EAGLE GLOBAL ADVISORS

Quarterly Commentary 2Q 2021

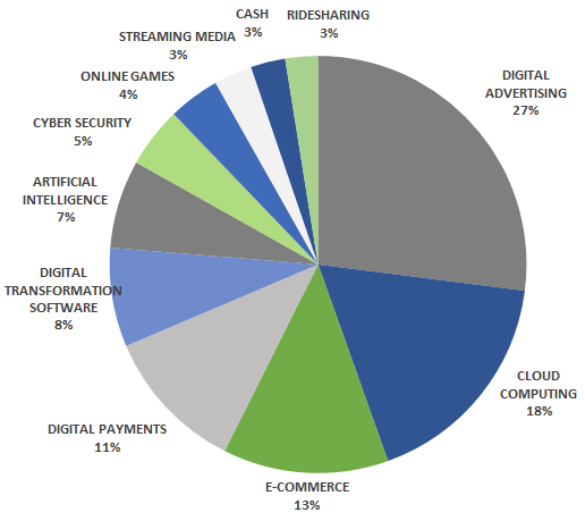
EGA Innovation Strategy

From the EGA Portfolio Management Team

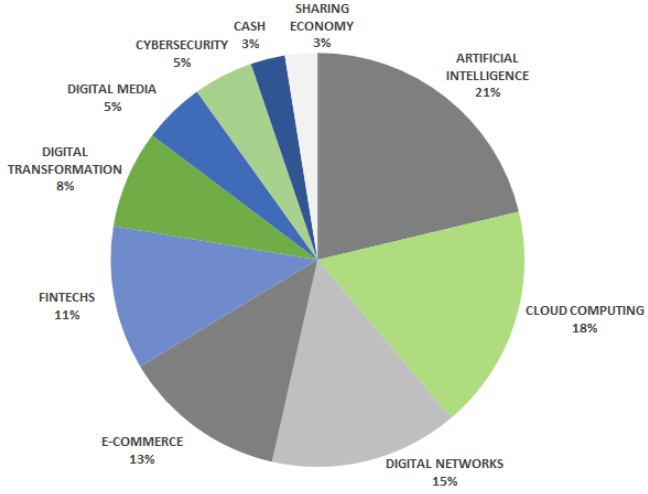
Performance Recap And Portfolio Positioning

The Innovation Strategy returned 14.7% (gross, est.)/14.5% (net, est.)* during Q2 and 18.1% (gross, est.) /17.8% (net, est.)* year-to-date. Individual portfolio returns may differ due to cash flows, tax management and other factors. Comparable period returns for the benchmark (Nasdaq Composite) were 9.7%, and 12.9% respectively. Starting Q2, we have revised the presentation of portfolio allocation. Based on the revised presentation, we allocate the portfolio using secular trends that will drive future growth. Before this revision portfolio allocation was presented based on the largest revenue segment of the portfolio. We believe the revised presentation is more forward looking and better represents underlying themes for which we own these companies. Importantly, however, this change in presentation did not result in a change in the underlying investments. For the purpose of comparability, we have shared below our current and revised portfolio themes. Based on the revised presentation, quarterly returns were led by investments in artificial intelligence, digital networks and cloud computing.

Portfolio Allocation (Old Presentation)



Portfolio Allocation (Revised Presentation)



