

Healthcare & Life Sciences Fund Commentary

September 30, 2024

AT A GLANCE

Managers: Finny Kuruvilla, MD, PhD; I-hung Shih, PhD

Effective 09/01/2024 Dr. I-hung Shih began serving as Co-Portfolio Manager for the Fund.

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

About the Fund: A diversified mutual fund seeking long-term capital appreciation in the healthcare and life sciences sectors (≥80%). Concentrates investments in the drug-related industries (≥25%). May invest in illiquid securities (≤15%).

Benchmark: S&P Biotechnology Select Industry Index

Morningstar Category: US Fund Health

Lipper Category: Health/Biotech

Net Assets: \$1.49 billion

Inception Date: December 27, 2012

Healthcare and life sciences companies include those companies that derive or are expected to derive 50% or more of their revenue from healthcare and life science products and services including, but not limited to, biotechnology, pharmaceuticals, diagnostics, life science tools, medical devices, healthcare information technology, healthcare services, synthetic biology, agricultural and environmental management, and pharmaceutical manufacturing products and services. These companies include smaller development-stage companies.

GLOSSARY

SG&A: Selling, general and administrative expenses.

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Class I: ETIHX | Class A: ETAHX | Class C: ETCHX | Class N: ETNHX

Review

In the third quarter of 2024, the Eventide Healthcare and Life Sciences Fund (Class I) outperformed its primary benchmark, the S&P Biotechnology Select Industry Index, with returns of 7.01% and 6.75%, respectively. Relative to the benchmark, the Fund demonstrated strength in the Pharmaceuticals and Healthcare Technology sub-industries while it lagged in Health Care Services and Biotechnology.

Contributors

Top Five Contributors¹ (%)

Q3 2024

Company	Ticker	Industry	Average Weight	Contribution to Return	Total Return ²
Exact Sciences Corp	EXAS	Biotechnology	2.09	0.99	61.23
Vaxcyte Inc	PCVX	Biotechnology	2.77	0.91	51.33
Evolent Health Inc	EVH	Health Care Technology	2.45	0.90	47.91
Inspire Medical Systems Inc	INSP	Health Care Equipment	1.42	0.67	57.70
Verona Pharma PLC	VRNA	Pharmaceuticals	1.29	0.66	98.96

In the third quarter of 2024, the largest positive contributors to performance were: Exact Sciences Corp, Vaxcyte Inc, Evolent Health Inc, Inspire Medical Systems Inc, and Verona Pharma PLC. 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. Vaxcyte Inc, a provider of novel vaccines for infectious diseases, including a pneumococcal vaccine, announced positive Phase 2 clinical data with its lead asset, VAX-31. Evolent Health Inc, a provider of value-based care initiatives in specialty care, reported encouraging second quarter results, complemented by rumored takeover interest. Inspire Medical Systems Inc, a provider of implantable technology to treat obstructive sleep apnea, announced better than expected second quarter results, including surprise profitability and share buyback plan. Verona Pharma PLC, which develops new therapies for severe respiratory diseases, including COPD and bronchiectasis, recently received FDA approval for its lead asset, and early commercial launch metrics are encouraging.

Detractors

Top Five Detractors¹ (%)

Q3 2024

Company	Ticker	Industry	Average Weight	Contribution to Return	Total Return ²
4D Molecular Therapeutics Inc	FDMT	Biotechnology	1.09	-0.58	-48.50
Guardant Health Inc	GH	Health Care Services	2.72	-0.60	-20.57
Sarepta Therapeutics Inc	SRPT	Biotechnology	2.50	-0.62	-20.96
iRhythm Technologies	IRTC	Health Care Equipment	1.45	-0.63	-31.03
Lexeo Therapeutics Inc	LXEO	Biotechnology	1.93	-0.93	-43.64

In the third quarter of 2024, the largest negative detractors to performance were: 4D Molecular Therapeutics Inc, Guardant Health Inc, Sarepta Therapeutics Inc, iRhythm Technologies, and Lexeo Therapeutics Inc. 4D Molecular Therapeutics Inc, which develops gene therapies for serious eye and lung diseases, recently provided a disappointing clinical data update on their lead ocular program. Guardant Health, a provider of blood based diagnostics for cancer patients, returned prior gains on competitive concerns despite strong fundamentals. Sarepta Therapeutics Inc, which provides precision genetic medicines for rare neuromuscular diseases,

Performance is historical and does not guarantee future results.

