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**Supplement to Statement of Additional Information dated March 1, 2023**

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**May 25, 2023**

Harbor Funds' Board of Trustees has determined to liquidate and dissolve Harbor Global Leaders Fund (the "Fund"). The liquidation of the Fund is expected to occur on August 23, 2023 (the "Liquidation Date"). The liquidation proceeds will be distributed to any remaining shareholders of the Fund on the Liquidation Date.

Shareholders may exchange shares of the Fund for another Harbor fund, or redeem shares out of the Fund, in accordance with Harbor's exchange and redemption policies as set forth in the Fund's prospectus, until the Liquidation Date.

In order to ready the Fund for liquidation, the Fund's portfolio of investments will be transitioned prior to the planned Liquidation Date to one that consists of all or substantially all cash, cash equivalents and debt securities with remaining maturities of less than one year. As a result, shareholders should no longer expect that the Fund will seek to achieve its investment objective of seeking long-term growth of capital.

Because the Fund will be liquidating, the Fund is now closed to new investors. The Fund will no longer accept additional investments from existing shareholders beginning on August 16, 2023.

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**STATEMENT OF ADDITIONAL INFORMATION – March 1, 2023**


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Harbor Funds (“Harbor” or the “Trust”) is an open-end management investment company (or mutual fund) registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), and includes the following series (individually or collectively referred to as a “Fund” or the “Funds”).

	<b>Retirement Class</b>	<b>Institutional Class</b>	<b>Administrative Class</b>	<b>Investor Class</b>
Harbor Capital Appreciation Fund	HNACX	HACAX	HRCAX	HCAIX
Harbor Convertible Securities Fund	HNCVX	HACSX	HRCSX	HICSX
Harbor Core Bond Fund	HCBRX	HACBX	--	--
Harbor Core Plus Fund	HBFRX	HABDX	HRBDX	--
Harbor Disruptive Innovation Fund	HNMGX	HAMGX	HRMGX	HIMGX
Harbor Diversified International All Cap Fund	HNIDX	HAIDX	HRIDX	HIIDX
Harbor Global Leaders Fund	HNGIX	HGGAX	HRGAX	HGGIX
Harbor International Fund	HNINX	HAINX	HRINX	HIINX
Harbor International Core Fund (formerly, Harbor Overseas Fund)	HAORX	HAOSX	HAOAX	HAONX
Harbor International Growth Fund	HNGFX	HAIGX	HRIGX	HIIGX
Harbor International Small Cap Fund	HNISX	HAISX	HRISX	HIISX
Harbor Large Cap Value Fund	HNLVX	HAVLX	HRLVX	HILVX
Harbor Mid Cap Fund	HMCRX	HMCLX	HMCDX	HMCNX
Harbor Mid Cap Value Fund	HNMVX	HAMVX	HRMVX	HIMVX
Harbor Small Cap Growth Fund	HNSGX	HASGX	HRSGX	HISGX
Harbor Small Cap Value Fund	HNVRX	HASCX	HSVRX	HISVX

Additional funds may be created by the Funds’ Board of Trustees (the “Board of Trustees” or the “Trustees”) from time to time. Harbor Capital Advisors, Inc. (the “Advisor”) serves as investment adviser with respect to the Funds, and may employ one or more investment subadvisers (each, a “Subadvisor”), in managing the Funds, as described in the applicable prospectus.

This Statement of Additional Information is not a prospectus, but provides additional information that should be read in conjunction with the Prospectus of the respective Fund dated March 1, 2023, as amended or supplemented from time to time. Additional information about each Fund’s investments is available at [harborcapital.com](http://harborcapital.com) or in the respective Fund’s Annual and Semi-Annual reports to shareholders. Investors can obtain free copies of the Prospectus and the Statement of Additional Information, the Annual Reports, which contain the Funds’ audited financial statements, the Semi-Annual Reports, request other information and discuss their questions about the Funds by calling 800-422-1050, by writing to Harbor Funds at 111 South Wacker Drive, 34<sup>th</sup> Floor, Chicago, IL 60606-4302 or by visiting our website at [harborcapital.com](http://harborcapital.com). The financial statements of the Funds as of and for the period ended October 31, 2022, have been audited by Ernst & Young LLP, an independent registered public accounting firm, and are incorporated by reference in this Statement of Additional Information.

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## ADDITIONAL POLICIES AND INVESTMENT TECHNIQUES

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Each Fund is a diversified management investment company that has its own investment objective that it pursues through separate investment policies, as described in the Prospectus and below. The following discussion elaborates on the presentation of certain of the Funds' investment policies contained in the Prospectus.

A Fund may temporarily depart from its normal investment policies and strategies when the Fund's Subadvisor and/or the Advisor, as applicable, believes that doing so is in the Fund's best interest, so long as the strategy or policy employed is consistent with the Funds' investment objective. For instance, a Fund may invest beyond its normal limits in derivatives or exchange traded funds that are consistent with the Fund's investment objective when those instruments are more favorably priced or provide needed liquidity, as might be the case if the Fund is transitioning assets from one Subadvisor to another or receives large cash flows that it cannot prudently invest immediately.

In addition, a Fund may take temporary defensive positions that are inconsistent with its normal investment policies and strategies—for instance, by allocating substantial assets to cash equivalent investments or other less volatile instruments—in response to adverse or unusual market, economic, political, or other conditions. In doing so, the Fund may succeed in avoiding losses but may otherwise fail to achieve its investment objective.

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### **80% Requirement**

Certain Funds are subject to an 80% investment policy, as set forth in its prospectus. Such a Fund need not sell non-qualifying securities that appreciated in value in order to bring its investments in compliance with the 80% requirement. However, any future investments must be made in a manner to bring the Fund's investments in compliance with the 80% requirement. This policy may be changed by the Fund upon 60 days' advanced notice to the shareholders.

The market value of derivatives that have economic characteristics similar to the investments included in a Fund's 80% policy will be counted for purposes of this policy.

# INVESTMENT POLICIES

	Harbor Capital Appreciation Fund	Harbor Convertible Securities Fund	Harbor Core Bond Fund	Harbor Core Plus Fund	Harbor Disruptive Innovation Fund	Harbor Diversified International All Cap Fund
✓ <b>Applicable</b>						
Asset-Backed Securities			✓	✓		
Below Investment-Grade Fixed Income Securities		✓				
Borrowing	✓	✓	✓	✓	✓	✓
Cash Equivalents	✓	✓	✓	✓	✓	✓
Collateralized Debt Obligations			✓	✓		
Common Stocks	✓	✓	✓	✓	✓	✓
Convertible Securities	✓	✓	✓	✓	✓	✓
Cybersecurity Risks	✓	✓	✓	✓	✓	✓
Delayed Funding and Revolving Credit Facilities		✓	✓	✓		
Derivative Instruments	✓	✓	✓	✓	✓	✓
Duration		✓	✓	✓		
Event-Linked Exposure		✓				
Fixed Income Securities	✓	✓	✓	✓	✓	✓
Foreign Currency Transactions	✓	✓		✓	✓	✓
Foreign Securities	✓	✓	✓	✓	✓	✓
Forward Commitments and When-Issued Securities	✓	✓	✓	✓	✓	✓
Illiquid Securities	✓	✓	✓	✓	✓	✓
Inflation-Indexed Bonds			✓	✓		
Interfund Lending	✓	✓	✓	✓	✓	✓
Investments in Other Investment Companies	✓	✓	✓	✓	✓	✓
Liquidation of Funds	✓	✓	✓	✓	✓	✓
Loan Originations, Participations and Assignments		✓	✓	✓		
Mortgage “Dollar Roll” Transactions			✓	✓		
Mortgage-Backed Securities			✓	✓		
Municipal Bonds			✓	✓		
Partnership Securities	✓	✓	✓	✓	✓	✓
Preferred Stocks	✓	✓	✓	✓	✓	✓
Real Estate Investment Trusts	✓	✓	✓	✓	✓	✓
Regulatory Risk and Other Market Events	✓	✓	✓	✓	✓	✓
Repurchase Agreements	✓	✓	✓	✓	✓	✓
Restricted Securities	✓	✓	✓	✓	✓	✓
Reverse Repurchase Agreements		✓				
Rights and Warrants	✓	✓	✓	✓	✓	✓
Securities Lending	✓	✓	✓	✓	✓	✓
Short Sales	✓	✓	✓	✓	✓	✓
Small to Mid Companies	✓	✓			✓	✓
Sovereign Debt Obligation	✓	✓	✓	✓	✓	✓
Special Purpose Acquisition Companies					✓	
Structured Products			✓	✓		
Trust-Preferred Securities	✓	✓	✓	✓	✓	✓
U.S. Government Securities	✓	✓	✓	✓	✓	✓
Variable and Floating Rate Securities	✓	✓	✓	✓	✓	✓
Variable Interest Entities						✓

# INVESTMENT POLICIES

	Harbor Global Leaders Fund	Harbor International Fund	Harbor International Core Fund (formerly, Harbor Overseas Fund)	Harbor International Growth Fund	Harbor International Small Cap Fund	Harbor Large Cap Value Fund
✓ <b>Applicable</b>						
Asset-Backed Securities						
Below Investment-Grade Fixed Income Securities						
Borrowing	✓	✓	✓	✓	✓	✓
Cash Equivalents	✓	✓	✓	✓	✓	✓
Collateralized Debt Obligations						
Common Stocks	✓	✓	✓	✓	✓	✓
Convertible Securities	✓	✓	✓	✓	✓	✓
Cybersecurity Risks	✓	✓	✓	✓	✓	✓
Delayed Funding and Revolving Credit Facilities						
Derivative Instruments	✓	✓	✓	✓	✓	✓
Duration						
Event-Linked Exposure						
Fixed Income Securities	✓	✓	✓	✓	✓	✓
Foreign Currency Transactions	✓	✓	✓	✓	✓	✓
Foreign Securities	✓	✓	✓	✓	✓	✓
Forward Commitments and When-Issued Securities	✓	✓	✓	✓	✓	✓
Illiquid Securities	✓	✓	✓	✓	✓	✓
Inflation-Indexed Bonds						
Interfund Lending	✓	✓	✓	✓	✓	✓
Investments in Other Investment Companies	✓	✓	✓	✓	✓	✓
Liquidation of Funds	✓	✓	✓	✓	✓	✓
Loan Originations, Participations and Assignments						
Mortgage “Dollar Roll” Transactions						
Mortgage-Backed Securities						
Municipal Bonds						
Partnership Securities	✓	✓	✓	✓	✓	✓
Preferred Stocks	✓	✓	✓	✓	✓	✓
Real Estate Investment Trusts	✓	✓	✓	✓	✓	✓
Regulatory Risk and Other Market Events	✓	✓	✓	✓	✓	✓
Repurchase Agreements	✓	✓	✓	✓	✓	✓
Restricted Securities	✓	✓	✓	✓	✓	✓
Reverse Repurchase Agreements						
Rights and Warrants	✓	✓	✓	✓	✓	✓
Securities Lending	✓	✓	✓	✓	✓	✓
Short Sales	✓	✓	✓	✓	✓	✓
Small to Mid Companies	✓	✓	✓	✓	✓	✓
Sovereign Debt Obligation	✓	✓	✓	✓	✓	✓
Special Purpose Acquisition Companies						
Structured Products						
Trust-Preferred Securities	✓	✓	✓	✓	✓	✓
U.S. Government Securities	✓	✓	✓	✓	✓	✓
Variable and Floating Rate Securities	✓	✓	✓	✓	✓	✓
Variable Interest Entities	✓	✓	✓	✓	✓	✓

# INVESTMENT POLICIES

	Harbor Mid Cap Fund	Harbor Mid Cap Value Fund	Harbor Small Cap Growth Fund	Harbor Small Cap Value Fund
✓ <b>Applicable</b>				
Asset-Backed Securities				
Below Investment-Grade Fixed Income Securities				
Borrowing	✓	✓	✓	✓
Cash Equivalents	✓	✓	✓	✓
Collateralized Debt Obligations				
Common Stocks	✓	✓	✓	✓
Convertible Securities	✓	✓	✓	✓
Cybersecurity Risks	✓	✓	✓	✓
Delayed Funding and Revolving Credit Facilities				
Derivative Instruments	✓	✓	✓	✓
Duration				
Event-Linked Exposure				
Fixed Income Securities	✓	✓	✓	✓
Foreign Currency Transactions	✓	✓	✓	✓
Foreign Securities	✓	✓	✓	✓
Forward Commitments and When-Issued Securities	✓	✓	✓	✓
Illiquid Securities	✓	✓	✓	✓
Inflation-Indexed Bonds				
Interfund Lending	✓	✓	✓	✓
Investments in Other Investment Companies	✓	✓	✓	✓
Liquidation of Funds	✓	✓	✓	✓
Loan Originations, Participations and Assignments				
Mortgage "Dollar Roll" Transactions				
Mortgage-Backed Securities				
Municipal Bonds				
Partnership Securities	✓	✓	✓	✓
Preferred Stocks	✓	✓	✓	✓
Real Estate Investment Trusts	✓	✓	✓	✓
Regulatory Risk and Other Market Events	✓	✓	✓	✓
Repurchase Agreements	✓	✓	✓	✓
Restricted Securities	✓	✓	✓	✓
Reverse Repurchase Agreements				
Rights and Warrants	✓	✓	✓	✓
Securities Lending	✓	✓	✓	✓
Short Sales	✓	✓	✓	✓
Small to Mid Companies	✓	✓	✓	✓
Sovereign Debt Obligation	✓	✓	✓	✓
Special Purpose Acquisition Companies				
Structured Products				
Trust-Preferred Securities	✓	✓	✓	✓
U.S. Government Securities	✓	✓	✓	✓
Variable and Floating Rate Securities	✓	✓	✓	✓
Variable Interest Entities				

The investment policies below are applicable to each Fund as indicated in the preceding table. Unless otherwise noted, each Fund may make the types of investments, and is subject to the types of risks, described in each applicable investment policy.

### **Asset-Backed Securities**

Permitted investments include asset-backed securities and in securities that represent individual interests in pools of consumer loans and trade receivables similar in structure to mortgage-backed securities. The assets are securitized either in a pass-through structure (similar to a mortgage pass-through structure) or in a pay-through structure (similar to a collateralized mortgage obligation (“CMO”) structure). Although the collateral supporting asset-backed securities generally is of a shorter maturity than mortgage loans and historically has been less likely to experience substantial prepayments, no assurance can be given as to the actual maturity of an asset-backed security because prepayments of principal may be made at any time. Payments of principal and interest typically are supported by some form of credit enhancement, such as a letter of credit, surety bond, limited guarantee by another entity or having a priority to certain of the borrower’s other securities. The degree of credit enhancement varies, and generally applies to only a fraction of the asset-backed security’s par value until exhausted. If the credit enhancement of an asset-backed security held by a Fund has been exhausted, and if any required payments of principal and interest are not made with respect to the underlying loans, a Fund may experience losses or delays in receiving payment.

Other types of mortgage-backed and asset-backed securities may be developed in the future, and a Fund may invest in them if the relevant Fund’s Subadvisor and/or the Advisor, as applicable, determines they are consistent with the Fund’s investment objectives and policies.

