

# Exponential Technologies Fund Commentary

June 30, 2024

## AT A GLANCE

**Managers:** Anant Goel; Funny Kuruvilla, MD, PhD

*Effective 07/16/2024 Finny Kuruvilla, MD, PhD will serve as Lead Portfolio Manager for the Fund.*

**Fund Objective:** Seeks to provide long-term capital appreciation.

**About the Fund:** A concentrated mutual fund representing our thesis regarding long-term capital appreciation in technology which can include information technology, e-commerce discretionary, internet media and services, healthcare technology, healthcare devices, or transaction and payment processing services industries (≥80%). The fund has a non-diversified approach in which ≥5% holdings cumulatively can be ≥25% of the fund. May invest in illiquid securities (≤15%).

**Benchmarks<sup>1</sup>:** Bloomberg US 2500 Technology Total Return Index, S&P North American Technology Sector Index

**Morningstar Category:** US Fund Technology

**Lipper Category:** Technology

**Net Assets:** \$115 million

**Inception Date:** June 30, 2020

## GLOSSARY

**Moat:** Competitive strategy that helps protect a company's market position from competitors

**Eventide Asset Management, LLC**

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**Class I: ETIEX | Class A: ETAEX | Class C: ETCEX | Class N: ETNEX**

## Review

The Eventide Exponential Technologies Fund (Class I) posted a total return of -8.84% for the second quarter of 2024, compared with the Bloomberg US 2500 Technology Total Return Index of -3.80% and the S&P North American Technology Sector Index total return of 9.38%. The Fund (Class I) posted a total return of -0.08% for the 12 months ending 06/30/2024 compared to the Bloomberg US 2500 Technology Total Return Index of 9.21% and the S&P North American Technology Sector Index of 44.57%.

## Contributors

### Top Five Contributors<sup>2</sup> (%)

Q2 2024

Company	Ticker	Industry	Average Weight	Contribution to Return	Total Return <sup>3</sup>
TransMedics Group Inc	TMDX	Health Care	3.76	2.70	103.71
Monolithic Power Systems Inc	MPWR	Information Technology	4.50	0.88	21.48
KLA Corporation	KLAC	Information Technology	3.44	0.57	18.26
The Trade Desk Inc	TTD	Communication Services	4.46	0.47	11.73
Palo Alto Networks Inc	PANW	Information Technology	2.42	0.44	19.32

In the second quarter of 2024, the largest positive contributors to performance were: TransMedics Group Inc, Monolithic Power Systems Inc, KLA Corporation, The Trade Desk Inc, and Palo Alto Networks Inc. TransMedics Group Inc, which provides therapy for end-stage organ failure, continued their trajectory of strong execution and provided timelines on pipeline initiatives. Monolithic Power Systems Inc, a provider of power management solutions, benefited from technology leadership in providing power management for AI accelerators. KLA Corporation, which provides semiconductors and semiconductor assembly solutions, benefited from a cyclical recovery in semiconductors and new technology transitions. The Trade Desk Inc, a digital advertising platform for display, social, and video campaigns, continued to execute on top and bottom line, above investor expectations. Palo Alto Networks Inc, an integrated cloud and network security solutions provider, saw a go to market strategy change which after some initial scrutiny led to a positive sentiment shift by investors.

## Detractors

### Top Five Detractors<sup>2</sup> (%)

Q2 2024

Company	Ticker	Industry	Average Weight	Contribution to Return	Total Return <sup>3</sup>
Flywire Corp	FLYW	Financials	3.02	-1.17	-33.94
Sprout Social Inc	SPT	Information Technology	1.20	-1.60	-52.29
Xometry Inc	XMTR	Industrials	4.20	-1.72	-31.56
DoubleVerify Holdings Inc	DV	Information Technology	2.86	-1.76	-44.62
Coursera Inc	COUR	Consumer Discretionary	2.33	-1.93	-54.07

In the second quarter of 2024, the largest negative detractors to performance were: Flywire Corp, Sprout Social Inc, Xometry Inc, DoubleVerify Holdings Inc, and Coursera Inc. Flywire Corp, a provider of global payments enablement software for education and healthcare, continues to execute well, but new Canadian visa regulation created shorter term uncertainty on revenues from Canada. Sprout Social Inc, a social media management tool for businesses of all sizes, saw go to market challenges which led to lower close rates in Q1. Xometry Inc, an AI-enabled marketplace for on-demand manufacturing, sold off due to sentiment in short cycle manufacturing being hurt in part due to weaker ISM manufacturing numbers. DoubleVerify

**Performance is historical and does not guarantee future results.**

## Portfolio Team Outlook

The second quarter of 2024 saw the market continue its upward trajectory, primarily driven by mega-cap companies and the AI-winner cohort. Throughout this period, momentum remained a key factor, with high-performing stocks sustaining their growth while underperforming stocks, or “laggards,” stayed subdued.

