

Eagle News



EAGLE EQUITY HOLDINGS, LLC

Q1-2016

Energy Fund II

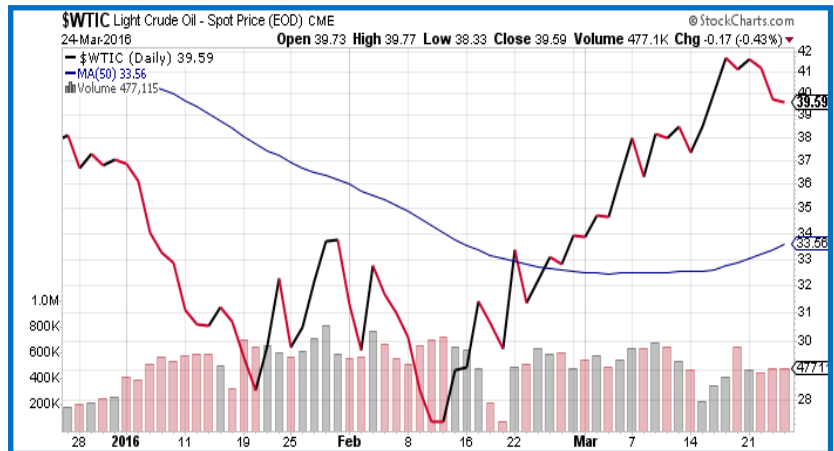
Looking Back

First, let's look at what happened to the price of (WTI) crude oil over the past 3 months.

Technically, oil formed a double bottom in mid-Jan and mid-Feb (see chart 1). WTI bounced off a low of around \$26 in mid February quickly rallied back to the \$40 range.

We have recently seen OPEC and non-OPEC countries begin to discuss production freeze agreements. The European Central Bank and Bank of Japan have adopted negative interest rates to promote economic growth. The US economy continues to grow at a slow but steady pace. However, the Chinese economy remains in transition, growing at a sluggish pace.

U.S. natural gas prices continue to be depressed due to the warmer than normal winter weather which has resulted in above average winter storage levels (see chart 2). The end of March historically marks the switch from the withdrawal to the injection season.



Eagle Focus

Looking Back:

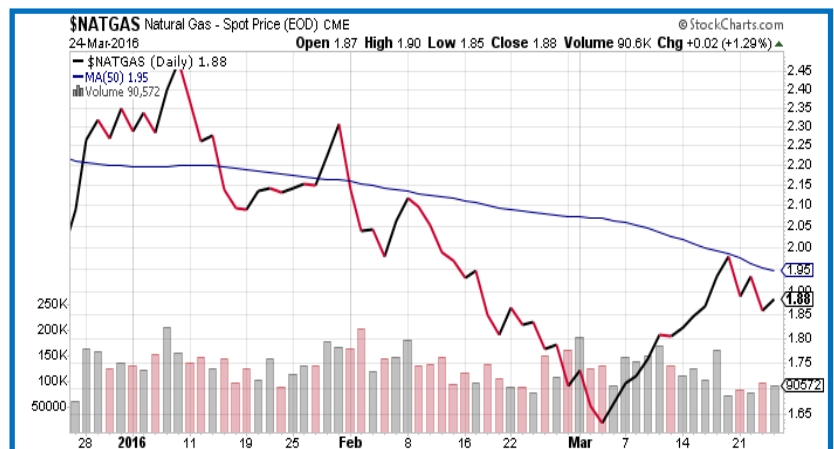
- WTI Crude Oil is currently trading around \$40
- Domestic Suppliers are beginning to discuss production freezes and or cuts

Looking Forward:

- The US economy is growing slowly
- OPEC and Russia are discussing potential production freezes

Investment Opportunities:

- Higher oil price
- Flat to lower natural gas price



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Looking Forward

The main factor affecting energy markets remains the balance or imbalance of supply vs. demand. Key factors affecting supply and demand include:

- As US economy continues to grow, gasoline consumption is increasing.
- The US Fed has started the rate tightening cycle, this could impact growth and currency.
- petroleum consumption historically increases during the summer driving season.
- China is working hard to avoid a hard landing and maintain a gradual growth cycle.
- OPEC, Russia and other non-OPEC producers have begun production collaboration discussions.
- US drill rig counts continue to fall, although daily production is slightle above 9M barrels per day, we should see the 8M+ level soon.

Investment Opportunities

Oil prices have risen back to the \$40 level. The S&P energy index (XLE) has also bounced off a bottom and started a new uptrend (see chart 3).

We continue to focus our

investment strategy to benefit from higher oil prices, flat to lower US natural gas prices and the impacts they will have on equities market. We believe the continued volatility of the energy markets will provide exceptional investment opportunities through detailed research and technical analysis.



Dear Eagle—Q&A

What is NAV (Net Asset Value)?

Net Assets (NA) = Total Assets—Total Liabilities. The NA is the sum of our fund account balances minus management performance fees.

Net Asset Value per unit (NAV) = Net Asset ÷ Total Investment Units.