Eagle News

Eagle Equity Holdings, LLC

Q3 – 2017

Energy Fund II

Looking Back

After hitting a June low of $42, WTI Crude prices recovered and broke above $50 by the end Q3 2017.

US oil production reached 9.5mbpd in Aug, with the exception of one week due to hurricane impacts, production stayed at that level through Sept .

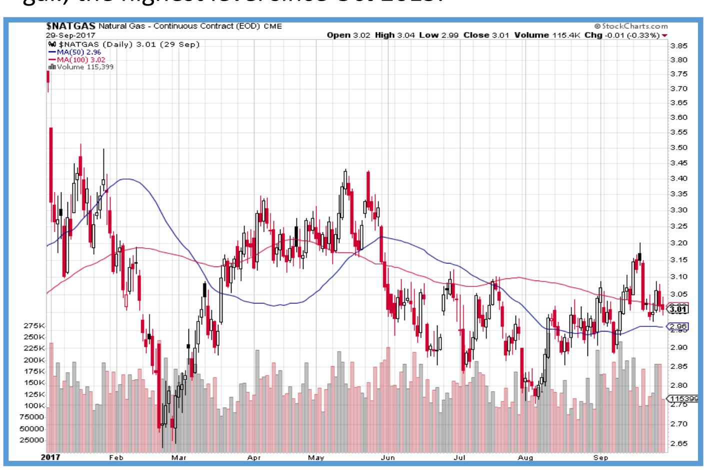
Since the US oil export ban was lifted in 2015, crude oil exports have increased from virtually zero to 1.5 mmbpd in September, the wide spread between domestic prices (WTI) and export prices (Brent) have facilitated the increase in exports.

The weekly US rig count reported by Baker Hughes peaked at 958 in late July and began to decline slowly, ending the quarter at 939 rigs.

OPEC continued to provide a positive vibe on the possibility of extending or deepening production cuts. This, coupled with geopolitical uncertainties in Venezuela and Iraq, has provided price support.

Natural gas ended the quarter at around $3 per mmbtu, with underground storage at 3.5 TCF, about 180 BCF less than this time last year.

Heating oil staged a very strong rally since bottoming in late June. Inventory has declined throughout the year with spot prices ending the quarter at around $1.80 per gal., the highest level since Oct 2015.



Eagle Focus

Looking Back:

- WTI prices bottomed in June and started an uptrend
- Natural gas range traded around $3.00
- US oil rig counts peaked in July

Looking Forward:

- We believe oil prices have found the bottom
- A strong global demand, reduced production and inventory have provided support to oils recovery
- Lower natural gas end of season storage levels could add volatility to the price going into winter

Investment Opportunities:

- Market sentiment is beginning to turn neutral
- Equities and commodities are starting an uptrend
- US rig counts are beginning to drop
- Many factors are supporting the oil markets moving forward
- Natural gas price pressure will likely continue during the shoulder months before winter
- Lower end of season storage levels could lead to a spike in prices if an early or extended cold spell hits.

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EAGLE EQUITY HOLDINGS, LLC

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Looking Forward

Oil prices hit a bottom in June with the extension of OPEC production cuts, US declining rig counts, accelerating decline curve of shale production, continuous strong global oil demand, rising US exports, and geopolitical uncertainty should provide the right ingredients for a long lasting oil recovery.

Natural gas prices could get some pressure during the shoulder months before winter. Storage level will likely end the injection season below last years number. With the continuous growth in production and consumption levels, any supply imbalances will be amplified. Based on early weather reports generally describing a normal winter (slightly colder than last year), prices could move quickly if we see any usually winter storm activity.

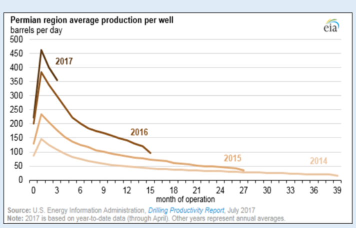
Investment Opportunities

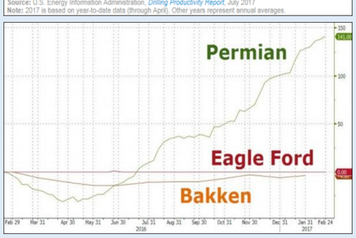
We believe market sentiment is beginning to shift from negative back to a more neutral level. Equities and commodities are at an early stage of recovery and prices could experience some short term volatility before resuming a longer term uptrend.

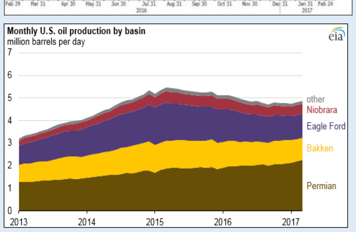
We have focused our investment strategy to profit from recovering crude oil and related petroleum prices, and are positioned to benefit from the related impacts to underlying energy equities.

Dear Eagle—Q&A

US Shale oil production and their decline curves.







US oil production has single-handedly defeated OPEC's attempts to push oil price higher over the last few years. The biggest contributor is US shale oil, with its production growth more than offsetting declines in tight oil production. However, shale oil wells have a sharp decline curve (see top left chart). Drillers have to keep drilling new shale oil wells to maintain production level. In 2016/2017, most of the new wells were added in the Permian region (see middle left chart). Since shale oil wells have a sharp decline curve, i.e., you have to add rigs to keep production levels up or the decline in existing wells will take over and production will drop. Therefore, Permian becomes the region with the most oil production growth (see bottom left chart).

Recent signs indicate the Permian may begin to slow down as well. Bottom line is, if you don't drill, the decline curve will take over.