



Reaves Asset Management

Separately
Managed
Accounts

Fourth Quarter 2018

LONG TERM VALUE STRATEGY

UTILITIES AND ENERGY INFRASTRUCTURE

RESEARCH AND INVESTMENTS

SINCE 1961

Reaves Asset Management has researched infrastructure related investments for 57 years and has a 41-year track record¹ of successful investment management.

Reaves invests primarily in listed equities in the energy, electric utility, communications, gas utility, water utility sectors, and the companies that support these industries. These companies have historical track records of paying dividends and, in many cases, increasing these dividends.

Dividends Matter.

The Evolution of Reaves Research



1960

W. H Reaves & Co., Inc. founded as an investment research company

Reaves segments Energy as a separate component of its research

1970



1980

Reaves segments Telecom as a separate component of its research

Reaves segments Water Utilities as a separate component of its research

1990



2010

Reaves segments Alternative Energy as a separate component of its research

Consistency of Performance

- Reaves' portfolios^{1,5} have generated positive returns in 373 of 373 rolling 10-year periods since inception.²
- The lowest annualized return in any 10-year period since inception was 4.0%.
- The S&P 500 Index lost money in 24 of 373 rolling 10-year periods with an average annualized loss of -1.24% and a maximum annualized loss of -3.43%.

Source: eVestment Analytics

Inception date of ERISA Composite: 1/1/1978; First 10-year period ends 12/31/87

Why Reaves Investment Universe is Attractive Now

- Focus on critical, non-discretionary sectors
- Insufficient historical infrastructure development, relative to economic and population growth, has resulted in a favorable current investment climate
- High level of regulation and business complexity results in competitive advantage for those with superior experience
- Market volatility can create significant trading opportunities
- Dividend and cash yields are favorable

Investment Objective

To provide long-term growth of capital by investing in companies with the potential to generate steady increases in earnings and dividends.

Distinguishing Characteristics

Relative to the broad stock market, Reaves' portfolios typically have higher dividend yields, low beta, and less volatility. Fundamental, bottom-up research and equity analysis is employed by an experienced investment team with expertise in the utilities, communications, and energy sectors.

Portfolio Positioning

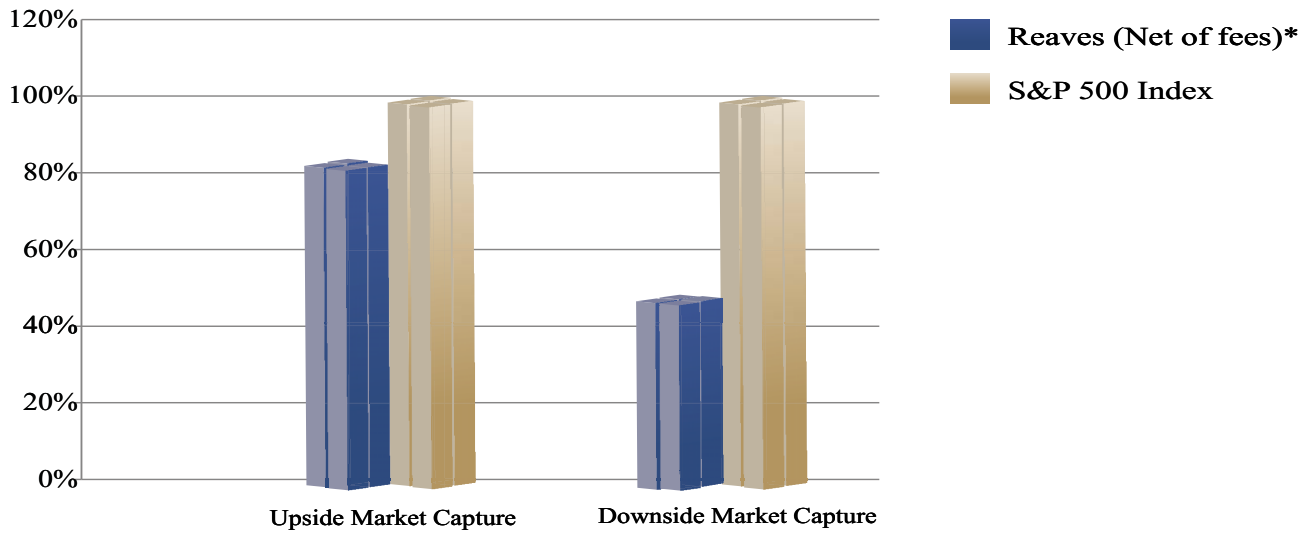
Designed for investors seeking to complement other investments or asset classes with a more defensive income-oriented portfolio which has historically outperformed the S&P 500 Index in challenging market environments.

