

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

## GILEAD FUND AT A GLANCE

**Managers:** Dr. Finny Kuruvilla, David Barksdale\*

**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:** Mid-Cap Growth

**Lipper Category:** Mid-Cap Growth Funds

**Net Assets:** \$2.13 billion

**Inception Date:** July 8, 2008

*\*David Barksdale ceased his role as a portfolio manager for the Gilead Fund effective November 1, 2018.*

## REVIEW

The Eventide Gilead Fund Class N posted a total return of 6.27% for Q3 2018, compared with the Russell Mid Cap Growth Index of 7.57% and the S&P 500 Total Return Index of 7.71%.

## CONTRIBUTORS

In the third quarter of 2018, the largest positive contributors to performance were TTD, SEND, W, IDTI, and LOW. Trade Desk shares rallied after their quarterly earnings report showed strong revenues and earnings growth and expanding market share in programmatic advertising. SendGrid moved higher during the quarter on strong customer growth in its core Email API business. Wayfair continued to perform strongly on the back of solid revenue growth and customer momentum as it invests in its core online furniture business. Integrated Devices received a cash take out bid during the quarter at a significant premium to the start of the quarter price from a strategic buyer. Lowe’s performed well as new management’s turnaround plans for their home improvement stores showed results.

### Top Five Contributors<sup>1</sup>

Q3 2018

| Company                     | Ticker | Sector                 | Average Weight | Contribution | Total Return |
|-----------------------------|--------|------------------------|----------------|--------------|--------------|
| The Trade Desk Inc.         | TTD    | Information Technology | 2.09           | 1.05         | 60.88        |
| SendGrid Inc.               | SEND   | Information Technology | 2.44           | 0.96         | 45.65        |
| Wayfair Inc.                | W      | Consumer Discretionary | 2.83           | 0.65         | 24.34        |
| Integrated Device Tech Inc. | IDTI   | Information Technology | 1.22           | 0.62         | 46.46        |
| Lowe’s Inc                  | LOW    | Consumer Discretionary | 2.90           | 0.56         | 20.72        |

## DETRACTORS

In the third quarter of 2018, the largest detractors to performance were COLL, LEA, INST, STKL, and LRCX. Collegium shares were pressured during the quarter amid slowing prescription metrics for its lead asset, an abuse deterrent pain formulation. Lear declined during the period as investors were concerned about slowing growth and trade related issues in its automotive seating and electrical systems segments. Instructure dropped following its 2Q earnings report on lowered free cash flow guidance. Sunopta shares drifted lower during the period amid the company’s long term restructuring plan for its natural and organic food businesses. Lam Research slumped during the period amidst investor concerns of late cycle semiconductor supply issues.

### Top Five Detractors<sup>1</sup>

Q3 2018

| Company                       | Ticker | Sector                 | Average Weight | Contribution | Total Return |
|-------------------------------|--------|------------------------|----------------|--------------|--------------|
| Collegium Pharmaceutical Inc. | COLL   | Healthcare             | 1.20           | -0.64        | -38.20       |
| Lear Corp.                    | LEA    | Consumer Discretionary | 1.57           | -0.37        | -21.64       |
| Instructure Inc.              | INST   | Information Technology | 1.94           | -0.31        | -16.80       |
| Sunopta Inc.                  | STKL   | Consumer Staples       | 1.71           | -0.24        | -13.23       |
| Lam Research Corp             | LRCX   | Information Technology | 1.93           | -0.22        | -11.61       |

## MACRO COMMENTARY AND OUTLOOK

The S&P 500 continued to grind higher in the face of investor anxiety about a trade war. We rely on an approach to assess the macroenvironment called “the three legs of the stool.” The three legs are investor sentiment, valuation, and leading indicators. Sentiment remains in neutral territory. With respect to valuation, stock multiples appear expensive in relation to historic averages, but inexpensive when compared to bonds. We score valuation as neutral given these competing dynamics. The leading indicators appear broadly positive, notably household deleveraging and strong labor markets. Synthesizing these three legs we have two neutral indicators (sentiment, valuation) and one positive (leading indicators). On balance, we believe that investors should stay the course with equities with a market-weight posture. Risks to future equity appreciation include: a trade war escalation which depresses consumer / business spending, a rapid rise in bond yields, geopolitical conflict, surprising election results in November, and the business cycle rapidly rolling over.

