Zeo Strategic Income Fund

	NAV	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	Since Inception (31-May-2011)
Month End (31-Jul-2013)											
Zeo Strategic Income Fund	10.08	0.84%	0.44%	1.32%	1.98%	4.21%	3.37%	n/a	n/a	n/a	3.01%
Barclays Aggregate Bond Index	1801.77	0.14%	-3.17%	-1.62%	-2.31%	-1.90%	2.57%	3.19%	5.23%	4.89%	2.98%
	Total Fund Net Assets: $45.4m										
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.

1922-NLD-08/06/2013

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Commentary

The Zeo Strategic Income Fund (the "Fund") gained 0.84% for the month of July, compared to a gain of 0.14% for the Barclays Capital U.S. Aggregate Bond Index (the "Benchmark"). After a tough second quarter in almost every asset class, July came as a relief to investors as both equity and debt markets were positive; the S&P 500* in particular posted its third largest monthly gain in over two years. Aside from this past January, which exceeded July by just 0.09%, the only gain of greater magnitude was October 2011, which followed the largest market decline since 2008. Topping off the bullish headlines, the index closed the month just shy of a record high set just a few days before. Bond investors, however, weren't quite so well rewarded, as fixed income benchmarks posted only modest gains and many of the largest bond fund managers continued to see unprecedented outflows. Meanwhile, as it pertains to Zeo, "boring" has been effective, as evidenced by our outperformance both in the last month and over the last three months, a period capturing the most recent market downturn and subsequent (partial) recovery.

From our perspective, the more interesting observation of the last few months, however, is not that fixed income asset classes with meaningful interest rate sensitivity have declined. Those who held on during the first half of 2013 likely did so believing the risk of a rise (or perceived rise) in interest rates was low and that the next year would look like the last two. In this worldview, the indexed exposure of traditional managers would continue to perform well. While this bet did not work out, it stands in contrast to the decision some investors made to actively reduce their sensitivity to interest rates, typically by shifting to investments with short maturities, floating rate coupons or both. Notably, most funds that provide exposure to these asset classes, including the large ETFs used by most retail investors to gain exposure to shorter-term high yield bonds and syndicated loans, declined between 2% and 4% during the recent market sell-off; most are still down from their peaks in early May. In short, the low theoretical interest rate sensitivity was not sufficient to protect investors from a market event triggered in large part by a fear that interest rates would rise.

A number of factors can be blamed for this disconnect, and for any readers interested, we're always available for a post-mortem on the array of lessons one might learn from the last three months. However, we can summarize here by reiterating our long-held and often-discussed belief that a focus on fundamentals can offset the supply/demand imbalances that could otherwise overwhelm the theoretical advantage of a given asset class. Over the last few months, for example, investors in the aforementioned funds were victims of large consensus trades, the consequences of which we have discussed in detail in the past. But just as one should expect a deeply-researched, value-oriented portfolio of a few carefully selected equities to perform differently from the S&P 500 index, so it is with corporate debt, even at the low end of the interest rate risk spectrum.

If one agrees that diversifying exposures, so that no one risk is likely to have undue influence on a portfolio, is a positive step toward protecting principal, then it follows that two portfolios within a single asset class with differing risk profiles, when paired, should produce together a portfolio less likely to experience a permanent loss of capital. Given that, within fixed income, fundamentally-focused portfolios are generally underrepresented in most traditional allocation models, we believe that investors have the opportunity to better insulate themselves from today's fixed income risks and to continue to earn income not by reducing their fixed income portfolios but by diversifying them with fundamental strategies. We will caution that this is not just a case for active management outperformance, a controversial opinion in some circles. More useful to capital preservation investors, we are making a less disputable case for fundamentals providing a different risk profile altogether; performance over the last few months has demonstrated this observation far better than most value-oriented managers can express in words.

* *The S&P 500® Index is an unmanaged composite of 500 large capitalization companies. This index is widely used by professional investors as a performance benchmark for large-cap stocks. You cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.*

