

# Eagle Global Advisors, LLC

## Part 2A of Form ADV

### The Brochure

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This brochure provides information about the qualifications and business practices of Eagle Global Advisors, LLC (“Eagle Global” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 713-952-3550. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Registration with the SEC does not imply any level of skill or training.

Additional information about the Company is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

- As of July 31, 2017, Eagle Global is no longer the investment adviser to the EMC Long/Short Equity Fund, LP and the EMC Alpha Fund, LP. Both funds are now managed by EMC Wealth Management, LLC and primarily by the same portfolio manager, Rasool Shaik, who has transitioned to EMC Wealth Management, LLC. Additionally, as of January 1, 2019, Eagle Global implemented a new strategy, the Green Infrastructure Strategy. A detailed description is contained herein under “Strategy Descriptions” and “Investment Processes.” Effective April 23, 2018, Eagle Global’s primary office location is 1330 Post Oak Blvd., Suite 3000, Houston, Texas 77057.

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## Advisory Business

Eagle Global was founded in November 1996 and is principally owned by Thomas Hunt, Edward Allen, and Steven Russo. As of December 31, 2018, the Company managed \$2,632,277,379 on a discretionary basis. Eagle Global also provides investment research and model investment recommendations to accounts of third-party advisors with a value of \$333,197,758.

The Company employs a variety of investment strategies to develop an individually managed account customized to each client’s time horizon, lifestyle and investment objectives, and has the flexibility to accommodate portfolio requirements and restrictions in such accounts. The Company has also customized strategies for investments in its private fund and mutual fund vehicles. Eagle Global’s investment strategies are described in greater detail under the section titled **Methods of Analysis, Investment Strategies, and Risk of Loss** of this Brochure.

## Advisory Services

The Company’s investment advisory services begin on the date that the account is accepted by Eagle Global and initially allocated into the management positions. There are certain instances where a client agreement will be received but be pending for a period of time due to account restrictions, anticipation of an upcoming

strategy change or other operational issues. The Company is not responsible for performance prior to the acceptance and establishment of investment advisory services by the Company. Clients and/or their Solicitor's Agent, Consultant, or Adviser may contact the Company at any time to inquire on the status of their account.

The Company's asset management services to its clients generally include the following:

Investor Profile — The Company consults with the client or client's consultant to obtain their investment objectives profile. The Company works with the client or client's consultant to determine the appropriate investment guidelines, risk tolerance and other factors that will assist in ascertaining the suitability of managing the account.

Portfolio Management Selection — The Company diversifies and manages the client's portfolio. Investments are determined based upon the client's investment objectives, risk tolerance, net worth, net income and other various suitability factors. The Company manages the client's accounts on an individualized basis. Restrictions and guidelines are accepted by Eagle Global, and when imposed may affect the composition and performance of a client's portfolio compared to other clients.

Performance Evaluation and Monitoring Services — The Company will furnish performance measurement services to its clients or clients' consultants, provided by the custodian broker/dealer and through internally generated reports, in the form of quarterly performance evaluation reports. The internal reports are intended to inform clients or the clients' consultants as to how their investments have performed for the selected period.

### **Wrap Fee Relationships**

Eagle Global serves as a portfolio manager for a variety of wrap fee programs. The advisory services provided to clients participating in a wrap fee program ("Wrap Program Clients") are substantially similar to those discussed above. These wrap fee programs are arrangements in which investment advisory services, brokerage execution services and custody are provided by a sponsor for a single predetermined "wrap" fee (regardless of the number of trades completed by a client). Generally, Wrap Program Clients pay this single, all-inclusive fee quarterly in advance to the program sponsor, based on the net assets under management. The Company receives from the program sponsor a portion of the wrap fee for the portfolio management services it provides. Each program sponsor has prepared a wrap brochure which contains detailed information about its wrap fee program, including the wrap fee charged. Copies of each wrap brochure are available from the program sponsor upon request. Each wrap program sponsor has retained the Company through a separate investment advisory contract. Wrap Program Clients should note that the Company will execute transactions for their accounts through the wrap sponsor. Transactions executed through a wrap sponsor may be less favorable in some cases than the Company's clients whose trades are not executed through the wrap sponsor. This is because the Company has no ability to negotiate price or take advantage of combined orders or volume discounts when executing transactions through the wrap sponsor. Please contact Steven Russo for a full listing of Wrap Fee Programs for which Eagle Global serves as a portfolio manager.

### **Research and Model Investment Recommendation Services ("Research Services")**

The Company provides research and model portfolio investment recommendations to several clients. The Company provides these clients solely with research services and does not provide trading or additional services. These clients use research provided by Eagle Global to implement investment recommendations for their own clients.

### **Sub and Co-Advisory Relationships**

Eagle Global serves as an investment co-advisor to the Eagle MLP Strategy Fund and subadvisor to the

Timothy Plan Israel Common Values Fund and the Timothy Plan International Fund.

