AlphaCentric Premium Opportunity Fund
2022 Market Outlook

HMXIX
HMXAX
HMXCX

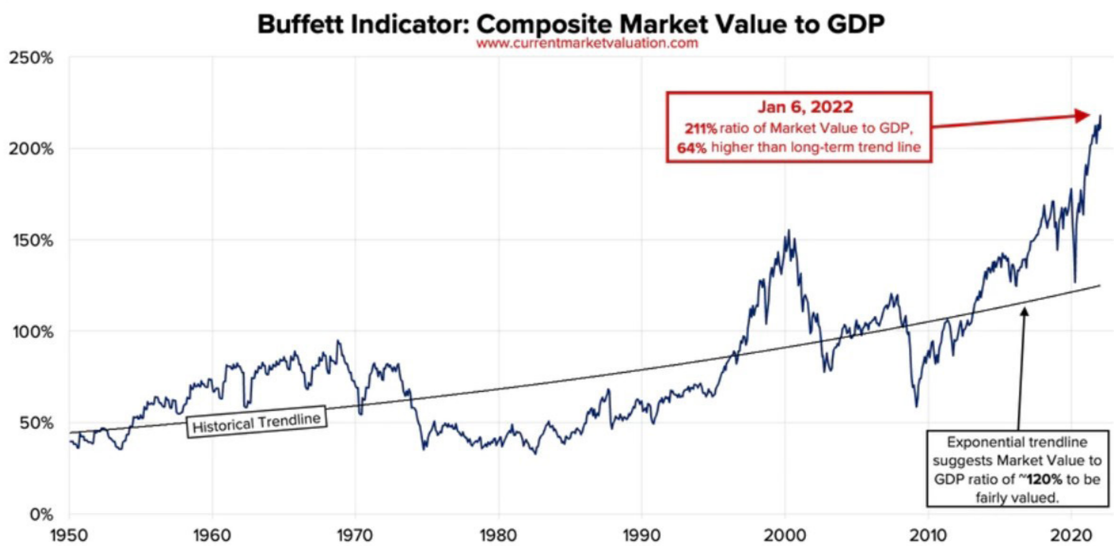
2021 brought investors a lot of new all-time highs and declining volatility readings - until a sharp sell-off to end November brought this market's risk back into focus. The S&P 500 was able to reclaim record highs in December.

For the year, the S&P 500 was mainly a one-way trade to the upside, putting in 70 all time highs as it closed more than a 1,000 points higher for the year (the first time it has accomplished that feat).

The outlook for the year ahead could depend heavily on if the Omicron variant's lower hospitalization and death rates finally erase *lockdown* from the economic vocabulary.

We saw the emergence of Omicron send stocks lower and spike volatility in November and December, but we've also seen recent data showing this may be just the type of milder strain we need to achieve herd immunity.

Counter-intuitively, this may bring less ideal conditions for continued upside in stocks, with a more normal economic environment removing the stimulus that has been provided to juice returns in US equities. As pointed out in an earlier Fund commentary this year, the so-called *Buffet Indicator,* measuring total market value against GDP, is at its highest level ever, at nearly double its trendline and 1.5 times the dot com bubble high.



With valuations this high and profits needing to return to the forefront, the question will be whether the post-pandemic economy is strong enough to sufficiently grow those profits, with forecasts in the +4% to +8% range. Will that be a slow grind higher to those levels, or a volatile journey where markets are down -5% to -10% over months and quarters, before rebounding back? The former will be easier to implement downside defense, while the latter will make that defense more expensive – yet more needed.

These battling narratives are likely to cause up-and-down movement, pushing our models into the upper half of our four quandrants – where volatility is rising, and the market is either rising or falling.

As such, the Fund will look to participate in that rising volatility a bit more, targeting Long VIX Futures, while potentially selling less Puts on the downside. Our target, meanwhile, will remain in place for participation in some of the market's upside (approximately 30% to 40%), while attempting to hedge against a sharp -10% down move.

Whichever way the year breaks, it appears the 'easy money' in US stocks has been had, and could mean a tougher trek to the upside in the year ahead.

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.

The forecasts and/or opinions may not come to pass and are subject to change.

Portfolio Manager

Russell Kellites

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- Columbia University: Computer Science, AI concentration — BS (cum laude), MS (matriculated); MBA (Finance)

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