Zeo Capital Advisors

PORTFOLIO REPORT
January 31, 2013

Zeo Strategic Income Fund

	NAV	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	Since Inception (31-May-2011)
Month End (31-Jan-2013)											
Zeo Strategic Income Fund	10.11	0.65%	1.00%	2.85%	0.65%	4.77%	n/a	n/a	n/a	n/a	3.11%
Barclays Aggregate Bond Index	1831.49	-0.70%	-0.68%	-0.29%	-0.70%	2.59%	5.58%	5.41%	5.45%	5.10%	4.90%
	Total Fund Net Assets: $41.2m										
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 0.65% in January compared to -0.70% for the Barclays Capital U.S. Aggregate Bond Index (the "Benchmark"). While gains in the credit markets in general and certain specific investment theses contributed to our outperformance, we will observe that it was the equity markets that showed remarkable strength this month. Such market moves inevitably bring forth start-of-year discussions on which asset classes will be in and out of favor, a topic tangential to our focus but central to the more tactically-minded. In particular, the last week of the month saw a broad discussion of if and when we might see a fixed income reversal and why. As one example, we have seen many references to the potential for a "Great Rotation" from fixed income to equities to protect against rising interest rates. While we believe there are many ways to achieve this protection that do not involve taking on the risk inherent in the stock market, we appreciate the end goal: reduce interest rate risk and sensitivity to fixed income beta.

Regular readers will find familiar the observation that ETFs (and the investors that love them) are having an increasingly dominant influence on market movements. According to Bank of America Merrill Lynch, mutual funds and ETFs together "own 19% of the corporate bond market (high grade and high yield), up sharply from 9% and 10% in 1994 and 1999, respectively" (*US Fixed Income Weekly, February 4, 2013*). It is important, therefore, to be conscious not just of the risk inherent within each asset class but what subset of that asset class bears the lion's share of that risk. For example, the two most prominent high yield ETFs, HYG and JNK, have restrictions that limit which bonds they can buy. For HYG, bonds must have at least $400m outstanding from an issuer with at least $1b outstanding; for JNK, bonds must be one of the three largest issues of an issuer and have at least $500m outstanding, and the index specifically excludes floating-rate securities and bonds that mature within one year. While these are just two examples, such limitations are found throughout the prospectuses of the ETFs and mutual funds that make up many fixed income portfolios. Among the take-aways is that there is a strong bias toward fund size and manager brand that tends to do more to reduce the adviser's risk than that of the investor's.

And so, we welcome the thesis for this "Great Rotation" we are hearing so much about, namely to reduce interest rate risk, but what risk one takes on in lieu is, to us, the central question. If one's priority is principal protection and low volatility, we believe the focus should still be in fixed income, rather than equities, with a bias toward those investments that do not fit neatly into traditional portfolios and are therefore not as widely held; we favor an approach that tends to find opportunity in exactly those investments that do not pass the well-intentioned but beta-creating parameters of more traditional fixed income strategies. While it is our opinion that some of the best such opportunities can be found in limited-capacity, fundamentally-oriented strategies, we urge investors to put aside asset allocation models and related biases (including ours), and instead consider as the highest priority what specifically they are trying to achieve in their investment portfolios; what the best risk profile might be to achieve it; and what the true risks are in the asset classes and strategies available to them. To the extent we at Zeo can be helpful in that conversation, we are always available as a resource for our clients.

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

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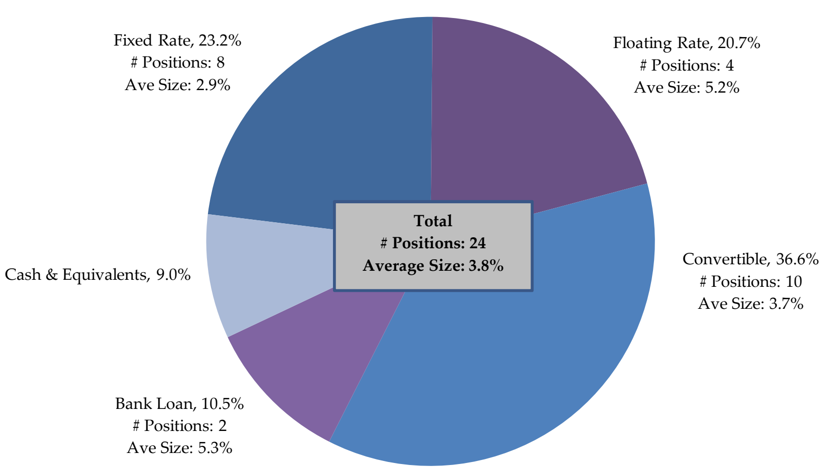
Portfolio Snapshot

