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## **Reaves** Asset Management

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Separately  
Managed  
Accounts

### **LONG TERM VALUE STRATEGY**

Third Quarter 2020

**FOCUSED ON LONG-TERM  
WEALTH CREATION  
SINCE 1978**

Reaves Asset Management has researched infrastructure-related investments for 59 years and has a 42-year track record<sup>1</sup> of successful investment management.

Reaves invests primarily in the publicly listed equities of companies which provide essential services, have high barriers to entry, and operate with a high level of regulatory scrutiny. Most attractive are companies with above average dividend yields and a demonstrated ability to consistently grow earnings and dividends.

# The Evolution of Reaves' Research Investment Objective



1960

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

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

## Consistency of Performance

- Reaves' portfolios<sup>1,2,3</sup> have generated positive returns in 394 of 394 rolling 10-year periods since inception.<sup>4</sup>
- The lowest annualized return in any 10-year period since inception of the LTV Strategy was 4.0%.
- The S&P 500 Index lost money in 24 of 394 rolling 10-year periods with an average annualized loss of -1.24% and a maximum annualized loss of -3.43%.

*First 10-year period ends 12/31/87.*

*384 rolling 10-year periods ending Dec 1987 – Nov 2019 = Reaves LTV ERISA Composite*

*10 rolling 10-year periods ending Dec 2019 – Sep 2020 = Reaves LTV Wrap Composite*

*Reaves LTV ERISA Composite: inception 01/01/78 and ended 12/20/2019*

*Reaves LTV Wrap Composite: inception 12/31/02*

*Source: eVestment Analytics*

Reaves segments Energy as a separate component of its research

1970



## Why Reaves' Investment Universe is Attractive Now

- Utilities are major beneficiaries of the transition to renewable wind and solar power generation
- The transition from fossil fuels to renewable power generation is expected to be a multi-decade event
- Growth in mobile data and cloud computing is continuing to benefit companies which own and operate wireless towers and data centers
- Dividend yields compare favorably to risk-free rates of return from U.S. Treasury securities and cash
- Market volatility presents periodic opportunities for an active manager to acquire high quality companies at attractive valuations



1980

Reaves segments Telecom as a separate component of its research

## 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 industry sectors comprised of companies which can consistently deliver investment outcomes which contribute to long-term wealth creation.

Reaves segments Water Utilities as a separate component of its research

1990



## 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 clients<sup>5</sup> which leads to both greater focus and an alignment of interests.



2010

Reaves segments Alternative Energy as a separate component of its research

*See endnotes for important disclosures and definitions.*

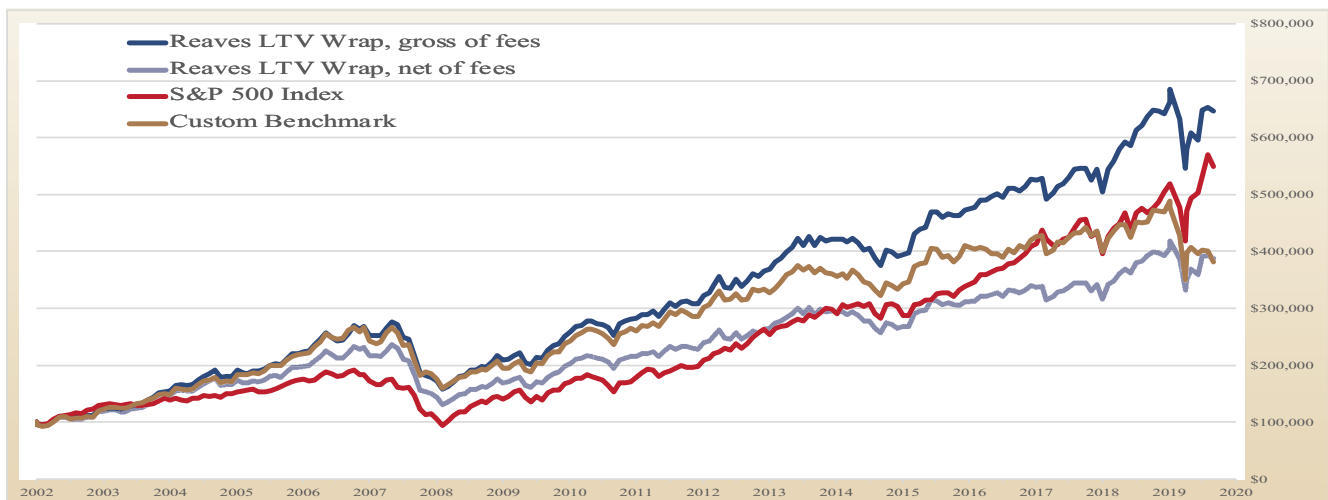
## Reaves' Performance During Best and Worst 5-Year Periods<sup>1,2</sup> (1978 - 2020)

