

AlphaCentric Robotics & Automation Fund

Quarterly Commentary 1Q2022



GNXIX
GNXAX
GNXCX

March 31, 2022 — The S&P 500 posted its all-time record high on January 4th, the second trading day of the new year. The market subsequently declined by 14.6% over 51 days. The decline began with increasing concerns over continued hot inflation data, and then accelerated on the news of war in Eastern Europe.

Russia's invasion of Ukraine on February 24th marked the low for the year, so far. But since then, inflation data has worsened in conjunction with the coordinated economic sanctions imposed upon Russia by NATO allies. The ban on Russian oil and gas imports has had an acute impact on energy prices, driving WTI crude to levels not seen since 2014. The question that remains is whether or not the February lows will hold.

The AlphaCentric Robotics and Automation Fund declined -17.95%, for the three-month period ended March 31, 2022. Results fell short of the S&P 500 Total Return Index, which declined by just -4.60% during the same period.

Fund Performance as of 3/31/22 (Annualized if greater than 1 year)

Inception Date: 5/31/17	QTD	6 MOS	YTD	1 YR	3 YR	Inception
GNXIX	-17.95	-14.26	-17.95	-14.21	8.66	9.57
GNXAX	-18.01	-14.37	-18.01	-14.42	8.38	9.28
GNXCX	-18.18	-14.68	-18.18	-15.09	7.58	8.47
S&P 500 TR	-4.60	5.92	-4.60	15.65	18.92	16.00
MSCI ACWI TR (Gross)	-5.26	1.15	-5.26	7.73	14.30	11.75
Class A w/ Sales Charge	-22.72	-19.30	-22.72	-19.34	6.26	7.95

The performance data quoted represents past performance, past performance does not guarantee future results, the investment return and principal value of an investment will fluctuate so that when redeemed, it may be worth more or less than their original cost, and current performance may be lower or higher than the performance data quoted. To obtain performance data current to the most recent month-end, please call 844-ACFUNDS(844-223-8637) or at our website www.AlphaCentricFunds.com.

The maximum sales charge for Class "A" Shares is 5.75%. The Fund's total operating expenses are 2.10%, 2.85%, and 1.85% for Class A, C, and I shares, respectively.

Market Overview

Key to the Fund's underperformance over the past three-month period was the rise in 10-year Treasury yields, which peaked at 2.5% during the

quarter. The spike in yields was the direct result of a wholesale shift in Fed policy from easing to tightening, as the FOMC has now turned their full attention toward curbing run-away inflation. The Fed's current forward guidance is quite hawkish, suggesting a potential 200 bps increase in the Fed funds rate over the next year.

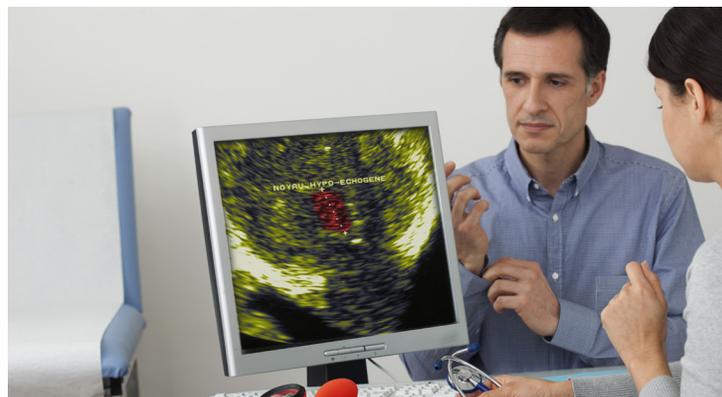
“Despite their superior growth dynamics, robotics and automation stocks have become the collateral damage of a rising rate environment.”

As discussed in our 4Q2021 commentary, the valuations of long-duration equities, especially early-stage, disruptive technology companies – such as those which reside in our portfolio, are adversely affected by rising interest rates. Again, the problem is that the valuations of these companies derive from their projected future cash flows. Periods of high inflation cause the Fed to raise interest rates, thus future cash flows are deemed to have less value because investors must now discount them at a higher rate. The higher the discount rate, the lower the net present value of future cash flows.

