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**JUNE 6, 2018**

### **CENTERSTONE INVESTORS SEMI-ANNUAL WEBCAST & CONFERENCE CALL TRANSCRIPT**

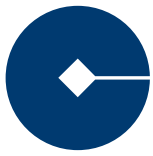
**OPERATOR:** Good day ladies and gentlemen and welcome to today's Centerstone Investors Semi-Annual Webcast & Conference Call. To ask a question during the webcast, please click on the "ask a question" button located on the bottom of your screen. It is now my pleasure to turn the phone over to Phil Santopadre. Sir, the floor is yours.

**PHIL SANTOPADRE:** Thank you. Good afternoon everyone and welcome to Centerstone Investors Semi-Annual Webcast & Conference Call. My name is Phil Santopadre, Managing Partner and I am joined today by Abhay Deshpande, our Founder and Chief Investment Officer, along with three of our Investment Analysts, which we will introduce later on the webcast.

We are excited to be with you today and we really appreciate the trust and interest you have placed with Centerstone. Today's webcast will cover many topics, including an update on the Firm, our operating principals, where we are finding current opportunities and portfolio positioning. Once Abhay and the team have concluded their portion of the webcast, we will open it up to Q&A via the chat box on your screens or through pre e-mailed questions. One thing to note as we continue with the presentation, we may 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."

Before we begin, I'd like to give a brief update on our Firm and the Funds. We are a boutique value shop where employees own 100% of the Advisor. Not only are we employee owned, all employees have independently invested in the Funds, which makes up eight figures. Needless to say, we are fully committed to you: our shareholders. We offer two mutual funds, the Centerstone Investors Fund (CENTX) which is the global multi-asset fund and the Centerstone International Fund (CINTX), which is the non-US equity subset of the Investors Fund—both launched on May 3, 2016.

As a Firm, we currently manage over \$500 million in total assets with approximately two-thirds of that in the Investors Fund and the rest in the International Fund. Despite the market volatility which was introduced this year, the Funds are behaving as expected as we seek to mitigate losses and preserve your capital over the long-term. Performance for the one year period and since inception can be found in the slide deck presentation. Please



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review them at your convenience. Also note, we are benchmark agnostic and do not measure performance over short periods, but rather through a full economic cycle. For additional performance information, please visit our website at [www.centerstoneinv.com](http://www.centerstoneinv.com).

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

**ABHAY DESHPANDE:** Thanks, Phil and welcome everyone to our Semi-Annual call—our fourth one now. The Funds turned two years old on May 3rd of this year and as some of us have commented on internally, you blink and six months are gone. I can just tell you it's been exciting, it's been fun. Market challenges have been few and far between, but we finally have found some this year and I'm pleased to say that the Funds have been performing as they're meant to, which means they've held up relatively well in that turn of correction that we've had so far.

I want to first update you on our progress as a Firm, since it has been two years. Then I'll speak to some of the recent headlines that I'm sure are topical in some of your offices. Finally, I'll review the portfolio. Beyond that, I have my Analyst team on the call as I wanted to give you a deeper understanding of our process. Each Analyst will review a portfolio holding (not in huge details), so it's hopefully going to be exciting and interesting. It is meant to give you an idea of how we're doing things and how similar it is to how I, as an Analyst and a Portfolio Manager, in the past have always done things.

First, a quick note on Centerstone's progress. On the operational front, I mentioned in the last call that we were in the process of hiring an Investment Analyst, which we did. He started January of this year and he'll be on the call later. His name is Patrick Voigt. We also hired a Business Development professional to cover the Midwest territory for us. Previously, one of our partners, Rob Cassata was (even though he was based in Florida), covering Chicago (and the region) and it just became too much territory for anyone to cover. In any event, we hired Sean Ryan from Diamond Hill Capital and that was in March. Now we have four Business Development professionals around the country.

From an investment team standpoint, we're five now in total and that's kind of a sweet spot for the kind of investing we do. Long-term, low turnover strategies don't require as many people as if we were doing, short-term trading, hedge fund kind of activity. The team, even though, we're only 13 people, it's a pretty reasonable size team for the kind of investing we do. Shortly you will hear from our new analyst and for those of you in the Midwest, you'll likely hear from Sean Ryan who is our Chicago-based sales director as well in the field.

As far as the Funds are concerned, we crossed the half billion mark this May—roughly double our assets this time last year. On that note, whether it's \$100 million or \$500 million, I used to manage nearly \$100 billion—it's less about the AUM and more about what it represents. To me, it's an indicator of your trust in us. Believe me, I'm very aware that you have thousands of choices, not just mutual funds but there's ETFs and all kinds of different things that you can choose from. I am extremely grateful that so many of you have chosen to add our little Funds to your portfolios and your watch lists. Again, from all of us at Centerstone, I'll take this moment to thank you for all of your support.



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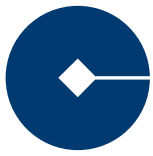
Moving on, speaking of support, the stock market could certainly use some. So far the second quarter of 2018 is looking a lot like the first quarter of 2018 with continued volatility in most asset classes, including now the foreign exchange markets. Last year, foreign currencies were almost a one-way street on the way up but they've come across some volatility recently. The common thing seems to be rising interest rate differentials between the United States and its trading partners caused by an apparent divergence between growth prospects here and abroad. This divergence is something we mentioned is a distinct possibility in our fourth quarter letter ([Idiosyncratic Portfolios](#)), though the ground level evidence that we gather from our bottom-up work doesn't yet provide confirmation.

On the contrary, when it comes to the bottom-up results (granted these are trailing results) we continue to see stronger earnings in most of our companies here and abroad. This may change for some of our multinationals should the dollar continue to strengthen, but by and large, the fear in volatility seems to be more related to macro themes, which may or may not play out. There's a lot of headlines, right? I mean, what's the Federal Reserve going to do? Negotiations with NAFTA and China? Emerging market weakness—what's going to happen to their currency? Is the bond bull market over? Recently, it's about Italy and Spain and will they continue to adopt the Euro? Iran, North Korea and soon to be in a neighborhood near you, this year's midterm elections.

The most recent shock was the Italian election which brought together two parties with two totally different ideologies espousing essentially a “quit Euro” agenda. The ever-reactionary market didn't take it too well at all with global equities falling a few percent, bonds spiking and the Euro and the northern European currencies taking a big hit. I think that the calmer folks are wondering how likely this new Italian government will stay in power because since World War II, the Italian government collapses about once a year—they don't last for very long. In any event, the majority of Italians support the Euro, so how likely is it that the buzzer goes off before they can wreck Europe anyway? I just don't think it can happen. But we're open to the possibility—anything can and will happen, as we say. In an unlikely scenario in which they leave the Euro zone, the ECB owns over \$300 billion Euro, and growing, in Italian sovereign debt. The rest of the holders include Italian financial institutions. If they left, it would be kind of an “own goal,” to use a soccer term or maybe even a hockey term. If they left, it would not be pretty for anybody. Hopefully Brussels can figure out a way to placate Italy's displace. But there are some common themes pulling out here. I doubt these pressures will ease anytime soon in the developed world. As long as we have an economy based on global trade the world will continue to need to accommodate an increasingly larger and larger China and soon India too and there's only so much GDP to go around. An increasing share of GDP should continue to flow into the emerging markets of Asia from countries such as Italy, France and the UK.

