

AlphaCentric Municipal Opportunities Fund

Q3 2020 Commentary

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A snapshot of the 3rd quarter of 2020 seems to have restored some relative calmness to the Municipal market. Break the quarter down and the wild ride of 2020 was in full display. The positive part of the quarter was that the majority of the Covid fear trading has stopped and the market has seen positive cash inflows.

MARKET OVERVIEW

Investment grade securities had slightly positive returns for the quarter as their richness versus Treasuries the prior quarter started to fade. The overall level of interest rates also stemmed some of the buying as long-term Treasuries rallied approximately 4% in July and Municipal bonds followed in sympathy with gains of approximately 1.5%. August saw a reversal in Treasuries as longer dated bonds wiped out July's gains with a negative return of approximately 4.75%. The Municipal market followed suit with a negative return of approximately 0.50%. September was relatively quiet after the rally and reversal of the prior two months with Municipal bonds returns boarding on zero and Treasury returns slightly above that. Taken as a whole, the third quarter rally and reversal provided slightly positive returns with the majority of the returns based on income.

High yield Municipal bonds had a strong quarter with returns in excess of 3% as spreads continued to tighten. The spread tightening was based on investors increasing comfort after the Covid related devastation and some stretching for yield.

Closed end funds had solid returns for the quarter as the additional yield they offer added to the quarterly income and boosted returns. They also benefited from announced dividend increases on many of the funds due to the extremely low borrowing costs associated with their leverage.

PERFORMANCE

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

Share Class/Benchmark	QTD	YTD	Incp.*
Class I	0.95	3.22	3.22
Class A	1.05	3.00	3.00
Class C	0.95	3.00	3.00
Bloomberg Barclays Municipal Bond Index TR Value Unhedged USD	1.23	3.33	3.33
Class A w/ Sales Charge	-3.78	-1.9	-1.90

*Inception date: 12/31/2019

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 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.*

Gross expense ratios for the fiscal year were 1.59%, 2.34%, and 1.34% for Class A, C and I shares, respectively.

FUND OVERVIEW

The Municipal Opportunities fund followed the quarterly interest rate trend with a strong July, weak August and a flat September and returns for the quarter similar to its benchmark. While the overall performance was good there was some negative performance for the Continuing care retirement holdings as the sector is still working to dig itself out of a catastrophic year.

OUTLOOK

The fourth quarter could bring some additional volatility due to the presidential elections. One candidate has vowed to raise taxes and the other has already cut taxes. Either way I don't see a significant rise in yields as the Federal Reserve has vowed to keep short term interest rates extremely low for at least the next couple of years. The yield curve may steepen based on economic growth as we recover from Covid induced shutdowns, but I don't believe long term rates will rise significantly as there is still much uncertainty in the U.S. and the world in general.

The relative value of High Yield Municipal bonds still offers compelling value over investment grade bonds. Looking forward I believe that the high yield sector will continue to reverse the catastrophe of the first half of the year and outperform investment grade bonds going into year end.

We believe closed end funds will be a positive going into year-end as they should continue to benefit from extremely low borrowing costs which would add to their income and increase the fund's yield. Additionally, there are still many funds that are trading at a discount while increasing their dividends which should help to narrow their discounts.

We look forward to connecting with you again next quarter.

The AlphaCentric Municipal Opportunities Fund Team

Important Risk Information

The Fund is a new mutual fund and has a limited history of operations for investors to evaluate. The fund may be non-diversified and the value and/or volatility of a single issuer could have a greater impact on fund performance. The Fund may be susceptible to an increased risk of loss due to adverse occurrences affecting the Fund more than the market as a whole, because the Funds investments are concentrated. Some securities held by the Fund may be difficult to sell, or illiquid, particularly during times of market turmoil. There is a risk that issuers will not make payments on fixed income securities held by the fund, resulting in losses. Issuers credit quality could be lowered if issuers financial condition changes and there is a risk that the issuer may default on its obligations. Legislative changes can adversely affect the value of the Fund's portfolio. Legislative risks including legal, tax, and other regulatory changes could occur over time and may adversely affect the Fund. The fund may encounter derivative risk. The use of derivatives instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Changes in interest rates can also create risks for the fund. Typically, a rise in interest rates causes a decline in value in fixed income securities. The fund is subject to regulatory change and tax risks; changes to current rules could increase costs associated with investment in the fund. These factors may affect the value of your investment. All investments involve risks, including possible loss of principal, there is no assurance that the Fund will achieve its investment objective.

The Bloomberg Barclays Municipal Bond Index TR Value Unhedged Index covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and prerefunded bonds. 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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