

**Zeo Strategic Income Fund**

	NAV	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	Since Inception (31-May-2011)
<i>Month End (31-May-2015)</i>											
<b>Zeo Strategic Income Fund</b>	10.05	0.26%	1.15%	2.24%	2.46%	2.99%	3.67%	3.91%	n/a	n/a	3.36%
<b>Barclays Aggregate Bond Index</b>	1933.98	-0.24%	-0.14%	1.09%	1.00%	3.03%	2.87%	2.21%	3.90%	4.61%	3.42%
<i>Total Fund Net Assets: \$140.3m</i>											
<i>Last Quarter End (31-Mar-2015)</i>											
<b>Zeo Strategic Income Fund</b>	10.02	0.27%	1.57%	1.96%	1.57%	2.59%	3.47%	3.59%	n/a	n/a	3.27%
<b>Barclays Aggregate Bond Index</b>	1945.63	0.46%	1.61%	3.43%	1.61%	5.72%	2.77%	3.10%	4.41%	4.93%	3.73%

ZEOIX – Total Annual Operating Expense Ratio: 1.34%

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. 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/SIPC.

**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

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## Commentary

The Zeo Strategic Income Fund (the "Fund") gained 0.26% in the month of May, compared to a loss of -0.24% for the Barclays Capital U.S. Aggregate Bond Index (the "Benchmark" or "Barclays Aggregate"). Broad markets were relatively benign this month, with equities finishing higher by an unremarkable amount and broad market fixed income finishing slightly lower, almost entirely due to a modest rise in interest rates that caused prices to decline just enough to overcome interest earned. For those investors who watch the markets on a daily or weekly basis or are headline enthusiasts, May was far more exciting - a fluctuating US dollar, continued uncertainty in Greece (and in Europe in general), and conflicting US economic data underscored both the opportunities and the risks in reacting to datapoints from any one day. But, in making this same observation month-in and month-out, we at Zeo always find ourselves drawn to the same focus on investor fit that defines our business: when is it appropriate to react to daily, weekly or even monthly changes in the markets?

Our readers will recognize in this question a fundamental theme from our commentaries over the last few years, and one that we have highlighted in some detail in the last two reports. In our view, it is crucial for investors to understand their investment timeframes and adhere to the discipline most appropriate for those horizons. For the strategy that makes tactical market decisions on a daily or weekly basis, it is entirely appropriate and likely essential to evaluate short-term market behaviors with the explicit goal of reaching an actionable conclusion. For many fixed income investors seeking longer-term stability of capital, such an effort is unnecessary at best and harmful in many situations. That is not to say that monitoring the variables that impact the markets isn't important for all investors, regardless of time horizon. However, there is a difference between processing additional data in aggregate to evaluate the effectiveness one's strategy and having a mindset that views each datapoint as a call to action, potentially resulting in inappropriately frequent changes in holdings and strategy for a non-tactical portfolio goal.

The kind of insights that justifiably alter investment theses that aim for capital preservation don't come along that often and certainly don't occur with predictable regularity. There are always opportunities to reinforce confidence or magnify existing doubt, but if one's conviction underlying a longer-term investment horizon is so easily shaken by short-term factors, the flaw may lie more in a misunderstanding of what the portfolio was meant to achieve in the first place. Here at Zeo, our objectives mirror our philosophy that fixed income investors seeking a true fixed income risk profile would be well-served to aim for a portfolio that embraces uncertainty and doesn't hinge on being on the right side of a directional view on interest rates or any other market factor. For those who share this opinion, what happens in any given week or month, while interesting and additive to an overall investment process, is less relevant than the effort to maintain a consistent risk profile, an effort that is inherently subject to less frequent revision. This in turn may provide investors with the confidence to process information and headlines differently and, one hopes, with fewer of the zigs and zags that can so often drag on a portfolio.

