Harbor

# Harbor International Fund

## STANDARD RFI

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# HARBOR CAPITAL ADVISORS, INC.

## BACKGROUND INFORMATION

Harbor Capital Advisors, Inc. (“Harbor Capital”) was founded in 1983 to manage the pension and retirement plan assets of our former parent company, Owens-Illinois. In 1986, we introduced Harbor Funds, a family of no-load mutual funds featuring our manager-of-managers business model. In June of 2001, Harbor Capital was acquired by Robeco Groep N.V. (“Robeco”), a financial holding company located in the Netherlands, a wholly-owned subsidiary of Rabobank Nederland (“Rabobank”). On July 1, 2013, ORIX Corporation acquired 90% plus one share of the outstanding shares of Robeco from Rabobank. On October 21, 2016, ORIX Corporation acquired the remaining interest that Rabobank held in Harbor Capital's parent company, Robeco (10% less one share). As a result, Robeco is wholly-owned by ORIX Corporation. Effective January 2018, Robeco’s name changed to ORIX Corporation Europe N.V. (“ORIX Europe”). Harbor Capital remains an indirect, wholly-owned subsidiary of ORIX Corporation.

For over 35 years, Harbor has served as a gateway for clients to access talented asset managers through active, cost-aware investments. We aim to identify specialists in each asset class to manage portfolios and apply a comprehensive oversight program to monitor their performance in an effort to ensure their decisions are in the best interest of our clients. Harbor offers the benefit of an experienced portfolio manager, in addition to a professional adviser to maintain manager accountability.

Because Harbor partners with asset class experts for targeted strategies, we are not constrained by a single, overarching investment style. This flexibility allows us to examine any investment approach and access asset classes, without bias, and has led to a diverse array of investment solutions to help meet investor needs.

# SUBADVISOR STRUCTURE & INVESTMENT TEAM

## SUBADVISOR STRUCTURE

The Harbor International Fund is managed by Marathon Asset Management Limited ("Marathon-London”) the Fund’s subadvisor. Harbor Capital Advisors, Inc. (“Harbor Capital”) serves as the investment adviser to the Fund. Responses will reflect either Harbor Capital or the subadvisor depending on its role with the Fund.

## HISTORY

Marathon Asset Management Limited (“Marathon-London”) is a privately-owned company founded in October 1986 in London, United Kingdom. Marathon-London has successfully applied longer-term and often contrarian strategies in its long-only equity mandates on behalf of its institutional client base since its foundation.

Marathon-London began managing its first global equity mandate for US tax exempt clients in December 1986 and its first International (Global ex-US) equity mandate in March 1987. Today Marathon-London manages assets across Global, International and Regional equity mandates on behalf of clients around the world.

## TEAM BIOGRAPHIES

**Marathon-London Portfolio Managers**

**Charles Carter, Managing Director and Portfolio Manager, Europe**
Charles manages European equities across Marathon-London's Global, International and European equity portfolios. He joined Marathon-London as a European equity analyst in 1998 and assumed portfolio management responsibilities of European equities in 2007. In 2018, Charles joined the firm's Board of Directors and was appointed Managing Director of the business in 2019. He is also a member of Marathon-London’s Partners Group. Prior to joining Marathon-London, Charles was part of Olivetti's internal M&A team in Italy involved in the disposal program to restructure Olivetti's business. Prior to that, Charles worked for Lazard Brothers initially in the Corporate Strategy group and latterly in the Corporate Finance division.

Charles holds an M.A. from the University of Oxford and an MBA from INSEAD.

**Nick Longhurst, Portfolio Manager, Europe**
Nick manages European equities across Marathon-London's International and European equity portfolios and is a member of Marathon-London's Partners Group. He joined Marathon-London in 2003 as a European Equity Analyst and assumed portfolio management responsibilities of European equities in 2010. Nick has worked in the investment management industry since 1994. Previous roles included that of Investment Analyst at American Express Asset Management and Schroders.

Nick holds an M.A. from the University of Cambridge.

**William Arah, Co-founder and Portfolio Manager, Japan**
William (Bill) is a co-founder of Marathon-London and has been a Portfolio Manager of Marathon-London's Japanese equities since 1987. Bill is a Director of the company and sits on the Board. He is also a member of Marathon-London's Partners Group. He has worked in the investment management industry since 1982.