Alignment of Interests

Reaves' employees, through our Profit Sharing Trust, invest alongside our clients³ which leads to both greater focus and an alignment of interests.

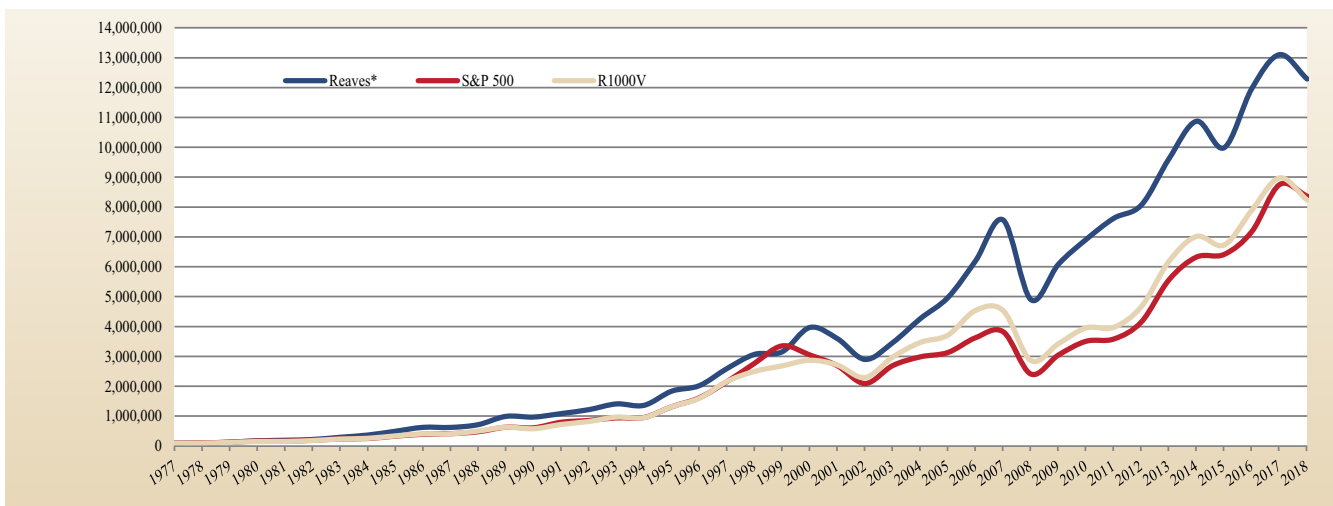
See endnotes for important disclosures and definitions.

Since inception (1/1/78-12/31/18) Reaves has captured 81% of the *upside* while missing 51% of the *downside*.^{1,4}



*Calculated by eVestment Analytics with data supplied by Reaves.

Growth of \$100,000* 1/1/78 - 12/31/18¹



Reaves = Reaves Asset Management ERISA Composite (Net of fees)
S&P 500 = S&P 500 Index
R 1000V = Russell 1000 Value Index. Inception of Index is 1/1/79.

*Calculated by eVestment Analytics with data supplied by Reaves.

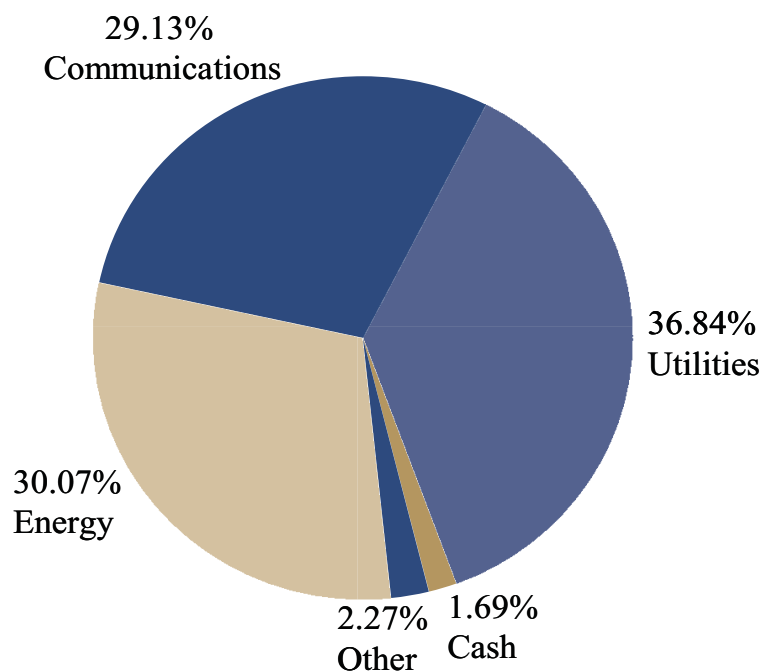
See endnotes for important disclosures and definitions.

