Data Center Supercyle Marches On …

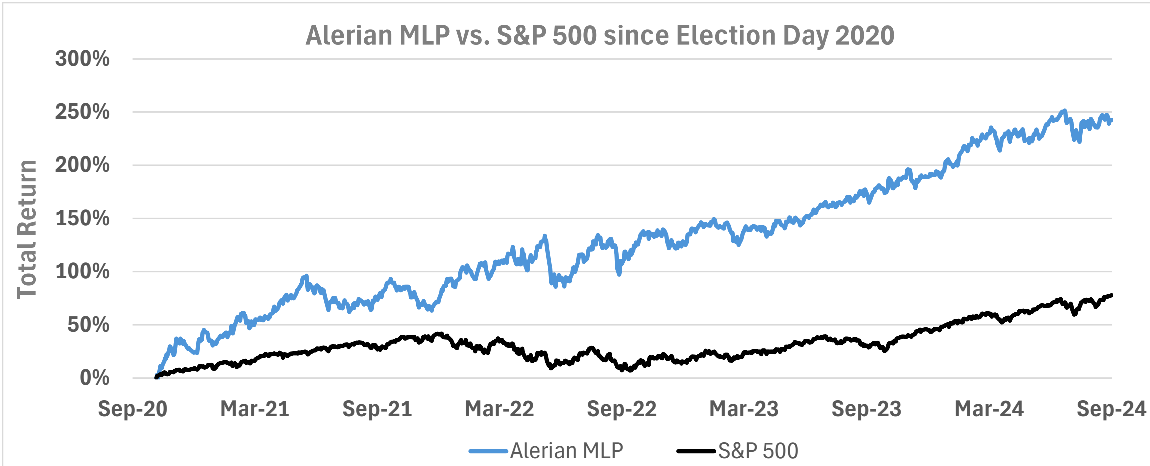
While Midstream management teams that caught the data center bug have been rewarded, time and successful execution will be the final judge. This is not meant to cast doubt as we have also caught the bug and believe, even if the experts are half correct, it bodes well for energy infrastructure over at least the next decade. Digging into Kinder Morgan comments on a recent earnings call, it is their belief that hyperscalers are driving annual electricity growth rate expectations higher, with a range (currently) of 2.6% to 4.7% that is up compared to the Energy Information Administration's previous long-term forecast of only 1.0%. Companies like Amazon are on record saying they alone could add 200 data centers over the next several years! In connection to these increases, Kinder Morgan disclosed its evaluating 1.6 billion-cubic-feet/day (Bcf/day) of data center-related natural gas projects, part of a broader 5 Bcf/day opportunity related to power generation.

Separately, DT Midstream (DTM) talked about how it is engaged in early-stage discussions for six data center projects, contributing to its $1.3 billion project backlog. Williams (WMB), one of the first Midstream companies to mention data centers, on its second quarter earnings call noted its large backlog of data center related projects, particularly in the Southeast and mid-Atlantic. Given the emphasis on speed to market, these are tending to get built at attractive return multiples relative to traditional Midstream projects. Another Midstream bellwether, Energy Transfer (ET), mentioned it is in discussions with multiple companies looking to construct data centers across four to five states where each requires an incremental 200-300 million-cubic-feet/day of natural gas, and they see a potential for 30-40 gigawatts of additional power demand in Texas over the next 6-8 years. This trend is not exclusive to the United States. The Canadians joined in on the fun with Enbridge (ENB) highlighting it is seeing significant growth from data centers in Ontario where demand is rising in the greater Toronto area.

We believe the data center boom is real and has staying power, offering Midstream investors yet another theme to latch on to. Stock selection is key since corporate strategy, execution, and positioning will likely benefit some over others.

Election 2024: Still Unconcerned About the Outcome

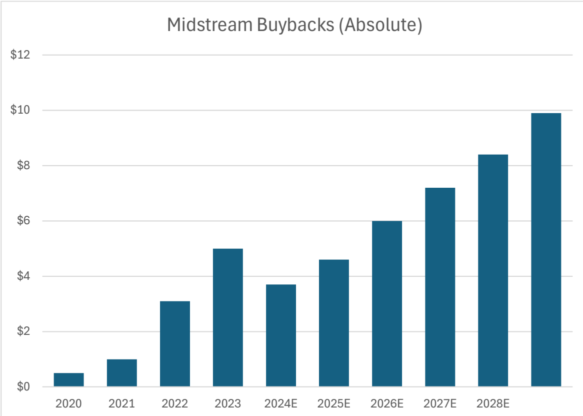
Four years ago we titled our quarterly (3Q 2020) note "Is Midstream's Concern of a Biden Presidency an Illusion?", and in many ways the concerns were unfounded. Every year since Biden's election the Alerian MLP Index outperformed the S&P 500. So here we are, four years later, and we have a familiar face (Trump) and a new face (Harris), and some of the same concerns. We continue to believe energy fundamentals drive performance above everything else, though since elections matter, we thought it would be helpful to know we once again don't see much reason for concern. Make no mistake, the United States and the world need a lot more energy and, therefore, energy infrastructure. We think each candidate knows this and will do what is necessary to deliver.