This is the case with the US as well, although, it's really difficult to separate the fortunes of the US and China. Someone coined the term “Chimerica” because they're so integrated. The point is that regular people are suffering in this new paradigm even though I'm dismissing the Italian threats this time, I'm not sure that this European common currency can really last forever. At some point, we could reach the tipping point, but I just don't think we're there right now.

Regarding the other headlines, I don't normally pay attention unless there's some possible systemic risk involved and a measurable likelihood of occurrence. That said though, I can understand that the headlines are kind of scary for most people. North Korea, trade wars



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and all that. It's no wonder that many investors are probably taking a hard look at those 2–3% yields on cash and cash-like instruments. The Centerstone Investors Fund (CENTX) reserve basket is itself yielding close to 3%. As we noted before, we actively manage cash by investing in higher grade paper with maturities up to two years. Currently, with a relatively flat yield curve, though, we have recently been shortening duration to below two years. There's less need to take even modest interest rate risk with short-term yields close to two year yields. In any case, we're "getting paid to wait" for the first time in a while. It's been a long time since we had an interest rate on cash. As rates have risen, many interest rate sensitive companies have seen their prices weaken—Real Estate Investment Trusts (REITs) and utilities in particular.

We've taken a modest position in a couple of REITs and not really done much with utilities, except for one—ironically, they don't even pay a dividend. They ceased payments, it's more of a special situation. We bought the cumulative perpetual preferred securities of Pacific Gas & Electric<sup>1</sup>—I'll just refer to it as PCG. We bought it subsequent to the Northern California fires. Those devastating fires caused extensive damage to large parts of the region, including California's wine country. Due to a California unique law, PCG is potentially on the hook for the entire liability and can't yet recover through its rate base. Interest claims total so far (this will probably be close to the final tally) is \$13 billion. Bankruptcy is a mild concern in the market because the company has gone through bankruptcy before. Our worst case scenario is a serious hit to their finances, not another bankruptcy. That said, they have halted dividends in the common and preferreds. The perpetual preferreds that we purchased are trading in the low \$20s with a \$25 par. Our view is that the dividends will be reinstated within a couple years and that our securities could rise to par again, close to \$25 and that we will receive our cumulative and unpaid dividends and that combination would result in a modest equity like return with not as much risk, which is our goal. We thought about buying the equity too but then they'd have to issue a stock and we didn't want to potentially suffer dilution from an equity offering.

Finally, before I turn it over to the analysts just an update on one of our Amazon threat basket names. This is WW Grainger<sup>2</sup>, the industrial parts distributor. Last summer, as Grainger's stock price was at a seven year low, the gloom and doom headlines stated that "the Amazonian nightmare is only just getting started for distributors of industrial odds and ends." This was last August, the stock price had been driven down to around \$150 per share at the time. Never mind that this company had a market cap of \$9 billion, while it sat on \$4 billion worth of noncore assets, that management had a stellar capital allocation track record, the balance sheet was strong and that the core business was being valued at 5x earnings. All it was is just, "hey, Amazon is getting into the business, therefore sell." It's just shoot first and ask questions later. Never mind that Amazon had already been in the business for years. The funny thing is just a few short months later as the shares touched \$300, it was just \$150 a few months ago mind you, the headlines read, "Grainger results shrug off Amazon as shares touch all-time high." That's right, from a seven year

<sup>1</sup> 0.34% position in the Centerstone Investors Fund as of March 31, 2018.

<sup>2</sup> 1.93% position in the Centerstone Investors Fund as of March 31, 2018.

The security holdings are presented to illustrate examples of the securities that the Funds have bought or may buy, and the diversity of areas in which the Funds may invest and may not be representative of the Funds' current or future investments. Portfolio holdings are subject to change and should not be considered to be 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.



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low to an all-time high in roughly six months. Granted, I'm a total nerd but that is really funny in my book, like high class humor. I also like it when we double your money in six months. Of course, we're not going to tempt fate, the stock has reached something closer to our intrinsic value estimate so we've trimmed the position closer to a seed size from it being our largest position for a while. As the margin of safety has rapidly shrunk but we still believe Grainger is a good business.

I wanted to give you a demonstration of one of the differentiated aspects of our investment approach. As I stated before, our primary aim is to provide you with equity like returns with less risk over the long-term. Therefore, our analytical emphasis is geared towards exploring all the things that could go wrong with a potential investment. Although it may sound like a defensive approach, we often uncover inefficiencies caused by Wall Street's shoot first, ask questions later reflex. In this case, our review of the bearish case, led us to take a contrarian position on a highly controversial company and it worked out very well for us. Quite often, we will be taking positions that are contrary to what the popular consensus might be, whether its Grainger or Target<sup>3</sup>. I had a meeting with one of our potential clients during the depths of the decline of these retail stocks and he looked at me with a straight face and said that he thought Target was going to go bankrupt, which is ludicrous. They generate gobs of free cash flow. We are often in the uncomfortable position of taking a stand on something that is uncomfortable at times from a perspective you're never with your peers. But it's that contrarian kind of bent that is part and parcel of our distinct investment approach. Now, we're not like reflexively contrarian, I think that would be a cynic's perspective, but we're skeptical enough that we can be open to contrary standpoints and views.

I wanted to keep my comments rather brief and introduce you to the team. I would like to first just mention that finding new Analysts is very difficult and gets harder and harder as you grow. It took us roughly 18 months to find our third analyst and it's probably going to take a little longer to find a fourth. The process and how it works is that we try to find a new analyst who brings something to the table that we don't have. That could be a different perspective or maybe just a strength in a certain area, where we kind of learn something about something we already knew a lot about. You can imagine that the bar gets just higher and higher as you add more and more people. We have the three analysts that I mentioned and that's plenty of Analysts to do what we do. We're not going to be one of these groups with 25 Analysts.

First off, I wanted to introduce you to James Hounsell. He started before the Funds were even launched, so he's been here for over two and a half years. He came from Third Avenue—he worked on the International Funds at Third Avenue. As some of that firm was dissolving, I reached out to some of the people I knew there and asked if there were any seasoned or good analysts that they wanted to find homes for and James was mentioned a number of times. I interviewed him and I felt like he's got it. James is going to talk to you about a company called Merlin Entertainment<sup>4</sup>. We're going to give you a whole basket of different types of securities, from a small mid-cap company to a mid- large company to one based in emerging markets to give you a taste of how we look at the world. James, I'll let you take it from here.

<sup>3</sup> 1.37% position in the Centerstone Investors Fund as of March 31, 2018.

