

AlphaCentric Prime Meridian Income Fund

Q3 2020 Commentary

PMIFX

PERFORMANCE AS OF 9/30/20

Fund Performance (9/30/20) (Annualized if greater than 1 year)

Share Class/Benchmark	QTD	YTD	Inception*
Class I	3.47	6.57	6.57
Bloomberg Barclays U.S. High Yield Corporate Bond Index	4.60	0.62	0.62
Bloomberg Barclays U.S. Credit 1-3 Year Index (USD)	0.52	3.10	3.10

*Inception: the Fund's inception date was 10/01/19 but the Fund first began to invest assets on 12/31/19, which the data in the above table reflects.

Net expense ratio: 2.97% | Gross expense ratio: 4.33%

The Advisor has contractually agreed to limit certain fees and expenses until January 31, 2021.

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 total operating expenses for the Fund are 4.33%. 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 fund's prospectus please call the fund, toll free at 1-844-ACFUNDS (844-223-8637). You can also obtain a prospectus at www.AlphaCentricFunds.com.

MARKET OVERVIEW

As the next round of fiscal stimulus remains bogged down in Washington DC, the economy struggles ahead. Readings such as unemployment data reflect economic improvement, with the September unemployment rate falling to 7.9% from 8.4% in August and from the peak of 14.4% last April¹.

In order to get the economy back to pre-COVID levels, most strategists agree that further stimulus is needed for the recovery that is now being called "K" shaped from some industries such as healthcare, tech cybersecurity making new highs while others such as travel, entertainment, hospitality continuing to decline. Federal Reserve Chairman Jay Powell has been blunt about the need for more aid, recently saying that "too little support would lead to a weak recovery, creating unnecessary hardship for household and businesses"².

As the economy slowly improves, prices of many assets including those held by the Fund have generally remained firm but somewhat volatile as is often the case this time of year. We believe assets values reflect

¹ <https://www.ncsl.org/research/labor-and-employment/national-employment-monthly-update.aspx>

² <https://www.cbsnews.com/news/jay-powell-stimulus-economy-downturn-federal-reserve/#app>

both the improving underlying economy as well as the anticipation of reduced policy uncertainty as election day quickly approaches.

FUND OVERVIEW

At the end of September, PMIFX held a diversified portfolio of consumer and real estate bridge loans that comprises the majority of its assets, with the remainder held in cash and cash equivalents. All invested assets continue to be sourced from four originators across the consumer and real estate lending verticals. The two consumer verticals give the Fund exposure to three different types of consumer loans and the two real estate originators provide access to first lien residential, multi-family and commercial bridge loans across the country. The Fund's individual consumer loans have an average weighted FICO of 690 across both traditional prime and near prime loan holdings (near prime being defined as loans with FICO scores between 620 and 659). The average weighted FICO increase since last quarter reflects a gradual shift to more prime loans, where our recent buying has been focused. Additionally, within the consumer asset class PMIFX had exposure to a portfolio of domestic emerging creditor loans originated by an innovative loan originator with digital banking services. Finally, the Fund's real estate bridge loans are geographically diversified and had a weighted average loan to value of less than 65%.

The Fund's portfolio had a McCauley duration of just over 11 months and a 31+ day delinquency rate of 6.73% at the end of the quarter. PMIFX's holdings overall saw an increase in loan delinquencies during the quarter though most of the consumer loans subsequently improved by quarter end. While the mixed consumer loan performance is attributable to the uneven economic recovery and the expiration of some fiscal stimulus mid-quarter, the real estate bridge loan performance is more reflective of the complexity of the asset class that requires more time for loans needing workouts. While real estate loan delinquency was higher at the end of the quarter, the full collateralized nature of these loans resulted in less performance impact to the fund relative to uncollateralized consumer loans.

