

Healthcare & Life Sciences Fund Commentary

March 31, 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 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 ($\leq 15\%$).

Benchmarks: S&P Biotechnology Select Industry Index, S&P 500 Total Return Index

Morningstar Category: US Fund Health

Lipper Category: Health/Biotech

Net Assets: \$1.72 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

XBI: SPDR S&P Biotech ETF, an equal-weighted index of US biotechnology stocks

Eventide Asset Management, LLC

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

Review

In the first quarter of 2024, the Eventide Healthcare and Life Sciences Fund (Class I)¹ experienced underperformance relative to the S&P Biotechnology Select Industry Index, with returns of 4.76% and 6.47%, respectively.

Contributors

Top Five Contributors² (%)

Q1 2024

Company	Ticker	Industry	Average Weight	Contribution to Return	Total Return ³
Viking Therapeutics Inc	VKTX	Biotechnology	1.59	2.29	340.62
Shockwave Medical Inc	SWAV	Health Care Equipment	2.91	1.66	70.88
Korro Bio Inc	KRRO	Biotechnology	1.78	1.43	87.77
Keros Therapeutics Inc	KROS	Biotechnology	2.37	1.05	66.50
Crinetics Pharmaceuticals Inc	CRNX	Biotechnology	2.48	0.73	31.56

In the first quarter of 2024, the largest positive contributors to performance were: Viking Therapeutics Inc, Shockwave Medical Inc, Korro Bio Inc, Keros Therapeutics Inc, and Crinetics Pharmaceuticals Inc. Viking Therapeutics, which develops treatments for metabolic disorders, announced positive and competitive Phase 2 obesity data. Shockwave Medical, a company that treats calcified cardiovascular disease, delivered strong operating results, buoyed by encouraging end market trends, pipeline developments, and M&A rumors. Korro Bio, which develops RNA editing approaches to treat severe genetic diseases, IPO'd at a valuation that was well below their closest public comp and shares have traded higher, closing that gap. Keros Therapeutics, which develops treatments for hematological and musculoskeletal disorders, announced that they are developing a new agent for obesity with initial data expected in 1Q25. Crinetics Pharmaceuticals, which develops therapies for treatment of endocrine diseases and cancers, announced positive Phase 2 Acromegaly data.

Detractors

Top Five Detractors² (%)

Q1 2024

Company	Ticker	Industry	Average Weight	Contribution to Return	Total Return ³
Verona Pharma PLC	VRNA	Pharmaceuticals	2.20	-0.46	-19.06
Inari Medical Inc	NARI	Health Care Equipment	1.72	-0.46	-26.09
Guardant Health Inc	GH	Health Care Services	1.65	-0.47	-23.73
Amylyx Pharmaceuticals Inc	AMLX	Pharmaceuticals	0.82	-0.56	-76.63
Acadia Pharmaceuticals Inc	ACAD	Biotechnology	1.13	-0.63	-42.67

In the first quarter of 2024, the largest negative detractors to performance were: Verona Pharma PLC, Inari Medical Inc, Guardant Health Inc, Amylyx Pharmaceuticals Inc, and Acadia Pharmaceuticals Inc. Verona Pharma, which develops new therapies for severe respiratory diseases, is in a temporary data desert ahead of their June 2024 PDUFA date. Inari Medical, which treats venous thromboembolism patients through intravascular clot removal, had a mixed 4Q23 earnings print on the back of high expectations for the cardio device industry. Guardant Health, which focuses on high-tech medical diagnostics, continues to deliver strong core business results, however suffered from an FDA Advisory Committee delay and high expectations of competitor data for their pipeline Shield assay. Amylyx, which develops a therapeutic for ALS, announced that their Phase 3 ALS data failed and their current drug may

Performance is historical and does not guarantee future results.

Portfolio Team Outlook

The biotechnology industry has experienced a period of underperformance compared to the broader market, as reflected by the lag of the SPDR S&P Biotech ETF (XBI) behind the S&P 500 Index. This discrepancy has widened, with the XBI only achieving a 13.7% increase versus a significant 33.5% surge in the S&P 500 since December 2022. The underperformance, attributed to diminished expectations for an early Federal Reserve rate cut, has nonetheless presented an attractive entry point for investors in the biotech space.

