AlphaCentric Premium Opportunity Fund
Quarterly Commentary 4Q2020

HMXAX
HMXCX
HMXIX

December 31, 2020 — The fourth quarter continued the Equity market's grind upwards and the VIX market's decline. The AlphaCentric Premium Opportunity Fund had a solid fourth quarter, returning 4.13%, compared to the Barclays AGG at 0.67% and the S&P 500 at 12.15%. Our full year return was 27.92% compared to the Barclays AGG at 7.50% and the S&P 500 at 18.40%.

Uncertainty over the election led the Fund to a conservative position in Q4

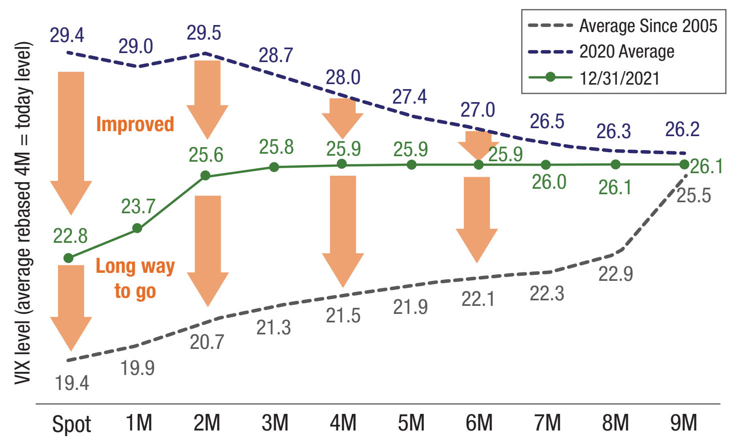
Market Overview

The fourth quarter market environment was defined by the presidential election. Turmoil and uncertainty led us to a conservative position, and somewhat muted performance. Our up capture of 33.1% through the months of November and December, was only slightly better than our down capture of 32.8% in October, resulting in a 34% capture for the quarter. But with the election behind us, we expect to return to more normal markets and trading ranges more suitable to our strategy.

Fund Overview

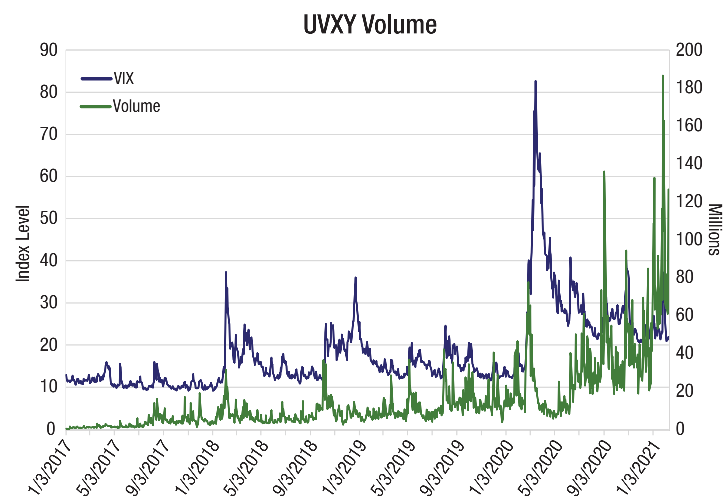
The VIX index continued to trade at elevated levels through the fourth quarter, making it difficult and expensive to hedge. Starting the quarter at 26.4 and closing the month at 22.8, the index saw a moderate decline of 14%. This fairly modest decline belies activity during the quarter. In late October, the S&P 500 witnessed a 5.5% drop with a corresponding 46% increase in the VIX as Covid-19 cases surged, concern about Federal stimulus increased, and pre-election jitters manifested. Our hedges offered some protection against the selloff, but with the VIX trading at elevated levels, we were more lightly hedged than typical.

While the VIX is still trading at elevated levels, the relationship between the VIX and the underlying market is starting to normalize in the shorter-term positions, with the VIX approaching attractive levels. This environment is well suited to our strategy.



Source: Bloomberg and Fundstrat

Decreases in the short term VIX maturities suggest a stabilizing equity market, attractive for investing in the near term. However, as the shorter-term maturities of VIX futures decline and approach their long term average levels, the longer term maturities stay elevated, particularly at the 9 month maturity, suggesting the longer horizon outlook is for market turmoil, and increased volatility, consistent with 2020.



