AlphaCentric Symmetry Strategy Fund

Quarterly Commentary 4Q2021

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December 31, 2021 — The Symmetry strategy returned 14.07% for 2021. Over the course of the year, the traditional side of the portfolio, which invests in stocks and credit, contributed about two-thirds of the gain, with the alternative side about one-third. On the alternative side, commodity markets were the largest contributors as a strong demand rebound met tight supply. Positions in energy markets, industrial metals and grains all added. Currency markets were a small drag. The dominant macro trends – rising commodities, rising inflation, rising interest rates, and solid growth – reasserted themselves as the year came to a close.

Fund Performance as of 12/31/21 *(Annualized if greater than 1 year)*

Inception Date: 9/1/14	QTD	YTD	1 YR	3 YR	5 YR	Inception
Class I	-0.08	14.07	14.07	3.40	1.92	3.10
3-Month Treasury Bill Index	*0.01*	*0.05*	*0.05*	*0.99*	*1.14*	*0.83*
MSCI World/Bloomberg Agg	*4.50*	*11.11*	*11.11*	*13.93*	*9.46*	*6.68*

Inception Date: 8/9/19	QTD	YTD	1 YR	3 YR	5 YR	Inception
Class A	-0.13	13.99	13.99	-	-	4.19
Class C	-0.34	12.92	12.92	-	-	3.36
3-Month Treasury Bill Index	*0.01*	*0.05*	*0.05*	-	-	*0.62*
MSCI World/Bloomberg Agg	*4.50*	*11.11*	*11.11*	-	-	*12.42*
Class A After Sales Charges	-5.84	7.46	7.46	-	-	1.64

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, please call the Fund, toll free at 1-844-ACFUNDS (844-223-8637).

Past performance does not guarantee future results; there is no assurance that the Fund will achieve its investment objective.

The maximum sales charge for Class "A" Shares is 5.75%. Total Operating expenses for the Fund are 2.70%, 3.44%, and 2.45% for Class A, C, and I shares, respectively.

Market Overview

We seem to be in a macro driven world. As recently as October, the thought of persistent inflation was far from people's minds. This is not surprising, for the last 40 years, predicting a rise in inflation and interest rates has been a fool's gambit. It has been 40 years straight down in long-term rates. Some major economies breached the Zero Lower Bound, longer-term bonds approached zero. Then whole sovereign yield curves went negative. We even saw some negative-yielding corporate debt as well. Over time, people, markets and portfolios become conditioned to the dominant trend. Look at stocks. If markets are good at one thing, it is providing what investors want. Lots of equities moved to providing steady cash flows, because their stock prices were rewarded for doing so, and through stock-based compensation, so were the managers. How much of the S&P 500 is allocated to cash-flowing, big-cap, tech service companies – stocks that are, effectively 70-year bonds? If a man wants a green suit, turn on the green light. Another side effect – with zero rates and slow growth, investors also pay huge multiples for any potential growth in highly speculative stocks.

The enormous fiscal and monetary stimulus in response to the pandemic has created unpredictability on many levels.

Here's the question – is the tide changing? We have seen enormous fiscal and monetary stimulus in response to the pandemic, which has created uncertainty. Clearly, the initial hopes that inflation would be short-lived were wide of the mark, inflation is running at the highest in 40 years and has been slower to fade than many expected. Some of this is supply-driven, as economies are opening up at different rates. Some of it is demand-driven. Workers seem to now have bargaining power that both this administration and the last wanted. A fundamental long-lasting rebalancing of the economy in which the lower half of the income distribution can see great job prospects, rising wages, and rising living standards should be welcomed wholeheartedly. The economic implications could be profound – workers would spend much more of the economic pie if it were allocated to them. This has implications for inflation and resource utilization. These forces are meeting another impact of the pandemic – those leaving the labor force have tended to be older, often doing physical jobs that were finding it hard to attract new labor entrants beforehand. It makes sense for them – maybe they are more nervous about the virus, used stimulus checks to tide them over to retirement or been needed to help with looking after grandchildren. Many are cashing in houses in metropolitan areas and moving to cheaper areas where work from home is a bit easier. At the same time, we are seeing a massive transfer of wealth from baby boomers to their children – only this time inheritances are being split amongst fewer children, and are being done with house prices, stocks and bonds at record valuations. For the first time in a generation, the drivers of disinflation, may be turning, and actual economic growth is shifting into higher gears.

As the older generation leaves the labor force and baby boomers are transferring wealth to their children, the drivers of disinflation may be turning

2022 Outlook

"Will the bond market supertanker turn?" and "What does that means for portfolios?" are big questions to consider. Spoiler – we don't know, and neither does anybody else. What we do know though, is that portfolios are tilted one way, and risks to the old consensus have clearly risen. Portfolios have actual bonds, and manufactured bonds; both of these have low yields and a long duration. We are humble enough to recognize that rates and inflation could be pretty much anywhere in a few years.

However, we do think that the range of outcomes is particularly wide at this juncture, and that investors should have a portion of their portfolio tilted the other way, with exposure to higher economic growth, higher inflation and higher rates.

Q: How does one do that?

Q: What stocks are 'shorter duration' and do well in positive growth surprises?

Q: How do you get direct inflation and higher rates exposure?

A: On the equity side: Value equity.

Earnings are in the here and now, not the future. They are often levered to economic growth; higher nominal revenues impact the equity value more and can act like options.

A: On the bond side: Dynamic fixed income exposures. ***(At least for now.)*** Sometimes the right thing to do is be short or stand aside. Let rates float up to reflect the new world, find a new equilibrium.

A: For direct inflation: Commodity positions can help a lot.

They are direct. As we have written before, commodities can have a role in portfolios. *(Click to Read: Thinking About Commodities)* Commodity markets need to clear. You just cannot look through to a distant future like you can with stocks, to the other side of a cycle. That's how crude oil can trade negative and natural gas can go to the moon. Crude oil storage can run out and it needs to go somewhere. And when your house is freezing in winter, you need some natural gas at that moment, not in 2 years time, so prices can spike. Those elasticities are what really help in portfolio contexts – both long and short.

The common theme running through the non-equity side is ***adaptability***. Sometimes long bonds and short commodities makes sense – and that's fine! Sometimes short bonds and long commodities makes sense. That's fine too. The important part is the adaptability to the changing times. As we look around currently, many things are unprecedented, the range of outcomes wide. We see lots of portfolios that have ridden the lower-growth/lower-yields supertanker for a long time and found themselves now with real questions as the supertanker is turning. We think our approach makes sense in that world. α

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.

BofA Merrill Lynch 3-Month U.S. Treasury Bill Index tracks the performance of the U.S. dollar denominated U.S. Treasury Bills publicly issued in the U.S. domestic market with a remaining term to final maturity of less than 3 months. You cannot invest directly in an index.

MSCI World/Bloomberg Agg "blended index" reflects an unmanaged portfolio of 60% of the MSCI World Index and 40% of the Bloomberg U.S. Aggregate Bond 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.

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