Zeo Strategic Income Fund

	NAV	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	Since Inception (31-May-2011)
Month End (31-Oct-2013)											
Zeo Strategic Income Fund	10.10	0.69%	1.08%	1.53%	3.08%	3.44%	4.04%	n/a	n/a	n/a	3.15%
Barclays Aggregate Bond Index	1824.16	0.81%	1.24%	-1.97%	-1.10%	-1.08%	2.04%	3.02%	6.09%	4.78%	3.19%
	Total Fund Net Assets: $51.2m										
Last Quarter End (30-Sep-2013)											
Zeo Strategic Income Fund	10.12	0.30%	1.24%	1.32%	2.38%	3.08%	3.89%	n/a	n/a	n/a	2.97%
Barclays Aggregate Bond Index	1809.53	0.95%	0.57%	-1.77%	-1.89%	-1.68%	1.68%	2.86%	5.41%	4.59%	2.95%

ZEOIX – Total Annual Operating Expense Ratio: 1.52%
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, 2014, 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") gained 0.69% for the month of October, compared to 0.81% for the Barclays Capital U.S. Aggregate Bond Index (the "Benchmark"). The nomination of Janet Yellen to be the next Federal Reserve chair and a last-minute deal by lawmakers to avoid a government default boosted the markets, resulting in a second consecutive month of strong performance in both equities and bonds. Interest rates declined further as the Fed declined to reduce their bond buying programs, once again leading many investors to contemplate the future of their bond portfolios. Where bonds were once the primary means for capital preservation, many strategies offering "fixed income-like" risk profiles have been gaining favor as investors seek to avoid interest rate risk. Some of these strategies involve leaving fixed income entirely, including long-short equity and other hedged strategies that aim to deliver absolute (i.e., always positive) returns.

To believe that one can achieve better returns with less risk, however, misses a basic rule of investing that stands above all others: there is no free money. It is much more likely that, while intentionally reducing observed risks, one is replacing them with new unintended risks. This is the case with the alternative strategies mentioned above. Many of these strategies employ leverage, and all of them take on the often-overlooked risk of financing. Just as with the housing market, where higher down payments and higher mortgage rates lower the prices that buyers are willing to pay, financial assets are governed by a similar formula – higher margin requirements and higher financing rates lead directly to a decline in prices. In the extreme case of 2008, such declines greatly exceeded what one would reasonably expect from "fixed income-like" risk. This is not to say that these alternative strategies are to be avoided. Rather, if investors are going to use them as substitutes in a capital preservation portfolio, it's important to understand the risks being introduced and whether those risks are appropriate for the current environment.

It is our belief that investors can find income, capital preservation and diversification without leaving fixed income for more complex investments. We agree that taking interest rate risk today is unwise; however, we should not ignore the fact that fixed income comes in a variety of risk profiles. For example, short-term bonds in categories such as emerging markets and corporate debt can provide yield by replacing interest rate risk with credit. These securities offer substantially less sensitivity to a rise in interest rates than a typical portfolio dominated by treasury bonds. Moreover, to achieve a loss from defaulted credit similar to the loss one might get from treasuries if interest rates were to rise 1% (a relatively frequent occurrence that we witnessed most recently just this past August), we would need to see default rates rise to a level that hasn't been observed since the Great Depression.*

It is important to remember that not all shorter duration credit-oriented investments fit the bill. In the second quarter of this year, we experienced a market decline triggered by a fear of rising interest rates. To protect their portfolios in exactly this scenario, many investors proactively reduced their durations, sometimes with credit, through index ETFs. Unfortunately, in roughly a one month period during this market sell-off, some more popular ETFs experienced peak-to-trough losses of between 2% and 5%. In exactly the scenario these investments were expected to hedge a portfolio, they instead contributed meaningfully to losses. We believe the true differentiated risk profile provided by credit requires an active approach to bond selection, as fundamentally-focused portfolios with fewer, more carefully selected investments tend to be less correlated to index declines. While such funds are tougher to find (fundamental strategies have inherent size limitations that prevent many from exceeding even $1bn in assets), they can help turn a fixed income portfolio into an advantage in today's uncertainty – without having to take on new risks that may not be appropriate in a rising interest rate environment.