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

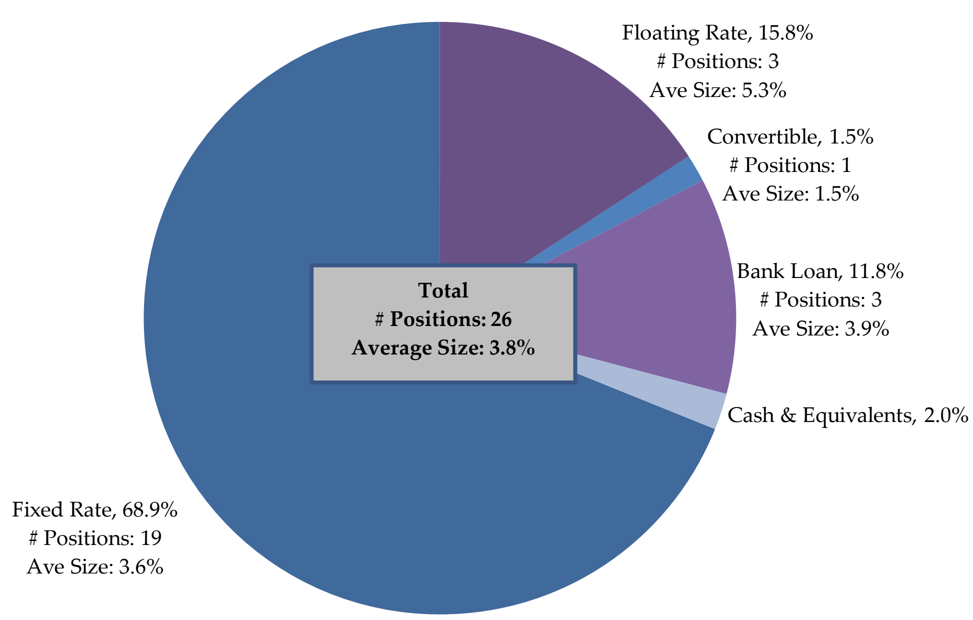
Portfolio Snapshot

Issuer	Instrument	Yield[1]	Maturity (yrs)	% of Portfolio
JetBlue Airways B-1 Spare Parts Pass Through Trust	JBLU 0 1/2/14	4.8%	0.42	10.2%
Lions Gate Entertainment Inc	LGF 10.25 16	1.4%	0.25	9.2%
National Money Mart Co	DLLR 10.375 16	6.9%	0.38	7.3%
Expedia Inc	EXPE 7.456 18	4.1%	5.04	6.7%
Collective Brands Inc	PSS TL B 1L USD	7.7%	6.24	5.1%
Mueller Water Products Inc	MWA 7.375 17	5.0%	0.09	5.0%
Dillard's Inc	DDS 6.625 18	4.3%	4.46	4.7%
Prestige Brands Inc	PBH 8.25 18	3.2%	0.67	4.7%
Longview Fibre Paper & Packaging Inc	LONGVW 8 16	1.7%	0.05	4.6%
Cott Beverages Inc	BCBCN 8.125 18	4.2%	1.09	4.5%
Blue Coat Systems Inc	BCSI TL B 1L USD	5.4%	5.88	4.5%
Western Alliance Bancorp	WAL 10 15	6.0%	2.09	3.9%
Bankrate Inc	RATE 11.75 15	3.2%	0.07	3.9%