## **Private Funds**

Eagle Global acts as investment adviser to the following private funds (collectively, “Private Funds”):

- Eagle Income Appreciation Partners, L.P. and Eagle Income Appreciation II, L.P. (the “MLP Partnerships”). The MLP Partnerships are Texas limited partnerships which were formed to invest in master limited partnerships and other securities which are believed to have a high likelihood of producing an attractive rate of return from both capital appreciation and income. Eagle Income Appreciation GP, LLC, a Delaware limited liability company, is general partner of the MLP Partnerships (“General Partner”).
- Eagle Global Special Situations Fund, LLC is a Delaware limited series limited liability company. Investments into this fund are made through LLC interests into a Series, which are established at the time each investment opportunity arises. Eagle Global Special Situations Fund, LLC invests in all parts of the MLP capital structure. Eagle Income Appreciation GP, LLC, a Delaware limited liability company, is the Manager of the fund (and has delegated investment management to the Company).

Eagle Global may also recommend investments of private funds not managed by the Company. In each case, clients will be required to review and sign separate partnership agreements. Clients should carefully review all such documentation.

For new private fund investors, subscription wires received prior to the effective investment dates of their respective capital accounts will be held in escrow until such investment date.

## **Fees and Compensation**

### **Generally**

Fees are payable in arrears by separate account clients on the last day of each quarter. However, such fees may be paid quarterly in advance depending on the Company arrangement with the client. Advisory fees are generally directly debited from the client’s custodial account; however, certain clients are invoiced directly for our advisory fees. Clients are afforded the option to select the method of payment they prefer. Either party may terminate the contract at any time with written notice. Fees are prorated to the amount of days in the quarter in which the client received the Company’s services. All fees and fee structures are negotiable, including whether fees will or will not be charged on any cash held in a client’s portfolio and whether multiple accounts may be aggregated for fee reduction purposes. Fees will be in compliance with Rule 205-3 under the Investment Advisers Act of 1940 (“Advisers Act”).

Management fees charged are separate and distinct from the fees and expenses charged by mutual funds, ETFs, ETNs and closed-end funds which may be recommended to clients. A description of these and other expenses are available in each mutual fund’s prospectus. However, clients that have invested in the mutual funds advised by Eagle Global will not be charged advisory fees on the portion of the account that is invested in an Eagle Global advised mutual fund.

Clients may incur other additional charges imposed by third parties other than the Company. For example, clients other than Wrap Program Clients are responsible for trading costs and custodial fees. Please refer to the Brokerage Practices section of this brochure for details on the Company’s brokerage arrangements.

### **Separately Managed Accounts**

***Domestic Securities*** 1% on first \$2,000,000 and .6% thereafter  
Minimum fee \$10,000

***International Equities***

\$0 to \$5 million	1%
\$5 to \$10 million	.90%
\$10 to \$25 million	.85%
\$25 to \$50 million	.80%
\$50 to \$100 million	.70%
\$100 million and over	negotiable

Minimum fee \$10,000

***Master Limited Partnerships***

0.95% of assets for Quality Core Strategy
No minimum fee
1.25% of assets for Total Return Strategy
Minimum fee of \$10,000

### **Wrap Fee Programs**

Wrap Program Client fees and termination policies are agreed upon as stated in the agreement between the wrap fee sponsor and Eagle Global and disclosed in the sponsor's Appendix 1/Wrap Brochure to Form ADV Part 2A.

### **Research Services**

The Company's fees for Research and Model Investment Recommendation Services are negotiated on a case-by-case basis.

### **Sub and Co-Advisory Relationships**

The fee schedule and termination policies for sub and co-advisory services are negotiated separately by the Company and the investment or trust companies that Eagle Global advises. The fees paid to the Company generally range from .30 % to 1.0 % of assets under management, depending on the strategies employed, the level of assets to be managed and the amount of client servicing required. The fee schedule and termination policies for clients in each sub and co-advisory arrangement will be provided to potential clients by the primary adviser or by Eagle Global along with this disclosure document.

### **Private Funds**

#### ***MLP Partnerships***

The Company receives a management fee from the MLP Partnerships equal to 1% per annum of the value of the investor's pre-distribution capital account balance, payable quarterly. The General Partner receives additional performance based fees discussed below.

#### ***Eagle Global Special Situations Fund, LLC***

Each Series of LLC Interests is subject to a management fee, as set forth in each Series Supplement. The Company, in its sole discretion, may waive or modify the management fee (if any) for Members that are employees or affiliates of the Company, relatives of such persons, and for certain other investors. As of its inception on March 31, 2017, the Company has not collected a management fee for the Eagle Global Special Situations Fund, LLC.

