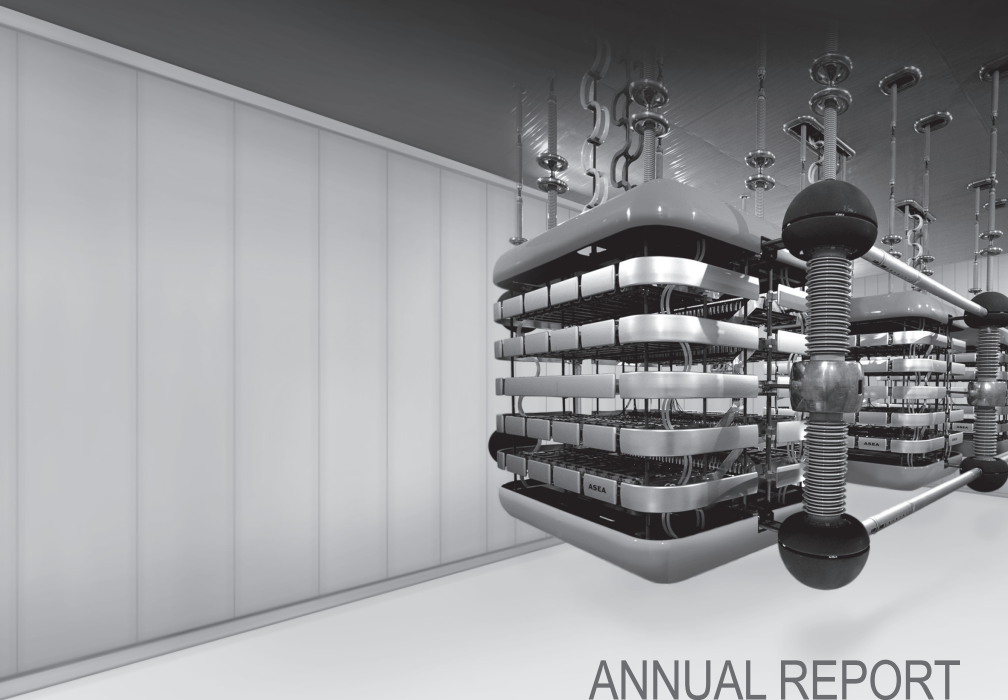


REAVES UTILITY INCOME FUND



ANNUAL REPORT

UTG

10.31.18

SECTION 19(B) DISCLOSURE

October 31, 2018 (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 \$0.17 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.

Shareholder Letter 2

Report of Independent Registered Public Accounting Firm 6

Statement of Investments 7

Statement of Assets and Liabilities 11

Statement of Operations 12

Statement of Changes in Net Assets 13

Statement of Cash Flows 14

Financial Highlights 16

Notes to Financial Statements 18

Additional Information 26

Trustees & Officers 30

*October 31, 2018 (Unaudited)***To our Shareholders:****2018 Investment Portfolio Returns**

Total net assets of the Fund were \$1,544,961,106 at October 31, 2018, or \$31.74 of net asset value ("NAV") per common share. One year ago, net assets totaled \$1,612,864,612 representing \$33.14 of net asset value per common share.

The changes include the proceeds from the October 2017 rights offering and distributions to shareholders totaling \$96,853,302. 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 2018 market return for shareholders was 4.63% as is reflected in the table to follow. The share price of the Fund traded at a discount of 4.35% to the NAV at fiscal year-end, a decrease from the 6.4% discount at the beginning of the fiscal year.

Distributions to Common Shareholders

Since the Fund's first distribution in April 2004, distributions to shareholders have totaled approximately \$700 million consisting of divided income and realized capital gains with no returns of capital.

The Trustees of the Fund regularly review the amount of the monthly distribution.

The monthly distribution has been increased on ten occasions from the initial monthly amount of \$0.0967 per share to the current amount of \$0.17 per share, representing a cumulative increase of 75.8%. For calendar year 2017, all distributions from the Fund were paid from net investment income including realized capital gains. We anticipate that all distributions for the 12 months ending December 31, 2018 will also be characterized as paid from net investment income and realized capital gains.

Leverage Facility

In January 2018 the principal amount of the \$320,000,000 loan facility was increased by \$125,000,000 to a total of \$445,000,000. The leverage increased from 19.8% of net assets to about 28.8% at October 31, 2018. For details about the facility please refer to Note 4 of the accompanying financial statements.

October 31, 2018 (Unaudited)

	Year Ended October 31, 2018				
	One Year	Three Years ⁺	Five Years ⁺	Ten Years ⁺	Since Inception ⁺ **
Total investment return – Net Asset Value*	2.39%	9.13%	9.67%	15.00%	11.12%
Total investment return – Market Price*	4.63%	8.27%	10.31%	16.15%	10.44%
S&P 500 Utilities Index ¹	1.00%	10.93%	10.65%	10.62%	9.70%
Dow Jones Utility Average ²	0.75%	11.91%	11.83%	11.13%	10.88%

⁺ Annualized^{*} Assumes all dividends being reinvested^{**} Index data since 02/29/04

¹ S&P Utilities Index is a capitalization-weighted index containing 28 Electric and Gas Utility stocks (including multi-utilities and independent power producers). Prior to July 1996, this index included telecommunications equities.

² The Dow Jones Utility Average (DJUA) is a price-weighted average of the 15 utility stocks traded in the United States.

Overview

The Fund's portfolio experienced four Federal Reserve rate increases in fiscal 2018. The 10-year U.S. Treasury yield peaked at 3.23% in early October, closing at 3.15% at fiscal year-end. The generally positive performance of utilities in the face of rising interest rates was overshadowed by company specific events. A negative Federal Energy Regulatory Commission (FERC) ruling regarding Master Limited Partnerships (MLPs) adversely affected utilities with MLP subsidiaries such as Dominion Energy, and wild fires in California depressed California utility stock prices due to potential large liability claims from application of the state's inverse condemnation law.

For fiscal 2018 dividend increases by portfolio companies have met our expectations, and are supported by earnings growth. Dividend payout ratios generally remain reasonable. The Fund's top-ten holdings consistently comprised more than 40% of the portfolio. The Telecommunications and Energy sectors remain the highest yielding sectors of the portfolio with sector yields approximately 50 basis points higher than October 31, 2017.

Utilities

Utility returns moderated following two years of double-digit positive returns in fiscal 2016 and 2017. Earnings and dividend growth for portfolio holdings met our expectations. Single-digit earnings and dividend growth for 2019 and beyond remain possible for selected utilities with well defined capital investment plans accompanied by supportive state regulation.

Communications

Our outlook for media (i.e. cable companies), telecommunications and the towers companies remains positive. Our view is that cable companies will continue to take broadband market share from telecommunication companies. Household formation is a factor contributing to cable earnings growth. The potential launch of a fixed 5G wireless service is viewed by some as a potential competitor to cable broadband. However the technology remains unproven and the cost

October 31, 2018 (Unaudited)

structure is possibly unfavorable. Our view is that 5G is not currently a competitive threat to cable broad band though we will continue to monitor the development of the technology. Towers should continue to grow revenue and available funds from operations based upon increasing digitization of the economy and rising demand for wireless service.

