AlphaCentric Strategic Income Fund
Quarterly Commentary 3Q2021

SIIIX
SIIAX
SIICX

September 30, 2021 — The AlphaCentric Strategic Income Fund I Shares returned 1.39% for 3Q2021 while the Bloomberg Barclays U.S. Mortgage-Backed Securities Index returned 0.10% for the same period. The Fund remained focused on investing in publicly traded real estate securities – which we define broadly as structured credit securities (backed by real estate or mortgages), REITs, and other real estate related debt and equity securities. We believe the flexibility to invest in securities backed by residential and/or commercial real estate as well as across subsectors and different parts of the capital structure is a key element to generating attractive risk-adjusted returns in today's market. Continued positive fundamental data for U.S. single family housing in 3Q2021 validated our current preference for securities backed by residential real estate and the portfolio's overweight equity allocation in residential mortgage related entities.

Fund Performance as of 9/30/21 (Annualized if greater than 1 year)

Inception Date: 8/1/11	QTD	YTD	1 YR	3 YR	5 YR	10 YR	Inception
Class I	1.39	13.68	40.03	21.23	18.23	14.24	13.95
Class A	1.28	-	-	-	-	-	1.88
Class C	1.16	-	-	-	-	-	1.65
Bloomberg U.S. Mortgage Backed Securities Index USD	*0.10*	*-0.67*	*-0.43*	*3.85*	*2.17*	*2.41*	*2.49*
Class A After Sales Charges	-3.55	-	-	-	-	-	-2.95

Past performance is no guarantee of future results. There is no assurance that the Fund will achieve its investment objective.

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 maximum sales charge for Class "A" Shares is 4.75%. Total Operating expenses for the Fund are 2.12%, 2.87%, and 1.87% for Class A, C, and I shares, respectively.

Market Overview

The volatility in interest rates during 1Q2021 was a fading memory in 3Q2021 as Treasury yields were relatively stable. The yield curve continued to flatten as short-term Treasury yields rose while long-term Treasury yields declined. Relative stability in the Treasury bond market was a supportive force for risk assets as most REITs kept pace with the broad, marginal gains in the equities market.

Pandemic-related residential mortgage defaults and forbearances have declined

In the structured credit market, prices for non-agency RMBS and CMBS bonds were broadly unchanged as credit spreads stagnated for most parts of the capital structure. Stagnant credit spreads are unsurprising to us as the market has come a long way since the pandemic induced sell-off last year. Non-QM (the new subprime) mezzanine RMBS bonds bucked the trend as prices declined in the face of a significant amount of new issuance. Smaller pieces of mezzanine CMBS and CRE CLOs also felt a bit weaker in price at quarter end. Residential mortgage default rates remained low and pandemic related mortgage forbearance rates declined. Book values were relatively stable for mortgage REITs during the quarter. In general, mortgage REITs continued to operate at reduced debt levels versus the time frame leading up to the pandemic. In addition, short-term, mark-to-market financing on non-government backed securities has been virtually eliminated as a significant percentage of REIT debt has shifted to longer term non-recourse financing. As the new issue securitization market continued to be robust, many REITs continued to utilize securitization to lock in longer-term funding at low interest rates.

Many mortgage REITs ended 3Q2021 trading at a discount to book value as the lingering taint from the pandemic persisted. While this discount is justified for certain commercial mortgage REITs (because of uncertainty in the direction of property values), we believe residential mortgage REITs are poised to trade closer to book value in the short to medium term. Dividend yields should be attractive over that time period as prudent use of leverage is helpful to increase returns for relatively safe assets. Non-bank mortgage originators are in a similar position and in some cases have additional overlooked upside given the off-balance sheet value in their operating businesses. We believe mortgage servicing rights (MSRs) are also poised to increase in value as interest rates gravitate higher.

Housing data continued to demonstrate that it is on solid footing. We ended the quarter with about one million homes for sale in the U.S. which represents less than half of the historical average dating back to the early 1990s. The average house is sitting on the market for roughly 20 days which is also a historic low. Despite the recent home price appreciation, homes remain affordable by historical standards due to low interest rates and healthy borrower balance sheets. Mortgage underwriting standards continued to be conservative which should help to reduce the possibility of unsustainable home price growth in the future.

