Reaves Asset Management

Market Commentary
First Quarter 2024

REVIEW AND OUTLOOK

The macroeconomic headwinds that have negatively impacted the strategy over the past two years reemerged in the quarter, highlighted by a retracement of the 10-year US Treasury yield to greater than 4.25% from less than 4% at the end of the year. Inflation data continued to stabilize around 3% but remained above the stated Federal Reserve target. In his most recent press conference, Chairman Powell indicated the recent tightening program is over, but said that the Fed remains data dependent on the timing of three potential rate cuts this year.

The Reaves Dividend Income Strategy, net of fees, appreciated 1.57% in the first quarter, lagging the benchmark infrastructure index.

Performance as of 3/31/24	Q1	1 Year	3 Years*	Since Inception*
Reaves DI Strategy, gross of fees[1]	1.71%	2.00%	3.08%	5.51%
Reaves DI Strategy, net of fees[1]	1.57%	1.48%	2.56%	4.97%
MSCI USA Infrastructure Index[2]	6.91%	6.31%	4.24%	6.45%
S&P 500 Index[3]	10.56%	29.88%	11.49%	16.71%

**Annualized; Inception date: 10/31/20*

The portfolio remains well positioned in utility and infrastructure businesses, many with growing earnings and dividends. The stocks held as of quarter-end raised their Q1 dividends by 4.7% compared to a year ago.

Midstream stocks drove performance in the quarter as the price of oil rose. Additionally, generally strong M&A conditions were supportive of valuations due to the recent purchase of Equitrans by EQT and last year's OKEOK acquisition of Magellan Midstream Partners.

Outside of our energy positions, the strategy's holdings in utilities aided performance slightly in the quarter. Looking forward, we continue to believe a concentrated portfolio of utility and infrastructure companies with common characteristics such as limited competition and the ability to grow earnings and dividends through all market cycles can produce high single digit returns over the long term.

PORTFOLIO REVIEW

Top 3 Contributors in Q1	*Symbol*	*Portfolio Impact net(basis points)*
ONEOK	OKE	+100 bps
Williams Company	WMB	+80 bps
DT Midstream	DTM	+71 bps

OKE/WMB/DTM: The three midstream holdings in the strategy were the top contributors to performance in the quarter amidst strong investor appetite for pipeline operators in a rising oil price environment. OKE rose on optimism that the synergies from its Magellan deal could be better than expected. WMB purchased six natural gas storage facilities in the Gulf Coast which should provide optionality to its existing pipelines and LNG deliveries. Finally, DTM appreciated on the sale of regional competitor Equitrans and generally strong M&A conditions that spotlight it as one of the last mid-sized companies with large exposure to growth gas basins in the U.S.

Top 3 Detractors in Q1	*Symbol*	*Portfolio Impact net(basis points)*
Cogent Communications	CCOI	-100 bps
BCE	BCE	-72 bps
Telus	TU	-44 bps

CCOI: Integration of Cogent's Sprint wireline deal led to a quarter that was poorly explained to investors. Notably, the motivation for doing the transaction lies in the nascent opportunity created by the wavelengths business segment. Management talked down the near-term revenue run-rate in wavelengths as the company prepares its data center footprint to handle the product. At the same time, management once again cited immense sequential growth in the related backlog. We think the near-term hiccups are frustrating but continue to feel confident in the long-term opportunity created by wavelengths.

BCE & TU: Fourth quarter reporting revealed a spike in customer turnover for Canadian wireless operators that reinforced investor concerns about rising competitive intensity. Ongoing promotional activity only served to reinforce this narrative. Notably, incumbents focused their most aggressive pricing offers in the eastern markets that are home to challenger Quebecor, helping to explain some of the difference in performance between regional operators BCE and Telus.

Going forward, we believe the favorable demographic trends in the Canadian market will continue to provide sufficient volumetric growth for all the wireless players. We also think the securities should begin to see some yield support following the recent correction.

Thank you for your continued support of our investment management services. Please let us know if you have any questions about the market developments and stocks discussed in this commentary. We look forward to hearing from you.

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[1]Performance is based on the Reaves Dividend Income Global Composite and includes the reinvestment of dividends and other earnings. Reaves' portfolio characteristics, holdings and sector weightings are subject to change at any time and, unless otherwise noted, are based on our Dividend Income 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. The inception date of the Reaves Dividend Income Global Composite is 10/31/20. The securities mentioned in this commentary does not represent all the securities held in the Reaves Dividend Income Strategy. Reaves' Dividend Income Strategy does not represent all of Reaves' assets under management.

[2]The MSCI USA Infrastructure Index captures the opportunity set of U.S. companies that are owners or operators of infrastructure assets. Constituents are selected from the equity universe of the MSCI USA Index, the parent index, which covers large and mid-cap securities in the U.S. All index constituents are categorized in one of thirteen sub-industries, which MSCI aggregates and groups into five infrastructure sectors: Telecommunications, Utilities, Energy, Transportation and Social. Reaves' portfolios may at times be more diversified by including companies classified as operating in the Real Estate and Industrials sectors.

The MSCI USA Infrastructure Index was launched on Jan 22, 2008. Data prior to the launch date is back-tested data (i.e., calculations of how the index might have performed over that time period had the index existed). There are frequently material differences between back-tested performance and actual results. Past performance -- whether actual or back-tested -- is no indication or guarantee of future performance.

[3]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 Index. 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 multiutilities and independent power producers). Prior to July 1996, this index included telecommunications equities.

The Portfolio Impact of the Top 3 Contributors and Detractors are determined by the stock impact. Stock impact is determined by how much that individual stock either increased or decreased the total performance for a specific time period.

An annualized total return is the geometric average amount of money earned by an investment each year over a given time period. The annualized return formula is calculated as a geometric average to show what an investor would earn over a period of time if the annual return was compounded.

This document is a supplement to the Fact Sheet for the Reaves Dividend Income Strategy First Quarter 2024.

***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.*

All investments involve risk, including loss of principal.

All data is presented in U.S. dollars.

Cash is cash and cash equivalents.

An investor cannot invest directly in an index.

***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 own individual 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.*

Please contact your financial professional, or click the following links, for a copy of Reaves' Form ADV Part 2A and Form CRS.

Additional information about Reaves may be found on our website: www.reavesam.com.

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