

HARBOR INTERNATIONAL COMPOUNDERS ETF

C WorldWide Asset Management

Subadvisor Since 09/07/2022

Ticker: OSEA
CUSIP: 41151J885
Net Expense Ratio: 0.55%
Gross Expense Ratio: 0.55%
Total Net Assets: \$227,501,626
Benchmark Name: MSCI All Country World Ex. US (ND) Index

Portfolio Managers



Bo Almar Knudsen



Bengt Seger



Peter O' Reilly



Mattias Kolm

Investment Philosophy

The Harbor International Compounders ETF (OSEA) is an actively managed Fund that offers exposure to C WorldWide's International equity strategy. The Fund employs a bottom-up, research-driven process to constructing a portfolio of foreign large capitalization companies.

The Fund seeks long-term growth of capital by investing in large capitalization companies, primarily outside the U.S., that C WorldWide Asset Management believes have compelling prospects for long-term growth.

Identifying themes and integrating them into the process is a meaningful part of the team's selection criteria. Themes represent secular societal changes expected to occur that may impact the economics of industries and individual companies over a medium-term time horizon. Sustainability and specifically environmental, social, and governance (ESG) factors are also an integral part of the investment process and are implemented in the ongoing research of the companies the team invests in. The Fund only contains the team's highest conviction ideas with a maximum of 30 holdings, which makes the portfolio construction process an active competition for capital.

CHARACTERISTICS & ALLOCATION

As of 09/30/2024

Portfolio Characteristics

	Portfolio	Benchmark
Number of Holdings	29	2,094
Wtd Avg Market Cap (\$Mil)	190,779.20	111,935.70
Median Market Cap (\$Mil)	99,573.00	10,919.00
Price/Book Ratio	5.75	2.52
Adjusted Trailing P/E Ratio	30.10	20.50
% EPS Growth - Past 3 Yr	20.90	22.90
Est 3-5 Yr EPS Growth Rate (%)	10.00	12.50
Return on Equity (%)	19.27	14.11
Beta vs. Fund Benchmark	0.96	
Forecasted P/E Ratio	24.20	17.50

Top 10 Holdings

	Portfolio %	Benchmark %
Novo Nordisk A/S Class	5.49	1.36
SAP SE	5.02	0.85
HDFC Bank Limited Spons	4.97	0.00
Linde plc	4.83	0.00
Ferguson Enterprises In	4.26	0.00
Taiwan Semiconductor Ma	4.17	0.00
HOYA CORPORATION	4.00	0.17
AstraZeneca PLC	3.86	0.86
AIA Group Limited	3.68	0.36
Nestle S.A.	3.53	0.94
Total	43.81	4.54

Top 10 Industries

	Portfolio %	Benchmark %
Pharmaceuticals	9.35	6.31
Machinery	8.12	2.14
Banks	8.00	13.56
Semiconductors	7.17	5.74
Building Products	5.75	0.63
Software	5.02	1.70
Chemicals	4.83	2.56
Trading Companies	4.26	1.40
Health Care Equip	4.00	1.43
Insurance	3.68	4.99
Total	60.18	40.46

Economic Sectors

	Portfolio %	Benchmark %
Industrials	30.24	13.76
Information Technology	15.23	12.61
Financials	14.82	22.34
Health Care	13.35	9.39
Consumer Discretionary	9.22	11.29
Consumer Staples	9.02	7.39
Materials	4.83	7.04
Utilities	2.79	3.17
Real Estate	0.00	1.90
Energy	0.00	5.05
Communication Services	0.00	5.56

Top 10 Countries

	Portfolio %	Benchmark %
United Kingdom	19.75	9.24
Japan	15.24	14.01
France	11.83	7.17
Germany	11.32	5.66
Sweden	8.66	2.12
Denmark	5.49	2.12
India	4.97	5.71
United States	4.83	0.01
Taiwan	4.17	5.16
Hong Kong	3.68	1.27
Total	89.94	52.47
Emerging Markets	12.17	29.17

Market Capitalization

	Portfolio %
Large	Above 25.0B
	10.0B - 25.0B
Mid	5.0B - 10.0B
	1.0B - 5.0B
Small	0.0 - 1.0B
	99.50
	0.00
	0.00
	0.00

Harbor International Compounders ETF



PERFORMANCE

As of 09/30/2024

Average Annual Returns

	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date
Harbor International Compounders ETF (NAV)	4.10%	9.75%	26.14%	N/A	N/A	N/A	19.89%	09/07/2022
Harbor International Compounders ETF (Market)	4.59%	10.55%	27.10%	N/A	N/A	N/A	20.33%	09/07/2022
MSCI All Country World Ex. US (ND) Index	8.06%	14.21%	25.35%	N/A	N/A	N/A	17.78%	09/07/2022

MANAGER COMMENTARY

As of 09/30/2024

“Given the outlook of looser monetary policy globally, we believe valuation levels should not be an immediate concern with the expectation of long-term growth in corporate earnings.”

