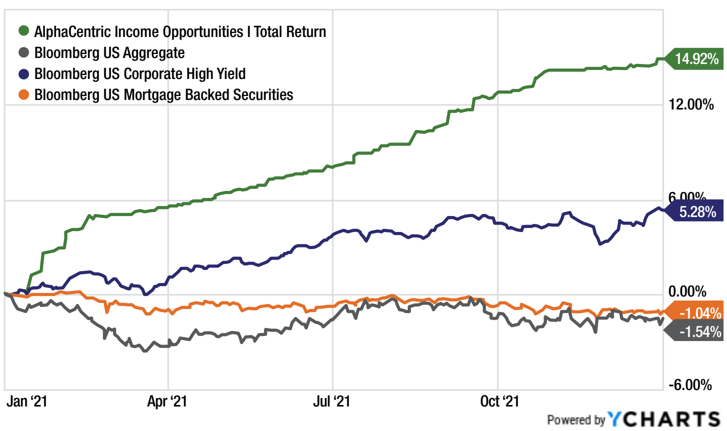
AlphaCentric Income Opportunities Fund
Quarterly Commentary 4Q2021

IOFIX
IOFAX
IOFCX

December 31, 2021 — 2021 turned out to be another solid year for the markets with the S&P 500 continuing to crank away. Even for an index such as the AGG, which finished the year at -1.54%, it was only the fourth down year since the creation of the index 45 years ago. Those markets that were actually off were only off nominally, while the crude and commodity markets led the way. For the AlphaCentric Income Opportunities Fund, it was up 2.00% for the quarter and finished the year up 14.92% compared to the index (AGG) at 0.01% and -1.54% respectively.



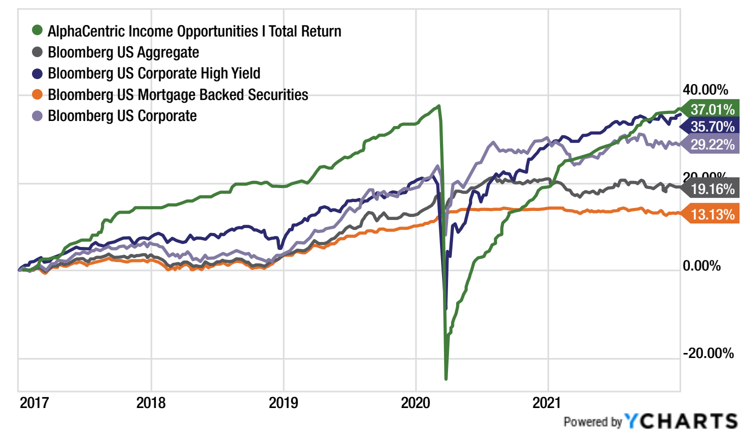
Fund Performance *as of 12/30/21 (Annualized if greater than 1 year)*

Inception Date: 5/28/15	QTD	YTD	1 YR	3 YR	5 YR	Inception
IOFIX	2.00	14.92	14.92	4.78	6.50	8.03
IOFAX	1.93	14.75	14.75	4.51	6.24	7.76
IOFCX	1.75	13.87	13.87	3.73	5.45	6.97
Bloomberg US Agg. Bond TR Index	*0.01*	*-1.54*	*-1.54*	*4.79*	*3.57*	*3.06*
Class A After Sales Charges	-2.90	9.29	9.29	2.82	5.22	6.97

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.

Gross Expense Ratio: 1.96%, 2.71%, and 1.71% for Class A, C, and I shares respectively (Net Expense Ratio: 1.74%, 2.49%, 1.49%). The maximum sales charge for Class "A" Shares is 4.75%. Past performance is no guarantee of future results. There is no assurance that the Fund will achieve its investment objective.

