



Separately Managed Accounts

Focused on equity income and capital preservation

Since its inception in 1961, Reaves has dedicated itself to performing best-in-breed research. Reaves specializes in four sectors of the S&P 500: electric utilities, gas utilities, telecommunications and energy. Reaves believes this focus creates an informational advantage that provides for superior investment selection. Reaves is a specialization of talent story ...finite and focused.

Reaves Separately Managed Accounts

Investment objective

Reaves seeks to provide conservation of capital, current income and long-term growth of capital.

Distinguishing characteristics

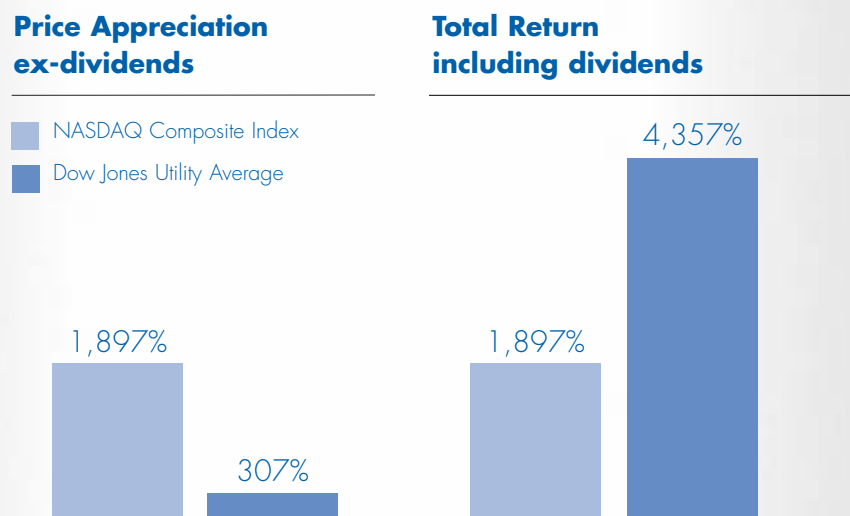
Reaves portfolios tend to have relatively low betas, relatively high yields and low P/E ratios. Equity analysis used for the construction of Reaves separately managed accounts is created by Reaves' own research team. Reaves employs a subjective portfolio process which is intended to increase the tax efficiency of the portfolio.

Portfolio positioning

Designed for investors seeking a low-correlated, conservative, dividend generating portfolio, to compliment other investments or asset classes.

The power of dividends or how the Dow Jones Utility Average outperformed the NASDAQ Composite Index

The chart below illustrates how dividends compounded over time (12/31/71–3/31/08) can have a profound effect on a portfolio's performance.



Source: Bloomberg L.P. as of 3/31/08.
See endnotes for important disclosures and definitions.

The Reaves Investment Process¹



The Greatest Return Stories Ever Told

The Journal of Investing, Summer 2001

"...of the 495 funds for which we were able to obtain data...the top three as ranked by Sharpe ratio were BGI TAA, W. H. Reaves, and Harvard University. Fidelity's flagship Magellan Fund was an impressive sixth, and the Ford Foundation was 11th."

