



3750 Dacoro Lane, Suite 100
Castle Rock, CO 80109
303-221-9480
303-221-4065 Fax

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Brochure/ADV Part 2A
www.threepeaks.com

This brochure provides information about the qualifications and business practices of Three Peaks Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 303-221-9480. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Three Peaks Capital Management, LLC is registered with the Securities and Exchange Commission as an investment adviser; please note that registration does not imply a certain level of skill or training.

Additional information about Three Peaks Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Three Peaks Capital Management, LLC is 127402.

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A note about the format of this Brochure: The SEC requires us to organize this disclosure document according to specific categories, some of which do not pertain to our business. In such cases, we simply list the required category and state that it does not apply.

ADVISORY BUSINESS

Background

Three Peaks Capital Management, LLC ("Three Peaks" or the "Firm") has been in business since July 2003, when it became registered as an investment adviser with the Securities and Exchange Commission. The Firm is 100% owned by Sandy Rufenacht.

Services

Three Peaks focuses its activities on asset management for clients, including, among others, individuals, high net worth individuals, charitable institutions, foundations, endowments, trust accounts, pension plans, corporations and investment companies, including mutual funds and other public or private investment companies. Three Peaks organizes its business on its expertise in high-yield, fixed-income securities.

We do not currently issue or intend to issue any publications or reports either on a subscription basis or for a fee.

Separate Account Clients

For individuals and institutions ("separate account clients"), we provide investment advisory services for the assets placed under our supervision. Investment advice is typically furnished on a discretionary basis, where the client authorizes us to make all investment decisions for the account. At your request, we may also provide advisory services on a non-discretionary basis, where we make recommendations to you, but all investment decisions are made by you. You may impose restrictions on investing in certain securities or types of securities. The minimum requirement for opening an account is \$5,000,000.00. Exceptions may be made to the minimum account size. Our advisory services are tailored to meet your individual needs.

Certain Investment Pools

In addition to the separate account services described above, we offer advisory and sub-advisory services to mutual funds and other investment pools (including, but not limited to, other public or private investment companies). Information concerning these funds and investment pools, including a description of the services to be provided by and advisory fees payable to us, would be contained in each fund's prospectus or investment pool's offering documents.

Advisory Agreements

All advisory services are provided under the terms of a written advisory agreement between our Firm and the client. The advisory agreement generally permits either the client or Three Peaks to terminate the agreement upon written notice to the other party. In certain cases, specified advance notice of termination may be required pursuant to the advisory agreement.

We do not participate in wrap fee programs.

Client Assets

As of 02-25-2011, Three Peaks had discretionary authority to manage accounts with assets totaling approximately \$1,225,908,269 in assets.

FEES AND COMPENSATION

The fees for accounts are based on an annual percentage of assets under management and are applied to the account asset value on a pro-rated basis, billed quarterly in arrears. The first quarter fee will be based upon the date the account is accepted for management by execution of the advisory agreement by Three Peaks or when the assets are transferred through the last day of the previous calendar quarter. Fees are not assessed on cash in an account for the first sixty days from account opening. Thereafter, the fee will be based on the average assets value calculated on each Friday in the quarter and at month end. Fees are assessed on all assets under management, including cash and accrued interest, unless the account is liquidating.

Fees charged will range depending on the complexity and nature of your portfolio. Our advisory fee annual rates range from 0.35% to 0.75%, calculated as a percentage of your assets under management regardless of whether services are provided on a discretionary or non-discretionary basis. Advisory fees are negotiated with you, however, and may therefore vary with other clients. Our advisory fee rate is set forth in your advisory agreement.

For comparable services, other investment advisers may charge higher or lower fees than those charged by us.

Quarterly, you will receive an invoice of management fees. You are expected to pay your quarterly management fee to us within 30 days of the invoice. Investment advisory contracts provide termination provisions with or without cause within given stipulated time periods. Upon termination, you are responsible for monitoring the securities in your account, and we, as investment adviser, will have no further obligation to act or advise with respect to those assets.

Our fee includes compensation for the advisory services, trade entry and other account-related services. There are no redemption/exit fees or transaction fees charged by us. Advisory fees payable to us do not include all the fees you will pay when we purchase or sell securities for your Account(s). The following list of fees or expenses are what you may pay directly to third parties, whether a security is being purchased, sold or held in your Account(s) under our management.

