Zeo Strategic Income Fund

	NAV	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	Since Inception (31-May-2011)
Month End (28-Feb-2013)											
Zeo Strategic Income Fund	10.12	0.10%	0.80%	1.93%	0.75%	4.04%	n/a	n/a	n/a	n/a	3.03%
Barclays Aggregate Bond Index	1840.67	0.50%	-0.34%	0.15%	-0.20%	3.12%	5.71%	5.45%	5.52%	5.01%	4.98%
	Total Fund Net Assets: $41.8m										
Last Quarter End (31-Dec-2012)											
Zeo Strategic Income Fund	10.05	0.05%	0.68%	2.39%	4.74%	4.74%	n/a	n/a	n/a	n/a	2.86%
Barclays Aggregate Bond Index	1844.46	-0.14%	0.22%	1.80%	4.22%	4.22%	6.01%	6.19%	5.95%	5.18%	5.64%

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.

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Zeo Capital Advisors, LLC | 1 Montgomery Street, Suite 3450, SF, CA 94104 | 415.875.5604 | www.zeo.com

Commentary

The Zeo Strategic Income Fund (the "Fund") generated a total return of 0.10% in February compared to 0.50% for the Barclays Capital U.S. Aggregate Bond Index (the "Benchmark"). With fewer volatility-inducing headlines than we have seen in the last few months - in part because the US citizenry has become desensitized to partisan gridlock in Washington - most markets were stable even as interest rates went lower. Of course, with lower rates comes talk of higher rates, and within corporate credit, we find it notable that 2013 so far has witnessed the highest inflows on record into loan funds. Considering that loans are floating rate instruments with low interest rate sensitivity that are generally the senior-most portion of a company's capital structure, there's little wonder why these funds are seeing unprecedented interest. And, as with our discussion of the "Great Rotation" from fixed income into equities last month (which continued into February), we appreciate the goal of reducing interest rate risk. We especially applaud the rotation to loans from other fixed income as a more comparable risk substitution than equities, and readers will recall from previous commentaries that we too have favored these investments.

However, whenever there is unbridled enthusiasm for any asset class, we feel it's important to remind ourselves that there is no free money; we can agree we are reducing interest rate risk, but what risks are we adding to maintain comparable levels of income? Specifically with loans, as was the case in 2007, a seemingly unlimited supply of capital and a desperate demand for yield have given companies the upper-hand, and many new loans are being issued with few if any of the covenants that give loans their usual structural advantages. The consequence is an asset class that, in aggregate, has a higher-than-usual risk of principal loss (i.e. fundamental risk). Most loan portfolios take an index-like approach, not unlike the ETFs we highlighted in January, giving their shareholders this aggregate principal risk. While this may be appropriate for tactical beta models[1], we believe the prudent strategic investor would be well advised to keep in mind how this differs from a credit-selective portfolio in which each loan is deeply researched; indeed, fundamental analysis is the best mitigant for fundamental risk.

Similarly, while many loan funds report very low durations, it is important for investors to distinguish between different uses of the term "'duration". Within corporate credit, there are two distinct sensitivities blended into "duration": interest rates and credit spreads. This makes sense for fixed rate bonds: the change in today's price for a bond whose yield moves from 10% to 10.25% is generally the same whether the extra 0.25% comes from a rise in interest rates or credit spreads[2]. However, for floating rate instruments, if rates go up 0.25%, all future expected coupons increase, resulting in an "interest rate duration" that shows little sensitivity (typically less than 3 months for most loans). However, if credit spreads increase by the same 0.25%, there is no equivalent adjustment to future coupons, and the loan will exhibit a much higher sensitivity to this change in market yields. This results in a "credit spread duration" more like a fixed rate bond with the same maturity, in many cases as long as 7 years. That's not to say this is bad risk; in general, we agree that such loans can be additive to a fixed income portflio. But as always, we urge investors to be mindful of unadvertised risks. As with any fixed income strategy and especially one rooted in fundamental credit, the devil is in the details, and today's environment requires an extra level of diligence on the part of both investor and manager.

