AlphaCentric Strategic Income Fund
Quarterly Commentary 1Q2022

SIIIX
SIIAX
SIICX

March 31, 2022 — The Fund's I Shares returned -3.40% for 1Q2022, outperforming the Bloomberg US MBS Index which came in at -4.97%. While we ended the quarter with a sense of discontent due to negative performance, many investors felt worse pain as the overall market was a sea of red, with few exceptions, to start the year. In 1Q2022:

- The S&P 500 was down 5% (in early March, the index was down as much as 13% as a sense of panic was palpable in the market).
- The MSCI REIT Index posted similar performance as it was down 4% for the quarter (in late February, it was down as much as 12%).
- The Bloomberg Aggregate Bond Index was down 6% (bonds certainly were not unscathed)

As mentioned in our 2022 outlook, we anticipated market volatility this year and specific headwinds for bonds, given the Federal Reserve's expected tightening cycle. Volatility gripped the market faster than we expected as Russia decided to invade Ukraine, resulting in human tragedy, exacerbated supply chain disruptions and a highly emotional investing environment. Bonds had their worst quarter in almost 50 years as Treasury yields skyrocketed, and a flattening yield curve caused many analysts to forecast an increased chance of a near-term economic recession. We won't spend much time commenting on the broad reasons for market declines, as the underlying forces have been widely publicized. We will say that we believe our flexibility to invest across the real estate capital structure (including RMBS, CMBS, corporate bonds, REITs, and other real estate related equities) proves valuable when markets are volatile and buying opportunities emerge seemingly out of thin air. We believe our flexibility also dampened our drawdown in the first quarter while putting us in a good position for the remainder of the year.

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

	QTD	YTD	1 YR	3 YR	5 YR	10 YR	Inception
SIIIX (Inception 8/1/11)	-3.40	-3.40	2.51	21.02	16.32	13.66	13.06
SIIAX (Inception 5/28/21)	-3.45	-3.45	-	-	-	-	0.02
SIICX (Inception 5/28/21)	-3.67	-3.67	-	-	-	-	-0.61
Bloomberg U.S. Mortgage Backed Securities Index USD	*-4.97*	*-4.97*	*-4.92*	*0.56*	*1.36*	*1.70*	*1.85*
Class A After Sales Charges	-8.01	-8.01	-	-	-	-	-4.73

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%. Total Operating expenses for the Fund are 2.12%, 2.87%, and 1.87% for Class A, C, and I shares, respectively.

Investment grade corporate bonds were down almost 8%, making them the worst-performing bonds in Q1

Market Overview

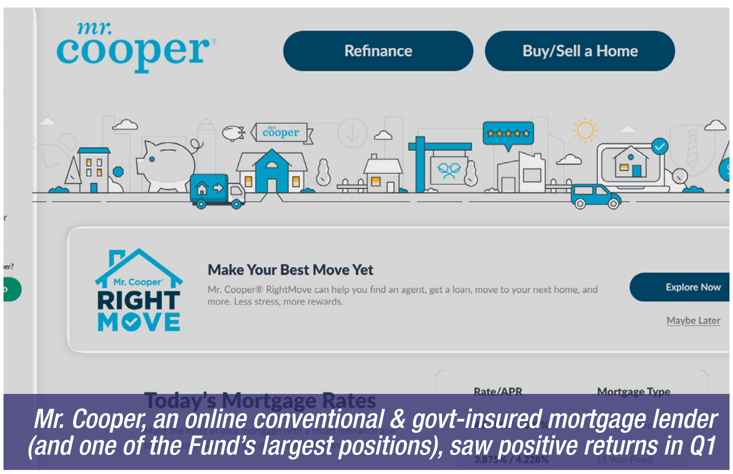
In the fixed income market, bonds that are lower in the capital structure and floating rate bonds both outperformed investment grade paper, which has more interest rate sensitivity. In fact, the worst-performing bonds in 1Q2022 were investment grade corporate bonds, which were down almost 8%, followed by Treasury bonds, which were down roughly 6% on average. As previously iterated, just because credit risk is low on a bond doesn't make it safe from price declines.

