



# Aquila CEO

## PODCAST TRANSCRIPT

### OCTOBER 2021

**Interviewer:**

Welcome, Diana.

**Diana Herrmann:**

Thank you so much for letting me join you.

**Interviewer:**

We will be discussing a very exciting new chapter for Aquila Investment Management and the Aquila Group of Funds. Aquila has brought a new investment team in house to manage Aquila High Income Fund and Aquila Opportunity Growth Fund. Both Funds were previously sub-advised. The four-person team is led by industry veteran Pedro Marcal, who serves as Aquila's Director of Equities and High Yield, as well as lead portfolio manager of the Opportunity Growth Fund and co-manager of the High Income Fund.

Thank you for joining us, Diana. Let's start with getting to know the team a little. Can you please describe the new investment team and its overall impact to Aquila?

**Diana Herrmann:**

I'm very pleased and excited to have assembled a passionate, highly experienced, quality team that has a disciplined approach to research, portfolio construction and trading, and has shown nothing but enthusiasm in joining Aquila. They are a really smart, hardworking, dedicated, and loyal team of tenured investment professionals with high integrity who truly enjoy working with, and challenging, one another. I firmly believe this addition to Aquila's team will enhance our reputation as a quality asset management firm.

The new team joined Aquila beginning in mid-September, and they immediately began to thoroughly review and conduct their own independent research on the portfolio holdings of Aquila High Income Fund and Aquila Opportunity Growth Fund. They have integrated well with the rest of Aquila's team including in particular our sales and marketing team with a goal to grow assets in both funds. In addition to their ongoing research and portfolio management roles, they will continue to provide strong ongoing support with sales and marketing. I cannot say enough about how excited we are to be working together on behalf of our shareholders and their financial professionals.

The team is headed by Pedro Marcal, Aquila's new Director of Equities and High Yield. Pedro has a well-established track record in U.S. investing, including mid-cap, and is experienced at taking over and running existing funds. On October 1st, he became Lead Portfolio Manager of Aquila Opportunity Growth Fund and Co-Portfolio Manager of Aquila High Income Fund.

Dave Schiffman is Lead Portfolio Manager for Aquila High Income Fund.

John McPeake is Co-Portfolio Manager of Aquila Opportunity Growth Fund.

Pedro, Dave and John are all responsible for research analytics on certain sectors and research analyst, Steven Yang, covers the remaining sectors. The team's average tenure of investment management experience is approximately 25 years. Not only do they have deep experience through multiple market cycles, but they've worked together previously and possess skill sets that complement one another well.

You mentioned before that Aquila High Income Fund and Aquila Opportunity Growth Fund were previously sub-advised. Let me give some background on Aquila and the Aquila Group of Funds. Mutual funds are the core business of Aquila, founder of the Aquila Group of Funds. The Aquila Group of Funds have served investors and financial professionals since 1984. Aquila initially hired other asset managers to provide the day-to-day portfolio management services. Over time, as deemed appropriate, we have internalized portfolio management services with respect to various funds.

Now, with internalization of these services for Aquila High Income Fund and Aquila Opportunity Growth Fund, Aquila is responsible for the day-to-day portfolio management of over half the funds in the Aquila Group of Funds.

While we are excited about this development, we continue to be pleased with, and have no immediate plans to change, the external portfolio management services provided to other funds within the Aquila Group of Funds.

**Interviewer:**

The new investment team sounds like they have extensive experience in both the high-yield and equity markets and their respective competencies complement one another. How were you able to assemble such a high functioning team?

**Diana Herrmann:**

I've known Pedro Marcal for nearly 30 years. Pedro was, therefore, well-familiar with Aquila's boutique reputation within the mutual fund industry. My conversation began with Pedro and from there we expanded our dialogue to identify the various other team members who have previously worked together with one another and Pedro. Going forward, I have every confidence in Pedro's leadership, research and investment management capabilities and experience, as well as the research and investment management capabilities and experience of Dave, John and Steven. Together with the rest of Aquila's team, I'm thrilled to have the new team onboard.

**Interviewer:**

Where will the new investment team be located?