<sup>4</sup> 0.95% position in the Centerstone Investors Fund and 1.43% position in the Centerstone International Fund as of March 31, 2018.



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**JAMES HOUNSELL:** Thank you, Abhay and thank you to everyone who's joining us on the call this afternoon. Today I'm going to talk to you about a company called Merlin Entertainment, which is a recent investment in both of our mutual funds.

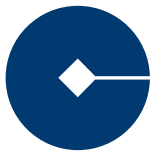
I'll give you an overview of what the company is, how it got on our radar screen, why we like the business and why we think now is a good time to invest. What is Merlin Entertainment? Merlin is a UK company listed on the London Stock Exchange with a market cap around \$5 billion. Their business is operating visitor attractions. They're the exclusive operator of LEGOLAND theme parks globally and they also operate theme parks under brand names besides LEGOLAND. Aside from theme parks they also operate all types of other visitor attractions like aquariums, Madame Tussauds wax museums and the London Eye observation wheel.

What's interesting is that while Merlin the corporate entity is relatively unknown, by number of visitors they're actually the second largest visitor attractions company in the world after Walt Disney. How this idea got on our radar screen, like a lot of the ideas here, it was kind of an indirect route. We were actually researching another company who we saw had recently taken a stake in a theme park operator. We started researching the theme park industry and that's where we discovered Merlin. As we learned more about Merlin, we realized that it's actually a very interesting business and that's where we devoted our resources.

Let me walk you through some of the things we like about this business model. First thing that we like is that it's based on strong intellectual property. When you think of Madame Tussauds you probably think of people in this day and age taking selfies next to wax statues of Prince Harry and Meghan Markle, but this is actually a brand that's been operating since the 1800s. In fact, one of the Madame Tussauds' first exhibits was the victims of the French revolution, which was actually a pretty recent event at that time—that gives you an idea of how old this business is, the celebrities are new, but the actual business isn't. The LEGO brand as well is shown that it's not a fad. It continues to be extremely popular after many decades and you see that with the popularity of things like the LEGO movies, which have been huge box-office successes over the past few years. Merlin's other theme parks like Alton Towers and Gardaland, those aren't household names here in the US, but those are actually strong brands in their local markets.

Another feature of this business model is that it's very capital intensive. Capital intensity is not a good thing in and of itself. All things equal, you'd probably want a business that requires less capital but, in this case, the high capital intensity actually creates a very significant barrier to competition. It's an enormous investment to open a new theme park. It's often several \$100 million to open a park. If you have a theme park, competitors will tend not to build their park right on top of yours. If there's already a competitor in the area, they might not be able to recoup all their fixed costs, which are very substantial. That leads to a lot of local monopolies in the theme park industry and in many of its markets, Merlin, is really the only competition in town. The one last thing I'd mention about this business model is that we think that there is significant long-term growth potential here. Merlin is a beneficiary of long-term growth and travel and leisure spend globally—people spending money on experiences. We still see a very long growth runway for this business.

Other things we like aside from the business model is that the company has a very strong balance sheet. They're not highly levered like you see with a lot of other theme parks operators, particularly the US companies like Six Flags and SeaWorld. On the asset side of



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the balance sheet, there's also considerable real estate value, which as value investors, we like having that there as a backstop. An important thing to note about the balance sheet is that in a visitor attraction, this is an industry where assets will frequently come up for sale at distressed prices. The property that became LEGOLAND Florida was actually a theme park that Merlin purchased out of bankruptcy during the financial crisis. By having a good balance sheet, we think that they can continue to take advantage of opportunities like that going forward.

Another thing I'll mention is the management team. We think that this is a well-managed business. The CEO is an owner/operator—he actually led the management buyout in 1999 that created Merlin and he still owns a considerable amount of stock. His holding is worth over \$30 million, so we see alignment there. The largest shareholder in the company is the LEGO family which owns about a 30% stake. This is actually the LEGO family's largest investment outside of LEGO, the toy manufacturer. Their stake is worth about \$1.5 billion. We see them as long-term owners and they haven't sold a single share since the IPO in 2013. Aside from the CEO being aligned, we like to see that the largest shareholder has a long-term orientation like we do.

Why do we think now is a good time to invest? Sadly, last year we had a large number of terror attacks in Europe, including three in London where Merlin has a lot of its attractions. It was also an unusually rainy season for Germany and Italy, where they have theme parks as well. This resulted in lower visited numbers, which for a high fixed cost business like this, that results in lower margins. Another thing that's been putting pressures on the margins is that Merlin had a lot of new attraction openings over the past year, including a brand-new LEGOLAND park in Japan. With a new opening, you have a lot of the operating cost, almost all the operating cost right away as it takes a while for the visitor numbers to ramp up so at the start, those are lower margin propositions—that's putting pressure on the margin as well. If you look at the chart on the left, you can see that Merlin's margin right now for the company overall is much lower than what we've seen historically but we don't think that this business is broken by any means. We see that they're continuing to execute on their growth initiatives and they actually grew revenue 7% organically last year which is a bit slower than what Merlin's used to but I think most businesses would be satisfied with that kind of top line growth. I think it's particularly impressive for what was a tough environment with a lot of external factors.

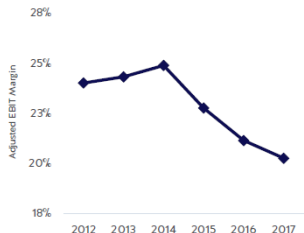




**MERLIN ENTERTAINMENTS (LSE: MERL)**  
Terrorism, weather obscuring long-term opportunity

- Terror attacks and unfavorable weather negatively impacting results
- Margins further depressed by high rate of new attraction openings
- Continues to execute on its growth initiatives and little evidence of market share loss in theme parks
- Current issues are likely transient, in our view, and results should improve as environment normalizes

**MARGINS WELL BELOW HISTORICAL LEVELS**



Adjusted EBIT Margin

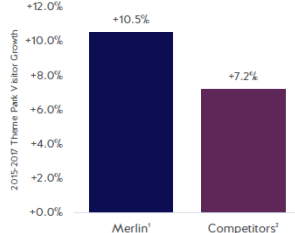
Source: Company public filings

**STRONG ORGANIC REVENUE GROWTH IN 2017**

+7%

Source: Company public filings


**LITTLE EVIDENCE OF MARKET SHARE LOSS**



2015-2017 Theme Park Visitor Growth

Source: Merlin, TEA/AECOM

<sup>1</sup> Represents visitor growth for LEGOLAND Parks and Resort Theme Parks segments.  
<sup>2</sup> Includes Walt Disney Attractions, Universal Parks and Resorts, Six Flags, Cedar Fair and SeaWorld



0.95% position in the Centerstone Investors Fund and 1.43% position in the Centerstone International Fund as of March 31, 2018.

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 Fund 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 to be 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.

