



AlphaCentric LifeSci Healthcare Fund

Q3 2020 Commentary

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

PERFORMANCE

The Fund performed well over the third quarter (+8.96% 3Q, +21.34% YTD), significantly outpacing both the broad S&P Health Care TR Index (+5.87% 3Q, +5.01% YTD) and the S&P Biotechnology Select Industry Index (-0.55% QTD, +17.07% YTD). Alpha was generated across the portfolio as fundamental factors became a larger driver of company valuations following the liquidity tsunami in 2Q. Both thematic areas of focus of the Fund, specifically innovative biopharma and robust revenue / cash flow growth companies, contributed to the outperformance. Notably, the Fund’s private investment in Athira pharma (ATHA) was converted into a listed holding following a successful IPO raising \$204 million at nearly a 130% premium to the price of the private round.

Performance (as of 9/30/20)	QTD	YTD	Inception*
Class I	8.96%	21.34%	22.80%
Class A	8.87%	21.13%	22.70%
Class C	8.96%	21.22%	22.80%
S&P Biotechnology Select Industry TR Index	-0.55%	17.07%	19.21%
S&P 500 Health Care Sector TR Index	5.87%	5.01%	8.78%
Class A w/ Sales Charge	2.59%	14.14%	15.65%

*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-ACFUND (844-223-8637). You can also obtain a prospectus at www.AlphaCentricFunds.com.

MARKET OVERVIEW

Healthcare innovators made impressive progress diagnosing and treating COVID-19 patients in the third quarter. Remarkably, rapid and highly accurate diagnostics, multiple classes of innovative therapies, and promising mid-stage vaccine data all emerged a little more than six months following the discovery of COVID-19 disease. The unprecedented speed, breadth and precision of science-driven solutions highlights the innovative power of the healthcare industry to improve human health. This halo effect coupled with attractive cost of capital led to record levels of capital markets activity for the health care sector in 3Q. We believe high-quality science, a deep bench of seasoned life sciences entrepreneurs, accommodative regulators, and abundant capital are converging to unleash an innovation boom in quarters and years to come.

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. The health care sector is well-positioned for active fundamental management given the technical complexity, pricing inefficiency and associated volatility. Our ongoing proprietary diligence and thought leader interviews continue to highlight opportunities in innovative biopharma and robust revenue / cash flow growth healthcare companies. On the innovative company side, we continue to add additional names to the portfolio with high quality science with promising potential to offer differentiated solutions. The Fund is active in multiple therapeutic areas, but has recently prioritized molecularly targeted oncology therapeutics, inflammatory / immune therapeutics and cell / gene therapy as areas of specific interest. The record number of IPOs is expanding the investible universe and the Fund is actively participating in high quality offerings.

During the quarter, there were several high-profile pipeline setbacks for several leading healthcare revenue / growth companies. The Fund maintains dashboards tracking the key valuation metrics for growth stage healthcare companies and is well-positioned to take advantage of companies that are dislocated to the downside. We will be closely monitoring 3Q earnings and are ready to scale into opportunities as they deviate from fundamental value.

OUTLOOK

We continue to believe the health care sector is poised to lead the way out of the pandemic and offer unique value to patients, populations, and governments. Volatility is to be expected around the election given the uncertainty and policy implications associated with the outcome. We believe that the most innovative companies that truly bring forward solutions to unmet medical needs will continue to be rewarded for the value they offer to patients. The portfolio is focused on companies with these types of solutions. Tactically, we have a broader set of holdings going into the fourth quarter with less concentration providing good coverage to capture alpha regardless of the elections outcome while maintaining the ability to double down in areas of highest conviction.

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. 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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