### **Other Fees and Expenses of the Private Funds**

Generally, each Private Fund (and indirectly its investors) may also bear all costs and expenses arising in connection with its operation, including: (i) all costs and expenses directly related to a Private Fund's investments or prospective investments, including transactions costs, custody fees, fees of professional advisors and consultants, due diligence (including travel and travel-related) expenses (ii) fees, expenses, interest payments, and principal payments due to any financing sources, (iii) any withholding or transfer taxes imposed on the Private Fund or any partner); (iv) any governmental, regulatory, licensing, filing or registration fees, (v) any interest due to the partners in connection with capital withdrawals; (vi) any legal, auditing, consulting, research, advisory, accounting, and administrative fees and expenses; (vii) costs for research and data services, subscriptions and software used for purposes of identifying, selecting, researching and analyzing Private Fund investments; (viii) costs of holding any meetings of partners, (ix) costs of liability insurance obtained on behalf of the Private Fund, General Partner, or the Company. **The expenses described herein are qualified in their entirety by the actual fees and expenses described in each Private Fund's Private Placement Memorandum.**

## **Performance Based Fees and Side-by-Side Management**

As compensation for its services to the MLP Partnerships, the General Partner (an Eagle Global affiliate) is entitled to a performance-based profit allocation with respect to each investor in the Private Funds equal to 10% multiplied by the amount (if any) by which the pre-distribution capital account balance of such investor as of the end of each allocation period exceeds the sum of a high water mark amount plus a hurdle return of 8% per annum on the high water mark amount for the allocation period where the high water mark amount is the highest value of such investor's pre-distribution capital account balance as of the end of any prior fiscal year end (or at inception if the investor was admitted to the Private Funds during the current fiscal year) appropriately adjusted for intervening capital contributions, withdrawals and distributions to make such balances comparable.

The Company may also receive an incentive fee, typically subject to a high water mark, from various Series of the Eagle Global Special Situations Fund, LLC as further described in the applicable Series Supplement, which the Company may waive or modify for Members that are employees or affiliates of the Company, relatives of such persons, and for certain other investors.

In addition, the Company shares an ownership interest in the General Partners of two funds. which it no longer manages. Specifically, the Company owns a portion of the EMC Long/Short Equity Fund GP LP which is the General Partner to the EMC Long/Short Equity Fund LP, and EMC Asset Management, LLC, which is the General Partner to the EMC Long/Short Equity Fund GP LP and to the EMC Alpha Fund. These General Partners, respectively, can receive an incentive allocation of ten percent (10%) of any investor's share of any net profits, including realized and unrealized gains and losses, for such fiscal year, subject to a loss carryforward provision or "high water mark".

Only accredited investors are permitted to invest in the Private Funds. Additionally, only qualified clients within the meaning of Rule 205-3 under the Advisers Act can be investors in Eagle Income Appreciation Partners LP. Only qualified clients and qualified purchasers within the meaning of Section 2(a)(51) of the Investment Company Act of 1940 can be investors in Eagle Income Appreciation II, L.P. and in the Eagle Global Special Situations Fund, LLC.

The fact that the Company is compensated based on the trading profits creates an incentive for the Company to make investments on behalf of clients that are riskier or more speculative than would be the case in the absence of such compensation. In addition, a portion of the performance based fee received by the Company is based on realized and unrealized gains and losses. As a result, the performance based fee earned could be based on unrealized gains that clients may never realize.

Providing advisory services to the Private Funds, which pay performance based fees, and similar accounts that pay asset based fees creates a conflict of interest. Eagle Global may have an incentive to favor accounts for which we receive a performance based fee. To mitigate this conflict, the Company has implemented policies and procedures, including those discussed below regarding the aggregation and allocation of trades.

## **Types of Clients**

Eagle Global generally provides investment advice to high net worth individuals, retirement plans for corporations and unions, financial institutions, trusts, endowments, foundations, and registered and unregistered investment companies.

In general, the minimum account size for a separately managed account is \$1,000,000, unless an exception is agreed by the members of the Company. The minimum account value for the Quality Core MLP strategy is \$250,000 and the minimum account size for the Total Return MLP strategy is \$5,000,000. The minimum investment for each of the Private Funds is discussed in the relevant Private Funds' Private Placement Memorandum.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

### **Strategy Descriptions**

Eagle Global generally manages client accounts according to one or several of the following strategies, that are intended to identify companies with improving growth potential unrecognized by current valuations:

- Domestic Equity Strategy – This portfolio seeks to combine both growth and value factors through investments in large-cap U.S. equities;
- International Equity Strategy – This portfolio seeks to combine both growth and value factors through investments in large-cap international equities;
- Global Equity Strategy – This portfolio seeks to combine both growth and value factors through investments in large-cap U.S. equities and large-cap international equities;
- Fixed Income Strategy – This portfolio seeks preservation and low risk total returns through investments in investment grade bonds of intermediate maturities (less than 10 years), as well as ETFs, ETNs and Mutual Funds. Fixed income accounts are intended to provide capital preservation and low risk;
- Master Limited Partnership (“MLP”) Strategy – These portfolios seek tax advantaged income generation, capital appreciation, and lower volatility through investments in master limited partnerships and MLP related corporations. The Company offers Total Return and Quality Core MLP strategies.
  - The Total Return MLP strategy seeks a high total rate of return from both tax advantaged income and capital appreciation through investments in master limited partnerships and other midstream companies.
  - The Quality Core MLP strategy is designed for greater concentration of holdings and lower turnover.
- Special Situations Strategy – Each series in the LLC makes one investment. The investments seek to produce return from capital appreciation and income through various parts of the capital structure

of MLPs, including debt, perpetual preferred securities, warrants, common stock or direct ownership of MLPs, publicly traded downstream, electric, midstream, shipping, upstream, utility and other related energy corporations, as well as hard assets.