The other thing I would look at (chart on the right) is if you look at Merlin's theme park division, you see that they've actually grown their visitor numbers faster over the past two years than their competitors. Again, it's a tough environment but we don't see them losing market share. Overall, we think that the current issues with terrorism and weather are largely transient and that the margins should improve as the environment normalizes. A thing I would note on that is that we not only think that earnings can recover here, I'd also note that we're buying a business that's trading at a much lower multiple of earnings than what we've seen in the past. I think there's upside from that as well, potentially. To sum things up here, I think we were able to buy a high quality, well managed business at a very good price. It's a particularly attractive opportunity for long-term investors like us who are able to look past the short-term volatility in the business.

**ABHAY DESHPANDE:** All right, James, thanks for that. Next on my list here I wanted to introduce to you Zachary Dimmerman, he goes by Zach. He also joined in 2015/2016 before we even really launched the Firm. He was, if not hired, he was at least onboard. He worked at Ariel prior to coming here. Both James and Zach have prior experience with value investing at other places. We do things a little differently here than most value funds, so there's a bit of direction to point them in. In any case, it's been two and a half years he's been here and he's going to give you a description of Henry Schein<sup>5</sup>. This is one of our newest holdings. At \$10-11 billion when we bought it, I was kind of surprised because I



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haven't heard of the company before and it's a \$10 billion company. Zach, why don't you take it from here?

**ZACH DIMMERMAN:** Thank you, Abhay. It's great to be here with you all today. The investment I'm going to talk about today is Henry Schein, which is a position in our Centerstone Investors Fund (CENTX). Henry Schein was on our watch list and recently we had an opportunity to take a position in it off of weakness in the overall healthcare distribution space—not all healthcare distributors are the same. Henry Schein is the world's largest distributor of healthcare products to office-based dental, animal health and medical practitioners.

Many healthcare distributors' primary customers are larger entities—think of pharmacies or hospitals. Henry Schein's primary customers are dentists, veterinarians and physicians that are operating small and medium sized enterprises. The distribution of healthcare products to dentists, vets and physicians can be characterized in this way. A few large distributors distribute products to many small customers. The large distributors, such as the largest, Henry Schein, are an important part of the value chain. Henry Schein has developed a high touch, full service model to best serve its small customers.

If you visit your doctors or dentist's office, you will probably notice that they don't have much space to store and manage supplies in their office. They typically place frequent small quantity orders and they value a distributor that can provide reliable and complete fulfillment. Many of them have one primary distributor. Henry Schein has developed sophisticated distribution capabilities and has a broad portfolio of products. It can be a one-stop shop for these office-based practitioners in which it provides consumable products, equipment, technology solutions, support and other services as well. Dentists, vets and physicians are typically running a small practice and they value services or products that can improve the efficiency of their practice.

Henry Schein has over 4,200 field sales consultants and really, what field sales consultants do is they develop relationships with customers and help the office-based practitioners deal with their day-to-day business and practice issues. Many office-based practitioners really need someone to visit them to talk to them about how to improve the efficiency of their practice and the relationships that they have with their field consultants are important to them. In addition, Henry Schein sells practice management software systems to its customers. The practice management software helps its customers run more efficient practices as well. Henry Schein's practice management software and distribution businesses work synergistically together. Once it gets its software system installed in a practice, it's a very sticky business. If the software enables the practice to improve its processes and efficiency—removing it can disrupt the operation for the small practice—it's a very sticky business.

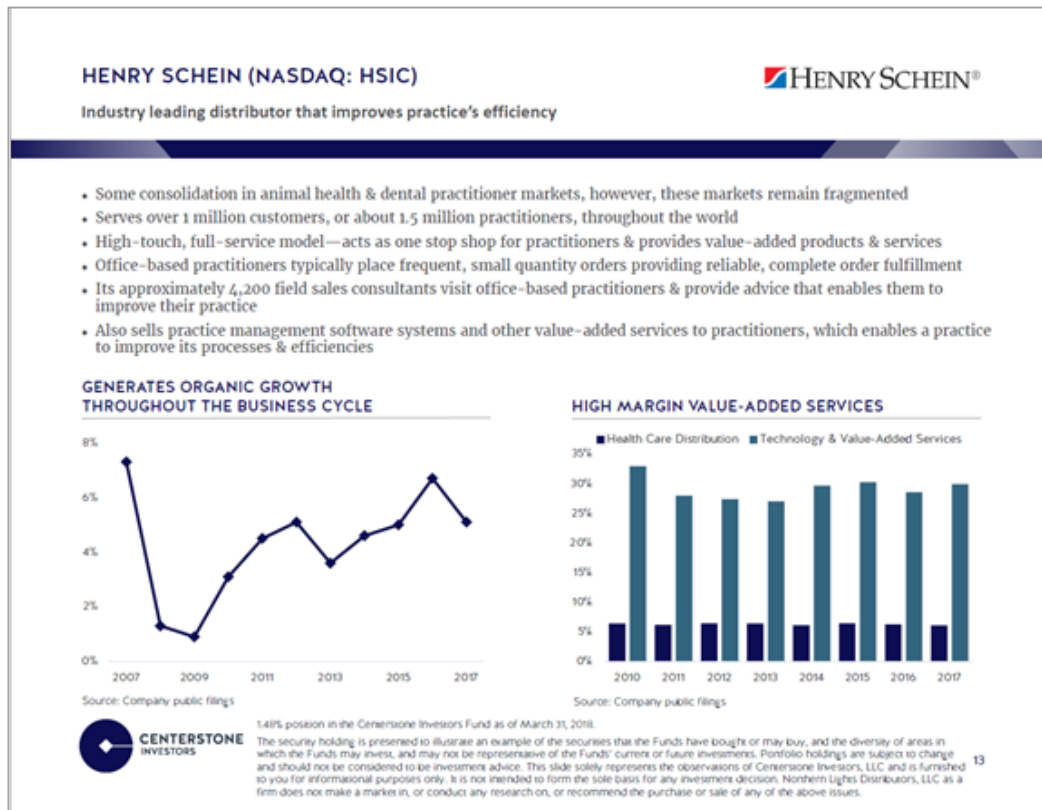
Henry Schein has had the same CEO for the past 30 years. Their CEO, very early on successfully expanded its dental and animal health distribution businesses outside of North America. It is the clear number one in North America. It's also a clear market leader in Europe and some other countries like Australia and New Zealand. Further, the CEO

<sup>5</sup> 1.48% position in the Centerstone Investors Fund as of March 31, 2018.



expanded the value-added products and services Henry Schein provides to dentists, vets and physicians. This is a very cash generative business and we like that Henry Schein has remained focused on its core markets where it provides value-added products and services to small customers. It has consistently returned its excess capital to shareholders in the form of share repurchases. More recently, and this was just basically in the past month, Henry Schein announced a potentially value unlocking spinoff of its animal health unit.

