

REAVES UTILITY INCOME FUND
Form N-CSRS
June 30, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-21432

REAVES UTILITY INCOME FUND
(Exact name of registrant as specified in charter)

1290 Broadway, Suite 1100, Denver, Colorado 80203
(Address of principal executive offices) (Zip code)

JoEllen L. Legg, Esq.
Reaves Utility Income Fund
1290 Broadway, Suite 1100
Denver, Colorado 80203
(Name and address of agent for service)

Registrant's telephone number, including area code: 303-623-2577

Date of fiscal year end: October 31

Date of reporting period: November 1, 2015 - April 30, 2016

Item 1. Reports to Stockholders.

Section 19(b) Disclosure

April 30, 2016 (Unaudited)

Reaves Utility Income Fund (the “Fund”), acting pursuant to a Securities and Exchange Commission (“SEC”) exemptive order and with the approval of the Fund’s Board of Trustees (the “Board”), has adopted a plan, consistent with its investment objectives and policies to support a level distribution of income, capital gains and/or return of capital (the “Plan”). In accordance with the Plan, the Fund currently distributes \$0.15125 per share on a monthly basis.

The fixed amount distributed per share is subject to change at the discretion of the Fund’s Board. Under the Plan, the Fund will distribute all available investment income to its shareholders, consistent with its primary investment objectives and as required by the Internal Revenue Code of 1986, as amended (the “Code”). If sufficient investment income is not available on a monthly basis, the Fund will distribute long-term capital gains and/or return of capital to shareholders in order to maintain a level distribution. Each monthly distribution to shareholders is expected to be at the fixed amount established by the Board, except for extraordinary distributions and potential distribution rate increases or decreases to enable the Fund to comply with the distribution requirements imposed by the Code.

Shareholders should not draw any conclusions about the Fund’s investment performance from the amount of these distributions or from the terms of the Plan. The Fund’s total return performance on net asset value is presented in its financial highlights table.

The Board may amend, suspend or terminate the Fund’s Plan without prior notice if it deems such action to be in the best interest of the Fund or its shareholders. The suspension or termination of the Plan could have the effect of creating a trading discount (if the Fund’s stock is trading below net asset value) or widening an existing trading discount. The Fund is subject to risks that could have an adverse impact on its ability to maintain level distributions. Examples of potential risks include, but are not limited to, economic downturns impacting the markets, increased market volatility, companies suspending or decreasing corporate dividend distributions and changes in the Code.

Please refer to Additional Information for a cumulative summary of the Section 19(a) notices for the Fund’s current fiscal period. Section 19(a) notices for the Fund, as applicable, are available on the Reaves Utility Income Fund website www.utilityincomefund.com.

Reaves Utility Income Fund Table of Contents

Shareholder Letter	2
Statement of Investments	6
Statement of Assets and Liabilities	10
Statement of Operations	11
Statement of Changes in Net Assets	12
Statement of Cash Flows	13
Financial Highlights	14
Notes to Financial Statements	17
Additional Information	26

Semi-Annual Report | April 30, 2016 1

Reaves Utility Income Fund Shareholder Letter

April 30, 2016 (Unaudited)

To our Shareholders:

Investment Portfolio Returns: 6 months ended April 30, 2016

Total net assets of the Fund were \$1,097,712,853 at April 30, 2016, or \$31.98 of net asset value (NAV) per common share. At October 31, 2015 net assets totaled \$878,952,144 representing \$30.29 of net asset value per common share. The changes include the monthly payments to shareholders totaling \$0.9075 per share. Changes in the market price of the Fund can and do differ from the underlying changes in the net asset value per common share. As a result the market return to common shares can be higher or lower than the NAV return. The fiscal 2016 half year market return for shareholders was 4.20% as is reflected in the table below.