Mergers and acquisitions (M&A) within the biotech industry are witnessing a resurgence, with a 79% increase in the total value of transactions in 2023 compared to the previous year, indicating robust industry fundamentals and growth potential. In our view, there are several high quality companies that are trading at a very wide discount to fair value.

The Eventide Healthcare and Life Sciences Fund diverges from the XBI, with approximately 50% of its holdings in companies not included in the XBI. This distinct composition played a part in our relative underperformance during the

recent “junk rally,” where lower quality biotech firms received unexpected market support. However, we remain confident in our investment process, focusing on companies with strong potential to bring successful products to market, exemplified by our highest weights in later development stage in fields such as oncology and immunology

The biotech industry, while sensitive to macroeconomic factors, ultimately rewards firms that achieve significant scientific and commercial milestones. With a keen eye on emerging industry trends and a commitment to investing in companies led by competent teams capable of delivering compelling clinical data and commercial success, our fund is well-positioned to capitalize on the industry’s long-term growth trajectory.

Going forward, M&A activities have been on the rise, signaling a healthier investment climate and increased capital flow into the industry. Companies with solid pipelines and promising drug candidates are attracting significant investments, reflecting a market shift towards rewarding genuine innovation and potential. As the biotech



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industry continues to normalize and recover from the pandemic-induced downturn, we expect a more stable and rational market environment, offering ripe opportunities for discerning investors.

We believe our fund is strategically aligned to leverage the anticipated growth and investment influx in the biotech industry. In our view, our focus on companies with the highest likelihood of commercial success positions us well as we seek to benefit from the industry’s long-term value creation. Despite recent underperformance relative to XBI, we believe that our selective and research-driven approach will enable us to identify and capitalize on the significant opportunities that the evolving biotech landscape presents.

get withdrawn from the market. Acadia Pharmaceuticals, which is developing new therapies for severe neurological diseases, announced that their Q1 earnings for their Rett drug might be negatively impacted in the near-term and also announced that Phase 3 Schizophrenia study failed.

Trailing Returns⁴ (%)

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	YTD	3-mos	1-year	3-year ⁵	5-year ⁵	10-year ⁵	Since Inception ⁵	Inception Date
<i>Eventide Healthcare & Life Sciences Fund</i>								
Class I	4.76	4.76	18.17	-5.52	4.73	10.98	15.42	12/27/2012
Class A without load	4.65	4.65	17.87	-5.76	4.46	10.70	15.12	12/27/2012
Class A with 5.75% load ⁶	-1.36	-1.36	11.08	-7.60	3.24	10.04	14.52	12/27/2012
Class C ⁷	4.47	4.47	17.01	-6.46	3.68	9.87	14.27	12/27/2012
Class N	4.67	4.67	17.90	-5.71	4.51	10.76	15.20	12/27/2012
<i>Benchmarks</i>								
S&P Biotechnology Select Industry Index ⁸	6.47	6.47	25.67	-11.00	1.15	7.39	11.25	12/27/2012
S&P 500 Total Return Index ⁸	10.56	10.56	29.88	11.49	15.05	12.96	14.49	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 expenses: Class I, Gross Expenses 1.31%, Net Expenses 1.31%; Class A, Gross Expenses 1.56%, Net Expenses 1.56%; Class C, Gross Expenses 2.31%, Net Expenses 2.31%; Class N, Gross Expenses 1.51%, Net Expenses 1.51%.

1. Prior to Q4 2020, Class N shares were displayed.
2. Source: Bloomberg PORT Attribution Report. Allocation percentages are subject to change at any time, and should not be considered investment advice.
3. The total return percentage listed is impacted by the Fund's transactions and transacted price levels of the holding during the quarter.
4. 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.
5. Performance figures for periods greater than 1 year are annualized. Annualized since inception figures use an inception date of 12/27/2012.
6. 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.
7. A 1.00% contingent deferred sales charge ("CDSC") may be assessed on C-shares redeemed within twelve months of purchase.
8. On 04/01/2023, the Fund's primary benchmark to compare its performance was changed from the S&P 500 Total Return Index to the S&P Biotechnology Select Industry Index because the Fund's Adviser believes it is more reflective of the Fund's portfolio. The S&P Biotechnology Select Industry Index represents the biotechnology sub-industry portion of the S&P Total Markets Index. The S&P 500 is an index created by Standard & Poor's of American stocks with the largest market capitalization.

The opinions expressed herein are those of the Fund's portfolio management team as of 03/31/2024 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.