

**Zeo Strategic Income Fund**

	NAV	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	Since Inception (31-May-2011)
<i>Month End (31-Aug-2012)</i>											
<b>Zeo Strategic Income Fund</b>	10.09	1.00%	1.60%	2.06%	3.51%	4.29%	n/a	n/a	n/a	n/a	2.67%
<b>Barclays Aggregate Bond Index</b>	1837.96	0.07%	1.49%	2.97%	3.85%	5.78%	5.20%	6.51%	6.66%	5.48%	6.90%
Total Fund Net Assets: \$34.0m											
<i>Last Quarter End (30-Jun-2012)</i>											
<b>Zeo Strategic Income Fund</b>	10.05	0.40%	0.36%	2.29%	2.29%	2.13%	n/a	n/a	n/a	n/a	1.97%
<b>Barclays Aggregate Bond Index</b>	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: 1.91%

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, 2013, 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.

1356-NLD-9/4/2012

## Commentary

The Zeo Strategic Income Fund (the "Fund") generated a total return of 1.00% in July compared to 0.07% for the Barclays Capital U.S. Aggregate Bond Index (the "Benchmark"). Both equity and credit markets closed the month higher, most likely driven by the increased likelihood of a continued loose monetary policy from the Federal Reserve. Combined with a related rally in Europe attributed to short covering, there was cause for bulls to feel good about themselves as the summer comes to a close. However, a closer look shows that the last two weeks of the month were somewhat weak; while not fully offsetting the early optimism of another Fed intervention, it was enough to support the case for caution heading into the fall months.

That being said, as judged by the average daily volume of shares traded on the New York Stock Exchange, August 2012 had the fourth lowest volume of any month since November 2003, with the other three being December 2009, December 2010 and December 2011. As a result, while it's easy to suggest reasons for this month's market movements, it seems unwise to draw actionable conclusions. In the credit markets, September is shaping up to be another strong month for high yield new issuance, and fund inflows are expected to continue at a record-setting pace for 2012. Even so, credit managers seem to be showing a noticeable trend toward shorter durations and a renewed bias for structured and derivative instruments. Any one of these data points can be interpreted as favorable for either bulls or bears; in truth, August was probably a good month for cautious and aggressive investors alike to tune and refine their incumbent views rather than make wholesale changes.

True to this opinion, our caution has been reinforced as we find the lack of volume in credit particularly disconcerting. Furthermore, the direction of the markets when volumes increase is far from certain, even as the ability to capitalize on entry points in weaker markets and act wisely in stronger markets requires confidence. In truth, it seems nearly impossible to have conviction regarding supply/demand factors and market direction. On the contrary, we believe a deliberate and selective focus on fundamentals can better anchor the conviction needed to navigate highly uncertain environments such as the one in which we find ourselves now.

