Zeo Capital Advisors

PORTFOLIO REPORT
June 30, 2013

Zeo Strategic Income Fund

	NAV	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	Since Inception (31-May-2011)
Month End (30-Jun-2013)											
Zeo Strategic Income Fund	10.08	-0.40%	0.09%	1.13%	1.13%	3.55%	2.84%	n/a	n/a	n/a	2.72%
Barclays Aggregate Bond Index	1799.31	-1.55%	-2.33%	-2.44%	-2.44%	-0.69%	3.31%	3.51%	5.19%	4.52%	3.03%
	Total Fund Net Assets: $45.2m										
Last Quarter End (30-Jun-2013)											
Zeo Strategic Income Fund	10.08	-0.40%	0.09%	1.13%	1.13%	3.55%	2.84%	n/a	n/a	n/a	2.72%
Barclays Aggregate Bond Index	1799.31	-1.55%	-2.33%	-2.44%	-2.44%	-0.69%	3.31%	3.51%	5.19%	4.52%	3.03%

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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Commentary

The Zeo Strategic Income Fund (the "Fund") was -0.40% for the month of June, compared to -1.55% for the Barclays Capital U.S. Aggregate Bond Index (the "Benchmark"). Needless to say, there were a number of factors that contributed to the results this month: record outflows from bond funds; a bias of fund managers toward raising cash from their lowest risk positions to avoid realizing losses; and dealers with stretched balance sheets afraid to show bids due to lack of capital. In fact, regular readers may have feelings of déjà vu, as we have on several occasions described these same three observations as a recurring pattern at the start of a derisking cycle from broadly-held fixed income, though perhaps with differing levels of intensity depending on the market environment.

In the case of fund flows, the extreme nature of the redemptions out of bond funds was unprecedented. The previous record level of outflows for this asset class was $41.8b, set in October 2008.[1] June 2013 saw this level shattered as investors withdrew $61.7b. As notable as this number is, just as important is the fact that $52.8b of that came from mutual funds, with only $8.9b from ETFs. We had previously observed that fund flows in the last year were disproportionately weighted toward ETFs - at one point, ETFs represented 70% of the flows despite being only 19% of total assets in fixed income.[2] The fact that ETFs this month represented just over 14% of the outflows in June indicates that much more of the withdrawal from these bond funds is coming from strategic or core holdings than had been the case just a few months back. In short, while nothing is certain, it does seem prudent to be prepared for the possibility that recent declines may be the start of a long-awaited secular shift away from traditional fixed income assets, most notably those that tend to exhibit higher risk in a rising interest rate environment.

That said, the need for income and principal protection is not going away, and it is unrealistic to expect investors to avoid fixed income entirely. Rather, it is incumbent upon managers to diversify fixed income risks so that no one exposure overwhelms the portfolio. We believe the most defensive and uncorrelated strategies in the current environment, as well as the most underrepresented in most allocations, are fundamental in focus - despite what might happen with interest rates and ETF redemptions, for example, good companies will continue to issue and repay bonds. If one can identify and invest in those bonds with limited durations that have strong credit profiles, we believe the risks associated with the broader markets are mitigated. Meanwhile, as we commented in previous months, the typical pattern of managers reacting to redemptions is to start by raising liquidity from their most "boring" positions, in part to avoid realizing losses and in part to increase their upside should the markets rebound. Fortunately, these observations have combined to present one of the most attractive entry points for "boring" in nearly two years, a buyer's market in which investors can simultaneously diversify and be opportunistic for the potential benefit of both risk *and* return.