- Brokerage commissions;
- Transaction fees;
- Exchange fees;
- SEC fees;
- Advisory fees and administrative fees charged by Mutual Funds (MF), Exchange Traded Funds (ETFs)
- Advisory fees charged by sub-advisers (if any are used for your account);
- Custodial Fees;
- Deferred sales charges (on MF or annuities);
- Odd-Lot differentials;
- Transfer taxes;
- Wire transfer and electronic fund processing fees;
- Commissions or mark-ups / mark-downs on security transactions ;

Please refer to the “Brokerage Practices” below for discussion of Three Peaks’ brokerage practices.

PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

This item does not apply to our business.

TYPES OF CLIENTS

We provide advice to individuals, high net worth individuals, trusts, estates, charitable organizations, investment companies, pension plans, corporations and state or government related entities. The minimum requirement for opening an account is \$5,000,000.00. Exceptions may be made to the minimum account size.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Three Peaks' methods of analysis include fundamental, technical and cyclical.

Our investment strategy primarily includes long term purchases (securities held at least a year), short term purchases (securities sold within a year), and trading (securities sold within 30 days). However, due to the nature of the securities markets and relevant market information, we may only hold securities for a very limited period of time, which may include the purchase and sale of a security within the same business day. Frequent trading of securities can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Strategy Overview

Three Peaks' business is designed to leverage our expertise in high yield fixed income securities in order to provide you with investment choices based on your desired risk profiles. Our investment strategies work off our fundamental belief in, understanding of, and passion for the high yield asset category.

Our **High-yield Strategy** is generally to own United States based, cash flowing, mature, de-leveraging credits which own hard assets. The characteristics of the high-yield securities found within this security are conservative, moderate and aggressive, with normal weightings of 20%, 60% and 20%, respectively.

The **Opportunity Growth Strategy** will pursue the objective of capital appreciation by investing at least 70% of assets in equity securities, without regard to whether they could be described as "growth" or "value", and invests in a range of market capitalizations that could include small-cap, mid-cap, and large-cap. Equity holdings of the account 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.

The last strategy is the **Core Plus Strategy**. With the Core Plus mandate, the conservative high-yield bonds from our core High-Yield strategy are paired with investment-grade bonds to create a portfolio with less volatility and higher overall quality than the High-Yield discipline, along with potentially lower returns. This is the most conservative mandate of the Three Peaks platform.

In order to analyze different securities, Three Peaks uses a variety of information including but not limited to, company communications, earnings reviews, models and prospectus reviews. We continue to utilize not only our detailed understanding of balance sheet improvements and bond covenants, but also yield and spread data. Our research and analysis typically includes a visit to the companies in the portfolio, and the development of an internal financial model derived from the income statement, balance sheet and cash flow analysis. We focus our research on liquidity, maturity schedules, high-yield covenants and de-leveraging.

Risks

Investing in securities involves risk of loss which clients should be prepared to bear. Our past performance is not a guarantee of future results. Certain market and economic risks exist that may adversely affect an account's performance that could result in capital losses in that client's account.

The following is a description of the principal risks of the portfolios, which may adversely affect its total return. There are other circumstances (including additional risks that are not described here) which could prevent your portfolio from achieving its investment objective.

- **Stock Market Risk** – The value of equity securities and bonds in the portfolios will fluctuate and, as a result, the value of the portfolios may decline suddenly or over a period of time.

- Managed Portfolio Risk – The manager’s investment strategies or choice of specific securities may be unsuccessful and may cause the portfolios to incur losses.
- Industry Risk –Investments could be concentrated within one industry or group of industries. Any factors detrimental to the performance of such industries will disproportionately impact performance. Investments focused in a particular industry are subject to greater risk and are more greatly impacted by market volatility than less concentrated investments.
- Interest Rate Risk. The value of fixed income securities rises or falls based on the underlying interest rate environment. If rates rise, the value of most fixed income securities could go down.
- Credit Risk. Most fixed income instruments are dependent on the underlying credit of the issuer. If we are wrong about the underlying financial strength of an issuer, we may purchase securities where the issuer is unable to meet its obligations. If this happens, your portfolio could sustain an unrealized or realized loss.
- Inflation Risk. Most fixed income instruments will sustain losses if inflation increases or the market anticipates increases in inflation. If we enter a period of moderate or heavy inflation, the value of your fixed income securities could go down.

