

# Healthcare & Life Sciences Fund Commentary

December 31, 2024

## AT A GLANCE

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

**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 ( $\geq 80\%$ ). Concentrates investments in the drug-related industries ( $\geq 25\%$ ). May invest in illiquid securities ( $\leq 15\%$ ).

**Benchmark:** S&P Biotechnology Select Industry Index

**Morningstar Category:** US Fund Health

**Lipper Category:** Health/Biotech

**Net Assets:** \$1.29 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.*

### Eventide Asset Management, LLC

One International Place, Suite 4210

Boston, MA 02110

877-771-EVEN (3836)

[WWW.EVENTIDEFUNDS.COM](http://WWW.EVENTIDEFUNDS.COM)

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

## Review

In the fourth quarter of 2024, the Eventide Healthcare and Life Sciences Fund (Class I) performed in line with its primary benchmark, the S&P Biotechnology Select Industry Index, with returns of -8.83% and -8.82%, respectively. Relative to the benchmark, the Fund demonstrated strength in the Biotechnology and Health Care Services sub-industries while it lagged in Health Care Equipment and Health Care Technology.

## Contributors

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

Q4 2024

Company	Ticker	Industry	Average Weight	Contribution to Return	Total Return <sup>2</sup>
Scholar Rock	SRRK	Biotechnology	2.85	2.64	439.58
Verona Pharma PLC	VRNA	Pharmaceuticals	3.34	1.50	61.42
Guardant Health Inc	GH	Health Care Services	2.89	0.67	33.17
Inari Medical Inc	NARI	Health Care Equipment	2.14	0.37	23.79
TG Therapeutics	TGTX	Biotechnology	1.46	0.31	28.69

In the fourth quarter of 2024, the largest positive contributors to performance were: Scholar Rock, Verona Pharma PLC, Guardant Health Inc, Inari Medical Inc, and TG Therapeutics. Scholar Rock, developer of novel therapeutics for neuromuscular disorders and obesity, saw a positive Phase 3 data readout of apitegromab in spinal muscular atrophy and competitive failure driving stock performance. Verona Pharma PLC, which develops new therapies for severe respiratory diseases, including COPD, asthma, and cystic fibrosis, performed well as its ongoing launch of Ohtuvayre for COPD patients has exceeded consensus expectations so far. Guardant Health Inc, a provider of cell diagnostics for cancer patients, continues to deliver strong results in their core therapy selection business with encouraging early commentary on the CRC screening launch. Inari Medical Inc, developer of intravascular clot removal for thromboembolism patients saw momentum build with a solid fundamental quarter complemented by profitability visibility and large cap M&A commentary. TG Therapeutics, which is commercializing a new therapy for multiple sclerosis, saw one of its products, Briumvi, for multiple sclerosis gain market share consistently versus competing products.

## Detractors

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

Q4 2024

Company	Ticker	Industry	Average Weight	Contribution to Return	Total Return <sup>2</sup>
Collegium Pharmaceutical Inc	COLL	Pharmaceuticals	2.98	-0.84	-25.85
Viking Therapeutics Inc	VKTX	Biotechnology	2.01	-0.91	-36.44
Keros Therapeutics Inc	KROS	Biotechnology	1.37	-1.14	-72.74
TransMedics Group Inc	TMDX	Health Care Equipment	1.40	-1.33	-60.29
Evolent Health Inc	EVH	Health Care Technology	1.79	-1.58	-60.22

In the fourth quarter of 2024, the largest negative detractors to performance were: Collegium Pharmaceutical Inc, Viking Therapeutics Inc, Keros Therapeutics Inc, TransMedics Group Inc, and Evolent Health Inc. Collegium Pharmaceutical Inc, developer of prescription and over-the-counter pharmaceuticals, saw a market in the process of digesting the prospects of a new CEO who was brought in the month of November and his strategy on leading the company. Viking Therapeutics, which develops treatments for metabolic disorders, specifically

