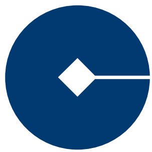

CENTERSTONE
INVESTORS

Centerstone Investors Fund

Class I	Class A	Class C
CENTX	CETAX	CENNX

Centerstone International Fund

Class I	Class A	Class C
CINTX	CSIAX	CSINX

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June 13, 2017

Centerstone Investors Semi-Annual Webcast & Conference Call Transcript

OPERATOR: Good day ladies and gentleman and welcome to today's webcast. At this time, all lines have been placed on a listen-only mode. If you should require assistance throughout the conference, please press "star," "zero" on your telephone keypad to reach a live operator. At this time, it is my pleasure to turn the floor over to Phil Santopadre. Sir, the floor is yours.

PHIL SANTOPADRE: Thank you. Good afternoon everyone and welcome to Centerstone Investors Semi-Annual Webcast and Conference Call. My name is Phil Santopadre, Managing Partner here at Centerstone and I am joined today by Abhay Deshpande, our Founder and Chief Investment Officer. Thank you for taking the time to join us.

As a Firm, we've recently crossed our one-year mark so it's nice to have passed many of our "firsts." As a refresher, Centerstone's two mutual funds, the Centerstone Investors Fund (which is the Global Multi-Asset Fund) and the Centerstone International Fund, both launched on May 3, 2016 of last year. Assets under management firm wide is a little over $200 million with approximately $130 million in the Centerstone Investors Fund and $70 million in the Centerstone International Fund.

We are a boutique value investment shop, wholly owned by employees. We eat our own cooking, which is why we have invested a considerable amount alongside our shareholders. This puts our interests alongside yours. We are grateful and appreciate the opportunity to do so.

Before we begin, I'd like to take this time to give you an update on our investment performance since inception, with the caveat that the figures represent a short time span of just over a year. At Centerstone, we're benchmark agnostic and focus on investing with a long-term time horizon, which is typically a full market cycle. We also strive to meet your goals over the long-term with less risk, meaning less portfolio volatility.

Since inception date May 3, 2016 through May 31, 2017, the Centerstone Investors Fund Class I shares (CENTX) returned 10.13% versus the MSCI All Country World Index performance at 17.26% and the MSCI World Index performance at 16.53%. The Centerstone International Fund's Class I shares (CINTX) return since inception date through May 31, 2017, is 13.84% versus the MSCI All Country World Ex-US Index performance at 16.84% and MSCI EAFE Index performance at 15.71%. For additional performance information, please visit our website at www.centerstoneinv.com.

Today's webcast will cover many topics including our operating principles, an update on the Firm, Abhay's observations from his recent research trip abroad, portfolio positioning and then we will open it up to Q&A via the chat box on your screens or through pre-emailed questions.

One thing to note, as we continue with the presentation we will not follow the exact ordering of our slides as they are meant to be a general guide. You can download the slides at any point during this webcast by clicking on the tab entitled "Materials."

We are very excited to be with you and appreciate the trust and interest you have placed with us. Without further ado, I'll hand it over to our Founder and Chief Investment Officer, Abhay Deshpande. Abhay?

ABHAY DESHPANDE: Thanks Phil and thanks to all of you joining our first Annual Call. The first thing I'd like to do is echo what Phil said and express on behalf of everyone here at Centerstone, our sincerest gratitude to those that have started with us early on and in this first year. It's been an exciting year and we're happy to have you with us, we thank you all very much!

As usual, I'd like to also review our core operating principles just so you are able to frame our performance, in the good years and bad years, and give you some frame of reference. First, our goal is to provide equity-like returns while exhibiting less than equity-like risk (as Phil said) and we do this by investing with a margin of safety. We hope to accomplish this by minimizing our mistakes by primarily limiting capital impairments. In other words, avoiding situations where you pay a certain price for something and you later find the value is less than what you paid for it. This is the principle of winning by not losing. Our mistakes tend to be mistakes of omission, not commission, things that we didn't own like the Facebooks of the world. And I'd rather make that mistake than make the error of commission which would be buying Lehman Brothers in 2007.

First, as I mentioned, we are trying to provide equity-like returns with less risk. Second, we're long-term investors (and as Phil said) that could be a market cycle, that could be five to seven years, but we're trying to maximize long-term returns which means we measure ourselves and our results over an entire market cycle rather than just during the bullish or bearish phases. Our investment style focuses on limiting the downside. This means that, typically, in difficult market environments we expect our Funds to hold up relatively better, but we also do not expect to keep up with the crowd in more speculative markets, such as the past year.

Investors are not able to invest directly in the indices referenced in the illustration above and unmanaged index returns do not reflect any fees, expenses or sales charges. Definitions for the indices can be found on page 19.