C Worldwide Asset Management

Market in Review

The equity market volatility during the third quarter of 2024 attracted plenty of attention and expert conjecture. When market volatility rises sharply, it can often be explained by a single factor. On this occasion, however, several contributory factors have conspired. It has been well documented that we have witnessed an extreme market concentration driving returns. This has been concentrated in artificial intelligence (“AI”)-related companies but also in other parts of the global market, such as weight loss drugs and Japanese value stocks. While interest rates have been high and financial conditions tight in most of the developed world, Japan held on to its ultra-loose monetary policy. This led to a rapidly depreciating currency, which encouraged a large leverage trade whereby investors borrowed at zero in a depreciating Japanese yen and invested in the narrow stock market leadership.

Our firm has managed client assets for over three decades with a long-term stock-picking approach supported by structural trends and themes. Over that time, we have witnessed market turbulence and several market downturns, which can last days, weeks, months, and beyond. It is relevant to remember that market downturns and corrections are a very normal part of being invested. We do not participate in the daily battle of views in the stock market. We leave that to the speculators. For us, the long game isn’t debatable. Where we choose to place our focus dictates how we invest, and we are sticking to the long term. Our investment mindset is anchored by an unwavering belief in thinking rationally and strategically about the future and investing accordingly. Simple, perhaps, but in our view, both effective and repeatable.

Performance data shown represents past performance and is no guarantee of future results. Past performance is net of management fees and expenses and reflects reinvested dividends and distributions. Investment returns and principal value will fluctuate and when redeemed may be worth more or less than their original cost. Returns for periods less than one year are not annualized. Current performance may be higher or lower and is available through the most recent month end at harborcapital.com or by calling 800-422-1050.

Shares are bought and sold at market price not net asset value (NAV). A fund’s NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. Market price returns are based upon the closing composite market price and do not represent the returns you would receive if you traded shares at other times.

Harbor International Compounders ETF



MANAGER COMMENTARY

As of 09/30/2024

Portfolio Performance

During the quarter, the Harbor International Compounders ETF (“ETF”) returned 4.10% (NAV), underperforming its primary benchmark, the MSCI All Country World Ex. US (ND) Index, which returned 8.06%. Stock selection in Health Care, Industrials, and Consumer Staples detracted the most from relative results, while stock selection in Financials and an underweight position in Energy were additive.

Contributors and Detractors

The top three detractors from performance were ASML, Novo Nordisk, and Daikin. Concerns regarding tough comps for Novo Nordisk’s Wegovy sales seem to be the main culprit. Novo released disappointing data from a Phase 2 trial with an oral, small-molecule obesity drug. Coming up in December, Novo has the important readout from the REDEFINE 3 study for CagriSema in obesity, possibly pointing to a benchmark set above 25% weight loss.

Among the top contributors were Hoya, SAP, and AIA Group. AIA delivered another set of solid results, with growth in value of new business up 25% for the first half of 2024 (and up 18% in the second quarter) and with China growing 36%, both driven by volume growth and margins. Furthermore, AIA also set a target of growing operating profit after tax by 9%-11% while also stating that “11% is not the cap.” Prior to the upswing in the shares in late September, they were trading at a price-to-book ratio (which evaluates a firm’s market value relative to its book value) of around 1.9x, close to trough levels and 11x price-to-earnings (“P/E”), the lowest since the Great Financial Crisis.

The disappointing performance of AIA (until the surge in the shares following the Chinese stimulus package) and, to some extent, HDFC Bank have been key contributing factors to the ETF’s underperformance year to date. We have long held a skepticism around Western financial companies as growth rates aren’t attractive in these markets, which often leads companies to pursue lower-quality credit opportunities, the true nature of which only becomes apparent in a recession. This year, Western banks have held up, while AIA and HDFC Bank have materially lagged. HDFC Bank has struggled with low deposit growth due to system-wide liquidity tightness, which has compelled the company to lower credit growth. Combined with higher funding costs and slower growth, margins have been under pressure. We see liquidity conditions and the funding situation improving, thereby giving us confidence that margins have the potential to improve from these levels.

