

# Multi-Asset Income Fund Commentary

September 30, 2023

## AT A GLANCE

**Managers:** Dolores Bamford, CFA; David Dirk, CFA

**Fund Objective:** Seeks to provide current income while maintaining the potential for capital appreciation.

**About the Fund:** A diversified mutual fund representing our approach to current income, income growth, and long-term capital appreciation.

**Benchmark:** Multi-Asset Income Blend<sup>1</sup>

**Morningstar Category:** US Fund Moderate Allocation

**Lipper Category:** Flexible Portfolio

**Net Assets:** \$323 million

**Inception Date:** July 15, 2015

*Effective 11/01/2023, the Fund's name will change to the "Eventide Balanced Fund". Also effective 11/01/2023, the Fund will adopt a policy to invest at least 25% of its assets in equity securities and at least 25% of its assets in fixed income securities. These clarifications are designed to help investors evaluate the Fund for purposes of investment planning, and there is no change to the Fund's management of investment strategies or objectives.*

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Class I: ETIMX | Class A: ETAMX | Class C: ETCMX | Class N: ETNMX

## Review

The Eventide Multi-Asset Income Fund (Class I)<sup>2</sup> reported a total return of -1.25% for Q3 2023, ahead of the -3.25% return for its 50/50 custom Multi-Asset Income Blend benchmark. For the trailing 12-month period, the Fund (Class I) outperformed its primary benchmark, returning 8.46% while the benchmark saw a return of 7.65%. The Fund's 3- and 5-year results remain strong.

## Contributors

In the third quarter of 2023, the largest positive contributors to performance were: Targa Resources Corp, Diamondback Energy Inc, CDW Corp, Old Dominion Freight Line, and Trane Technologies. Targa Resources, a midstream natural gas and NGL provider in the Permian Basin, benefited from execution on growth and increased return of capital to shareholders. Diamondback, a company that produces unconventional onshore oil and natural gas, benefited from higher O&G prices amid a stronger than expected economy, while returning 75% of free cash flow to shareholders. CDW, a value-added reseller of technology solutions, posted upside results and reaffirmed its guidance for a rebound in IT services spending in the second half. Old Dominion, an inter-regional and multi-regional motor carrier, saw its shares rally as the freight market showed signs of recovery and because of market share gains following Yellow's bankruptcy. Trane Technologies, a company that provides HVAC systems for efficiency and reduced greenhouse emissions, continues to report strong results in its commercial HVAC business, along with solid margin gains.

### Top Five Contributors<sup>3</sup> (%)

Q3 2023

Company	Ticker	Industry	Average Weight	Contribution to Return	Total Return <sup>4</sup>
Targa Resources Corp	TRGP	Energy	2.18	0.27	13.34
Diamondback Energy Inc	FANG	Energy	1.35	0.21	18.56
CDW Corp	CDW	Information Technology	2.29	0.20	10.27
Old Dominion Freight Line	ODFL	Industrials	1.87	0.19	10.76
Trane Technologies	TT	Industrials	2.33	0.14	6.48

## Detractors

In the third quarter of 2023, the largest negative detractors to performance were: Mettler Toledo, Royalty Pharma PLC, Palo Alto Networks Inc, NextEra Energy Partners LP, and Bruker Corp. Mettler Toledo, a company that designs weighing and analytical instruments, underperformed due to a pullback in spending from biopharma, food, and chemical customers, particularly in China. Royalty Pharma, a company that has royalty interests in late-stage biopharmaceutical products, underperformed on concerns about the impact from Medicare drug price negotiations. Palo Alto Networks, a company that provides integrated cloud and network security solutions, continued to deliver impressive numbers on top and bottom line but sold off marginally due to volatility around analyst day. NextEra Energy, a company that contracts clean energy projects including wind and solar, struggled with higher financing costs and the expectation that they will have to significantly change their financial guidance. Bruker, a provider of scientific instruments as well as analytical and diagnostic solutions, was impacted by tools repositioning to bioprocessing focused names as focus turned to 2024 despite demonstrating top of group growth in 2023.

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

Top Five Detractors<sup>3</sup> (%)

Q3 2023

Company	Ticker	Industry	Average Weight	Contribution to Return	Total Return <sup>4</sup>
Mettler Toledo	MTD	Health Care	0.76	-0.13	-15.52
Royalty Pharma PLC	RPRX	Health Care	1.30	-0.14	-11.11
Palo Alto Networks Inc	PANW	Information Technology	1.37	-0.14	-8.25
NextEra Energy Partners LP	NEP	Utilities	0.41	-0.16	-19.50
Bruker Corp	BRKR	Health Care	1.01	-0.18	-15.66

## Commentary and Outlook

The Federal Reserve appears to be making headway in its fight against inflation, with signs of supply-chain recovery, subsiding commodity prices, and some cooling in the housing market. The Fed paused its 18-month hiking campaign in September to 5.25%-5.50%, but signaled potentially more policy rate increases by 2023 year-end with lending rates and 30-year mortgages already at 20-year highs. Furthermore, the US ten-year treasury yield continued to march higher in the third quarter to levels not seen since the time of the great financial crisis and appears to be closing in on a 5% level, pressuring equity markets and longer maturity bond performance in the quarter. A resilient US economy, US fiscal uncertainty, US debt downgrades, and global interest rate rises have also contributed to the US treasury yields' increase in the quarter.

Despite the current bond market uncertainty, equity markets have responded favorably to companies and sectors with strong profitability, financials, and resilient growth prospects. Companies and sectors tied to more exciting themes, such as industrials, technology, and healthcare as well as to sectors benefitting from improving pricing, greater capital discipline, and improving free cash flow, such as the energy sector and insurance industry, have seen positive results.

