Reaves Asset Management

Market Commentary
First Quarter 2025

REVIEW AND OUTLOOK

The Reaves Dividend Income Strategy, net of fees, appreciated 5.9% in the first quarter, outperforming the S&P 500 Index, but lagging the MSCI USA Infrastructure benchmark. Dividend growth of equities owned in the strategy increased in the quarter, with the weighted average growth rate of cash distributions from portfolio companies growing by 6.0% over the past 12 months.

Performance as of 3/31/25	Q1	1 Year	3 Years*	Since Inception*
Reaves DI Strategy, gross of fees[1]	6.03%	29.73%	6.00%	10.57%
Reaves DI Strategy, net of fees[1]	5.89%	29.10%	5.47%	10.01%
MSCI USA Infrastructure Index[2]	9.82%	30.98%	9.76%	11.50%
S&P 500 Index[3]	-4.27%	8.25%	9.06%	14.74%

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

Increased uncertainty from the new administration's tariff policies and government efficiency efforts negatively impacted equity markets in the first quarter. U.S. GDP estimates moved lower while the 10-year U.S. Treasury yield declined as investors anticipated a slowdown. The Federal Reserve's most recent commentary also suggested concern about the U.S economy.

While we do not expect the level of economic uncertainty to wane in the near term, we believe our defensive investment strategy has the potential to outperform in this environment. Additionally, should the administration's efforts to increase domestic manufacturing be successful, we expect the portfolio's holdings in utility and other essential infrastructure companies to benefit from improving fundamentals in the coming years.

The strategy's defensive characteristics, including high barriers to entry and limited competition have historically benefited during times of uncertainty. We expect that earnings, cash flow, and dividends will continue to grow and believe a diversified portfolio of essential infrastructure businesses can generate compounded growth over the long term.

PORTFOLIO REVIEW

Top 3 Contributors in Q1	*Symbol*	*Portfolio Impact net(basis points)*
Deutsche Telekom	DTEGY	+166 bps
Williams Companies	WMB	+86 bps
Entergy	ETR	+79 bps

DTEGY: Telecom shares outperformed during the quarter as macroeconomic uncertainty benefited defensive stocks with historically lower volatility. Deutsche Telekom shares rallied strongly after its majority-owned subsidiary T-Mobile US issued a strong fourth quarter earnings report in late January and provided a robust earnings outlook for 2025.

WMB: Midstream energy companies that transport natural gas continued to be viewed favorably by investors for several reasons: the improved outlook for electricity demand from the buildout of AI data centers, the growth of LNG export capacity, and the nearshoring of industrial and manufacturing capacity. Midstream stocks came under pressure during the quarter from the DeepSeek news that called into question the rate of future demand growth for power. However, WMB was able to outperform its peer group by announcing a first-of-its-kind deal to supply both power generation and gas for a large-scale data center to be built in Ohio.

ETR: Entergy had another strong quarter of performance supported by management once again raising its long-term outlook for earnings growth. This followed the signing of another large-scale data center agreement. With a growing pipeline of opportunities, the company also removed the upper bound of its previous earnings guidance signaling potential for substantial upside. We believe ETR remains well positioned to benefit from data center development and the onshoring of domestic manufacturing.

Top 3 Detractors in Q1	*Symbol*	*Portfolio Impact net(basis points)*
Edison International	EIX	-153 bps
Cogent Communications	CCOI	-124 bps
DT Midstream	DTM	-18 bps

EIX: During the quarter, wildfires swept across the service territory of Southern California Edison, a subsidiary of Edison International. The scope of the disaster went beyond what was envisioned in the reforms enacted by the state following the last round of severe wildfires. Consequently, investor concerns grew about the adequacy of the current California Wildfire Fund (CWF), how it will be replenished, and whether the magnitude of damage might recur in another fire. Our view is that the combination of EIX's financial resources, insurance proceeds, and outlays from the CWF will be sufficient to cover the costs related to these fires. We also expect further reforms to be enacted by California later this year, which will reduce the potential liability to EIX from future wildfires.

CCOI: Shares of Cogent came under pressure during the quarter as investors grew more cautious about the outlook for its nascent, but potentially lucrative, wavelengths business. We think the market may have misinterpreted the company's update and remain optimistic about the opportunity. Additionally, progress related to the monetization of CCOI's underutilized data center assets could serve as a favorable near-term catalyst.

DTM: DT Midstream's stock declined slightly during the quarter primarily from the Deep Seek news that called into question the rate of future demand growth for power. We continue to view midstream stocks favorably due to the expected long-term growth in demand for power and natural gas.

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.

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.

[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 2025.]

***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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