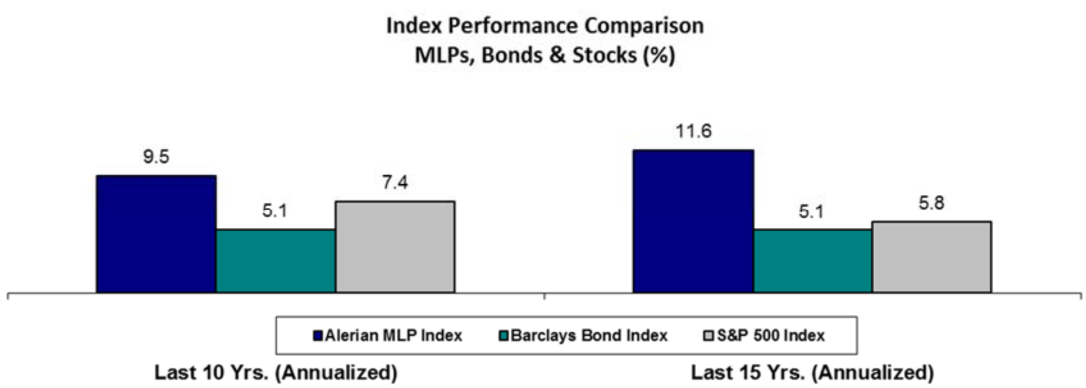
Brexit Connexit

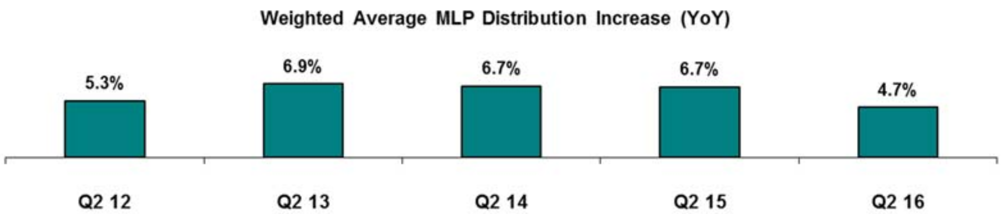
Just when investors think markets are stabilizing and it is fine to get back in the pool of risk assets, a bolt from the blue strikes them right in their risk-averse solar plexus. Defying the predictions of polls, betting markets, and forecasters, British voters approved a national referendum to exit the European Union on June 24th. This starts a process for the so-called "Brexit", short for British exit from the European Union, which has already led to a change in the Prime Minister and the resignation of numerous other senior politicians sending shock waves across the political capitals of Europe. The only ones happy with this outcome were writers who frolicked in the number of ways they could append "exit" to whatever phrase they wanted to use.

So what connects MLPs to Brexit? Not much in our opinion, but MLP investors remain nervous and quickly exited the group as the MLP market dropped about 7% in the days after the vote. Fortunately the turmoil for MLPs was short-lived and prices rebounded by the end of the quarter. And what a nice quarter it was for MLP investors. The Alerian MLP Index (the "Index") continued the advance it started in February to post a 19.7% return for the quarter bringing its return to 14.7% for the year-to-date period, significantly besting the low single-digit returns for most equity and debt indices. We are pleased that the Eagle MLP Strategy Fund (the "Fund") outperformed the Index for the quarter, bringing the Fund's returns above the Index for the year-to-date period. Market volatility in the wake of the Brexit vote drove investors to seek the safety of bonds sending the U.S. 10-year Treasury yield below 1.5% at the end of June. The Federal Reserve called off an expected rate rise in June due to the Brexit risk, and now futures indicate no policy rate increases until 2018. Fixed income investors again did well in the quarter and year-to-date period. MLPs still retain their return advantage over longer horizons with the annualized 15 year return for MLPs at 11.6% versus 5.8% for stocks and 5.1% for bonds.



The inception of the Alerian MLP Index was June 1, 2006, however, Alerian publishes hypothetical index data beginning January 1, 1996. Past performance is not indicative of future results. The referenced indices are shown for general market comparisons and are not meant to represent the Fund. Investors cannot directly invest in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. The Alerian MLP Index does not represent the Eagle MLP Strategy Fund.

Weighted average distribution growth for the Alerian MLP Index was 4.7% year-over-year. The yield on the index ended at 7.1% vs. 8.6% at the start of the quarter. As most other interest rates and yields also fell in the quarter, yield spreads of MLPs versus alternative yielding asset classes remain elevated.



