

AlphaCentric SWBC Municipal Opportunities Fund

Quarterly Commentary 3Q2021



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September 30, 2021 — The third quarter of 2021 was difficult for the municipal market as the rich valuations from the previous two quarters cheapened dramatically. While investor cash was still positive for the quarter, it slowed from the torrid pace of the first half of the year from approximately \$2 Billion a week to \$1 Billion a week. This allowed the demand/supply imbalance to level out and made investors slightly more discerning regarding acquisition yields.

Market Overview

The municipal market experienced a weak third quarter as the Bloomberg Municipal Bond Index returns were negative -0.27% versus the Bloomberg US Treasury Total Return Index of 0.10%. While both indices show rather mute returns, there was significant volatility during the quarter and yields for both Municipals and Treasuries fluctuated. Even with a negative third quarter, the Municipal bond market still has solid foundation of fundamental and technical strength. Credit strength is still trending upward post covid lockdown and demand is still strong despite slowing down slightly.

Fund Overview

The Fund's strategy experienced an unexpected market fluctuation in the third quarter, which caused one of its only underperforming quarters since inception. The Fund had a total return of -2.54% for the quarter versus a -0.27% for the Bloomberg Municipal Bond Index. This underperformance can mostly be attributed to the Fund's holdings in Closed end funds (CEFs). While CEF's offer significant value and relative safety over individual bonds, they tend to go through unforeseen liquidity issues occasionally. Fortunately, the overall position was lowered during the quarter, but unfortunately it's never enough. The liquidity crisis gave up some of the strong returns for the year but offered an entry point to increase holdings again at substantially cheaper levels.

“...good news on the income side of the strategy as the Fund paid an annualized average yield of approximately 4.25%...”

While it was a difficult quarter, there was good news on the income side of the strategy as the Fund paid an annualized average yield of approximately 4.25%, which is a tax-equivalent of approximately 7.20%. 4.25% is almost double the average of the 43 large open-end funds followed by this team, and the second highest yield behind a pure high yield fund.

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

Inception Date: 12/31/19	QTD	6 Mos	YTD	1 Yr	Inception
Class I	-2.54	-0.42	0.88	5.16	4.79
Class A	-2.50	-0.53	0.71	4.97	4.56
Class C	-2.77	-0.90	0.32	4.58	4.34
<i>Bloomberg Municipal Bond Index TR Value Unhedged USD</i>	-0.27	1.15	0.79	2.63	3.41
Class A After Sales Charges	-7.17	-5.25	-4.10	-0.02	1.69

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.

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 19.11%, 19.86%, and 18.86% 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, 2022.

The maximum sales charge for Class A Shares is 4.75%.



Outlook

The difficult third quarter restored some value in the Municipal bond market. The value and the continued strong cash inflows bode well for

Municipal bonds in the final quarter. Slight caution is still warranted as inflation is proving to be not as transitory as the economic forecasters would like you to believe. The somewhat slowing economy and weak jobs market is also causing volatility in the Federal Reserve forecasting models.

Overall, due to the value that exists in the Municipal market, along with strong cash inflows and persistent talk of rising taxes, we would expect Munies to outperform Treasuries in the final quarter. *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 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.



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