

## Item 1 – Cover Page



### **Eventide Asset Management, LLC**

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March 31, 2017

### **Form ADV Part 2A (Firm Brochure)**

This brochure provides information about the qualifications and business practices of Eventide Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at 877-771-3836, Ext. 207 and/or [pluiso@eventidefunds.com](mailto:pluiso@eventidefunds.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Eventide Asset Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Eventide Asset Management, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information to help you determine to hire or retain an adviser.

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## **Item 2 – Material Changes**

To assist clients in reviewing this Brochure, the following is a summary only of the changes made since the last update of this Brochure on December 9, 2016.

## **Item 4 – Advisory Business**

Updates include the Adviser's addition of a new non-discretionary model portfolio strategy seeking diversified sources of income and capital appreciation.

The Adviser has added a wrap program sponsor to its model distribution and implemented a random rotation policy to support fair distribution of models.

Updates note that certain of the Adviser's employees who are registered representatives may meet with financial intermediaries and their clients to provide information and education regarding the Adviser's services.

## **Item 5 – Fees and Compensation**

The fee section has been updated given the Adviser's expanded distribution of its non-discretionary model portfolios.

Information has been added regarding servicing and distribution fees paid to investment advisers.

## **Update on Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

Discussion of investment risks related to the industrials sector has been added.

**Note:** We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Eventide's Brochure may be requested by contacting the Adviser's Chief Compliance Officer, Peter Luiso, at 877-771-3836 Ext. 207 ([pluiso@eventidefunds.com](mailto:pluiso@eventidefunds.com)).

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#### **Item 4 – Advisory Business**

Eventide Asset Management, LLC (the “Adviser” or “Eventide”) is a Delaware limited liability company formed in April 2008 and registered as an investment adviser with the U.S. Securities and Exchange Commission (“SEC”) in June 2008. The Adviser's ownership structure is composed of both founding members and limited partners. The only principal owner (voting shares greater than or equal to 25%) is Dr. Finny Kuruvilla. Dr. Kuruvilla serves as the Adviser’s Chief Investment Officer (“CIO”) and is a portfolio manager.

The Adviser’s primary business is portfolio management of mutual funds regulated under the Investment Company Act of 1940 (“1940 Act”). The Adviser makes ongoing investment decisions and directs portfolio transactions for three mutual funds: the Eventide Gilead Fund (“Gilead Fund”), the Eventide Healthcare & Life Sciences Fund (“HLS Fund”), and the Eventide Multi-Asset Income Fund (“Income Fund,” and, together, the “Funds”). The Adviser also manages four model portfolios currently made available in wrap fee programs (the “Models”). The Models include investment strategies in equity securities related to healthcare, biotechnology, midcap companies, and diversified income-seeking strategies managing equity and debt securities. The Adviser provides the Models to program sponsors on a non-discretionary basis and is not responsible for effecting portfolio transactions or determining whether any Model is appropriate for a particular investor.

The Adviser tailors its Advisory services to the needs of clients, but does not provide personalized investment advisory services based on the particular circumstances of individual investors. Certain employees of Eventide are registered representatives (“RRs”) of Northern Lights Distributors, LLC (“NLD” or the “Distributor”), a registered broker-dealer serving as the distributor of the Eventide Funds. RRs are compensated for purchases of Eventide Funds. The RRs interact primarily with financial intermediaries such as investment advisers, but may, from time to time, meet together with financial intermediaries and their clients. These interactions are for educational and informational purposes, and the RRs do not provide investment advice purporting to address the specific circumstances, goals, and investment needs of the intermediaries’ clients.

The Adviser analyzes potential investments not only for financial strengths and outlook, but also for the company’s ability to operate with integrity and create value for customers, employees, supply chain, host communities, environment, and society. While few companies may reach these ideals in every area of their business, these principles articulate the Adviser’s highest expectations for corporate behavior, and directly impact the Adviser’s portfolio management process. The Adviser seeks to manage the assets of each Fund and

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Model in conformity with applicable investment objectives and policies, including restrictions or limitations imposed by the Fund or Model on investing in certain securities or types of securities, applicable regulatory requirements, as well as requirements to invest a minimum level of assets in certain securities or types of securities. The Adviser is responsible for creating an accurate and complete description of the investment style and/or objectives of each Fund and Model, and for managing portfolios in accordance with the descriptions.

