Annual Report

June 30, 2009

A tax-free income investment

Narragansett

Insured Tax-Free Income Fund®

One of the
AQUILA GROUP OF FUNDS®

<u>Serving Rhode Island Investors For More Than 15 Years</u>

Narragansett Insured Tax-Free Income Fund

“Some Comfort In Unsettling Times”

August, 2009

Dear Fellow Shareholder:

We know it. And, you know it too. The United States has seen better economic days.

Like it or not, unpleasant market cycles do occur periodically. This tends to distract some people's focus from the longer-term objective that influenced their investment decision in the first place.

Our shareholder and financial professional surveys have consistently indicated over the years that the original investment objective and decision for investors in Narragansett Insured Tax-Free Income Fund, has generally been aligned with the Fund’s objective: to seek as high a level of current income exempt from Rhode Island state and regular Federal income taxes as is consistent with preservation of capital.

How does the Fund seek to fulfill its and your investment objective?

Perhaps the single most significant matter we wish to emphasize is the element of professional management that we have continually sought to bring to bear on your behalf. The job of investment managers is to be keen observers of the scene, setting aside emotions. This is particularly true in the constantly changing environment that exists today. One must make every effort to be as objective as possible, adjusting the portfolio of investments as necessary, to try to be of most benefit to shareholders.

Management of Narragansett Insured Tax-Free Income Fund and its municipal bond portfolio management team believe that when you are dealing with investments, quality counts.

As you may recall, there are nine separate credit ratings assignable to municipal securities, ranging from the most conservative to the highly speculative. For protection of investors’ capital, the Fund’s prospectus intentionally limits its purchases to securities rated (or, if unrated, deemed by the Investment Sub-Adviser to be) investment grade quality - that is rated within the four highest credit ratings: **AAA, AA, A, and BBB**.

In general, the higher the quality rating of a municipal security, the greater or more reliable the cash flow there is for the municipality to cover interest and principal payments when due on the security. While exaggerated price changes may occur in emotionally charged securities markets, they normally are not reflective of a municipal issuer's capability to pay interest and principal in a timely manner on any particular security. It is the cash flow and solidness of the municipal issuer that count - and this is reflected in the quality level of the credit rating.

We can assure you that the Fund's portfolio management team pays considerable attention to this factor before any security is purchased for the portfolio as well as in conducting continuing analysis and evaluation with each and every security once it is a part of the Fund's investment portfolio. It is additionally important for you to know that, with any insured securities, our portfolio management team has always sought to look beyond the insurance to the credit quality of the underlying issuer rather than relying upon any insurance.

We fully recognize that the current times can be unsettling. However, we hope that you are comforted to know that we believe you have a knowledgeable team of financial experts, which has continually sought to carefully choose the securities in the Fund's portfolio and seeks to continuously monitor your investment in Narragansett Insured Tax-Free Income Fund.

Lacy B. Herrmann
Founder and Chairman Emeritus

Diana P. Herrmann
President

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Narragansett Insured Tax-Free Income Fund

ANNUAL REPORT

Management Discussion

Narragansett Insured Tax-Free Income Fund (the “Fund”) seeks to provide as high a level of double tax-free income as possible while staying within the intentionally self-imposed quality restraints. The Fund strives to accomplish this by generally purchasing only those municipal securities rated AAA by a nationally renowned credit rating service. As an extra measure of credit protection to shareholders, all securities owned by the Fund are insured to provide for the timely payment of principal and interest when due. We strive to maintain a maximum average maturity profile of less than 12 years for the Fund’s portfolio in order to produce a reasonable level of income return with relatively high stability for the Fund’s share price. At the June 30, 2009 fiscal year-end, the portfolio had an average maturity of 8.6 years.

Equity markets have performed admirably in the most recent quarter as all major U.S. equity markets are feeling some relief as the economy shows some signs of recovery. As of June 30, 2009, the Dow Jones Industrials, S&P 500, and NASDAQ indices had found their way back from the brink and posted year-to-date returns of -2.01%, 3.16%, and 16.98%, respectively. International stock markets, having not fared well in 2008, have bounced back as well during the first half of 2009. The Europe, Australasia, and Far East (EAFE) Index has risen by 8.09% year-to-date besting most of the U.S. market. The latest jobs data shows that job losses continue to rise as the unemployment rate nationally has reached 9.5%. Although the unemployment rate is a lagging indicator, it is generally expected that the rate will move higher over the next few months before leveling off. In the near term, the Federal government fiscal stimulus is expected to offset some of the weakness of the consumer sector. However, the fiscal stimulus has been slow to arrive and, in our estimate, will not likely have an impact upon the U.S. economy until 2010.