Moving to the next slide, if you look at the chart on the left you can see that Henry Schein is able to generate organic growth throughout the business cycle. The chart on the right illustrates a couple of things—it's a reference to Henry Schein's operating margins but you can see that it's technology and value-added services, which is the practice management software, and some other additional value-added services, but that generates really high operating margins. If you look at both businesses, you'll notice that the operating margins are fairly consistent throughout the business cycle.



Henry Schein has been able to generate stable and attractive profitability returns throughout the business cycle and that's something we really like. However, investors have had several concerns with Henry Schein recently. The first one is the vast majority of vets and dentists operate small practices, but there has been some consolidation in the animal health and dental practitioner markets recently. If you look at it, the fastest growing part of the dental practice market is the multi-dental practices. A dentist will start



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out with one practice, they can partner with another dentist or investor and buy a couple of additional practices and may end up owning 5-10 practices. However, we don't really believe that serving a customer that has 5-10 practices versus a customer that has only one practice changes much for Henry Schein. It's still really serving small and medium size enterprises. While there has been some consolidation like I just talked about, it remains a very fragmented industry. Henry Schein serves over 1 million customers or about 1.5 million practitioners throughout the world. It will take many years to consolidate such a fragmented industry and it is likely that many dentists will ultimately want to continue to operate their own practice.

Investors also have had some concerns about the regulatory environment in the healthcare sector and particularly in the dental industry. While there is some regulatory uncertainty, we believe the market structure is very favorable for Henry Schein and that it will remain well positioned. As I alluded to in the beginning, there are concerns that Amazon will enter the overall healthcare distribution space and displace distributors. However, we believe it will be challenging to serve dentists, vets and office-based physicians through an online only model. Office-based practitioners want to talk with field sales consultants that know their business and can help them to manage and improve their small and medium enterprise. They also want value-added products and services such as practice management software and technical support. Amazon does not have trained consultants to visit customers and it does not offer value-added product and services. We don't believe it would have much success with the customers Henry Schein is focused on. We believe that Henry Schein remains well positioned and that the recent pullback has presented us with an opportunity to invest in a high quality business.

**ABHAY DESHPANDE:** Great. Thanks, Zach, for that description. Management is also very shareholder oriented as well. They're in the spinoff part of their business, hopefully at the end of the year, to generate even more value for shareholders. This is now one of our larger holdings.

Next on the list is Patrick Voigt, he goes by Pat. He started just this year. He has five years of experience and was at Brandes prior. Brandes as I'm sure most of you, if not all of you, know is a value-oriented investment house too. We're very lucky to have Pat join us here.

We've talked about a business in Europe or London anyway, that's global in its nature. A US-listed company that is itself also global in its geographic exposure. Now we're going to talk about an emerging market company that is more focused on Southeast Asia. Pat, take it over.

**PAT VOIGT:** Thank you, Abhay and thank you to everyone joining us on the call today. I wanted to start by just saying that I'm really excited and grateful for the opportunity to be a part of the Centerstone team. As Abhay mentioned, I just joined in January. I'll be discussing our investment in Indocement<sup>6</sup>, which we've owned for quite some time. I'll start by giving a high-level overview of Indocement as a business and then discuss how it's fit into our three investment pillars, essentially why we like it as an investment and then I'll discuss the headwinds Indocement is facing today.

<sup>6</sup> 0.80% position in the Centerstone Investors Fund and 1.20% position in the Centerstone International Fund as of March 31, 2018.



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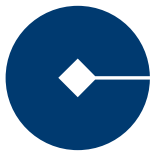
Indocement is the second largest cement producer in Indonesia. It primarily produces and sells cement and ready-mix concrete. Cement and ready-mix concrete are key raw materials that, when a country develops, are vital to its development as they go into all large infrastructure projects and are used in residential construction as well. For those of you who aren't familiar with Indonesia, it's an island country with six main regions. Java is the most populous region and it's also home to the capital city of Jakarta and it's also the most important region for our discussion of Indocement. Indocement owns and operates three cements factories in Indonesia, two of which are on the Western half of the Java Island. The Western half of the Java Island is what Indocement call its home region. One of Indocement's factories in its home region is the largest cement factory in Indonesia and is located right outside of the capital city of Jakarta.

The capital city of Jakarta is the most populous city in Indonesia and also consumes the most cement annually. There are three key characteristics of Indocement operations that appeal to us. One is its proximity to the centers of demand. Two is its dominant local market share. Three is the scale of this facility. So why do these things matter to us? Well, cement and concrete production is primarily a local business. All of the end products are heavy, bulky and cheap. In other words, the cost of transporting these products by land is high relative to the value of the products being transported. This means that (all else equal) production facilities near the end markets have meaningful cost advantages over producers that are further away from the end market. On top of this, the scale of the facility can lead to production cost advantages and high local market share can lead to distribution cost advantages.

Indocement enjoys all of these advantages in its home region, which again is the Western half of the Java Island. The Java Island, as I said before, is the most populous region so Indocement is right by the largest center of demand. In its Western half of that island where Indocement home region is, it has nearly 50% market share, which is 2x the market share of its closest competitor. As I mentioned earlier, Indocement's factory, right outside of Jakarta, is the largest cement factory in Indonesia. Again, it's right by the center of demand, it has dominant local market share and it has the largest facilities so it has scale advantage. These are all very difficult for potential new entrants to overcome when they try to compete in Indocement's home region and these advantages have enabled Indocement to remain profitable and continue to generate free cash flow even during cyclical downturns, which I'll return to that last point in a minute.


Beyond the operations, we also really like that Indocement has a clean balance sheet. Net cash makes up over 30% of its total assets today. This has been management's approach since the Asian financial crisis in the late 90s. Since then, where it had to restructure its debt and its ownership structure to de-lever, it has focused on building and maintaining a net cash balance sheet. After the balance sheet was fixed, roughly a decade ago it began paying out an annual dividend with its excess free cash—we really like that management's financially conservative. Something that also gives us some comfort, given that this is an emerging market country, it's majority owned by a European company—one of the largest cement producers in the world, Heidelberg. That gives us some comfort that we have Western investors in the same ownership structure of us.

Turning to the next slide, I'll discuss the main headwinds facing Indocement today—these are all really at the industry level. Historically, most of the cement production in Indonesia was owned by three cement companies—one of which was Indocement. As the country has




grown, cement volume consumed has nearly tripled since 2000 and this type of growth naturally attracts competition and several new competitors began opening new production capacity about three to five years ago. This recent growth in supply has far exceeded the growth in demand. On top of this, while cement consumption is still growing, the growth rate has slowed recently with delays in government funding for infrastructure projects since there was just a transition in government parties recently and then mortgage rates are ticking higher so residential construction has also slowed. Supply growth accelerated while demand growth slowed. This led to lower capacity utilization across the industry and then some of the new entrants who were trying to fill their capacity began competing on price very aggressively—lower capacity utilization and lower prices led to lower profitability for all the cement producers in Indonesia. Today it seems like most of the medium size and the smaller, newer entrants are losing money or at best breaking even while Indocement, because of its business quality and its market position, is still generating a profit and free cash flow. It's outperforming at a business level relative to its peers.