DISCIPLINARY INFORMATION

We do not have any legal, financial or other disciplinary items to report.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

This item does not apply to our business.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Personal Securities Transactions / Code of Ethics

We have adopted a Code of Ethics and Insider Trading Policy Statement (the “Code”) governing, among other areas, personal trading activities of all members, officers and employees of the firm (together “Supervised Persons”). Portfolio Managers, Co-Portfolio Managers and Assistant Portfolio Managers (“PM’s, CoPM, APM”) and members of their Family/Household are prohibited from engaging in any transaction in a Reportable Security, with the exception of the Aquila Three Peaks High Income Fund or the Aquila Three Peaks Opportunity Growth Fund, for any account in which a PM, Co-PM, APM or a member of a their Family/Household has any Beneficial Ownership, unless they obtain, in advance of the transaction, written pre-clearance for that transaction from the Chief Compliance Officer or another individual designated by the Chief Compliance Officer.

It is our general policy to prohibit trading activity in any bond transactions, excluding government bonds, by all Supervised Persons of the Firm except in unusual or compelling circumstances. We permit trading activity in the shares of mutual funds for which we serve as an adviser or sub-adviser without obtaining pre-clearance authorization. However, these fund shares are treated as a Reportable Security. Supervised Persons should expect that pre-clearance for their proposed personal securities transactions in bonds will ordinarily be denied. The Chief Compliance Officer may deny or revoke pre-clearance for any reason. In no event will pre-clearance be granted for any bond transaction if we have a buy or sell order pending for that same security or a closely related security (such as an option relating to that security, or a related convertible or exchangeable security). Furthermore, in no event will pre-clearance be granted for any bond transaction if the purchase or sale of such security is inconsistent with the purposes of the Code of Ethics, the Investment Company Act of 1940 or the Investment Advisers Act of 1940.

Supervised Persons and Portfolio Managers are prohibited from investing in an initial public offering and private placements.

Supervised Persons and all Portfolio Managers are required to report to the Firm’s Chief Compliance Officer initial and annual holdings and quarterly transactions in reportable securities, including the Aquila Three Peaks High Income Fund and the Aquila Three Peaks Opportunity Growth fund, as defined in the Code, and the Chief Compliance Officer is responsible for reviewing such reports. The Code also sets forth general standards of conduct and practices to be followed by all personnel to minimize conflicts of interest, including restrictions on gifts to or from brokers, clients and others, restrictions on service on the boards of other companies, restrictions on participation in investment clubs and policies designed to prevent personal trading conflicts. In addition, the Code (including the Firm’s Insider Trading Policy Statement) includes provisions designed to prevent and enforce the Firm’s strict policy against the misuse of material non-public information by all personnel. The Firm’s Chief Compliance Officer is responsible for the oversight and administration of the Code.

You may request a complete copy of our Code by contacting us at the address, telephone or email on the cover page of this Brochure; attn.: Chief Compliance Officer.

Ownership Interests of Three Peaks and its Affiliates

We may sometimes recommend you to purchase or sell, or invest on behalf of clients in, securities which may be purchased, sold or held, directly or indirectly, (a) by Three Peaks or its members, officers, employees or other affiliates, (b) by Three Peaks for the account of investment pools that the firm advises or sub-advises and in which Three Peaks itself or its members, managers, officers, employees or other

affiliates may have an ownership or other financial interest, (c) by Three Peaks for the account of affiliated clients, or (d) by affiliates of Three Peaks for their accounts or for the accounts of their clients.

Investment Allocation Policies

We make decisions to recommend, purchase, sell or hold securities for all of our client accounts, including investment pools, based on the specific investment objectives, guidelines and restrictions of each account. Certain accounts advised by us may have similar investment objectives, guidelines and restrictions, and we may determine to buy or sell securities on behalf of a number of accounts at or about the same time. We may make recommendations and take action with respect your account, including any investment pools, that may be the same as or may differ from the recommendations made or the timing or nature of action taken with respect to other client accounts. We have adopted policies regarding the allocation of securities recommendations and other investment opportunities among various client accounts, including those in which we or our affiliates have financial interests, with a view toward making such allocations on a fair and equitable basis over time.

Whether and to what extent an advisory account participates in an allocation is based on a number of considerations, including, among others, the account's investment objective, policies and restrictions, its availability of cash balances, tax considerations, the limited quantity of an investment opportunity (*e.g.*, public offerings or private placements) and whether the account already has sufficient holdings of similar securities. Based on these considerations, each advisory account is generally given the opportunity to participate in potential investments which fall within its investment objective, policies and restrictions on a pro-rata basis, based on the relative asset size of the account. However, each of Three Peaks' advisory accounts is managed on an independent basis and the composition of advisory accounts with similar investment objectives and policies, and the purchase and sale transactions entered into on their behalf, may not be identical in most circumstances.