ManTech International Corp/VA	MANT 7.25 18	5.0%	0.71	3.5%
Alliance HealthCare Services Inc	AIQ 8 16	6.6%	1.34	3.5%
Great Lakes Dredge & Dock Corp	GLDD 7.375 19	6.1%	3.50	3.4%
Entravision Communications Corp	EVC 8.75 17	8.2%	0.01	3.2%
Blue Coat Systems Inc	BCSI TL 2L USD	10.4%	6.98	2.3%
Case New Holland Inc	CNH 7.75 13	2.5%	0.09	2.2%
Regions Financial Corp	RF 7.75 14	1.4%	1.28	1.7%
Headwaters Inc	HW 2.5 14	2.6%	0.50	1.5%
Headwaters Inc	HW 7.625 19	4.9%	1.67	1.3%
Icahn Enterprises LP	IEP 0 8/15/13	2.7%	0.04	1.1%
Dillard's Inc	DDS 7.13 18	4.3%	5.00	0.1%
Ethan Allen Global Inc	ETH 5.375 15	3.3%	2.17	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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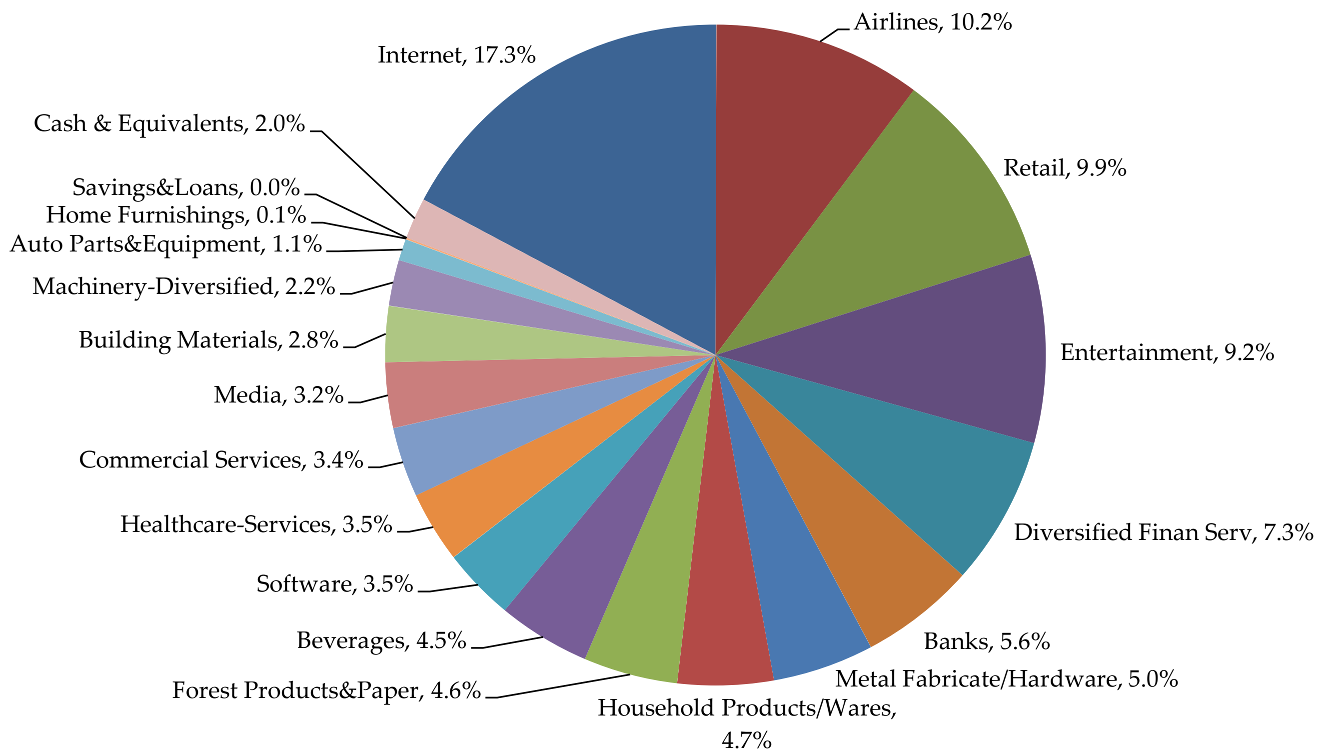
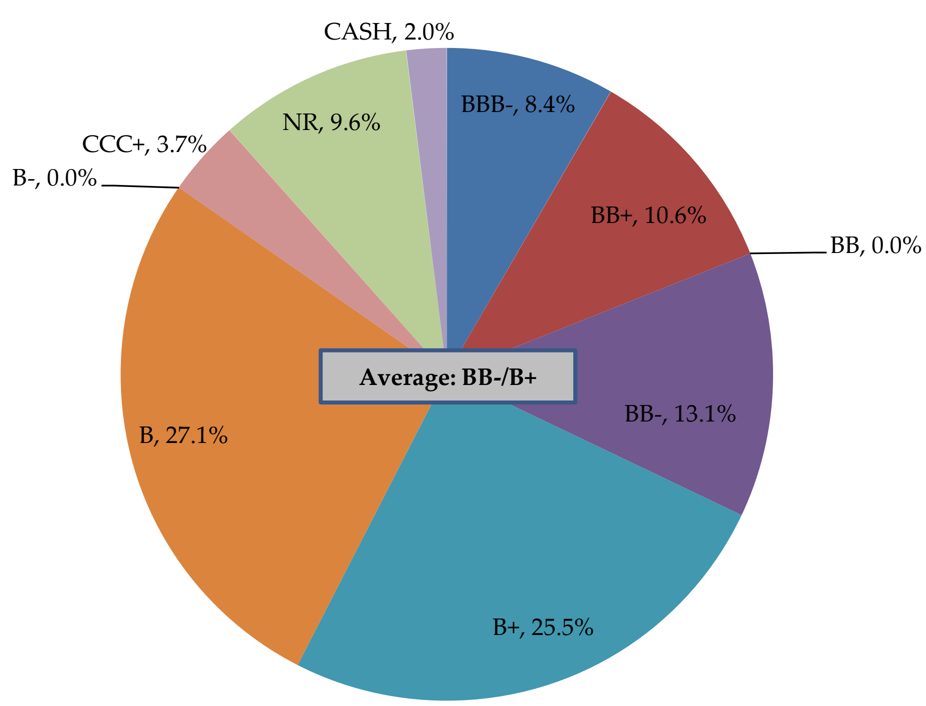
By Sector



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.*