The Eagle MLP Strategy Fund Class I (EGLIX) was up 0.77% during the second quarter and 18.62% year-to-date. The Energy Shipping and the Refined Products Pipeline sectors contributed most to performance during the quarter, while Natural Gas Pipeline was the weakest sector. A notable performer was Spectra Energy which appears to have benefited from a change of strategy to inject substantially all of its U.S. gas transmission and storage assets to its partnership, Spectra Energy Partners. Detracting from quarterly performance was underperformance from the General Partners, which had outperformed in prior periods and has subsequently rebounded in July.

Financial market participants, economists, home owners, central bankers, and everyday people have all been discussing one major financial question for the past few years. It has consumed gobs of press ink, hours of pundit discussions, acres of blog posts, and untold speculative chatter. We were told alternatively to not worry about it, to prepare prudently for it, or to make plans for our impending doom when and if it happened.

What was it that occasioned all this angst? A rise in U.S. interest rates. It seems for the past few years the world has been continuously debating when interest rates on U.S. Treasuries would rise. Rates finally did rise significantly in the latter part of the second quarter, with the 10-year U.S. Treasury yield rising from a low of 1.64% in early May to a high of 2.59% on June 25th before ending the quarter at 2.48%. The increase in Treasury yields prompted sharp responses throughout the fixed income market; for example, mortgage rates rose the most in one week since 1980 just after the Fed comments. While still low by historic standards, long Treasuries ended the quarter near the highest levels in almost two years. Rates had been rising modestly since early May but accelerated after Fed President Ben Bernanke announced in mid-June that the labor market was a bit better than previously thought and that the Fed might start scaling back its buying of bonds sooner than previously announced. No matter that Bernanke hedged his comments with many caveats, his words obviously touched a nerve with investors. Government, corporate, mortgage, and high yield bonds sold off fairly dramatically after his announcement.

Investors have been worrying for a long time about the potential of rising interest rates shifting investor interest from MLPs and MLP-related securities to traditional fixed income instruments. Like Pavlov's dogs responding to stimuli, some investors instinctively sold off MLPs in response to rising rates. The Alerian MLP Index[(1)], which had risen modestly early in the quarter, fell 8% from a peak in late May to a trough in late June.

But then a funny thing happened. Treasuries leveled off and then retreated a bit at the end of June. This appears to have allowed investors to refocus on fundamentals, resulting in MLPs staging a nice rally in the last week of the quarter regaining a good bit of ground that they had lost. When all the dust settled, the Alerian MLP index returned 2.0% in the quarter, bringing its year-to-date return to 22.1%.

We believe that the long term prospects of energy infrastructure assets remain attractive, especially in an environment where numerous growth projects offer visible paths to distribution increases; however, this recent rise in interest rates, which took so many "experts" by surprise, is a reminder of the uncertain nature of the financial markets. A further rise in interest rates, or some other unforecastable event, could again negatively impact MLPs in the short run. Unfortunately these short run perturbations are inevitable and we endeavor to not overreact to them. While we remain vigilant to the risks to our portfolio in the short run, we continue to be guided by our assessment of long term total returns of individual companies.

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Low Interest Rates and Plentiful Potential Investment Opportunities Fuel Energy Infrastructure Capital Raising

During the quarter, managements announced a number of new investments, bringing estimated capital expenditure for new growth projects to $29 billion for 2013, the highest annual amount of organic capital projects on record. Additionally a number of MLPs and MLP-related securities announced significant purchases of assets from associated companies or third parties. MLPs and MLP-related securities maintained their record pace of capital raising by floating over $6 billion in equity. A significant amount of debt capital was also raised as both investment grade and non-investment grade MLPs and MLP-related securities continued to take advantage of record low interest rates to lock in long term financing at favorable terms. Companies issued low cost debt mainly to fund construction projects and to refinance higher cost debt, both of which could increase the available cash flow for distribution going forward.

