics, holdings and performance, please see the Fund [Fact Sheet](#) on our website at www.aquilafunds.com.

FUND FACTS AS OF 09/30/2020

LEAD PORTFOLIO MANAGER James Thompson	INCEPTION DATE 7/24/1992	TOTAL INVESTMENTS \$450.9M	NUMBER OF HOLDINGS 345
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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. Modified and effective duration both measure the value of a security in response to a change in interest rates. Effective duration also takes into account the effect of embedded options.

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. Prerefunded/Escrowed bonds are issued for the purpose of retiring or redeeming an outstanding bond issue at a specified call date.

Before investing in the Fund, 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.