Despite their superior growth dynamics, robotics and automation stocks have become the collateral damage of a rising rate environment. In our view, this is a temporary condition, but it may require some patience.

Fund Overview

Irrespective of these macro headwinds, a number of our core holdings were able to transcend adversity and deliver strong Q1 performance.



ProCept Biorobotics, one of the Fund's top holdings, offers image-guided, heat-free robotic therapy for lower urinary tract symptoms due to benign prostatic hyperplasia

Procept Birobotics (PRCT), a leader in robotic therapy for the treatment of lower urinary tract symptoms due to benign prostatic hyperplasia, and the Fund's second largest holding, was the top contributor during the quarter, posting a gain of 39.90%.

Aerovironment (AVAV), a maker of unmanned aircraft used in military and border patrol operations, is the Fund's fifth largest position. The stock was up 51.77% during the period.

Dragonfly (DPRO) is a leader in the professional drone and UAV industry, whose products have significant public safety and law enforcement applications. The stock added 46.01% to its market cap in Q1.

AEye (LIDR), a developer of leading-edge, adaptive LiDAR using deterministic artificial intelligence for autonomous vehicles, logged a 13.02% gain for the quarter.

KUKA (KU2 GR) gained 10.65% during the period. It is a leading global supplier of intelligent automation solutions to the automotive, electronics, consumer products, and healthcare verticals.

Yet, several of the Fund's core holdings stood out on the downside as well during the quarter, including: Stereotaxis (STXS), Nidec Corp (6594 JP), Tecan Group (TECN SW), Aurora Innovations (AUR), and (Omniceil (OMCL), declining between -28% and -51%.

Top Ten Holdings as of 3/31/22

Holding	% of Portfolio
FANUC Corp	4.52%
PROCEPT BioRobotics Corp	4.45%
Intuitive Surgical Inc	3.84%
Stereotaxis Inc	3.79%
AeroVironment Inc	3.59%
ABB Ltd	3.53%
Yaskawa Electric Corp	3.52%
Infineon Technologies AG	3.49%
AMETEK Inc	3.39%
Omnicell Inc	3.29%

Holdings are subject to change and should not be considered investment advice. Current and future portfolio holdings are subject to risk.

Outlook

The good news is that rising rates are also their own solution to the problem for automation and robotics plays. They ultimately slow economic activity, making growth scarce, and increasing the premium that investors are willing to pay for sustainable growth stocks such as those that comprise our universe.

Until then, we believe the Fund may benefit from certain inflationary trends with respect to labor shortages, supply chain disruptions, and logistical bottlenecks through numerous portfolio exposures, especially GXO Logistics and Aurora Innovations.

Looking forward, we remain committed to identifying and positioning around innovative companies with pioneering technologies that have the potential to change the world. In our view, this is the cornerstone to creating long-term value for our shareholders. 

Important Risk Information

Investing in the Fund carries certain risks. The Fund may invest a percentage of its assets in derivatives, such as futures and options contracts. The use of such derivatives and the resulting high portfolio turnover 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 option strategies. Securities of robotics and automation companies, especially smaller, start-up companies tend to be more volatile securities than securities of companies that do not rely heavily on technology. Smaller sized companies may experience higher failure rates than larger companies and normally have a lower trading volume than larger companies. Rapid change to technologies that affect a company's products could have a material adverse effect on operating results. Robotics and automation companies may rely on a combination of patents, copyrights, trademarks and trade secret laws to establish and protect proprietary rights in their products and technologies. The Fund is non-diversified and as a result, changes in the value of a single security may have a significant effect on the Fund's value. The Fund is subject to regulatory change and tax risks; changes to current rules could increase costs associated with an investment in the Fund. Investments in international markets present special risks including currency fluctuation, the potential for diplomatic and political instability, regulatory and liquidity risks, foreign taxations and differences in auditing and other financial standards. Emerging market securities tend to be more volatile and less liquid than securities traded in developed countries.

The **MSCI ACWI TR Index** is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets.

The **S&P 500** is a stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the U.S. There is no assurance that the Fund will achieve its investment objective.

You cannot invest directly in an index and unmanaged index returns do not reflect any 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.

CONTEGO CAPITAL
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