Distributions to Common Shareholders

The Trustees of the Fund regularly review the amount of the monthly distribution. Since the Fund's first distribution in April 2004, the monthly distribution has been increased on eight occasions from an initial monthly dividend rate of \$0.0967 to the current amount of \$0.15125, a cumulative increase of 56.4%. Given the periodic receipt of dividends and realization of capital gains from Fund investments while distributions are paid monthly at a consistent rate, some portion of monthly distributions may be deemed to be a return of capital. However, for the full fiscal year the Fund expects total distributions to come from earned income and capital gains sufficient to avoid a distribution from return of capital or other capital sources.

Performance

	Period Ended April 30, 2016				
	Six Months	One Year	Three Years ⁺	Five Years ⁺	Since Inception [^]
Total Return – NAV*	9.10%	7.05%	9.77%	12.57%	11.94%
Total Return – Market Price*	4.20%	6.37%	8.77%	11.59%	10.91%
S&P 500 [®] Utilities Index	12.75%	13.68%	9.38%	12.23%	10.07%
Dow Jones Utility Average	14.82%	15.70%	10.81%	13.10%	11.42%

+ Annualized

* Assumes all dividends being reinvested

[^] Index data since 2/29/2004

Overview

The Fund's strong investment performance was determined, among other factors, by investor reaction to a Federal Reserve rate increase on December 17, 2015, a decline in the yield on the 10-year U.S. Treasury from 2.14% on October 31, 2015 to 1.84% on April 30, 2016, and a decline in the spot price of West Texas Intermediate oil to a daily low of \$26.68 a barrel in January before recovering to an average of \$41.12 a barrel for the month of April. Federal and state policy remained largely supportive of utility investment in renewable energy in spite of the Supreme Court stay of the Clean Power Plan pending review of legal challenges. Merger and acquisition activity was robust in the electric and gas utility sectors as well as in energy and cable.

On December 11, 2015 the Fund successfully completed a transferable common stock rights offering to existing shareholders at \$23.99 raising \$127.4 million. The Utilities Select Sector SPDR Fund (XLU) rose from \$41.79 on December 11th to \$48.42 on April 30th, an increase of 15.9%, and the Fund's stock closed at \$29.92, an increase of

24.7% above the offering price.

21-800-644-5571

Reaves Utility Income Fund Shareholder Letter

April 30, 2016 (Unaudited)

Utilities

For the six months ended April 30, 2016, utilities performance in the Fund's underlying portfolio benefited from a broad based investor rotation into utilities. The largest single contribution to the Fund's performance arose when ITC Holdings agreed to be acquired for cash and stock by Fortis Inc., a Canadian company. Renewables economics continue to improve. Production and investment tax credits accompanied by state legislated mandates requiring multi-year investment in renewables continue to provide investors with multi year earnings visibility.

Utilities continue to trade with a dividend yield materially higher than the 10-year U.S. Treasury. While utilities trade on forward P/E ratios of approximately 17 to 18 which appear high by historical standards, the climate of low nominal GDP growth, moderate inflation and Central Bank monetary easing are supportive of current valuations.

Telecommunications

We define telecommunications broadly to include cable and tower companies, which are benefitting from the surge in demand for broadband, both fixed and wireless. At the end of the period 12.5% of the portfolio was invested in cable and tower companies. Cable investments contributed positively to portfolio results. In particular, shares of Charter Communications and Time Warner Cable – proposed merger partners during the period– rallied as investors grew more optimistic about regulatory approval prospects with several state approvals and the perception, from ex parte filings at the Federal Communications Commission, that Federal regulators had begun to negotiate conditions to the deal's approval. The merger was completed on May 18, 2016. Our view is that the combined company has the potential to grow materially its cash flow for years to come. We remain constructive on the cable sector overall, as market share gains in high-margin consumer and broadband services persist and show signs of acceleration. What's more, Charter and Time Warner Cable collectively added video subscribers in 2015 for the first time in a decade, while Comcast barely missed turning positive. Cable's operating performance suggests that investor alarm about cord cutting may be overdone. For now the video distribution business is alive and well. Investors' search for safety and income benefited telecom stocks in general and Verizon, AT&T and BCE Inc. in particular.

