# Healthcare & Life Sciences Fund Commentary

June 30, 2025

**AT A GLANCE**

**Managers:** Finny Kuruvilla, MD, PhD; I-hung Shih, PhD

**Fund Objective:** Seeks to provide long-term capital appreciation.

**About the Fund:** A diversified mutual fund seeking 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%).

**Benchmark:** S&P Biotechnology Select Industry Index

**Morningstar Category:** US Fund Health

**Lipper Category:** Health/Biotech

**Net Assets:** $1.15 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.*

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

## Review

In the second quarter of 2025, the Eventide Healthcare and Life Sciences Fund (Class I) outperformed its primary benchmark, the S&P Biotechnology Select Industry Index, with returns of 10.12% and 2.28%, respectively. Relative to the benchmark, the Fund demonstrated strength in the Biotechnology, Pharmaceutical and Health Care Equipment sub-industries.

## Contributors

**Top Five Contributors[1] (%)** Q2 2025

| Company | Ticker | Sub-Industry | Average Weight | Contribution to Return | Total Return[2] |
|---|---|---|---|---|---|
| Verona Pharma PLC | VRNA | Pharmaceuticals | 6.12 | 2.70 | 48.97 |
| Insmed Inc | INSM | Biotechnology | 5.53 | 1.74 | 31.92 |
| Blueprint Medicines Corp | BPMC | Biotechnology | 4.12 | 1.67 | 44.82 |
| iRhythm Technologies Inc | IRTC | Health Care Equipment | 2.92 | 1.20 | 47.08 |
| TransMedics Group Inc | TMDX | Health Care Equipment | 1.39 | 1.16 | 99.18 |

In the second quarter of 2025, the largest positive contributors to performance were: Verona Pharma PLC, Insmed Inc, Blueprint Medicines Corp, iRhythm Technologies Inc, and TransMedics Group Inc. Verona Pharma, a developer of new therapies for severe respiratory diseases including COPD, asthma, and cystic fibrosis, saw strong returns as its ongoing launch of Ohtuvayre for COPD patients exceeded consensus expectations. Insmed, a company that develops therapies for pulmonary infections and other lung diseases, announced best-in-class clinical data for their pipeline program designed to treat cardiovascular and respiratory disease. Blueprint Medicines, a company focused on kinase therapies for genomically defined diseases, was acquired by Sanofi with a 27% premium, and the deal is expected to close in the third quarter of this year. iRhythm Technologies, a provider of wearable patch-based monitors to detect cardiac arrhythmia, performed well after first quarter results showcased strength across prescribing physicians. TransMedics Group, provider of therapy for end-stage organ failure, benefited from first quarter results being significantly ahead of expectations, driven by market growth and continued share capture.

## Detractors

**Top Five Detractors[1] (%)** Q2 2025

| Company | Ticker | Sub-Industry | Average Weight | Contribution to Return | Total Return[2] |
|---|---|---|---|---|---|
| Inspire Medical Systems Inc | INSP | Health Care Equipment | 2.10 | -0.45 | -18.53 |
| Edgewise Therapeutics Inc | EWTX | Pharmaceuticals | 0.77 | -0.48 | -40.41 |
| Sarepta Therapeutics Inc | SRPT | Biotechnology | 0.79 | -0.72 | -67.19 |
| Kestra Medical Technologies | KMTS | Biotechnology | 2.00 | -0.75 | -33.47 |
| Shoreline Biosciences Inc | | Biotechnology | 1.01 | -1.17 | -88.26 |

In the second quarter of 2025, the largest negative detractors to performance were: Inspire Medical Systems Inc, Edgewise Therapeutics Inc, Sarepta Therapeutics Inc, Kestra Medical Technologies, and Shoreline Biosciences Inc. Inspire Medical Systems, a provider of implantable technology to treat obstructive sleep apnea, reported first quarter results that beat expectations, but performance still lagged as they did not raise guidance into the following quarter ahead of their next-generation product launch. Edgewise Therapeutics, a company that develops muscle-targeted therapies for rare genetic neuromuscular diseases

***Performance is historical and does not guarantee future results.***



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## Portfolio Team Outlook

Although the second quarter proved to be a difficult environment, smid-cap healthcare and biotech performed much better than their large-cap counterparts. Policy and regulatory uncertainty weighed on pharma and disappointing updates from key insurance players drove significant underperformance in managed care, both putting a drag on large cap. This was after a first quarter marked by tariff-related jitters and major personnel changes at the FDA and HHS, which contributed to considerable weakness for most of the healthcare-related industries within our coverage. Regulatory and political headwinds aside, we are encouraged to see stock pricing react in a more rational manner to company-specific updates and catalysts. After a prolonged period of lagging performance for healthcare innovators, we believe the future is bright for investors with a long-term focus and an appropriate risk appetite for fundamentals-based healthcare investing.

