

Eventide Healthcare and Life Sciences Fund

About the Fund

The Eventide Healthcare and Life Sciences Fund seeks long-term capital appreciation by investing exclusively in companies positioned within themes in the healthcare sector with a significant emphasis on the biotechnology industry, which we believe will create long-term value for each of the companies' stakeholders. Historically, the Fund has been more heavily weighted towards early-stage and small/mid-cap companies than its benchmark, the **S&P Biotechnology Select Industry Index**¹. The unique medical and venture investing background of the portfolio team provides a differentiated understanding of the industry and in-depth insights into the viability of individual companies.

The Fund tends to have a high active share compared to its sector benchmark and the broader market, which poses the potential for differentiated returns. The Fund actively invests in IPOs, mezzanine financing offerings, and up to 15% of the Fund can be invested in private investments.

As described in our process, a primary trait that Eventide seeks in each of its investments is whether the company is creating value for society. We believe biotechnology has a powerful role in meeting important human needs.

Investment Philosophy

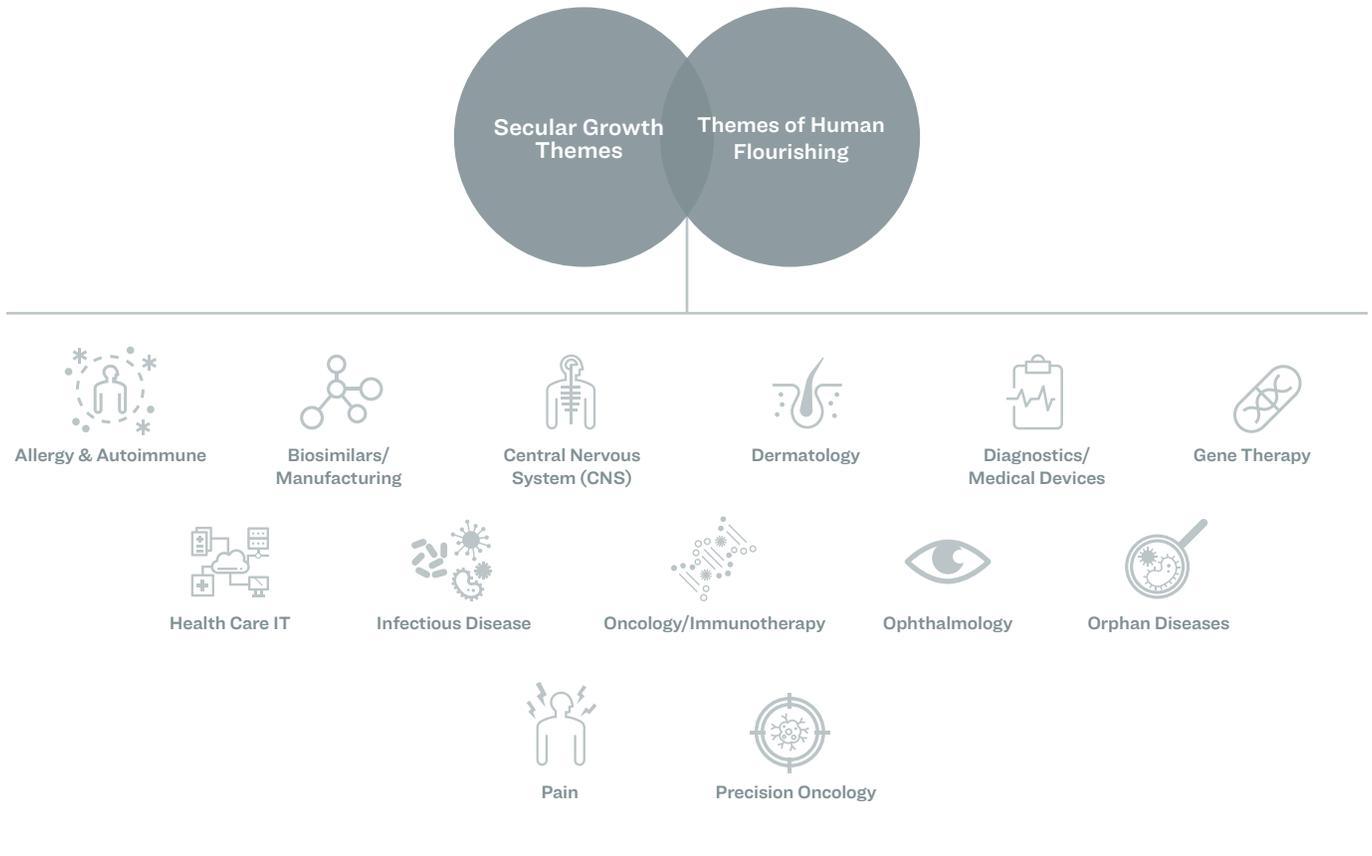
We believe **high-quality companies** that excel at **creating value for others** and **trade at a discount to intrinsic value** offer superior long-term risk-adjusted returns.