Energy

Integrated oil companies, pipeline companies and master limited partnerships are less than 10% of Fund assets. Together they are the highest yielding sector of the portfolio. While we do not expect an immediate oil price turnaround, our 12-18 month outlook remains generally sanguine. We continue to believe that global oil markets should be relatively balanced by late 2016 as worldwide production declines begin to reduce global inventories as demand continues to grow. By mid-2017, the oil market may well be undersupplied, justifying higher prices.

Outlook

There has been no reduction in geo political risks, and in our opinion, they will persist. Additional uncertainty has developed out of the U.S. presidential primary process. Despite some recent weakness, the U.S. dollar has strengthened against the Euro as Fed interest rate policy diverges from the Eurozone's. Investors are again anxious because the Federal Reserve may increase interest rates for the first, and possibly only time, in 2016. However, given the geo political uncertainties and weak global growth, we do not anticipate a precipitous rise in rates. In the near term, market anticipation of rising rates may stimulate some selling of high yielding utilities and telcos. Should selling in response to interest rate fears occur, the Fund stands to benefit from adding to selected investments at lower prices.

Reaves Utility Income Fund Shareholder Letter

April 30, 2016 (Unaudited)

We appreciate the opportunity to serve you and look forward to your continued support.

Sincerely,

Ronald J. Sorenson
Portfolio Manager of the Reaves Utility Income Fund
Chief Executive Officer and Chief Investment Officer of Reaves Asset Management

41-800-644-5571

Reaves Utility Income Fund Shareholder Letter

April 30, 2016 (Unaudited)

Sources of distributions to shareholders may include net investment income, net realized short-term capital gains, net realized long-term capital gains and return of capital. If a distribution includes anything other than net investment income, the Fund provides a Section 19(a) notice of the best estimate of its distribution sources at that time. Please refer to Additional Information for a cumulative summary of the Section 19(a) notices for the Fund's current period. The actual amounts and sources of distributions for tax reporting purposes will depend upon the Fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. The estimates may not match the final tax characterization (for the full year's distributions) contained in the shareholder's Form 1099-DIV. Distribution payments are not guaranteed; distribution rates may vary.

Definitions:

S&P 500[®] Utilities Index – The S&P 500[®] Utilities Index comprises those companies included in the S&P 500[®] Index that are classified as members of GICS[®] (Global Industry Classification Standard) utilities sector.

Dow Jones Utility Average – The Dow Jones Utility Average is a price-weighted average of 15 utility stocks traded in the United States.

Price-Earnings Ratio – The ratio for valuing a company that measures its current share price relative to its per-share earnings.

You cannot invest directly in an index.

Industry Allocation as of 4/30/16

*Includes Mutual Funds and Money Market Funds

Holdings are subject to change.

Percentages are based on total investments.

Reaves Utility Income Fund Statement of Investments

April 30, 2016 (Unaudited)

	SHARES	VALUE
COMMON STOCKS 123.78%		
Diversified Telecommunication Services 17.33%		
AT&T, Inc. ⁽¹⁾⁽²⁾	1,120,000	\$43,478,400
BCE, Inc. ⁽¹⁾	1,055,000	49,490,050
BT Group PLC	1,400,000	9,066,149
BT Group PLC - Sponsored ADR	30,000	984,000
CenturyLink, Inc.	270,000	8,356,500
Cogent Communications Holdings, Inc.	10,000	387,000
Frontier Communications Corp.	310,000	1,723,600
Level 3 Communications, Inc.*	225,000	11,758,500
TELUS Corp., Canadian Shares	220,000	6,975,054
Verizon Communications, Inc. ⁽¹⁾⁽²⁾	1,140,000	58,071,600
		190,290,853
Electric Utilities 32.08%		
American Electric Power Co., Inc.	70,000	4,445,000
Avangrid, Inc.	197,500	7,919,750
Duke Energy Corp.	341,999	26,942,681
Edison International ⁽¹⁾	306,000	21,637,260
Eversource Energy ⁽¹⁾	585,000	33,017,400
Exelon Corp.	139,000	4,877,510
ITC Holdings Corp. ⁽¹⁾⁽²⁾	1,765,000	77,783,550
NextEra Energy Partners LP	60,000	1,733,400
NextEra Energy, Inc. ⁽¹⁾⁽²⁾	670,000	78,778,600
Pinnacle West Capital Corp. ⁽¹⁾	483,000	35,089,950
PPL Corp. ⁽¹⁾⁽²⁾	880,000	33,123,200
The Southern Co. ⁽¹⁾	535,000	26,803,500
		352,151,801
Food Products 2.70%		
The Kraft Heinz Co. ⁽¹⁾	380,000	29,666,600
Gas Utilities 0.20%		
South Jersey Industries, Inc.	80,000	2,232,800
Independent Power and Renewable Electricity Producers 0.11%		
Pattern Energy Group, Inc.	60,000	1,260,000