Time Period	S&P 500 Index Cumulative Total Return	Reaves, net of fees* Cumulative Total Return
March 1, 2004 - February 28, 2009	- 29.1%	+ 21.6%
April 1, 2004 - March 31, 2009	- 21.7%	+ 26.0%
February 1, 2004 - January 31, 2009	- 19.5%	+ 35.8%
April 1, 1998 - March 1, 2003	- 17.5%	- 1.5%
April 1, 2000 - March 1, 2005	- 14.8%	+ 41.2%
August 1, 1982 - July 31, 1987	+ 266.0%	+ 262.9%
January 1, 1995 - December 31, 1999	+ 251.1%	+ 131.5%
July 1, 1982 - June 30, 1987	+ 242.2%	+ 258.5%
July 1, 1994 - June 30, 1999	+ 241.9%	+ 145.1%
September 1, 1982 - August 31, 1987	+ 238.6%	+ 240.5%

*\*Performance is based on Reaves LTV ERISA Composite for any 5-year period ending November 2019 or earlier (the composite ended 12/20/19).  
Performance is based on Reaves LTV Wrap Composite for any 5-year period ending December 2019 or later.  
This table does not represent performance for all periods under management.*

*See endnotes for other important disclosures and definitions.*

### Growth of \$100,000\* 1/1/2003 - 9/30/2020<sup>2</sup>



*\*Calculated by eVestment Analytics with data supplied by Reaves.*

*Reaves LTV Wrap is also referred to as the Reaves LTV Wrap Composite.*

*Custom Benchmark = 33.3% S&P 500 Utilities Index, 33.3% S&P 500 Energy Index, 33.3% S&P 500 Telecommunications Services Index, rebalanced monthly.*

*See endnotes for important disclosures and definitions.*

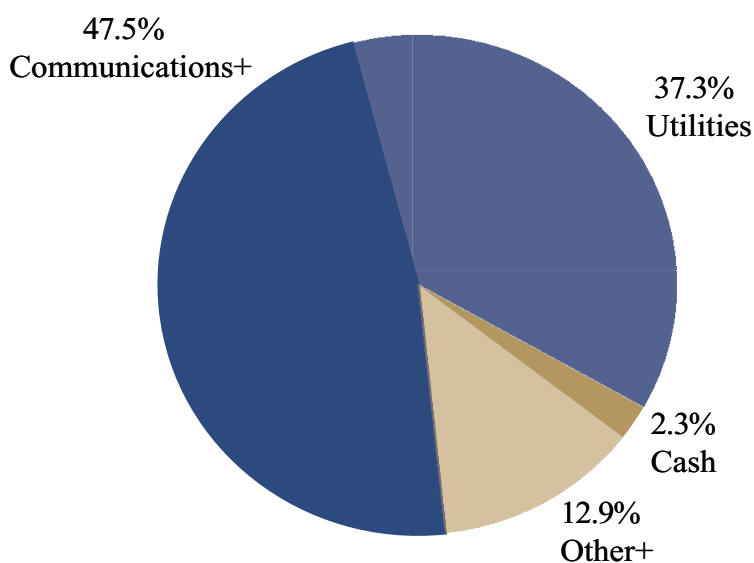
## Top Ten Security Holdings<sup>2,3</sup>

as of 9/30/20

	(%)
Equinix	6.01
NextEra Energy	5.93
SBA Communications	5.81
Charter Communications	5.78
American Water Works	5.32
Union Pacific	4.70
Canadian National Railway	4.56
Alphabet	4.34
Eversource Energy	4.20
CoreSite Realty	4.15

Data is for Reaves LTV Wrap Composite.  
Holdings are subject to change.