Top Ten Security Holdings^{1,5} (%) as of 12/31/18

Nextera Energy Inc.	5.44
Royal Dutch Shell	5.26
DTE Energy Co.	5.15
SBA Communications	4.49
Chevron Corp.	4.19
Nextera Energy Partners	4.07
Equinix Inc.	4.00
ONEOK Inc.	3.96
Pioneer Natural Resources	3.74
Charter Communications	3.74

Holdings are subject to change.

Portfolio Composition^{1,5} as of 12/31/18



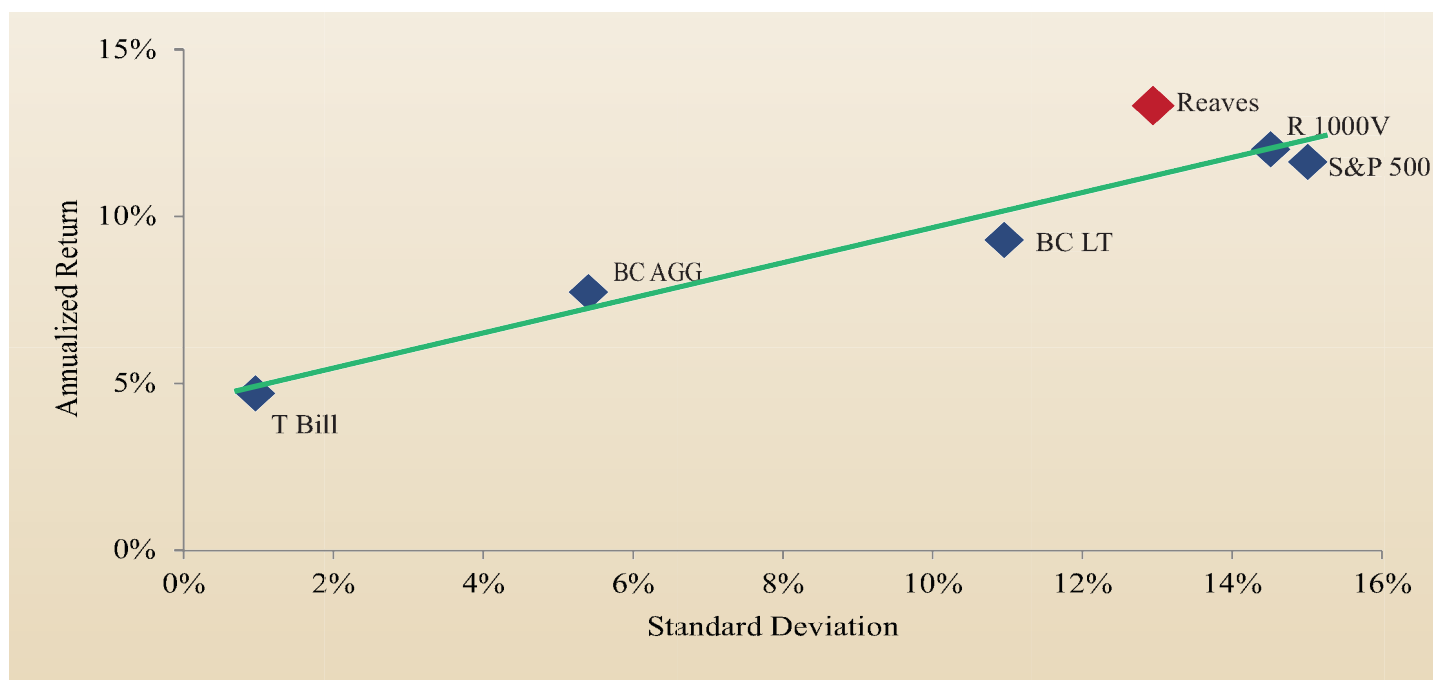
Communications = Communication Services and Real Estate (REITs)
REITs = Equity Real Estate Investment Trusts

