

**Zeo Strategic Income Fund**

|                                       | NAV     | 1M    | 3M    | 6M    | YTD   | 1Y    | 2Y    | 3Y    | 5Y    | 10Y   | Since Inception<br>(31-May-2011) |
|---------------------------------------|---------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------------------------------|
| <i>Month End (31-Oct-2012)</i>        |         |       |       |       |       |       |       |       |       |       |                                  |
| <b>Zeo Strategic Income Fund</b>      | 10.13   | 0.30% | 1.13% | 2.75% | 4.68% | 5.38% | n/a   | n/a   | n/a   | n/a   | 2.99%                            |
| <b>Barclays Aggregate Bond Index</b>  | 1847.02 | 0.16% | 0.49% | 1.99% | 4.36% | 5.51% | 5.51% | 5.68% | 6.04% | 5.41% | 6.07%                            |
| Total Fund Net Assets: \$36.2m        |         |       |       |       |       |       |       |       |       |       |                                  |
| <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.

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## Commentary

The Zeo Strategic Income Fund (the "Fund") generated a total return of 0.30% in November compared to 0.16% for the Barclays Capital U.S. Aggregate Bond Index (the "Benchmark"). This month was an active one despite the markets finishing the month generally positive. Two of the most notable headlines driving this activity were the conclusion of a long and bruising presidential campaign and a renewed escalation of hostilities in the Middle East. Also contributing to the market volatility is the uncertainty surrounding the "fiscal cliff" - not only whether Congress and the White House will reach an agreement but whether they even want to do so. All of these factors contributed to a drop in both equity and credit markets over the first half of the month and a mirror-image rally in the second half, a fact seen in the swings in daily total returns of the Benchmark but not in those of the Fund due to our focus on a low-volatility portfolio. Regardless of whether one finds themselves on the bearish or bullish side of this debate, there seems to be little doubt that uncertainty has continued to increase even as risk spreads have continued to compress, extending the apparent disconnect between economic fundamentals and broad market technicals.

Regular readers will see a common theme in the comments above. Of course, all market moves are ultimately the result of supply and demand imbalances - more willing buyers than sellers to the upside and vice versa. But critical in the discipline of managing risk is an understanding of why an imbalance and its resulting opportunity exist in the first place, or what we refer to as "risk identification". After all, as many investors have heard us argue, there is no free money, and it is essential that investors know the risks they are taking and assess any expected return in light of those risks; in today's fixed income markets, we find it hard to imagine that the prudent investor, if he does so, would join the trend of chasing yields and beta irrespective of fundamentals. We have already seen expected returns resetting lower across a variety of asset classes and strategies. Hedge fund manager Oaktree Capital, for example, just lowered their distressed credit return targets to 15% gross from as high as 35% in the past. Pension funds globally (headlines have included Indiana and Brazil) have begun lowering their actuarial return targets. Many investment advisers and fund managers, including PIMCO's Bill Gross, are guiding long-term equity return targets down from their 100-year historic averages of 6.6% (among the optimists, Goldman Sachs suggests 6% may be realistic), putting further pressure on plans to achieve those actuarial returns, which still sit in the 7-8% range.

In light of this secular shift in the way market participants think about asset classes, risk and reward, we at Zeo prefer to focus on what we know and what is less sensitive to the conclusions of more active traders. We believe that, lost in the whirlwind of investors trying to pick the right asset classes, is a little-appreciated observation that there is a structural supply/demand imbalance in certain fundamental investments. If one rolls up her sleeves and is willing to dive a little deeper and be more patient than her peers, those opportunities can be discovered in any market. This last month is a case in point: our portfolio added several new investments that met our stringent strong-credit and low-volatility criteria, even as most managers around us seemed to echo the refrain that there weren't any attractive opportunities to be found. While we too continue to anticipate and maintain capacity for better entry points across the asset classes in which we invest, we are confident in our continued ability to deliver to investors a low-volatility profile that seeks to protect principal and diversify their strategic fixed income portfolios away from more traditional fixed income risks, such as interest rate sensitivity and the "herd" mentality that has historically plagued longer-duration corporate credit markets.