**INDOCEMENT**  
Well positioned to compete against new entrants in its home markets

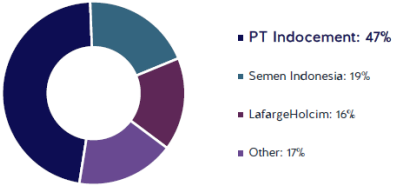


- Home region is the western side of Java—Banten, Jakarta & West Java—the most populous area in Indonesia
- Has the #1 market share in this region, over 2X next competitor
- Production & distribution cost advantages in home region
- 75% of Indonesian cement volume is bag cement for use by residential housing
- Remains easily profitable & cash flow generative despite industry downturn
- Strong balance sheet may enable it to be a consolidator during downturn, purchasing assets at potentially distressed prices

**JAVA, INDONESIA**




**DOMINANT MARKET SHARE IN HOME REGION (Banten, Jakarta & West Java)**



Source: Company presentation

0.80% position in the Centerstone Investors Fund and 1.20% position in the Centerstone International Fund as of March 31, 2018. 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 Fund 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 to be 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. 16



Over time, we believe that either demand will rise to use up the excess industry supply or some of the newer capacity will be consolidated and rationalized by the larger and stronger players. Either of these scenarios will improve the industry and Indocement's profitability back towards historical levels. Given Indocement's market position, its balance sheet and its management team, we believe that even if we're wrong on the timing in terms of how



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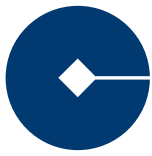
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long it takes for the industry to rationalize, we should be right over the long-term about the business quality and Indocement's ability to continue generating free cash flow relative to its peers. On top of that, we like that we're getting paid to wait in the meantime through an annual dividend.

**ABHAY DESHPANDE:** Great. Thanks, Pat. I think you get a good sense of the three pillars of our investment analysis/our approach—the three pillars being the balance sheet quality, the management quality and the quality of the business model—how sensible it is when faced with all of these different threats that have emerged over the years, the Amazon threat, etc. We try to address all of those threats and try to understand what kind of business it is that we own. Is it a cyclical business, is it a good franchise and it will help us to establish the entry point. You know, good franchise business is kind of like the Buffett saying, “I’m perfectly happy to own a good business at a fair price.” If it’s more of a cigar butt, where intrinsic value’s not going to grow that much, then we’re going to need something closer to a 50% discount to have a meaningful position.

Hopefully that gives you an idea of the depths of our analysis and also the breadth of it. With that, I'd like to just continue on here and quickly review our top 10 holdings, keeping in mind now this is as of March 31<sup>st</sup> so things have changed since then. As I mentioned, Grainger is no longer the largest position in the Centerstone Investors Fund (CENTX) and you see Henry Schein there. As far as turnover goes, it's more reducing and trimming and adding and not really selling anything wholesale, which is our typical pattern. Just because you see something drop out of the top 10 doesn't mean we sold it. It means that probably the stock went up a lot. Or I made a mistake and I have to own up to it, which thankfully doesn't happen too much or the stock went up a lot closer to intrinsic value and the discount just doesn't justify that larger position anymore.

In any case, you see all of those companies we still own more or less in the same weighting with exception of Grainger. On the Centerstone International Fund (CINTX) side, as we mentioned, we did add a new holding, Merlin just very recently, but there has again not been much turnover at all.



**TOP 10 HOLDINGS\***

March 31, 2018

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	% of Portfolio
Gold & Gold-Related (US)	4.32%
Grainger (US)	1.93%
Vopak (NLD)	1.79%
Colgate-Palmolive (US)	1.77%
Air Liquide (FRA)	1.76%
TransCanada (CAN)	1.68%
Kerry Logistics (HKG)	1.63%
Henry Schein (US)	1.48%
ICA Gruppen (SWE)	1.45%
Loomis (SWE)	1.45%
<b>TOTAL</b>	<b>19.26%</b>

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	% of Portfolio
Gold & Gold-Related (US)	4.35%
Kerry Logistics (HKG)	2.65%
Air Liquide (FRA)	2.62%
Vopak (NLD)	2.62%
TransCanada (CAN)	2.43%
Loomis (SWE)	2.18%
ICA Gruppen (SWE)	2.11%
BMW (DEU)	1.90%
Mitsubishi Estate (JPN)	1.81%
Hamburger Hafen (DEU)	1.79%
<b>TOTAL</b>	<b>24.46%</b>

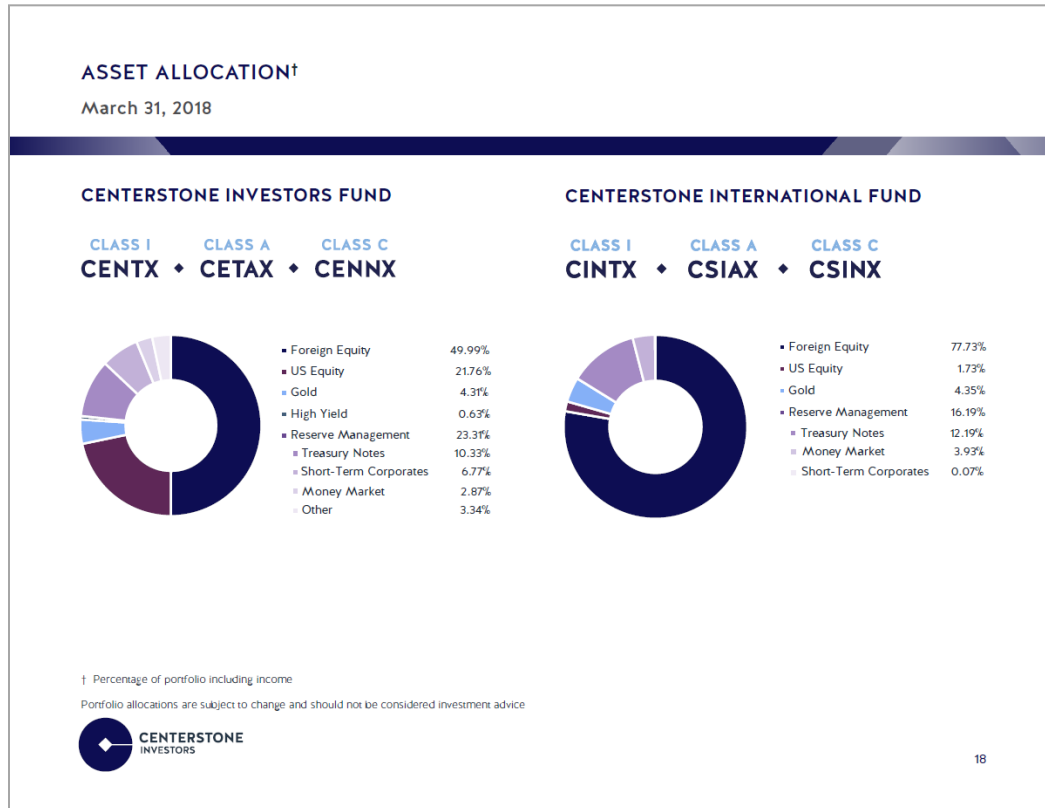
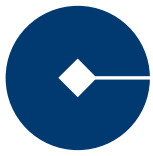
\*Holdings in cash, cash equivalents and short-term instruments have been excluded

The security holdings are presented to illustrate examples of the securities that the Funds have bought and the diversity of areas in which the Funds may invest, and may not be representative of the Funds' current or future investments. Portfolio holdings are subject to change and should not be considered investment advice.



