

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

## GILEAD FUND AT A GLANCE

**Manager\*:** Dr. Finny Kuruvilla

**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:** \$1.77 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 -16.91% for 4Q 2018, compared with the Russell Mid Cap Growth Index of -15.99% and the S&P 500 Total Return Index of -13.52%. For the quarter, we underperformed the Russell Mid Cap Growth Index by just under one percent. This was largely due to stock-specific exposure (XPO and W) and a period of biotech underperformance. Due to macroeconomic fears, particularly from the Fed, the fourth quarter saw many asset classes, sectors, and industries give back their year-to-date gains and more. Our fund similarly struggled during the fourth quarter.

## CONTRIBUTORS

In the fourth quarter of 2018, the largest positive contributors to performance were SEND, VCYT, TWLO, COLL, and INST. SEND received an all-stock offer from Twilio in the Q3 after demonstrating strong top line growth. VCYT hit its operational stride in the 4Q, with increasing revenues for its flagship thyroid cancer diagnostic product, Affirma, while improving cost and launching a new lung cancer diagnostic. We reacquired TWLO when it sank after announcing its all-stock acquisition of Sendgrid, seeing long term growth opportunities for the combined company. COLL continues to expand its base of exclusive formulary wins for its lead product, Xtampza, an abuse deterrent pain medication. INST demonstrated its competitive strengths in securing business wins for its Canvas LMS (learning management system) through the quarter.

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

Q4 2018

Company	Ticker	Sector	Average Weight	Contribution	Total Return <sup>2</sup>
Sendgrid Inc	SEND	Technology	4.02	0.60	17.34
Veracyte Inc	VCYT	Healthcare	0.22	0.30	45.03
Twilio Inc	TWLO	Communications	0.77	0.20	20.66
Collegium Pharmaceutical Inc	COLL	Healthcare	1.22	0.15	16.49
Instructure Inc	INST	Technology	1.51	0.10	5.96

## DETRACTORS

In the fourth quarter of 2018, the largest detractors to performance were XPO, W, SRPT, SAGE and ALTR. XPO declined during the quarter on weaker than anticipated 3Q results, increasing challenges in its end markets, and finally a well-timed short report raised questions about the company's financials (which the company strongly refuted). W shares peaked in late September 2018 but during 4Q investors shifted focus from revenue growth to lack of profitability. After very strong 1H18 performance based on progress in its lead product for DMD, shares of SRPT drifted lower through the second half of the year on broader biotech weakness. Despite a positive AdCom outcome for Zulresso (SAGE-217 for Postpartum Depression) in early November, SAGE sank through the rest of the quarter on investors' concern about potential safety warnings on the label and a four month delay for its PDUFA date. In early November, ALTR disappointed investors by acquiring Datawatch, which doesn't offer any apparent synergies to their existing businesses.

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

Q4 2018

Company	Ticker	Sector	Average Weight	Contribution	Total Return <sup>2</sup>
XPO Logistics Inc	XPO	Industrials	3.33	-2.11	-50.04
Wayfair Inc	W	Consumer Discretionary	2.60	-1.11	-39.00
Sarepta Therapeutics Inc	SRPT	Health Care	2.92	-0.92	-32.43
Sage Therapeutics Inc	SAGE	Health Care	2.78	-0.86	-32.18
Altair Engineering Inc	ALTR	Technology	1.74	-0.75	-36.52

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

## MACRO COMMENTARY AND OUTLOOK

After a bruising fourth quarter, investors do well to calmly assess what happened and why. In our judgment, investors were already on edge due to fears about trade wars, Brexit, China's macro deceleration, and dysfunctional politics. The first part of the fourth quarter saw stocks and commodities swiftly decline. The commodity decline, normally a sign of disinflationary pressure, led many to believe that the Fed would forgo another hike. However, the Fed continued to raise rates which surprised and disappointed the market. This led to further selling, which then drove additional tax-loss selling. In our judgment, the move to the downside was exaggerated and fear-driven. We believe the punishing selling into December 24 was unwarranted because the fundamentals of the economy continue to appear solid. Using our three legs of the stool approach, sentiment has deteriorated which is a contrarian positive as the year begins. Valuation of the S&P 500 has now come down to be in-line with historic norms. Given where core inflation and the bond market stand, we believe this is the first time in years that valuation looks intriguing. Finally, though the leading indicators have tempered, they have not rolled over. This implies continued macro growth albeit less robust. In balance, considering that valuation and sentiment are neutral with a tilt toward positive, and the leading indicators are positive, we believe that investors should stay the course. While headline-driven volatility may continue, market fundamentals appear attractive for long-term investors.

Fund Returns<sup>3</sup>

31 Dec 2018

	YTD	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>
<i>Eventide Gilead Fund</i>							
Class N	-2.55%	-2.55%	9.32%	8.54%	16.79%	13.27%	7/8/2008
Class A without load	-2.58%	-2.58%	9.26%	8.50%	—	15.58%	10/28/2009
Class A with 5.75% load	-8.18%	-8.18%	7.12%	7.22%	—	14.84%	10/28/2009
Class C	-3.29%	-3.29%	8.45%	7.68%	—	14.70%	10/28/2009
Class I	-2.33%	-2.33%	9.54%	8.76%	—	14.08%	2/2/2010
<i>Benchmarks</i>							
S&P 500 Total Return Index <sup>4</sup>	-4.38%	-4.38%	9.26%	8.49%	13.12%	8.98%	7/8/2008
Russell Mid-Cap Growth Index <sup>4</sup>	-4.75%	-4.75%	8.59%	7.42%	15.12%	9.22%	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 1.45%; Class C, Total Expenses 2.20%; Class I, Total Expenses 1.20%; Class N, Total Expenses 1.40%.

1. Source: Bloomberg PORT Attribution Report

2. The total return percentage listed is impacted by the Fund's transactions and transacted price levels of the holding during the quarter.

3. 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.

4. 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.

5. 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.

The opinions expressed herein are those of fund's portfolio management team as of 31 December 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.**