GNXAX | GNXCX | GNXIX

As we enter into the final stretch of the year, third quarter earnings season looms ahead. While Q2 saw better than expected results following significant downward revisions for most robotics and automation stocks, Q3 may prove more challenging as estimate revisions have turned back up since June. 2020 consensus estimates have now increased by 3% for EPS and 1% for sales through August for the median company in our universe, putting the group at large on track for a 13% year over year EPS (earnings per share) decline for full-year 2020. This should be followed by a projected 28% rebound in 2021. Meanwhile, the rollout of robotics and automation equipment continues as the COVID-19 pandemic and concomitant global economic recession have illuminated the benefits of capital investment in robotics and automation solutions across virtually all industries.[i]

PERFORMANCE

The AlphaCentric Robotics and Automation Fund (the "Fund") increased 8.98% for the three-month period ended September 30, 2020. This result was in line with the S&P 500 Total Return index (the "benchmark"), which increased 8.93% over the same period, posting its best single quarter gain in more than 20 years. For the YTD period ended September 30th, 2020, the Fund increased 15.18%, which compared quite favorably to the 5.57% return for the benchmark during the same period.

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

Share Class/Benchmark	QTD	6 MOS	YTD	1 YR	3 YR	Inception*
Class I	8.98	43.77	15.18	27.26	8.06	12.22
Class A	8.98	43.72	14.95	26.97	7.79	11.94
Class C	8.70	43.05	14.32	26.07	6.98	11.09
S&P 500 TR	8.93	31.31	5.57	15.15	12.28	12.66
MSCI ACWI TR (Gross)	8.25	29.24	1.77	11.00	7.68	8.72
Class A w/ Sales Charge	2.75	35.42	8.38	19.72	5.68	9.97

*Inception: 5/31/17

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%. 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. Total annual operating expenses are 2.19%, 2.94%, and 1.94% for Class A, C and I shares, respectively. 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

The sharp recovery in prices for most risk assets in Q3 reflected abundant liquidity and hopeful expectations about reopening from the global shutdown. Economic conditions sequentially improved from extremely low levels, but progress has been uneven and will largely depend on the virus' trajectory as well as continued policy support. Uncertainty and volatility are likely to remain high.

As previously mentioned, U.S. stocks posted their best quarterly results in more than 20 years, spearheading the global rally in risk assets that trimmed year-to-date losses from the Q1 sell-off. The decline in credit spreads boosted returns on corporate bonds, with longer-duration and higher-quality bonds posting the best year-to-date results. Market expectations for inflation—represented by breakeven rates for TIPS (Treasury Inflation-Protected Securities)—climbed from decade lows but remain near the bottom end of their historical range. Oil prices recovered during Q2 but remain below pre-virus levels and, on an inflation-adjusted basis, low relative to history, as well. Unlike valuations for many other asset classes, prices among inflation-resistant asset categories remain relatively inexpensive. Gold benefitted from negative interest rates, but commodity prices overall remained laggards.[ii]

U.S. stocks have tended to peak before or during a recession, decline amid the recession, then bottom and stage a recovery sometime thereafter. Compared with other recessionary sell-offs in recent decades, 2020 marked the swiftest initial drop as well as the quickest, sharpest recovery. Stocks have recovered so much ground during the recession that they might be pulling forward gains typically earned during the early-cycle phase. Massive government spending – including checks to many households and enhanced unemployment benefits – helped the personal savings rate to skyrocket in April, at a time when many consumer venues remained closed. This dynamic prompted a burst of retail-investor stock trading. New Federal Reserve facilities buying corporate bonds served as a welcome sign for borrowers, resulting in a record level of new issuance.[iii]

10-year Treasury yields remained near record lows, held in check by weak economic activity, quantitative easing, and a global low-yield environment. The real cost of borrowing fell deeper into the negative during Q3, offsetting a rise in inflation expectations from depressed levels. The Conference Board's Q3 GDP forecast jumped to 32.9% (seasonally adjusted annual rate) following the 31.7% contraction in Q2. U.S.[iv]

FUND OVERVIEW

The Fund's strong outperformance during the third quarter is partly attributable to those of our core positions, which have been standouts within the robotics and automation space. As we've stated in the past, understanding durable industry trends and how they affect the companies in our universe is our core competency. Applying this understanding through superior stock picking is how we aim distinguish our ourselves from the indexes. Again, here are just five key examples of this value proposition at work.

