

Reaves Asset Management

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Form ADV Part 2A Firm Brochure

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This Brochure provides information about the qualifications and business practices of W. H. Reaves & Co., Inc. (dba: Reaves Asset Management). If you have any questions about the contents of this brochure, please contact Alison W. Davis-Rodriguez (Alison W. Davis), our Chief Compliance Officer, at 1-201-793-2388 or at adavis@reavesam.com.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Additional information about Reaves Asset Management is also available on the SEC's website at: www.adviserinfo.sec.gov. The searchable IARD/CRD number for Reaves Asset Management is: 3140.

Any references to Reaves Asset Management as a "registered investment adviser" or any reference to being "registered" does not imply a certain level of skill or training.

Item 2 – Material Changes

Since our last annual Brochure update, no material changes were made.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We will provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new Brochure when requested or as necessary, based on changes and/or new information, without charge.

The Brochure may be obtained by contacting Alison W. Davis, Vice President and Chief Compliance Officer, at 201-793-2388 or adavis@reavesam.com.

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Item 4 – Advisory Business

Reaves Asset Management (“Reaves” or “the Firm”) has been in business since 1961 and is based in Jersey City, New Jersey. The Firm is incorporated under the name W. H. Reaves & Co., Inc. under the laws of the State of Delaware. Reaves does not have any subsidiaries, affiliated companies or joint ventures. Reaves is an independently owned firm with no one individual owning 25% or more of the Firm.

The Firm’s Founder, William H. Reaves, built on his experience and knowledge of the utilities industry to create the framework for our research-driven investment philosophy that serves as the Firm’s foundation. In 1978, Reaves began managing its first institutional account focused exclusively on the utility and infrastructure sectors.

Today, more than five decades later, Reaves remains committed to the principles of our founder as an independently owned, research-based investment management company still specializing in key infrastructure related industries such as utilities and telecommunications.

The cornerstone of the Firm is our proprietary research. Reaves’ team of Analysts average over 20 years of industry experience. Reaves seeks to utilize this resource to create an informational advantage among a defined set of complex industry sectors.

As of 12/31/21, Reaves managed \$3,544,838,616 of clients’ assets on a discretionary basis. Reaves does not currently manage any assets on a non-discretionary basis.

Reaves provides its investment advisory clients with portfolio management services. Portfolios are invested primarily in listed equities in the electric utilities, communications, gas utilities, water utilities sectors, and the companies that support these industries. Most of these companies have historical track records of paying dividends and in many cases, increasing these dividends.

The Firm invests in the following types of investments: U.S. exchange-listed securities, securities traded over-the-counter, securities trade in non-U.S. markets (foreign), corporate debt securities mutual fund shares, U.S. government securities, option contracts on securities, real estate investment trusts (REITs), interests in partnerships investing in real estate and oil and gas interests.

The Firm currently offers four investment strategies (as described in Item #8) within its area of specialization: Long Term Value, Dividend Income, Current Income and Inflation Hedge. (Currently, Reaves does not have any Inflation Hedge Strategy clients.)

Clients may request broader mandates, or specific investments including, but not limited to, preferred stocks, corporate debt instruments and investments in additional industry sectors. Also, clients may impose restrictions on investments in certain securities or types of securities.

Reaves’ research is for our internal use only. Reaves does not publish research reports or any other publications, nor does it receive any fees for such activities.

In addition, Reaves may furnish investment advice through consultations. The Firm also provides portfolio models in sub-advisory relationships (Unified Managed Accounts or “UMAs”), where Reaves is the sub-advisor. In these cases, the Managing Adviser (also known as Counter-Party Manager or “CPM”) has full discretion on the actual transactions for their client(s). Reaves is paid based on the portion of the assets attributable to Reaves' model. This represents a small portion (2-3%) of the Firm's advisory revenues.

The Firm also participates in arrangements generically known as “Wrap Fee Programs” with several investment and/or brokerage firms (the “Wrap Sponsors”). In these programs, the Wrap Sponsor imposes a single charge for a variety of services that could include a combination of some of the following: investment consulting, custodial services, trading, and portfolio management services from Reaves, as well as other investment advisers, exclusive of fees and taxes that may be mandated by law.

The overall cost you will incur if you participate in a Wrap Fee Program may be higher or lower than you might incur by separately purchasing the types of securities available in the program. To compare the cost of the wrap fee program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and brokerage commissions that would be charged by executing broker-dealers along with any applicable advisory fees.

For Wrap Fee Program accounts, Reaves may utilize brokers other than the trading desk of the applicable Wrap Fee Sponsor. In such cases, the Wrap Fee accounts are not charged any additional associated execution costs by Reaves.

Item 5 – Fees and Compensation

Reaves' advisory fees are negotiable. Compensation arrangements can vary depending upon the nature of the client and the investment strategy selected.

In general, advisory fees are charged quarterly, in arrears, at the end of each calendar quarter, unless otherwise specified in the client's advisory contract. Fees are normally based on the total market value of the account, including accrued income, as of the close of business on the last business day of each calendar quarter, payable upon receipt of an invoice, which is usually mailed to clients within three weeks following the quarter end. Clients may elect to be billed directly for fees or, in some cases, authorize Reaves to directly debit fees from their accounts. The billing method may depend on the policies of the client's custodian.