**Diana Herrmann:**

Unlike Aquila's single-state municipal bond fund portfolio managers, who live locally in order to actively monitor projects in which they invest, as well as local developments that may impact our funds, the new team is based out of Aquila's New York City headquarters.

Regrettably, for the health and safety of Aquila's team, we recently delayed re-opening our headquarters office. So, like Aquila's other New York City based employees, the new investment team is currently working remotely. Thankfully, like other companies, we've learned during the pandemic that it's possible to collaborate virtually. We do, however, look forward to all being together when we re-open our offices. Post-pandemic, in the "next normal" as I'll call it, the new team will, of course, travel some for research due diligence as well as meetings with financial professionals. But, when they are in town, our entire New York team, especially sales and marketing, is excited that we will be able to collaborate with them in-person.

**Interviewer:**

How does the new investment team fit within your vision for Aquila?

**Diana Herrmann:**

Aquila's mission is to provide trustworthy investment products and solutions of measurable long-term value and high-quality, responsive services that not only satisfy the needs, but exceed the expectations, of our shareholders and their financial professionals.

I believe we've done a very good job with the best interests of shareholders in mind since the founding of Aquila in 1984. We have a dedicated team of experienced financial professionals that is committed to fulfilling our fiduciary responsibility in serving the Aquila Group of Funds. And, we are committed to prudently investing in, and expanding as appropriate, our team—such as hiring the new investment team—in order to maintain our core business; have the capacity to grow and adapt to the current environment; and ensure that each fund succeeds and flourishes for the benefit of current and future shareholders and their financial intermediaries.

It's important to have a dedicated and well-experienced team of investment professionals, such as Pedro, Dave, John and Steven.

For over 35 years, we've remained true to our core values and beliefs:

First, **MANAGE CONSERVATIVELY**. We believe that most investors are more sensitive to potential investment losses than they are eager for outsized gains. Risk tools are key to the new team's equity approach and their creed with the High Income Fund is "do no harm."

Second, **FOCUS ON WHAT WE DO BEST**. Finding securities that in our opinion have a sound basis for investment. We do this through intensive research and analytics, which is also at the core of the new investment team's investment philosophy.

Third, **PUT CUSTOMERS FIRST**. We never forget that it is your money invested in your funds. In fact, not only is it your money but it is also my money, as well as that of the new portfolio managers and the Trustees of the Funds -- we are all fellow shareholders.

And fourth, **SATISFY OUR SHAREHOLDERS**. We will do well as a business if we meet your expectations. The new team's focus first and foremost is to satisfy our shareholders.

By remaining true to our core values and beliefs, I believe Aquila will flourish over the next 35+ years. I think you can see that hiring the new team aligns well with our corporate vision that Aquila will continue to build upon its capabilities, strength and strong reputation as a quality boutique asset management firm of high integrity renowned for its consistent delivery of outstanding services of benefit to our shareholders and their financial professionals.

**Interviewer:**

Diana, thank you for your time today and for your insights and perspectives on the new team and what it means for Aquila. We look forward to hearing from the new portfolio management team. Thank you and have a great day.

Thank you for listening to this podcast.

Mutual fund investing involves risk. Loss of principal is possible. Investments are not FDIC insured, not bank guaranteed, not NCUA insured, and they lose value.

Aquila High Income Fund will typically include a high proportion, perhaps even 100% of high yield, high risk securities rated below investment grade. High yield corporate bonds generally have greater credit risk than other types of fixed income securities and may be especially sensitive to economic and political changes for adverse development specific to the company that issued the bond.

Risk associated with Aquila Opportunity Growth Fund include, but are not limited to, potential loss of value, market risk, financial risk, interest rate and credit risk and investments in highly leveraged companies, lower quality debt securities, foreign markets, and foreign currencies.

*Before investing in a Fund, carefully read about and consider the investment objectives, risks, charges, expenses, and other information found in the Fund prospectus. The prospectus is available from your financial advisor, when you visit [www.aquilafunds.com](http://www.aquilafunds.com), or call (800) 437-1020. Information regarding holdings is subject to change and is not necessarily representative of the entire portfolio.*