AlphaCentric LifeSci Healthcare Fund
Quarterly Commentary 3Q2021

LYFIX
LYFAX
LYFCX

September 30, 2021 — Active management of the Fund was a strong contributor to significant outperformance through Q3 (+1.57% through 3Q, +55% since 11/29/2019) compared to the primary benchmark, the S&P Biotechnology Select Industry Index (-10.70% through 3Q, +34.2% since 11/29/2019). The S&P Biotechnology Select Industry Index trails the S&P 500 index by more than 25%, which is the largest margin in over a decade. Exposure to positive clinical / regulatory events, robust cash flow/revenue growth, M&A and participation in capital markets activity contributed to upside capture in the quarter. Additionally, avoidance of high beta stocks, especially those with valuations that defied math during the mid-February index peak, helped defend against downside.

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

Inception Date: 11/29/19	QTD	6 Mos	YTD	1 Year	Inception
LYFIX	-3.83	-0.26	1.57	29.55	28.73
LYFAX	-3.91	-0.39	1.37	29.24	28.51
LYFCX	-4.11	-0.84	0.79	28.30	28.06
S&P Biotechnology Select Industry TR Index	*-7.20*	*-7.24*	*-10.59*	*13.09*	*17.64*
S&P 500 Health Care Sector TR Index	*1.43*	*9.96*	*13.45*	*22.56*	*16.94*
Class A After Sales Charges	-9.41	-6.12	-4.44	21.80	24.43

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 5.75%. Total Operating Expenses are 2.77%, 3.52%, and 2.52%, for Class A, C, and I fund shares, respectively.

The advisor has contractually agreed to waive fees and/or reimburse expenses to maintain the Fund's total annual operating expense ratio at 1.65%, 2.40%, and 1.40% for Class A shares, Class C shares and Class I shares, respectively, excluding 12b-1 fees through July 31, 2022.

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

Market Overview

LifeSci Fund Management conducted a company-by-company analysis (detailed in Analysis Methodology section) of the S&P Biotechnology Select Industry Index (S&P Biotech, n=198 companies) compared to the healthcare companies listed in the S&P 500 (S&P 500 HC, n=63 companies) to shed light on the themes driving the 'haves' and 'have nots'. The S&P 500 Index is having a banner year (+14.68% through Q3) with S&P 500 HC being a significant contributor (+21.3% through Q3). The S&P 500 HC rally has been broad based with 76% of companies up through Q3, 41% of which are up over 25% and 10% up over 50%. This is in stark contrast to S&P Biotech where a very narrow subset of companies have appreciated through Q3. By the numbers, only 35% of companies are up through Q3 with 25% up over 25%, around half the relative numbers compared to S&P 500 HC. There were more big gainers though with 13% of S&P Biotech companies up over 50%.

Analysis Methodology:

Company-by-Company Analysis of the S&P Biotechnology Select Industry Index, Compared to the Healthcare Companies Listed in the S&P 500

Data for S&P 500 HC and S&P Biotech were pulled from Bloomberg. Individual company analysis was conducted by LifeSci Fund Management using the following protocol. First, stocks were pooled into buckets based on return thresholds through Q3 2021:

Haves: up 100%+, up 50-100%, up 25-50%;

Have nots: down 25-50%, down 50-100%.

For each stock in these buckets, company fundamentals, news headlines, regulatory filings and price action were evaluated to estimate the primary driver of outperformance or underperformance. Categories for the primary drivers are defined as:

