



## ALPHACENTRIC STRATEGIC INCOME FUND | 1Q2024

**DIFFERENTIATED REAL ESTATE FUND**  
focused on debt and equity securities

**DEEP VALUE STRATEGY**  
seeks to generate monthly income

**CURRENTLY FAVOR RESIDENTIAL RISK**  
over commercial real estate risk



# Strategy Overview

## Established

Philadelphia, Pennsylvania, August 2011

## Investment Objective

The Fund seeks total return through current income and capital appreciation

## Target Market

Liquid real estate-related securities — including mortgage-backed securities (MBS), REITs, and other real estate-related debt and equity securities

## Current Focus

Investing in U.S. residential real estate over commercial real estate risk

## Currently Favor

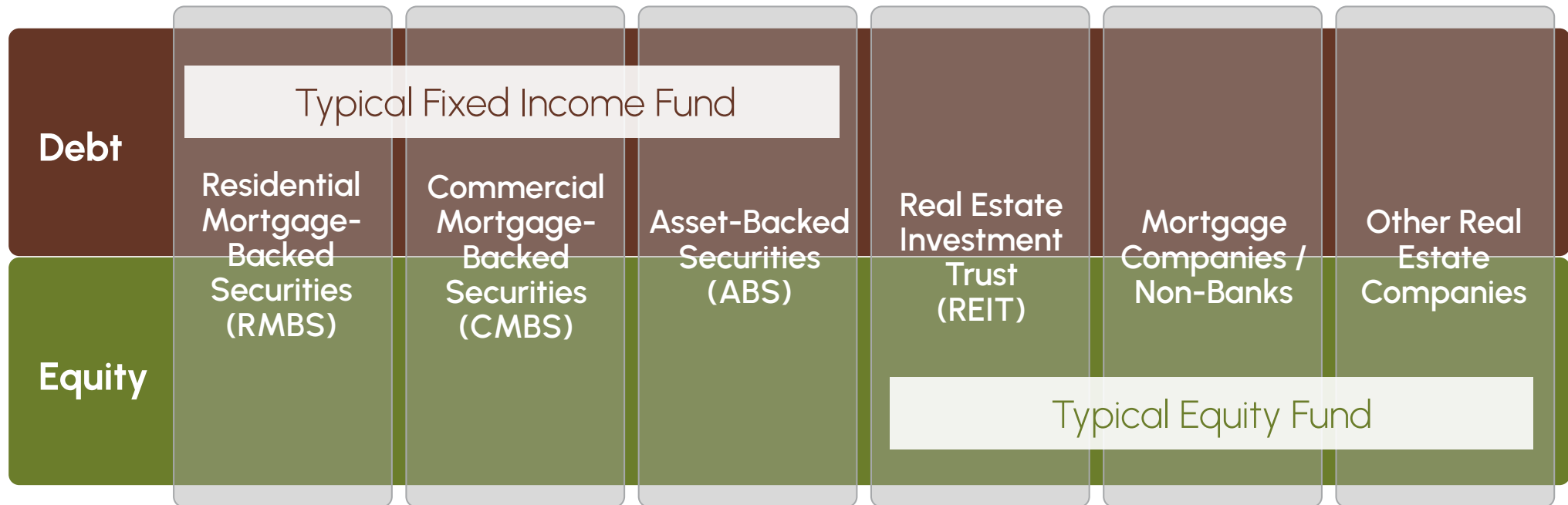
- Securities secured or backed by interests in U.S residential mortgages
- Securities that can perform well in a variety of interest rate environments

## Investment Philosophy

We diligently search across sub-sectors and areas of the capital structure in search of inefficiencies and deep value. Our flexibility to allocate to both fixed income and equity securities and move between residential and commercial real estate risk is a critical part of our philosophy because

- Relative value continually changes between residential and commercial securities and/or fixed income and equity securities based on fundamentals and market conditions
- Highly concentrated alternative credit funds tend to run into liquidity issues
- Large equity funds tend to focus investments in large-cap REITs which offer less value
- Structured credit expertise is underutilized and valuable across real estate subsectors