Buys and Sells

During the quarter, we decreased the size of our positions in ASML, Taiwan Semiconductor Manufacturing Company (“TSMC”), and Sony—with TSMC remaining above average weight—and used the proceeds to add to the more defensive positions in AIA, Nestlé, and Compass Group. We also added to SMC, which has lagged in the upswing in Japanese equities after the summer drop.

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MANAGER COMMENTARY

As of 09/30/2024

Domestic and International Funds

Entering the year, the ETF was notably overweight in the Industrials, Information Technology, and Health Care sectors and underweight in Financials, Energy, and Communication Services. As of September 2024, Industrials remains our largest active sector overweight, now representing ~30.2% of the ETF compared to the MSCI All Country World Ex. US Index's ~13.8%.

We employ an unconstrained approach to sectors and countries, gravitating toward what we believe are the best long-term opportunities. Country and sector weights are, therefore, a residual of stock selection.

Country Allocation

During the quarter, there were no significant changes in the ETF's sector and regional allocation compared to the benchmark.

Outlook

Looking ahead, it is hard to imagine a worse environment for equities, perhaps barring a severe and deep recession in the U.S. While we don't expect a recession, we have been worried about the well-known lags in the transmission of monetary policy into the real economy. With the yield curve again turning positive (spread between 2Y and 10Y T-bills), rates and mortgage rates coming down, the supportive wealth effects of the strong equity market, and a continued high level of employment with decent growth in real disposable income, the all-important U.S. consumer seems to be in a position to avoid a recession.

One caveat: The valuation of equities has risen over the past five years, even in an environment of rising interest rates. The valuation of the global stock market has risen from a P/E of ~19x to 21x measured on 12-month trailing earnings. Looking ahead, the valuation on 12-month forward estimates is more moderate at ~18x. Given the outlook of looser monetary policy globally, we believe valuation levels should not be an immediate concern, with the expectation of long-term growth in corporate earnings.

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Harbor International Compounders ETF



QUARTERLY ATTRIBUTION

As of 09/30/2024

Best & Worst Performers

Best Performers	Average Weight %	Return % (NAV)
AIA GROUP LTD	2.60	33.18
HOYA CORP	3.93	19.17
ASSA ABLOY AB-B	3.11	19.12
COMPASS GROUP PLC	2.32	17.61
SONY GROUP CORP	3.30	14.84

Worst Performers	Average Weight %	Return % (NAV)
ASML HOLDING NV	4.08	-19.35
NOVO NORDISK A/S-B	6.45	-18.27
SMC CORP	2.54	-5.65
HDFC BANK LTD-ADR	5.05	-1.90
NESTLE SA-REG	3.38	-1.33

Contributors & Detractors

Greatest Contributors	Return % (NAV)	Contribution to Return %
AIA GROUP LTD	33.18	0.90
HOYA CORP	19.17	0.72
SAP SE	12.31	0.59
ASSA ABLOY AB-B	19.12	0.55
DEUTSCHE BOERSE AG	14.81	0.43
Total		3.19

Greatest Detractors	Return % (NAV)	Contribution to Return %
NOVO NORDISK A/S-B	-18.27	-1.26
ASML HOLDING NV	-19.35	-1.02
SMC CORP	-5.65	-0.13
HDFC BANK LTD-ADR	-1.90	-0.09
NESTLE SA-REG	-1.33	-0.07
Total		-2.56

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Harbor International Compounders ETF



ATTRIBUTION

As of 09/30/2024

Quarterly Attribution:
Harbor International Compounders ETF vs. MSCI All Country World Ex-United States

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-0.76	3.21	-3.97
Currency Contribution	5.16	4.86	0.31
Total Return	4.41	8.06	-3.66