Effective September 30, 2018, the S&P Dow Jones Indices and MSCI Inc. broadened and renamed the Telecommunication Services sector as Communication Services to include companies that facilitate communication and offer related content and information through various media. Companies selected for investment from among the additions to the sector will be included in the 20% of the Fund that may be invested outside of utilities.

Energy

The Energy sector weighting was increased by approximately 44% to 16.1% of total assets. Energy holdings achieved a low single-digit total return attributable to dividend income. Although the West Texas Intermediate (WTI) oil price trended higher in the fiscal year, peaking at \$75 to \$76 per barrel in October, equity prices failed to keep pace. Demand continues to increase at the rate of 1 to 1.2 million barrels per year. Given the expected volatility in the oil price, Fund energy investments remained concentrated in high yielding integrated oil companies and mid- stream companies with fee based revenues.

OUTLOOK

Consistent with our mid-year view, interest rate increases will be moderate. As the U.S. and global economies economic growth slows, Federal Reserve rate increases will likely be put on hold. It appears utilities have demonstrated their ability to hold value in the face of a rising interest rate trend. Our expectations for earnings and dividend growth from Fund investments is the basis for our view that the Fund will continue to earn its annual distribution in the coming fiscal year.

Sincerely,

Ronald J. Sorenson, Chief Investment Officer, Chief Executive Officer

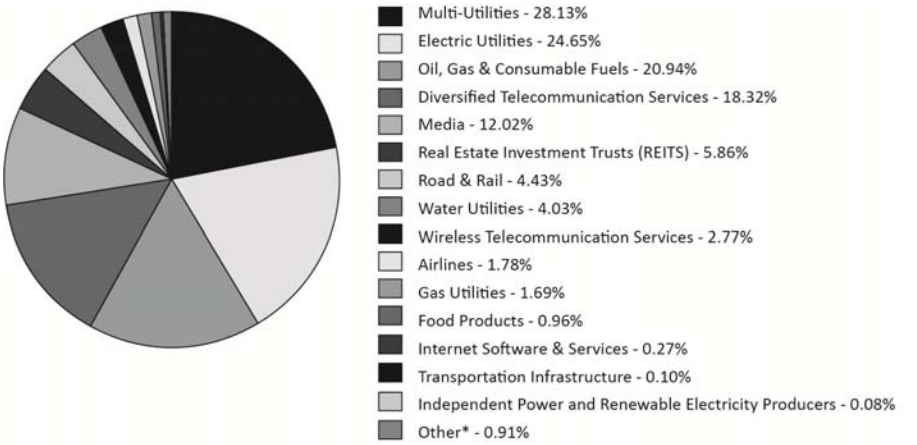
John P. Bartlett, Vice President, CFA

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.

You cannot invest directly in an index.

October 31, 2018 (Unaudited)

Industry Allocation as of October 31, 2018



* Includes Money Market Funds

Holdings are subject to change

To the shareholders and the Board of Trustees of Reaves Utility Income Fund:

Opinion on the Financial Statements and Financial Highlights

We have audited the accompanying statement of assets and liabilities of Reaves Utility Income Fund (the "Fund"), including the statement of investments, as of October 31, 2018, the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of October 31, 2018, and the results of its operations and its cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of October 31, 2018, by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

DELOITTE & TOUCHE LLP

Denver, Colorado
December 19, 2018

We have served as the auditor of Reaves Utility Income Fund since 2005.

October 31, 2018

	SHARES	VALUE
COMMON STOCKS 123.28%		
Airlines 1.78%		
Delta Air Lines, Inc. ⁽¹⁾	502,500	\$27,501,825
Diversified Telecommunication Services 18.23%		
AT&T, Inc.	1,205,234	36,976,579
BCE, Inc. ⁽¹⁾	1,750,000	68,040,000
CenturyLink, Inc. ⁽¹⁾	3,000,000	61,920,000
TELUS Corp.	410,000	14,039,880
Verizon Communications, Inc. ⁽¹⁾	1,637,599	93,490,527
Zayo Group Holdings, Inc. ⁽²⁾	240,000	7,171,200
		<u>281,638,186</u>
Electric Utilities 24.65%		
Edison International ⁽¹⁾	570,000	39,552,300
Eversource Energy ⁽¹⁾	80,000	4,479,200
Fortis, Inc. ⁽¹⁾	1,295,000	42,776,130
NextEra Energy Partners LP ⁽¹⁾	835,000	38,017,550
NextEra Energy, Inc. ⁽¹⁾	589,000	101,602,500
Pinnacle West Capital Corp. ⁽¹⁾	483,000	39,726,750
PPL Corp. ⁽¹⁾	945,000	28,728,000
The Southern Co.	875,000	39,401,250
		<u>380,779,780</u>
Food Products 0.96%		
Kraft Heinz Co.	270,000	14,841,900
Gas Utilities 1.69%		
Atmos Energy Corp.	171,500	15,963,220
South Jersey Industries, Inc.	345,100	10,194,254
		<u>26,157,474</u>
Independent Power and Renewable Electricity Producers 0.08%		
NRG Energy, Inc.	35,000	1,266,650
Internet Software & Services 0.27%		
Alphabet, Inc., Class C ⁽²⁾	3,800	4,091,726
Media 12.02%		
Altice USA, Inc., Class A ⁽¹⁾	3,040,000	49,582,400
Charter Communications, Inc., Class A ⁽¹⁾⁽²⁾⁽³⁾	202,000	64,714,740
Comcast Corp., Class A ⁽¹⁾	1,740,000	66,363,600
Liberty Global PLC, Class A ⁽²⁾	125,000	3,203,750

October 31, 2018

	SHARES	VALUE
Media (continued)		
Liberty Latin America, Ltd., Class A ⁽²⁾	104,490	\$1,878,730
		<u>185,743,220</u>
Multi-Utilities 28.13%		
CMS Energy Corp. ⁽¹⁾	571,000	28,275,920
Dominion Energy, Inc. ⁽¹⁾	1,320,000	94,274,400
DTE Energy Co. ⁽¹⁾	1,050,000	118,020,000
Infraestructura Energetica Nova SAB de CV	900,000	3,509,483
National Grid PLC, Sponsored ADR	1	53
NiSource, Inc.	833,500	21,137,560
Public Service Enterprise Group, Inc.	410,000	21,906,300
Sempra Energy ⁽¹⁾	800,000	88,096,000
WEC Energy Group, Inc. ⁽¹⁾	868,700	59,419,080
		<u>434,638,796</u>
Oil, Gas & Consumable Fuels 18.28%		
BP PLC	725,000	5,257,145
BP PLC, Sponsored ADR	675,000	29,274,750
EOG Resources, Inc.	30,000	3,160,200
Exxon Mobil Corp.	300,000	23,904,000
Marathon Petroleum Corp.	100,000	7,045,000
Occidental Petroleum Corp.	275,000	18,444,250
ONEOK, Inc. ⁽¹⁾	1,100,000	72,160,000
Royal Dutch Shell PLC:		
Class A	300,000	9,588,426
Class A, Sponsored ADR ⁽¹⁾	1,300,000	82,147,000
Williams Cos., Inc. ⁽¹⁾	1,292,000	31,434,360
		<u>282,415,131</u>
Real Estate Investment Trusts (REITS) 5.86%		
American Tower Corp.	144,990	22,590,892
Annaly Capital Management, Inc. ⁽¹⁾	2,800,000	27,636,000
Crown Castle International Corp. ⁽¹⁾	220,000	23,922,800
Equinix, Inc.	43,000	16,285,820
		<u>90,435,512</u>
Road & Rail 4.43%		
Union Pacific Corp. ⁽¹⁾	468,000	68,430,960
Transportation Infrastructure 0.10%		
Atlantia SpA	80,000	1,609,270

