Zeo Strategic Income Fund

	NAV	1M	3M	6M	YTD	1Y	2Y	3Y	5Y	10Y	Since Inception (31-May-2011)
Month End (31-Aug-2013)											
Zeo Strategic Income Fund	10.09	0.10%	0.54%	1.32%	2.08%	3.28%	3.79%	n/a	n/a	n/a	2.94%
Barclays Aggregate Bond Index	1792.56	-0.51%	-1.92%	-2.61%	-2.81%	-2.47%	1.57%	2.58%	4.93%	4.77%	2.63%
	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: 1.52%

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, 2014, 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") gained 0.10% for the month of August, compared to a -0.51% loss for the Barclays Capital U.S. Aggregate Bond Index (the "Benchmark"). Markets this month showed signs that the fears that drove the second quarter volatility are latent in the minds of investors and can appear at any time. Benchmarks across asset classes declined, and once again, even strategies considered diversifiers, such as bank loans and municipal bonds in the context of fixed income, showed their vulnerability to broad-market reversals. Regular readers are familiar with the variety of observations that we have made to make some sense of such movements, including thoughts on consensus trades and the often-overlooked difference in risk profile between fundamental and indexed approaches to the same asset class. In one way or another, many of these discussions have touched, both explicitly and implicitly, on opportunities and risks associated with liquidity.

It may be helpful to begin by explaining one way banks play a crucial role as intermediaries in the financial markets. In their capacity as broker-dealers, many financial institutions have historically operated as market makers (also called dealers). That is, they have provided liquidity to their clients by buying or selling securities for their own accounts. In most cases, the dealer's trading desks hold inventory, or a portfolio of positions that can be used to faciliate market making - a trader might buy inventory in a security to facilitate a seller and use that inventory to facilitate buyers; often, especially for Treasury bonds, the dealer will borrow and lend the securities in question in what is known as the repurchase (or "repo") market. These services require the dealer to use its capital and reflect the inventory on its balance sheet until a client takes the other side of the trade, even if on a different day at a different price; dealers are compensated for this risk, in part, with larger commissions. This stands in contrast to an institution that operates only as a broker, relying on finding that offsetting client before doing any transactions in the first place. Exchanges facilitate this client match-making for equities, but for asset classes without central exchanges or price transparency, as is the case with many fixed income securities, the dealers are essential intermediaries who provide the most value in uncertain markets.

With this in mind, we note that the fixed income markets have had a unique relationship with liquidity in the last few quarters. In August, Bloomberg reported that the largest bond dealers have reduced their inventory by 76% since 2007 in response to new regulatory standards that raised minimum capital requirements for owning such assets. Among the consequences are a drop in U.S. corporate bond trading volumes to their lowest levels since 2008. At the same time, fixed income funds are seeing unprecedented withdrawals this year, including two of the three highest monthly outflows on record in June and August (the third being October 2008). In other words, just as fund managers are seeing their biggest need for liquidity in decades, dealers are increasingly behaving like brokers, providing the lowest levels of liquidity in years. But if these intermediaries insist on finding a customer to provide the liquidity, price swings in the markets should increase, and recent activity has suggested this has already started to happen. Furthermore, crowded consensus trades in highly liquid investment vehicles, such as ETFs, may see "one-sided" markets (i.e. sellers without buyers, and vice-versa), as the few investors willing and able to take the other side are likely to be opportunistic and do not have commission revenues to subsidize their risk-taking.

We don't point this out to strike fear into the hearts of fixed income investors. Rather, we believe such an environment can present opportunities as easily as it can present challenges. The key is to identify those strategies and asset classes that potentially benefit from this liquidity environment. Short duration bonds, for example, have inherent liquidity events in the form of their maturities. More concentrated fundamental strategies, especially those that tend to have little overlap with more heavily-trafficked indexed portfolios, provide some insulation from the slings and arrows of the broader markets. The good news is that, from the last six months, investors have observable data points with which to identify such differentiated opportunities to earn income and protect principal even as they brace for more volatility in the months, even years, to come.

