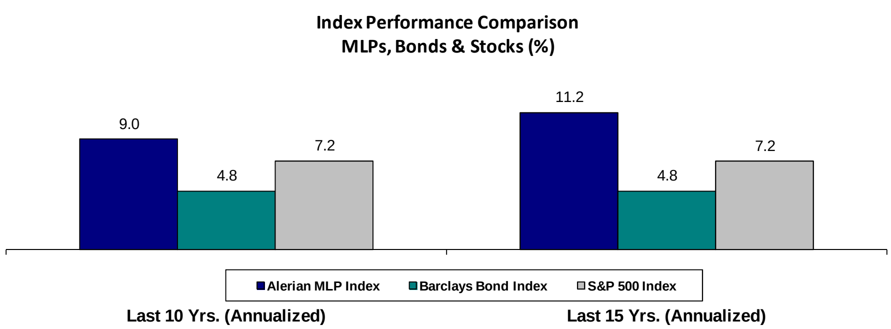
Q3 2016 Investment Commentary

Golden Goose From Dead Duck

After a volatile and tumultuous year, the Alerian MLP Index (the "Alerian" or "Index") enjoyed a relatively calm summer with the Index ending about where it began the quarter and exhibiting reduced volatility compared to recent periods. But like the duck that projects calm when gliding across the surface of a pond while it paddles furiously underneath, the relative stability of the Alerian this quarter masked a tumultuous amount of corporate actions by numerous MLPs. MLP managements were paddling hard in the third quarter to keep the sector moving forward. The sector, which looked a few quarters ago like a gaggle of dead ducks, we believe is making significant progress.

The stage was set for a busy quarter of corporate announcements when the merger between Energy Transfer Equity and Williams Companies came apart in June; as a result, each group announced significant changes in the plans for their businesses going forward. Plains All American Pipeline LP and Plains GP Holdings announced their widely anticipated plans for corporate simplification. Numerous other companies announced capital raisings and asset purchases, after a long drought of such actions. Kinder Morgan announced a significant sale of an asset to a joint venture with Southern Company. Enbridge, Inc. announced the purchase of Spectra Energy, which potentially affects a number of their subsidiary MLPs.

These actions led to significant moves for the prices of related securities, and helped propel Eagle's outperformance relative to the benchmark. The Alerian MLP Index returned 1.1% for the quarter, with the Eagle MLP Strategy Fund (the "Fund") exceeding that mark by over 1,000 basis points. This advance brings the Index return to 15.9% year-to-date, significantly besting the low single digit returns for most equity and debt indices. For the year, the Fund has outperformed the Index by over 1,600 bps. While the Federal Reserve keeps putting off increasing rates, investors are expecting rates to rise and Treasury rates rose modestly in the quarter leading to flat returns for bonds. MLPs still retain their return advantage over longer horizons with the 15-year return for MLPs being 11.2% versus 7.2% for stocks and 4.8% for bonds.