For periods of less than a full calendar quarter, the advisory fee will be adjusted to reflect only the number of days during the quarter for which the account was under management. The advisory fee will also be adjusted to reflect any material additions to, or withdrawals from, the account. The adjustment is based on the number of days during the quarter the amount of the addition or withdrawal was under management, using the lowest applicable marginal rate(s).

Reaves' fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Reaves' fee.

Item 12 further describes the factors that Reaves considers in selecting or recommending broker-dealers for our clients' transactions and determining the reasonableness of their compensation (e.g., commissions).

Reaves' Standard Advisory Fee Schedules:

Advisory fees are negotiable. Compensation arrangements vary depending upon the nature of the client and its investment account.

LONG TERM VALUE STRATEGY Fees (Negotiable)

Annually
1.000%
0.750%
0.500%

Quarterly
0.2500%
0.1875%
0.1250%

For Accounts Valued
Up to \$75,000,000
on the first \$2,000,000;
on the next \$3,000,000;
on the next \$70,000,000.

Annually
0.500%
0.300%

Quarterly
0.1250%
0.0750%

For Accounts Valued
in Excess of 75,000,000
on the first \$200,000,000;
on any amount thereafter.

CURRENT INCOME STRATEGY Fees (Negotiable)

Annually
1.250%

Quarterly
0.3125%

DIVIDEND INCOME STRATEGY Fees (Negotiable)

Annually
1.000%

Quarterly
0.2500%

INFLATION HEDGE STRATEGY FEES (Negotiable)

Annually
1.000%

Quarterly
0.2500%

Currently, there are no clients in this strategy.

If a client has established, or at a future date establishes, additional segregated account(s) with Reaves, creating a group ("family") of accounts, the advisory fee rate for the original account, as well as the additional account(s), will be based on the aggregate value of the group in accordance with the provisions stated above. This computation will afford all accounts in the group the benefit of the lowest applicable marginal fee rate. The advisory fee invoices will be itemized to reflect each account's individual advisory fee based on its respective proportionate weight in the group.

Reaves as Executing Broker:

Reaves withdrew its broker-dealer license effective on April 22, 2019.

Termination of Contract:

A client can terminate an investment advisory contract at any time by giving Reaves written notice of such termination, subject to the terms of the contract then in effect.

In the case of a client that pays investment advisory fees in advance and terminates the investment advisory contract prior to the completion of a calendar quarter, a refund will be sent to the client within 30 business days of the quarter-end following the date of termination. The refund, based on the prorated fee, will reflect the number of calendar days from the effective date of termination up to and including the last day of the quarterly period. Refunds are also subject to each investment advisory agreement then in effect.

Item 6 – Performance-Based Fees and Side-By-Side Management

Reaves does not charge performance-based fees.

Item 7 – Types of Clients

Historically, Reaves has provided investment management services to the following types of clients: endowments, foundations, insurance companies, electric public utility, nuclear decommissioning trust funds, other institutions, defined benefit and contribution plans (“ERISA”), high-net-worth and other individuals.

Reaves’ account minimums are \$5,000,000 for institutional clients and \$1,000,000 for individuals. The Firm reserves the right to waive these minimums.

In addition, in February 2004, at the Fund's inception, Reaves entered into an investment advisory relationship with the Reaves Utility Income Fund (an amended agreement was executed on August 26, 2010). This Fund is a closed-end management investment company registered under the Investment Company Act of 1940. Its shares are traded on the NYSE American under the symbol UTG. More information is available on the Fund's website, www.utilityincomefund.com.

Also, in December 2004, Reaves entered into an investment advisory relationship with the Reaves Select Research Fund, an open-end mutual fund; the agreement was amended on August 27, 2010. In September 2013 the Fund was renamed the Reaves Utilities and Energy Infrastructure Fund, and as of November 28, 2021, the Fund is now known as the Reaves Infrastructure Fund. As of November 2016, the Fund offers only an institutional class of shares (symbol: RSRFX)¹. The Fund is managed consistent with the Firm’s Long Term Value Strategy. To determine if this Fund is an appropriate investment for you, carefully consider the Fund’s investment objectives, risk factors, charges and expenses before investing. This and other information can be found in the Fund’s prospectus, which may be obtained by calling 1-866-342-7058. Fund information, including the Fund’s prospectus is also available on Reaves’ website.

In October 2011, Reaves entered into a sub-advisory relationship with Principal Financial Group to manage the publicly listed infrastructure portion of their Principal Global Diversified Income Fund (PGBAX, PGDCX and PGDPX). A prospectus and/or information about the Fund can be obtained at www.principalfunds.com. This sub-advisory relationship is ended in January 2022.

Virtus Reaves Utilities ETF (Ticker: UTES – NYSE Arca is the primary exchange for this security), launched in September 2015, seeks to provide total return through a combination of capital appreciation and income. Virtus ETF Advisers LLC serves as the investment adviser. Reaves serves as the investment sub-adviser to the Fund, making all investment decisions. The Fund is distributed by VP Distributors LLC, an affiliate of Virtus ETF Advisers LLC.

