Hamster Wheel

MARCH 31, 2025

DEAR FELLOW PARTNERS & FRIENDS,

Despite a challenging first quarter in the markets, the Centerstone Investors Fund (CENTX) posted a positive modest gain. While some of these gains can be attributed to selective company and portfolio allocation changes, external factors likely played an even greater role in driving performance.

On the portfolio side, while we continued to make selective adjustments, we have been relatively inactive on the buy side. As for the external factors, the Fund benefitted from its significant gold position during a quarter when the price of the metal surpassed $3,000 per ounce. Gold's reputation as a safe haven in times of uncertainty likely played a role in this increase. Additionally, our equities, which are currency unhedged, performed well, as did the respective foreign currencies. This was in part due to growing doubts among foreign investors about the durability of "US exceptionalism" under the new administration, which has shaken confidence in the large premium traditionally afforded to US equity markets. Overall, several favorable factors aligned with our long-standing strategy, which is centered on gold, cash and foreign equities. Contrarian investing can indeed have its moments; however, these "external" factors will likely continue to impact financial markets in unpredictable ways. Only time will tell how these forces will impact our strategy going forward.

Looking ahead, it seems that volatility will remain a dominant feature in financial markets, especially within the context of ongoing political turbulence. In such an environment, one option is to step off the proverbial hamster wheel for a while—and in our case—it seems we have been off that wheel for some time. It is worth noting that our portfolio has been intentionally less active in recent times, which may help explain our somewhat contrarian performance. Our portfolio, with its emphasis on mid-sized companies, cash, and gold, diverges significantly from the popular indices, which are heavily weighted with large technology stocks.

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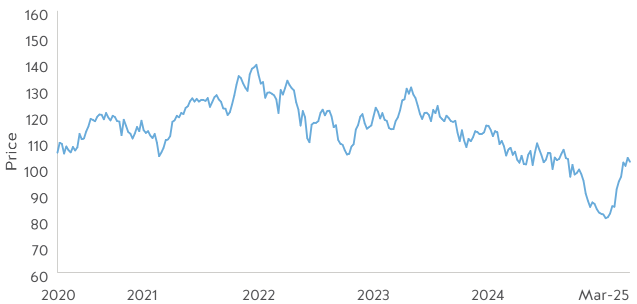
This divergence has led to different performance patterns, but we remain confident in our approach, especially given the volatile market conditions.

As for the impact of ongoing tariff proposals and the broader global realignment on the portfolio over the long term, it is too early to make definitive predictions. The talking heads will surely offer a range of educated guesses on these issues, but my view is that the future trajectory will largely depend on whether the global community accepts the evolving US foreign and trade policies as part of a "new order." This shift will take time to fully materialize and could have broad implications for factors such as economic growth, inflation and interest rates—factors that will, in turn, affect stock market valuations. While this uncertainty creates potential headwinds, it also presents opportunities for those with a long-term view, like ourselves.

Compelling Contrarian Opportunities

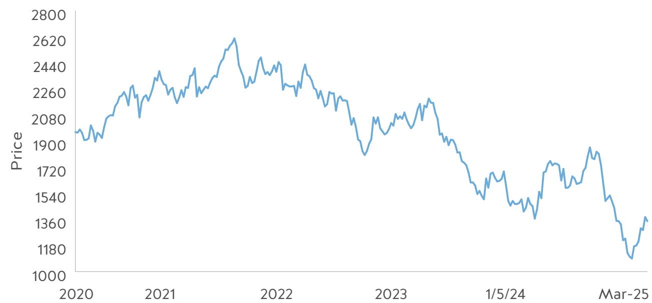
Notwithstanding macro factors, our investment universe remains filled with compelling contrarian opportunities. Our focus remains on companies with conservatively financed balance sheets and shareholder-oriented management teams. However, many of these companies face three key

Nestle



Source: Bloomberg
Past performance is no guarantee of future results.

Barry Callebaut



Source: Bloomberg
Past performance is no guarantee of future results.

challenges: (1) some are directly impacted by tariff threats; (2) others are navigating significant secular changes in their respective markets; (3) others have raised prices too aggressively, creating potential headwinds with consumers. Since many of these companies are consumer-facing, we approach this with caution, especially given the mounting challenges consumers are facing.

Examples in our portfolio of contrarian opportunities include Nestlé[1] and Barry Callebaut[2]. Nestle is a global consumer food and beverage company based in Switzerland. Its portfolio of products ranges from value-priced instant noodles and coffee to a premium assortment of dairy and other branded food products. The company's brands tend to have a large local manufacturing presence, for instance producing 90% of its US offerings withing the country, thus mostly insulating them from tariffs. However, it faces challenges with its consumers who have become much more price sensitive over the past few years. As a result, the stock price has had a large decline. The company has many levers that it can pull to address such challenges, and it has 159 years of operating experience behind it, so we are confident that Nestle will continue to be successful.

Barry Callebaut is a chocolate manufacturer that is vertically integrated and is the market leader in cocoa bean processing in addition to being the dominant player in chocolate production. It too is largely localized within its core geographies but faces other challenges, that being the steep rise in cocoa bean prices over the past two years. Again, it has faced such environments before (it is in fact an older company than Nestle) and has several initiatives in place to lower its production costs and has so far been successfully executing those plans.

There are many such opportunities, and we expect there will be others that sing the siren song of past glories with significantly depressed stock prices.

Thank you for your continued support.

Sincerely,

Abhay Deshpande, CFA
CHIEF INVESTMENT OFFICER

1 1.72% position in the Centerstone Investors Fund as of December 31, 2024.
2 0.99% position in the Centerstone Investors Fund as of December 31, 2024.

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, Tencent, AIA Group and Hong Kong Exchanges and Clearing are not affiliated with Northern Lights Distributors, LLC.

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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. Investing in the commodities markets through commodity-linked ETFs, ETNs and mutual funds will subject the Funds to potentially greater volatility than traditional 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. Securities in small and mid-cap companies may be more volatile and less liquid than the securities of companies with larger market capitalizations.