# The Difference is Flexibility

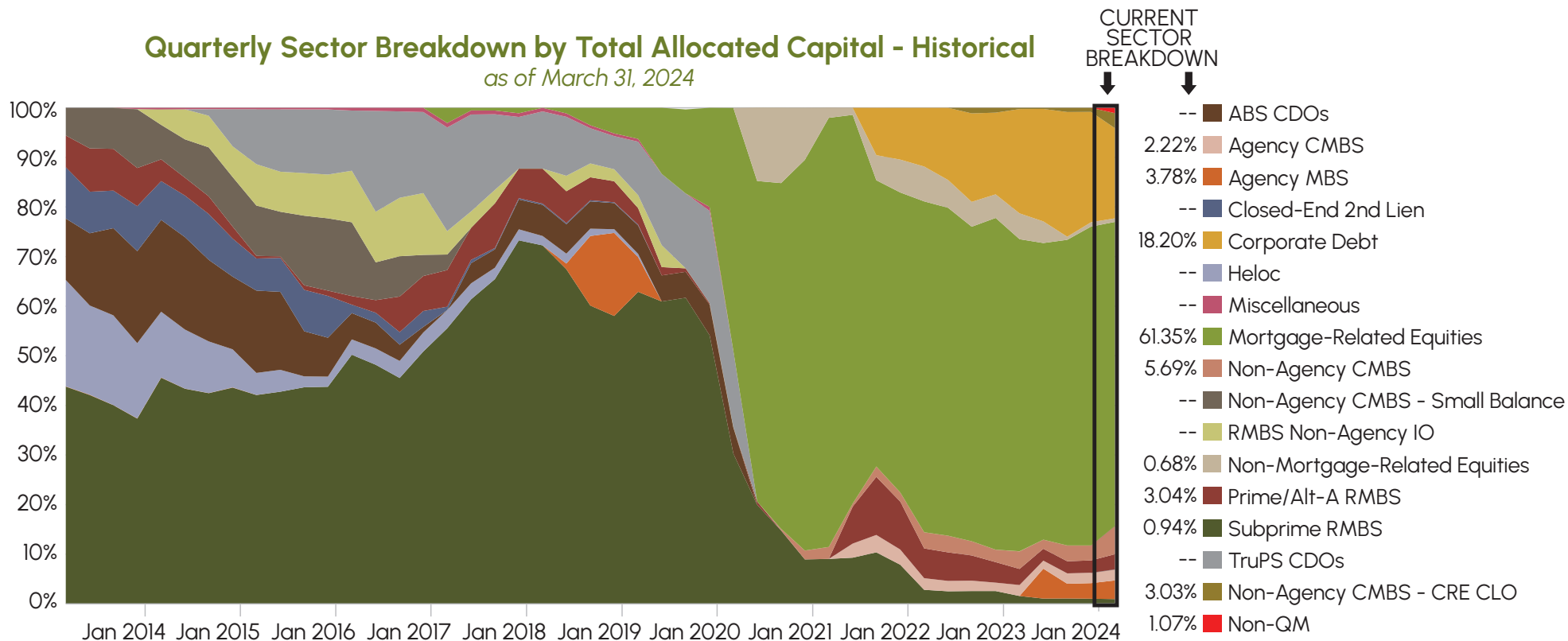


- ▶ Most real estate related funds are focused exclusively on either bonds or equities
- ▶ SIII's portfolio managers open up the entire "menu" of investments which can enhance returns and create balance in the portfolio
- ▶ Liquidity is often found at the very top and bottom of the capital structure

# Portfolio Managers Adapt to Changes In Market Conditions

Portfolio allocations adjusted as risks and relative value change.  
The greater the conviction, the higher the strategy/sector allocation.

**Quarterly Sector Breakdown by Total Allocated Capital - Historical**  
as of March 31, 2024



As of March 31, 2024 | These figures are shown as a percentage of the total Allocated Capital. Allocated Capital for non-derivative assets represents the market value of such assets while Allocated Capital for any derivatives is determined by sub-advisor based upon internal calculations with consideration given to the gross notional market value of the derivative. Such determinations are subject to change without notice in sub-advisor's sole discretion.

Subprime RMBS includes Manufactured Housing, Subprime and Subprime Scratch and Dent. Agency MBS includes Agency IO, Agency MBS, Hedge IO and Agency TBAs. Non-Mortgage-Related Equities include Equity REITs - Diversified, Equity REITs - Retail, Homebuilders, Retail and Telecommunication Services. Prime / Alt-A RMBS includes Alt-A, Alt-A Scratch & Dent, Prime and Option ARM. Non-Agency CMBS includes CMBS-Conduit and CMBS - Non-Agency IO. Mortgage Related Equities include Mortgage REITs - Preferred, Manufactured Housing REITs, Mortgage Insurance, Mortgage REITs - Common and Mortgage Servicer Equity. TRUPS CDOs include TRUPS CDO Mezz and TRUPS CDO Senior. Corporate Debt includes Corporate Bonds and Convertible Corporate Bonds.

## SIIX is Different

Most real estate funds buy common shares of equity REITs. This can lead to significant exposure to commercial real estate at the wrong time.



