

# Gilead Fund Commentary

December 31, 2023

## AT A GLANCE

**Managers:** Finny Kuruvilla, MD, PhD  
Anant Goel

**Fund Objective:** Seeks to provide long-term capital appreciation.

**About the Fund:** A diversified mutual fund representing our “best ideas” for long-term capital appreciation. Historical emphases in small- and mid-cap growth, Health Care and Information Technology.

**Benchmark:** Russell Midcap Growth Index

**Secondary Benchmark:** S&P 500 Total Return Index

**Morningstar Category:** US Fund Mid-Cap Growth

**Lipper Category:** Mid-Cap Growth

**Net Assets:** \$3.82 billion

**Inception Date:** July 8, 2008

**Eventide Asset Management, LLC**  
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Boston, MA 02110  
877-771-EVEN (3836)

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**Class I: ETILX | Class A: ETAGX | Class C: ETCGX | Class N: ETGLX**

## Review

The Eventide Gilead Fund (Class I)<sup>1</sup> posted a total return of 11.56% for the fourth quarter of 2023, compared with the Russell Midcap Growth Index of 14.55% and the S&P 500 Total Return Index of 11.69%. The Fund (Class I) posted a total return of 22.76% for the 12 months ending 12/31/2023 compared to the Russell Midcap Growth Index of 25.87% and the S&P 500 Total Return Index of 26.29%.

## Contributors

### Top Five Contributors<sup>2</sup> (%)

**Q4 2023**

Company	Ticker	Sector	Average Weight	Contribution to Return	Total Return <sup>3</sup>
Xometry Inc	XMTR	Industrials	3.12	2.98	111.48
CrowdStrike Holdings Inc	CRWD	Information Technology	2.87	1.30	52.54
DR Horton Inc	DHI	Consumer Discretionary	2.21	0.86	41.75
Trane Technologies	TT	Industrials	3.89	0.82	20.60
IDEXX Laboratories Inc	IDXX	Health Care	3.01	0.79	26.94

In the fourth quarter of 2023, the largest positive contributors to performance were: Xometry Inc, CrowdStrike Holdings Inc, DR Horton Inc, Trane Technologies, and IDEXX Laboratories Inc. Xometry, an AI-enabled marketplace for on-demand manufacturing, benefited from consistent execution over the last quarters, which combined with its cheap valuation, increased investor demand. CrowdStrike, an enterprise cybersecurity platform, continued to benefit from cybersecurity budget consolidation as they keep building out their platform strategy. D.R. Horton, a nationwide builder of affordable new homes, benefited from declining mortgage rates, and the outlook for a favorable spring selling season. Trane Technologies, a provider of HVAC systems for efficiency and reduced carbon emissions, reported strong results in its commercial HVAC business, along with solid margin expansion. IDEXX, a provider of diagnostics for veterinary and water testing applications, posted strong growth in veterinary diagnostics and investors grew more confident about a continued demand recovery.

## Detractors

### Top Five Detractors<sup>2</sup> (%)

**Q4 2023**

Company	Ticker	Sector	Average Weight	Contribution to Return	Total Return <sup>3</sup>
dLocal Ltd	DLO	Financials	2.70	-0.26	-7.72
Argenx SE	ARGX	Health Care	2.24	-0.42	-22.62
Zentaris Pharmaceuticals	ZNTL	Health Care	1.79	-0.49	-24.48
HelloFresh SE	HFG	Consumer Staples	0.68	-0.65	-45.35
Flywire Corp	FLYW	Financials	2.90	-1.09	-27.41

In the fourth quarter of 2023, the largest negative detractors to performance were: dLocal Ltd, Argenx SE, Zentaris Pharmaceuticals, HelloFresh SE, and Flywire Corp. Dlocal, a payment solutions platform, saw increased volatility in their Nigerian and Argentinean business, which capped investor demand. Argenx, a biotech company that develops therapies for autoimmune diseases, announced that both their Phase 3 studies failed in immune thrombocytopenia purpura and pemphigus vulgaris, respectively. Zentaris, a Biotech company focused on novel small molecule therapies, switched clinical development paths in early stage ovarian cancer, causing confusion in a tough tape. HelloFresh, a company that provides healthy and