6 1-800-644-5571

Edgar Filing: REAVES UTILITY INCOME FUND - Form N-CSRS

Reaves Utility Income Fund Statement of Investments

April 30, 2016 (Unaudited)

	SHARES	VALUE
Media 12.56%		
Charter Communications, Inc., Class A ^{*(1)(3)}	200,000	\$42,448,000
Comcast Corp., Class A ⁽¹⁾⁽²⁾	640,000	38,886,400
Liberty Global PLC, Class A*	50,000	1,886,500
Time Warner Cable, Inc.	257,500	54,618,325
		137,839,225
Multi-Utilities 32.26%		
Ameren Corp.	30,000	1,440,000
CMS Energy Corp.	190,000	7,729,200
Dominion Resources, Inc. ⁽¹⁾	695,000	49,671,650
DTE Energy Co. ⁽¹⁾⁽²⁾	815,000	72,665,400
Infraestructura Energetica Nova SAB de CV	625,000	2,437,931
National Grid PLC	350,000	4,985,155
National Grid PLC - Sponsored ADR ⁽¹⁾⁽²⁾	438,000	31,540,380
NiSource, Inc. ⁽¹⁾	820,000	18,622,200
PG&E Corp.	70,000	4,074,000
SCANA Corp. ⁽¹⁾⁽²⁾	910,000	62,507,900
Sempra Energy ⁽¹⁾	536,000	55,395,600
WEC Energy Group, Inc. ⁽¹⁾	739,000	43,017,190
		354,086,606
Oil, Gas & Consumable Fuels 9.06%		
BP PLC - Sponsored ADR	66,500	2,233,070
California Resources Corp.*	10,297	22,654
Chevron Corp.	112,500	11,495,250
Columbia Pipeline Group, Inc. ⁽¹⁾	710,000	18,190,200
Exxon Mobil Corp.	30,000	2,652,000
Occidental Petroleum Corp.	110,000	8,431,500
Royal Dutch Shell PLC, Class A	350,000	9,100,413
Royal Dutch Shell PLC, Class A - Sponsored ADR ⁽¹⁾	630,000	33,320,700
The Williams Cos., Inc. ⁽¹⁾	720,000	13,960,800
		99,406,587
Real Estate Investment Trusts (REITS) 5.23%		
American Tower Corp.	240,000	25,171,200
Annaly Capital Management, Inc.	1,700,000	17,714,000
Communications Sales & Leasing, Inc.	50,000	1,161,500
Crown Castle International Corp. ⁽¹⁾	154,000	13,379,520
		57,426,220
Road & Rail 4.13%		
Union Pacific Corp. ⁽¹⁾⁽²⁾	519,000	45,272,370

Semi-Annual Report | April 30, 2016 7

Edgar Filing: REAVES UTILITY INCOME FUND - Form N-CSRS

Reaves Utility Income Fund Statement of Investments

April 30, 2016 (Unaudited)