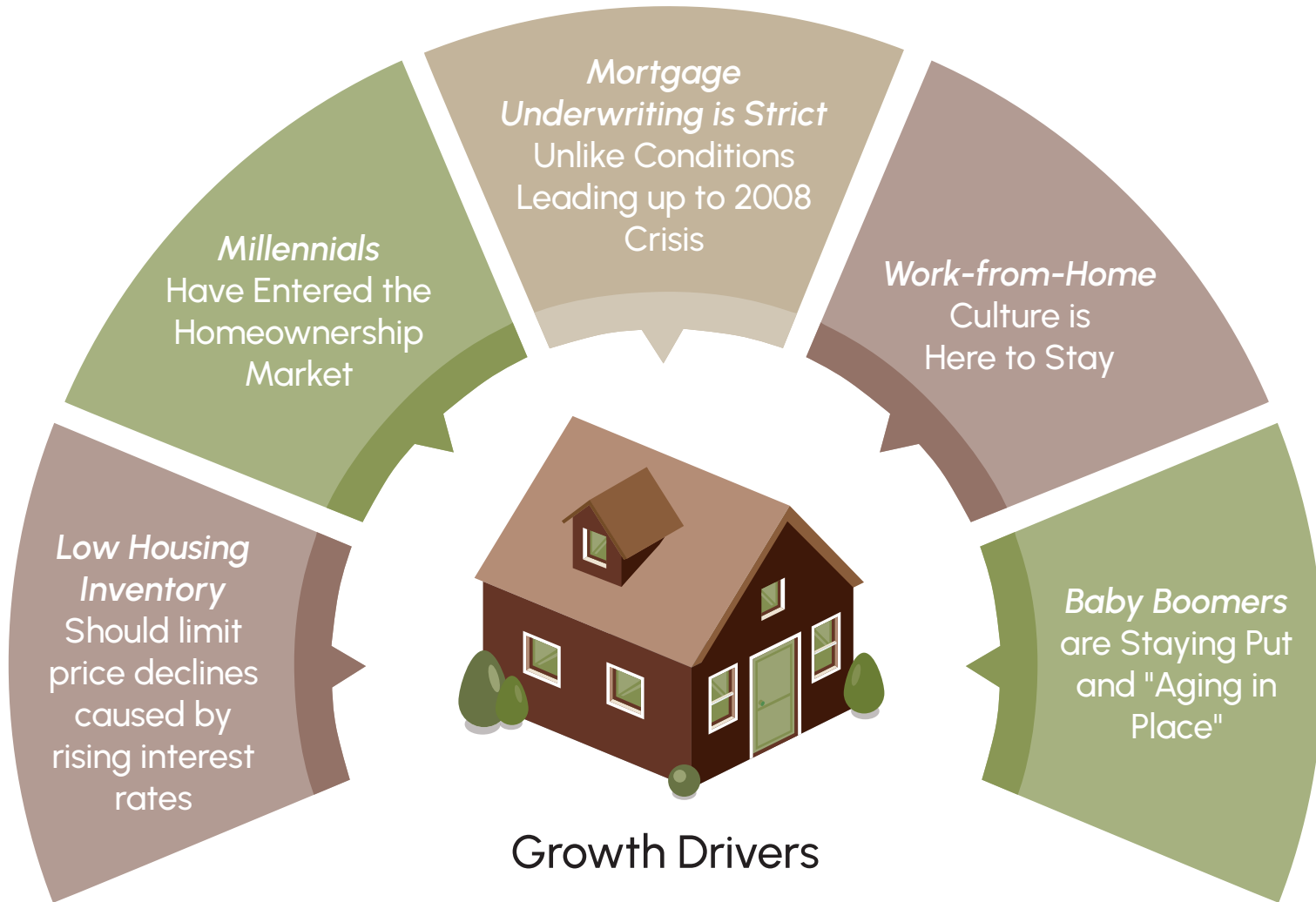
*Portfolio holdings are subject to change at any time and should not be considered investment advice.*

### **SIIX has a flexible investment strategy**

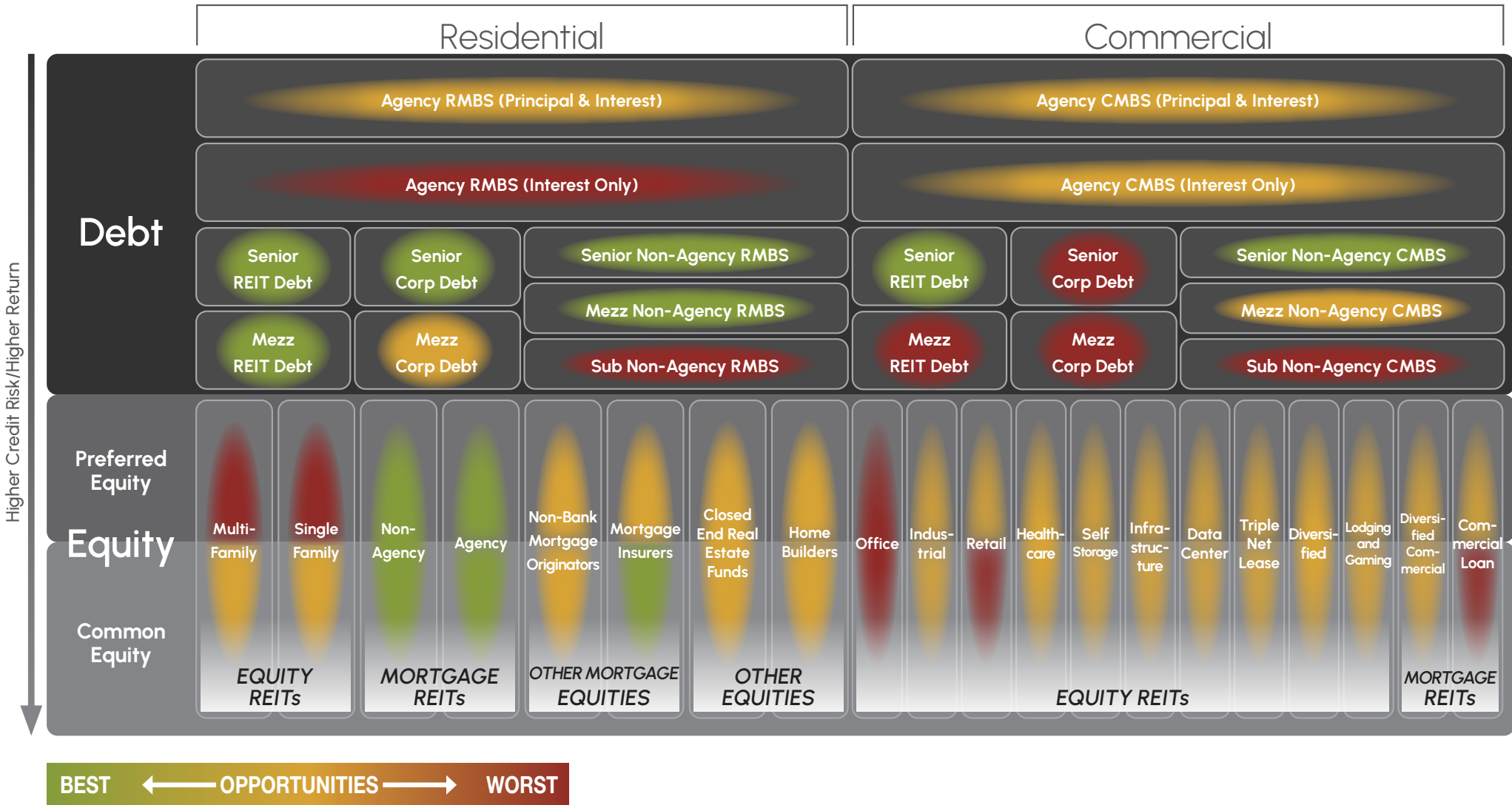
- Shifting between residential and commercial real estate exposure as risks change —
- Allocating to debt and/or equity securities as relative value shifts —
- Currently focusing on residential real estate risk —