As I mentioned, we're trying to provide equity-like returns with less risk as long-term investors. And then finally, we're absolute value investors. This is a very important thing to accept if you're going to invest with us. Typically, value investors according to Morningstar, have cash for example a US Value Fund typically has about a cash position of 5% or so. In a market as expensive as the US is, it tells me that they're potentially relative value investors, not absolute value investors. The key difference is an absolute value investor (following very closely with what Benjamin Graham suggested in his book *Intelligent Investor*) tends to allow him or herself to hold reserves in the event that there isn't much to do.

In our case, our reserves (and I'll go into the portfolios later), but our reserves are currently invested in some cash instruments, but we have LIBOR[1] indexed Treasury bills, high quality short dated corporate bonds, a variety of high quality instruments where we're currently earning approximately 2%. So even as we sit on "cash," we're at least offsetting the expense ratio for you. This is important, we do this because we also (as Phil said again, echoing many things Phil said), we also invest our own money in the Funds, too. So we face the same dilemma as you would in potentially paying for something and earning nothing on some of it. We try to offset that by investing the reserves and we can do this while we're small, one of our competitive advantages which we'll get into later.

You know, I have to say also, we're not wedded to our reserves. There have been moments where I've been fully invested and moments, like now, where I have more cash reserves than typical. One thing you can depend on is I'm not going to knowingly risk the capital that you have entrusted to us in assets that don't have a margin of safety. So that, for better or worse, will define how we do in any given period.

The obvious cost of holding reserves is foregone potential returns as high price stocks become more expensive. In other words, selling too early sometimes, which is probably the number one regret of value investors. The benefit of reserves, though, is that it is foregone potential losses should that momentum situation reverse. And since our primary emphasis is to avoid loss, we overweight the benefits over the cost of holding reserves. It's in that context that we judge ourselves and I'm happy to see, actually, Centerstone's Funds behaving as expected. In other words, the Funds, in my opinion, are posting respectable absolute returns while holding up reasonably well in those admittedly very few moments of market weakness that we've had in the past year. That risk/return is what I'm accustomed to and the Funds are exhibiting it which is gratifying.

[1] LIBOR is a benchmark rate that some of the world's leading banks charge each other for short-term loans.

Absolute return is the return that an asset achieves over a certain period of time. This measure looks at the appreciation or depreciation, expressed as a percentage, that an asset achieves over a given period of time. Absolute return differs from relative return because it is concerned with the return of a particular asset and does not compare it to any other measure or benchmark.

Again, currently both Funds have plenty of reserves, with the Investors Fund having the greater proportion. The Investors Fund can invest in US and non-US markets and since we can't find much to do here (which I'll go into later) the reserves are going to be higher in the Investors Fund. Turning to slide 5, we find US equities to be fully valued and with little margin for error, much less a margin of safety. As measured by the S&P 500, US stocks seem to be almost precisely at intrinsic value[2]. You'll notice on that chart that stocks can be at intrinsic value for quite some time, so I am not predicting a big drop from that (don't take that from my comment, or our positioning for that matter) because no one knows the future. But whatever the outcome is, I don't expect (because stocks are at intrinsic value) I don't expect US stocks to provide anything other than pedestrian returns from a five to seven-year view, again, from a longer-term view.

If you go on our website (www.centerstoneinv.com) you'll see our piece titled *Why International — Part II?* that will give you some more background in terms of where we are finding ideas and it's not in the US. We find that the future returns from non-US investing could be quite satisfactory when compared to US stocks over the next several years.

Looking at slide 6, on the US (S&P's P/E ratio), we're looking at the price versus the trend earnings (earnings at their long-term growth rate), it's basically the same thing. You'll see a gray band that shows that US stocks, generally over the last almost 100 years, have traded within 10-18x trend earnings. And you'll notice too, moments where that was not the case. One was the late '20s and one was the late '90s. Another way to look at that or another way to think about this is to expect a huge amount more out of this market, you'd need another bubble on the scale of the 1990s. But we don't exclude the possibility of a small one. It's hard for me to imagine another one like the late '90s but I can see one in the short run. I suppose, for instance, it seems apparent that any tax reform in the US will likely wait until next year and I would imagine that many investors are deferring capital gains until then and this may create a demand imbalance. Even if it's temporary, that could elevate stock prices beyond intrinsic value, especially in some of those FAANG (Facebook, Apple, Amazon, Netflix and Google) stocks.

In any case, from a longer-term perspective, we do find more opportunities outside, as I mentioned, than inside the US. In particular parts of Europe and non-Japan Asia, including some select markets. In Europe, politics continue to dominate the headlines, some good, some bad. The most current developments include a parliamentary election in France, which saw voters giving near absolute power to a 39-year-old who started a political party from scratch a couple of years ago to represent the silent majority and he won a super majority, basically. He has some pro-growth policies, he has some reforms to institutions. For instance, to provide term limits to the unelected administrators within the system. I tell you what, I'm pretty excited about him and I think that's potentially a game changer for France and maybe even beyond. I mean, that my friends could be a "Thatcher" moment. Since our launch, France is our largest international country exposure and that was not because I expected some election results, I just found more stuff to do there and I used to work for a Frenchman (Jean-Marie Eveillard), so I have my own biases.

