AlphaCentric Symmetry Strategy Fund
Quarterly Commentary 2Q2022

AlphaCentric
Invested in Innovation

SYMIX SYMAX SYMCX

June 30, 2022 — The AlphaCentric Symmetry Strategy Fund returned -1.65% in Q2 2022. Following a tough first quarter, risk assets took a second, and deeper leg lower in the second quarter, with all major equity indices seeing double digit drops. The capital markets side of the Portfolio was not immune and also returned a loss, while the trading markets side saw gains with commodity, fixed income, and currency markets all contributing positively. This is a real-time example of the diversification at the heart of the portfolio – the symmetrical construction we strive to achieve.

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

	QTD	YTD	1 YR	3 YR	5 YR	Inception
SYMIX (Inception 9/1/14)	-1.65	4.76	4.77	5.43	3.35	3.51
3-Month Treasury Bill Index	*0.11*	*0.14*	*0.17*	0.63	1.11	*0.80*
MSCI World/Bloomberg Agg	*-11.94*	*-16.91*	*-13.32*	3.16	4.16	*3.76*
SYMAX (Inception 8/9/19)	-1.72	4.59	4.54	n/a	n/a	5.07
SYMCX (Inception 8/9/19)	-1.82	4.29	3.68	n/a	n/a	4.27
3-Month Treasury Bill Index	*0.11*	*0.14*	*0.17*	n/a	n/a	*0.57*
MSCI World/Bloomberg Agg	*-11.94*	*-16.91*	*-13.32*	n/a	n/a	*3.66*
Class A After Sales Charges	-7.39	-1.42	-1.45	n/a	n/a	2.94

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 visit www.AlphaCentricFunds.com.

The maximum sales charge for Class "A" Shares is 5.75%. The Fund's total operating expenses are 2.70%, 3.44%, and 2.45% for the Class A, C, and I Shares respectively.

"The **elephant in the room** for markets in the past few months has been the **continued rise in inflation** across the globe and what this has done to asset prices."

Market Overview

The elephant in the room for markets in the past few months has been the continued rise in inflation across the globe and what this has done to asset prices. Stocks and bonds have had awful starts to the year. Through the end of June, the S&P 500 is down 20%, long-dated government bonds 22%, high yield corporate debt down 13.8%, and investment grade corporate debt down 16.2%. In the macro space, we have seen a much stronger USD and commodity markets, with large price swings in grains and oil markets. Clearly the war in Ukraine is adding volatility. Central banks everywhere are moving quickly to raise interest rates to reset policy from the ultra-accommodative levels we saw during and post (hopefully now finally post?) pandemic to neutral and then an outright restrictive policy stance. The balance in doing this without overcorrecting and causing a recession is a fine line to tread. The shifts in policy are following the data, which is unusually volatile given the rollercoaster of activity during the past few years. As the markets follow and extrapolate the shifts in policy, volatility is amplified. Markets that were priced for near perfection – assuming low and predictable rates for years – have had to take a hard look in the mirror. The image that stares back is more uncertain and warrants lower prices. Although, strangely, activity data has been phenomenal. The first six months of the year have seen some 2.7m jobs added at an average ~450k per month, and the unemployment rate is matching records, with wages growing as well.

Fund Overview

The traditional side of the Symmetry Strategy – investing in a base position of stocks that our quant model sees as cheap, with a variable layer of trend models to increase exposures at times – has been running at the lower end of possible exposures ranges for the whole year. This has helped to sidestep much of the carnage seen in equity markets. We believe in maintaining a base position at all times as the moves up off the bottom when the markets get tired of dropping and the selling stops can be large and hard to catch. We hold positions here in companies that are in our view exceptionally cheap to fundamentals. By chance, but in keeping with the commodity focus elsewhere in the Fund, we hold many names in the energy and materials sectors. These are companies that are largely characterized as volatile and cheap, assuming that commodity prices do not drastically collapse. Many of them may make their whole market cap in free cash flow over the coming few years, and use the cash to either reduce debt, invest in future, much needed projects or return cash to shareholders. The tightness that we see in most all commodity markets looks to be here for the foreseeable future – many have long cycles of investment and have been structurally underinvested in, from a capital expenditures perspective, for many years. It just isn't possible to drastically alter the amount of oil or industrial metals we can supply that quickly. Certainly not as fast as is required by economies opening from pandemics with pent-up demand. One never knows for certain, but these may be good times to buy solid companies with long runways ahead at great prices.

