DEAR FELLOW PARTNERS & FRIENDS,

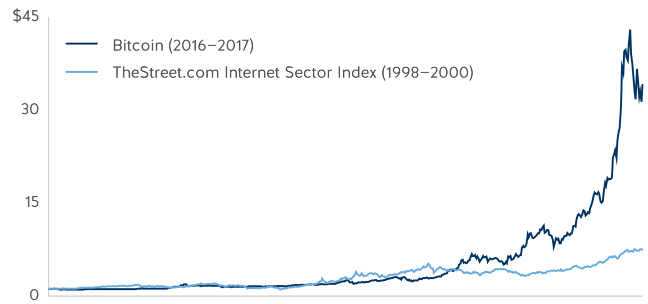
I am pleased to write you after our first full year of operation. 2017 proved to be a surprisingly fruitful year for global equities. As the cliché goes, the markets like to "climb a wall of worry" and this past year was no exception. However, in our opinion this past year's rally has run a bit ahead of the fundamentals. As these lofty valuations have been building up, we believe markets are showing some warning signs. For one, our analysis suggests that the US equity market is approximately 15% above its intrinsic value[1], as of December 31, 2017. Secondly, from my travels around the world this past year, I saw the global economy humming along, but prospectively it appears that the recently synchronized global expansion may be coming to an end. Overvaluation, extended price to earnings and potentially slowing earnings growth are not usually a recipe for success. Without knowing if recession risks are rising as a result, it at least suggests caution, with yellow flags turning amber as we welcome 2018.

Investing versus Speculation

At Centerstone Investors, we consider ourselves ***investors*** rather than speculators. We even embedded the concept into the name of our Firm. The difference between the two relates to time horizon and fundamental analysis. Investing is typically a long-term endeavor which incorporates thoughtful analysis of the merits of an investment. In the case of equities, this study may focus on a variety of fundamental factors. For Centerstone, the outcome of the analysis is an estimate of a business' intrinsic value, while others may focus on growth prospects or other fundamental factors. One of the traits that most investors have in common, whether value or growth-oriented, is that we will decide to ignore situations where there is no apparent fundamental backing to a case—if it cannot be analyzed, we just move on.

Speculation is on the other end of the spectrum. As opposed to investing, speculating has no room for tangible fundamental analysis and usually depends on opinions rather than facts and forecasts rather than today's reality. A real-time example of this is Bitcoin, which needs no introduction after posting massive returns in 2017. The last major speculative bubble was the technology bubble of the 1990s, which now looks like a minnow when compared to this whale. While a dollar invested in TheStreet.com Internet Sector Index (known as the "DOT" index which was a popular index comprised of the latest internet darlings) increased to over $7 in two years from 1998—2000, that same dollar would have grown to over $30 in Bitcoin over the last two years, as illustrated above.

BITCOIN VS. THESTREET.COM INTERNET SECTOR INDEX



The above chart is for illustrative purposes only and is not meant to represent the Centerstone Funds. Past performance does not guarantee future results.

Source: Bloomberg

Until the tech craze, nothing rivaled that bubble's extravagance back then. In the late 1990s, companies would merely announce the launch of a website or other "web-based initiatives" and their stock prices would surge. Even investors in companies that would soon be displaced by the digital age, such as the owner of the Chicago Tribune newspaper (Tribune Co.), rushed into the mania and their stock price nearly doubled in 1999.

Today, almost exactly 20 years later there are parallels to that era. Recently, the Long Island Iced Tea Corporation announced a name change to Long Blockchain Corp. and the stock surged 300% on the news. Biotech firm, Bioptix, changed its name to Riot Blockchain which pushed the stock up nearly 500%. Then of course, spotting easy money to be made in what looks

Idiosyncratic Portfolios are portfolios constructed with the intension that performance may potentially be driven by company-specific developments rather than broader market fluctuations.

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

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suspiciously like a pump-and-dump scheme, SkyPeople Fruit Juice Inc. changed its name to Future Fintech Group, with the stock price rising 400%. Finally, possibly the worst offender due to its sizable market cap, woman's apparel maker Crypto Inc, is up 15,000% from its May 2017 listing but trading has wisely been halted in this $12 billion company that has no revenues or even costs.