	SHARES	VALUE		
Water Utilities 5.25%				
American Water Works Co., Inc. ⁽¹⁾	759,000	\$55,224,840		
Aqua America, Inc.	75,000	2,374,500		
		57,599,340		
Wireless Telecommunication Services 2.87%				
T-Mobile US, Inc. ^{*(1)(2)}	589,001	23,135,959		
Vodafone Group PLC - Sponsored ADR	254,411	8,329,416		
		31,465,375		
TOTAL COMMON STOCKS				
(Cost \$994,594,582)			1,358,697,777	
PREFERRED STOCKS 0.02%				
Electric Utilities 0.02%				
Entergy Mississippi, Inc., 6.250%	10,000	254,500		
TOTAL PREFERRED STOCKS				
(Cost \$205,000)			254,500	
LIMITED PARTNERSHIPS 3.89%				
Oil, Gas & Consumable Fuels 3.89%				
Bastion Energy LLC (Anglo Dutch) ⁽⁴⁾⁽⁵⁾		6,150,393		
Enbridge Energy Partners LP	150,000	3,246,000		
Enterprise Products Partners LP	1,100,000	29,359,000		
MPLX LP	65,400	2,105,226		
Talara Opportunities II, LP ⁽⁴⁾⁽⁵⁾⁽⁶⁾		1,823,371		
		42,683,990		
TOTAL LIMITED PARTNERSHIPS				
(Cost \$37,317,066)			42,683,990	
			BOND RATING	PRINCIPAL
			MOODY/S&P	AMOUNT
				VALUE
CORPORATE BONDS 0.16%				
Diversified Telecommunication Services 0.16%				
Frontier Communications Corp., 7.125%, 01/15/2023	Ba3/BB-	\$ 2,000,000		1,780,000
TOTAL CORPORATE BONDS				
(Cost \$1,901,679)				1,780,000

Reaves Utility Income Fund Statement of Investments

April 30, 2016 (Unaudited)

	SHARES	VALUE
MUTUAL FUNDS 0.31%		
Loomis Sayles Institutional High Income Fund	548,386	\$3,405,477
TOTAL MUTUAL FUNDS (Cost \$4,000,000)		3,405,477
MONEY MARKET FUNDS 0.81%		
Federated Treasury Obligations Money Market Fund, 0.168% (7-Day Yield)	8,878,541	8,878,541
TOTAL MONEY MARKET FUNDS (Cost \$8,878,541)		8,878,541
TOTAL INVESTMENTS - 128.97% (Cost \$1,046,896,868)		\$1,415,700,285
LEVERAGE FACILITY - (29.15%)		(320,000,000)
LIABILITIES IN EXCESS OF OTHER ASSETS - 0.18%		2,012,568
NET ASSETS - 100.00%		\$1,097,712,853

*Non Income Producing Security.

(1) Pledged security; a portion or all of the security is pledged as collateral for borrowings as of April 30, 2016. (See Note 4)

(2) Loaned security; a portion or all of the security is on loan at April 30, 2016. (See Note 4)

(3) This security is marked to cover the unfunded commitment. (See Note 1)

(4) Restricted security. Investment represents a non-public partnership interest and is not unitized. (See Note 5)

(5) Security fair valued by management, pursuant to procedures approved by the Board of Trustees. (See Note 1)

(6) Represents funded portion of total outstanding commitments. See Note 1 for information on any unfunded commitments.

Common Abbreviations:

ADR - American Depositary Receipt

Co. - Company

Corp. - Corporation

Cos. - Companies

Inc. - Incorporated

LLC - Limited Liability Company

LP - Limited Partnership

PLC - Public Limited Company

SAB de CV - A variable rate company

See Notes to Financial Statements.