- Green Infrastructure Strategy – This portfolio seeks to access the core value proposition of the renewable infrastructure asset class through a concentrated portfolio of renewable infrastructure companies. The strategy targets a combination of dividends and long term stock appreciation.

Within each separately managed account strategy, client accounts are generally managed to a model and are subject to client imposed investment restrictions and valuations of the securities. Within each Private Fund strategy, investor capital is managed based on the strategy described in the Private Placement Memorandum (PPM).

## **Investment Processes**

Eagle Global's investment process for Domestic, Global, and International Equities incorporates both top-down and bottom-up elements and is designed to identify companies with improving growth prospects that have not been incorporated into current valuations. The Company employs a series of quantitative multi-factor models that are used to provide both top-down and bottom up analysis. The models provide directional guidance towards countries, sectors and stocks with improving prospects. Additionally, company-specific ideas are subjected to traditional fundamental analysis including a qualitative analysis of a company's competitive strengths, weaknesses and industry positioning as well as the company's management strength and integrity. Eagle Global also performs an analysis of company financials. The Company utilizes various sources of information such as FactSet, CSFB HOLT, and Bloomberg databases in conducting its analysis. All portfolio decisions for these strategies are made by the Investment Committee by a majority vote of the Committee members as identified above.

Eagle Global's Fixed Income strategy investments are determined through traditional top down and bottom-up fundamental analysis in an effort to construct a portfolio with the desired maturity and quality characteristics. The strategy makes investments in taxable and tax-free bonds, ETFs, ETNs and mutual funds that are primarily composed of intermediate maturity and investment grade securities. The strategy investments are adjusted to changing economic and interest rate conditions. The strategy investments seek to achieve capital preservation, income generation and low risk total return. Investment decisions for this strategy are made by the Fixed Income Investment Committee.

Eagle Global's MLP Strategy investments are determined through traditional fundamental analysis. Financial models, analyst research and meetings with company management are used to select attractive MLPs and MLP related corporations. The MLP Strategy focuses on investing in units of master limited partnerships, corporations that own and invest in MLP and midstream related assets, based on each unit's anticipated total return potential and risk characteristics. Investment decisions are made at the discretion of the MLP portfolio manager upon recommendations made by the MLP investment team.

Eagle Global's Green Infrastructure Strategy investments are determined through traditional fundamental analysis. Financial models, analyst research and meetings with company management are used to select attractive renewable infrastructure companies. The Green Infrastructure Strategy focuses on companies that own and invest in renewable infrastructure assets, based on each company's anticipated total return potential and risk characteristics. Investment decisions are made at the discretion of the Green Infrastructure portfolio managers upon recommendations made by the Green Infrastructure investment team.

The Eagle Global Special Situations Strategy identifies investment opportunities through quantitative and fundamental analysis and purchases and holds investments which are believed to have significant total return potential. The holding period for each investment may vary and, in some cases, may last for years before

being liquidated. Eagle Global's Investment Committee approves the selection of investments for each Series and will monitor each Series' performance on an ongoing basis. All investment opportunities approved by the Investment Committee are presented to and approved by prospective investors prior to investment. Each Series is formed only after investors express commitment to investing in the prospective company.

## **Risks Involved**

### *General Investment Risks*

All investing involves a risk of loss that clients should be prepared to bear. There is no guarantee that any strategy's investment objective will be met, and the investment strategies offered by Eagle Global could lose money over short or even long periods. In adverse market conditions the Company may use cash as a method for protecting client portfolios. Performance could be hurt by any number of different market risks including but not limited to:

### *Equity Securities*

The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short-term as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally. In addition, the value of portfolios may fluctuate as the general level of interest rates fluctuates.

### *Small and Micro Capitalization Companies*

Eagle Global may invest a portion of its assets in small, micro, and/or unseasoned companies with small market capitalizations. While smaller companies generally have greater potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger companies.

### *Non-U.S. Securities*

Eagle Global invests in non-U.S. securities for many clients. International securities will give rise to risks relating to political, social and economic developments abroad, as well as risks resulting from the differences between the regulations to which U.S. and non-U.S. issuers and markets are subject. These risks include political or social instability, the seizure by foreign governments of company assets, acts of war or terrorism, withholding taxes on dividends and interest, high or confiscatory tax levels and limitations on the use or transfer of assets. Some international investments are made in emerging markets. Investments in emerging markets may be impacted by economic conditions in which those companies operate. Many developing countries have a history of economic instability and Eagle Global's success may depend on the overall level of economic activity and political stability in these emerging markets.

