Necessity is the Mother of Invention

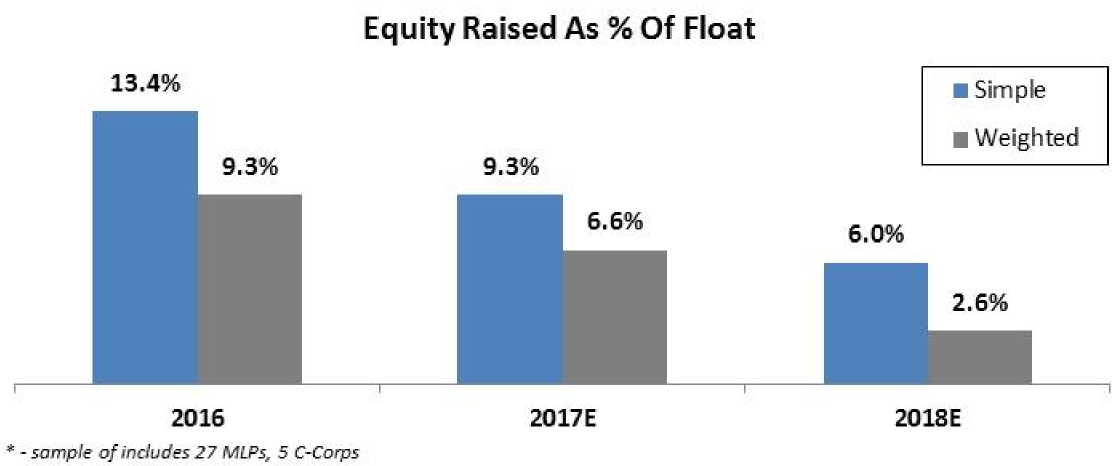
We predicted a return to MLP normalcy at the beginning of 2017 as regulatory and fundamental headwinds within our sector subsided amidst a broader market that was powering higher. Energy producers had right-sized operations to account for weaker commodity prices leading to an environment of slowly rising volumes in core fields and green shoots in others. It was within this context we saw Energy Infrastructure benefitting as operating leverage pushed cash flows higher creating a cure-all for already improving balance sheets and coverage ratios. But the Alerian MLP Index declined 6.5% in 2017. Historically MLPs have been frozen out of equity capital markets for only limited, short time periods and they typically dealt with this limitation by waiting for the equity market to thaw. In the current cycle that began in late 2014, the freeze has lasted significantly longer as equity investors have focused on debt leverage and distribution coverage at the expense of distribution growth. With reduced access to capital, necessity is driving invention in Energy Infrastructure.

The result is a new Energy Infrastructure company, characterized by simplicity and substantially less reliance on the equity capital market. We believe distribution growth will remain subdued near-term, though we forecast long-term growth will return Energy Infrastructure to its lead position among income generating sectors. We see immense value at current levels as the market has yet to appreciate just how far along the paradigm shift is, and for that reason we are optimistic about 2018.

We've Come a Long Way, Baby!

