

AlphaCentric Municipal Opportunities Fund

Quarterly Commentary 2Q2021



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June 30, 2021 — The second quarter of 2021 saw strong returns for the municipal market as new investor cash flooded the market, along with a high amount of reinvestment cash from interest payments. Fund flows into municipal assets averaged approximately \$2 billion weekly and created a strong demand/supply imbalance, driving municipal bonds to rich valuations versus treasuries. The same themes from the first quarter carried over to the second quarter as a strengthening credit outlook for municipal bond issuers and the promise of new taxes helped municipal bonds once again deliver strong performance.

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Market Overview

The municipal market experienced a strong quarter as the Bloomberg Barclays Index returned 1.42%, while the Bloomberg Barclays US Treasury Index returned 1.75%. Considering the significant underperformance of treasuries in the first quarter, a bit of bounce-back was expected, but the fact that municipals bonds nearly kept pace exemplifies the strength of the overall municipal market. While the positive return in treasuries can be attributed to a bounce-back from the significant rise in rates in the first quarter, caution is still warranted as inflations seems to be increasing on every level. Municipal bonds, on the other hand, have benefited from unrelenting investor demand amid daily talk of rising taxes.

Fund Overview

The Fund's strategy of focusing on Covid-related credits trading at wider than normal spreads and municipal closed-end funds offering significantly higher yields than market averages led to another strong quarter for the Fund. The Fund had a quarterly total return of 2.17% versus 1.42% for its benchmark, the Bloomberg Barclays Municipal Bond Index. The Fund benefited from strong investor demand and a strengthening credit profile of the Covid-related issuers which led to a strong rebound in those bonds. Municipal closed-end funds were another recipient of investor demand as yield-starved investors turned to the structured market due to the lack of individual bonds. This combination was the main driver of return for the Fund during the quarter as they both offered higher than market yields and

strong overall returns. The Fund's overlay strategy was a slight positive for the quarter as any loss experienced in the sovereign debt portion was more than made up on the credit spread portion of the strategy.

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

Inception Date: 12/31/19	QTD	6 Mos	YTD	1 Yr	Inception
Class I	2.17	3.50	3.50	8.92	7.45
Class A	2.02	3.29	3.29	8.80	7.14
Class C	1.93	3.18	3.18	8.58	7.07
<i>Bloomberg Barclays Municipal Bond Index TR Value Unhedged USD</i>	1.42	1.06	1.06	4.17	4.18
Class A After Sales Charges	-2.82	-1.64	-1.64	3.60	3.71

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.



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Outlook

Looking forward, we would expect the demand for municipal bonds to remain strong. The constant threat of new taxes will continue to have investors looking for a tax haven to purchase tax exempt securities. Additionally, the credit profile of the municipal market has dramatically improved, wiping away any hesitancy investors may have had due to Covid. On the other hand, the outlook for treasuries remains cloudy as inflation and supply will make that market more difficult to predict. *α*

Important Risk Information

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

Timothy J. Rudderow Sr.

- CEO, CIO and Portfolio Manager

Gerald L. Prior III

- COO and Portfolio Manager

David Aspell

- Portfolio Manager

Contact Us

 +1 855 674 FUND

 www.alphacentricfunds.com

 info@alphacentricfunds.com