

AlphaCentric Municipal Opportunities Fund

Quarterly Commentary 1Q2021



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March 31, 2021 — The first quarter of 2021 was extremely challenging as the Treasury market saw interest rates rise the most in over a year. Typically, this is bad news for the Municipal market but strong demand, a strengthening credit profile and the promise of new taxes led to a significant outperformance by Municipal bonds. This outperformance led to a historic richness in Municipal bonds versus Treasuries making security selection more difficult.



Market Overview

The Municipal market experienced one of its best relative performance quarters ever as the Bloomberg Barclays US Treasury Index returned -4.25% versus -0.35% for the Bloomberg Barclays US Municipal Bond Index. The fear that the trillions of dollars of Covid relief would lead to inflation drove Treasury yields higher, while the promise of higher taxes benefited Municipal bond yields. As investors were selling treasury bonds raising yields to levels not seen in a long time, Municipal buyers were flooding the market with cash creating a huge demand.

“The Fund’s strategy of focusing on Covid-related credits trading at wide spreads, and closed-end funds yielding above 5% and trading at discounts led to a very strong quarter.”

Fund Overview

The Fund’s strategy of focusing on Covid-related credits trading at wide

spreads, and closed-end funds yielding above 5% and trading at discounts led to a very strong quarter. The Fund had a total quarterly return of 1.30% versus -0.35% for its benchmark, the Bloomberg Barclays Municipal Bond Index. The trillions of dollars thrown at state, local governments and certain industries has strengthened the credit profile of certain credits that were hard hit by Covid and the lockdowns. As the credit profiles strengthened, credit spreads narrowed dramatically, leading to a strong outperformance by that sector. The Fund’s closed-end holdings added to the performance by providing a high level of tax-exempt income in a relatively safe, diversified structure, in addition to a slight narrowing of discounts to NAV.

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

Inception Date: 12/31/19	QTD	6 Mos	YTD	1 Yr	Inception
Class I	1.30	5.60	1.30	8.67	7.14
Class A	1.25	5.53	1.25	8.70	6.91
Class C	1.23	5.53	1.23	8.37	6.90
<i>Bloomberg Barclays Municipal Bond Index TR Value Unhedged USD</i>	-0.35	1.46	-0.35	5.51	3.86
Class A After Sales Charges	-3.59	0.51	-3.59	3.52	2.81

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 shares, 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, Class C, 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, we would expect the demand for Municipal bonds to remain strong, adding to the outperformance experienced so far this year. The daily promises of higher taxes will add to the already strong cash inflow by investors. Additionally, the dwindling fear of credit weakening due to bail outs should wipe away any hesitancy left over from last year

and drive credit spreads narrower. Add to these two factors that Municipal issuance will be lower in 2021 than 2020 and we would expect Municipal bonds to perform very well going forward. 

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.



Investment Sub-Advisor
SWBC Investment Company

Portfolio Manager
Roberto Roffo

- Portfolio Manager since Fund inception



Mount Lucas Management

Gerald L. Prior III
▪ COO and Portfolio Manager

David Aspell
▪ Portfolio Manager

Timothy J. Rudderow Sr.
▪ CEO, CIO and Portfolio Manager

Contact Us

 +1 855 674 FUND

 www.alphacentricfunds.com

 info@alphacentricfunds.com