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

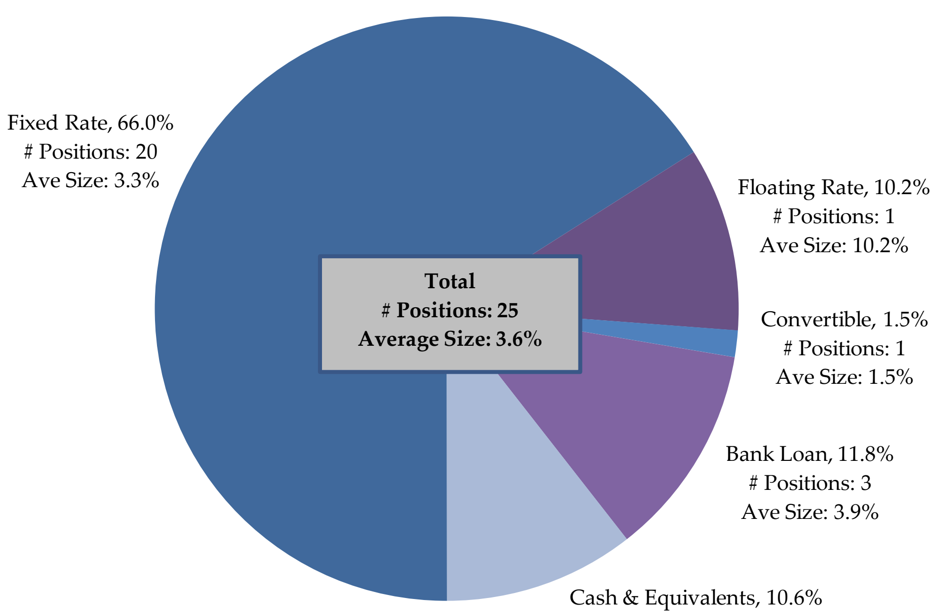
Portfolio Snapshot

Issuer	Instrument	Yield[1]	Maturity (yrs)	% of Portfolio
JetBlue Airways B-1 Spare Parts Pass Through Trust	JBLU 0 1/2/14	4.8%	0.34	10.2%
Alliance HealthCare Services Inc	AIQ 8 16	4.7%	0.25	7.0%
Expedia Inc	EXPE 7.456 18	4.0%	4.96	6.7%
Prestige Brands Inc	PBH 8.25 18	3.4%	0.59	6.3%
Collective Brands Inc	PSS TL B 1L USD	7.9%	6.17	5.1%
Mueller Water Products Inc	MWA 7.375 17	5.7%	0.75	4.9%
National Money Mart Co	DLLR 10.375 16	8.3%	2.29	4.8%
Great Lakes Dredge & Dock Corp	GLDD 7.375 19	6.5%	3.42	4.7%
Dillard's Inc	DDS 6.625 18	4.3%	4.38	4.7%
Cott Beverages Inc	BCBCN 8.125 18	4.5%	1.00	4.5%
Blue Coat Systems Inc	BCSI TL B 1L USD	5.6%	5.80	4.5%
Western Alliance Bancorp	WAL 10 15	5.8%	2.00	3.9%
Horsehead Holding Corp	ZINC 10.5 17	7.6%	2.75	3.6%
ManTech International Corp/VA	MANT 7.25 18	4.4%	0.63	3.6%
DAE Aviation Holdings Inc	DAEAVI 11.25 15	7.6%	0.08	3.4%
Case New Holland Inc	CNH 7.75 13	7.8%	0.00	2.2%
Blue Coat Systems Inc	BCSI TL 2L USD	10.5%	6.90	2.2%
Triumph Group Inc	TGI 8 17	3.9%	0.21	2.0%
Regions Financial Corp	RF 7.75 14	1.2%	1.19	1.7%
Headwaters Inc	HW 2.5 14	5.0%	0.42	1.5%
Headwaters Inc	HW 7.625 19	6.0%	3.59	1.2%
Grifols Inc	GRFSM 8.25 18	2.9%	0.42	0.5%
Dillard's Inc	DDS 7.13 18	4.3%	4.92	0.1%
Ethan Allen Global Inc	ETH 5.375 15	3.4%	2.09	0.1%
Washington Mutual Inc	WM 0 09	0.0%	0.00	0.0%

