

**Zeo Strategic Income Fund**

	NAV	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	Since Inception (31-May-2011)
<i>Month End (31-Oct-2012)</i>											
<b>Zeo Strategic Income Fund</b>	10.10	0.33%	1.84%	2.14%	4.37%	4.64%	n/a	n/a	n/a	n/a	2.95%
<b>Barclays Aggregate Bond Index</b>	1844.11	0.20%	0.40%	2.75%	4.20%	5.25%	5.13%	6.08%	6.38%	5.39%	6.31%
Total Fund Net Assets: \$34.6m											
<i>Last Quarter End (30-Sep-2012)</i>											
<b>Zeo Strategic Income Fund</b>	10.14	0.50%	1.69%	2.06%	4.02%	4.70%	n/a	n/a	n/a	n/a	2.88%
<b>Barclays Aggregate Bond Index</b>	1840.49	0.14%	1.59%	3.68%	3.99%	5.16%	5.21%	6.19%	6.53%	5.32%	6.57%

ZEOIX – Total Annual Operating Expense Ratio: 1.91%

The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results. The Fund's investment adviser has contractually agreed to reduce its fees and/or absorb expenses of the fund, at least until August 31, 2013, to ensure that the net annual fund operating expenses will not exceed 1.50% for the Fund, subject to possible recoupment from the Fund in future years. Please review the Fund's prospectus for more detail on the expense waiver. Results shown reflect the waiver, without which the results could have been lower. A Fund's performance, especially for very short periods of time, should not be the sole factor in making your investment decisions. For performance information current to the most recent month-end, please call toll-free 855-936-3863.

The Barclays Capital U.S. Aggregate Bond Index: covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS, and CMBS sectors. The U.S. Aggregate Index is a component of the U.S. Universal Index in its entirety. Unmanaged index returns do not reflect any fees, expenses or sales charges.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Zeo Strategic Income Fund. This and other important information about the Fund is contained in the prospectus, which can be obtained by calling 855-936-3863. The prospectus should be read carefully before investing. The Zeo Strategic Income Fund is distributed by Northern Lights Distributors, LLC member FINRA.

**Zeo Capital Advisors, LLC and Northern Lights Distributors, LLC are not affiliated.**

Mutual Funds involve risk including possible loss of principal.

The Fund will invest a percentage of its assets in derivatives, such as futures and options contracts. The use of such derivatives may expose the Fund to additional risks that it would not be subject to if it invested directly in the securities and commodities underlying those derivatives. The Fund may experience losses that exceed losses experienced by funds that do not use futures contracts and options.

Typically, a rise in interest rates causes a decline in the value of fixed income securities. Overall fixed income market risk may affect the value of individual instruments in which the Fund invests. Lower-quality fixed income securities, known as "high yield" or "junk" bonds, present greater risk than bonds of higher quality, including an increased risk of default. As a non-diversified fund, the Fund may invest more than 5% of its total assets in the securities of one or more issuers. The Fund's performance may be more sensitive to any single economic, business, political or regulatory occurrence than the value of shares of a diversified investment company. Securities of small and medium capitalization companies may be subject to more abrupt or erratic market movements than those of larger, more established companies or the market averages in general. Market risk results from adverse changes in exchange rates in foreign currency denominated securities. Investing in securities of foreign issuers involves risks not typically associated with U.S. investments, including adverse fluctuations in foreign currency exchange rates, 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.

1769-NLD-11/5/2012

## Commentary

The Zeo Strategic Income Fund (the "Fund") generated a total return of 0.33% in October compared to 0.20% for the Barclays Capital U.S. Aggregate Bond Index (the "Benchmark"). Most broad markets finished October lower, twice giving back intra-month gains, a reflection of a month full of conflicting headlines: lower-than-expected unemployment, but disappointing corporate earnings; unexpected sentiment shifts in presidential politics, but a devastating natural disaster. Bulls will note that, despite such high levels of uncertainty and increasing volatility, even if aided by a tailwind from the Federal Reserve, the markets are resilient and have avoided the meaningful correction many cautious investors have been protecting against for over a year.