Semi-Annual Report | April 30, 2016 9

Edgar Filing: REAVES UTILITY INCOME FUND - Form N-CSRS

Reaves Utility Income Fund Statement of Assets and Liabilities

April 30, 2016 (Unaudited)

ASSETS:

Investments, at value (Cost \$1,046,896,868)*	\$1,415,700,285
Cash	148,463
Dividends receivable	2,256,575
Interest receivable	42,886
Receivable for investments sold	708,241
Prepaid renewal fees on loan outstanding	161,601
Total Assets	1,419,018,051

LIABILITIES:

Loan payable	320,000,000
Interest payable on loan outstanding	36,107
Accrued investment advisory fees	663,229
Accrued administration fees	305,662
Accrued trustees' fees	31,038
Accrued chief compliance officer fees	3,145
Accrued expenses for rights offering costs	241,641
Other payables and accrued expenses	24,376
Total Liabilities	321,305,198
Total Commitments for Contingencies (Notes 1 and 9)	
Net Assets Applicable to Common Shareholders	\$1,097,712,853

COMPOSITION OF NET ASSETS ATTRIBUTABLE TO COMMON SHARES:

Paid-in capital	\$708,784,476
Overdistributed net investment income	(22,286,118)
Accumulated net realized gain	42,421,993
Net unrealized appreciation	368,792,502
Net Assets Applicable to Common Shareholders	\$1,097,712,853

Shares of common stock outstanding of no par value, unlimited shares authorized	34,323,571
Net asset value per common share	\$31.98

* Securities Loaned, at value \$281,101,164

See Notes to Financial Statements.

101-800-644-5571

Reaves Utility Income Fund Statement of Operations

 For the Six Months Ended April 30, 2016 (Unaudited)

INVESTMENT INCOME:

Dividends (Net of foreign withholding taxes of \$307,743)	\$22,757,452
Interest on investment securities	91,855
Securities lending income	233,479
Total Investment Income	23,082,786

EXPENSES:

Interest on loan	2,368,989
Investment advisory fees	3,722,391
Administration fees	1,716,995
Chief compliance officer fees	19,395
Trustees' fees	63,657
Miscellaneous fees	69,918
Total Expenses	7,961,345

Net Investment Income	15,121,441
-----------------------	------------

Net realized gain/(loss) on:

Investment securities	22,649,607
Foreign currency transactions	38,679
Change in unrealized appreciation/(depreciation) of:	84,427,040
Investment securities	84,422,683
Translation of assets and liabilities denominated in foreign currencies	4,357
Net gain on investments and foreign currency transactions	107,115,326

Net Increase in Net Assets Attributable to Common Shares from Operations	\$122,236,767
--	---------------

See Notes to Financial Statements.

 Semi-Annual Report | April 30, 2016 11

Edgar Filing: REAVES UTILITY INCOME FUND - Form N-CSRS

Reaves Utility Income Fund Statement of Changes in Net Assets

	For the Six Months Ended April 30, 2016 (Unaudited)	For the Year Ended October 31, 2015
COMMON SHAREHOLDER OPERATIONS:		
Net investment income	\$15,121,441	\$24,436,500
Net realized gain/(loss) ^(a)	22,688,286	25,400,952
Change in unrealized appreciation/(depreciation)	84,427,040	(68,110,367)
Net increase/(decrease) in net assets attributable to common shares from operations	122,236,767	(18,272,915)
DISTRIBUTIONS TO COMMON SHAREHOLDERS:		
From net investment income	(30,345,613)	(25,822,773)
From net realized gains	-	(26,040,278)
Net decrease in net assets from distributions to common shareholders	(30,345,613)	(51,863,051)
CAPITAL SHARE TRANSACTIONS:		
Proceeds from rights offering, net of offering cost	126,869,555	-
Net increase from capital share transactions	126,869,555	-
Net Increase/(Decrease) in Net Assets Attributable to Common Shares	218,760,709	(70,135,966)
NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS:		
Beginning of period	\$878,952,144	\$949,088,110
End of period*	\$1,097,712,853	\$878,952,144
*Including overdistributed net investment income of:	\$(22,286,118)	\$(7,061,946)

^(a) Prior to October 31, 2015, the Fund presented realized gain/(loss) by investment type. This change in presentation was made to conform to industry standards and had no effect on the Fund's change in net assets.

See Notes to Financial Statements.

