COLORADO BONDSHARES —
A TAX-EXEMPT FUND
Ticker Symbol: (HICOX)

PROSPECTUS

January 28, 2022

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or passed upon the adequacy of this prospectus. Any representation to the contrary is a criminal offense.

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Fund Summary

Investment Objectives/Goals

Colorado BondShares — A Tax-Exempt Fund (the “Fund”) is a diversified, open-end mutual fund whose primary goal is to maximize income that is exempt from both federal and Colorado state income taxes while simultaneously preserving capital. The Fund also seeks opportunities for capital appreciation.

Fees and Expenses

This table describes the fees and expenses that you may pay if you buy, hold, and sell shares of the Fund. You may pay other fees, such as brokerage commission and other fees to financial intermediaries, which are not reflected in the tables and examples below. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least $100,000 in the Fund. More information about these and other discounts is available from your financial intermediary and in the section of this prospectus entitled “How Are Sales Charges Determined” beginning on page 24 and in the section of the Fund’s Statement of Additional Information entitled “What Reductions In Sales Charges Are Provided And To Whom?” beginning on page B-22.

SHAREHOLDER FEES (fees paid directly from your investment)	
Maximum Sales Charge (Load) Imposed on Purchases (as a percentage of offering price)	4.75%
ANNUAL FUND OPERATING EXPENSES	
(expenses that you pay each year as a percentage of the value of your investment)	
Management Fee	0.50%
Other Expenses (Legal, audit, transfer agent, reporting and custodian fees and expenses)	0.11%
Total Annual Fund Operating Expenses	0.61%

Expense Example

The following example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The example assumes that you invest $10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The example also assumes that your investment has a 5% return each year and that the Fund’s operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 YEAR	3 YEARS	5 YEARS	10 YEARS
$534	$661	$799	$1,201

You would pay the following expenses if you did not redeem your shares:

1 YEAR	3 YEARS	5 YEARS	10 YEARS
$534	$661	$799	$1,201

The foregoing example does not reflect sales charges (loads) on reinvested dividends and other distributions. If these sales charges (loads) were included, your costs would be higher.

Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when shares of the Fund are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund’s performance. During the most recent fiscal year (ended September 30, 2021), the Fund’s portfolio turnover rate was 10.66% of the average value of its portfolio.

Principal Investment Strategies of the Fund

To achieve the Fund's investment objective, under normal market conditions, the Fund will attempt to invest up to 100% and, except for temporary investments, will invest at least 80% of the value of its net assets (plus the amount of any borrowings for investment purposes) in tax-exempt bonds and other tax-exempt securities, including tax-exempt notes and tax-exempt municipal leases of the State of Colorado, its political subdivisions, municipalities and public authorities ("Tax-Exempt Obligations"). Under normal circumstances, the Tax-Exempt Obligations that are invested in by the Fund will mostly include tax-exempt bonds (at least 65% of the value of the Fund's total assets). The interest on the Tax-Exempt Obligations will be exempt from regular federal income taxes and from Colorado personal income tax. The Fund may invest generally no more than 20% of the investments of the Fund in securities that may subject you to federal alternative minimum tax.

The Fund will invest primarily in Tax-Exempt Obligations that are not rated by a Nationally Recognized Statistical Rating Organization, but that the Investment Adviser determines are of equivalent quality to investments rated no less than investment grade ("Baa" or "BBB"). The Fund is not restricted in the amount of not rated Tax-Exempt Obligations in which it can invest, and no more than 50% of its investments can be invested in rated Tax-Exempt Obligations. The Fund may also invest in Tax-Exempt Obligations that are rated below investment grade by a Nationally Recognized Statistical Rating Organization, or that are determined to have equivalent quality as determined by the Investment Adviser. Less than 35% of the Fund's total assets will be invested in Tax-Exempt Obligations that are rated lower than investment grade by Moody's or S&P, or that are determined to have equivalent below investment grade quality by the Investment Adviser at the time of purchase. The Tax-Exempt Obligations that are below investment grade may also include securities rated "Ba1" and "BB+" or below, which are sometimes referred to as "junk bonds." Some of the securities in which the fund invests may have credit and liquidity support features, including guarantees and letters of credit. The Fund is a "diversified" investment company, meaning that as to 75% of the Fund's total assets, no more than 5% of the assets of the Fund will be invested in the obligations of any one issuer.

Obligations which are not rated generally offer higher yields than Tax-Exempt Obligations with equivalent quality that are rated, but also are generally subject to higher risk. The Fund relies on the professional judgment of the Investment Adviser (through the portfolio manager) to make decisions about the Fund's portfolio securities and the Fund's investments, and given that most of the Fund's investments are not rated, the Investment Adviser's judgment, analysis and experience (through the portfolio manager) are more important than they would be if the Fund relied more on rating agencies for evaluating credit quality. The Investment Adviser attempts to manage the higher risk of investing in not rated Tax-Exempt Obligations by analyzing various factors in managing the Fund's portfolio, which may include performing credit analysis, reviewing the current economic trends and developments in the geographic areas affecting the Fund's investments, reviewing general market conditions, comparing pricing of similar investments issued by comparable issuers, reviewing current and anticipated changes in interest rates, evaluating other factors relevant to a particular security being evaluated and actively managing and diversifying the portfolio among municipal issuers. Securities may be sold when the Investment Adviser believes that they no longer represent relatively attractive investment opportunities.

Principal Risks of Investing in the Fund

By investing in the Fund, you are subject to several investment risks. The occurrence of any one of these risks, or a combination of these risks, could adversely affect the Fund's net asset value, yield and/or total return. By investing in the Fund, you are exposed to the following principal risks:

- Your investment in the Fund is not insured or guaranteed by any government agency.
- You can lose money on your investment.
- We are not limited in the amount of Fund assets that can be invested in Tax-Exempt Obligations. A downturn in the municipal debt market would negatively affect your investment.
- We will invest up to 100% of our assets in not rated Tax-Exempt Obligations. These not rated obligations generally have a higher level of credit risk and market risk than rated obligations and are also subject to interest rate risk, prepayment or "call" risk and liquidity risk.

- We can invest in Tax-Exempt Obligations that are lower-rated (rated below investment grade) or are not rated and are determined to have equivalent quality as determined by the Investment Adviser. Securities with lower ratings are generally more sensitive to changes in economic and other conditions, and have a higher risk of default which makes your investment high risk.
- The market to buy and sell the Tax-Exempt Obligations may be limited because these obligations may be not rated or lower-rated.
- The tax-exempt status of some or all of the Tax-Exempt Obligations may be modified or eliminated through legislative action.

The Fund is designed for investors subject to income taxation in the higher tax brackets who can take advantage of the tax-exempt nature of the Fund's income. The Fund is not intended for tax-exempt investors such as pension funds, charities or IRAs who cannot take advantage of the tax benefits of the Fund.

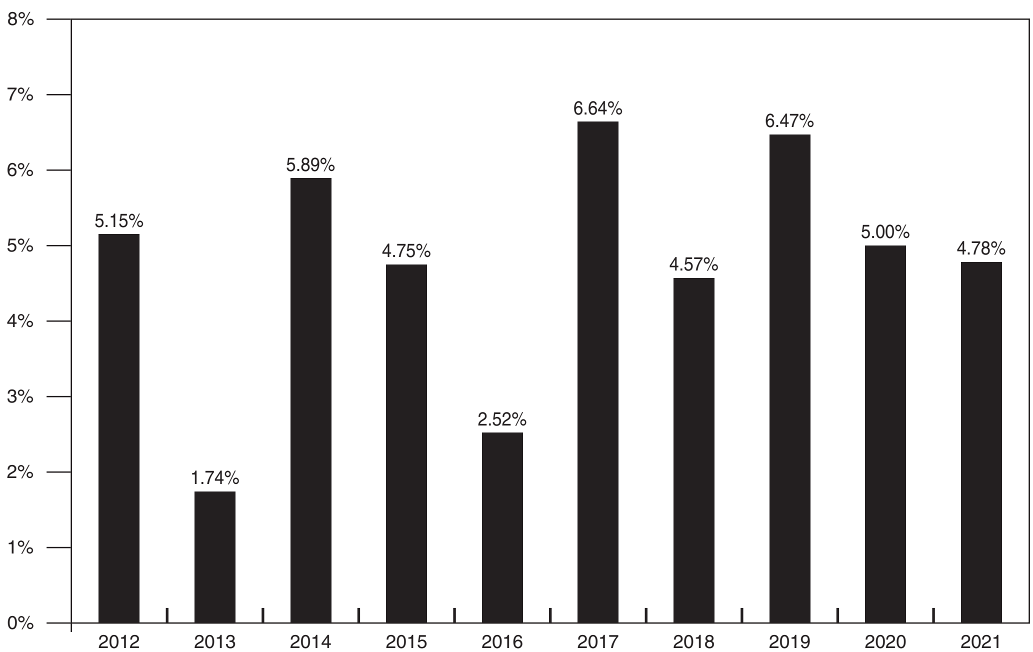
Performance Information

Bar Chart and Table

The following bar chart and table show some of the risks of investing in the Fund by showing changes in the Fund's performance from year to year and by showing how the Fund's average annual returns for the one-year, five-year and 10-year periods ended December 31, 2021 compare with those of a broad measure of market performance. The Fund's past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available by contacting the Fund at (303) 572-6990 or, outside of Denver, at (800) 572-0069 or through the Fund's website at https://www.coloradobondshares.com as set forth on the back page of this prospectus.

Annual Total Returns

The following bar chart shows the Fund's annual total returns for each of the last 10 calendar years.+ Sales charges (loads) are not reflected in the bar chart and if these amounts were reflected, returns would be less than those shown.



+ The Fund's return for the period for the quarter ending December 31, 2021 was 0.99%.

During the 10-year period reflected in the bar chart, the Fund's highest return for a calendar quarter was 4.13% in the quarter ended June 30, 2020 and the lowest return was (3.23)% in the quarter ended March 31, 2020.

Average Annual Total Returns

The following table summarizes the Fund's average annual total return (before taxes, after taxes on distributions, and after taxes on distributions and sales of shares of the Fund) for the one-, five- and 10-calendar year periods ended December 31, 2021 and compares them to two different broad measures of market results, including the Bloomberg Barclays Capital Municipal Bond Total Return Index ("Barclays Index") and the Lipper General Municipal Debt Fund Index ("Lipper Index"). Past performance (before and after taxes) is not indicative of future performance.

The after-tax returns in the table below are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their shares of the Fund through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts. After-tax returns on distributions and sales of shares of the Fund will be higher than other return figures for the same period if a capital loss occurs upon redemption and results in an assumed tax deduction for the investor.

AVERAGE ANNUAL TOTAL RETURNS (for the periods ended December 31, 2021)	**1 Year**	**5 Years**	**10 Years**
Return Before Taxes	(0.20)%	4.47%	4.23%
Return After Taxes on Distributions	(0.27)	4.40	3.61
Return After Taxes on Distributions and Sales of Fund Shares	0.53	4.37	3.64
Barclays Index (reflects no deductions for fees, expenses or taxes)	1.52	4.17	3.73
Lipper Index (reflects no deductions for fees, expenses or taxes)(1)	2.87	4.53	4.23

(1) The Lipper Index, the secondary index included by the Fund in the table above, is a non-weighted index of the 30 largest funds that invest at least 65% of their respective assets in municipal debt issues that are rated in one of the top four credit rating categories (without consideration of plus or minus modifiers). The Lipper Index is the same index that the Fund has utilized since it began including this table in its prospectus and includes funds that disclose investment objectives that are reasonably comparable to the Fund's primary objective.

Portfolio Management

Investment Adviser

The investment adviser of the Fund is Freedom Funds Management Company (the "Investment Adviser").

Portfolio Manager

Fred R. Kelly, Jr., is President, Secretary and Treasurer of the Investment Adviser and is also the Fund's portfolio manager. Mr. Kelly has been the portfolio manager for the Fund since November 1990, and has been primarily responsible for the day-to-day management of the Fund's portfolio.

Purchase and Sale of Fund Shares

In general, the minimum initial investment amount to acquire shares of the Fund is $500. There is no minimum investment amount for subsequent investments in shares of the Fund. You may redeem (sell) your shares of the Fund on any business day without charge by mail or by telephone. The Fund will redeem your shares at their next determined net asset value after your redemption request is received in proper form.

Tax Information

The Fund intends to take all action required to ensure that no federal income taxes and no Colorado income taxes will be payable by the Fund and that the Fund may pay "exempt-interest dividends" to its shareholders. However, a portion of the Fund's distributions to shareholders may be subject to federal or Colorado income tax.

Financial Intermediary Compensation

If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of shares of the Fund and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

Investment Objectives, Principal Investment Strategies, Related Risks, And Disclosure Of Portfolio Holdings

What are the Investment Objectives of the Fund?

The Fund's principal investment objective is to maximize income that is exempt from both federal and Colorado income taxes while simultaneously preserving capital. This principal objective is a fundamental policy of the Fund that cannot be changed without a shareholder vote. The Fund also seeks opportunities for capital appreciation.

What are the Principal Investment Strategies of the Fund?

