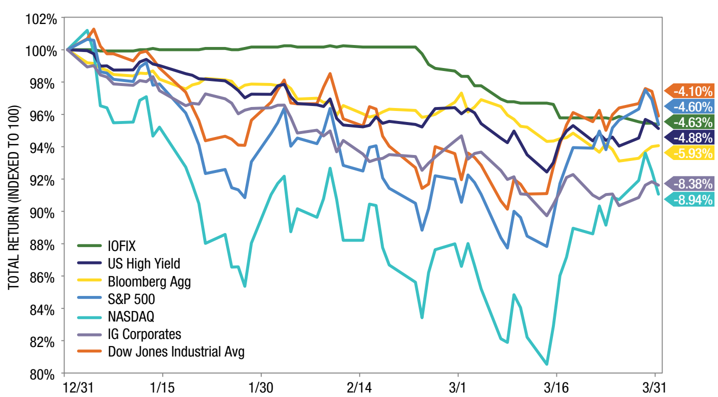
AlphaCentric Income Opportunities Fund
Quarterly Commentary 1Q2022

IOFIX
IOFAX
IOFCX

March 31, 2022 — Q1 2022 represents a sharp contrast from 2021; war, inflation, interest rate hikes, etc. have all had an impact across global markets. While oil and commodities have been off to the races, the bond market has faced significant setbacks. Through the end of Q1, the Bloomberg US Aggregate Bond Index was down 5.9% which is two times lower than the worst year ever! The bond route is evident in investment grade, corporate, and even Residential Mortgage-Backed Securities. The AlphaCentric Income Opportunities Fund was not immune to these technical pressures as the Fund finished Q1 down -4.63%:

Performance Comparison YTD 12/31/21-3/31/22



Source: Bloomberg

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

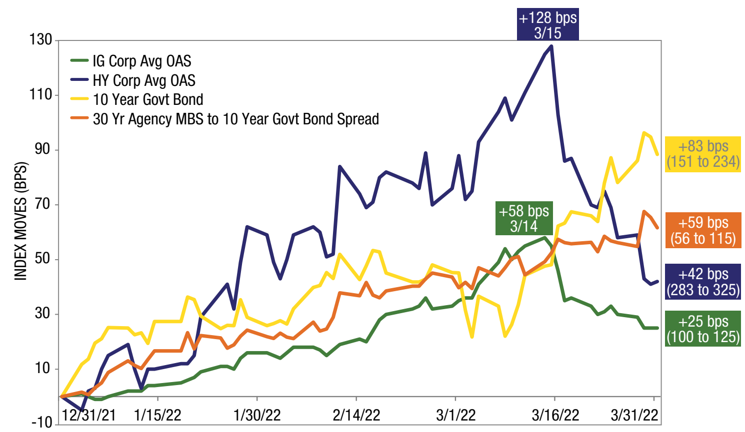
Inception Date: 5/28/15	QTD	YTD	1 YR	3 YR	5 YR	Inception
IOFIX	-4.63	-4.63	3.93	2.34	4.90	6.98
IOFAX	-4.70	-4.70	3.68	2.11	4.64	6.72
IOFCX	-4.89	-4.89	2.92	1.33	3.86	5.93
Bloomberg US Agg. Bond TR Index	*-5.93*	*-5.93*	*-4.15*	*1.69*	*2.14*	*2.03*
Class A After Sales Charges	-9.25	-9.25	-1.22	0.47	3.63	5.96

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 4.75%. The Fund's total operating expenses are 1.96%, 2.71%, and 1.71% for the Class A, C, and I Shares respectively.