In real estate-backed structured credit, the best-performing part of the market was senior Agency CRT bonds, which were basically flat for the quarter, followed by legacy RMBS, which was down 1-2%. In legacy RMBS, we did witness price appreciation in certain sub-sectors since not all legacy RMBS bonds have positive duration. For example, some floating rate, Alt-A legacy RMBS bonds have significant negative duration (prices rise as interest rates rise) and appreciated in price multiple points for the quarter. Agency RMBS, CMBS, and Non-Agency CMBS were all down roughly 5% as fixed rate coupons and widening credit spreads pushed prices down.

Liquidity felt relatively thin for several parts of the structured credit market in March although the absence of significant outflows from mutual funds and hedge funds precluded a material amount of forced selling.

High yield corporate bonds were also down close to 5% in the quarter as credit spread widening and interest rate fears caused more selling than buying. In the beginning of March, prices for corporate bonds of mortgage originators gapped lower, as fears of reduced profitability for mortgage originators weighed on the market. Prices rebounded slightly later in the month, as yields ranging from 6-10% lured buyers to the market.

Total returns for equity REITs were also broadly negative for the quarter but were more mixed, versus the bond market. Lodging, healthcare, and office REITs actually had positive returns in the high single digits in 1Q2022. The remaining sectors of the equity REIT market were down in price with the worst performing parts of that market being malls, manufactured housing, data centers, and infrastructure – all of which were down roughly 10%.



Mr. Cooper, an online conventional & govt-insured mortgage lender (and one of the Fund's largest positions), saw positive returns in Q1

Mortgage-related equities, where SIIIX is overweight, also had mixed performance for the quarter. While the NAREIT mortgage REIT index was down 5% for the quarter, mortgage REITs and servicers that have strong positions in mortgage servicing rights (MSRs) fared better. MSR holders get paid a servicing fee and benefit when interest rates rise, since refinancing activity slows down and the servicing fee stream extends. Given the recent increase in mortgage rates, a very large percentage of mortgages are now "out of the money" and have no economic incentive to refinance. Two of SIIIX's largest positions, Mr. Cooper (COOP) and New Residential (NRZ), generated positive total returns for the quarter. COOP and NRZ are the two largest non-bank holders of MSRs in the market — in addition to having, in our opinion, other sources of overlooked value. Mortgage REITs and originators/servicers with less defense against rising interest rates generally underperformed. Some residential mortgage REITs ended March trading at a 20%+ discount to tangible book value. Mortgage REITs that have strong management, for example Ellington Financial (EFC), also fared better as the market had more confidence in their ability to navigate higher interest rates and capitalize on buying opportunities.

Fund Overview

In the Portfolio, the only sales made were legacy RMBS bonds that had a large amount of interest rate duration. While a large portion of the legacy RMBS market has floating rate coupons, some floaters, which have significant fixed rate collateral, experience coupon shortfalls as interest rates rise. While these bonds are attractive in a low (and slightly rising) interest rate environment, when interest rates move up sharply, they become exposed to price declines – especially because RMBS deal calls decelerate as interest rates rise.

Our purchases for the quarter spanned across a wide range of securities. On the equity side, some of our purchases included commons shares of:

- A mortgage insurance company trading at a discount to book value
- Residential mortgage REITs trading at a discount to book value and with high single-digit dividend yields
- A senior housing REIT
- Mortgage servicers
- Home builders (given recent sharp drawdowns and conservative home price appreciation estimates)

We also purchased preferred shares of commercial mortgage REITs.

In fixed income, purchases included:

- High yielding corporate bonds off of mortgage-related companies
- CMBS with solid credit support or defense against rising interest rates

We continued to avoid most parts of the equity REIT market given our belief that many parts of this market are either fully priced or have too much fundamental risk (especially offices and retail properties). We also continued to avoid long duration bonds in corporate credit, RMBS, and CMBS.

One of the better performing investments for the Portfolio was COOP, which as we previously mentioned is the largest non-bank holder of MSRs. COOP also has generally strong management, a valuable deferred tax asset, and significant off-balance sheet value through its ownership of an online foreclosure auction business. As foreclosure moratoriums fade away, profitability for this business should accelerate. COOP's management has been explicit in their intention to sell it when market conditions are appropriate.