Sector Attribution	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
	Energy	0.00	5.38	-5.38	0.00	-1.71	1.71	0.00	-0.09	0.53	0.00
Utilities	2.80	3.20	-0.40	14.13	13.41	0.73	0.38	0.42	-0.02	0.02	0.00
Materials	4.77	6.94	-2.17	8.91	9.33	-0.42	0.41	0.62	-0.02	-0.02	-0.04
Real Estate	0.00	1.82	-1.82	0.00	16.97	-16.97	0.00	0.30	-0.15	0.00	-0.15
Financials	13.60	22.12	-8.52	11.80	11.35	0.45	1.62	2.47	-0.30	0.11	-0.19
Information Technology	16.78	13.36	3.43	-0.54	-1.58	1.04	-0.10	-0.19	-0.31	0.09	-0.22
Consumer Discretionary	8.68	10.88	-2.20	9.32	11.52	-2.19	0.76	1.21	-0.05	-0.21	-0.26
Communication Services	0.00	5.35	-5.35	0.00	13.55	-13.55	0.00	0.72	-0.28	0.00	-0.28
Consumer Staples	8.72	7.42	1.30	3.27	10.52	-7.25	0.26	0.76	0.04	-0.62	-0.58
Industrials	29.39	13.75	15.64	6.02	8.71	-2.69	1.63	1.21	0.09	-0.77	-0.68
Health Care	14.52	9.80	4.72	-4.12	6.40	-10.52	-0.54	0.65	-0.06	-1.56	-1.62
Total	100.00	100.00	0.00	4.41	8.06	-3.66	4.41	8.06	-0.70	-2.96	-3.66

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Harbor International Compounders ETF



ATTRIBUTION

As of 09/30/2024

Quarterly Attribution:

Harbor International Compounders ETF vs. MSCI All Country World Ex-United States

Country Attribution	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Hong Kong	2.60	1.16	1.44	33.18	25.63	7.55	0.90	0.28	0.31	0.22	0.52
South Korea	0.00	3.33	-3.33	0.00	-5.59	5.59	0.00	-0.21	0.47	0.00	0.47
Japan	15.08	14.49	0.59	9.20	5.72	3.48	1.26	0.83	-0.03	0.48	0.46
Germany	10.77	5.55	5.22	11.95	10.73	1.22	1.26	0.59	0.15	0.13	0.27
Sweden	8.08	2.05	6.03	10.09	8.40	1.69	0.79	0.17	0.02	0.14	0.16
Indonesia	2.99	0.49	2.51	12.52	15.33	-2.82	0.38	0.08	0.17	-0.08	0.09
Mexico	0.00	0.60	-0.60	0.00	-3.39	3.39	0.00	-0.02	0.07	0.00	0.07
Turkey	0.00	0.21	-0.21	0.00	-12.55	12.55	0.00	-0.03	0.05	0.00	0.05
United States	4.77	0.02	4.76	8.91	10.03	-1.11	0.41	0.00	0.18	-0.13	0.05
Poland	0.00	0.27	-0.27	0.00	-3.89	3.89	0.00	-0.01	0.03	0.00	0.03
Saudi Arabia	0.00	1.14	-1.14	0.00	5.31	-5.31	0.00	0.06	0.03	0.00	0.03
Norway	0.00	0.37	-0.37	0.00	2.13	-2.13	0.00	0.01	0.02	0.00	0.02
Taiwan	4.89	5.38	-0.49	0.21	0.49	-0.28	0.06	0.05	0.12	-0.09	0.02
Brazil	0.00	1.34	-1.34	0.00	7.14	-7.14	0.00	0.10	0.02	0.00	0.02
Kuwait	0.00	0.21	-0.21	0.00	3.67	-3.67	0.00	0.01	0.01	0.00	0.01
Chile	0.00	0.12	-0.12	0.00	5.31	-5.31	0.00	0.01	0.00	0.00	0.00
Colombia	0.00	0.03	-0.03	0.00	-0.86	0.86	0.00	0.00	0.00	0.00	0.00
New Zealand	0.00	0.11	-0.11	0.00	5.60	-5.60	0.00	0.01	0.00	0.00	0.00
Czech Republic	0.00	0.04	-0.04	0.00	5.05	-5.05	0.00	0.00	0.00	0.00	0.00
Hungary	0.00	0.07	-0.07	0.00	6.32	-6.32	0.00	0.00	0.00	0.00	0.00
Finland	0.00	0.64	-0.64	0.00	8.09	-8.09	0.00	0.05	0.00	0.00	0.00
Peru	0.00	0.09	-0.09	0.00	7.92	-7.92	0.00	0.01	0.00	0.00	0.00
Austria	0.00	0.12	-0.12	0.00	8.74	-8.74	0.00	0.01	0.00	0.00	0.00
Egypt	0.00	0.02	-0.02	0.00	12.28	-12.28	0.00	0.00	0.00	0.00	0.00
Portugal	0.00	0.12	-0.12	0.00	8.72	-8.72	0.00	0.01	0.00	0.00	0.00
Greece	0.00	0.14	-0.14	0.00	10.40	-10.40	0.00	0.02	0.00	0.00	0.00
Qatar	0.00	0.23	-0.23	0.00	10.55	-10.55	0.00	0.02	-0.01	0.00	-0.01
Italy	0.00	1.75	-1.75	0.00	8.58	-8.58	0.00	0.15	-0.01	0.00	-0.01
Ireland	0.00	0.53	-0.53	0.00	9.25	-9.25	0.00	0.06	-0.01	0.00	-0.01
United Arab Emirates	0.00	0.34	-0.34	0.00	12.02	-12.02	0.00	0.04	-0.01	0.00	-0.01
Israel	0.00	0.48	-0.48	0.00	12.40	-12.40	0.00	0.06	-0.02	0.00	-0.02
Philippines	0.00	0.16	-0.16	0.00	21.66	-21.66	0.00	0.03	-0.02	0.00	-0.02
Belgium	0.00	0.64	-0.64	0.00	15.25	-15.25	0.00	0.09	-0.04	0.00	-0.04
Malaysia	0.00	0.43	-0.43	0.00	20.54	-20.54	0.00	0.08	-0.05	0.00	-0.05
South Africa	0.00	0.88	-0.88	0.00	16.09	-16.09	0.00	0.14	-0.07	0.00	-0.07
Thailand	0.00	0.41	-0.41	0.00	28.93	-28.93	0.00	0.11	-0.08	0.00	-0.08
Singapore	0.00	0.89	-0.89	0.00	17.58	-17.58	0.00	0.15	-0.08	0.00	-0.08
Spain	0.00	1.73	-1.73	0.00	13.66	-13.66	0.00	0.23	-0.09	0.00	-0.09
Australia	0.00	4.72	-4.72	0.00	11.36	-11.36	0.00	0.52	-0.15	0.00	-0.15
Canada	0.00	7.65	-7.65	0.00	12.00	-12.00	0.00	0.93	-0.28	0.00	-0.28
France	11.65	7.22	4.43	5.30	7.69	-2.38	0.59	0.56	-0.01	-0.28	-0.28
United Kingdom	19.48	9.56	9.93	6.50	7.94	-1.44	1.22	0.77	-0.01	-0.30	-0.31
Switzerland	3.38	6.32	-2.94	-1.33	8.51	-9.83	-0.07	0.52	-0.02	-0.34	-0.36
India	5.05	5.69	-0.64	-1.90	7.29	-9.18	-0.09	0.41	0.01	-0.48	-0.48
Netherlands	4.08	3.20	0.89	-19.35	-4.54	-14.81	-1.02	-0.15	-0.18	-0.77	-0.95
China	0.00	6.70	-6.70	0.00	24.24	-24.24	0.00	1.55	-1.06	0.00	-1.06
Denmark	6.45	2.39	4.07	-18.27	-10.30	-7.97	-1.26	-0.25	-0.79	-0.60	-1.39
Cash	0.74	0.00	0.74	3.44	0.00	3.44	-0.01	0.00	-0.18	0.00	-0.18
Total	100.00	100.00	0.00	4.41	8.06	-3.66	4.41	8.06	-0.60	-3.06	-3.66

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Harbor International Compounders ETF



IMPORTANT INFORMATION

Risks

Investing involves risk, principal loss is possible. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. Harbor ETFs are new and have limited operating history to judge.

There is no guarantee that the investment objective of the Fund will be achieved. Stock markets are volatile and equity values can decline significantly in response to adverse issuer, political, regulatory, market and economic conditions. Investing in international and emerging markets poses special risks, including potentially greater price volatility due to social, political and economic factors, as well as currency exchange rate fluctuations. These risks are more severe for securities of issuers in emerging market regions. A non-diversified Fund may invest a greater percentage of its assets in securities of a single issuer, and/or invest in a relatively small number of issuers, it is more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio.

The subadvisor considers certain ESG factors in evaluating company quality which may result in the selection or exclusion of securities for reasons other than performance and the Fund may underperform relative to other funds that do not consider ESG factors.

Benchmarks

The MSCI All Country World Ex. US (ND) Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance in the global developed and emerging markets, excluding the U.S. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

Disclosures

Expense ratio information is as of the Fund's current prospectus, as supplemented. Gross expenses are the Fund's total annual operating expense.