The Funds, based on their investment objectives, may invest a portion of managed assets in options, short positions, and/or private companies. The Adviser's recommendations to the Model portfolios, on the other hand, require additional review and generally result in portfolios with long-only positions, fewer securities, and lower portfolio turnover than the Funds. The Adviser also tries to avoid recommending illiquid securities for purchase within the Models. Unlike the Funds, the Adviser does not have trading or account discretion to implement the Models on behalf of any client. Accordingly, the Adviser expects there to be a delay between transactions it effects on behalf of the Funds and subsequent Model changes that may involve the same securities. Thus, if Eventide causes a Fund to purchase or sell a security, and also changes that security in one or more Models, Eventide will typically initiate the Fund's trade prior to distributing a Model change. This process may lead to less favorable execution quality when the Models are implemented. Eventide generally distributes the Models to program sponsors using a random rotation process to help ensure that no sponsor is systematically disadvantaged. These practices may negatively impact the performance of wrap accounts when compared to accounts in other wrap programs or to Funds applying similar investment strategies.

Eventide does not determine whether Funds or Models meet the specific investment needs or goals of any particular investor, nor does Eventide maintain investment discretion over the accounts of individuals. The sponsors of wrap fee programs and/or registered representatives generally maintain discretionary authority over their clients' accounts and may choose to accept or reject all or any portion of the Model portfolios made available by Eventide. The wrap fee program sponsors and/or registered representatives also determine allocation percentages for their clients and are under no obligation to continue to use Eventide's Model portfolios. As described under the Fees and Compensation Section below, Eventide receives a portion of the wrap fee for managing the Models.

To assist financial intermediaries, Eventide also provides general consulting and educational support that is incidental to the investment management activities supporting the Funds and Models. For instance, members of Eventide's Portfolio Management Team may interact with financial intermediaries interested in learning about Eventide's investment management

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process or viewpoints related to ethics-based investing more generally. Eventide believes that providing this level of service can help financial intermediaries perform their due diligence regarding Eventide's services and better evaluate their own portfolio construction processes or clients' preferences for values-based investing. Eventide also offers proprietary analytical tools to help intermediaries assess their portfolio construction processes. Eventide does not currently charge a fee for these incidental consulting services.

As of March 29, 2017, the Adviser managed \$1,717,794,946 in assets on a discretionary basis across the Funds, and 12,382,913 on a non-discretionary basis across the Models.

## **Item 5 – Fees and Compensation**

The Adviser is paid a monthly management fee at the annual rate of 1.00% of the average daily net assets for the Gilead Fund, 1.10% of the average daily net assets for the Healthcare and Life Sciences Fund, and 0.73% for the Eventide Multi-Asset Income Fund. Boyd Watterson Asset Management ("Sub-Adviser"), has been retained as a Sub-Adviser to manage a portion of assets within the Eventide Multi-Asset Income Fund under an investment sub-advisory agreement with the Adviser. As compensation for the Sub-Adviser's services to the Fund, the Adviser, and not the Fund, pays the Sub-Adviser an annual fee of 0.30% of the first \$99,999,999.00 of average daily net assets managed by the Sub-Adviser and 0.17% of average daily net assets managed by the Sub-Adviser thereafter. The Funds' Board of Trustees reviews management fees with the Adviser as part of its review process under Section 15(c) of the 1940 Act. The Adviser has contractually agreed to waive fees and/or reimburse expenses but only to the extent necessary to maintain the Fund's total annual operating expenses at 1.42% for all share classes of the Gilead Fund, 1.43% for all share classes of the HLS Fund, and at 0.95% for all share classes of the Income Fund, through March 31, 2018. The fee waiver and expense reimbursements exclude front-end or contingent deferred sales charges, any Rule 12b-1 fees, taxes, leverage interest, brokerage commissions, expenses incurred in connection with any merger or reorganization, dividend expense on securities sold short, underlying fund fees, other expenses (such as fees charged by a Fund's service providers, including a Fund's custodian), or extraordinary expenses such as litigation, which are all paid by the Funds. Each waiver or reimbursement by the Adviser is subject to repayment by the Fund within the three fiscal years following the fiscal year in which a particular expense is incurred, if the Fund is able to make the repayment without exceeding any expense limitation in effect at the time of the waiver and the repayment is approved by the Board of Trustees. The Funds' Administrator deducts the management fees from Fund assets and pays the Adviser monthly.