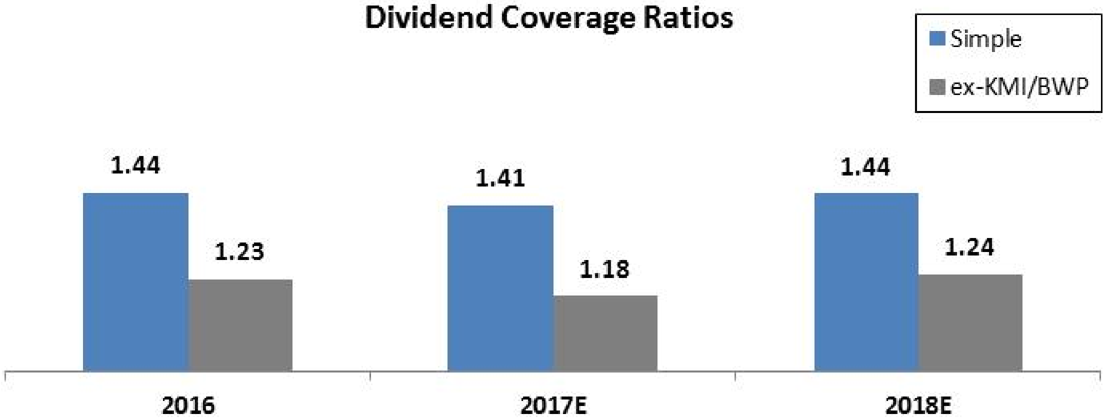
The last time the Energy Infrastructure paradigm shifted this meaningfully was when Congress passed the American Jobs Creation Act of 2004, which added MLP income to the list of acceptable sources of income for mutual funds (with some conditions). This rule change created an influx of capital that allowed MLP management teams to finance increasingly larger growth projects with equity and debt offerings, further justifying the dedication of almost all existing cash flows to distributions. This major shift was well timed as it began a virtuous cycle of fund raising and cash flow growth at the beginning of a decade of strong oil prices and investor enthusiasm. The model broke down in 2014 as a supply-driven oil price recession caused producers to reduce drilling activity and greatly lowered U.S. volume growth expectations. With the cost of equity capital on the rise, the prior virtuous cycle was replaced with a negative investor feedback loop. With no visibility on when MLP's access to capital will return, management teams were presented with a "Sophie's Choice" with most choosing (some forced by debt rating agencies) to transition to a self-funding strategy. Our analysis suggests the paradigm shift is further along than current market valuations imply.

The declining equity burden. While downturns typically hit the entire vertical market, there are some businesses that inherently take longer to belt tighten than others. Energy Infrastructure fits into this category as infrastructure projects are very difficult to scale back once started, and the sector is forced to raise capital in an unenthusiastic market. The good news is the equity burden for Energy Infrastructure declined significantly in 2017 and we expect it to take another leg down in 2018. Using a sample of 32 of the largest midstream MLPs and corporations, equity raised in 2016 was 13.4% of float capitalization. In 2017 this declined to 9.3% and we forecast in 2018 it will fall further to 6.0%. On a weight-adjusted basis the decline is more impressive, suggesting the largest Energy Infrastructure companies have almost no required equity burden in 2018. Also, in 2016-17 there were 8 companies on our list that had no equity burden, and in 2018 we expect this to jump to 14 companies.



Source: company data, Eagle Global Advisors

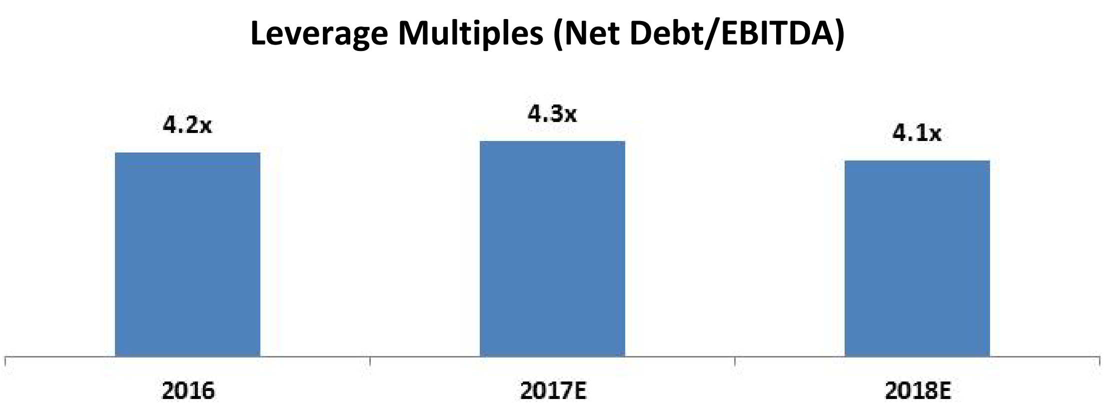
Corporate actions created noise in 2017, though sets up 2018 quite well. Distribution coverage ratios slipped in 2017 versus 2016, though still meaningfully higher than 2014 (1.30x) and we expect them to rise again in 2018. We believe capital market access and pressure from rating agencies were the major drags on 2017, which in turn pushed management teams to proactively address issues. Distribution cuts, simplification, and other corporate actions confirmed fears but at the same time put the sector on more solid footing for 2018. With the noise out of the way, coverage ratios are set to move higher in 2018 and beyond. We predict the number of companies with coverage below 1.1x will be only 6 in 2018, down from 10 in 2016 and 7 in 2017.