Source: Alerian, Bloomberg. Past performance is not indicative of future results.

The positive returns seen for MLPs this quarter reflect the effects of higher commodity prices, improved balance sheets, more hospitable capital markets, and less concern about counterparty risk. We expected improvements in these areas and it is gratifying to see the markets come to a similar recognition. While we certainly expect the future to have bumps, continued progress in these areas should benefit MLP investors. We think the fundamental merits of MLPs continue to be strong and ultimately the market will weigh them favorably and investors in the space will be well rewarded.

MLPs make significant progress to address challenges

Capital markets access improving

Capital market conditions continued to improve in the second quarter allowing MLPs to issue equity (preferred and traditional) and debt to shore up their balance sheets. The preferred equity market remained active with MLPs raising $1.8 billion in the second quarter (see table below) bringing the total since October 2015 to $9.2 billion. The return of the overnight market for common equity issuances, which had been absent for almost three quarters, also demonstrates improved confidence of MLP investors. Phillips 66 Partners, Shell Midstream Partners, and Tesoro Logistics issued $1.3 billion in aggregate of traditional equity via the overnight market. ATM (at the market) equity issuance programs were an active source of equity capital as well. Over the last 5 quarters, companies have issued an average of nearly $2 billion per quarter using ATM programs. We expect that final totals for the second quarter will be consistent with that rate. The decline in interest rates made debt an attractive source of capital and Enterprise Products Partners, Sunoco, Tesoro Logistics, and Boardwalk Pipeline Partners raised about $3.3 billion during the quarter with maturities ranging from 5 to 30 years and coupon rates of 3.0% to 6.5%. Sunoco and Tesoro Logistics represented the first non-investment grade issuers to execute successful debt offerings this year reducing investor concerns that non-investment grade debt markets could remain impaired for longer.

Date	Ticker	Company	Financing Type	Amount $MM
4/18/2016	WES	Western Gas Partners	Preferred Equity	$250
4/21/2016	NGL	NGL Energy Partners	Preferred Equity	$240
4/25/2016	AMID	American Midstream	Preferred Equity	$225
4/27/2016	MPLX	MPLX	Preferred Equity	$1,000
6/17/2016	TOO	Teekay Offshore	Preferred Equity	$100
TOTAL				**$1,815**

Source: Company filings and Eagle Global Advisors. Past performance is not indicative of future results. The above chart is shown for informational purposes only and is not meant to represent the Eagle MLP Strategy Fund.

Oil and gas producers also strengthening balance sheets

Investors are also providing significant new capital to many exploration and production companies. These companies raised $10.3 billion in the quarter facilitating continued drilling and production activity, and as a result, supporting infrastructure utilization. This additional capital and higher commodity prices reduced investor concerns of counter-party risk for the MLP sector. And while there were a few highly publicized bankruptcies by E&P

companies, this did not have dire consequences for MLPs, supporting our view that the market's view of counterparty risk was overblown.

Merger and acquisition activity continuing

M&A activity was in line with prior quarter levels. In May, Semgroup announced it would acquire the remaining interest in its MLP Rose Rock Midstream. The transaction is similar to those undertaken by Kinder Morgan Inc. and Targa Resources as it eliminates the general partner's incentive distribution rights, lowers the overall cost of capital for the consolidated entity, and creates additional financial flexibility. MLPs with dropdown strategies were able to continue to execute in the current market with both Phillips 66 Partners and Shell Midstream Partners acquiring assets for $775 million and $700 million, respectively, from their general partner sponsors. American Midstream announced an acquisition of various natural gas and NGL pipes for $225 million, and Plains All American Pipeline acquired a Canadian NGL business from Spectra Corp. for $150 million. Rising MLP prices have improved the cash cost of equity capital, therefore we would expect that drop down, merger, and acquisition activity to pick up in the coming quarters.

MLPs make capital spending and distribution adjustments

MLPs took further steps in the quarter to recalibrate capital spending and distribution payouts in an effort to strengthen balance sheets, distribution coverage ratios, and their overall financial health. Capital spending cuts by MLPs have been common in the past 18 months and many MLPs made further cuts with Q1 earnings. The table below shows the latest 2016 growth capital spending guidance revisions for a select group of large cap MLPs. In aggregate, these MLPs reduced 2016 capital spending by another $2.7 billion, bringing total reduction to $6.4 billion since mid-2015. In addition to capital spending reductions for 2016, we estimate that over $50 billion of additional capital spending has either been delayed or canceled for projects that were scheduled to come into service over the next 3 years.