Renishaw PLC (RSW LN) was up 39.7% in Q3 and has increased 49.2% YTD. The company is a UK-based play on precision metrology and healthcare technology. They are also the world's leader in metal 3D printing, where they design and produce industrial machines which 'print' parts from metal powder, serving the transportation and agriculture industries, as well as electronics and healthcare. There metrology division creates solutions designed to maximize production output by reducing the time needed to produce and inspect components. In the fields of industrial automation and motion systems, their position measurement and calibration systems are considered highly accurate and a leader in reliability. Finally, the healthcare division produces their research-grade inVia Raman microscopes and precision products designed to improve the accuracy of stereotactic neurosurgery.[v]

Tecan Group (TECN SW) saw a 36.8% increase during Q3 and is now up 70.1% YTD. It's a Swiss-based play on laboratory automation solutions for the life sciences and diagnostics industries. The company through their flagship product line, the Labwerx platform, automates workflow by designing customized modules to meet life science customer needs while allowing them to seamlessly integrate third-party solutions directly into their platform. On the diagnostics side of the business, their liquid handling and automation solutions are considered to be the gold standard in many bio/pharma research lab and clinical applications. The products include microplate readers and washers as well as software and consumables.[vi]

Nidec Corp (6594 JP) experienced a 36.7% advance in Q3 and is up 31.8% YTD. It's a Japanese play on specialized precision motors used in robotics applications as well as a variety of more typical uses including appliances, automotive products, elevators, electronics, servers and disk drives, but also small and micro precision motors and optical components for smart devices including the iPhone, iWatch, and the Rumba. The company is investing heavily to ramp production in its automotive division due to explosive demand growth for its motors used in electric vehicles (EVs), and autonomous driving technology, where Nidec has a technology edge over competitors. They're also investing in R&D to develop service robot modules.[vii]

Nuance Communications (NUAN) climbed another 31.2% during Q3, and is now up 86.2% YTD. It's a play on conversational artificial intelligence (AI) innovations. The company delivers solutions that understand, analyze, and respond to people - amplifying human intelligence to increase productivity and security. It offers customers high accuracy in automated speech recognition, natural language understanding capabilities, dialog and information management, biometric speaker authentication, text-to-speech, and domain knowledge. Its Healthcare segment provides clinical speech and clinical language understanding solutions that improve the clinical documentation process, from capturing the complete patient record to improving clinical documentation and quality measures for reimbursement. The company's Enterprise segment primarily engages in using speech, natural language understanding, and artificial intelligence to provide automated customer solutions and services for voice, mobile, Web, and messaging channels, and provides voicemail transcription services to mobile operators.[viii]

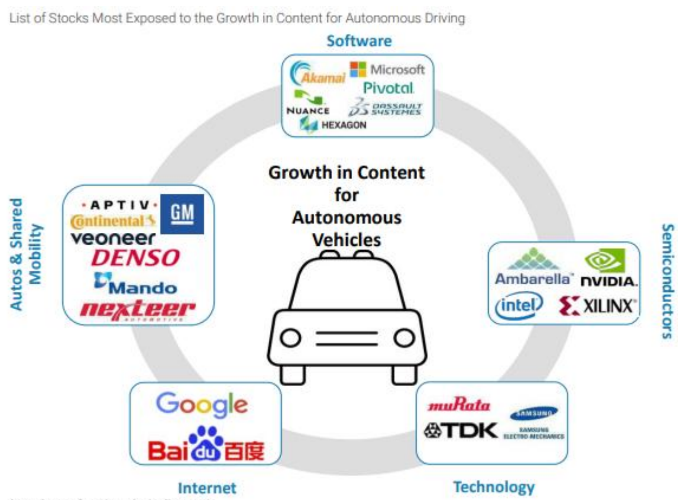
Nano Dimensions (NNDM) recovered 30.0% during the September quarter, but is up just 13.0% YTD. It's an Israeli-based play on nanotechnology and additive electronics. Its flagship product is the proprietary DragonFly lights-out digital manufacturing system, a precision system that produces professional multilayer circuit-boards, radio frequency antennas, sensors, conductive geometries, and molded connected devices for prototyping through custom additive manufacturing. The company also provides nanotechnology based conductive and dielectric inks; and DragonFly and Switch software to manage the design file and printing process. It markets and sells products and services internationally to companies that develop products with electronic components in the defense, automotive, consumer electronics, semiconductor, aerospace, and medical industries, as well as research institutes.[ix]

Past performance does not guarantee future results and there is no assurance that the Fund will achieve its investment objective. Holdings are subject to change and should not be considered investment advice.

OUTLOOK

Looking forward, while the rollout of traditional robotics solutions recovers its momentum following the COVID-19 induced recession, we continue to seek out themes that are nearing an inflection, and appear poised to accelerate within the automation realm. One such theme that continues to gain momentum in terms of both media attention and real business prospects is that of the so-called Auto 2.0 revolution.

