

AlphaCentric Premium Opportunity Fund

Quarterly Commentary 2Q2021



HMIX
HMAX
HMXC

June 30, 2021 — The Premium Opportunity Fund (HMIX) earned 2.36% in the second quarter of 2021, successfully capturing about ¼ of the +8.55% rise in the S&P 500 while hedging the downside.

Market Overview

The second quarter saw a steady rise in US equity prices and even more substantial decline in volatility, with implied volatility in “at the money” option prices of the S&P 500 falling to pre-pandemic levels not seen since January of 2020.



There was a brief bout of volatility in May as cryptocurrencies saw a massive -30% one day move lower and markets seemed to sell off in sympathy, with the S&P falling about -3%. But it was short lived, with stock indices returning back into positive territory by the end of the month.

When it was all said and done, it was a rather boring quarter of three small up months for stocks and a general removal of volatility, especially as compared with the 2nd quarter of last year and the massive volatility following the pandemic.

Fund Overview

The Fund was able to earn a portion of the S&P 500’s Q2 upside, with the gain sitting in the lower end of the range of participation we target. We remain in the lower end due to the extremely high valuations of the market, as evidenced by the so-called *Buffet Ratio* (Wilshire 5000 to GDP), which has continued making new all-time highs along with the market, standing at about 200% at the end of April - roughly twice what it was before the financial crisis of 2008.

Elsewhere, the continued decline in volatility should align our strategy for more cost effective hedging and enable us to better participate in market returns. To paraphrase an old market axiom, the best time to buy insurance is when nobody wants it.

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

Inception Date: 9/1/11	QTD	YTD	1 YR	3 YR	5 YR	Inception
Class I	2.36	4.43	11.12	18.01	9.81	11.17
S&P 500 TR Index	8.55	15.25	40.79	18.67	17.65	16.00

Inception Date: 9/30/16	QTD	YTD	1 YR	3 YR	5 YR	Inception
Class A	2.33	4.35	10.92	17.74	-	9.56
Class C	2.11	3.93	10.05	17.05	-	8.90
S&P 500 TR Index	8.55	15.25	40.79	18.67	-	17.72
Class A After Sales Charges	-3.54	-1.64	4.53	15.43	-	8.20

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.

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Outlook

We continue to believe the US stock market is in a cyclical up trend and that the potential exists for much more upside. But, 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.

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.

The ability to put that hedge on is now back to pre-pandemic levels, either signaling a general indifference to risk by other market participants, or a true lack of risk in the marketplace (driven by improving economic numbers, the pandemic under control, and the ever present Fed Put). Either way, the price of those hedges is now lower, meaning less cost to put it on for our strategy, ideally resulting in the downside risk mitigation and upside participation the strategy seeks. *α*

Disclosure

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.

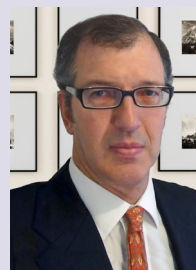
S&P 500 Index is considered to be generally representative of the U.S. large capitalization stock market as a whole.

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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