Issuer	Instrument	Yield[1]	Maturity (yrs)	% of Portfolio
JetBlue Airways B-1 Spare Parts Pass Through Trust	JBLU 0 1/2/14	4.1%	0.92	10.3%
Lions Gate Entertainment Inc	LGF 10.25 16	3.3%	0.75	10.0%
Nash Finch Co	NAFC 1.6314 35	8.0%	0.13	5.9%
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	2.8%	0.34	4.9%
Live Nation Inc	LYV 2.875 27	3.1%	1.46	4.7%
Continental Airlines 2006-1 Class G Pass Through Trust	UAL 0 6/2/13	2.1%	0.34	4.5%
Expedia Inc	EXPE 7.456 18	3.7%	5.54	4.3%
SanDisk Corp	SNDK 1 13	1.4%	0.29	4.2%
Kinross Gold Corp	KCN 1.75 28	5.7%	0.13	4.2%
AngloGold Ashanti Holdings Finance PLC	ANGSJ 3.5 14	1.4%	1.31	4.0%
General Cable Corp	BGC 0 4/1/15	3.5%	2.17	3.7%
Omnicare Inc	OCR 3.25 35	3.3%	2.88	3.6%
Five Star Quality Care Inc	FVE 3.75 26	1.4%	0.09	3.4%
Dillard's Inc	DDS 6.625 18	4.4%	4.96	3.0%
Longview Fibre Paper & Packaging Inc	LONGVW 8 16	3.9%	0.34	2.8%
Berry Plastics Corp	BERY 0 9/15/14	4.2%	0.09	2.3%
Headwaters Inc	HW 2.5 14	3.0%	1.00	1.6%
Neenah Paper Inc	NP 7.375 14	7.3%	0.09	1.6%
Pinnacle Foods Finance LLC / Pinnacle Foods Finance Corp	PFHC 8.25 17	6.2%	3.59	1.4%
Viasystems Corp	VIAS 4 13	7.6%	0.29	0.2%
Ethan Allen Global Inc	ETH 5.375 15	3.8%	2.67	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.

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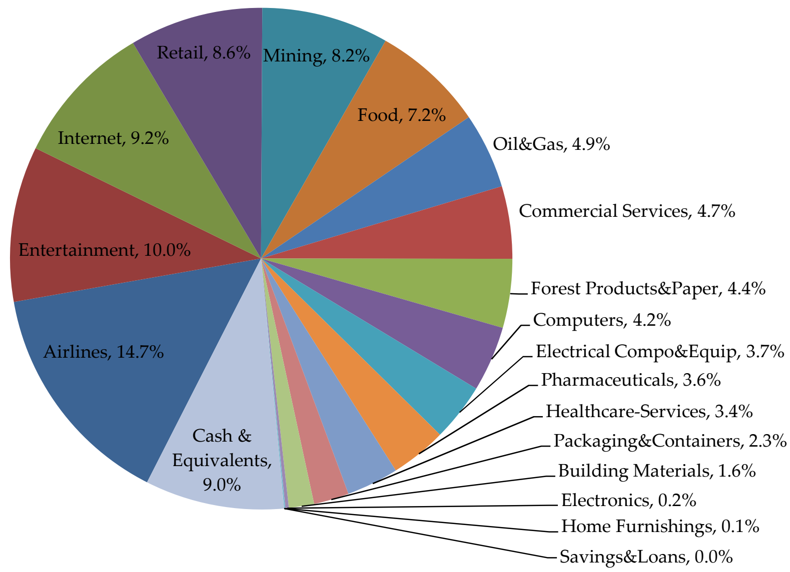
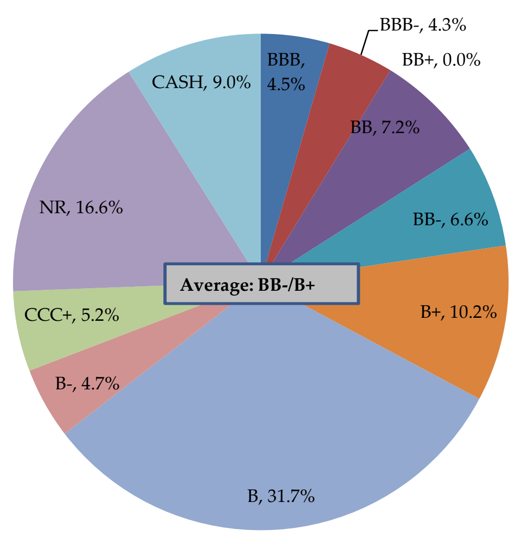
By Sector



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.*