BROKERAGE PRACTICES

Brokerage Discretion

Generally, our clients give the firm full discretion to choose brokers and/or dealers through whom transactions may be executed. In some instances, you may direct that we place transactions for your account with a specified broker or dealer. We will accept such direction only if your directions are furnished in writing, in a form acceptable to the Chief Compliance Officer. The use of a directed brokerage arrangement may result in you paying a higher commission rate or receiving less favorable execution than if we had discretion to select or negotiate with the broker.

When Three Peaks Selects Broker-Dealers

Generally

When we have full discretion in the selection of brokers or dealers, we seek to obtain quality execution for security transactions through brokers and dealers who in our opinion are financially responsible. Fixed income securities are generally purchased from the issuer or a primary market maker acting as principal on a net basis with no brokerage commission paid by the client. Fixed income securities, as well as equity securities, may also be purchased from underwriters at prices which include underwriting fees.

In the event that our advisory client accounts engage in transactions in unlisted equity securities (including Nasdaq securities), such transactions may be executed through a primary market maker or executed on an Electronic Communication Network (ECN), Alternative Trading System (ATS) or other execution system.

For those clients who grant us discretion to select brokers or dealers, we may aggregate (or “bunch”) multiple account orders into larger blocks for execution. Accounts which participate in such block trades receive the average price of any partial execution of such block trades.

Factors in Selection

In selecting a broker or dealer, we may take into account relevant factors with respect to liquidity and execution of the order, as well as the amount of the capital commitment by the broker or dealer. Other relevant factors may include, without limitation: (a) the execution capabilities of the brokers and/or dealers, (b) the size of the transaction, (c) the difficulty of execution, (d) the operations facilities of the brokers and/or dealers involved, and (e) the risk in positioning a block of securities. Under no circumstances will we consider, in selecting brokers or deals to execute transactions for client accounts, a broker or dealer’s promotion or sale of shares issued by any fund client.

Three Peaks as a matter of policy and practice, does not receive soft-dollar benefits or pay for research, research-related products and other services obtained from broker-dealers, or third parties, on a soft dollar commission basis. However, we may be invited to participate in and attend seminars and/or meetings sponsored by broker-dealers which execute trades for the firm. If we accept the invitation, it is our practice and policy to pay for our own travel, lodging and meals. This is consistent with our policy and procedure so as to not create any expectations of or quid pro quo with the sponsor.

When Clients Direct Brokerage

You may make your own arrangements with a broker or dealer. Under such circumstances, we may not negotiate brokerage commissions with respect to transactions executed by that broker or dealer for your account. Rather, you and the specific broker or dealer may agree on the commission that the specific broker or dealer will charge for transactions effected for the account. As a result, and depending upon (a)

your arrangement with the specific broker or dealer (if applicable), (b) such factors as the number of securities, instruments or obligations being bought or sold for you, whether round or odd lots are being acquired for your account and the market for the security, instrument or obligation, and (c) the fact that you may be forgoing any benefit from savings on execution costs that we could obtain as a result of negotiating commissions or “bunching” transactions, you may pay higher commissions than those paid by clients who have not directed us to execute transactions through a specific broker or dealer and may not receive the best available price with respect to certain transactions effected for your account. For these and other reasons, you may not receive the most favorable execution on transactions effected through the specified broker or dealer.

In agreeing to satisfy your directions to execute transactions for its account through designated brokers or dealers, we understand that it is your responsibility to ensure that (i) all services provided by the brokers or dealers will inure solely to the benefit of your account and any beneficiaries of the account, are proper and permissible expenses of the account and may properly be provided in consideration for brokerage commissions or other remuneration paid to the brokers or dealers, (ii) using the brokers or dealers in the manner directed is in the best interests of your account and any beneficiaries of the account, taking into consideration the services provided by the brokers or dealers, (iii) its directions will not conflict with any obligations that persons acting for your account may have to the account, its beneficiaries or any third parties, including any fiduciary obligations that persons acting for the account may have to obtain the most favorable price and execution for the account and its beneficiaries and (iv) persons acting for your account have the requisite power and authority to provide the directions on behalf of the account and have obtained all consents, approvals or authorizations from any beneficiaries of the account and third parties that may be required under applicable law or instruments governing the account.

Recommending Brokers

Generally, we do not recommend brokers or dealers to you (apart from choosing the broker dealer where we have discretion to do so, as described above). However, when requested by you, we may recommend or suggest one or more brokers or dealers to you. Any such recommendation will be based on the factors identified above.

