AlphaCentric Robotics & Automation Fund

Quarterly Commentary 2Q2022

AlphaCentric
Invested in Innovation

GNXIX
GNXAX
GNXCX

June 30, 2022 — An abrupt, hawkish pivot in monetary policy by the Fed caught investors broadly offsides during the second quarter. Following a token 25 bps rate hike in March, the CPI and PPI reports over the subsequent months recorded the highest inflation data seen in over 40 years. This led Fed Chairman Powell and company to respond with additional rate hikes of 50 bps in May and 75 bps in June, leaving markets to ponder over an additional 75-100 bps hike in July before any reprieve is to be expected. The adverse effect on markets from the resulting indiscriminate selling pressure has not been witnessed since the second quarter of 2020, amidst the background of a global pandemic.

The AlphaCentric Robotics and Automation Fund (the "Fund") declined 24.01%, for the three-month period ended June 30, 2022. The results fell short of the S&P 500 Total Return index (the "Benchmark"), which declined by 16.10% during the same period – its worst quarterly performance since the great financial crisis in 2008!

Fund Performance as of 6/30/22 *(Annualized if greater than 1 year)*

Inception Date: 5/31/17	QTD	6 MOS	YTD	1 YR	3 YR	Inception
GNXIX	-24.06	-37.70	-37.70	-37.75	-1.68	3.33
GNXAX	-24.11	-37.77	-37.77	-37.93	-1.93	3.06
GNXCX	-24.22	-37.99	-37.99	-38.37	-2.66	2.30
S&P 500 TR	*-16.10*	*-19.96*	*-19.96*	*-10.62*	*10.60*	*11.25*
MSCI ACWI TR (Gross)	*-15.53*	*-19.97*	*-19.97*	*-15.37*	*6.71*	*7.51*
Class A w/ Sales Charge	-28.46	-41.35	-41.35	-41.50	-3.86	1.86

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

The Robotics and Automation (R&A) sector declined by a comparable 22.89% during the quarter, driven by a variety of macro factors, which included:

> **Higher Interest Rates** – and by extension, higher discount rates for high growth companies operating in disruptive technology fields – resulting in P/E multiple contraction;
>
> **Supply Chain Disruptions, Higher Raw Material Costs, And Increased Freight Costs**, driving increased COGS and resulting in EPS short falls; and
>
> **A Strong U.S. Dollar** leading to slowing sales trends due to the decline in purchasing power parity for foreign buyers of U.S. made products, and depressed net asset values of foreign company holdings in U.S. portfolios.

In addition, small-cap companies lagged the sector substantially due to their low relative floats as liquidity conditions became more restrictive.

Fund Overview

Whereas the Fund fell only modestly short of the sector's performance this quarter, it can be attributed entirely to a single long-term core holding -- Stereotaxis (STXS). The stock declined by 50.67% during quarter, accounting for 220 bps of the Fund's negative performance, or more than four times the average decline within the portfolio. But worry not, as this has been one of our highest conviction investments looking back over the past two years. Our understanding of the business is second to none, and based upon our research and due diligence, it is our belief that the company's prospects remain exceptionally bright. In our opinion, STXS is a company that has true *ten-bagger* potential. And while some portfolio managers may steer clear of stocks like this due to their small market-caps, low floats, and inherent volatility, we recognize that it is these same characteristics that give this stock the ability to reach that potential.

Ten Bagger Stocks

Popularized by famous Wall Street investor, Peter Lynch, the term *ten bagger* refers to an investment that generates a return of ten times the initial amount of the investment. In other words, a 1,000% return on investment (ROI). Lynch adapted the term from baseball where additional base hits are also referred to as "baggers."

On the positive side, our largest position as of quarter end was Procept Biorobotics (PRCT), a surgical robotics company that develops transformative solutions for minimally invasive procedures in the multibillion-dollar urology space. While down 6.57% during the difficult Q2 environment, the stock dramatically outperformed both the market and its R&A peer group resulting in a mere 34 bps of negative impact on the portfolio. This is a core holding for the Fund.

Also smartly outperforming, was our second largest position – Fanuc Corp (6945 JP), a maker of highly specialized, factory automation equipment. The stock declined by 12.31% during the quarter, trimming just 54 bps off the Fund's NAV. Yet, the trend toward factory automation remains deeply entrenched in the long-term strategic plans for global manufacturers of every ilk. As such, our confidence in the long-term outlook for Fanuc's business remains unshaken.

Thankfully, we also had a few stocks in the Portfolio whose performance during the quarter was actually positive. Not least of which was Vuzix Corp (VUZI), a maker of augmented reality wearable displays and computing devices with both huge military and civilian applications. VUZI was up 7.58%, adding 30 bps to the NAV of the Fund.

Top Ten Holdings as of 6/30/22

Holding	% of Portfolio
PROCEPT BioRobotics Corp	5.54%
FANUC Corp	5.30%
AeroVironment Inc	4.18%
Krones AG	3.87%
Omnicell Inc	3.85%
ABB Ltd	3.84%
Yaskawa Electric Corp	3.82%
Vuzix Corp	3.61%
GEA Group AG	3.50%
Siemens Healthineers AG	3.44%

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

Outlook

Looking forward, we would note that the size of the global robotics market is expected to reach $74 billion by 2026, according to the well-regarded industry think tank Mordor Intelligence. That translates to an approximate 17.5% compound annual growth rate. The key end-markets driving this growth include Automotive, Food & Beverage, Electronics, Logistics Services, Military & Defense, and Medical & Healthcare Services. The largest growth is expected to come from Asia, followed by North America, and then Europe. Fanuc Corp is expected to be the largest beneficiary of this global investment trend, followed by Kuka AG. Both are large core holdings within the Fund. No one knows how the markets will ebb and flow over the next quarter or two, but over the next four years we are confident that our long-term investment thesis is fundamentally sound. α

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 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.

CONTEGO CAPITAL
Collaboration Stewardship Trust

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