To achieve the Fund's investment objective, under normal market conditions, the Fund will attempt to invest up to 100% and, except for temporary investments, will invest at least 80% of the value of its net assets (plus the amount of any borrowings for investment purposes) in Tax-Exempt Obligations, which include tax-exempt bonds and other tax-exempt securities, including tax-exempt notes and tax-exempt municipal leases of the State of Colorado, its political subdivisions, municipalities and public authorities. Under normal circumstances, the Tax-Exempt Obligations that are invested in by the Fund will mostly include tax-exempt bonds (at least 65% of the value of the Fund's total assets). The balance of its total assets will be invested (subject to certain permitted temporary, defensive or money market investments described below) in other Tax-Exempt Obligations of the State of Colorado, its political subdivisions, municipalities and public authorities. The interest on the Tax-Exempt Obligations will be exempt from regular federal income taxes and from Colorado personal income tax. The Fund may invest generally no more than 20% of the investments of the Fund in securities that may subject you to federal alternative minimum tax. The limitation on alternative minimum tax was adopted by the Fund effective April 9, 2004. Such securities trade primarily in the over-the-counter market. See "What Is The Effect Of Income Tax On My Investment?"

The Fund will invest primarily in Tax-Exempt Obligations that are not rated by a Nationally Recognized Statistical Rating Organization, but that the Investment Adviser determines are of equivalent quality to investments rated no less than investment grade (Baa or BBB). The Fund is not restricted in the amount of not rated Tax-Exempt Obligations in which it can invest, and no more than 50% of its investments can be invested in rated Tax-Exempt Obligations. The Fund may also invest in Tax-Exempt Obligations that are rated below investment grade by a Nationally Recognized Statistical Rating Organization, or that are determined to have equivalent quality as determined by the Investment Adviser. It is management's belief that if properly chosen, not rated Tax-Exempt Obligations will, over the long term, generate higher returns to investors than rated Tax-Exempt Obligations even after taking into account the incidence of actual defaults on not rated Tax-Exempt Obligations. Ideally, not rated Tax-Exempt Obligations in a growing economy tend to improve over time as their credit history matures, their tax base broadens, and they achieve additional diversity as well as financial stability. This trend, if it develops, exerts an upward bias on the price of the securities of a given issuer. It should also be noted that such a trend may take a number of years to develop and is subject to the potentially adverse effect of economic and interest rate cycles along the way.

Less than 35% of the Fund's total assets will be invested in Tax-Exempt Obligations that are rated lower than investment grade ("Baa") by Moody's Investors Service, Inc. ("Moody's") or "BBB" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), or that are determined to have equivalent below investment grade quality by the Investment Adviser at the time of purchase. However, this percentage limitation applies only at the time of purchase and the Fund is not required to dispose of a Tax-Exempt Obligation if downgraded by a rating service or, if not rated, the Investment Adviser determines that a Tax-Exempt Obligation is no longer of equivalent quality. See "What Are The Risks Of Investing In Lower-Rated Tax-Exempt Obligations?" of the prospectus. The Tax-Exempt Obligations that are below investment grade may also include securities rated "Ba1" and "BB+" or below, which are sometimes referred to as "junk bonds." Some of the securities in which the Fund invests may have credit and liquidity support features, including guarantees and letters of credit. The Fund is a "diversified" investment company, meaning that no more than 5% of the assets of the Fund will be invested in the obligations of any one issuer.

Obligations which are not rated generally offer higher yields than Tax-Exempt Obligations with equivalent quality that are rated, but also are generally subject to higher risk. The Fund relies on the professional judgment of the Investment Adviser (through the portfolio manager) to make decisions about the Fund's portfolio securities and the Fund's investments, and given that most of the Fund's investments are not rated, the Investment Adviser's judgment, analysis and experience (through the portfolio manager) are more important than they would be if the Fund relied more on rating agencies for evaluating credit quality. The Investment Adviser attempts to manage the higher risk of investing in not rated Tax-Exempt Obligations by analyzing various factors in managing the Fund's portfolio, which may include performing credit analysis, reviewing the current economic trends and developments in the geographic areas affecting the Fund's investments, reviewing general market conditions, comparing pricing of similar investments issued by comparable issuers, reviewing current and anticipated changes in interest rates, evaluating other factors relevant to a particular security being evaluated, and actively managing and diversifying the portfolio among municipal issuers. Securities may be sold when the Investment Adviser believes that they no longer represent relatively attractive investment opportunities.

Generally, the Fund will not buy illiquid securities or Tax-Exempt Obligations for which an active trading market does not exist. Moreover, as a matter of fundamental policy, in no event will the Fund acquire Tax-Exempt Obligations (including not rated Tax-Exempt Obligations) or other illiquid assets for which there is no active trading market if such Tax-Exempt Obligations and illiquid assets, in the aggregate, would comprise 10% or more of the net assets of the Fund. Included in this 10% limitation are restricted or not readily marketable securities and repurchase agreements maturing or terminable in more than seven days. Although there may be no daily bid and ask activity for certain not rated Tax-Exempt Obligations, there is an active secondary market for them, and for this reason the Fund's Investment Adviser considers them to be liquid.

The Fund may, on a temporary basis, invest up to 50% of the value of its net assets in Tax-Exempt Obligations, the interest on which is exempt from regular federal income tax, but not Colorado personal income tax. Such Tax-Exempt Obligations would include those which are set forth under "What are Tax-Exempt Obligations?" and which would otherwise meet the Fund's objectives. This may be done if, in the judgment of the Investment Adviser (through the portfolio manager), sufficient Colorado Tax-Exempt Obligations are not available for purchase, for temporary defensive purposes or to meet the cash needs of the Fund.

The Fund also may invest up to 20% of the value of its net assets in fixed-income securities, the interest on which is subject to federal, state and local income tax. This may be done (a) pending the investment or reinvestment in Tax-Exempt Obligations, (b) in order to avoid the necessity of liquidating portfolio investments to meet redemptions of shares by investors, or (c) where market conditions due to rising interest rates or other adverse factors warrant temporary investing for defensive purposes. For purposes of this paragraph, the term "fixed-income securities" shall include only securities issued or guaranteed by the United States Government (such as bills, notes and bonds), its agencies, instrumentalities or authorities, and certificates of deposit of domestic banks which have capital, surplus and undivided profits of over $1 billion and which are members of the Federal Deposit Insurance Corporation. The Fund may also invest in other taxable securities if, and only if, such investment is necessary to preserve the Fund's lien in a foreclosure or other similar proceeding. In addition to short-term investing in fixed-income securities, it is a fundamental policy of the Fund that it may invest up to 10% of the value of its net assets in the shares of registered investment companies which qualify as money market funds, the distributions from which are exempt from federal income taxation.

The Fund may borrow money from banks for temporary purposes only, and in an amount not to exceed 10% of the value of its total assets. The Fund will not purchase portfolio securities if it has outstanding borrowings in excess of 5% of the value of its total assets. Although the Fund has not currently entered into any reverse repurchase agreements or "roll" transactions, the Fund is not restricted from doing so in the future.

The Fund may, from time to time, own zero coupon bonds or pay-in-kind securities. A zero coupon bond makes no periodic interest payments and the entire obligation becomes due only upon maturity. Pay-in-kind securities make periodic payments in the form of additional securities (as opposed to cash).

The price of zero coupon bonds and pay-in-kind securities are generally more sensitive to fluctuations in interest rates than the price of conventional bonds. Additionally, federal tax law requires that interest on zero coupon bonds and paid-in-kind securities be reported as income to the Fund even though the Fund received no cash interest until the maturity or payment date of such securities.

The Fund may also purchase floating rate and variable rate securities and municipal leases, including participation interests in floating rate securities, variable rate securities and municipal leases, and may purchase securities on a "when-issued" basis. For information about these Tax-Exempt Obligations and their potential effect on your investment, see "What are Tax-Exempt Obligations?"

As described in this section of the prospectus, the Fund may, from time to time, take temporary defensive positions that are inconsistent with the Fund's principal investment strategies in attempting to respond to adverse market, economic, political, or other conditions. For example, as a result of the Fund's belief in 2005-2008 that long-term yields were not sufficiently higher than short-term yields to justify making extremely long-term investments, the Fund had a higher concentration in short-term Tax-Exempt Obligations (many of which were rated rather than not rated) such as variable rate demand obligations described under "Floating Rate and Variable Rate Tax-Exempt Obligations." The effect of taking this and any other temporary defensive position may result in the Fund not completely achieving its investment objectives.

The Investment Adviser's goal is that the Fund will not have a portfolio turnover rate in excess of 20% per year in accordance with the investment objectives of the Fund, although there can be no assurances that the Fund will be able to meet this objective. The Fund is not expected to engage in active and frequent trading of portfolio securities to achieve its principal investment strategies, although the Fund's portfolio turnover rate will vary from year to year depending on market conditions. The Fund pays transaction costs, such as commissions, when it buys and sells its portfolio securities. A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when shares of the Fund are held in a taxable account. These costs, which are not reflected in annual fund operating expenses, affect the Fund's performance.

What are the Principal Risks of Investing in the Fund?

The value of your investment in the Fund changes with the values of the Fund's investments. Many factors can affect those values. The factors that are most likely to have a material effect on the Fund's portfolio as a whole are referred to as principal risks and are described in more detail in this section. The descriptions do not necessarily appear in the order of importance. The Fund may be subject to additional risks other than those described below because the types of investments made by the Fund can change over time. For further details about fund risks, including additional risk factors that are not discussed in this prospectus because they are not considered primary risks, see the Fund's Statement of Additional Information. There is no guarantee that the Fund will be able to achieve its investment objective. It is possible to lose money by investing in the Fund. Your investment in the Fund is not insured or guaranteed by any government agency.

Risks of Investing in Not Rated Tax-Exempt Obligations

The Fund will attempt to maximize income exempt from both federal and Colorado personal income taxes by investing up to 100% of its assets in Tax-Exempt Obligations that are not rated. Obligations which are not rated generally offer higher yields than Tax-Exempt Obligations in the higher ratings categories, but also are generally subject to higher risk. The risks associated with investing in not rated Tax-Exempt Obligations include credit risk, market risk, interest rate risk, prepayment (or call) risk and liquidity risk. Each of these risks is described in more detail in this section. Any one of these risks, or a combination of these risks, could adversely affect the Fund's net asset value, yield and total return. The anticipated higher yield from the not rated obligations may not be sufficient to offset losses caused by these risks.

Credit Risk

Credit risk is the failure of an issuer to make timely interest or principal payments, or a decline or perception of a decline in the credit quality of a Tax-Exempt Obligation, which may cause a Tax-Exempt Obligation's price to fall, potentially lowering the Fund's share price. Tax-Exempt Obligations that are lower-rated (below investment grade) or that are not rated and that are determined to be of equivalent quality, which are sometimes referred to as "junk" bonds, involve greater credit risk, including the risk of default, than Tax-Exempt Obligations that are investment grade or that are not rated and that are determined to be of equivalent quality, and are considered predominantly speculative with respect to the issuer's ability to make principal and interest payments. The prices of Tax-Exempt Obligations that are lower-rated or that are not rated and that are determined to be of equivalent quality can fall dramatically in response to bad news about the issuer or its industry, or the economy in general. Certain sectors of the municipal securities market such as hospitals, airports and mass transit providers may be disproportionately impacted by COVID-19 related cost increases and revenue declines, potentially resulting in heightened credit risk for issuers in these sectors.

Market Risk

The market price of securities owned by the Fund may go up or down, sometimes rapidly or unpredictably. The Fund's portfolio securities may decline in value due to factors affecting an issuer held by the Fund, securities markets generally or particular industries or sectors represented in those markets or events taking place around the globe. The values of securities may decline due to general market conditions that are not specifically related to a particular issuer, such as political or regulatory developments, real or perceived adverse economic conditions, overall market changes, local, regional or global political, social or economic instability, war or acts of terrorism, natural disasters, outbreaks of infectious illnesses or other widespread public health issuers or pandemics such as the spread of the novel coronavirus known as COVID-19, governmental or governmental agency responses to economic conditions, changes in interest rates, adverse changes to credit or bond markets or investor sentiment generally. They may also decline due to factors that disproportionately affect a particular industry, group of related industries or sector, such as labor shortages or increased production costs and competitive conditions within an industry or sector. We are not limited in the amount of Fund assets that can be invested in Tax-Exempt Obligations. A downturn in the municipal debt market would negatively affect your investment.

Recent market disruption events include the pandemic spread of COVID-19, and the significant uncertainty, market volatility, decreased economic and other activity and increased government activity that it has caused. Specifically, COVID-19 has led to significant death and morbidity, and concerns about its further spread have resulted in the closing of schools and non-essential businesses, cancellations, shelter-in-place orders, lower consumer spending in certain sectors, social distancing, bans on large social gatherings and travel, quarantines, government economic stimulus measures, reduced productivity, rapid increases in unemployment, increased demand for and strain on government and medical resources, border closings and global trade and supply chain interruptions, among others. The full effects, duration and costs of the COVID-19 pandemic are impossible to predict, and the circumstances surrounding the COVID-19 pandemic will continue to evolve. The pandemic may affect certain countries, industries, economic sectors, companies and investment products more than others, may exacerbate existing economic, political, or social tensions and may increase the probability of an economic recession or depression. The Fund and its portfolio securities and other investments may be adversely affected by the effects of the COVID-19 pandemic, and a prolonged pandemic may result in the Fund and its service providers experiencing operational difficulties in coordinating a remote workforce and implementing their business continuity plans.

Interest Rate Risk

Interest rate risk is the risk of losses attributable to changes in interest rates. Prices of Tax-Exempt Obligations tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect prices of Tax-Exempt Obligations and, accordingly, the Fund's share price. The longer the effective maturity and duration of the Fund's portfolio, the more the Fund's share price is likely to react to interest rates. Interest rate changes also may increase prepayment risk or call risk. In addition, in response to the COVID-19 pandemic, as with other serious economic disruptions, governmental authorities and regulators are enacting significant fiscal and monetary policy changes, including providing direct capital infusions into companies, creating new monetary programs and lowering interest rates considerably. If these actions are unexpectedly or suddenly reversed or are ineffective in achieving their desired outcomes, the Fund could be adversely affected by periods of heighted volatility and uncertainty.