Bill holds an M.A. from the University of Oxford.

**Toma Kobayashi, Portfolio Manager, Japan**
Toma joined Marathon-London in October 2018, initially as a Japan Equity Analyst/Trainee Portfolio Manager before being promoted to Portfolio Manager in July 2022. He joined from Orbis Investments where, from 2014, he worked as a Generalist in the Japanese equity team.

Toma holds a BEng from University College London and holds an MPhil from the University of Cambridge. He is also a CFA charterholder.

**Justin Hill, Portfolio Manager, Asia Pacific ex-Japan**
Justin joined Marathon-London in 2021 to manage Asia Pacific ex-Japan equities, and he is also a member of Marathon-London's Partners Group. Justin started his career at Arthur Andersen as a Tax Specialist before moving into investment management in 1996 at Friends Ivory & Sime where he was responsible for UK Smaller Companies. In 2001 he moved to Pictet Asset Management where he covered Asian equities. Prior to joining Marathon-London he spent two years at BP Investment Management, covering Developed Asia.

Justin holds an M.A. from the University of Oxford, is ASIP Qualified (CFA UK member) and holds the ACA Chartered Accountancy designation.

**Alex Duffy, Portfolio Manager, Emerging Markets**
Alex joined Marathon-London in 2021 as an Emerging Markets equity Portfolio Manager. He is responsible for Global Emerging Markets investments within Global and International strategies as well as in standalone Emerging Markets funds and accounts. He is a member of Marathon-London's Partners Group. Alex joined Marathon-London from Fidelity International, where he began his career in 2004 as an Equity Analyst before being appointed a Portfolio Manager in 2008, initially for Latin American equities and, from 2013 for Global Emerging Markets.

Alex holds an M.A. from the University of Nottingham.

## DECISION MAKING AUTHORITY

Marathon-London's multi-counsellor model means that most portfolios are constructed from a number of underlying model portfolios each independently managed by a Portfolio Manager. This is a key characteristic of Marathon-London's investment process – that each portfolio manager is responsible and accountable for investment decisions in the model portfolio that they manage and that their compensation is, in large part, directly dependent on the results of those decisions. These independently managed portfolio manager models are then combined to create the final Fund portfolio. Marathon-London's Board of Directors is responsible for determining the allocation of capital across portfolio managers (i.e. the proportion of a given strategy that each manager will have responsibility for), but for the avoidance of doubt there is no individual that is responsible for decisions across the overall portfolio.

## COMPENSATION AND RETENTION OF INVESTMENT PROFESSIONALS

Marathon-London's overall compensation model has been designed to provide alignment between individual and company performance, and ultimately client outcomes. The compensation model has been developed to focus on rewarding long-term performance and retention of high performing staff. The investment team's incentive structures have been carefully designed to provide a material interest in the effective functioning of the firm, to reward the achievement of client goals and to provide motivation to remain working at Marathon-London.

Key elements of non-founding portfolio manager compensation include:

- A competitive base salary and benefits.
- Portfolio Incentive Scheme: this is an objective (rather than discretionary) bonus based on the individual portfolio manager's (or analyst's) 5-year rolling performance (or paper portfolio performance in the case of analysts) relative to their geographical benchmark.
- Executive Equity Plan (EEP): A retention award consisting of a grant of non-voting equity, which has an extended, multi-year deferral schedule and forfeiture provisions linked to termination of employment in particular circumstances (including resignation).
- Discretionary bonus

The founding portfolio manager that remain working within the firm receives the largest part of his income through his ownership of the firm.

See Marathon-London’s remuneration statement on their website for further details (https://www.marathon.co.uk/remuneration-code-disclosure-statement/)

## SUCCESSION PLANNING

With its multi-counsellor structure, Marathon-London is well placed to deal with succession-related issues.

Under a multi-counsellor framework, each portfolio manager is typically responsible for managing a portion of assets within a region and therefore, should an investment professional leave the firm, their assets would be re-distributed to other portfolio manager(s) operating within that same regional remit. Where a region is served by just one portfolio manager, then other managers/analysts will be responsible for a paper portfolio and could take over management either temporarily or permanently.

This operating model has helped provide continuity within the investment team as Marathon-London transitioned from a founder-led investment firm to a more sustainable multi-generational business.