The annualized management fee is 0.49% (49 basis points) and is structured as a “unified fee”, out of which Reaves, the Fund’s investment sub-adviser, pays all expenses of the Fund, except for the Sub-

¹ Registration for Class “A” shares (symbol: RSRAX) for this Fund were initially effective on March 31, 2005, however, in November 2016 the outstanding Class “A” shares were converted into the existing institutional class; the Class “A” shares are no longer offered.

The annualized management fee was reduced from 0.95% (95 basis points) on April 1, 2019. Adviser's fee; payments under any 12b-1 plan; taxes and other governmental fees; brokerage fees, commissions and other transaction expenses; interest and other costs of borrowing money; acquired fund fees and expenses; litigation and arbitration expenses; fees for professional services incurred in connection with any litigation or arbitration; and other extraordinary expenses of the Fund.

You should consider the Fund's investment objectives, risks, and charges and expenses carefully before investing. Contact Virtus ETF Solutions at 1-888-383-0553 or visit www.reavesetfs.com to obtain a prospectus which contains this and other information about the Fund. The prospectus should be read carefully before investing.

On May 29, 2019, Reaves launched an Irish-domiciled UCITS² Fund on the MontLake UCITS Platform ICAV³; the Reaves Utility Income UCITS Fund. The Fund closed on October 6, 2021.

Reaves also maintains sub-advisory relationships with Gordon Asset Management and Wealthspire Advisors (formerly known as Sontag Advisory, LLC). Gordon Asset Management accounts utilize Charles Schwab (none with Reaves at this time) and TD Ameritrade as custodian. Wealthspire Advisory accounts are held at Charles Schwab and Fidelity. The minimum size for these sub-advisory accounts is \$100,000. The minimum size for the Sontag accounts is generally \$125,000. Reaves' portion of advisory fees for these sub-advisory and referral accounts are negotiable but generally do not exceed 65bp (basis points) annually. Reaves' fee does not include any fees that may be due to or charged by these other introducing advisory firms.

In addition, Reaves participates in Network programs with dual-contract agreements. These clients execute agreements with the Network program sponsor as well as directly with Reaves. Reaves currently has this relationship with the Wells Fargo Advisors Network Program, Morgan Stanley, Cornerstone, Fidelity and Oppenheimer. Wells Fargo accounts are cleared and held at First Clearing, LLC; Cornerstone accounts are cleared and held at Schwab while Morgan Stanley, Fidelity and Oppenheimer custody their own accounts. Reaves' fees for accounts in these programs are negotiable but generally do not exceed 70bp annually.

Reaves also maintains relationships with other investment organizations where Reaves is a sub-advisor and provides model portfolios (UMA) to the Managing Adviser [Counter-Party Manager (CPM)]. In these relationships the CPM has full discretion on the actual transactions for their client(s). Reaves' fees under these sub-advisory relationships are negotiable but generally do not exceed 40bp (the amount paid to Reaves by the CPM). Reaves currently provides model portfolios to Envestnet and Stifel, Nicolas.

² UCITS is the acronym for Undertaking for Collective Investment in Transferable Securities and is a regulatory framework for investing under the direction of the European Parliament.

³ Montlake is the leading independent and privately-owned asset management firm regulated by the Central Bank of Ireland and specializes in European regulated fund solutions.

Additionally, Reaves participates in arrangements generically known as “Wrap Fee Programs” with several investment and/or brokerage firms (the “Wrap Sponsors”). In these programs the Wrap Sponsor imposes a single charge for a variety of services that may include a combination of some of the following: investment consulting, custodial services, trading, and portfolio management services from Reaves, as well as other investment advisors, exclusive of fees and transfer taxes mandated by law.

For Wrap Program accounts Reaves may have responsibility for the execution of transactions with no commission being charged; however, trades affected within these programs will be settled at the broker-dealer or bank custodian as per the direction of the Wrap Sponsor. In these cases, Reaves assumes the associated execution costs. Reaves currently participates in the following Wrap Programs:

<u>Wrap Sponsor</u>	<u>Custodian</u>	<u>Wrap Program</u>
NBC Securities	RBC Capital Markets	Professional Asset Management Program (ProAm)
Envestnet	RBC Dominion Securities	Access Program
Lockwood Financial	Pershing	Non-Sponsored Account Command Program & Sponsored SMA Program
LPL Financial	LPL Financial	Manager Select & Manager Access Select

Reaves’ Wrap account minimum asset size is \$100,000 though Reaves reserves the right to waive this minimum. Reaves’ portion of advisory fees for its management of these Wrap program accounts does not exceed 60bp annually. Potential investors in these Wrap programs are advised to contact the Wrap Sponsors directly to obtain complete information regarding their respective programs and applicable fees.

Reaves also manages other non-fee-paying accounts on a discretionary basis.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Reaves' investment decision-making process is a combination of top down macro-analysis⁴ and bottom-up stock selection⁵. Investment decisions are driven by fundamental research and an assessment of the relative value of each investment.