The technology bubble exhibited all the hallmarks of a speculation, such as those noted above, but also the classic bait that always plays out according to the Greater Fool Theory[2]—with no fundamental markers to ground anyone, buying simply begets buying. This mindless buying reinforces the bubble until the least sophisticated players become the majority of marginal buyers and sellers. It is at that point that speculations tend to self-correct, the same process in reverse. Speculative bubbles usually deflate rapidly and sometimes over-correct. In this case, the cost of "mining" Bitcoin is around $3,000, so in theory, the price could correct about 80%. It is a speculative "currency" and I never thought I would side with the world's Central Banks, but I will take fiat currency over Bitcoin.

Potential Benefits of Size

There are many potential benefits of starting Centerstone Investors from scratch. One relates to size and the flexibility of being market capitalization agnostic. This goes hand-in-hand with our intent to limit capacity in order to uphold the integrity of our portfolios. When investing overseas, it is particularly important to manage a smaller pool of assets. Most companies outside of the US would be considered small cap or mid cap securities falling out of range for large funds. As the universe shrinks for larger funds due to size, their opportunity set dwindles along with it. The Centerstone Investors Fund (CENTX) and the Centerstone International Fund (CINTX) both invest abroad, which is why this flexibility is crucial for us. In 2017, both Funds had two takeouts[3] at premiums to our cost and two potential asset conversions, all of which were in companies with less than $3.5 billion in free float[4], which helped drive our international equity returns.

In the US there are many excellent high quality, large-cap companies. The choices are narrower overseas and you may have to make compromises regarding corporate governance, business quality, management quality or balance sheet strength. In contrast, there are many small and mid-sized international companies which exhibit the traits of high quality large US companies, but they may operate in tiny countries or niche markets. The perception of "riskiness" of small companies outside the US, due to what academia has taught us about small caps in the US, can sometimes be a distraction.

"In 2017, both Funds had two takeouts at premiums to our cost and two potential asset conversions, all of which were in companies with less than $3.5 billion in free float, which helped drive our international equity returns."

For instance, ICA Gruppen[5] has nearly 40% market share in the Swedish grocery market and is approximately twice the size of its next largest competitor. With a free float of $3.5 billion, it has a more substantial market share of Swedish grocery retailing than Walmart has of the US. Havas, which was taken out at a premium to our cost, was a best-in-class France-based operator in the advertising agency business and only had a free float of $2 billion when we purchased it.

2 The greater fool theory is the theory that states it is possible to make money by buying securities, whether overvalued or not and later selling them at a profit because there will always be someone (a bigger or greater fool) who is willing to pay the higher price

3 Takout is term denoting the purchase of a company through an acquisition, merger or other form of buyout

4 Free float is portion of a company's market capitalization that is not held by control shareholders and/or other insiders

5 1.53% position in the Centerstone Investors Fund and 2.23% position in the Centerstone International Fund as of September 30, 2017

Netherlands-based Vopak[6] is one of the largest fuel terminal storage companies in the world, with a free float of $3 billion. Vopak's earnings are currently depressed due to several reasons, including a backwardated fuel oil market, which reduces demand for storage. With weak sentiment, the shares now trade at a steep discount to multiples paid for comparable storage terminal assets. Topdanmark[7] has a strong competitive position in the highly concentrated Danish insurance market and has a free float of $2 billion. They have significant excess capital which they plan to return to shareholders in the near future. They are also a potential takeout candidate with the top shareholder having recently increased their stake to just under 50%. A positive side effect of our flexibility and larger universe is potentially benefitting from takeouts and asset conversions.

2017 Performance Review

2017 was a historic year as noted at the top of the letter. For the first time in its history, the S&P 500 posted positive returns every single month of the year. Within that environment both Centerstone Funds posted equity-like returns and did so with muted downside as compared with their respective equity benchmarks, meeting my fundamental goals for both Funds.

The Funds' equity-only performance for both Funds amounted to 23.2% for the Centerstone Investors Fund and 30.3% for the Centerstone International Fund[8]. The equity sleeve in the Investors Fund was held back by our US equities, however, I believe that the reason is less about growth versus value or other factors and more about our focus on US-domiciled companies with poor sentiment. Although our research indicates that the factors which have driven sentiment to current lows may prove temporary, most others take the opposite view and therefore the stock prices of such companies have remained weak. This relative underperformance is an entirely reasonable outcome of an absolute value approach. We accept short-term uncertainties for the potential long-term reward and although the US equity sleeve has been a drag so far, returning approximately 4.4% in 2017, I do believe that it may prove worthwhile, as it has in the past.

