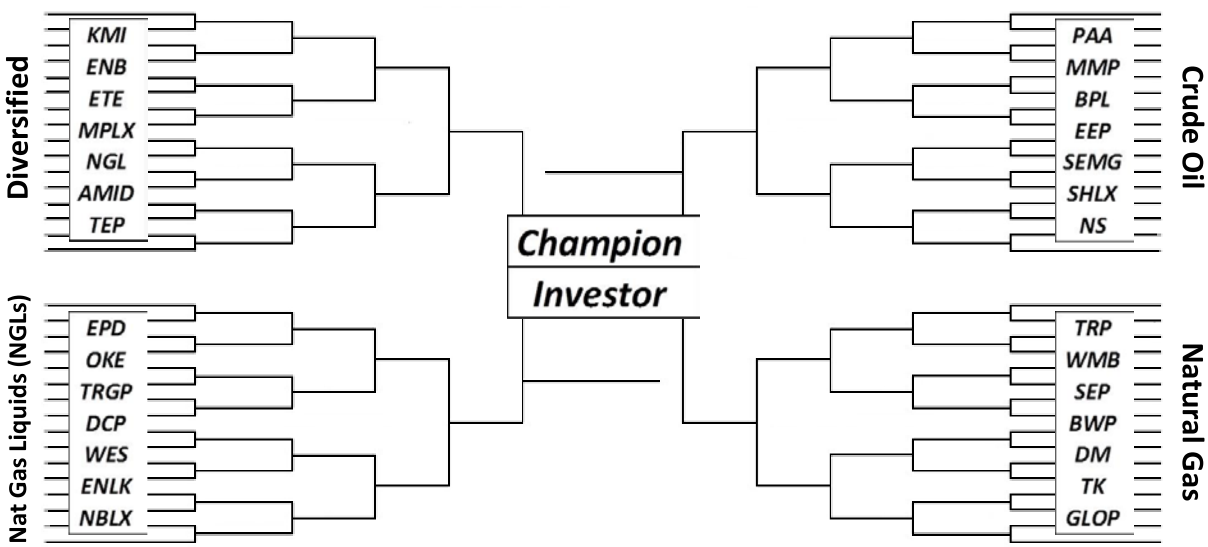
Bracketology and Busting Midstream March Madness

The recent conclusion of March Madness made us think about how we would arrange the midstream sector using college basketball's tournament format. The regional level alone has the chance of spurring debate since you could decide to split by energy derivative, asset class, basin, structure, size, etc. After an intense back-and-forth, we created four regions representing the diverse nature of the MLP sector: Oil, Natural Gas, NGLs, and Diversified. The takeaway is the wide variety of investments within Midstream makes the investor the champion in our view.

