

# Gilead Fund Commentary

September 30, 2024

## AT A GLANCE

**Manager:** Finny Kuruvilla, MD, PhD

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

**About the Fund:** A diversified mutual fund representing our “best ideas” for long-term capital appreciation. Historical emphases in small- and mid-cap growth, Health Care and Information Technology.

**Benchmark:** Bloomberg US Mid Cap Growth Index

**Secondary Benchmark:** Russell Midcap Growth Index

**Morningstar Category:** US Fund Mid-Cap Growth

**Lipper Category:** Mid-Cap Growth

**Net Assets:** \$3.25 billion

**Inception Date:** July 8, 2008

**Eventide Asset Management, LLC**  
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**Class I: ETILX | Class A: ETAGX | Class C: ETCGX | Class N: ETGLX**

## Review

In the third quarter of 2024, the Gilead Fund (Class I) achieved a 4.56% return, contrasting with the Bloomberg US Midcap Growth Index’s 8.09%. The fund’s lag to the Bloomberg US Midcap Growth index primarily stemmed from underperformance in the Industrials and Information Technology sectors, while we noted outperformance in the Health Care and Consumer Discretionary sectors.

## Contributors

### Top Five Contributors<sup>1</sup> (%)

Q3 2024

Company	Ticker	Sector	Average Weight	Contribution to Return	Total Return <sup>2</sup>
Xometry Inc	XMTR	Industrials	2.69	1.23	58.91
DR Horton Inc	DHI	Consumer Discretionary	3.33	0.96	35.59
Trane Technologies PLC	TT	Industrials	4.47	0.78	18.47
Evolent Health Inc	EVH	Health Care	1.80	0.65	47.91
Exact Sciences Corp	EXAS	Health Care	1.14	0.54	61.23

In the third quarter of 2024, the largest positive contributors to performance were: Xometry Inc, DR Horton Inc, Trane Technologies PLC, Evolent Health Inc, and Exact Sciences Corp. Xometry Inc, an AI-enabled marketplace for on-demand manufacturing, steadily reported marketplace growth despite the ongoing industrial downturn, nearing profitability. DR Horton Inc, a nationwide builder of affordable new homes, benefitted from expectations for lower rates and a soft landing. Trane Technologies PLC, a provider of HVAC systems for energy efficiency and reduced carbon emissions, continued to post strong results in its commercial HVAC business, driven by data centers, education, and healthcare. Evolent Health Inc, which offers value-based care initiatives in specialty care, reported encouraging second quarter results, complemented by rumored takeover interest. Exact Sciences Corp, a provider of non-invasive molecular screening for colorectal cancer, demonstrated fundamental execution in the second quarter with operating leverage upside and encouraging pipeline developments.

## Detractors

### Top Five Detractors<sup>1</sup> (%)

Q3 2024

Company	Ticker	Sector	Average Weight	Contribution to Return	Total Return <sup>2</sup>
Guardant Health Inc	GH US	Health Care	2.00	-0.44	-20.57
Datadog Inc	DDOG US	Information Technology	2.70	-0.45	-11.28
Mobileye Global Inc	MBLY US	Consumer Discretionary	0.51	-0.53	-61.55
Lam Research Corp	LRCX US	Information Technology	2.13	-0.60	-23.13
CrowdStrike Holdings Inc	CRWD US	Information Technology	1.96	-0.78	-26.81

In the third quarter of 2024, the largest negative detractors to performance were: Guardant Health Inc, Datadog Inc, Mobileye Global Inc, Lam Research Corp, and CrowdStrike Holdings Inc. Guardant Health, provider of blood based diagnostics for cancer patients, returned prior gains on competitive concerns despite strong fundamentals. For Datadog Inc, a cloud-based monitoring and analytics platform, positioning was a headwind to earnings. While earnings were solid, fundamentals did not accelerate; projected earnings have become less of a consensus since the company’s last quarterly report. Mobileye Global Inc, a developer of self-driving technologies and advanced driver-assistance systems, underperformed in the

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

## Portfolio Team Outlook

We experienced an eventful third quarter as market participants had plenty of opportunities to anticipate, opine, digest, and react to election updates, geopolitical developments, and Fed policy changes. US equities continued their march higher despite much of the headline noise, ending the quarter either near or at all-time highs. One notable trend was how market leadership broadened from a previously narrow range of large caps into the small and mid-cap company space. This shift resulted in better returns for the equal-weighted indices than the market cap-weighted indices that continue to be heavily dominated by mega cap companies and the “Mag 7.”