Other = Industrials

Cash = Cash and equivalents

Risk/Return^{1,6}

(Net of fees) 1/1/79 to 12/31/18



BC AGG = Bloomberg Barclays Capital Aggregate Bond Index
BC LT = Bloomberg Barclays Capital U.S. Long Treasury Index
R 1000V = Russell 1000 Value Index. Inception of Index is 1/1/79.

Reaves = Reaves Asset Management ERISA Composite (Net of fees)*
S&P 500 = S&P 500 Index
T Bill = FTSE 3-Month T-Bill

Calculated by eVestment Analytics with data supplied by Reaves.

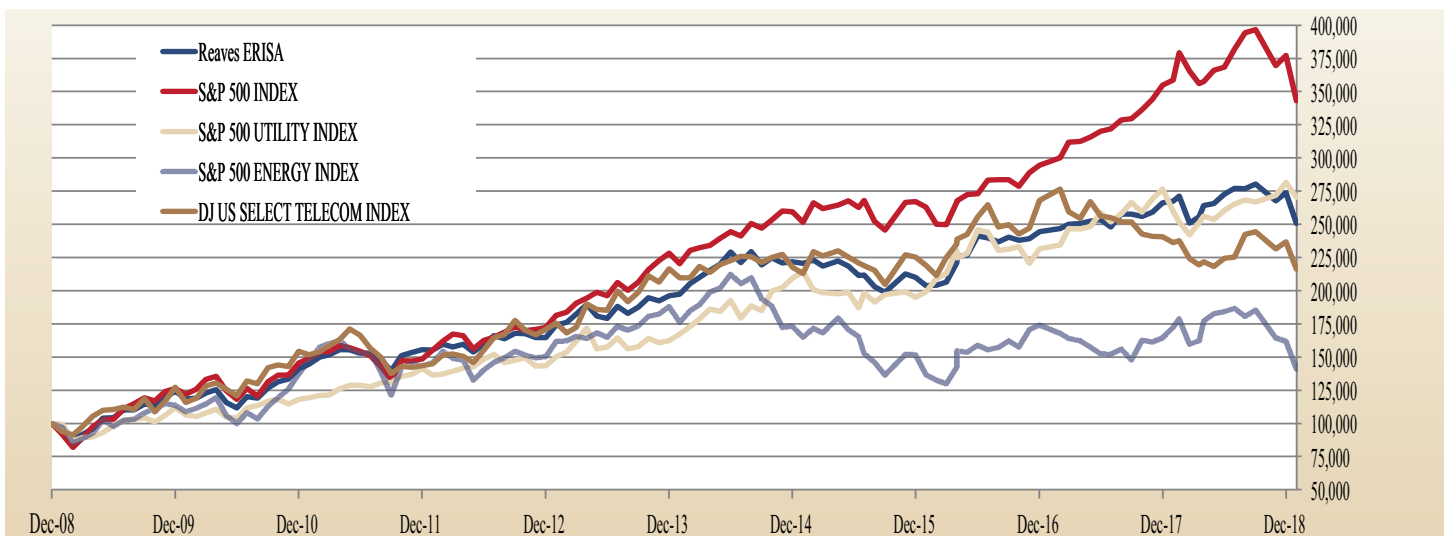
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10-Year Annual Returns¹ (%) as of 12/31/18

	Reaves (Net of fees)	S&P 500 Index	Russell 1000 Value Index	S&P 500 Utilities Index	S&P 500 Energy Index	DJ U.S. Select Telecom Index
2018	-6.23	-4.38	-8.27	4.11	-18.10	-8.45
2017	9.43	21.83	13.66	12.11	-1.01	-11.86
2016	19.88	11.96	17.34	16.29	27.36	22.27
2015	-8.14	1.38	-3.83	-4.85	-21.12	0.76
2014	13.04	13.69	13.45	28.98	-7.78	0.53
2013	19.20	32.39	32.53	13.21	25.07	26.66
2012	5.86	16.00	17.51	1.29	4.61	19.00
2011	10.23	2.11	0.39	19.91	4.72	-6.93
2010	13.59	15.06	15.51	5.46	20.46	21.34
2009	24.20	26.46	19.69	11.91	13.82	27.14

10-Year Growth of \$100,000

12/01/08 - 12/31/18¹⁺



*Calculated by eVestment Analytics with data supplied by Reaves.