** As of 9/30, the benchmark ten year treasury yield was 2.6% with a duration of 8.7 years. If interest rates rise 1%, this profile results in a -5.1% one year total return. To achieve a similar loss from corporate defaults in a short duration high yield portfolio (BAML US 0-3 Year US HY Index) yielding 5.3%, one would need a 15.9% default rate assuming a 62.3% historical rate of loss in defaulted high yield bonds. Annual high yield default rates have only reached this level once since 1920 - during the Great Depression. (Sources: Bloomberg, Moody's, Deutschebank, Bank of America Merrill Lynch; Analysis/calculations: Zeo Capital Advisors)*

Long-short equity *is an investment strategy that involves buying long equities that are expected to increase in value and selling short equities that are expected to decrease in value.*

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

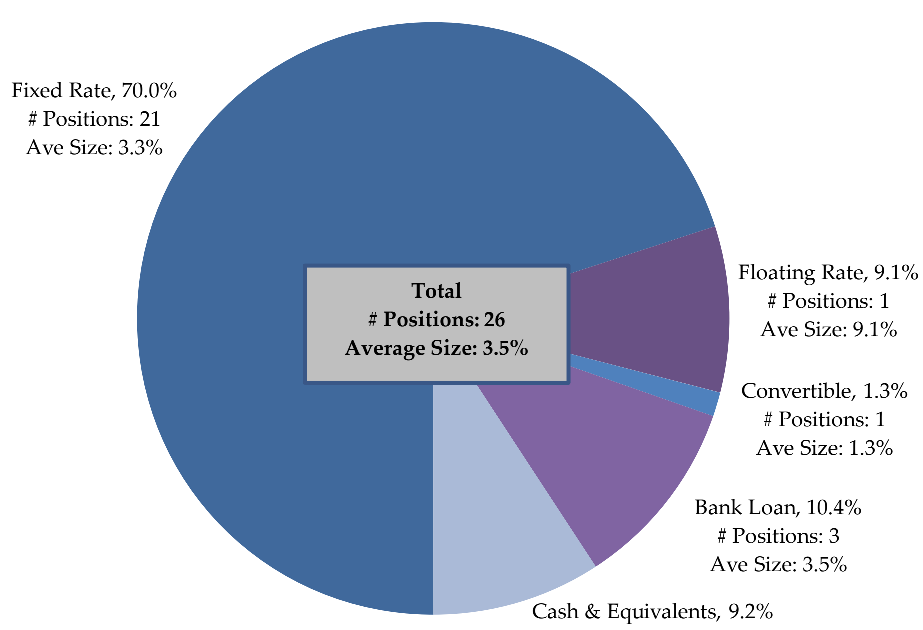
Portfolio Snapshot

Issuer	Instrument	Yield[1]	Maturity (yrs)	% of Portfolio
JetBlue Airways B-1 Spare Parts Pass Through Trust	JBLU 0 1/2/14	6.2%	0.17	9.1%
Hillman Group Inc/The	HILCOS 10.875 18	5.1%	0.59	7.6%
National Money Mart Co	DLLR 10.375 16	8.3%	2.13	6.8%
Expedia Inc	EXPE 7.456 18	3.7%	4.79	6.0%
Prestige Brands Inc	PBH 8.25 18	2.8%	0.42	5.6%
DAE Aviation Holdings Inc	DAEAVI 11.25 15	6.1%	0.09	5.2%
Collective Brands Inc	PSS TL B 1L USD	7.9%	6.00	4.4%
Mueller Water Products Inc	MWA 7.375 17	0.1%	0.09	4.4%
Dillard's Inc	DDS 6.625 18	3.6%	4.21	4.3%
Great Lakes Dredge & Dock Corp	GLDD 7.375 19	6.4%	3.25	4.2%
Alliance HealthCare Services Inc	AIQ 8 16	3.2%	0.09	4.2%
Blue Coat Systems Inc	BCSI TL B 1L USD	5.2%	5.63	4.0%
Horsehead Holding Corp	ZINC 10.5 17	7.0%	2.59	3.2%
ManTech International Corp/VA	MANT 7.25 18	2.1%	0.46	3.2%
Smith & Wesson Holding Corp	SWHC 5.875 17	5.5%	2.63	2.8%
Moog Inc	MOGA 7.25 18	4.9%	0.63	2.4%
Packaging Dynamics Corp	PKDY 8.75 16	4.1%	0.25	2.3%
Western Alliance Bancorp	WAL 10 15	5.5%	1.84	2.3%
T-Mobile USA Inc	TMUS 6.464 19	4.4%	1.49	2.2%
Blue Coat Systems Inc	BCSI TL 2L USD	10.3%	6.73	2.0%
Triumph Group Inc	TGI 8 17	3.2%	0.04	1.8%
Grifols Inc	GRFSM 8.25 18	3.0%	0.25	1.4%
Headwaters Inc	HW 2.5 14	5.6%	0.25	1.3%
Dillard's Inc	DDS 7.13 18	3.7%	4.75	0.1%
Ethan Allen Global Inc	ETH 5.375 15	3.3%	1.92	0.1%
Washington Mutual Inc	WM 0 09	0.0%	0.00	0.0%