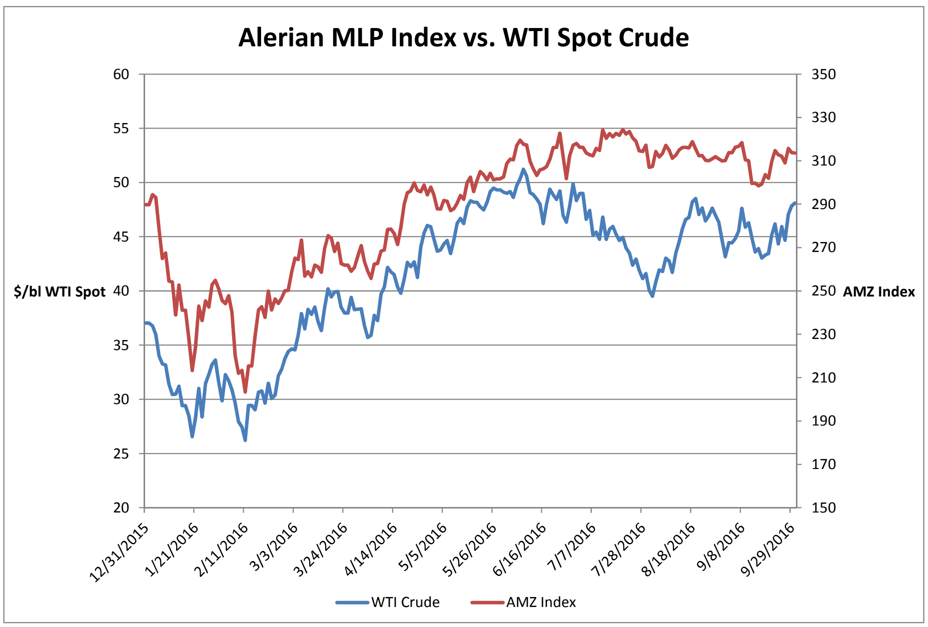
Source: Bloomberg

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.

Interestingly, many MLPs have moderated or even cut their distribution outlooks and the marketplace has reacted positively to these changes. Going forward, we expect the Fund holdings to increase their distributions by 3%-5% on average. At quarter end, the yield on the Alerian MLP Index was 7.1% representing a significant advantage to other yield oriented securities. While we certainly do not expect the future to be without bumps, we expect continued progress in the macro landscape and company specific fundamentals to benefit MLP investors. We think the long-term 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 Decouple From Crude Prices

The third quarter seemed to mark the beginning of a decoupling between crude oil prices and MLP valuation. Since mid-2014 (the beginning of the sharp decline in crude oil prices) MLPs have shown a tight correlation to crude oil prices despite a significant portion of company cash flow coming from natural gas, natural gas liquids, and refined product pipeline infrastructure. During the third quarter that correlation seemed to return to normal levels as MLP valuation trended sideways while crude oil prices declined (see chart below). The lower correlation implies company fundamentals are coming into greater focus for investors. Nonetheless, major announcements impacting commodity prices, or commodity price expectations, still have the ability to impact MLP valuations. A recent example of this phenomenon was the announcement by OPEC that it intended to reduce its production levels by 500,000-700,000 barrels per day. Even though details regarding the production cuts were light, both crude oil prices and MLP valuations improved following that announcement.



Source: Bloomberg, Eagle Global Advisors

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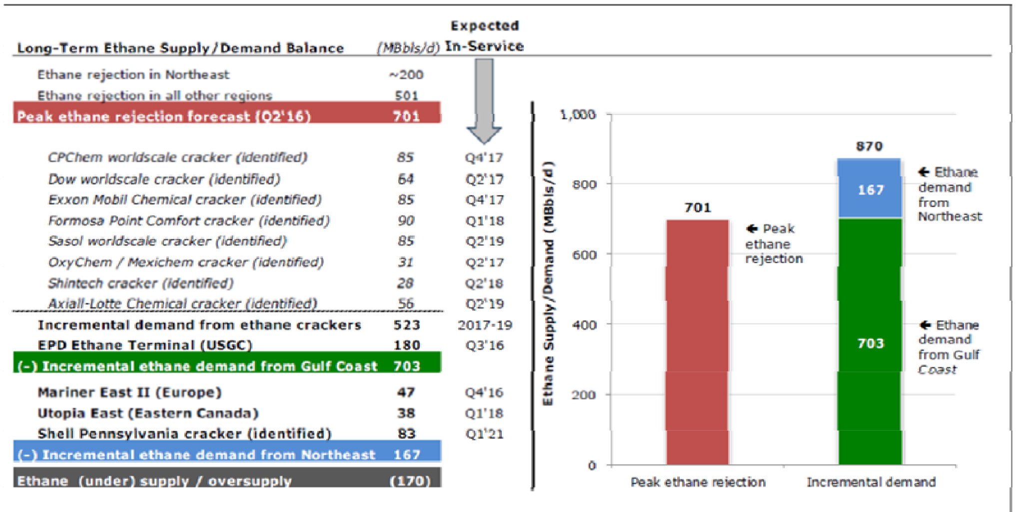
Natural Gas and Natural Gas Liquids Have Strong Demand Outlooks

