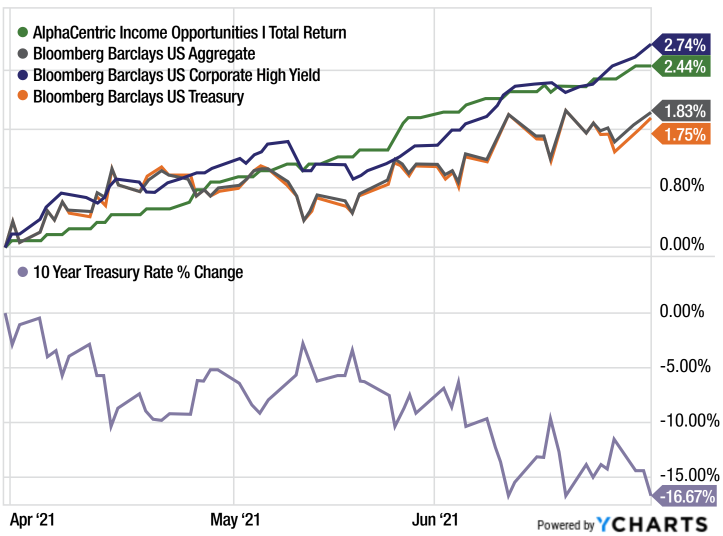
AlphaCentric Income Opportunities Fund
Quarterly Commentary 2Q2021

IOFIX
IOFAX
IOFCX

June 30, 2021 — After a mixed start to the year, Q2 exhibited a strong quarter with most sectors reporting positive returns. A large difference from Q1 was the drop in the 10-year (-16.67%) from 1.74% down to 1.45%. The AGG and US Treasuries seem to have responded as did stocks, which, overall, continued to perform at a torrid pace. For the Quarter, the Fund was up 2.44% (compared to the Barclays US Agg. Bond TR Index at 1.83%), with the YTD numbers through 6/30/21 putting the Fund at 8.02% (Barclays US Agg. Bond TR Index, -1.60%).



The 1-year return for the Fund through 6/30/2021 was 25.13% and the 5-year at 6.28% compared to the AGG at -0.33% and 3.03% respectively.

Fund Performance *as of 6/30/21 (Annualized if greater than 1 year)*

Inception Date: 5/28/15	QTD	YTD	1 YR	3 YR	5 YR	Inception
IOFIX	2.44	8.02	25.13	3.13	6.28	7.62
IOFAX	2.38	8.00	24.85	2.87	6.03	7.36
IOFCX	2.20	7.54	23.92	2.10	5.24	6.56
Barclays US Agg. Bond TR Index	*1.83*	*-1.60*	*-0.33*	*5.34*	*3.03*	*3.30*
Class A After Sales Charges	-2.46	2.86	18.86	1.22	5.00	6.50

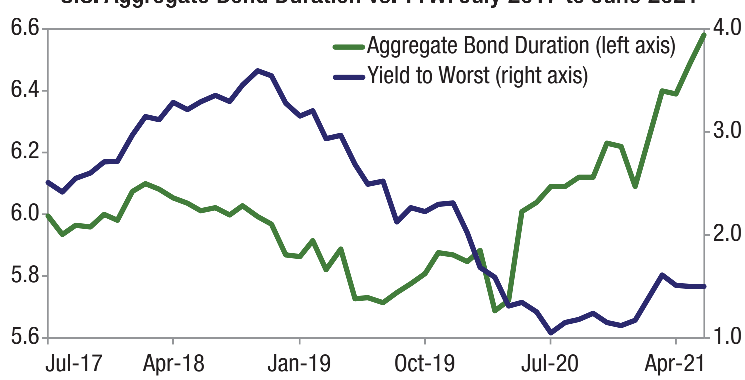
Past performance is no guarantee of future results. There is no assurance that the Fund will achieve its investment objective. Gross Expense Ratio: 1.93%, 2.68%, and 1.68% for Class A, C, and I shares respectively (Net Expense Ratio: 1.75%, 2.50%, 1.50%).