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

## Portfolio Team Outlook

2023 was a year that defied pundits' expectations. While most people predicted a recession, the economy did remarkably well causing the market to generate impressive gains. Skeptical of consensus, we posited that a "soft landing" or even "no landing" were plausible outcomes. Thus we advocated staying in the market. In October 2023, we advocated shifting to an overweight equity position. The Gilead Fund outperformed our benchmark during the first half of the year, but underperformed during the second half, driven by the expectations of higher for longer narrative that gripped the market. Several key themes, such as cybersecurity, supply chain resiliency, and beyond Moore's law, provided positive attribution throughout the year. However, other themes linked to renewable energy, digital payments, and consumer

health were more volatile and hurt the fund in the second half as higher rates impacted their businesses more than expected. Notable, the broader S&P 500's returns came primarily from a small number of mega-cap tech names that we did not own.

Considering our three legs of the stool approach to forming a view on the outlook for markets, valuation of the smid cap category appears attractive on an intrinsic basis and compared to mega cap. Over longer-term horizons, valuation is the most significant driver of returns. Sentiment has improved, although behavioral measures of sentiment continue to look fearful, which is a contrarian positive. The leading indicators remain negative, although appear "less bad" than earlier in 2023. Our call to go overweight equity in October 2023



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Co-Chief Investment Officer,  
Senior Portfolio Manager

demonstrated value, especially in the smid cap category. That call has been successful given the decline in the 10-year yield and the strong rally in smid-caps. We continue to believe that there are many high-quality companies that are selling at attractive valuations and that 2024 could be a strong year for stock-picking.

affordable meals directly to consumers, delayed execution of its new AZ Factor Facility ahead of key winter customer acquisition period due to labor and water shortages. Flywire, a global payments enablement software, missed investor expectations on top line due to FX and lower growth in India in the quarter which lowered investor sentiment in the short term.

### Trailing Returns<sup>4</sup> (%)

31 Dec 2023

Eventide Gilead Fund	YTD	3-mos	1-year	3-year <sup>5</sup>	5-year <sup>5</sup>	10-year <sup>5</sup>	Since Inception <sup>5</sup>	Inception Date <sup>5</sup>
Class I	22.76	11.56	22.76	-3.25	13.55	11.13	13.89	02/02/2010
Class A without load	22.45	11.49	22.45	-3.48	13.28	10.86	14.77	10/28/2009
Class A with 5.75% load <sup>6</sup>	15.41	5.07	15.41	-5.36	11.95	10.20	14.29	10/28/2009
Class C <sup>7</sup>	21.54	11.29	21.54	-4.21	12.42	10.02	13.89	10/28/2009
Class N	22.52	11.52	22.52	-3.44	13.32	10.91	13.29	07/08/2008
<b>Benchmarks</b>								
Russell Midcap Growth Index <sup>8</sup>	25.87	14.55	25.87	1.31	13.81	10.57	10.68	07/08/2008
S&P 500 Total Return Index <sup>8</sup>	26.29	11.69	26.29	10.00	15.69	12.03	11.10	07/08/2008

**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 Gilead Fund expenses: Class I, Gross Expenses 1.18%, Net Expenses 1.18%; Class A, Gross Expenses 1.43%, Net Expenses 1.43%; Class C, Gross Expenses 2.18%, Net Expenses 2.18%; Class N, Gross Expenses 1.38%, Net Expenses 1.38%.

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. The indices use an inception date of 07/08/2008.
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. The Russell Midcap Growth Index measures the performance of the U.S. equity mid-cap growth segment. The S&P 500 is an index created by Standard & Poor's of American stocks with the largest market capitalization. On 04/01/2023 the Fund's primary benchmark to compare its performance changed from the S&P 500 Total Return Index to the Russell Midcap Growth 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 12/31/2023 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 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. Companies in the technology industries have different risks including but not limited to products becoming obsolete, and entrance of competing products. Companies in the Industrial Sector carry various risks including, but not limited to, risk related to debt loads, intense competition, and sensitivity to economic cycles. 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.***