

Core Bond Fund Commentary

March 31, 2022

AT A GLANCE

Managers: Dolores Bamford, CFA; David Dirk, CFA

Fund Objective: Seeks total return consistent with income generation.

About the Fund: The fund seeks to invest at least 80% net assets in bonds.

Benchmark: Bloomberg U.S. Aggregate Bond Index

Morningstar Category: US Fund Intermediate Core Bond

Lipper Category: Core Bond

Net Assets: \$93.1 million

Inception Date: July 31, 2020

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Class I: ETIRX | Class A: ETARX | Class C: ETCRX | Class N: ETNRX

Review

The Eventide Core Bond Fund (Class I) posted a total return of -6.18% for the first quarter of 2022, compared with the Bloomberg U.S. Aggregate Bond Index of -5.93%. The Fund (Class I) posted a total return of -5.02 for the 12 months ending 3/31/2022 compared to the Bloomberg U.S. Aggregate Bond Index of -4.15%.

Contribution to Return by Security Type¹ (%) Q1 2022

	Average Weight	Total Return ²	Contribution to Fund Return
Cash & Equivalents	2.66	0.01	0.00
U.S. Tax-Exempt Municipals	1.04	-4.22	-0.04
ABS	6.40	-3.31	-0.21
U.S. Taxable Municipals	3.66	-10.56	-0.39
Sovereign Agency Debt	9.29	-4.76	-0.43
Pass-Throughs	11.82	-5.56	-0.64
Corporate Bonds	65.13	-6.68	-4.46

Macro Commentary and Outlook

Investors began 2022 with growth expected to decelerate, inflation at multi-decade highs, and the path to tighter monetary policy in sight. If this was not enough to deal with, the economic landscape was further disrupted by Russia's military buildup along the Ukrainian border and subsequent invasion in late February. The United States, along with allies from many countries, swiftly placed economic sanctions on the Russian government and key individuals, while numerous American corporations ceased operations in Russia in protest of their unprovoked actions. The bottom line is the convergence of these events further complicate an already troubling inflation picture while clouding the global growth outlook.

The Federal Open Market Committee (FOMC) announced their first interest rate hike in March, a twenty-five basis point increase in the federal funds rate. Several Committee members are openly advocating for more aggressive policy adjustments, including the potential for rate increases in fifty basis point increments to combat inflation. The FOMC's updated median projections now reflect a federal funds rate of 2.8% next year. This is an increase of more than one hundred basis points from their prior quarterly projections and is also above their longer-run projection of 2.4%. Given the multitude of risk factors faced, we remain skeptical of the Fed's ability to pull off a so called "soft landing" going forward. Our current economic view supports a higher probability for a stagflationary environment than an outright recession over the next 12-18 months.

For the fixed income markets, we expect volatility to likely remain elevated as further changes in monetary policy and heightened geopolitical risk dominate the headlines. Our portfolios reflect a short duration bias relative to the index and a modestly barbelled maturity structure in our core bond strategies. We continue to remain overweight both corporate bonds and ABS and have underweights in U.S. Treasuries and agency MBS. Despite the negative returns in the first quarter, the move higher in interest rates, combined with wider credit spreads, have resulted in a more attractive risk/reward profile for fixed income investors. We believe this has the potential to provide a more compelling investment landscape as we navigate the remainder of this year.

Return Breakdown

- During the first quarter interest rates moved up aggressively, the yield curve flattened, and nearly all spread sectors underperformed significantly.
- The negative performance was primarily the result of the rapid rise in interest rates across the yield curve as investors responded to the Federal Reserve adjusting their rate hike projections due to the highest inflation rates since the early 1980s, a highly uncertain macroeconomic backdrop, and heightened geopolitical tensions.
- However, this rise in interest rates was not uniform as the yield curve bear flattened – meaning short-term interest rates rose at a faster pace than long-term interest rates.
- Contributing to the declines in total returns was a renewed aversion to risk, as uncertainty and volatility sparked a widening in credit spreads as agencies, corporate bonds, agency MBS, ABS, and CMBS, all underperformed duration equivalent Treasuries.

Trailing Returns³ (%)

31 Mar 2022

Eventide Core Bond Fund	YTD	3-mos	1-year	3-year	5-year	10-year	Since Inception ⁴	Inception Date ⁴
Class I	-6.18	-6.18	-5.02	—	—	—	-5.37	7/31/2020
Class A without load	-6.31	-6.31	-5.28	—	—	—	-5.57	7/31/2020
Class A with 5.75% load ⁶	-11.73	-11.73	-10.71	—	—	—	-8.86	7/31/2020
Class C ⁶	-6.43	-6.43	-5.91	—	—	—	-6.25	7/31/2020
Class N	-6.32	-6.32	-5.21	—	—	—	-5.55	7/31/2020
Benchmark								
Bloomberg U.S. Aggregate Bond Index ⁷	-5.93	-5.93	-4.15	—	—	—	-4.61	7/31/2020

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 Core Bond Fund expenses: Class I, Gross Expenses 0.69%, Net Expenses 0.58%; Class A, Gross Expenses 0.94%, Net Expenses 0.83%; Class C, Gross Expenses 1.69%, Net Expenses 1.58%; Class N, Gross Expenses 0.89%, Net Expenses 0.78%. The adviser has contractually agreed to waive fees and/or reimburse expenses of the Fund through 10/31/2022. The agreement may only be terminated by the Fund's Board of Trustees on 60 days' written notice.

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. Since inception figures use an inception date of 7/31/2020.
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 Bloomberg U.S. Aggregate Bond Index is a broad based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. This includes Treasuries, government-related and corporate securities, mortgage backed securities, asset-backed securities and collateralized mortgage-backed securities.

The opinions expressed herein are those of the Fund's portfolio management team as of 3/31/2021 and are subject to change. There is no guarantee that such views are correct or that the outlook opinions will come to pass. Security types 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.

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. Investors in the Fund should be aware that interest rates may change at any time based on government policy. In general, the price of a fixed income security falls when interest rates rise. Longer term securities may be more sensitive to changes in interest rates. A rise in interest rates may result in volatility and increased redemptions, which in turn could result in the Fund being

forced to liquidate portfolio securities at disadvantageous prices. Interest rates are sensitive to changes in inflation, and investing in bonds exposes investors to inflation risk. Bonds may be subject to default, causing loss of invested capital. Fixed income investments may be of any maturity or credit quality, but the Fund's weighted average effective portfolio duration will be between three years and nine years. The Fund may invest, directly or indirectly, in "junk bonds." Such securities are speculative investments that carry greater risks than higher quality debt securities. 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. There are unique risks associated with asset backed securities, convertible securities, credit, duration, extension, foreign securities, income, LIBOR, mortgage back securities, municipal bonds, preferred stocks, pre-payment, securities, sovereign debt, and U.S. Agency securities that are covered in the Fund's prospectus and SAI. The Fund has no history of operations prior to its inception date.

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