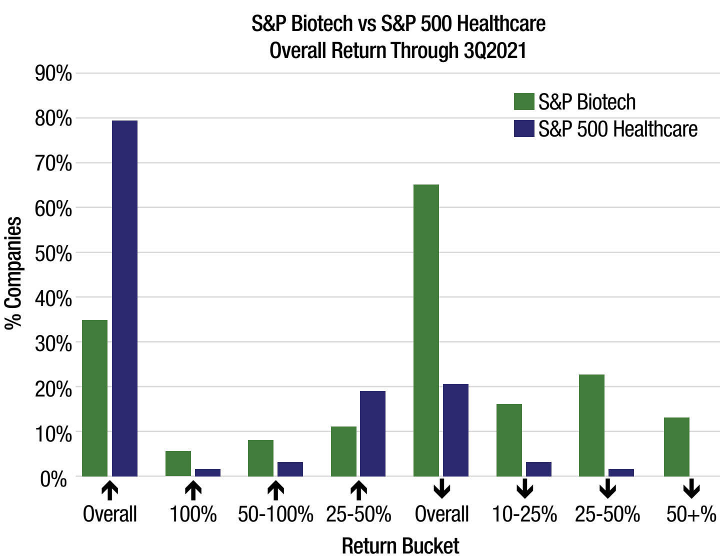
HAVES

- **Clinical success:** Positive data announcement from clinical or pre-clinical trial
- **COVID-19 winner:** Clinical and/or regulatory success specifically for COVID-19 asset
- **Reopening stock:** Favorable revenue, earning or other key business metric growth/outlook relative to prior year periods impacted by COVID-19 restrictions
- **Validated by competitor:** Clinical or regulatory announcement by a competitor that validates an asset by extrapolation, even though the asset itself as yet to release its own data

- **Hot space:** Hype/excitement surrounding a particular technology or platform without a significant data release
- **M&A:** Acquisition or strategic partnership agreement
- **Regulatory success:** Positive regulatory milestone, such as approval of a New Drug Application or agreement on filing pathway

HAVE NOTS

- **High beta:** Companies trading down in excess of the index without a clear, material change to fundamentals
- **Regulatory setback:** Negative regulatory announcement from FDA, such as clinical hold or denial of a New Drug Application
- **Clinical data failure:** Data from clinical trial fails to meet prespecified success criteria
- **Clinical data selloff:** Data from clinical trial that demonstrated some objective benefit, but may have not met expectations or some aspect of the data package led to negative sentiment
- **Slow launch:** New drug launched with revenue growth slower than expected



The divergence between S&P 500 HC and S&P Biotech through Q3 is most extreme when looking at drawdowns. Remarkably, of the 65% of S&P Biotech companies that are down through Q3, more than half are down more than 10%, 35% down more than 25% and 13% are down more than 50%. This compares to S&P 500 HC where only 7% of companies are down more than 10% through Q3, with only a single member down more than 25% and none down more than 50%.

LifeSci Fund Management next looked beyond the numbers and reviewed the fundamentals of each of the 'haves' and 'have nots' to uncover themes driving performance. The majority of upside in S&P 500 HC is driven by reopening stocks where favorable year-on-year revenue, earnings or other key business metrics helped contribute to expanding multiples. Of the 26 companies in S&P 500 HC that are up >25% through Q3, 85% can best be described as reopening stocks. A couple of COVID-19 winners and a company benefiting from a fundamental development of a competitor round out the top gainers.

Themes Driving S&P 500 HC 'Haves' Through Q3 2021

Theme	Number of companies by return threshold			Total ↑ >25%	Relative % of Total
	↑ 25-50%	↑ 50-100%	↑ >100%		
Reopening stock	17	5	0	22	85%
COVID-19 winner	2	0	1	3	11%
Validated by competitor	1	0	0	1	4%
Total # of companies by return threshold	**20**	**5**	**1**	**26**	**100%**

Not surprisingly, thematic upside in S&P Biotech was much more heterogeneous and driven primarily by disruptive life sciences innovators announcing compelling new clinical data. Nearly half of the S&P Biotech companies up >25% through Q3 can best be described as either clinical success stories or COVID-19 winners (which are generally clinical success stories, but carved out in a separate category for emphasis). Reopening stocks, companies validated by competitor fundamentals, companies working in a 'hot' space and M&A were roughly equal contributors to the balance of the upside.