The MLP sector has been able to raise equity capital at such a brisk pace due to the expansion of MLP dedicated funds. In addition to closed-end funds, which have been a major source of new investor capital into the MLP space for many years, open-end funds, ETNs and ETFs have become a significant source of new investor capital in the past two years, and this past quarter was no exception. Open-end mutual funds focusing on MLPs are the newest and fastest growing source of funds to the sector. Analysts estimate that money in MLP open-ended mutual funds has grown from $5.0 billion at the beginning of the year to $9.1 billion at the end of May, an annualized growth rate of 140%. While this growth is dramatic, many of these new investment vehicles are relatively young and a small fraction of the total sector market cap. Recently it was estimated that investment products linked to MLPs represent approximately 7% of the total MLP market cap; by comparison, it is estimated that REIT investment products represent approximately 27% of the REIT universe. It appears that these new investment vehicles are still in the early innings of raising investor funds and may be significant source of demand for years to come.

Underlying this need for capital is the requirement for infrastructure to develop new hydrocarbon basins. As we have noted previously, dramatic increases in production of oil, gas, and natural gas liquids from North America have been unleashed by new technologies improving recoveries from previously uneconomic shale formations. U.S. oil production rose by 1 million barrels a day in 2012, the biggest annual gain in the nation's history, according to a recent report by BP. Natural gas production in the U.S. rose the fastest of any major region last year, and the U.S. remains the top producer in the world. The quantity and quality of potential investment opportunities currently facing MLPs reminds us of a quote by Yogi Berra about a nice hotel, "The towels were so thick there I could hardly close my suitcase." In our opinion, the current abundance of new hydrocarbons from different geographies has created many potentially good investment opportunities for MLPs to choose from.

Announcements of large potential projects just keep coming. Williams and Boardwalk Pipelines finalized an agreement to develop the Bluegrass Pipeline project to bring NGLs from the Marcellus and Utica shale basins to petrochemical and export markets on the Gulf Coast. Enterprise Products also announced plans to expand and repurpose parts of the ATEX Express Pipeline to bring Northeast NGLs to their hub at Mt. Belvieu, TX. Energy Transfer Partners and Enbridge Partners started signing up producers to transport crude oil from the Midwest to refining markets along the Mississippi and Louisiana Gulf Coast on the Eastern Gulf Crude Access Pipeline. There are a number of proposals for LNG export terminals awaiting approval from the Department of Energy, which, if approved, would occasion another set of new project announcements by various MLPs. Florida Power and Light is currently entertaining proposals from a number of MLPs to build a multi-billion dollar natural gas pipeline to supply its power plants.

The acquisition market also remains robust. Wells Fargo estimates that year-to-date MLPs and MLP-related securities have announced $20.9 billion of acquisitions. During the quarter Spectra Energy Partners announced that it would purchase all of its parent Spectra Energy's U.S. gas transmission and storage assets by the end of the year (this is in addition to its purchase of a 50% interest in the Express-Platte crude oil system earlier this year); TC PipeLines also announced the purchase of $1 billion in natural gas pipelines from its parent, TransCanada Corp; Inergy, LP announced it would spin off its shares of Inergy Midstream, LP and merge it with Crestwood Midstream Partners; and a number of smaller deals were announced during the quarter.

Political Update: Gridlock as Usual

We continue to believe that a major change in the tax status of MLPs is not likely to occur any time soon. Our outlook is based on discussions with analysts and political figures who have rated the prospects of a general tax reform from this Congress to be low. One interesting political development is a proposal by a bipartisan group of Senators and Representatives to expand the MLP business structure to renewable energy companies. Called the Master Limited Partnership Parity Act, and introduced in both the House and Senate, it would encourage the investment in solar, wind, and biomass power projects and infrastructure by reducing the cost of capital through the MLP structure. As yet, these bills are awaiting costs estimates by the Congressional Research Service and could be considered later this year.

While we have no real information to base an opinion about whether this development, if passed, will create attractive investment opportunities, we do view it positively that Congress is interested in expanding the MLP structure rather than curtailing or eliminating it. Nonetheless, the merry-go-round of Washington politics is a never ending puzzle and we continue to closely monitor the administration and Congress for signs that MLPs could be affected by some of the various tax proposals being discussed; however, we have not seen any specific developments of concern.

