

Buying Protection

Picks that should help guard a portfolio against a crumbling market.

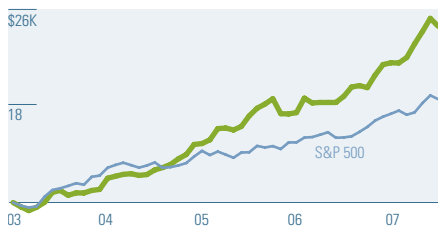
(SA) Separate Account

Alternative

(SA) W.H. Reaves Utility/
Energy Equity

Experienced managers' bottom-up strategy focuses on strong balance sheets and steady earnings. Narrow focus means low correlation with S&P 500.

W.H. Reaves Utility/Energy Equity



This separate account strategy has experience on its side. W. H. Reaves has operated in the utility and energy arena for half a century, and its managers have an average of 28 years experience. The team uses a pure bottom-up approach, paying no heed to benchmarks. They focus on firms with strong balance sheets and steady earnings. They favor those with records of steadily rising dividends, mainly as a measure of financial strength. They put their experience and industry connections to use making opportunistic

plays when anomalous pricing situations arise due to regulatory or political pressures. The process has worked like a charm. This separate account composite has crushed the S&P 500 Index and the Dow Jones Utilities Index in every trailing period during its 29-year existence. A narrow sector focus means the strategy has a very low correlation with the S&P 500 Index. *Michael Breen*

Editors Note: The growth of \$10,000 performance lines in the above graph were transposed in the original version of this article. W.H. Reaves Utility/Energy Equity has outperformed the S&P 500 for the time period reflected in the graph.

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