Prepayment Risk or Call Risk

Some Tax-Exempt Obligations give the issuer the option to call, or redeem, the bonds before their maturity date. If an issuer "calls" its Tax-Exempt Obligations during a time of declining interest rates, the Fund might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates. During periods of market illiquidity or rising interest rates, prices of "callable" or pre-payable issues are subject to increased price fluctuation.

Liquidity Risk

When there is little or no active trading market for specific types of securities, it can become more difficult to sell the securities at or near their perceived value. In such a market, the value of such securities and the Fund's share price may fall dramatically, even during periods of declining interest rates. The secondary market for certain Tax-Exempt Obligations tends to be less well developed or liquid than many other securities markets, which may adversely affect the Fund's ability to sell such Tax-Exempt Obligations at attractive prices. The Fund may incur certain additional costs in disposing of illiquid securities.

The Fund may invest up to 10% of the value of its net assets in securities as to which a liquid trading market does not exist, provided such investments are consistent with the Fund's investment objective. Such securities may include securities that are not readily marketable, such as securities that are subject to legal or contractual restrictions on resale, and repurchase agreements providing for settlement in more than seven days after notice. Other securities invested in by the Fund could become illiquid after purchase. All of these securities would be subject to the risks described above.

Operational and Technology Risk

Cyber-attacks, disruptions or failures that affect the Fund's service providers or counterparties, issuers of the Fund's portfolio securities, or other market participants may adversely affect the Fund, including by causing losses for the Fund or impairing Fund operations. For example, the Fund's or its service providers' assets or sensitive or confidential information may be misappropriated, data may be corrupted and operations may be disrupted (e.g., cyber-attacks, operational failures or broader disruptions may cause the release of private shareholder information or confidential Fund information, interfere with the processing of shareholder transactions, impact the ability to calculate the Fund's net asset value and impede trading). Market events and disruptions also may trigger a volume of buy or sell transactions that overloads current information technology and communication systems and processes due to the spike in transactions, impacting the ability to conduct the Fund's operations.

While the Fund and its service providers have or may establish business continuity and other plans and processes that seek to address the possibility of and fallout from cyber-attacks, disruptions or failures, there are inherent limitations in such plans and systems, including that they do not apply to third parties, such as Fund counterparties, issuers of securities held by the Fund or other market participants, as well as the possibility that certain risks have not been identified or that unknown threats may emerge in the future and there is no assurance that such plans and processes will be effective. Among other situations, disruptions (for example, pandemics or health crises such as COVID-19) that cause prolonged periods of remote work or significant employee absences at the Fund's service providers could impact the ability to conduct the Fund's operations. In addition, the Fund cannot directly control any cybersecurity plans and systems put in place by its service providers, Fund counterparties, issuers of the Fund's portfolio securities or other market participants.

Risks of Investing in Lower-Rated Tax-Exempt Obligations

There are several risks associated with investing in lower-rated obligations. Any one of these risks, or a combination of them, could have an adverse effect on the Fund's net asset value and income. Tax-Exempt Obligations which are rated "Baa" or higher by Moody's or "BBB" or higher by S&P are considered "investment grade" and are regarded as having a capacity to pay interest and repay principal that varies from "extremely strong" to "adequate." The Investment Adviser has deemed many of the issuers of not rated Tax-Exempt Obligations in which the Fund invests to be comparable to issuers having such ratings.

The Tax-Exempt Obligations that are rated lower than "Baa" by Moody's or lower than "BBB" by S&P have speculative characteristics and changes in economic conditions or other circumstances may lead to weakened capacity to make principal and interest payments in comparison to higher-rated bonds. Tax-Exempt Obligations which are rated lower than "Baa" by Moody's or lower than "BBB" by S&P ordinarily provide higher yields but involve greater risks because of reduced creditworthiness and increased risk of default. Tax-Exempt Obligations with these ratings are referred to throughout this prospectus as lower-rated Tax-Exempt Obligations.

Lower-rated Tax-Exempt Obligations generally tend to reflect short-term economic and market developments to a greater extent than higher-rated Tax-Exempt Obligations which react primarily to fluctuations in the general level of interest rates. In addition, since there are fewer investors in lower-rated Tax-Exempt Obligations, it may be harder to sell these Tax-Exempt Obligations at the optimum time. As a result of these factors, lower-rated Tax-Exempt Obligations tend to have more price volatility and carry more risk to principal and income than higher-rated Tax-Exempt Obligations.

An economic downturn may adversely affect the value of some lower-rated Tax-Exempt Obligations. Such a downturn may especially affect highly leveraged issuers or issuers in cyclically sensitive industries, where deterioration in an issuer's cash flow may impair its ability to meet its obligation to pay principal and interest to holders of Tax-Exempt Obligations in a timely fashion. From time to time, as a result of changing conditions, issuers of lower-rated Tax-Exempt Obligations may seek or may be required to restructure the terms and conditions of the securities they have issued. As a result of these restructurings, holders of lower-rated Tax-Exempt Obligations may receive less principal and interest than they had anticipated at the time such Tax-Exempt Obligations were purchased. In the event of a restructuring, the Fund may bear additional legal or administrative expenses in order to maximize recovery from an issuer.

The secondary trading market for lower-rated Tax-Exempt Obligations is generally less liquid than the secondary trading market for higher-rated Tax-Exempt Obligations. On occasion, therefore, it may become difficult to price or dispose of a particular security in the Fund's portfolio.

There is also an increased possibility of redemption earlier than the stated maturity date. Many municipal debt obligations, including many lower-rated Tax-Exempt Obligations, permit the issuers to call the security and thereby redeem their obligations earlier than the stated maturity dates. Issuers are more likely to call Tax-Exempt Obligations during periods of declining interest rates. In these cases, if the Fund owns a Tax-Exempt Obligation which is called, the Fund will receive its return of principal earlier than expected and would likely be required to reinvest the proceeds at lower interest rates, thus reducing income to the Fund.

Risks of Investing in and Special Factors Affecting Issuers of Colorado Tax-Exempt Obligations

Because of limitations contained in the state constitution, the State of Colorado issues no general obligation bonds secured by the full faith and credit of the state. Several agencies and instrumentalities of state government, however, are authorized by statute to issue bonds secured by revenues from specific projects and activities. Additionally, the state is authorized to issue short-term revenue anticipation notes.

According to the 2020 (Fiftieth) Annual Report by the Department of Local Affairs, Division of Property Taxation to the Governor and the General Assembly of the State of Colorado (the "Colorado Annual Report"), there are approximately 4,672 total active units of local government in Colorado. These include counties, home rule cities and counties, statutory cities and towns, school districts, water and sanitation districts, fire protection districts, metropolitan districts, general improvement districts and service districts. These governmental entities all have some constitutional and/or statutory authority to collect taxes, generate revenues and incur indebtedness.

A major revenue source for many of these governmental entities is the ad valorem property tax levied at the local level. Based on the Colorado Annual Report, Colorado entities levied a total of $11,365,565,956 and $11,080,935,496 in tax revenue in tax years 2020 and 2019, respectively. The 2020 assessed valuation of all real and personal property subject to taxation in Colorado was approximately $123,239,681,675, down about 0.42%, from 2019 levels as described in the Colorado Annual Report. According to the Economic and Revenue Forecast (dated December 2021), from the Colorado Legislative Council Staff (the "Revenue Forecast"), the assessed valuation of all real and personal property increased by 4.4% in 2021 from 2020 to approximately $142,279,000,000. According to the Revenue Forecast, the Colorado Legislative Council predicts state general fund revenues will increase by approximately 11.7% during the 2021-2022 fiscal year.

The major risks to a continued economic recovery in Colorado are reduced federal expenditures, cessation of large public works projects in the state, a drop in tourism, and reduced commercial and residential real estate values. Any of these potential events could adversely affect the Colorado economy and local governmental revenues.

Additionally, on November 3, 1992, Colorado voters approved an amendment to the Colorado Constitution which is commonly referred to as the Taxpayer's Bill of Rights (as amended from time to time, "TABOR"). TABOR imposes various limits and new requirements on spending by the State of Colorado and all Colorado local governments (each of which is referred to in this section as a "Governmental Unit"). Any of the following, for example, now requires prior voter approval: (i) any increase in a Governmental Unit's spending from one year to the next in excess of the rate of inflation plus a "growth factor," as defined in TABOR; (ii) any increase in the real property tax revenues of a local Governmental Unit (not including the state) from one year to the next in excess of inflation plus the appropriate "growth factor"; (iii) any new tax, tax rate increase, mill levy increase, valuation for assessment ratio increase for a property class, extension of an expiring tax or a tax policy change directly causing a net tax revenue gain; and (iv) except for refinancing bonded indebtedness at a lower interest rate or adding new employees to existing pension plans, creation of any multiple-fiscal year direct or indirect debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years. TABOR has thus reduced the financial flexibility of all levels of Colorado government.

Moreover, local governments overly dependent on taxes from residential property have experienced diminished revenues. On January 15, 1985 a state constitutional amendment, referred to as the Gallagher Amendment, was enacted. Gallagher required that the residential assessment ratio be adjusted from year to year in order to maintain the commercial property ratio and other classes at 29.0%. As a result, the Gallagher Amendment effectively lowered the residential assessment rate on residential property from 21.0% (at inception in 1987) to the rate of 7.15% through 2020. However, the Gallagher Amendment was repealed effective January 1, 2021 as a result of the passage by the electorate of Colorado Amendment B, known as the Gallagher Amendment Repeal and Property Tax Assessment Rates Measure (2020) in the general election in November 2020. The Colorado legislature passed a companion bill, Senate Bill 20-223, that went into effect simultaneously with the repeal of the Gallagher Amendment, that fixed the residential assessment rate on residential property at 7.15%, for property tax years commencing on or after January 1, 2019, until the next property tax year that the general assembly adjusts the ratio of valuation for assessment for residential real property. As a result of TABOR, the residential assessment rate cannot be increased without voter approval.

There can be no assurance that these, or other events, will not negatively affect the market value of the securities in the Fund or the ability of municipal entities to pay their debt obligations in a timely manner. It is worth noting, however, that the state's electorate passed Referendum C at the general election in November 2005 which (i) allowed the state to keep money that is collected above the TABOR spending limit for a period of five years and to spend such money on certain state projects, and (ii) created, beginning in 2011, a new state spending cap equal to the greatest amount of money collected in any fiscal year between 2006 and 2010, adjusted for inflation and population growth in 2011 and subsequent years.

The passage of TABOR in Colorado and the restrictions imposed by federal law limiting the ability of local governments to finance new projects and refinance outstanding debt have limited the supply of tax-exempt bonds within the state. The desirability of Colorado bonds is directly tied to the strength of the local economy, which continues to outperform most other states in the nation, and the size of state's tax base, which continues to expand due to positive in-migration. Since the outbreak of COVID-19, the values of different real estate sectors in Colorado have diverged — residential and industrial increasing, office trending sideways, and retail declining. Going forward, real estate values will be determined by a number of factors, including but not limited to interest rates, duration of the pandemic, job growth, and supply. Any problems in the real estate economy are important because they may translate into reduced property tax collections and diminished sales & use taxes, service charges and tap fees, which are some of the revenue sources that secure municipal bonds.

Legislative Risks of Investing in Tax-Exempt Obligations

Attention is given occasionally to various income tax proposals which are discussed from time to time in the Congress of the United States. It is not possible at this juncture to determine if or when any income tax proposals may be adopted or what effect the final structure might have on tax-exempt securities. Management's strategy is to attempt to mitigate the effect of any such change by keeping the average maturity relatively short in comparison to its peers and by purchasing new additions to the portfolio at as near to the comparable rate on taxable instruments as the market will permit.

What are Tax-Exempt Obligations?

Tax-Exempt Obligations include tax-exempt bonds and other tax-exempt securities (tax-exempt notes and tax-exempt municipal leases) issued by or on behalf of states, territories and possessions of the United States and the District of Columbia, and their political subdivisions, agencies and instrumentalities, the interest on which is exempt from regular federal income taxes and, in certain instances, applicable state or local income taxes. Such Tax-Exempt Obligations are traded primarily in the over-the-counter market.

Tax-Exempt Bonds

The Fund will invest, as a non-fundamental policy and under normal circumstances, a minimum of 65% of the value of its total assets in "tax-exempt bonds," as described in the following paragraphs. The Fund's Investment Adviser (through the portfolio manager) will seek to invest in those general obligation and revenue bonds which will best achieve the Fund's principal and secondary investment objectives.

A tax-exempt bond is a certificate of indebtedness, extending over a period of more than one year from the time it is issued, evidencing the issuer's promise to pay both principal and interest in the future. The amounts of principal and interest, as well as the time when these amounts are due, are specifically described in the bond instrument.

Tax-exempt bonds are issued to obtain funds for various public purposes, including the construction of a wide range of public facilities such as airports, bridges, highways, tunnels, housing, hospitals, mass transportation, schools, streets, water and sewer works and gas and electric utilities. Tax-exempt bonds also may be issued in connection with the refunding of outstanding obligations, obtaining funds to lend to other public institutions and for general operating expenses of an issuer. Two principal classifications of tax-exempt bonds are "general obligation bonds" and "revenue bonds." General obligation bonds are secured by the issuer's pledge of its full faith, credit and taxing power for the payment of principal and interest. Revenue bonds are payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise tax or other specific revenue source, such as a state's or local government's proportionate share of the tobacco Master Settlement Agreement.