# Residential Housing is a Stable Part of the Market

Fundamentals in U.S. Housing Warrant a Higher Equity Allocation



# Relative Value Across Sub-Sectors



# Mortgage REITs — Best Current Opportunity

**Mortgage REITs are REITs that invest primarily in debt backed by residential housing or commercial real estate**

- ▶ As opposed to Equity REITs which invest in income producing commercial real estate properties
- ▶ Some residential mortgage REITs invest in government backed MBS and some invest in Non-Agency MBS, mortgage loans, etc.

## Which Do We Prefer?

- ▶ Generally, we prefer residential mortgage REITs that invest mostly in non-government backed assets

## Why?

- ▶ Lower interest rate sensitivity versus Agency mortgage REITs
- ▶ Relatively high dividend yields through prudent use of leverage
- ▶ Many REITs now use longer term debt with little mark-to-market risk on financing
- ▶ Many mortgage REITs currently trading at a significant discount to book value
- ▶ Why buy a mortgage bond or loan if you can buy a portfolio at a discount?
- ▶ More opportunity to find "overlooked" sources of book value and returns
- ▶ Many mortgage REITs own mortgage servicing rights which may appreciate in value with rising interest rates

## Example Mortgage REIT Economics

Asset Yield	8%
Cost of Financing	6%
Spread	2%
Leverage	3x
Gross ROE	14%
Expenses	2%
Net ROE	12%



# Performance Metrics

## Class I Performance Track Record as of 3/31/24 (%)

Year	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2024	0.12	-0.43	2.93	-	-	-	-	-	-	-	-	-	2.61
2023	10.15	-2.76	-5.00	2.76	-1.25	6.3	3.42	0.19	-3.65	-2.32	5.79	3.35	17.03
2022	-1.07	-2.19	-0.17	-3.79	1	-8.34	8.82	-4.28	-11.11	5.79	5.71	-4.41	-14.84
2021	-3.13	7.74	4.45	2.26	0.03	0.6	-1.7	3.19	-0.05	1.82	-3.02	3.03	15.7
2020	-0.25	0.6	-10.16	14.9	3.18	4.76	5.69	1.92	1.32	4.45	10.67	6.54	50.5
2019	1.85	0.06	-0.8	0.71	1.54	0.72	-0.19	0.21	0.64	0.79	-0.01	0.83	6.52
2018	1.46	0.18	1.35	0.56	0.57	0.85	0.63	0.84	0.24	-0.43	-1	-0.86	4.44
2017	1.92	2.29	0.38	1.61	4.04	0.94	0.61	0.61	1.2	1.78	1.03	1.3	19.14
2016	-1.55	-2.29	-0.13	1.37	0.57	2.03	1.28	0.4	0.87	0.62	0.82	0.41	4.39
2015	1	0.81	0.43	0.68	0.59	0.2	0.33	-0.08	-0.22	-0.28	0.33	-0.43	3.4
2014	1	0.84	0.98	0.99	1.35	0.75	0.92	0.47	0.3	0.4	0.54	0.38	9.29
2013	2.3	1.14	1.39	2.78	1.47	-1.49	1.03	0.91	0.38	1.96	0.58	0.33	13.48
2012	0.68	0.59	1.41	1.71	1.2	1.54	2.84	2.4	3.99	1.95	1.45	1.85	23.84
2011	-	-	-	-	-	-	-	-0.41	0.02	-0.25	0.55	0.36	0.26

