

# Eventide Target Risk Models

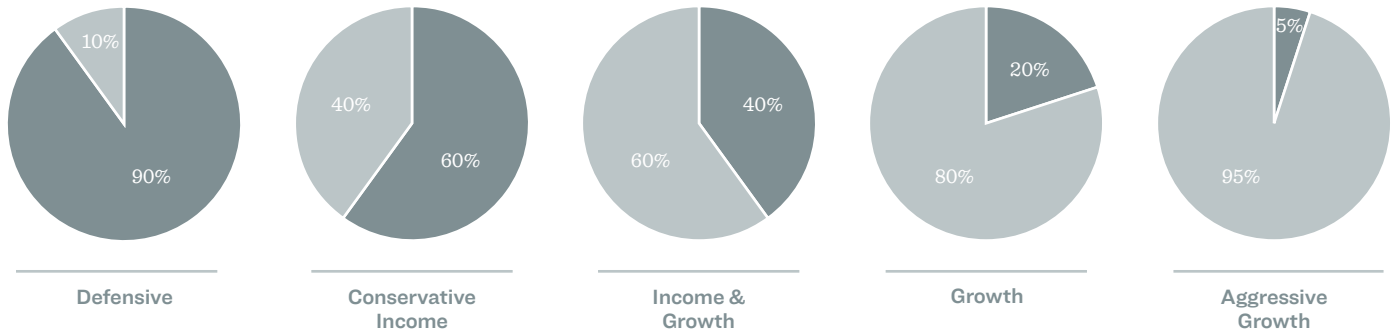
---

## **About the Eventide Target Risk Models**

These models are offered as a strategic asset allocation solution for investors who wish to align an entire portfolio with Eventide's investment philosophy. The Asset Allocation Team seeks to identify asset allocations that meet desired return and risk objectives as efficiently as possible while investing exclusively in mutual funds offered by Eventide. The strategic allocations of the models are constructed based on the proprietary macro forecasts and research of Eventide's portfolio management team. The models are evaluated regularly and rebalanced quarterly to keep allocations aligned with target weights.

Allocation Model Targets

Equities Fixed Income



**Equity Strategy**

The equity strategies within each model are constructed to meet the diversification and risk/return objectives pursuant to each model's equity risk target allocation. We believe the best index suited to reflect the investable universe of this sleeve is the **Russell 3000 Index**<sup>1</sup>. Across all of our equity investments, we invest in companies where we believe the company is creating value for society as described in our process.

**Fixed Income Strategy**

The fixed income allocations within each model seek to invest in fixed income securities issued by companies that we believe to be reliable issuers. We believe the best index suited to reflect the investable universe of this sleeve is the **Bloomberg US Aggregate Bond Index**<sup>2</sup>. Notably, the fixed income allocations across our funds do not invest in U.S. Treasuries and have been historically overweighted in corporate bonds in comparison to the benchmark. As with the equity portion of the portfolio, we seek issuers that we believe are creating value for society. The funds will invest in green, social, and sustainability bonds if they meet the other criteria of the portfolio<sup>3</sup>.

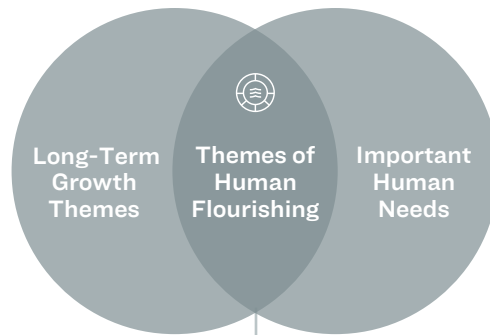
**Investment Philosophy**

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: Narrowing the macro universe

- a. Our investment process begins with **understanding the big picture of asset classes and sectors** within those asset classes. While Eventide generally identifies as a bottom-up fundamental manager, we understand the importance of macro factors and how these factors impact the performance of asset classes and sectors.
  
- b. After we understand the macro-environment of asset classes and sectors, we seek to **discern attractive long-term growth 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. 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 growth themes that we believe also promote a context conducive for human flourishing. Below are examples of themes that we have identified as secular themes that we also believe have the potential to promote human flourishing.