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| Fund Returns <sup>2</sup>                 |        | 30 Sep 2018 |                     |                     |                      |                              |                             |
|---|--------|-------------|---------------------|---------------------|----------------------|------------------------------|-----------------------------|
| Eventide Gilead Fund                      | YTD    | 1-year      | 3-year <sup>4</sup> | 5-year <sup>4</sup> | 10-year <sup>4</sup> | Since Inception <sup>4</sup> | Inception Date <sup>4</sup> |
| Class N                                   | 17.28% | 25.85%      | 18.19%              | 13.17%              | 17.17%               | 15.69%                       | 7/8/2008                    |
| Class A without load                      | 17.26% | 25.77%      | 18.14%              | 13.11%              | —                    | 18.49%                       | 10/28/2009                  |
| Class A with 5.75% load                   | 10.52% | 18.54%      | 15.83%              | 11.78%              | —                    | 17.71%                       | 10/28/2009                  |
| Class C                                   | 16.60% | 24.84%      | 17.25%              | 12.27%              | —                    | 17.59%                       | 10/28/2009                  |
| Class I                                   | 17.48% | 26.10%      | 18.43%              | 13.40%              | —                    | 16.99%                       | 2/2/2010                    |
| <b>Benchmarks</b>                         |        |             |                     |                     |                      |                              |                             |
| S&P 500 Total Return Index <sup>3</sup>   | 10.56% | 17.91%      | 17.31%              | 13.95%              | 11.97%               | 10.78%                       | 7/8/2008                    |
| Russell Mid-Cap Growth Index <sup>3</sup> | 13.38% | 21.10%      | 16.65%              | 13.00%              | 13.46%               | 11.34%                       | 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. To obtain the most recent month-end performance information and a current Eventide Gilead Fund prospectus please call the fund, toll free at 1-877-771-EVEN (3836).

Eventide Gilead Fund expenses: Class A, Total Expenses 1.46%; Class C, Total Expenses 2.21%; Class I, Total Expenses 1.21%; Class N, Total Expenses 1.41%.

1. Source: Bloomberg PORT Attribution Report

2. Performance figures for periods greater than 1 year are annualized. The fund's share classes have different inception dates. Class N has an inception date of July 8, 2008. Class A and Class C have an inception date of October 28, 2009. Class I has an inception date of February 2, 2010. The indices assume an inception date of July 8, 2008.

3. The S&P 500 is an index created by Standard & Poor's of American stocks with the largest market capitalization. It is not an investment product available for purchase. The Russell Midcap Growth Index measures the performance of the U.S. equity mid-cap growth segment. It includes mid-cap companies with higher price-to-book ratios and forecasted growth. The volatility of the indices may be materially different than that of the fund, and investors should not expect the fund to achieve the same results as the indices listed.

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 opinions expressed herein are those of fund's portfolio management team as of 30 September 2018, and subject to change. There is no guarantee 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 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'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 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 and intense competition. 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. Because of ongoing market volatility, Fund performance may be subject to substantial short-term changes.

**Investors should consider the Fund's objectives, risks, charges and expenses carefully before investing or sending money. This and other important information about the Eventide Gilead Fund can be found in the Fund's prospectus, which can be obtained at [www.eventidefunds.com](http://www.eventidefunds.com) or by calling 877-771-EVEN (3836). Please read the prospectus carefully before investing. The Fund is distributed by Northern Lights Distributors, Member FINRA/SIPC, which is not affiliated with Eventide Asset Management, LLC.**