> "The **alternative markets side of the portfolio** generally thrives on the market volatility that is typically a headwind for traditional investments."

The alternative markets side of the portfolio generally thrives on the market volatility that is typically a headwind for traditional investments. At the end of the day, commercial markets, like commodities, need to match buyers and sellers in the here and now. While stocks can often look past near term issues and valuation gets done on the totality of what that better future looks like, natural gas needs to find a home. This is why crude oil can trade negatively; when you run out of places to store it, it has got to go somewhere. The quarter has seen wild moves in commodity markets as supply constraints in the face of high-demand-causing-high-prices has given way to fears that the central banks will stamp out growth as they need to cause a recession.

The strategy made gains in commodity markets as prices rose, with natural gas, heating oil, unleaded gasoline, and soybeans all on the positive side of the ledger, while corn and wheat were on the negative side

Still, for the quarter, the strategy made gains in commodity markets as prices rose, with natural gas, heating oil, unleaded gasoline, and soybeans all on the positive side of the ledger, while corn and wheat were on the negative side. On the fixed income side, the strategy has been short global bond markets and captured the rise in market yields as it has swept across the globe. The first quarter saw U.S. 10-year yields rise fairly aggressively and contribute strongly to the strategy return. In the second quarter, short positions in German and British bonds were in the driving seat for gains.

Currency markets were maybe the most interesting in the quarter, as the dollar strengthened. Currency markets are often the sharp end of macro volatility, this was no exception. The Japanese central bank is trying to maintain 10-year yields at 0.25% as the Federal Reserve is moving by 75bps per meeting. That is certainly driving the almost disorderly weakening of the Yen, and acts as a great use case example as to why long/short positioning in global macro markets can fit so well into portfolios with more traditional stocks and bonds. On one side, faster rate hikes are hurting equity multiples – on the other, the same driver is helping propel gains in short Yen positions. It is almost…*Symmetry*.

2022 Outlook

So from here – what do we see on the horizon? First of all, the beauty of the trend approach is that one doesn't need to put too much weight in our views. The models will shift to what is happening, the portfolio construction aims to deal with the rest. That aside, our observations have led us to the following:

- We see stocks are much cheaper than they were, and in a world with strong nominal growth and people working, cheaper equity valuations are a great backdrop for investing.
- We see inflation as peaking right now, albeit messily. Many of the things driving the most recent print are already turning – housing is delayed in its headline impact due to calculation quirks and the Fed's moves have already damped housing enough to halt the rapid price increases. That will take some time to filter through, but it will in due course.
- Same with commodities – we have seen the recent higher spikes come off the boil a bit, and while we think they are supply-constrained in the medium- to long-term, for them to continue to impact inflation in the same way, they would need to continue going up at the same pace.
- We see the recent supply chain stories in durables goods and semi conductors as largely solved.

As it is these things – via the monetary policy channel – that have caused the volatility, we think a reduction in volatility here will mechanically be welcomed and can help equity markets. In that case, the strategy will add back the equity exposure that was reduced, and participate again. On the alternative markets side, although it may be somewhat volatile, the commodity markets are tight everywhere, and policy divergences seem to be continuing. These are both good environments. 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.

The AlphaCentric Funds are distributed by Northern Lights Distributors, LLC, member FINRA/SIPC. AlphaCentric Advisors, LLC is not affiliated with Northern Lights Distributors, LLC.

MT LUCAS

Investment Sub-Advisor
Mount Lucas Management

Timothy J. Rudderow Sr.
- CEO and CIO of Mount Lucas
- 35+ years experience

Gerald L. Prior III
- COO and Portfolio Manager of Mount Lucas
- 21+ years experience

David Aspell
- Portfolio Manager of Mount Lucas
- 15+ years experience

Contact Us

+1 855 674 FUND

www.alphacentricfunds.com

info@alphacentricfunds.com