Our portfolio maintains a strategic mix of both high-flyers and laggards. Our analysis suggests that the latter, despite their current underperformance, hold significant long-term value. We focus on companies with robust moats and competitive advantages, which are crucial for long-term success. Some of our portfolio companies in the smaller-cap software and internet sectors faced pressure due to a volatile demand environment and a slowing economy. Investors questioned the durability of their moats, concerns we believe are largely overblown. We anticipate these companies will prove their strength in the coming quarters.

Looking ahead, we are optimistic about our fund’s positioning. The current market environment, characterized by momentum and an AI-driven surge, underscores the importance of discipline and maintaining a long-term perspective. With a stable economy and anticipated rate cuts by the Federal Reserve, we believe our portfolio of small to mid-sized (SMID) technology companies is well-positioned. Evaluated through our Business 360 framework, these companies demonstrate growing moats, are led by competent management teams, and are committed to creating long-term value for stakeholders, including customers, employees, suppliers, host communities, and the environment. Barring significant interest rate hikes or a deep economic recession, we believe our fund is poised for success.

Consistent with our internal ethos, we advocate for a long-term investment focus. This approach necessitates patience and tolerance for volatility, but we believe it is



**Anant Goel**  
Portfolio Manager

likely to yield better risk-reward outcomes over time.

We remain committed to creating value for our investors while contributing to societal well-being. Our strategy not only aims at financial returns but also at delivering societal well-being. We invest in companies that address important human needs, uphold strong business fundamentals, and possess unrealized potential. By focusing on creating value for all stakeholders, we believe in achieving sustainable, long-term outperformance for our investors.

Holdings Inc, a provider of digital media and analytics tools, saw a handful of top customers pull in spend in Q1, which saw company reduce full year guidance, adding to investor fears of structural challenges in the verification space. Coursera Inc, which provides online education services, saw poor execution in Q1 leading to the company selling off.

### Trailing Returns<sup>4</sup> (%)

30 Jun 2024

Eventide Exponential Technologies Fund	YTD	3-mos	1-year	3-year <sup>5</sup>	5-year	10-year	Since Inception <sup>5</sup>	Inception Date
Class I	-7.79	-8.84	-0.08	-13.84	—	—	5.19	06/30/2020
Class A without load	-7.93	-8.91	-0.33	-14.04	—	—	4.95	06/30/2020
Class A with 5.75% load <sup>6</sup>	-13.21	-14.14	-6.05	-15.71	—	—	3.41	06/30/2020
Class C <sup>7</sup>	-8.29	-9.08	-1.11	-14.70	—	—	4.18	06/30/2020
Class N	-7.85	-8.83	-0.25	-14.01	—	—	4.97	06/30/2020
<b>Benchmarks</b>								
Bloomberg US 2500 Technology Total Return Index <sup>1</sup>	3.02	-3.80	9.21	-2.93	—	—	8.67	06/30/2020
S&P North American Technology Sector Index <sup>1</sup>	26.12	9.38	44.57	12.66	—	—	20.22	06/30/2020
S&P 500 Total Return Index <sup>1</sup>	15.29	4.28	24.56	10.01	—	—	17.01	06/30/2020

**Performance is historical and does not guarantee future results. Investment return and principal value will fluctuate with changing market conditions so that when redeemed, shares may be worth more or less than their original cost. Current performance may be lower or higher than the data quoted. Investors cannot directly invest in an index, and unmanaged index returns do not reflect any fees, expenses, or sales charges. The volatility of an index may be materially different than that of the Fund, and investors should not expect the Fund to achieve the same results as a listed index. Performance data current to the most recent month-end may be obtained by calling 1-877-771-EVEN (3836).**

Eventide Exponential Technologies Fund expenses: Class I, Gross Expenses 1.51%, Net Expenses 1.44%; Class A, Gross Expenses 1.76%, Net Expenses 1.69%; Class C, Gross Expenses 2.51%, Net Expenses 2.44%; Class N, Gross Expenses 1.71%, Net Expenses 1.64%. The adviser has contractually agreed to waive fees and/or reimburse expenses of the Fund through 10/31/2024. The agreement may be terminated by the Fund's Board of Trustees only on 60 days' written notice.

