AlphaCentric Income Opportunities Fund

Quarterly Commentary 4Q2023

December 31, 2023 — The AlphaCentric Income Opportunities Fund (IOFIX) finished 2023 down -5.52% compared to the Bloomberg Barclays US Aggregate ("AGG") up +5.53%. For Q4, the Fund was up +0.68% and the AGG up +6.82%. At the end of the year, legacy non-agency RMBS offered the highest spread in fixed income. The noise around Fed minutes in December showed a nice year-end bounce for the Fund (and the sector in general) as the signs of "all clear" for risk assets was taken up by allocators. Release of the minutes in January muted some of the enthusiasm as we are starting to see more of an appetite for our bonds and the fixed income market.

Fund Performance as of 12/31/23 *(Annualized if greater than 1 year)*

Inception Date: 5/28/15	QTD	YTD	1 YR	3 YR	5 YR	Inception
IOFIX	**0.68**	**-5.52**	**-5.52**	**-5.26**	**-3.17**	**2.45**
IOFAX	**0.61**	**-5.76**	**-5.76**	**-5.48**	**-3.42**	**2.19**
IOFCX	**0.42**	**-6.39**	**-6.39**	**-6.18**	**-4.14**	**1.45**
Bloomberg US Aggregate Bond Total Return Index	6.82	5.53	5.53	-3.31	1.10	1.32
IOFAX *After Sales Charges*	**-4.14**	**-10.22**	**-10.22**	**-7.00**	**-4.36**	**1.61**

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 4.75%. The Fund's total operating expenses are 2.18%, 2.93%, and 1.93% for the Class A, C, and I Shares respectively.

Market and Fund Overview

A continued reason for underperformance in the sector remains the amount of assets on the sidelines. Through December 2023, money market inflows and AUM remained high. Categories such as cash, treasuries, IG bonds, and stocks all finished 2023 with positive inflows. HY bonds, gold, TIPS, and EM debt all saw net outflows for 2023. Money market AUM remains at near $6.0T.

Weekly Bond Fund Flows: 2000 to 2023

Source: Bloomberg and Amherst Pierpont. Data as of 12/31/23.

2023 Fund Flows as of 12/31/2023	
Cash	+$1.3T
Treasuries	+$177B
IG Bonds	+$162B
Stocks	+$152B
HY Bonds	-$3B
Gold	-$15B
TIPS	-$33B
EM Debt	-$37B

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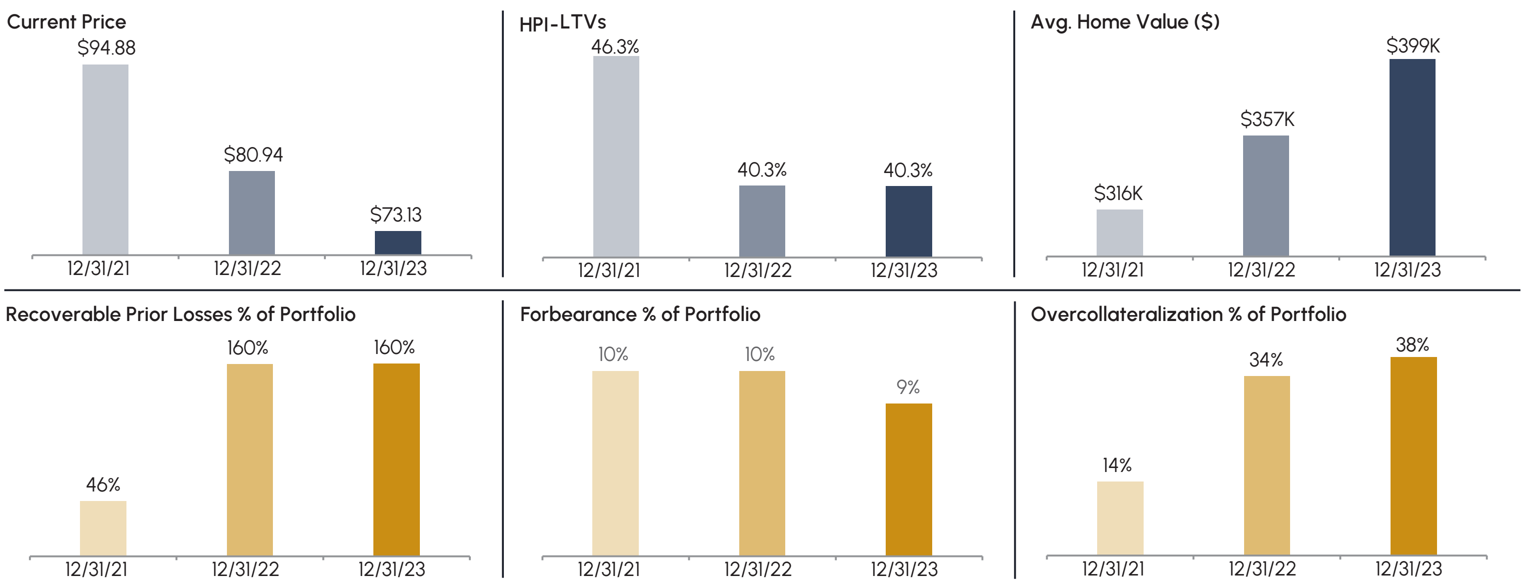
The question remains: with legacy NARMBS having the highest spread in fixed income, will we see positive returns for the IOFIX Fund and when might we see those returns for investors?