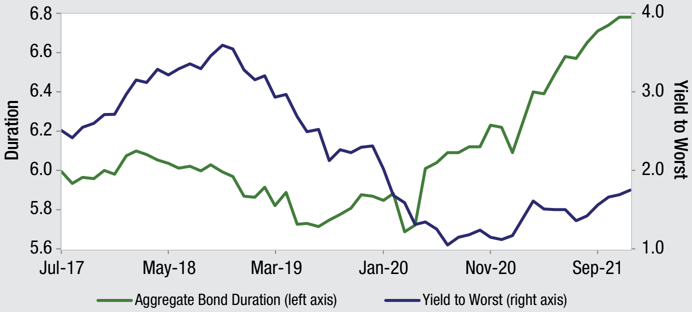
Over the past five years, we have seen significant growth in the equity markets with the S&P 500 up over 133%+ since 12/31/2016. At the same time, the Fund has held up in the fixed income universe, outperforming various indices, and we think our sector remains compelling against a broader market experiencing volatility:

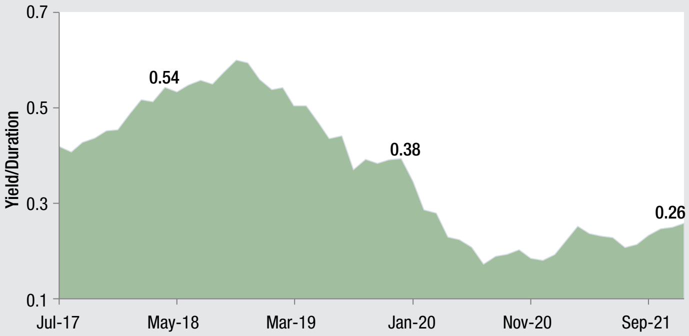


> "...**housing** has continued to be a great place to have exposure and that has **helped drive performance** relatively and absolutely."

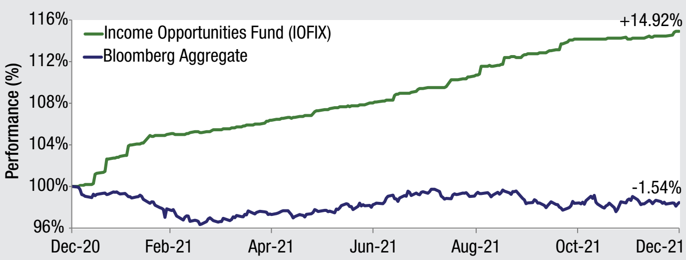
Looking at the income universe in general, over the past few years, yield has gone down substantially in the broader AGG index. At the same time, duration has increased. You can see in the graphics on the following page that the yield to worst on the AGG is under 2% while the duration is now at 6.8 years. This would indicate that a 1% rise in interest rates would lead to a 6.8% drop in the prices of bonds. Another way to see this is that a 1% move in rates could potentially wipe out 3-5 years of the coupon, making the risk of investing in bonds go up while the return goes down. However, with floating rate dynamics such as the Fund holds (98% of the securities are floating rate), in general as rates go up, coupons go up, and the price stays the same. Thus, we are much less exposed to interest rates than the AGG. On the credit side, housing has continued to be a great place to have exposure and that has helped drive performance relatively and absolutely. We want to be in a place where the bond return is not solely based in interest rates.

U.S. Aggregate Bond Duration vs. YTW: July 2017 to December 2021





Total Return: December 21, 2020 to December 31, 2021



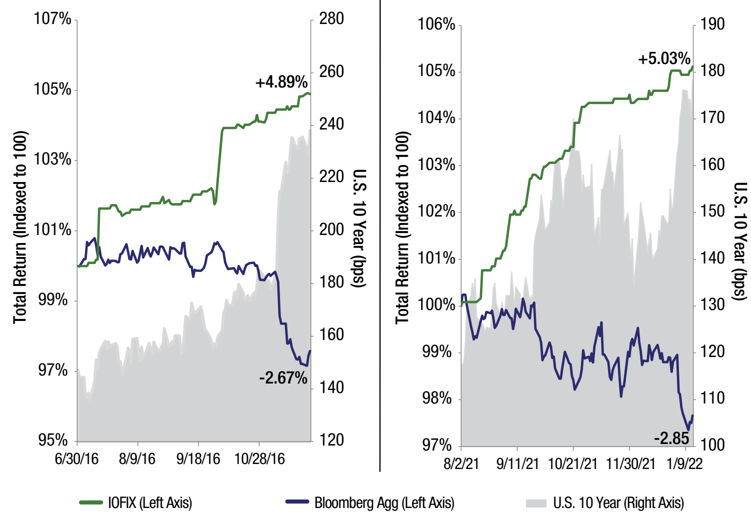
Source: Bloomberg. Data as of 12/31/21. Note: Performance are calculated as daily total return including dividends as of 12/31/21.

