Eagle News

EAGLE EQUITY HOLDINGS, LLC

Q1 – 2017

Energy Fund II

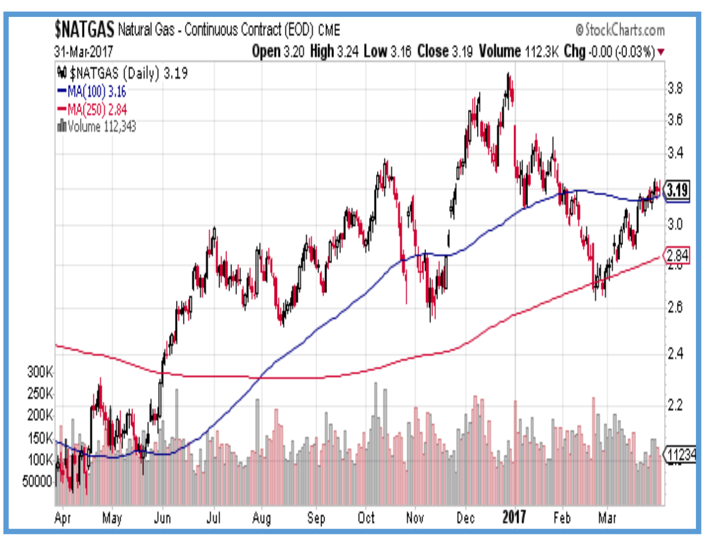
Looking Back

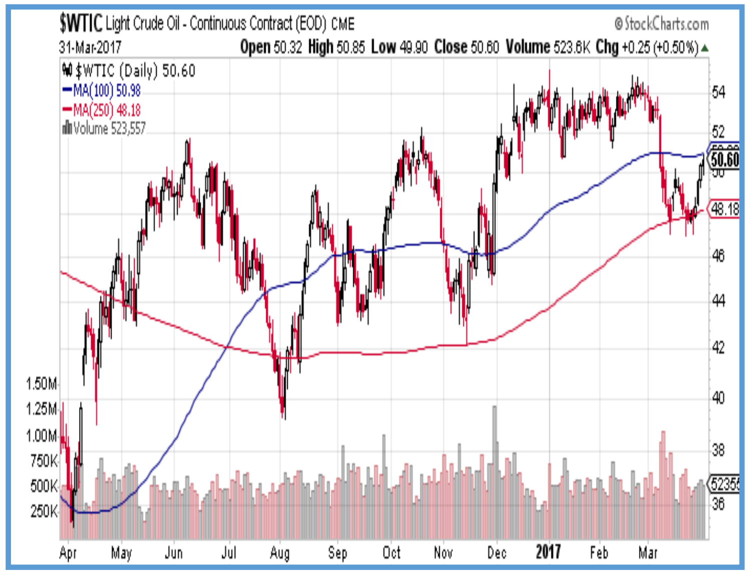
The Energy Market has been skeptical about the OPEC production deal. US producers are taking advantage of the price recovery to increase drilling and production, which has kept WTI Crude in a tight trading range.

The see-saw of bullish and bearish opinion finally broke to the downside and temporarily pushed WTI price below $50. This price drop quickly triggered another round of speculation on an OPEC production cut extension and pushed WTI prices back above $50 to end the quarter.

During the winter months, natural gas price reacts largely to weather and the 2016/17 winter ended much warmer than most forecasters had expected. As a result, the spot price has fallen from near $4, down to the mid $2 level, close to a 60% pullback. A late winter storm in March combined with an oversold condition helped support prices push natural gas back above $3 to end the quarter. With lower commodity prices, energy related equities continued to pullback.

The S&P Energy Sector ETF (XLE) was the worst performing sector in Q1 / 2017.





Eagle Focus

Looking Back:

- Increased US oil production has dampened the effects of OPEC production cuts
- A warmer than expected winter collapsed natural gas prices
- The Energy sector was the worst performing sector of the S&P during Q1

Looking Forward:

- We believe oil prices have bottomed.
- A Strong US economy and seasonality should see oil prices recovering in the coming months and provide opportunity in energy commodities and related equities
- Natural gas will shift from a weather driven market back a fundamentals (supply and demand) driven market

Investment Opportunities:

- The market has overreacted to headline news and is in an oversold condition
- Combined with market fundamentals, our investment strategy is focused on energy commodities and equities recovering in the coming months
- The bull market economic cycle should also favor energy investment

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EAGLE EQUITY HOLDINGS, LLC Q1 – 2017

Looking Forward

While the energy sectors performance was disappointing in Q1 2017, there are plenty of bullish signals that could quickly turn the sector around: (a) Summer — oil prices normally increase in the summer months due to refineries ramping up throughput; (b) Economy — healthy employment data plus the increase in SUV and Light Truck sales since 2014 is painting a good on-road fuel consumption picture; (c) OPEC — increasing support for extending production cuts for another 6 months.

Investment Opportunities

We believe the market has overreacted to short term headline news and succumbed to volatility. Strong market fundamentals the we have identified through our research will support both energy commodities and equity investments.

We have focused our investment strategy to profit from recovering crude oil and petroleum prices, and are positioned to benefit from the related impacts to underlying energy equities.

Dear Eagle—Q&A

What are the correlations between Economic cycle (green) and Sector rotation (red)?

The economy goes thru cycles at different stages of growth (or contraction). Investors favor certain sectors during the different stages of the economic cycle.

For example, during the 'Recession', investors will generally invest more conservatively and focus more on dividend paying stocks such as 'Utilities' and 'Finance'.

Currently, the market is at the cusp of the 'Early Recovery' stage. The fed has begun raising interest rates and plans to continue for the next few years. The Dow, Nasdaq and S&P have entered into bull market territories and are all near new highs. During this phase of the economic cycle, Industrials, Basic Materials and Energy should come into favor.