Private Activity Bonds. The Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), includes rules governing tax-exemption for interest paid on certain types of municipal securities known as "private activity bonds" (referred to as "industrial development bonds" under pre-1986 law). The proceeds from private activity bonds are used to finance various non-governmental privately owned and/or operated facilities. Under the Internal Revenue Code, interest on private activity bonds can be excluded from gross income for federal income tax purposes if (a) the financed activities fall into one of seven categories of "qualified private activity bonds," consisting of mortgage bonds, veterans mortgage bonds, small issue bonds, student loan bonds, redevelopment bonds, "exempt facility bonds" and "501(c)(3) bonds," and (b) certain tests are met. The types of facilities that may be financed with exempt facility bonds include airports, docks and wharves, water furnishing facilities, sewage facilities, solid waste disposal facilities, qualified residential rental projects, hazardous waste facilities and high speed intercity rail facilities. The types of facilities that may be financed with 501(c)(3) bonds include hospitals and educational facilities that are owned by 501(c)(3) tax-exempt organizations. The payment of the principal and interest on such qualified private activity bonds is dependent solely on the ability of the facility's user to meet its financial obligations, generally from the revenues derived from the operation of the financed facility, and the pledge, if any, of real and personal property financed by the bond as security for those payments.

Whether a municipal security is a private activity bond (the interest on which is taxable unless it is a qualified private activity bond) depends on whether (a) more than a certain percentage (generally 10%) of (1) the proceeds of the security are used in a trade or business carried on by a non-governmental person; and (2) the payment of principal or interest on the security is directly or indirectly derived from such private use, or is secured by privately used property or payments in respect of such property; or (b) more than the lesser of 5% of the issue or $5 million is used to make or finance loans to non-governmental persons.

Under Internal Revenue Code Section 147(a), certain types of private activity bonds that would otherwise be qualified tax-exempt private activity bonds will not be qualified for any period during which the bond is held by a person who is a "substantial user" of the facilities financed by the bond, or a "related person" of such a substantial user. Generally a "substantial user" is a non-exempt person who regularly uses part of a facility in a trade or business.

Therefore, certain municipal securities could lose their tax-exempt status retroactively if the issuer or user fails to meet certain continuing requirements regarding the use and operation of the bond-financed facilities and the use and expenditure of the proceeds of such securities for the entire period during which the securities are outstanding. The Fund makes no independent investigation into the use of such facilities or the expenditure of such proceeds. If the Fund should hold a bond that loses its tax-exempt status retroactively, there might be an adjustment to the tax-exempt income previously distributed to shareholders.

Tax-exempt interest on certain qualified private activity bonds may nonetheless be treated as a "tax preference" item subject to the alternative minimum tax. If such qualified private activity bonds are held by the Fund, a proportionate share of the exempt-interest dividends paid by the Fund would constitute an item of tax preference to shareholders that are subject to the alternative minimum tax. For a more complete discussion, see "What Is The Effect Of Income Tax On My Investment?"

Limitations on the amount of private activity bonds that each state may issue may reduce the supply of such bonds. The value of the Fund's portfolio could be affected by these limitations if they reduce the availability of such bonds.

Other Tax-Exempt Securities

Although the Fund will invest, as described above, a minimum of 65% of its total assets in tax-exempt bonds, it will also acquire other tax-exempt securities such as tax-exempt notes and tax-exempt municipal leases, described in the following paragraphs.

Tax-Exempt Notes

Tax-exempt notes generally are used to provide for short-term capital needs and generally have maturities of one year or less. Notes issued by the State of Colorado, its municipalities and public authorities are exempt from regular federal income taxes and from Colorado personal income taxes. Tax-exempt notes include:

1. *Project Notes.* Project Notes are backed by an agreement between a local issuing agency and the federal Department of Housing and Urban Development, and are guaranteed by the United States Government. These Notes provide financing for a wide range of financial assistance programs for housing, redevelopment, and related needs (such as low-income housing programs and urban renewal programs). They are primarily obligations of the local public housing agencies or the local urban renewal agencies. Payment by the United States pursuant to its full faith and credit obligation does not impair the tax-exempt character of the income from the Project Notes.

2. *Tax Anticipation Notes.* Tax Anticipation Notes are issued to finance working capital needs of municipalities. Generally, they are issued in anticipation of various seasonal tax revenue, such as income, sales, use and business taxes, and are payable from these specific future taxes.

3. *Revenue Anticipation Notes.* Revenue Anticipation Notes are issued in expectation of receipt of other kinds of revenue, such as federal revenues available under the Federal Revenue Sharing Programs.

4. *Bond Anticipation Notes.* Bond Anticipation Notes are issued to provide interim financing until long-term financing can be arranged. In most cases, the long-term bonds then provide the money for the payment of the Notes.

5. *Construction Loan Notes.* Construction Loan Notes are sold to provide construction financing. Permanent financing, the proceeds of which are applied to the payment of Construction Loan Notes, is sometimes provided by a commitment by the Government National Mortgage Association to purchase the loan, accompanied by a commitment by the Federal Housing Administration to insure mortgage advances thereunder. In other instances, permanent financing is provided by commitments of banks to purchase the loan.

6. *Auction Rate Securities.* Auction rate securities are municipal debt instruments with long-term nominal maturities for which the interest rate is reset at specific shorter frequencies (typically every 7-35 days) through a Dutch auction process. A Dutch auction is a competitive bidding process used to determine rates on each auction date. In a Dutch auction, a broker-dealer submits bids, on behalf of current and prospective investors, to the auction agent. The winning bid rate is the rate at which the auction "clears," meaning the lowest possible interest rate at which all the securities can be sold at par. This "clearing rate" is paid on the entire issue for the upcoming period and includes current holders of the auction rate securities. Investors who bid a minimum rate above the clearing rate receive no securities, while those whose minimum bid rates were at or below the clearing rate receive the clearing rate for the next period. While the auction rate process is designed to permit the holder to sell the auction rate securities in an auction at par value at specified intervals, there is the risk that an auction will fail due to insufficient demand for the securities. Auction rate securities may be subject to changes in interest rates, including decreased interest rates. Failed auctions may impair the liquidity of auction rate securities.

Tax-Exempt Municipal Leases

Tax-exempt municipal leases are most often issued for one to 10 years. They provide municipal authorities with funds to lease various types of property and equipment. The property or equipment serves as collateral for the owner of the lease. Tax-exempt municipal leases are generally self-amortizing through the term of the lease.

A municipal lease is subject to annual appropriation by its issuing municipal authority each year. In other words, while the lease may be for a term exceeding one year, the issuing municipality will only commit to payments on the lease for a one-year period. If the issuing municipality does not appropriate sufficient funds for the following year's lease payments, the lease will go into default with the potential for significant loss of principal and accrued interest to the investor.

In the event of default, the owner of the lease has limited recourse to recover unpaid principal and accrued interest from the issuing municipality. This recourse is limited to possession and the subsequent sale of the leased property. There is no assurance that the proceeds from a sale will be sufficient to pay the total amount of unpaid principal and accrued income due on the lease. If the proceeds are not sufficient to pay the unpaid principal and accrued income, an investor will realize a capital loss.

The secondary trading market for tax-exempt municipal leases is limited. As a result, investment in tax-exempt municipal leases involves special investment risk considerations not associated with general obligation or revenue municipal debt obligations.

Floating Rate and Variable Rate Tax-Exempt Obligations

The Fund may purchase floating rate and variable rate Tax-Exempt Obligations. Often variable rate Tax-Exempt Obligations have a nominal long-term maturity but include a demand feature that allows the Fund to tender the obligation to the issuer or a third party prior to its maturity, often on very short notice (seven days), at a price of par plus accrued interest, which amount may be more or less than the amount the Fund paid for the Tax-Exempt Obligations. Variable rate Tax-Exempt Obligations with the demand features described above are commonly referred to as variable rate demand obligations ("VRDOs"). Investments in VRDOs normally will involve bonds which provide that the rate of interest is set as a specific percentage of a designated base rate, such as LIBOR, rates on Treasury Bonds or Bills, the SIFMA Municipal Swap index or the prime rate at a major commercial bank. VRDOs bear interest on these rates that reset periodically (for example, in short-term mode, daily, weekly or monthly, and in long-term mode, semi-annually, annually or at a fixed rate), whenever there is a change in the designated base interest rate. Generally, the changes in the interest rates on VRDOs reduce the fluctuation in their market value. Frequently VRDOs are secured by letters of credit, guarantee or other credit support arrangements provided by banks or other financial institutions. An irrevocable letter of credit is an unconditional promise by a bank to allow the owner of a participation to draw down on the letter of credit to meet any unpaid principal or interest payments. While the letter of credit gives additional security to an investor, it is backed only by the full faith and credit of the issuing bank and as such is based on the financial soundness of the bank. The letter of credit may lose its effectiveness if the bank becomes insolvent, is closed or restructured or is liquidated pursuant to an order from an appropriate banking authority. The Fund may also invest in participation interests purchased from banks in variable rate Tax-Exempt Obligations (such as private activity bonds) owned by banks.

Other floating rate or variable rate Tax-Exempt Obligations will often also involve bonds which also provide that the rate of interest is set as a specified percentage of a designated base rate, and may be subject to periodic adjustment (although it may be less frequent than VRDOs), and may or may not have the demand features or the liquidity of a letter of credit or other credit support arrangement described above. Floating rate and variable rate Tax-Exempt Obligations with a demand feature that have a stated maturity in excess of one year may have features that permit the holder to recover the principal amount of the underlying Tax-Exempt Obligation at specified intervals not exceeding one year and upon no more than 30 days' notice. The issuer of that type of Tax-Exempt Obligation normally has a corresponding right in its discretion, after a given period and generally after written notice, to prepay the outstanding principal amount of the Tax-Exempt Obligation plus accrued interest.

The Investment Adviser will monitor the pricing, quality and liquidity of the variable rate demand Tax-Exempt Obligations held by the Fund, including the bonds supported by bank letters of credit or guarantees, on the basis of published financial information, reports of rating agencies and other analytical services to which the Investment Adviser may subscribe. Participation interests will be purchased only if, in the opinion of bond counsel for the original issuance of such participation interests, interest income on such interests will be tax-exempt when distributed as dividends to shareholders.

Special Taxing Districts (Land-Secured or "Dirt" Bonds)

The Fund may invest in Tax-Exempt Obligations issued in connection with special taxing districts. Special taxing districts are organized to plan and finance infrastructure development to induce residential, commercial and industrial growth and redevelopment. The bond financing methods such as tax increment finance, tax assessment and special services district bonds, generally are payable solely from taxes or other revenues attributable to the specific projects financed by the bonds without recourse to the credit or taxing power of related or overlapping municipalities. As a result, these bonds are often exposed to real estate development-related risks (such as delays in the completion of projects or the bankruptcy of the developers) and can have more taxpayer concentration risk than general tax-supported bonds, such as general obligation bonds. Further, the fees, special taxes, mill levies or tax allocations and other revenues that are established to secure such financings generally are limited as to the rate or amount that may be levied or assessed and are not subject to increase pursuant to rate covenants or municipal or corporate guarantees. The bonds could therefore default if development failed to progress as anticipated or if larger taxpayers failed to pay the assessments, fees and taxes as provided in the financing plans of the districts. Current economic conditions could increase this risk of default.

When-Issued Securities

The Fund may purchase Tax-Exempt Obligations on a "when-issued" basis, in which case delivery and payment normally take place within 45 days after the date of the commitment to purchase. The payment obligation and the interest rate that will be received on the Tax-Exempt Obligations are each fixed at the time the buyer enters into the commitment. Although the Fund will only purchase Tax-Exempt Obligations on a when-issued basis with the intention of actually acquiring the Tax-Exempt Obligations, the Fund may sell these Tax-Exempt Obligations before the settlement date if it is deemed advisable.

A separate account of the Fund consisting of cash or liquid high-grade debt securities equal to the amount of the when-issued commitments will be established with the Fund's custodian, and marked to market daily, with additional cash or liquid high-grade debt securities added when necessary. When the time comes to pay for when-issued securities, the Fund will meet its obligations from then available cash, sale of securities held in the separate account, sale of other securities or, although it would not normally expect to do so, from the sale of the when-issued securities themselves (which may have a value greater or less than the Fund's payment obligations). Sale of securities to meet such obligations carries with it a greater potential for the realization of capital appreciation, which is not exempt from federal income taxes.

Tax-exempt securities purchased on a when-issued basis and the securities held in the Fund are subject to changes in market value based upon the public's perception of the creditworthiness of the issuer and changes, real or anticipated, in the level of interest rates (which will generally result in similar changes in value, i.e., both experiencing appreciation when interest rates decline and depreciation when interest rates rise). Therefore, to the extent that the Fund remains substantially fully invested at the same time that it has purchased securities on a when-issued basis, there will be a greater possibility that the market value of the Fund's assets will vary. Purchasing a tax-exempt security on a when-issued basis can involve a risk of loss if the value of the Tax-Exempt Obligation or other security to be purchased declines prior to the settlement date, which risk is in addition to the risk of decline in the value of the Fund's other assets. For a further description of the risks associated with "when-issued" securities, see "What Are The Risks Of Investing In Lower-Rated Tax-Exempt Obligations?"

Additional Information About Investment Results

This subsection contains additional information regarding the annual total returns bar chart and the average annual total returns table presented earlier in this Fund Summary section of the prospectus and should be read in conjunction with that information.

The annual total returns bar chart presented earlier in this Fund Summary section of the prospectus shows the Fund's annual total returns for each of the last 10 calendar years. Past performance is not predictive of future performance. The annual total returns in the bar chart do not include the imposition of the sales charge and assumes reinvestment of all dividends and distributions. If sales charges were reflected, the returns would be less than those shown.

