



DEAR FELLOW PARTNERS & FRIENDS,

I am excited to announce that I have launched my own firm, Centerstone Investors. I have been fortunate enough to practice what I enjoy doing most. As a child my parents did not quite understand the depths of investing. To them it seemed akin to gambling. They would have preferred for me to be a doctor or an engineer, but neither field seemed to fit my way of thinking. That said, they were very happy I just had a steady job, even if for a long time they thought I was a “stock broker”. Their aversion to gambling, though, was an important influence made even more relevant when I later came across the teachings of Benjamin Graham and more modern influences such as Jean-Marie Eveillard and Warren Buffett, whose central focus was on avoiding loss. To me, this was the missing piece of the puzzle which settled in my mind that I was an investor and not a gambler.

Investing is my passion. It is a constant learning process with never-ending ups and downs. Whether I am learning about the robotics industry, meeting with prime ministers, or sifting through the rubble of a market collapse, the intellectual stimulation cannot be matched. I am not given to self-reflection very often, but I have had a year on garden leave to ruminate. I am also not a self-promotional type of person, but just this once I will break the rule. It is hard to explain the pride I feel at having helped investors minimize losses by steering clear of the internet bubble, the financial crisis, and the many frauds over the past 20 years.

Over this past year people have asked why I left my former employer after such a long and successful career as an Analyst and Portfolio Manager. The answer is pretty simple. I just felt I had accomplished everything I could at the firm. I played a central role in helping turn around the business after the technology bust during the early 2000s, I provided continuity to our clients after a rocky transition between management teams in 2007 and I navigated the portfolios through the market meltdown in 2008-2009. In addition, I hired and trained analysts to fit the mold of our approach and helped guide the new portfolio managers in the style of investing that we were long known for. Needless to say, there were a lot of challenges, but they were overcome and the business

thrived as a result. Our success led to stunning growth with assets growing from nearly \$2 billion to \$100 billion over my tenure. Conversely, with growth comes complexity and with complexity comes distractions from one’s core purpose. In my case, I like to focus on investing and I found myself being drawn away from my true passion. After a decade and a half I made the difficult decision to leave the place I called home and the people I called family.

That decision was made easier by the fact that I always wanted to have my own business. I am glad I waited for the right time for several reasons. One being with too-short of a track record, I could not duly demonstrate that this approach works well in my hands. Furthermore, it would have been hard to attract the level of talent I now have. I am proud to say I have known and previously worked with all of my Managing Partners for over a decade. They are great people with unrivaled professionalism and a true dedication to my style of investing. It is for that reason that I chose to create Centerstone as an employee owned firm. My hope is that an ownership mentality will help us to always remain real to ourselves and our clients. It has been gratifying to build this company as I do with my portfolios, with patience and from the bottom-up.

Another question that has come up is why I decided to start an investment advisor rather than retreat into private life. Simply put, I am not ready to retire. I enjoy the thrill of uncovering value in companies and working within a team to help clients achieve their goals. Being surrounded by smart and capable people has only made me a better investor over time. My hope is that I can learn from those around me and as a result continue to grow as an investor.

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Finally, some have asked why I chose to launch a mutual fund business rather than a much more lucrative hedge fund. In truth, I do not think it would be particularly satisfying for me to be yet another option in the alternatives space. Investors do have thousands of mutual fund choices, but from my vantage point they are still well underserved. The thousands of choices really amount to just a few: index funds, closet-index funds and speculative funds. There are not a lot of mandates that provide the service that Centerstone is offering. Therefore, I believe my distinct experience with a time-tested and proven risk-managed investment approach will provide solid options with the Centerstone Investors Fund and the Centerstone International Fund.

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As the name of the firm suggests, both funds are managed for investors, by investors. The Investors Fund is a risk-managed, global multi-asset fund, while the International Fund is its non-US focused counterpart. Both Funds draw from the same resources utilizing our proprietary valuation and allocation models, along with our fundamental bottom-up research process. Our goal is to maximize long-term

risk-adjusted returns* by first seeking investments with a margin of safety. Second, we try to diversify our aggregate risk exposure. Third, we have the flexibility to hold reserves in the event that there are not enough qualifying investment opportunities. Our active reserve management will seek to generate some yield without taking undue risks, using a combination of cash, high quality short-term corporate bonds, treasuries and special situations that may be too small for larger funds. Lastly, the Funds have the ability to own gold and may hedge their equity and foreign currency exposure through the use of index futures and forward currency contracts.

We believe that our Funds are appropriate for investors seeking a risk-managed approach and can be used as core funds. We also believe that they can be easily paired with index funds, ETFs and other vehicles, and are natural complements to such passive strategies which tend to not have risk management as a core feature.

Centerstone is the repository of everything I have learned over my career, some taught to me by the market and some by my closest mentors. Most importantly, I have learned that “anything can, and will, happen” which is why I so heavily emphasize risk management when investing client assets. This might seem like a simple insight, but the basic truths of life do not check out at the office door.

I am excited to begin this long journey with you.

Thank you for your support and interest.

Sincerely,



Abhay Deshpande, CFA
CHIEF INVESTMENT OFFICER

**Risk adjusted return is a concept that refines an investment's return by measuring how much risk is involved in producing that return, which is generally expressed as a number or rating.*

The Centerstone Funds are new and have a limited history of operation. An investment in the Funds entails risk including possible loss of principal. There can be no assurance that the Funds will achieve their investment objective. In addition, the Advisor is newly formed and has not previously managed a mutual fund.

Domestic economic growth and market conditions, interest rate levels, and political events are among the factors affecting the securities markets in which the Funds invest. Value investing involves buying stocks that are out of favor and/or undervalued in comparison to their peers or their prospects for growth. There is a risk that issuers and counterparties will not make payments on securities and other investments held by the Funds, resulting in losses to the Funds.

Large-Cap Company Risk is the risk that established companies may be unable to respond quickly to new competitive challenges such as changes in consumer tastes or innovative smaller competitors. Investments in lesser-known, small and medium capitalization companies may be more vulnerable than larger, more established organizations.

In general, a rise in interest rates causes a decline in the value of fixed income securities owned by the Funds. The Funds may invest, directly or indirectly, in "junk bonds." Such securities are speculative investments that carry greater risks than higher quality debt securities.

Investments in foreign securities could subject the Funds to greater risks including, currency fluctuation, economic conditions, and different governmental and accounting standards. Foreign common stocks and currency strategies will subject the Funds to currency trading risks that include market risk, credit risk and country risk. The Funds use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. There can be no assurance that the Fund's hedging strategy will reduce risk or that hedging transactions will be either available or cost effective.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Centerstone Funds. This and other important information about the Funds are contained in the prospectus, which can be obtained by calling 877-314-9006. The prospectus should be read carefully before investing. The Centerstone Funds are distributed by Northern Lights Distributors, LLC, Member FINRA/SIPC. Centerstone Investors, LLC is not affiliated with Northern Lights Distributors, LLC.