Annualized rates of return¹ (%) as of 12/31/18⁺

	QTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	20 Yrs	Since Inception
Reaves (Net of fees)	-10.60	-6.23	7.15	5.02	9.63	7.18	12.45
<i>Standard deviation</i>		14.0%	10.3%	10.2%	11.7%	13.5%	12.9%
S&P 500 Index	-13.52	-4.38	9.26	8.49	13.12	5.62	11.40
<i>Standard deviation</i>		15.3%	11.0%	10.9%	13.6%	14.5%	14.8%
Russell 1000 Value	-11.72	-8.27	6.95	5.95	11.18	6.16	n/a
<i>Standard deviation</i>		14.1%	11.0%	10.9%	14.5%	14.5%	n/a
S&P 500 Utilities Index	1.36	4.11	10.72	10.74	10.46	6.51	n/a
<i>Standard deviation</i>		9.8%	12.4%	12.8%	12.6%	15.8%	n/a
S&P 500 Energy Index	-23.78	-18.10	1.08	-5.56	3.50	6.68	n/a
<i>Standard deviation</i>		23.8%	18.7%	19.0%	19.3%	20.0%	n/a
DJ U.S. Sel Tel Index	-11.48	-8.45	-0.45	-0.01	8.02	-0.08	n/a
<i>Standard deviation</i>		15.2%	14.0%	13.4%	15.4%	22.0%	n/a

Reaves = Reaves Asset Management ERISA Composite + Inception date: 1/1/1978
All indices are adjusted for dividends.

See endnotes for important disclosures and index definitions including ERISA comparisons.

Portfolio Managers and Analysts

Ronald J. Sorenson



Chairman, Chief Executive Officer,
Chief Investment Officer and Portfolio
Manager
35 years experience

Ronald J. Sorenson joined Reaves Asset
Management in 1991.

Mr. Sorenson was elected Vice Chairman
and Chief Executive Officer in September,
2005 after previously holding the position
of Chief Investment Officer. He is also

responsible for portfolio management and development of private client
accounts.

Before joining Reaves, Mr. Sorenson was a co-owner and Portfolio
Manager of an investment advisory firm, PVF Inc. He was also Director
of the BMC Fund Inc., a closely held mutual fund. He has more than 30
years experience in the investment industry and has served as Chairman
of the Board for American Life Insurance Company of New York.

For nine years Mr. Sorenson lived in London, England where he was
engaged, on behalf of private investors, in managing investments in the
United States in both listed securities and private equity. Before moving
to London, Mr. Sorenson practiced public accounting with Arthur Young
& Co. where he gained experience with companies in a variety of
industries, including energy and technology.

Mr. Sorenson received an undergraduate degree from Stanford
University and an MBA degree from Columbia University, where he
concentrated in Accounting and Finance. He is a Certified Public
Accountant.

William A. Ferer

President, Director of Research,
Portfolio Manager and Equity Analyst
46 years experience

John P. Bartlett, CFA

Vice President, Portfolio Manager and Equity Analyst
Specializing in electric utilities and industrial companies
24 years experience

Tim Porter, CFA

Vice President, Portfolio Manager and Equity Analyst
Specializing in energy companies
22 years experience

Jay Rhame, III, CFA

Vice President, Portfolio Manager and Equity Analyst
13 years experience

Brian Weeks

Vice President and Equity Analyst
13 years experience

For further information, please contact the Reaves
sales desk at 1.800.975.8395 or visit our website at
reavesassetmanagement.com

Reaves Asset Management is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Reaves is a privately held, employee-owned "S" corporation organized under the laws of the State of Delaware. Reaves is a dual registrant (Investment Adviser / Broker-Dealer).

Reaves Asset Management claims compliance with the Global Investment Performance Standards (GIPS). A list of Reaves' composite descriptions and/or a presentation that complies with the GIPS standards is available upon request.

Reaves' Long Term Value Strategy seeks a high risk-adjusted total return. The strategy tends to be invested in relatively larger companies with strong balance sheets, good cash flow and a history of dividend growth. Core positions are accumulated in financially strong, high-quality companies and generally have the following characteristics: strong management, above industry-average growth rates, large/mid-market capitalization and low price-earnings multiples.