REVIEW OF ACCOUNTS

Each account is reviewed on a periodic basis. Reviews include, but are not limited to, current market activity, macro or micro economic outlook, review and analysis of individual issues, portfolio composition, trading activity and performance comparisons. All of the accounts are assigned for review to the portfolio manager or co-portfolio manager.. Triggering factors for additional reviews may include but are not limited to a significant change in the assets, an increase or decrease in the cash balance or a request by the client. Reviews are made by Sandy Rufenacht, Portfolio Manager or Brent Olson, Co-Portfolio Manager

Three Peaks delivers a monthly report that normally includes information regarding the performance of the account over the previous month (as well as quarter to date, year to date, 1 year, 3 year, 5 year, 10 year and since inception), transactional activity for the month and a listing of month-end portfolio holdings. You will also receive a quarterly management fee invoice and a fee calculation.

You may request and receive more detailed reports in accordance with individual requirements.

CLIENT REFERRALS AND OTHER COMPENSATION

We may enter into written referral agreements with third parties by which the third party may, from time to time, refer clients that may establish accounts and enter into advisory relationships with us. In such circumstances, we agree to pay the third party a referral fee equal to a percentage of fees received by us from the referred client. The referral fee may be split between third parties who have jointly participated in referring a client to Three Peaks. The fee to be paid by Three Peaks will be borne entirely by us and there will be no additional fee, cost or expense to the referred client resulting from the referral agreement. Three Peaks makes disclosure of such referral arrangement, if any, to the client before entering into an advisory agreement. All referral agreements are governed by Rule 206(4)-3 under the Investment Advisers Act of 1940.

CUSTODY

All client account assets are held by a qualified custodian. Three Peaks periodically reviews clients' custody relationships to ascertain their effectiveness, responsiveness and costs. Three Peaks, however, is not responsible for the actions of a client's custodian.

Clients should carefully review account statements received directly from the qualified custodian. We also urge you to compare the account statement you receive from your qualified custodian with the statements provided by us.

INVESTMENT DISCRETION

Generally, our clients give us investment discretion over assets placed under our supervision. Before we can assume discretionary authority to manage your account, you will enter into a written agreement with us giving Three Peaks the power to make purchase and sale decisions for your account. Discretionary authority will generally authorize us to make all investment decisions and to direct the execution of all transactions for the client's account (subject to the investment objectives, guidelines and restrictions applicable to the account) without consulting with the client in connection with each transaction. Any limitations to such authority will be communicated by you to Three Peaks in writing.

At a client's request, we may also be retained on a non-discretionary basis, in which case we will make recommendations for your account, but all investment decisions will be made by you and all account transactions will be executed only in accordance with your advisory agreement.

VOTING YOUR SECURITIES

Three Peaks accepts authority to vote proxies with respect to securities owned by clients.

We have adopted proxy voting policies and procedures with respect to securities owned by our clients for which we have been specifically delegated voting authority and discretion, in accordance with its fiduciary duties and Securities and Exchange Commission Rule 206(4)-6 under the Investment Advisers Act of 1940, which are reasonably designed to ensure that proxies are voted in the best interest of clients.

To facilitate our proxy responsibilities (assuming the client has designated that Three Peaks Capital Management), we have contracted with Risk Metrics Group to vote all proxies on our behalf. Risk Metrics Group generally follows recommendations made by ISS Governance Services (ISS). Prior to any proxy vote, such recommendations are reviewed by one of our portfolio managers, with the reasons for any votes that are contrary to ISS recommendations being documented.

The guiding principle by which we review voting on all matters submitted to security holders is the maximization of the ultimate economic value of your holdings. We do not permit voting decisions to be influenced in any matter that is contrary to, or dilutive of, this guiding principle. It is the policy to avoid situations where there is any material conflict of interest or perceived conflict of interest affecting the voting decisions. Any perceived conflict of interest is reviewed by the Chief Compliance Officer and the proxy voting committee.

It is the general policy that we vote on all matters presented to security holders in any Proxy, and these policies and procedures have been designed with that in mind. However, we reserve the right to abstain on any particular vote or otherwise withhold its vote on any matter if in the judgment of Three Peaks, the costs associated with voting such Proxy outweigh the benefits you, or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of you, in our judgment.

Clients delegate to Three Peaks the discretionary power to vote the securities held in their account pursuant to written agreement. Three Peaks does not generally accept any subsequent directions on matters presented to shareholders for a vote, regardless of whether such subsequent directions are from the client itself or a third party. We view the delegation of discretionary voting authority as an “all-or-nothing” choice for our clients.

Upon request, we will provide separately to each client (i) a copy of Three Peak’s proxy voting policies and procedures and (ii) details as to how the firm has voted securities in your account.

FINANCIAL INFORMATION

This item does not apply to our business.