** - sample of includes 27 MLPs, 5 C-Corps*

Source: company data, Eagle Global Advisors

Similar to distribution coverage, we are seeing a similar trend in debt coverage. Once again, corporate actions freed up cash while new assets are starting to deliver cash flows, which together should have a marked improvement on 2018 debt coverage. These positive trends are occurring in a market where equity burdens and overall dependence on external capital markets are falling. We expect leverage to continue decreasing in 2019 and beyond, thanks largely to the new Energy Infrastructure paradigm.



** - sample of includes 27 MLPs, 5 C-Corps*

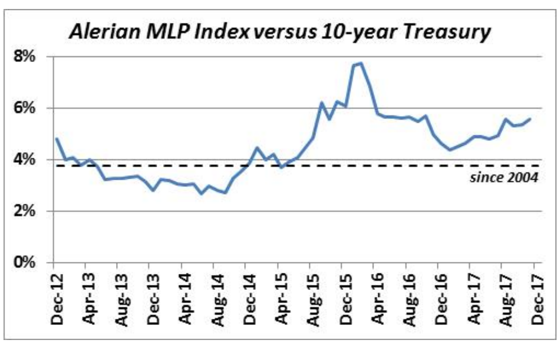
Source: company data, Eagle Global Advisors

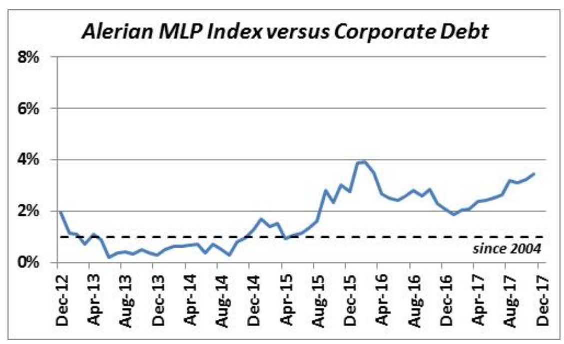
Simplification is nearing the halfway point, a potential boon for Energy Infrastructure investors when the cycle turns. Among the 32 Energy Infrastructure companies in our survey, 14 have eliminated or announced they will do away with the burden of the general partners' Incentive Distribution Rights (IDRs). In the fourth quarter, MPLX (MPLX) followed through on an earlier announcement by releasing terms of its simplification agreement while Spectra Energy Partners (SEP) indicated plans to buy its IDRs from its sponsor Enbridge Inc. (ENB). At this point, of the top 10 largest companies in our survey (roughly $177 billion of float cap), only Energy Transfer Partners (ETP) has yet to eliminate its general partner. This large-cap skew is not a surprise as the IDR burden on the largest companies is greater than on smaller companies. However, we believe the writing is on the wall for this component of the MLP structure and expect more companies to follow suit in 2018. We are strongly in favor of this trend, as we believe the simpler structure and the elimination of the GP burden is more investor friendly, while enhancing growth and competitiveness at the limited partner level.

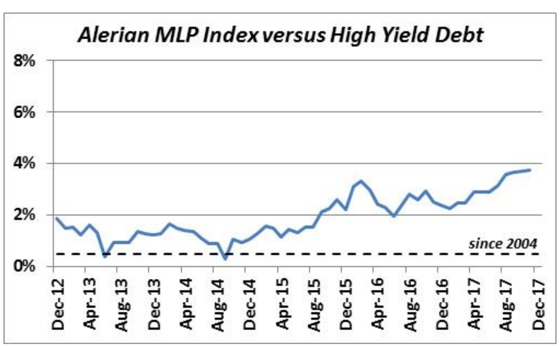
Valuation attractive on EV/EBITDA and yield. Using the Alerian MLP Index as a proxy, the sector screens attractive on both EV/EBITDA and yield relative to the S&P 500 and the UTY (a market cap-weighted index composed of geographically diverse public utility stocks). The MLP Index is trading near its 10-year average multiple of 11.1x, while the S&P 500 and UTY are trading at a 22% and 29% premium above their 10-year average, respectively. In addition, the MLP Index is trading at an only 10% premium to the UTY, versus its historical 31% premium. We understand the paradigm has shifted for Energy Infrastructure, though we highlight it is the financial construct and proposition that has changed, not its long-term cash flow growth prospects.