The Next 3 Years Are Unlikely To Get Any Better Than The past 3 Years

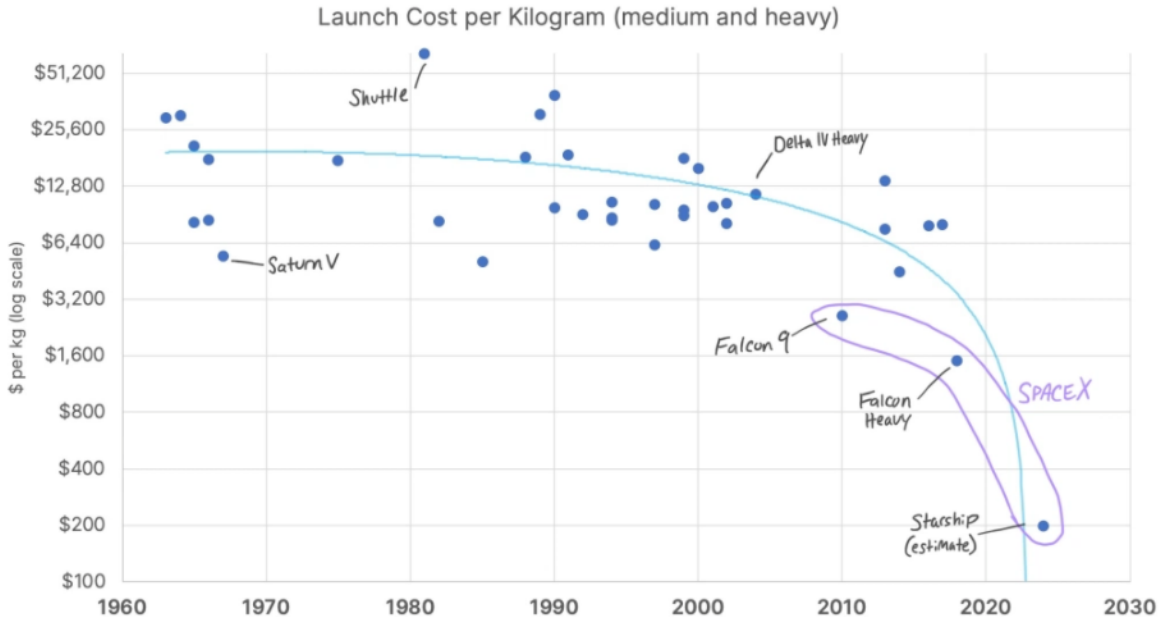
In Q2 the Eagle Innovation strategy completed its third year with annualized return of 25.8% (gross, est.)/25.0% (net, est.). This return is significantly above our original goal of 15% annualized return. Based on current estimates of portfolio companies' earnings growth rate of 15-20% for the next two years and higher than historical P/E ratio of the portfolio constituents, we have kept the goal of 15% annualized return unchanged. We advise clients to not extrapolate the performance of the prior 3 years into the next 3 years.

*See performance disclosures on p. 8 of this document.

The Democratization Of The Space Industry

Until the early 1980s, space was a government monopoly. All launches in the United States were conducted under the supervision of a federal agency, such as NASA. The commercial space industry was largely focused on defense, satellite technologies and related applications. Extremely high launch cost was a major impediment to broader adoption. Over the last few decades, commercialization of space programs, reusability of launch vehicles, decrease in launch costs and miniaturization of satellite technology has opened the space to new business opportunities. Private organizations brought to the space industry the principles of a smaller workforce, vertical integration, shared payload model (where smaller payloads are packed around larger payloads typically owned by legacy telecom and defense players), flat management and a development culture that promotes simplification, standardization and reusability, bringing down the barriers-to-entry and enabling access to space for a wider range of companies and organizations. This disruption or "democratization" of space is fundamentally changing the commercial landscape, giving birth to new use cases such as high speed/low latency broadband internet, space tourism, in-space R&D and manufacturing, and space travel for long-distance flights on Earth. In the past ten years, $177.7 billion of equity investment has been made into 1,343 space companies. With growing adoption and new use cases, the global space industry is expected to generate revenue of $1.4 trillion or more by 2030.

The Decline in Launch Cost has Accelerated in the Last Decade



Source: https://aerospace.csis.org/data/space-launch-to-low-earth-orbit-how-much-does-it-cost/

The World's Microscope

Currently, satellites and related technologies account for 88% of space revenues. Substantial innovation and lower costs have made the use of satellites more accessible and profitable. The first microsatellite was launched in 1981 and weighed roughly 50 Kg. Today, the smallest satellites are 5000 times smaller. Commercial space companies are using a constellation of such satellites as the world's microscope from hundreds of miles above to capture data in the form of images or radio frequency signals. The advancements in artificial intelligence now allow them to process huge volumes of this data for a myriad of uses such as detecting illegal deforestation, monitoring crops for growers, detecting pollution for environmental scientists, providing critical data to first responders and emergency management teams in a crisis or a natural disaster, and among other things keeping an eye on military mobilization of an adversary. The current trend towards larger constellations of smaller satellites is supported by advances in miniaturization and the progressive decreases in launch cost, which allows operators to launch up to a hundred small satellites at a time. Smaller satellites are easier to design, evolve, and mass produce. While the resolution of their instruments is comparatively low, it is possible to synthetize higher resolution measurements via software by stitching several small samples together similar to how smartphones can synthetize 360° panoramic shots from a camera panning. Right now, close to 3,000 active satellites are orbiting above Earth. This number is expected to skyrocket in the coming years. By 2025, experts predict a 230% increase in satellite launches per year.