All equity research and analysis are generated internally by a staff of experienced professional analysts. The Firm's analysts currently average over 20 years' experience in the investment business and in association with the public utility or energy industries.

The main sources of information the analysts utilize include, but are not limited to: financial newspapers and magazines, inspections of corporation activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, company press releases, etc. Reaves' research analysts also meet with company officers and attend security analyst meetings. The analysts depend on their relationships with company management and regulators for detailed information about the securities and industries the analysts cover.

Investing in securities involves risk of loss that clients should be prepared to bear.

Different types of investment involve varying degrees of risk and it should not be assumed that future performance of any specific investment strategy (including the investments and/or investment strategies recommended or undertaken by Reaves) will be profitable or equal to any specific performance level(s).

Though Reaves' methods of analysis and investment strategies do not represent any significant or unusual risks, every method of analysis has its own inherent risks. To perform an accurate market analysis Reaves must have access to current market information. Reaves has no control over the dissemination rate of information; therefore, unbeknownst to Reaves, certain analyses could be compiled with outdated information, which could limit the value of Reaves' analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Past performance is no guarantee of future results.

⁴Macro-analysis is a method of analysis that involves looking at the "big picture" first and then analyzing the details of smaller components.

⁵Bottom-up stock selection is a type strategy which focuses on individual securities and picking those that are undervalued.

Reaves' investment strategies include:

LONG TERM VALUE STRATEGY

Reaves' Long Term Value Strategy seeks a high risk-adjusted total return⁶. The strategy focuses attention on select areas of the broad equity market which we believe are vital to the long-term prosperity of the economy. Primarily, we focus on the electric and gas utilities, communications and other infrastructure sectors of the S&P 500 Index⁷. These sectors have historically had relatively low price-earnings multiples, relatively high dividend yields and growing dividends. Within these sectors, the strategy tends to invest in relatively larger companies with strong balance sheets, good cash flow and a history of dividend growth.

Reaves believes it has a unique investment strategy that is designed to achieve attractive returns with less correlation⁸ and lower volatility than the broad equity market. 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. Managed portfolios also tend to have low betas⁹, high dividend yields and favorable dividend growth prospects. Approximately 250-300 companies comprise the initial universe of securities with 25-50 selected for client portfolios. The top-15 holdings can account for as much as 75% of portfolio values.

Reaves believes that an information advantage can be created when experienced analysts focus their fundamental, quantitative and qualitative bottom-up research¹⁰ on select, complex industry sectors. During weekly formal research meetings investment merits of covered companies are evaluated.

Companies whose financial characteristics, management strength and dividend policy meet portfolio requirements, are targeted for a more intensive evaluation including on-site visits.

⁶Risk-adjusted return is a concept that refines an investment's return by measuring how much risk is involved in producing that return, which is generally expressed as a number or rating. There are five principal risk measures: alpha, beta, r-squared, standard deviation and the Sharpe ratio. Each risk measure is unique in how it measures risk.

⁷The S&P 500 Index is a capitalization-weighted, composite 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.

⁸Correlation is the degree of association between two variables. It is used to predict the value of one variable when given the value of the other.

⁹Beta measures a portfolio's volatility relative to the market as a whole. A beta higher than 1.0 has historically been more volatile than the benchmark, while a portfolio with a beta lower than 1.0 has been less volatile.

¹⁰Quantitative research is an analysis technique that seeks to understand behavior by using complex mathematical and statistical modeling, measurement and research. Qualitative research is an analysis technique based on non-quantifiable information such as management expertise, industry cycles, strength of research and development.

Dividends and dividend policies are crucial to Reaves' strategy. High dividend-paying companies often enforce the financial discipline that supports a growing business. Investing in growing companies that also pay consistent and increasing dividends is our life's work. Reaves views each company's dividend policy as an internal financial benchmark. Companies that reach or exceed that benchmark are selected for a potential portfolio role. Final investment evaluations determine whether a candidate would contribute to the portfolio's risk-adjusted return.

Reaves' Long Term Value style seeks to be disciplined and risk efficient. Low volatility, correlation¹¹, R-squared¹² and similar statistics have remained consistent for more than 40 years.

Our portfolios can assist in improving plan information ratios¹³ and complement more aggressive investment styles. Critical to our philosophy is investing in companies that usually generate above average earnings per share (EPS) growth.

Historically, in most instances, Reaves' portfolios have provided attractive returns in improving markets while outperforming in declining markets. Principal preservation is emphasized.

CURRENT INCOME STRATEGY

The investment objective is to provide a high level of after-tax income and total return consisting primarily of tax-advantaged dividend income and capital appreciation. The strategy allows for periodic withdrawals of earned income.

Securities are chosen from the universe of companies currently researched by Reaves' analysts for our Long Term Value Strategy. Bonds, preferred stocks and related Master Limited Partnerships ("MLPs") may be used to supplement the core common stock holdings typically used in our Long Term Value Strategy.

The total return in the Current Income Strategy is expected to be lower than in the Long Term Value Strategy as above-average income is often achieved at the expense of earnings growth. Also, due to the expected withdrawal of income, fewer funds would be available for reinvestment than with our typical Long Term Value Strategy portfolio. In addition, some of the securities that would be used in this strategy may not be as liquid as the large and mid-cap common stocks normally utilized by Reaves; as such, the trading of such securities would be more limited and could produce lower total return results.

