

# Exponential Technologies Fund Commentary

March 31, 2022

## AT A GLANCE

**Manager:** Anant Goel

**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 the information technology, communications, internet and direct marketing retail, and healthcare technology and devices 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:** S&P 500 Total Return Index, Exponential Technologies Fund Blend

**Morningstar Category:** US Fund Technology

**Lipper Category:** Technology

**Net Assets:** \$139 million

**Inception Date:** June 30, 2020

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

## Review

The Eventide Exponential Technologies Fund (Class I) posted a total return of -15.36% for the first quarter of 2022, compared with the S&P 500 Total Return Index of -4.60% and the S&P North American Technology Sector Index total return of -11.06%. The Fund (Class I) posted a total return of -7.73% for the 12 months ending 3/31/2022 compared to the S&P 500 Total Return Index of 15.65% and the S&P North American Technology Sector Index of 8.72%. The Fund underperformed its primary benchmark due to stock selection where its greater exposures to small- and mid-cap high growth software, consumer and internet names vs the benchmarks had less allocation to those spaces and had large- and mega-cap technology companies, which fared better during the quarter.

## Contributors

In the first quarter of 2022, the largest positive contributors to performance were: Sprout Social Inc, Palo Alto Networks Inc, Shift4 Payments Inc, CrowdStrike Holdings Inc, and Monday.com Ltd. Sprout Social posted strong results and guidance which led to stock rallying post the growth selloff as the market appreciated the growing secular trend of social management. Palo Alto Networks posted strong financial execution and guidance, which was coupled with greater optimism for the cybersecurity market due to geopolitical tensions. Shift4 posted strong results and guidance which led to stock rallying post the growth selloff as the market appreciated it being well positioned for the reopening. CrowdStrike posted strong financial execution and guidance, which was coupled with greater optimism for the cybersecurity market due to geopolitical tensions. While 2021 results were very strong for Monday.com, the 2022 earnings guide was weaker than expected, after which the fund got more involved.

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

Q1 2022

Company	Ticker	Industry	Average Weight	Contribution to Return	Total Return <sup>2</sup>
Sprout Social Inc	SPT	App Software	3.63	0.64	-11.66
Palo Alto Networks Inc	PANW	Systems Software	4.34	0.59	11.81
Shift4 Payments Inc	FOUR	Data Prcssng & Svcs	3.49	0.33	6.90
CrowdStrike Holdings Inc	CRWD	Systems Software	3.31	0.28	10.91
Monday.com Ltd	MNDY	Systems Software	1.14	0.16	-10.95

## Detractors

In the first quarter of 2022, the largest negative detractors to performance were: The Trade Desk Inc, Xometry Inc, Dynatrace Inc, Five9 Inc, and Global-e Online Ltd. The Trade Desk posted strong financial execution and guidance but sold off due to uncertainties around the ad-tech market caused by fears of slowing macroeconomic growth. While Xometry continues to execute well, a large merger coupled with the growth selloff led the stock to trade down during the quarter. Dynatrace reported a mixed quarter and guide for 2022, which led to the stock selling off. Posted strong financial execution and guidance but the stock sold off as the market continued to scrutinize growth companies. Posted strong financial execution and guidance but sold off due to uncertainties around cross border e-commerce driven by fears of slowing consumer spending.

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

Q1 2022

Company	Ticker	Industry	Average Weight	Contribution to Return	Total Return <sup>2</sup>
The Trade Desk Inc	TTD	App Software	3.30	-1.01	-24.43
Xometry Inc	XMTR	Int & Dir Mktg Retail	3.15	-1.05	-28.29
Dynatrace Inc	DT	App Software	3.55	-1.10	-21.96
Five9 Inc	FIWV	App Software	5.18	-1.20	-19.60
Global-e Online Ltd	GLBE	Int & Dir Mktg Retail	5.28	-3.52	-46.71

## Macro Commentary and Outlook

The small and mid-cap growth markets entered 2022 experiencing significant volatility due to uncertainties around rising inflation, increasing interest rates, quantitative tightening, supply chain disruptions and already rising oil prices. The last quarter saw the negative sentiment also flow into the large and megacap areas of the technology and growth markets, which were exacerbated due to the Russian invasion of Ukraine, which further increased the price of oil, food inputs like wheat and other commodities. With further uncertainty around the health of the consumer, negatively impacted by rising inflation and supply chain challenges due to the war, the market has continued to see unprecedented volatility with growth stocks continuing to experience pressure.

Without a clear historical precedent encompassing all these factors, we believe that this volatility could continue until we see some of these uncertainties dissipate. With a slowing macro economy and consumer, the prospects of a rising interest rate environment, we are seeing many attractive investment opportunities for investors who are willing to take a longer

term investment horizon while also willing to weather potential short term volatility. We believe that as the economy likely slows, we should see a bifurcation of the haves and have-nots from a secular growth perspective and believe our investee companies are poised for strong fundamentals across time horizons. We believe that with the strong top and bottom line growth characteristics of our portfolio companies, and the attractive valuations they are trading at, the market should eventually reward the patient investor.

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

31 Mar 2022

Eventide Exponential Technologies Fund	YTD	3-mos	1-year	3-year	5-year	10-year	Since Inception <sup>4</sup>	Inception Date <sup>4</sup>
Class I	-15.36	-15.36	-7.73	—	—	—	28.35	6/30/2020
Class A without load	-15.41	-15.41	-7.93	—	—	—	28.07	6/30/2020
Class A with 5.75% load <sup>5</sup>	-20.29	-20.29	-13.22	—	—	—	23.81	6/30/2020
Class C <sup>6</sup>	-15.58	-15.58	-8.68	—	—	—	27.16	6/30/2020
Class N	-15.41	-15.41	-7.93	—	—	—	28.07	6/30/2020
<b>Benchmarks</b>								
S&P 500 Total Return Index <sup>7</sup>	-4.60	-4.60	15.65	—	—	—	26.06	6/30/2020
S&P North American Technology Sector Index <sup>7</sup>	-11.06	-11.06	8.72	—	—	—	21.89	6/30/2020

**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 1.53%, Net Expenses 1.43%; Class A, Gross Expenses 1.78%, Net Expenses 1.68%; Class C, Gross Expenses 2.53%, Net Expenses 2.43%; Class N, Gross Expenses 1.73%, Net Expenses 1.63%. 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 6/30/2020.
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 S&P 500 is an index created by Standard & Poor's of American stocks with the largest market capitalization. The S&P North American Technology Sector Index represents U.S. securities classified under the GICS<sup>®</sup> information technology sector as well as the internet & direct marketing retail, interactive home entertainment, and interactive media & services sub-industries. On 1/1/2022, the Fund's benchmark to compare its performance was changed from the Exponential Technologies Fund Blend (a custom benchmark) to the S&P North American Technology Sector Index because the Fund's Adviser believes it is more reflective of the Fund's portfolio.

The opinions expressed herein are those of the Fund's portfolio management team as of 3/31/2022 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.

**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 technology companies defined as those in the information technology, communications, and healthcare technology and devices industries. The Fund invests primarily in companies that Eventide believes are participating in and benefitting from technologies, innovations, themes, or trends that have long-term exponential characteristics. 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. 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.

**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.**