### *Short Selling*

Short selling transactions expose clients to the risk of loss in an amount greater than the initial investment, and such losses can increase rapidly and without effective limit. There is the risk that the securities borrowed by a client in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are

receiving similar requests, a “short squeeze” can occur, wherein an adviser, on behalf of a client account, might be compelled at the most disadvantageous time to replace the borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

#### *Fixed Income Securities*

Risks associated with investing in fixed income securities include:

- The bond issuer’s inability to pay interest or repay the bond;
- Changes in market interest rates cause the bond’s value to fall;
- Illiquidity in the bond market may make the bond difficult or impossible to sell;
- The bond issuer may repay the bond prior to maturity; or
- Inflation may reduce the effective yield on the bond’s interest payments.

#### *Risks Specific to the MLP and Special Situations Strategies*

Risks associated with investing in MLP and Special Situations Strategies’ securities include:

- **Concentration Risk:** Most MLP investments are concentrated in the natural resource infrastructure and processing industries. This investment strategy tends to be nondiversified. Thus, clients participating in this strategy will be substantially concentrated in one sector of the economy. Additionally, because of the limited number of MLPs and midstream related companies that fit the investment objective, clients and the MLP Partnerships may at certain time hold large positions in a relatively limited number of investments. Clients and the MLP Partnerships could be subject to significant losses if they hold a large position in a particular investment that declines in value.
- **Management risk** - the risk associated with ineffective or underperforming management. For example, management may elect to overleverage or invest in volatile or under-maintaining assets.
- **Acquisition risk** – the MLPs may not be able to access capital, thus limiting the growth prospect of the MLP.
- **Structure risk** – investors generally have fewer rights in a limited partnership structure and general partners of the entity may have conflicts of interest with the limited partners.
- **Interest Rate risk** – large changes in interest rates of alternative income instruments can affect MLP returns.
- **Regulatory risk** – changes in U.S. tax regulations could negatively affect the treatment of MLP distributions.
- **Tax risk** – MLPs do not typically pay U.S. federal income tax at the partnership level. Rather, each partner is allocated a share of the partnership’s income, gains, losses, deductions, and expenses. In extreme cases, liabilities of MLPs that are forgiven in bankruptcy could be treated as income to the MLP, which could result in tax liabilities payable by the MLP’s limited partners. While the Company has not observed such an occurrence, in the event a client’s investment in an MLP suffered significant reductions in value due to bankruptcy, it is possible that such additional tax liabilities could result in losses exceeding the value of the client’s initial investment in the MLP. Because each client’s tax situation is unique, clients should consult a tax professional about federal, state, and local consequences of MLP investments.

#### *Cybersecurity Risk*

The Company, its service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect clients, including Private Funds and their investors, despite the efforts of the Company and its service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems,

software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to clients and/or Private Funds. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Company and its service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Company's systems to disclose sensitive information in order to gain access to the Company's data or that of clients or the Private Funds' investors. A successful penetration or circumvention of the security of the Company's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Private Funds, the Adviser or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

**Additional risks involving an investment in the Private Funds are discussed in each Private Fund's Private Placement Memorandum.**

## **Disciplinary Information**

The Company and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

## **Other Financial Industry Activities and Affiliations**

Affiliates of the Company are the General Partners and/or Manager of the Private Funds in which clients are solicited to invest. Because the Private Funds pay performance based fees, in addition to management fees, the fee structure presents an apparent conflict of interest. To address this apparent conflict of interest, Eagle Global has implemented trade allocation and aggregation policies, which are discussed in the Brokerage section of this brochure. In addition, certain employees of the Company also have investments within the Private Funds. These employees pay the same management and performance fees as the other investors. An exception to this is investment vehicles comprised solely of employees at Eagle Global, which may pay no or reduced fees.

Certain control persons of Eagle Global also have an economic interest in two funds previously managed by Eagle Global: the EMC Alpha Fund, LP and the EMC Long/Short Equity Fund LP. As of July 31, 2017, these funds are managed by a separate adviser registered with the state of Texas, EMC Wealth Management, LLC. A conflict of interest exists in that Eagle Global may continue to recommend that clients invest in the EMC Alpha Fund, LP and/or the EMC Long/Short Equity Fund, LP while at the same time sharing in economic interest of the general partner of those funds, as described herein under "Fees and Compensation". To mitigate this conflict, Eagle continues to conduct diligence on these investments and make recommendations to invest in these funds only when appropriate for the client. Additionally, Eagle Global does not receive any referral fees from EMC Wealth Management, LLC for recommending clients to invest in the EMC Alpha Fund, LP and/or the EMC Long/Short Equity Fund, LP.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Company has adopted a Code of Ethics pursuant to Rule 204A-1 under the Advisers Act, to ensure that securities transactions by Company employees are consistent with the Company's fiduciary duty to its clients and to ensure compliance with legal requirements and the Company's standards of business conduct. The Code requires that employees obtain prior approval for personal securities transactions and requires transaction confirmation and quarterly reporting of such transactions. If you would like to receive a written

copy of Eagle Global Advisor's Code of Ethics please contact Shelley Milloway at 713-952-3550.