Ticker	Company	2016 Capex Projection Original	2016 Capex Projection Revised Q4 2015	Reduction ($ millions)	2016 Capex Projection Revised Q1 2016	Reduction ($ millions)	TOTAL Reduction ($ millions)
WPZ	Williams Partners	$3,000	$2,000	$1,000	$2,000	$0	**$1,000**
ETP	Energy Transfer Partners	$4,950	$4,200	$750	$2,800	$1,400	**$2,150**
EPD	Enterprise Products Partners	$3,350	$2,650	$700	$2,650	$0	**$700**
KMI	Kinder Morgan Inc	$4,200	$3,300	$900	$2,900	$400	**$1,300**
TRGP	Targa Resources	$600	$275	$325	$275	$0	**$325**
TLLP	Tesoro Logistics	$500	$500	$0	$275	$225	**$225**
MPLX	MPLX	$1,700	$1,700	$0	$1,000	$700	**$700**
TOTAL				$3,675		$2,725	**$6,400**

Source: Company filings and Eagle Global Advisors. Past performance is not indicative of future results. The above chart is shown for informational purposes only and is not meant to represent the Eagle MLP Strategy Fund.

Crestwood Equity Partners and NGL Energy Partners both chose to cut their 2016 distributions (57%/39% respectively) to improve their debt ratios and boost distribution coverage. In conjunction, Crestwood announced a joint venture (JV) with ConEdison and received proceeds of $975 million from its contribution of assets to the JV. NGL Energy Partners announced $240 million of preferred equity issuance during the quarter. Despite the significant distribution cuts, both companies rallied on the announcements and have since performed well. We view this as evidence that the market underestimated the ability of companies to address balance sheet concerns through various corporate actions.

Lost in the forest of capital spending cuts were a few new project announcements to supply the burgeoning Mexican demand for hydrocarbons. Most significantly, Spectra Energy recently announced a $1.5 billion pipeline project originating in Nueces County, Texas extending to Brownsville, Texas and ultimately connecting to a Mexican pipeline extending further south. In April, Mexico announced regulations allowing for their own version of MLPs (the FIBRA E corporate structure) first announced in late 2015. The new vehicle is designed to encourage infrastructure spending within Mexico. We believe more infrastructure spending in Mexico will create complementary opportunities for U.S. midstream companies, such as the project awarded to Spectra Corp.

Better commodity prices boost the energy sector

Commodity prices continued to rally in the second quarter as crude and natural gas were up 28% and 47% respectively and it now appears that prices hit their lows in February. We believe the price rally was due to global supply declines from curtailed drilling as well as unexpected supply disruptions. Canadian wild fires disrupted oil sands production in the quarter and political turmoil in Nigeria and Libya caused supply disruptions that could be longer lasting. For natural gas, structural demand growth is steadily improving market conditions. Cheniere Energy started its first LNG "train" from Sabine Pass in early June representing the first U.S. natural gas export facility to begin operations. Overall U.S. natural gas demand will be up 1% as the result of the second "train" starting in September. Experts predict that LNG exports from the U.S. could reach 8 billion cubic feet per day (bcf/d) by 2020, more than 10% of current U.S. gas demand. Recently built pipeline infrastructure is moving more gas into Mexico. Industry consultants project that gas demand from Mexico can grow an incremental 2 bcf/d in the coming years. When added to increased natural gas demand for industrial and electricity generation uses, we see a significant need for additional natural gas infrastructure.

Natural gas liquids (ethane, propane, butane, etc.) prices also rallied during the quarter. We are bullish on the outlook for ethane demand and prices as new petrochemical facilities in the U.S. will need additional supplies of natural gas liquids, particularly ethane, as feedstocks over the next four years. While most of this new capacity is on the Gulf Coast, Royal Dutch Shell recently announced plans to build a large-scale ethylene plant in the Northeast, scheduled to start in 2022. This is the first new ethylene facility in the Northeast and is designed to utilize the growing natural gas liquids supply from the Marcellus.