Airbus Earth Observation Constellation

Source: https://www.intelligence-airbusds.com/imagery/constellation/

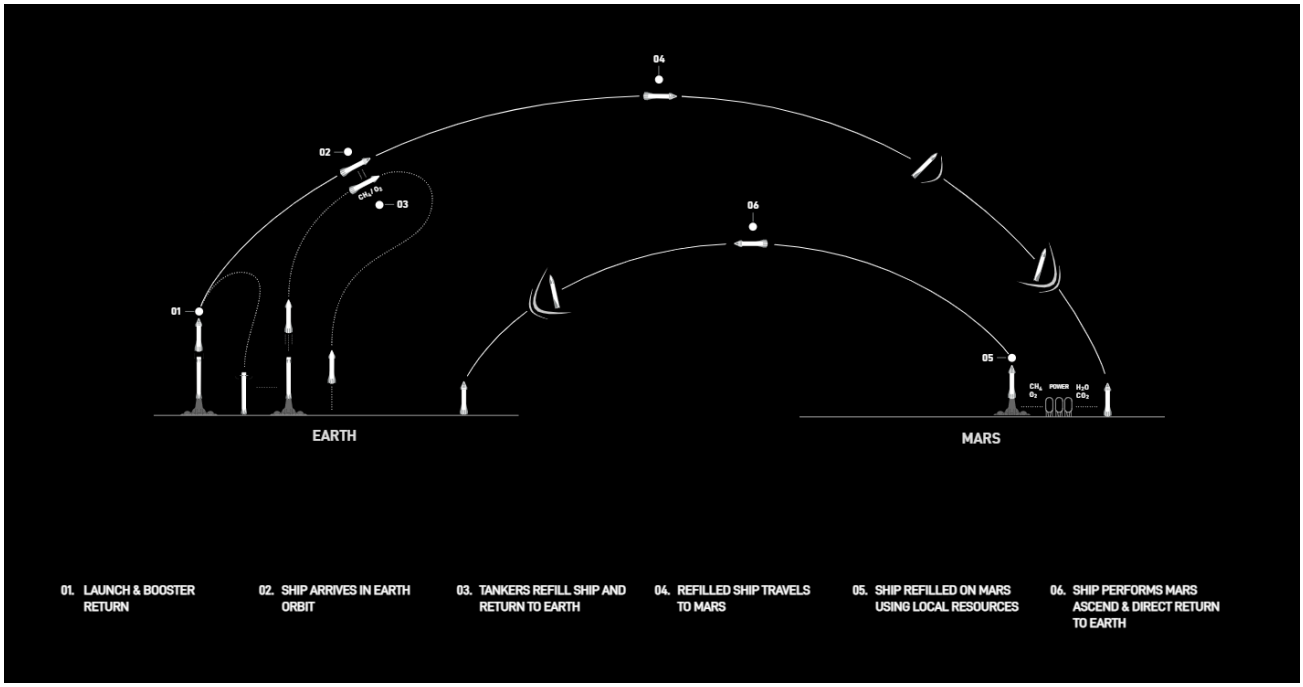
Satellite Internet

Satellite internet has been available for over two decades, but the next generation satellite internet delivers affordable high-speed, low-latency internet to underserved regions of the world. Legacy satellite internet suffers from high latency (600–800 milliseconds) because the signal is transmitted via geostationary satellites located 22,000 miles above the Earth. That sort of latency cannot support applications such as zoom calls or online gaming. Companies working on the next generation of satellite internet launch a constellation of small satellites (with costs justified by miniaturization and low launch costs) into low-Earth orbit (LEO), a few hundred miles above earth. Satellites within a constellation can communicate with one another to create what amounts to an orbiting network. The lower orbit dramatically reduces the lag that usually comes with satellite internet, resulting in 80-150 Mbps of advertised download speed and 40 milliseconds of latency.