*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>	Time (yrs) <sup>1</sup>	% of Portfolio
Esterline Technologies Corp	ESL 7 20	2.2%	0.17	8.4%
Lions Gate Entertainment Corp	LGF 5.25 18	4.1%	3.17	7.0%
VWR Funding Inc	VWRINT 7.25 17	3.0%	0.29	6.3%
Brown Shoe Co Inc	BWS 7.125 19	4.4%	0.08	6.3%
Perry Ellis International Inc	PERY 7.875 19	1.7%	0.08	5.7%
Gannett Co Inc	GCI 7.125 18	3.0%	0.25	4.8%
Spectrum Brands Inc	SPB 6.75 20	3.9%	0.08	4.1%
Star Gas Partners LP / Finance Co	SGU 8.875 17	3.7%	0.50	3.9%
Reynolds Group Issuer Inc / LLC / Lu	REYNOL 7.125 19	2.7%	0.38	3.4%
Smith & Wesson Holding Corp	SWHC 5 18	4.4%	2.13	3.2%
DAE Aviation Holdings Inc	DAEAVI TL 2L USD	8.0%	4.22	3.1%
OMNOVA Solutions Inc	OMN 7.875 18	6.4%	1.42	3.1%
Mueller Water Products Inc	MWA TL B 1L USD	4.9%	6.34	2.9%
Horsehead Holding Corp	ZINC 9 17	9.0%	2.00	2.9%
FTI Consulting Inc	FCN 6.75 20	2.8%	0.34	2.5%
Hiland Partners LP / Finance Corp	KMI 7.25 20	3.2%	1.34	2.4%
Smith & Wesson Holding Corp	SWHC 5.875 17	2.6%	0.04	2.1%
Landslide Holdings Inc	LANSOF TL 2L USD	9.7%	5.80	2.1%
Sabine Pass LNG LP	CQP 7.5 16	2.8%	1.50	2.0%
Horsehead Holding Corp	ZINC 10.5 17	7.0%	2.00	1.9%
Sabine Pass LNG LP	CQP 7.5 16	2.8%	1.50	1.8%
Dillard's Inc	DDS 6.625 18	2.6%	2.63	1.6%
Alliance HealthCare Services Inc	AIQ TL DD 1L USD	4.9%	4.04	1.4%
Armored Autogroup Inc	ARMAUT 9.25 18	2.1%	0.04	1.2%
Regis Corp	RGS 5.75 17	4.4%	1.50	1.2%
GRD Holdings III Corp	GRIDGE 10.75 19	0.2%	0.01	1.1%
Carlson Wagonlit BV	CARWAG 6.875 19	4.9%	1.04	0.7%
Mobile Mini Inc	MINI 7.875 20	3.5%	0.50	0.7%
Washington Mutual Inc	Various	0.0%	0.00	0.0%

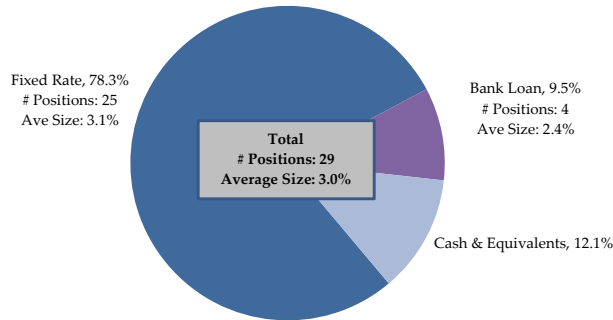
<sup>1</sup> Yield to worst before fees and expenses; see **yield to worst** definition below for more information. Expected life represents the period of time the bond would be held in a yield to worst scenario.

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.

**Yield to worst** is the lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment or early redemption options, are used by

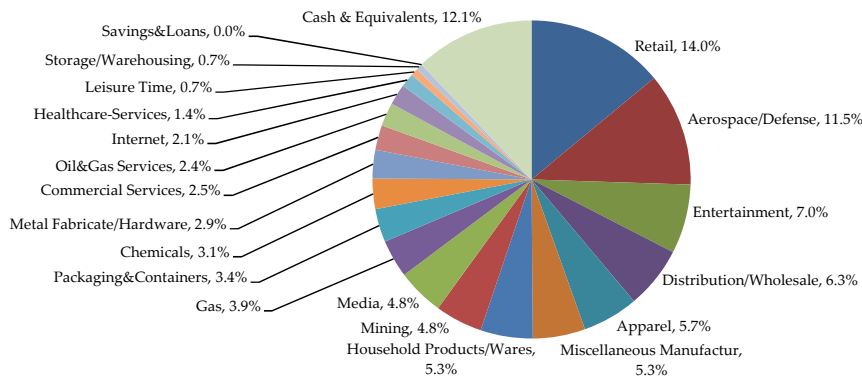


### By Asset Class

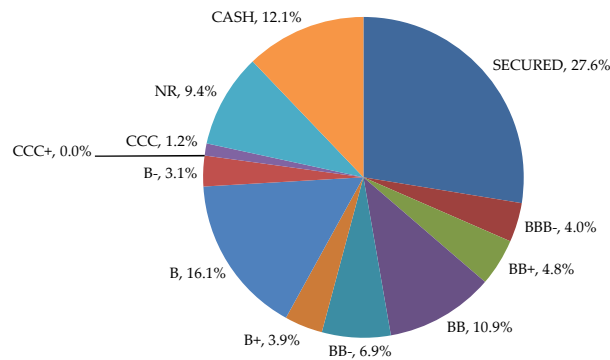


Each of these asset classes has its own set of investment characteristics and risks and investors should consider these risks carefully prior to making any investments.

### 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.