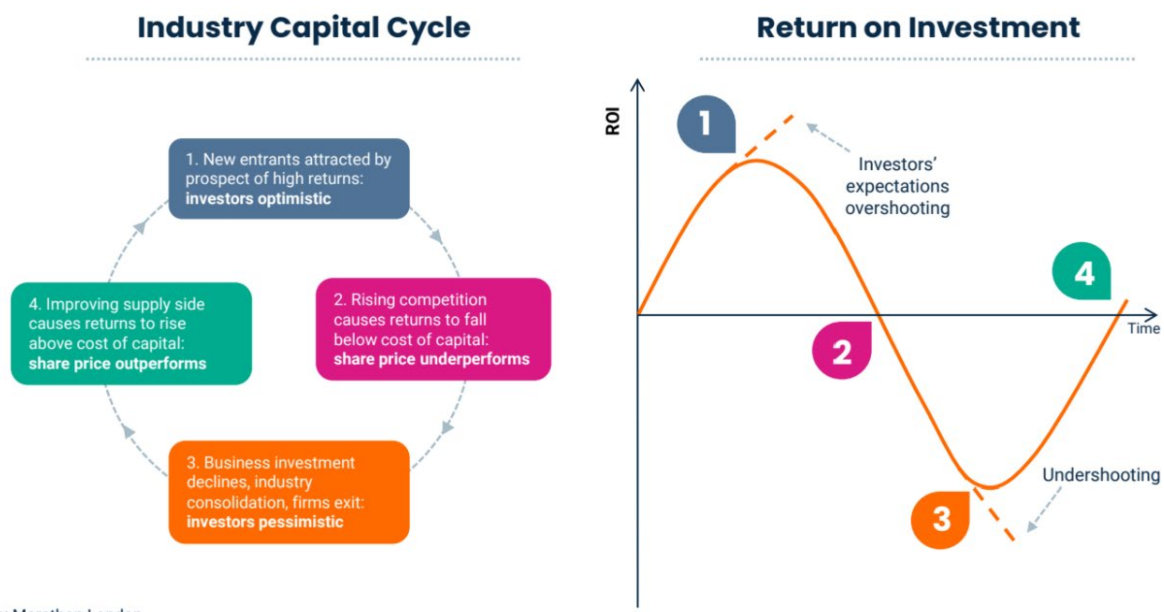
Continued and measured progress has been made in handing responsibility of client assets to non-founding members of the investment team over the years as this “second generation” investment professionals have proven their ability to generate alpha. Over 80% of firmwide assets are currently being managed by non-founder portfolio managers. It is anticipated that the amount of assets managed by non-founders will continue to increase from here on a measured but material basis over time and that further appointments, if necessary, will be made to support investment team succession planning.

Marathon-London's Board of Directors, the senior governing body responsible for supervision and management of the business, has been strengthened over the past five years with the objective of putting in place a governance structure that can sustain a multi-generational business. The Board is led by Independent Chair Robert Hingley, with Anna Troup, Dianna Gonzales-Burdin and Neil Ostrer serving as non-executive directors alongside executive directors William Arah, Joe Diment and Charles Carter. As appointed Managing Directors of the business, Joe and Charles have responsibility for the day-to-day management of the business.

## INVESTMENT PHILOSOPHY

Over almost four decades, Marathon-London's investment philosophy has been refined, but two simple ideas about how capitalism works in the long run have always been paramount.

The first is the observation that high returns in industries tend to attract capital and competition, just as low returns repel them. The resulting ebb and flow of capital affects long-term returns for shareholders in often predictable ways, what they call the capital cycle. Since high levels of investment tend to be detrimental to shareholder returns over the long run, Marathon-London seeks to invest in companies where high returns are sustained by barriers to entry deterring investment or companies with low returns in industries where investment is declining.




Source: Marathon-London.
**For illustrative purposes only.**

The second guiding idea is that management skill in allocating capital is vital over the long-term. The best managers understand and seek to alter the capital cycle in their industries through sensible reinvestment choices. Decisions about new capital projects, acquisitions or disposals, and equity issuance or buybacks are critical to the ultimate outcome for shareholders.

