CENTERSTONE
INVESTORS

NAVIGATING ONE CRISIS TO THE NEXT

MARCH 31, 2022

DEAR FELLOW PARTNERS & FRIENDS,

As we recover from the pandemic, we are now watching a heartbreaking war unfold. The images of innocent civilians and families torn apart will now become a part of history. This is also personal to us as nearly half the team at Centerstone have parents that have left their native countries and moved to the United States for better lives. Two members' parents were refugees fleeing hostile governments. While Centerstone is an apolitical company, this is a humanitarian tragedy. We stand with the Ukrainian people and condemn the aggression from the Russian government.

While all this has unfolded, we believe the world is faced with yet another economic challenge just as it has begun to emerge from the COVID era. Nowhere is this more stark than in Europe which confronts existential questions in regards to both security and energy supply. While prior German leader Angela Merkel exceeded all expectations in reabsorbing East Germany back into the fold while maintaining a sense of stability in Europe through a host of challenges it now seems obvious as to the cost of those policies. Despite many hints from both the Obama and Trump administrations, Europe only now belatedly sees that the United States is serious about reducing its commitment to the continent. As a result, Germany and Europe as a whole have now begun to reorient their security policies accordingly. Ironically, between Germany's policy reversal in regard to inflation during COVID and now its potential rearmament (and thus Europe's), I wonder if we may look back and see this as the moment when the notion of a Eurozone disintegration was laid to rest.

"When it comes to investing under these circumstances it should come as no surprise that I have never had any meaningful investments in either Russia or China."

In our opinion, the immediate consequence of Russian aggression goes well beyond Europe. This comes at an inopportune time considering the already present inflation and economic risks around the world. Certain asset classes, such as US corporate bonds, are already beginning to sound recessionary warnings for instance. In addition, as I expand upon below, the potential disruption to food supply also adds to the pressures. Finally, so long as there is an active "war zone," tankers will not be able to load oil from Russian ports without invalidating their insurance policies and the sanctions increase risk for many other transporters as well. Oil prices could remain elevated for some time to come.

When it comes to investing under these circumstances it should come as no surprise that I have never had any meaningful investments in either Russia or China. Summarily, property rights and rule of law are unwavering prerequisites for Centerstone to invest anywhere in the world. That said, it is difficult – maybe even impossible – to avoid all exposure to these countries. Most multinational companies conduct at least some business in Russia and/or China. We rely on management to weigh these exposures in the context of their overall exposure and act accordingly. With that in mind, we had some collateral exposure to Russia, though on review it is small.

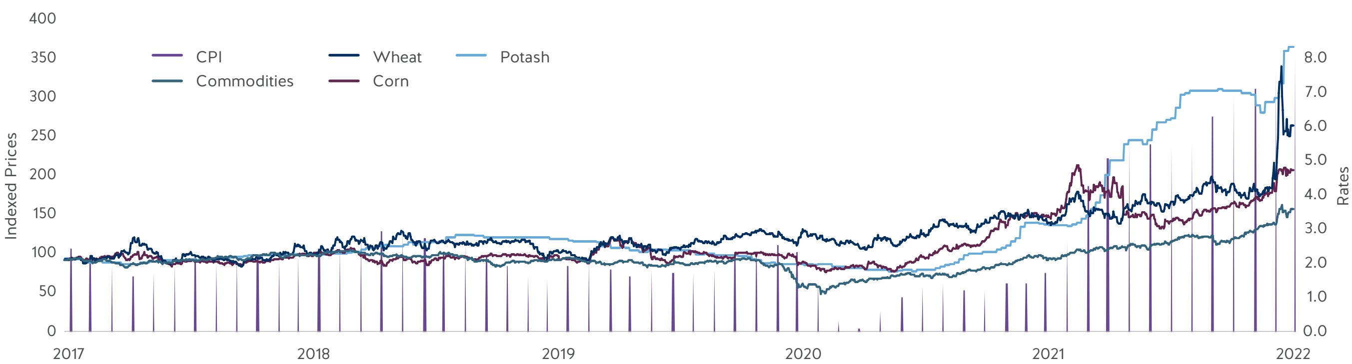
For instance, Fraport[1], a German-listed airport services business, has direct and indirect Russian exposure. Directly, it has a minority stake in St Petersburg's airport, which is their sole direct exposure. This stake is now effectively worthless. Indirectly, Fraport is exposed to Russian travelers, particularly through its investments in Turkish and Greek airports. We estimate these exposures may collectively be around 5% of Fraport's overall enterprise value. We view the risk as manageable and does not imply what we believe to be potential material impairment. Moreover, we reduced our position in Fraport prior to Russia's invasion.