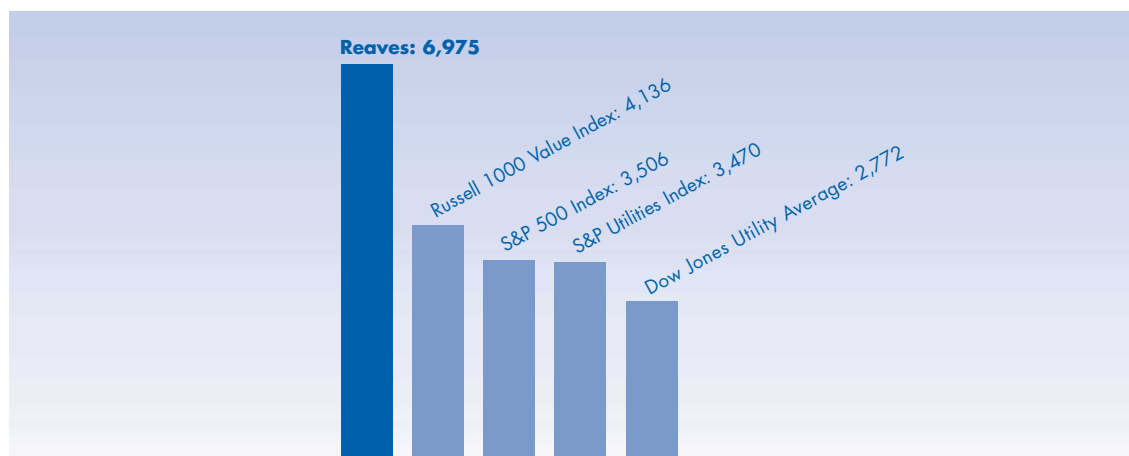
"...W. H. Reaves...consisting mostly of boring old utilities, achieved a Sharpe ratio higher than that of any growth stock fund."

See endnotes for important disclosures and index definitions. The full reprint of the "The Greatest Return Stories Ever Told" article is available upon request.

Performance and Portfolio Information as of 3/31/08

Cumulative annual performance² (net of fees) 1/1/78 – 3/31/08

Since inception, Reaves' cumulative return has outperformed the S&P 500 Index and the other indexes shown.



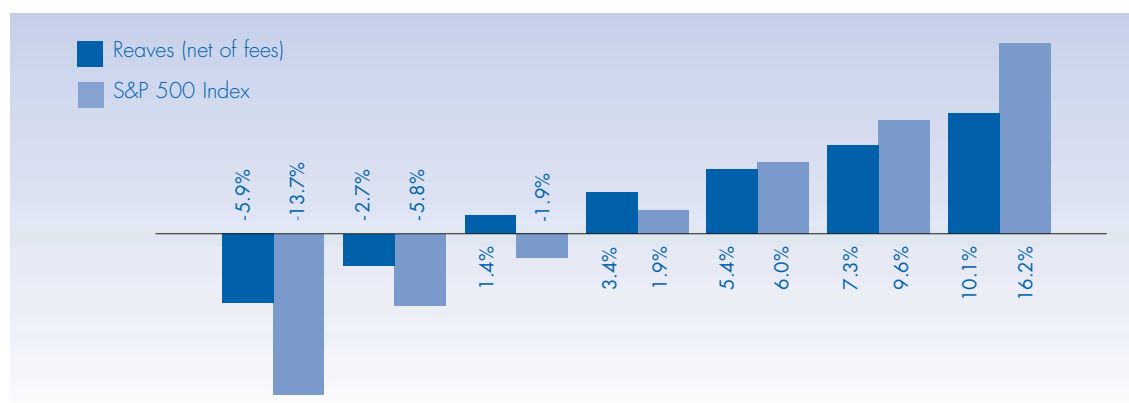
Base Year = 100 Russell 1000 Value Index inception date is 1/1/79.
See endnotes for important disclosures and index definitions including ERISA comparisons.

Annualized rates of return² (%) as of 3/31/08

| | YTD | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | 20 Yrs | 30.25 Yrs |
|------------------------|-------|-------|-------|-------|--------|--------|-----------|
| Reaves (gross of fees) | -7.69 | 5.55 | 15.24 | 20.81 | 10.03 | 13.15 | 15.89 |
| Reaves (net of fees) | -7.81 | 5.02 | 14.66 | 20.19 | 9.47 | 12.56 | 15.06 |
| S&P Utilities Index | -9.94 | -1.62 | 12.97 | 19.75 | 6.27 | 10.59 | 12.44 |
| S&P 500 Index | -9.44 | -5.08 | 5.85 | 11.32 | 3.50 | 10.95 | 12.48 |

See endnotes for important disclosures and index definitions including ERISA comparisons.