Despite strong returns for the Fund’s benchmark, the Gilead portfolio continued to underperform on a relative basis. This underperformance was due to both stock selection (highlighted among the top detractors above) and sector allocation. Within the benchmark, the strongest performing sectors for the quarter included Utilities, Real Estate, Industrials, Financials, and Consumer Discretionary, all of which were underrepresented in the portfolio. As our focus remains on finding high-quality long-term investment

opportunities, the Fund will generally maintain a strategic overweight toward areas of innovation and secular growth themes often found within health care, biotechnology and technology. While our investments within healthcare and biotech contributed positively to relative performance, the industries and characteristics of our technology investments represented a significant drag on relative returns. We had previously suggested, and still anticipate, that rate cuts by the Fed are a positive catalyst for our long-term investment orientation; but it appears the market is still undecided if the US economy has the “all clear” in the short-term. An unusually close election also remains an overhang for markets. While timing remains uncertain on when animal spirits will return, the movement from restrictive to accommodative Fed policy is an extremely positive development. Historically, this has been an attractive entry point for investors with patience and an appropriate appetite for the risk/reward proposition of the long-term growth opportunities we are actively allocating towards.

As a team, we are taking measured approaches to ensure our position sizing and



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Senior Portfolio Manager

risk allocations are appropriate across the portfolio. Our goal is to focus on the alpha-generating work of stock-specific, bottom-up fundamental research on companies with idiosyncratic attributes. Going forward, we see many potential catalysts from a top-down macro and bottom-up fundamental perspective providing attractive opportunities for our investment style and portfolio companies.

Our investment strategy remains anchored in the belief that companies with sustainable competitive advantages in attractive industries run by great management teams that focus on value creation for their stakeholders generate better long-term risk-adjusted returns. It hasn’t been an easy ride for many of our investors in the Gilead Fund, but we believe that most of the cyclical pain is in the rear-view mirror.

quarter due to demand weakness and share loss in China. Lam Research Corp, a semiconductor wafer fabrication equipment company, saw memory pricing soften in the quarter due to excess inventories. CrowdStrike Holdings Inc, an enterprise cybersecurity platform to prevent endpoint attacks, had an outage during the quarter, which led to underperformance.

### Trailing Returns<sup>3</sup> (%)

30 Sep 2024

	YTD	3-mos	1-year	3-year <sup>4</sup>	5-year <sup>4</sup>	10-year <sup>4</sup>	Since Inception <sup>4</sup>	Inception Date
<i>Eventide Gilead Fund</i>								
Class I	-0.27	4.56	11.26	-6.01	9.18	10.37	13.12	02/02/2010
Class A without load	-0.46	4.50	10.98	-6.24	8.91	10.11	13.94	10/28/2009
Class A with 5.75% load <sup>5</sup>	-6.18	-1.52	4.59	-8.07	7.63	9.46	13.49	10/28/2009
Class C <sup>6</sup>	-1.02	4.29	10.15	-6.94	8.09	9.28	13.07	10/28/2009
Class N	-0.44	4.51	11.03	-6.20	8.96	10.15	12.61	07/08/2008
<i>Benchmarks</i>								
Bloomberg US Mid Cap Growth Index <sup>7</sup>	12.64	8.09	27.45	3.34	11.84	11.08	10.61	07/08/2008
Russell Midcap Growth Index <sup>7</sup>	12.91	6.54	29.33	2.32	11.48	11.30	11.00	07/08/2008

**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 Gilead Fund gross expenses: Class I: 1.18%; Class A: 1.43%; Class C: 2.18%; Class N: 1.38%.*

1. Source: Bloomberg PORT Attribution Report. Allocation percentages are subject to change at any time, and should not be considered investment advice.
2. The total return percentage listed is impacted by the Fund's transactions and transacted price levels of the holding during the quarter.
3. 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.
4. Performance figures for periods greater than 1 year are annualized. The indices use an inception date of 07/08/2008.
5. 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.
6. A 1.00% contingent deferred sales charge ("CDSC") may be assessed on C-shares redeemed within twelve months of purchase.
7. On 06/30/2024, the Fund's primary benchmark to compare its performance changed from the Russell Midcap Growth Index to the Bloomberg US Mid Cap Growth Index because the Fund's Adviser believes it provides more value per cost while maintaining high standards of accuracy, relevance, and reliability. The Bloomberg US Mid Cap Growth Index is a float market-cap-weighted index based on an equal-weighted combination of four factors: earnings yield, valuation, dividend yield, and growth. The constituents consist of the lower 800 in capitalization of the Bloomberg 1000 Index, which is a float market-cap-weighted benchmark of the 1000 most highly capitalized US companies. The Russell Midcap Growth Index measures the performance of the U.S. equity mid-cap growth segment.

*The opinions expressed herein are those of the Fund's portfolio management team as of 09/30/2024 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'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 can have risk associated with the biotechnology and pharmaceutical industry in which these companies may be heavily dependent on clinical trials with uncertain outcomes and decisions made by the U.S. Food and Drug Administration. Companies in the technology industries have different risks including but not limited to products becoming obsolete, and entrance of competing products. Companies in the Industrial Sector carry various risks including, but not limited to, risk related to debt loads, intense competition, and sensitivity to economic cycles. 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.*

**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.**