[1] *A **tactical beta model** is an active management portfolio strategy that rebalances the percentage of the portfolio held in various asset classes to profit from directional moves in those that the investor believes are most likely to outperform the portfolio benchmark.*

[2] *A **credit spread** is the difference in bond yields between a Treasury security and a non-Treasury security, in this discussion a corporate bond, that are identical in all respects except for quality rating.*

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

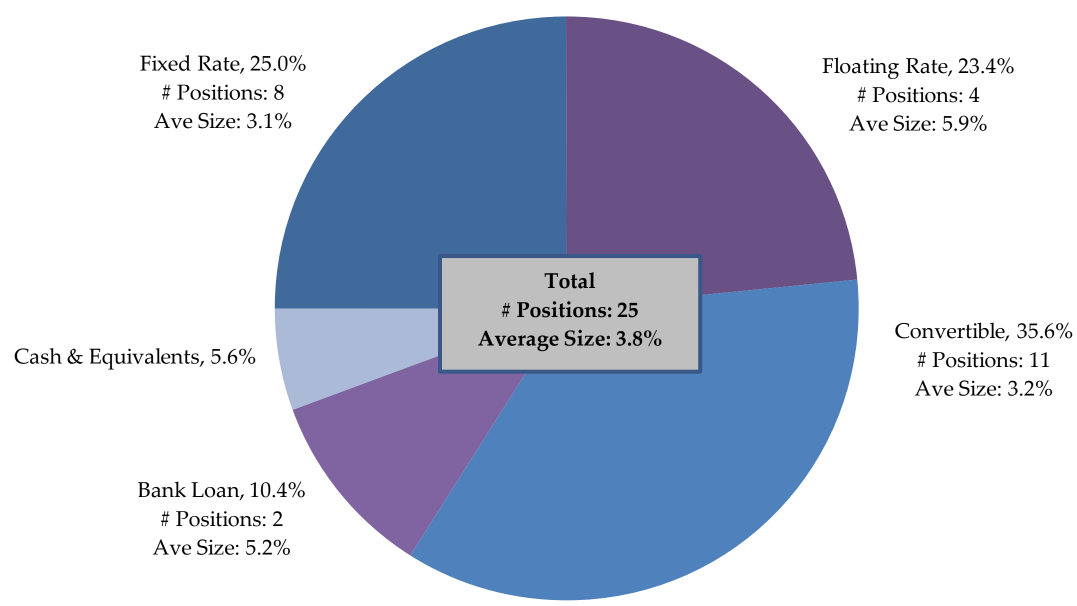
Portfolio Snapshot

Issuer	Instrument	Yield[1]	Maturity (yrs)	% of Portfolio
JetBlue Airways B-1 Spare Parts Pass Through Trust	JBLU 0 1/2/14	3.8%	0.84	10.2%
Lions Gate Entertainment Inc	LGF 10.25 16	3.1%	0.67	9.9%
Nash Finch Co	NAFC 1.6314 35	3.9%	0.04	5.8%
Collective Brands Inc	PSS TL B 1L USD	7.5%	6.61	5.5%
Longview Fibre Paper & Packaging Inc	LONGVW 8 16	3.6%	0.25	5.3%
Dillard's Inc	DDS 6.625 18	4.3%	4.88	5.1%
Blue Coat Systems Inc	BCSI TL B 1L USD	5.7%	4.96	4.9%
Carrizo Oil & Gas Inc	CRZO 4.375 28	2.2%	0.25	4.8%
Live Nation Inc	LYV 2.875 27	2.6%	1.39	4.6%
SanDisk Corp	SNDK 1 13	1.3%	0.21	4.6%
Continental Airlines 2006-1 Class G Pass Through Trust	UAL 0 6/2/13	2.5%	0.26	4.4%
Expedia Inc	EXPE 7.456 18	3.5%	5.46	4.2%
AngloGold Ashanti Holdings Finance PLC	ANGSJ 3.5 14	2.1%	1.23	3.9%
Omnicare Inc	OCR 3.25 35	3.2%	2.79	3.6%
Wallace Theater Holdings Inc	WALTHC 0 6/15/13	5.9%	0.29	3.5%
Liberty Interactive LLC	LINTA 3.25 31	2.6%	0.02	3.5%
Five Star Quality Care Inc	FVE 3.75 26	5.4%	0.63	3.3%
Berry Plastics Corp	BERY 0 9/15/14	4.1%	0.03	2.2%
Neenah Paper Inc	NP 7.375 14	5.5%	0.09	1.6%
Headwaters Inc	HW 2.5 14	3.6%	0.92	1.6%
Pinnacle Foods Finance LLC / Pinnacle Foods Finance Corp	PFHC 8.25 17	6.0%	1.50	1.3%
Viasystems Corp	VIAS 4 13	9.1%	0.21	0.2%
Dillard's Inc	DDS 7.13 18	4.6%	5.42	0.1%
Ethan Allen Global Inc	ETH 5.375 15	3.8%	2.59	0.1%
Washington Mutual Inc	WM 0 09	0.0%	0.00	0.0%