## INVESTMENT PROCESS

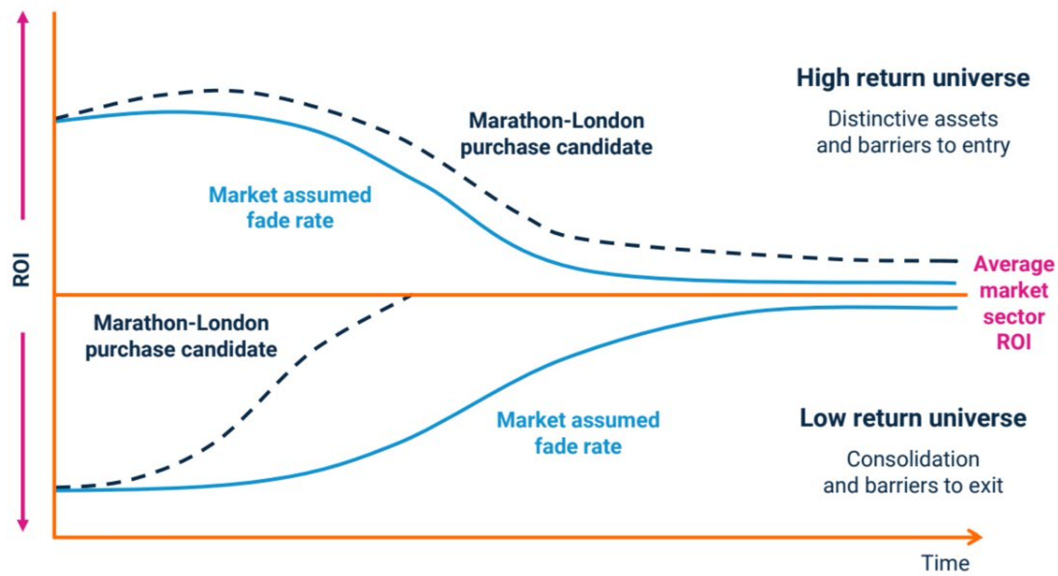
### Investment Analysis

Marathon's investment team uses fundamental, bottom-up qualitative analysis to evaluate businesses and the industry within which they operate. In-depth, internally generated research is a distinguishing feature of Marathon-London's investment process; the research is focused on industry capital cycle characteristics and company management's motivation, incentivization and skill at responding to the forces of the capital cycle.

Marathon-London broadly characterizes investments within two opposite points of the capital cycle:

- High return phase: Investments in the top half of the capital cycle, where high rates of return within a business and/or industry are being attained, are often characterized as having some intangible asset(s) that allows them to fend off competition and excess capital that would otherwise be drawn to the prospects of high returns. These types of investments can also be characterized as having a consolidated industry market structure with high barriers to entry.

- Depressed return phase: Investments in the bottom half of the capital cycle, where rates of return have fallen to or below the cost of capital and where capital is being repelled as a result, are often characterized as contrarian, deep value investments where an improvement in the economic returns of a business is not accurately discounted by the broad market. A consolidating market structure, where supply and competition are removed, or a radical shift in management strategy, are often conditions leading to these types of investments. Source: BCG, Holt Value Associates, Marathon-London.




Source: Holt Value Associates, Marathon-London.
**For illustrative purposes only.**

Business attributes that Marathon-London finds attractive include companies that:

- Deploy capital effectively and efficiently;
- Have high insider ownership and/or where company management are appropriately incentivized to focus on long-term results;
- Operate in a monopolistic, oligopolistic or consolidating industry.

**Portfolio Construction**

Marathon-London operates a multi-counsellor model whereby each portfolio manager conducts their own research and is completely accountable for their own portfolio. Each portfolio manager employs the capital cycle approach to investing but makes their own independent investment decisions in their individual portfolio. Individual position sizes are determined by the individual portfolio manager’s discretion, based on conviction and assessment of risk whilst balancing the potential for gain or loss. The portfolio managers are benchmark agnostic and focus on absolute returns, believing that capital loss is the greatest long-term risk to investors. The largest positions in the portfolio are typically those with the least potential for significant loss rather than necessarily those with the greatest opportunity for substantial gains.

Whilst inherently diversified, there is a bias towards businesses in niche industries, which coupled with a particularly long holding period, result in a portfolio that is meaningfully different from the strategy's benchmark index and peers.