Our Long Term Outlook: Very Positive

As we look into the future, we continue to believe that over the next five years the midstream energy infrastructure markets should generate positive annual returns through a combination of yield and price appreciation. Valuations, while not as attractive as they were at the beginning of the year, we believe are still very attractive relative to most other asset classes. Given the rise of interest rates in the past quarter, spreads of MLP yields versus Treasuries and corporate bonds compressed back from unusually high levels but still remain above average. Spreads of MLP yields versus REITs and high yield bonds are also still above average. We think the outlook for distribution growth is also very healthy, driven by accretive capital projects and the availability of asset acquisitions. So despite the sharp run up this year, we think the outlook for total returns in the low double digits for the next twelve months is still intact. While rates on fixed income, REITs, and utility securities rose in the quarter, they are still absolutely low in a relative and historic context. In contrast, while MLP yields are lower than before, we believe they still remain attractive for the yield oriented investor. We believe that the demographic trend of a growing population retiring and expecting to live off their investments may result in a wider investor base seeking out the income generation potential of the MLP asset class. We also believe the growth and distribution that MLPs may offer is a further attraction to those seeking to stay ahead of inflation and potentially earn positive real returns as well as seeking a buffer to rising rates in the long term.

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MLP Team Update

We are pleased to announce that David Chiaro, the co-portfolio manager for the Eagle MLP Strategy Fund, has been named a Partner of Eagle Global Advisors. As Co-Head of the MLP Team, David has continued to impress and take an ever greater role in the oversight of our MLP team and investment process. We continue to add resources to our MLP team which allows us to maintain our high level of investment research in an ever expanding and dynamic MLP universe. We thank you for your continued patronage of the Eagle MLP Strategy Fund and we believe that the long-term return outlook for MLPs and MLP-related securities who own midstream energy infrastructure assets remains attractive.

Performance Summary

	June	Q2 2013	Year-to-Date	Inception through 6/30/2013*
EGLIX Class I (NAV)	0.86%	0.77%	19.74%	18.62%
EGLAX Class A (NAV)	0.86%	0.73%	19.64%	18.40%
EGLAX Class A (Max Load)	-4.94%	-5.04%	12.80%	11.60%
EGLCX Class C (NAV)	0.77%	0.50%	N/A	7.29%

**Inception date for class I and A shares was September 14, 2012. Inception date for class C share was February 21, 2013.*

The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. The Fund's investment adviser has contractually agreed to reduce its fees and/or absorb expenses of the Fund, at least until August 31, 2014, to ensure that the net annual fund operating expenses will not exceed 1.65% for Class A, 2.40% for Class C and 1.40% for Class I, subject to possible recoupment from the Fund in future years. Please review the Fund's Prospectus for more detail on the expense waiver. Results shown reflect the waiver, without which the results could have been lower. A Fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decisions. For performance information current to the most recent month end, please call toll-free 1-888-868-9501.

Disclosures:

Investors should carefully consider the investment objectives, risks, charges and expenses of the Eagle MLP Strategy Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling 1-888-868-9501 or visiting www.eaglemlpfund.com. The prospectus should be read carefully before investing. The Eagle MLP Strategy Fund is distributed by Northern Lights Distributors, LLC member FINRA. This is an actively managed dynamic portfolio. There is no guarantee that any investment (or this investment) will achieve its objectives, goals, generate positive returns, or avoid losses. The information provided should not be considered tax advice. Please consult your tax adviser for further information. Eagle Global Advisors, Princeton Fund Advisors, LLC and Northern Lights Distributors, LLC are not affiliated.

A master limited partnership (MLP) is a limited partnership that is publicly traded on a securities exchange. It combines the tax benefits of a limited partnership with the liquidity of publicly traded securities. To qualify for MLP status, a partnership must generate at least 90 percent of its income from what the Internal Revenue Service (IRS) deems "qualifying" sources, generally relating to the production, processing or transportation of natural resources, such as oil and natural gas.

The Alerian MLP Index is a composite of the 50 most prominent energy master limited partnerships calculated by Standard & Poor's using a float-adjusted market capitalization methodology.

A real estate investment trust (REIT) is a security that sells like a stock on the major exchanges and invests in real estate directly, either through properties or mortgages. REITs receive special tax considerations and typically offer investors a regular distribution, as well as a highly liquid method of investing in real estate.

Risk Factors

Credit Risk: There is a risk that note issuers will not make payments on securities held by the Fund, resulting in losses to the Fund. In addition, the credit quality of securities held by the Fund may be lowered if an issuer’s financial condition changes.

