

AlphaCentric Municipal Opportunities Fund

Quarterly Commentary 4Q2020



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December 31, 2020 — The fourth quarter of 2020 brought a renewed hope that all the money congress has spent on saving the economy from Covid-related stress and the development of a new vaccine will help get things back to normal. We also had a change of administration, with the new administration vowing to roll back the prior administration's tax cuts and to essentially raise taxes in a delicate economic environment. These two factors were key drivers of return for Municipal bonds in the 4th quarter.



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Market Overview

The Municipal market saw the last traces of any credit (fear) spread in investment grade bonds disappear. The high yield market did see credit spread spreads narrow from their widest points, but credit worries persist, and opportunities exist to capitalize on the fear. Structured products, such as closed-end funds, offered a significant opportunity during the quarter to add liquidity and yield, and were a key component of the Fund’s performance.

Fund Overview

As credit spreads on investment grade bonds narrowed significantly

in the third quarter, strategy focus centered on transitioning to a lower quality portfolio in order to capitalize on what was believed to be a better opportunity for investors. This strategy worked well in the fourth quarter as high yield bonds significantly outperformed investment grade bonds by approximately 2.70% (BB Barclays Muni index vs BB Barclays HY Muni index). However, the star performer for the Fund during the quarter was its closed-end fund holdings, with an average return of 7.60%. The average discount of the funds, the superior tax-exempt yield, and the liquidity they offered were far above any investment in the Municipal market.

The Fund had a strong quarter based on the factors listed. The fourth quarter performance outpaced its benchmark index by 2.42%. This strong performance was also mirrored in the 1-year return as the Fund had a total return of 7.60%, outperforming its index by 2.39% for the year.

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

| Inception Date: 12/31/19 | QTD | 6 Months | YTD | Inception |
|---------------------------------------------------------------|-------|----------|------|-----------|
| Class I | 4.24 | 5.24 | 7.60 | 7.60 |
| Class A | 4.23 | 5.33 | 7.36 | 7.36 |
| Class C | 4.24 | 5.23 | 7.37 | 7.37 |
| Bloomberg Barclays Municipal Bond Index TR Value Unhedged USD | 1.82 | 3.07 | 5.21 | 5.21 |
| Class A After Sales Charges | -0.73 | 0.29 | 2.25 | 2.25 |

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

Total Operating expenses for the fund are 1.59%, 2.34%, and 1.34% for Class A,C, and I funds, respectively. The advisor has contractually agreed to waive fees and/or reimburse expenses of the Fund to the extent necessary to limit operating expenses (excluding brokerage costs; underlying fund expenses; borrowing costs such as (a) interest and (b) dividends on securities sold short; taxes and, extraordinary expenses) at 1.25%, 1.50% and 2.25% for Class A shares, Class C shares and Class I shares, respectively, through July 31, 2021.

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.

Outlook

Looking forward, management expects the trends from the fourth quarter to persist for the time being. There is still value in lower rated bonds based

on the effects of Covid on sensitive credits and the yields and relative safety of closed end funds are unmatched at this point. The new administration has stated a willingness to offer billions of dollars to states and local governments to help them cover budget shortfalls related to the Covid-19 pandemic which could aide the municipal bond market. Management also expects the record pace of cash inflow into the Municipal market to continue. All these factors will lead to strong relative performance by the Municipal Market going forward. α

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 Fund's 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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Roberto Roffo

- Portfolio Manager since Fund inception

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