[1] *Source: TrimTabs*

[2] *Source: Bank of America Merrill Lynch*

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

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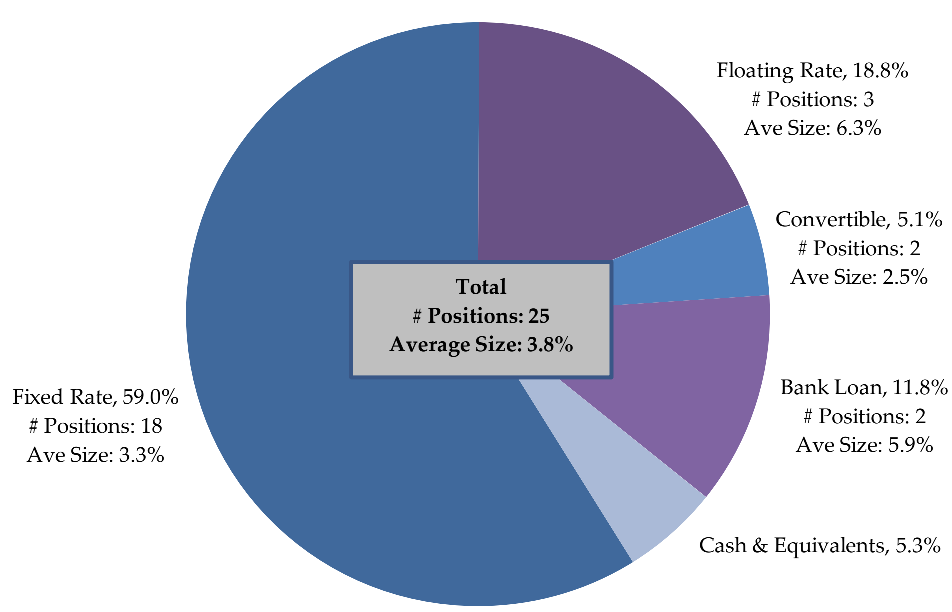
Portfolio Snapshot

Issuer	Instrument	Yield[1]	Maturity (yrs)	% of Portfolio
JetBlue Airways B-1 Spare Parts Pass Through Trust	JBLU 0 1/2/14	4.2%	0.51	10.2%
Lions Gate Entertainment Inc	LGF 10.25 16	3.8%	0.34	9.2%
Longview Fibre Paper & Packaging Inc	LONGVW 8 16	4.3%	0.08	7.5%
National Money Mart Co	DLLR 10.375 16	7.6%	1.46	7.3%
Blue Coat Systems Inc	BCSI TL B 1L USD	5.5%	5.89	6.7%
Collective Brands Inc	PSS TL B 1L USD	7.7%	6.24	5.1%
Mueller Water Products Inc	MWA 7.375 17	6.2%	1.92	4.9%
Dillard's Inc	DDS 6.625 18	4.2%	4.54	4.7%
Western Alliance Bancorp	WAL 10 15	6.2%	2.17	3.9%
Bankrate Inc	RATE 11.75 15	4.5%	0.08	3.9%
Expedia Inc	EXPE 7.456 18	4.1%	5.13	3.8%
Omnicare Inc	OCR 3.25 35	2.2%	2.46	3.6%
ManTech International Corp/VA	MANT 7.25 18	5.7%	2.79	3.5%
Great Lakes Dredge & Dock Corp	GLDD 7.375 19	6.2%	3.59	3.4%
Entravision Communications Corp	EVC 8.75 17	7.4%	0.09	3.2%
Prestige Brands Inc	PBH 8.25 18	4.8%	0.75	2.8%
Cott Beverages Inc	BCBCN 8.125 18	5.2%	1.17	2.8%
Case New Holland Inc	CNH 7.75 13	3.0%	0.17	2.3%
Regions Financial Corp	RF 7.75 14	2.2%	1.36	1.7%
Headwaters Inc	HW 2.5 14	4.3%	0.59	1.5%
Headwaters Inc	HW 7.625 19	6.3%	3.75	1.2%
Icahn Enterprises LP	IEP 0 8/15/13	2.7%	0.13	1.1%
Dillard's Inc	DDS 7.13 18	4.5%	5.09	0.1%
Ethan Allen Global Inc	ETH 5.375 15	3.7%	2.25	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.