However, trading volumes, both observed by us and as reported by the New York Stock Exchange (NYSE), continue to be anemic - though October is typically an active month in the markets as investors reposition portfolios for year-end, October 2012 had the lowest NYSE equity trading volumes of any October since 1998, 44% lower than the average over the last 10 years. While we don't put this forward as an actionable data point, it does bring to light our recurring theme that investors should beware of market movements in the absence of conviction. While volumes alone are not the sole indicator that market participants have or lack certainty, low volumes tend to make matters worse by exacerbating volatility in the markets at times when uncertainty is high.

While we don't hold ourselves out to be bearish, which requires a certain level of certainty to the downside, we put ourselves firmly in the category of the cautious. We find it impossible not to acknowledge high levels of uncertainty in the broader markets, and we explicitly show bias towards investments that protect against or take advantage of the resulting volatility. It is times like this that fundamental strategies focused on capital preservation tend to see new and interesting opportunities as a result of the schizophrenic behavior of the markets, and our portfolio is no exception. We have seen a number of catalysts emerge from the recent market swings, including some meaningful hedge fund redemptions upon which we have been able to capitalize. Even so, our short maturity profile has provided stability so we can act on such opportunities with confidence. We believe this approach to be both prudent and consistent for investors focused on principal protection.

*There is no guarantee that any investment will achieve its objectives, goals, generate positive returns, or avoid losses.*

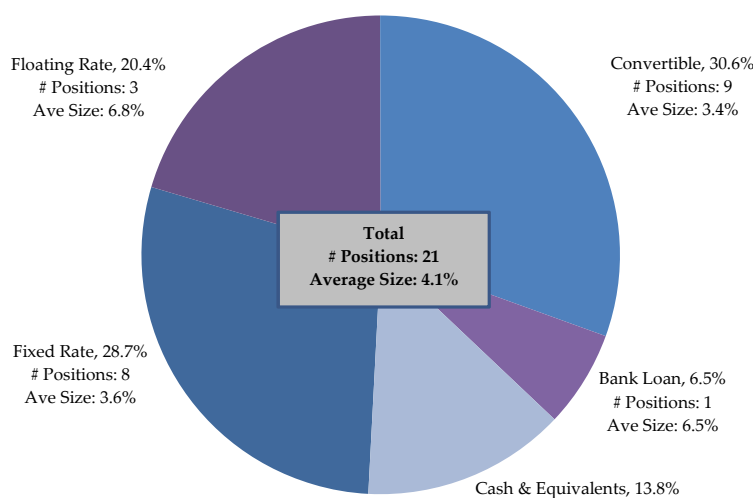
### Portfolio Snapshot

Issuer	Instrument	Yield <sup>1</sup>	Maturity (yrs)	% of Portfolio
JetBlue Airways B-1 Spare Parts Pass Through Trust	JBLU 0 1/2/14	6.0%	1.17	10.3%
PEP Boys-Manny Moe & Jack	PBY 7.5 14	1.8%	0.13	6.7%
Collective Brands Inc	PSS TL B 1L USD	7.4%	6.89	6.5%
Collective Brands Inc	PSS 8.25 13	8.4%	0.75	6.5%
Lions Gate Entertainment Inc	LGF 10.25 16	3.7%	1.00	5.7%
Expedia Inc	EXPE 7.456 18	3.7%	5.79	5.1%
General Cable Corp	BGC 0 4/1/15	3.5%	2.42	5.1%
Continental Airlines 2006-1 Class G Pass Through Trust	UAL 0 6/2/13	4.2%	0.59	5.0%
SanDisk Corp	SNDK 1 13	2.0%	0.54	5.0%
Carrizo Oil & Gas Inc	CRZO 4.375 28	2.6%	0.59	4.9%
Live Nation Inc	LYV 2.875 27	3.6%	1.71	4.8%
Kinross Gold Corp	KCN 1.75 28	1.4%	0.39	4.3%
Nash Finch Co	NAFC 1.6314 35	7.2%	0.38	3.6%
Omnicare Inc	OCR 3.25 35	3.7%	3.13	2.5%
Dillard's Inc	DDS 6.625 18	5.1%	5.21	2.4%
Alcatel-Lucent USA Inc	ALUPF 2.75 25	6.9%	0.63	2.4%
Neenah Paper Inc	NP 7.375 14	4.1%	0.09	2.3%
Rentech Inc	RTK 4 13	4.3%	0.46	1.6%
Five Star Quality Care Inc	FVE 3.75 26	3.0%	0.96	1.5%
Ethan Allen Global Inc	ETH 5.375 15	4.4%	2.92	0.0%
Washington Mutual Inc	WM 0 09	0.0%	0.17	0.0%