## Fund Performance as of 3/31/24 (Annualized if greater than 1 year)

	QTD	6 Mos	YTD	1 YR	3 YR	5 YR	10 YR	Inception
<b>SIIX (Inception 8/1/11)</b>	<b>2.61</b>	<b>9.58</b>	<b>2.61</b>	<b>18.00</b>	<b>2.76</b>	<b>13.41</b>	<b>10.46</b>	<b>11.39</b>
S&P US REIT Index	-0.36	15.62	-0.36	10.36	4.10	4.04	6.45	7.29
Bloomberg US Mortgage Backed Securities Index	-1.04	6.36	-1.04	1.39	-2.84	-0.39	1.12	1.27
<b>SIAX (Inception 5/28/21)</b>	<b>2.56</b>	<b>9.47</b>	<b>2.56</b>	<b>17.77</b>	-	-	-	<b>1.84</b>
<b>SIICX (Inception 5/28/21)</b>	<b>2.38</b>	<b>9.02</b>	<b>2.38</b>	<b>16.88</b>	-	-	-	<b>1.08</b>
S&P US REIT Index	-0.36	15.62	-0.36	10.36	-	-	-	1.21
Bloomberg US Mortgage Backed Securities Index	-1.04	6.36	-1.04	1.39	-	-	-	-3.12
<b>SIAX After Sales Charges</b>	<b>-2.32</b>	<b>4.28</b>	<b>-2.32</b>	<b>12.18</b>	-	-	-	<b>0.12</b>
<b>Class I 30-Day SEC Yield - Subsidized</b>				<b>6.22%</b>				
<b>Class I 30-Day SEC Yield - Un-Subsidized</b>				<b>5.44%</b>				

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 844-223-8637 or visit [www.AlphaCentricFunds.com](http://www.AlphaCentricFunds.com).

The maximum sales charge for Class "A" Shares is 4.75%. The Fund's total operating expenses are 2.38%, 3.13%, and 2.13% for the Class A, C, and I Shares respectively.

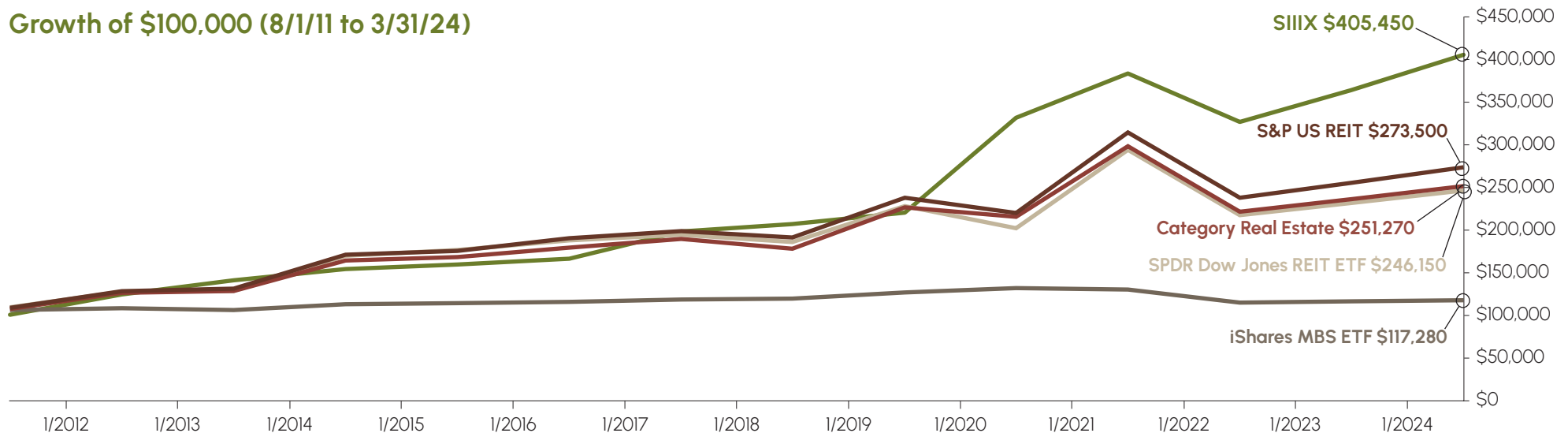
Performance shown before May 28, 2021 is for the Fund's Predecessor Fund (Strategos Deep Value Fund LP). The prior performance is net of management fees and other expenses including the effect of the performance fee. The Predecessor Fund had an investment objective and strategies that were, in all material 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.

The 30-Day SEC Yield represents net investment income earned by the Fund over the 30-day period ending 3/31/2024, expressed as an annual percentage rate based on the Fund's share price at the end of the 30-day period. Subsidized SEC 30-Day Yield reflects fee waivers and/or expense reimbursements during the period.

# A Differentiated, Flexible Strategy

When comparing SIIIX to various real estate indices, it's easy to see how the Fund's differentiated approach has proven itself over time.

Growth of \$100,000 (8/1/11 to 3/31/24)