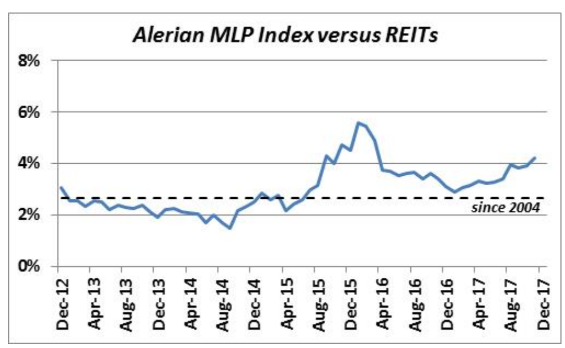
On a yield basis, the MLP Index's spreads over comparable securities also implies inexpensive valuation. Over the course of 2017, the relative attraction of MLPs has only continued to get more compelling. We believe yield comparisons continue to be highly relevant as many investors focus on income generation, and we believe that once confidence is restored income-oriented investors will be compelled to buy. As seen in the charts below, MLP yield spreads are approaching, or in some cases exceeding, the recent highs of February 2016. If you recall, MLP prices rebounded significantly from these over-sold levels set in early 2016.

Yield Spreads









Sources: Alerian, Barclays, Bloomberg, NAREIT

A Few Final Thoughts…

Tax Reform Happened, Positive Outcome to MLP Investors. The Tax Cuts and Jobs Act was passed in December, paving the way for the first major tax overhaul in more than 30 years. We believe tax reform was a significant overhang on Energy Infrastructure in the second half of 2017, though we view the final bill as being very positive to MLP investors and neutral to the sector itself. While there are many components of the legislation, we highlight our main takeaways:

- No change to the tax treatment of partnerships, in that a MLP does not pay corporate level federal income taxes. (Positive)
- Pass through income earned from pass through entities (i.e., MLPs) could be taxed at an effective max rate of 29.6%, down 20% from current max income tax rate of 39.6%, through December 31, 2025. (Positive)
- The corporate tax rate is lowered to 21% from 35%. This is positive for the increasing number of midstream companies organized as corporations, which comprises the majority of the Fund. (Positive) For MLP's, the tax advantage relative to corporations decreases by 1-2%, negligible in our view. (Neutral)
- Businesses will now be able to fully and immediately expense 100% of the cost of qualified property acquired and placed into service through 2022. As Energy Infrastructure is very capital intensive, this should allow for a greater tax shield. (Positive)

We expect the exact impact of tax reform will take some time to completely flesh out. Our initial take is the bill will have a negligible impact on the Energy Infrastructure sector but is positive for investors due to lower tax rates on pass through income and a greater tax shield.

There are also benefits associated with subsiding tax reform fears, which can be seen in sector statistics and recent stock price performance. In early-to-mid December it became apparent that tax reform was not going to have a negative effect on Energy Infrastructure. While hard to prove causation, we wanted to highlight that from December 12th to year-end the sector has benefited from an impressive $620 million of net inflows. In addition, the Alerian MLP Index rose 5% in December 2017, notching its best monthly return since June 2016. As fundamental investors, we think a combination of the negligible impact of tax reform, ongoing positive trends in energy, the conclusion of tax loss harvesting, and attractive relative valuation all played a role in the recent strength in stock prices.