We answer this question by continuing to focus on the fundamentals of the portfolio to paint a picture of where the Fund is today. Over the past few years, as we have met redemptions and sold bonds, we have been very careful to hold onto the bonds with the highest amount of upside potential and our "best" positions. Our primary parameters for identifying these bonds: recoverable losses; overcollateralization; excess interest/spread. Here is a snapshot of the portfolio today:

Portfolio Comparison: 2021 & 2022 Year-End vs Today



The bottom three boxes of the above shows the potential upside of the portfolio; bonds that can be repaid and rebuilt as a result of excess interest and excess spread. You can see the increase in the collateralized weights of the portfolio; these are amounts that can be rebuilt inside of the loan pools right now. We believe that this percentage will continue to grow over time. Also note the recoverable losses weighting of the portfolio; currently 160%. This shows us the potential upside return for the bonds above the face ("par") value of the bonds.

Just looking at the current price of the bonds in the portfolio at $73.13, with very little fundamental change in the bonds, just recovering the price technicals to get to the par price is about a 30% upside potential. The collateral (homes) in the portfolio picked up another 6% of equity over the past 2 years (over 50% equity overall) while the average home price of the portfolio increased over 11.5% for 2023. It is because of these bond fundamentals, that we have banked in a large percentage of recoverable prior losses and a lot more of the potential recoverable loss has been banked in as well.

Outlook

In general, we anticipate coming out of the technical down-sprial we have been facing for the past two years. We believe that we are re-entering a period with steadier rate regimes, including rate cuts, that should benefit fixed income investors by moving cash off the sidelines and back into the market. When this happens, we believe that those assets will be seeking sub-sectors of the market with the highest potential upside and most promising risk profile. We also feel that the NARMBS sector could be very attractive, and as a result, we think our Fund could benefit..

There are a few macro-factors worth pointing out as a means to highlight the state of residential real-estate. As a reminder, our Fund is focused on existing home-owners and those who have been in their homes at least 15 years prior to the great financial crisis. Among those

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highlights:

- According to the US Census, US housing inventory remains the lowest on record as the percentage of US homes for sales was 0.5% of total US housing – the lowest value since 1965
- Freddie Mac 30-year fixed rate mortgage ended the year at 6.6% *(Freddie Mac and Mortgage Bankers Association of America data as of January 2024)*
- The majority of borrowers today have fixed rate mortgages – the number of adjustable rate mortgages (ARMs) dropped to 2% of all mortgages in 2022 *(The Urban Institute)*
- The effective rate of interest on mortgage debt outstanding is 3.8% - the lowest rate over the past 36 years *(Bloomberg and Freddie Mac data as of 12/31/23)*
- U.S. mortgages are near the lowest delinquency levels in 20 years – ahead of student loan, credit card, and auto loan delinquencies by significant margin *(New York Fed Consumer Credit Panel/Equifax data as of 9/30/23)*

The Fund fundamentals have been strong and remained strong over the past few years. Macro-factors, liquidity pressures, and a rising rate environment have made the past few years difficult, and frankly disappointing, to say the least. However, we sense a change in the landscape – especially as it relates to interest rates. Given the bonds in the portfolio, we are starting to see a resurgence in confidence. α

Top Ten Holdings

Holding		
Cash & Equivalents	Cash	11.7%
CARR 2006-FRE1 M1	Legacy RMBS	7.7%
CITM 2007-1 1M3	Legacy RMBS	6.8%
OOMLT 2007-CP1 M1	Legacy RMBS	3.2%
SCRT 2018-3 BX	Other Seasoned RMBS	2.9%
TPMT 2019-4 B3	Other Seasoned RMBS	2.8%
CARR 2007-RFC1 M1	Legacy RMBS	2.6%
CMLTI 2007-AHL1 M2	Legacy RMBS	2.5%
ABFC 2007-NC1 M1	Legacy RMBS	2.5%
NRZT 2019-RPL3 B1	Other Seasoned RMBS	2.2%

Portfolio holdings are subject to change and should not be considered investment advice.

Key Definitions

Bloomberg US Aggregate Bond Index is 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.

Forbearance involves granting concessions to borrowers who are unlikely to be able to repay their loans under the current terms and conditions. **House Price Index (HPI)** measures the movement of single-family home prices in the United States. **Loan-to-Value (LTV)** ratio is an assessment of lending risk that financial institutions and other lenders examine before approving a mortgage. **Overcollateralization** is used to define the situation where an asset (or assets) value used as collateral on a loan exceeds the loan value. **Recoverable Investment Losses** generally fall under one of three categories. They are excessive trading also known as churning, misrepresentations or omissions, and unsuitable investments.

Disclosure

This information is for use with concurrent or prior delivery of a fund prospectus. Investors should consider the investment objective, risks, and charges and expenses of the Fund(s) before investing. The prospectus and, the summary prospectus, contains this and other information about the Fund and should be read carefully before investing. The prospectus may be obtained by calling 844-ACFUNDS (844-223-8637) or by visiting www.AlphaCentricFunds.com.

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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. There is no assurance that the Fund will achieve its investment objective, generate positive returns, or avoid losses.

Please see the prospectus for all of the principal risks of investing in the Fund.

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Fund Management

Garrison Point

Investment Advisor
AlphaCentric Advisors, LLC

Investment Sub-Advisor
Garrison Point Capital, LLC

Garrett Smith
Principal & Portfolio Manager

- *14+ years as a Portfolio Manager*
- *MBA & MEM, Northwestern; BS Engineering, US Naval Acad; BA, Univ of Maryland*

Brian Loo, CFA
Managing Director & Portfolio Manager

- *20+ years as a Portfolio Manager*
- *MSIA, Carnegie Mellon; BS, UCLA*

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