

# Gilead Fund Commentary

March 31, 2021

## AT A GLANCE

**Manager:** Dr. Finny Kuruvillea

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

**Secondary Benchmark:** Russell Midcap Growth Index

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

**Lipper Category:** Mid-Cap Growth

**Net Assets:** \$4.58 billion

**Inception Date:** July 8, 2008

### Eventide Asset Management, LLC

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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 -0.25% for the first quarter of 2021, compared with the S&P 500 Total Return Index of 6.17% and the Russell Midcap Growth Index of -0.57%. The Fund (Class I) posted a total return of 90.97% for the 12 months ending 3/31/2021 compared to the S&P 500 Total Return Index of 56.35% and the Russell Midcap Growth Index of 68.61%.

## Contributors

In the first quarter of 2021, the largest positive contributors to performance were: Wayfair Inc, Pliant Therapeutics Inc, Lam Research Corp, ASML Holding, and GW Pharma. Wayfair continues to solidify their competitive moat, leading to a demonstration of sustainable growth and profitability. Pliant benefitted from growing expectations for key clinical data. LAM Research Corp benefitted from a clear recovery in the memory cycle as well as continued upward wafer fabrication equipment revisions on strong capital expenditure guidance. ASML Holding benefitted from stronger than expected capital expenditure guidance, especially from Intel and Taiwan Semiconductor Manufacturing Company. GW Pharma benefitted from an acquisition at a significant premium.

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

Q1 2021

Company	Ticker	Sector	Average Weight	Contribution to Return	Total Return <sup>3</sup>
Wayfair Inc	W	Consumer Discret	1.72	0.72	39.39
Pliant Therapeutics Inc	PLRX	Health Care	1.07	0.54	73.11
Lam Research Corp	LRGX	Information Tech	2.35	0.51	26.34
ASML Holding	ASML	Information Tech	2.04	0.47	26.58
GW Pharma	GWPH	Health Care	0.24	0.43	85.35

## Detractors

In the first quarter of 2021, the largest negative detractors to performance were: CrowdStrike Holdings Inc, Praxis Precision Medicines Inc, The Trade Desk Inc, Sarepta Therapeutics Inc, and Ascendis Pharma A/S. While CrowdStrike continued to execute at a very high level, multiple compression in the high growth software space led to quarterly underperformance. Praxis suffered from a post-Initial Public Offering swoon. The Trade Desk continued to execute well despite risks on Identifiers for Advertisers (IDFA) and cookies that took center stage in Q1 leading to a reduction in investor appetite for companies with ad-tech exposure. Sarepta disclosed clinical data that lagged investor expectations. Ascendis Pharma suffered from concern about a more stringent regulatory environment that could adversely impact the company's approval timeline.

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

Q1 2021

Company	Ticker	Sector	Average Weight	Contribution to Return	Total Return <sup>3</sup>
CrowdStrike Holdings Inc	CRWD	Information Tech	4.25	-0.51	-13.84
Praxis Precision Medicines Inc	PRAXIS	Health Care	1.54	-0.70	-40.46
The Trade Desk Inc	TTD	Information Tech	4.50	-0.88	-18.64
Sarepta Therapeutics Inc	SRPT	Health Care	0.85	-0.89	-56.28
Ascendis Pharma A/S	ASND	Health Care	3.70	-0.96	-22.72

## Macro Commentary and Outlook

In the midst of the vaccine rollout, we have seen daily cases & deaths fall dramatically (by ~70%) in January and February. Although there is justifiable concern about variants, there is little evidence of hospitalization or death caused by the variants in the already vaccinated. As long as that wall holds, the momentum of the recovery remains intact. We continue to carefully monitor Covid-19, the variants, vaccination rates, and the pace to herd immunity. We utilize a three legs of the stool framework for analyzing the health of the macroeconomy. The first leg of sentiment remains excessively optimistic. Sentiment, as a contrarian indicator, is thus suggesting modest returns. The second leg, valuation, is showing significant historic overvaluation, especially in areas of high generalist interest (electric vehicles, cryptocurrency, Covid plays). However, this is partially offset by bonds being even more expensive. The final leg, leading indicators, is showing excellent strength as the economy continues to climb out of the Covid hole. However, some of these extremely high indicators like the ISM manufacturing index actually signal lower market returns. (Paradoxically, markets have the highest forward returns when economic data is gloomiest.) With the recent choppiness, it is likely that the market rotates back into higher quality names with reasonable valuation. We caution investors about some of these “bandwagons” that have lofty valuations. Given the dynamic inflections that are likely as we continue with the recovery, our belief is that active management is useful to identify pockets of dangerous overvaluation and participate in promising areas of high-quality growth in this unique year.

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

31 Mar 2021

Eventide Gilead Fund	YTD	3-mos	1-year	3-year <sup>6</sup>	5-year <sup>6</sup>	10-year <sup>6</sup>	Since Inception <sup>6</sup>	Inception Date <sup>6</sup>
Class I	-0.25	-0.25	90.97	25.69	24.25	18.25	18.63	2/2/2010
Class A without load	-0.30	-0.30	90.51	25.38	23.95	17.97	19.71	10/28/2009
Class A with 5.75% load <sup>6</sup>	-6.03	-6.03	79.57	22.92	22.49	17.27	19.10	10/28/2009
Class C <sup>7</sup>	-0.49	-0.49	89.04	24.43	23.02	17.07	18.80	10/28/2009
Class N	-0.30	-0.30	90.59	25.43	24.00	18.02	17.32	7/8/2008
<b>Benchmarks</b>								
S&P 500 Total Return Index <sup>8</sup>	6.17	6.17	56.35	16.78	16.29	13.91	11.66	7/8/2008
Russell Midcap Growth Index <sup>8</sup>	-0.57	-0.57	68.61	19.41	18.39	14.11	12.75	7/8/2008

**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 total annual fund operating expenses: Class I: 1.18%; Class A: 1.43%; Class C: 2.18%; Class N: 1.38%.

- 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.
- 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 S&P 500 is an index created by Standard & Poor's of American stocks with the largest market capitalization. The Russell Midcap Growth Index measures the performance of the U.S. equity mid-cap growth segment.

The opinions expressed herein are those of the Fund's portfolio management team as of 3/31/2021 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'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.

**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.**