Railroads and Railcars of Space

The space launch vertical is one of the most well-funded areas in commercial space. Launch players are targeting small satellite launches into earth's orbit, missions to the International Space Station (ISS), human missions to the moon and beyond with capability to provide precise and soft landings and enable a sustained human presence on the Moon. Launching anything into space requires a launch vehicle i.e. a rocket. With the evolution of reusable rockets, commercial launch companies have reduced the cost of space exploration. Furthermore, companies plan to leverage tanker vehicles (essentially spacecraft minus the windows) to refuel an existing spacecraft in low-Earth orbit prior to departing for deeper space such as to the planet Mars. On-orbit refueling enables the transport of up to 100 tons all the way to Mars. And if the tanker ship has high reuse capability, the primary cost is that of the propellant, which is extremely low.

SpaceX Proposed Schematic of Mission to Mars

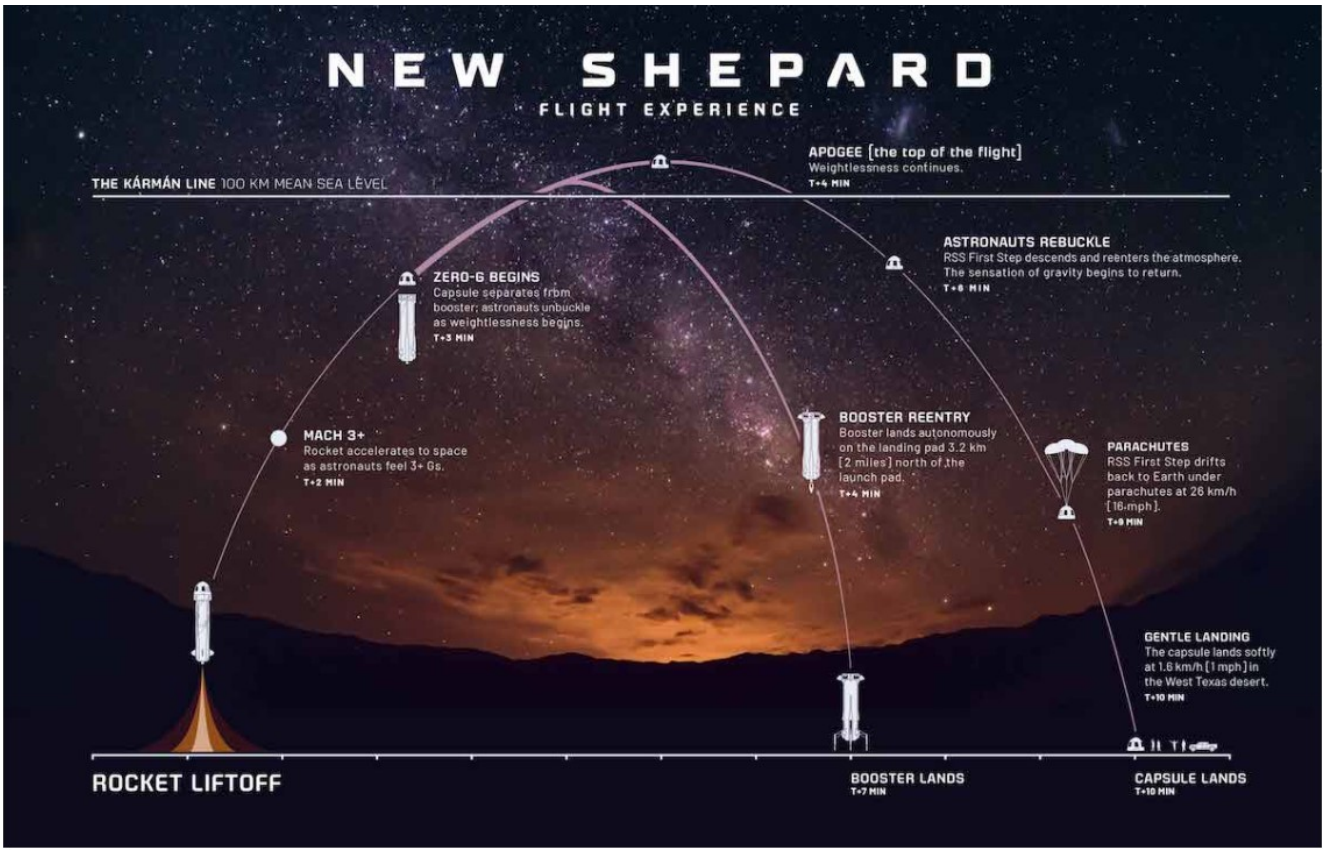


Source: https://www.spacex.com/human-spaceflight/mars/index.html

Space Tourism

Several companies in the space launch vertical have announced plans for space tourism. As the name suggests, space tourism aims to make space more accessible to the masses with a standardized launch process and reusable launch. Space tourism can be divided into two classes: a) suborbital and b) orbital flight depending on the altitude and flight speed. In a sub-orbital flight, a spacecraft achieves maximum ascent velocity of ~ 2500mph, just enough to rise 100km above sea level and then follows a parabolic flight path down. The spacecraft does not reach the orbit, but the travel is deemed safer, easier and cheaper while allowing passengers to experience just a few minutes of weightlessness without the need of pressure suits or helmets. Two commercial space companies are scheduled to launch their sub-orbital flights in July 2021. In an orbital flight, as the name suggests, the spacecraft reaches an orbit (~300km above sea level) and must maintain what is known as orbital velocity of 17,500 mph. It is this incredibly high speed which makes orbital space flight technically complex and therefore expensive, but allows passengers to orbit around the earth in 90 minutes.