Asset-backed securities entail certain risks not presented by mortgage-backed securities. Asset-backed securities do not have the benefit of the same type of security interest in the related collateral. Asset-backed securities are often subject to more rapid repayment than their stated maturity date would indicate as a result of the pass-through of prepayments of principal on the underlying loans. During periods of declining interest rates, prepayment of loans underlying asset-backed securities can be expected to accelerate. Accordingly, a Fund’s ability to maintain positions in these securities will be affected by reductions in the principal amount of such securities resulting from prepayments, and its ability to reinvest the returns of principal at comparable yields is subject to generally prevailing interest rates at that time.

In a rising interest rate environment, a declining prepayment rate will extend the average life of many mortgage-backed securities. This possibility is often referred to as extension risk. Extending the average life of a mortgage-backed security increases the risk of depreciation due to future increases in market interest rates.

Credit card receivables are generally unsecured and the debtors on such receivables are entitled to the protection of a number of state and federal consumer credit laws, many of which give such debtors the right to set-off certain amounts owed on the credit cards, thereby reducing the balance due. Automobile receivables generally are secured, but by automobiles rather than residential real property. Most issuers of automobile receivables permit the loan servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the asset-backed securities. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the automobile receivables may not have a proper security interest in the underlying automobiles. Therefore, there is the possibility that, in some cases, recoveries on repossessed collateral may not be available to support payments on these securities.

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### **Below Investment-Grade Fixed Income Securities**

Below investment-grade fixed income securities are considered predominantly speculative by traditional investment standards. In some cases, these securities may be highly speculative and have poor prospects for reaching investment-grade standing. Below investment-grade fixed income securities and unrated securities of comparable credit quality are subject to the increased risk of an issuer’s inability to meet principal and interest obligations. These securities may be subject to greater price volatility due to such factors as corporate developments, interest rate sensitivity, negative perceptions of the high-yield markets generally and limited secondary market liquidity. Such securities are also issued by less-established corporations desiring to expand. Risks associated with acquiring the securities of such issuers generally are greater than is the case with higher rated securities because such issuers are often less creditworthy companies or are highly leveraged and generally less able than more established or less leveraged entities to make scheduled payments of principal and interest.

The market values of high-yield, fixed income securities tend to reflect individual corporate developments to a greater extent than do those of higher rated securities, which react primarily to fluctuations in the general level of interest rates. Issuers of such high-yield securities may not be able to make use of more traditional methods of financing and their ability to service debt obligations may be more adversely affected than issuers of higher rated securities by economic downturns, specific corporate developments or the issuers’ inability to meet specific projected business forecasts. These below investment-grade securities also tend to be more sensitive to economic conditions than higher-rated securities. Negative publicity about the high-yield bond market and investor perceptions regarding lower rated securities, whether or not based on the Fund’s fundamental analysis, may depress the prices for such securities.



### **Below Investment-Grade Fixed Income Securities — Continued**

Since investors generally perceive that there are greater risks associated with below investment-grade securities of the type in which the Fund invests, the yields and prices of such securities may tend to fluctuate more than those for higher rated securities. In the lower quality segments of the fixed income securities market, changes in perceptions of issuers' creditworthiness tend to occur more frequently and in a more pronounced manner than do changes in higher quality segments of the fixed income securities market, resulting in greater yield and price volatility.

Another factor which causes fluctuations in the prices of fixed income securities is the supply and demand for similarly rated securities. In addition, the prices of fixed income securities fluctuate in response to the general level of interest rates. Fluctuations in the prices of portfolio securities subsequent to their acquisition will not affect cash income from such securities but will be reflected in a Fund's net asset value.

The risk of loss from default for the holders of high-yield, fixed income securities is significantly greater than is the case for holders of other debt securities because such high-yield, fixed income securities are generally unsecured and are often subordinated to the rights of other creditors of the issuers of such securities.

The secondary market for high-yield, fixed income securities is dominated by institutional investors, including mutual fund portfolios, insurance companies and other financial institutions. Accordingly, the secondary market for such securities is not as liquid as and is more volatile than the secondary market for higher rated securities. In addition, the trading volume for high-yield, fixed income securities is generally lower than that of higher rated securities and the secondary market for high-yield, fixed income securities could contract under adverse market or economic conditions independent of any specific adverse changes in the condition of a particular issuer. These factors may have an adverse effect on a Fund's ability to dispose of particular portfolio investments. Prices realized upon the sale of such lower rated or unrated securities, under these circumstances, may be less than the prices used in calculating a Fund's net asset value. A less liquid secondary market may also make it more difficult for a Fund to obtain precise valuations of the high-yield securities in its portfolio.

Federal legislation could adversely affect the secondary market for high-yield securities and the financial condition of issuers of these securities. The form of any proposed legislation and the probability of such legislation being enacted is uncertain.

Below investment-grade or high-yield, fixed income securities also present risks based on payment expectations. High-yield, fixed income securities frequently contain "call" or "buy-back" features, which permit the issuer to call or repurchase the security from its holder. If an issuer exercises such a "call option" and redeems the security, a Fund may have to replace such security with a lower yielding security, resulting in a decreased return for investors. A Fund may also incur additional expenses to the extent that it is required to seek recovery upon default in the payment of principal or interest on a portfolio security.

Credit ratings issued by credit rating agencies are designed to evaluate the safety of principal and interest payments of rated securities. They do not, however, evaluate the market value risk of below investment-grade securities and, therefore, may not fully reflect the true risks of an investment. In addition, credit rating agencies may or may not make timely changes in a rating to reflect changes in the economy or in the conditions of the issuer that affect the market value of the security. Consequently, credit ratings are used only as preliminary indicators of investment quality. Investments in below investment-grade and comparable unrated obligations will be more dependent on credit analysis by each Fund's Subadvisor and/or the Advisor, as applicable, than would be the case with investments in investment-grade debt obligations. Each Fund's Subadvisor and/or the Advisor, as applicable, employs their own credit research and analysis, which includes a study of an issuer's existing debt, capital structure, ability to service debt and to pay dividends, the issuer's sensitivity to economic conditions, its operating history and the current trend of earnings. Each Fund's Subadvisor and/or the Advisor, as applicable, monitors the investments in each Fund's portfolio and evaluate whether to dispose of or to retain below investment-grade and comparable unrated securities whose credit ratings or credit quality may have changed. There can be no assurance that the analysis of the Fund's Subadvisor and/or the Advisor, as applicable, will be accurate or complete. A Fund may be subject to substantial losses in the event of credit deterioration or bankruptcy of one or more issuers or reference obligors in its portfolio.

There are special tax considerations associated with investing in bonds, including high-yield bonds, structured as zero coupon or payment-in-kind securities. For example, a Fund is required to report the accrued interest on these securities as current income each year even though it may receive no cash interest until the security's maturity or payment date. The Fund may be required to sell some of its assets to obtain cash to distribute to shareholders in order to satisfy the distribution requirements of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to such accrued interest. These actions are likely to reduce the Fund's assets and may thereby increase its expense ratio and decrease its rate of return.

## INVESTMENT POLICIES

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### Borrowing

Borrowing is permitted for temporary administrative or emergency purposes and this borrowing may be unsecured. Borrowing may exaggerate the effect on any increase or decrease in the market value of the Fund's portfolio. Money borrowed will be subject to interest costs, which may or may not be recovered by appreciation of the securities purchased. The Fund also may be required to maintain minimum average balances in connection with such borrowing or to pay a commitment or other fee to maintain a line of credit; either of these requirements would increase the cost of borrowing over the stated interest rate.

### Cash Equivalents

Cash equivalents include short-term obligations issued or guaranteed as to interest and principal by the U.S. government or any agency or instrumentality thereof (including repurchase agreements collateralized by such securities). The Fund may also invest in obligations of domestic and/or foreign banks, which include certificates of deposit, bankers' acceptances and fixed time deposits. The Fund may also invest in obligations of other banks or savings and loan associations if such obligations are insured by the Federal Deposit Insurance Corporation ("FDIC"). Certificates of deposit are negotiable certificates issued against funds deposited in a commercial bank for a definite period of time and earning a specified return. Bankers' acceptances are negotiable drafts or bills of exchange, normally drawn by an importer or exporter to pay for specific merchandise, which are "accepted" by a bank, meaning, in effect, that the bank unconditionally agrees to pay the face value of the instrument on maturity. Fixed time deposits are bank obligations payable at a stated maturity date and bearing interest at a fixed rate. Fixed time deposits may be withdrawn on demand by the investor, but may be subject to early withdrawal penalties which vary depending upon market conditions and the remaining maturity of the obligation. There are no contractual restrictions on the right to transfer a beneficial interest in a fixed time deposit to a third party, although there is no market for such deposits.

Obligations of foreign banks involve somewhat different investment risks than those affecting obligations of U.S. banks, including the possibilities that their liquidity could be impaired because of further political and economic developments, that their obligations may be less marketable than comparable obligations of U.S. banks, that a foreign jurisdiction might impose withholding taxes on interest income payable on those obligations, that foreign deposits may be seized or nationalized, that foreign governmental restrictions such as exchange controls may be adopted which might adversely affect the payment of principal and interest on those obligations and that the selection of those obligations may be more difficult because there may be less publicly available information concerning foreign banks or the accounting, auditing, and financial reporting standards, practices and requirements applicable to foreign banks may differ from those applicable to U.S. banks. Foreign banks are not generally subject to examination by any U.S. government agency or instrumentality.

The Fund may also invest in commercial paper that at the date of investment is rated at least A-1 by S&P, P-1 by Moody's or F-1 by Fitch Ratings (P-3 for Harbor Core Plus Fund) or, if not rated, is issued or guaranteed as to payment of principal and interest by companies that at the date of investment have an outstanding debt issue rated AA or better by S&P or equivalently rated by Moody's or Fitch Ratings; short-term corporate obligations that at the date of investment are rated AA or better by S&P or equivalently rated by Moody's or Fitch Ratings, and other debt instruments, including unrated instruments, determined to be of comparable high quality and liquidity.

The Fund may hold cash and invest in cash equivalents pending investment of proceeds from new sales or to meet ordinary daily cash needs.

### Collateralized Debt Obligations

Collateralized debt obligations ("CDOs") include collateralized bond obligations ("CBOs"), collateralized loan obligations ("CLOs") and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a security issued by a trust that is backed by a diversified pool of high risk, below investment-grade fixed income securities. A CLO is a security issued by a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment-grade or equivalent unrated loans.

For both CBOs and CLOs, the cash flows from the trust are split into two or more portions, called tranches, varying in risk and yield. The riskiest portion is the "equity" tranche, which bears the bulk of defaults from the bonds or loans in the trust and serves to protect the other, more senior tranches from default in all but the most severe circumstances. Since it is partially protected from defaults, a senior tranche from a CBO trust or CLO trust typically has higher ratings and lower yields than their underlying securities and can be rated investment-grade. Despite the protection from the equity tranche, CBO or CLO tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults, and aversion to CBO or CLO securities as a class.

The risks of an investment in a CDO depend largely on the type of the collateral securities and the class of the CDO in which a Fund invests. Normally, CBOs, CLOs and other CDOs are privately offered and sold, and thus, are not registered under the securities laws. As a result, investments in CDOs may be characterized by a Fund as illiquid securities. However, an active dealer market may

## INVESTMENT POLICIES

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### Collateralized Debt Obligations — Continued

exist for CDOs allowing a CDO to qualify for transactions under Rule 144A of the 1933 Act. In addition to the normal risks associated with fixed income securities discussed elsewhere in this SAI and the Fund's prospectuses (i.e., interest rate risk and default risk), CDOs carry additional risks including, but are not limited to, the possibility that: (i) distributions from collateral securities will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) a Fund may invest in CDOs that are subordinate to other classes; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results. These risks have recently led to actual defaults and market losses on CDOs known as "structured investment vehicles" or "SIVs."

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### Common Stocks

Common stocks are shares of a corporation or other entity that entitle the holder to a pro rata share of the profits of the corporation, if any, without preference over any other shareholder or class of shareholders. In the event an issuer is liquidated or declares bankruptcy, the claims of owners of bonds and preferred stock take precedence over the claims of those who own common stock. Common stock usually carries with it the right to vote and frequently, an exclusive right to do so.

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### Convertible Securities

Convertible securities are bonds, preferred stocks and other securities that normally pay a fixed rate of interest or dividend and give the owner the option to convert the security into common stock. While the value of convertible securities depends in part on interest rate changes and the credit quality of the issuer, the price will also change based on the price of the underlying stock. While convertible securities generally have less potential for gain than common stock, their income provides a cushion against the stock price's decline. They generally pay less income than non-convertible bonds.

#### **CONTINGENT CONVERTIBLE INSTRUMENTS**

Contingent convertible securities ("CoCos") are a form of hybrid debt security that are intended to either convert into equity or have their principal written down upon the occurrence of certain "triggers." The triggers are generally linked to regulatory capital thresholds or regulatory actions calling into question the issuing banking institution's continued viability as a going-concern. CoCos' unique equity conversion or principal write-down features are tailored to the issuing banking institution and its regulatory requirements. Some additional risks associated with CoCos include, but are not limited to:

- *Loss absorption risk.* CoCos have fully discretionary coupons. This means coupons can potentially be cancelled at the banking institution's discretion or at the request of the relevant regulatory authority in order to help the bank absorb losses.
- *Subordinated instruments.* CoCos will, in the majority of circumstances, be issued in the form of subordinated debt instruments in order to provide the appropriate regulatory capital treatment prior to a conversion. Accordingly, in the event of liquidation, dissolution or winding-up of an issuer prior to a conversion having occurred, the rights and claims of the holders of the CoCos (such as a Fund) against the issuer with respect to or arising under the terms of the CoCos shall generally rank junior to the claims of all holders of unsubordinated obligations of the issuer. In addition, if the CoCos are converted into the issuer's underlying equity securities following a trigger, each holder will be subordinated due to their conversion from being the holder of a debt instrument to being the holder of an equity instrument.
- *Market value will fluctuate based on unpredictable factors.* The value of CoCos is unpredictable and will be influenced by many factors including, without limitation: (i) the creditworthiness of the issuer and/or fluctuations in such issuer's applicable capital ratios; (ii) supply and demand for the CoCos; (iii) general market conditions and available liquidity; and (iv) economic, financial and political events that affect the issuer, its particular market or the financial markets in general.

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### Cybersecurity Risks

As the use of technology increases, a Fund may be more susceptible to operational risks through breaches in cybersecurity. A breach in cybersecurity refers to both intentional and unintentional events that may cause a Fund to lose proprietary information, suffer data corruption, or lose operational capacity. Cyber attacks include, among other things, stealing or corrupting confidential information and other data that is maintained online or digitally for financial gain, denial-of-service attacks on websites causing operational disruption, and the unauthorized release of confidential information and other data.