Most sectors in the equity portion of the Fund, particularly in Industrials, Information Technology, Energy, and Healthcare, enjoyed strong relative results as compared to its benchmarks, with only slight underperformance in Utilities and Financials. We positioned the Fund well in relationship to key secular growth themes in technology, electrification, less-than-truckload transportation, energy efficiency, and energy infrastructure by having substantial overweights to Industrials, Semiconductors, Software, IT solutions, and services, and Energy.

Interest-rate sensitivity is a challenge in the current environment of high and continued rising rates, particularly for sectors such as Financials, Utilities, and Real Estate. The Fund's underweight in these sectors due to concerns over the rising costs of financing helped reduce the negative impact on the Fund.

The Fund's fixed income positions slightly outperformed their benchmark for the quarter, with strong selection within mortgage-backed and asset-backed securities offsetting underperformance in corporate bonds versus US Treasuries.

Since we begin our investment process by looking at the fundamental characteristics of individual companies, we remain focused on pursuing companies we see as resilient, well-managed, and well-positioned in long-term secular growth themes. The resilience we seek includes generation of robust free cash flow, self-financing, attractive dividend growth, and strong execution through volatile macroeconomic and market environments. Despite the expected continued uncertainty and volatility in the markets, we have been finding what we believe are attractive opportunities at attractive valuations, particularly in the mid-cap equity space.

We continue to prioritize high conviction ideas for our funds. Higher interest rates may continue to present near-term challenges for certain sectors, but our experience underpins our confidence that high-quality dividend growers will continue to serve their customers, stakeholders, and shareholders. We are focusing on resilient growth, strong financials, idiosyncratic risk, and as ever, themes of human flourishing.

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

Trailing Returns<sup>5</sup> (%)

30 Sep 2023

	YTD	3-mos	1-year	3-year <sup>6</sup>	5-year <sup>6</sup>	10-year	Since Inception <sup>6</sup>	Inception Date <sup>6</sup>
<i>Eventide Multi-Asset Income Fund</i>								
Class I	3.75	-1.25	8.46	3.87	6.31	—	5.91	07/15/2015
Class A without load	3.55	-1.31	8.17	3.67	6.09	—	5.67	07/15/2015
Class A with 5.75% load <sup>7</sup>	-2.40	-6.98	1.94	1.64	4.84	—	4.91	07/15/2015
Class C <sup>8</sup>	2.91	-1.58	7.33	2.81	5.23	—	4.86	07/15/2015
Class N	3.59	-1.30	8.33	3.67	6.11	—	5.70	07/15/2015
<i>Benchmark</i>								
Multi-Asset Income Blend <sup>1</sup>	1.99	-3.25	7.65	2.43	3.92	—	4.63	07/15/2015
<i>Benchmark Components</i>								
Russell Midcap Index <sup>1</sup>	3.91	-4.68	13.45	8.09	6.38	—	7.85	07/15/2015
Bloomberg U.S. Intermediate Aggregate Bond Index <sup>1</sup>	-0.30	-1.89	1.42	-3.65	0.42	—	0.72	07/15/2015

**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 Multi-Asset Income Fund expenses: Class I, Gross Expenses 0.82%, Net Expenses 0.82%; Class A, Gross Expenses 1.07%, Net Expenses 1.07%; Class C, Gross Expenses 1.82%, Net Expenses 1.82%; Class N, Gross Expenses 1.02%, Net Expenses 1.02%. The adviser has contractually agreed to waive fees and/or reimburse expenses of the Fund through 10/31/2023. The agreement may be terminated by the Fund's Board of Trustees only on 60 days' written notice.*

- The Multi-Asset Income Blend is a proprietary Eventide benchmark composed of 50% Russell Midcap Index and 50% Bloomberg U.S. Intermediate Aggregate Bond Index. Prior to 12/30/2022, it was composed of 50% Russell Midcap Value Index and 50% Bloomberg U.S. Intermediate Aggregate Bond Index. The benchmark's composition was updated because the Fund's Adviser believes it is more reflective of the Fund's portfolio. The Russell Midcap Index measures the performance of the mid-cap segment of the U.S. equity universe. The Bloomberg U.S. Intermediate Aggregate Bond Index is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. Most U.S.-traded investment-grade bonds are represented. Municipal bonds and Treasury Inflation-Protected Securities are excluded. The index includes Treasury securities, Government agency bonds, mortgage-backed bonds, corporate bonds, and a small amount of foreign bonds traded in the U.S. The Russell Midcap Value Index measures the performance of the U.S. equity mid-cap value segment. Please refer to the Fund's Prospectus for additional index details.
- Prior to Q4 2020, Class N shares were displayed.
- Source: Bloomberg PORT Attribution Report. Allocation percentages are subject to change at any time, and should not be considered investment advice.
- The total return percentage listed is impacted by the Fund's transactions and transacted price levels of the holding during the quarter.
- 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.
- Performance figures for periods greater than 1 year are annualized. Annualized since inception figures use an inception date of 7/15/2015.
- 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.
- A 1.00% contingent deferred sales charge ("CDSC") may be assessed on C-shares redeemed within twelve months of purchase.

*The opinions expressed herein are those of the Fund's portfolio management team as of 09/30/2023 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 objec-*

tives, 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 have risk related to option investing. 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. The intermediate-term bond portion of the Fund's portfolio may represent 0% to 100% of the Fund's portfolio with an average duration of between two and eight 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, foreign securities, hedging, income, MLPs, mortgage-backed securities, preferred stocks, prepayment, REITs, securities, U.S. Agency securities, and yieldcos that are covered in the Fund's prospectus and SAI.

**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.**