AlphaCentric Income Opportunities Fund
Quarterly Commentary 2Q2022

IOFIX
IOFAX
IOFCX

June 30, 2022 — 2022 has started out as one of the worst performance years, in the last 36+ years, across all asset classes. This includes performance of the AlphaCentric Income Opportunities Fund, which was down -14.94% for the quarter, compared to -4.69% for the AGG and -9.83% for corporate high yield.

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

Inception Date: 5/28/15	QTD	YTD	1 YR	3 YR	5 YR	Inception
IOFIX	-14.94	-18.88	-13.70	-4.03	0.78	4.32
IOFAX	-15.02	-19.01	-13.94	-4.29	0.54	4.06
IOFCX	-15.16	-19.31	-14.56	-4.99	-0.22	3.29
Bloomberg US Agg. Bond TR Index	*-4.69*	*-10.35*	*-10.29*	*-0.93*	*0.88*	*1.27*
Class A After Sales Charges	-19.04	-22.88	-18.02	-5.82	-0.44	3.35

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 1.94%, 2.70%, and 1.69% for the Class A, C, and I Shares respectively.

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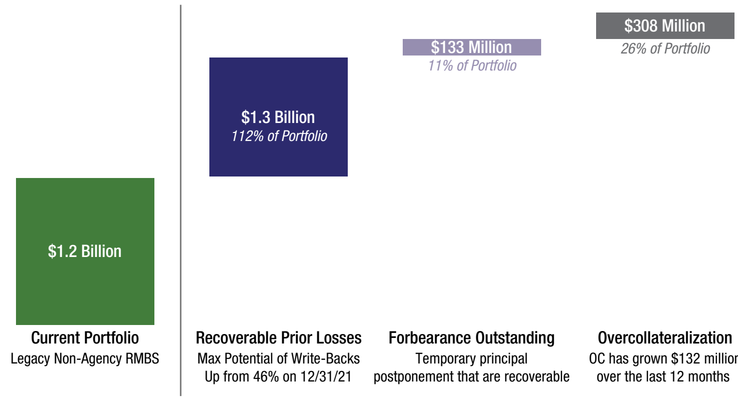
Opportunities in Sight

Despite the widespread carnage across the markets, there are perhaps green-shoots occurring around the Fund to provide some optimism about what is to come and relief to investors. Prices of the bonds in the Portfolio have dropped more than 12.87%, mostly as the result of credit spread widening. This is an opportunity. While liquidity in the fixed income sectors have worsened, credit most certainly has not. The Fund's securities have the potential to receive more than 100 (par) at maturity. Because of overcollateralization, recoverable prior losses, and outstanding forbearance, there is additional collateral in the securities to provide upside beyond what was available in January. This overcollateralization can be used to overcome losses and to generate total return:

Current Portfolio Characteristics

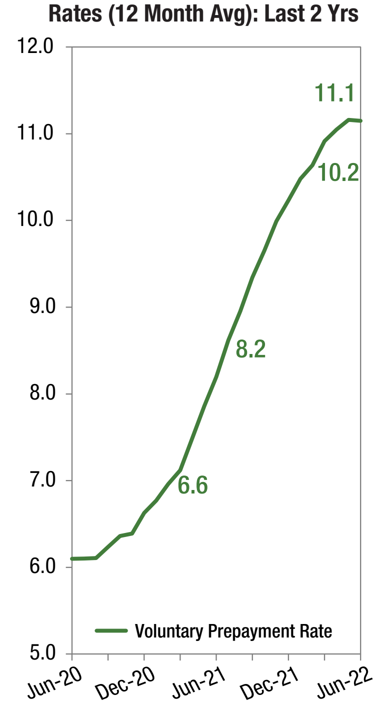


Source: Bloomberg, Intex, Webbs Hill. Data as of 6/30/22

The Fund has 96% of its securities as floating rate tied to LIBOR. Those rates have moved up 200bps+ this year, which provides additional yield to the Portfolio. Lower prices and higher coupons have added an additional 4% yield to maturity so that the total YTM is now 8-10%. Consider that we have longer duration on these mortgages as they still have 8-12 years until maturation. We could thus see an additional 8-10% yield for another 8-12 years.

Another opportunity inside of the Fund is that voluntary prepayment rates (VPR) are at 11.1% even as mortgage and other rates have increased. Our paper originated 20 years ago, so people who have refinanced for financial reasons did so some time ago. Rather, we are seeing VPRs at their current levels because of housing turnover or cash-out refinancing due to the amount of equity in the homes. This has the potential to benefit shareholders as the par payments on these discounted securities can occur now rather than in the future.