Themes Driving S&P Biotech 'Haves' Through Q3 2021

Theme	Number of companies by return threshold			Total ↑ >25%	Relative % of Total
	↑ 25-50%	↑ 50-100%	↑ >100%		
Clinical success	7	5	3	15	31%
COVID-19 winner	4	2	3	9	18%
Reopening stock	2	4	0	6	12%
Validated by competitor	2	0	4	6	12%
Hot space	4	2	0	6	12%
M&A	3	1	1	5	11%
Regulatory success	0	2	0	2	4%
Total # of companies by return threshold	**22**	**16**	**11**	**49**	**100%**

Notably, much of the performance in the stocks up over 100% through Q3 appears to be momentum driven. Interestingly, COVID-19 vaccine manufacturer Moderna (MRNA) was the top gainer in the S&P 500 HC through Q3, but was only #4 in S&P Biotech. During the quarter, Moderna's valuation exceeded that of pharmaceutical heavyweight Merck (MRK), defying even the most generous valuation models. Prothena Corp (PRTA) outpaced Moderna, however, and took the top performance spot in S&P Biotech. Prothena's nearly +500% liftoff began after FDA's approval of Biogen's Aduhelm suggested a less burdensome regulatory path for Prothena's own Alzeheimer's programs. Other Alzeheimer's competitors Anavex Life Sciences (AVXL) and Cortexyme (CTXM) were both up over 200% as well, but none of the three had disclosed late stage clinical data through 3Q 2021.

[See Appendix Fig. 1: Top 10 S&P 500 HC Haves through 3Q 2021 and Appendix Fig. 2: Top 10 S&P Biotech Haves through 3Q 2021.]

High beta, companies trading down in excess of the index move without a clear, material change to fundamentals, is the predominant theme driving down stocks in S&P Biotech as well as the single S&P 500 HC company off >25% through Q3. Just under half, 42%, of the S&P Biotech companies down >25% through Q3 are best described as high beta stocks. Regulatory setbacks are the next largest drivers of underperformance as a number of new drug applications were denied by FDA and a larger number have had review periods extended due to COVID-19. Many stock price reactions to regulatory setbacks seemed well beyond the fundamental impact though, highlighting momentum selling to the downside. Fundamental selling based on outright clinical data failures (14% of S&P Biotech drawdowns >25%) and slow launches (10% of S&P Biotech drawdowns >25%) also appeared to be accentuated but momentum as many of these companies reached valuations below cash held on the balance sheets. The final category of clinical data selloff describes the 13% of S&P Biotech companies off >25% that released ostensibly positive data that turned out to be a 'sell the news' events.

Themes Driving S&P Biotech 'Have Nots' Through Q3 2021

Theme	Number of companies by return threshold ⬇ 25-50%	⬇ 50-100%	Total ⬇ >25%	Relative % of Total
High beta	24	6	30	42%
Regulatory setback	7	8	15	21%
Clinical data failure	5	5	10	14%
Clinical data selloff	6	3	9	13%
Slow launch	3	4	7	10%
Total # of companies by return threshold	**45**	**26**	**71**	**100%**

[See Appendix Fig. 3: Bottom 10 S&P 500 HC Have Nots through 3Q 2021 and Appendix Fig. 4: Bottom 10 S&P Biotech Have Nots through 3Q 2021.]

> "The Fund remains an **active participant** in the capital markets activity that **enables life science innovators** to move forward."

Fund Overview

The Fund continues to construct a fundamental, thesis-driven portfolio across three thematic buckets: 1) disruptive life sciences innovators, 2) robust cash flow/revenue growth companies, and 3) direct funding of promising companies through private placements, IPOs or other structured transactions. Valuations for many S&P Biotech companies have come down considerably, many of which are now trading below fundamental value. The Fund is evaluating the growing list of 'fallen angels,' companies that are off >25%, for new or increased allocations. A number of the high beta and clinical data selloff stocks described above present interesting entry points given the fundamentals are generally intact. Companies with regulatory setbacks, clinical data failures and slow launches may also be candidates assuming there is a clear go forward path and compelling risk/reward.