**Sell Discipline**

Marathon-London’s sell discipline is linked to its buy criteria. While the best reason for reducing or selling a position is always that it has reached its estimated target price from their valuation work, a sale may also be triggered when there is a material shift in the capital cycle, deterioration in anticipated return on invested capital, a shift in management's attitude toward shareholders, outperformance relative to a sector or market, or if further information or analysis reveals the original rationale to be flawed.

**Sustainability issues**

As an active long-term investor, sustainability has always been an integral part of Marathon-London's investment decision-making process. Their primary objective – the fiduciary duty to add value within clients' agreed risk parameters – is enhanced by considering material environmental, social and governance issues. Portfolio managers integrate the assessment of sustainability factors within their overall analysis of stocks, rather than treating it as a stand-alone issue in making investment decisions. Marathon-London utilizes Institutional Shareholder Services (ISS) ESG Research in addition to more traditional information sources to assess sustainability. Marathon-London's primary focus is finding companies that it believes are able to generate good returns over time, but the firm also has a strong track record of engagement with company management, to encourage long-term value creation. Portfolio managers feel this is more effective than an activist approach of taking outsize bets with clients' assets and then publicly criticizing companies in an effort to force short-term changes upon them. They subscribe to ISS proxy voting advice, but portfolio managers have always voted their own proxies at Marathon-London, as they consider the ability to influence management to be an integral part of the investment management function.

In Japan, Marathon-London has advocated corporate governance reform on a frequent basis and it is their view that the pace of change is now greatly underappreciated by investors. Masanaga Kono is a Tokyo-based analyst who focuses on corporate governance issues, by engaging with senior management of portfolio companies. He addresses issues such as cash deployment, the separation of Chairman and CEO roles of proxy voting. Marathon-London has created a Sustainability Charter; a leadership statement in which portfolio managers commit to consider sustainability issues at all stages of the investment process. The charter encompasses Marathon-London's approach to investing, engagement and proxy voting - in which sustainability is considered in the context of adding value for clients over the long-term. Additionally, Marathon-London is a signatory of the Principles for Responsible Investing (PRI).

Marathon-London is also a signatory of the UK Stewardship Code and the Japanese Stewardship Code.

**Investment Risk Management**

Marathon-London believes that the investment risk in terms of the price paid for an individual investment in relation to its intrinsic value is much more important than its position in the benchmark or lack thereof. Valuation levels of individual securities are therefore carefully examined before a purchase decision is made. Independent analysis and challenge of investment risk is undertaken by the Risk Committee and the Board. Risk evaluation is supported by the Performance and Investment Implementation & Analysis teams who are responsible for generating the actual investment risk data. The range of measures monitored includes investment performance (against a reference benchmark); risk metrics such as volatility, tracking error and active share. Marathon-London's portfolios are well diversified in terms of geography, sector and most importantly, individual stock risk - the last of these due to the larger than peer average number of individual holdings. Further information on Marathon-London's governance arrangements and risk control environment can be found in the internal controls assurance report undertaken by a third-party auditor, which can be provided upon request.

## BENCHMARK

The MSCI EAFE (ND) Index is the benchmark most commonly utilized for comparative purposes.

## INVESTMENT GUIDELINES

The Fund invests primarily (no less than 65% of its total assets under normal market conditions) in common and preferred stocks of foreign companies located principally in developed markets across Europe and Asia Pacific.

| Investment Guidelines | |
|---|---|
| Regional Allocations | For the regions there is no formal guideline, but portfolios are kept broadly in-line with benchmark regional weights (typically within +/-2% relative to the benchmark weight, excluding the small off-benchmark allocation to Emerging Markets, which is typically in the region of 5%). |
| Individual Holdings | Maximum of 6% |
| Maximum Cash Allocation | The preferred stance is to be fully invested. Typically, between 1% to 3% of the portfolio is maintained in cash. Internal guidelines allow that cash may be held up to a maximum of 5% of the portfolio and may exceed this in exceptional circumstances |
| Number of Holdings | 200 - 250 |

## CAPACITY

Marathon-London has not set a specific target for capacity or number of clients.

Marathon-London sees capacity as dynamic; it is dependent upon changing circumstances within different markets and even in relation to individual companies. Marathon-London monitors liquidity and capacity-related constraints on an ongoing basis; considering factors such as free-float limits, average daily trading volumes of securities, and average days to liquidate portfolios. The relatively large number of holdings in Marathon-London's portfolios, coupled with a multi-year holding period, alleviates some of the standard capacity-related constraints experienced by industry peers.