Process

1. Idea generation: Understanding the industry

- a. Our investment process begins with **understanding the big picture fundamentals within Healthcare**. Many factors will greatly impact investments within the Healthcare sector and Biotech industry. Some of these factors include:
 - Scientific and medical advances
 - Changes in the standard of care of diseases
 - Unmet medical needs
 - Value proposition to patients
 - Total addressable market size

- b. After we understand these fundamental factors, we seek to **discern attractive long-term investment themes**. We believe themes to be powerful drivers of long-term performance. The term “theme” is broad and can refer to a number of ways to categorize investment opportunities, but we see thematic investing as a way to identify what we believe to be future tailwinds resulting from the development of the economy. We then narrow our investment universe to those trends that we believe will have the most traction in the market over the next 1, 5, and 10 years. At Eventide, we focus on secular themes that we believe also promote a context conducive for human flourishing. Below are examples of themes that we have identified as themes within Healthcare more generally, and Biotech specifically, that we believe have the potential to promote human flourishing.



These are representative examples of themes in the Healthcare and Life Sciences Fund

- c. The portfolio manager and analysts perform macro due diligence on the fundamental industry factors and themes by staying current on relevant scientific and medical literature, engaging key opinion leaders within the industry, attending scientific and medical conferences, and speaking with experienced physicians to gauge an opinion on each theme’s investment viability. We believe this immersive approach to understanding the industry is an important part of investment due diligence.

2. Fundamental Security Selection

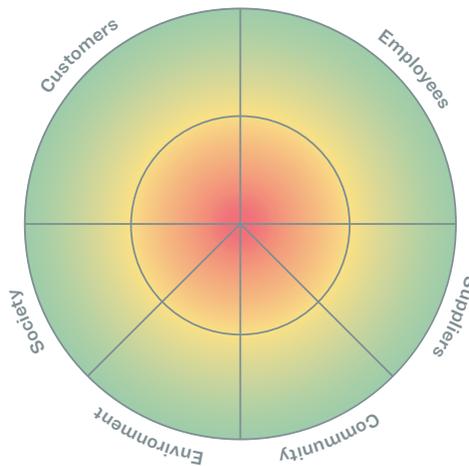
- a. Our security selection process begins by researching companies within the themes that we have become deeply familiar with from the idea-generation phase of the process. As we evaluate individual companies, we start with a **qualitative analysis**. To this end, we seek to invest in companies that we deem to be “high-quality” by embodying three key traits:



b. An essential piece of our qualitative analysis is our **Business 360®** framework that we use to evaluate whether a company is creating value for or extracting value from its various stakeholders. This framework has been formalized and implemented through a proprietary technology platform called Edify, which combines third-party data alongside Eventide’s research.