The average annual total returns table presented earlier in this Fund Summary section of the prospectus shows how the Fund's average annual total returns (including the imposition of the maximum sales charges and the reinvestment of all dividends and distributions) compare with various broad measures of market results, including the Barclays Index and as a secondary index, the Lipper Index (which is described in more detail in a footnote to the table). The Barclays Index was selected by the Fund as the primary appropriate broad-based securities market index because it is considered representative of the broad market for investment grade, tax-exempt and fixed-rate bonds with long-term maturities (greater than two years) selected from issues larger than $50 million. You cannot invest directly in this index. This index is not professionally managed and does not pay any commissions, expenses or taxes. If this index did pay commissions, expenses or taxes, its returns would be lower. There are some differences between the portfolio of securities invested in by the Fund and the securities represented by the Barclays Index. The Fund invests primarily in not rated Tax-Exempt Obligations on issues of any size, while the Barclays Index only includes securities with a rating of at least "Baa" by Moody's Investor Services, Inc. from an issue size of no less than $50 million. These differences may cause the performance of the Fund to differ from the performance of the Barclays Index. After considering these differences in the portfolio securities of the Fund and those included in the Barclays Index, and reviewing alternative indexes available for comparison purposes and noting that there is no Colorado state-specific broad based securities market index nor any other index focusing primarily on not rated bond investments, the Fund continues to believe that the index is an appropriate index for comparison purposes.

Historical Contrasts

The Fund is specifically designed to choose among the not rated Tax-Exempt Obligations primarily in the State of Colorado and to select those not rated Tax-Exempt Obligations that the Fund believes demonstrate suitable repayment characteristics for investment. As described elsewhere in this prospectus, the Fund may also take temporary defensive positions that are inconsistent with the Fund's principal investment strategies in attempting to respond to adverse market, economic, political, or other conditions. Management believes that the Fund's investments in not rated Tax-Exempt Obligations, together with the Fund's ability to take temporary defensive positions, offer an interesting investment alternative to funds investing primarily in rated Tax-Exempt Obligations.

Although price fluctuations in not rated Tax-Exempt Obligations are generally consistent with the direction of the overall bond market, including rated Tax-Exempt Obligations, they have often reacted to changes in interest rates more slowly and with less volatility than rated Tax-Exempt Obligations. The value of not rated Tax-Exempt Obligations did not decline as much as rated Tax-Exempt Obligations when interest rates rose quickly in 2008, 2010 and 2013. Conversely, in 2009 and 2011, when interest rates fell precipitously, the value of not rated Tax-Exempt Obligations went up, but at a considerably slower pace than rated Tax-Exempt Obligations.

The composition of the Fund's portfolio securities between long-term and short-term investments can greatly affect returns. Since 2005, the Fund has maintained a defensive position due to market turbulence and rapidly changing interest rates, resulting in the Fund holding a higher percentage of short-term, mostly rated Tax-Exempt Obligations than had been the case in prior periods. In 2008, credit spreads on not rated bonds increased significantly due to the global financial crisis, causing the value of the not rated Tax-Exempt Obligations held by the Fund to decline. However, during this period, the Fund outperformed many of its peers due to its defensive positioning, which included elevated levels of short-term, highly rated investments. More recently, the defensive positioning of the Fund has helped it excel, such as during the market sell-off caused by the start of the COVID-19 pandemic.

The Fund invests the bulk of its portfolio in not rated Tax-Exempt Obligations. These securities trade at higher interest rates and wider credit spreads than rated Tax-Exempt Obligations. Although these securities carry more risk than rated Tax-Exempt Obligations, they also offer an opportunity to earn elevated levels of return. Management believes that attractive rates of return can be obtained by performing a rigorous underwriting process, highlighted by assessments on credit and interest rate risk, on the universe of not rated Tax-Exempt Obligations and selecting for investment the securities with the most attractive risk adjusted returns.

Portfolio Holdings

A description of the Fund's policies and procedures with respect to disclosure of the Fund's portfolio securities is available in the Statement of Additional Information of the Fund, which is available on the Fund's website at https://www.coloradobondshares.com.

How Is The Fund Managed?

Officers and Trustees

The Board of the Fund supervises the activities of the Fund, reviews the Fund's service contracts, and hires the companies that run the day-to-day operations of the Fund, such as the administrator, custodian, investment adviser, transfer agent and underwriter. Information about leadership structure and the Board, the trustees and the officers of the Fund can be found in the "How Is The Fund Managed?" section of the Fund's Statement of Additional Information.

Investment Adviser

Freedom Funds Management Company, the Investment Adviser of the Fund, is located at 1200 Seventeenth Street, Suite 850, Denver, Colorado 80202. The Investment Adviser was incorporated on November 7, 1986 and has engaged in no other business, profession, vocation or employment since its incorporation. The Investment Adviser has served as the investment adviser to the Fund since the Fund's inception in 1987. As of September 30, 2021, the Investment Adviser serves as adviser of approximately $1.768 billion in net assets.

The Investment Adviser is responsible for administering the Fund's daily business affairs and managing the investment of assets for the Fund. Pursuant to an advisory agreement between the Fund and the Investment Adviser (the "Advisory Agreement"), the Fund pays the Investment Adviser an annual fee payable monthly of 0.50% of the average daily net assets of the Fund, or an aggregate of 0.50% of the average net assets of the Fund for its fiscal year. In return, the Investment Adviser will attempt to meet the Fund's investment objectives by providing portfolio management and credit analysis services pursuant to the Advisory Agreement and to this prospectus. Under the Advisory Agreement and subject to the control of the Board, the Investment Adviser will manage the investment of the assets of the Fund, including the purchase and sale of portfolio securities consistent with the Fund's investment objectives and policies.

The Advisory Agreement was approved by the Board (including all trustees who are not interested persons) and the shareholders of the Fund in compliance with the Investment Company Act of 1940, as amended (the "1940 Act"). Unless sooner terminated, the Advisory Agreement will continue in effect from year to year with respect to the Fund, so long as its continuance is approved at least annually (1) by a majority of those members of the Board who are not interested persons of the Advisory Agreement, and (2) by the Board or by vote of a majority of the outstanding shares of the Fund. The Advisory Agreement is terminable at any time on 60 days' written notice without penalty by the Board, by vote of a majority of the outstanding shares of the Fund, or by the Investment Adviser. The Advisory Agreement will terminate in the event of its assignment, as defined under the 1940 Act. A discussion regarding the basis for the Board approving the last Advisory Agreement is available in the Fund's 2021 annual report to shareholders on Form N-CSR that was filed with the Securities and Exchange Commission on December 1, 2021.

Portfolio Manager

Fred R. Kelly, Jr., is President, Secretary and Treasurer of the Investment Adviser and is also the Fund's portfolio manager. Mr. Kelly has been the portfolio manager for the Fund since November 1990, and has been primarily responsible for the day-to-day management of the Fund's portfolio. Mr. Kelly is also a registered representative of Colorado Financial Service Corporation. From September 2, 1992 to November 30, 1994, Mr. Kelly also served as Secretary and Treasurer to the Fund. For 10 years preceding his appointment as portfolio manager, Mr. Kelly worked for the investment banking firm of Hanifen, Imhoff Inc. ("Hanifen") and specialized in the area of tax-exempt public finance, serving as financial adviser and investment banker for public entities primarily in the Rocky Mountain region. More recently, Mr. Kelly has been actively involved in the restructuring of financially troubled projects, has acted as a financial consultant and has appeared as an expert witness in the area of tax-exempt finance in Chapter 9 and Chapter 11 bankruptcy cases. Prior to joining Hanifen, Mr. Kelly was employed for six years by the U.S. Treasury Department, Comptroller of the Currency, as a Senior Field Examiner. Mr. Kelly is a past director of the Colorado Municipal Bond Dealers Association. He currently serves as Chairman of the Board of directors for Carbon County Holding Company and RNB State Bank and as a director of Cowboy State Bank. Mr. Kelly pursued his undergraduate study at the University of Wyoming in Laramie, receiving his bachelor's degree in Accounting with emphasis in Finance. Subsequently, he attended Northwestern University in Evanston, Illinois, where he completed his postgraduate work in banking while working full time.

The Fund's Statement of Additional Information provides additional information about the portfolio manager's compensation, other accounts managed by the portfolio manager and ownership of shares of the Fund.

In June 2020, the Investment Advisor hired Peter Bridgman as an assistant portfolio manager of the Fund. Mr. Bridgman focuses on underwriting new investments and managing existing investments. Previously, for nine years, Mr. Bridgman worked as a portfolio manager for Hazelview Investments, a real estate investment manager with three platforms – private equity, private debt, and public securities. At Hazelview, he focused on researching and devising investment ideas related to REITs listed in the US, Canada, Hong Kong, and Singapore as well as managing portfolios of REITs listed in the developed markets of the world and of REIT preferred stock listed in the US. Additionally, he worked on sourcing, underwriting, structuring, and managing private equity and debt transactions as well as oversaw various funds that held both private and public real estate investments. Before Hazelview, for six years, Mr. Bridgman worked as a research associate at Woodbourne Investment Management LLC, a hedge-fund management firm specializing in REITs and real estate related securities. At Woodbourne, his focus included researching, modeling, and devising investment ideas related to US REITs in the office, residential, student housing, and manufactured home sectors and to REITs listed in Singapore, Hong Kong, and Canada. Additionally, he focused on underwriting investments in and managing a portfolio of REIT preferred stock listed in the United States. Mr. Bridgman completed an undergraduate degree in Finance at Boston College and a graduate degree in Real Estate Development at Columbia University. He is also a CFA charterholder.

Legal Proceedings

Century at Landmark, LLC v. Marin Metropolitan District, Colorado Bondshares, and UMB Bank, N.A.; Marin Metropolitan District

The Fund is the beneficial owner of bonds issued in 2008 (the "Bonds") by Marin Metropolitan District (the "District") as described more fully in the Fund's 2021 shareholder report on Form N-CSR filed with the Securities and Exchange Commission on December 1, 2021. The Bonds were issued in 2008 pursuant to a trust indenture between the District, as issuer and UMB Bank, N.A. ("UMB"), as trustee (the "Trust Indenture"). The original principal amount of Bonds was $30,485,000. The current principal amount of the Bonds is $17,485,000. The valuation of these Bonds as of September 30, 2021 was set forth in the schedule of investments included in the Fund's above referenced 2021 shareholder report.

On June 4, 2021 Century at Landmark, LLC ("Century"), which owns one of two parcels of taxable property within the District, filed a Complaint for Declaratory and Injunctive Relief in Arapahoe County District Court (the "Court") against the Fund, UMB, and the District, Case No. 2021CV30989 (the "Century Claim") asserting declaratory judgment causes of action seeking declarations that (1) the Century property cannot be taxed by the District for the Bonds because the District tax has been deemed an unconstitutional "special assessment," (2) the Century property cannot be taxed for the Bonds even if the District's tax is deemed a tax and not a special assessment, (3) the Fund lacks a legally enforceable contract right to compel the District to impose a mill levy on the District's property on the grounds that the Trust Indenture and related documents would violate the Colorado Uniform Taxation Clause and the Due Process Clause of the United States Constitution, and (4) the Bonds are not legally enforceable debt obligations as they materially deviated from the Service Plan under Title 32, the Trust Indenture has become impossible to perform and its essential purpose has become frustrated, and because the Trust Indenture was the subject of fraud. On September 24, 2021 the Court dismissed this action without prejudice for lack of subject matter jurisdiction because the claims were not ripe.

Separately, on or about August 23, 2021, the City of Greenwood Village, Colorado (the "City") filed a Petition for Exclusion with the Court to exclude the other parcel of taxable property within the District – the Landmark Towers property that was the subject of *Landmark Towers Ass'n* v. *UMB Bank, et al.* (District Court, Arapahoe County Case No. 2011CV1076) (described in the Fund's 2020 shareholder report (and earlier reports of the Fund)). In response to the City's filing, the Court issued an Order of Exclusion dated January 3, 2022 that, pursuant to Section 32-1-502 of the Colorado Revied Statutes ("C.R.S."), excluded the Landmark Towers property (such property as more fully and specifically described therein, the "Landmark Towers") without an election under Section 32-1-502(7)(a) of the C.R.S. (collectively, the "Exclusion Order"). In the proceedings leading up to the Exclusion Order, Century filed a "Motion for Findings Prior to Exclusion" with the Court, in which Century argued that it did not oppose the exclusion of the Landmark Towers from the District "so long as the exclusion process resolves the District's outstanding debt, as required by law, and finds that no property owner in the District, including Century, has responsibility for the District's debt." The District's outstanding debt consists of the Bonds. On November 22, 2021, the Court denied this Motion by Century on the grounds that the Colorado exclusion statutes do not provide any basis for the relief requested by Century. After Century renewed this Motion at an evidentiary hearing on December 27, 2021, in an Order dated December 27, 2021 (the "December 2021 Order"), the Court held that it "declines to enter prospective orders regarding Century's request for the renewal of its Motion for Findings Prior to Exclusion." Further, in the December 2021 Order, the Court held that "[t]hese proceedings are governed under C.R.S. section 32-1-502," which "does not require an order in the form of relief requested by Century."

In light of the dismissal of the Century Claim and the December 2021 Order, the Fund has not taken any further action. However, the Fund intends to continue to vigorously defend its position with respect to this matter. It is impossible to determine the direction, cost, duration or ultimate outcome of these matters.

How Can I Invest In The Fund?