We believe that both natural gas and natural gas liquids markets have strong structural demand drivers in place that will continue to play out over the next few years. For natural gas, coal-to-gas switching, LNG exports, exports to Mexico, and petrochemical capacity expansions all continue to support the increasing demand. Natural gas has surpassed coal as a primary fuel for power generation and continues to take market share. Cheniere Energy's Sabine Pass natural gas export facility is currently ramping up and initially expected to represent 1.3 billion cubic feet per day of natural gas demand. Over the next few years, we estimate that demand from natural gas exports will rise to over 8 billion cubic feet per day (representing ~10% of current demand) as more facilities in North America begin operations. NGL inventories have grown above historical ranges; however, we are still optimistic better pricing will support increased infrastructure utilization as new demand sources are set to ramp up over the next few years particularly for ethane. Ethane rejection occurs when ethane is not recovered from the natural gas stream typically due to low ethane prices and lack of demand. Ethane rejection is estimated to have peaked during the second quarter at ~700,000 barrels per day, however, more than this amount is expected to be utilized by new demand from ethylene crackers (plants) coming online in the gulf coast over the next 3 years (see chart below). Enterprise Products Partners' ethane export facility in the Houston Ship Channel has begun operations and accounts for 180,000 of the 700,000 barrels per day of incremental demand at full capacity.

Ethane Supply / Demand



Long-Term Ethane Supply/Demand Balance	(MBbls/d)	Expected In-Service
Ethane rejection in Northeast	~200	
Ethane rejection in all other regions	501	
Peak ethane rejection forecast (Q2'16)	701	
CPChem worldscale cracker (identified)	85	Q4'17
Dow worldscale cracker (identified)	64	Q2'17
Exxon Mobil Chemical cracker (identified)	85	Q4'17
Formosa Point Comfort cracker (identified)	90	Q1'18
Sasol worldscale cracker (identified)	85	Q2'19
OxyChem / Mexichem cracker (identified)	31	Q2'17
Shintech cracker (identified)	28	Q2'18
Axiall-Lotte Chemical cracker (identified)	56	Q2'19
Incremental demand from ethane crackers	523	2017-19
EPD Ethane Terminal (USGC)	180	Q3'16
(-) Incremental ethane demand from Gulf Coast	703	
Mariner East II (Europe)	47	Q4'16
Utopia East (Eastern Canada)	38	Q1'18
Shell Pennsylvania cracker (identified)	83	Q1'21
(-) Incremental ethane demand from Northeast	167	
Ethane (under) supply / oversupply	(170)	

Source: Wells Fargo Securities, LLC

Mergers and Acquisitions With a Side of Corporate Actions

Mergers, acquisitions, and other various corporate actions grabbed the headlines throughout the third quarter. Enbridge Inc. announced it would merge with Spectra Energy creating one of the largest midstream companies in North America with a combined enterprise value of $127 billion. The pro-forma company will own a diverse portfolio of crude oil and natural gas infrastructure assets. The announcement sparked a fresh round of speculation regarding other possible strategic combinations in the North American infrastructure industry. TransCanada Corp closed its acquisition of Columbia Pipeline Group and then shortly after announced an offer to buy the MLP, Columbia Pipeline Partners, which will require shareholder approval. TC Pipelines, which was also thought to be a possible acquisition candidate, will likely remain as an MLP if the Columbia Pipeline Partners acquisition is approved. Late in the quarter, Cheniere Energy Inc. made an offer to acquire the public shares of its holding company, Cheniere Energy Partners LP Holdings in a stock for stock transaction. Reports surfaced that Enterprise Products Partners approached Williams Companies with a takeover proposal. While Enterprise stated they withdrew their indication of interest after the lack of engagement on the part of Williams, it helped push WMB's stock price higher and validated that investors were not the only ones contemplating the possibility of additional strategic combinations.