The Portfolio captured a number of positive fundamental developments in the quarter as previously filed holding Trilium (TRIL) was acquired by Pfizer for a ~200% premium to the prior day's close. We note that TRIL does not appear in >100% S&P Biotech gainers as it was a member of the high beta category and was down substantially (>50%) before being acquired. We would argue the fundamentals of the company were as good or better on the day of the acquisition compared to the prior high in the stock.

The Fund remains an active participant in the capital markets activity that enables life science innovators to move forward. During the third quarter of 2021, the Fund participated in several IPOs and follow-on financing transactions that placed capital on the balance sheets of disruptive innovators.

Outlook

The extreme underperformance of S&P Biotech relative to the S&P 500 and S&P 500 HC sets the stage for a great stock-picking environment to as valuation extremes exist at both the top and bottom end of the market. In addition, fundamentals are expected to reassert themselves as the primary driver of stock performance as monetary stimulus and fiscal stimulus measures wane. Clinical success should continue to be a primary driver of S&P Biotech company outperformance with a growing contribution from

M&A. There are clear signs that M&A activity is accelerating as selling pressure has pushed many valuations below fundamental levels. There were 8 major life sciences acquisitions since the August low in S&P Biotech as acquirers were compelled to buy assets trading well below asset value. We continue to expect additional M&A and partnership headlines into next year as acquirers execute external growth strategies.

The valuation reset in S&P Biotech also suggests there should be a diminishing impact from momentum selling. We are optimistic that 'high beta' and 'clinical data selloffs' will be less of a driver of drawdowns in S&P Biotech in the quarters ahead relative to outright clinical failures and other fundamental setbacks. Finally, the long awaited appointment of a new FDA Commissioner may improve perceptions of the regulatory landscape and blunt drawdowns based on regulatory developments. Current front runner, Dr. Califf, an accomplished cardiologist and a former FDA Commissioner, is generally viewed to be a proponent of life sciences innovation. Confirmation of Dr. Califf would be a welcome development for improved collaboration and engagement with sponsor companies. α

Top Ten Holdings as of 9/30/21

Holding	% of Portfolio
Vertex Pharmaceuticals Inc	5.21%
Galapagos NV	4.35%
Cash	3.65%
ACADIA Pharmaceuticals Inc	3.42%
MorphoSys AG	3.33%
Oyster Point Pharma Inc	3.27%
Seres Therapeutics Inc	3.23%
Cogent Biosciences Inc	3.17%
Incyte Corp	2.94%
Puma Biotechnology Inc	2.92%

Holdings are subject to change and should not be considered investment advice.

Important Risk Information

Investing in the Fund carries certain risks. The Fund will invest a percentage of its assets in derivatives, such as futures and options contracts. The use of such derivatives and the resulting high portfolio turn-over 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 options strategies. Investing in commodities markets may subject the Fund to greater volatility than investments in traditional securities. Currency trading risks include market risk, credit risk and country risk. Foreign investing involves risks not typically associated with U.S. investments. Changes in interest rates and the liquidity of certain investments could affect the Fund's overall performance. The Fund is non-diversified and as a result, changes in the value of a single security may have significant effect on the Fund's value. Other risks include U.S. Government securities risks and investments in fixed income securities.

Typically, a rise in interest rates causes a decline in the value of fixed income securities or derivatives owned by the Fund. Furthermore, the use of leveraging can magnify the potential for gain or loss and amplify the effects of market volatility on the Fund's share price. The Fund is subject to regulatory change and tax risks; changes to current rules could increase costs associated with an investment in the Fund. These factors may affect the value of your investment.