Cybersecurity breaches affecting a Fund or the Advisor, each Fund's Subadvisor(s) custodian, transfer agent, other third-party service providers, intermediaries and others may adversely impact a Fund and its shareholders. A cybersecurity breach may cause disruptions and impact the Funds' business operations, which could potentially result in financial losses, inability to determine a Fund's net asset value, impediments to trading, reputational damage, the inability of shareholders to transact business, violation of applicable law, regulatory penalties and/or fines, and compliance and other costs. Indirect cybersecurity breaches at third-party service providers, intermediaries, trading counterparties, governmental

## INVESTMENT POLICIES

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### Cybersecurity Risks — Continued

and other regulatory authorities, and exchange and other financial market operators may subject a Fund's shareholders to the same risks associated with direct cybersecurity breaches. Further, indirect cybersecurity breaches at an issuer of securities in which a Fund invests may similarly negatively impact a Fund's shareholders because of a decrease in the value of these securities.

The Trust has established policies and procedures designed to reduce the risks associated with cybersecurity breaches and other operational disruptions. However, there is no guarantee that such efforts will succeed, especially since the Trust does not directly control the cybersecurity systems of issuers or third-party service providers. There is a risk that cybersecurity breaches will not be detected. In addition, there are inherent limitations to these policies and procedures and certain risks may not yet be identified and new risks may emerge in the future. The Funds and their shareholders could be negatively impacted as a result of any cybersecurity breaches or operational disruptions.

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### Delayed Funding and Revolving Credit Facilities

Delayed funding loans and revolving credit facilities are borrowing arrangements in which the lender agrees to make loans up to a maximum amount upon demand by the borrower during a specified term. A revolving credit facility differs from a delayed funding loan in that as the borrower repays the loan, an amount equal to the repayment may be borrowed again during the term of the revolving credit facility. Delayed funding loans and revolving credit facilities usually provide for floating or variable rates of interest. These commitments may have the effect of requiring a Fund to increase its investment in a company at a time when it might not otherwise decide to do so (including at a time when the company's financial condition makes it unlikely that such amounts will be repaid).

The Fund may invest in delayed funding loans and revolving credit facilities with credit quality comparable to that of issuers of its securities investments. Delayed funding loans and revolving credit facilities may be subject to restrictions on transfer, and only limited opportunities may exist to resell such instruments. As a result, a Fund may be unable to sell such investments at an opportune time or may have to resell them at less than fair market value. The Fund currently intend to treat delayed funding loans, and revolving credit facilities for which there is no readily available market, as illiquid for purposes of the limitation on illiquid investments. Participation interests in revolving credit facilities will be subject to the limitations discussed in "Loan Participations and Assignments." Delayed funding loans and revolving credit facilities are considered to be debt obligations for purposes of each Fund's investment restriction relating to the lending of funds or assets by a Fund.

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### Derivative Instruments

Derivative instruments are securities or contracts that provide for payments based on or "derived" from the performance of an underlying asset, index or other economic benchmark. Essentially, a derivative instrument is a financial arrangement or a contract either entered into between two parties (unlike a stock or a bond) or traded on an exchange and subject to central clearing. Transactions in derivative instruments can be, but are not necessarily, riskier than investments in conventional stocks, bonds and money market instruments.

A derivative instrument is more accurately viewed as a way of reallocating risk among different parties or substituting one type of risk for another. Every investment by the Fund, including an investment in conventional securities, reflects an implicit prediction about future changes in the value of that investment. Every Fund investment also involves a risk that the expectations of the Subadvisor and/or the Advisor, as applicable, will be wrong. Transactions in derivative instruments often enable the Fund to take investment positions that more precisely reflect the expectations of the Subadvisor and/or the Advisor, as applicable, concerning the future performance of the various investments available to the Fund. Derivative instruments can be a legitimate and often cost-effective method of accomplishing the same investment goals as could be achieved through other investments in conventional securities.

Derivative contracts include options, futures contracts and swap agreements. The principal risks associated with derivative instruments are:

- **Market Risk:** The risk that the instrument will decline in value or that an alternative investment would have appreciated more, but this is similar to the risk of investing in conventional securities.
- **Leverage And Associated Price Volatility:** Leverage causes increased volatility in the price of the derivative and magnifies the impact of adverse market changes, but this risk may be consistent with the investment objective of even a conservative fund in order to achieve an average portfolio volatility that is within the expected range for that type of fund.
- **Counterparty Credit Risk:** The use of an over-the-counter derivative instrument involves the risk that a loss may be sustained as a result of the failure of another party to the contract (usually referred to as a "counterparty") to make required payments or otherwise comply with the contract's terms. For example, in an option contract, this involves the risk to the option buyer that the writer will not buy or sell the underlying asset as agreed. In general, counterparty risk can be reduced by having an organization with extremely good credit act as an intermediary between

### Derivative Instruments — Continued

the two parties. Currently, some derivatives such as certain interest rate swaps and certain credit default index swaps are subject to central clearing. Central clearing is expected to reduce counterparty credit risk, but central clearing does not make derivatives risk-free.

- **Liquidity And Valuation Risk:** Many derivative instruments are traded in institutional markets rather than on an exchange. Nevertheless, many derivative instruments are actively traded and can be priced generally with as much accuracy as conventional securities. Derivative instruments that are custom-designed to meet the specialized investment needs of a relatively narrow group of institutional investors, may be less liquid and more difficult to value. Derivatives also can create the risk that a Fund will need to make ongoing margin and settlement payments required under the transaction.
- **Correlation Risk:** There may be imperfect correlation between the price of the derivative and the underlying asset. For example, there may be price disparities between the trading markets for the derivative contract and the underlying asset.
- **Operational Risk:** The risk related to potential operational issues, including documentation issues, settlement issues, systems failures, inadequate controls, and human error.
- **Legal Risk:** The risk that there is insufficient documentation, insufficient capacity or authority of the counterparty, or legality or enforceability of a contract.

Rule 18f-4 prescribes parameters for the use of derivatives, reverse repurchase agreements and certain other transactions by registered investment companies. Rule 18f-4 requires the Fund to trade derivatives and other transactions that create future payment or delivery obligations (except reverse repurchase agreements and similar financing transactions) subject to value-at-risk (“VaR”) leverage limits and derivatives risk management program and reporting requirements. Generally, these requirements apply unless the Fund satisfies a “limited derivatives users” exception. When the Fund trades reverse repurchase agreements or similar financing transactions, including certain tender option bonds, it needs to aggregate the amount of indebtedness associated with the reverse repurchase agreements or similar financing transactions with the aggregate amount of any other senior securities representing indebtedness when calculating the Fund’s asset coverage ratio or treat all such transactions as derivatives transactions. Reverse repurchase agreements or similar financing transactions aggregated with other indebtedness do not need to be included in the calculation of whether the Fund satisfies the limited derivatives users exception, but for portfolios subject to the VaR testing requirement, reverse repurchase agreements and similar financing transactions must be included for purposes of such testing whether treated as derivatives transactions or not. The SEC also provided guidance in connection with Rule 18f-4 regarding the use of securities lending collateral that may limit the Fund’s securities lending activities. In addition, under Rule 18f-4, the Fund is permitted to invest in a security on a when-issued or forward-settling basis, or with a non-standard settlement cycle, and the transaction will be deemed not to involve a senior security (as defined under Section 18(g) of the 1940 Act), provided that, (i) the Fund intends to physically settle the transaction and (ii) the transaction will settle within 35 days of its trade date (the “Delayed-Settlement Securities Provision”). The Fund may otherwise engage in when-issued, forward-settling and non-standard settlement cycle securities transactions that do not meet the conditions of the Delayed-Settlement Securities Provision so long as the Fund treats any such transaction as a “derivatives transaction” for purposes of compliance with Rule 18f-4. Furthermore, the Fund is permitted to enter into an unfunded commitment agreement if the Fund reasonably believes, at the time it enters into such agreement, that it will have sufficient cash and cash equivalents to meet its obligations with respect to all such agreements as they come due.

These requirements may limit the ability of the Fund to use derivatives, reverse repurchase agreements and similar financing transactions, when-issued, delayed delivery and forward commitment transactions, and unfunded commitment agreements as part of its investment strategies. These requirements may increase the cost of the Fund’s investments and cost of doing business, which could adversely affect investors.

### **OPTIONS TRANSACTIONS, FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS**

**Options Transactions.** Harbor Large Cap Value Fund, Harbor Core Bond Fund and Harbor Core Plus Fund are not authorized to engage in options transactions on currency. Harbor International Fund and Harbor International Growth Fund are not authorized to engage in options transactions on currencies for speculative purposes. The Fund may purchase and write (sell) call and put options on any securities in which it may invest, on any securities index based on securities in which it may invest or on any currency in which Fund investments may be denominated. These options may be

### Derivative Instruments — Continued

listed on national domestic securities exchanges or foreign securities exchanges or traded in the over-the-counter market. Each Fund may write covered put and call options and purchase put and call options to enhance total return, as a substitute for the purchase or sale of securities or currency, or to protect against declines in the value of portfolio securities and against increases in the cost of securities to be acquired.

**Writing Options.** A call option on securities or currency written by the Fund obligates the Fund to sell specified securities or currency to the holder of the option at a specified price if the option is exercised at any time before the expiration date. A put option on securities or currency written by the Fund obligates the Fund to purchase specified securities or currency from the option holder at a specified price if the option is exercised at any time before the expiration date. Options on securities indices are similar to options on securities, except that the exercise of securities index options requires cash settlement payments and does not involve the actual purchase or sale of securities. In addition, securities index options are designed to reflect price fluctuations in a group of securities or segment of the securities market rather than price fluctuations in a single security. Writing covered call options may deprive the Fund of the opportunity to profit from an increase in the market price of the securities or foreign currency assets in its portfolio. Writing covered put options may deprive the Fund of the opportunity to profit from a decrease in the market price of the securities or foreign currency assets to be acquired for its portfolio.

The Fund may terminate its obligations under an exchange traded call or put option by purchasing an option identical to the one it has written. Obligations under over-the-counter options may be terminated only by entering into an offsetting transaction with the counterparty to such option. Such purchases are referred to as “closing purchase transactions.”

**Purchasing Options.** The Fund would normally purchase call options in anticipation of an increase, or put options in anticipation of a decrease (“protective puts”), in the market value of securities or currencies of the type in which it may invest. The Fund may also sell call and put options to close out its purchased options.

The purchase of a call option would entitle the Fund, in return for the premium paid, to purchase specified securities or currency at a specified price during the option period. The Fund would ordinarily realize a gain on the purchase of a call option if, during the option period, the value of such securities or currency exceeded the sum of the exercise price, the premium paid and transaction costs; otherwise, the Fund would realize either no gain or a loss on the purchase of the call option.

The purchase of a put option would entitle the Fund, in exchange for the premium paid, to sell specified securities or currency at a specified price during the option period. The purchase of protective puts is designed to offset or hedge against a decline in the market value of the Fund’s portfolio securities or the currencies in which they are denominated. Put options may also be purchased by the Fund for the purpose of affirmatively benefiting from a decline in the price of securities or currencies that it does not own. The Fund would ordinarily realize a gain if, during the option period, the value of the underlying securities or currency decreased below the exercise price sufficiently to cover the premium and transaction costs; otherwise, the Fund would realize either no gain or a loss on the purchase of the put option. Gains and losses on the purchase of put options may be offset by countervailing changes in the value of the Fund’s portfolio securities.

Options transactions will be subject to limitations established by each of the exchanges, boards of trade or other trading facilities on which such options are traded. These limitations govern the maximum number of options in each class which may be written or purchased by a single investor or group of investors acting in concert, regardless of whether the options are written or purchased on the same or different exchanges, boards of trade or other trading facilities or are held or written in one or more accounts or through one or more brokers. Thus, the number of options that the Fund may write or purchase may be affected by options written or purchased by other investment advisory clients of the Subadvisor and/or the Advisor, as applicable. An exchange, board of trade or other trading facility may order the liquidation of positions found to be in excess of these limits, and it may impose certain other sanctions. Commodity exchanges may also establish daily limits on the amount that the price of a futures contract or related option can vary from the previous day’s settlement price. Once the daily limit is reached, no trades may be made that day at a price beyond the limit. This may prevent the Fund from closing out positions and limiting its losses. Position limits adopted by the CFTC may limit the Funds’ ability to obtain indirect exposure to commodities through commodity futures contracts and related options or may increase the cost of such exposure.

**Futures Contracts and Options on Futures Contracts.** Harbor Large Cap Value Fund, Harbor Core Bond Fund and Harbor Core Plus Fund are not authorized to enter into currency futures contracts and options on such contracts. Harbor International Fund and Harbor International Growth Fund are not authorized to enter into futures contracts on currencies or engage in options transactions with respect to futures contracts for speculative purposes. Otherwise, to seek to increase total return or hedge against changes in interest rates, securities prices or currency exchange rates, the Fund may

### Derivative Instruments — Continued

purchase and sell various kinds of futures contracts, and purchase and write call and put options on these futures contracts. The Fund may also enter into closing purchase and sale transactions with respect to any of these contracts and options. The futures contracts may be based on various securities (such as U.S. government securities), securities indices, foreign currencies, commodities and commodity indices and any other financial instruments and indices. All futures contracts entered into by the Fund are traded on U.S. or foreign exchanges or boards of trade that are licensed, regulated or approved by the Commodity Futures Trading Commission (“CFTC”).

A futures contract may generally be described as an agreement between two parties to buy and sell particular financial instruments, currencies, commodities or indices for an agreed price for a designated period (or to deliver the final cash settlement price, in the case of a contract relating to an index or otherwise not calling for physical delivery at the end of trading in the contract). A futures contract on an index is an agreement in which two parties agree to take or make delivery of an amount of cash equal to the difference between the value of the index at the close of the last trading day of the contract and the price at which the index contract was originally written. Although the value of an index might be a function of the value of certain specified securities, no physical delivery of these securities is made. A commodity futures contract is an agreement between two parties, in which one party agrees to buy a commodity, such as an energy, agricultural or metal commodity from the other party at a later date at a price and quantity agreed-upon when the contract is made.

Positions taken in the futures markets are not normally held to maturity but are instead liquidated through offsetting transactions (same exchange, underlying security or index, and delivery months) that may result in a profit or a loss. While futures contracts on securities, currency or commodities will usually be liquidated in this manner, the Fund may instead make, or take, delivery of the underlying securities, currency or commodities whenever it appears economically advantageous to do so. A clearing corporation associated with the exchange on which futures contracts are traded guarantees that, if still open, the sale or purchase will be performed on the settlement date. The Fund may suffer losses if it is unable to close out its position because of an illiquid secondary market and there is no assurance that a portfolio manager will be able to close out its position when the Subadvisor and/or the Advisor, as applicable, considers it appropriate or desirable to do so. In the event of adverse price movements, the Fund may be required to continue making daily cash payments to maintain its required margin. If the Fund has insufficient cash, it may have to sell portfolio securities to meet daily margin requirements at a time when the Subadvisor and/or the Advisor, as applicable, would not otherwise elect to do so. In addition, the Fund may be required to deliver or take delivery of instruments underlying futures contracts it holds.

**Options On Futures Contracts.** Except as noted above, the Fund may purchase and write options on futures for the same purposes as its transactions in futures contracts. The purchase of put and call options on futures contracts will give the Fund the right (but not the obligation) for a specified price to sell or to purchase, respectively, the underlying futures contract at any time during the option period. As the purchaser of an option on a futures contract, the Fund obtains the benefit of the futures position if prices move in a favorable direction but limits its risk of loss in the event of an unfavorable price movement to the loss of the premium and transaction costs.

