

# AlphaCentric Robotics & Automation Fund

## Quarterly Commentary 2Q2021



GNXIX  
GNXAX  
GNXCX

June 30, 2021 — The world resumed a more normalized course of economic activity in the second quarter. Policy support remains in place, and the success of the vaccine rollout has allowed businesses to reopen and begin the process of rehiring employees. Travel restrictions have been lifted and air traffic has seen a significant recovery. Restaurants are full again, but finding low wage workers remains a challenge. The ongoing process has been slow, but steady.

The Alpha Centric Robotics and Automation Fund (the “Fund”) increased 4.64% for the three-month period ended June 30, 2021. YTD through the end of June, the Fund posted a total return of 6.06%. The result fell short of the S&P 500 Total Return Index (the “Benchmark”), which increased 15.25% over the same period.



The expectation going forward is for a continued recovery in employment to translate to a sustainable economic recovery in the back-half of the year. Worries over price inflation due to supply bottlenecks and rising wages have dominated investor’s attention, but GDP growth may have peaked in the Q2, which could take some pressure of commodity prices at the margin.

### Market Overview

The shift away from growth and into value and cyclical stocks appears to have run its course, and by mid-May, growth began to reassert itself. The so-called reflation trade was driven by rising 10-year Treasury yields and commodity prices. They both peaked in tandem around that same time. Since then, rates have declined by almost 50 bps from their recovery highs and many commodity prices have come under pressure as well, putting

inflation worries on the back burner for now. In addition, a strengthening U.S. Dollar has pressured most international equity markets. Europe was especially hard hit in June.

Meanwhile, small-cap stocks gave up their leadership edge to large-cap issues in the US. From a sector perspective, REITS, Technology, Energy, and Communications led the benchmark. Whereas Health Care, Financials, Discretionary, Materials, Industrials, Staples, and Utilities all lagged the benchmark in that order. Finally, the recovery in momentum as a factor aided the Fund’s performance during the quarter, as it did throughout 2020.

### Fund Performance as of 6/30/21 (Annualized if greater than 1 year)

Inception Date: 5/31/17	QTD	6 MOS	YTD	1 YR	3 YR	Inception
<b>Class I</b>	4.64	6.06	6.06	40.75	15.68	16.98
<b>Class A</b>	4.63	5.94	5.94	40.47	15.41	16.68
<b>Class C</b>	4.41	5.55	5.55	39.40	14.53	15.82
<i>S&amp;P 500 TR</i>	<i>8.55</i>	<i>15.25</i>	<i>15.25</i>	<i>40.79</i>	<i>18.67</i>	<i>17.38</i>
<i>MSCI ACWI TR (Gross)</i>	<i>7.53</i>	<i>12.56</i>	<i>12.56</i>	<i>39.87</i>	<i>15.14</i>	<i>14.00</i>
<b>Class A w/ Sales Charge</b>	-1.38	-0.17	-0.17	32.44	13.16	15.00

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%. 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](http://www.AlphaCentricFunds.com). Total Operating expenses for the Fund are 2.19%, 2.94%, and 1.94% for Class A, C, and I shares, respectively.*

### Fund Overview

STXS, the Fund’s largest position, posted a 43.45% gain during the period. The company develops and manufactures robotic systems, instruments, and information solutions for the interventional laboratory.

CYBE, the Fund’s top performing position, advanced 57.72% during the quarter. The company is a leading global developer and manufacturer of high-precision 3D sensing technology solutions. ATA, a Canadian provider of automated assembly and manufacturing systems, logged a 36.34%

return for the period. And ISRG, a global leader in advanced, minimally invasive robotic surgical platforms and the Fund's second largest position, was up 24.45% during the quarter.

Key detractors to the Fund's performance during the quarter included Bioxcel Therapeutics (BTAI), Renishaw PLC (RSW LN), Harmonic Drive Systems (6324 JP), and AeroVironment (AVAV), which declined between 13.71% and 32.67%. BTAI shares declined as a result of a dilutive secondary stock offering. RSW shares were down as a result of a decision by management not to sell the company. 6324 shares were pressured by currency weakness and supply chain dislocations related to semiconductor chip shortages. Finally, AVAV shares saw a negative market reaction to lowered 2021 EPS guidance.

### Top Ten Holdings as of 6/30/21

Holding	% of Portfolio
Stereotaxis Inc	6.96%
Intuitive Surgical Inc	4.09%
Infineon Technologies AG	3.56%
Synopsys Inc	3.37%
Omnicell Inc	3.37%
AeroVironment Inc	3.34%
Keyence Corp	3.26%
Nidec Corp	3.22%
FANUC Corp	3.22%
ATS Automation Tooling Systems	3.19%

*Holdings are subject to change and should not be considered investment advice. Current and future portfolio holdings are subject to risk.*

**“An acceleration in capital investment toward automation remains a strong tailwind for the companies in our universe.”**

### Outlook

2021 continues to shape up as a year of recovery and normalization. Importantly, the pandemic highlighted the urgent need for robotics and automation support across the world's supply chains, manufacturing capacity, and distribution channels at large. An acceleration in capital investment toward automation remains a strong tailwind for the companies in our universe.

Our focus remains oriented toward identifying and positioning the portfolio around companies with cutting-edge technology that have the potential to change the world, and in so doing, also add enormous value to the Fund's shareholders. *α*

### Important Risk Information

Investing in the Fund carries certain risks. The Fund may invest a percentage of its assets in derivatives, such as futures and options contracts. The use of such derivatives and the resulting high portfolio turnover may expose the Fund to additional risks that it would not be subject to if it invested directly in the securities and commodities underlying those derivatives. The Fund may experience losses that exceed those experienced by funds that do not use futures contracts and option strategies. Securities of robotics and automation companies, especially smaller, start-up companies tend to be more volatile securities than securities of companies that do not rely heavily on technology. Smaller sized companies may experience higher failure rates than larger companies and normally have a lower trading volume than larger companies. Rapid change to technologies that affect a company's products could have a material adverse effect on operating results. Robotics and automation companies may rely on a combination of patents, copyrights, trademarks and trade secret laws to establish and protect proprietary rights in their products and technologies. The Fund is non-diversified and as a result, changes in the value of a single security may have a significant effect on the Fund's value. The Fund is subject to regulatory change and tax risks; changes to current rules could increase costs associated with an investment in the Fund. Investments in international markets present special risks including currency fluctuation, the potential for diplomatic and political instability, regulatory and liquidity risks, foreign taxations and differences in auditing and other financial standards. Emerging market securities tend to be more volatile and less liquid than securities traded in developed countries.

The **MSCI ACWI TR Index** is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets.

The **S&P 500** is a stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the U.S. There is no assurance that the Fund will achieve its investment objective.

You cannot invest directly in an index and unmanaged index returns do not reflect any 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](http://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.



CONTEGO CAPITAL GROUP  
Collaboration · Stewardship · Trust

**Investment Sub-Advisor**  
Contego Capital Group, Inc.

**Portfolio Manager**  
Brian Gahsman

- Portfolio Manager since inception
- 18+ years of investment experience
- BBA in Finance from the Haworth College of Business at Western Michigan University

#### Contact Us

 +1 855 674 FUND

 [www.alphacentricfunds.com](http://www.alphacentricfunds.com)

 [info@alphacentricfunds.com](mailto:info@alphacentricfunds.com)