The S&P Biotechnology Select Industry Total Return Index represents the bio-technology sub-industry portion of the S&P Total Markets Index. The S&P 500 Health Care Sector TR Index comprises those companies included in the S&P 500 that are classified as members of the GICS health care sector. You cannot invest directly in an index. Unmanaged index returns do not reflect fees, expenses or sales charges. 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.

LifeSci Fund Management

Mark Charest, PhD
Portfolio Manager

Investment Sub-Advisor
LifeSci Fund Management

Portfolio Manager
Mark Charest, PhD

- 12+ year career as an investor at several specialized $1B+ AUM healthcare funds
- Led Medicinal Chemistry Lab at the Novartis Institutes for BioMedical Research focused on Oncology drug discovery
- Inventor on 8 drug patents
- Portfolio Manager at New Leaf Venture Partners
- National Science Foundation Graduate Research Fellow
- PhD and MS in Chemistry and Chemical Biology from Harvard University

Contact Us

+1 855 674 FUND

www.alphacentricfunds.com

info@alphacentricfunds.com

Fig. 1: Top 10 S&P 500 HC Haves through 3Q 2021 (up 68.8% on average)

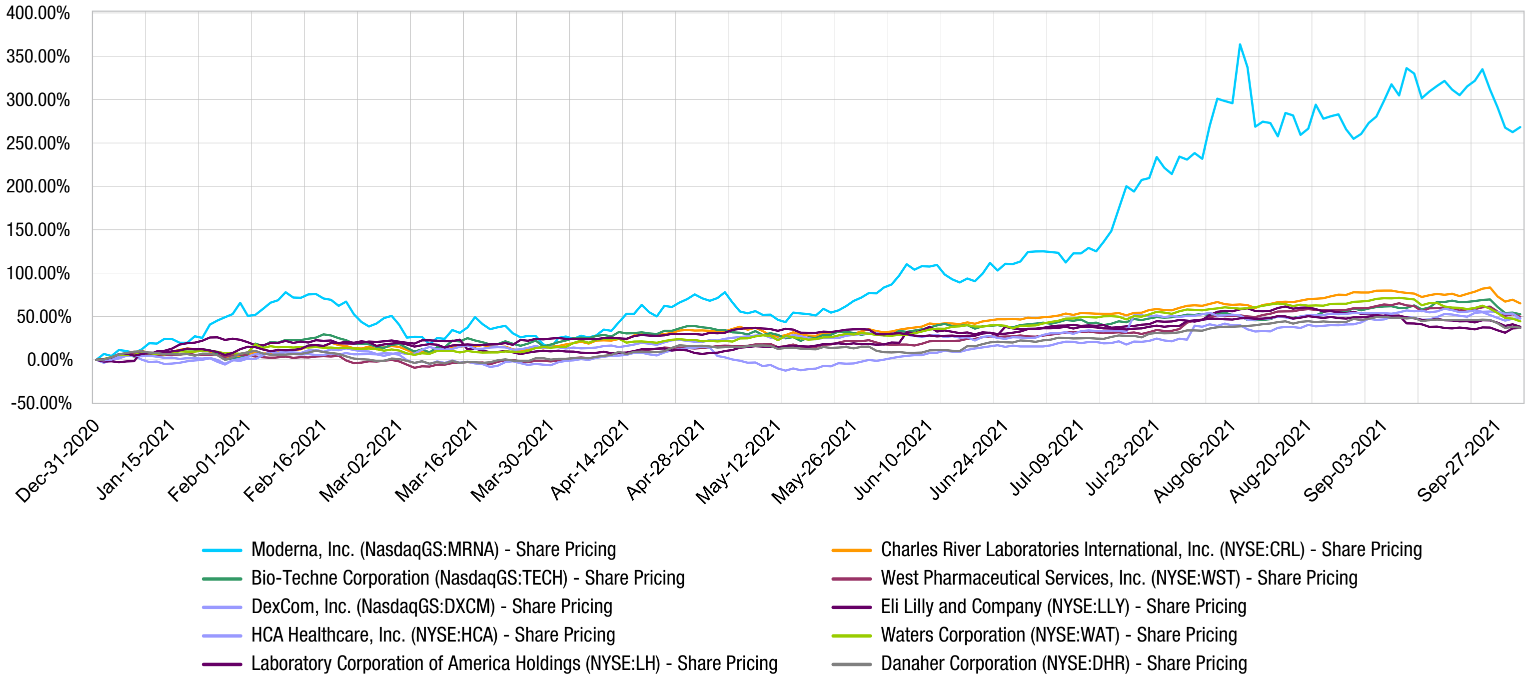


Fig. 2: Top 10 S&P Biotech Haves through 3Q 2021 (up 247.3% on average)

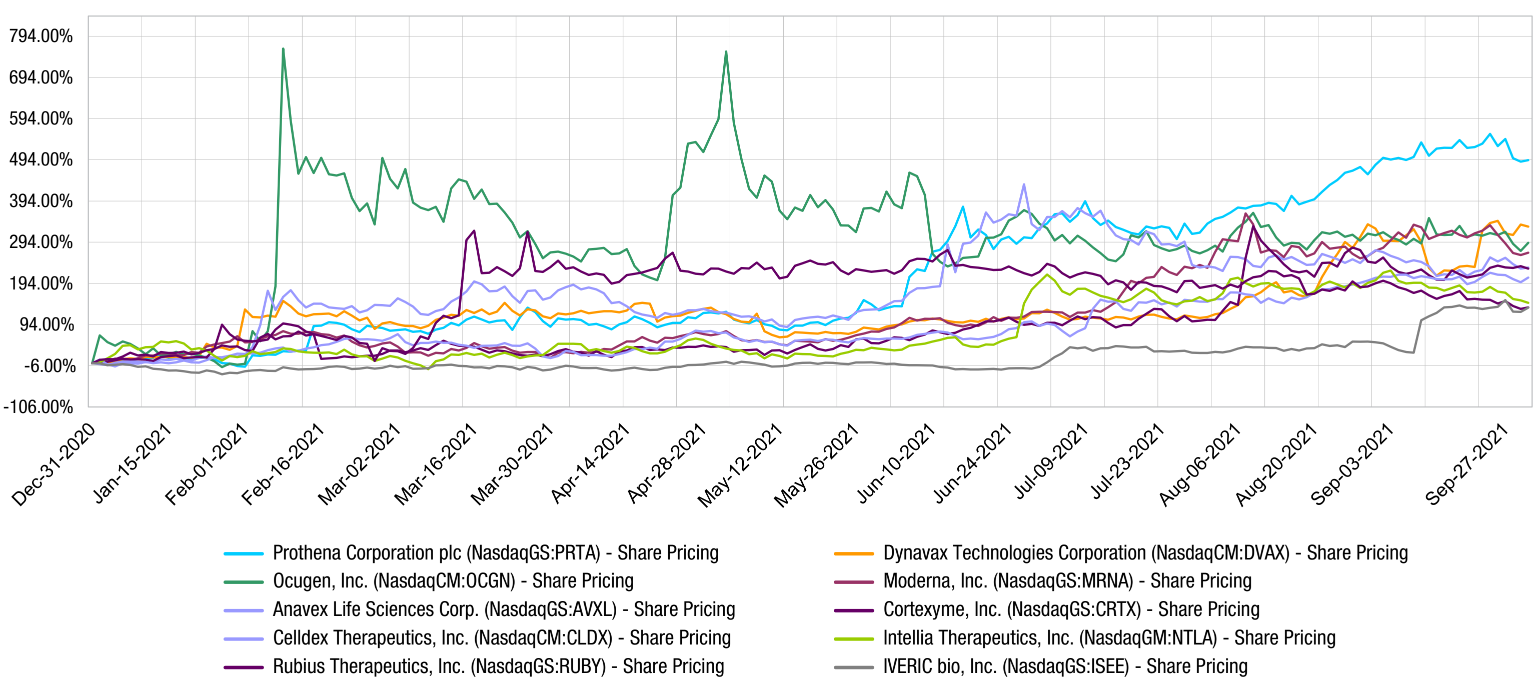


Fig. 3: Bottom 10 S&P 500 HC Have Nots through 3Q 2021 (down 11.4% on average)