Flight Experience of a Suborbital Flight by Blue Origin



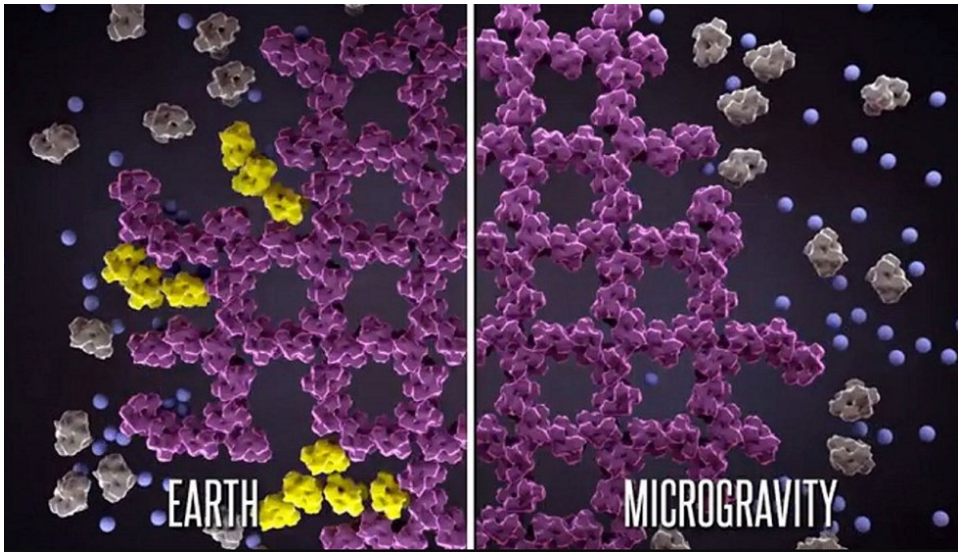
Source: Blue Origin

As an extension of space travel, the space launch vertical players are also looking to disrupt international long distance air travel. These flights would ascend to space and run at vastly increased speed without the friction of turbulence and weather (due to absence of earth's atmosphere). Most international long distance trips would be completed in 30 minutes or less.

Making Life And Work In Space A Reality

Last but not least is a segment of players focused on building the real estate and operations in space. These companies want to make life and work in space a reality by building the commercial space station of tomorrow as the International Space Station (ISS) nears end of life. Aside from being a commercial space station to train astronauts, these facilities will be used as space laboratories for high-tech research and manufacturing, on-orbit data storage, edge computing and cybersecurity. Space presents a unique physical environment for research due to the phenomenon of microgravity (i.e. conditions with very weak gravitational pull). The absence of sedimentation in microgravity enables researchers to combine any number of substances that would normally be extremely challenging or impossible to mix evenly on Earth. As a result, for instance, Protein crystals produced in a microgravity environment grow larger with fewer defects than their Earth-bound counterparts. This is likely because in microgravity, proteins do not sediment out of solution before they are able to crystallize. Microgravity protein crystallization studies have the potential to substantially impact drug discovery and development in a range of therapeutic areas including arthritis, cardiovascular disease, multiple sclerosis, osteoporosis, cystic fibrosis, and oncology.