**Risks Associated With Options Transactions, Futures Contracts and Options on Futures Contracts.** The writing and purchase of futures contracts and options on futures is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. The successful use of futures contracts and options on futures depends in part on the Subadvisor and/or the Advisor, as applicable, ability to predict future price fluctuations and, for hedging transactions, the degree of correlation between the futures contracts or options and the relevant securities or currency or other markets.

Transactions in futures contracts and options on futures involve brokerage costs and require margin deposits.

While transactions in futures contracts and options on futures may reduce certain risks, these transactions themselves entail certain other risks. For example, unanticipated changes in interest rates, securities prices or currency exchange rates, among other things, may result in a poorer overall performance for the Fund than if it had not entered into any futures contracts or options transactions.

Perfect correlation between the Fund’s futures positions and portfolio positions may be impossible to achieve. In the event of an imperfect correlation between a futures position and the portfolio position that is intended to be protected, the desired protection may not be obtained and the Fund may be exposed to risk of loss. In addition, it is not possible to hedge fully or protect against currency fluctuations affecting the value of securities denominated in foreign currencies because the value of such securities is likely to fluctuate as a result of independent factors not related to currency fluctuations.

### Derivative Instruments — Continued

There is no assurance that a liquid secondary market on a domestic or foreign options exchange will exist for any particular exchange-traded futures contract or option on a futures contract or at any particular time. If the Fund is unable to effect a closing purchase transaction with respect to covered options it has written, the Fund will not be able to sell the underlying securities or currencies until the options expire or are exercised. Similarly, if the Fund is unable to effect a closing sale transaction with respect to options it has purchased, it would have to exercise the options in order to realize any profit and will incur transaction costs upon the purchase or sale of underlying securities or currencies. The Fund's ability to terminate over-the-counter options is more limited than with exchange-traded options and may involve the risk that broker-dealers participating in such transactions will not fulfill their obligations. Some futures contracts or options on futures may become illiquid under adverse market conditions. In addition, during periods of market volatility, a commodity exchange may suspend or limit trading in a futures contract or related option, which may make the instrument temporarily illiquid and difficult to price.

The CFTC and various exchanges have rules limiting the maximum net long or short positions which any person or group may own, hold or control in any given futures contract or option on such futures contract. The Advisor and/or Subadvisor, as applicable, will need to consider whether the exposure created under these contracts might exceed the applicable limits in managing the Funds, and the limits may constrain the ability of the Fund to use such contracts.

### SWAPS, CAPS, FLOORS AND COLLARS

Harbor Convertible Securities Fund, Harbor Core Bond Fund and Harbor Core Plus Fund may enter into swaps, caps, floors, and collars for hedging purposes or to seek to increase total return. For purposes of other investment policies and restrictions, the Fund may value derivative instruments at market value, notional value or full exposure value (i.e., the sum of the notional amount for the contract plus the market value). For example, the Fund may value credit default swaps at full exposure value for purposes of the Fund's credit quality guidelines because such value reflects the Fund's actual economic exposure during the term of the credit default swap agreement. In this context, both the notional amount and the market value may be positive or negative depending on whether the Fund is selling or buying protection through the credit default swap. The manner in which certain securities or other instruments are valued by the Funds for purposes of applying investment policies and restrictions may differ from the manner in which those investments are valued by other types of investors.

Most types of over-the-counter swap agreements entered into by the Funds will calculate the obligations of the parties to the agreement on a "net basis." Consequently, the Fund's current obligations (or rights) under an over-the-counter swap agreement will generally be equal only to the net amount to be paid or received under the agreement based on the relative values of the positions held by each party to the agreement (the "net amount"). Certain types of swaps are exchange-traded and subject to clearing. Additionally, applicable regulators have adopted rules imposing certain margin requirements, including minimums, on OTC swaps, which may result in the Fund and its counterparties posting higher margin amounts for OTC swaps.

The Fund may from time to time combine swaps with options. Interest rate swaps involve the exchange of respective commitments to pay or receive interest, such as an exchange of fixed rate payments for floating rate payments. Mortgage swaps are similar to interest rate swaps in that they represent commitments to pay and receive interest. The notional principal amount, however, is tied to a reference pool or pools of mortgages. Currency swaps involve the exchange of their respective rights to make or receive payments in specified currencies. The purchase of an interest rate cap entitles the purchaser, to the extent that a specified index exceeds a predetermined interest rate, to receive payment of interest on a notional principal amount from the party selling such interest rate cap. The purchase of an interest rate floor entitles the purchaser, to the extent that a specified index falls below a predetermined interest rate, to receive payments of interest on a notional principal amount from the party selling the interest rate floor.

Interest rate and mortgage swaps do not involve the delivery of securities, other underlying assets or principal. Accordingly, the risk of loss with respect to interest rate and mortgage swaps is limited to the net amount of interest payments that the Fund is contractually obligated to make. In contrast, currency swaps usually involve the delivery of a gross payment stream in one designated currency in exchange for the gross payment stream in another designated currency. Therefore, the entire payment stream under a currency swap is subject to the risk that the other party to the swap will default on its contractual delivery obligations.

Each Fund may enter into swap transactions for the purpose of achieving the approximate economic equivalent of a purchase or sale of foreign equity securities (to the extent the investment policies for such fund otherwise permits it to purchase foreign equity securities) when the Fund is not able to purchase or sell foreign equity securities directly because of administrative or other similar restrictions, such as the need to establish an account with a local sub-custodian prior to purchase or sale, applicable to U.S. mutual funds in that local market.



### Derivative Instruments — Continued

Each Fund may invest in loan originations, participations or assignments; mortgage- and asset-backed securities; options, futures contracts and options on futures contracts; foreign currency transactions; or other derivative instruments, to the extent permitted in the Fund's prospectus or this Statement of Additional Information, notwithstanding that such securities and/or instruments may be considered swaps under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

**Credit Default Swaps.** Harbor Convertible Securities Fund, Harbor Core Bond Fund and Harbor Core Plus Fund may enter into credit default swap agreements. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred. If an event of default occurs, the seller must pay the buyer the full notional value, or "par value," of the reference obligation in exchange for the reference obligation or the net cash-settlement amount. The Fund may be either the buyer or seller in a credit default swap transaction. If the Fund is a buyer and no event of default occurs, the Fund will lose its investment and recover nothing. However, if an event of default occurs, the Fund (if the buyer) will receive the full notional value of the reference obligation that may have little or no value.

#### **OTHER RISKS ASSOCIATED WITH DERIVATIVES**

**Risks Associated with Commodity Derivatives.** There are several additional risks associated with transactions in commodity futures contracts and other commodity derivatives.

- **Storage Risk.** Unlike the financial derivatives markets, in certain commodity derivatives markets there are costs of physical storage associated with purchasing the underlying commodity. The price of the commodity derivative will reflect the storage costs of purchasing the physical commodity, including the time value of money invested in the physical commodity. To the extent that the storage costs for an underlying commodity change while the Fund is invested in a derivative on that commodity, the value of the derivative may change proportionately.
- **Reinvestment Risk.** In the commodity futures markets, producers of the underlying commodity may decide to hedge the price risk of selling the commodity by selling futures contracts today to lock in the price of the commodity at delivery tomorrow. In order to induce speculators to purchase the other side of the same futures contract, the commodity producer generally must sell the futures contract at a lower price than the expected future spot price. Conversely, if most hedgers in the futures market are purchasing futures contracts to hedge against a rise in prices, then speculators will only sell the other side of the futures contract at a higher futures price than the expected future spot price of the commodity. The changing nature of the hedgers and speculators in the commodity markets will influence whether futures prices are above or below the expected future spot price, which can have significant implications for the Fund. If the nature of hedgers and speculators in futures markets has shifted when it is time for the Fund to reinvest the proceeds of a maturing contract in a new futures contract, the Fund might reinvest at higher or lower futures prices, or choose to pursue other investments.
- **Other Economic Factors.** The commodities that underlie commodity derivatives may be subject to additional economic and non-economic variables, such as drought, floods, weather, livestock disease, embargoes, tariffs, and international economic, political and regulatory developments. These factors may have a larger impact on commodity prices and commodity-linked instruments than on traditional securities. Certain commodities are also subject to limited pricing flexibility because of supply and demand factors. Others are subject to broad price fluctuations as a result of the volatility of the prices for certain raw materials and the instability of supplies of other materials. These additional variables may create additional investment risks which subject the Fund's investments to greater volatility than investments in traditional securities.

**Hedging And Other Strategies.** The Fund will engage in futures and related options and other derivatives transactions either for bona fide hedging purposes or to seek to increase total return. Hedging is an attempt to establish with more certainty than would otherwise be possible the effective price or rate of return on portfolio securities or securities that the Fund proposes to acquire or the exchange rate of currencies in which portfolio securities are quoted or denominated. When interest rates are rising or securities prices are falling, the Fund can seek to offset a decline in the value of its current portfolio securities through the sale of futures contracts or other derivatives. When interest rates are falling or securities prices are rising, the Fund, through the purchase of futures contracts or other derivatives, can attempt to secure better rates or prices than might later be available in the market when it effects anticipated purchases. The Fund may seek to offset anticipated changes in the value of a currency in which its portfolio securities, or securities that it intends to purchase, are quoted or denominated by purchasing and selling futures contracts on such currencies or other currency derivatives.

### Derivative Instruments — Continued

The Fund may, for example, take a “short” position in the futures market by selling futures contracts in an attempt to hedge against an anticipated rise in interest rates or a decline in market prices or foreign currency rates that would adversely affect the dollar value of the Fund’s portfolio securities. Such futures contracts may include contracts for the future delivery of securities held by the Fund or securities with characteristics similar to those of the Fund’s portfolio securities. Similarly, the Fund may sell futures contracts on any currencies in which its portfolio securities are quoted or denominated or in one currency to hedge against fluctuations in the value of securities denominated in a different currency if, among other reasons, there is an established historical pattern of correlation between the two currencies.

When a short hedging position is successful, any depreciation in the value of portfolio securities will be substantially offset by appreciation in the value of the derivatives position. On the other hand, any unanticipated appreciation in the value of the Fund’s portfolio securities would be substantially offset by a decline in the value of the derivatives position.

On other occasions, the Fund may take a “long” position by purchasing derivatives. This would be done, for example, when the Fund anticipates the subsequent purchase of particular securities when it has the necessary cash, but expects the prices or currency exchange rates then available in the applicable market to be less favorable than prices that are currently available. The Fund may also purchase derivatives as a substitute for transactions in securities, commodities or foreign currency, to alter the investment characteristics of or currency exposure associated with portfolio securities or to gain or increase its exposure to a particular securities or commodities market or currency.

**Commodity Pool Operator Status.** The Advisor is registered as a “commodity pool operator” under the Commodity Exchange Act, as amended (“CEA”) and is a member of the National Futures Association. However, the Advisor with respect to the Funds, has filed a notice of eligibility with the National Futures Association to claim an exclusion from the definition of the term CPO under the CEA, and, therefore, the Advisor is not subject to registration or regulation as a CPO under the CEA and the rules thereunder with respect to the Funds. Because the Advisor intends to operate the Funds in a manner that would permit each to continue to remain eligible for the exclusion, each of the Funds will be limited in its ability to use certain financial instruments regulated under the CEA, including futures contracts and options on futures contracts, which may adversely impact a Fund’s return. In the event the Advisor becomes unable to rely on the exclusion and operates the Fund subject to CFTC regulation, the Fund may incur additional expenses.

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### Duration

Duration is a measure of average maturity that was developed to incorporate a bond’s yield, coupons, final maturity and call features into one measure. Duration can be one of the characteristics used in security selection for a fixed income fund, except that the fixed income Funds do not focus on securities with a particular duration.

Most debt obligations provide interest (“coupon”) payments in addition to a final (“par”) payment at maturity. Some obligations also feature call provisions. Depending on the relative magnitude of these payments, debt obligations may respond differently to changes in the level and structure of interest rates. Traditionally, a debt security’s “term-to-maturity” has been used as a proxy for the sensitivity of the security’s price to changes in interest rates (which is the “interest rate risk” or “volatility” of the security). However, “term-to-maturity” measures only the time until a debt security provides its final payment and doesn’t take into account the pattern of the security’s payments prior to maturity. Duration is a measure of the average life of a fixed income security on a present value basis. Duration is computed by calculating the length of the time intervals between the present time and the time that the interest and principal payments are scheduled (or in the case of a callable bond, expected to be received), and weighing them by the present values of the cash to be received at each future point in time. For any fixed income security with interest payments occurring prior to the payment of principal, duration is always less than maturity. In general, the lower the stated or coupon rate of interest of a fixed income security, the longer the duration of the security. Conversely, the higher the stated or coupon rate of interest of a fixed income security, the shorter the duration of the security.

Generally speaking, if interest rates move up by 100 basis points, the value of a fixed income security with a five-year duration will decline by five points. If the fixed income security’s duration was three years, it would decline by three points; two years – two points; and so on. To the extent a Fund is invested in fixed income securities, the value of the Fund’s portfolio will decrease in a similar manner given the conditions illustrated above.

### Duration — Continued

Futures, options and options on futures have durations that, in general, are closely related to the duration of the securities that underlie them. Holding long futures or call option positions will lengthen the portfolio duration by approximately the same amount that holding an equivalent amount of the underlying securities would. Short futures or put option positions have durations roughly equal to the negative duration of the securities that underlie those positions, and have the effect of reducing portfolio duration by approximately the same amount that selling an equivalent amount of the underlying securities would.

### Event-Linked Exposure

Event-linked exposure may be obtained by investing in “event-linked bonds” or “event-linked swaps,” or implement “event-linked strategies.” Event-linked exposure results in gains that typically are contingent on the nonoccurrence of a specific “trigger” event, such as a hurricane, earthquake, or other physical or weather-related phenomena. Some event-linked bonds are commonly referred to as “catastrophe bonds.” They may be issued by government agencies, insurance companies, reinsurers, special purpose corporations or other on-shore or off-shore entities (such special purpose entities are created to accomplish a narrow and well-defined objective, such as the issuance of a note in connection with a reinsurance transaction). If a trigger event causes losses exceeding a specific amount in the geographic region and time period specified in a bond, a Fund investing in the bond may lose all or a portion of its entire principal invested in the bond. If no trigger event occurs, the Fund will recover its principal plus interest. For some event-linked bonds, the trigger event or losses may be based on company-wide losses, index-portfolio losses, industry indices, or readings of scientific instruments rather than specified actual losses. Often the event-linked bonds provide for extensions of maturity that are mandatory or optional at the discretion of the issuer in order to process and audit loss claims in those cases where a trigger event has, or possibly has, occurred. An extension of maturity may increase volatility. In addition to the specified trigger events, event-linked bonds may also expose the Fund to certain unanticipated risks including, but not limited to, issuer risk, credit risk, counterparty risk, adverse regulatory or jurisdictional interpretations, and adverse tax consequences.

Event-linked bonds are a relatively new type of financial instrument. As such, there is no significant trading history of these securities, and there can be no assurance that a liquid market in these instruments will develop. Lack of a liquid market may impose the risk of higher transaction costs and the possibility that a Fund may be forced to liquidate positions when it would not be advantageous to do so. Event-linked bonds are typically rated, and a Fund will only invest in catastrophe bonds that meet the credit quality requirements for the Fund.