<sup>1</sup> Before fees and expenses

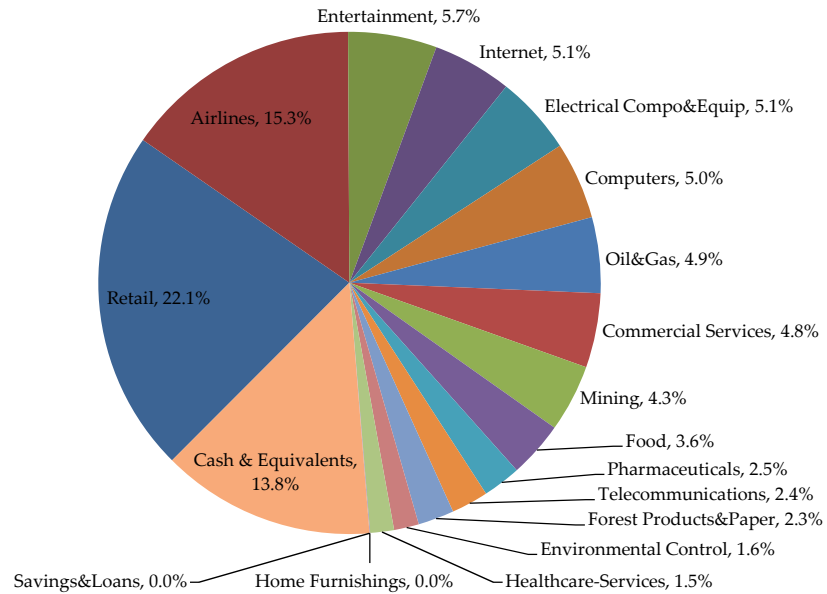
Portfolio holdings are subject to change at any time and should not be considered investment advice. Yields presented are those of portfolio holdings and do not represent that of the Fund.

### By Asset Class

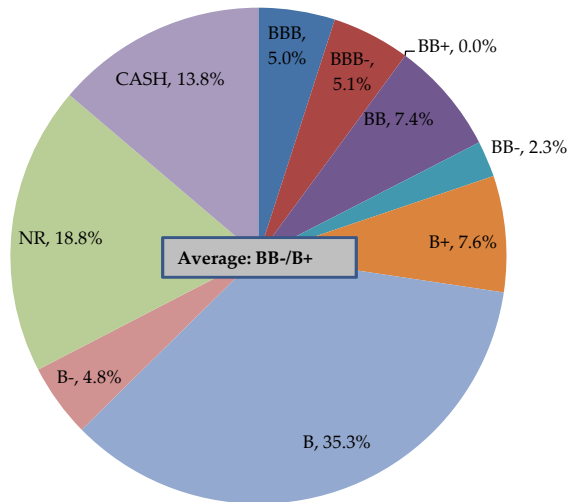


Each of these asset classes has its own set of investment characteristics and risks and investors should consider these risks carefully prior to making any investments.

By Sector



By Credit Rating<sup>2</sup>



<sup>2</sup> Rating source: Standard & Poor's; see **credit rating** definition below for more information.

A **credit rating** is an assessment provided by a nationally recognized statistical rating organization (NRSRO) of the creditworthiness of an issuer with respect to its debt obligations. Standard & Poor's ratings are measured on a scale that ranges from AAA (highest) to D (lowest), with ratings of BBB- and above considered investment grade; ratings are subject to change without notice. "NR", or Not Rated, indicates the issuer or specific security has not been rated and does not necessarily indicate low credit quality.