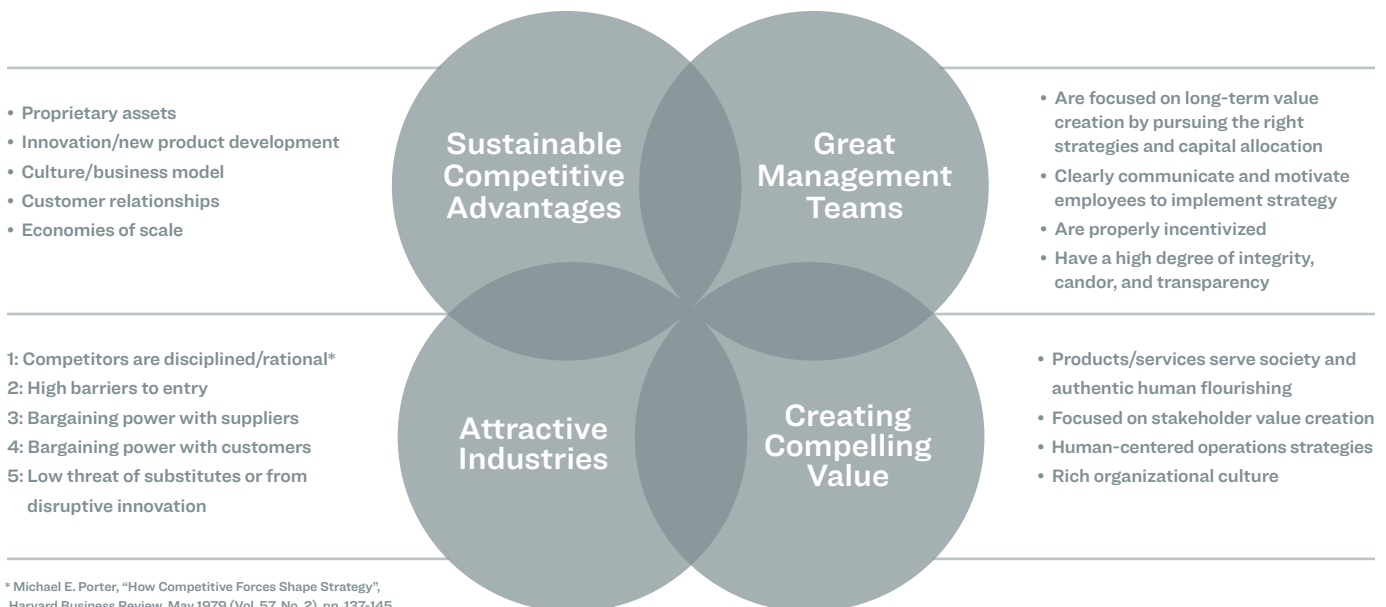


*These are representative examples of themes in the Eventide Target Risk Models*

c. There many different investment approaches that an investor can take when investing within each theme, which is why we **leverage consultants, industry experts, and key opinion leaders** to help guide the process of narrowing our research. From these conversations, we then **review industry specific reports, trends, and third-party research** to corroborate the guidance we receive from the industry interviews. Eventide has a diverse group of analysts with various background experiences, each of which has familiarities with different subsectors of the market. We pride ourselves on seeking to employ analysts who are life-long learners with the capacity to understand big concepts and synthesize information gathered through speaking with people within different industries. We believe this part of the process—leveraging thought-leaders alongside public research—is an important way to gain unique insight into investment opportunities.

## 2. Fundamental Security Selection

- a. Our security selection process begins by researching companies within the themes that we have become deeply familiar with from our idea generation phase of the process. To gain new ideas for the portfolio, we **study the direct competitors, suppliers, and customers of our existing holdings as well as companies that are positioned differently than our existing holdings yet participate in the same themes**. Eventide believes that using specialization to explore areas that we are familiar with allows us to make more informed investing decisions.
- b. 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 four key traits:

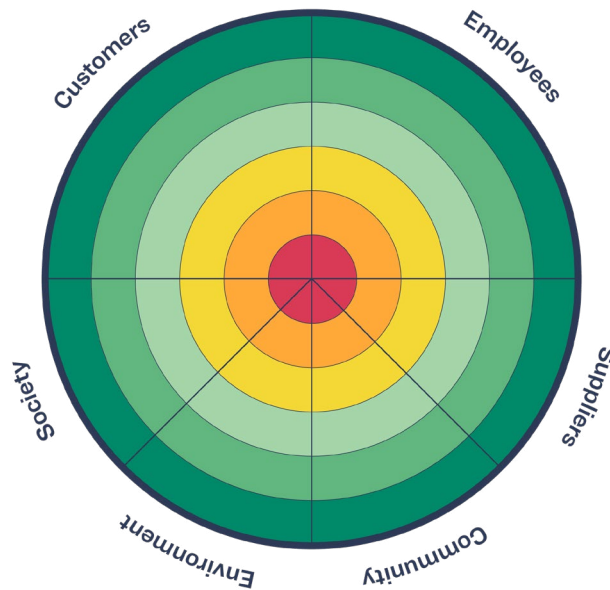


\* Michael E. Porter, “How Competitive Forces Shape Strategy”, Harvard Business Review, May 1979 (Vol. 57, No. 2), pp. 137-145.

- c. 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 tool 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.



- d. Alongside our qualitative analysis, we employ a **financial analysis** where we seek out companies with long-term financial strength by looking for the following qualities:

- ✓ Attractive income-generating characteristics
- ✓ Revenue and earnings growth that is consistent and repeatable
- ✓ Stable business model
- ✓ Operating margins that are stable or increasing
- ✓ Strong balance sheet
- ✓ Positive free cash flow

- e. 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 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 (reflected in the fade rate).