October 31, 2018

	SHARES	VALUE
Water Utilities 4.03%		
American Water Works Co., Inc. ⁽¹⁾	703,000	\$62,236,590
Wireless Telecommunication Services 2.77%		
T-Mobile US, Inc. ⁽¹⁾⁽²⁾	625,000	42,843,750
TOTAL COMMON STOCKS		
(Cost \$1,535,300,775)		1,904,630,770

LIMITED PARTNERSHIPS 2.66%**Oil, Gas & Consumable Fuels 2.66%**

Bastion Energy LLC (Anglo Dutch) ⁽⁴⁾⁽⁵⁾		2,254,732
Enterprise Products Partners LP ⁽¹⁾	1,318,000	35,348,760
Talara Opportunities II, LP ⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾		3,591,000
		<u>41,194,492</u>

TOTAL LIMITED PARTNERSHIPS

(Cost \$30,810,104)	41,194,492
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	BOND RATING MOODY/S&P	PRINCIPAL AMOUNT	VALUE
CORPORATE BONDS 0.09%			
Diversified Telecommunication Services 0.09%			
Frontier Communications Corp., 7.125%, 01/15/2023	Caa1/CCC+	\$2,000,000	<u>1,340,000</u>
TOTAL CORPORATE BONDS			
(Cost \$1,930,146)			1,340,000

	SHARES	VALUE
MONEY MARKET FUNDS 0.91%		
Federated Treasury Obligations Money Market Fund, 2.069% (7-Day Yield)	14,082,299	<u>14,082,299</u>
TOTAL MONEY MARKET FUNDS		
(Cost \$14,082,299)		14,082,299

October 31, 2018

	VALUE
TOTAL INVESTMENTS - 126.94% (Cost \$1,582,123,324)	\$1,961,247,561
LEVERAGE FACILITY - (28.80%)	(445,000,000)
OTHER ASSETS IN EXCESS OF LIABILITIES - 1.86%	28,713,545
NET ASSETS - 100.00%	\$1,544,961,106

- (1) Pledged security; a portion or all of the security is pledged as collateral for borrowings as of October 31, 2018. (See Note 4)
- (2) Non-Income Producing Security.
- (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, using significant unobservable inputs. (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

Ltd. - Limited

LP - Limited Partnership

PLC - Public Limited Company

SAB de CV - A variable rate company

SpA - Società per Azione

See Notes to Financial Statements.

October 31, 2018

ASSETS:

Investments, at value (Cost \$1,582,123,324)	\$	1,961,247,561
Foreign currency, at value (Cost \$40,097)		40,097
Dividends receivable		2,791,326
Interest receivable		43,006
Receivable for investments sold		41,020,541
Other assets		70,160
Total Assets		2,005,212,691

LIABILITIES:

Loan payable		445,000,000
Interest payable on loan outstanding		488,256
Payable for investments purchased		13,209,823
Accrued investment advisory fees		986,149
Accrued administration fees		454,486
Accrued trustees' fees		44,221
Accrued chief compliance officer fees		6,500
Other payables and accrued expenses		62,150
Total Liabilities		460,251,585
Total Commitments and Contingencies (Notes 1 and 8)		
Net Assets Applicable to Common Shareholders	\$	1,544,961,106

COMPOSITION OF NET ASSETS ATTRIBUTABLE TO COMMON SHARES:

Paid-in capital	\$	1,137,705,232
Total distributable earnings		407,255,874
Net Assets Applicable to Common Shareholders	\$	1,544,961,106
Shares of common stock outstanding of no par value, unlimited shares authorized		48,670,001
Net asset value per common share	\$	31.74

See Notes to Financial Statements.

*For the Year Ended October 31, 2018***INVESTMENT INCOME:**

Dividends (Net of foreign withholding taxes of \$1,864,847)	\$	69,569,504
Interest on investment securities		944,386
Total Investment Income		70,513,890

EXPENSES:

Interest on loan		12,420,185
Investment advisory fees		11,438,317
Administration fees		5,271,959
Chief compliance officer fees		39,000
Trustees' fees		195,670
Miscellaneous fees		250,219
Total Expenses		29,615,350

Net Investment Income		40,898,540
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Net realized gain/(loss) on:		
Investment securities		54,245,648
Foreign currency transactions		(73,097)
Change in unrealized appreciation/(depreciation) of:		
Investment securities		(66,014,656)
Translation of assets and liabilities denominated in foreign currencies		2,598

Net loss on investments and foreign currency transactions		(11,839,507)
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Net Increase in Net Assets Attributable to Common Shares from Operations	\$	29,059,033
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See Notes to Financial Statements.

	For the Year Ended October 31, 2018	For the Year Ended October 31, 2017
COMMON SHAREHOLDER OPERATIONS:		
Net investment income	\$ 40,898,540	\$ 35,242,453
Net realized gain	54,172,551	38,417,343
Change in unrealized appreciation/(depreciation)	(66,012,058)	93,308,718
Net increase in net assets attributable to common shares from operations	29,059,033	166,968,514
DISTRIBUTIONS TO COMMON SHAREHOLDERS:⁽¹⁾		
Total amount of distributions	(96,853,302)	(99,792,157)
Net decrease in net assets from distributions to common shareholders	(96,853,302)	(99,792,157)
CAPITAL SHARE TRANSACTIONS:		
Proceeds from rights offering, net of offering cost	—	428,014,151
Proceeds from common shares issued to shareholders from reinvestment of dividends	—	1,098,183
Offering cost ⁽²⁾	(109,237)	—
Net increase/(decrease) from capital share transactions	(109,237)	429,112,334
Net Increase/(Decrease) in Net Assets Attributable to Common Shares	(67,903,506)	496,288,691
NET ASSETS ATTRIBUTABLE TO COMMON SHAREHOLDERS:		
Beginning of year	\$ 1,612,864,612	\$ 1,116,575,921
End of year	\$ 1,544,961,106	\$ 1,612,864,612

⁽¹⁾ For the prior year ended October 31, 2017, Reaves Utility Income Fund had Total Distributions consisting of Net Investment Income of \$36,543,080, and Net Realized Gains of \$63,249,077.

