Zeo Capital Advisors

PORTFOLIO REPORT
December 31, 2012

Zeo Strategic Income Fund

	NAV	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	Since Inception (31-May-2011)
Month End (31-Dec-2012)											
Zeo Strategic Income Fund	10.05	0.05%	0.68%	2.39%	4.74%	4.74%	n/a	n/a	n/a	n/a	2.86%
Barclays Aggregate Bond Index	1844.46	-0.14%	0.22%	1.80%	4.22%	4.22%	6.01%	6.19%	5.95%	5.18%	5.64%
	Total Fund Net Assets: $40.9m										
Last Quarter End (31-Dec-2012)											
Zeo Strategic Income Fund	10.05	0.05%	0.68%	2.39%	4.74%	4.74%	n/a	n/a	n/a	n/a	2.86%
Barclays Aggregate Bond Index	1844.46	-0.14%	0.22%	1.80%	4.22%	4.22%	6.01%	6.19%	5.95%	5.18%	5.64%

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 0.05% in December compared to -0.14% for the Barclays Capital U.S. Aggregate Bond Index (the "Benchmark"). The markets were reasonably active this month, driven almost entirely by the pervasive news regarding the "fiscal cliff". For sure, it was impossible to avoid, and while CNBC's countdown clock may have been a bit too dramatic, investors seemed to react to every statement, tweet and Facebook post coming out of Washington. Even so, this month provided little to shake them out of their entrenched views, with bulls and bears alike repeating many of the same lines we've been hearing for months. Optimists note a year when the proverbial other shoe never dropped, regardless of which catalyst one might be referring to: problems in Greece and other European countries; consequences of the November election outcome; or renewed hostilities in the Middle East, to name a few that captured investor attention in 2012. Meanwhile, pessimists continue to point to tenuous economic fundamentals; dysfunctional politics; and, most recently, a last-minute legislative compromise that largely deferred on many pressing fiscal decisions, and even then, only to face them again a few months down the road.

This type of market back and forth characterized much of the last year. However, despite the resulting volatility we observed, markets finished 2012 definitively higher. Interest rates were little changed, though higher rates in December reflected a growing view that the Federal Reserve cannot sustain their loose monetary policy indefinitely, a sentiment that has since been supported by the spirited debate revealed in the minutes from the last FOMC meeting. For many, this was not a new expectation, and many investors found themselves sitting on the sidelines for much of the year so as not to be caught on the wrong end of a spike in interest rates or a reversal of economic fundamentals. The resulting underperformance relative to higher return expectations for many hedge funds and other professional investors provided the few attractive entry points in 2012 as a handful of large funds faced meaningful redemptions at several points during the year. That said, with yields and expected returns at their lowest levels in years, the risk/return profile surrounding the broader markets would seem to be at their most asymmetric. The fixed income manager focused on the return side of this equation invariably ends up taking on a level of risk inconsistent with principal protection.

We have long argued that to consistently deliver capital preservation, one must construct the risk profile first, focusing on investments with what Benjamin Graham referred to in his seminal book The Intelligent Investor as a "margin of safety". As it pertains to the bond investor, he wrote, "[T]he function of the margin of safety is, in essence, that of rendering unnecessary an accurate estimate of the future." We believe such "downside protection" analysis that can withstand high degrees of market uncertainty is more tractable when evaluating fundamental investments in short timeframes than when evaluating global macroeconomic forces impacted by long-term factors. Certainly, such an approach was rewarded in this past year, and as we enter 2013, we see little evidence to suggest we will have a year with any less uncertainty. Indeed, what we have seen in the last few months is the opposite, with the added potential for even more volatility should the markets surprise investors with a show of conviction in one direction or another. Such an environment is where we would expect to see our most attractive opportunities - indeed, we have had a glimpse of this in the fourth quarter of 2012 already, and we look forward to further capitalizing on these opportunities in the coming year on your behalf.