Potential Inflation Protection

While Fraport is the investment most negatively exposed to the Russia risk, there are counterbalancing investments

1 2.79% position in the Centerstone Investors Fund and 4.42% position in the Centerstone International Fund as of December 31, 2021

SPIKES ACROSS THE BOARD



Past performance is no guarantee of future results. Investors cannot invest in an index.
Source: Bloomberg
Note: Commodities, Wheat, Corn and Potash indexed to 100

in both Funds, Centerstone Investors Fund (CENTX) and Centerstone International Fund (CINTX), along with investments positively exposed to inflation trends. Examples of such investments include ICL Group, gold bullion and gold miners, and PHI Group.

ICL Group[2] is one of the world's lowest-cost producers of potash fertilizer. ICL is benefiting from rising fertilizer demand, raw material shortages and energy price escalation. Additionally, the severe shock to basic food production resulting from the conflict in Eastern Europe seems likely to have consequences beyond just a few months with material impacts on prices for ICL's main products. To explain: Ukraine is one of the world's major exporters of wheat and corn. While it will likely not have much of a growing season this year, it recently banned the export of whatever wheat is produced. Russia is another major exporter of wheat, but it is unclear how much it will export this year as Moscow looks to ensure domestic supply. Ukraine and Russia combined account for nearly a third of the world's wheat and barley exports. The reduced supply of wheat is driving a global chain reaction, pushing the prices for most basic food commodities to multi-year highs.

Much of the basic food commodities produced in Russia and Ukraine are exported to North Africa, the Middle East and China. It is worth recalling that the last time there was a major disruption to Russian wheat exports was due to drought and heatwaves in 2010. Much of the Middle East entered an era of political crisis referred to as the "Arab Spring." Additionally, China is a large net importer of basic food commodities, such as corn, wheat and soybeans. It alone imports the majority of Ukraine's corn production. Considering that China culled half of its 400 million pig population two years ago due to an outbreak of swine flu, its leaders are scrambling to secure the feedstock required to rebuild that population. Undoubtedly the impact of this conflict is rather far-reaching.

> *"As one of the lowest-cost producers of potash fertilizer in the world, with significant energy cost advantages thanks to its production method (evaporation via the Dead Sea), ICL could generate above-normal profits for some time."*

On the surface, one would think that removing a large part of the world's wheat and corn planting would reduce the demand for fertilizer and a reduction in fertilizer demand would lead to lower fertilizer prices. However, there is another twist – Russia and Belarus combined are the largest source of fertilizer inputs of global potash fertilizer capacity and a significant percentage of phosphate fertilizer capacity. At least a portion of that supply – specifically, the capacity in Belarus – is stranded by sanctions initiated prior to the

2 2.06% position in the Centerstone Investors Fund and 4.24% position in the Centerstone International Fund as of December 31, 2021

Ukraine war. There is also a lingering question as to whether the entire capacity in Russia will be able to reach global markets. Consequently, ICL Group may potentially enjoy an extended period of high potash prices. As one of the lowest-cost producers in the world, with significant energy cost advantages thanks to its production method (evaporation via the Dead Sea), ICL could generate above-normal profits for some time. Furthermore, ICL shares those profits with investors through what we consider to be a generous dividend, that was distributed in the first quarter of this year, equivalent to a nearly 5% yield.