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



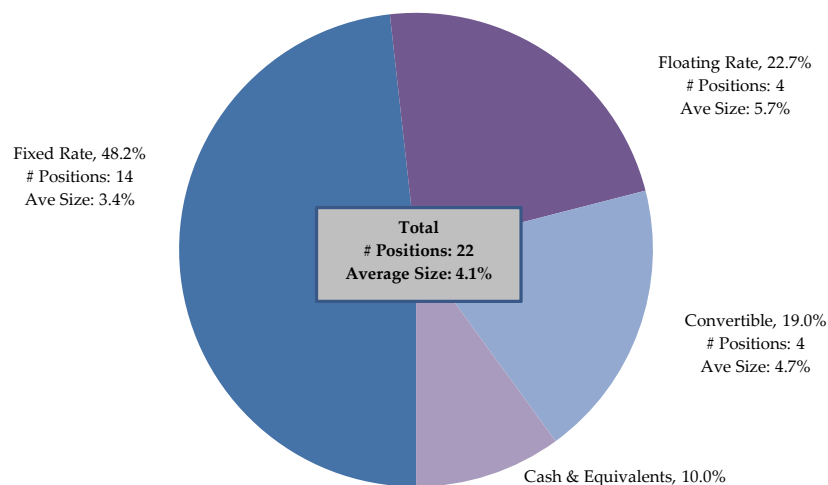
Portfolio Snapshot

Issuer	Instrument	Yield <sup>1</sup>	Maturity (yrs)	% of Portfolio
JetBlue Airways B-1 Spare Parts Pass Through Trust	JBLU 0 1/2/14	4.7%	1.34	10.7%
PEP Boys-Manny Moe & Jack	PBY 7.5 14	2.4%	0.29	6.9%
Alcatel-Lucent USA Inc	ALUFP 2.75 25	5.7%	0.79	6.8%
Collective Brands Inc	PSS 8.25 13	1.0%	0.09	6.7%
Expedia Inc	EXPE 7.456 18	4.1%	5.96	5.2%
General Cable Corp	BGC 0 4/1/15	5.5%	2.59	5.0%
Euronet Worldwide Inc	EEFT 3.5 25	3.5%	0.14	4.9%
Live Nation Inc	LYV 2.875 27	4.2%	1.88	4.8%
Continental Airlines 2006-1 Class G Pass Through Trust	UAL 0 6/2/13	4.2%	0.76	4.8%
Kinross Gold Corp	KCN 1.75 28	2.2%	0.54	4.4%
Lions Gate Entertainment Inc	LGF 10.25 16	4.3%	1.17	4.1%
SanDisk Corp	SNDK 1 13	2.8%	0.71	4.0%
JC Penney Corp Inc	JCP 7.95 17	7.7%	4.59	3.9%
MGM Resorts International	MGM 6.75 12	6.8%	0.00	3.0%
Nash Finch Co	NAFC 1.6314 35	4.0%	0.54	2.5%
Dillard's Inc	DDS 6.625 18	5.6%	5.38	2.4%
Neenah Paper Inc	NP 7.375 14	2.7%	0.21	2.2%
Hanesbrands Inc	HBI 0 12/15/14	4.0%	0.09	2.2%
Dillard's Inc	DDS 7.85 12	2.3%	0.09	2.1%
Sabine Pass LNG LP	CQP 7.25 13	3.9%	1.25	1.7%
Rentech Inc	RTK 4 13	3.9%	0.09	1.7%
Washington Mutual Inc	WM 0 09	0.0%	0.33	0.0%

<sup>1</sup> Before fees and expenses

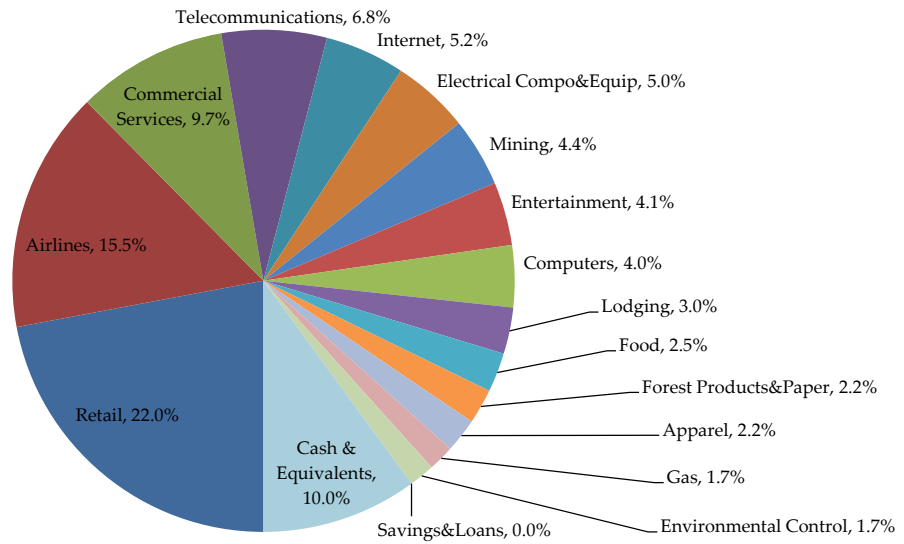
Portfolio holdings are subject to change at any time and should not be considered investment advice. Yields presented are those of portfolio holdings and do not represent that of the Fund.

By Asset Class

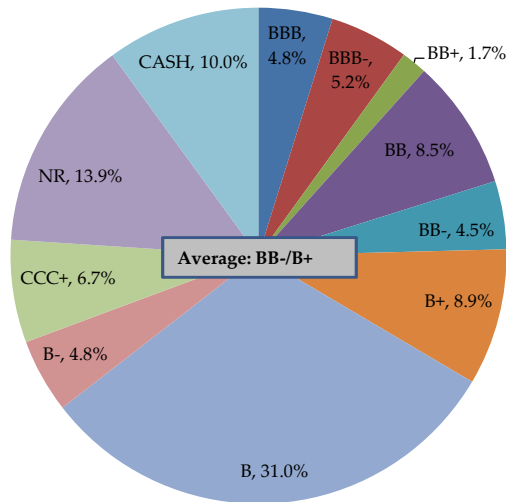


Each of these asset classes has its own set of investment characteristics and risks and investors should consider these risks carefully prior to making any investments.

By Sector



By Credit Rating<sup>2</sup>



<sup>2</sup> 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.