The Company's employees are permitted to invest in the same securities that are recommended for client accounts, subject to the following restrictions. Investment Professionals may not purchase securities for their personal account until at least one day after they have purchased that security for Client portfolios that they manage. They may not sell any Security for their personal account until at least one day after they have sold that Security for Client portfolios that they manage. To prevent conflicts of interest, all employees of the Company must comply with the Company's Compliance Manual and Code of Ethics, which imposes restrictions on the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons.

Records will be maintained of all securities bought or sold by the Company, employees or related entities. With the exception of records of the Company's private fund and mutual fund clients, such client holdings and transaction records will be available for client inspection in the Company's offices upon request. Files of securities transactions effected for employees of the Company will be maintained for review should there be a conflict of interest. All securities transactions of related persons of the Company will be reviewed by the Chief Compliance Officer or his designee to ensure no conflicts exist with client executions.

Additionally, certain of Eagle Global's employees or related parties will have an investment in the Private Funds. For example, the General Partner for the MLP Partnerships is 100% owned by Eagle Global. Therefore, Eagle Global, its employees, or a related entity participate in transactions effected for Private Funds. Eagle Global will also solicit clients to invest in the Private Funds. Recommendations will only be made to clients who are qualified to invest in the Private Funds and the investment is suitable with the client's investment objectives.

## **Brokerage Practices**

### **Selection of Brokers**

In the allocation of brokerage business, the Company may give preference to those brokers or dealers who provide research or brokerage services to the Company, either directly or through third parties. Such services may be purchased using credits generated through the execution of client securities transactions, known as "soft dollars." Research services may include advice, either directly or through publications or writings, as to the value of securities, the advisability of investing in, purchasing, or selling securities, and the availability of securities or purchasers or sellers of securities; and analyses and reports concerning issues, industries, securities, economic factors and trends, portfolio strategy, earnings estimate databases, valuation databases, and the performance of accounts. Thus the Company may be able to supplement its own information and to consider the views and information of other organizations in arriving at investment decisions. Brokerage services may include a dedicated trading desk that services Eagle Global's clients, a dedicated service group and an account services manager dedicated to the Company's accounts, access to a real time order matching system, ability to block client trades, electronic download of trades, portfolio management software, access to an electronic interface, and duplicate and batched client statements. If such information and services are received and are in fact useful to the Company, it may tend to reduce the Company's normal and customary need to devote resources to brokerage and research activities. All products and services received will benefit all client accounts, although some clients may benefit to a greater or lesser extent than others. Additionally, certain clients' trading activities may not generate soft dollar credits due to directed brokerage or other arrangements. Because the Company uses research and brokerage services to enhance its investment due diligence and execution capabilities generally, such clients will likely benefit from research and brokerage services purchased using soft dollars generated by other client accounts.

The Company limits its use of soft dollars to purchase services within the safe harbor provisions of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) of the Securities Exchange Act of 1934 provides

a "safe harbor" for investment managers who use commission dollars of their advised accounts to obtain investment research or brokerage services that provide lawful and appropriate assistance to the manager in performing investment decision-making responsibilities and executing client transactions. Payment for such services with commission dollars is in all events limited to the portion of the costs of such services that are relevant to the investment decision-making and execution processes of the Company. However, using commission dollars to obtain these products and services provides the Company a benefit because it does not have to produce or pay for the research, products or services. When the Company uses soft dollars to pay for a service used for different purposes, the portion of the service used in the investment decision-making or execution processes is determined through a survey of employees regarding their use of the service. The Company pays for portion of the service falling outside the Section 28(e) safe harbor with hard dollars; alternatively, the Company may pay for such services entirely with hard dollars.

Currently only agency trades and no principal trades are used in connection with payment for these services. Soft dollar arrangements give the Company an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than our clients' interest in receiving the most favorable execution.

### **Client Directed Brokerage**

In some instances, clients have directed the Company to use a specified broker or dealer for portfolio transactions for such client's account, even though such broker or dealer charges commission rates in excess of the institutional rates generally available to the Company. The Company will follow the client's direction as long as the client understands that under such an arrangement (i) the ability of the Company to negotiate commissions on the client's behalf will be limited and as a result, the client will likely pay higher commission rates and disparate commission rates depending on the client's commission arrangement with such broker or dealer, and (ii) the ability of the Company to "batch" the client's order with the orders of other clients will be limited so that the opportunity to achieve reduced commission rates or better executions may be lost to the client. The client using such an arrangement must understand that should the Company be free to select a broker or dealer, to negotiate for institutional commission rate and to "batch" orders, the client might pay rates below customary retail brokerage rates and might achieve better executions. In certain situations, the Company may seek to meet directed brokerage mandates by stepping out trades batched with other client orders for execution to a directed broker for settlement. The Company is under no obligation to execute directed brokerage trades through the use of step-out trades, and will not do so if it determines that the practice is detrimental to execution costs or quality of clients that do not direct brokerage.