1 Reaves performance data is the Reaves ERISA Composite and, unless otherwise noted, all data is net of fees. The Reaves ERISA Composite reflects the dollar-weighted return of all corporate ERISA pension accounts with assets of at least \$1,000,000 under management for all periods presented (the minimum was \$900,000 during the period 08/31/10-06/22/12). Returns are time-weighted and include the reinvestment of all dividends and other earnings, net of commissions. The ERISA Composite does not reflect all of the Reaves' assets under management.

2 **Rolling returns** reflect the cumulative return on a continuously held investment over a number of consecutive periods, calculated monthly.

3 Reaves maintains an employee Profit Sharing Trust (PST). Most current and some past employees are participants in the Trust. The PST may purchase or sell the same securities as Reaves transacts for its investment advisory clients.

4 **Upside Market Capture** measures the manager's overall performance to the benchmark's overall performance, considering only quarters that are positive in the benchmark. **Downside Market Capture** measures the manager's overall performance to the benchmark's overall performance, considering only quarters that are negative in the benchmark.

5 Reaves' portfolio characteristics, holdings and sector weightings are subject to change at any time and are based on our ERISA Composite portfolio. Holdings, sector weightings and portfolio characteristics of individual client portfolios may differ, sometimes significantly, from those shown. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the securities and sectors listed. Cash is cash and cash equivalents.

6 **Standard deviation** is a measure of the variability of returns-the higher the standard deviation, the greater the range of performance (i.e. volatility). The data shown reflects the deduction of investment management fees and/or transactions costs. Standard deviation is based on quarterly data. The risk/return data shown are based on historical annualized rates of return and standard deviations of the Reaves ERISA Composite.

Past results do not guarantee future performance. Further, the investment return and principal value of an investment will fluctuate; thus investor's equity, when liquidated, may be worth more or less than the original cost. This document provides only impersonal advice and/or statistical data and is not intended to meet objectives or suitability requirements of any specific individual or account.

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All data is presented in U.S. dollars.

Index Definitions:

The **S&P 500 Index** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. The typical Reaves portfolio includes a significant percentage of assets that are also found in the S&P 500. However, Reaves' portfolios are far less diversified, resulting in higher sector concentrations than found in the broad-based S&P 500 Index.

The **S&P 500 Utilities Index** is a capitalization-weighted index containing 29 electric and gas utility stocks (including multi-utilities and independent power producers). Prior to July 1996, this index included telecommunications equities.

The **S&P 500 Energy Index** comprises those companies included in the S&P 500 that are classified as members of the energy sector.

The **Dow Jones U.S. Select Telecommunications Index** measures the performance of the telecommunications sector of the U.S. equity market, including fixed-line communications and wireless communications.

Russell 1000 Value Index measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. These stocks are selected from the 1,000 largest companies in the Russell 3000 Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index. Reaves' portfolios are far less diversified, resulting in higher sector concentrations than found in the broad-based Russell 1000 Value Index.

Bloomberg Barclays Capital Aggregate Bond Index is an index comprised of approximately 6,000 publicly traded bonds including U.S. Government, mortgage-backed, corporate, and yankee bonds with an approximate average maturity of 10 years.

Bloomberg Barclays Capital Long U.S. Treasury Index includes all publicly issued U.S. Treasury securities that have a remaining maturity of ten or more years, are rated investment grade and have \$250 million or more of outstanding face value. In addition, the securities must be denominated in U.S. dollars and must be a fixed rate and non convertible.

FTSE 3-Month T-Bill is an index, created by the Financial Times stock Exchange and Frank Russell Company (FTSE Russell), that tracks the daily performance of 3-month U.S. Treasury bills which are negotiable debt obligations issued by the U.S. government and backed by its full faith and credit having a maturity of one year or less.

An investor cannot invest directly in an index. Past performance is no guarantee of future results. All investments involve risk, including loss of principal.

Important Tax Information: Reaves Asset Management and its employees are not in the business of providing tax or legal advice to taxpayers. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax adviser.

Fees: Net performance reflects the deduction of advisory fees which are described in detail in our Form ADV Part 2A. For fee schedules, please contact your financial professional for a copy of our Form ADV Part 2A.

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