Limited-Term Bond Fund Commentary

December 31, 2023

AT A GLANCE

Managers: Chris Grogan CFA; David Dirk, CFA

Fund Objective: Seeks to provide income.

About the Fund: An income fund investing in short- and medium-duration bonds.

Benchmarks: Bloomberg 1-5 Year Government/Credit Index, Bloomberg U.S. Intermediate Aggregate Bond Index

Morningstar Category: US Fund Short-Term Bond

Lipper Category: Flexible Income

Net Assets: $131 million

Inception Date: July 28, 2010

Eventide Asset Management, LLC
One International Place, Suite 4210
Boston, MA 02110
877-771-EVEN (3836)
WWW.EVENTIDEFUNDS.COM

Class I: ETIBX | Class A: ETABX | Class C: ETCBX | Class N: ETNBX

Review

The Eventide Limited Term Bond Fund (Class I) posted a total return of 3.63% for the fourth quarter of 2023, compared with the Bloomberg 1-5 Year Government/Credit Index of 3.44% and the Bloomberg U.S. Intermediate Aggregate Bond Index total return of 5.50%. The Fund (Class I) posted a total return of 5.63% for the 12 months ending 12/31/2023 compared to the Bloomberg 1-5 Year Government/Credit Index of 4.89% and the Bloomberg U.S. Intermediate Aggregate Bond Index of 5.18%.

Contribution to Return by Security Type[1] (%) Q4 2023

	Average Weight	*Total Return[2]*	*Contribution to Fund Return*
ABS	5.50	2.24	0.12
Cash	1.87	0.00	0.00
Corporate Bonds	63.51	4.37	2.76
Pass-Throughs	1.78	4.69	0.08
Sovereign Agency Debt	20.76	3.24	0.67
U.S. Tax-Exempt Municipals	0.21	1.31	0.00
U.S. Taxable Municipals	6.37	2.33	0.15

Return Breakdown

- Interest rates began the quarter moving higher, with the 10-year Treasury briefly topping 5% in mid-October as investors weighed the prospects of the Fed potentially holding rates at an elevated level for an extended period, while increased supply and less demand from foreign investors added additional pressure.
- Sentiment changed in early November as the Treasury indicated that supply increases were likely nearing an end, and the Fed convinced investors they were likely done raising interest rates by signaling we could potentially see more cuts in 2024 than previously expected.
- This perceived pivot by the Fed ignited a rally in Treasuries and risk assets broadly.
- Treasury yields moved lower, and the yield curve steepened modestly with the benchmark 10-year Treasury yield declining by 69bp to end the year at 3.88%.
- Credit spreads rallied extensively, with lower quality generally outperforming higher quality and longer duration credit outperforming shorter duration credit.
- The securitized sectors also participated in the rally with agency Mortgage Backed Securities[3] posting the strongest returns among the group as mortgages benefited from the sharp decline in interest rates.

Performance is historical and does not guarantee future results.

Portfolio Team Outlook

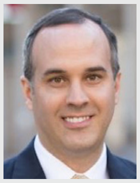
The fourth quarter began with expectations that the Federal Open Market Committee (FOMC) would maintain its 'higher for longer' interest rate policy stance while keeping open the possibility of an additional rate hike by year end. However, at their December policy meeting, Committee members voted to leave their policy rate unchanged, signaling the need for more rate hikes has most likely ended while revising growth and inflation expectations lower for 2024. As a result, investors' focus regarding the 'higher for longer' messaging shifted toward the 'longer' component.

Although the probability of rate cuts in 2024 has increased meaningfully, the market may be underestimating the patience of the Fed. Following the Fed's more dovish stance, the market's expectations for rate cuts increased to include six 25-basis point cuts in 2024 beginning in March, three more than the 'dot plot' indicated in the FOMC's December Summary of Economic Projections.

From a market sentiment perspective, the probability of a soft landing appears to have increased due to better than expected growth, a resilient labor market, moderating inflation, and strengthening equity market performance. Our base case economic scenario remains for a bumpy landing as we acknowledge the continued headwinds for private sector activity and consumption growth alongside an uncertain inflation setup. Additionally, the geopolitical landscape and upcoming presidential election cycle present further risks to the economic outlook.

On the growth front, industrial production has been negative on a year-over-year basis across the four months ending in November and one of the key forward-looking indicators for production, ISM Manufacturing New Orders, has been in contraction for sixteen months. Contrary to the goods economy, services have held up much better and the ISM Non-Manufacturing New Orders index signaled expansion in each month of 2023, exemplifying the durability of the U.S. economy over the last year.