[1] *Before fees and expenses*

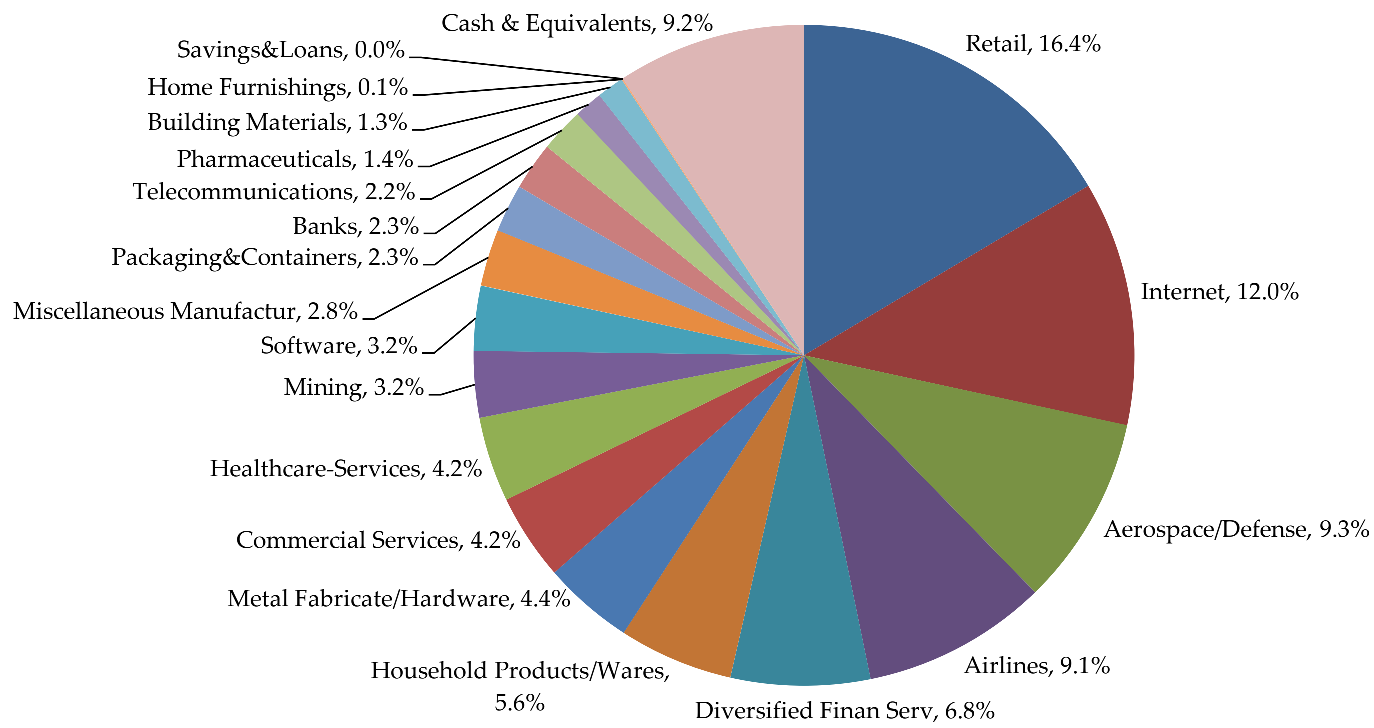
Portfolio holdings are subject to change at any time and should not be considered investment advice. Yields presented are those of portfolio holdings and do not represent that of the Fund.

By Asset Class

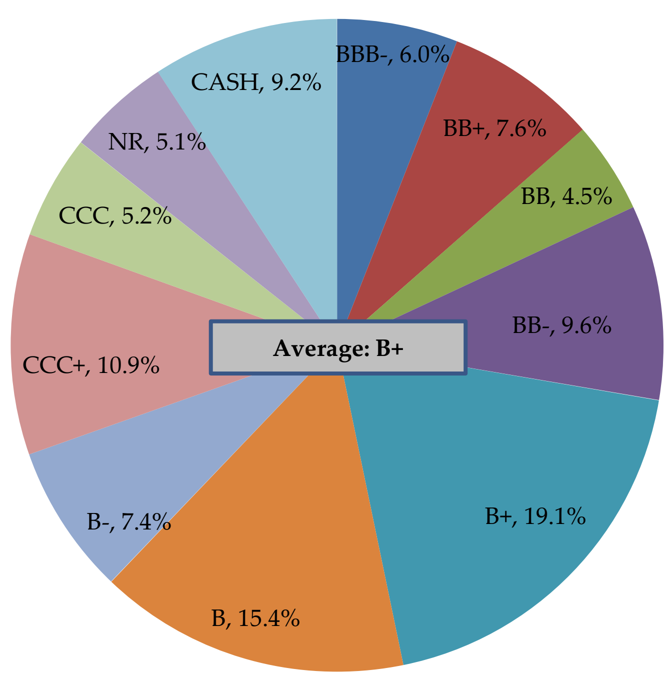


Each of these asset classes has its own set of investment characteristics and risks and investors should consider these risks carefully prior to making any investments.

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.*