¹¹Correlation is the degree of association between two variables. It is used to predict the value of one variable given the value of the other.

¹²R-squared is a concept that refines an investment's return by measuring how much risk is involved in producing that return, which is generally expressed as a number or rating. There are five principal risk measures: alpha, beta, r-squared, standard deviation and the Sharpe ratio. Each risk measure is unique in how it measures risk.

¹³The information ratio is a measure of portfolio's performance against risk and return relative to a benchmark or alternative measure.

DIVIDEND INCOME STRATEGY

The Dividend Income Strategy is a concentrated version of the Current Income Strategy. It utilizes a portfolio of 15 to 30 equity securities with a primary objective to provide a high level of after-tax dividend income and a secondary objective to provide capital appreciation. The strategy allows for periodic withdrawals of earned income.

Securities are chosen from the universe of companies currently researched by Reaves' analysts for our Long Term Value Strategy. Bonds and preferred stocks may be used to supplement the core common stock holdings typically used in our Long Term Value Strategy.

The total return of the Reaves Dividend Income Strategy is expected to be lower than in the Long Term Value Strategy as above-average income is often achieved at the expense of capital appreciation.

INFLATION HEDGE STRATEGY

The Inflation Hedge Strategy seeks preservation of capital in an inflationary environment and/or in a period when paper money is being debased around the world. This strategy utilizes equity securities some of which are traditionally found in our Long Term Value Strategy. In addition, we may utilize exchange-traded funds (ETFs), exchange-traded notes (ETNs) and metal and mining stocks. In contrast to our Long Term Value Strategy, dividends and dividend growth are not as heavily emphasized given the relatively lower dividend yields or absence of dividends paid by commodity-focused companies.

In contrast to the experience of the portfolios in the Long Term Value Strategy, we expect portfolios in the Inflation Hedge Strategy to experience greater volatility. The greater volatility derives from the sensitivity to interest rate expectations, inflation expectations, expectation for global economic growth and confidence or lack of confidence in government policy.

Portfolios employing this strategy will be concentrated and could have fewer positions (i.e., 25 or less). We expect the average cash balance will be higher, on average, as compared to other Reaves' strategies, as cash is viewed as "opportunity money" to benefit from price fluctuations of portfolio holdings which may present the opportunity to realize capital gains.

Currently, Reaves does not have any Inflation Hedge Strategy clients.

Item 9 - Disciplinary Information

Reaves has no disciplinary information to report.

Item 10 – Other Financial Industry Activities and Affiliations

On February 21, 2018 Reaves filed a Form BDW with FINRA, which became effective on April 22, 2019, and is no longer engaging in brokerage-related activities.

Item 11 – Code of Ethics

Reaves has adopted a Code of Ethics Policy (the “Code”). The Code sets forth a standard of business conduct for the Firm and all employees and other supervised individuals (together “access persons”) of the Firm. The purpose of this Code is to set out ideals for honesty, integrity, openness and trust for the Firm and its personnel to espouse in the interests of the Firm and investor protection. In particular the Code is designed to:

- Place the interests of the clients first
- Avoid taking inappropriate advantage of their position
- Conduct all “personal” or “related” account securities transactions in full compliance with this code and Reaves’ Personal Trading Policy
- Adhere to all applicable laws and regulations and internal policies

In an effort to meet the above obligations, our access persons are expected to follow Reaves’ policies and procedures including, but not limited to, guidelines and restrictions in the following areas: personal securities transactions and reporting, insider trading, anti-money laundering, conflicts of interest/outside business activities, political contributions, confidentiality, disciplinary actions and disclosure of information, gifts and record keeping.

The complete text of Reaves’ Code of Ethics is available upon request. Please contact Reaves’ Compliance Department at 1-800-732-8374.

As a matter of policy, Reaves does not utilize agency cross transactions¹⁴ for our clients. However, if Reaves decides to change this policy, any agency cross transactions would only be executed with prior written permission from the clients. If necessary, Reaves’ procedures would be designed to ensure that all cross-transaction trades would be affected in compliance with all applicable securities laws.

Reaves maintains an employee Profit Sharing Trust (“PST”). Most current and some past employees are participants in the Trust. The PST’s holdings and transactions are similar to Reaves’ Long Term Value Strategy. As such, the PST may purchase or sell the same securities as Reaves transacts for its investment advisory clients. When the PST is buying or selling the same security as Reaves transacts for an investment advisory client, the PST transaction may be averaged into the advisory client share allocation (when the PST has received a better price) when the same executing broker is used; client accounts receive time and price preference.

When any advisory client’s transactions receive a better price than the PST trade, the PST’s inferior transaction (price) will stand, with no change made to the advisory client’s transaction. In keeping with Reaves’s fiduciary responsibility to its advisory clients any planned PST transaction will be delayed, when necessary, until after advisory client transactions have been completed (i.e. in thin or illiquid securities). Reaves has not, nor will it, execute or cause to execute any cross trade where

¹⁴An agency cross transaction occurs when one broker acts for both the buyer and the seller for a particular transaction.