Moving to the next page, you'll see our allocations, once again, haven't really changed that much. We've been more or less 2-1 invested International versus US since we began in the Centerstone Investors Fund (CENTX) and it's more or less the same now—although as I mentioned we continue to find more foreign stocks to purchase. Our reserve management which is essentially cash is about 23%, we have 4% in gold.

In reserve management, we have two year Treasury notes, two years or the less short-term corporates, some money market and cash.



Once again, as I said at the beginning of the call, thank you very much for your faith in us and we hope to continue to try to do a good job for you and not a small part of that is going to be due to the analyst team that I've brought onboard here. With that, I'm going to pass it back to Phil and we can move on to Q&A.

**PHIL SANTOPADRE:** Thanks, Abhay. Before we begin with Q&A, I just wanted to point out for everyone on the call that you can download the presentation by going to the materials tab. I see several questions lined up in the queue. Feel free to continue to send in more via the chat box and we'll do our best to answer them. If we do not get to you, we'll follow up after the webcast. Here is the first question. With Italy imploding, does that provide you with an opportunity to invest?

**ABHAY DESHPANDE:** Directly no, it doesn't really do anything for us. The main epicenter of volatility in Italy are the banks and we just don't go there. But the volatility does introduce a lot of speculation, are they going to exit the Eurozone, what's going to happen and that leads to more volatility just in the exchange market and in the stock market. So far it's been a brief moment there so we haven't really done anything other than we bought a little bit of stock in the US, when the US went down because of it but not really much. I would just say that again, going back to my comments earlier, if we made a portfolio



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management move every time the Italian's change government we'd have 100% turnover. They change government so often, and by the way, the system is built like that. After World War II, they didn't want to go back to Mussolini so they constructed a governing mechanism that makes it virtually impossible for one person to have power. That's resulted in constantly shifting governments but it's mostly built by design. In any case, we haven't done much there and I don't plan to anytime soon unless something terrible occurs and the stocks really get crushed but I don't expect that to happen.

**PHIL SANTOPADRE:** Okay and here is our next question. What would the impact of the Euro breaking up have on your holdings?

**ABHAY DESHPANDE:** I guess it's to explore what would happen in that unlikely scenario which we did. Mark Twain said "it's not what you don't know that gets you, it's what you know for certain that ain't true that gets you." We keep that in mind, we do try to appreciate that anything can and will happen and try to game plan, scenario plans for those things. In this case, I think that if the Italians somehow push through an exit plan that clearly would be very difficult on European economies, primarily the banking sector. That'd be just tough on them because the European Central Bank at that point would essentially be going bankrupt. They'd have to issue huge amounts of currency just to cover that loss and that's the primary reason why I think that it just can't happen, it's just that the consequences are just way too severe. It's not really in anyone's interest to pursue those consequences. On our portfolio holdings, we do have a lot invested in Europe, so I would expect that there would be a very immediate and sharp decline in European stock prices and the Euro itself. Then possibly some time goes on and people realize that actually the Eurozone, with the remaining countries, is potentially stronger and more viable. For us the game plan would be to let things be, give it time to simmer but we would probably be buyers of continental equities and the Euro after this decline.

Again, I don't think that's going to happen but we have a game plan in place just in case. The main problem is there's not really been a precedent for something like that so that in some ways it's an educated guess about what could happen. That's one of the scenarios that we've planned for and hopefully we don't have to engage that game plan.

**PHIL SANTOPADRE:** Right and if that scenario actually did happen, we have reserves like you said to perhaps do some purchasing.

**ABHAY DESHPANDE:** That's right. Yes.

**PHIL SANTOPADRE:** Okay, great, thanks Abhay. Here is the next question and comment. Thank you for the Henry Schein overview. What are the regulatory issues the dental industry is facing?



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**ABHAY DESHPANDE:** Oh, it's very simple. It's just basically the FDC has initiated sort of a review based on uncompetitive practices—this is not unusual at all when you have a two or three player market. There's a constant concern that oligopolies will band together to keep prices higher than they should and, in this industry, it's gotten very concentrated or basically on two or three players to do what they do so it's no surprise that they're potentially going to explore that sort of penalty. As we've read through the complaints, the penalty will more than likely be some sort of change in business practice, not a major financial penalty.

It's a good question though because that's one of the headline things that people just freak out about and just if it does happen, you happen to see it, we own it, it's one of our larger holdings. If the stocks go down on that news, you can guess what we're doing.

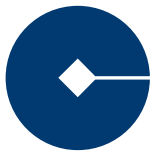
**PHIL SANTOPADRE:** Great, thanks, Abhay. Here is a question that came through e-mail earlier today. With the rise in yield this year has the Investors Fund been able to cover its net expense ratio with its reserve management holdings?

**ABHAY DESHPANDE:** That's an interesting question. Not fully, if I understand the question correctly, but let's say we have 25% cash and we're yielding on average about 3% on the reserves of our cash, then that's about 75 basis points and the expense ratio on the Funds are is 1.11% so I guess were getting close to that actually. It's been so long that we've had interest on cash and I'm kind of surprised that more people aren't moving assets out of risk assets and into cash. We're not quite there but we're getting close.

**PHIL SANTOPADRE:** Thank you. It looks like we have a few more questions lined up via the queue, here is another one. With foreign currency being weaker, how does that impact your hedges?

**ABHAY DESHPANDE:** Last year, foreign currencies dominated and added a huge amount to performance of international strategies, provided you were not hedged. Now, we do take a view on currencies based on relative evaluations across currencies, one primarily the dollar and it has led us to at times be more or less hedged. Our hedging policy, generally speaking, when the cost rates are not neither expensive nor cheap, then we're generally going to be around 50% hedged including our indirect hedging. Last year, we were about 20% for the bulk of the year and then lightened up a little bit. By the end of the last year, however, the Euro started to weaken and this was along the same timeline as the Federal Reserve raising interest rates and as short-term yields have gotten close or even exceeded the S&P 500 dividend yield just for the benchmark, it's created some pressure on foreign currencies. Add to that the Italian thing and then the Spanish elections just recently they threw out their long serving prime minister. Those things have just weighed on the Euro in particular, but more on European currencies as well. We have as a result, Euro at 115, 110, it's pretty inexpensive. We've been actually reducing our hedges, we're down about 15% for the most part and actually closed out our Swiss Franc hedge very recently.