### Fixed Income Securities

Corporate and foreign governmental debt securities are subject to the risk of the issuer’s inability to meet principal and interest payments on the obligations (credit risk) and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed income securities can generally be expected to rise. Conversely, when interest rates rise, the value of fixed income securities can be expected to decline. The Fund’s Subadvisor and/or the Advisor, as applicable, will consider both credit risk and market risk in making investment decisions for the Fund.

### Foreign Currency Transactions

The value of investments in securities denominated in foreign currencies and the value of dividends and interest earned may be significantly affected by changes in currency exchange rates. Some foreign currency values may be volatile, and there is the possibility of governmental controls on currency exchange or governmental intervention in currency markets, which could adversely affect the Fund. Foreign currency exchange transactions will be conducted either on a spot (i.e., cash) basis at the spot rate prevailing in the foreign currency exchange market or through entering into forward contracts to purchase or sell foreign currencies. Currency positions are not considered to be an investment in a foreign government for industry concentration purposes.

Forward foreign currency exchange contracts may be used to protect against uncertainty in the level of future foreign currency exchange rates. A forward foreign currency exchange contract involves an obligation to purchase or sell a specific currency at a future date, which may be any fixed number of days (usually less than one year) from the date of the contract agreed upon by the parties, at a price set at the time of the contract. These contracts are traded in the interbank market conducted directly between traders (usually large commercial banks) and their customers. A forward contract generally has no deposit requirement, and commissions are not typically charged for trades. Although foreign exchange dealers do not generally charge a fee for conversion, they do realize a profit based on the difference (the spread) between the price at which they are buying and selling various currencies.

Harbor International Small Cap Fund, Harbor Core Plus Fund and Harbor Convertible Securities Fund may enter into forward foreign currency exchange contracts for non-hedging purposes, such as to increase exposure to a foreign currency or to shift exposure to foreign currency fluctuations from one country to another.

### Foreign Currency Transactions — Continued

A contract for the purchase or sale of a security denominated in a foreign currency may be entered into in order to “lock in” the U.S. dollar price of the security. By entering into a forward contract for the purchase or sale, for a fixed amount of U.S. dollars, of the amount of foreign currency involved in the underlying security transactions, the Fund will be able to protect itself against a possible loss. Such loss would result from an adverse change in the relationship between the U.S. dollar and the foreign currency during the period between the date on which the security is purchased or sold and the date on which payment is made or received.

When the Subadvisor and/or the Advisor, as applicable, believes that the currency of a particular foreign country may suffer a substantial decline against the U.S. dollar, it may also enter into a forward contract to sell the amount of foreign currency for a fixed amount of dollars that approximates the value of some or all of the relevant Fund’s portfolio securities denominated in such foreign currency. The precise matching of the forward contract amounts and the value of the securities involved will not generally be possible, since the future value of such securities in foreign currencies will change as a consequence of market movements in the value of those securities between the date the forward contract is entered into and the date it matures.

Harbor International Small Cap Fund, Harbor Core Plus Fund and Harbor Convertible Securities Fund may engage in cross-hedging by using foreign contracts in one currency to hedge against fluctuations in the value of securities denominated in a different currency if the Fund’s Subadvisor and/or the Advisor, as applicable, determines, for example, that there is a pattern of correlation between the two currencies. These practices may be limited by the requirements for qualification of the Fund as a regulated investment company for tax purposes. Harbor International Small Cap Fund and Harbor Core Plus Fund may also purchase and sell forward contracts for non-hedging purposes when its Subadvisor anticipates that the foreign currency will appreciate or depreciate in value but that securities in that currency do not present attractive investment opportunities and are not held in the Fund’s portfolio.

When foreign currency exchange contracts are used for hedging purposes, a Fund will not enter into forward contracts to sell currency or maintain a net exposure to such contracts if their consummation would obligate the Fund to deliver an amount of foreign currency in excess of the value of the Fund’s portfolio securities or other assets denominated in that currency. At the consummation of the forward contract, the Fund may either make delivery of the foreign currency or terminate its contractual obligation to deliver by purchasing an offsetting contract obligating it to purchase the same amount of such foreign currency at the same maturity date. If the Fund chooses to make delivery of the foreign currency, it may be required to obtain such currency through the sale of portfolio securities denominated in such currency or through conversion of other assets of the Fund into such currency. If the Fund engages in an offsetting transaction, it will incur a gain or a loss to the extent that there has been a change in forward contract prices. Closing purchase transactions with respect to forward contracts are usually made with the currency trader who is a party to the original forward contract.

Transactions in forward contracts may be entered into only when deemed appropriate by the Subadvisor and/or the Advisor, as applicable. The Fund generally will not enter into a forward contract with a term of greater than one year. The Fund may experience delays in the settlement of its foreign currency transactions.

Using forward contracts to protect the value of a Fund’s portfolio securities against a decline in the value of a currency does not eliminate fluctuations in the underlying prices of the securities. It simply establishes a rate of exchange that can be achieved at some future point in time. The precise projection of short-term currency market movements is not possible, and short-term hedging provides a means of fixing the dollar value of only a portion of a Fund’s foreign assets.

While a Fund may enter into forward foreign currency exchange contracts to reduce currency exchange rate risks, transactions in such contracts involve certain other risks. Unanticipated changes in currency prices may result in a poorer overall performance for the Fund than if it had not engaged in any such transactions. Certain strategies could minimize the risk of loss due to a decline in the value of the hedged foreign currency, but they could also limit any potential gain that might result from an increase in the value of the currency. Moreover, there may be imperfect correlation between a Fund’s portfolio holdings of securities denominated in a particular currency and forward contracts entered into by the Fund. Such imperfect correlation may cause a Fund to sustain losses that will prevent the Fund from achieving a complete hedge or expose the Fund to risk of foreign exchange loss.

An issuer of fixed income securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The Fund may also invest in debt securities denominated in the European Currency Unit (“ECU”), which is a “basket” consisting of a specified amount, in the currencies of certain of the member states of the European Community. The specific amounts of currencies comprising the ECU may be adjusted by the Council of Ministers of the European Community from time to time to reflect changes in relative values of the underlying currencies. In addition, the Fund may invest in securities denominated in other currency “baskets.”

## INVESTMENT POLICIES

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### Foreign Currency Transactions — Continued

A Fund's activities in foreign currency contracts, currency futures contracts and related options and currency options may be limited by the requirements of Subchapter M of the Code for qualification as a regulated investment company.

### Foreign Securities

The Fund's Subadvisor and/or the Advisor, as applicable, is responsible for determining, with respect to the Fund(s) managed, whether a particular issuer would be considered a foreign or emerging market issuer. Normally, foreign or emerging market governments and their agencies and instrumentalities are considered foreign or emerging market issuers, respectively. In the case of non-governmental issuers, each Fund's Subadvisor and/or the Advisor, as applicable, may consider an issuer to be a foreign or emerging market issuer if:

- the company has been classified by MSCI, FTSE, or S&P indices or another major index provider as a foreign or emerging market issuer;
- the securities of the company principally trade on stock exchanges in one or more foreign or emerging market countries;
- a company derives a substantial portion of its total revenue from goods produced, sales made or services performed in one or more foreign or emerging market countries or a substantial portion of its assets are located in one or more foreign or emerging market countries;
- the company is organized under the laws of a foreign or emerging market country or its principal executive offices are located in a foreign or emerging market country; and/or
- the Subadvisor and/or the Advisor, as applicable, otherwise determines an issuer to be a foreign or emerging markets issuer in its discretion based on any other factors relevant to a particular issuer.

Each Fund's Subadvisor and/or the Advisor, as applicable, may weigh those factors differently when making a classification decision. Because the global nature of many companies can make the classification of those companies difficult and because the Funds' Subadvisors and/or the, Advisor, as applicable, do not consult with one another with respect to the management of their respective Funds, the Subadvisors may, on occasion, classify the same issuer differently. Certain companies which are organized under the laws of a foreign or emerging market country may nevertheless be classified by a Fund's Subadvisor and/or the Advisor, as applicable, as a domestic issuer. This may occur when the company's economic fortunes and risks are primarily linked to the U.S. and the company's principal operations are conducted from the U.S. or when the company's equity securities trade principally on a U.S. stock exchange.

#### **FOREIGN SECURITIES RISKS**

Investing in securities of foreign companies and governments may involve risks which are not ordinarily associated with investing in domestic securities. These risks include changes in currency exchange rates and currency exchange control regulations or other foreign or U.S. laws or restrictions applicable to such investments. A decline in the exchange rate may also reduce the value of certain portfolio securities. Even though the securities are denominated in U.S. dollars, exchange rate changes may adversely affect the company's operations or financial health.

Fixed commissions on foreign securities exchanges are generally higher than negotiated commissions on U.S. exchanges, although each Fund endeavors to achieve the most favorable net results on portfolio transactions. There is generally less government supervision and regulation of securities exchanges, brokers, dealers and listed companies than in the U.S. Mail service between the U.S. and foreign countries may be slower or less reliable than within the U.S., thus increasing the risk of delayed settlements of portfolio transactions or loss of certificates for portfolio securities. Individual foreign economies may also differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments position.

In addition, investments in foreign countries could be affected by other factors generally not thought to be present in the U.S. Such factors include the unavailability of financial information or the difficulty of interpreting financial information prepared under foreign accounting standards; less liquidity and more volatility in foreign securities markets; the possibility of expropriation; the imposition of foreign withholding and other taxes; the impact of political, social or diplomatic developments; limitations on the movement of funds or other assets of a Fund between different countries; difficulties in invoking legal process abroad and enforcing contractual obligations; and the difficulty of assessing economic trends in foreign countries.

Foreign markets also have different clearance and settlement procedures, and in certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions. These delays in settlement could result in temporary periods when a portion of the assets of a Fund is uninvested and no return is earned thereon. The inability of a Fund to make

### Foreign Securities — Continued

intended security purchases due to settlement problems could cause a Fund to miss attractive investment opportunities. An inability to dispose of portfolio securities due to settlement problems could result either in losses to a Fund due to subsequent declines in value of the portfolio securities or, if a Fund has entered into a contract to sell the securities, could result in possible liability to the purchaser.

The Funds' custodian has established and monitors subcustodial relationships with banks and certain other financial institutions in the foreign countries in which the Funds may invest to permit the Funds' assets to be held in those foreign countries. These relationships have been established pursuant to Rule 17f-5 of the Investment Company Act, which governs the establishment of foreign subcustodial arrangements for mutual funds. The Funds' subcustodial arrangements may be subject to certain risks including: (i) the inability of the Funds to recover assets in the event of the subcustodian's bankruptcy; (ii) legal restrictions on the Funds' ability to recover assets lost while under the care of the subcustodian; (iii) the likelihood of expropriation, confiscation or a freeze of the Funds' assets; and (iv) difficulties in converting the Funds' cash and cash equivalents to U.S. dollars. The Advisor and Subadvisor(s) have evaluated the political risk associated with an investment in a particular country.

Investing in securities of non-U.S. companies may entail additional risks especially in emerging countries due to the potential political and economic instability of certain countries. These risks include expropriation, nationalization, confiscation or the imposition of restrictions on foreign investment and on repatriation of capital invested and the imposition of sanctions. Should one of these events occur, a Fund could lose its entire investment in any such country. A Fund's investments would similarly be adversely affected by exchange control regulation in any of those countries.

Even though opportunities for investment may exist in foreign countries, any changes in the leadership or policies of the governments of those countries, or in any other government that exercises a significant influence over those countries, may halt the expansion of or reverse the liberalization of foreign investment policies and thereby eliminate any investment opportunities that may currently exist. This is particularly true of emerging markets.

Certain countries in which the Funds may invest may have minority groups that advocate religious or revolutionary philosophies or support ethnic independence. Any action on the part of such individuals could carry the potential for destruction or confiscation of property owned by individuals and entities foreign to such country and could cause the loss of a Fund's investment in those countries.

Certain countries prohibit or impose substantial restrictions on investments in their capital and equity markets by foreign entities like the Funds. Certain countries require governmental approval prior to foreign investments or limit the amount of foreign investment in a particular company or limit the investment to only a specific class of securities of a company that may have less advantageous terms than securities of the company available for purchase by nationals. Moreover, the national policies of certain countries may restrict investment opportunities in issuers or industries deemed sensitive to national interests. In addition, some countries require governmental approval for the repatriation of investment income, capital or the proceeds of securities sales by foreign investors. A Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation, as well as by the application to it of other restrictions on investments. In particular, restrictions on repatriation could make it more difficult for a Fund to obtain cash necessary to satisfy the tax distribution requirements that must be satisfied in order for the Fund to avoid federal income or excise tax.

Global economies and financial markets are becoming increasingly interconnected and conditions and events in one country, region or financial market may adversely impact issuers in a different country, region or financial market. In January 2020, the United Kingdom withdrew from the EU (referred to as "Brexit"). Brexit has resulted in volatility in European and global markets and could have significant negative impacts on financial markets in the United Kingdom and throughout Europe. The longer term economic, legal, political and social framework to be put in place between the United Kingdom and the EU is unclear at this stage and is likely to lead to ongoing political and economic uncertainty and periods of exacerbated volatility in both the United Kingdom and in wider European markets for some time. This uncertainty may have an adverse effect on the economy generally and on the value of a Fund's investments.

#### **EMERGING MARKETS**

Investments in emerging markets involve risks in addition to those generally associated with investments in foreign securities.

Political and economic structures in many emerging markets may be undergoing significant evolution and rapid development, and such countries may lack the social, political and economic stability characteristic of more developed countries. As a result, the risks described above relating to investments in foreign securities, including the risks of nationalization or expropriation of assets, would be heightened. In addition, unanticipated political or social developments may affect the values of a Fund's investments and the availability to the Fund of additional investments in such emerging markets. The small size

### Foreign Securities — Continued

and inexperience of the securities markets in certain emerging markets and the limited volume of trading in securities in those markets may make a Fund's investments in such countries less liquid and more volatile than investments in countries with more developed securities markets (such as the U.S., Japan and most Western European countries).

Emerging market countries may have more or less government regulation and generally do not impose as extensive and frequent accounting, auditing, financial and other reporting requirements as the securities markets of more developed countries. The degree of cooperation between issuers in emerging and frontier market countries with foreign and U.S. financial regulators may vary significantly. Accordingly, regulators may not have sufficient access to audit and oversee issuers, and there could be less information available about issuers in certain emerging market countries. As a result, the ability of the Advisor or a Subadvisor to evaluate local companies or their potential impact on a Fund's performance could be inhibited. The imposition of exchange controls (including repatriation restrictions), sanctions, confiscations, trade restrictions (including tariffs) and other government restrictions by the United States and other governments, or from problems in share registration, settlement or custody, may also result in losses.