Protein Crystals Grown on Earth and in Microgravity (i.e. Space)



Source: https://www.nasa.gov/mission_pages/station/research/news/crystals

Microgravity also makes it easy to levitate materials, eliminating the need for containers. Container-less processing provides an ultrapure, contaminant-free environment for manufacturing or study of materials in their molten state. For instance, a class of alloys known as Superalloys or high-performance alloys contains heat and wear-resistant metals like tungsten, niobium, and molybdenum. These elements, also called refractory metals, are often employed in high-heat, high-stress environments, such as gas engine turbine blades, nuclear power reactors, and rocket engines. But the very properties that make these materials attractive (their heat- and wear-resistance) also prevent them from being machined or processed easily on Earth due to their high melting points. In microgravity, container-less processing allows researchers to examine the unique properties of refractory metals not easily studied on Earth, and presents a significant opportunity for manufacturing novel, high performance Superalloys.

Space unleashes the potential of science currently constrained by the gravitational forces of the earth. Opportunities for research are vast and growing, from 3D bio printing to accelerated disease modeling, stem cells research, reimagining fluid physics and combustion science. It is truly exciting to be at the forefront of this scientific breakthrough. To be able to mine opportunities to create wealth for our clients while navigating such breakthroughs is simply fulfilling. We believe we are only scratching the surface of the world of potential innovative investment opportunities. The EGA Innovation Strategy travels this universe of innovation for you to invest ahead of the curve and to capitalize on the economy of the future.

Thank you for entrusting us with the management of your assets.

- The EGA Innovation Strategy Team

EGA Innovation Composite

July 1, 2018 through March 31, 2021

	Q1 21	2020	2019	2018
Total Return (%) Gross	**2.97**	**44.13**	**36.96**	**(14.69)**
Nasdaq Composite Benchmark Total Return (%)*	**2.95**	**44.92**	**36.69**	**(11.20)**
Composite 3 Year Std. Dev.	N/A	N/A	N/A	N/A
Benchmark 3 Year Std. Dev.	20.54	21.05	14.52	13.81
Number of Portfolios	<6	<6	<6	<6
Composite Dispersion (%)	N/A	N/A	N/A	N/A
Composite Assets at End of Period (US$ 000)	1,133	1,100	678	434
% Non Fee Paying Accounts in the Composite	100%	100%	100%	100%
Total Firm Assets (US$ 000)	1,691,191	1,571,232	2,279,115	2,632,277

* Benchmark: Nasdaq Composite Benchmark Total Return

EGA Innovation Composite - The EGA Innovation composite consists of those portfolios invested in innovative growth companies.

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- The composite start date is January 1, 2018 and was created in March 2020. The composite consists of separate account portfolios where the firm has full investment discretion, the portfolio contains over $100,000 in innovative growth companies and the portfolio properly represented the intended strategy at the end of the calendar quarter. All performance returns assume the reinvestment of dividends, interest, and capital gains.
- The benchmark is NASDAQ Composite, a market capitalization-weighted index that includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based Index. Benchmark returns are calculated using ETF (ONEQ), which tracks the NASDAQ Composite Index
- The indices shown are for informational purposes only and are not reflective of any investment. As it is not possible to invest in the indices, the data shown does not reflect or compare features of an actual investment, such as its objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, or tax features. Indices do not include fees or operating expenses and are not available for actual investment. Indices presented are representative of various broad based asset classes. They are unmanaged and shown for illustrative purposes only. The volatility of the indices is likely materially different than the strategy depicted. Eagle Global's Innovation strategy includes buying and selling of various innovative growth companies. Such assets can and do include technology, communication services, consumer discretionary and stocks from other sectors of the market. Holdings will vary from period to period and due to the volatile nature of these companies can have a material impact on the performance.
- The Eagle list of composite descriptions is available upon request. Eagle policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

EGA Innovation Composite (minimum investment: $100,000)

Account Size	All Assets
Annual Fee	.60%

Representative Example of Compounded Effect of Investment Advisory Fee

A maximum 1.00% management fee deducted from a portfolio quarterly (0.25%/quarter) would result in the following cumulative compound reduction of the portfolio time-weighted rate of return.

Years	Cumulative Fee	Years	Cumulative Fee
1	0.953%	6	5.858%
2	1.916%	7	6.868%
3	2.888%	8	7.887%
4	3.868%	9	8.915%
5	4.859%	10	9.954%