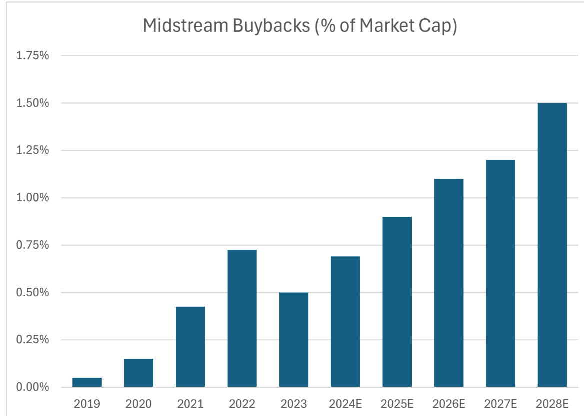


Source: Bloomberg

__If Trump wins__ we expect a continuation of where he left off, with a strong emphasis on deregulation and a nuanced view towards boosting both traditional and renewable energy production. *__If Harris wins__* we would expect a continuation of incremental regulation and … a nuanced view towards boosting both traditional and renewable energy production. The fundamental truth of today's energy market is that energy demand is accelerating on the backs of new data centers and the adoption of electric vehicles, which require reliable energy that only traditional energy can deliver cost-effectively. That's not to say traditional energy is the big winner, just that we need more energy from all sources. To achieve this goal requires a significant buildout of energy infrastructure, and we believe whoever wins recognizes this and would be willing to craft a bipartisan solution that allows the United States to produce more traditional and renewable energy.

However, there is one area that concerns us greatly, and that is how the current environment makes it nearly impossible to build new infrastructure. If nothing changes, the scarcity premiums Midstream enjoys will continue to rise. Our preference, of course, would be rational government policy that takes into account Main Street's desire for both more demand and lower emissions. If whoever wins the election can reach consensus that allows new infrastructure to get built, then Midstream should experience EBITDA growth for years to come. In the meantime, Midstream continues to be attractive thanks to scarcity premiums and large amounts of free cash flow that not only internally finances growth but also delivers return of capital like dividend increases and share buybacks.

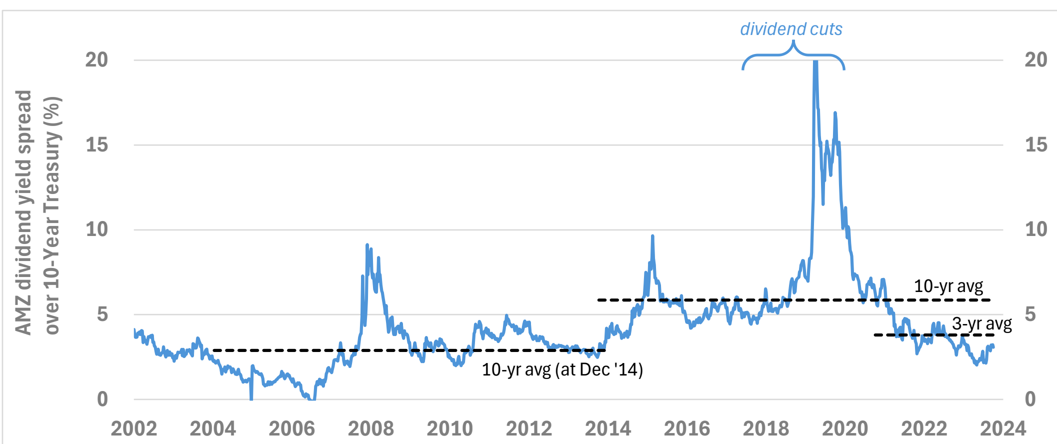




Source: Factset, company reports, Wells Fargo

<u>Declining Interest Rates Unlikely a Tailwind, Though Also Not a Headwind</u>

The Federal Reserve's decision to cut interest rates in September for the first time in years is a signal the organization believes inflation is under control and the time has come to protect against recession. We believe a declining interest rate environment is a mixed bag for Midstream. We see good reason for income-oriented investors to gravitate towards Midstream's healthy dividend yields, and perhaps even bring back a trade that at one time worked well: the Alerian's yield spread over the 10-year Treasury. This trade pushed investors to bid up Midstream equity values as interest rates fell to keep the yield consistent with its 10-year average. We believe the logic of this trade was simply investor preference to clip higher yields relative to other options like the 10-year Treasury. This trade faded when investors no longer believed in the dividends, though 4-plus years of rising dividends may convince investors to resurrect this trade.



Source: Factset, company reports, Wells Fargo

Interest rates represent only one piece of the fundamental picture, just like federal elections and so many other inputs. Make no mistake, we're satisfied with where Midstream is and reiterate our view that the sector remains among the best kept secrets in the market.

Outlook & Positioning

We continue to focus on the research and portfolio execution effort and are in constant dialogue with industry experts and management teams. We continue to believe oil and natural gas will play a major and increasing role in the global economy, and owing to healthier balance sheets, higher coverage, and heightened discipline are optimistic about the long-term viability of Midstream as a sector for investors who prioritize income.

Important Risk 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. Eagle Global Advisors, Princeton Fund Advisors, LLC and Northern Lights Distributors, LLC are not affiliated.

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. Past performance does not guarantee future results.

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 Alerian Midstream Energy Index is a broad-based composite of North American energy infrastructure companies.

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.