One of the laggards in the portfolio for the quarter was Ocwen Financial

Corporation (OCN). After a mediocre 4Q2021 earnings announcement, OCN ended 1Q2022 trading at less than half of book value. Ironically, OCN is also a large holder of MSRs relative to its market cap — something we believe to be overlooked by the market. OCN also has a sizeable share of the reverse mortgage market which should be a growing market. After a significant amount of home price appreciation, many aging homeowners will be apt to tap home equity to fund living/healthcare costs as opposed to selling their house. OCN also holds legacy RMBS call rights which are marked at zero on its balance sheet. While RMBS call activity will slow down as interest rates rise, we believe these call rights still have meaningful value.

“We believe anxiousness related to the **Fed tightening cycle** could be the source of **prolonged volatility** across many different markets.”

Outlook

Despite the devasting situation in Ukraine, we believe the conflict may have less influence over the market as the year progresses. We believe anxiousness related to the Fed tightening cycle could be the source of prolonged volatility across many different markets. While rising interest rates should cool off the economy, it's important to remember that overall, the economy is very strong and should be able to withstand tightening financial conditions. We believe a recession should ultimately not transpire in 2022, despite a yield curve that is likely to stay stubbornly flat for most of the year.

Housing is also likely to cool off as the year progresses and mortgage rates rise. While higher borrowing costs decrease housing affordability in a vacuum, it also important to consider other factors, such as rises in wage income, when assessing the overall housing market. This is why most housing/mortgage rate charts historically show little correlation. While these forces will likely net out to still cause a decrease in housing affordability, we still expect above average home price growth for the year and a stable housing market. The overarching issue in the housing market is a dearth of inventory which we believe could take years to correct. Higher mortgage rates, while reducing housing demand, could also reduce supply as *would-be* sellers are dissuaded from moving as they would likely have to pay higher financing costs if they purchase a replacement house. In general, strong mortgage fundamentals are contingent upon a stable housing market but do not require a significant amount of home price appreciation.

We believe real estate-related securities should generally perform well in 2022 as real estate has historically been an effective inflation hedge. Securities that have attractive yields should also help to mitigate potential price declines resulting from broader market volatility. Mortgage originators that are underexposed to MSRs are likely to underperform mortgage originators/servicers and mortgage REITs that own a significant amount of MSRs. Mortgage companies that have some combination of attractive investment portfolios, origination capability, and off-balance sheet value should be able to achieve attractive returns for the remainder of the year. Equities trading at discounts to book value should also provide an additional margin of safety as share buybacks are likely to accelerate.

Securities with long duration, from fixed rate bonds to growth stocks that depend on low discount rates, will likely struggle in 2022 as the Fed undoubtedly executes a series of increases in the Fed Funds rate. We believe deep value investments with good fundamentals, many of which were punished in 1Q2022, are likely to be “the place to be” for the balance of the year.

Overall, we believe managers that are nimble and have flexibility to invest across the capital structure could have an advantage as temporary market dislocations present opportunities. α

Disclosure

Performance shown before May 28, 2021 is for the Fund's Predecessor Fund (Strategos Deep Value Fund LP). The prior performance is net of management fees and other expenses including the effect of the performance fee. The Predecessor Fund had an investment objective and strategies that were, in all material respects, the same as those of the Fund, and was managed in a manner that, in all material respects, complied with the investment guidelines and restrictions of the Fund. From its inception to May 28, 2021, the Predecessor Fund was not subject to certain investment restrictions, diversification requirements and other restrictions of the 1940 Act or the Code, which if they had been applicable, might have adversely affected its performance. In addition, the Predecessor Fund was not subject to sales loads that would have adversely affected performance. Performance of the Predecessor Fund is not an indicator of future results.

Bloomberg US Mortgage Backed Securities (MBS) Index: Tracks fixed-rate agency mortgage backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

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.

MSCI US REIT Index: A free float-adjusted market capitalization weighted index that is comprised of equity Real Estate.

S&P 500 Index is considered to be generally representative of the U.S. large capitalization stock market as a whole.

There is no assurance that the Fund will achieve its investment objective.

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.

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.

The Fund is subject to foreign securities risk and industry concentration risk. The Fund's investments may be concentrated in an industry or group of industries that are more vulnerable to adverse market, economic, regulatory, political or other developments affecting the industry or group of industries than a fund that invests its assets more broadly. These factors may affect the value of your investment.

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