In addition, the U.S. and other nations and international organizations may impose economic sanctions or take other actions that may adversely affect issuers located in certain countries. In particular, the U.S. and other countries have imposed economic sanctions on certain Russian individuals and corporate entities. The U.S. or other countries could also institute broader sanctions on Russia. Such sanctions, any future sanctions or other actions, or even the threat of further sanctions or other actions, may negatively affect the value and liquidity of a Fund's portfolio. For example, a Fund may be prohibited from investing in securities issued by companies subject to such sanctions. In addition, the sanctions may require a Fund to freeze its existing investments in companies located in certain countries, prohibiting the Fund from buying, selling or otherwise transacting in these investments. Countries subject to sanctions may undertake countermeasures or retaliatory actions which may further impair the value and liquidity of a Fund's portfolio and potentially disrupt its operations. Such events may have an adverse impact on the economies and debts of other emerging markets as well.

On June 3, 2021, President Biden issued Executive Order 14032 (the "Order"), entitled "Executive Order on Addressing the Threat From Securities Investments That Finance Certain Companies of the People's Republic of China." The Order restricts transactions in publicly traded securities, or any publicly traded securities that are derivative of, or are designed to provide investment exposure to such securities, of Chinese military industrial complex companies ("CMIC") by any United States person. The scope and implementation of the sanctions may change as additional guidance is issued. A Fund could be adversely affected by these sanctions. In particular, a Fund may not be permitted to invest in a CMIC in which it otherwise might invest.

In addition, because of ongoing regional armed conflict in Europe, including an ongoing large-scale invasion of Ukraine by Russia that commenced in February 2022, Russia has been the subject of economic sanctions imposed by countries throughout the world, including the United States. Such sanctions have included, among other things, freezing the assets of particular entities and persons. The imposition of sanctions and other similar measures could, among other things, cause a decline in the value and/or liquidity of securities issued by Russia or companies located in or economically tied to Russia, downgrades in the credit ratings of Russian securities or those of companies located in or economically tied to Russia, devaluation of Russia's currency, and increased market volatility and disruption in Russia and throughout the world. Sanctions could also result in Russia taking counter measures or retaliatory actions which may further impair the value and liquidity of Russian securities.

#### ***INVESTING THROUGH STOCK CONNECT***

Harbor International Core Fund (formerly, Harbor Overseas Fund) and Harbor International Growth Fund may invest in eligible securities, such as China A-Shares ("Stock Connect Securities") that are listed and traded on the Shanghai and Shenzhen Stock Exchanges through the China-Hong Kong Stock Connect program ("Stock Connect"). Stock Connect is a mutual market access program that allows Chinese investors to trade securities listed on the Hong Kong Stock Exchange via Chinese brokers and non-Chinese investors (such as the Funds) to purchase certain Shanghai- and Shenzhen-listed securities through brokers in Hong Kong without obtaining a special license. Purchases of securities through Stock Connect are subject to a number of restrictions, including market-wide trading volume and market cap quota limitations. Although individual investment quotas do not apply, participants in Stock Connect are subject to daily and aggregate investment quotas, which could restrict a Fund's ability to invest in Stock Connect Securities.

### Foreign Securities — Continued

Investments in Stock Connect Securities are generally subject to regulation by both Hong Kong and China and Shanghai Stock Exchange or Shenzhen Stock Exchange listing rules, which are subject to change by these regulators. Investors may not sell, purchase or transfer Stock Connect Securities except through Stock Connect. Regulators may suspend or terminate Stock Connect trading in certain circumstances, which may adversely affect a Fund's ability to trade Stock Connect Securities. A Fund may also be prohibited from trading Stock Connect Securities during local holidays.

Stock Connect transactions are not subject to the investor protection programs of the Hong Kong, Shanghai or Shenzhen Stock Exchanges. Although Chinese regulators have indicated that ultimate investors hold a beneficial interest in Stock Connect Securities, the Chinese law surrounding the rights of beneficial owners of securities and the legal mechanisms available to beneficial owners for enforcing their rights are underdeveloped and untested. As the law evolves, there is a risk that a Fund's ability to enforce its ownership rights may be uncertain, which could subject the Fund to significant losses. Trading in Stock Connect Securities may be subject to various fees, taxes and market charges imposed by Chinese market participants and regulatory authorities and may result in greater trading expenses borne by a Fund.

#### **ADRs, EDRs, IDRs, AND GDRs**

Each equity Fund, Harbor Core Plus Fund and Harbor Core Bond Fund may invest in American Depositary Receipts ("ADRs"), European Depositary Receipts ("EDRs"), International Depositary Receipts ("IDRs"), and Global Depositary Receipts ("GDRs"). ADRs (sponsored or unsponsored) are receipts typically issued by a U.S. bank or trust company evidencing ownership of the underlying foreign securities. Most ADRs are traded on a U.S. stock exchange. Issuers of unsponsored ADRs are not contractually obligated to disclose material information in the U.S., so there may not be a correlation between such information and the market value of the unsponsored ADR. EDRs and IDRs are receipts typically issued by a European bank or trust company evidencing ownership of the underlying foreign securities. GDRs are receipts issued by either a U.S. or non-U.S. banking institution evidencing ownership of the underlying foreign securities.

#### ***PARTICIPATORY NOTES ("P-NOTES")***

Harbor Diversified International All Cap Fund, Harbor Global Leaders Fund, Harbor International Fund, Harbor International Core Fund (formerly, Harbor Overseas Fund) and Harbor International Small Cap Fund may invest in P-Notes, to seek to gain economic exposure to markets where holding an underlying security is not feasible. Harbor Global Leaders Fund may invest up to 20% of its net assets in P-Notes. P-Notes are participation interest notes that are issued by banks or broker-dealers and are designed to offer a return linked to a particular underlying equity, debt, currency or market. When purchasing a P-Note, the posting of margin is not required because the full cost of the P-Note (plus commission) is paid at the time of purchase. When the P-Note matures, the issuer will pay to, or receive from, the purchaser the difference between the minimal value of the underlying instrument at the time of purchase and that instrument's value at maturity. Investments in P-Notes involve the same risks associated with a direct investment in the underlying foreign companies or foreign securities markets that they seek to replicate.

In addition, there can be no assurance that the trading price of P-Notes will equal the underlying value of the foreign companies or foreign securities markets that they seek to replicate. The holder of a P-Note that is linked to a particular underlying security is entitled to receive any dividends paid in connection with an underlying security or instrument. However, the holder of a P-Note does not receive the same voting rights as it would if it directly owned the underlying security or instrument. P-Notes are generally traded over-the-counter. P-Notes constitute general unsecured contractual obligations of the banks or broker-dealers that issue them. There is also counterparty risk associated with these investments because the Fund is relying on the creditworthiness of such counterparty and has no rights under a P-Note against the issuer of the underlying security. In addition, a Fund will incur transaction costs as a result of investment in P-Notes.

### Forward Commitments and When-Issued Securities

Securities may be purchased on a when-issued basis and purchased or sold on a forward commitment basis including "TBA" (to be announced) purchase and sale commitments. Purchasing securities on a when-issued or forward commitment basis involves a risk of loss if the value of the security to be purchased declines prior to the settlement date. This risk is in addition to the risk of decline in value of the Fund's other assets. Although a Fund would generally purchase securities on a when-issued or forward commitment basis with the intention of acquiring securities for its portfolio, the Fund may dispose of a when-issued security or forward commitment prior to settlement if each Fund's Subadvisor and/or the Advisor, as applicable, deems it appropriate to do so. A Fund may enter into a forward-commitment sale to hedge its portfolio positions or to sell securities it owned under a delayed delivery arrangement. Proceeds of such a sale are not received until the contractual settlement date. A Fund may realize short-term gains or losses upon such purchases and sales. These transactions involve a commitment by the Fund to purchase or sell securities at a future date (ordinarily one or



## INVESTMENT POLICIES

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### Forward Commitments and When-Issued Securities — Continued

two months later). The price of the underlying securities (usually expressed in terms of yield) and the date when the securities will be delivered and paid for (the settlement date) are fixed at the time the transaction is negotiated. When-issued purchases and forward commitment transactions are negotiated directly with the other party, and such commitments are not traded on exchanges.

When-issued purchases and forward commitment transactions enable a Fund to lock in what is believed to be an attractive price or yield on a particular security for a period of time, regardless of future changes in interest rates. For instance, in periods of rising interest rates and falling prices, the Fund might sell securities it owns on a forward commitment basis to limit its exposure to falling prices. In periods of falling interest rates and rising prices, the Fund might sell securities it owns and purchase the same or a similar security on a when-issued or forward commitment basis, thereby obtaining the benefit of currently higher yields.

The value of securities purchased on a when-issued or forward commitment basis and any subsequent fluctuations in their value are reflected in the computation of the Fund's net asset value starting on the date of the agreement to purchase the securities. The Fund does not earn interest on the securities it has committed to purchase until they are paid for and delivered on the settlement date. When the Fund makes a forward commitment to sell securities it owns, the proceeds to be received upon settlement are included in the Fund's assets. Fluctuations in the market value of the underlying securities are not reflected in the Fund's net asset value as long as the commitment to sell remains in effect. Settlement of when-issued purchases and forward commitment transactions generally takes place within two months after the date of the transaction, but the Fund may agree to a longer settlement period.

A Fund will purchase securities on a when-issued basis or purchase or sell securities on a forward commitment basis only with the intention of completing the transaction and actually purchasing or selling the securities. If deemed advisable as a matter of investment strategy, however, the Fund may dispose of or renegotiate a commitment after it is entered into. The Fund also may sell securities it has committed to purchase before those securities are delivered to the Fund on the settlement date. The Fund may realize a capital gain or loss in connection with these transactions.

Recently finalized Financial Industry Regulatory Authority, Inc. ("FINRA") rules include mandatory margin requirements that will require a Fund to post collateral in connection with its TBA transactions, which could increase the cost of TBA transactions to the Fund and impose added operational complexity.

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### Illiquid Securities

The Fund will not invest more than 15% of its net assets in illiquid investments, as defined in Rule 22e-4 under the Investment Company Act. Fund investments will be considered illiquid if the Fund reasonably expects that such investments cannot be sold or disposed of in current market conditions within seven calendar days or less without the sale or disposition significantly changing the market values of the investments. The Trust, on behalf of the Fund, has established a liquidity risk management program in accordance with Rule 22e-4 under the Investment Company Act, which provides for the assessment, management and periodic review each Fund's liquidity risk, the classification and monthly review of the Fund's portfolio investments, the determination and periodic review of, and procedures to address a shortfall in, the Fund's highly liquid investment minimum, if applicable, and limiting the Fund's illiquid investments to 15% of the Fund's net assets.

The Board of Trustees has adopted procedures for determining the liquidity of Fund investments that apply to all Funds. The Board of Trustees has delegated to the Advisor and Subadvisors the daily function of determining and monitoring the liquidity of Fund investments in accordance with procedures adopted by the Board of Trustees. The Board of Trustees retains oversight of the liquidity determination process.

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### Inflation-Indexed Bonds

Inflation-indexed bonds are fixed income securities whose principal value is periodically adjusted according to the rate of inflation. Two structures are common. The U.S. Treasury and some other issuers use a structure that accrues inflation into the principal value of the bond. Most other issuers pay out the Consumer Price Index accruals as part of a semiannual coupon.

Inflation-indexed securities issued by the U.S. Treasury have maturities of five, ten or twenty years, although it is possible that securities with other maturities will be issued in the future. The U.S. Treasury securities pay interest on a semiannual basis, equal to a fixed percentage of the inflation-adjusted principal amount. For example, if a Fund purchased an inflation-indexed bond with a par value of \$1,000 and a 3% real rate of return coupon (payable 1.5% semi-annually), and inflation over the first six months were 1%, the mid-year par value of the bond would be \$1,010 and the first semi-annual interest payment would be \$15.15 (\$1,010 times 1.5%). If inflation during the second half of the year resulted in the whole years' inflation equaling 3%, the end-of-year par value of the bond would be \$1,030 and the second semi-annual interest payment would be \$15.45 (\$1,030 times 1.5%).

### **Inflation-Indexed Bonds — Continued**

If the periodic adjustment rate measuring inflation falls, the principal value of inflation-indexed bonds will be adjusted downward, and consequently, the interest payable on these securities (calculated with respect to a smaller principal amount) will be reduced. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of U.S. Treasury inflation-indexed bonds, even during a period of deflation. However, the current market value of the bonds is not guaranteed and will fluctuate. The Funds may also invest in other inflation-related bonds, which may or may not provide a similar guarantee. If a guarantee of principal is not provided, the adjusted principal value of the bond repaid at maturity may be less than the original principal. The value of inflation-indexed bonds is expected to change in response to changes in real interest rates. Real interest rates in turn are tied to the relationship between nominal interest rates and the rate of inflation.

Therefore, if inflation was to rise at a faster rate than nominal interest rates, real interest rates might decline, leading to an increase in value of inflation indexed bonds. In contrast, if nominal interest rates increased at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-indexed bonds.

While these securities are expected to be protected from long-term inflationary trends, short-term increases in inflation may lead to a decline in value. If interest rates rise due to reasons other than inflation (for example, due to changes in currency exchange rates), investors in these securities may not be protected to the extent that the increase is not reflected in the bond's inflation measure.

The periodic adjustment of U.S. inflation-indexed bonds is tied to the Consumer Price Index for Urban Consumers ("CPI-U"), which is calculated monthly by the U.S. Bureau of Labor Statistics. The CPI-U is a measurement of changes in the cost of living, made up of components such as housing, food, transportation and energy. Inflation-indexed bonds issued by a foreign government are generally adjusted by that government to reflect a comparable inflation index. There can be no assurance that the CPI-U or any foreign inflation index will accurately measure the real rate of inflation in the prices of goods and services. Moreover, there can be no assurance that the rate of inflation in a foreign country will be correlated to the rate of inflation in the U.S.

Any increase in the principal amount of an inflation-indexed bond will be considered taxable ordinary income, even though investors do not receive their principal until maturity.

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### **Interfund Lending**

The SEC has granted the Trust and the Advisor an exemptive order permitting the Funds to participate in an interfund lending program whereby the Funds may directly lend to and borrow money from each other for temporary or emergency purposes, such as to satisfy redemption requests or to cover unanticipated cash shortfalls, subject to the terms and conditions of the exemptive order.

Any interfund loan made would be preferable to borrowing from a bank from the perspective of the borrowing Fund and more beneficial than an alternative short-term investment from the perspective of a lending Fund. In accordance with the exemptive order, no Fund may lend its uninvested cash to another Fund if the loan would cause the lending Fund's aggregate outstanding loans through the interfund lending program to exceed 15% of its current net assets at the time of the loan. In addition, a Fund's loans to another Fund may not exceed 5% of the lending Fund's net assets. The duration of each interfund loan will be limited to the time required to obtain cash sufficient to repay such loan, but the duration of the loan may not exceed seven days. Each interfund loan may be called on one business day's notice by the lending Fund and may be repaid on any day by a borrowing Fund.

A Fund may borrow on an unsecured basis (i.e., without posting collateral) through the interfund lending program only if the borrowing Fund's outstanding borrowings from all sources immediately after the interfund borrowing total 10% or less of its total assets, provided, that if the borrowing Fund has a secured loan outstanding from any other lender, including another Fund, the lending Fund's interfund loan will be secured on at least an equal priority basis with at least an equivalent percentage of collateral to loan value as any outstanding loan that requires collateral. If a Fund's aggregate borrowings from all sources immediately after the interfund borrowing would exceed 10% of the Fund's total assets, the Fund may borrow through the interfund lending program only on a secured basis. A Fund may not borrow through the interfund lending program nor from any other source if its total outstanding borrowings immediately after the borrowing would exceed 33 $\frac{1}{3}$ % of its total assets or any limits provided for by the Fund's investment policies or restrictions.

