Eagle News

Eagle Equity Holdings, LLC

Q3 – 2018

Energy Fund II

Looking Back

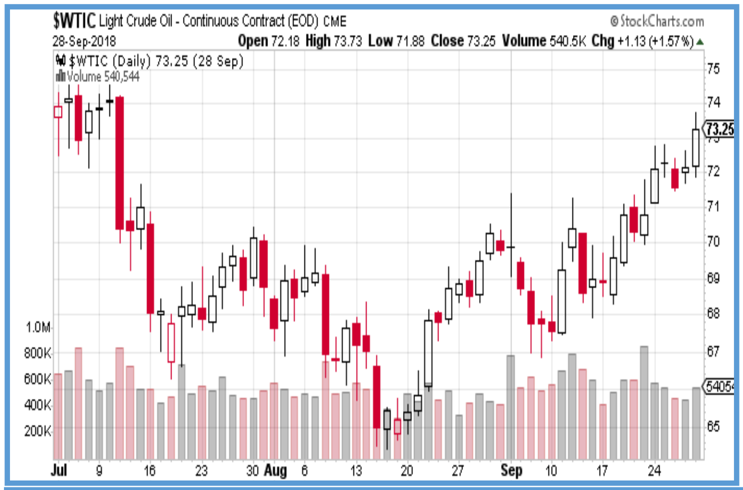
WTI crude oil prices started Q3 2018 at around $74. US & China trade tension plus President Trump talking down oil price forced WTI to retest the $65 level in mid-August. Good economic data from the US, OPEC held production numbers and Iran sanction in November kicked off a new rally, taking WTI back to $73.

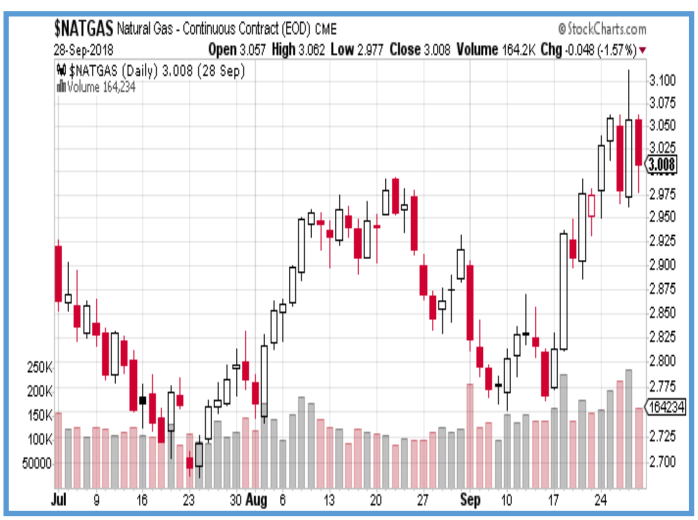
US oil production continues to increase reaching 11.1 mmbpd. It took a few weeks, but production finally broke thru the psychologic level of 11 mmbpd. However, it is noticeable that the rate of growth is definitely slowing down.

Total weekly US rig counts (both oil and gas), as reported by Baker Hughes have been steady, at around 860 oil production rigs.

Geopolitical tensions with Iran, and the continued deterioration of Venezuela, also added bullish sentiment to the market.

Natural gas storage reached 2.8 TCF level. which is almost 20% below the 5-year average. Natural gas finally broke thru the $3 per mmbtu level and is entering into the shoulder months with all eyes on winter weather forecasts.





Eagle Focus

Looking Back:

- WTI prices dipped and recovered to $73
- Natural gas broke thru $3 per mmbtu
- Strong US economy and Iran sanction is kicking off another oil rally

Looking Forward:

- We believe oil prices have more upside this year
- Steady global demand, reduced production, and inventories have provided support to oil's recovery
- Iran and Venezuela continue to be the gray rhino's of oil prices
- President Trump trying to talk oil price down and trade tension could add volatility
- Going into winter, natural gas inventory is low and price will be heavily affected by weather forecast

Investment Opportunities:

- Energy market is turning more bullish
- The mid-stream bottleneck in the US will limit production growth
- The steady global economy will continue push oil demand
- Trade tariffs and US sanctions could impact financial markets and commodities

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Looking Forward (long term outlook)

After years of under investment on the energy E&P sector, we are confident that the macro energy rally will continue for many more years.

US production will peak out at around 11-12 mmbtu for a couple of years until mid-stream bottlenecks are resolved. At that time, declining curve of shale production could take over and held production at these levels before a long, slow decline curve takes shape.

Saudis and Russia will regain control of the global oil market. Excluding any black swan events, oil will get back near $100 level in late 2019 or early 2020. Oil related equities will benefit from the new high oil price era.

Natural gas price on the other hand, is harder to predict. Natural gas is a clean, cheap energy source and should continue to do well and strengthen as a key global energy source. Supply/demand, liquification, logistic and transportation will cause huge spread between high sea LNG prices to US domestic natural gas price (Henry Hub). Nevertheless, US will become one of the major global natural gas suppliers in coming years.

Investment Opportunities (long term outlook)

Oil will continue to be the dominating energy source for many decades. With our high oil price prediction, we believe oil is starting a new super cycle and we will continue to overweight oil commodity and oil related equities.

Natural gas investment is more fluid. As natural gas begins to play a larger role in the global energy market, there be many transitions and adjustments along the way. Natural gas production, storage, liquification, transportation and commodity hedging will offer many investment opportunities.

Energy Fund II — Eagle News (last edition)

After three years of managing Energy Fund II, Eagle Equity Holding will dissolve this energy fund by the end of October 2018. We really appreciate all our investors and their trust with us managing this part of their energy investment portfolio. We are very happy with our overall performance and returns we achieved for our investors.

In **Jan 2019**, Eagle Equity Holding will launch our new investment service as **Registered Investment Advisor**. We will offer our investors more investment strategies to choose from and more flexibility with their investment accounts.

Please go to **www.eagleequityholdings.com** for the latest updates.

Thank you very much. Go Eagle!