Reaves' PST is one of the parties. The current trustees of the Reaves Profit Sharing Trust are Joseph (Jay) Rhame III and John Bartlett, both directors of Reaves, and Ronald Sorenson, a Reaves' (retired) non-employee "access" person who is subject to Reaves' Code of Ethics. Mr. Rhame and Mr. Bartlett are also portfolio managers for various investment advisory accounts.

Concerning trading error events (in some cases an error may include multiple transactions); it is not the intention of Reaves to benefit from any trade error. In instances where the trade error event results in a benefit, that benefit will be credited to the client, where the client is permitted to receive such benefit. A client will not receive the benefit of a profitable trade error if the security in question was never intended for the client's portfolio (i.e., incorrect security was purchased or sold). In every instance where Reaves exercises its discretionary authority and a trade error event results in a loss, Reaves will cover such loss; it will not be the responsibility of the client. In instances where the client is not permitted to receive the benefits of a trading error, for example, when the client's account balance would not have permitted the client's purchase of the security, or the trade error does not relate to any specific client, the benefit will be placed in a trade error account. In the case of a significant profit as the result of a trading error event (an amount in excess of \$100.00), that amount will be earmarked for a charitable contribution. Such contributions will be made by Reaves on at least an annual basis. In addition, year-end net credit balances over \$10.00 in a Reaves error account will also be donated to charity.

Privacy Policy

Reaves has always worked hard to maintain the highest standards of confidentiality and to respect the privacy of our client relationships.

The non-public personal information we collect about our clients comes primarily from the account applications and other forms submitted to us. We may also collect information about our clients' transactions and experiences with us or others relating to the products or services we provide. Also, depending on the products or services required, we may obtain additional information from customer reporting agencies.

We do not disclose customer information to anyone, except as necessary to supply the products and services requested by each client and as permitted by law or required by law. This may include sharing your information with non-affiliated companies that perform support services for client accounts or process transactions with us. Additionally, it may include disclosing information pursuant to a client's express consent or to comply with applicable laws and regulations.

We limit access to customer information to our access persons and service providers who are involved in offering or administering the products or services that we offer. We maintain physical, electronic and procedural safeguards that are designed to comply with federal and state standards to guard such information. If a relationship ends, we will continue to treat the information as described in this Privacy Policy.

Item 12 – Brokerage Practices

Reaves believes that execution services on behalf of its clients is an important factor in the clients achieving the most favorable net results in terms of quality of execution (price) and cost to clients.

When Reaves chooses which broker-dealer to place an order, it does so with the goal of achieving the most favorable net results for our clients. Such broker would be selected based upon its financial responsibility, charges and execution capability for the particular security involved. The criteria for selecting such a qualified broker-dealer may also include, along with trade execution services, brokerage and research services and products as defined in Section 28(e)¹⁵ “safe harbor” provisions of the Securities Exchange Act of 1934 (“Services and Products”). Such services and products can include fundamental research reports, current market data and news, technical and portfolio analysis, economic forecasting and interest rate projections, and historical information on securities and companies.

In some cases, where a broker, who provides Services and Products to Reaves, designates another unaffiliated broker-dealer to act as their exclusive trading partner, Reaves may place orders with that unaffiliated broker-dealer. In such cases, the unaffiliated broker would receive a portion of the commission for the actual trade execution with the balance of the commission charged being remitted by the unaffiliated broker-dealer to the broker who provides Services and Products to Reaves.

In addition, Reaves may enter into a Commission Sharing Agreement (“CSA”) if it determines that such an arrangement would assist in achieving the most favorable net results for our clients. CSAs allow for the execution of orders with one broker-dealer with a portion of the commissions paid being used to compensate another broker-dealer or research service provider. These research services would also be covered under the “safe harbor” provisions. Reaves’ Brokerage Committee is responsible for the evaluation and selection of brokers and the maintenance of an approved broker list. The broker selected for each transaction is chosen by Reaves’ traders from the approved broker list.

Consistent with its fiduciary duties, Reaves allocates trades on an equitable basis with respect to both its investment company and non-investment company clients (including clients in which Reaves or a person associated with Reaves may have an interest). No advisory client, including those clients in which Reaves or persons associated with Reaves have a direct or indirect beneficial interest is favored by Reaves over any other client, and each client who participates in an aggregated order participates at the same average share price, with transaction costs charged to each such client in accordance with its then in effect commission schedule.

¹⁵Section 28(e) of the Securities Act of 1934 establishes guidelines where investment managers, with investment discretion over accounts of others, may receive brokerage and research services from a broker-dealer if it makes a good faith determination that the value of such services is reasonable in relation to the amount of commissions paid. Such activities, as described, would not be in contradiction to a manager’s fiduciary duty.