## Portfolio Composition<sup>2,3</sup> as of 9/30/20



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

Other = Industrials and Energy

Cash = Cash and equivalents

Data is for Reaves LTV Wrap Composite.

## Top Contributors and Detractors<sup>2,3</sup>

Top Contributors	Top Detractors
Q3 2020	Q3 2020
Charter Communications	Atmos Energy
NextEra Energy	Edison International
Canadian National Railway	NiSource
Union Pacific	CoreSite Realty
Kansas City Southern	Xcel Energy

Data is for Reaves LTV Wrap Composite.

This table does not represent all of the securities purchased or sold for Reaves' clients during the period provided.

See endnotes for important disclosures and definitions.

## 10-Year Annual Returns<sup>2</sup> (%) as of 9/30/20

	Reaves (gross of fees)	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
2020*	-2.38	-4.20	5.57	-11.58	-5.68	-48.09	-6.74
2019	31.38	28.21	31.49	26.54	26.35	11.81	16.74
2018	-3.98	-6.36	-4.38	-8.27	4.11	-18.10	-8.45
2017	10.99	8.27	21.83	13.66	12.11	-1.01	-11.86
2016	21.04	17.51	11.96	17.34	16.29	27.36	22.27
2015	-7.41	-10.17	1.38	-3.83	-4.85	-21.12	0.76
2014	15.59	12.21	13.69	13.45	28.98	-7.78	0.53
2013	18.59	15.13	32.39	32.53	13.21	25.07	26.66
2012	9.58	6.36	16.00	17.51	1.29	4.61	19.00
2011	12.08	8.80	2.11	0.39	19.91	4.72	-6.93
2010	15.52	12.14	15.06	15.51	5.46	20.46	21.34

\*Year-to-date 9/30/20 Reaves = Reaves LTV Wrap Composite

## Transition from Reaves ERISA Composite<sup>1</sup> to LTV Wrap Composite<sup>2</sup>

Performance data cited in this brochure in the past has referenced the Reaves LTV ERISA Composite which reflected the returns of corporate ERISA pension accounts managed by Reaves Asset Management (see full definition in the notes on the back page of the brochure).

Beginning with the Q4 2019 brochure, Reaves performance data is for the Reaves LTV Wrap Composite (“Reaves LTV Wrap”) on both a gross-of-fees and net-of-fees basis. Reaves has managed individual accounts contained in wrap programs since 2002 and this Composite represents the investment performance of these accounts.

The reason for this change is that the Reaves business model has gradually shifted away from the management of defined benefit pension plans. Today, our firm manages a multi-billion dollar closed-end fund, a traditional mutual fund, and an exchange-traded fund, each with a shareholder base comprised primarily of individual investors.

Reaves also provides its investment management services on a separately managed account basis through financial advisors at various brokerage firms in the form of wrap accounts. Wrap accounts typically charge a bundled fee which includes both the fee of the wrap sponsor and the investment fee charged by Reaves.

Due to compliance requirements, the net-of-fees calculation is computed based on the highest annual fee assigned by any wrap sponsor who utilizes this portfolio in an investment wrap program (300 basis points from 1/1/03 through 12/31/16 and, effective 1/1/2017, 250 basis points). See Form ADV Part 2A for Reaves’ Standard Advisory Fee Schedule.