Volatility caused by inflation, war, and rates have significantly impacted spread products. Looking primarily at the 10-year treasury rate and its increases thus far (with promises of more to come), volatility and softness has been a drag to products priced to rate benchmarks and spreads. At the same time, we have seen the 30-year mortgage rate increase 45% up to 4.67% in Q1 alone. Credit spreads are widening and government rates have risen to start off 2022:

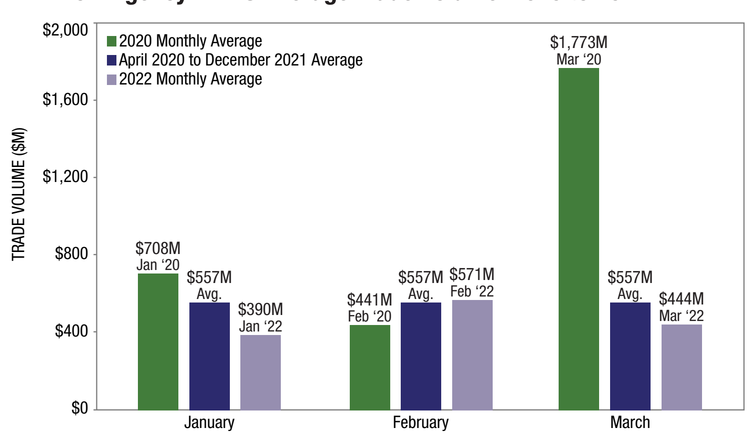
Indexed Growth 12/31/21-3/31/22



Source: Bloomberg

Despite the pain in the fixed income markets, we are not seeing near the outflows or the pain that we saw in March 2020 when outflows were historic by exponential numbers. In the NARMBS space where the Fund invests, we have seen price stability in line with historical averages; we are not seeing forced selling or massive liquidations. While the sector has been dragged down by technical factors including supply, demand, and relative value of corporates, in terms of pricing, we are still holding up in terms of returns and fundamentals:

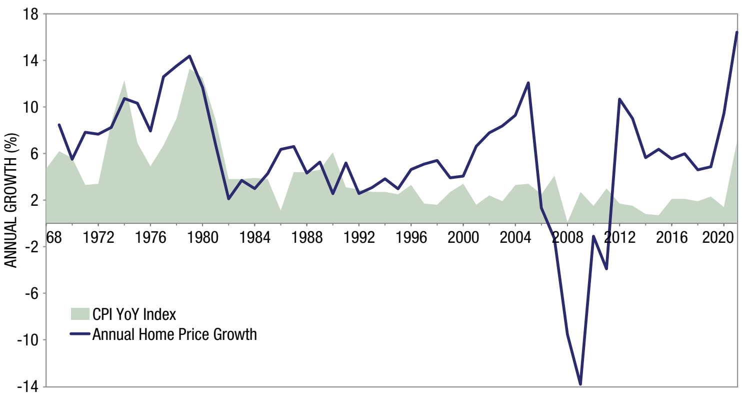
Non-Agency RMBS Average Trade Volume: 2020 to 2022 YTD



Source: TRACE FINRA

It is the fundamentals of the residential housing market that are shining brightly as a potential hedge to inflation, as housing has historically done, and that leaves us optimistic about the Fund. Housing has held value during inflationary periods and is a good asset class to hold when there is heightened risk of inflation.

Annual Home Price and CPI Year Over Year Growth: 1968 to 2021



Source: Bloomberg

Some of the fundamental factors that highlight residential housing and the Fund:

- Decreasing delinquencies
- Homeowner equity and increasing LTVs
- Historical housing affordability
- Lows in housing supply across housing tiers

Let's consider just one of those variables — homeowner equity as measured by LTV. But first - a quick refresher:

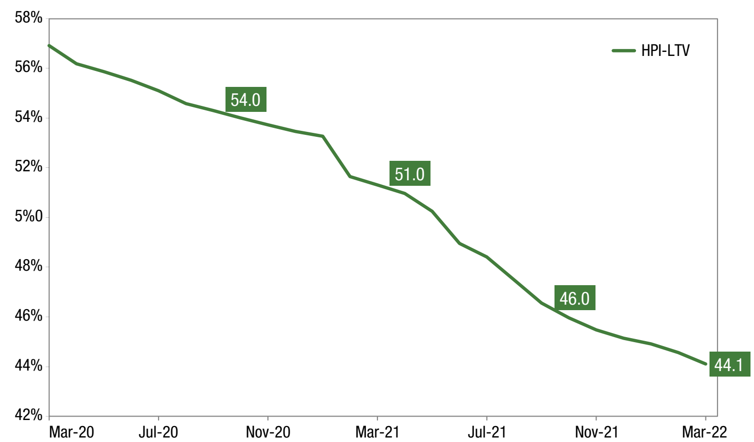
Loan-to-Value Ratio

Loan-to-Value Ratio is an assessment of lending risk which compares the loan amount to the current market value of a home. The higher the LTV ratio, the greater the risk, the higher the interest rate.

$$\text{LTV Ratio} = \frac{\text{Loan Amount}}{\text{Appraised Value of the Property}}$$

- The average LTV in the Fund is now 44.1%.
- That means on average, the homeowners in our portfolio have 56% equity in their homes
- Thus, consider that the average home owner in the portfolio has been in their home for nearly 15 years
- That homeowner also now has over 50% equity in their home
- They are much less likely to walk away from that equity and their home in times of hardship
- However, even if they are forced to sell, the home only needs to sell for 44 cents on the dollar to "breakeven" and thus have investors made whole
- The average home in the portfolio is valued at $341K — meaning the average sized loan is $150K
- We own homes in the "starter home," low-tier segment of the market, where we are seeing significant demand but limited, stressed supply with no end in sight:

Portfolio HPI-LTVs: Last 2 Years



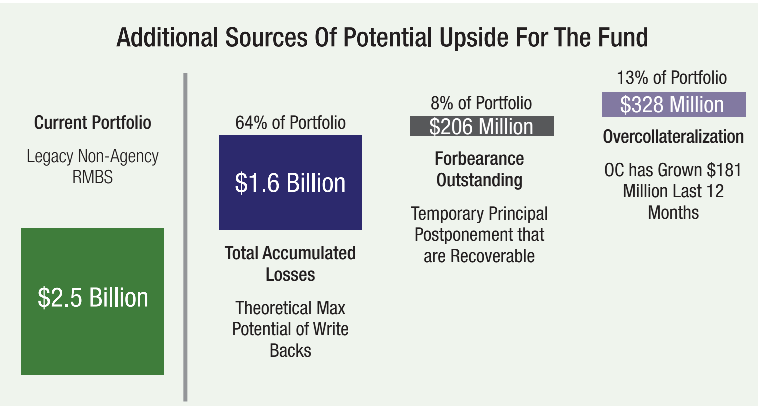
Source: Bloomberg

While increasing mortgage rates may "cool off" housing, we do not see it manifesting in a decrease in home prices but rather a decrease in the rate of increase. Something we welcome — it would be good for the market. All the while, housing is a great hedge to inflation.

But, let us not forget the other layers of credit support available to investors:

- **Excess interest** is still hovering near 280 bps
- 97% of the Fund is in **floating rate securities** that will increase our coupons as rates rise
- The **average price of bonds** in the portfolio are lower than they were a quarter ago and are still at a near 10% discount to par
- **Forbearance and overcollateralization** provide additional upside

Because of redemptions, the Fund is left with a larger concentration of securities with losses and can be written up by overcollateralization and forbearance. In fact, around 60% of the securities can appreciate above par value and this value grows each and every year. These securities are potentially of the highest value and most sought after in the market:



Source: Bloomberg, Intex, WebbsHill. Data as of 3/31/22.

Overall, we are disappointed whenever our total return is negative. But seeing how the fund and sector have been holding up relative to the fixed income markets in general, we remain positive and optimistic for the future. The fundamentals of housing and thus the Fund are in outstanding shape. Because of redemptions in the quarter, we have seen the sector able to hold up to selling as the market has remained stable despite the sales of securities. It appears that some of the technical pressures are beginning to wane and this should provide an optimistic outlook for the Fund as the fundamentals strengths factor in.

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 fundamentals 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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