The 100-year-old auto industry is facing unprecedented technological disruption, starting with the very definition of the market itself, moving from millions of units sold to trillions of miles traveled annually by the global car fleet. Enter Auto 2.0 – shared, autonomous, and electric mobility addresses many of the shortcomings of the current industry model, including low utilization, consumption of finite resources, and public safety. Shared and automated transport also unlocks the more than 600 billion hours of driver and passenger time currently spent in vehicles annually, by itself representing an economic opportunity for content and data worth potentially trillions of dollars.[x]

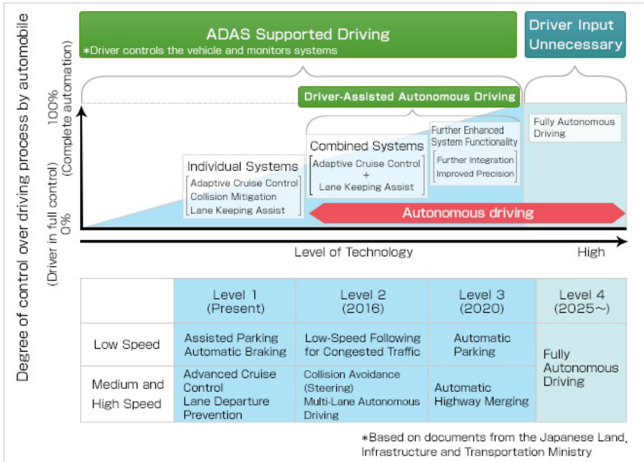


(*Source: Morgan Stanley*)

Numerous industry leaders such as GM, Ford, and Tesla, as well as technology giants including Microsoft, Google, and Intel have been competing with one another to acquire key assets and develop technology advantages in order to position themselves for a seat at the table as this metamorphosis plays out. Since 2016, Samsung acquired Harman, Intel acquired Mobileye, numerous suppliers have restructured their business portfolio (Delphi, Autoliv), GM launched the Bolt Electric Vehicle (EV) and Tesla surprised industry skeptics with their Model 3, unprecdedented battery technology developments, and most recently their giga-factory investments. Apple CEO, Tim Cook described autonomous cars as “the mother of all AI projects” and a “core technology” for Apple.[xi]

While the recasting of the auto industry is truly in its infancy today, we believe that the obvious EV plays such as Tesla, Nikola, and Fisker have business models that are just too risky for the multiples that must be paid. Conversely, the legacy global auto manufacturing conglomerates carry too much baggage including unfunded pension liabilities, legal and regulatory overhangs, and deteriorating brand cache. Given this landscape we have determined that the best place to focus our attention is on the systems and components space. Nidec Corp, as discussed above, is just one example of a company whose R&D spend and business model is ideally positioned to capitalize on this opportunity.

Their advanced drive assistance technology (ADAS) stands on the horizon of the next frontier – a fully autonomous driving solution with advanced sensing devices and recognition algorithms, which are the key to bridging this gap.[xii]



(*Source: Nidec.com*)

In short, the industry has seen increasing momentum in the drive toward Auto 2.0. Public policy and the right partnerships will be critical to this evolution and many of the full benefits of a shared, autonomous, and electric ecosystem may take decades to come to fruition, but we believe that there is an enormous opportunity for robotics and automation systems and components players as it unfolds.[xiii] Our research is focused on identifying those companies around the globe who are positioned to take advantage of this development by introducing cutting-edge solutions that are mission critical to the industry as it is conceived and therefore designed into the very fabric of the entire Auto 2.0 ecosystem.

Glossary:

Earnings per share (EPS) is a company's net profit divided by the number of common shares it has outstanding. EPS indicates how much money a company makes for each share of its stock, and is a widely used metric to estimate corporate value.

Treasury Inflation-Protected Securities, or TIPS, provide protection against inflation. The rate is applied to the adjusted principal; so, like the principal, interest payments rise with inflation and fall with deflation. You can buy TIPS from us in TreasuryDirect. You also can buy TIPS through a bank or broker.

Important Risk Information

Investing in the Fund carries certain risks. The Fund may invest a percentage of its assets in derivatives, such as futures and options contracts. The use of such derivatives and the resulting high portfolio turnover 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 option strategies. Securities of robotics and automation companies, especially smaller, start-up companies tend to be more volatile securities than securities of companies that do not rely heavily on technology. Smaller sized companies may experience higher failure rates than larger companies and normally have a lower trading volume than larger companies. Rapid change to technologies that affect a company's products could have a material adverse effect on operating results. Robotics and automation companies may rely on a combination of patents, copyrights, trademarks and trade secret laws to establish and protect proprietary rights in their products and technologies. The fund is non-diversified and as a result, changes in the value of a single security may have a significant effect on the Fund's value. The Fund is subject to regulatory change and tax risks; changes to current rules could increase costs associated with an investment in the Fund. Investments in international markets present special *risks including currency fluctuation, the potential for diplomatic and political instability, regulatory and liquidity risks, foreign taxations and differences in auditing and other financial standards. Emerging market securities tend to be more volatile and less liquid than securities traded in developed countries. Alternative investments may not be suitable for all investors and an investment in the Fund is suitable only for investors who can bear the risks associated with the Fund's shares and should be viewed as a long-term investment.*

The MSCI ACWI TR Index is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets. The S&P 500 is a stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the U.S. There is no assurance that the Fund will achieve its investment objective. You cannot invest directly in an index and unmanaged index returns do not reflect any 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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