BUSINESS 360®

Business 360® targets a holistic framework for evaluating both a company’s long-term competitive advantage and its impact on human flourishing by analyzing its operations and strategy through the lens of key stakeholders.



c. Alongside our qualitative analysis, we employ a **financial analysis** where we first evaluate a company’s **current financial strength**:

- Well capitalized (≥ 1 year of cash remaining) to reach key milestones (clinical trial

- data release, FDA indication, product launch)
- Clean capital structure (no warrants or heavy debt burden)
- No known history of ill-conceived and/or poorly-executed financings (extremely dilutive)

Then, we analyze the potential for **future profitability**:

- Current financing needs (i.e., dilution)
 - Total addressable market (based on epidemiology)
 - Penetration rate (based on competition for target product profile)
 - Pricing (based on comparables)
 - Lifespan of sales (based on IP)
- d. After we perform the qualitative analysis and financial analysis of a company, we estimate its intrinsic value by performing a **discounted cash flow (DCF) valuation analysis**. This analysis considers the magnitude, timing, and risk of future free cash flows, discounted to today based on the company's cost of capital. It also considers the sustainability of its competitive advantages. Once we have estimated an intrinsic value for the company, we compare our estimates to market consensus to assess the opportunity.

3. Portfolio construction and risk management

- a. The Healthcare and Life Sciences Fund is a concentrated portfolio that typically houses 60-70 companies within a solo sector. Therefore, internal diversification comes from a strong knowledge of risk factors that could impact specific holdings, such as advancements or setbacks in particular fields of study, M&A trends and likelihood of positive or negative outcomes from binary events (clinical trials, FDA approvals, etc.). The manager will adjust estimates, price targets, conclusions, and position sizes to reflect changes in industry fundamentals. ●

Portfolio Manager**FINNY KURUVILLA, MD, PHD****Portfolio Manager**

Dr. Finny Kuruvilla has a unique background in healthcare, statistics, and investing. He holds an MD from Harvard Medical School, a PhD in Chemistry and Chemical Biology from Harvard University, a master's degree in Electrical Engineering and Computer Science from MIT, and a bachelor's degree from Caltech in Chemistry. He completed his residency and fellowship at the Brigham & Women's Hospital and Children's Hospital Boston where he cared for adult and pediatric patients suffering from a variety of hematologic, oncologic, and autoimmune disorders. Subsequently, he was a research fellow at MIT where he designed and implemented statistical algorithms involving logistic regression and pseudo-Bayesian expectation maximization.

As an avid proponent of values-based investing, Dr. Kuruvilla has developed standards for selecting ethical companies at the outset of the stock selection process.

Portfolio Analysts**JOY GHOSH, PHD****Senior Research Analyst**

Dr. Ghosh has a cross-disciplinary background in biopharma/biotech R&D, business development/M&A, and healthcare investing. Prior to joining Eventide, from 2017-2020, Dr. Ghosh was an Associate/Vice President at Bain Capital for their Life Sciences Fund. From 2016-2017, Dr. Ghosh was a Sr. Manager at Biogen. From 2009-2016, Dr. Ghosh was an Investigator at the Novartis Institutes of Biomedical Research. Prior to Novartis, Dr. Ghosh was a postdoctoral scientist at Brigham and Women's Hospital/Harvard Medical School and Boston University School of Medicine.

He holds a PhD from the University of Washington, Seattle in Biomolecular Structure and Design and a bachelor's degree from the University of Texas at Austin in Biochemistry.

**BRIAN CHOW, PHD****Associate Research Analyst**

Mr. Chow holds a PhD in Neuroscience from Harvard University's Graduate School of Arts and Sciences, where he studied the biological mechanisms underlying the blood-brain barrier that have the potential to enhance drug delivery to the brain to treat neurological disorders. He published his discoveries as the first author in the journals *Nature* and *Neuron*. He has also written two review articles published in *Nature Reviews Neuroscience* and *Trends in Neurosciences*.

He holds a B.S. in Biology and Chemistry from the University of California San Diego.

HEALTHCARE AND LIFE SCIENCES FUND

¹The S&P Biotechnology Select Industry Index represents the biotechnology sub-industry portion of the S&P Total Markets Index. The Fund also as a benchmark of the S&P 500 Total Return Index. This is an index created by Standard & Poor's of American stocks with the largest market capitalization. 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.

The Adviser's judgment about the quality of a particular company may prove to be incorrect. There is no guarantee that the Adviser's approach will produce the desired results. Reference to Eventide's Business 360[®] approach is provided for illustrative purposes only and indicates a general framework of guiding principles that inform Eventide's overall research process.

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 www.eventidefunds.com 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, which is not affiliated with Eventide Asset Management, LLC.