As sentiment around commodity prices has improved, investors are beginning to look for beneficiaries of growing North American hydrocarbon production. While we still forecast North American hydrocarbon production to decline in 2016, we expect growth will resume in 2017 or 2018. The combination of moderating capital investment in 2017 and 2018 and hydrocarbon production growth restarting should result in a significant uplift in midstream utilization and free cash flow growth. In the following table we highlight a few companies that have guided to potential upside within their asset footprints. Our team attended the annual MLP conference in Florida and collectively had more than 50 meetings with midstream management and other MLP investors. Dialogue in meetings seemed to focus on this embedded operational leverage within each company's asset footprint. A better outlook for natural gas liquids recoveries is particularly key to this upside materializing. As demand for these liquids can be traced to highly visible domestic demand sources, we believe these potential upsides are quite achievable.

Operational Leverage			
Company	**Consolidated 2017 EBITDA est. ($ millions)**	**Potential upside guidance per company**	**Detail**
Oneok Inc.	$1,960	$150-$200 million	- Additional system utilization from increased ethane volumes
Plains All American Pipeline	$2,400	$1 billion	- Pipeline and transportation upside - Supply and logistics upside
Enterprise Products Partners	$5,900	$500 million	- Additional system utilization from increased ehtane volumes
DCP Midstream Partners	$590	$75-$100 million	- Additional system utilization from increased ethane volumes - Represents the total DCP enterprise (private company also)

Source: Company filings and Eagle Global Advisors. Past performance is not indicative of future results. The above chart is shown for informational purposes only and is not meant to represent the Eagle MLP Strategy Fund.

We believe the long-term prospects for MLPs are attractive

Despite the strong returns seen recently for the MLP sector, we are still very optimistic about the long-term investment opportunity as we see demand for midstream services to continue to expand. While we expect oil volumes to decline in the coming quarters, we expect natural gas volumes produced will increase. While oil is currently in oversupply, strong demand growth is being spurred by lower prices. For natural gas, we continue to see many visible sources of new demand for U.S. natural gas including new chemical and industrial plants, new gas-fired electric generation facilities, and exports via pipeline and LNG in the years to come. The INGAA Foundation released an updated report in April of their North American infrastructure report. Total estimates for infrastructure spend came down from the previous report; however, they are still estimating total hydrocarbon infrastructure spend in North America will total over $500 billion over the 2015-2035 time period with natural gas infrastructure spend estimated to be close to two-thirds of the total ($310 billion).

Performance

The Fund outperformed the Alerian MLP Index this quarter by over 570 bps. Oneok Inc. (6.1%) drove a substantial portion of the outperformance and SemGroup Corp. (4.4%), Targa Resources (4.5%), and Williams Companies (5.2%) were all strong contributors as well. For the year, the Fund is ahead of the Index by close to 500 bps with strong contributions from Oneok Inc., Targa Resources, Kinder Morgan (3.8%) and Spectra Energy (4.4%). *Note: Numbers in parenthesis represent portfolio weights as of 4/30/2016.*

	Q2 2016	One Year	Three Year	Inception through 6/30/2016*
EGLIX Class I (NAV)	25.42%	-29.34%	-7.73%	-1.84%
EGLAX Class A (NAV)	25.24%	-29.59%	-8.00%	-2.12%
EGLAX Class A (Max Load)	18.02%	-34.64%	-9.81%	-3.63%
EGLCX Class C (NAV)	25.12%	-30.03%	-8.66%	-5.83%

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

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 advisor has contractually agreed to reduce its fees and/or absorb expenses of the Fund, at least until August 31, 2016, 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. The total annual fund operating expenses are Class A 1.74%, Class C 2.49% and Class I 1.49%. 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.

The index shown is for informational purposes only and is not reflective of any investment. An investor cannot invest directly in an index. Indices do not include fees or operating expenses and are not available for actual investment. They are unmanaged and shown for illustrative purposes only. The Alerian MLP Index (NYSE: AMZ) is a composite index of the 50 most prominent energy master limited partnerships.

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/SIPC. 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 advisor 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.

The S&P 500 Index is a capitalization-weighted index that measures the performance of 500 U.S. large-capitalization domestic stocks representing all major industries.

The Barclays Capital U.S. Aggregate Index provides a measure of the performance of the U.S. investment grades bonds market.

Enterprise Value-to-EBITDA is a multiple used to determine the value of a company. It shows the value of a company based on a multiple of earnings before interest, taxes, depreciation and amortization (EBITDA).

Price-to-Distributable Cash Flow is a valuation ratio calculated by dividing a company's current stock price by its distributable cash flow per share.

Standard Deviation is a statistical measurement of volatility risk based on historical returns.

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.

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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