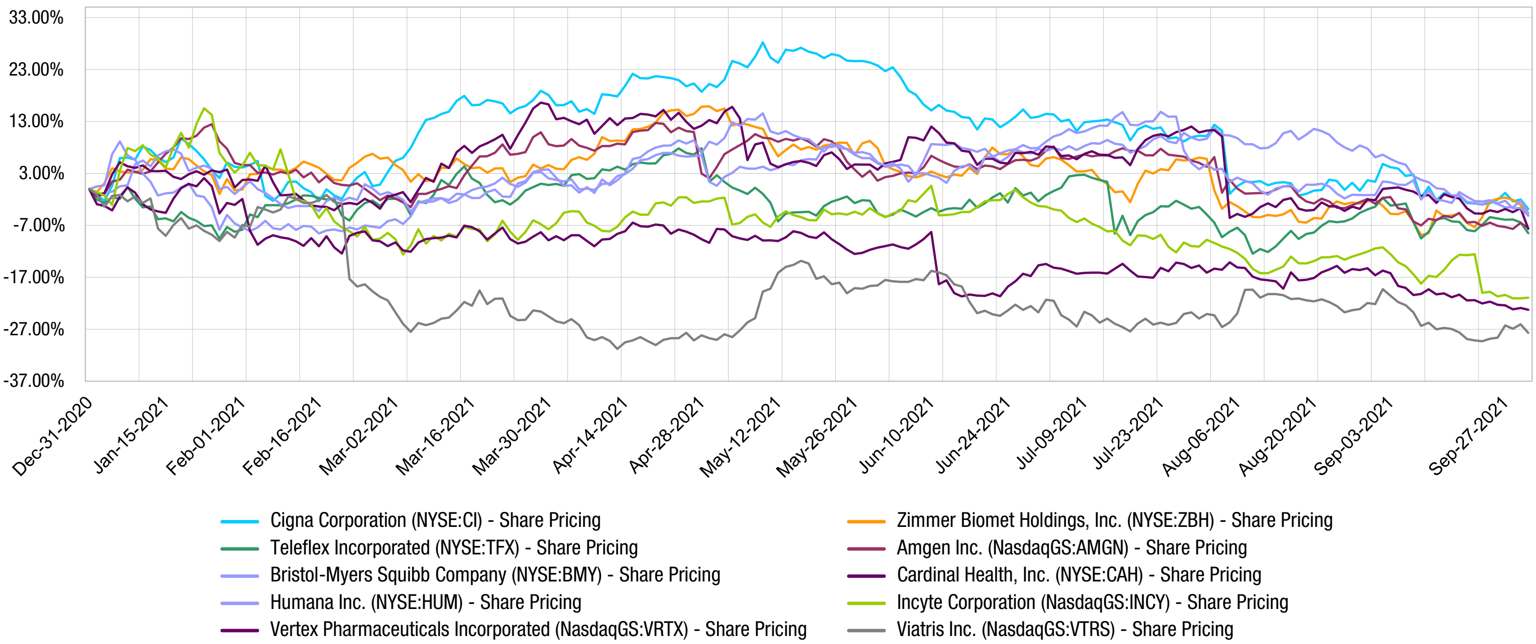


Fig. 4: Bottom 10 S&P Biotech Have Nots through 3Q 2021 (down 73.8% on average)