## Trailing Rates of Return<sup>2</sup> (%) as of 9/30/20

	QTD	1 Yr	3 Yrs*	5 Yrs*	10 Yrs*	15 Yrs*	Since Inception**
Reaves (gross of fees)	8.70	-0.22	8.46	11.48	11.08	8.42	11.09
Standard deviation		21.2%	15.2%	13.1%	11.6%	13.1%	12.8%
Reaves (net of fees)	8.04	-2.70	5.80	8.61	8.03	5.36	7.94
Standard deviation		21.2%	15.2%	13.1%	11.6%	13.1%	12.8%
S&P 500 Index	8.93	15.15	12.28	14.15	13.74	9.19	10.06
Standard deviation		23.7%	17.7%	14.9%	13.3%	14.9%	14.1%
Russell 1000 Value	5.59	-5.03	2.63	7.66	9.95	6.35	8.18
Standard deviation		25.3%	18.3%	15.5%	13.9%	15.6%	14.9%
S&P 500 Utilities Index	6.14	-4.97	7.53	10.33	10.68	7.89	10.68
Standard deviation		20.3%	14.4%	13.6%	12.8%	13.7%	13.6%
S&P 500 Energy Index	-19.72	-45.24	-20.42	-9.70	-3.16	-1.27	3.78
Standard deviation		52.7%	35.4%	29.9%	24.8%	24.1%	23.4%
DJ U.S. Sel Tel Index	-0.44	-3.74	-1.01	2.85	5.19	4.20	6.08
Standard deviation		17.7%	15.8%	15.6%	14.5%	17.1%	16.7%

\*Annualized + Inception date: 1/1/2003 Reaves = Reaves LTV Wrap Composite

All indices are adjusted for dividends.

See endnotes for important disclosures and index definitions.

## Portfolio Managers and Analysts

### Jay Rhame, CFA



Chief Executive Officer and Portfolio Manager  
15 years experience

Mr. Rhame began serving as Reaves' Chief Executive Officer on January 1, 2019.

He is a member of the portfolio management team and serves on the risk management committee.

Mr. Rhame joined Reaves Asset Management as a full time employee in 2005. Previously, he served as an energy and utility analyst and as one of the Firm's traders.

Mr. Rhame received a B.A. from St. Mary's College of Maryland and is a CFA Charterholder.

### Timothy O. Porter, CFA

Chief Investment Officer, Portfolio Manager and Analyst  
Specializing in energy companies  
24 years experience

### John P. Bartlett, CFA

President, Portfolio Manager and Analyst  
Specializing in electric utilities and industrial companies  
26 years experience

### Brian Weeks

Vice President, Director of Research, Portfolio Manager and Analyst  
15 years experience

### William A. Ferer

Vice President and Analyst  
48 years experience

### Rodney Rebello

Vice President and Analyst  
6 years experience

For further information, please contact the Reaves sales desk at 1.800.975.8395 or visit our website at [reavesam.com](http://reavesam.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, independently owned "S" corporation organized under the laws of the State of Delaware.

Reaves Asset Management claims compliance with the Global Investment Performance Standards (GIPS®). The verification reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Reaves' Long Term Value Strategy (Reaves LTV) 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 LTV 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. Reaves ERISA Composite began on 01/01/78 and ended on 12/20/19.

2 Beginning December 2019 Reaves Long Term Value Strategy (LTV) is represented by the LTV SMA Wrap Composite. This composite contains those LTV discretionary portfolios with wrap (bundled) fees. Wrap accounts are charged a bundled fee which includes the wrap sponsor fee, as well as, Reaves' investment advisory fee. Due to compliance requirements, the net-of-fees calculation is computed based on the highest annual fee assigned by any wrap sponsor who utilizes this portfolio in an investment wrap program (300 basis points from 1/1/03 through 12/31/16 and, effective 1/1/2017, 250 basis points). LTV SMA Wrap Composite performance consists of money-weighted, time-weighted returns and it includes the reinvestment of all dividends and other earnings. The inception date of the composite is December 2002; however, the composite was created in January 2013. This composite has been managed in a similar manner to the Reaves LTV ERISA Composite which ended in December of 2019. The LTV SMA Wrap Composite does not represent all of Reaves' assets under management.

3 Reaves' portfolio characteristics, holdings and sector weightings are subject to change at any time and, unless otherwise noted, are based on our Long Term Value Strategy. 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.

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

5 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.

Cash is cash and cash equivalents.

**U.S. Treasury securities** are government debt instruments issued by the United States Department of the Treasury to finance government spending as an alternative to taxation. They are backed by the full faith and credit of the United States.

**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 LTV SMA Wrap 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 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 **S&P 500 Telecommunication Services Index** is a float-adjusted capitalization-weighted index comprised of five companies included in the S&P 500 that are classified as members of the telecommunication services 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. Reaves' portfolios are far less diversified, resulting in higher sector concentrations than found in the broad-based Russell 1000 Value Index.

**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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**Reaves** Asset Management

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