1. On 12/29/2023, the Fund's primary benchmark to compare its performance was changed from the S&P North American Technology Sector Index to the Bloomberg US 2500 Technology Total Return Index because the Fund's Adviser believes it will be helpful in shareholder evaluation of the risk reward of and investment opportunity set for the Fund. On 04/01/2023, the primary benchmark had been changed from the S&P 500 Total Return Index because the Fund's Adviser believed it was more reflective of the Fund's portfolio. The Bloomberg US 2500 Technology Total Return Index is a float market-cap-weighted equity benchmark derived from membership of the Bloomberg US 2500 Index. Source: Bloomberg Index Services Limited. Bloomberg® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Neither Bloomberg nor Bloomberg's licensors approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith. The S&P North American Technology Sector Index represents U.S. securities classified under the GICS® information technology sector as well as the internet & direct marketing retail, interactive home entertainment, and interactive media & services sub-industries. The S&P 500 is an index created by Standard & Poor's of American stocks with the largest market capitalization.
2. Source: Bloomberg PORT Attribution Report. Allocation percentages are subject to change at any time, and should not be considered investment advice.
3. The total return percentage listed is impacted by the Fund's transactions and transacted price levels of the holding during the quarter.
4. The returns shown do not reflect the deduction of taxes that a shareholder would pay on fund distributions or on the redemption of fund shares. Because of ongoing market volatility, fund performance may be subject to substantial short-term changes.
5. Performance figures for periods greater than 1 year are annualized. Annualized since inception figures use an inception date of 06/30/2020.
6. In the case of investments at or above the \$1 million breakpoint (where you do not pay an initial sales charge), a 1.00% contingent deferred sales charge ("CDSC") may be assessed on shares redeemed within eighteen months of purchase. The CDSC for these Class A shares is based on the NAV at the time of purchase. The holding period for the CDSC begins on the day you buy your shares. Some intermediaries may waive or discount the CDSC under certain circumstances.
7. A 1.00% contingent deferred sales charge ("CDSC") may be assessed on C-shares redeemed within twelve months of purchase.

*The opinions expressed herein are those of the Fund's portfolio management team as of 06/30/2024 and are subject to change. There is no guarantee that such views are correct or that the outlook opinions will come to pass. Specific companies mentioned are for performance attribution informational purposes only and should not be construed as buy or sell advice. Reliance upon the views expressed herein is at the sole discretion of the reader. The Adviser's judgment about the quality and intrinsic value of companies may prove to be incorrect. There is no guarantee that any investment will achieve its objectives, generate positive gains, or avoid losses.*

**Mutual funds involve risk including the possible loss of principal. Past performance does not guarantee future results.**

*The Fund typically invests at least 80% of its net assets in companies that the Adviser believes are participating in and benefiting from technologies, innovations, technology themes, or technology trends which can include information technology, e-commerce discretionary, internet media and services, healthcare technology, healthcare devices, or transaction & payment processing services industries. The term "exponential" means the potential for accelerated advancements in underlying technologies that can positively impact capabilities and development cycles of a company's products and services. Not every company in the Fund's portfolio will experience exponential growth, and the Fund is not expected to deliver exponential returns. The Fund's ethical values screening criteria could cause it to under-perform similar funds that do not have such screening criteria. The Fund can invest in smaller-sized companies which may experience higher failure rates than larger companies and normally have a lower trading volume than larger companies. The Fund may experience higher volatility than the general market due to being concentrated in the technology industries. Companies in the technology industries have different risks including but not limited to products becoming obsolete, and entrance of competing products. Communications companies may underperform due to legislative or increased competition. Internet and Direct Marketing Retail companies may underperform due to legislative or increased government supervision. Healthcare Technology and Devices Companies may be heavily dependent on clinical trials with uncertain outcomes and decisions made by the governments and regulatory authorities. Further, these companies are dependent on patent protection. The Fund has non-diversification risk as a high percentage of Fund assets may be invested in a limited number of companies. The Fund can have risk related to option investing. There are special risks associated with investments in foreign companies including exposure to currency fluctuations, less efficient trading markets, political instability and differing auditing and legal standards. The Fund can invest in private companies. Private investments include various risks including but not limited to lack of liquidity, capital commitment risk, and valuation risk. Private companies may not be financially profitable and have uncertain futures, subjecting them to additional risks. The Fund has no history of operations prior to its inception date.*

*This information is for use with concurrent or prior delivery of a fund prospectus, which can be obtained at <https://www.eventidefunds.com/prospectus> or by calling 1-877-771-EVEN (3836). Investors should consider a fund's investment objectives, risks, charges and expenses carefully before investing or sending money. Eventide Mutual Funds are distributed by Northern Lights Distributors, LLC, Member FINRA/SIPC, which is not affiliated with Eventide Asset Management, LLC.*