[2] Intrinsic value refers to the price a knowledgeable investor would pay in cash to control an asset.

On the flip side, one of our smallest exposures compared to an index is the UK, which continues its path towards Brexit[3]. We're not light in the UK because of politics, I just can't find much to do there. Recently, they had another referendum on Brexit. Looks like Prime Minister May will be shown the door shortly. But, in any case, politics will continue to dominate the headlines there. Like I said, we can't find much, but we're still looking. In fact, I'm doing a research trip with one of the analysts to Europe, including London and Paris, over the next several weeks.

When it comes to investing in any market, I have two requirements. One, property rights and two, minority investor rights. This eliminates many, if not most emerging markets. But occasionally we can guard ourselves in those markets by investing indirectly through a developed market listed entity or directly by sitting at the same level of the management or the owner of that business.

For instance, I recently returned from a research trip to Thailand where we own a few local companies there where we sit at the same table as the sponsor, which provides us some protection. As a side note, by the way, if you haven't been to the "emerging markets" in a while, I suggest you go to see how far they have come, or how far we are slipping.

While in Thailand and Cambodia, I took a little time to learn more about the history of the region. It's going to be a bit of a tangent, but I think it was an important lesson learned. In particular, the history around the Killing Fields in the age of Pol Pot after the US pulled out of Vietnam and the Khmer Rouge. One thing that struck me is how similar these civil conflicts are throughout history and what the parallels are to today's environment whether here or elsewhere. Not to over simplify (that conflict was very complex and involved several different countries) but at the end of the day one could characterize as an urban/rural conflict where the western influenced urban capital of Phnom Penh came into conflict with the rural population. Ultimately, the Khmer Rouge (which is basically villagers) dismantled the intellectual classes. They murdered almost a quarter of the population. My history teacher in Cambodia, in fact, was one of two that survived of its 40 classmates at the time. If you ever go to Cambodia, actually, you'll notice that there are not a lot of old people there. This is obviously an extreme case, but in terms of framing the political divide in today's world, there is a common theme which is the balance of power or the divide between city and rural folks.

In the US it's more about local issues like jobs and healthcare, that kind of frame, the conflict versus city issues. In New York City we're, kind of, more focused on global warming and things like that. But outside the US, Turkey is another good example where they held a referendum which increases the power of the President in your dictatorial levels. Cities were overwhelmingly against it, while the rural population was overwhelmingly in favor. At the local level, they're concerned about terrorism and religious conservatism and what not, but not enough to overcome Istanbul's focus which is really on trade and western integration. The point is (and I say this from an apolitical perspective) that things make more sense to me sometimes these days when I see the world through a prism of urban/rural conflict rather than left/right conflict.

[3] Brexit is an abbreviation of "British exit" which refers to the June 23, 2016 referendum by British voters to exit the European Union

Thailand is a very different country than Cambodia and can be considered, really, the regional power among its immediate neighbors. It's the only country in southeast Asia to not have been colonized or occupied and they have a cultural pride about that. They also went through a debilitating financial crisis in the late '90s and it took them, basically, over a decade to resolve it but that still has an influence on the local business community.

The first time I went to Bangkok was in the 1980s and Bangkok was a backwater city that deserved the title "emerging market" or "third world" and today, gross domestic product (GDP) per capital is still well below US levels, but you wouldn't guess that from looking around. Infrastructure is better than ours in many respects. Partly, this reflects the fact that I'm kind of jaded, I live in New York City and our infrastructure sucks. But despite this, though, it's a country with frequent political upheavals and military coups. The military understands that democratic rule is the norm, so they tend to intervene in moments of crisis but they return to rule of law. Recently, not only has the military had to intervene, they've had a succession of kind of, anything that can go wrong went wrong - military had to intervene. The King died last year and they're also working on a new constitution. So it creates a dampening effect on economic activity but mostly the stocks we bought there were well below their peaks.

The point I'm making about emerging markets is that the economies are growing rapidly, but in fits and starts. Some emerging markets have relatively trustworthy institutions that have been tested and passed, like Thailand and others have yet to pass. In emerging markets, it's that gray area where Centerstone can sometimes find some interesting ideas.

By the way, in the US it's not to say we have no ideas here, there are plenty of potential opportunities. The risk is in a market that is at basically intrinsic value that has gone up as much as it has and trades at a very high price to earnings ratio, that the risk is that whatever is cheap right now is cheap for a reason and we're just especially careful in what we buy of the merchandise that is on sale. For instance, there's a growing list of companies impacted by the so called "Amazon threat" where just Amazon even just announcing a potential interest in an industry can create a near panic among the investors in that industry. Amazon is the "Freddy Krueger" of today.