Reaves does not allocate aggregated orders on a pure pro-rata basis. Reaves believes the methods in which it determines allocations are equitable and fair to all clients and are in the clients' best interest. Reaves allocates trades based upon, but not limited to, the following factors (not in priority order), which are applied to each client equally:

- 1) The investment strategy;
- 2) Cost of transactions (size and frequency issues to be included);
- 3) Size of the execution and the liquidity of the security;
- 4) The nature of each account (that is, whether the account is taxable or non-taxable, which is especially important for sale transactions);
- 5) The tax consequences of a transaction (long-term versus short-term capital gains for sales in taxable account);
- 6) Current cash position of each account being considered for the transaction;
- 7) Weighting of the security and the sector of the security in the applicable accounts; and
- 8) Size of each account's portfolio and the risks (positive or negative) of a specific allocation to one account over an allocation to another account.

Reaves' allocation policies apply to fully and partially filled orders as directed by the Portfolio Manager(s) of the applicable accounts.

Reaves does not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients and is consistent with the terms of Reaves' investment advisory agreement with each client for which trades are being aggregated. No advisory client is favored over any other client, and each client that participates in an aggregated order participates at the same average share price for all of those aggregated transactions in that security on a given business day, with transactions costs charged to each such client in accordance with its then in effect commission schedule.

For each aggregated order, an allocation statement is prepared specifying the participating client accounts and how the order shall be allocated among those clients. Notwithstanding the foregoing, an order may be allocated on a basis different from that specified in the allocation statement provided that all clients receive fair and equitable treatment.

Although, Reaves rarely participates in Initial Public Offerings ("IPOs"), IPO allocations, whenever possible, will be allocated on a pro-rata basis among all accounts that such allocation would be deemed appropriate given each account's investment strategy and other factors including, but not limited to:

- 1) Account restrictions as to the nature of the investment and the size of the transaction
- 2) The cash position of each eligible account
- 3) A client's existing holdings and sector weightings

If applicable, previous IPO allocations will be reviewed to further ensure fair and equitable treatment of all eligible accounts.

On occasion, though not frequently, Reaves will participate in Secondary Offerings for its clients. Allocation of such offerings is similar to that of an IPO; an additional factor might include the existing holdings of that specific security.

Reaves' overall allocation policy (as listed in this section) may also be utilized, in part, for IPOs and Secondary offerings.

When requested by a client, in writing, Reaves will use brokers designated by a client. Such "directed brokerage" can be utilized by a client, among other reasons, who has entered into a commission recapture program with said broker. Reaves may also receive directed brokerage requests from other introducing advisory firms (i.e. Morgan Stanley, Wells Fargo, Envestnet and LPL Financial). Clients with directed brokerage arrangements could pay higher commissions and/or execution costs than may be otherwise available.

Item 13 – Review of Accounts

Reaves' Portfolio Managers have the primary responsibility for all investment advisory accounts.

Account administrators and the Operations Department perform various reviews of all prior day's trades to ensure that such trades are correctly processed to the designated client account(s). On at least a monthly basis, the Firm's Client Account Administration group reconciles our records to those provided by the client's trustee and/or custodian. After reconciliations, performance measurement is processed and reviewed by members of the Firm. The Compliance Department reviews all trades and client holdings taking in to account the investment strategy chosen, any specific client guidelines and all applicable regulations.

At least quarterly, managed clients are sent reports including a statement of investments and changes in assets and performance. Reports are not sent to "wrap" and certain "sub-advisory" clients Reaves manages (the Wrap Sponsor & primary investment adviser are responsible for that client reporting) and for the investment companies Reaves manages (data is supplied to the funds' administrators and each board, as requested). Periodically, in-depth performance analysis is prepared and presented during client meetings. On a daily basis, brokers send electronic trade reports (Trade IDs) to institutional clients' trustees and/or custodians using OMGEO (DTCC). As requested, Reaves sends additional trade reports by fax, email or other electronic means.

It is each client's responsibility to inform Reaves, directly or through the investment adviser who introduced the account to Reaves, of any material changes to their financial condition or investment objectives.

Item 14 – Client Referrals and Other Compensation

Reaves has entered into written solicitation agreements with unaffiliated third parties (“Solicitors”). The Solicitors conduct their activities independently. The Solicitation Agreements and all activities in connection therewith, are conducted in compliance with Rule 206(4)-3 under the Investment Advisors Act of 1940 and all other applicable Federal and State securities laws and regulations.

Under the aforementioned agreements, the Solicitors refer potential clients to Reaves and are compensated quarterly based on a percentage of advisory fees paid, and received, by such clients who elect to retain the investment advisory services of Reaves. All such solicitor arrangements are disclosed to and acknowledged by the applicable client. The compensation paid by Reaves to any Solicitor does not result in any additional charges to the client.

Item 15 – Custody

In most cases, Reaves' client and/or an introducing advisory firm is responsible for the selection of a custodian. Some accounts are introduced by Reaves to Pershing Advisor Solutions (PAS) who is responsible for all custodial matters.

Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains the clients' investment assets. Reaves urges our clients to carefully review their statements and compare such official custodial records to the account statements that we may provide to you. Reaves' statements can vary from custodial statements due to, but not limited to, reporting methods (i.e., trade date versus settlement date), pricing differences and accrued income calculations.

As stated in Item 5, clients may elect to be billed directly for fees or to authorize Reaves to directly debit fees from their accounts. The billing method may depend on the policies of the clients' custodian. Reaves urges clients to review their billing statements.

