

## AlphaCentric LifeSci Healthcare Fund

## Q2 2020 Commentary

LYFAX | LYFCX | LYFIX

Dear AlphaCentric LifeSci Healthcare Fund (“Fund”) investors:

### PERFORMANCE

The Fund performed well over the second quarter (+18.01% 2Q, +11.36% YTD) against the broad S&P 500 benchmark (+16.35% 2Q, -0.10% YTD), but trailed the biotech subsector (+44.5% 2Q, +19.87% YTD). Unprecedented liquidity from policymakers coupled with unusual levels of speculation drove many individual companies in the S&P biotech index up 100-2,000+%. Many of these extreme individual company moves could not be rationalized based on fundamental analysis or any standard valuation metric.

Performance (as of 6/30/20)	QTD	YTD	Inception*
Class I	18.01	11.36	12.70
Class A	18.01	11.25	12.70
Class C	18.01	11.25	12.70
S&P Biotechnology Select Industry Total Return Index	44.50	17.74	19.87
Class A w/ Sales Charge	11.25	4.84	6.22

\*Inception 11/29/19

**Past performance does not guarantee future results and there is no assurance that the Fund will achieve its investment objective.**

*The maximum sales charge for Class “A” Shares is 5.75%. The advisor has contractually agreed to waive fees and/or reimburse expenses to maintain the Fund's total annual operating expense ratio at 2.61%, 3.36%, and 2.36% for Class A, C, and I shares respectively excluding 12-b1 fees through July 31, 2021. Performance is historic and does not guarantee future results. Investment return and principal value will fluctuate with changing market conditions so that when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. To obtain the most recent month end performance information or the funds prospectus please call the fund, toll free at 1-844-ACFUNDS (844-223-8637). You can also obtain a prospectus at [www.AlphaCentricFunds.com](http://www.AlphaCentricFunds.com).*

### MARKET OVERVIEW

Ongoing fundamental diligence continues to suggest headwinds to broad economic fundamentals in the near to medium term. Among healthcare subsectors, large pharmaceuticals and biotech companies with established products appear to be well positioned for ongoing growth. Managed care is benefitting from

delayed medical procedures which is leading to near term earnings surprises, while the opposite is true for hospitals and medical device manufactures. Despite the economic headwinds, innovative therapeutics companies are in high demand with record fundraising for IPOs, follow-one and venture rounds recorded in the second quarter. It appears unprecedented interest in COVID-19 vaccine and treatment companies appears to be helping to drive flows in the sector.

## FUND OVERVIEW

We launched the Fund in late 2019 with the goal of translating deep domain expertise and thought leader insights into a fundamental, thesis-driven healthcare portfolio. Our portfolio consists primarily of companies in two thematic categories, specifically, innovative therapeutics companies and robust revenue / cash flow growth healthcare companies. A key component of our investment process is to perform ongoing diligence spanning trade / journal publications, regulatory filings, management team meetings, major medical conferences and thought leader interviews. The Fund will continue to pursue fundamental diligence to identify the most attractive risk-reward healthcare investments, prioritizing robust revenue / cash growth and leading innovators.

## OUTLOOK

The COVID-19 pandemic is likely to continue near term with significant uncertainty regarding the ultimate course. Increased volatility is expected as the economic impact of the pandemic is better understood by markets. We view the healthcare sector as relatively well-positioned to navigate the crisis and continue to provide attractive growth opportunities.

### **Important Risk Information**

*Investing in the Fund carries certain risks. The Fund will invest a percentage of its assets in derivatives, such as futures and options contracts. The use of such derivatives and the resulting high portfolio turn-over may expose the Fund to additional risks that it would not be subject to if it invested directly in the securities and commodities underlying those derivatives. The Fund may experience losses that exceed those experienced by funds that do not use futures contracts and options strategies. Investing in commodities markets may subject the Fund to greater volatility than investments in traditional securities. Currency trading risks include market risk, credit risk and country risk. Foreign investing involves risks not typically associated with U.S. investments. Changes in interest rates and the liquidity of certain investments could affect the Fund's overall performance. The Fund is non-diversified and as a result, changes in the value of a single security may have significant effect on the Fund's value. Other risks include U.S. Government securities risks and investments in fixed income securities. Typically, a rise in interest rates causes a decline in the value of fixed income securities or derivatives owned by the Fund. Furthermore, the use of leveraging can magnify the potential for gain or loss and amplify the effects of market volatility on the Fund's share price. The Fund is subject to regulatory change and tax risks; changes to current rules could increase costs associated with an investment in the Fund. These factors may affect the value of your investment.*

The S&P Biotechnology Select Industry Total Return Index represents the bio-technology sub-industry portion of the S&P Total Markets Index. There is no assurance that the Fund will achieve its investment objective. You cannot invest directly in an index. Unmanaged index returns do not reflect fees, expenses or sales charges.

**Investors should carefully consider the investment objectives, risks, charges and expenses of the AlphaCentric Funds. This and other important information about the Fund is contained in the**

prospectus, which can be obtained by calling 844-ACFUNDS (844-223-8637) or at [www.AlphaCentricFunds.com](http://www.AlphaCentricFunds.com). The prospectus should be read carefully before investing. The AlphaCentric Funds are distributed by Northern Lights Distributors, LLC, member FINRA/SIPC. AlphaCentric Advisors, LLC is not affiliated with Northern Lights Distributors, LLC.

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