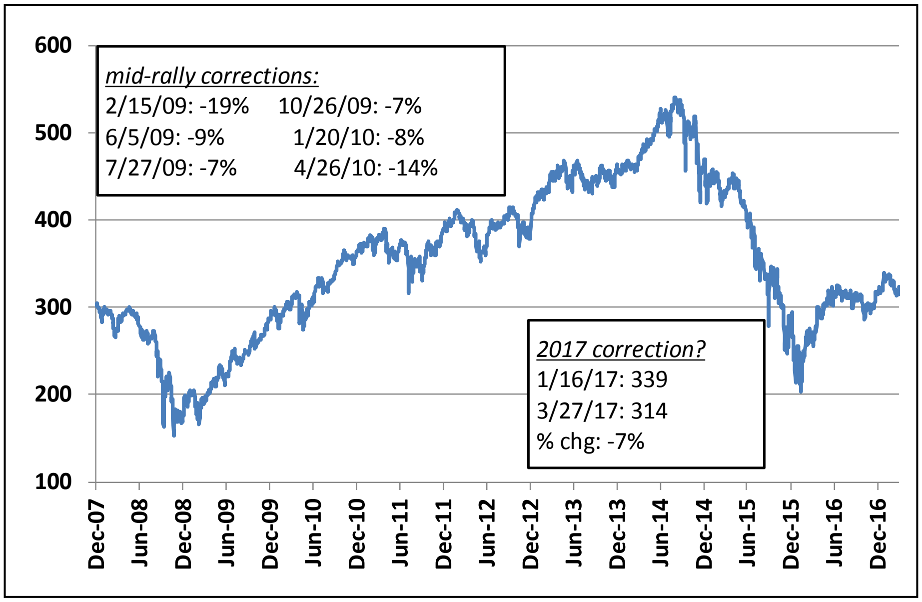
Exhibit 1



Upon closer inspection, it's noteworthy that within each bracket the risk profile can vary greatly. For example, TransCanada (TRP) and Teekay (TK) play different roles in the natural gas value chain and therefore come with unique sensitivities and risks. The same goes for Plains All American (PAA) and SemGroup (SEMG) in the crude oil value chain. This variability plays out in each bracket, and the great positive of this is specific parts of each chain benefit during different market environments. Fortunately for us and unlike college basketball, the #1 or #2 seeds in our tournament are not always the winners. Stock selection is critically important. While we remain bullish on the broader energy macro, we would not rush to the conclusion that a stagnant energy price environment is necessarily bad for midstream. Stagnation is not our expectation, but if it did occur we reiterate our view that volumes are what underpin midstream fundamentals. Higher rig counts, better basin delineation, and increasing demand provide a solid clue of where volumes will likely go and why we remain positive. We believe the recent dip in oil prices below $50/bbl is "fake news" (explained further on the next page).

We gain solace in the fact that the Alerian MLP Index had similar pullbacks during its rally off its trough in November 2008 (see Exhibit 2).

Exhibit 2



Source: Factset

Past performance is not indicative of future results. Shown performance is 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.

Fake News ALERTS - Oil Price Weakness Portends Another Crisis and the Midstream Identity Crisis

“Fake news” is fast becoming a theme of 2017, so we thought it relevant to strike down two issues that have recently dominated Energy airwaves. The first is that recent weakness in oil prices portends another crisis. The line of thinking is that the crude oil inventory glut grows despite the OPEC agreement to cut production. While the resiliency of U.S. shale has raised eyebrows, it’s widely agreed upon that it is simply too early to gauge the impact of OPEC cuts. For one, there was a rush by producers at the end of 2016 to jack up volumes in order to “manage” the impact of their cuts. Second, the average marine transit time for oil to reach demand centers is roughly 45 days, which when added to additional transportation and storage variables means the impact from OPEC cuts was not expected until mid-to-late March. Finally, inventory builds need to be taken into context. As shown in Exhibit 3, when inventories of crude oil and refined products are taken together it shows a neutral outcome. So, while it’s true that oil inventories have increased, refined product inventories have drawn. The likely explanation is that refineries undergo maintenance this time of year, naturally backing up oil and drawing refined products.

So why did oil prices dip below $50/bbl and, currently, off 5% year-to-date? We theorize it’s more a result of technicals and brinksmanship. From a technical perspective, speculative long positions in oil contracts had reached record levels (see Exhibit 4). Also, recent unofficial OPEC meetings are generating headlines of potential non-compliance or a lower probability the cuts will be extended. Negative headlines caused speculative longs to re-think their positions, driving what we believe was a technical selloff.

Inventories of Crude Oil / Refined Products

Exhibit 3

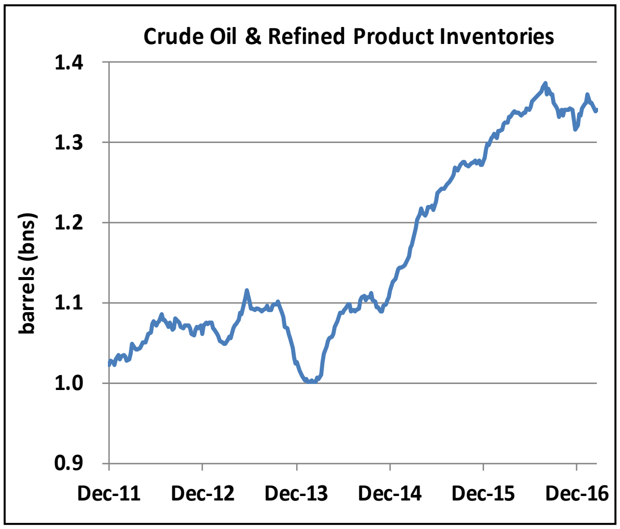
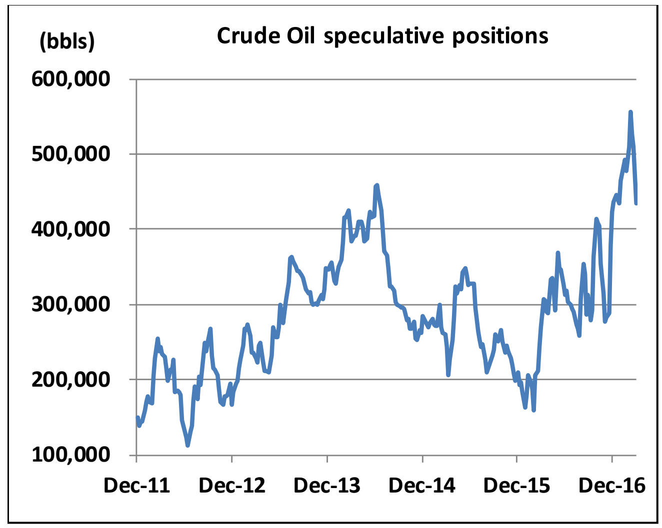