Item 16 – Investment Discretion

Reaves has the written discretionary authority and responsibility to formulate investment strategy on behalf of clients, including deciding what securities to buy and sell, what amounts and when, in accordance with agreed upon client objectives and the client’s chosen investment strategy.

Reaves maintains investment advisory relationships with employer-sponsored pension and defined contribution plans of publicly traded energy services companies. Reaves may also invest in securities of these companies for our clients.

Discretionary clients may impose restrictions on Reaves’ discretionary authority.

Factors that may influence Reaves’ investment decisions could include, but are not limited to, specific client trade requests (i.e. tax harvesting), client restrictions, and capital gain or loss considerations of a particular holdings in taxable accounts and, for investment company clients, certain federal securities laws that require diversification of investments.

From time to time non-institutional clients may initiate trades or maintain security positions in their accounts that are not proposed by our Firm (“non-discretionary” transactions).

Item 17 – Voting Client Securities

The act of managing clients' assets may include, at the discretion of the client, the voting of proxies related to such managed assets. Where the power to vote in person or by proxy has been delegated, directly or indirectly, to the investment adviser, Reaves has the fiduciary responsibility for (a) voting in a manner that is in the best interests of the client, and (b) properly dealing with potential conflicts of interest arising from proxy proposals being voted upon.

As disclosed in Item #16, Reaves may invest in securities in companies with an investment advisory relationship ("related") with Reaves. Reaves may also vote proxies on these holdings. Reaves' policies and procedures includes a review of these related companies' proxy votes by Reaves' Chief Compliance Officer, prior to the vote being cast. Though Reaves does not utilize any third parties in making proxy voting decisions if it was determined that a material conflict existed in making a proxy vote, Reaves would solicit the assistance of a third party in the process.

A summary of the policies and procedures of Reaves for voting proxies received for accounts managed by Reaves are set forth below and are applicable if:

- The underlying advisory agreement entered into with the client expressly provides that Reaves shall be responsible to vote proxies received in connection with the client's account; or
- The underlying advisory agreement entered into with the client is silent as to whether or not Reaves shall be responsible to vote proxies received in connection with the client's account and Reaves has discretionary authority over investment decisions for the client's account; or
- In case of an employee benefit plan, the client (or any plan trustee or other fiduciary) has not reserved the power to vote proxies in either the underlying advisory agreement entered into with the client or in the client's plan documents.

In the absence of specific voting guidelines from a client, Reaves will vote proxies in a manner that Reaves believes is in the best interest of the client, which can result in different voting results for proxies for the same issuer. Reaves shall consider only those factors that relate to the client's investment or dictated by the client's written instructions, including how its vote will economically impact and affect the value of the client's investment (keeping in mind that, after conducting an appropriate cost-benefit analysis, not voting at all on a presented proposal may be in the best interest of the client). Reaves believes that voting proxies in accordance with the following policies is in the best interests of its clients.

A. Specific Voting Policies

1. Routine Items:

- Reaves will generally vote for the election of directors (where no corporate governance issues are implicated).

- Reaves will generally vote for the selection of independent auditors.
- Reaves will generally vote for increases in or reclassification of common stock.
- Reaves will generally vote for changes in the board of directors.
- Reaves will generally vote for outside director compensation.
- Reaves will generally vote for proposals that maintain or strengthen the shared interests of shareholders and management.
- Reaves will generally vote for proposals that increase shareholder value.
- Reaves will generally vote for proposals that will maintain or increase shareholder influence over the issuer's board of directors and management.
- Reaves will generally vote for proposals that maintain or increase the rights of shareholders.

2. Non-Routine and Conflict of Interest Items:

- Reaves will generally vote for management proposals for merger or reorganization if transaction appears to offer fair value
- Reaves will generally vote against shareholder resolutions that consider only non-financial impacts of mergers.
- Reaves will generally vote against anti-greenmail provisions.

B. General Voting Policy

If the proxy includes a Routine Item that implicates corporate governance changes, a Non-Routine Item where no specific policy applies or a Conflict of Interest Item where no specific policy applies, then Reaves may engage an independent third party to determine how the proxies should be voted.

In voting on each and every issue, Reaves and its employees shall vote in a prudent and timely fashion and only after a careful evaluation of the issue(s) presented on the ballot.

- In exercising its voting discretion, Reaves and its employees shall avoid any direct or indirect conflict of interest raised by such voting decision. Reaves will provide adequate disclosure to the client if any substantive aspect or foreseeable result of the subject matter to be voted upon raises an actual or potential conflict of interest to Reaves.

Reaves shall keep certain records required by applicable law in connection with its proxy-voting activities for clients and shall provide proxy-voting information to clients upon their written or oral request.

The complete text of Reaves' Proxy Voting Procedures and Policies is available upon request.

Item 18 – Financial Information

We are required by the SEC to include the following information in this Brochure:

Reaves does not require or solicit payment of fees in excess of \$1,200 per client for more than six months in advance.

Reaves has no financial circumstances to report which impair the Firm's ability to meet its contractual obligations.

Reaves has never been the subject of a bankruptcy petition.