The Strategy significantly outperformed the benchmark during the second quarter. Performance was primarily due to strong stock selection from a handful of notable portfolio companies. While stock selection was very positive within the biotech industry, portfolio allocations to medtech, healthcare services, and healthcare equipment also boosted performance in the second quarter.

It is important to note that, despite recent gains, the benchmark remains over 50% below its prior peak reached in 2021. With cyclical healthcare allocations still near historically low levels, we are observing signs of improvement in both the M&A landscape and capital accessibility. Looking ahead, we expect minimal impact on our portfolio companies from ongoing political rhetoric around drug pricing and vaccine policy, as we proactively mitigated these risks in the first quarter. From our perspective, the current environment—where valuations and earnings appear to have reached or are nearing cyclical troughs—represents a compelling setup for our investment approach. Our team continues to monitor and anticipate potential catalysts for our portfolio companies, including clinical trial readouts, M&A activity, and product launch milestones.

**Finny Kuruvilla, MD, PhD**
*Co-Chief Investment Officer, Senior Portfolio Manager*

We continue to believe we have a specialized team with deep industry-specific knowledge capable of discerning technical and complex information, increasing our ability to exploit mispricing opportunities in an often-overlooked area of the market. When we pair these forces with the historically low valuations we continue to observe, the investment case becomes compelling for the patient, long-term investor. Our focus remains on finding and investing in companies we believe exhibit the highest likelihood of clinical, regulatory, and commercial success as we seek to participate in the industry's genuine long-term value creation and potential to meet real human needs.

like DMD, announced mixed early clinical data for their cardiac disease pipeline asset. Sarepta Therapeutics, a company that develops and commercializes genetic medicines for rare muscular diseases, tumbled after they disclosed that two muscular dystrophy patients died from potential complications related to their gene therapy. Kestra Medical Technologies underperformed following strong post-IPO performance as liquidity dried up and new issuance struggled amid broader market volatility. Shoreline Biosciences, a company developing off-the-shelf immunotherapies for cancer, has considered a pivot from the current natural killer (NK) cell therapy platform since a setback from clinical stage programs; access to additional capital may be challenging.

**Trailing Returns[3] (%)** **30 Jun 2025**

| *Eventide Healthcare & Life Sciences Fund* | *YTD* | *3-mos* | *1-year* | *3-year[4]* | *5-year[4]* | *10-year[4]* | *Since Inception[4]* | *Inception Date* |
|---|---|---|---|---|---|---|---|---|
| Class I | 2.41 | 10.12 | -0.09 | 7.92 | -2.24 | 5.33 | 12.61 | 12/27/2012 |
| Class A without load | 2.27 | 10.06 | -0.33 | 7.65 | -2.48 | 5.06 | 12.32 | 12/27/2012 |
| Class A with 5.75% load[5] | -3.60 | 3.72 | -6.08 | 5.54 | -3.63 | 4.44 | 11.79 | 12/27/2012 |
| Class C[5] | 1.88 | 9.89 | -1.10 | 6.85 | -3.21 | 4.28 | 11.49 | 12/27/2012 |
| Class N | 2.31 | 10.11 | -0.27 | 7.71 | -2.43 | 5.12 | 12.39 | 12/27/2012 |
| *Benchmark* | | | | | | | | |
| S&P Biotechnology Select Industry Index[6] | -7.91 | 2.28 | -10.36 | 4.01 | -5.64 | 0.04 | 8.91 | 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 expense ratio: Class I: 1.32%; Class A: 1.57%; Class C: 2.32%; Class N: 1.52%.*

1. Source: Bloomberg PORT Attribution Report. Allocation percentages are subject to change at any time, and should not be considered investment advice.
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. Performance figures for periods greater than 1 year are annualized. Annualized since inception figures use an inception date of 12/27/2012.
5. Class A and Class C are also subject to a maximum deferred sales charge of 1.00%. This and other expenses that apply to a continued investment in the Fund are described in the Fund's prospectus.
6. 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 06/30/2025 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. The Adviser's judgment about the quality and intrinsic value of companies may prove to be incorrect. There is no guarantee that any investment will achieve its objectives, generate positive gains, or avoid losses.*

***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.*



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