I'm hopefully not understating the threat or underestimating the threat but increasingly, Amazon does seem to be targeting industries with well-established players and that have business models that are already suited to the digital age. In our case, among a few others, we own the shares of CVS[4], which is slide 10. We're appropriately weighted because we do respect the fact that there is risk (not just with Amazon) but also more to our concern, is the risk in the pharmacy benefits manager (PBM) business. But CVS, as you know, is a leading pharmacy retailer and a pharmacy benefits manager in the US and we are aware Amazon has announced its interest in entering the PBM business.

[4] 1.40% position in the Centerstone Investors Fund as of March 31, 2017.

The security holding is presented to illustrate an example of the securities that the Fund has bought or may buy, and the diversity of areas in which the Funds may invest, and may not be representative of the Fund's current or future investments. Portfolio holdings are subject to change and should not be considered investment advice. This slide solely represents the observations of Centerstone Investors, LLC and is furnished to you for informational purposes only. It is not intended to form the sole basis for any investment decision. Northern Lights Distributors, LLC as a firm does not make a market in, or conduct any research on, or recommend the purchase or sale of any of the above issues.

CVS, we value for their market leading position. It provides a significant scale advantage in both its pharmacy and PBM business, but also, we appreciate their stability of its market position and overall defensive nature. The company's also got a strong balance sheet and it has a history of rational acquisitions and shareholder capital return. For instance, the combined amount of dividends and share buybacks last year amounts to almost 10% of the current market cap.

Now, the obvious question is what impact (outside of the PBM risk) a potential Amazon entry into the PBM industry could have. And although anything is possible, we do believe that the incumbents in the industry have the first mover advantage. Let's go over Amazon's strengths. For instance, lack of physical presence, strong in logistics, massive buying power and a captive audience. All that stuff is matched by the industry incumbents. They have mail order, they have logistics, they have huge buying power and they have a captive audience. And they have one thing that Amazon doesn't have which is an actual advantage, which is physical presence. So there, it's hard to see Amazon suddenly getting the scale to displace the status quo. And also, contrary to popular beliefs, PBMs, even with that massive scale have operating margins that are around 3%. Granted, Amazon sometimes behaves as a publicly traded, non-profit organization but there doesn't seem to be that much margin to work with. In this case, we believe the real risk may lie elsewhere and focus more at the moment on the evolving structure of the industry and its regulatory challenges. Of course, along with the nature of the relationships between the incumbent players, it's a very concentrated industry.

Clearly, CVS is a large company (also US-based) but as I said, the balance of both Funds are tilted increasingly towards non-US. companies. One example of a non-US company, on slide 12, is Topdanmark[5]. The company is a multi-line insurance company in Denmark and it competes with other established players in the country. But, in general, competition is rational even if it is intense. The market doesn't have much growth so the focus is generally on retention rather than customer acquisition. This means that the industry's expense ratio (since they don't have to spend a lot to acquire a new customer) on slide 13, their industry's expense ratio is roughly half that of comparable European companies. It's a very large cost advantage that should help to protect the industry from new entrants. Anyone who wants to come into that market and compete and have a sizeable market share might possibly have losses for many years to come. But I mentioned there's very little growth in the market, so our potential returns are going to depend more on capital allocation decisions. And in this case, we're pleased with management's history on slide 14, history of shareholder oriented decision. Since 1998, Topdanmark has repurchased nearly 80% of its shares outstanding, so value per share growth has been quite respectable.

[5] 1.10% position in the Centerstone Investors Fund and 1.42% position in the Centerstone International Fund as of March 31, 2017.

Very recently (and partly why we own the business), there have been some changes to their capital return policies. Instead of doing share buybacks, they're going to revert to dividends.

In summary, we like the business and the management team. The balance sheet has excess capital and high quality assets. As always, we prefer it to be cheaper which is the perennial hope of all value investors but at 13x earnings, it's not excessively priced in any case. And, by the way, Topdanmark's a relatively small company, this goes to some of our competitive advantages on slide 7. And I can't overemphasize how important it is for a value-oriented investor to preserve his flexibility, or her flexibility, in terms of market cap.

For instance, a couple of weeks ago we received two takeover offers in our portfolio. One's called Berendsen[6] and the other is Havas[7]. This is very unusual, but it suggests that animal spirits are alive and well, but it more importantly reflects well on that competitive advantage of size. Both of those companies are roughly about $2 billion in float and they're just way too small for most of our much larger competitors.

On the flip side, having an all cap approach allows us the potential to take advantage of mispricing in larger companies as well. For instance, that same week we had the two takeover offers, Colgate-Palmolive[8], which is nearly $70 billion in market cap, also was named and rumored as a likely takeover candidate, which was confirmed when the CEO named a price in a recent interview. Granted, that's a more fluid situation but the point is that our size is an advantage and likely will be for quite some time because our preference is to grow at a measured pace and to not grow too large in order so that we can preserve this flexibility for the long-run.