Senior housing investments have been presenting some value opportunities post-pandemic

Fund Overview

In the Portfolio, we held most of our mortgage related equities during the quarter due to previously mentioned benign conditions in this market. In addition to common shares of residential mortgage REITs, we also made purchases higher in the "REIT capital structure." We added some preferred shares of certain REITs as well as convertible corporate debt. Our investments in equity REITs (REITs which invest in income producing properties) remained limited, as pricing has pushed through net asset value for many subsectors and dividends remain modest. That being said, we did purchase common shares of a Senior Housing REIT which trades well below our assessment of intrinsic value. Senior housing REITs have very positive long-term fundamentals as the U.S population ages – and taint from the pandemic has created value opportunities. We continued to limit our exposure to commercial real estate and our recent CMBS purchases in the Fund have been mostly focused on "interest-only" securities backed by the government and collateralized predominantly by multi-family properties. These securities also receive extra payments (if the underlying loans prepay) which acts as a yield enhancer and results in a balanced risk/return profile. We also bought a small piece of a deeply discounted seasoned mezzanine CMBS bond after the quarter ended. It is a bit early to call it a buying opportunity in CMBS, but we are carefully monitoring that market.

We continued to purchase smaller sized legacy RMBS bonds. In RMBS, we are in search of bonds that can either pay back previous losses or have upside to the deal being called prior to its anticipated maturity. RMBS deals are generally callable once the loan pool has amortized to less than 10% of the original balance in aggregate. If the mortgage servicer elects to exercise the call, the existing bonds (some of which trade substantially below par) are paid at par. Overall, we currently prefer to hold most of the Fund's debt exposure in the form of legacy non-agency RMBS, which we believe is an inherently dislocated market relative to new issue RMBS. Many parts of the legacy non-agency RMBS market also have floating rate coupons which help to mitigate the Fund's interest rate risk.

Although we increased the Portfolio's bond exposure in the quarter, we intend to limit the Portfolio's overall bond exposure given better opportunities in mortgage related equities.

"...we believe the current portfolio is well-balanced and **positioned to achieve attractive risk-adjusted returns**."

Outlook

As we have said, we believe deep-seated disinflationary forces in the economy will overpower transitory inflation pressures. Although this will weigh down interest rates, our base case expectation is for interest rates to slowly rise. In turn, we want to be positioned in floating-rate bonds and real estate equities that own assets that will likely appreciate into a higher interest rate environment. For equity REITs, property owners who can pass through higher borrowing costs by increasing rents will be decently positioned. For mortgage equities, companies that borrow longer term and have "negative duration" investments will do well into a higher interest rate environment. Although we continue to attempt to avoid material commercial real estate risk there will likely be a more significant opportunity in CMBS, equity REITs, and commercial mortgage REITs at some point.

Overall, we believe the current portfolio is well-balanced and positioned to achieve attractive risk-adjusted returns. α

Disclosure

Performance shown before May 28, 2021 is for the Fund's Predecessor Fund (Strategos Deep Value Fund LP). The prior performance is net of management fees and other expenses including the effect of the performance fee. The Predecessor Fund had an investment objective and strategies that were, in all material respects, the same as those of the Fund, and was managed in a manner that, in all material respects, complied with the investment guidelines and restrictions of the Fund. From its inception to May 28, 2021, the Predecessor Fund was not subject to certain investment restrictions, diversification requirements and other restrictions of the 1940 Act or the Code, which if they had been applicable, might have adversely affected its performance. In addition, the Predecessor Fund was not subject to sales loads that would have adversely affected performance. Performance of the Predecessor Fund is not an indicator of future results.

The **Bloomberg US Mortgage Backed Securities (MBS) Index** tracks fixed-rate agency mortgage backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The index is constructed by grouping individual TBA-deliverable MBS pools into aggregates or generics based on program, coupon and vintage. Starting July 2019, Freddie pools are separated into 45-day and 55-day delay generics. Introduced in 1985, the GNMA, FHLMC and FNMA fixed-rate indices for 30- and 15-year securities were backdated to January 1976, May 1977, and November 1982, respectively. There is no assurance that the Fund will achieve its investment objective.

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.

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.

The Fund is subject to foreign securities risk and industry concentration risk. The Fund's investments may be concentrated in an industry or group of industries that are more vulnerable to adverse market, economic, regulatory, political or other developments affecting the industry or group of industries than a fund that invests its assets more broadly. These factors may affect the value of your investment.

GOSHEN ROCK CAPITAL

Investment Sub-Advisor
Goshen Rock Capital, LLC

Portfolio Managers
David Gregory
Portfolio Manager

Alex Cigolle, CFA
Portfolio Manager

Contact Us

+1 855 674 FUND
www.alphacentricfunds.com
info@alphacentricfunds.com