OUTLOOK

We expect the domestic economy to continue to improve and further benefit credit holdings generally in the fourth quarter, especially if new economic stimulus is enacted soon after the election. At the same time, volatility is expected to remain elevated, consistent with recent levels and other past periods of economic recovery. Overall, we expect the Fund's portfolio to continue to perform in this scenario from the high income, short duration characteristics of its holdings. We plan to maintain, and opportunistically add to, existing exposures in both consumer and real estate loans through year-end.

We remain pleased with the PMIFX's performance to date and believe the Fund is a quality, value added holding for a diversified investment portfolio.

Sincerely,

AlphaCentric Prime Meridian Income Fund Team

Important Risk Information

The Fund is a new mutual fund and has a limited history of operations for investors to evaluate.

INVESTING IN THE FUND INVOLVES A HIGH DEGREE OF RISK, INCLUDING THE RISK THAT YOU MAY RECEIVE LITTLE OR NO RETURN ON YOUR INVESTMENT OR THAT YOU MAY LOSE PART OR ALL OF YOUR INVESTMENT. THIS IS A CONTINUOUSLY-OFFERED, NON-DIVERSIFIED, CLOSED-END INTERVAL FUND AND IS NOT INTENDED TO BE A TYPICAL TRADED INVESTMENT. LIMITED LIQUIDITY IS PROVIDED TO SHAREHOLDERS ONLY THROUGH THE FUND'S QUARTERLY REPURCHASE OFFERS FOR NO LESS THAN 5% OF THE FUND'S SHARES OUTSTANDING AT NET ASSET VALUE. REGARDLESS OF HOW THE FUND PERFORMS, THERE IS NO GUARANTEE THAT SHAREHOLDERS WILL BE ABLE TO SELL ALL OF THE SHARES THEY DESIRE IN A QUARTERLY REPURCHASE OFFER.

There currently is no secondary market for the Fund's shares and the Fund expects that no secondary market will develop. Shares of the Fund will not be listed on any securities exchange, which makes them inherently illiquid.

Investing involves risk. The Fund will invest in Marketplace Lending Instruments which are generally not rated and constitute a highly risky and speculative investment, similar to an investment in "junk" bonds. Below-investment-grade ("high yield" or "junk") bonds are more at risk of default and are subject to liquidity risk. There can be no assurance that payments due on underlying Marketplace Loans will be made. The Shares therefore should be purchased only by investors who could afford the loss of the entire amount of their investment.

Many of the Fund's investments are associated with loans that are unsecured obligations of borrowers. This means that they are not secured by any collateral, not insured by any third party, not backed by any governmental authority in any way and, except in the case of certain loans to businesses, not guaranteed by any third party.

Distressed credit investments are inherently speculative and are subject to a high degree of risk. Leverage (borrowing) may be considered speculative and involves transaction and interest costs on amounts borrowed, which may reduce performance. The Fund is classified as "non-diversified" and may invest a greater portion of its assets in the securities of a single issuer.

Bloomberg Barclays U.S. Credit 1-3 Year Index measures the performance of investment grade, US dollar-denominated, fixed-rate, taxable corporate and government-related debt with 1 to 2.9999 years to maturity. It is composed of a corporate and a non-corporate component that includes non-US agencies, sovereigns, supranationals, and local authorities. The Bloomberg Barclays US Corporate High Yield Bond Index measures the USD-denominated, high yield, fixed-rate corporate bond market. 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.

Glossary:

Delinquency: refers to the percentage of loans within a financial institution's loan portfolio whose payments are delinquent. When analyzing and investing in loans, the delinquency rate is an important metric to follow; it is easy to find comprehensive statistics on the delinquencies of all types of loans

Duration: is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

McCauley duration: The Macaulay duration is the weighted average term to maturity of the cash flows from a bond. The weight of each cash flow is determined by dividing the present value of the cash flow by the price. Macaulay duration is frequently used by portfolio managers who use an immunization strategy.

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 Fund is distributed by Foreside Fund Services, LLC