We're becoming more and more exposed to the foreign currencies and again, this might look a little contrary, but we do rely on these quantitative measures for a reason because



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it takes the emotions out of investing. We continue to reduce the hedges and if for whatever reason the Euro is below 110, then we might be completely unhedged. We might be early of course, as we often are, but I don't think we'll be wrong.

**PHIL SANTOPADRE:** Thanks, Abhay. Here is the next question. I am particularly interested in learning more about the potentially disruptive effects of blockchain on existing companies.

**ABHAY DESHPANDE:** I've thought about this a bit, I'm not the smartest guy in the room when it comes to this kind of stuff, but if I'm looking at it from a 30,000-foot perspective and forget about Bitcoin, that's just a big speculative bubble, but the technology of blockchain itself is what the question is addressing. To me, the main feature is of course security and instantaneous transaction—it's much more effective even than just pure encryption, apparently. But where would this be most used, I think it's in the financial sector when there are node-to-node transactions or communications that require fail proof, fail safe security. That's where one bank would communicate with another bank overseas to transfer funds, for instance, there would be very little risk of fraud there. Or at a merchant level when you're transacting with a customer and a credit card. But I think mostly transactions between two parties where there is some trust element needed where the disruption will occur but I see it sort of like airbags, maybe someone will have a first mover advantage, but pretty soon it's just going to be required and everyone is going to have them. I think that the end benefit will be just greater security with your personal information and what not and less that there's some other business that will benefit more greatly than others. That's just my take on it broadly speaking but again I'm not like the expert on that kind of stuff.

**PHIL SANTOPADRE:** That was interesting, thanks for that. I see more questions in the queue, we'll take one more question to be mindful of everyone's time and follow-up individually with any unanswered questions. Here's the last question. I'm looking at your reserve management for the Investors Fund, can you explain how much is really in cash?

**ABHAY DESHPANDE:** Reserves are the portion of the portfolio not invested in either equities or corporate bonds or risk assets. The reason we call that reserves instead of cash is because, well I have less of a need for it now because the yield curve is flat and you've got an interest rate, but when we first launched and for years prior to that it was worthwhile going out a couple of years just to pick up a little bit more yield other than zero so we would go out up to two years, and then in our case, we do invest in some short-term corporate paper, two years and below as I mentioned earlier and Treasury notes and things like that. To me, that all falls in the bucket as cash but technically, since the maturities are more than one year, we can't really call it cash. It's what the reserve bucket is and then to capture all of that—so cash and cash like short on demand paper that kind of stuff is really about 5% the Investors Fund and it's roughly 4% of the International Fund as of March 31<sup>st</sup>. The cash, cash is mostly there for just working capital in the unlikely event that there are large redemptions or what have you just to keep that just in case.



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**PHIL SANTOPADRE:** Great. Thanks, Abhay. This concludes the Q&A portion of the webcast. On behalf of all of us at Centerstone, we would like to thank you for your time and participation. A replay and transcript will be available on our website at [www.centerstoneinv.com](http://www.centerstoneinv.com). I encourage you to visit our website for additional resources as well. If you have additional questions, please reach out to your sales contact or call us at 212-503-5790.

Now for some brief risk 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.

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.

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.

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.

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.

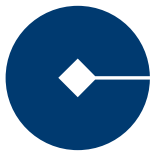
*Investors should carefully consider the investment objectives, risks, charges and expenses of the Centerstone Funds. This and other important information about the Funds are contained in the prospectus, which can be obtained by calling 877.314.9006. The prospectus should be read carefully before investing. 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 may disconnect your phones at this time. Thank you.

END

Edited for clarity.



**CENTERSTONE INVESTORS FUND**

May 31, 2018

CLASS I CLASS A CLASS C

**CENTX ♦ CETAX ♦ CENN**

**PERFORMANCE**

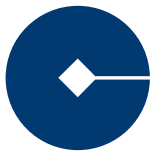
	YTD	1 Year		Since Inception*	
		As of 3/31/18	As of 5/31/18	As of 3/31/18	As of 5/31/18
Class I (CENTX)	0.09%	9.82%	6.48%	8.83%	8.36%
Class A (CETAX)	0.00%	9.49%	6.16%	8.52%	8.04%
Class A (CETAX) with Sale Charge**	-5.01%	4.00%	0.85%	5.63%	5.38%
Class C (CENN)	-0.26%	8.74%	5.44%	7.99%	7.50%
MSCI ACWI Index	0.11%	14.85%	11.84%	15.34%	14.62%
MSCI World Index	0.48%	13.59%	11.57%	14.38%	14.12%

\*Inception: May 3, 2016

\*\*Returns for Class A shares include a maximum sales charge of 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 total annual operating expenses, including acquired fund fees of 0.03%, gross of any fee waivers or expense reimbursements, is 2.58%, 3.89% and 2.45%, for Class A, Class C and Class I shares, respectively. The Fund's investment advisor has contractually agreed to reduce its fees and/or absorb expenses of the Fund, 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 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. 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 23.





**CENTERSTONE INTERNATIONAL FUND**

May 31, 2018

CLASS I CLASS A CLASS C

**CINTX ♦ CSIAx ♦ CSINX**

**PERFORMANCE**

	YTD	1 Year		Since Inception*	
		As of 3/31/18	As of 5/31/18	As of 3/31/18	As of 5/31/18
Class I (CINTX)	-1.83%	11.90%	5.07%	10.60%	9.53%
Class A (CSIAx)	-1.92%	11.53%	4.81%	10.38%	9.33%
Class A (CSIAx) with Sale Charge**	-6.81%	5.91%	-0.43%	7.43%	6.64%
Class C (CSINX)	-2.27%	10.70%	4.03%	9.82%	8.73%
MSCI ACWI ex-US Index	-1.92%	16.53%	9.67%	15.03%	13.33%
MSCI EAFE Index	-1.55%	14.80%	7.97%	13.04%	11.92%

\*Inception: May 3, 2016

\*\*Returns for Class A shares include a maximum sales charge of 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 total annual operating expenses, including acquired fund fees of 0.02%, gross of any fee waivers or expense reimbursements, is 3.19%, 3.92% and 2.93%, for Class A, Class C and Class I shares, respectively. The Fund's investment advisor has contractually agreed to reduce its fees and/or absorb expenses of the Fund, 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 the International 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. 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 23.





**CENTERSTONE**  
INVESTORS

**CENTERSTONE INVESTORS FUND**

CLASS I

CLASS A

CLASS C

**CENTX ♦ CETAX ♦ CENN**

**CENTERSTONE INTERNATIONAL FUND**

CLASS I

CLASS A

CLASS C

**CINTX ♦ CSIAX ♦ CSINX**

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.

You cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges.

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