Although the Company will attempt to effect directed brokerage transactions in a manner consistent with its policy to seek prompt execution of orders in an efficient manner at a favorable price, its ability to obtain best execution for these transactions may be affected. Some of the Company's clients have selected a broker-dealer to act as custodian for the client's assets and direct the Company to execute transactions through that broker-dealer. It is not the practice of the Company to negotiate commission rates with such broker-dealers. When clients open a custodial account with a bank trust company and grant the Company discretion to select a broker-dealer, the Company will make a best effort to obtain the best brokerage commission rate possible under the circumstances. Clients directing brokerage pay higher brokerage commissions than would be paid when the Company is free to determine the best available broker and the Company is not be able to aggregate directed brokerage orders with orders for its other client accounts.

Accordingly, clients directing brokerage to a particular broker-dealer should consider whether the commissions, executions, clearance and settlement capabilities and fees for custodial or other services provided to the client by that broker-dealer (if applicable) will be comparable to those otherwise obtainable. The Company does expect custodial and brokerage firms to meet minimum requirements for operational efficiency and therefore not all custodial and brokerage firms will be acceptable to the Company. The Company also reserves the right to not accept a designated broker-dealer where it does not already have a working relationship.

## **Trade Aggregation and Allocation**

The Company considers a number of factors when determining to purchase or sell a security for a particular client account. These factors include, but are not limited to:

- Investment objective, policies and strategy of the account;
- Appropriateness of the investment to the account's time horizon and risk objectives;
- Existing levels of ownership of the investment and other similar securities; and,
- The immediate availability of cash or buying power to fund the investment.

The Company utilizes a randomly generated Trade Rotation to determine the trade order when trades will be allocated via multiple orders to multiple counterparties. Trades will be directed by the trader to the applicable broker-dealer in blocks or bunches, based on the trade rotation. The clients participating in each bunch or block will be allocated the average cost per trade experienced with the counterparty with which the client's bunch was executed. The Company maintains records that specify the client accounts that are participating in the rotation and the amount of securities intended to be purchased or sold for each account. Clients who have engaged Eagle Global for Research Services, as discussed above, are generally included in Eagle's randomly generated trade rotation and treated in the same manner as any other client. However, certain clients who engage Eagle Global for Research Services and have American Depositary Receipt ("ADR") conversion restrictions will be traded last in the Trade Rotation. Additionally, clients that have engaged Eagle Global for MLP Research Services will also be traded last in the trade rotation. Also, at certain times, Eagle Global is presented with the opportunity to take advantage of natural liquidity in the marketplace. Eagle Global must act in a timely manner to take advantage of the liquidity. When such situations arise, Eagle Global will generally take advantage of the liquidity in accounts that have not directed the Company to use a specific broker-dealer. Therefore, these accounts will move to the top of the Trade Rotation when the natural liquidity is available. When the natural liquidity is exhausted or is no longer available, Eagle Global will return to the standard Trade Rotation process.

Investments in Initial Public Offerings ("IPOs"), secondary offerings, private investments in public equities ("PIPEs"), short sales, and purely private companies are not considered part of the general strategy mandates associated with the separately managed accounts or the sub or co-advised investment companies and therefore they do not receive allocations of such securities. These securities are allocated solely to the Private Funds.

The Company can engage in cross-trading between client accounts when such a transaction is in the best interest of both clients involved. Cross transactions are priced by independent brokerage firms and both sides receive the same price and equally split any transactional costs.

## **Trade Errors**

It is the Company's policy that the utmost care is taken in making and implementing investment decisions of behalf of client accounts. To the extent that any errors occur, they are to be (a) corrected as soon as practicable, (b) reported to the CCO or Partner in charge of Trading or designee and (c) scrutinized carefully with a view toward implementing procedures to prevent or reduce future errors, if necessary. In no event shall the Company's clients bear losses incurred in connection with trade errors. Depending on the circumstances of the error, any gain resulting from a trade error may be retained by the client, the broker, or the Company.

## **Review of Accounts**

The Company performs investment advisory security selection and portfolio recommendations for client's

advisory accounts. Accounts are typically reviewed monthly or as new transactions are considered but will be reviewed no less frequently than quarterly. A more frequent review may also be instigated by a client inquiry due to changes in investment objectives or risk tolerance. Reviews will be performed by the Partners, Portfolio Managers and Senior Vice Presidents of Eagle Global. Investment reports will be provided on a quarterly basis to inform clients or clients' consultants of the performance of their investments for the selected period. Additional reports will be prepared at the client's discretion. Clients or clients' consultants are provided with a comprehensive annual investment review, including current investment recommendations. The client or clients' consultants will continue to receive statements from the custodian or broker/dealer of the accounts. However, clients whose accounts are managed by the Company through a sub or co-advisory relationship may not receive such reports.