[1] *Before fees and expenses*

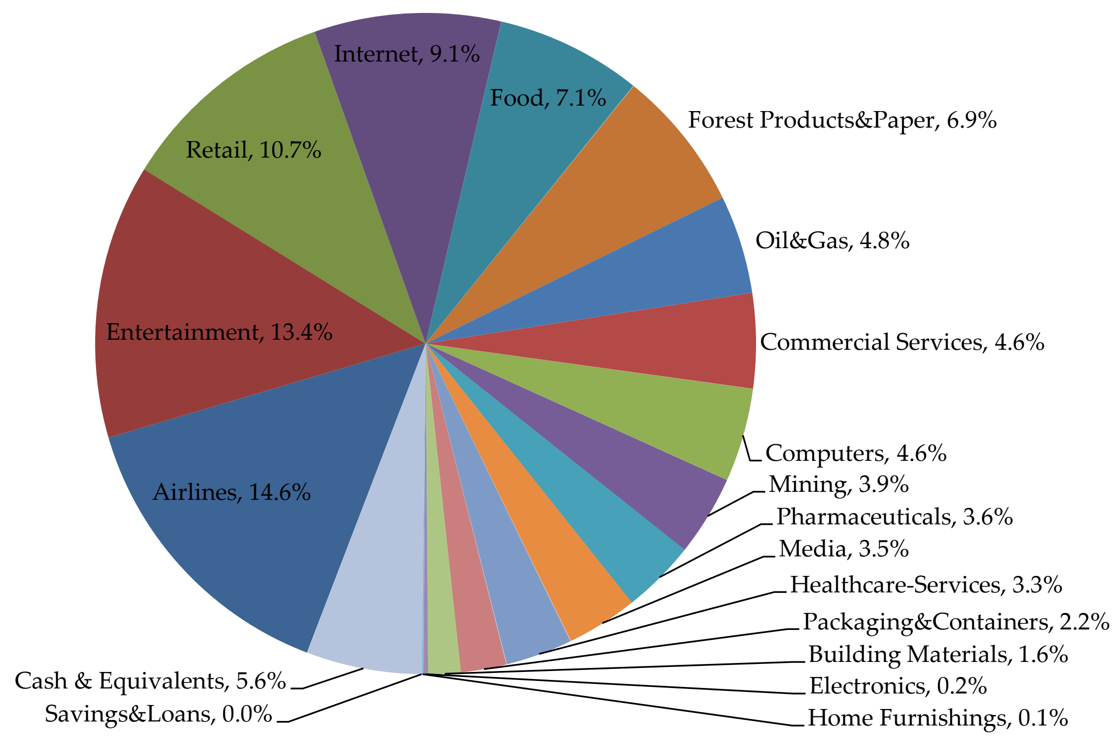
Portfolio holdings are subject to change at any time and should not be considered investment advice. Yields presented are those of portfolio holdings and do not represent that of the Fund.

By Asset Class

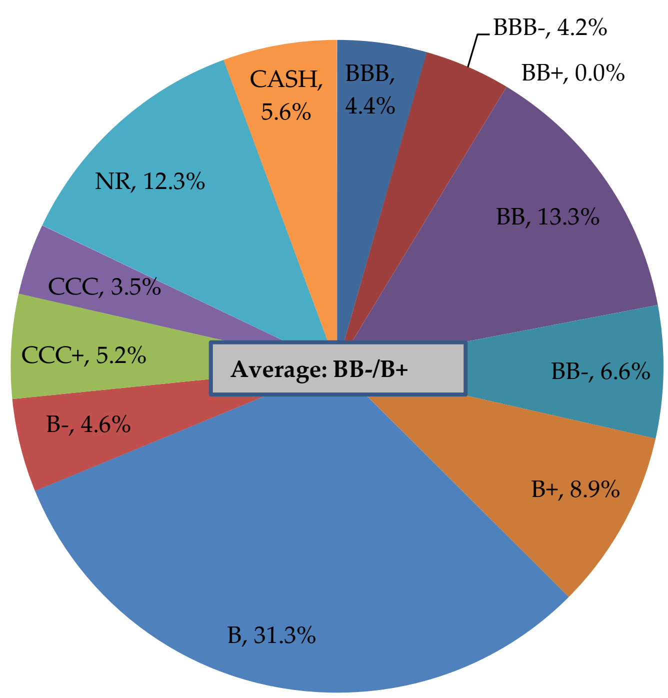


Each of these asset classes has its own set of investment characteristics and risks and investors should consider these risks carefully prior to making any investments.

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.*