



**PORTFOLIO HOLDINGS DISCLOSURE  
POLICIES AND PROCEDURES**

**December 2015**

**I. INTRODUCTION**

This document sets forth the policies and procedures (the “Policies”) to be followed by each fund in the Aquila Group of Funds (“AGOF” or the “Funds”) for the disclosure of information about their respective portfolio holdings. The Policies are reasonably designed to facilitate compliance by the Funds with applicable regulations of the federal securities laws, including the Investment Company Act of 1940, as amended (the “1940 Act”), and the Investment Advisers Act of 1940, as amended.

Specifically, Funds must:

- disclose policies and procedures about disclosure of portfolio holdings and any ongoing arrangements to make such information available on a selective basis in the Fund’s Statement of Additional Information (“SAI”) and
- state in its prospectus that a description of the Fund’s policy and procedures is available in its SAI and on the Fund’s website.

These requirements are designed to provide greater transparency of the Funds’ practices with respect to the disclosure of portfolio holdings, and minimize the opportunity for the recipients of such information to trade against the Funds or otherwise use the information in a way that may harm the Funds.

Funds may only disclose portfolio holdings consistent with the antifraud provisions of the Federal securities laws. Disclosing non-public portfolio holdings information to selected third parties is permissible only when the Funds have legitimate business purposes for doing so and the recipients are subject to a duty of confidentiality, including a duty not to trade on non-public information. Such practices, and the policies and procedures governing such practices, must be disclosed to shareholders.

**II. STATEMENT OF POLICY**

It is the policy of the Funds to protect the confidentiality of portfolio holdings and prevent the selective disclosure of material non-public information concerning the Funds, subject to the exceptions set forth below.

### **III. DISCLOSURE OF PORTFOLIO HOLDINGS**

#### **A. Portfolio Holdings - Routine Public Disclosure Practices:**

Aquila Investment Management LLC, the manager and/or administrator to the Funds, publicly discloses the complete schedule of each Fund's portfolio as reported at the end of each calendar quarter, generally on or after the 15<sup>th</sup> day after the end of each calendar quarter, on the AGOF website. . It may also publicly disclose other portfolio holdings as of a specified date. The Funds also disclose to the general public the complete schedule of each respective Fund's portfolio holdings for the second and fourth fiscal quarters on Form N-CSR within 70 days of the end of the respective quarter, and for the first and third fiscal quarters on Form N-Q, within 60 days of the end of the respective quarter, by filing the applicable Form with the Securities and Exchange Commission (the "SEC").

Additionally, money market funds, if any, must file Form N-MFP monthly with the SEC. For money market funds, if any, the portfolio holdings would be disclosed monthly on the AGOF website by the 5<sup>th</sup> business day following the prior month end. This information would also be disclosed for each fund along with the 60-day dollar-weighted average portfolio maturity ("WAM"), the 120-day dollar-weighted average portfolio life ("WAL") and a link to fund information on the SEC website.

#### **B. Portfolio Holdings - Selective Disclosure Practices:**

In addition to disclosure as contemplated under Paragraph III.A. and Paragraph III.C, portfolio holdings may be disclosed by the Funds on a selective basis only by an officer of the Funds (an "Authorizing Officer") where it is determined that (i) there is a legitimate business purpose for the information, (ii) recipients are subject to a duty of confidentiality, including a duty not to trade on the information if it is non-public; and (iii) disclosure is in the best interests of the Funds' shareholders. The Authorizing Officer shall attempt to identify any apparent conflict between the interests of the respective Funds' shareholders on the one hand and those of the Funds' investment advisers, (including sub-advisers), underwriters and their affiliates on the other. Any potential conflicts between shareholders and affiliated persons of the Funds that arise as a result of a request for portfolio holdings information shall be decided by the Authorizing Officer in the best interests of shareholders. Authorizing Officers must report the release of portfolio holdings (on a selective basis) to the Fund's Chief Compliance Officer ("CCO") within 5 business days of the decision to selectively release such portfolio holdings and to document the rationale for such decision based upon the criteria described above. The Fund's Policies strictly prohibit the Fund, the Fund's investment adviser, sub-adviser if applicable, administrator or any related party (including Authorizing Officers) from receiving any compensation or other consideration in connection with the disclosure of portfolio holdings information. The Fund's CCO will report any selective disclosure of portfolio holdings ("Early Disclosure") and the related rationale for such disclosure to the respective Fund's Board of Trustees no later than its next regularly scheduled quarterly meeting.

### **C. Recipients of Information:**

Portfolio holdings information for the Funds may be made available more frequently and prior to its public availability in accordance with the provisions of Paragraph III.A. to each of the following recipients, provided that such recipient (other than a recipient described in clause (4) below) is subject to a duty to keep the information confidential and use the information only in a manner that is consistent with this policy:

