

AlphaCentric Premium Opportunity Fund

Quarterly Commentary 1Q2021



HMXAX
HMXCX
HMXIX

March 31, 2021 — The Premium Opportunity Fund (HMXIX) earned 2.02% in the first quarter of 2021, successfully capturing a portion of the +6.35% rise in the S&P 500 while hedging the downside.

Market Overview

The first quarter saw equities put in three consecutive months of new all-time highs, with volatility remaining stubbornly high until the VIX finally broke down into the teens in March.

All of this despite some troubling headlines like short-selling hedge fund Melvin Capital needing a rescue on the back of retail option buyers sending shares of GameStop up 100s of percent, and “Tiger Cub” Bill Hwang losing \$20 Billion of mostly personal wealth on a highly leveraged bet on various growth names.



The market's resilience was well-illustrated by the quick recoveries that occurred after recent Wall Street blow-ups

Both of these billions of dollar missteps were on par with Long Term Capital Management, which required a Fed bailout and the Bear Stearns hedge fund blow-up which preceded the 2008 financial crisis. Yet there was barely a blip in markets.

“...the rally is alive and well...but...cracks are starting to show...”

This resilience tells us the rally is alive and well. But also that cracks are starting to show in terms of groups using leverage and any sort of divergent behavior able to take out large funds and positions very quickly.

Fund Overview

In Q1, the Fund was able to earn the low end of the range of S&P upside that it seeks to capture, despite prices of upside participation being elevated due to the retail call option buying phenomenon.

Elsewhere, the steepness of the VIX futures curve was able to put pressure on VIX prices, driving them lower. But, despite this, the hedging environment remained rather costly in the first quarter, as the elevated levels of volatility relative to the realized volatility was a headwind for performance in Q1. The move of the VIX down into the teens should align the market for more cost effective hedging and enable us to better participate in market returns.

CBOE S&P 500 Volatility Index Level



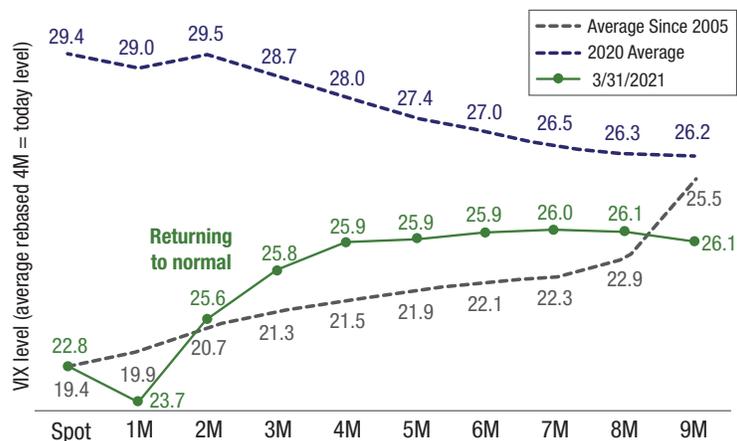
Outlook

We continue to believe the US stock market is in a cyclical up trend and that there is the potential for much more upside. But, we also feel there is an ever-increasing risk of a sharp -10% move down at any time as the market and many other assets (bitcoin, art, real estate) appear quite frothy.



The VIX and the S&P 500 appear to be returning to normal correlations

As such, the Fund will look to setup positions to participate in some of the market's upside (approximately 30%), while attempting to hedge against a sharp -10% downmove, believing the VIX will continue its decline down into the teens.



Source: Bloomberg and Fundstrat

The ability to put that hedge on has been quite difficult over the past year as most market participants sought downside mitigation, driving the price of that mitigation higher – as evidenced by a persistently high VIX staying in the 20s well after the market had made new highs. However, the environment looks to be more hospitable to our strategy moving forward with VIX and the S&P 500 more normally correlated. α

Fund Performance as of 3/31/21 (Annualized if greater than 1 year)

Inception Date: 9/1/11	QTD	YTD	1 YR	3 YR	5 YR	Inception
Class I	2.02	2.02	14.43	17.83	9.47	11.21
S&P 500 TR Index	6.17	6.17	56.35	16.78	16.29	15.45
Morningstar Options-Based Category	3.57	3.57	28.04	7.40	6.46	5.67

Inception Date: 9/30/16	QTD	YTD	1 YR	3 YR	5 YR	Inception
Class A	1.98	1.98	14.17	17.55	-	9.56
Class C	1.78	1.78	13.29	16.89	-	8.91
S&P 500 TR Index	6.17	6.17	56.35	16.78	-	16.29
Morningstar Options-Based Category	3.57	3.57	28.04	7.40	-	6.68
Class A After Sales Charges	-3.87	-3.87	7.61	15.26	-	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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