With the amount of monetary and fiscal stimulus being introduced, we believe inflation appears to be on the horizon. The main concern as a fixed income portfolio manager is with both monetary and fiscal stimulus–when does inflation kick in and when does it end? We feel that the full effect of both forms of stimulus have yet to be felt in higher prices but expect that within the next year or so we will begin to feel the effects of inflation. The Federal Reserve (the “Fed”) has brought the Federal Funds target rate to 0.00% - 0.25% and expects this range to be supported for quite some time. In addition, the quantitative easing the Fed has provided is unprecedented and concerns abound that monetary policy may prove difficult to maneuver once the Fed must provide a less accommodating stance. The markets have moved in sympathy with the yield curve, steepening in anticipation of higher inflation. If you leave out food and energy, consumer inflation numbers look reasonable in our view. Producer prices appear ominous to us but that has yet to translate into higher consumer prices.

While the Fed appears to be jawboning the policy tightening theme, U.S. Treasuries are beginning to digest the latest market data that predicts a more protracted economic downturn. In addition, the Fed has increased its purchases of U.S. Treasury and U.S. Agency securities, keeping intermediate and longer-term rates low. The fiscal stimulus needed to fund the bailout and stimulus programs depends on the U.S. Treasury continuing to issue securities to fund these massive programs. Ultimately, buyers will require a higher yield to invest in these securities. As the U.S. continues in recession, foreign buyers will need to maintain their appetite for U.S. debt in order to keep interest rates in check. Should foreign appetite for U.S. bonds weaken, interest rates would be expected to rise further.

The average annual return for the Fund’s Class A shares for the full year ending June 30, 2009 was 4.30%. This was below the 6.73% return of the Barclays Capital U.S. Treasury Index for the same period. Returns during this period for the Dow, S&P 500, and NASDAQ were -22.99%, -26.21%, and -19.13%, respectively. Returns for the Fund were somewhat volatile during the latter half of 2008 as the municipal market in general was rocked by the auction-rate securities debacle and a “flight to quality” towards the end of 2008. Municipal market returns for the first half of 2009 were impressive as investors took advantage of higher municipal yields relative to other fixed income instruments.

As has always been the case, it is most important to look at the underlying credit rating(s) when buying bonds for the portfolio. Insurance is a secondary factor that can provide additional liquidity and safety to ensure timely payment of interest and the ultimate payment of principal. As your locally-based portfolio managers, we do not rely solely on insurance. Rather, we use our knowledge of the city, town, or project in which we are investing. This should be of additional comfort to you, our shareholders, particularly during these uncertain times.