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The Adviser pays expenses incurred by it in connection with acting as Adviser to the Funds, other than costs of securities purchased for the Funds and other expenses paid by the Funds as detailed in the Investment Advisory Agreement. Costs of securities purchased for the Funds includes taxes and brokerage commissions, borrowing costs, costs of investing in underlying funds and extraordinary expenses, if any. *For more information on Eventide's Brokerage Practices, please see Item 12.*

The Adviser receives asset-based fees for its Models, which are negotiated with wrap fee program sponsors. The Adviser may negotiate different management fees for the same Model with different sponsors. Thus, management fees paid by one sponsor client may be different than fees paid by another sponsor client for the same Model. Wrap fee program sponsors generally pay 28-65 basis points annually to the Adviser based on monthly Model assets and account types. Management fees are calculated and deducted from the wrap fee sponsor's client accounts by the program's authorized custodian or agent and paid to the Adviser monthly or quarterly. The Adviser's Model fees exclude brokerage commissions, transaction fees, and other related costs and expenses incurred by program sponsors or their clients.

As noted, certain of the Adviser's employees are representatives registered ("RRs") with Northern Lights Distributors, LLC, a registered broker-dealer ("NLD"). The RRs engage in sales and educational activities related to Eventide's advisory services. The RRs may receive compensation in connection with purchases of Eventide Funds and such compensation may be greater than compensation they might receive regarding other Eventide services. This raises a conflict of interest and an incentive for an RR to promote Funds over other advisory services. RRs are compensated in connection with Fund purchases through the Funds' distributor, NLD, from NLD's profits, the Funds' 12b-1 Distribution Plan, and/or Eventide's legitimate profits.

When investors access Eventide's services through the Funds, they may purchase or sell Fund shares through intermediaries that are not affiliated with Eventide. The Adviser may also pay, from its legitimate profits, servicing and/or distribution fees to an adviser who introduces, purchases, or provides information about Eventide Funds for their clients, pursuant to an agreement with the adviser. Such servicing and/or revenue-sharing arrangements can differ in terms with each intermediary, and the purchase or sale of the Funds through a particular intermediary can result in more or less profit to Eventide depending on the agreement in place.

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## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Eventide does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). However, the management of multiple Funds and Models may give rise to potential conflicts of interest if Funds have different objectives, benchmarks, time horizons, and fees, because a portfolio manager must allocate his or her time and investment ideas across multiple investment vehicles. A portfolio manager also may execute transactions for another Fund or Model that may adversely impact the value of securities held by a Fund. For instance, a portfolio manager may manage Funds that engage in short sales, and could sell short a security for a Fund where other Funds or Models may trade or hold the shorted security. Although the Adviser monitors for such situations to attempt to ensure equitable treatment across strategies, there can be no assurance that the price of a security would not be impacted as a result of specific investment strategies implemented by a Fund. Similarly, securities selected for a particular Fund or Model may outperform securities selected by another Fund or Model managed by the same portfolio manager.

Portfolio managers are generally permitted to invest in the Funds or Models they manage, even if the investment is closed to new investors. Eventide has adopted policies and procedures designed to manage potential conflicts of interest and help ensure that Funds and Models are treated fairly and equitably.

## **Item 7 – Types of Clients**

The Adviser provides portfolio management services to both 1940 Act mutual funds and model portfolios made available to wrap fee program sponsors. Requirements for opening and maintaining accounts are determined by the Funds and wrap fee program sponsors.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

The Adviser uses values-based analyses as well as fundamental, technical and risk analyses in selecting and recommending securities for investment. Investing in securities involves risk of loss that investors should be prepared to bear. The Adviser manages its Fund portfolios actively which may involve frequent trading and can negatively affect investment performance through increased transaction costs and taxes.

As part of its investment decision process, Eventide reviews the collective intelligence of analysts, portfolio managers, and/or algorithms. Eventide believes that analyzing this



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intelligence can lead to more consistent performance by addressing the potential gaps in any one individual's investment decisions. However, even well-known analysts and portfolio managers can incorrectly evaluate the value of specific securities and Eventide generally uses this type of information only as a starting point for its own analyses.