Source: Yahoo Finance

Increased investor interest in volatility as an investment strategy and hedge also portends a tumultuous future. Trading volume of shares for the Ultra VIX Short-term Futures ETF (UVXY), which seeks to provide leveraged long VIX futures exposure has reached an all time high. This is driven in part by recognition that volatility is an important investable asset class, and in part by the lofty levels at which the equity markets are trading, and a desire to hedge.

Outlook

Our strategy is heavily model-driven, so we are less dependent upon a specific market outlook, although the general undercurrents of the market are important for us to consider.

With interest rates at effectively zero, low bond yields, and the risk of rising interest rates impairing principal value, investing in debt markets is a difficult choice.

"The VIX market represents an **attractive alternative** to Debt and Equity."

Equity markets benefit both from low interest rates making discounted cashflows more attractive, and the unattractiveness of debt markets, shrinking them, and driving investor inflows to equities. However, with high unemployment, muted economic activity, record budget deficits, and a new administration, equity investments are not without risk. Coincident with the elevated longer-term VIX futures prices, the equity market is expecting a correction at some point during 2021.

The volatility market represents an attractive alternative to Debt and Equity. It can present a low correlation opportunity with a positive expected future value. However, the VIX continues to trade at a premium to long term trends, and will experience downward pressure, at least in the short end of the curve. Use of the VIX must be judicious and opportunistic to extract value from the sector, and minimize the cost of hedging. α

Fund Performance as of 12/31/20 (Annualized if greater than 1 year)

Inception Date: 9/1/11	QTD	YTD	1 YR	3 YR	5 YR	Inception
Class I	4.13	27.92	27.92	12.06	8.96	11.29
S&P 500 TR Index	*12.15*	*18.40*	*18.40*	*14.18*	*15.22*	*15.17*
Morningstar Options-Based Category	*6.72*	*7.56*	*7.56*	*5.09*	*5.35*	*5.43*

Inception Date: 9/30/16	QTD	YTD	1 YR	3 YR	5 YR	Inception
Class A	4.08	27.57	27.57	11.59	-	9.63
Class C	3.88	26.66	26.66	10.98	-	8.99
S&P 500 TR Index	*12.15*	*18.40*	*18.40*	*14.18*	-	*16.05*
Morningstar Options-Based Category	*6.72*	*7.56*	*7.56*	*5.09*	-	*5.75*
Class A After Sales Charges	-1.92	20.22	20.22	9.40	-	8.12

Past performance is no guarantee of future results. There is no assurance that the Fund will achieve its investment objective.

The maximum sales charge for Class "A" Shares is 5.75%. The Fund's Total Operating Expenses are 3.19%, 3.94%, and 2.94% for Class A, C, and I shares, respectively. 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.

The Performance shown before December 31, 2016 is for the Fund's Predecessor Fund (Theta Funds, L.P.) The Fund's management practices, investment goals, policies, objectives, guidelines and restrictions are, in all material respects, equivalent to the predecessor limited partnership. From its inception date, the predecessor limited partnership was not subject to certain investment restrictions, diversification requirements and other restrictions of the 1940 Act of the Code, if they had been applicable, it might have adversely affected its performance. In addition, the predecessor limited partnership was not subject to sales loads that would have adversely affected performance. Performance of the predecessor fund is not an indicator of future results.

S&P 500 Index is considered to be generally representative of the U.S. large capitalization stock market as a whole.

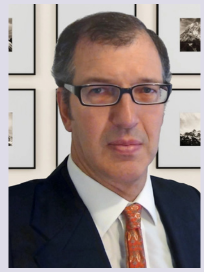
Morningstar Options-Based Category funds use options as a significant and consistent part of their overall investment strategy. Trading options may introduce asymmetric return properties to an equity investment portfolio.

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.



Portfolio Manager
Russell Kellites

- Portfolio Manager of the Fund since inception
- Managing Director of Theta Capital Partners since 2009
- Columbia University: Computer Science, AI concentration — BS (cum laude), MS (matriculated); MBA (Finance)

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