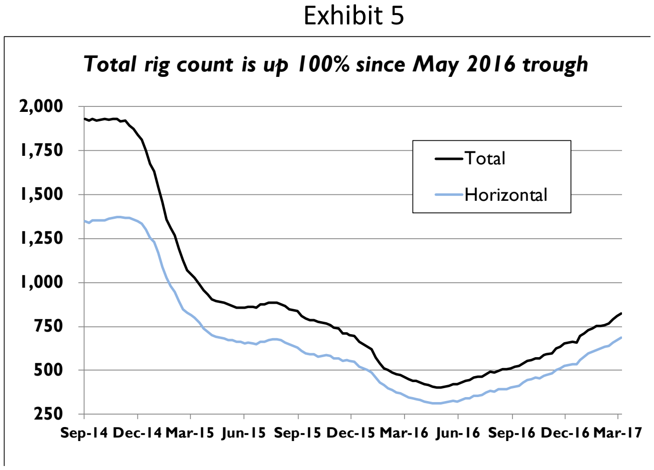
Exhibit 4



Source: U.S. Commodity Futures Trading Commission (CFTC), Energy Information Administration (EIA)

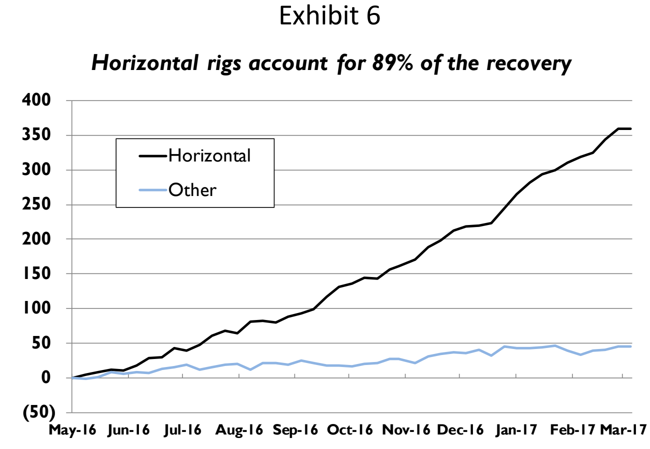
For midstream, we reiterate our view that the continued rise in rig count (see Exhibit 5) implies that producers are more focused on economics of production relative to absolute prices. Activity and the expectation for volume growth is the heart of what the midstream sector is all about. Producers are theoretically indifferent on oil prices so long as they earn their "IRR". In our view, as long as activity continues to increase, the outlook for midstream is bright.

Exhibit 5



Source: Baker Hughes

Exhibit 6



Source: Baker Hughes

The second "fake news" issue is the seeming identity crisis within midstream. We've seen MLPs convert to c-corps, c-corps buy in their MLPs, MLPs buy out their c-corps, MLPs create tracking stocks, IDRs disappearing and so on. The trend seems schizophrenic as there is not one consistent direction. We're not sure which is the correct path given the uncertainty with potential federal tax reform, but know management teams are hyper focused on tax efficiency and that gives us confidence the sector will gravitate towards the most efficient structure. However, with each company saying they won't be a taxpayer for the foreseeable future and tax reform negotiations still in its infancy, it appears unlikely the sector decides on a single direction in 2017. At Eagle, we account for each company's current structure in our models and valuation methodology, an edge allowed by our integrated investment framework. Finally, we fully reject the idea that midstream will revert back to a secondary business within majors, utilities, and producers.

Midstream is firmly established as a stand-alone sector, having a better track record over the past 10 years than most energy-driven sectors.

A Few Final Thoughts...