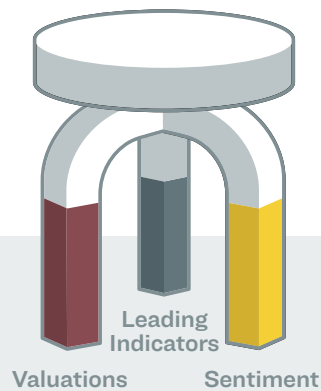
### 3. Portfolio construction and risk management

- a. Final fund selection and weighting within each model portfolio is informed by seeking the goals of diversification across asset classes and diversification of income sources while considering the strategic allocation targets of each individual model. We utilize different Eventide fund strategies to address **allocations across equity and fixed income sectors, styles, industries, and themes as described in our process.**

---

#### “THREE-LEGGED-STOOL”

Our three-legs-of-the-stool approach to evaluating market health provides a consistent framework for examining the macro environment.



- b. The individual fund weightings in each portfolio and the positioning of the investments within each fund reflect our **macro views of the economy**. We synthesize three data streams to inform our views: **economic indicators, valuation metrics, and sentiment indicators**. We refer to these data streams as our “three-legs-of-the-stool” approach to evaluating the economy. We can tilt beta and asset class exposure to reflect our macro views. ●

**Asset Allocation Team**



**FINNY KURUVILLA, MD, PHD**  
**Co-Chief Investment Officer, Senior Portfolio Manager,**  
**Managing Director, Founding Member**

Finny Kuruvilla, MD, PhD, serves as a Co-Chief Investment Officer, Senior Portfolio Manager for the Eventide Gilead Fund and the Eventide Healthcare & Life Sciences Fund, a Managing Director for Eventide's private investing line of business, as well as Founding Member of Eventide.



**DOLORES BAMFORD, CFA**  
**Co-Chief Investment Officer, Senior Portfolio Manager**

Dolores Bamford, CFA, serves as Co-Chief Investment Officer for Eventide and Senior Portfolio Manager for the Eventide Dividend Opportunities Fund and the Eventide Multi-Asset Income Fund.



**CHRIS GROGAN, CFA<sup>4</sup>**  
**Director of Investment Consulting, Portfolio Manager**

Chris Grogan, CFA, serves as Director of Investment Consulting for Eventide and Portfolio Manager for the Eventide Limited-Term Bond Fund and the Eventide Core Bond Fund.

---

## FOOTNOTES

1. The Russell 3000 Index is a market-capitalization-weighted equity index maintained by FTSE Russell that provides exposure to the entire U.S. stock market. The index tracks the performance of the 3,000 largest U.S.-traded stocks which represent about 98% of all U.S. incorporated equity securities.
2. The Bloomberg U.S. Aggregate Bond Index is a broad based benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. This includes Treasuries, government-related and corporate securities, mortgage backed securities, asset-backed securities and collateralized mortgage-backed securities. 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.
3. Green bonds allow issuers to use proceeds for environmental projects; social bonds allow issuers to use proceeds for social projects; sustainable bonds are a combination of green and social bonds. Eventide's theme of "Green, Social, & Sustainability Bonds" includes bonds that have green, social, or sustainable characteristics, but may not carry a formal designation as such (e.g., municipal bonds).
4. Effective 04/01/2023, Dolores Bamford no longer serves as Senior Portfolio Manager for the Eventide Limited-Term Bond Fund and the Eventide Core Bond Fund. Effective 04/01/2023, Chris Grogan serves as Portfolio Manager for the Eventide Limited-Term Bond Fund and the Eventide Core Bond Fund.

---

## IMPORTANT RISK INFORMATION

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<sup>®</sup> approach is provided for illustrative purposes only and indicates a general framework of guiding principles that inform Eventide's overall research process. Eventide's values-based approach to investing may not produce desired results and could result in underperformance compared with other investments.

Eventide is an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC"). Registration of an investment adviser does not imply a certain level of skill or training. Eventide provides values-based investment advisory services and products to a diverse client base, including mutual funds and separately managed account clients, as well as a private investing line of business. Eventide also provides non-discretionary services, including the Target Risk Allocation Models and the delivery of model portfolios comprised of individual securities to financial intermediaries such as sponsors of wrap fee programs ("Model-Delivered SMAs"). Additional information about Eventide is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The Eventide Target Risk Models offer a range of investment mixes for consideration. Eventide does not provide personalized investment advice regarding whether one or more of the Models may be appropriate to meet the particular investment needs, risk tolerance, or goals of any investor. Eventide provides the Models to financial professionals for informational and educational purposes only. This information is not intended as, and should not be used as investment advice. Neither Eventide nor its employees render personalized investment, tax, accounting, or legal advice.

Eventide does not accept or maintain discretionary authority related to the implementation of the Target Risk Models for the accounts of investors, including any overlay services that may impact whether all or a portion of the Models are implemented, how and when the mutual funds are traded, or other decisions that may affect management of investor accounts.

**All investments carry certain risk and there is no assurance that investing pursuant to any Target Risk Models illustration or in any Eventide Fund will provide positive performance over any period of time. Past performance is no guarantee of future results.** Investment decisions should always consider an investor's specific financial needs, objectives, goals, time horizon, risk tolerance, and other information as appropriate. The statements contained herein are based solely on Eventide's opinions and judgment which may change at any time without notice.

**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.**