A potential portfolio hedge we have in place is gold. We believe it is possibly entering a new "golden age" as many countries, even neutral ones, may now look at the US Treasury's ability to confiscate currency reserves as a huge risk to their sovereign independence. The challenge to many central bankers is that gold has no cash flow stream to attach a value and most importantly it cannot be digitized which makes it troublesome for trade settlement. With that said, gold represents on average only 4% of central bank reserves. With declining "globalization" which began in earnest in 2008, one could make the case that central banks simply hold much more foreign currency than they need for their import requirements and not enough gold to safeguard their sovereign independence. I wonder if Russia's 20% gold allocation becomes a minimum target for many other countries. After all, even as the Ruble has fallen a great deal, the country's gold reserve has increased in value since the start of the Ukraine war.

"When oil prices are high PHI sees ample demand. With current demand, the company is currently generating a lot of cash which it has been distributing to investors in the form of special dividends."

Another interesting beneficiary of current events is PHI Group[3], a company which we obtained through a bankruptcy reorganization. Its main asset is a fleet of helicopters

"It is our view that currently the fundamentals of many of our holdings are more impacted by their actions rather than external factors. In addition, they often pay generous dividend yields while we wait for the improving fundamentals to be recognized by others."

which are used for transporting energy workers in the Gulf of Mexico and for medical transportation. When oil prices are high PHI sees ample demand. With current demand, the company is currently generating a lot of cash which it has been distributing to investors in the form of special dividends. For example, 2021's dividend was equivalent to a 35% dividend yield.

The portfolios' dividend streams have continued to increase faster than the underlying stock prices. On balance, we see continued upside to dividend payments as many of our companies continue to forecast strong recoveries from their COVID recessions. On a look-through basis, both Funds now yield over 3% and trade for less than 10 times cash flow. With all the concern over inflation, I find it encouraging that the Funds not only have a high yield, but the underlying companies may likely grow at or above inflation rates. If this holds, in addition to being attractively valued just on their merits, the Funds may also be an effective inflation hedge.

When faced with these environments, I revert to what we believe is the tried-and-true formula of reviewing our companies and their various strengths and vulnerabilities. Even in the case of the 2008 experience, a focus on fundamentals helped to at least navigate those treacherous currents. While the macro shockwaves did indeed buffet our investments, ultimately the types of companies that we prefer emerge intact. We aim for businesses with what we believe to have sound balance sheets, shareholder-friendly management teams and durable business models trading below what we estimate as their intrinsic values. We also make room for companies that, in our opinion, have temporarily lost their way or are under some cyclical pressure,

3 1.37% position in the Centerstone Investors Fund as of December 31, 2021

provided the other elements are in place. It is our view that currently the fundamentals of many of our holdings are more impacted by their actions rather than external factors. In addition, they often pay generous dividend yields while we wait for the improving fundamentals to be recognized by others.

We thank you for your continued support and interest in Centerstone.

Sincerely,

Abhay Deshpande, CFA
CHIEF INVESTMENT OFFICER

Important Risk Information and Disclosure:

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.

The Consumer Price Index (CPI) is a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly or monthly growth rates represent the inflation rate.

The Commodities Index is an arithmetic average of commodity futures prices with monthly rebalancing.

The Wheat Index is the Chicago Wheat futures and options that is the global industry standard and the most actively traded wheat benchmarks in the world.

The Corn Index is futures that are the most liquid and active market in grains, with 350,000 contracts traded per day.

The Potash Index represents weekly fertilizer price assessments from Green Markets, a primary source for chemical pricing and market insight. Pricing information is available for products including ammonia, urea, UAN, DAP, MAP, TSP phosphate rock, potash, sulfur, etc.

Enterprise value is a measure of a company's total value.

Dividend yield, expressed as a percentage, is a financial ratio (dividend/price) that shows how much a company pays out in dividends each year relative to its stock price.

The commentary represents the opinion of Centerstone Investors as of March 2022 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.

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.

Past performance is no guarantee of future results.

The value of the Funds portfolio holdings may fluctuate in response to events specific to the companies or markets in which the Funds invest, as well as economic, political, or social events in the United States or abroad. The impact of the coronavirus (COVID-19), and other epidemics and pandemics that may arise in the future, could affect the economies of many nations, individual companies and the market in general in ways that cannot necessarily be foreseen at the present time.

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 Funds' 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. Securities in small and mid-cap companies may be more volatile and less liquid than the securities of companies with larger market capitalizations.