On the other hand, market conditions have been largely good. On the other hand, it's clear that some of the early speculative reaction to US elections proved to be too much too soon, in particular the bank stocks and maybe even small cap companies. You can refer to our website (www.centerstoneinv.com) and read our piece *Are Bank Stocks Worth the Risk?* It's from last November and that'll help you to understand why we don't really have much invested in financials. We're generally going to be light in financials because of my, sort of allergy to highly leveraged businesses but I also just thought that the market was being too optimistic and it would be unlikely that we would just quickly get the perfect storm of deregulation, tax cuts and credit demand that was being baked into the cake.

[6] 0.86% position in the Centerstone Investors Fund and 1.40% position in the Centerstone International Fund as of March 31, 2017.

[7] 1.17% position in the Centerstone Investors Fund and 1.68% position in the Centerstone International Fund as of March 31, 2017.

[8] 1.74% position in the Centerstone Investors Fund.

As far as credit demand, there are already some early warning signs that have begun to emerge. It's not like our country's underleveraged - we've gone through a credit cycle. Under the surface, the US consumers are in the midst of another credit cycle. It's nothing like the craziness of the 2000s but it's still a flag that bears watching. For now it's just a flag because our ground level research points to a fairly healthy economy and while we have one eye on some of these "toppy" signs, we remain optimistic on the global economy. In any case, I think the trend line towards reduced regulatory burdens and other business friendly policy changes remains in place, it's just not going to be the business-friendly nirvana that was being discounted after the election. My own opinion is that I'm glad they're not hurrying up and doing stuff, I'd rather them be more thoughtful about it. If it takes a year or two to do it right the first time, I think I'd rather do that than end up with a giant mistake. I know it's quaint in the age of the internet and instant gratification, but I think it's best that they do it right. There've been some changes, I guess, in terms of expectations since the election.

One thing that has not changed is the growing influence of a narrow list of stocks on index performance, which I think most, if not all of you are aware of those stats, especially after the last few days (the FAANG stocks, or whatever you want to call them). I had mentioned earlier that US stocks trade for the highest P/E ratios outside of the bubbles of the '20s and '90s and that, by implication, it would require another bubble to get materially higher, but allow for that to happen. One thing I do worry about, though, is that as the 1990s bubble unfolded fewer stocks participated in the rally and the public (being momentum driven as they are) piled into that narrowing list of tech stocks until they got to highly irrational levels. It was at that moment where the greatest number of people were invested in the narrowest list of names and the rest is history. It seemed like everyone was invested in some of those things. Clearly, I do not believe we're there, but there are some parallels that start to bother me a little bit.

In any case, there were exceptions even during the bust back then. Cash generative businesses with stable business models and good balance sheets (which are the kinds of companies that we at Centerstone invest in) did just fine during the bust. I'm not suggesting that a bubble unfold, like I said, but just to remind everyone again that Centerstone focuses more on protecting rather than keeping up with the "Joneses." We're investors, not speculators.

As we have learned over a long period of time (my two and a half decades and my predecessors and my mentors that go back well beyond that) anything can and will happen and we just think that this is another yellow flag that momentum stocks are again leading the way, evaluations bump up against historically high valuations.

Investors in microchip stocks in particular are pricing these cyclical businesses. When I say chip stocks, I assume everyone knows what I'm talking about, not potato chips. They are pricing these cyclical businesses increasingly as if they're franchises. Once that cycle turns (and we are seeing early warning signs of a potential downturn) investors in these companies will be reminded that this industry can have vicious down cycles, so just something to be careful of.

I suppose with all that said, turning to slides 8 and 9, it shouldn't be surprising that the Investors Fund had roughly 30% in reserves as of March 31, which is on the high end of our expectations. We've drawn it down a little bit, I have found a couple of things to do, ironically enough in the US. The International Fund is less defensive since we're finding

even more to do internationally, but it still holds roughly 20% in reserves. On that point, it's more unusual for us to be fully invested than not, so 15-20% isn't that unusual at all. It takes quite a bit for me to be fully invested. Again, I have been in the past and will hope to do so in the future, but I'm not going to take undue risk.

In the case of the Investors Fund (which is the Global Fund) the excess reserves represent what should be really invested in US equity and high yield, had opportunities been more abundant. If you look at our Investors Fund's equity allocations, you'll see that, essentially, we're opposite from everybody else. We're twice as much out of the US than in (our typical competitor's the exact opposite).

On the International Fund, you'll see that we have very little in Japan. Our typical competitor has a lot in Japan. We're mostly in Europe and where we are in Europe, we're not in the UK. And I think on the EAFE Index, the UK and Japan might be half of the EAFE Index and we're basically not there.