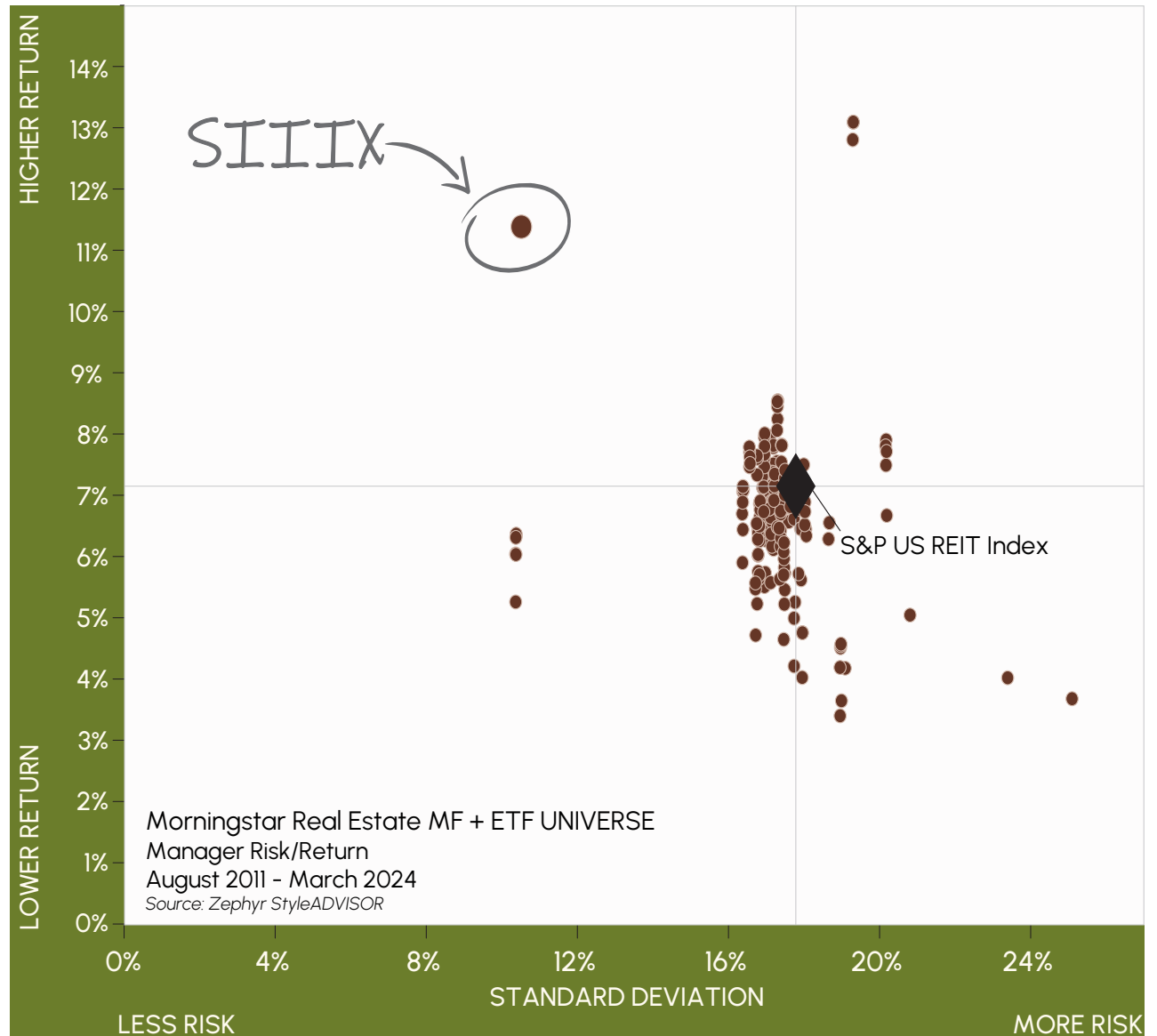


Aug 1, 2011 to Mar 31, 2024	Annualized Return	Cumulative Return	Standard Deviation	Sharpe Ratio	ALPHA	# Up Months	# Down Months
<b>SIIIX</b>	<b>11.40</b>	<b>292.32</b>	<b>10.51</b>	<b>0.98</b>	<b>8.82</b>	<b>116</b>	<b>36</b>
Category Real Estate	6.45	120.70	17.03	0.31	-0.41	89	63
SPDR® Dow Jones REIT ETF (MKT)	6.36	118.33	18.11	0.29	-0.83	87	65
iShares MBS ETF (MKT)	1.11	14.96	4.30	0.00	0.32	89	63
S&P US REIT	7.16	140.14	17.78	0.34	0.00	91	61

All data shown on this page acquired through Zephyr StyleADVISOR. Data shown represents past performance and is not indicative of future results. Indices do not incur expenses and are not available for investment. Index performance is not illustrative of Fund performance.

# SIIIX vs Morningstar Real Estate + ETF Universe

The Fund has achieved greater returns than any other fund in the Morningstar Real Estate (MF+ETF) Universe that has taken similar or less risk.



# Investment Philosophy, Process, and Principles

## Idea Generation

Team members work collaboratively to discuss new ideas and regularly review markets



- ▶ Focus on production of "best idea" strategies for further analysis

## Risk Management

Portfolio Managers regularly review risk metrics and consider appropriate adjustments



## Investment Principles

- ▶ Focus on **dislocated markets** and **out-of-favor securities**
- ▶ Favor investments backed by **fundamental tailwinds**
- ▶ Leverage **overlooked catalysts** to accelerate return on investment
- ▶ Create and capitalize on **sourcing advantages**

## Bottom-Up Analysis

Potential individual investments undergo rigorous fundamental analysis



- ▶ If necessary, proprietary models are developed by management team, but decisions ultimately rely on the judgment and experience of the investment team

## Portfolio Management & Trading

Once the team decides to pursue a particular investment strategy, the Portfolio Managers weigh appropriateness of all strategies and determine portfolio level allocations



- ▶ Portfolio level allocations reviewed on an ongoing basis

Strict trading discipline for both buys and sells

- ▶ Relationships maintained with large dealer network and current value of investments are consistently monitored vs. upside and downside potential