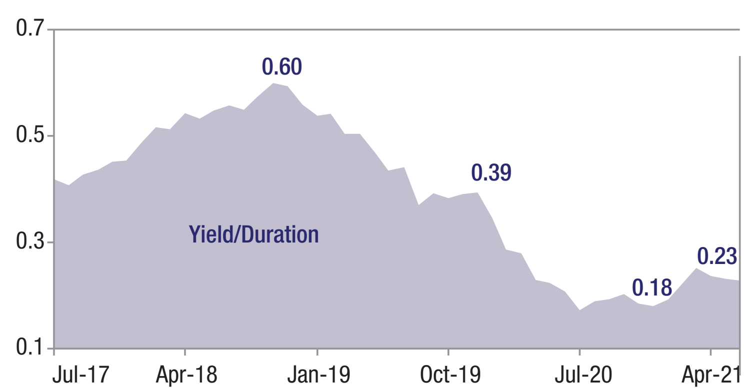
The maximum sales charge for Class "A" Shares is 4.75%. Performance is historic and does not guarantee future results. Investment return and principal value will fluctuate with changing market conditions so that when redeemed, shares may be worth more or less than their original cost. Current performance 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.

When looking at the overall U.S. fixed income landscape, the benchmark numbers (10-year at 1.45%) have driven everything down. High Yield clipping at 3.7% still represents about a 220bps spread over the AGG (1.5%) and the 10-year, but we continue to see spreads moving in as yields remain low and even fall as we have seen early into Q3. This represents a far cry from the high yield returns of pre-2008 when the expectation was to see yields in the mid- to upper-teens and even into the 20s.

As yields have dropped, duration has extended, pushing to around 6.6 years for the AGG. With the duration this high, small rate moves have the potential to wipe out returns and yield. There is just not a lot of value when investing in longer duration fixed income with yields this low. The Fund maintains around 97% of its securities in floating rate instruments and nominal interest rate duration in an attempt to mitigate general swings in rate towards one direction or the other:

U.S. Aggregate Bond Duration vs. YTW: July 2017 to June 2021





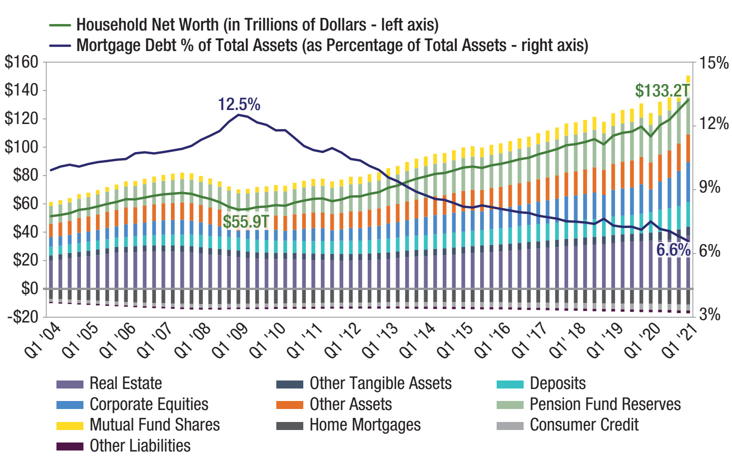
Source: Barclays and Bloomberg. Data as of 6/30/21.

Due to affordability and demographic shifts, demand for housing continues to increase while supply has not been able to keep up

The Fund is backed by housing and residential homeownership and the asset value here is supporting our bonds. Looking at median income compared to median mortgage payments, monthly payments for existing homes is comprising only 17.3% of income which is at near 50 year lows. Because of affordability and demographic shifts, demand for housing continues to increase while supply has not been able to keep up. Home inventory is now the lowest on record, especially at the lowest tier levels, which should provide plenty of support for home prices and the portfolio.

Furthermore, the strength of the U.S. homeowners balance sheet is also bolstering the sector. Mortgage debt as a percentage of total assets has been cut in half since 2008/2009 as homeowners are not as levered to housing as they have been in the past. All the while, household net worth has increased putting the homeowner on pretty strong footing in general. Among our securities, we closely follow whether homeowners are continuing to make payments on their mortgages, and we see that they are quite strong in terms of their balance sheets and in the equity that they have in their homes:

U.S. Household Assets, Liabilities, & Net Worth: Jan 2004 to Mar 2021

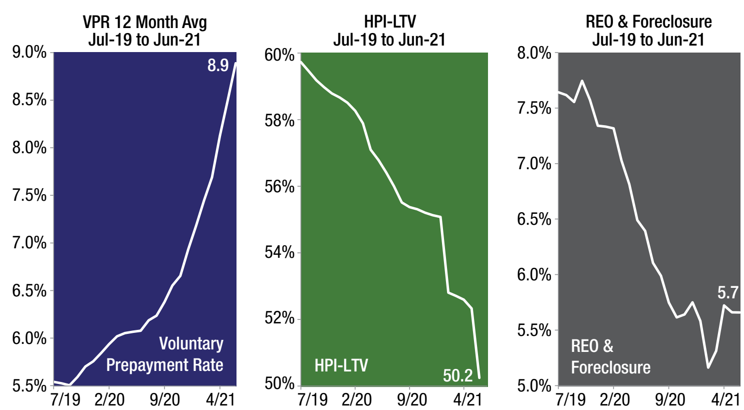


Source: Federal Reserve. Data as of 3/31/21.

- Since Q2 '09, household net worth has increased from ~$56 trillion to ~$133 trillion
- Over same time period, mortgage debt as a percentage of total assets fell from ~13% down to ~7%

Digging deeper into the housing market and thus the basis of the Fund's portfolio, we have seen and shown that U.S. housing has tracked ~4% annual growth rate for the past 40 years and really the past 80 years. Looking at where we are at today, we have finally recovered from the crisis of 2008; it has taken 12 years to get back to that 4% annual median home price. Despite the 9.4% home price increase in 2020, we feel that things are much different from 2008. Among the many differences: low rates, less supply, and only one recent year of sweltering price appreciation as apposed to 5-years leading up to the crisis.

Even still, if home price appreciation remains elevated, because of our focus on vintage mortgages, the legacy market is in much better shape, both as the result of price appreciation but also because of the consistent decrease in mortgage loan balances because of amortization. Our homes have, on average, 50% equity with an increasingly greater percentage of the monthly mortgage payment going to principle. With rates so low, voluntary prepayments (refinancing) is up around 9%, which means that principal comes back sooner to our bonds and improves returns. This is mainly because our securities are held at such a significant discount,with the portfolio average at $89.57 and the legacy securities at $88.30.



Source: Bloomberg. Data as of 6/30/21.

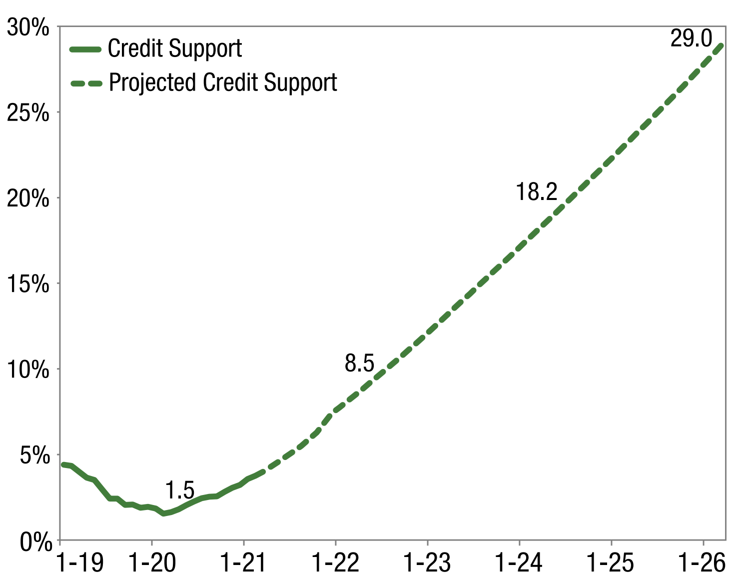
Lower rates also continue to drive excess interest in the portfolio (check out our white paper, A Guide to Excess Interest). And lastly, it appears that the more serious delinquencies (REOs) bottomed out at the end of last year even as they blipped up a tick as COVID benefits were running off. However, it feels like these will flatten out and work themselves back down as a result of the strength of the housing markets. Combine all of this with a much improved state of the mortgage market, re-written loans, more stringent credit standards, and more stringent home appraisals, and the market is much improved from bubbles of the past.