All holdings-related data is provided by FactSet. Because FactSet relies on external sources for its data, that data may differ slightly from actual values maintained by Harbor Funds.

Due to the security valuation procedures of the Fund and intra-day trading activity not included in the FactSet calculations, the actual returns may vary. From time to time the cash return in the portfolio may appear distorted based on the way FactSet's attribution calculation methodology addresses delayed settlements.

Best and Worst Performers sections reflect stocks in the portfolio for the quarter with an average weight of 0.25% or greater.

Views expressed herein are drawn from commentary provided to Harbor by the subadvisor and may not be reflective of their current opinions or future actions, are subject to change without prior notice, and should not be considered investment advice.

This information should not be considered as a recommendation to purchase or sell a particular security. The weightings, holdings, industries, sectors, countries, and returns mentioned may change at any time and may not represent current or future investments.

As a result of changing market conditions, total net asset levels, expenses and other statistics may change at any time and may differ from those shown.

The total amount shown for sector, industries, or country holdings may be greater than 100% because of the inclusion of derivatives and the collateral securities supporting those instruments.

Sector allocations are determined using the Global Industry Classification Standard (GICS), which is a service of Morgan Stanley Capital International (MSCI) and Standard & Poor's (S&P).

Investors should carefully consider the investment objectives, risks, charges and expenses of a fund before investing. To obtain a summary prospectus or prospectus for this and other information, visit harborcapital.com or call 800-422-1050. Read it carefully before investing.

C WorldWide Asset Management is a third-party subadvisor to the Harbor International Compounders ETF.

Foreside Fund Services, LLC is the Distributor of the Harbor ETFs.

Harbor International Compounders ETF



IMPORTANT INFORMATION

Attribution Disclosures

Linked Performance by Sectors data is produced from FactSet using data supplied by State Street Bank and Trust Company.

Allocation Effect is the portion of portfolio excess return that is attributable to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the average percent capitalization of the portfolio's group minus the average percent cap of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark.

Active Currency Contribution is the Currency Contribution of the portfolio minus the Currency Contribution of the benchmark.

Average Weight is the dollar value (price times the shares held) of the security or group, divided by the total dollar value of the entire portfolio displayed as a percentage. It is calculated as the simple arithmetic average of daily values.

Contribution to Return is the contribution of a security or group to the overall portfolio return. It is calculated as the security weight multiplied by the daily security return linked daily across the reporting period.

Currency Contribution is Total Return in USD subtracting out the Local Returns.

Local Returns are the Total Return of the portfolio or benchmark using the local currency.

Selection Effect is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's security selection effect equals the average weight of the benchmark's group times the total return of the portfolio's group minus the total return of the benchmark's group.

Total Effect is the sum of Allocation Effect and Selection Effect. The total effect represents the opportunity cost of what was done in a group relative to the overall portfolio. It is not just the difference between percent contribution in the portfolio and benchmark. At the overall portfolio level, the two numbers are equal. At the group level, they can be different.

Total Return is the price change of a security or group including dividends accrued over the report period (or the in-portfolio return) which includes only the time period that each security was in the portfolio.

Definitions

Beta is a measure of systematic risk, or the sensitivity of a fund to movements in the benchmark. A beta of 1 implies that the expected movement of a fund's return would match that of the benchmark used to measure beta.

Median Market Cap: The median size of the companies in a portfolio or index as measured by the market value of outstanding shares.

Weighted Average Market Capitalization: The average size of the companies in a portfolio or index as measured by the market value of outstanding shares.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share.

The Est 3-5 Yr EPS Growth (%) is the estimated growth of earnings per share over the next 3-5 years, using pre-calculated mean long-term EPS growth rate estimates, which are calculated using each individual broker's methodology, from FactSet, First Call, I/B/E/S Consensus, and Reuters. Forward looking estimates may not come to pass.

% EPS Growth - Past 3 Year: Earnings per share refers to the bottom-line measure of a company's profitability defined as net income divided by the number of outstanding shares.

The Adjusted Trailing P/E (price-to-earnings) Ratio is the closing stock price divided by the sum of the last 12 months actual EPS.

Forecasted P/E Ratio: a measure of the P/E (price-to-earnings) ratio using forecasted earnings for the P/E calculation.

Return on Equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity.

The Price/Book (price-to-book) Ratio evaluates a firm's market value relative to its book value.

All P/E, ROE and P/B statistics are calculated as weighted medians.