"O Retail, Where Art Thou?" Like the Coen brothers famous movie starring George Clooney, the MLP sector has been searching for the retail investor for well over two years. Conspicuously absent, there are several insiders who believe the return of the retail investor is not likely in the near-term. Put simply, the burn that began in late 2014 is still fresh and the ongoing broader market rally has kept money away from our sector. In the meantime, equity offerings over the past several years have been almost entirely institutional, which we take as a positive sign of the sector's depth.

Separately, one thing we have noticed about the current market is the large amount of stock-specific catalysts. A few examples include: (1) Enbridge Energy Partners' (EEP/EEQ) strategic review, (2) the financing of Kinder Morgan's (KMI) Transmountain Pipeline expansion, (3) completion of tree cutting for Energy Transfer Partners' (ETP) Rover Pipeline project, (4) Buckeye Partners' (BPL) intentions with VTTI Energy (VTTI), and (5) multiple MLPs that will proactively fix their GP burden. In our experience, the MLP sector has historically not been a catalyst rich sector. We believe this catalyst fad is fleeting and the sector will likely normalize over the next several quarters. The simplification trend occurred quicker than we forecasted, which if for nothing else positions the sector far better than the adjustments that were made post the 2007-2008 financial crisis, in our opinion.

Corporate Actions, Capital Raises, and Fund Flows

President Trump delivered on campaign promises by signing executive orders approving two high profile pipeline projects that were rejected under the previous administration. ETP's Dakota Access Pipeline (DAPL) was finished and is now flowing oil, while TRP secured its long sought Presidential Permit for Keystone XL. While those two deals garnered much media attention, midstream companies were busy in many other ways. KMI's Transmountain Pipeline expansion achieved several major milestones, and Plains All American (PAA) and Targa Resources (TRGP) efficiently landed assets of strategic importance. Meanwhile, ONEOK (OKE) surprised the market with a buy-in of its underlying MLP, ONEOK Partners (OKS). DCP Midstream LLC dropped all its remaining assets into its MLP though the LLC's sponsors (SE/PSX) opted to retain the IDRs while supporting the MLP via waivers through 2019. Williams (WMB/WPZ) eliminated its IDRs, MPLX LP (MPLX) revealed plans to dramatically accelerate its dropdown strategy and eliminate its IDRs, World Point Terminals Inc submitted a non-binding bid to acquire all publicly held units of World Point Terminals LP (WPT), and BPL and Vitol agreed to buy-in VTTI. After we catch our breath we'll add there were other material corporate actions that did not make this list.

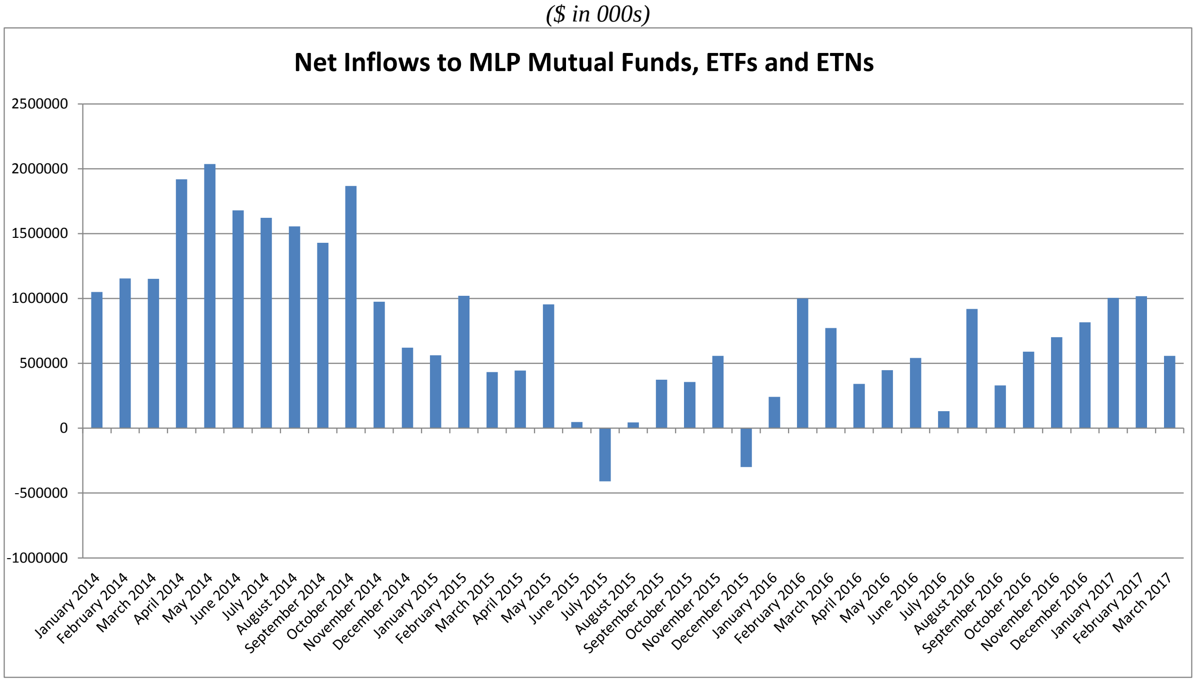
Access to capital also made a statement. We highlight two deals in particular, equity offerings tied to the aforementioned asset acquisitions by TRGP and PAA. For TRGP it was its purchase of Outrigger while PAA picked up Alpha Crude Connector. In both cases equity follow-ons were upsized, greenshoes exercised, and the stocks traded above deal price on day one. Respectively, for TRGP/PAA the deal was upsized 14%/24% and closed 3.0%/2.8% above deal price on its first day post-offering. In addition, all equity offerings from traditional midstream companies traded above deal price either on the first day or by the end of the week.

