

AQUILA GROUP OF FUNDS

POLICIES AND PROCEDURES ON DISCLOSURE OF PORTFOLIO HOLDINGS

I. INTRODUCTION

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

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 by the 15th day¹ after the end of each calendar quarter on each Fund’s website.² 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, 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, the money market funds must file Form N-MFP monthly with the SEC, effective December 7, 2010. Information reported to the SEC will be available to the public 60 days after the end of the month to which the information pertains (e.g., a Form N-MFP filed on December 7, 2010 for information, as of November 30, 2010, will be made available to the public by the SEC on January 29, 2011).

II. STATEMENT OF POLICY

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

III. DISCLOSURE OF PORTFOLIO HOLDINGS

A. Procedure

Portfolio holdings may be disclosed by the Funds on a selective basis only by an officer of the Funds or the Chief Compliance Officer (“CCO”) (each, an “Authorizing Officer”) where it is determined that (i) there is a legitimate business purpose for the information, (ii) where applicable, recipients are subject to a duty of confidentiality, including a duty not to trade on the information if it is nonpublic; and (iii) disclosure is in the best interests of Funds’ shareholders. The Authorizing Officer shall attempt to uncover 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), underwriter

¹ The 30th day for the equity portfolio in the Funds.

² For the money market funds, the portfolio holdings are disclosed monthly on the Administrator’s website by the 5th business day following the prior month end. This information will 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.

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.

B. 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:

1. *Unaffiliated Service Providers.* Various firms, such as pricing services, proxy voting services, financial printers, pricing information vendors, 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 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 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. The Funds have determined that selective and complete disclosure of 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.* Any other party, for a legitimate business purpose, upon waiver or exception, with the consent of the CCO, which will be disclosed to the Board of Trustees no later than its next regularly scheduled quarterly meeting.

IV. 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 the Policies.

V. ADDITIONAL MATTERS

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

Adopted: June 9-13, 2005 by the funds in the Aquilasm Group of Funds except as follows:

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

Revised July 29, 2009, September 30, 2010