⁽²⁾ Additional offering cost associated with rights offering which expired on October 4, 2017. (See Note 3)

*For the Year Ended October 31, 2018***CASH FLOWS FROM OPERATING ACTIVITIES:**

Net increase in net assets from operations	\$	29,059,033
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:		
Purchase of investment securities		(772,274,325)
Proceeds from disposition of investment securities		438,125,545
Net sales of short-term investment securities		265,533,183
Premium amortization		(475,303)
Net realized (gain)/loss on:		
Investment securities		(54,245,648)
Net change in unrealized (appreciation)/depreciation on:		
Investments		66,014,656
(Increase)/Decrease in assets:		
Dividends receivable		(449,068)
Interest receivable		4,612
Other assets		(70,160)
Increase/(Decrease) in liabilities:		
Interest payable on loan outstanding		247,545
Accrued investment advisory fees		97,836
Accrued administration fees		45,090
Accrued trustees' fees		289
Accrued chief compliance officer fees		3,250
Accrued expenses for rights offering costs (See Note 3)		(347,647)
Other payables and accrued expenses		16,966
Net Cash Used in Operating Activities		(28,714,146)

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from bank borrowing	125,000,000
Offering cost	(109,237)
Cash distributions paid on Common Shares	(96,853,302)
Net Cash Provided by Financing Activities	28,037,461

Net Decrease in cash	(676,685)
Cash and Foreign currency, beginning of year	\$ 716,782
Foreign currency, end of year	\$ 40,097

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid during the period for interest from bank borrowing	\$	12,172,640
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See Notes to Financial Statements.

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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)

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

Total distributions and rights offering

Net asset value per common share, end of year

Market price per common share, end of year

Total Investment Return - Net Asset Value⁽³⁾

Total Investment Return - Market Price⁽³⁾

RATIOS AND SUPPLEMENTAL DATA

Net assets attributable to common shares, end of year (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)

⁽¹⁾ Calculated using average common shares outstanding.

⁽²⁾ Effect of rights offerings for common shares at a price below market price. (See Note 3)

⁽³⁾ Total investment return is calculated assuming a purchase of a common share at the opening on the first day and a sale at closing on the last day of each period reported. Total investment return excludes any sales charges. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan.

⁽⁴⁾ Less than \$(0.005).

For the Year Ended 10/31/18	For the Year Ended 10/31/17	For the Year Ended 10/31/16	For the Year Ended 10/31/15	For the Year Ended 10/31/14
\$33.14	\$32.53	\$30.29	\$32.71	\$27.91
0.84	1.00	0.84	0.84	1.80
(0.25)	3.87	3.89	(1.47)	4.64
0.59	4.87	4.73	(0.63)	6.44
(0.83)	(1.04)	(0.99)	(0.89)	(1.50)
(1.16)	(1.80)	(0.83)	(0.90)	(0.14)
(1.99)	(2.84)	(1.82)	(1.79)	(1.64)
(0.00) ⁽⁴⁾	(1.42) ⁽²⁾	(0.67) ⁽²⁾	—	—
(1.99)	(4.26)	(2.49)	(1.79)	(1.64)
\$31.74	\$33.14	\$32.53	\$30.29	\$32.71
\$30.36	\$31.02	\$30.00	\$29.67	\$30.88
2.39%	11.04%	14.31%	(1.78)%	24.24%
4.63%	12.70%	7.62%	1.91%	26.29%
\$1,544,961	\$1,612,865	\$1,116,576	\$878,952	\$949,088
1.90%	1.66%	1.59%	1.62%	1.71%
1.10%	1.09%	1.14%	1.15%	1.16%
2.62%	2.97%	2.66%	2.67%	6.10%
24%	15%	34%	32%	26%
\$445,000	\$320,000	\$320,000	\$320,000	\$290,000
\$4,472	\$6,040	\$4,489	\$3,747	\$4,273

1. SIGNIFICANT ACCOUNTING AND OPERATING POLICIES

Reaves Utility Income Fund (the “Fund”) is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as a closed-end management investment company. The Fund was organized under the laws of the state of Delaware by an Agreement and Declaration of Trust dated September 15, 2003. The Fund’s 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 Fund is a diversified investment company for purpose of the 1940 Act. The Agreement and Declaration of Trust provides that the Trustees may authorize separate classes of shares of beneficial interest. The Fund’s common shares are listed on the NYSE American LLC (the “Exchange”) and trade under the ticker symbol “UTG”.

The Fund may have elements of risk, including the risk of loss of equity. There is no assurance that the investment process will consistently lead to successful results. An investment concentrated in sectors and industries may involve greater risk and volatility than a more broadly diversified investment.

The Fund invests a significant portion of its total assets in securities of utility companies, which may include companies in the electric, gas, water, and telecommunications sectors, as well as other companies engaged in other infrastructure operations. This may make the Fund particularly susceptible to adverse economic, political or regulatory occurrences affecting those sectors. As concentration of the Fund’s investments in a sector increases, so does the potential for fluctuation in the net asset value of common shares.

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements. The preparation of financial statements is in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment companies in the Financial Accounting Standards Board Accounting Standards Codification Topic 946.

Investment Valuation: The net asset value per common share (“NAV”) of the Fund is determined no less frequently than daily, on each day that the Exchange is open for trading, as of the close of regular trading on the Exchange (normally 4:00 p.m. New York time). The NAV is determined by dividing the value of the Fund’s total assets less its liabilities by the number of shares outstanding.

The Board of Trustees (the “Board”) has established the following procedures for valuation of the Fund’s asset values under normal market conditions. For domestic equity securities, foreign equity securities and funds that are traded on an exchange, the market price is usually the closing sale or official closing price on that exchange. In the case of a domestic and foreign equity security not traded on an exchange, or if such closing prices are not otherwise available, the mean of the closing bid and ask price will be used. The fair value for debt obligations is generally the evaluated mean price supplied by the Fund’s primary and/or secondary independent third-party pricing service, approved by the Board. An evaluated mean is considered to be a daily fair valuation price which may use a matrix, formula or other objective method that takes into consideration various factors, including, but not limited to: structured product markets, fixed income markets, interest rate movements, new issue information, trading, cash flows, yields, spreads, credit quality and other

October 31, 2018

pertinent information as determined by the pricing services evaluators and methodologists. If the Fund's primary and/or secondary independent third-party pricing services are unable to supply a price, or if the price supplied is deemed to be unreliable, the market price may be determined using quotations received from one or more broker-dealers that make a market in the security. Investments in non-exchange traded funds are fair valued at their respective net asset values.

Securities, for which market quotations or valuations are not available, are valued at fair value in good faith by or at the direction of the Board. When applicable, fair value of an investment is determined by the Fund's Fair Valuation Committee as a designee of the Board. In fair valuing the Fund's investments, consideration is given to several factors, which may include, among others, the following: the fundamental business data relating to the issuer, borrower or counterparty; an evaluation of the forces which influence the market in which the investments are purchased and sold; the type, size and cost of the investment; the information as to any transactions in or offers for the investment; the price and extent of public trading in similar securities (or equity securities) of the issuer, or comparable companies; the coupon payments, yield data/cash flow data; the quality, value and saleability of collateral, if any, securing the investment; the business prospects of the issuer, borrower or counterparty, as applicable, including any ability to obtain money or resources from a parent or affiliate and an assessment of the issuer's, borrower's or counterparty's management; the prospects for the industry of the issuer, borrower or counterparty, as applicable, and multiples (of earnings and/or cash flow) being paid for similar businesses in that industry; one or more non-affiliated independent broker quotes for the sale price of the portfolio security; and other relevant factors.

The Fund discloses the classification of its fair value measurements following a three-tier hierarchy based on the inputs used to measure fair value. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability that are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability that are developed based on the best information available.

