

Zeo Strategic Income Fund

	NAV	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	Since Inception (31-May-2011)
<i>Month End (31-Jul-2012)</i>											
Zeo Strategic Income Fund	9.99	0.20%	0.30%	1.87%	2.49%	2.54%	n/a	n/a	n/a	n/a	2.00%
Barclays Aggregate Bond Index	1836.76	1.38%	2.34%	2.88%	3.78%	7.25%	5.84%	6.85%	6.91%	5.65%	7.36%
Total Fund Net Assets: \$33.5m											
<i>Last Quarter End (30-Jun-2012)</i>											
Zeo Strategic Income Fund	10.05	0.40%	0.36%	2.29%	2.29%	2.13%	n/a	n/a	n/a	n/a	1.97%
Barclays Aggregate Bond Index	1811.77	0.04%	2.06%	2.37%	2.37%	7.47%	5.67%	6.93%	6.79%	5.63%	6.60%

ZEOIX – Total Annual Operating Expense Ratio: 2.16%

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, 2012, 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.

1219-NLD-8/2/2012

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Commentary

The Zeo Strategic Income Fund (the "Fund") generated a total return of 0.20% in July compared to 1.38% for the Barclays Capital U.S. Aggregate Bond Index (the "Benchmark"). For much of the month, mounting pessimism surrounding Europe drove volatile and downward-trending equity and fixed income markets. Speculation of a disintegrating euro had returned, which prompted the president of the European Central Bank (ECB) to announce an unqualified commitment to preserve the currency. The implications, most notably a likely intervention by the ECB to shore up the debt crisis building in Spain and Italy (and, by some analyses, in France) sent markets soaring over the final week of July. As a result, broader markets finished the month higher even as economic fundamentals across the globe seem to be declining further.

As one might expect, we are especially focused on this disconnect in the fixed income markets. It would seem that broad-market high yield, which Bank of America tells us is at its most overvalued relative to equities, may be at risk of losing its aura of invincibility. As discussed in prior months, the relative nature of high yield participants certainly points to much higher volatility in this asset class regardless of whether inflation or deflation ultimately wins the battle of economic fundamentals. To be sure, the volatility we saw this month didn't stop the price appreciation that took place in July; with all evidence indicating that low interest rates will be a fact of life for some time, one should not discount a prolonged period of the status quo. For investors with a focus on principal protection, this should point to a preference for an approach to fixed income that is guarded against volatility but is still positioned to benefit from uncovering attractive income in the current environment.

This, we believe, tends to be a highly selective and fundamental portfolio that mitigates the sensitivity both to intermediate volatility, with a short duration to protect against large directional moves. Here at Zeo, we have been actively reducing the duration of our portfolio even further to prepare for more attractive opportunities in the coming months, some of which we are already seeing. On the one hand, this conservative approach resulted in a growing duration gap with the Benchmark, the primary driver behind the difference in performance in July for the Fund; on the other hand, the resulting laddered portfolio provides a natural offset to price movements, a risk profile we favor heading into the second half of this year.

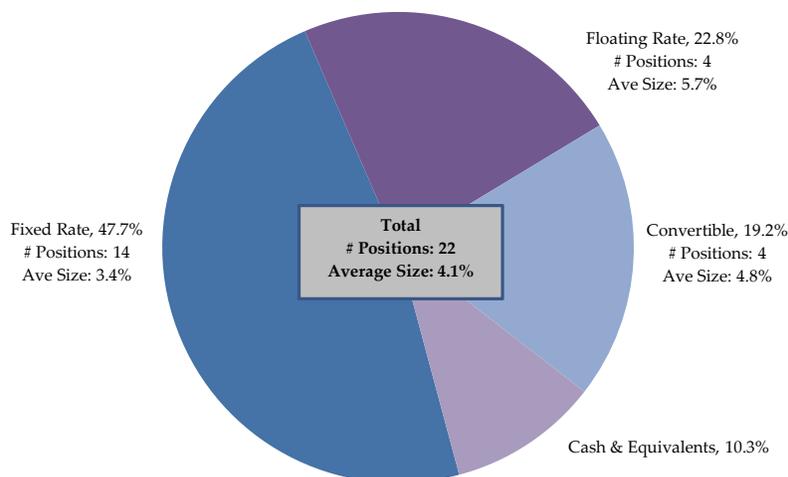
There is no guarantee that any investment will achieve its objectives, goals, generate positive returns, or avoid losses.