Shares of the Fund are being continuously offered through securities dealers who are members of the Financial Industry Regulatory Authority ("FINRA") and who have a dealer agreement with the underwriter, Colorado Financial Service Corporation ("Colorado Financial Service Corporation" or the "Underwriter"). Broker-dealers may be classified as statutory underwriters under Section 2(11) of the Securities Act of 1933, as amended. Purchase orders for shares of the Fund may be submitted directly to the Fund, or to your broker (if your broker has a dealer agreement with the Underwriter), who will submit them to the Fund's transfer agent, for purposes of processing purchases and redemptions of shares of the Fund. Brokers cannot accept purchase orders on behalf of the Fund, but are contractually obligated in their agreement with the Underwriter to promptly transmit purchase orders received by them to the transfer agent. Note that dealers may have their own rules about share transactions and may have earlier cut-off times or different restrictions that may be in addition to, or different from those applicable to investors purchasing shares directly from the Fund. For more information about how to purchase through your intermediary, contact your broker directly.

Shares of the Fund are purchased at the offering price based on the net asset value next determined after receipt by the Fund or the transfer agent of the purchase order that contains all information and legal documentation necessary to process the transaction and the purchase price (which includes any applicable sales charges). Any purchase order received by the Fund or the Fund's transfer agent before 2:00 p.m. Mountain Standard Time will receive that day's share price, which is the net asset value at the close of business of the New York Stock Exchange ("NYSE") that day. Orders received after 2:00 p.m. will be priced based on the net asset value at the close of business of the NYSE the next day on which the NYSE is open. The Fund is open for business each day on which the NYSE is open.

Shares of the Fund are only offered and sold in certain states. This prospectus is not an offer to sell securities and is not soliciting an offer to buy shares of the Fund in any state where the offer or sale is not permitted. You can contact your broker or the Fund (at the address below) to find the current list of states in which we offer or sell shares of the Fund. Additional information is also included on the account application form.

If you are in a state that we are permitted to sell shares of the Fund, you can open an account for $500 or more by delivering a check made payable to "Colorado BondShares — A Tax-Exempt Fund," and a completed account application form provided to you by the Fund upon request, either to your broker or to the Fund at 1200 Seventeenth Street, Suite 850, Denver, Colorado 80202. The Fund's telephone numbers, including toll-free numbers, are set forth on the back cover of this prospectus.

You may be charged a fee by your broker or other financial institutional if you use a broker or that financial institutional to buy or redeem shares of the Fund. For example, if you participate in a "wrap account" or similar program under which you pay advisory or management fees to a broker-dealer or other financial institution for managing your account, you must set up a separate brokerage account without these fees in order to invest in the Fund through that broker or financial institution.

You may make additional purchases at any time by delivering a check either to your broker or to the Fund at the address stated above. There is no minimum purchase amount required for these subsequent investments.

Instructions for redemptions and other transactions in accounts and requests for information about an account should go to the above stated address.

Any share purchases will be made through the Fund from the investment dealer designated by you. You may change your dealer at any time upon written notice to the Fund or the transfer agent, provided that the new dealer has a dealer agreement with the Underwriter.

Federal anti-money laundering laws and regulations require the Fund to obtain certain information about you in order to open an account. You must provide the Fund with the name, physical address, social security or other taxpayer identification number, date of birth and phone number of all owners of the account. A post office box cannot be used as the physical address on the account. The Fund will use this information to verify your identity using various methods. In the event that your identity cannot be sufficiently verified, the Fund may employ additional verification methods or refuse to open your account. The information gathered also will be verified when you change the principal physical address on your account. Under certain circumstances, it may be appropriate for the Fund to close or suspend further activity in an account. The personal information gathered about you will be protected in accordance with the Fund's privacy policy described in the section of this prospectus entitled "Privacy Policy Of The Fund."

What Do Shares Cost?

The price you pay for shares of the Fund is the public offering price, which is the sum of the next determined net asset value of the shares and a sales charge. The sales charge is a one-time charge paid at the time of purchase of shares, most of which ordinarily goes to your broker-dealer to compensate for the services provided by the broker-dealer to you. If you do not have a broker-dealer, Colorado Financial Service Corporation, the principal underwriter and distributor of the Fund's shares, will serve as your broker-dealer with respect to sales of shares of Fund.

Colorado Financial Service Corporation may offer cash or non-cash incentives to dealers in addition to sales charges in order to promote the sale of shares of the Fund. Any such cash or non-cash incentives will be in compliance with all applicable rules and regulations of FINRA.

How Is Net Asset Value Per Share Determined?

The net asset value per share of the Fund is determined as of the close of business of the NYSE for each day the NYSE is open. Net asset value is determined by dividing the value of the net assets of the Fund (total assets less liabilities) by the number of shares outstanding. The value of total assets is primarily the sum of the market values of the bonds, other investments and cash in the portfolio.

The values of most of the Fund's portfolio securities are determined at their market price using prices provided on a daily basis by a national independent pricing service, which pricing service is approved by the Board. However, the determination of market values for municipal bonds, particularly not rated municipal bonds, can be a very subjective process due to the infrequency at which individual bonds actually trade and the limited amount of information that is available with respect to many municipal issuers. Therefore, in cases where a market price is not available from the pricing service, or where the Investment Adviser, based on policies and procedures adopted by the Board and subject to the Board's supervision, determines that the "market price" so determined is not reflective of the true "fair value" or realizable value of these securities, the portfolio securities are valued at "fair value" as determined in good faith by the Investment Adviser in accordance with the policies and procedures adopted by the Board and subject to the supervision of the Board. In either event, municipal bonds and other securities are valued by taking into consideration yield, stability, risk, quality, coupon, maturity, type of issue, quotes from municipal bond dealers, market transactions and other relevant information. The Fund records amortization of premiums and accretion of original discounts on zero coupon bonds, using the effective yield method, in accordance with federal income tax law and U.S. generally accepted accounting principles (GAAP). Short-term holdings are valued at current market quotations or amortized cost, whichever the Investment Adviser believes best approximates "fair value." In these cases, net asset value will reflect the affected portfolio securities' value as determined in the judgment of the Investment Adviser (subject to the policies and procedures established by the Board) instead of being determined by the market. Using a "fair value" pricing methodology to price the portfolio securities may result in a value that is different from a security's most recent sale price and from the prices used by other investment companies to calculate their net asset values. There can be no assurance that the valuation of a portfolio security as described above will be accurate, nor that the valuation will not differ from the amount that the Fund realizes upon the sale of such security.

How Are Sales Charges Determined?

Sales charges for the Fund's shares are determined on the basis of the amount of shares purchased, in accordance with the following schedule:

AMOUNT OF PURCHASE	SALES CHARGE	% OF NET AMOUNT INVESTED	DEALER CONCESSION AS % OF OFFERING PRICE
Less than $100,000	4.75%	4.99%	4.35%
$100,000 up to $249,999 . .	3.50	3.63	3.00
$250,000 up to $499,999 . .	2.50	2.56	2.00
$500,000 up to $999,999 . .	2.00	2.04	1.50
$1,000,000 up to $3,999,999	1.00	1.01	0.90
$4,000,000 or more	0.20	0.20	0.15

Reductions in Sales Charges

Volume discounts are provided if the total amount being invested in shares of the Fund reaches the levels indicated in the above sales charge schedule. There are no sales charges for the reinvestment of dividends or other distributions.

In order to obtain a volume discount, you may be required to inform the Fund or your financial intermediary of other accounts in which you have holdings eligible to be aggregated to qualify for volume discounts at the time of purchase. You may be required to provide the Fund or your financial intermediary with certain records including account statements in order to verify your eligibility for volume discounts. Confirmation of the order is subject to such verification.

Rights of accumulation allow the Fund's shares to be purchased at the rate applicable in the discount schedule after adding the value of shares currently owned by the investor, at the current public offering price, to the amount of the shares of the Fund being purchased.

A letter of intent allows you to purchase shares of the Fund over a 13-month period at reduced sales charges based on the total amount of dollars that you state in the letter that you intend to purchase. While the letter of intent is not a binding obligation on you, if you do not purchase the full amount of shares within 13 months, the fund will redeem shares from your account in an amount equal to the higher initial sales charge you would have paid in the absence of the letter of intent. For more information concerning the terms of the letter of intent, see the account application form provided to you by the Fund or your financial intermediary upon request.

The Fund has a net asset value transfer privilege, which allows investors to purchase shares of the Fund at net asset value (no load). The following provisions must be met in order to qualify for the net asset value transfer privilege: (a) proceeds for the purchase of shares of the Fund must be from an unrelated mutual fund; (b) a sales charge must have been paid on the unrelated mutual fund shares; (c) the purchase of shares of the Fund must take place within 60 days of the redemption; and (d) a confirmation of the redemption from the unrelated mutual fund must accompany the purchase of shares of the Fund.

For any such discounts, the purchaser or its broker-dealer must provide the Fund with sufficient information to permit verification that the purchase order qualifies for the discount privilege. Confirmation of the order is subject to such verification.

Shares may be issued without a sales charge in connection with the acquisition of cash and securities owned by other investment companies and personal holding companies.

Reductions in sales charges apply to purchases by a "single person," including an individual, members of a family unit comprising husband, wife and minor children purchasing shares of the Fund for their own account, or a trustee or other fiduciary purchasing for a single fiduciary account or single trust estate.

In addition to the discounts described above, shares of the Fund may be sold at net asset value to (a) present and retired trustees, officers, directors, employees (and their respective spouses and minor children) of the Fund, the Investment Adviser and its affiliates, the Underwriter, Hanifen, Imhoff Holdings Inc. and its affiliates as constituted on November 17, 1994 and other FINRA registered representatives; (b) employee benefit plans for such persons (and to any investment advisory, custodial, trust or other fiduciary account managed or advised by the Investment Adviser or any affiliate); and (c) shareholders of unrelated mutual funds that charge a sales load to the extent that the purchase price of shares of the Fund is funded by the proceeds from the redemption (within 60 days prior to the purchase of shares of the Fund) of shares of such unrelated mutual fund(s).

For more information regarding sales charges and purchases of shares please call the Fund at (303) 572-6990, or outside of Denver, (800) 572-0069. The Fund makes available, free of charge, such information in both the prospectus and the Statement of Additional Information of the Fund, which are available by calling the numbers above, or in the Fund's prospectus and Statement of Additional Information that are available free of charge on the Fund's website at https://www.coloradobondshares.com.

How Can I "Sell" My Shares?

The Fund will redeem shares at their next determined net asset value based on the procedures described below.

Shares may be redeemed without charge at any time upon written request to the transfer agent or the Fund, containing the signature(s) of the shareholder(s), which must be guaranteed by a member firm of a principal stock exchange or a commercial bank or trust company. Such member firm must be a participant in good standing in a Securities Transfer Association-recognized signature guarantee program. The transfer agent or the Fund may request further documentation from corporations, executors, administrators, trustees or custodians. When the proceeds of a redemption are to be paid to someone other than a shareholder, the shareholder's signature(s) must be guaranteed on the redemption request as described above. A shareholder will receive the net asset value per share next determined after receipt of the shareholder's request in good order. Any orders received by the Fund or the transfer agent from you directly or from your broker, as the case may be, before 2:00 p.m. Mountain Standard Time will receive that day's share price, which is the net asset value at the close of business of the NYSE that day. Orders received after 2:00 p.m. will be priced based on the net asset value at the close of business of the NYSE the next day that the NYSE is open.

Shares may also be redeemed by calling the Fund directly at (303) 572-6990, or outside of Denver, (800) 572-0069. To reduce the shareholder's risk of attempted fraudulent use of the telephone redemption procedure, proceeds will be mailed as registered on the account or will be wired to the bank account designated on the account application form provided to you by the Fund upon request.

Once you have redeemed your shares, a check for the proceeds will be mailed to you within seven calendar days after your redemption request is received in proper form. Proceeds for redemptions by wire transfer (if the shareholder has completed the necessary wiring instruction forms) will typically be wired to the designated bank account the following business day. Proceeds for redemptions by check will typically be mailed as registered on the account the following business day. The proceeds, of course, may be more or less than your cost.

Redemptions of shares of the Fund are made in cash. Typically, the Fund has adequate cash or cash equivalents on hand to meet redemption requests and regularly uses such amounts for redemptions. Under unusual circumstances (such as stressed market conditions), the Fund may borrow funds on a short-term basis, which it has previously done on an infrequent basis from United Missouri Bank (UMB), N.A., the Fund's custodian, or the Fund may sell portfolio assets to meet redemption requests.

Tax Basis Reporting

If you sell or otherwise dispose of any of your shares of the Fund, you will generally recognize a gain or loss in an amount equal to the difference between your tax basis in such shares of the Fund and the amount you receive upon disposition of such shares. The Fund must report to the Internal Revenue Service ("IRS") and furnish to Fund shareholders annually on Form 1099-B the cost basis for Fund shares purchased or acquired on or after January 1, 2012 where the cost basis of the shares is known by the Fund and which are disposed of after that date. Cost basis reporting is not required for certain shareholders, including shareholders investing in the Fund through a tax-advantaged retirement account, such as a 401(k) plan or an individual retirement account. When required to report cost basis, the Fund will calculate it using the Fund's default method of average cost, unless you instruct the Fund in writing to use a different calculation method. In general, average cost is the total cost basis of all your shares in an account divided by the total number of shares in the account. To determine whether short-term or long-term capital gains taxes apply, the IRS presumes you redeem your oldest shares first. The IRS permits the use of several methods to determine the cost basis of mutual fund shares. The method used will determine which specific shares are deemed to be sold when there are multiple purchases on different dates at differing share prices, and the entire position is not sold at one time. The Fund does not recommend any particular method of determining cost basis, and the use of other methods may result in more favorable tax consequences for some shareholders. It is important that you consult with your tax advisor to determine which method is best for you and then notify the Fund in writing if you intend to utilize a method other than average cost for covered shares. In addition to the Fund's default method of average cost, other cost basis methods offered by the Fund, which you may elect to apply to covered shares, include the following:

- First-In, First-Out — shares acquired first in the account are the first shares to be redeemed.
- Last-In, First-Out — shares acquired last in the account are the first shares to be redeemed.
- High Cost, First-Out — shares acquired with the highest cost per share are the first shares to be redeemed.
- Low Cost, First-Out — shares acquired with the lowest cost per share are the first shares to be redeemed.
- Loss/Gain Utilization — shares with losses will be redeemed before shares with a gain. For lots that yield a loss, short-term lots will be redeemed ahead of long-term lots. For gains, long-term lots will be redeemed ahead of short-term lots.
- Specific Lot Identification — shareholder selects which specific shares to redeem when placing a redemption request. A secondary accounting method must also be selected and will be activated only if the lots chosen are no longer available. If a secondary method is not selected, First-In, First-Out will be used.