There are many ways we differ. I'm hopeful that it will lead to a difference in performance in a good way, which hopefully we'll see. But just so you all understand, I'm not managing to an index or a benchmark, or what have you, I'm managing to my own expectations, which is equity-like returns with less risk.

In any case, when you see those reserves, please do not read too much into the levels, because it does tend to be countercyclical. In other words, the reserves build in rising markets and decline as markets fall. But our current reserve balance, is not a call on the market and we don't time the market. We believe it's more of that old cliché "we believe it's more about time in the market, not timing the market." Reserves just literally represent the residual of a bottom-up process which seeks to invest in companies with an adequate margin of safety. If the margin of safety shrinks, reserves will build, it's an almost mechanical process, but we're pure bottom-up investors.

There have been long stretches of time where stocks continue to rise beyond intrinsic value, obviously, but over the long-term this patient approach has served us well. It's been the only approach that I've seen that has survived. I believe that being mindful of risk and having a willingness to stay away from the crowd (as I mentioned, our Funds look nothing like anybody else) those are two of the keys of survival. You can expect us to stick to that path, for better or worse.

In conclusion, as always and once again, from everyone here at Centerstone, thank you so much for your support. We will thrive if you thrive and we're very aware of that. And we'll try to do that for you by focusing on our core principles, which are, again, to invest with a margin of safety with a long-term mindset and two, to avoid permanent capital loss, which is, as I mentioned, unknowingly paying more than intrinsic value for a security.

Thanks again and now I'm going to hand it back to Phil for some Q&A.

PHIL SANTOPADRE: Thank you, Abhay. At this time, we'll take some questions. We've had some questions come through during the presentation and I see some questions coming through now via the chat box. We will do the best we can to answer all the questions during the webcast but if we don't, we will definitely follow-up with you after the call.

Here is our first question. Do you manage the Funds for tax efficiency?

ABHAY DESHPANDE: Yes. We get that question a lot. It's a side effect of our long-term approach that it tends to be a tax efficient approach, even though we're not literally trying to manage for tax. I mean, there are those moments at the end of the year, of course, I'll do what I can if we have gains or losses here and there. But for the most part, the long-term approach tends to be inherently tax efficient because, for obvious reasons, they have low turnover and generate long-term capital gains.

One other thing about that is the types of businesses that we tend to invest in, they tend to be pretty conservatively financed and generate plenty of cash flow and as a consequence have dividend yields, sometimes very attractive dividend yields or high dividend yields, so that will add a little bit to the tax burden at the end of the year but it's part of our total return.

PHIL SANTOPADRE: For our next question, what would it take for you to deploy your reserves?

ABHAY DESHPANDE: One of two things, either there's a 2008-2009 sort of disaster, which I'm not expecting. Prior to 2008, say it was between 1974-2008, the market had several rolling bear markets. In other words, certain industries would get hit and that created the opportunity set for us over a long period of time. It was really only two markets since I've been alive that we had basically everything go down at once so it could be that. But, more than likely, there will be some sort of dislocation in the industry that we kind of like and we can deploy reserves then.

PHIL SANTOPADRE: Here's another question. How important is it for you to visit the management of the companies that you own?

ABHAY DESHPANDE: It's up there on our checklist. We tend to (before we even talk to management) do a ton of work beforehand and we don't use Wall Street research. This is another important part of our independence. We do all the work in-house and that means, for a typical company, we'll pull 10 years' worth of annual reports, we'll read them, all the notes, look at how the company has evolved, how it's been stressed in an economic downturn, what management's done in response to challenges. It's only after that where we approach management. For instance, one of my analysts and I are traveling to Europe to do exactly that and we do that because for the most part, with management, the higher up you get, the more a sales person you get, basically, and so we need to be armed with a lot of knowledge so that we can have a very productive

conversation with them. I don't want to talk about next quarter's capital expenditure (CapEx) or earnings projections - that's just irrelevant for what we do. We're trying to understand the risks that the business faces and then just have an honest conversation with, of course, the management team, competitors and other industry participants to get a holistic understanding of the business. So that goes a long way in helping us to achieve one of our goals which is to avoid capital impairment.

PHIL SANTOPADRE: Here's another question from the queue. We know you have the ability to own fixed income. Any opportunities? Any new opportunities?

ABHAY DESHPANDE: In the high yield space, no. I think in the US most of the high yield market is in the United States and I don't see much new that's attractive. That doesn't mean there isn't any I just can't find much. It's sort of like, the same case with equities here. Basically, all asset classes here are more or less priced to perfection, which includes corporate paper here.

There are two exceptions. In the two-year high quality corporate space, we are currently getting approximately a 2%+ yield, so I use it as a sort of cash substitute and also the Treasury department issued these three-month LIBOR linked T Bills. What that is, basically, is a really efficient way to provide inflation protection. LIBOR, as you probably all know, has been leading the Federal Reserve up, apparently, a buck and a quarter right now - that's 1.25%. So that is another way we use our size advantage to generate a little bit of yield. Between that and corporate bonds on the short-end that's where we're finding some stuff to do. The longer dated stuff I'm not going to take a lot of duration risk right now and I don't want to take a lot of credit risk either, by default that's what we have.