Eventide's values-based analysis process attempts to understand the long-term sustainable effects of a company's products, services and practices on its stakeholders based on the belief that companies whose products, services and practices are beneficial to more stakeholders may have better long-term outlooks and improved opportunities for financial returns. However, Eventide may not be able to correctly ascertain which companies best exhibit these characteristics and there is no assurance that financial markets will reward these characteristics in a timely fashion. Values-based analyses may therefore underperform other forms of investing. Likewise, since companies that rank poorly based on this type of analysis are generally excluded as potential investments, the investment universe for clients may be smaller than if values-based analyses had not been applied. This type of analysis could also result in fewer opportunities for portfolio diversification and/or reduced opportunities for investment returns to clients.

Technical analysis, including charting and a variety of calculated metrics, attempts to ascertain the most advantageous times or prices for buying, holding or selling securities. The Adviser applies these methods on a per-security basis in concert with other forms of analysis. Technical analysis does not work uniformly well with different securities or in various market climates, leading to the possibility that the analysis can be misapplied. This could result in losses or missed opportunities for investment gains.

Fundamental analysis attempts to estimate the appropriate valuation of securities based on the current and projected future financial condition of underlying companies. The Adviser believes that over long time periods financial markets will tend to price securities nearer to their true underlying value. Hence the Adviser prefers holding securities trading at prices below its estimate of their true value, all else being equal. However, the Adviser may be incorrect in assigning a true underlying value to securities and financial markets can retain prices far away from what Eventide believes to be true values for an extended period. In these cases, the use of fundamental analysis may result in the selection of securities that lose value or gain less than other securities.

Risk analysis attempts to balance potential return and risk to the portfolios managed by the Adviser, maximizing return relative to risk. The Adviser evaluates risk in terms of the broad stock market, the U.S. Dollar and in the specific context of each portfolio. The Adviser prefers

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to accept risks which are less market-correlated. As such, the Adviser may take more concentrated positions in individual securities when the Adviser believes that the expected benefit justifies the risk. This can lead to portfolios with relatively low correlation to broad indices, allowing for both out-performance and under-performance versus the broad market indices and this can cause investors' returns to be more volatile. The Adviser sometimes uses derivatives and short positions to pursue investment goals within the Funds, and these strategies generally increase volatility and investment risk within the Funds. The Adviser may use derivatives or other securities to attempt to capture the upside of specific events while attempting to limit downside. Use of derivatives generally increases trading and trading costs. The Adviser may not correctly estimate portfolio risk which could cause undesirable portfolio volatility and/or increase losses to clients.

For the Income Fund, the investment process begins with a "top down" analysis to select a variety of asset classes that are believed to offer the best opportunity for current income and/or capital appreciation. Factors considered include an assessment of current income opportunities, the potential for income growth, valuation, capital appreciation potential and/or portfolio risk/return attributes. If the Fund's strategy for allocating assets among different assets classes does not work as intended, the Fund may not achieve its objective or may underperform other funds with the same or similar investment strategy.

Different forms of analyses can indicate very different prospects for a security. The Adviser uses its judgment to balance its analyses when selecting portfolio securities for investment. The Adviser's judgments may not be correct, including with respect to its ethical or values-based research of companies. This could lead to losses or missed opportunities for gains for clients and could increase trading costs if the Adviser detects that a held company is engaged in activities that are inconsistent with values-based standards. If the Adviser trades more frequently because of any form of analysis, it increases transaction costs within the Funds. This may produce more realized capital gains which could negatively affect investors due to taxes where assets are not held in qualified accounts.

Eventide's investment strategies generally include investments in the Biotechnology & Pharmaceutical Industry Group. Eventide may recommend or invest a substantial portion of portfolio assets in biotechnology and pharmaceutical companies if it believes that the expected investment benefits justify the risks and are consistent with applicable investment objectives. Investors should be aware that biotechnology and pharmaceutical companies may be heavily dependent on clinical trials with uncertain outcomes and decisions made by the U.S. Food and Drug Administration or other regulatory bodies. Biotechnology and

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pharmaceutical companies may not be financially profitable or stable, thus subjecting investors to additional investment risks.