In terms of a read into future consumption, nominal wages and payrolls remain in positive territory and initial jobless claims remain low. On the surface, this should provide a positive setup for continued nominal spending growth. However, there remains risk related to consumer credit card debt and the cost of carrying that debt. Delinquency rates have been accelerating despite the better-than-expected labor and wage data.



David Dirk, CFA
Portfolio Manager for assets allocated to the Fund's Fixed Income Sub-Adviser, Boyd Watterson Asset Management, LLC

Turning to inflation, the various measures the Fed has signaled are important in their process for policy decision making remain uncomfortably above the Committee's 2% target level. Thus, declaring victory over inflation at this point seems to be a bit premature.

In conclusion, the uncertainty over the economic outlook and path of monetary policy will likely keep financial market volatility elevated for the foreseeable future. As such, until the line of sight for inflation returning to the Committee's 2% target becomes clearer, the probability of a bumpy landing remains our base case for 2024.

Trailing Returns[4] (%) 31 Dec 2023

Eventide Limited-Term Bond Fund	*YTD*	*3-mos*	*1-year*	*3-year[5]*	*5-year[5]*	*10-year[5]*	*Since Inception[5]*	*Inception Date[5]*
Class I	5.63	3.63	5.63	-0.46	1.65	1.49	1.81	07/28/2010
Class A without load	5.49	3.54	5.49	-0.69	1.41	1.56	2.09	07/28/2010
Class A with 5.75% load[6]	-0.59	-2.41	-0.59	-2.64	0.21	0.96	1.64	07/28/2010
Class C[7]	4.62	3.37	4.62	-1.46	0.63	—	0.76	12/14/2018
Class N	5.46	3.57	5.46	-0.67	1.43	—	1.56	12/14/2018
Benchmarks								
Bloomberg 1-5 Year Government/Credit Index[8]	4.89	3.44	4.89	-0.62	1.54	1.43	1.52	07/28/2010
Bloomberg U.S. Intermediate Aggregate Bond Index[8]	5.18	5.50	5.18	-2.06	1.14	1.62	1.87	07/28/2010

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 Limited-Term Bond Fund expenses: Class I, Gross Expenses 0.71%, Net Expenses 0.55%; Class A, Gross Expenses 0.96%, Net Expenses 0.80%; Class C, Gross Expenses 1.71%, Net Expenses 1.55%; Class N, Gross Expenses 0.91%, Net Expenses 0.75%. The adviser has contractually agreed to waive fees and/or reimburse expenses of the Fund through 10/31/2024. The agreement may be terminated by the Fund's Board of Trustees only 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. Mortgage-backed securities represent participating interests in pools of residential mortgage loans, some of which are guaranteed by the U.S. government, its agencies or instrumentalities. However, the guarantee of these types of securities relates to the principal and interest payments and not the market value of such securities. In addition, the guarantee only relates to the mortgage-backed securities held by a Fund and not the purchase of shares of the Fund. Mortgage-backed securities do not have a fixed maturity and their expected maturities may vary when interest rates rise or fall.
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. The Fund acquired the assets and liabilities of the Epiphany FFV Strategic Income Fund ("Predecessor Fund") on 12/14/2018. The Predecessor Fund's Class A shares were reclassified from Class N shares on 06/01/2015 and its Class I shares were reclassified from Class C shares on 05/30/2017, and the fee structure was different.
5. Performance figures for periods greater than 1 year are annualized. The Fund's share classes have different inception dates. Annualized since inception figures use the Predecessor Fund's inception date of 07/28/2010 unless otherwise noted.
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 Bloomberg 1-5 Year Government/Credit Index includes investment-grade, U.S. dollar-denominated, fixed-rate treasuries, government-related and corporate securities that have a remaining maturity of greater than or equal to one year and less than five years. 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 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. 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. 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. 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. 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. Longer term securities may be more sensitive to changes in interest rates. 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 not exceed five 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, income, interest rates, mortgage-backed securities, municipal bonds, preferred stocks, prepayment, securities, sovereign debt, and U.S. Agency securities that are covered in the Fund's prospectus and SAI.*

The Predecessor Fund was advised by Trinity Fiduciary Partners, LLC and had an investment objective and strategies that were, in all material respects, the same as those of the Fund, whose investment adviser is Eventide Asset Management, LLC. However, under normal market conditions, the Fund will invest at least 80% of its net assets (plus borrowings for investment purposes) in bonds.

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.