Over the past 30 years, we have seen yields continue to fall, and rates are so very close to zero that it is hard to imagine them going any lower. But such has been the case for the past 10 years. However, without a crystal ball or being reliant upon interest rate moves, we remain convinced that the Fund is a good place to generate returns that are not reliant upon flat or falling, or even rising, interest rates. Historically, the Fund has done well in a rising rate environment. Short rates going up will contribute to higher income/coupons, home price appreciation (we are tied to legacy home prices and not new issue prices) and enhanced credit support overall. Recall that 98% of the portfolio is tied to floating rate securities, which, as rates rise, will increase the coupon and income.

The following illustrates two examples when the Fund weathered rising interest rate environments:

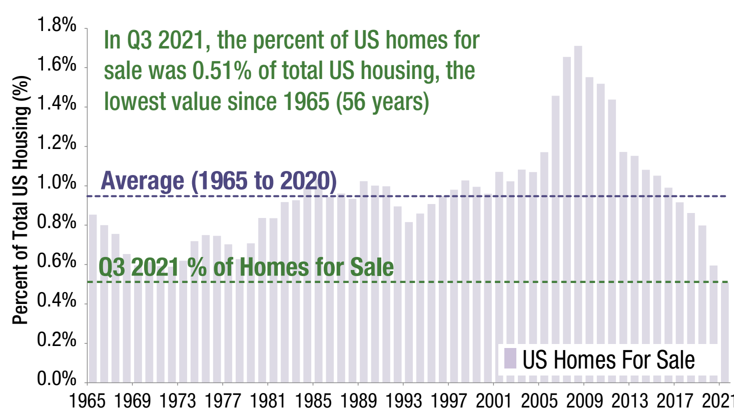
6/30/16 - 11/30/16
U.S. 10 Year Rises +91 bps (from 147 to 238 bps)

7/31/21 - 1/14/22
U.S. 10 Year Rises +60 bps (from 118 to 178 bps)



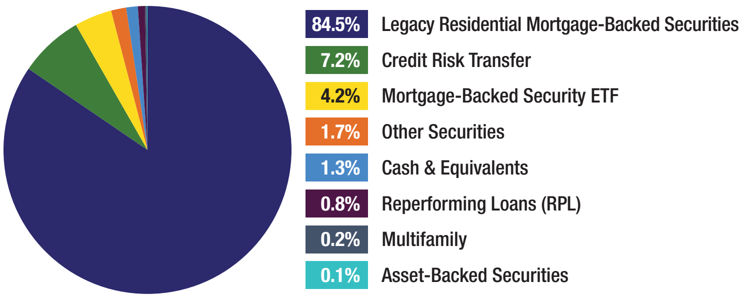
Source: Bloomberg and Barclays. Data as of 1/18/22. Barclays Agg uses "LBUSTRUU Index", U.S. 10 Year uses "USGG10YR Index". The time periods for the graphs above were selected to illustrate a period of rising interest rates.

Having looked at interest rate risks, it's time to quickly evaluate credit risks. As a reminder, the Fund is focused almost exclusively on housing and, most importantly, the legacy housing stock; i.e. homes purchased before 2008. The Fund is not buying equity exposure to housing and thus we are not dependent on housing prices going up. Rather, we are purchasing the debt and debt that has been purchased at a discount to its potential par value. We are tied to home prices back to 2005-2007 and, as home prices appreciate, this adds to our cushion and helps to build our credit quality. Despite the home price appreciation that has been significant over the past few years, housing remains affordable on a historical basis as measured by monthly mortgage payments relative to income where existing home sales comprise only 17.9% of income. Lastly, while demand and demand sentiment can change quickly, supply simply cannot. 2021 ended with the lowest housing inventory on record. Thus, we are seeing solid credit support for the US housing market and the Fund:



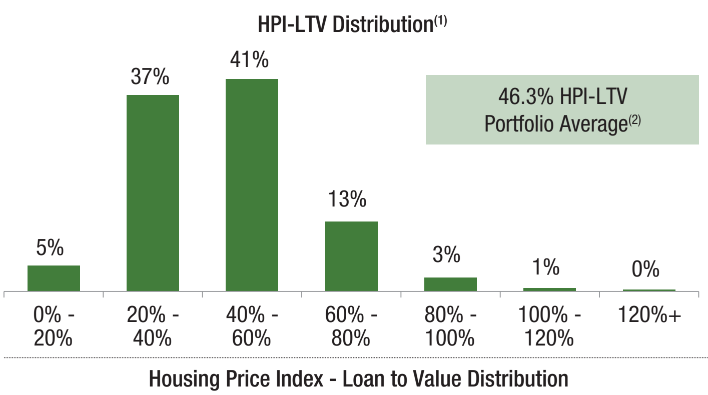
Source: US Census Bureau. Data as of 9/30/21.

Portfolio Allocation as of 12/31/21



Portfolio composition is subject to change and should not be considered investment advice.

Moving past the macro, we now would like to highlight some of the aspects specific to the Fund. Loan-to-value (LTV) ratios continue to drop and the portfolio is now seeing an average LTV balance of 46%. In addition, 96% of the portfolio has LTVs below 80% right now. This is driven by home price appreciation (even though we do not need to see home prices appreciate to improve the LTV) but also by natural amortization of these legacy positions where a larger and larger amount of the monthly payment goes towards paying down the principal. These LTV ratios provide additional cushion such that even if home prices were to drop by 40%, we would still see 20% equity in these homes.



Source: Intex. Data as of 9/30/21. (1) Calculations excludes cash equivalents (1.3%), bond ETFs/SFR (5.9%), and ABS (0.1%); in aggregate exclusions total 7.3% of portfolio. (2) Calculations include legacy RMBS securities (84.5% of portfolio).

Another important characteristic is that voluntary prepayment rates continue to climb, nearly doubling over the past few years to 11.8%. We forecast that mortgage rates may stay around the 5% level and thus, we anticipate seeing the prepayment rates staying at around 10-15% over the next few years. This benefits the portfolio as — the sooner the principal comes back, the higher the yield to maturities. Other areas to highlight: excess spread continues to compound and build structural support, delinquencies are going down and will continue to do so, and forbearance programs actually lead to additional support. Lastly, the Fund has been able to maintain its concentration in legacy NARMBS to nearly 85% of the portfolio. The average price of these bonds is at $94.88 but a lot of these securities have the potential to appreciate well above par because they can write back losses such that 100 is no longer the terminal point. Coming out of March 2020, we were actually able to sell many of the securities that we liked the least while holding on to the legacy securities. In addition to our line of credit, we have about 7% of the portfolio in what we consider a liquidity bucket, and the ETFs have held up reasonably well as a cash alternative. Even as time has passed, the size of the market that we like is still over $100B and we are able to put cash to work as necessary, since flows have come in at a reasonable and manageable pace allowing us to purchase what we need to manage the Fund.

The strength of the residential housing market has been beneficial to the Fund

We believe that the strength of the residential housing market, coupled with our investment in legacy securities, really puts the fundamentals of the Fund on firm footing. While the rate and fixed income environments appear to be in flux, we believe that the Fund is well-positioned for continued outperformance.

We remain grateful to our partners for their trust in us and their continued investment. We feel that our portfolio fundamentals are strong and continue to strengthen, especially in comparison to other fixed income investments.

Although we cannot predict the future, and there is no guarantee that the AlphaCentric Income Opportunities Fund will achieve its objectives, generate profits, or avoid losses, we feel that with the positive headwinds in the sector that the Fund has potential to grow. *α*

Bloomberg US Aggregate Bond Index: A market capitalization-weighted index that is designed to measure the performance of the U.S. investment grade bond market with maturities of more than one year.

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.

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.

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