Portfolio Team Outlook

Following a relatively weak first half of the year, the biotechnology industry outperformed the broader market in the third quarter of 2024. It appears capital markets are robust but cautious in the near-term. Within our coverage, sentiment and overall risk appetite appears to be improving as a result of the dovish shift in Fed policy. However, the recovery is somewhat tempered by uncertainties related to the US election, geopolitical tensions, and the ultimate direction of the US economy. As healthcare sector valuations are improving, much of this valuation progress is uneven as small-cap biotech remains depressed compared to the large-cap healthcare or biopharma cohort.

The Eventide Healthcare & Life Sciences Fund outperformed the S&P Select Biotechnology Index in the third quarter, mostly driven by positive stock selection within the biotechnology industry where many of our smaller cap allocations reside.

It is worth noting that at the end of the second quarter, the Fund's benchmark enacted a major methodological shift, significantly altering the composition away from small and mid-cap biotech companies and towards the much larger companies in the space. Our approach remains focused on finding unappreciated opportunities within the often-overlooked early, mid, and later development stage healthcare companies where we believe our team exhibits a strong informational edge and industry-specific expertise.

Going forward, it is not uncommon at this stage in the presidential election cycle for biopharma-related industries to come under pressure because of drug pricing scrutiny and political rhetoric, although for now the Trump-Harris race appears much more focused on other policy areas. Despite the election outcome, we see many potential catalysts as we emerge from a historically weak period for biotech investment. As we



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position the portfolio for the end of 2024 and beyond, our team looks forward to the potential for major de-risking events from clinical data readouts, regulatory approvals, and a continued recovery in M&A activity that could spur investor and generalist interest in the healthcare innovators within the portfolio. Our focus on companies we believe to have the highest likelihood of commercial success positions us well as we seek to benefit from the industry's genuine long-term value creation and potential to meet real human needs within healthcare.

missed consensus estimates in its second quarter earnings release. iRhythm Technologies Inc, which makes a wearable patch-based monitor to detect cardiac arrhythmia, reported a number of FDA observations that dominated the narrative despite a very strong second quarter performance and fundamental setup. Lexeo Therapeutics, which develops gene therapies for rare cardiovascular and neurological diseases, announced early Phase 1 data that the market thought was too incremental to assess its approvability in the near-term.

Trailing Returns³ (%)

30 Sep 2024

Eventide Healthcare & Life Sciences Fund	YTD	3-mos	1-year	3-year ⁴	5-year ⁴	10-year ⁴	Since Inception ⁴	Inception Date
Class I	-1.43	7.01	9.52	-6.03	8.04	10.75	14.13	12/27/2012
Class A without load	-1.64	6.93	9.25	-6.26	7.78	10.46	13.83	12/27/2012
Class A with 5.75% load ⁵	-7.29	0.77	2.97	-8.10	6.51	9.80	13.26	12/27/2012
Class C ⁶	-2.19	6.71	8.43	-6.97	6.97	9.64	12.99	12/27/2012
Class N	-1.58	6.97	9.33	-6.22	7.83	10.52	13.91	12/27/2012
Benchmarks								
S&P Biotechnology Select Industry Index ⁷	10.97	6.75	35.58	-7.48	5.55	6.84	11.14	12/27/2012

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 Healthcare & Life Sciences Fund gross expenses: Class I: 1.31%; Class A: 1.56%; Class C: 2.31%; Class N: 1.51%.

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. Annualized since inception figures use an inception date of 12/27/2012.
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. The S&P Biotechnology Select Industry Index represents the biotechnology sub-industry portion of the S&P Total Markets Index.

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. 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.