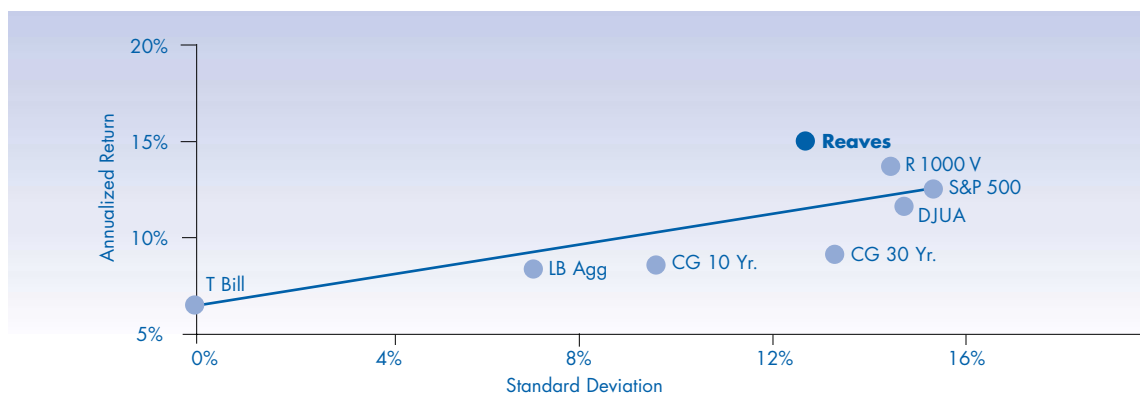
Up/down capture ratios³ (net of fees) 1/1/78 to 3/31/08



| Quarterly Return Range for S&P 500 Index | -8% or lower | -8% to -4% | -4% to 0 | 0 to 4% | 4% to 8% | 8% to 12% | 12% or more |
|--|--------------|------------|----------|---------|----------|-----------|-------------|
| Number of Quarters (121 Total) | 9 | 8 | 17 | 28 | 28 | 19 | 12 |

See endnotes for important disclosures and index definitions including ERISA comparisons.

Risk/return⁴ (net of fees) 1/1/78 – 3/31/08²



CG 10 Yr. = Citigroup 10 Year Treasury. Inception of Index is 1/01/80.
 CG 30 Yr. = Citigroup 30 Year Treasury. Inception of Index is 1/01/80.
 DJUA = Dow Jones Utility Average
 LB Agg = Lehman Brothers Aggregate Bond Index
 R 1000 V = Russell 1000 Value Index. Inception of Index is 1/01/79.
 Reaves = W. H. Reaves & Co., Inc. ERISA Composite
 S&P 500 = S&P 500 Equity Index
 T Bill = Ibbotson U.S. Treasury Bill

See endnotes for important disclosures and index definitions including ERISA comparisons.

A disciplined, consistent approach to risk management²

Reaves value style seeks to be disciplined and risk efficient, and has resulted in a 30-year track record of uncorrelated excess returns with low volatility as compared to the broad market.

| | 1 Yr | 3 Yrs | 5 Yrs | 10 Yrs | 20 Yrs | 30.25 Yrs |
|------------------|-------|-------|-------|--------|--------|-----------|
| Beta | 1.01 | 0.86 | 0.73 | 0.47 | 0.51 | 0.53 |
| Annualized Alpha | 10.87 | 8.91 | 10.58 | 6.17 | 4.74 | 5.36 |
| Sharpe Ratio | 0.07 | 0.95 | 1.63 | 0.44 | 0.67 | 0.71 |
| Sortino Ratio | 0.60 | 2.30 | 3.86 | 1.17 | 1.86 | 2.18 |

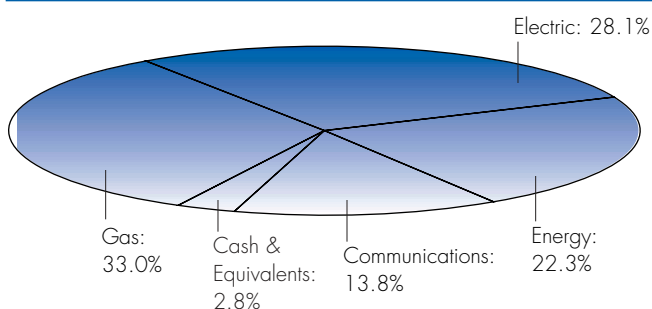
Monthly data versus the S&P 500 Index (net of fees) 1/1/78 to 3/31/08. See endnotes for important disclosures and index definitions including ERISA comparisons.