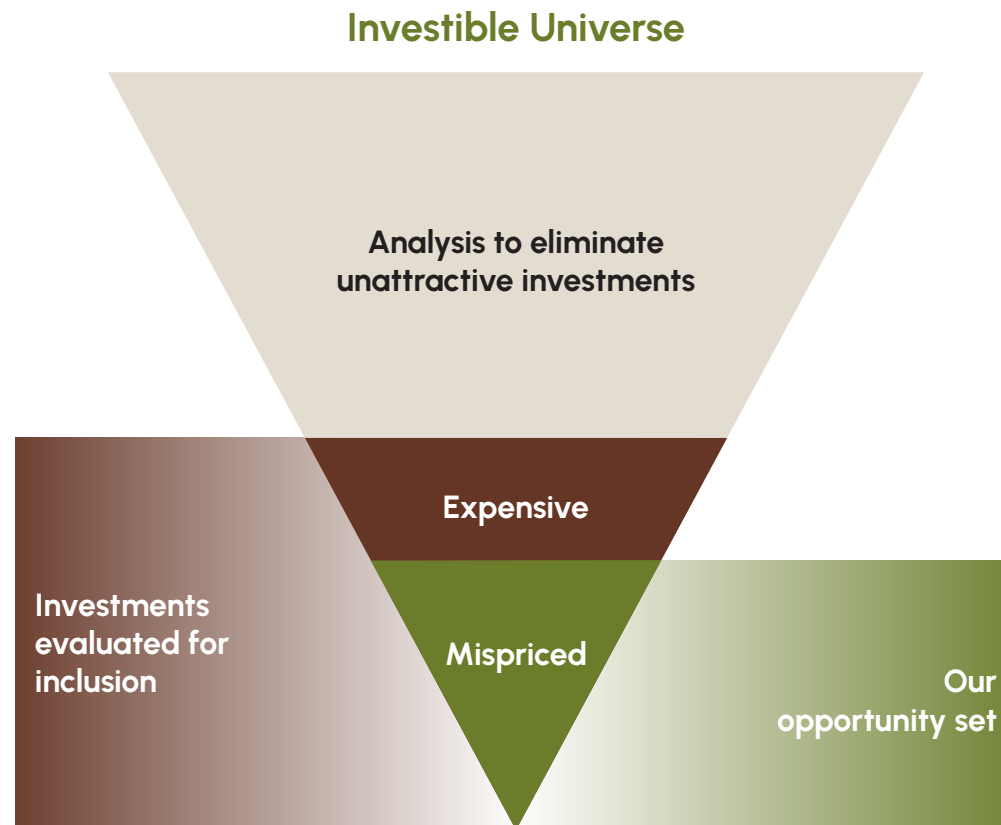
# Too Risky = Walk Away

## Fundamental Analysis

- ▮ Combination of models and hands-on approach
  - ▮ Proprietary models provide enhanced perspective on relative value and ability to bid quickly
  - ▮ Manual analysis performed to stress test intrinsic value – assessing underlying asset default probability as well as macro forces that could pose risks
- ▮ Credit analysis conducted on stratification and granular level to identify potential problems
  - ▮ Third-party research utilized for additional fundamental analysis
- ▮ Bias to formulate a conservative base case scenario and range of downside scenarios
- ▮ Never forget the widespread myopic views that led to the 2007/08 credit crisis

## Dynamic Modeling

- ▮ Structural modeling is important when focused on complex securities
- ▮ Transactional due diligence includes a review of cumbersome deal documents to identify nuanced features that can cause unanticipated outcomes
- ▮ Combine probable credit outcomes with effect on capital structure
- ▮ Prefer investments in points of the capital structure that can absorb a realistic credit stress



### Portfolio Management

- ▶ The Fund endeavors to invest in a diversified mix of sectors, positions in the capital structure, and issuers
- ▶ Investments generally avoid the lowest points of the capital structure unless there is sufficient insensitivity to loss (tranche thickness in structured credit investments)
- ▶ Maintain concentration to credit investments which pay principal/interest to create natural portfolio turnover
- ▶ Favor assets with limited interest rate sensitivity (primarily via floating-rate coupons)
- ▶ Mix of liquidity profiles – mindful of Fund liquidity requirements
- ▶ Leverage is limited and used primarily against securities with less risk of loss

### Trading

- ▶ Primarily buy and hold for medium term as pricing gravitates towards intrinsic value
- ▶ Look to take advantage of short-term trading opportunities where majority of potential investment return can be locked in
- ▶ Look to divest when appropriate if original investment thesis is no longer justified
- ▶ Long standing relationships with approximately 30 brokers ranging from primary dealers to regional specialists – leads to offers and trade ideas for hard to find fixed income securities
- ▶ Bid conservatively and often – dislocated markets often present opportunities for those who show up

**Fund Portfolio Managers monitor risk daily, and an Internal Risk Committee also reviews:**

## Trading activity

- ▶ Maintain fluid interaction between Risk Committee members and traders
- ▶ Review risk allocations relative to performance drivers along with efforts to seek best execution and mitigate counterparty risk

## Detailed analysis of portfolio structure and holdings

- ▶ Examine key portfolio statistics and parameters
- ▶ Scrutinize pertinent asset performance metrics
- ▶ Confirm compliance with stated strategies and relevant guidelines