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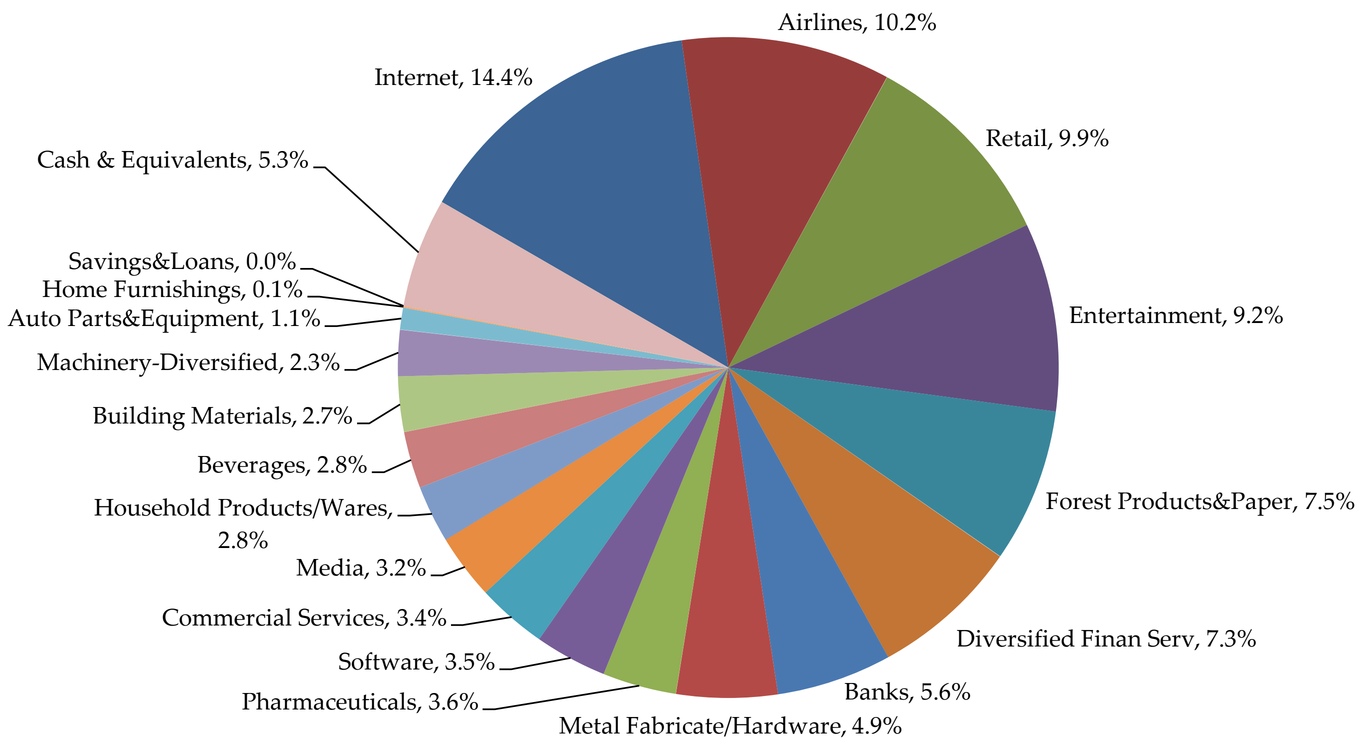
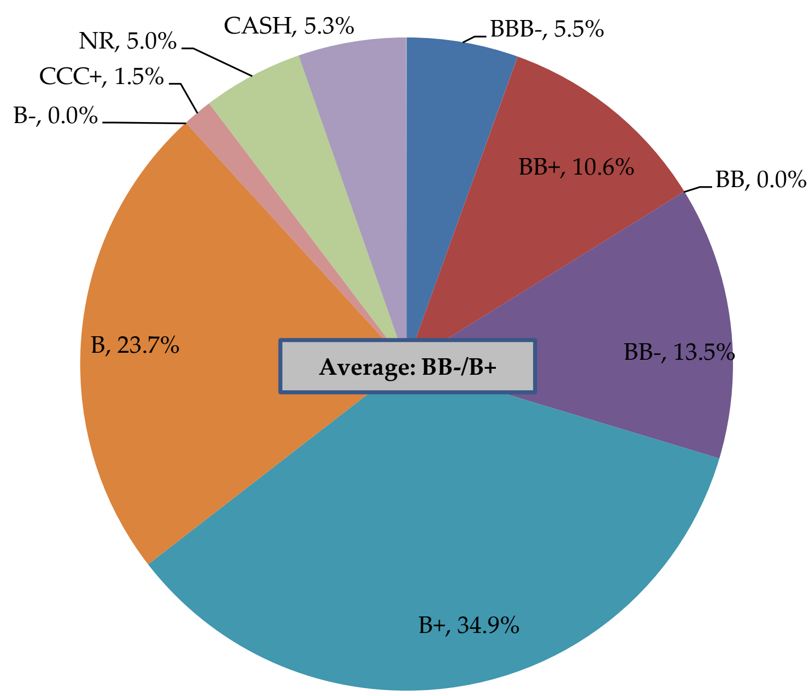
By Sector



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.*

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