

Our Search for Bond and Equity Investment Opportunities



Aquila Three Peaks High Income Fund

We recognize the attractive characteristics of the high-yield corporate bond market, and approach it with thorough research and an investment process focused on risk management.

Attractive risk return characteristics of high-yield corporate bonds

High-yield corporate bonds have historically delivered returns that are competitive with equities while demonstrating approximately half the volatility of equities (*Source: JP Morgan High-Yield Annual Review*)

In-depth research

We attempt to further reduce volatility by conducting in-depth research on the full capital structure of issuers in order to identify well-managed companies and debt investments that have the potential to respond to improvements in the corporate balance sheet.

Risk management

We typically avoid highly cyclical industries, securities with equity-like characteristics such as convertibles and preferreds, and deeply distressed debt.

We begin with in-depth research in the high-yield corporate bond market as we search for equity investment opportunities.



Aquila Three Peaks Opportunity Growth Fund

We believe that our in-depth research within the high-yield corporate bond market provides us with several advantages:

Macro view

We monitor variations in yield spreads of the high-yield corporate bond market and we believe they act as a leading indicator for the equity market.

Micro view

We monitor variations in the yield spreads of high-yield corporate bond issues and we believe they reflect improvement or deterioration in the financial condition of a corporation that may impact the equity.

Covenant analysis

We analyze the covenants associated with individual corporate debt issues to gain an understanding of the financial capabilities and limitations under which management is operating.

In the high-yield corporate bond market, we search for well-managed companies bringing about improvements in the corporate balance sheet. The traits we search for may also identify equity investment opportunities.

Spread: the difference between yields on differing debt instruments or bond indexes.

Specialized Investment Management

The Aquila Group of Funds offers tax-free and taxable alternatives for investors seeking income, and includes seven single-state municipal bond funds and a high-yield corporate bond fund. The Aquila Group of Funds also offers an equity fund alternative for investors seeking capital appreciation. Together, these nine funds make up our specialized group of open-end mutual funds.

Aquila Tax-Free Trust of Arizona
Aquila Tax-Free Fund of Colorado
Hawaiian Tax-Free Trust
Aquila Churchill Tax-Free Fund of Kentucky
Aquila Tax-Free Trust of Oregon
Aquila Narragansett Insured Tax-Free Income Fund (RI)
Aquila Tax-Free Fund For Utah
Aquila Three Peaks High Income Fund
Aquila Three Peaks Opportunity Growth Fund

Aquila Investment Management LLC is a wholly-owned subsidiary of privately-held Aquila Management Corporation, founder of the Aquila Group of Funds. Aquila Distributors, Inc., an affiliate, distributes shares for each of the Aquila-sponsored mutual funds.

For more information:

Visit us at AquilaFunds.com

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Before investing in one of the Aquila Group of Funds, carefully read about and consider the investment objectives, risks, charges, expenses, and other information found in the Fund prospectus. The prospectus is available from your financial professional, and when you call 800-437-1020 or visit www.aquilafunds.com.

Risk Factors: Municipal Bond Funds: An investment involves certain risks loss of principal is possible. Investments in bonds may decline in value due to rising interest rates, a real or perceived decline in credit quality of the issuer, borrower, counterparty, or collateral, adverse tax or legislative changes, court decisions, market or economic conditions. Fund performance could be more volatile than that of funds with greater geographic diversification. Insurance on an obligation is intended to mitigate credit risk; it does not insure the market price of the obligation. For certain investors, some dividends may be subject to Federal and state taxes, including Alternative Minimum Tax (AMT). Please consult your professional tax advisor.

Aquila Three Peaks High Income Fund: This Fund may invest up to 100% of its assets in high-yield bonds that are rated below investment grade. Lower rated bonds generally offer higher yields, but also involve a greater degree of credit risk and default risk than higher rated bonds. The return of principal for the bond holdings in this fund is not guaranteed.

Aquila Three Peaks Opportunity Growth Fund: The Fund will invest at least 70% of its assets in equity securities. Equity holdings of the Fund may include common stock, warrants, convertible bonds, preferred stock or a limited allocation to foreign equity. Up to 30% of assets may be invested in fixed income securities including lower-quality, high-yield corporate debt. Risks include potential loss of value, market risk, financial risk, interest rate risk, credit risk, and risks associated with investments in highly-leveraged companies, lower-quality debt securities, foreign markets and foreign currencies.