You may elect any of the available methods detailed above for your covered shares. If you do not notify the Fund of your elected cost basis method upon the later of January 1, 2012 or the initial purchase into your account, the default method of average cost will be applied to your covered shares. The cost basis for covered shares will be calculated separately from any "non-covered shares" you may own. You may revoke your election from average cost to another cost basis method for covered shares at any time by notifying the Fund, but such change will apply only for covered shares that either have not been subject to a redemption or are acquired after the date of the change. The basis of the shares that were averaged before the change will remain averaged after the date of the change.

The Fund may also provide Fund shareholders (but not the IRS) with information concerning the average cost basis of their shares purchased prior to January 1, 2012 or shares acquired on or after January 1, 2012 for which cost basis information is not known by the Fund ("non-covered shares") in order to assist you with the calculation of gain or loss from a sale or redemption of non-covered shares. With the exception of the specific lot identification method, the Fund first depletes non-covered shares in first in, first out order before applying your elected method to your remaining covered shares. If you want to deplete your shares in a different order then you must elect specific lot identification and choose the lots you wish to deplete first. Shareholders that use the average cost method for non-covered shares must make the election to use the average cost method for these shares on their federal income tax returns in accordance with Treasury regulations. This election for non-covered shares cannot be made by notifying the Fund.

The Fund will compute and report the cost basis of your Fund shares sold or exchanged by taking into account all of the applicable adjustments to cost basis and holding periods as required by the Code and Treasury regulations for purposes of reporting these amounts to you and, in the case of covered shares, to the IRS. However the Fund is not required to, and in many cases the Fund does not possess the information to, take all possible basis, holding period or other adjustments into account in reporting cost basis information to you. Therefore shareholders should carefully review the cost basis information provided by the Fund, whether this information is provided pursuant to compliance with cost basis reporting requirements for shares acquired on or after January 1, 2012, or is provided by the Fund as a service to shareholders for shares acquired prior to that date, and make any additional basis, holding period or other adjustments that are required by the Code and Treasury regulations when reporting these amounts on their federal income tax returns. Shareholders remain solely responsible for complying with all federal income tax laws when filing their federal income tax returns.

If you hold your Fund shares through a broker (or other nominee), please contact that broker (nominee) with respect to the reporting of cost basis and available elections for your account. For more information about the cost basis methods offered by the Fund, please call the Investment Adviser or the Fund using the contact information on the back cover of the prospectus.

Frequent Trading in Fund Shares

Frequent purchases and redemptions of shares of the Fund by Fund shareholders are referred to as "market-timing" or "short-term trading" and may present risks for other shareholders of the Fund, which may include, among other things, dilution in the value of shares of the Fund held by long-term shareholders, interference with the efficient management of the Fund's portfolio, increased brokerage and administrative costs, incurring unwanted taxable gains, and forcing the Fund to hold excess levels of cash.

The Fund's investment objectives and policies do not lend themselves to excessive trading in accounts. Therefore, the Fund's Board has not adopted specific policies regarding frequent purchases and redemptions of shares of the Fund. Several of the Fund's characteristics including, but not limited to, sales charges incurred upon purchase of shares of the Fund and the limitation to a one-time only waiver of this sales charge for reinstatement of an investment as described in the "How Can I Reinstate My Investment?" section of the prospectus are believed to help to discourage abusive practices with respect to "market-timing" or "short-term trading." In addition, the Fund employs various internal filters that permit the Fund to monitor trading practices with respect to shares of the Fund. These practices are intended to provide protective measures for all shareholders while maintaining flexibility in managing their investment. Historically, the Fund has not experienced any abnormal trading activity indicating market timing or excessive trading.

With respect to trades that occur through financial intermediaries, the Fund recognizes that occasionally trades can be processed through omnibus accounts. Omnibus accounts generally do not identify customers' trading activity to the Fund on an individual basis. This limits the extent to which the Fund is able to monitor short-term trading. In the event that such accounts may exist, the Fund must rely on the financial intermediaries such as investment managers, broker-dealers, transfer agents and third-party administrators to monitor frequent short-term trading within the Fund by the financial intermediary's customers. The Fund or the Underwriter has a written agreement with the financial intermediaries who sell or hold shares of the Fund to provide information and cooperation so that the Fund may monitor short-term trading practices. There can be no assurance that the Fund will be able to eliminate all market-timing activities.

The Fund reserves the right to reject any purchase order for any reason. Some of the reasons for rejection of a purchase order may include market timing or excessive trading activities or purchaser ineligibility (a purchaser lives in a state where we are not authorized to sell shares of the Fund, or purchases that we have determined can cause actual or potential harm to the Fund). Any such rejection of a purchase order in good order will generally be made promptly after discovery of the need for such rejection by the Fund or its transfer agent, and the transfer agent will promptly notify the potential investor or, for purchaser orders made through a broker, will notify the broker to communicate to the potential investor. Notwithstanding the above, the Fund may take any action within the discretion of the Board or the Investment Adviser to prevent "market-timing" or "short-term trading" transactions in the Fund.

How Can I Reinstate My Investment?

If you redeem shares and then decide you should not have redeemed them, you may, within 30 calendar days of the date of redemption, use all or any part of the proceeds of the redemption to reinstate, free of sales charge, all or any part of your investment in shares of the Fund. Your investment will be reinstated at the net asset value per share established at the close of the NYSE on the day your request is accepted. You may use this privilege to reinstate an investment in the Fund only once.

Exercise of the reinstatement privilege does not alter the federal income tax status of any gain realized on a sale of shares of the Fund, but to the extent that any shares are sold at a loss and the proceeds are reinvested in shares of the Fund, some or all of the loss will not be allowed as a deduction, depending upon the percentage of the proceeds reinvested.

What Distributions Will I Receive?

The Fund declares dividends of net investment income daily. Dividends are paid to shareholders on the 15th day of each month. If the 15th day of a month falls on a weekend, holiday or other day on which the NYSE is closed, the dividend will be distributed on the next succeeding business day. Payments vary in amount depending on income received from portfolio securities, expenses of operation and the number of days in the dividend period. Dividends are reinvested at the net asset value price.

Shares will begin earning dividends on the day after which the Fund receives payment and shares are issued. Shares continue to earn dividends through the date they are redeemed or delivered subsequent to reinstatement.

You also may elect to have your dividends paid to another person. If you desire to do so, please complete the Alternate Party Payment option on the account application form provided to you by the Fund upon request. A Medallion Signature Guarantee is required when you elect an alternate party payee.

The Fund will generally distribute sufficient net income to avoid the application of the 4% excise tax imposed pursuant to the Internal Revenue Code of 1986, as amended (the “Code”).

What Is The Effect Of Income Tax On My Investment?

The discussion of U.S. Federal tax issues in this prospectus is not intended or written to be relied upon by any shareholder for the purposes of avoiding penalties that may be imposed on such shareholder under the Internal Revenue Code. Shareholders should seek advice based on their particular circumstances from an independent tax advisor.

Federal Income Taxes

The following is a general discussion of certain U.S. federal income tax considerations generally affecting shareholders and does not purport to discuss all U.S. federal income tax consequences that may be applicable to the individual circumstances of a particular shareholder (for example, insurance companies, tax exempt entities, foreign shareholders and Subchapter S corporations), some of which may be subject to special treatment under the Code. Further, the authorities on which this discussion is based are subject to change or differing interpretations, which could apply retroactively. No assurance can be given that the Internal Revenue Service would not assert a position contrary to any of the tax aspects described below. The discussion set forth herein does not constitute tax advice and is not intended to be a detailed explanation of the federal, state, local or foreign tax treatment of shareholders, and shareholders should consult their tax advisors about the application of federal, state, local and non U.S. tax laws in light of their particular situation.

The Fund intends to qualify as a “regulated investment company” under Subchapter M of the Code, and intends to take all other action required to ensure that no federal income taxes will be payable by the Fund. If for any taxable year the Fund fails to qualify as a regulated investment company or fails to meet the other requirements of Subchapter M of the Code, such as the distribution test described below, its taxable income would be subject to tax at regular corporate tax rates without any deduction for dividends paid to shareholders, and the dividends would generally be taxable to shareholders as ordinary dividend income to the extent of Fund’s current and accumulated earnings and profits.

In order to qualify as a regulated investment company, the Fund intends to distribute at least 90% of the sum of its investment company taxable income (generally, net investment income, including net short-term capital gain) and any net tax-exempt income for such taxable year, and intends to comply with other tests applicable to regulated investment companies under the Code. Among these requirements are the following: (i) the Fund must derive at least 90% of its gross income from dividends, interest, certain payments with respect to securities loans, and gains from the sale or other disposition of stock, securities or other income derived from its business of investment in such stock or securities and net income derived from qualified publicly traded partnerships; (ii) as of the close of each quarter of each taxable year of the Fund, at least 50% of the value of the total assets of the Fund must be invested in cash, cash related items, government securities, securities of other regulated investment companies and other securities, provided that such other securities of any one issuer will be taken into account only to the extent that: (A) 5% or less of the total value of the assets of the Fund must be invested in such other securities; and (B) the Fund owns less than 10% of the outstanding voting securities of such issuer; and (iii) as of the close of each quarter of each taxable year of the Fund, no more than 25% of the value of the total assets of the Fund may be invested in the securities of any one issuer (other than government securities or the securities of other regulated investment companies), the securities of two or more related issuers or the securities of one or more qualified publicly traded partnerships.

The Code contains savings provisions allowing the Fund to cure diversification requirement failures due to reasonable cause in any taxable quarter. However, should such failure occur (other than a de minimis asset test failure) and the Fund relies on the cure provision, the Fund would be subject to a tax equal to or greater than $50,000.00.

The Code contains savings provisions allowing the Fund to cure qualifying income requirement failures due to reasonable cause in any taxable year. However, should such failure occur and the Fund relies on the cure provision, the Fund would be subject to a specially computed tax equal to the excess of the Fund's gross non-qualifying income over one-ninth of the Fund's gross qualifying income.

The Fund may pay "exempt-interest dividends" to its shareholders. In order to pay exempt-interest dividends, at least 50% of the value of the Fund's total assets must consist of obligations exempt from regular federal income tax pursuant to Section 103(a) of the Code.

Net interest income on obligations exempt from federal income tax, when distributed to shareholders and designated by the Fund as exempt-interest dividends, will be exempt from regular federal income tax in the hands of the shareholders, but, in certain situations, may be subject to alternative minimum tax imposed by Section 55 of the Code. Short-term capital gains are taxable to shareholders as ordinary income, whether received in cash or reinvested. Long-term capital gain distributions to shareholders will be treated as taxable long-term capital gain, whether received in shares of the Fund or in cash, regardless of how long a shareholder has held shares. It is not likely that the Fund will retain undistributed capital gains; however, in such an event, a shareholder must include in income, as long-term capital gain, the shareholder's share of undistributed long-term capital gain designated by the Fund. Under such circumstances, the shareholder may claim a refundable credit against the tax for the shareholder's proportionate share of any capital gain tax paid by the Fund.

The amount of any "market discount" (generally the amount by which the cost is less than the face amount of the bond) is taxed as ordinary income. This means that most "capital appreciation" on these bonds will now be distributed to, and taxed to, the shareholders as ordinary interest income (rather than as capital gains) no later than the tax year in which such income is taken into account on an applicable financial statement.

Under Section 55 of the Code, the alternative minimum tax applies to shareholders, including corporations for tax years beginning prior to December 2017 (for corporations and tax years beginning after December 31, 2017, see the discussion of base erosion and anti-abuse tax below) and increases a shareholder's tax liability only to the extent it exceeds the shareholder's regular income tax (less certain credits) for the year. The alternative minimum tax is equal to 26% (or in some cases, 28%) in the case of individuals (20% for corporations) of the excess of the shareholder's taxable excess, which is the amount by which alternative minimum taxable income exceeds the applicable exemption amount. The exemption amounts are indexed to inflation with respect to taxable years commencing in 2013 and phased out for certain taxpayers whose alternative taxable income exceeds a predetermined amount.

However, Section 12001 of the Amendment of 1986 Code, Public Law 115-97 (2017) ("2017 Tax Act") amended Section 55 of the Code by repealing, in the case of corporations, the alternative minimum tax for tax years beginning after December 31, 2017. In the case of individuals, the alternative minimum tax remains in place except that Section 55 of the Code temporarily increases the alternative minimum tax exemption amounts and the phase-out thresholds.

"Alternative minimum taxable income" is a taxpayer's taxable income (i) determined with specified adjustments for the alternative minimum tax and (ii) increased by "items of tax preference." The types of income constituting "items of tax preference" include otherwise excludable tax-exempt interest on private activity bonds issued after August 7, 1986 (except bonds issued by charities qualifying under Section 501(c)(3) of the Code).