## Macro risks to the portfolio stemming from

- ▶ Regulatory or policy shifts that could directly or indirectly impact sectors
- ▶ Changes in industry trends or economic cycles
- ▶ Potential broad market dislocations or disruption

## Portfolio Managers



**David Gregory**  
Lead Portfolio Manager

Mr. Gregory is the Managing Member, Chief Executive Officer and Chief Investment Officer of Goshen Rock Capital, LLC ("GRC") since its inception. Mr. Gregory is also a Portfolio Manager at Strategos Capital Management, LLC ("SCM") where he manages a private fund. Mr. Gregory has responsibility for portfolio management and trading at both GRC and SCM. He has over ten years of portfolio management experience with a focus on securitized products and other real estate related investments. In addition to his expertise pertaining to fundamental analysis and deal structure, his sourcing capabilities have led to investments in multiple new asset classes for client accounts. Mr. Gregory has a particular expertise in complex asset classes including various types of RMBS, derivatives, CMBS, esoteric ABS, CDOs and REITS. He also serves on the investment committee for a family scholarship fund and investment partnership. Mr. Gregory is a graduate of Bucknell University (2006), where he received a Bachelor of Science in Business Management with a focus on Finance.



**Alex Cigolle, CFA**  
Portfolio Manager

Mr. Cigolle is a Member and Portfolio Manager of GRC since its inception. He is also the founding Member of SCM and has served as Chief Executive Officer and Chief Investment Officer of SCM since its inception in September 2004. From 2000 to 2004, Mr. Cigolle served as Vice President of Delaware Investments in the Structured Products Group. At Delaware Investments, Mr. Cigolle directed the trading and structuring of collateralized debt obligations (CDOs). In addition, Mr. Cigolle was responsible for credit analysis of various structured products including ABS, MBS, and CDOs. Prior to Delaware Investments, Mr. Cigolle was employed with Bank of America Securities where he was a structurer in the Structured Credit Products Group. Mr. Cigolle is a graduate of the Massachusetts Institute of Technology where he earned a bachelor's degree in Economics.





## Risk Disclosures

### Important Risk Information

Investing in the Fund carries certain risks. Credit risk is the risk that the issuer of a security will not be able to make principal and interest payments when due. 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 Fund may, at the discretion of management, target a specific level of monthly distributions (including any return of capital) from time to time. Shareholders should not assume that the source of a distribution from the Fund is net profit. The Fund is subject to the risks of the real estate market as a whole, such as taxation, regulations and economic and political factors that negatively impact the real estate market and the direct ownership of real estate. Liquidity risk exists when particular investments are difficult to sell. Although most of the Fund's securities must be liquid at the time of investment, the Fund may purchase illiquid investments and securities may become illiquid after purchase by the Fund, particularly during periods of market turmoil. Please see the prospectus for all of the principal risks of investing in the Fund.

**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](http://www.AlphaCentricFunds.com). The prospectus should be read carefully before investing.**

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



## Key Definitions

### Investment Terms Used

**30-Day Subsidized Yield.** Reflects fee waivers and/or expense reimbursements recorded by the Fund during the period. Without waivers and/or reimbursements, yields would be reduced.

**30-Day Unsubsidized Yield.** Reflects what the yield would have been had a fee and/or expense waiver not been in place during the period shown.

**Alpha:** A measure of the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta.

**Counterparty Risk:** The likelihood or probability that one of those involved in a transaction might default on its contractual obligation. Counterparty risk can exist in credit, investment, and trading transactions.

**Dislocated Market:** A 'market dislocation' is a circumstance where financial markets, operating under stressful conditions, cease to price assets correctly either on an absolute, relative or intrinsic basis.

**Non-QM Loan,** or a non-qualified mortgage, is a type of mortgage loan that allows you to qualify based on alternative methods, instead of the traditional income verification required for most loans.

**Sharpe Ratio:** A risk-adjusted measure of a fund's performance that indicates a fund's return per unit of risk, defining risk as volatility (standard deviation).

**Standard Deviation:** A statistical measure of portfolio risk used to measure variability of total return around an average, over a specified period of time.

**Tailwind:** A tailwind refers to a certain situation or condition that may lead to higher profits, revenue, or growth.

**Tranche:** A security that can be split up into smaller pieces and subsequently sold to investors.

### Index Definitions

**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).

**iShares MBS ETF Index** seeks to track the investment results of an index composed of investment-grade mortgage-backed pass-through securities issued and/or guaranteed by U.S. government agencies.

**Morningstar Category Real Estate** tracks real estate portfolios that invest primarily in real-estate investment trusts (REITs) of various types. Some portfolios in this category also invest in real-estate operating companies.

**S&P United States REIT Index** defines and measures the investable universe of publicly traded real estate investment trusts domiciled in the United States. You cannot invest directly in an index.

**SPDR Dow Jones REIT ETF Index** is a float-adjusted market capitalization index designed to provide a measure of real estate securities that serve as proxies for direct real estate investing, in part by excluding securities whose value is not always closely tied to the value of the underlying real estate.

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.



Thank you for your interest in the Fund.

855.674.FUND

[www.alphacentricfunds.com](http://www.alphacentricfunds.com)

[info@alphacentricfunds.com](mailto:info@alphacentricfunds.com)