[1] *Before fees and expenses*

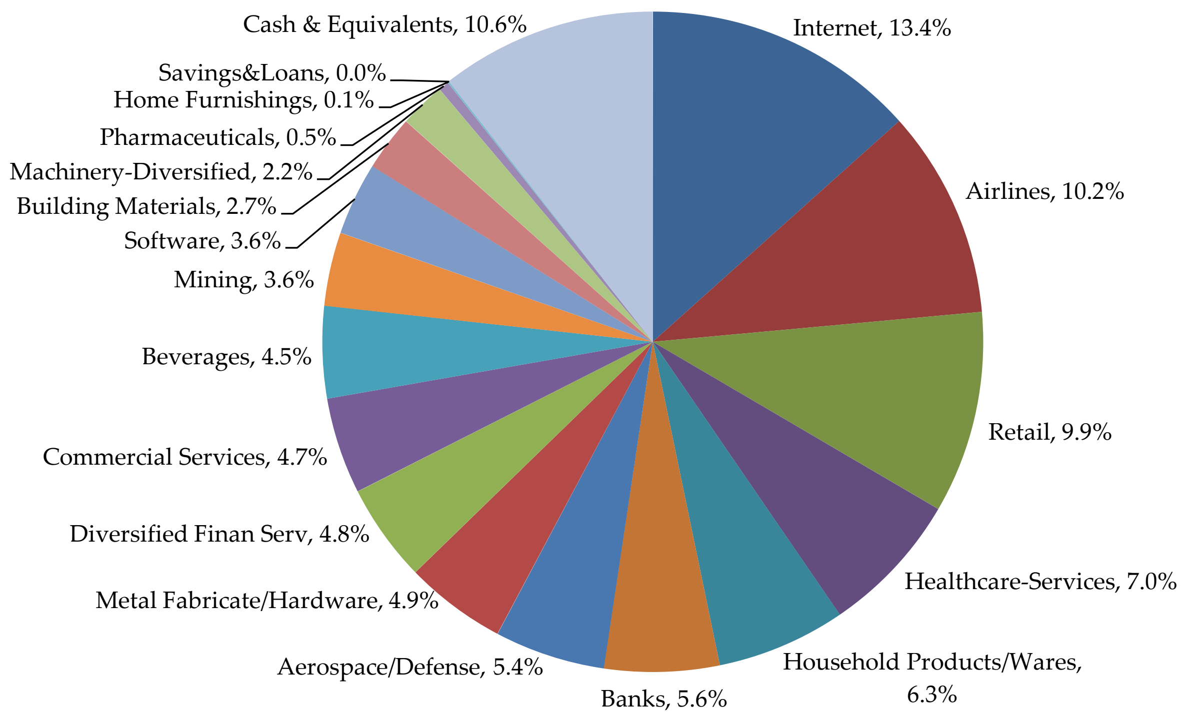
Portfolio holdings are subject to change at any time and should not be considered investment advice. Yields presented are those of portfolio holdings and do not represent that of the Fund.

By Asset Class

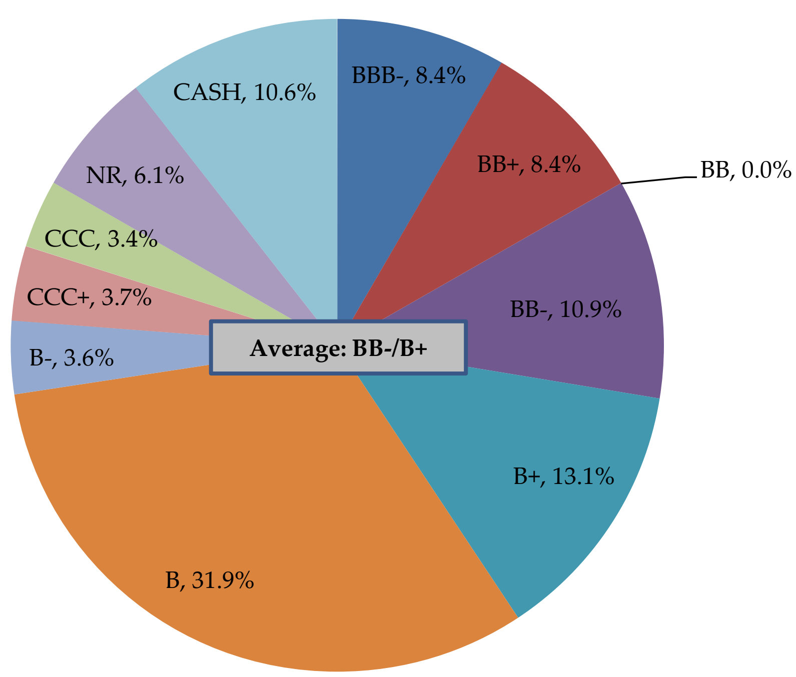


Each of these asset classes has its own set of investment characteristics and risks and investors should consider these risks carefully prior to making any investments.

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.*