Portfolio characteristics⁵ as of 3/31/08

| | |
|---|------|
| Number of Holdings | 54 |
| WTD average market capitalization (\$BB) | 66.9 |
| P/E Ratio | 14.7 |
| Price/Book | 3.2 |
| Dividend Yield (%) | 2.9 |
| EPS growth (%) past 5 years | 19 |
| Annual Turnover (%) 12 months ended 3/31/08 | 48 |

See endnotes for important disclosures and definitions.

Sector weightings⁵ as of 3/31/08



Top ten holdings⁵ (%) as of 3/31/08

| | |
|----------------------|-----|
| Sempra Energy | 6.6 |
| Exelon Corp. | 6.0 |
| Equitable Res. Inc. | 5.7 |
| Total S.A. ADRS | 5.6 |
| Exxon Mobil Corp. | 5.2 |
| AT & T Inc. | 5.0 |
| Williams Cos. Inc. | 4.5 |
| ONEOK, Inc. | 4.2 |
| Constellation Energy | 4.0 |
| Edison International | 3.7 |

Holdings are subject to change.

Portfolio Managers and Analysts

William H. Reaves

Non-Executive Chairman,
Portfolio Manager and Analyst.
61 years experience
In 1961, he founded the company
that bears his name after serving
at three other major Wall Street
investment firms.

Ronald J. Sorenson

Vice Chairman, Chief Executive
Officer, Chief Investment Officer
and Portfolio Manager.
25 years experience

William A. Ferer

President, Director of Research,
Portfolio Manager and Analyst.
36 years experience

John P. Bartlett

Vice President and Equity Analyst
specializing in electric utilities
and industrial companies.
14 years experience

Louis F. Cimino

Vice President and Analyst
specializing in telecommunications
and technology companies.
24 years experience

Tim Porter

Vice President and Energy Analyst.
12 years experience

Stacy Rosen Saul

Vice President and Equity Analyst
specializing in the natural gas industry.
17 years experience

M. Kathleen Vuchetich

Vice President and Equity Analyst
specializing in the electric and natural
gas industries.
27 years experience

Joseph (Jay) Rhame, III

Junior Analyst
3 years experience

Reaves Asset Management

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Or visit our web site at
www.whreaves.com.

The firm, as defined as Reaves Asset Management, has prepared and presented this report in compliance with the AIMR Performance Presentation Standards (AIMR-PPS®), the US and Canadian version of GIPS. AIMR has not been involved with or reviewed W. H. Reaves' claim of compliance.

- ¹ For illustrative purposes only. The investment process may change over time. The characteristics set forth are intended as a general illustration of some of the criteria the strategy team considers in selecting stocks for client portfolios. Not all stocks in a client's portfolio will meet such criteria.
- ² Reaves performance data is the W. H. Reaves & Co., Inc. ERISA Composite and unless otherwise noted, all data is **net of fees**. The VHR ERISA Composite reflects the dollar-weighted return of all corporate ERISA pension accounts with assets of at least \$1 million under management for all periods presented. Returns are time-weighted and include the reinvestment of all dividends and other earnings, net of commissions. The returns also reflect the deduction of advisory fees which are described in detail in Part II of our Form ADV. The ERISA Composite does not reflect all of the firm's assets under management.
- ³ The **Up Capture Ratio** measures the manager's overall performance to the benchmark's overall performance, considering only quarters that are positive in the benchmark. The **Down Capture Ratio** is the ratio of the manager's overall performance to the benchmark's overall performance, considering only quarters that are negative in the benchmark.
- ⁴ **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 VHR ERISA Composite.
- ⁵ Reaves portfolio characteristics, holdings and sector weightings are subject to change at any time and are based on a representative portfolio. 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.