Excess Interest and Credit Support

We wanted to briefly highlight one additional unique aspect of the strategy. As you may remember, excess interest is unique to the sub-prime (non-agency), legacy RMBS marketplace. Excess interest is the residual cash flow after scheduled payments to servicers, agents, and tranche (bond) holders. It is usually the greatest in subprime structures by design and enhances internal credit of the deal structure. It serves as the first line of defense against losses from delinquencies and defaults, and can potentially repair credit support and write-back losses. As the excess interest builds credit support, it stays within the deal if it is not used to cover losses or it stays and builds if there are no losses. It accumulates and compounds over time.

Excess interest also has the ability to write-back losses from classes that have already taken some losses in the past and this has a very positive impact on the portfolio. Because of low delinquencies, better home prices ***and*** low interest rates, as well as the growth of excess interest, over the past two years an increase of credit support to the bonds has caused the call and maturity prices of a significant portion of our bonds to increase above par. This has the potential to enhance and increase the returns of a significant portion of the portfolio; whether borrowers refinance, bonds are called in the short-term or, if they are not called, as the price of the bonds continues to rise and thus generate returns.

Historical & Projected Credit Support For a Sample Legacy Subprime Bond: January 2019 to January 2026



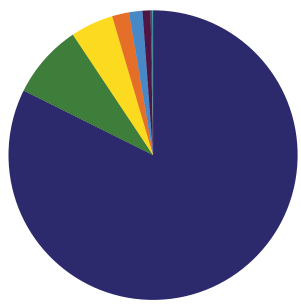
Source: Nomura. Data as of 6/30/21.

Overall, we still feel that hands-down we are participating in the best opportunity in the fixed income market. We believe that the strength of the residential housing market coupled with our investment in legacy securities really puts the fundamentals of the Fund on strong footings. At the same time, the current macro-environment with low interest rates and strong homeowner balance sheets continues to bolster the portfolio.

We remain grateful to our partners for their trust in us and their continued investment. We feel that our portfolio fundamentals are strong and continue to strengthen, especially in comparison to other fixed income investments.

Although we cannot predict the future, and there is no guarantee that the AlphaCentric Income Opportunities Fund will achieve its objectives, generate profits, or avoid losses, we feel that with the positive headwinds in the sector that the Fund has potential to grow. α

Portfolio Allocation as of 6/30/21



82.0%	Legacy Residential Mortgage-Backed Securities
7.8%	Credit Risk Transfer
5.8%	Mortgage-Backed Security ETF
1.7%	Cash & Equivalents
1.6%	Other Securities
0.9%	Reperforming Loans (RPL)
0.2%	Multifamily
0.1%	Asset-Backed Securities

Portfolio composition is subject to change and should not be considered investment advice.

Barclays US Aggregate Bond Index: A market capitalization-weighted index that is designed to measure the performance of the U.S. investment grade bond market with maturities of more than one year.

You cannot invest directly in an index. Unmanaged index returns do not reflect fees, expenses or sales charges. There is no assurance that the Fund will achieve its investment objective.

Important Risk Information

Investing in the Fund carries certain risks. The value of the Fund may decrease in response to the activities and financial prospects of an individual security in the Fund's portfolio. The Fund is non-diversified and may invest a greater percentage of its assets in a particular issue and may own fewer securities than other mutual funds; the Fund is subject to concentration risk. Credit risk is the risk that the issuer of a security will not be able to make principal and interest payments when due. The use of derivatives and futures involves risks different from, or possibly greater than, the risk associated with investing directly in securities.

Fixed income securities will fluctuate with changes in interest rates. Lower-quality bonds, known as “high yield” or “junk” bonds, present greater risk than bonds of higher quality. The performance of the Fund may be subject to substantial short-term changes. There are risks associated with the sale and purchase of call and put options. These factors may affect the value of your investment.

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.

Investment Sub-Advisor
Garrison Point Capital, LLC

Garrison Point

Portfolio Managers

Tom Miner
Principal & Portfolio Manager
- 30+ years of investment experience
- MBA, BA & BS University of Utah

Garrett Smith
Principal & Portfolio Manager
- 10+ years of investment experience
- MBA & MEM, Northwestern; BS Engineering, US Naval Academy; BA, University of Maryland

Brian Loo, CFA
Managing Director & Portfolio Manager
- 25+ years of investment experience
- MSIA, Carnegie Mellon; BS, UCLA

Contact Us

+1 855 674 FUND

www.alphacentricfunds.com

info@alphacentricfunds.com