Sustainable, Responsible and Impact Mutual Fund and ETF Chart

Zeo Sustainable Credit Fund

General Fund Information

Ticker: ZSRIX

Assets under management (AUM): $11.96M (in US$ millions)

General Fund Type: Bond (Fixed Income)

Specific Sizes or Types of Investments: Corporate Credit

Financial Objective: The Zeo Sustainable Credit Fund seeks risk-adjusted returns consisting of income and moderate capital appreciation.

Specific ESG Focus: The Zeo Sustainable Credit Fund is a fundamental fixed income mutual fund investing primarily in high yield corporate credits implementing ESG initiatives. Our approach to sustainability applies the firm's longstanding bottom-up investment process and total-return framework to a selective portfolio invested across the corporate capital structure. Targeted companies include leaders among their peers in key areas of sustainable business practices and those demonstrating progress along our internal Zeo Sustainability Spectrum.

To invest, call: 855-ZEO-FUND (855-936-3863)

Fund Institution Information

Institution Name:
Zeo Capital Advisors, LLC

Mutual Funds Description: Zeo Capital Advisors is a credit-focused fundamental investment manager with two mutual funds and separately managed accounts. As a firm, our primary goal is to deliver strong risk-adjusted returns to our investors, which requires a focus on both creditworthiness and volatility mitigation. In our view, this dual priority can only be fully achieved if portfolio companies are behaving in a long-term sustainable way and are proactively avoiding unexpected liabilities and other downside surprises due to short-term profiteering at the expense of society over the longer term. The firm's investment process takes a deep dive look at risk factors which are financially material to the issuers we are evaluating, including both traditional credit metrics and ESG factors.

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Account Minimums

Minimum Account: $5,000
Minimum IRA: $1,500

Methodology

Screening Venue: In-house

Screening Party: Zeo Investment Management Team

Screening Database Used: --

Screening Process: In addition to evaluating companies according to traditional fundamental credit metrics, Zeo does deep-dive analysis into the debt issuer’s approach to sustainability. The investment team reviews company filings, investor calls and marketing collateral to build an initial understanding and a basis for ESG-related inquiries. But this is only the beginning of our sustainability research.

The Sustainable Accounting Standards Board (SASB) is leading the industry’s efforts to standardize sustainable business practices through reporting. Zeo’s in-house fundamental research for sustainability aligns with SASB’s risk-based approach to identifying those ESG factors which are financially material to an issuer or industry, highlighting key areas of risk for further investigation. We use a variety of sources in this evaluation process, though no source is used solely for screening in or out investments without a deliberate fundamental research effort, including direct conversations with company management teams where applicable to assess where they fall on our internal Zeo Sustainability Spectrum:

- Awareness: The first step is being aware as to what environmental, social or governance issues should be prioritized given the specific company.
- Strategy: We then look for evidence of a clear company strategy to address the sustainability issues most relevant to the company or industry. It is important that a company recognizes the need for improvement when it comes to ESG factors from a competitive standpoint, from a financial materiality standpoint and from an evolutionary standpoint.
- Execution: Having a strategy is important but the path to execution is key. We do not expect every investment candidate to have fully executed on their strategy, but we are looking for meaningful strides to improve.
- Measurement: Most companies have not figured out how to measure their impact or progress with regards to ESG or sustainable initiatives; such quantifiable data takes time. However, part of our conversation with company management teams discusses how they intend to measure their efforts and what success would look like for them. The depth of these conversations reveal thoughtfulness and deliberate actions on the part of the management teams to know they are committed to their ESG goals, which aligns with our sustainable mandate.

A company does not have to be perfect but does need to demonstrate deliberate thoughts and tactics towards appropriate ESG goals. We explicitly exclude companies that derive the majority of revenue from vice industries such as alcohol, drugs, tobacco, gambling, weapons and adult entertainment.

Proxy Voting Information

Proxy Voting Guidelines or Policies: N/A for fixed income

Proxy Voting Records: N/A for fixed income

Specific Screening Information by Category

Environment

- Climate / Clean Technology: Combination of Positive and Restricted/Exclusionary Strategies
- Pollution / Toxics: Combination of Positive and Restricted/Exclusionary Strategies
- Other Environmental: Combination of Positive and Restricted/Exclusionary Strategies

Social

- Community Development: Combination of Positive and Restricted/Exclusionary Strategies
- Diversity & Equal Employment Opportunity: Combination of Positive and Restricted/Exclusionary Strategies
- Human Rights: Combination of Positive and Restricted/Exclusionary Strategies
Labor Relations: Combination of Positive and Restricted/Exclusionary Strategies
Conflict Risk: Combination of Positive and Restricted/Exclusionary Strategies

Governance

Board Issues: Combination of Positive and Restricted/Exclusionary Strategies
Executive Pay: Combination of Positive and Restricted/Exclusionary Strategies

Products

Alcohol: Restricted/Exclusionary Investment
Animal Welfare: Combination of Positive and Restricted/Exclusionary Strategies
Defense/Weapons: Restricted/Exclusionary Investment
Gambling: Restricted/Exclusionary Investment
Tobacco: Restricted/Exclusionary Investment

Other

Shareholder Engagement - Private Dialogue: Conducted with companies on environmental, social or governance issues

Performance Data

Data provided by: Bloomberg - Information current as of July 31, 2020

Year-to-date rate of return: -5.78%
1-year rate of return: -4.6%
3-year rate of return: --
5-year rate of return: --
10-year rate of return: --
Previous year rate of return: --
Management fee: 0.75%
Expense ratio: 1.25%
Standard deviation: 11.78%

Benchmark used: Barclays Capital US Aggregate Bond | External link

Disclaimer: ZSRIXâ€™*Total Annual Operating Expense Ratio is 1.25% After Fee Waiver (1.33% total expense before waiver). Zeo contractually agreed to reduce its fees until August 31, 2020, subject to possible recoupment in future years.

Performance data represents past performance net of all fees and expenses for the Zeo Sustainable Credit Fund (â€œthe Fundâ€ or â€œZSRIXâ€). Current performance may be lower or higher than the performance data quoted. 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.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Zeo Sustainable Credit Fund (â€œthe Fundâ€). This and other important information about the Fund is contained in the prospectus, which can be obtained by calling 855-ZEO-FUND. The prospectus should be read carefully before investing. The Fund are 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 is actively managed dynamic portfolios. There is
no guarantee the Fund will achieve its objectives, goals, generate positive returns, or avoid losses. The Fund can invest a percentage of assets in derivatives, such as futures and options contracts. The use of such derivatives may expose the Fund to additional risks that they 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 Zeo Funds invest. 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.