The limitations discussed above and the other conditions of the SEC exemptive order are designed to minimize the risks associated with interfund lending for both borrowing Funds and lending Funds. However, no borrowing or lending activity is without risk. When a Fund borrows money from another Fund, there is a risk that the loan could be called on one business day's notice or not renewed, in which case the Fund may need to borrow from a bank at higher rates if an interfund loan were not available from another Fund. Furthermore, a delay in repayment to a lending Fund could result in a lost investment opportunity or additional lending costs.

## INVESTMENT POLICIES

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### Investments in Other Investment Companies

The Fund may invest in the securities of other investment companies as permitted under the Investment Company Act and the rules and regulations thereunder. Securities of other investment companies, including shares of closed-end investment companies, business development companies, unit investment trusts and open-end investment companies, represent interests in professionally managed portfolios that may invest in any type of security. These investment companies often seek to perform in a similar fashion to a broad-based securities index. Investing in other investment companies involves substantially the same risks as investing directly in the underlying securities but may involve additional expenses at the investment company level, such as portfolio management fees and operating expenses. In addition, these types of investments involve the risk that they will not perform in exactly the same fashion, or in response to the same factors, as the index or underlying instruments. Certain types of investment companies, such as closed-end investment companies and exchange traded funds (commonly known as “ETFs”), issue a fixed number of shares that trade on a stock exchange or over-the-counter at a premium or a discount to their net asset value. Others are continuously offered at net asset value but may also be traded in the secondary market.

### Liquidation of Funds

The Board of Trustees may determine to close and/or liquidate a Fund at any time, which may have adverse tax consequences to shareholders. In the event of the liquidation of a Fund, shareholders will receive a liquidating distribution in cash or in-kind equal to their proportionate interest in the Fund. A liquidating distribution would generally be a taxable event to shareholders, resulting in a gain or loss for tax purposes, depending upon a shareholder's basis in his or her shares of the Fund. A shareholder of a liquidating Fund will not be entitled to any refund or reimbursement of expenses borne, directly or indirectly, by the shareholder (such as Fund operating expenses), and a shareholder may receive an amount in liquidation less than the shareholder's original investment.

It is the intention of any Fund expecting to close or liquidate to retain its qualification as a regulated investment company under the Code during the liquidation period and, therefore, not to be taxed on any of its net capital gains realized from the sale of its assets or ordinary income earned that it timely distributes to shareholders. In the unlikely event that a Fund should lose its status as a regulated investment company during the liquidation process, the Fund would be subject to taxes which would reduce any or all of the types of liquidating distributions.

### Loan Originations, Participations and Assignments

The Fund may invest in loan originations, participations and assignments of portions of such loans. Additionally, the Fund may participate directly in lending syndicates to corporate borrowers. When a Fund is one of the original lenders, it will have a direct contractual relationship with the borrower and can enforce compliance by the borrower with the terms of the relevant credit agreement. Original lenders also negotiate voting and consent rights under the credit agreement. Actions subject to lender vote or consent generally require the vote or consent of the holders of some specified percentage of the outstanding principal amount. Participations, originations and assignments involve special types of risk, including credit risk, interest rate risk, liquidity risk, and the risks of being a lender. If a Fund purchases a participation, it may be able to enforce its rights only through the lender and may assume the credit risk of the lender in addition to the borrower.

A Fund may purchase participations in commercial loans, which may be secured or unsecured. Loan participations typically represent direct participation in a loan owed by a corporate borrower, and generally are offered by banks, other financial institutions or lending syndicates. A Fund may participate in lending syndications, or can buy part of a loan, becoming a co-lender. When purchasing loan participations, a Fund assumes the credit risk associated with the corporate borrower and may assume the credit risk associated with an offering bank or other financial intermediary. The participation interests in which a Fund invests may not be rated by any nationally recognized rating service.

A loan is often administered by an agent bank acting as agent for all holders. The agent bank administers the terms of the loan, as specified in the loan agreement. In addition, the agent bank is normally responsible for the collection of principal and interest payments from the corporate borrower and the apportionment of these payments to the institutions that are parties to the loan agreement. Unless a Fund has direct recourse against the corporate borrower, under the terms of the loan or other indebtedness, the Fund may have to rely on the agent bank or other financial intermediary to apply appropriate credit remedies against a corporate borrower.

A financial institution's employment as agent bank might be terminated in the event that it fails to observe a requisite standard of care or becomes insolvent. A successor agent bank would generally be appointed to replace the terminated agent bank, and assets held by the agent bank under the loan agreement should remain available to holders of such indebtedness. However, if assets held by the agent bank for the benefit of a Fund were determined to be subject to the claims of the agent bank's general creditors, the Fund might incur certain costs and delays in realizing payment on a loan or loan participation and could suffer a loss of principal and/or interest. In situations involving other interposed financial institutions (i.e., an insurance company or governmental agency) similar risks may arise.

### Loan Originations, Participations and Assignments — Continued

Lenders and purchasers of loans and other forms of direct indebtedness depend primarily upon the creditworthiness of the corporate borrower for payment of principal and interest. If a Fund does not receive scheduled interest or principal payments on such indebtedness, the Fund's share price and yield could be adversely affected. Loans that are fully secured offer a Fund more protection than an unsecured loan in the event of non-payment of scheduled interest or principal. However, the collateral may be difficult to liquidate, decline in value or be insufficient or unavailable to satisfy a borrower's obligation. As a result, the Fund may not receive money or payment to which it is entitled under the loan.

A Fund may invest in loan participations with credit quality comparable to that of issuers of its securities investments. Indebtedness of companies whose creditworthiness is poor involves substantially greater risks and may be highly speculative. Some companies may never pay off their indebtedness or may pay only a small fraction of the amount owed. Consequently, when investing in indebtedness of companies with poor credit, a Fund bears a substantial risk of losing the entire amount invested.

Each Fund, in applying its investment restrictions, generally will treat the corporate borrower as the "issuer" of indebtedness held by the Fund. In the case of loan participations where a bank or other lending institution serves as a financial intermediary between a Fund and the corporate borrower, and where the participation does not shift the direct debtor-creditor relationship with the corporate borrower to the Fund, SEC interpretations require the Fund to treat both the lending bank or other lending institution and the corporate borrower as "issuers" for the purposes of applying diversification restrictions. Treating a financial intermediary as an issuer of indebtedness may restrict a Fund's ability to invest in indebtedness related to a single financial intermediary, or a group of intermediaries engaged in the same industry, even if the underlying borrowers represent many different companies and industries.

Loans and other types of direct indebtedness may not be readily marketable and may be subject to restrictions on resale. In some cases, negotiations involved in disposing of indebtedness may require weeks to complete and transactions in loans are typically subject to long settlement periods (often longer than seven days). Consequently, some indebtedness may be difficult or impossible to dispose of readily at what the Fund's Subadvisor and/or Advisor, as applicable, believes to be a fair price and, as a result, a Fund's ability to meet redemption obligations may be impaired. Thus, a Fund may be adversely affected by selling other, more liquid, investments at an unfavorable time and/or under unfavorable conditions, by having to engage in borrowing transactions, such as borrowing against a credit facility, or by taking other actions to raise cash to meet redemption obligations or pursue other investment opportunities. In addition, valuation of illiquid indebtedness involves a greater degree of judgment in determining a Fund's net asset value than if that value were based on available market quotations and could result in significant variations in the Fund's daily share price. Nevertheless, some loan interests are traded among certain financial institutions and accordingly may be deemed liquid. As the market for different types of indebtedness develops, the liquidity of these instruments is expected to improve. In addition, a Fund currently intends to treat indebtedness for which there is no readily available market as illiquid for purposes of a Fund's limitation on illiquid investments. Investments in loan participations are considered to be debt obligations for purposes of a Fund's investment restrictions relating to the lending of funds or assets by a Fund.

Investments in loans through a direct assignment of the financial institution's interests with respect to the loan may involve additional risks to a Fund. For example, if a loan is foreclosed, a Fund could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that under emerging legal theories of lender liability, a Fund could be held liable as co-lender. In certain circumstances, loans may not be deemed to be securities. As a result, as an investor in such loans, a Fund may not have the protection of the anti-fraud provisions of the federal securities laws. In such cases, the Fund generally must rely on the contractual provisions in the loan agreement and any anti-fraud protections available under applicable state law. In the absence of definitive regulatory guidance, a Fund relies on the Subadvisors research in an attempt to avoid situations where fraud or misrepresentation could adversely affect a Fund.

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### Mortgage "Dollar Roll" Transactions

Mortgage "dollar roll" transactions are permitted with selected banks and broker-dealers. In a dollar roll, the Fund sells mortgage-backed securities and simultaneously contracts to repurchase substantially similar (same type, coupon and maturity) securities on a specified future day. A Fund will only enter into covered rolls. A "covered roll" is a specific type of dollar roll for which there is an offsetting cash or cash equivalent security position that matures on or before the forward settlement date of the dollar roll transaction. Covered rolls are not treated as a borrowing or other senior security and will be excluded from the calculation of a Fund's borrowings and other senior securities. For financial reporting and tax purposes, a Fund treats mortgage dollar rolls as two separate transactions: one involving the purchase of a security and a separate transaction involving a sale. A Fund does not currently intend to enter into mortgage dollar roll transactions that are accounted for as financing.

### **Mortgage-Backed Securities**

Investments in mortgage-backed securities are permitted. The Advisor/Subadvisors will monitor regularly the ratings of securities held by each Fund that they manage and the creditworthiness of their issuers.

Harbor Core Bond Fund and Harbor Core Plus Fund may invest in mortgage pass-through certificates and multiple-class pass-through securities, such as real estate mortgage investment conduits (“REMIC”) pass-through certificates, CMOs and stripped mortgage-backed securities (“SMBS”), and other types of “mortgage-backed securities” that may be available in the future. A mortgage-backed security may be an obligation of the issuer backed by a mortgage or pool of mortgages or a direct interest in an underlying pool of mortgages. Some mortgage-backed securities, such as CMOs, make payments of both principal and interest at a variety of intervals; others make semiannual interest payments at a predetermined rate and repay principal at maturity (like a typical bond). Mortgage-backed securities are based on different types of mortgages, including those on commercial real estate or residential properties. Mortgage-backed securities often have stated maturities of up to thirty years when they are issued, depending upon the length of the mortgages underlying the securities. In practice, however, unscheduled or early payments of principal and interest on the underlying mortgages may make the securities’ effective maturity shorter than this, and the prevailing interest rates may be higher or lower than the current yield of a Fund’s portfolio at the time the Fund receives the payments for reinvestment. Mortgage-backed securities may have less potential for capital appreciation than comparable fixed income securities, due to the likelihood of increased prepayments of mortgages as interest rates decline. If a Fund buys mortgage-backed securities at a premium, mortgage foreclosures and prepayments of principal by mortgagors (which may be made at any time without penalty) may result in some loss of the Fund’s principal investment to the extent of the premium paid.

The values of mortgage-backed securities may also change due to shifts in the market’s perception of issuers. In addition, regulatory or tax changes may adversely affect the mortgage securities markets as a whole. Non-governmental mortgage-backed securities may offer higher yields than those issued by government entities, but also may be subject to greater price changes than governmental issues.

Mortgage-related securities that are backed by pools of subprime mortgages are generally subject to a greater level of non-payment risk than mortgage-related securities that are not backed by pools of subprime mortgages. Subprime mortgages are loans made to borrowers with lower credit ratings and/or a shorter credit history and such borrowers are more likely to default on their obligations under the loan than more creditworthy borrowers. As a result, subprime mortgages underlying a mortgage-related security can experience a significant rate of non-payment. To the extent a Fund invests in mortgage-related securities backed by subprime mortgages, the Fund’s investment will be particularly susceptible to non-payment risk and the risks generally associated with investments in mortgage-related securities. Thus, the value of the Fund’s investment may be adversely affected by borrower non-payments, changes in interest rates, developments in the real estate market and other market and economic developments.

#### ***GUARANTEED MORTGAGE PASS-THROUGH SECURITIES***

Guaranteed mortgage pass-through securities represent participation interests in pools of residential mortgage loans and are issued by U.S. governmental or private lenders and guaranteed by the U.S. government or one of its agencies or instrumentalities, including but not limited to the Government National Mortgage Association (“GNMA” or “Ginnie Mae”), the Federal National Mortgage Association (“FNMA” or “Fannie Mae”) and the Federal Home Loan Mortgage Corporation (“FHLMC” or “Freddie Mac”). Ginnie Mae certificates are guaranteed by the full faith and credit of the U.S. government for timely payment of principal and interest on the certificates. Fannie Mae certificates are guaranteed by Fannie Mae, a federally chartered and privately owned corporation, for full and timely payment of principal and interest on the certificates. Freddie Mac certificates are guaranteed by Freddie Mac, a corporate instrumentality of the U.S. government, for timely payment of interest and the ultimate collection of all principal of the related mortgage loans. Securities issued or guaranteed by entities such as Fannie Mae or Freddie Mac are not issued or guaranteed by the U.S. government.

Commercial banks, savings and loan institutions, private mortgage insurance companies, mortgage bankers and other secondary market issuers also create pass-through pools of conventional residential mortgage loans. Such issuers may, in addition, be the originators and/or servicers of the underlying mortgage loans as well as the guarantors of the mortgage-related securities. Holders of privately issued mortgage-backed securities are dependent on, yet may have limited access to information enabling them to evaluate, the competence and integrity of these private originators and institutions. Because there are no direct or indirect government or agency guarantees of payments in pools created by such non-governmental issuers, they generally offer a higher rate of interest than government and government-related pools. Timely payment of interest and principal of these pools may be supported by insurance or guarantees, including individual loan, title, pool and hazard insurance and letters

### **Mortgage-Backed Securities — Continued**

of credit. The insurance and guarantees are issued by governmental entities, private insurers and the mortgage poolers. There can be no assurance that the private insurers or guarantors can meet their obligations under the insurance policies or guarantee arrangements, and the protection afforded by insurance or guarantees may be insufficient to cover all losses if underlying mortgage borrowers default at a greater than expected rate.

Mortgage-related securities without insurance or guarantees may be purchased if the Subadvisor and/or the Advisor, as applicable, determines that the securities meet a Fund's quality standards. Mortgage-related securities issued by certain private organizations may not be readily marketable.

#### ***MULTIPLE-CLASS PASS-THROUGH SECURITIES AND COLLATERALIZED MORTGAGE OBLIGATIONS***

CMOs and REMIC pass-through or participation certificates may be issued by, among others, U.S. government agencies and instrumentalities as well as private issuers. REMICs are CMO vehicles that qualify for special tax treatment under the Code and invest in mortgages principally secured by interests in real property and other investments permitted by the Code. CMOs and REMIC certificates are issued in multiple classes and the principal of and interest on the mortgage assets may be allocated among the several classes of CMOs or REMIC certificates in various ways. Each class of CMOs or REMIC certificates, often referred to as a "tranche," is issued at a specific adjustable or fixed interest rate and must be fully retired no later than its final distribution date. Generally, interest is paid or accrues on all classes of CMOs or REMIC certificates on a monthly basis.