Distribution Policy Risk: The Fund’s distribution policy is not designed to guarantee distributions that equal a fixed percentage of the Fund’s current net asset value per share. Shareholders receiving periodic payments from the Fund may be under the impression that they are receiving net profits. However, all or a portion of a distribution may consist of a return of capital (i.e. from your original investment). Shareholders should not assume that the source of a distribution from the Fund is net profit. Shareholders should note that return of capital will reduce the tax basis of their shares and potentially increase the taxable gain, if any, upon disposition of their shares.

ETN Risk: ETNs are subject to administrative and other expenses, which will be indirectly paid by the Fund. Each ETN is subject to specific risks, depending on the nature of the ETN. ETNs are subject to default risks. Foreign Investment Risk: Investing in notes of foreign issuers involves risks not typically associated with U.S. investments, including adverse political, social and economic developments, less liquidity, greater volatility, less developed or less efficient trading markets, political instability and differing auditing and legal standards.

Interest Rate Risk: Typically, a rise in interest rates can cause a decline in the value of notes and MLPs owned by the Fund.

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Liquidity Risk: Liquidity risk exists when particular investments of the Fund would be difficult to purchase or sell, possibly preventing the Fund from selling such illiquid securities at an advantageous time or price, or possibly requiring the Fund to dispose of other investments at unfavorable times or prices in order to satisfy its obligations.

Management Risk: Eagle's judgments about the attractiveness, value and potential appreciation of particular asset classes and securities in which the Fund invests may prove to be incorrect and may not produce the desired results. Additionally, Princeton's judgments about the potential performance of the Fund's investment portfolio, within the Fund's investment policies and risk parameters, may prove incorrect and may not produce the desired results.

Market Risk: Overall securities market risks may affect the value of individual instruments in which the Fund invests. Factors such as domestic and foreign economic growth and market conditions, interest rate levels, and political events affect the securities markets.

MLP Risk: Investments in MLPs involve risks different from those of investing in common stock including risks related to limited control and limited rights to vote on matters affecting the MLP, risks related to potential conflicts of interest between the MLP and the MLP's general partner, cash flow risks, dilution risks and risks related to the general partner's limited call right. MLPs are generally considered interest-rate sensitive investments. During periods of interest rate volatility, these investments may not provide attractive returns. Depending on the state of interest rates in general, the use of MLPs could enhance or harm the overall performance of the Fund.

MLP Tax Risk: MLPs, typically, do not pay U.S. federal income tax at the partnership level. Instead, each partner is allocated a share of the partnership's income, gains, losses, deductions and expenses. A change in current tax law or in the underlying business mix of a given MLP could result in an MLP being treated as a corporation for U.S. federal income tax purposes, which would result in such MLP being required to pay U.S. federal income tax on its taxable income. The classification of an MLP as a corporation for U.S. federal income tax purposes would have the effect of reducing the amount of cash available for distribution by the MLP. Thus, if any of the MLPs owned by the Fund were treated as corporations for U.S. federal income tax purposes, it could result in a reduction of the value of your investment in the Fund and lower income, as compared to an MLP that is not taxed as a corporation.

Energy Related Risk: The Fund focuses its investments in the energy infrastructure sector, through MLP securities. Because of its focus in this sector, the performance of the Fund is tied closely to and affected by developments in the energy sector, such as the possibility that government regulation will negatively impact companies in this sector. Energy infrastructure entities are subject to the risks specific to the industry they serve including, but not limited to, the following: Fluctuations in commodity prices; Reduced volumes of natural gas or other energy commodities available for transporting, processing, storing or distributing; New construction risk and acquisition risk which can limit potential growth; A sustained reduced demand for crude oil, natural gas and refined petroleum products resulting from a recession or an increase in market price or higher taxes; Depletion of the natural gas reserves or other commodities if not replaced; Changes in the regulatory environment; Extreme weather; Rising interest rates which could result in a higher cost of capital and drive investors into other investment opportunities; and Threats of attack by terrorists.

Non-Diversification Risk: As a non-diversified fund, the Fund may invest more than 5% of its total assets in the securities of one or more issuers. Small and Medium Capitalization Company Risk: The value of a small or medium capitalization company securities may be subject to more abrupt or erratic market movements than those of larger, more established companies or the market averages in general. Structured Note Risk: MLP–related structured notes involve tracking risk, issuer default risk and may involve leverage risk. Mutual Funds involve risk including possible loss of principal.

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