121-800-644-5571

Reaves Utility Income Fund Statement of Cash Flows

For the Six Months Ended April 30, 2016 (Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES:

Net increase in net assets from operations	\$122,236,767
Adjustments to reconcile net increase in net assets from operations to net cash provided by operating activities:	
Purchase of investment securities	(234,316,383)
Proceeds from disposition of investment securities	129,991,690
Net purchases of short-term investment securities	(7,501,809)
Net realized gain on investment securities	(22,649,607)
Change in unrealized appreciation on investments	(84,422,683)
Premium amortization	(4,774)
Increase in dividends receivable	(270,747)
Decrease in interest receivable	2,452
Decrease in prepaid renewal fees on loan outstanding	182,775
Decrease in interest payable on loan outstanding	(1,128)
Increase in accrued investment advisory fees	81,580
Increase in accrued administration fees	37,598
Increase in accrued trustees' fees	2,708
Decrease in accrued chief compliance officer fees	(105)
Increase in accrued expenses for rights offering costs (See Note 3)	241,641
Decrease in other payables and accrued expenses	(6,604)
Net Cash Provided by Operating Activities	(96,396,629)

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from rights offering, net of offering cost	126,869,555
Cash distributions paid on Common Shares	(30,345,613)
Net Cash Used in Financing Activities	96,523,942

Net Increase in cash	148,463
Cash, beginning of year	\$-
Cash, end of year	\$148,463

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the period for interest from bank borrowing	\$2,370,117
--	-------------

See Notes to Financial Statements.

Reaves Utility Income Fund

PER COMMON SHARE OPERATING PERFORMANCE:

Net asset value per share, beginning of period

INCOME/LOSS FROM INVESTMENT OPERATIONS:

Net investment income⁽¹⁾

Net realized and unrealized gain/(loss)

Distributions to preferred shareholders:

From net investment income

From net realized gains

Total income/(loss) from investment operations

DISTRIBUTIONS TO COMMON SHAREHOLDERS:

From net investment income

From net realized gains

Total distributions to common shareholders

Change due to rights offering⁽³⁾

Total distributions and rights offering

Net asset value per common share, end of period

Market price per common share, end of period

Total Investment Return - Net Asset Value⁽⁴⁾

Total Investment Return - Market Price⁽⁴⁾

RATIOS AND SUPPLEMENTAL DATA

Net assets attributable to common shares, end of period (000s)

Ratio of expenses to average net assets attributable to common shares

Ratio of expenses excluding interest expense to average net assets attributable to common shares

Ratio of net investment income to average net assets attributable to common shares

Portfolio turnover rate

BORROWINGS AT END OF PERIOD

Aggregate amount outstanding (000s)

Asset coverage per \$1,000 (000s)

Footnotes to the Financial Highlights are listed on page 16.

141-800-644-5571

Financial Highlights

For the Six Months Ended 4/30/16 (Unaudited)	For the Year Ended 10/31/15	For the Year Ended 10/31/14	For the Year Ended 10/31/13	For the Year Ended 10/31/12	For the Year Ended 10/31/11
\$ 30.29	\$ 32.71	\$ 27.91	\$ 25.66	\$ 23.70	\$ 21.75
0.46	0.84	1.80	1.14	1.21	1.40
2.81	(1.47)	4.64	2.69	3.02	2.02
—	—	—	—	—	(0.02)
—	—	—	—	—	(0.00) ⁽²⁾
3.27	(0.63)	6.44	3.83	4.23	3.40
(0.91)	(0.89)	(1.50)	(1.51)	(1.37)	(1.45)
—	(0.90)	(0.14)	(0.07)	(0.47)	—
(0.91)	(1.79)	(1.64)	(1.58)	(1.84)	(1.45)
(0.67)	—	—	—	(0.43)	—
(1.58)	(1.79)	(1.64)	(1.58)	(2.27)	(1.45)
\$ 31.98	\$ 30.29	\$ 32.71	\$ 27.91	\$ 25.66	\$ 23.70
\$ 29.92	\$ 29.67	\$ 30.88	\$ 25.92	\$ 25.29	\$ 25.05
9.10	% ⁽⁵⁾	(1.78			