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

## Portfolio Team Outlook

The equity market rallied in the fourth quarter following a decisive Trump victory, although the healthcare industry continued its relatively weak streak to finish the year as one of the worst performing sectors within US equities. While general market sentiment was positive following Trump's win, healthcare came under relative pressure following news of Trump's nomination of RFK Jr. as the new Secretary of Health & Human Services. Our view is that when the full roster of nominations is examined, RFK's impact is overstated on the mid cap biotech and medtech industry. The issues that he has expressed special concern for (fluoride in the water, processed food, raw milk, etc.) have less of a readthrough into, for example, a company developing a novel cancer treatment. Even his stance on vaccines is likely more about eliminating mandates than halting their development or sales. Moreover, the checks and balances in such large government agencies make wholesale changes difficult. One positive development was the nomination of industry veteran Dr. Marty Makary, whom we view as a highly empirical and evidence-based thinker, to lead the FDA. On the monetary front, the Federal Reserve cut the fed funds rate twice during the quarter, although longer-term treasury interest rates increased, which presented another headwind for the earlier stage growth areas of biotech and life sciences. We expect volatility to continue in the short

term as uncertainty in Washington, and likely higher-for-longer interest rates, are digested by the market. Higher interest rates (a consequence of anticipated tariffs) are certainly a headwind for the industry, but if the 10-year yield remains below 5%, it is unlikely this will represent much of a shock to the industry that has already acclimated to higher rates.

The Strategy performance was in line with the biotechnology benchmark for the fourth quarter. Positive selection and allocation effects within healthcare services and pharmaceuticals were offset by stock selection weakness within the biotechnology and healthcare technology industries. Large-cap biotech and pharma companies took a hit from the generally negative political rhetoric, although that effect was also felt within many of the early, mid, and later development stage healthcare groups that tend to benefit from large biopharma Mergers and Acquisitions (M&A) activity.

It is our opinion that regardless of one's political views, there is a need for healthcare innovation for an aging and unhealthy US population. Looking forward, we see several catalysts that could potentially benefit the space in 2025 and beyond, both from an industry benchmark perspective and for our specific investment approach. A more favorable M&A environment seems much



**Finny Kuruvilla, MD, PhD**  
Co-Chief Investment Officer,  
Senior Portfolio Manager

more likely under the new Trump regime. Historically, M&A activity has prompted investor and general interest in the healthcare innovators within the portfolio. The political climate does not affect the reality that large biopharma companies significantly rely on smaller healthcare innovators to compensate for expiring patents and dwindling product pipelines. We believe we have a specialized team with an informational edge and industry-specific specialization that is capable of exploiting mispricing opportunities in an often-overlooked area of the market. When we pair these forces with the historically low valuations we are finding within our coverage, the investment case becomes compelling for the patient, long-term investor. Our focus remains on finding and investing in companies we believe exhibit the highest likelihood of commercial success as we seek to support and benefit from the industry's genuine long-term value creation and potential to meet real human needs.

nonalcoholic steatohepatitis (NASH) and obesity, saw its volatility persist due to competitive landscape, manufacturing scaleup, and M&A probability. Keros Therapeutics Inc, which provides treatments for hematological and musculoskeletal disorders, disclosed an unexpected safety finding, potentially related to their drug, in an ongoing study of pulmonary hypertension. TransMedics Group Inc, which provides therapy for end-stage organ failure, delivered 3Q24 results below consensus expectations resulting from a weak market quarter and logistics bottlenecks. Evolent Health Inc, provider of value-based care initiatives in specialty and primary care, missed 3Q24 estimates and guided down 4Q24 expectations as cost trends remained high alongside unexpected, temporary prior period claims.

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

31 Dec 2024

Eventide Healthcare & Life Sciences Fund	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
Class I	-10.13	-8.83	-10.13	-7.10	-1.73	7.43	12.94	12/27/2012
Class A without load	-10.36	-8.86	-10.36	-7.32	-1.96	7.16	12.65	12/27/2012
Class A with 5.75% load <sup>5</sup>	-15.51	-14.11	-15.51	-9.13	-3.12	6.53	12.10	12/27/2012
Class C <sup>5</sup>	-11.02	-9.02	-11.02	-8.02	-2.70	6.36	11.81	12/27/2012
Class N	-10.31	-8.87	-10.31	-7.28	-1.92	7.22	12.72	12/27/2012
<b>Benchmark</b>								
S&P Biotechnology Select Industry Index <sup>6</sup>	1.18	-8.82	1.18	-6.75	-0.89	3.98	10.04	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: 1.32%; Class A: 1.57%; Class C: 2.32%; Class N: 1.52%.

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. Class A and Class C are also subject to a maximum deferred sales charge of 1.00%. This and other expenses that apply to a continued investment in the Fund are described in the Fund's prospectus.
6. 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 12/31/2024 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.*