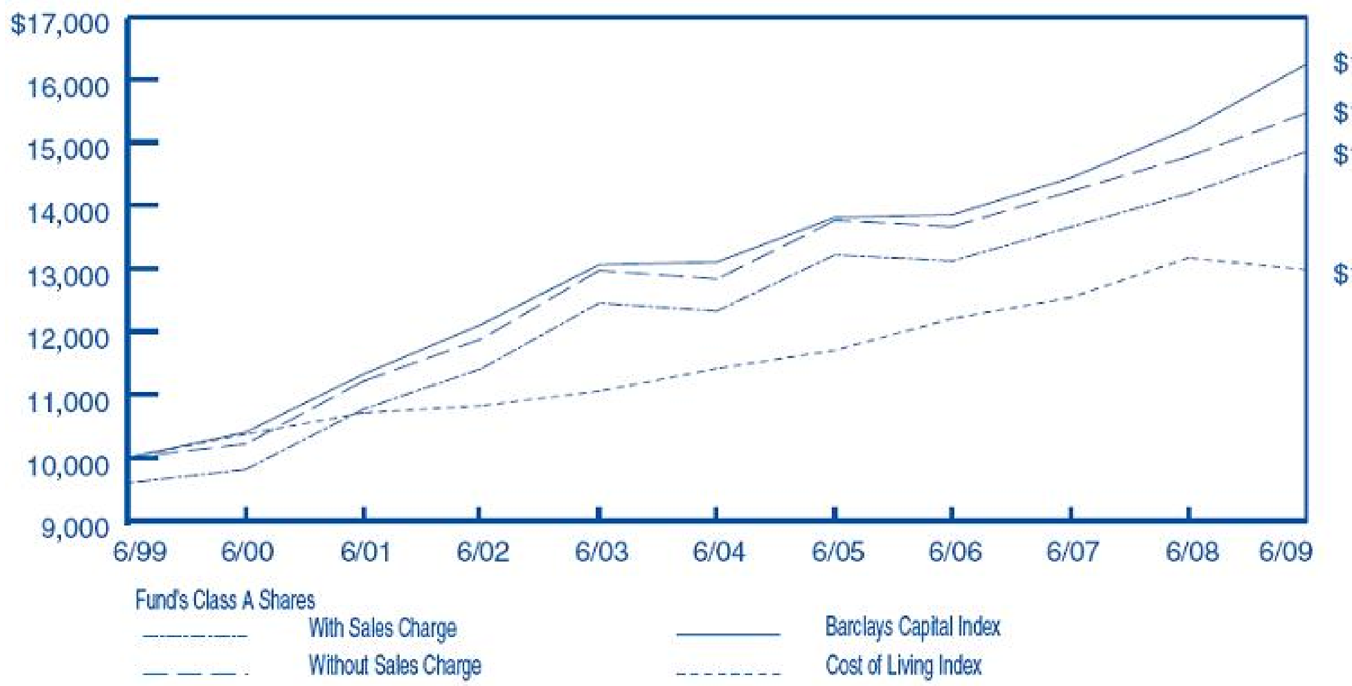
Given the current Federal and Rhode Island income tax rates, we believe Narragansett Insured Tax-Free Income Fund presently produces an attractive yield for Rhode Island residents when compared to taxable fixed-income securities.

Management believes that having available to the Fund a locally-based investment manager, with extensive knowledge and experience in the Rhode Island municipal market continues to add considerable value to the portfolio and provides a distinct benefit to Fund shareholders.

The Fund’s investment sub-adviser intends to continue to oversee the portfolio with a strong emphasis on achieving a balance between share price stability, acceptable double tax-free income return, and the highest standards of credit quality.

PERFORMANCE REPORT

The following graph illustrates the value of $10,000 invested in the Class A shares of Narragansett Insured Tax-Free Income Fund for the 10-year period ended June 30, 2009 as compared with the Barclays Capital Quality Intermediate Municipal Bond Index (the “Barclays Capital Index”) (formerly known as the Lehman Brothers Quality Intermediate Municipal Bond Index) and the Consumer Price Index (a cost of living index). The performance of each of the other classes is not shown in the graph but is included in the table below. It should be noted that the Barclays Capital Index does not include any operating expenses nor sales charges and being nationally oriented, does not reflect state specific bond market performance for the limited number of states in which the Narragansett Insured Tax-Free Income Fund may invest.



	Average Annual Total Return for periods ended June 30, 2009			
	1 Year	**5 Years**	**10 Years**	**Since Inception**
Class A (commenced operations on 9/10/92)				
With Maximum Sales Charge	0.16%	2.85%	4.03%	4.88%
Without Sales Charge	4.30	3.70	4.46	5.14
Class C (commenced operations on 5/01/96)				
With CDSC	2.39	2.85	3.57	3.85
Without CDSC	3.42	2.85	3.57	3.85
Class I (commenced operations on 11/04/98)				
No Sales Charge	4.17	3.61	4.40	4.05
Class Y (commenced operations on 5/01/96)				
No Sales Charge	4.46	3.86	4.61	4.97
Barclays Capital Index	6.73	4.39	4.97	5.27* (Class A)
				4.32** (Class C&Y)
				4.63† (Class I)

Total return figures shown for the Fund reflect any change in price and assume all distributions within the period were invested in additional shares. Returns for Class A shares are calculated with and without the effect of the initial 4% maximum sales charge. Returns for Class C shares are calculated with and without the effect of the 1% contingent deferred sales charge (CDSC), imposed on redemptions made within the first 12 months after purchase. Class Y and Class I shares are sold without any sales charge. The rates of return will vary and the principal value of an investment will fluctuate with market conditions. Shares, if redeemed, may be worth more or less than their original cost. A portion of each class’s income may be subject to Federal and state income taxes. Past performance is not predictive of future investment results.

* From commencement of operations on 9/10/92.
** From commencement of operations on 5/01/96.
† From commencement of operations on 11/04/98.