PHIL SANTOPADRE: Thanks, Abhay. While more questions hit the queue, I'll switch it up and take a couple of our pre-emailed questions.

Do you have minimal exposure to the UK because of Brexit and political news versus peers and competitors?

ABHAY DESHPANDE: No. I have minimal exposure to the UK because I worked for a guy named Jean-Marie Eveillard who gave me this habit of overweighting France and ignoring the UK. And, in addition, I guess the real answer is I'm uncomfortable with some of the accounting in the UK that is very much dividend-focused capital allocation that they have. What I mean to say is that sometimes they "sweat the assets"[9] to generate cash flow to pay a dividend because there's a tax benefit for it, but often times it leaves the company with basically a huge deferred capital charge.

[9] Underinvesting in the assets through cost cutting and delaying capital expenditures.

When I make those adjustments, I just sort of say, well I can do that or I can buy Airliquide which is a much higher quality business than typical. So it's not to do with politics but, of course, if politics results in a market that has a market impact then of course, we'll look there. There's not much to do there, though.

PHIL SANTOPADRE: Thanks. Here's another pre-emailed question. How has your investment philosophy evolved over time?

ABHAY DESHPANDE: I think my path is probably the same path as everyone else that started as a value investor. I think that we're all instinctively drawn to smoke. You know, where there's smoke, there's fire and we love companies that go down 50%. It's like a great bargain if something is down that much. And I think one of the lessons over the years is to just check that reaction, that immediate reaction or that reflex and make sure you do the proper work, don't fool yourself that just because it's down 50% it's cheap. That's one way I've evolved. I don't do as much on the cigar butt end of things anymore. That, sort of, low quality value stock. I don't have much of that in the portfolios, so I progressed more towards the higher quality, longer duration businesses. Maybe that's just because I'm getting older or I just learned the hard way not to spend too much time on these sometimes-impaired companies. I guess the portfolios reflect this. The portfolios have typically higher quality companies in there.

PHIL SANTOPADRE: Thanks. We'll switch it up a little bit and we will take some more questions from the live queue.

Here's a foreign currency question. Foreign currencies have fluctuated a lot recently. How are you hedging?

ABHAY DESHPANDE: Our hedges are much less than they were. I mean, our hedging policy is generally to be about 50% hedged. This is because we believe that we don't want to expose anyone to an extreme market move in their time with us. Of course, over a long period of time currencies, sort of, wash out or have, but in the life of a typical shareholder, you can have extreme moves, so with a 50% hedge ratio more or less is our answer to that.

On the flip side now, we're going to adjust that if valuations of the currencies get themselves extreme and in this case, for instance, we don't have much in the UK but what we do have, we don't really hedge much either. The euro, we're between 15-20% hedged currently. And, again, that's because the currencies have come off about 30% over the last several years. Currently, we believe that if you take a five to seven-year view, not a six-month view, but a five to seven-year view, I believe that it's worthwhile to have foreign currency exposure and for equity exposure. Not totally, because I can always be wrong so I'm not going to be 100% unhedged, but that's generally the thinking right now.

PHIL SANTOPADRE: Here's another question. Why are you underweight Japan?

ABHAY DESHPANDE: Well again, as I mentioned, I prefer higher quality companies and we had a lot of them that we were able to purchase in the late 2000s, early 2010s, so I still own a couple of them. For instance, a company like Shimano went from, call it, JPY3000 a share to almost JPY20,000 a share during the span of a couple of years. To start from scratch and own those businesses at those multiples knowing what I was paying for them is just very difficult. Outside of that, there is a very statistically cheap stock market in Japan of small to mid-cap companies. What you have to struggle with and be comfortable with is investing in companies where the management doesn't really value you as a shareholder, so they tend to be very poorly managed from a capital allocation standpoint. Basically, there's limited upside without management changing their behavior and I have spent many, many years trying to (basically banging my head against the wall trying to get people to change their behavior) but it's been very, very difficult. Companies where they have, global-oriented businesses, those are the higher quality franchises, but those stocks have done just tremendously well. I can't buy them at these prices or I can't have a full position at these prices.

PHIL SANTOPADRE: Thanks, Abhay. And here is our last question for the day. How small a market cap will you invest in?

ABHAY DESHPANDE: Well, that's going to depend (I guess all my answers start with it depends) but I'm going to give you a guideline of about $1 billion should be about the smaller end of things. However, in certain countries, they're just small countries you can have dominant companies in a small country. Matas[10] in Denmark, for instance, is a less than a billion dollar market cap, but it has a third of the market share for high-end cosmetics. There will be some exceptions, but more those will be the exceptions. When I say all cap, we're not going to do much micro cap if any. If we do, it'll be a situation like this with a small, tiny, little country where there's some dominant company.