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.

Index/Term Definitions: The **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. The typical W. H. Reaves ("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 Utilities Index** is a capitalization-weighted index containing 32 Electric and Gas Utility stocks (including multi-utilities and independent power producers). Prior to July 1996, this index included telecommunications equities. This equity index does not currently have telecommunications or energy equities that are contained in the VHR ERISA Composite. The **Dow Jones Utility Average (DJUA)** is a price-weighted average of the 15 utility stocks traded in the United States. This equity index does not have telecommunications or energy equities that are contained in the VHR ERISA Composite. **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, which represents approximately 92% of the total market capitalization of 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. **NASDAQ Composite Index** measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market. Today the NASDAQ Composite includes over 3,000 companies. This index is heavily weighted in technology and internet stocks which are not found in the VHR ERISA Composite.

The debt obligation indexes below are unmanaged and reflect the value of corporate and government bonds whose rates are fixed at issuance. The market value will fluctuate but is designed to equal par at maturity. The VHR ERISA Composite is comprised of equity assets having an indefinite maturity and no fixed interest payments. **Lehman Aggregate Bond Index** is an index comprised of approximately 6,000 publicly traded bonds including US Government, mortgage-backed, corporate, and yankee bonds with an approximate average maturity of 10 years. **T-Bill** is a negotiable debt obligation issued by the U.S. government and backed by its full faith and credit, having a maturity of one year or less. **Citigroup Treasury 10YR** is a treasury index that computes returns for the current 1-year, 2-year, 3-year, 5-year, 10-year and 30-year on-the-run Treasury that has been in existence for the entire month. You cannot directly invest in the index. **Citigroup Treasury 30YR** is a treasury index that computes returns for the current 1-year, 2-year, 3-year, 5-year, 10-year and 30-year on-the-run Treasury that has been in existence for the entire month. You cannot directly invest in the index.

Dividend Yield is a financial ratio that shows how much a company pays out in dividends each year relative to its share price. In the absence of any capital gains, the dividend yield is the return on investment. **Alpha** is a synonym of 'value added'. Linearly similar to the way beta is computed, alpha is the incremental return on a manager when the market is stationary. In other words, it is the extra expected return due to non-market factors. This risk-adjusted measurement takes into account both the performance of the market as a whole and the volatility of a manager. A positive alpha indicates that a selected portfolio has produced returns above the expected level at that level of risk, and vice versa for a negative alpha. **Beta** measures a manager's volatility relative to the market portfolio. A manager with a beta higher than 1.0 has historically been more volatile than the benchmark, while a manager with a beta lower than 1.0 has been less volatile. **Price-to-Earnings Ratio (P/E)** is a stock's price divided by its earnings per share. **Earnings-per-share (EPS)** is the portion of a company's profit allocated to each outstanding share of a common stock. **Weighted average market capitalization** is a stock market index weighted by the value of all shares outstanding for each stock. **Price-to-book ratio** is a ratio used to compare a stock's market value to its book value. **Sharpe ratio** is used to measure risk-adjusted performance. It is calculated by subtracting the risk-free rate from the rate of return for a portfolio and dividing the result by the standard deviation of the portfolio returns. **Sortino ratio** is a ratio developed to differentiate between good and bad volatility in the Sharpe ratio. This differentiation of upwards and downwards volatility allows the calculation to provide a risk-adjusted measure of a security or fund's performance without penalizing it for upward price changes.

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: W. H. Reaves & Co., 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 advisor.

Fees: Net performance reflects the deduction of advisory fees which are described in detail in Part II of our Form ADV. Gross performance shown does not reflect the deduction of investment management fees and transaction costs which would reduce the performance shown. Actual fees may vary. For fee schedules, please contact your financial professional for a copy of our Form ADV Part II.