

Zeo Strategic Income Fund

	NAV	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	Since Inception (31-May-2011)
<i>Month End (31-Oct-2014)</i>											
Zeo Strategic Income Fund	10.04	0.41%	0.61%	0.83%	2.23%	3.34%	3.39%	3.81%	n/a	n/a	3.21%
Barclays Aggregate Bond Index	1899.60	0.98%	1.40%	2.35%	5.12%	4.14%	1.49%	2.73%	4.22%	4.64%	3.47%
<i>Total Fund Net Assets: \$114.7m</i>											
<i>Last Quarter 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%

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") gained 0.41% in the month of October, compared to a gain of 0.98% for the Barclays Capital U.S. Aggregate Bond Index (the "Benchmark"). Markets continued to be highly correlated, with most asset classes finishing this month up. The increases in broad indices can be attributed, in part, to a decision by the European Central Bank to engage in an asset purchase program to inject stimulus into a challenged economy. But many investors will have already forgotten that a steep drop in oil prices contributed to heartburn-inducing declines in these same markets during the first half of the month. To us, it is the significant volatility that accompanied the correlations that makes this month more than just another rollercoaster. While we cannot draw actionable conclusions from the direction of market movements in October, we do have further evidence toward our views expressed last month that investors may be well served to focus on managers with a particular expertise in navigating through such volatility, especially in fixed income.

In response to our previous commentary, some of our readers have commented that managers with such expertise are hard to find in traditional fixed income circles, leading them toward those with non-traditional backgrounds, many with explicit experience managing derivative-based and other alternative strategies. To the extent these managers and strategies are available as investable products for most investors, they tend to be classified as liquid alternatives or, worse, defy classification in current frameworks. For example, fundamental bond strategies that use deliberate portfolio construction to mitigate volatility don't have a place in a universe that categorizes corporate debt as "short term", "high yield", or "investment grade". In every case, a fund risks being viewed as "too risky" or "too low return" unless one does a deeper dive into the true underlying risk profile of the portfolio. Moreover, the majority of such funds have been launched within the last five years and employ strategies that have natural capacity constraints. We agree with many who believe that the managers best suited for today's volatile markets may not be those with lengthy performance histories. But with limited scalability and track records, how is an investor to evaluate such managers?

Before we go too far, however, it's important to remind ourselves that there are reasons why investors have traditionally looked to performance to assess managers. As a rule of thumb for due diligence, a track record is far from just a performance measure - it's a risk measure that can demonstrate repeatability, consistency and discipline in both a portfolio and an underlying investment *business*. When evaluating non-traditional managers, investors may be able to overcome these due diligence hurdles sooner by identifying other factors that aim to reach the same conclusions. In particular, we believe investors would be well served to focus on managers' grasp of their *business* risks and how these impact investors. By paying attention to the close ties between business risk and portfolio risk, investors can better evaluate not just how well a fund's risk profile fits their needs today but how consistent that fit is likely to be over time. In doing so, investors and managers have an opportunity to build a thoughtful relationship that may offer the reassurance needed to drive investment decisions at a more attractive stage of a fund's lifecycle. We believe this is a more prudent alternative to waiting for a fund to reach a large scale, at which point a manager's skills and track record may be undermined by a loss of agility that can be invaluable in volatile markets.

*A **derivative-based strategy** is an investment strategy that employs derivatives. A **derivative** is a security or contract whose price is dependent upon or derived from one or more underlying assets. Common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indices.*

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