Access to Capital, Fundraising, and Cost of Capital

The fourth quarter was noisy and tumultuous as several issues came to a head. A fitting final chapter in a year that actually began quite promisingly. Our optimism regarding 2017 was rewarded in January with the index up almost 5%. However, Enbridge Energy Partners' (EEP) unexpected distribution cut led to renewed investor consternation on debt leverage and equity capital market access, compounded later in the year by another major distribution cut by Plains All American Pipeline (PAA). For the second time in three years, investors felt betrayed by the implied promise of distribution payment / growth by the Energy Infrastructure sector, further impacting access to equity capital markets and accelerating the paradigm shift. In a sour mood, the market rejected the initial price range of the BP Midstream Partners (BPMP) IPO and forced other small-cap MLPs to pull back entirely from equity financing plans.

Meaningful events in the fourth quarter include the aforementioned IPO of BPMP in late October, which priced 10% below the midpoint of the initial range ($19-$21) and closed below deal price on its first day of trading. Separately, TransMontaigne Partners (TLP) attempted to raise $100 million of equity in early November to help finance the purchase of two terminals, though had to pull the deal saying “equity market conditions are not conducive for an offering on terms that would be in the best interests of the Partnership’s unitholders.” Finally, management teams in need of equity had to engage the preferred markets as they searched for liquidity and recognized the impact common equity offerings would have on their cost of capital. In the fourth quarter, just over $4 billion of preferred equity (versus $800 million in the first three quarters) was raised by a wide range of companies including Plains All American Pipeline (PAA), Energy Transfer Partners (ETP), DCP Midstream (DCP), NuStar Energy (NS), Andeavor Logistics (ANDX), Golar LNG (GMLP), and Summit Midstream (SMLP).

Looking forward, we believe MLP equity capital markets will remain constrained until investors perceive debt leverage and distribution coverage improving to levels that allow self-funding. Despite the progress most companies have made, we still see a few companies at risk of distribution cuts, either outright or through GP / LP simplification. However, for the most part these stocks have already priced in a cut, so we do not anticipate these negative events will be a contagion for the rest of the Energy Infrastructure universe.

Performance

During the quarter, the Fund was up 0.18% vs. -0.95% for the Alerian MLP Index. Outperformance was driven by the Fund’s overweight to MLP Shipping companies, as well as a number of the Fund’s top holdings including SemGroup Corp., Enlink Midstream, and Williams Co. Two of the larger detractors were Buckeye Partners and Enbridge. *Portfolio weights of the above mentioned securities as of 10/30/2017 are as follows: SEMG 6.3%, ENLC 4.1%, WMB 5.9%, BPL 3.8% and EEQ 3.3%.*

	Q4 2017	One Year	Three Year	Five Year	Inception through 12/31/2017*
EGLIX Class I (NAV)	0.18%	-9.33%	-10.52%	-0.14%	-0.31%
EGLAX Class A (NAV)	0.10%	-9.58%	-10.74%	-0.38%	-0.56%
EGLAX Class A (Max Load)	-5.59%	-14.79%	-12.49%	-1.55%	-1.66%
EGLCX Class C (NAV)	-0.11%	-10.32%	-11.41%	n/a	-3.29%

**Inception date for class I and A shares is September 14, 2012. Inception date for class C share is 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, 2018, 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. 6071-NLD-1/19/2018

Market Outlook

We remain optimistic about the long-term investment opportunity for MLPs as we expect demand for midstream services will continue to expand. We believe there is significant long-term value in the asset class in terms of distribution yield, distribution growth and total return. The asset class has evolved and Midstream companies have taken the necessary steps to strengthen their companies by making business model improvements, such as, reducing debt, increasing distribution coverage, and internally funding growth, among others.

Valuations of the midstream sector appear undervalued based on historical averages. Yield metrics such as MLP yield spreads to U.S. Treasuries and high yield bonds continue to be historically wide indicating attractive MLP valuations. Other valuation metrics such as cash flow multiples also appear attractive relative to historical averages.

Additionally, U.S. energy and midstream fundamentals appear strong. Oil production volumes have surpassed recent highs and are expected to continue to grow in the coming years. Natural gas volumes produced continue to increase. Oil inventories have steadily declined and demand growth continues 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. As previously mentioned, with this type of growth potential, we believe there is significant long-term value in the asset class in terms of distribution yield, distribution growth and total return.

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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