The Adviser may recommend or invest a substantial portion of client assets in technology companies. Technology industries have different risks, including, but not limited to, products becoming obsolete and entrance of competing products.

The Adviser may also recommend or invest a substantial portion of client assets in industrial companies. Companies in the Industrial Sector carry various risks including, but not limited to, risk related to debt loads and intense competition.

Eventide invests in private securities within the Funds, subject to a 15% limit on illiquid securities under applicable regulations. Private investments include various risks including, but not limited to, lack of liquidity, capital commitment risk, tax and legal risks, and valuation risk. Private securities can involve companies that may not be financially profitable or stable, and which have uncertain futures, thus subjecting investors to additional investment risks. Certain private securities may also result in significant fees and/or costs to the Funds, resulting in lower overall returns.

Please note that the Income Fund includes investments in fixed income securities. Key risks associated with fixed income securities include: interest rate risk, credit risk, and inflation risk. Fixed income securities increase or decrease in value based on changes in interest rates. If interest rates increase, the value of fixed income securities generally declines. On the other hand, if rates fall, the value of the fixed income securities generally increases. A rise in interest rates may increase volatility and redemptions which, in turn, could force the Fund to liquidate portfolio securities at disadvantageous prices. Longer term fixed income securities may be more sensitive to changes in interest rates. There is also a risk that issuers and counter-parties will not make payments on the securities they issue. In addition, the credit quality of securities may be lowered if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security which may affect liquidity and the ability to sell the security. Further, because inflation reduces the purchasing power of income produced by existing fixed income securities, the prices at which fixed income securities trade will be reduced to compensate for the fact that the income they produce is worth less. This potential decrease in market value would be the measure of inflation risk. Finally, many fixed income securities contain a provision that allows the issuer to "call", or redeem, all or part of the issue prior to the maturity date of the security. Upon selling a fixed income security, there is no guarantee that the Adviser will be able to reinvest proceeds in a security of equivalent quality or yield characteristics.

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The increased use of technology in business, and the rate of cybersecurity incidents, raises risks that the Adviser, its service providers, and/or its portfolio companies are susceptible to operational, information security and related risks. Cyber incidents can result from deliberate attacks as well as unintentional events and may arise from external or internal sources. Cyber incidents can disrupt business operations, result in regulatory action, and negatively impact Eventide's ability to provide advisory services.

### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no information to report regarding this Item.

### **Item 10 – Other Financial Industry Activities and Affiliations**

The Funds may invest in securities in which venture capital funds that are managed by Clarus Ventures, LLC ("Clarus") also invest. Dr. Finny Kuruvilla, Eventide's Chief Investment Officer and portfolio manager for the Eventide Gilead Fund, Eventide Healthcare & Life Sciences Fund, and two equity-only model portfolios. Dr. Kuruvilla was an employee of Clarus serving in a research role from July 2008 through October 2016. As a result of his prior role at Clarus, Dr. Kuruvilla expects to receive certain residual compensation from Clarus that is independent of investments made by the Funds. Dr. Kuruvilla does not receive any compensation from Clarus when the Funds invest in the same securities as the venture capital funds managed by Clarus.

Eventide's personnel includes approximately seven employees that are registered representatives of Northern Lights Distributors, LLC (NLD), the Funds' Distributor. These individuals may be compensated when Eventide Funds are purchased, with such compensation paid through the Distributor from NLD's profits, the Funds' 12b-1 Plan, and/or from Eventide's legitimate profits. NLD is not affiliated with the Adviser.

Martin Wildy, CFA, is the portfolio manager for the Income Fund in addition to one model portfolio strategy seeking current income, income growth, and long-term capital appreciation through a range of investments in equity and debt securities. In addition to his Eventide role, Mr. Wildy volunteers and consults with the CFA Institute to support the CFA examination process (since 2008) and the CFA Digest publication (since 2011). He also serves as a consultant to Kristen Coombs of Shute & Coombs Financial Advisors. Kristen

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Coombs is a registered representative and investment advisor of H. Beck, Inc., a broker-dealer and investment adviser firm registered with the SEC.

### **Item 11 – Code of Ethics**

The Adviser has adopted a Code of Ethics to instruct all employees, officers, and directors of the Adviser in their ethical obligations and to provide rules for their personal securities transactions. Below is a summary of Eventide’s Code of Ethics. Eventide will provide a copy of its Code of Ethics to any client or prospective client upon request.