Additionally, the 2017 Tax Act under Section 59A of the Code creates a base erosion focused minimum tax (the "base erosion and anti-abuse tax" or "BEAT") that in many cases will significantly curtail the U.S. tax benefit of cross-border related party payments made by large multinational corporations. The BEAT applies to domestic corporations that are not taxed on a flow-through basis, are part of a group with at least $500 million of annual domestic gross receipts, and which have a base erosion percentage of 3% or higher for the tax year (or 2% for certain banks and securities dealers, which are also subject to a higher BEAT rate). The provision also applies to foreign corporations engaged in a U.S. trade or business for purposes of determining their effectively connected income tax liability. The BEAT is applicable for tax years beginning after December 31, 2017. Corporate shareholders should consult their tax advisors about the application of BEAT to their particular situation.

The 2017 Tax Act, under certain circumstances, requires accrual method taxpayers to recognize income for U.S. federal income tax purposes no later than when the income is taken into account as revenue in an applicable financial statement. The impact of this new legislation on the Fund, stockholders of the Fund and entities in which the Fund may invest is uncertain. Prospective investors are urged to consult their tax advisors regarding the effects of the new legislation on an investment in the Fund.

Distributions from the Fund's non-exempt investment income and from any net realized short-term gain will be taxable to shareholders as ordinary income, whether received in cash or in additional shares of the Fund. Under the Code, interest on indebtedness incurred or continued to purchase or carry shares of the Fund will not be deductible to the extent that the Fund's distributions are exempt from federal income tax.

Written notice concerning the federal income tax status of distributions will be mailed within 60 days after the close of the year to shareholders of the Fund annually in accordance with applicable provisions of the Code.

Regulated investment companies will be subject to a non-deductible excise tax equal to 4% of the excess of the amount required to be distributed for the calendar year over the distributed amount for the calendar year. The Fund intends to avoid the imposition of this excise tax, and will therefore distribute during each calendar year at least 98% of its ordinary income for such calendar year and 98.2% of its capital gain net income for the one year period ending on October 31 of each calendar year.

UNLESS A SHAREHOLDER INCLUDES HIS OR HER TAXPAYER IDENTIFICATION NUMBER (SOCIAL SECURITY NUMBER FOR INDIVIDUALS) IN THE ACCOUNT APPLICATION FORM PROVIDED TO YOU BY THE FUND UPON REQUEST AND CERTIFIES THAT SUCH SHAREHOLDER IS NOT SUBJECT TO BACKUP WITHHOLDING, THE FUND MAY BE REQUIRED TO WITHHOLD AND REMIT TO THE U.S. TREASURY 28% OF NON-EXEMPT DISTRIBUTIONS AND OTHER REPORTABLE PAYMENTS TO THE SHAREHOLDER.

A shareholder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will generally be subject to an additional tax of 3.8% on the lesser of (1) the shareholder's "net investment income" for the relevant taxable year and (2) the excess of the shareholder's modified adjusted gross income for the taxable year over $200,000 ($250,000 if married and filing jointly and $125,000 if married and filing separately). A taxpayer's "net investment income" may generally include, among other items, certain interest, dividends, gain, and other types of income from investments, minus the allowable deductions that are properly allocable to that gross income or net gain. “Net investment income” does not include exempt-interest dividends. A shareholder that is an individual, estate or trust should consult its tax advisor regarding the applicability of the Medicare Contribution Tax related to its holding shares of the Fund.

The foregoing discussion of U.S. federal income tax law relates solely to the application of that law to U.S. persons (i.e., U.S. citizens and legal residents and U.S. corporations, partnerships, trusts and estates). Each shareholder who is not a U.S. person should consider the U.S. and foreign tax consequences of ownership of shares of the Fund, including the possibility that such a shareholder may be subject to U.S. withholding taxes.

Persons who may be “substantial users” (or “related persons” of substantial users) of facilities financed by industrial development bonds should consult their tax advisers before purchasing shares of the Fund.

The limitations on the deduction of miscellaneous itemized deductions do not apply to publicly offered regulated investment companies. The Investment Adviser intends to use its best efforts to ensure that the Fund qualifies as a publicly offered regulated investment company for the purposes of the foregoing provision.

If a shareholder sells, exchanges or redeems its interest in the Fund, then, unless the shareholder is a dealer in the shares or the redemption is treated as a dividend, the shareholder generally has long-term or short-term capital gain or loss, depending on how long the shares were held and provided that the interest is held as a capital asset within the meaning of Section 1221 of the Code. A shareholder’s gain or loss is equal to the difference between the amount realized on the sale and such shareholder’s adjusted basis in the shares. Any loss realized on a sale or exchange will be disallowed: (i) to the extent the shares disposed of are replaced within the 61-day period beginning 30 days before and ending 30 days after the date the shares are disposed of; and (ii) to the extent the shareholder received exempt-interest dividends with respect to shares in the Fund held by a shareholder for six months or less.

The 2017 Tax Act makes significant changes to the U.S. federal income tax rules for taxation of individuals and corporations, generally effective for taxable years beginning after December 31, 2017. Most of the changes applicable to individuals are temporary and would apply only to taxable years beginning after December 31, 2017 and before January 1, 2026. The 2017 Tax Act contains numerous changes to the tax rules that may affect shareholders and may indirectly affect the Fund. You should consult your tax advisor for specific guidance regarding the impact of the 2017 Tax Act on the tax effects of your investment in the Fund.

Information regarding cost basis reporting made by the Fund with respect to dispositions of Fund shares purchased on or after January 1, 2012 is included under the “How Can I “Sell” Shares of the Fund?” section of the prospectus.

Colorado Income Taxes

Individuals, trusts, estates and corporations who are holders of shares of the Fund and who are subject to Colorado income tax will not be subject to Colorado tax on distributions from the Fund to the extent that such distributions qualify as either (1) exempt-interest dividends of a regulated investment company under Section 852(b)(5) of the Code, which are derived from interest on tax-exempt obligations of the State of Colorado or any of its political subdivisions; or (2) distributions derived from interest on obligations of the United States or its possessions included in federal adjusted gross income.

To the extent that distributions on shares of the Fund are attributable to sources of income not described in the preceding sentences, including capital gains and ordinary income, such distributions will not be exempt from Colorado income tax.

As intangibles, shares in the Fund will be exempt from Colorado property taxes.

Other State and Local Income Taxes

Distributions from the Fund may be subject to income taxation in other jurisdictions. Individuals, trusts, estates and corporations who are holders of shares of the Fund and who are subject to state and/or local income taxation outside of Colorado should contact their personal income tax adviser regarding the proper treatment of these amounts.

What Services Are Provided To Shareholders?

For general information about Colorado BondShares — A Tax-Exempt Fund, call or write the Fund at 1200 Seventeenth Street, Suite 850, Denver, Colorado 80202. The telephone number is (303) 572-6990, or, outside of Denver, (800) 572-0069. You may call on Monday through Friday (except holidays) between the hours of 8:00 a.m. and 4:00 p.m. Mountain Standard Time and your calls will be answered by our service representatives.

As a shareholder, you will receive annual and semi-annual reports, and the most recent of such reports will be available, free of charge, on the Fund's website at https://www.coloradobondshares.com as soon as practicable. In addition, you will receive statements confirming transactions in your account and the current balance of shares you own. For your convenience, all shares acquired in an account will be credited as book credits.

General Information

The Investment Adviser is also the shareholder service agent ("Service Agent"), and as such, maintains a record of your ownership and will send you monthly statements of your account. Shareholder inquiries should be directed to your registered representative or the Service Agent or the Fund at the telephone numbers or mailing addresses listed in the prior section of this prospectus.

Financial Highlights

The financial highlights table is intended to help you understand the Fund's financial performance for the past five years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information for the fiscal years ended September 30, 2021, 2020, 2019 and 2018 have been audited by Plante & Moran, PLLC, the Fund's independent registered public accounting firm, whose report, along with the Fund's financial statements, which are included in the Fund's latest annual report, are incorporated by reference into the Statement of Additional Information of the Fund and are available upon request. The information for the fiscal years ended September 30, 2017 was audited by the Fund's former independent registered public accounting firm.

	For Fiscal Years Ended September 30,				
	2021	**2020**	**2019**	**2018**	**2017**
For a Share Outstanding Throughout the Period					
Net Asset Value, beginning of period	$ 9.22	$ 9.25	$ 9.13	$ 9.05	$ 9.18
Income From Investment Operations					
Net investment income(1)	0.37	0.37	0.37	0.36	0.41
Net gain or (loss) on investments (both realized and unrealized)	0.19	(0.03)	0.17	0.10	(0.06)
Increase from investment operations	0.56	0.34	0.54	0.46	0.35
Less Distributions					
Dividends to shareholders from net investment income	(0.37)	(0.37)	(0.37)	(0.36)	(0.41)
Distributions from realized capital gains	$ (0.02)	$ —	$ (0.05)	$ (0.02)	$ (0.07)
Total Distributions	(0.39)	(0.37)	(0.42)	(0.38)	(0.48)
Net increase (decrease) in net asset value	0.17	(0.03)	0.12	0.08	(0.13)
Net Asset Value, end of period	$ 9.39	$ 9.22	$ 9.25	$ 9.13	$ 9.05
Total Return, at Net Asset Value(2)	**5.91%**	**3.83%**	**6.09%**	**5.29%**	**4.03%**
Ratios/Supplemental Data:					
Ratios to average net assets:					
Net investment income	3.92%	4.02%	4.02%	4.00%	4.54%
Total expenses	0.61%	0.58%	0.55%	0.56%	0.62%
Net expenses	0.61%	0.57%	0.55%	0.56%	0.61%
Net assets, end of period (000s)	$1,768,143	$1,494,477	$1,422,697	$1,265,958	$1,137,817
Portfolio turnover rate(3)	10.66%	22.54%	9.62%	27.02%	8.77%

(1) Net investment income per share was calculated using an average shares method.

(2) Assumes a hypothetical initial investment on the business day before the first day of the fiscal period, with all dividends reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Sales charges are not reflected in the total returns.

(3) The portfolio turnover rate is computed by dividing the lesser of purchases or sales of portfolio securities for a period by the monthly average of the value of portfolio securities owned during the period. Sales of securities include the proceeds of securities which have been called, or for which payment has been made through redemption or maturity. Securities with a maturity date of one year or less at the time of acquisition are excluded from the calculation. Cost of purchases and proceeds from sales of investment securities (excluding short-term securities) for the period ended September 30, 2021 were $232,077,453 and $113,651,066, respectively.

Privacy Policy Of The Fund

What is the Fund's Privacy Policy?

If you invest in the Fund, you entrust us with your assets as well as your personal and financial information. We feel that this information is private and we hold ourselves to the highest standards in its protection and use. We do not sell client information to any third party about current or former clients, including personal information or even the fact that someone is a client of the Fund.

Your Personal Information

You typically provide personal information when you complete an account application for the Fund or when you request a transaction which involves the Fund. This information may include your name and address, social security number or taxpayer identification number, date of birth, ownership documents, account numbers and identification of accounts at other institutions.

Disclosure of Your Personal Information

The Fund does not sell information about current or former clients or their accounts to third parties. We do not share such information, except when necessary to complete transactions that you have requested and as follows:

- To complete certain transactions to account changes that you direct, it may be necessary to provide identifying information to companies, individuals or groups which are not affiliated with the Fund. For example, if you ask to transfer assets from another financial institution to the Fund, we will need to provide certain information about you to that company to complete the transaction.
- In certain instances, we may contract with non-affiliated companies to perform services for us. Where necessary, we will disclose information we have about you to these third parties. In all such cases, we provide the third party with only the information necessary to carry out its assigned responsibilities and only for that purpose. We require these third parties to treat your private information with the same high degree of confidentiality that we do.
- We will release information about you if you direct us to do so, if we are compelled by law to do so, or in other legally limited circumstances (for example, to protect your account from fraud).

How We Protect Your Personal Information

We restrict access to information about you to those employees of the Fund who need to know the information to provide products or services to you. We maintain strict physical, electronic and procedural safeguards to protect your personal information.

What You Can Do

For your protection, we recommend that you do not provide your account information to anyone. If you become aware of any suspicious activity relating to your account, please contact us immediately.

We Will Keep You Informed

As required by federal law, we will notify shareholders of our privacy policy annually. We reserve the right to modify this policy at any time, but if we do make changes to the policy, you will be promptly notified.

COLORADO BONDSHARES — A TAX-EXEMPT FUND

1200 Seventeenth Street, Suite 850
Denver, Colorado 80202
(303) 572-6990
(800) 572-0069 (Outside Denver)

This prospectus sets forth concisely the information concerning the Fund that a prospective investor should know before investing. Please review this prospectus carefully and retain it for future reference.

Additional information about the Fund is included in the Fund's Statement of Additional Information dated as of January 28, 2022, which has been filed with the Securities and Exchange Commission. The Fund's Statement of Additional Information is incorporated by reference into (and is therefore legally part of) this prospectus. Additional information about the Fund's investments is available in the Fund's annual and semi-annual reports to shareholders. In the Fund's annual report, you will find a discussion of the market conditions and investment strategies that significantly affected the Fund's performance during its last fiscal year. For a free copy of the Fund's Statement of Additional Information, the Fund's annual and semi-annual reports, to request other information about the Fund, or to make shareholder inquiries, please call or write the Fund at the telephone numbers or the address set forth above. The Fund also makes available its Statement of Additional Information and annual and semi-annual reports, free of charge, on the Fund's website at https://www.coloradobondshares.com.

Reports and other information about the Fund are available on the EDGAR Database on the Securities and Exchange Commission's internet site at http://www.sec.gov, and copies of this information may be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov.

INVESTMENT COMPANY FILE NUMBER 811-05009

COLORADO
BONDSHARES

A Tax-Exempt Fund