"Only time will tell, but up to this point Bitcoin has all the traditional markers of a speculative instrument and for my investors, I will stick to what I know: investing."

On the other hand, the international equity sleeve delivered exceptional returns this past year. The above-mentioned takeovers and asset conversions helped elevate our non-US performance in addition to the boost provided by many of our smaller companies. Our foreign currency exposure also had a significantly positive impact on performance as most international currencies strengthened against the US dollar.

With the Bitcoin mania as a backdrop, we continue to stick to our knitting and let the idiosyncratic aspects of our stock picking dictate our performance. As Benjamin Graham counseled, "Investing isn't about beating others at their game. It's about controlling yourself at your own game." Only time will tell, but up to this point Bitcoin has all the traditional markers of a speculative instrument and for my investors, I will stick to what I know: ***investing***.

Thank you for your continued trust and support. We wish you a happy and healthy New Year.

Sincerely,

Abhay Deshpande, CFA
CHIEF INVESTMENT OFFICER

The S&P 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 S&P 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.

6 1.26% position in the Centerstone Investors Fund and 1.89% position in the Centerstone International Fund as of September 30, 2017

7 0.70% position in the Centerstone Investors Fund and 1.02% position in the Centerstone International Fund as of September 30, 2017

8 Not including management fees or currency hedging. As of December 31, 2017, the Centerstone Investors Fund had 67.83% in equities and 25.76% in reserves. The Centerstone International Fund had 74.48% in equities and 20.46% in reserves

PERFORMANCE AS OF DECEMBER 31, 2017

CENTERSTONE INVESTORS FUND	2017	Since Inception*
Class I (CENTX)	13.93%	10.48%
Class A (CETAX)	13.49	10.13
Class A (CETAX) with Sales Charge†	7.83	6.77
Class C (CENNX)	12.71	9.63

CENTERSTONE INTERNATIONAL FUND	2017	Since Inception*
Class I (CINTX)	19.61%	13.29%
Class A (CSIAX)	19.20	13.09
Class A (CSIAX) with Sales Charge†	13.21	9.63
Class C (CSINX)	18.43	12.55

* Inception date is 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 Funds' investment advisor has contractually agreed to reduce its fees and/or absorb expenses of the Funds, at least until March 31, 2019, to ensure that the net annual Fund operating expenses will not exceed 1.35%, 2.10% and 1.10% of a 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 Investors Fund's total annual operating expenses, including acquired fund fees of 0.03%, would be 2.58%, 3.89% and 2.45% respectively and the International Fund's total annual operating expenses, including acquired fund fees of 0.02%, would be 3.19%, 3.92% and 2.93% respectively. Please review the Funds' prospectus for more information regarding the Funds' fees and expenses. For performance information current to the most recent month-end, please call toll-free 877.314.9006.

The commentary represents the opinion of Centerstone Investors as of December 2017 and is subject to change based on market and other conditions. These opinions are not intended to be a forecast of future events, a guarantee of future results or investment advice. Any statistics contained here have been obtained from sources believed to be reliable, but the accuracy of this information cannot be guaranteed. The views expressed herein may change at any time subsequent to the date of issue hereof. The information provided is not to be construed as a recommendation or an offer to buy or sell or the solicitation of an offer to buy or sell any fund or security.

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.

Value investing involves buying stocks that are out of favor and/or undervalued in comparison to their peers or their prospects for growth. Our value strategy may not meet its investment objective and you could lose money by investing in the Centerstone Funds. Value investing involves the risk that such securities may not reach their expected market value, causing the Funds to underperform other equity funds that use different investing styles.

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. 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. 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.

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.

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. 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. The Funds may invest, directly or indirectly, in "junk bonds." Such securities are speculative investments that carry greater risks than higher quality debt securities.

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. For further information about the Centerstone Funds, please call 877.314.9006. The Centerstone Funds are distributed by Northern Lights Distributors, LLC, Member FINRA/SIPC. Centerstone Investors, LLC is not affiliated with Northern Lights Distributors, LLC.

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