All employees, officers, and directors of the Adviser owe a fiduciary duty to the Adviser’s clients. The Adviser has implemented policies and procedures to help ensure that all personal securities transactions by employees are conducted in a manner to avoid any actual or potential conflicts of interest or the abuse of an individual’s position of trust and responsibility to clients of the Adviser.

Employees’ personal securities transactions must also comply with Eventide’s Insider Trading Policy and Procedures. Eventide’s employees are required to maintain the confidentiality of client information and other confidential information of the Adviser at all times.

Employees may not execute a securities transaction on a day during which a purchase or sell order in that same security or a related security is pending for a Fund (including Models) unless the securities transaction is combined (“blocked”) with the Fund’s transaction, or market capitalization of the company is \$500 million or more. Employees must obtain pre-clearance in writing from the Compliance Department for a personal securities transaction in any security of a company or derivative of a security of a company with a market capitalization of less than \$500 million.

Any personal securities transaction involving a private placement must be authorized by the Adviser’s Compliance Officer, in writing, prior to the transaction. In connection with an employee’s proposed transaction in private securities, the Compliance Officer must determine whether the investment opportunity should be reserved for a client, and whether the opportunity is being offered to an employee of the Adviser by virtue of the employee’s position with the Adviser. The Compliance Department typically consults with Eventide’s Portfolio Management Team during this review process.

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Employees of the Adviser are prohibited from acquiring any securities in an initial public offering without the prior written approval of the Compliance Officer. This restriction is imposed to help avoid the possibility that an employee will profit from his or her position with the Adviser and/or to the detriment of clients.

Employees are prohibited from serving on the boards of directors of publicly traded companies absent prior authorization by the Compliance Officer. If board service is authorized, employees serving as directors will be isolated from other employees making investment decisions with respect to the securities of the company in question. Employees are required to provide a securities holdings report within 10 days of employment with the Adviser, as well as on an annual basis. Employees are also required to provide quarterly transaction reports within 30 days of the end of each calendar quarter. Employees must provide copies of quarterly statements as applicable for all brokerage accounts in which they purchased or sold Reportable Securities or Reportable Funds during a calendar quarter.

The Compliance Department performs quarterly reviews of the trading account statements provided by employees to verify that employees have not violated the Adviser's Code of Ethics. The Compliance Officer identifies all employees, informs those persons of their reporting obligations, and maintains a record of all current and former employees.

Consistent with regulatory requirements, the Compliance Officer will report Code of Ethics violations to the Board of the Funds for appropriate oversight and consideration of remedial action in addition to any action taken by the Adviser consistent with its policies and procedures, which may include reprimand, suspension or termination of an employee's relationship with the Fund and/or Adviser.

The Adviser does not recommend to clients, or buy or sell for client accounts, securities in which the Adviser or a related person have a financial interest as a principal of the company. Eventide allows its employees to invest in securities held by a Fund as long as employees adhere to the policies outlined in the Adviser's Code of Ethics. As described above, the Adviser's Code of Ethics governs personal trading by employees on the same day that the Adviser is trading the same security in a Fund (or distributing a Model recommendation). The Adviser's Code of Ethics is designed to help ensure that employees do not profit from potential price movements, avoid losses, or otherwise interfere with trading effected by the Funds (or resulting from Model changes).

Eventide's Code of Ethics addresses "Restricted Securities" using a Restricted List of securities that Eventide employees are prohibited from trading or recommending (in employees' personal

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accounts as well as for the Funds and Models). Nonpublic information about Restricted Securities may be available to the Adviser, including information about private companies held by the Funds. Eventide's Insider Trading Policy and Procedure addresses appropriate protection and handling of nonpublic information by employees.