With respect to the Private Funds, the holdings of such Private Funds are reviewed daily by the investment team responsible for the Private Funds. Investment reports are provided on a quarterly basis to investors or investors' consultants informing them of the performance of their investment for the select period.

## **Client Referrals and Other Compensation**

The Company compensates third parties and employees who refer clients to the Company in compliance with Rule 206(4)-3 under the Advisers Act with respect to the use of solicitors. If the Company accepts a new client who is introduced to the Company by a third party solicitor, the Company will pay such third party solicitor a placement fee that is based upon the assets the client places with the Company. Prior to entering into any investment advisory agreement with a client through these referral agreements, the Company will determine if the solicitor has provided the client with a written disclosure document stating that the solicitor is being compensated for referring the Company and the terms of the compensation arrangement. The placement fee survives for the duration of such Client's relationship with the Company. Clients introduced by a third party solicitor generally will be subject to the same fee schedule as other clients and generally will bear no additional costs as result of the relationship between the Company and such third party solicitor.

The company also compensates third parties for distribution of the Private Funds advised by the Company. Compensation under these arrangements will generally be a percentage of the management fee earned on assets invested. To the extent required by federal or state securities law, the Company will verify that any party compensated to distribute unregistered pooled investment vehicles are properly registered.

## **Custody**

All client assets are held in custody by unaffiliated broker/dealers or banks; but the Company can access many client funds through its ability to debit advisory fees. For this reason the Company is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to account information provided by the Company.

Eagle Global is also deemed to have custody over the Private Funds since an affiliate serves as the General Partner and/or Manager of the Private Funds. Limited partners of the Private Fund will not receive statements from the custodian. Instead the Partnership is subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the partnership's fiscal year end.

## **Investment Discretion**

The Company manages client accounts on a discretionary basis, subject to the restrictions (if any) that have been provided by clients. Eagle Global also provides research and model investment recommendations with

respect to the assets of third party advisors. For accounts handled on a discretionary basis, the Company typically has the authority to determine the securities to be bought and sold without obtaining client consent to specific transactions. Moreover, in the accounts handled on a discretionary basis, the Company typically has the authority to determine the amount of the securities to be bought and sold without obtaining client consent to specific transactions. Discretionary authority will be granted through the execution of an investment advisory agreement with each client.

## **Voting Client Securities**

It is the policy of the Company to vote proxies that it receives for all accounts for which it has voting authority and in a manner in which the Company believes it to be in the best interests of its clients. Clients should make reasonable efforts to instruct their custodian to promptly forward all proxy voting ballots to Eagle Global. The Company will also make a reasonable effort to contact a custodian if Eagle Global believes that the custodian may not be appropriately sending relevant proxy ballots to the Company. Nonetheless, Eagle Global can only vote proxies that it receives. The Company generally votes in accordance with the recommendations of the issuer's existing management, unless it is not prudent to do so. A written copy of the proxy policies and procedures are available upon request by calling the number on the cover page of this brochure.

The Company has developed policies and procedures for the identification and resolution of conflicts of interest when voting proxies. The Company's Proxy Administrator periodically reviews client holdings to identify potential conflicts of interest. Potential conflicts of interest will be reported to the Eagle Global CCO for a final determination. If a conflict is determined to exist, the Proxy Administrator will vote in accordance with the Company's Proxy policies or, if intending to vote in a manner inconsistent with the Proxies policies, seek instruction from the client, mutual fund board, or the adviser if the Company serves as sub or co-adviser. The Company will generally abstain from voting the proxy if the client, fund board, or adviser fails to instruct the Company on how to vote.

If "Class Action" documents are received by the Company on behalf of its Private Funds, the Company will ensure that the Private Funds either participate in, or opt out of, any class action settlements received. The Company will determine if it is in the best interest of the Private Funds to recover monies from a class action. If the anticipated proceeds of the class action settlement are considered material (greater or equal to 1.0% of the Private Fund), a receivable will be added to the Private Fund for the date of the claim. All investors in the Private Fund at the point of adding the receivable will be eligible for their prorated portion of any realized proceeds. Investors that fully withdraw from the Private Fund after the receivable is added will remain in the Private Fund until the claim is realized. If the anticipated proceeds are not considered material a receivable would not be added to the Private Fund. These proceeds are distributed amongst the investors in the partnership at the time of receipt of proceeds.

Eagle Global will not act on behalf of those Separately Managed Account ("SMA") clients or investment companies that receive Class Actions notices under any circumstance. If the Company receives class action documents on behalf of an SMA client and/or investment companies, Eagle Global will forward to the client any requisite information it has relating to the Class Action.

## **Financial Information**

The Company has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.