PHIL SANTOPADRE: Great. Thank you, Abhay. This concludes the Q&A portion of our webcast.

On behalf of all of us at Centerstone, we'd like to thank you for your participation. A replay and transcript will be available on our website at www.centerstoneinv.com. I encourage you to visit our website for additional resources as well.

If you have any additional questions, please reach out to any one of our sales partners or call us at 212-503-5790.

Thank you again for taking the time to participate in our event.

[10] 0.91% position in the Centerstone Investors Fund and 1.31% position in the Centerstone International Fund as of March 31, 2017.

Now for some brief legal disclosures.

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 Adviser 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 Funds hedging strategy will reduce risk or that hedging transactions will be either available or cost effective.

An investment in the Centerstone Funds entails risk including possible loss of principal. There can be no assurance that the Funds will achieve their investment objective.

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.

Investments in foreign securities could subject the Funds to greater risks including currency fluctuation, economic conditions, and different governmental and accounting standards. There can be no assurance that the Funds 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.

Once again thank you for participating, this concludes our webcast, you can disconnect your phones at this time. Thank you.

END

Edited for clarity.

CENTERSTONE INVESTORS FUND

PERFORMANCE AS OF MAY 31, 2017

	1 Month	3 Month	6 Month	YTD	1 Year	Since Inception*	
						As of 3/31/17	As of 5/31/17
Class I (CENTX)	1.19%	4.85%	8.66%	7.09%	10.72%	7.02%	10.13%
Class A (CETAX)	1.20%	4.76%	8.53%	6.90%	10.37%	6.77%	9.80%
Class A (CETAX) with Sale Charge	-3.85%	-0.45%	3.07%	1.57%	4.83%	1.40%	4.66%
Class C (CENNX)	1.11%	4.58%	8.17%	6.61%	10.00%	6.50%	9.46%
MSCI ACWI Index	2.21%	5.07%	13.37%	10.97%	17.53%	14.35%	17.26%
MSCI World Index	2.12%	4.73%	12.87%	10.23%	16.42%	13.78%	16.53%

*Inception: May 3, 2016

Class A Maximum Sales Charge is 5.00%

The performance data quoted here represents past performance. Current performance may be lower or higher than the performance data quoted above. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's investment advisor has contractually agreed to reduce its fees and/or absorb expenses of the Fund, at least until March 31, 2018, to ensure that the net annual Fund operating expenses will not exceed 1.35%, 2.10% and 1.10% of the Investors Fund's average net assets, for Class A, Class C and Class I shares, respectively, subject to possible recoupment from the Fund in future years. Without these waivers, the Fund's total annual operating expenses would be 2.53%, 3.28% and 2.28% respectively. Please review the Fund's prospectus for more information regarding the Fund's fees and expenses.

For performance information current to the most recent month-end, please call toll-free 877.314.9006. Investors are not able to invest directly in the indices referenced in the illustration above and unmanaged index returns do not reflect any fees, expenses or sales charges. Definitions for the indices can be found on page 19.

CENTERSTONE INTERNATIONAL FUND

PERFORMANCE AS OF MAY 31, 2017

	1 Month	3 Month	6 Month	YTD	1 Year	Since Inception* As of 3/31/17	Since Inception* As of 5/31/17
Class I (CINTX)	2.15%	8.46%	13.95%	11.75%	14.52%	8.32%	13.84%
Class A (CSIAX)	2.06%	8.26%	13.68%	11.55%	14.36%	8.27%	13.70%
Class A (CSIAX) with Sale Charge	-3.06%	2.89%	8.02%	5.95%	8.63%	2.82%	8.37%
Class C (CSINX)	1.97%	8.09%	13.34%	11.26%	13.91%	8.02%	13.28%
MSCI ACWI ex-US Index	3.25%	8.13%	16.65%	13.74%	18.24%	12.13%	16.84%
MSCI EAFE Index	3.67%	9.23%	17.91%	14.01%	16.44%	10.07%	15.71%

*Inception: May 3, 2016

Class A Maximum Sales Charge is 5.00%

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The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The index is not available for direct investment.

The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The index is not available for direct investment.

The MSCI ACWI ex-US Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed and emerging markets, excluding the US. The index is not available for direct investment.

The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure the market performance of developed markets, excluding the US & Canada. The index is not available for direct investment.

All indices above provide total returns in US dollars with net dividends reinvested.

The Standard & Poor's 500 Index is a widely recognized unmanaged index including a representative sample of 500 leading companies in leading sectors of the US economy and is not available for purchase. Although the Standard & Poor's 500 Index focuses on the large-cap segment of the market, with approximately 80% coverage of US equities, it is also considered a proxy for the total market.

The price to earnings ratio (P/E Ratio) is the ratio for valuing a company that measures its current share price relative to its per-share earnings.

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