Companies were active buying assets through drop downs, third party acquisitions, and directly from other infrastructure companies during the quarter as well. Sunoco Logistics bought an integrated crude oil asset package in the Permian for $760 million from Vitol Inc. The strategic acquisition helps Sunoco increase its scale and complements its existing Permian business. Rice Midstream Partners purchased dry gas midstream infrastructure in the Northeast from Vantage Energy for $600 million, supporting Marcellus and Utica production. The company has guided to 5-10% accretion for 2017 and a longer runway for steady annual distribution growth of 20%. Shell Midstream Partners continued executing its drop down strategy. The company bought additional interests in offshore crude pipelines for $350 million from its parent Royal Dutch Shell using debt revolver capacity and cash on hand. Marathon Petroleum and Enbridge Energy Partners paid $2 billion for a 36.75% stake in the Dakota Access Pipeline owned by Energy Transfer Partners, Sunoco Logistics, and Phillips 66. Enbridge's competing pipeline project, Sandpiper, will likely get cancelled as a result and represents another example of the industry participants rationalizing the pace of capacity additions and working together where possible. Utility companies have a close working relationship with the midstream infrastructure industry and some recent joint ventures and asset purchase announcements point to this evolving relationship perhaps becoming more integrated. Last quarter ConEdison took a stake in Crestwood Midstream Partners' Northeast Pipeline assets. This quarter Southern

Company bought a 50% stake in Kinder Morgan's Southern Natural Gas Pipeline system. In addition, a Michigan based utility, DTE Energy, purchased a large package of natural gas gathering assets in the Northeast from private equity.

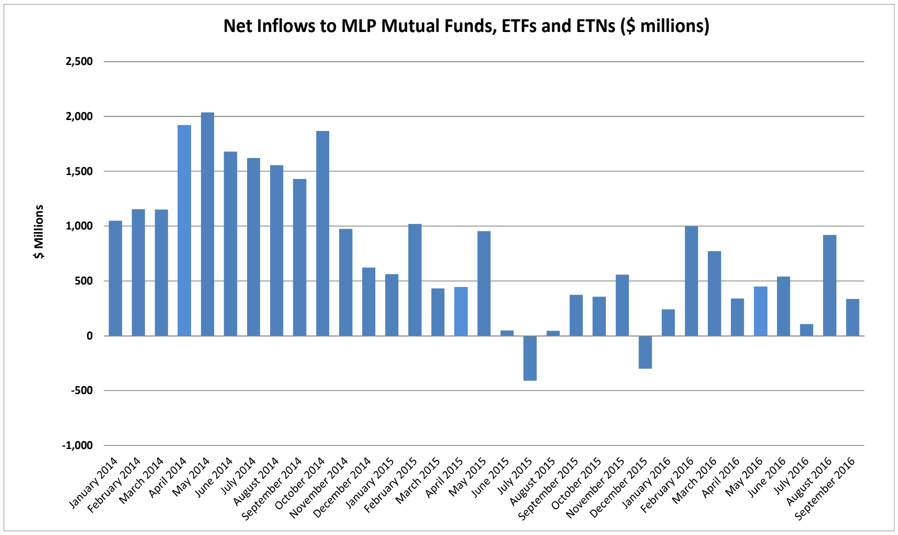
Companies took additional steps this quarter to address structure, balance sheet, coverage and distribution/dividend payouts. In all instances, the various steps taken by the companies were well received by investors. Plains All American Pipeline effectively issued units to Plains GP Holdings in exchange for permanently eliminating incentive distribution rights. PAA and PAGP reduced distributions by 21% and 11%, respectively. The transaction resulted in better coverage and credit metrics as well as simplification of the structure no longer burdened with incentive distribution rights payments. In conjunction with its second quarter earnings release, Energy Transfer Partners announced that Energy Transfer Equity had agreed to $720 million in incentive distribution rights waivers over the next seven quarters to help Energy Transfer Partners maintain its distribution with sufficient coverage levels in exchange for assigning tax shield value back to Energy Transfer Equity. In addition, the Williams family of companies took immediate action after their failed merger with Energy Transfer Equity. Williams Companies cut its dividend 70% and will invest proceeds of over $1.7 billion via a private purchase of units and a dividend reinvestment program. The companies also sold Canadian NGL/olefins assets for $1 billion and have indicated that Williams Partners is actively marketing its Geismar petrochemical facility.