1. *Unaffiliated Service Providers.* Various firms, such as pricing services, pricing information vendors, proxy voting services, financial printers, mailing agents, third parties that deliver analytical, statistical, or consulting services, and other unaffiliated third parties that provide services and may require portfolio holdings information to provide services to the Funds (collectively, "Unaffiliated Service Providers"). The Funds have determined that selective and complete disclosure of portfolio holdings information to such Unaffiliated Service Providers fulfills a legitimate business purpose and is in the best interest of shareholders, as it allows the Unaffiliated Service Providers to facilitate the day-to-day operations of the Funds. The frequency with which portfolio holdings may be disclosed to an Unaffiliated Service Provider, and the length of the lag, if any, between the date of the information and the date on which the information is disclosed to the Unaffiliated Service Provider, shall be determined based on the facts and circumstances surrounding the disclosure, including, without limitation, the nature of the portfolio holdings information to be disclosed, the risk of harm to the Funds and their shareholders, and the legitimate business purposes served by such disclosure. The frequency of disclosure to an Unaffiliated Service Provider may be as frequent as daily, with no lag.
2. *Ratings and Rankings Agencies.* Organizations that publish ratings and/or rankings of the Funds (collectively, "Ratings and Rankings Agencies") may require portfolio holdings information in order to assign and monitor a Fund's rating or ranking. The Funds have determined that selective and complete disclosure of portfolio holdings information to Ratings and Rankings Agencies fulfills a legitimate business purpose and is in the best interest of shareholders, as it provides existing and potential shareholders with an independent basis for evaluating the Funds in comparison to other mutual funds.
3. *Fund Affiliates and Fiduciaries.* Various firms, such as (1) the service providers and their affiliates (in their capacities as investment adviser, sub-adviser, as applicable, administrator, transfer agent, fund accounting agent and custodian) and the distributor to a Fund; and (2) an accounting firm, an auditing firm, or outside legal counsel retained by the Funds, the service providers, their affiliates, (collectively, "Fund Affiliates and Fiduciaries") may require portfolio holdings information. The Funds have determined that selective and complete disclosure of portfolio holdings information to such Fund Affiliates and Fiduciaries fulfills a legitimate business purpose and is in the best interest of shareholders, as it allows the Fund Affiliates and Fiduciaries to facilitate the day-to-day operations of the Funds and/or provide other valuable services within the scope of their official duties and responsibilities,

subject to such persons' continuing legal duty of confidentiality and legal duty not to trade on the basis of any material nonpublic information, as such duties are imposed under the applicable laws, rules, and regulations. The frequency with which portfolio holdings may be disclosed to Fund Affiliates and Fiduciaries, and the length of the lag, if any, between the date of the information and the date on which the information is disclosed to the Fund Affiliates and Fiduciaries, shall be determined based on the facts and circumstances surrounding the disclosure, including, without limitation, the nature of the portfolio holdings information to be disclosed, the risk of harm to the Funds and their shareholders, and the legitimate business purposes served by such disclosure. The frequency of disclosure to Fund Affiliates and Fiduciaries may be as frequent as daily, with no lag.

4. *As Required by Law.* Any party as required by applicable laws, rules, and regulations may require portfolio holdings information. Examples of such required disclosures include, but are not limited to, disclosure of Fund portfolio holdings (1) in a filing or submission with the SEC or another regulatory body (2) upon the request of the SEC or another regulatory body, (3) in connection with a lawsuit, or (4) as required by court order.
5. *Waiver.* Authorizing Officers may provide Early Disclosure for a legitimate business purpose, upon waiver or exception, and with the consent of the CCO, which will be disclosed to the Board of Trustees as discussed above. Authorizing Officers may grant Early Disclosure provided that they determine that the disclosure is in the best interests of the Fund and that there are no conflicts of interest between the Fund's shareholders and Fund's adviser, sub-adviser as applicable, administrator and distributor; and the recipient is, either by contractual agreement or otherwise by law, required to maintain the confidentiality of the information.

#### **IV. DISCLOSURE OF NON-MATERIAL INFORMATION**

The Funds may disclose non-material information including commentary and aggregate information about the "characteristics" of a Fund in connection with or relating to a Fund or its portfolio holdings to any person if such disclosure is for a legitimate business purpose, such disclosure does not effectively result in the disclosure of non-public portfolio holdings of any Fund (which can only be disclosed in accordance with the above requirements), and such information does not constitute material non-public information. Such disclosure does not fall within the portfolio holdings disclosure requirements outlined above.

Whether the information constitutes material non-public information will be made on a good faith determination, which involves an assessment of the particular facts and circumstances. In most cases, Fund level commentary or analysis would be immaterial and would not convey any advantage to a recipient in making a decision concerning a Fund. Commentary and analysis includes, but is not limited to, the allocation of a Fund's portfolio holdings and other investments among various asset classes, sectors, industries, geographies, the characteristics of the stock components and other investments of a Fund, or the attribution of Fund returns by asset class, sector, industry, geographies, and the volatility characteristics of a Fund. Any questions related

to the dissemination of non-material Fund information should be escalated to the Fund CCO before dissemination of such information.

## **V. PRESS INTERVIEWS, BROKER AND OTHER DISCUSSIONS**

Portfolio managers, Trustees and other senior officers or spokespersons of the Funds may disclose or confirm the ownership of any individual portfolio holding position to reporters, brokers, shareholders, consultants or other interested persons only if such information has been previously publicly disclosed in accordance with these Policies or pursuant to a waiver of these Policies as described in section III C. 5 above.

## **VI. ADDITIONAL MATTERS**

The Board of Trustees of each of the Funds shall approve these Policies, will review any material changes, and will periodically review persons or entities receiving non-public disclosure.

Adopted: June 9-13, 2005 by each Fund in the Aquila Group of Funds except as follows:

Adopted: March 12, 2006 by Aquila Three Peaks High Income Fund

Revised: July 29, 2009; September 30, 2010; June 8-10, 2012, and December 5-6, 2015 by each Fund in the Aquila Group of Funds.