Various inputs are used in determining the value of the Fund's investments as of the end of the reporting period. When inputs used fall into different levels of the fair value hierarchy, the level in the hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The designated input levels are not necessarily an indication of the risk or liquidity associated with these investments. These inputs are categorized in the following hierarchy under applicable financial accounting standards:

- Level 1 – Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the Fund has ability to access at the measurement date;
- Level 2 – Quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and

October 31, 2018

Level 3 – Significant unobservable prices or inputs (including the Fund's own assumptions in determining the fair value of investments) where there is little or no market activity for the asset or liability at the measurement date.

The following is a summary of the Fund's investments in the fair value hierarchy as of October 31, 2018:

Investments in Securities at Value*	Valuation Inputs			
	Level 1	Level 2	Level 3	Total
Common Stocks	\$1,904,630,770	\$ –	\$ –	\$1,904,630,770
Limited Partnerships	35,348,760	–	5,845,732	41,194,492
Corporate Bonds	–	1,340,000	–	1,340,000
Money Market Funds	14,082,299	–	–	14,082,299
Total	\$1,954,061,829	\$ 1,340,000	\$ 5,845,732	\$1,961,247,561

* See Statement of Investments for industry classifications.

The following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value:

Investments in Securities at Value	Balance as of 10/31/2017	Return of Capital	Realized gain/(loss)	Change in unrealized appreciation/(depreciation)	Purchases	Sales Proceeds	Transfer in and/or (out) of Level 3	10/31/2018	Net change in unrealized appreciation/(depreciation) attributable to Level 3 investments held at 10/31/2018
Limited Partnerships	\$ 7,705,054	\$ (1,954,782)	\$ –	\$ 95,460	\$ –	\$ –	\$ –	\$ 5,845,732	\$ 95,460
Total	\$ 7,705,054	\$ (1,954,782)	\$ –	\$ 95,460	\$ –	\$ –	\$ –	\$ 5,845,732	\$ 95,460

The table below provides additional information about the Level 3 fair value measurements as of October 31, 2018:

Investment Type	Fair Value as of 10/31/18	Valuation Technique*	Unobservable Input**	Amount
Limited Partnership	\$2,254,732	Discounted Cash Flow	Discount Rate	12.5%
			Decline Rate	25%
			Discount for Lack of Marketability	15%
		Market Multiple Approach	Commodity Price Multiple	0.8862x
Total	\$5,845,732			

* The fair valuation procedures used to value the Level 3 investments are in accordance with the Fund's Board-approved fair valuation policies.

** A change in the unobservable input may result in a significant change to the value of the investment as of October 31, 2018 as follows:

October 31, 2018

Unobservable Input	Impact to Value if Input Increases	Impact to Value if Input Decreases
Discount Rate	Decrease	Increase
Decline Rate	Decrease	Increase
Discount for Lack of Marketability	Decrease	Increase
Commodity Price Multiple	Increase	Decrease

Commitments for Contingencies: As of October 31, 2018, the Fund had an unfunded capital commitment of \$948,064 representing an agreement which obligates the Fund to meet capital calls in the future. Capital calls can only be made if and when certain requirements have been fulfilled; thus, the timing and the amount of such capital calls cannot readily be determined. The unfunded commitment is fair valued by management and any unrealized appreciation or depreciation is included in the Statement of Assets and Liabilities and any change in unrealized appreciation or depreciation is included in the Statement of Operations.

Foreign Securities: The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible revaluation of currencies, the inability to repatriate foreign currency, less complete financial information about companies and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of comparable U.S. issuers.

Foreign Currency Translation: The books and records of the Fund are maintained in U.S. dollars. Investment valuations and other assets and liabilities initially expressed in foreign currencies are converted each business day the Exchange is open into U.S. dollars based upon current exchange rates. Prevailing foreign exchange rates may generally be obtained at the close of the Exchange (normally, 4:00 p.m. New York time). The portion of realized and unrealized gains or losses on investments due to fluctuations in foreign currency exchange rates is not separately disclosed and is included in realized and unrealized gains or losses on investments, when applicable. As of and during the year ended October 31, 2018, the Fund had no outstanding forward foreign currency contracts.

Distributions to Shareholders: The Fund intends to make a level distribution each month to common shareholders after payment of interest on any outstanding borrowings. The level dividend rate may be modified by the Board of Trustees from time to time. Any net capital gains earned by the Fund are distributed at least annually. Distributions to shareholders are recorded by the Fund on the ex-dividend date.

Income Taxes: The Fund's policy is to comply with the provisions of the Code applicable to regulated investment companies and to distribute all of its taxable income and gains to its shareholders. See Note 2.

Investment Transactions: Investment security transactions are accounted for as of trade date. Dividend income is recorded on the ex-dividend date, or as soon as information is available to the Fund. Interest income, which includes amortization of premium and accretion of discount, is

October 31, 2018

accrued as earned. Realized gains and losses from investment transactions are determined using the first-in first-out basis for both financial reporting and income tax purposes.

2. INCOME TAXES AND TAX BASIS INFORMATION

The Fund complies with the requirements under Subchapter M of the Code applicable to regulated investment companies and intends to distribute substantially all of its net taxable income and net capital gains, if any, each year. The Fund is not subject to income taxes to the extent such distributions are made.

As of and during the fiscal year ended October 31, 2018, the Fund did not have a liability for any unrecognized tax benefits in the accompanying financial statements. The Fund files U.S. federal, state, and local tax returns as required. The Fund's tax returns are subject to examination by the relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return but which can be extended to six years in certain circumstances. Tax returns for open years have incorporated no uncertain tax positions that require a provision for income taxes.

Net investment income (loss) and net realized gain (loss) may differ for financial statement and tax purposes. The character of distributions made during the year from net investment income or net realized gains may differ from its ultimate characterization for federal income tax purposes. Also, due to the timing of dividend distributions, the fiscal year in which amounts are distributed may differ from the fiscal year in which the income or realized gain was recorded by the Fund.

The tax character of the distributions paid by the Fund were as follows:

	For the Year Ended October 31, 2018	For the Year Ended October 31, 2017
Distributions paid from:		
Ordinary Income	\$ 40,326,896	\$ 36,543,080
Long-Term Capital Gain	56,526,406	63,249,077
Total	\$ 96,853,302	\$ 99,792,157

As of October 31, 2018, the components of distributable earnings on a tax basis were as follows:

Accumulated Capital Gain	\$ 14,161,991
Unrealized Appreciation	401,965,818
Other Cumulative Effect of Timing Differences	(8,871,935)
Total	\$ 407,255,874

The tax components of distributable earnings are determined in accordance with income tax regulations which may differ from composition of net assets reported under U.S. GAAP. Accordingly, for the year ended October 31, 2018, certain differences were reclassified. The Fund increased total distributable earnings by \$69,614 and decreased paid-in capital by \$69,614.

October 31, 2018

The tax basis components of capital differ from the amounts reflected in the Statement of Assets and Liabilities due to temporary book/tax differences primarily arising from wash sales and the tax treatment of investments in partnerships.