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

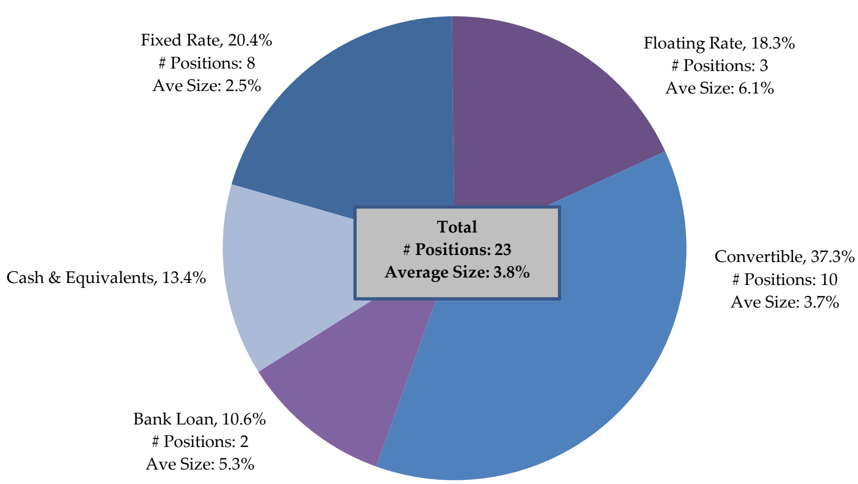
Portfolio Snapshot

Issuer	Instrument	Yield[1]	Maturity (yrs)	% of Portfolio
JetBlue Airways B-1 Spare Parts Pass Through Trust	JBLU 0 1/2/14	5.6%	1.01	10.2%
Greatbatch Inc	GB 2.25 13	1.3%	0.14	8.2%
Lions Gate Entertainment Inc	LGF 10.25 16	3.3%	0.84	6.2%
Collective Brands Inc	PSS TL B 1L USD	7.3%	6.69	5.6%
Blue Coat Systems Inc	BCSI TL B 1L USD	5.7%	5.10	5.0%
Carrizo Oil & Gas Inc	CRZO 4.375 28	4.4%	0.42	4.9%
Live Nation Inc	LYV 2.875 27	3.6%	1.54	4.7%
Continental Airlines 2006-1 Class G Pass Through Trust	UAL 0 6/2/13	5.7%	0.42	4.4%
Expedia Inc	EXPE 7.456 18	3.6%	5.63	4.3%
SanDisk Corp	SNDK 1 13	3.4%	0.38	4.2%
Kinross Gold Corp	KCN 1.75 28	2.1%	0.21	4.2%
General Cable Corp	BGC 0 4/1/15	3.4%	2.25	3.7%
Nash Finch Co	NAFC 1.6314 35	6.0%	0.21	3.7%
Omnicare Inc	OCR 3.25 35	3.3%	2.96	3.6%
Dillard's Inc	DDS 6.625 18	4.8%	5.04	3.0%
Longview Fibre Paper & Packaging Inc	LONGVW 8 16	5.3%	0.42	2.8%
Berry Plastics Corp	BERY 0 9/15/14	4.3%	1.71	2.3%
Five Star Quality Care Inc	FVE 3.75 26	5.0%	0.79	2.1%
Neenah Paper Inc	NP 7.375 14	3.7%	0.08	1.6%
Headwaters Inc	HW 2.5 14	6.4%	1.09	1.6%
Viasystems Corp	VIAS 4 13	6.8%	0.38	0.2%
Ethan Allen Global Inc	ETH 5.375 15	4.3%	2.75	0.1%
Washington Mutual Inc	WM 0 09	0.0%	0.50	0.0%

[1] *Before fees and expenses*

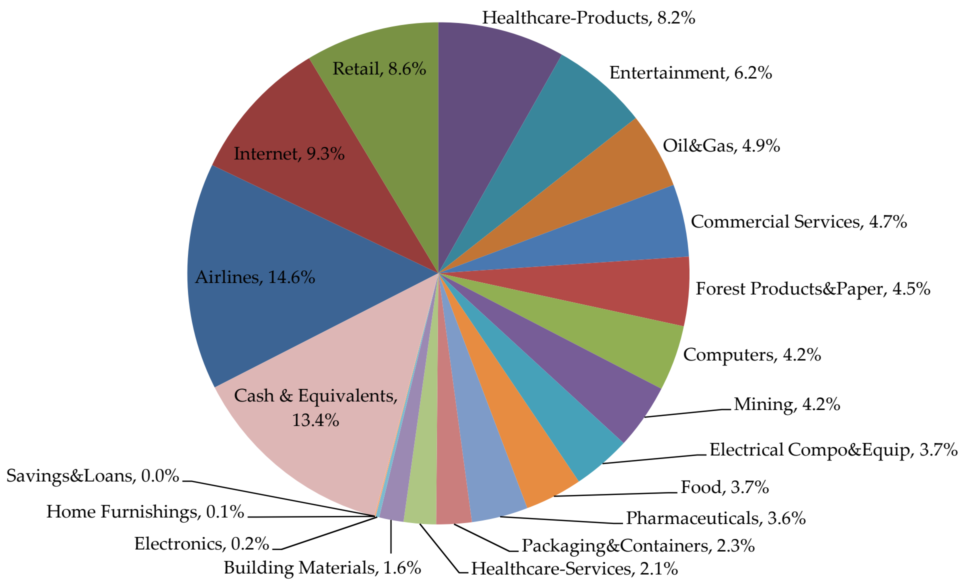
Portfolio holdings are subject to change at any time and should not be considered investment advice. Yields presented are those of portfolio holdings and do not represent that of the Fund.

By Asset Class

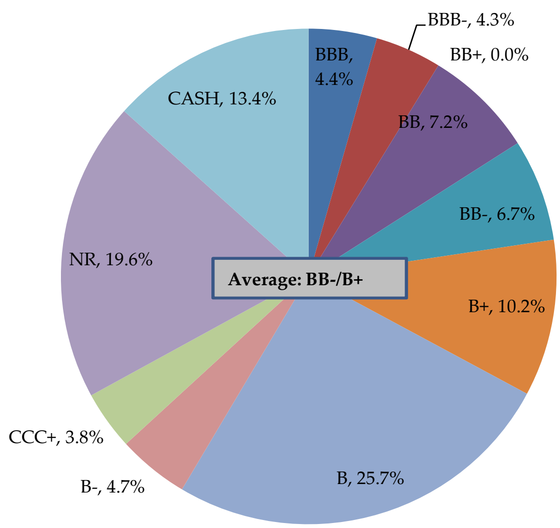


Each of these asset classes has its own set of investment characteristics and risks and investors should consider these risks carefully prior to making any investments.

By Sector



By Credit Rating[2]



[2] *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.*