DAPL: A Repeat of Keystone XL Not Likely

In September, we attended the annual MLPA Association meeting in Washington to keep apprised of any shifts on the regulatory front. The most popular discussion topic centered on the well-publicized status of the Dakota Access Pipeline ("DAPL"). The pipeline had received all necessary approvals and permits; however, a lawsuit filed by the Standing Rock Sioux Tribe, which was initially dismissed by a federal judge, has halted construction within 20 miles of Lake Oahe, a source of water for the Indian tribe. The halting of construction requested by Departments of Justice and Interior as well as the Army Corps of Engineers is unusual given the initial ruling upholding the pipeline's current route. Our discussions with Energy Transfer Partners led us to believe that management is optimistic that construction will resume shortly. However, it is hard to deny the regulatory landscape is becoming more difficult to navigate for midstream companies. We believe there is a low likelihood of an outcome similar to Keystone XL but we continue to monitor the situation as we await a resolution. There didn't seem to be any concern regarding broader tax reform in the near future given the upcoming elections and the historical precedent related to past tax reform legislation (the last major tax reform passed in 1986, four years after the initial provisions were released). We are still waiting on clarification from the Internal Revenue Service for final private letter ruling regulations as well as a comprehensive list for "qualifying" activities (businesses that can officially be held in MLP structures).

Capital Markets are Opening

Equity markets seem to be more accessible as evidenced by numerous overnight follow-on offerings and an IPO. Fund flows on ATM (at-the-market) programs continue to be consistent at around $2 billion for the quarter. Larger follow-on equity offerings included Phillips 66 Partners and Sunoco Logistics Partners issuing $300 and $650 million, respectively. Phillips and Sunoco both used proceeds to fund acquisitions. Noble Midstream Partners came back to the IPO market after a failed attempt late last year. The company successfully raised $323 million as the first midstream IPO in almost a year. After pricing above the range at $22.50, the units traded up significantly on the first day and have most recently traded in the $28 range. The market for alternative financing including preferred equity securities was relatively quiet this quarter after a number of deals priced late last year and early this year. Traditional debt issuance was also lighter this quarter versus the beginning of the year. Fund flows into the space remain steady at a pace of ~$1.5 -2.0 billion per quarter. While this is still below the pace of inflows seen during 2014 (see chart below), the recent activity in the equity capital markets is a positive sign that retail investor participation is getting better.



Source: Eagle Global Advisors.

Past performance is not indicative of future results.

We Believe the Long-Term Prospects for MLPs Remain Attractive

We remain optimistic about the long-term investment opportunity for MLPs as we expect demand for midstream services will continue to expand. While we expect oil volumes will decline in the coming quarters, we expect natural gas volumes produced will increase. Although 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). MLPs would have to rally 52% from current levels as measured by the Alerian MLP index to reach prior cycle highs. Although MLPs have rallied significantly from the lows in February, we believe there is still long-term value in the asset class.

Performance

The Fund outperformed the Alerian MLP Index this quarter by just under 1,000 bps. The General Partners were the strongest performers led by Williams Companies (5.9%) and Plains GP (6.6%). Other strong performers included Kinder Morgan (4.0%), Spectra Energy (4.7%) and Targa Resources (3.8%). For the year, the Fund is ahead of the Index by over 1,600 bps with strong contributions from a wide array of companies and sectors including General Partners, MLP Shipping, Gathering & Processing, and Pipelines & Transportation. *Note: Numbers in parenthesis represent portfolio weights as of 7/31/2016.*

	Q3 2016	One Year	Three Year	Inception through 9/30/2016*
EGLIX Class I (NAV)	10.78%	9.27%	-5.39%	0.79%
EGLAX Class A (NAV)	10.74%	8.86%	-5.63%	0.52%
EGLAX Class A (Max Load)	4.34%	2.57%	-7.48%	-0.94%
EGLCX Class C (NAV)	10.43%	8.04%	-6.36%	-2.79%

**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, 2017, 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 1.75%, Class C 2.50% and Class I 1.51%. 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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