As of October 31, 2018, net unrealized appreciation/depreciation of investments based on federal tax cost were as follows:

Gross appreciation (excess of value over tax cost)	\$ 462,708,303
Gross depreciation (excess of tax cost over value)	(60,741,373)
Net depreciation of foreign currency	(1,112)
Net unrealized appreciation	401,965,818
Cost of investments for income tax purposes	\$ 1,559,280,631

3. CAPITAL TRANSACTIONS

Common Shares: There are an unlimited number of no par value common shares of beneficial interest authorized.

In a rights offering which expired October 4, 2017, shareholders exercised rights to purchase 14,314,706 shares at \$29.93 per share for proceeds, net of expenses, of \$428,014,151. The subscription price of \$29.93 per share was established on October 4, 2017, which represented 95% of the reported market price per share, based on the average of the last reported sales price of a common share on the Exchange for the five trading days preceding October 4, 2017.

Transactions in common shares were as follows:

	For the Year Ended October 31, 2018	For the Year Ended October 31, 2017
Common Stock outstanding - beginning of period	48,670,001	34,323,571
Common Stock issued from rights offering	—	14,314,706
Common Stock issued as reinvestment of dividends	—	31,724
Common Stock outstanding - end of period	48,670,001	48,670,001

4. BORROWINGS

On December 8, 2016, the Fund entered into a Credit Agreement with Pershing LLC. Under the terms of the Credit Agreement, the Fund was allowed to borrow up to \$330,000,000. Interest was charged at a rate of the one month LIBOR ("London Interbank Offered Rate") plus 1.10%. Borrowings under the Credit Agreement are secured by assets of the Fund that are held by the Fund's custodian in a separate account (the "pledged collateral"). Borrowing commenced under the terms of the Credit Agreement on December 13, 2016. Effective January 2, 2018, the Credit Agreement with Pershing LLC, was amended to allow the Fund to increase the amount allowed to be borrowed up to \$455,000,000, at an interest rate of one month LIBOR plus 1.00%.

For the year ended October 31, 2018, the average amount borrowed under the Credit Agreement was \$423,777,230, at an average rate of 2.87%. As of October 31, 2018, the amount of

October 31, 2018

outstanding borrowings was \$445,000,000, the interest rate was 3.31% and the amount of pledged collateral was \$745,988,430.

5. RESTRICTED SECURITIES

As of October 31, 2018, investments in securities included issues that are considered restricted. Restricted securities are often purchased in private placement transactions, are not registered under the Securities Act of 1933, may have contractual restrictions on resale, and may be valued under methods approved by the Board of Trustees as reflecting fair value.

Restricted securities as of October 31, 2018 were as follows:

Description	Acquisition Date(s)	Cost	Market Value	Market Value as Percentage of Net Assets
Bastion Energy LLC (Anglo Dutch)	7/30/2015	\$ —	\$ 2,254,732	0.15%
Talara Opportunities II, LP	8/30/2013 - 7/24/2015	4,051,936	3,591,000	0.23%
TOTAL		\$ 4,051,936	\$ 5,845,732	0.38%

6. PORTFOLIO SECURITIES

Purchases and sales of investment securities, other than short-term securities, for the year ended October 31, 2018, aggregated \$770,311,006 and \$470,058,944, respectively.

7. MANAGEMENT FEES, ADMINISTRATION FEES AND OTHER TRANSACTIONS WITH AFFILIATES

Reaves Asset Management ("Reaves") serves as the Fund's investment adviser pursuant to an Investment Advisory and Management Agreement (the "Advisory Agreement") with the Fund. As compensation for its services to the Fund, Reaves receives an annual investment advisory fee of 0.575% based on the Fund's average daily total assets, computed daily and payable monthly.

ALPS Fund Services, Inc. ("ALPS") serves as the Fund's administrator pursuant to an Administration, Bookkeeping and Pricing Services Agreement (the "Administration Agreement") with the Fund. As compensation for its services to the Fund, ALPS receives an annual administration fee based on the Fund's average daily total assets, computed daily and payable monthly. ALPS will pay all expenses in connection with the performance of its services under the Administration Agreement, with the exception of advisory fees, trustees' fees, portfolio transaction expenses, litigation expenses, tax cost of preferred shares, expenses of conducting repurchase offers for the purpose of repurchasing fund shares, the printing and distribution cost incurred to comply with the terms of the Fund's 19(b) exemptive relief granted on July 14, 2011 and extraordinary expenses.

Pursuant to the Chief Compliance Officer Services Agreement, the Fund has agreed to pay ALPS for providing Chief Compliance Officer services to the Fund an annual fee payable in monthly installments.

Both Reaves and ALPS are considered affiliates of the Fund as defined under the 1940 Act.

8. INDEMNIFICATIONS

In the normal course of business, the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred.

9. RECENT ACCOUNTING PRONOUNCEMENT

In August 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2018-13 which changes the fair value measurement disclosure requirements of FASB Accounting Standards Codification Topic 820, Fair Value Measurement. The update to Topic 820 includes new, eliminated, and modified disclosure requirements. ASU 2018-13 is effective for fiscal years beginning after December 15, 2019, including interim periods. Early adoption is permitted for any eliminated or modified disclosures. Eliminated and modified disclosures have been adopted, and are reflected in Note 2.

10. SEC REGULATIONS

On October 4, 2018, the SEC amended Regulation S-X to require certain financial statement disclosure requirements to conform them to GAAP for investment companies. Effective November 4, 2018, the Fund adopted disclosure requirement changes for Regulation S-X, these changes are reflected throughout this report. The Fund's adoption of the amendments, effective with the financial statements prepared as of October 31, 2018, had no effect on the Fund's net assets or results of operations.

*October 31, 2018 (Unaudited)***DIVIDEND REINVESTMENT PLAN**

Unless the registered owner of Common Shares elects to receive cash by contacting DST Systems, Inc. (the "Plan Administrator"), all dividends declared on Common Shares will be automatically reinvested by the Plan Administrator for shareholders in the Fund's Dividend Reinvestment Plan (the "Plan"), in additional Common Shares. Shareholders who elect not to participate in the Plan will receive all dividends and other distributions in cash paid by check mailed directly to the shareholder of record (or, if the Common Shares are held in street or other nominee name, then to such nominee) by the Plan Administrator as dividend disbursing agent. You may elect not to participate in the Plan and to receive all dividends in cash by contacting the Plan Administrator, as dividend disbursing agent, at the address set forth below. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Plan Administrator prior to the dividend record date; otherwise, such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution. Some brokers may automatically elect to receive cash on your behalf and may re-invest that cash in additional Common Shares for you. If you wish for all dividends declared on your Common Shares to be automatically reinvested pursuant to the Plan, please contact your broker.