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



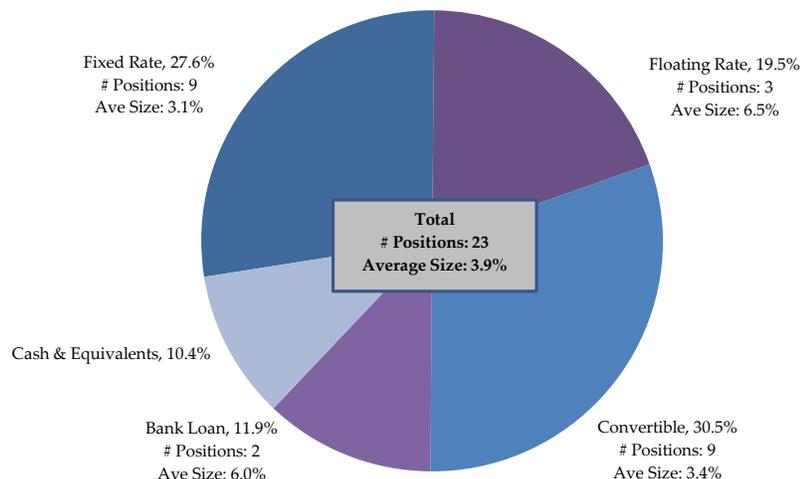
Portfolio Snapshot

| Issuer   | Instrument       | Yield <sup>1</sup> | Maturity (yrs) | % of Portfolio |
|--|------------------|--------------------|----------------|----------------|
| JetBlue Airways B-1 Spare Parts Pass Through Trust     | JBLU 0 1/2/14    | 5.5%               | 1.09           | 10.0%          |
| PEP Boys-Manny Moe & Jack                              | PBY 7.5 14       | 2.9%               | 0.04           | 6.4%           |
| Collective Brands Inc                                  | PSS TL B 1L USD  | 7.3%               | 6.80           | 6.3%           |
| Lions Gate Entertainment Inc                           | LGF 10.25 16     | 3.2%               | 0.92           | 6.1%           |
| Blue Coat Systems Inc                                  | BCSI TL B 1L USD | 5.7%               | 5.21           | 5.6%           |
| Expedia Inc  | EXPE 7.456 18    | 3.6%               | 5.71           | 4.9%           |
| General Cable Corp                                     | BGC 0 4/1/15     | 3.5%               | 2.34           | 4.9%           |
| SanDisk Corp   | SNDK 1 13        | 3.1%               | 0.46           | 4.8%           |
| Carrizo Oil & Gas Inc                                  | CRZO 4.375 28    | 2.8%               | 0.50           | 4.7%           |
| Live Nation Inc  | LYV 2.875 27     | 3.1%               | 1.63           | 4.6%           |
| Continental Airlines 2006-1 Class G Pass Through Trust | UAL 0 6/2/13     | 4.8%               | 0.51           | 4.5%           |
| Kinross Gold Corp                                      | KCN 1.75 28      | 3.3%               | 0.29           | 4.2%           |
| Omnicare Inc   | OCR 3.25 35      | 3.4%               | 3.04           | 3.6%           |
| Nash Finch Co  | NAFC 1.6314 35   | 3.4%               | 0.29           | 3.5%           |
| Longview Fibre Paper & Packaging Inc                   | LONGVW 8 16      | 5.9%               | 2.50           | 3.2%           |
| Dillard's Inc  | DDS 6.625 18     | 4.9%               | 5.13           | 2.9%           |
| Berry Plastics Corp                                    | BERY 0 9/15/14   | 4.3%               | 1.79           | 2.6%           |
| Five Star Quality Care Inc                             | FVE 3.75 26      | 4.3%               | 0.88           | 2.0%           |
| Headwaters Inc   | HW 2.5 14        | 4.7%               | 1.17           | 1.6%           |
| Rentech Inc  | RTK 4 13         | 4.3%               | 0.38           | 1.5%           |
| Neenah Paper Inc                                       | NP 7.375 14      | 3.9%               | 0.08           | 1.4%           |
| Ethan Allen Global Inc                                 | ETH 5.375 15     | 4.2%               | 2.84           | 0.1%           |
| Washington Mutual Inc                                  | WM 0 09          | 0.0%               | 0.58           | 0.0%           |

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

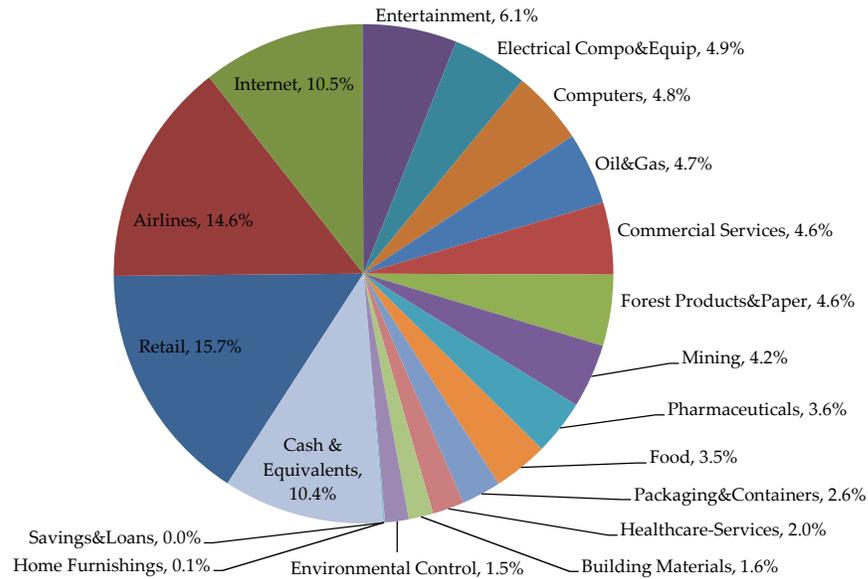
Portfolio holdings are subject to change at any time and should not be considered investment advice. Yields presented are those of portfolio holdings and do not represent that of the Fund.

By Asset Class

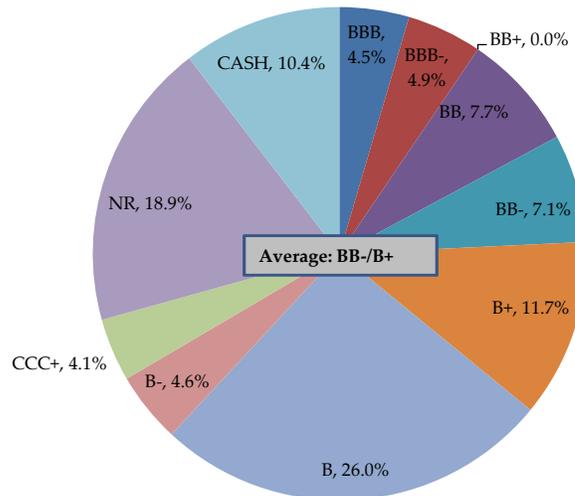


Each of these asset classes has its own set of investment characteristics and risks and investors should consider these risks carefully prior to making any investments.

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.