## **Item 12 – Brokerage Practices**

The Adviser uses multiple brokers to execute trades on behalf of the Eventide Gilead Fund, Eventide Healthcare & Life Sciences Fund, and Eventide Multi-Asset Income Fund. The Adviser considers factors it deems relevant in the context of a particular trade and in regard to its overall responsibilities, including consideration of any instruction from a portfolio manager concerning trading preferences, such as speed of execution over other factors. The Adviser's primary objective in directing a trade to a broker is to seek best execution under the circumstances, including considerations of share price, quality of service, instructions to the broker, speed, anonymity, market impact, and commissions to be paid. The Adviser considers different factors in selecting brokers and determining the reasonableness of their services and commissions. Research and execution quality are key components of the Adviser's assessments. Brokers that provide research generally charge higher commissions for client transactions. Consistent with its obligation to seek best execution, the Adviser weighs the benefits of investment-related research information in light of higher transaction costs for the Funds. The Adviser believes that using client commission dollars to obtain research and brokerage services through these so-called "soft dollar" practices serves the interests of investors and benefits the Funds.

Brokers may provide proprietary research to the Adviser through access to research reports on a broker's website, as well as unsolicited emails or phone calls to highlight available reports. The bulk of proprietary research is stock specific, but reports also focus on sectors and the macro-economic environment.

When the Adviser uses client brokerage commissions to obtain research, the Adviser obtains a benefit since the Adviser does not need to produce or pay for the research received. This may create an incentive for the Adviser to select a broker in order to receive research, rather than serve the Funds' interest in receiving the most favorable execution in terms of price. The Adviser's trading personnel and Compliance Department review brokerage activity to monitor the Adviser's obligations concerning execution quality for the Funds.

The Adviser may cause the Funds to pay commissions higher than those charged by other brokers in return for soft dollar benefits, consistent with applicable regulations. In the last



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fiscal year, the Adviser received soft dollar benefits such as bundled services from brokers, including proprietary research. The Adviser also maintains a formal soft dollar arrangement with one broker and may enter into soft dollar arrangements with other brokers in the future. The Adviser has received soft dollar credits for the Funds' trades which were used to pay third-parties for research including market and economic data, ethical screening data, and access to subject matter experts. The Adviser has also used soft dollars to obtain tools to assist in evaluating investment ideas, calibrating investment-related models and expectations, diagnosing portfolios, and receiving market data.

Research received from soft dollars is used to service the Gilead Fund, Healthcare & Life Sciences Fund, and Multi-Asset Income Fund, but may also benefit other advisory services with similar or overlapping investment objectives. Since the Adviser's other clients are wrap fee programs in which the Adviser does not perform trading, only the Gilead Fund, Healthcare & Life Sciences Fund, and Multi-Asset Income Fund pay for soft dollar benefits at this time. The soft dollar benefits received by a Fund may not be proportional to the benefits it generates. For example, the Gilead Fund may generate more soft dollar benefits than another Fund, but may benefit more or less than the other Fund in terms of research received. Similarly, third-party research received through soft dollars generally benefits all clients of the Adviser. Thus, the Adviser does not seek to allocate soft dollar benefits to a particular Fund in proportion to the soft dollar credits it may generate.

The Adviser receives proprietary research and third-party research, as described above, through client brokerage commissions. The Adviser's Portfolio Management Team evaluates the overall value that a broker's research and brokerage services contribute to the Funds. The Adviser's Portfolio Management Team then sets target trade costs for each broker based on the perceived value added, and directs trades consistent with obligations concerning execution quality. Commissions paid by the Funds on soft dollar trades are typically higher than those charged by brokers for execution-only trades where research or other eligible services are not bundled together with the commissions charged. The Adviser's soft dollar practices are designed to comply with Section 28(e) of the Securities Exchange Act of 1934. The Adviser's Portfolio Management Team and Compliance Department review commissions paid to each broker to verify consistency with applicable targets and requirements.

Eventide does not receive client referrals for selecting or recommending brokers to execute transactions for the Funds. Although the Adviser may accommodate a client's desire to direct brokerage in the future, no clients are currently permitted to direct the Adviser's brokerage activity to a particular broker.



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If a portfolio manager initiates trades in the same security for more than one Fund on a particular day, the portfolio manager will typically aggregate the trades with a broker to ensure that the Funds receive the same price (weighted average price). If an aggregated order is partially executed, the Funds will generally receive a pro rata allocation in accordance with Eventide's policies and procedures entitled Aggregation and Allocation of Trades, designed to promote fair and equitable practices across clients.