The Plan Administrator will open an account for each Common Shareholder under the Plan in the same name in which such Common Shareholder's Common Shares are registered. Whenever the Fund declares a dividend or other distribution (together, a "Dividend") payable in cash, non-participants in the Plan will receive cash and participants in the Plan will receive the equivalent in Common Shares. The Common Shares will be acquired by the Plan Administrator for the participants' accounts, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized Common Shares from the Fund ("Newly Issued Common Shares") or (ii) by purchase of outstanding Common Shares on the open market ("Open-Market Purchases") on the NYSE American LLC or elsewhere. If, on the payment date for any Dividend, the closing market price plus estimated brokerage commissions per Common Share is equal to or greater than the net asset value per Common Share, the Plan Administrator will invest the Dividend amount in Newly Issued Common Shares on behalf of the participants. The number of Newly Issued Common Shares to be credited to each participant's account will be determined by dividing the dollar amount of the Dividend by the net asset value per Common Share on the payment date; provided that, if the net asset value is less than or equal to 95% of the closing market value on the payment date, the dollar amount of the Dividend will be divided by 95% of the closing market price per Common Share on the payment date. If, on the payment date for any Dividend, the net asset value per Common Share is greater than the closing market value plus estimated brokerage commissions, the Plan Administrator will invest the Dividend amount in Common Shares acquired on behalf of the participants in Open-Market Purchases. In the event of a market discount on the payment date for any Dividend, the Plan Administrator will have until the last business day before the next date on which the Common Shares trade on an "ex-dividend" basis or 30 days after the payment date for such Dividend, whichever is sooner (the "Last Purchase Date"), to invest the Dividend amount in Common Shares acquired in Open-Market Purchases. It is contemplated that the Fund will pay monthly income Dividends. Therefore, the period during which Open-Market Purchases can be made will exist only from the payment date of each Dividend through the date before the next "ex-dividend" date which typically will be approximately ten days. If, before the Plan Administrator has completed its Open-Market Purchases, the market price per Common Share exceeds the net asset value per Common Share,

October 31, 2018 (Unaudited)

the average per Common Share purchase price paid by the Plan Administrator may exceed the net asset value of the Common Shares, resulting in the acquisition of fewer Common Shares than if the Dividend had been paid in Newly Issued Common Shares on the Dividend payment date. Because of the foregoing difficulty with respect to Open-Market Purchases, the Plan provides that if the Plan Administrator is unable to invest the full Dividend amount in Open-Market Purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Administrator may cease making Open-Market Purchases and may invest the uninvested portion of the Dividend amount in Newly Issued Common Shares at the net asset value per Common Share at the close of business on the Last Purchase Date, provided that, if the net asset value is less than or equal to 95% of the then current market price per Common Share, the dollar amount of the Dividend will be divided by 95% of the market price on the payment date.

The Plan Administrator maintains all shareholders' accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by shareholders for tax records. Common Shares in the account of each Plan participant will be held by the Plan Administrator on behalf of the Plan participant, and each shareholder proxy will include those shares purchased or received pursuant to the Plan. The Plan Administrator will forward all proxy solicitation materials to participants and vote proxies for shares held under the Plan in accordance with the instructions of the participants.

In the case of Common Shareholders such as banks, brokers or nominees which hold shares for others who are the beneficial owners, the Plan Administrator will administer the Plan on the basis of the number of Common Shares certified from time to time by the record shareholder's name and held for the account of beneficial owners who participate in the Plan.

There will be no brokerage charges with respect to Common Shares issued directly by the Fund. However, each participant will pay a pro rata share of brokerage commissions incurred in connection with Open-Market Purchases. The automatic reinvestment of Dividends will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such Dividends. Participants that request a sale of Common Shares through the Plan Administrator are subject to brokerage commissions.

The Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants with regard to purchases in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants.

All correspondence or questions concerning the Plan should be directed to the Plan Administrator, DST Systems, Inc., 333 West 11th Street, 5th Floor, Kansas City, Missouri 64105.

FUND PROXY VOTING POLICIES & PROCEDURES

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge upon request by calling toll-free 1-800-644-5571, or on the Fund's website at <http://www.utilityincomefund.com>. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is also available without charge upon request by calling toll-free 1-800-644-5571, or on the SEC's website at <http://www.sec.gov>.

October 31, 2018 (Unaudited)

PORTFOLIO HOLDINGS

The Fund files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q. Copies of the Fund's Forms N-Q are available on the Commission's website at <http://www.sec.gov>. You may also review and copy Forms N-Q at the Commission's Public Reference Room in Washington, D.C. For more information about the operation of the Public Reference Room, please call the Commission at 1-800-SEC-0330. Information on the Fund's Forms N-Q is available without a charge, upon request, by contacting the Fund at 1-800-644-5571 and on the website at <http://www.utilityincomefund.com>.

NOTICE

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase at market prices from time to time shares of its common stock in the open market.

TAX INFORMATION (UNAUDITED)

The Fund designates the following for federal income tax purposes for distributions made during the calendar year ended December 31, 2017 qualified dividend income ("QDI") and as qualifying for the corporate dividends received deduction ("DRD").

	QDI	DRD
Reaves Utility Income Fund	100%	93.68%

In early 2018, if applicable, shareholders of record received this information for the distribution paid to them by the Fund during the calendar year 2017 via Form 1099. The Fund will notify shareholders in early 2019 of amounts paid to them by the Fund, if any, during the calendar year 2018.

Pursuant to Section 852(b)(3) of the Internal Revenue Code, the Fund designated \$56,526,406 as long-term capital gain distribution for the year ended October 31, 2018.

SECTION 19(A) NOTICES

The following table sets forth the estimated amount of the sources of distribution for purposes of Section 19 of the Investment Company Act of 1940, as amended, and the related rules adopted there under. The Fund estimates the following percentages, of the total distribution amount per share, attributable to (i) current and prior fiscal year net investment income, (ii) net realized short-term capital gain, (iii) net realized long-term capital gain and (iv) return of capital or other capital source as a percentage of the total distribution amount. These percentages are disclosed for the fiscal year-to-date cumulative distribution amount per share for the Fund.

The amounts and sources of distributions reported in these 19(a) notices are only estimates and not for tax reporting purposes. The actual amounts and sources of the amounts 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. Shareholders will receive a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes.

October 31, 2018 (Unaudited)

Total Cumulative Distributions for the year ended October 31, 2018					% Breakdown of the Total Cumulative Distributions for the year ended October 31, 2018			
Net Investment Income	Net Realized Capital Gains	Return of Capital	Total Per Common Share		Net Investment Income	Net Realized Capital Gains	Return of Capital	Total Per Common Share
Reaves Utility Income Fund	\$0.9713	\$1.0187	\$0.0000	\$1.9900	48.81%	51.19%	0.00%	100.00%

The Fund’s dividend policy is to distribute all or a portion of its net investment income to its shareholders on a monthly basis. In order to provide shareholders with a more stable level of dividend distributions, the Fund may at times pay out less than the entire amount of net investment income earned in any particular month and may at times in any particular month pay out such accumulated but undistributed income in addition to net investment income earned in that month. As a result, the dividends paid by the Fund for any particular month may be more or less than the amount of net investment income earned by the Fund during such month. The Fund’s current accumulated but undistributed net investment income, if any, is disclosed in the Statement of Assets and Liabilities, which comprises part of the financial information included in this report.

October 31, 2018 (Unaudited)

The following table includes information regarding the Fund's trustees and officers, and their principal occupations and other affiliations during the past five years. The address for all trustees is 1290 Broadway, Suite 1100, Denver, CO 80203. The "independent trustees" consist of those trustees who are not "interested persons" of the Fund, as that term is defined under the 1940 Act.