Consequently Marathon-London does not currently foresee any capacity constraints on any reasonable time horizon; however, the business has closed to inflows in the past, and has demonstrated that it is prepared to either restrict the rate of growth in number of clients or close to new clients if circumstances change, to ensure that existing assets and clients, receive the service that they would expect from a business with Marathon-London’s pedigree.

## ENVIRONMENTS OF OUT/UNDER-PERFORMANCE

Marathon-London's diversified and style agnostic equity strategies have produced consistent outperformance over the past three decades (as evidenced by rolling five-year relative return statistics), with material benefits compounded through the preservation of capital in challenging market periods (i.e. better ‘downside market capture' statistics and tending to keep pace in steadily rising market environments). Conversely, Marathon-London is likely to struggle relative to style-oriented peers when markets are driven more by momentum than fundamentals.

Marathon-London does not aim to construct inherently defensive portfolios. Instead, their contrarian approach is often rewarded substantially during periods of rotation in market leadership as equity cycles mature and begin to rebalance in favor of overly discounted drivers of share price returns. Clear examples of particularly strong relative performance during these sorts of environments would be Marathon-London's double-digit relative outperformance through the tech bubble coming to an end (2000 – 2003) and following the initial drawdown period of the Global Financial Crisis (2009 & 2010). Aside from these more extreme market periods it has been Marathon-London’s steady and relatively consistent outperformance that has benefitted long-term client portfolios through the power of compounding over time. This benefit aligns with Marathon-London’s long-term-oriented investment approach.

It is also worth highlighting Marathon-London’s smaller market capitalization bias (with most strategies having between half and two thirds the weighted average market capitalization of their respective benchmark index) and its influence on relative returns. In a similar way to styles, markets rotate through periods when smaller capitalization companies are in favor and out of favor, which in turn can have a material impact on relative returns. An example of this factor working in Marathon-London's favor would be the strong relative returns produced in 2015, a year in which the smaller capitalization area of the market outperformed larger cap peers. Conversely, the recent extended period of monetary policy accommodation, which ended with Central Banks in Developed countries starting to increase interest rates in late 2021/early 2022, and the corresponding influence of lower yields driving herd-like investor interest in larger cap 'bond proxy' names, was a somewhat challenging environment for Marathon-London. It should be noted that this bias is the result of Marathon-London's capital-cycle centered approach rather than resulting from a cognitive preference; capital cycles are typically easier to observe in specialist firms rather than multi-business-line companies and conglomerates which, by their nature, are more likely to be larger capitalization.

So, overall, Marathon-London is particularly likely to outperform during periods when stylistic leadership reverses and when smaller capitalization companies do well, but may lag during periods when markets dynamics are driven by momentum (i.e. when fundamental equity valuation measures become particularly stretched).

## TRADING PROCESS

Marathon-London's trading process is supported by the firm's Order Management System (OMS), ThinkFolio, and Execution Management System (EMS), FlexTrader. Only portfolio managers can initiate trade instructions for investment decisions. Investment decisions are typically communicated directly to the Investment Implementation & Analysis (IIA) team who input all trades into the OMS. For client cash flows, reliance is placed upon the IIA team and their four-eyes check to ensure that this activity is processed correctly. Proposed orders are checked against the pre-trade compliance engine within ThinkFolio. Any breaches are reviewed and investigated by the IIA team and Compliance. Any overrides require an explanation; all of which are observable by Compliance and cannot be deleted from the system. The trade is then passed back to the portfolio manager for their review and authorization. The portfolio manager remains responsible for ensuring the modelled order for buy/sell decisions have been accurately generated within the OMS. Risk & Compliance reviews the trade authorization as part of their Risk oversight function.

Once authorized, the order then appears on the trading blotter for execution in the market by Marathon-London's trading team. Trades will continue to run against relevant rules in the Compliance engine of the OMS; with any rule breaches requiring an appropriate override explanation. Again, Compliance can observe the overrides in their review of the breach finder. Once an order has been authorized in the OMS, the traders begin to move live orders into the EMS to send electronically to an approved third-party broker for execution. Rules coded in the OMS are automatically transferred to the EMS. Confirmed trade details are sent back via the EMS from the relevant broker automatically into the OMS, where trade allocation will be completed. Allocations of trades are system-driven on a pro-rata basis, unless the allocation is of an uneconomic size, at which stage the system will randomize the allocations. The traders will then report on the trading activity to the relevant portfolio manager on a daily basis, or as appropriate. Traders do not have system access to create orders in the OMS, with system access monitored by Risk & Compliance as part of their oversight function. Further monitoring is also undertaken by Compliance in relation to trade execution and allocation.