### **Item 13 – Review of Accounts**

The Adviser's portfolio managers review the investments of the Funds and Models on an ongoing basis for adherence to applicable investment objectives and requirements. The Adviser's Compliance Department monitors the Funds' respective Prospectus and SAI requirements on a continuous basis through a Compliance Script. The Compliance Department also reviews Compliance Reports created monthly by the Funds' Administrator, as well as the Semi-Annual and Annual Reports provided to Fund shareholders. The Adviser also provides quarterly disclosures and annual compliance and 15(c) questionnaire responses to the Board overseeing the Funds and the Adviser. This allows the Funds' Board to evaluate whether the Adviser is fulfilling its fiduciary obligations. The Portfolio Management Team reviews the Funds' NAV calculated by the Fund's Accounting Group daily. The trades and commissions paid by the Funds are also reviewed daily by members of the Adviser's Portfolio Management Team and Compliance Department.

Sponsors of the wrap fee programs offering Eventide's Models are generally responsible for administering trade, commission, fee, performance, and other reporting to their clients.

### **Item 14 – Client Referrals and Other Compensation**

Eventide does not compensate others for referring clients to Eventide. Eventide has, however, entered into a Marketing Services agreement, along with the Funds' Distributor, to compensate Applied Capital, LLC and Multi-Funds, LLC, each a registered broker-dealer (together, the "External Wholesalers"), for certain wholesaling services provided to the Funds. The External Wholesalers may be compensated from the Adviser's legitimate profits in circumstances where NLD's profits and a Fund's 12b-1 Distribution Plan does not fully cover such expenses. Similarly, certain employees of Eventide are registered representatives of the Distributor and may be compensated based on purchases of Fund shares, with such compensation paid through the Distributor from NLD's profits, a Fund's 12b-1 Distribution Plan, and/or Eventide's legitimate profits.

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## **Item 15 – Custody**

The Adviser does not have custody over client assets.

## **Item 16 – Investment Discretion**

Per the Funds' management agreements, the Adviser has discretionary authority over the Gilead Fund, HLS Fund, and Income Fund. The Adviser arranges all orders for the purchase and sale of portfolio securities for the Funds with brokers selected by the Adviser. The Adviser's discretion regarding brokerage practices, including soft dollars, is subject to review by the Funds' Board, and the Adviser must observe the investment policies, limitations and restrictions of the Funds as described in the Funds' prospectus and SAI. The Funds are the only clients for which the Adviser exercises investment and trading discretion.

## **Item 17 – Voting Client Securities**

Per the Funds' management agreements, Eventide will vote, or make arrangements to vote, all proxies on behalf of the Funds. Pursuant to Rule 206(4)-6 and Rule 204-2 under the Advisers Act, Eventide has adopted and implemented written policies and procedures reasonably designed to ensure that the Adviser votes proxies in the best interests of the Funds. A summary of the Adviser's Proxy Voting Policy is included in the Statement of Additional Information for the Funds. The voting policy addresses key corporate objectives including accountability, alignment of management and shareholder interests, and consistency with the Funds' ethical screening criteria. The policy also includes the Adviser's voting guidelines for election of the Board of Directors, approval of independent auditors, equity-based compensation plans, corporate structure, and shareholder rights plans. A copy of the Proxy Voting Policy is available upon request, without charge, by calling 1-877-771-3836. Eventide will arrange to send a copy of the Proxy Voting Policy within three business days of receipt of a request, by first-class mail or other means designed to ensure equally prompt delivery. In addition, Eventide will provide upon request, without charge, information reflecting proxy votes cast concerning the Funds' securities.

If proxies are voted by a third-party proxy voting service provider, the Adviser is responsible for ensuring that the third-party votes all proxies according to the Adviser's Proxy Policy, and the Adviser is responsible for reviewing such votes on a periodic basis. Generally, clients and the Funds' Board do not direct proxy votes. In some instances, the Adviser may review a proxy vote that presents a conflict between its interests and the interests of the Funds' shareholders. In such a case, the policy of the Funds' Board requires Eventide to abstain from

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making a voting decision and to forward all necessary proxy voting materials to enable the Board to make a voting decision. A written record of each proxy received is kept in the Adviser's files along with a record of each vote cast and a copy of any document material to making a voting decision.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide certain financial information or disclosures about the Adviser's financial condition. Eventide has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Under no circumstances does Eventide require or solicit payment of fees in advance of services rendered. Eventide's financial statements will be provided upon request.