

Healthcare & Life Sciences Fund Commentary

March 31, 2021

AT A GLANCE

Manager: Dr. Finny Kuruville

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 in the healthcare and life sciences sectors (≥80%). Concentrates investments in the drug-related industries (≥25%). May invest in illiquid securities (≤15%).

Benchmarks: S&P 500 Total Return Index, S&P Biotechnology Select Industry Index

Morningstar Category: US Fund Health

Lipper Category: Health/Biotech

Net Assets: \$2.21 billion

Inception Date: December 27, 2012

Healthcare and life sciences companies include those companies that derive or are expected to derive 50% or more of their revenue from healthcare and life science products and services including, but not limited to, biotechnology, pharmaceuticals, diagnostics, life science tools, medical devices, healthcare information technology, healthcare services, synthetic biology, agricultural and environmental management, and pharmaceutical manufacturing products and services. These companies include smaller development-stage companies.

Eventide Asset Management, LLC

One International Place, Suite 4210
Boston, MA 02110
877-771-EVEN (3836)

WWW.EVENTIDEFUNDS.COM

Class I: ETIHX | Class A: ETAHX | Class C: ETCHX | Class N: ETNHX

Review

The Eventide Healthcare and Life Sciences Fund (Class I)¹ posted a total return of -7.57% for the first quarter of 2021, compared with the S&P 500 Total Return Index of 6.17% and the S&P Biotechnology Select Industry Index total return of -3.61%. The Fund (Class I) posted a total return of 65.88% for the 12 months ending 3/31/2021 compared to the S&P 500 Total Return Index of 56.35% and the S&P Biotechnology Select Industry Index of 75.20%. The Fund underperformed its primary benchmark, the S&P 500 TR Index by -13.74% and its secondary benchmark, the S&P Biotechnology Select Industry Index by -3.96%. The underperformance was largely due to a difficult environment for biotech. There continues to be a fear that many COVID-related biotech companies remain significantly overvalued, while fundamentally strong companies are overlooked.

Contributors

In the first quarter of 2021, the largest positive contributors to performance were: Essa Pharma Inc, Prometheus Biosciences SRD1, Pliant Therapeutics Inc, Cullinan Oncology Series C, and Karuna Therapeutics Inc. Essa Pharma disclosed early but promising data for their lead asset in prostate cancer. Prometheus Biosciences benefitted from a successful Initial Public Offering. Pliant Therapeutics benefitted from growing expectations for clinical proof-of-concept data. Cullinan Oncology benefitted from a successful Initial Public Offering. Karuna Therapeutics benefitted from growing expectations for key clinical data in their lead neurology program.

Top Five Contributors² (%)

Company	Ticker	Industry	Average Weight	Contribution to Return	Total Return ³
Essa Pharma Inc	EPIX US	Biotechnology	1.77	1.10	143.50
Prometheus Biosciences SRD1	.PROMD1	Pharmaceuticals	0.93	0.89	165.85
Pliant Therapeutics Inc	PLRX US	Biotechnology	1.70	0.80	73.11
Cullinan Oncology Series C	.CULLSRC	Biotechnology	1.14	0.70	185.48
Karuna Therapeutics Inc	KRTX US	Biotechnology	4.60	0.63	18.35

Detractors

In the first quarter of 2021, the largest negative detractors to performance were: Ascendis Pharma A/S, Trillium Therapeutics Inc, Immunovant Inc, Praxis Series C, and Sarepta Therapeutics Inc. Ascendis Pharma suffered from concern about a more stringent regulatory environment that could adversely impact the company's approval timeline. Trillium Therapeutics disclosed an incomplete data set that disappointed investors. Immunovant disclosed a potentially concerning safety finding in one of their clinical trials. Praxis suffered from a post-Initial Public Offering swoon. Sarepta Therapeutics disclosed clinical data that lagged investor expectations.

Top Five Detractors² (%)

Company	Ticker	Industry	Average Weight	Contribution to Return	Total Return ³
Ascendis Pharma A/S	ASND US	Biotechnology	3.89	-0.85	-22.72
Trillium Therapeutics Inc	TRIL CN	Biotechnology	3.52	-0.91	-27.14
Immunovant Inc	IMVT US	Biotechnology	1.75	-1.40	-65.27
Praxis Series C	PRAXISC	Biotechnology	3.82	-1.47	-40.46
Sarepta Therapeutics Inc	SRPT US	Biotechnology	1.93	-1.81	-56.28

Macro Commentary and Outlook

Biotech has been a roller coaster with a recent -25% decline in the S&P biotech index from the YTD high. Mutual funds and ETFs have seen hundreds of millions of dollars in outflows. In particular, they have been a source of funds into cyclicals and the recovery trade. After the IPO boom of 2020, many of upstart biotech companies have pulled back, often 20-40% in price. We are starting to see more caution overtake some of the indiscriminate buying of the second half of 2020. Unfortunately, we continue to fear that many biotech companies remain significantly overvalued. Thus, in this environment of lofty valuations, caution is warranted. At the same time, we also believe that many fundamentally strong companies are being overlooked in this period of a few trends and headlines dominating the market. As more price sensitivity enters into this market, we believe that there will be notable price movements in both directions. We believe that quality growth names at a reasonable valuation have good prospects for stabilizing and better performance in the remainder of the year. A disciplined approach to valuation is particularly important in this period of both over- and under-valuation.

Trailing Returns ⁴ (%)	31 Mar 2021							
	YTD	3-mos	1-year	3-year ⁵	5-year ⁵	10-year	Since Inception ⁶	Inception Date ⁶
<i>Eventide Healthcare & Life Sciences Fund</i>								
Class I	-7.57	-7.57	65.88	24.21	26.37	—	24.13	12/27/2012
Class A without load	-7.60	-7.60	65.48	23.89	26.04	—	23.80	12/27/2012
Class A with 5.75% load ⁶	-12.92	-12.92	55.98	21.47	24.56	—	22.92	12/27/2012
Class C ⁷	-7.79	-7.79	64.23	22.96	25.10	—	22.89	12/27/2012
Class N	-7.61	-7.61	65.54	23.94	26.12	—	23.89	12/27/2012
<i>Benchmarks</i>								
S&P 500 Total Return Index ⁸	6.17	6.17	56.35	16.78	16.29	—	15.59	12/27/2012
S&P Biotechnology Select Industry Index ⁸	-3.61	-3.61	75.20	15.76	21.50	—	20.65	12/27/2012

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 Healthcare & Life Sciences Fund total annual fund operating expenses: Class I: 1.31%; Class A: 1.56%; Class C: 2.31%; Class N: 1.51%.

- 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. Annualized since inception figures use an inception date of 12/27/2012.
- 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 S&P Biotechnology Select Industry Index represents the biotechnology sub-industry portion of the S&P Total Markets Index.

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. 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.