Portfolio Snapshot

Issuer	Instrument	Yield ¹	Maturity (yrs)	% of Portfolio
JetBlue Airways B-1 Spare Parts Pass Through Trust	JBLU 0 1/2/14	6.7%	1.42	10.6%
PEP Boys-Manny Moe & Jack	PBY 7.5 14	4.0%	0.38	7.1%
Alcatel-Lucent USA Inc	ALUFP 2.75 25	6.8%	0.88	6.8%
Collective Brands Inc	PSS 8.25 13	3.4%	0.08	6.8%
Expedia Inc	EXPE 7.456 18	4.2%	6.04	5.2%
General Cable Corp	BGC 0 4/1/15	5.6%	2.67	5.0%
Euronet Worldwide Inc	EEFT 3.5 25	2.3%	0.22	5.0%
Continental Airlines 2006-1 Class G Pass Through Trust	UAL 0 6/2/13	3.8%	0.84	4.9%
Live Nation Inc	LYV 2.875 27	4.8%	1.96	4.9%
Kinross Gold Corp	KCN 1.75 28	2.8%	0.63	4.5%
JC Penney Corp Inc	JCP 7.95 17	9.0%	4.67	4.2%
Lions Gate Entertainment Inc	LGF 10.25 16	4.8%	1.25	4.1%
MGM Resorts International	MGM 6.75 12	3.5%	0.09	3.1%
SanDisk Corp	SNDK 1 13	2.3%	0.79	2.7%
Nash Finch Co	NAFC 1.6314 35	3.4%	0.63	2.6%
Dillard's Inc	DDS 6.625 18	5.9%	5.46	2.4%
Hanesbrands Inc	HBI 0 12/15/14	4.0%	2.38	2.2%
Neenah Paper Inc	NP 7.375 14	4.6%	0.29	2.2%
Dillard's Inc	DDS 7.85 12	3.9%	0.17	2.1%
Sabine Pass LNG LP	CQP 7.25 13	4.1%	1.33	1.7%
Rentech Inc	RTK 4 13	4.7%	0.71	1.7%
Washington Mutual Inc	WM 0 09	0.0%	0.42	0.0%

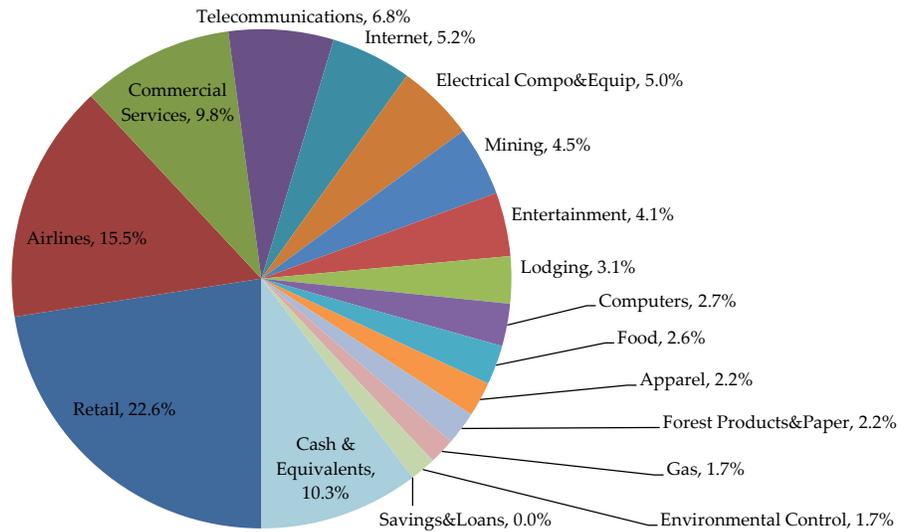
¹ Before fees and expenses

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.

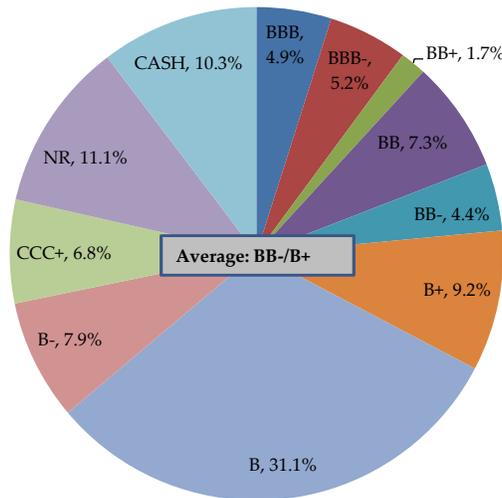
By Asset Class


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 Rating²



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.