Portfolio Voluntary Refinancing Rates (12 Month Avg): Last 2 Yrs

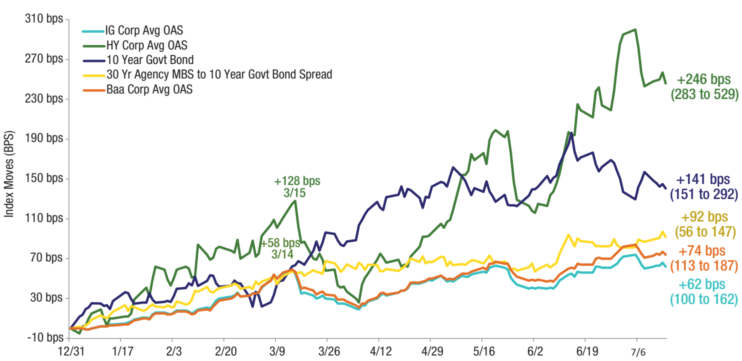


Source: Bloomberg

> **"The issues we are seeing are the result of broader market volatility and liquidity as spreads are the widest that we have seen since the great financial crisis."**

What has impacted the performance of the Fund more than anything else has been the widening of credit spreads. Our longer spread duration does well when spreads tighten but impacts us negatively as spreads widen. Typically, spread widening is due to credit or liquidity issues. The credit profile of the Fund remains very strong from a housing and borrower perspective. The issues we are seeing are the result of broader market volatility and liquidity as spreads are the widest that we have seen since the great financial crisis.

Indexed Growth: December 31, 2021 to July 15, 2022

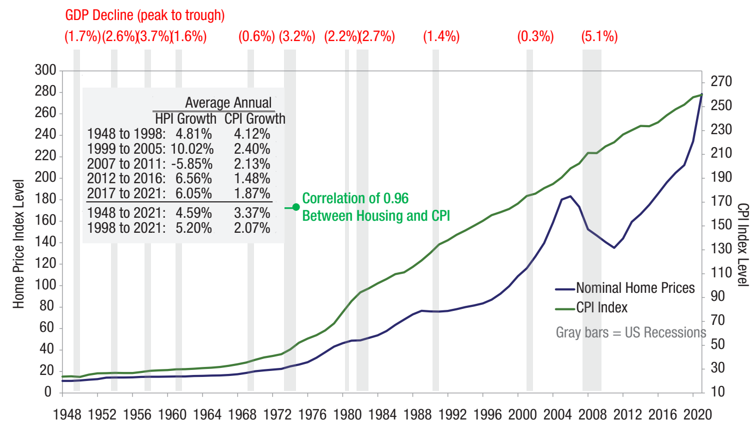


Source: Bloomberg. U.S. IG Corporate Avg OAS uses ticker "BLQCOAS Index," U.S. Corp HY Avg OAS uses ticker "LF98OAS Index,"30 Yr CS Coupon uses ticker "MTGEFNCL Index," US Generic Govt 10 Year uses ticker "USGG10YR Index", Baa Corp Avg OAS uses ticker "LCB1OAS."

That being said, it has seemed that, since June, spreads have begun to level off. Rate increases appear to be priced into markets, so spreads are tightening a bit. Our market tends to widen 10-20bps at a time and it tends to tighten 50-100bps at a time. As money comes back into fixed income and broader securities start allocating, they will find that the NARMBS securities are the cheapest. The differences in risk between corporates and housing are significant with housing in a much better fundamental position.

We are still looking at the widest spreads that we have seen but outside of that, the spreads are due to liquidity more than fundamentals. Corporates seem more vulnerable to a recession than housing. Looking back over history, in the last six decades, housing has only had two negative years (-0.7% in 1990 and -0.2% in 1991) until the financial crisis. 10 of the last 11 recessions have had minimal impact on housing.

U.S. Home Prices vs. Consumer Price Index Since 1948



Source: Robert J. Shiller, Irrational Exuberance, 3rd. Edition, Princeton University Press, Wikipedia. Most recent annual market data available as of 12/31/21.

Previous recessions have had a limited impact on housing. While 20%+ increases in housing are not sustainable, nor favorable, we do not foresee housing turning negative. The catalysts that previously led to housing crises are just not present in today's scenario. Housing and CPI have been highly correlated (0.96%) and even though housing is a key component of CPI and the two have moved in similar fashion, housing has been a good hedge to inflation historically. Eventually, markets will discover that there is much better credit in these securities than in corporates, and that the overall high correlation we have seen was unwarranted.

Housing is showing much better credit than corporate, and we believe the markets will figure this out and react accordingly

Overall, widening credit spreads have significantly impacted performance of the Fund and the overall market environment has not been good. Despite strong fundamentals, liquidity and volatility have caused underperformance. This is in contradistinction from the outperformance the Fund saw in 2021 where spreads were much tighter. As rate hikes are priced into markets and liquidity improves, we feel that the market will seek out securities with strong fundamentals and upside potential and we should see that matriculate to the Fund. We remain optimistic about the future! 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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