Name, Position(s) Held with the Fund, Address ¹ , and Year of Birth	Term of Office and Length of Time Served ²	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee or Nominee ⁴
Independent Trustees				
E. Wayne Nordberg Trustee 1938	Since 2012*	Mr. Nordberg is currently the Chairman and Chief Investment Officer of Hollow Brook Wealth Management, LLC, a private investment management firm. Mr. Nordberg was formerly a Senior Director at Ingalls & Snyder LLC, a privately owned registered investment advisor.	1	Mr. Nordberg is a Director of Annaly Capital Management, Inc., a real estate investment trust and PetroQuest Energy, Inc., an oil and gas exploration company.
Larry W. Papasan Trustee 1940	Since Inception*	Mr. Papasan is currently a Director/Trustee of Mimedx Inc., Bio Medical Tissue Technologies, Bionova, Inc., Medovex, Inc., and Cogenix Inc., each a medical services company, and Triumph Bankshares, Inc., a financial institution.	1	None

October 31, 2018 (Unaudited)

Name, Position(s) Held with the Fund, Address ¹ , and Year of Birth	Term of Office and Length of Time Served ²	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee or Nominee ⁴
Independent Trustees				
Mary K. Anstine Trustee 1940	Since Inception***	Ms. Anstine is also a Trustee of A.V. Hunter Trust and Director of Colorado Uplift Board. Ms. Anstine was formerly a Director of the Trust Bank of Colorado (later purchased and now known as Northern Trust Bank), HealthONE, and Denver Area Council of the Boy Scouts of America, and a member of the American Bankers Association Trust Executive Committee.	1	Ms. Anstine is a Trustee of ALPS ETF Trust (20 funds); Financial Investors Trust (33 funds); ALPS Variable Investment Trust (9 funds); and Segall Bryant & Hamill Trust (14 funds).
Michael F. Holland Trustee 1944	Since Inception***	Mr. Holland is Chairman of Holland & Company, an investment management company.	1	Mr. Holland is a Director of Blackstone/GSO and Real Estate Funds (2 funds), Holland Series Funds, Inc. (1 fund); and Trustee of State Street Master Funds (5 funds) and China Fund, Inc. (1 fund).
Jeremy W. Deems Chairman and Trustee 1976	Trustee Since 2008** Chairman Since 2017	Mr. Deems is the Co-Founder, Chief Financial Officer of Green Alpha Advisors, LLC, a registered investment adviser, and Co-Portfolio Manager of the Shelton Green Alpha Fund. Prior to joining Green Alpha Advisors, Mr. Deems was Chief Financial Officer and Treasurer of Forward Management, LLC, ReFlow Management, Co., LLC, ReFlow Fund, LLC, a private investment fund, and Sutton Place Management, LLC, an administrative services company from 2004 to 2007.	1	Mr. Deems is a Trustee of ALPS ETF Trust (20 funds); Financial Investors Trust (33 funds); Clough Funds Trust (1); and ALPS Variable Investment Trust (9 funds).

October 31, 2018 (Unaudited)

Name, Position(s) Held with the Fund, Address ¹ , and Year of Birth	Term of Office and Length of Time Served ²	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee or Nominee ⁴
Interested Trustee				
Jeremy O. May ³ Trustee and President 1970	Trustee Since 2009** President Since 2010 Chairman 2009-2017	Mr. May joined ALPS in 1995 and is currently President of ALPS Fund Services, Inc., ALPS Portfolio Solutions Distributors and ALPS Distributors, Inc. and Executive Vice President of ALPS Holdings Inc. and ALPS Advisors, Inc. Because of his positions with ALPS, Mr. May is deemed an affiliate of the Fund as defined under the 1940 Act. Mr. May is also President of ALPS Series Trust and is the Treasurer of the Clough Global Allocation Fund, Clough Global Equity Fund, and Clough Global Opportunities Fund. Mr. May is also a director of the Colorado Foundation and the A.V. Hunter Trust.	1	Mr. May is Trustee of ALPS Series Trust (12 funds).

October 31, 2018 (Unaudited)

Name, Position(s) Held with the Fund, Address ¹ , and Year of Birth	Term of Office and Length of Time Served ²	Principal Occupation(s) During Past Five Years	Other Directorships Held by Trustee or Nominee ⁴
Officers			
Karen S. Gilomen Secretary 1970	Since 2016	Ms. Gilomen joined ALPS in August 2016 as Vice President and Senior Counsel. Prior to joining ALPS, Ms. Gilomen served as Vice President – General Counsel and Chief Compliance Officer at Monticello Associates, Inc. from 2010 to 2016. Ms. Gilomen also serves as Secretary of Clough Funds Trust, Clough Global Dividend and Income Fund, Clough Global Equity Fund, Clough Global Opportunities Fund and Financial Investors Trust and Assistant Secretary of the WesMark Funds.	N/A

October 31, 2018 (Unaudited)

Name, Position(s) Held with the Fund, Address ¹ , and Year of Birth	Term of Office and Length of Time Served ²	Principal Occupation(s) During Past Five Years	Other Directorships Held by Trustee or Nominee ⁴
Officers (continued)			
Jill A. Kerschen Treasurer 1975	Treasurer Since 2014	Ms. Kerschen joined ALPS in July 2013 and is currently Vice President and Fund Controller at ALPS. Ms. Kerschen also serves as Treasurer of Clough Funds Trust and Assistant Treasurer of Clough Global Dividend and Income Fund, Clough Global Equity Fund, and Clough Global Opportunities Fund.	N/A
	Assistant Treasurer 2013-2014		
Ted W. Uhl Chief Compliance Officer 1974	Since 2015	Mr. Uhl joined ALPS Fund Services in October 2006, and is currently Deputy Compliance Officer of ALPS. Mr. Uhl is also CCO of the Boulder Growth & Income Fund, Inc., Centre Funds, Elevation ETF Trust, Financial Investors Trust, Index Funds, Reality Shares ETF Trust, Axonic Alternative Income Fund and XAI Octagon Credit Opportunities Alternative Registered Trust.	N/A

⁽¹⁾ Address: 1290 Broadway, Suite 1100, Denver, Colorado 80203.

⁽²⁾ The Fund commenced operations on February 24, 2004. The Fund's Board of Trustees is divided into three classes, each class serves for a term of three years. Each year the term of office of one class expires and the successors elected to such class serve for a term of three years.

* Term expires at the Fund's 2021 Annual Meeting of Shareholders.

** Term expires at the Fund's 2019 Annual Meeting of Shareholders.

*** Term expires at the Fund's 2020 Annual Meeting of Shareholders.

⁽³⁾ Mr. May is considered to be an "interested person" (as defined in the 1940 Act) because of his affiliation with ALPS, which acts as the Fund's administrator.

⁽⁴⁾ The numbers enclosed in the parentheticals represent the number of funds overseen in each respective directorship held by the Trustee.

The Statement of Additional Information includes additional information about the Fund's Trustees and is available, without a charge, upon request, by contacting the Fund at 1-800-644-5571.

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REAVES UTILITY INCOME FUND
1290 Broadway, Suite 1100
Denver, CO 80203
1-800-644-5571

This Fund is neither insured nor guaranteed by the U.S. Government, the FDIC, the Federal Reserve Board or any other governmental agency or insurer.

For more information, please call 1-800-644-5571.

Secondary market support provided to the Fund by ALPS Fund Services, Inc.'s affiliate ALPS Portfolio Solutions Distributor, Inc., a FINRA member.