While not a first quarter event, we highlight the successful IPO of Hess Midstream Partners (HESM), joining Noble Midstream (NBLX) as the second new equity issuance since the oil crash in 2014. The long expected IPO priced at $23.00 per unit, above the indicated range ($19-$21) even with the deal being upsized 19% from the original plan. Demand for the new security carried its first day of trading as it closed 11% above deal price, adding another positive signal for others thinking about bringing new equity to the market.

When all the above is considered along with the large amounts of capital still being raised in the ATM market (i.e. At-the-Market transactions), it paints a very nice picture of where the midstream sector stands today. Not coincidentally, fund flows for the sector during the first quarter extended its streak of growth with inflows of $2.6 billion. This compares favorably to the prior quarter of $2.1 billion and the year-ago quarter of $2.0 billion. The quarter also represented the highest inflow since the fourth quarter of 2014, a year where inflows were far exceeding expectations. To summarize, as broader energy activity increases, prospects (and stock returns) should, in our opinion, continue to get better.

Exhibit 7

($ in 000s)



Source: U.S. Capital Advisors

Past Performance is not indicative of future results.

Performance

After outperforming the Alerian MLP Index (the "Index") by approximately 21% in 2016, the Eagle MLP Strategy Fund (the "Fund") fell short of the Index by approximately 4% during the first quarter of 2017. Over the trailing twelve month period, the Fund has outperformed the Index by approximately 17%. For the quarter, weakness was driven by Enbridge (EEQ) and Williams (WMB). Our overweight position in EEQ was negatively impacted in late-January when management announced underwhelming 2017 guidance and signaled a strategic review and reevaluation of current distribution policy. The announcement came as a surprise given the high quality of EEQ's assets and historical benevolence of its general partner (ENB). WMB was impacted by management's decision to reallocate value to its MLP (WPZ) as part of its simplification process, which we believe was a one-time revaluation event. On the other end, the Fund benefited from strong performance from Targa Resources (TRGP), Gaslog Partners (GLOP) and the Fund's refined products pipeline holdings. *Portfolio weights of the above mentioned securities as of 1/31/2017 are as follows: EEQ 4.9%, WMB 5.8%, TRGP 5.4%, and GLOP 1.6%.*

	Q1 2017	One Year	Three Year	Inception through 3/31/2017*
EGLIX Class I (NAV)	-0.38%	45.47%	-7.13%	1.73%
EGLAX Class A (NAV)	-0.56%	45.01%	-7.39%	1.45%
EGLAX Class A (Max Load)	-6.28%	36.66%	-9.19%	0.14%
EGLCX Class C (NAV)	-0.75%	43.95%	-8.10%	-1.48%

**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.

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. It appears oil volumes have bottomed as the number of oil drilling rigs in the U.S. has more than doubled since the bottom in May 2016. We also expect natural gas volumes produced to continue to 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's latest North American infrastructure report estimates 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). 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. From current levels, MLPs would have to rally approximately 40% to reach prior cycle highs.

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.

6628-NLD-4/27/2017