

Zeo Strategic Income Fund

| | NAV | 1M | 3M | 6M | YTD | 1Y | 2Y | 3Y | 5Y | 10Y | Since Inception (31-May-2011) |
|--|---------|--------|--------|-------|-------|-------|-------|-------|-------|-------|----------------------------------|
| <i>Month End (30-Sep-2014)</i> | | | | | | | | | | | |
| Zeo Strategic Income Fund | 10.09 | -0.49% | -0.17% | 0.62% | 1.82% | 3.63% | 3.35% | 3.80% | n/a | n/a | 3.17% |
| Barclays Aggregate Bond Index | 1881.11 | -0.68% | 0.17% | 2.21% | 4.10% | 3.96% | 1.10% | 2.43% | 4.12% | 4.62% | 3.25% |
| <i>Total Fund Net Assets: \$111.9m</i> | | | | | | | | | | | |
| <i>Last Quarter End (30-Sep-2014)</i> | | | | | | | | | | | |
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ZEOIX – Total Annual Operating Expense Ratio: 1.34%

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. 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/SIPC.

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

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Commentary

The Zeo Strategic Income Fund (the "Fund") declined 0.49% in the month of September compared to a decline of 0.68% for the Barclays Capital U.S. Aggregate Bond Index (the "Benchmark"). Markets were down across the board, but the fixed income markets stole the front pages with the biggest headline of the month and possibly the year. Bill Gross, founder and CIO of Pacific Investment Management Company, LLC (a.k.a. PIMCO) and portfolio manager of the world's largest bond fund at ~\$222 billion, announced he is leaving to join Janus as the manager of a fund that, prior to his arrival, held just ~\$13 million - that's million with an "m". The fund will likely grow at the expense of PIMCO fund assets, but no matter what any analyst or gleeful competitor might try to tell us, no one has any true insight into the ultimate impact on fixed income markets. The only conclusion we feel comfortable drawing at this time is that, as hard as it is to imagine, uncertainty in the fixed income markets has managed to *increase* even more. Investors were already nervous about the state of fixed income, and many were already reassessing their approach to the asset class. For those who weren't, while Mr. Gross did not create the risks that face today's bond investors and may not have changed them, by adding yet another variable to an already mind-boggling equation, he provided a call to action. But what action?

Somewhere between 1981 and 1987 began an unprecedented bull market for bonds that has persisted through many market environments to the present day. The 10-year treasury note reached its lowest yield in that span in July 2012. The best performing fixed income managers in that timeframe tended to be those who were skilled at anticipating interest rate moves based on their particular understanding of the economic factors that drove such fluctuations. Managing duration and volatility was less important: a fixed income portfolio had a good chance of positive returns regardless, as the yields earned on bonds were high enough to overcome any interest rate sensitivity. For example, in 1989, a 10-year bond with a 9% yield could breakeven with a roughly 1% move in interest rates. This compares with a loss of ~5% at today's ~2.5% yield. Put together, a fixed income manager was rewarded handsomely for taking advantage of high yields to passively mitigate the impact of volatility of a core longer-term bond portfolio. He was incentivized to focus time, energy and capital on trying to be on the right side of directional moves in the short-term to outperform competitors positioned the same way. The tailwind of declining interest rates generally bailed him out if he was wrong, allowing a portfolio to appear much better risk-managed than it may have been.

Certainly, the best fixed income managers over the last thirty years were right more often than they were wrong, as it should be. However, today's fixed income manager is faced with a different challenge. Gone are the days when yields naturally offset volatility. There is still skill involved in trying to predict short-term interest rate moves in the face of what may be the most widely accepted long-term expectation in history. But, unlike the last three decades, we believe this skill sits second to focusing on actively managing risk and volatility if one is seeking capital preservation and income in a fixed income portfolio. Unfortunately, yesterday's fixed income managers, through sheer lack of practice, may be less adept at the risk and volatility management critical for tomorrow's fixed income markets. We are heartened to see the groundswell of opinion that it's time to reassess fixed income portfolios - we have argued this point for some time dating back to well before these recent headlines - but, in doing so, we believe investors are best served by firmly understanding their managers' core competencies: the skills needed to successfully navigate the next ten years of fixed income are unlikely to be the same skills that benefited from the last thirty.

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