Details of the executed and allocated order are transmitted from the OMS into Dimension, Marathon-London's accounting system, and DTCC Central Trade Matching. The Portfolio Accounting team then complete the trade matching and confirmation process with confirmed orders filtering back into the OMS and being sent onto the relevant client custodian.

## COMPETITIVE ADVANTAGES

Distinguishing features of Marathon-London's approach include:

- A focus on delivering superior investment returns rather than on accumulating assets:
  As Marathon-London has been structured to align firm and client objectives, including a long-term investment horizon, with a compensation structure where no investment team member is incentivized based on bringing in assets and investment team compensation is based on long-term performance.

- Distinctive investment philosophy and process:
  The capital cycle approach is uncommon in the investment world, and Marathon-London believes most peers tend to focus on shorter-term factors where the forecasting of short-term earnings is the key driver of returns. Marathon-London's approach focuses on much slower moving, long-term supply-side factors

including additional capital/competition flowing into, or out of, a particular industry and management's strategy and behavior relative to that industry's competitive environment. Capital cycle theory makes it possible to anticipate changes in return on capital. Not all investors have the even temperament or time horizon to take advantage of this.

- Long term investment horizon:
  Central to Marathon-London's approach is a willingness to invest for the long-term. They believe their timeframe is significantly longer than most peers, which allows Marathon-London to operate in a less exploited area of the marketplace. The approach requires a much longer gestation period for an investment thesis to materialize, increasing the potential for higher returns. Over the long-term, the success of Marathon-London will follow the performance provided to clients; to align fund managers further with this, each manager owns equity in the company.

- Generalist approach with individual accountability:
  The capital cycle investment approach is not bound by style or market cap restrictions which helps create a stimulating and independent investment environment in which to operate. Behavioral pitfalls are accentuated by working in groups, and we hope to avoid this. Managers are given the freedom to work and think as they see fit, and are paid on their own results. There is no chief investment officer, so interference and micromanagement are minimal. The alpha-generating ability of our portfolio managers is therefore undiluted. This intellectual freedom allows portfolio managers to invest widely across all industries which creates a highly accountable, generalist investment team. Each portfolio manager makes their own investment decisions and is individually accountable for the performance generated by those decisions.

## VEHICLE & SHARE CLASS INFORMATION

The Harbor International Fund is currently offered as a no-load mutual fund and is available in the following share classes:

| Harbor International Fund | |
|---|---|
| **Share Class** | **Ticker** |
| Retirement | HNINX |
| Institutional | HAINX |
| Administrative | HRINX |
| Investor | HIINX |

For complete details on fees and expenses, please contact your Harbor representative and/or refer to the Fund's prospectus available at harborcapital.com.

## DISCLOSURES

Responses regarding the Harbor organization have been provided by Harbor Funds Distributors, Inc. Responses relating to the investment team of the Harbor International Fund, including the process for making portfolio decisions and effecting the purchase and sale of securities held by the Fund, or any specific operational aspects of the subadviser are provided by the subadviser to the Fund and, to the best of our knowledge, are accurate.

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

There is no guarantee that the investment objective of the Fund will be achieved. Stock markets are volatile and equity value can decline significantly in response to adverse issuer, political, regulatory, market and economic conditions.

Marathon Asset Management LLP is an independent subadviser to the Harbor International Fund.

The MSCI EAFE (ND) Index is an unmanaged index generally representative of major overseas stock markets. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

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.

The subadviser's assessment of the capital cycle for a particular industry or company may be incorrect. Investing in companies at inopportune phases of the capital cycle can result in the Fund purchasing company stock at pricing levels that are higher than the market dynamics would support and therefore subject the Fund to greater risk that the stock price would decline rather than increase over time.

**Investors should carefully consider the investment objectives, risks, charges and expenses of a Harbor fund before investing. A summary prospectus or prospectus for this and other information is available at harborcapital.com or by calling 800-422-1050. Read it carefully before investing.**

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