Typically, CMOs are collateralized by Ginnie Mae, Fannie Mae or Freddie Mac certificates but also may be collateralized by other mortgage assets, such as whole loans or private mortgage pass-through securities. Debt service on CMOs is provided from payments of principal and interest on collateral of mortgaged assets and any reinvestment income thereon.

#### ***STRIPPED MORTGAGE-BACKED SECURITIES***

SMBS are derivative multiple-class mortgage-backed securities that are created when a U.S. government agency or a financial institution separates the interest and principal components of a mortgage-backed security and sells them as individual securities. SMBS are usually structured with two classes that receive different proportions of interest and principal distributions on a pool of mortgage assets. A typical SMBS will have one class receiving some of the interest and most of the principal, while the other class will receive most of the interest and the remaining principal. The holder of the "principal-only" security ("PO") receives the principal payments made by the underlying mortgage-backed security, while the holder of the "interest-only" security ("IO") receives interest payments from the same underlying security. The prices of stripped mortgage-backed securities may be particularly affected by changes in interest rates. As interest rates fall, prepayment rates tend to increase, which tends to reduce prices of IOs and increase prices of POs. Rising interest rates can have the opposite effect. Although the market for these securities is increasingly liquid, the relevant Subadvisor and/or the Advisor, as applicable, may determine that certain stripped mortgage-backed securities issued by the U.S. government, its agencies or instrumentalities are not readily marketable. If so, these securities, together with privately-issued stripped mortgage-backed securities, will be considered illiquid for purposes of a Fund's limitation on investments in illiquid securities. The yields and market risk of interest only and principal only SMBS, respectively, may be more volatile than those of other fixed income securities. The staff of the SEC considers privately issued SMBS to be illiquid.

#### ***REVERSE MORTGAGES***

Mortgage-related securities include, among other things, securities that reflect an interest in reverse mortgages. In a reverse mortgage, a lender makes a loan to a homeowner based on the homeowner's equity in his or her home. While a homeowner must be age 62 or older to qualify for a reverse mortgage, reverse mortgages may have no income restrictions. Repayment of the interest or principal for the loan is generally not required until the homeowner dies, sells the home, or ceases to use the home as his or her primary residence.

There are three general types of reverse mortgages: (1) single-purpose reverse mortgages, which are offered by certain state and local government agencies and nonprofit organizations; (2) federally-insured reverse mortgages, which are backed by the U. S. Department of Housing and Urban Development; and (3) proprietary reverse mortgages, which are privately offered loans. A mortgage-related security may be backed by a single type of reverse mortgage. Reverse mortgage-related securities include agency and privately issued mortgage-related securities. The principal government guarantor of reverse mortgage-related securities is Ginnie Mae.

### Mortgage-Backed Securities — Continued

Reverse mortgage-related securities may be subject to risks different than other types of mortgage-related securities due to the unique nature of the underlying loans. The date of repayment for such loans is uncertain and may occur sooner or later than anticipated. The timing of payments for the corresponding mortgage-related security may be uncertain. Because reverse mortgages are offered only to persons 62 and older and there may be no income restrictions, the loans may react differently than traditional home loans to market events.

#### ***RISK FACTORS ASSOCIATED WITH MORTGAGE-BACKED SECURITIES***

Investing in mortgage-backed securities involves certain risks, including the failure of a counterparty to meet its commitments, adverse interest rate changes and the effects of prepayments on mortgage cash flows. In addition, investing in the lowest tranche of CMOs and REMIC certificates involves risks similar to those associated with investing in equity securities. However, due to adverse tax consequences under current tax laws, a Fund does not intend to acquire “residual” interests in REMICs. Further, the yield characteristics of mortgage-backed securities differ from those of traditional fixed income securities. The major differences typically include more frequent interest and principal payments (usually monthly), the adjustability of interest rates, and the possibility that prepayments of principal may be made substantially earlier than the final distribution date.

Prepayment rates are influenced by changes in current interest rates and a variety of economic, geographic, social and other factors and cannot be predicted with certainty. Both adjustable rate mortgage loans and fixed rate mortgage loans may be subject to a greater rate of principal prepayments in a declining interest rate environment and to a lesser rate of principal prepayments in an increasing interest rate environment. Under certain interest rate and prepayment rate scenarios, a Fund may fail to recoup fully its investment in mortgage-backed securities notwithstanding any direct or indirect governmental, agency or other guarantee. When a Fund reinvests amounts representing payments and unscheduled prepayments of principal, it may obtain a rate of interest that is lower than the rate on existing adjustable rate mortgage pass-through securities. Thus, mortgage-backed securities, and adjustable rate mortgage pass-through securities in particular, may be less effective than other types of U.S. government securities as a means of “locking in” interest rates.

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### Municipal Bonds

The Fund may invest in securities issued by states, municipalities and other political subdivisions, agencies, authorities and instrumentalities of states and multistate agencies or authorities. Municipal bonds share the attributes of fixed income securities in general, but are generally issued by states, municipalities and other political subdivisions, agencies, authorities and instrumentalities of states and multi-state agencies or authorities. The municipal bonds that a Fund may purchase include general obligation bonds and limited obligation bonds (or revenue bonds), including industrial development bonds issued pursuant to former federal tax law. General obligation bonds are obligations involving the credit of an issuer possessing taxing power and are payable from such issuer’s general revenues and not from any particular source. Limited obligation bonds are payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise or other specific revenue source. Tax-exempt private activity bonds and industrial development bonds generally also are revenue bonds and thus are not payable from the issuer’s general revenues. The credit and quality of private activity bonds and industrial development bonds are usually related to the credit of the corporate user of the facilities. Payment of interest on and repayment of principal of such bonds is the responsibility of the corporate user (and/or any guarantor).

Under the Code, certain limited obligation bonds are considered “private activity bonds” and interest paid on such bonds is treated as an item of tax preference for purposes of calculating federal alternative minimum tax liability.

A Fund may invest in municipal warrants, which are essentially call options on municipal bonds. In exchange for a premium, municipal warrants give the purchaser the right, but not the obligation, to purchase a municipal bond in the future. A Fund may purchase custodial receipts representing the right to receive either the principal amount or the periodic interest payments or both with respect to specific underlying municipal bonds. A Fund may invest in municipal bonds with credit enhancements such as letters of credit, municipal bond insurance and Standby Bond Purchase Agreements (“SBPAs”). A Fund may invest in Residual Interest Bonds (“RIBs”), which brokers create by depositing a municipal bond in a trust. The trust in turn issues a variable rate security and RIBs.

Municipal bonds are subject to credit and market risk. Generally, prices of higher quality issues tend to fluctuate less with changes in market interest rates than prices of lower quality issues and prices of longer maturity issues tend to fluctuate more than prices of shorter maturity issues.

### Municipal Bonds — Continued

Prices and yields on municipal bonds are dependent on a variety of factors, including general money market conditions, the financial condition of the issuer, general conditions of the municipal bond market, the size of a particular offering, the maturity of the obligation and the rating of the issue. A number of these factors, including the ratings of particular issues, are subject to change from time to time. Information about the financial condition of an issuer of municipal bonds may not be as extensive as information made available by corporations whose securities are publicly traded.

Obligations of issuers of municipal bonds are subject to the provisions of bankruptcy, insolvency and other laws affecting the rights and remedies of creditors. Congress or state legislatures may seek to extend the time for payment of principal or interest, or both, or to impose other constraints upon enforcement of such obligations. There is also the possibility that as a result of litigation or other conditions, the power or ability of issuers to meet their obligations for the payment of interest and principal on their municipal bonds may be materially affected or their obligations may be found to be invalid or unenforceable. Such litigation or conditions may from time to time have the effect of introducing uncertainties in the market for municipal bonds or certain segments thereof, or of materially affecting the credit risk with respect to particular bonds. Adverse economic, business, legal or political developments might affect all or a substantial portion of a Fund's municipal bonds in the same manner.

The bankruptcy of a large city is rare, making its consequences difficult to predict. A Fund's investments in securities affected by a city's bankruptcy may decline in value and could reduce the Fund's performance. In addition, difficulties in the municipal securities markets could result in increased illiquidity, volatility and credit risk, and a decrease in the number of municipal securities investment opportunities. The value of municipal securities may also be affected by uncertainties involving the taxation of municipal securities or the rights of municipal securities holders in the event of a bankruptcy. Proposals to restrict or eliminate the federal income tax exemption for interest on municipal securities are introduced before Congress from time to time. These legal uncertainties could affect the municipal securities market generally, certain specific segments of the market, or the relative credit quality of particular securities.

The secondary market for municipal bonds typically has been less liquid than that for taxable fixed income securities, and this may affect a Fund's ability to sell particular municipal bonds at then-current market prices, especially in periods when other investors are attempting to sell the same securities. Additionally, municipal bonds rated below investment-grade (i.e., high-yield municipal bonds) may not be as liquid as higher-rated municipal bonds. Reduced liquidity in the secondary market may have an adverse impact on the market price of a municipal bond and on a Fund's ability to sell a municipal bond in response to changes or anticipated changes in economic conditions or to meet the Fund's cash needs. Reduced liquidity may also make it more difficult to obtain market quotations based on actual trades for purposes of valuing a Fund's portfolio.

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### Partnership Securities

The Fund may invest in securities issued by publicly traded partnerships or master limited partnerships or limited liability companies (together referred to as "PTPs/MLPs"). These entities may be publicly traded on stock exchanges or markets such as the New York Stock Exchange ("NYSE"), the NYSE Alternext US LLC ("NYSE Alternext") and NASDAQ. PTPs/MLPs often own businesses or properties relating to energy, natural resources or real estate, or may be involved in the film industry or research and development activities. Generally, PTPs/MLPs are operated under the supervision of one or more managing partners or members. Limited partners, unit holders, or members (such as a Fund, if it invests in a partnership) are not involved in the day-to-day management of the company. Limited partners, unit holders, or members are allocated income and capital gains associated with the partnership project in accordance with the terms of the partnership or limited liability company agreement.

At times PTPs/MLPs may potentially offer relatively high yields compared to common stocks. Because PTPs/MLPs are generally treated as partnerships or similar limited liability "pass-through" entities for tax purposes, they do not ordinarily pay income taxes, but pass their earnings on to unit holders (except in the case of some publicly-traded firms that may be taxed as corporations). For tax purposes, limited partners, unit holders, or members may be allocated taxable income with respect to only a portion of the distributions attributed to them because certain other portions may be attributed to the repayment of initial investments and may thereby lower the cost basis of the units or shares owned by unit or share holders. As a result, unit holders may effectively defer taxation on the receipt of some distributions until they sell their units. These tax consequences may differ for different types of entities.

Although the high yields potentially offered by these investments may be attractive, PTPs/MLPs have some disadvantages and present some risks. Investors in a partnership or limited liability company may have fewer protections under state law than investors in a corporation. Distribution and management fees may be substantial. Losses are generally considered passive and cannot offset income other than income or gains relating to the same entity. These tax consequences may differ for different types of entities. Many PTPs/MLPs may operate in certain limited sectors such as, without limitation, energy, natural resources, and real estate, which may be volatile or subject to periodic downturns, including



## INVESTMENT POLICIES

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### Partnership Securities — Continued

as a result of geopolitical events. Growth may be limited because most cash is paid out to limited partners, unit holders, or members rather than retained to finance growth. The performance of PTPs/MLPs may be partly tied to interest rates. Rising interest rates, a poor economy, or weak cash flows are among the factors that can pose significant risks for investments in PTPs/MLPs. Investments in PTPs/MLPs also may be illiquid at times.

The Fund may also invest in relatively illiquid securities issued by limited partnerships or limited liability companies that are not publicly traded. These securities, which may represent investments in certain areas such as real estate or private equity, may present many of the same risks of PTPs/MLPs. In addition, they may present other risks including higher management and distribution fees, uncertain cash flows, potential calls for additional capital, and very limited liquidity.

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### Preferred Stocks

Preferred stock generally has a preference as to dividends and upon liquidation over an issuer's common stock but ranks junior to debt securities in an issuer's capital structure. Preferred stock generally pays dividends in cash or in additional shares of preferred stock at a defined rate. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock also may be subject to optional or mandatory redemption provisions and generally carry no voting rights. In the case of Harbor Core Plus Fund and Harbor Core Bond Fund, investments in preferred stocks are limited to 10% of each Fund's total assets.

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### Real Estate Investment Trusts

The Fund may gain exposure to the real estate sector by investing in real estate investment trusts ("REITs"), and common, preferred and convertible securities of issuers in real estate-related industries. Harbor Core Plus Fund, Harbor Convertible Securities Fund and Harbor Core Bond Fund may also invest in loans or other investments secured by real estate and may, as a result of default, foreclosure or otherwise, take possession of and hold real estate as a direct owner (see "Loan Participations and Assignments"). Each of these types of investments are subject, directly or indirectly, to risks associated with ownership of real estate, including changes in the general economic climate or local conditions (such as an oversupply of space or a reduction in demand for space), loss to casualty or condemnation, increases in property taxes and operating expenses, zoning law amendments, changes in interest rates, overbuilding and increased competition, including competition based on rental rates, variations in market value, changes in the financial condition of tenants, changes in operating costs, attractiveness and location of the properties, adverse changes in the real estate markets generally or in specific sectors of the real estate industry and possible environmental liabilities. Real estate-related investments may entail leverage and may be highly volatile.

REITs are pooled investment vehicles that own, and typically operate, income-producing real estate. If a REIT meets certain requirements, including distributing to shareholders substantially all of its taxable income (other than net capital gains), then it is not generally taxed on the income distributed to shareholders. REITs are subject to management fees and other expenses, and so a Fund that invests in REITs will bear its proportionate share of the costs of the REITs' operations.

There are three general categories of REITs: Equity REITs, Mortgage REITs and Hybrid REITs. Equity REITs invest primarily in direct fee ownership or leasehold ownership of real property; they derive most of their income from rents. Mortgage REITs invest mostly in mortgages on real estate, which may secure construction, development or long-term loans, and the main source of their income is mortgage interest payments. Hybrid REITs hold both ownership and mortgage interests in real estate.

Along with the risks common to different types of real estate-related securities, REITs, no matter the type, involve additional risk factors. These include poor performance by the REIT's manager, changes to the tax laws, and failure by the REIT to qualify for tax-free distribution of income or exemption under the Investment Company Act of 1940. Furthermore, REITs are not diversified and are heavily dependent on cash flow.

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### Regulatory Risk and Other Market Events

Financial entities are generally subject to extensive government regulation and intervention. Government regulation and/or intervention may change the way a Fund is regulated, affect the expenses incurred directly by the Fund and the value of its investments, and limit and/or preclude a Fund's ability to achieve its investment objective. Government regulation may change frequently and may have significant adverse consequences. Moreover, government regulation may have unpredictable and unintended effects. Legislative or administrative changes or court decisions relating to the Code may adversely affect a Fund and/or the issuers of securities held by a Fund.

The Funds' investments, payment obligations and financing terms may be based on floating rates, such as London Interbank Offer Rate ("LIBOR") and other similar types of reference rates (each, a "Reference Rate"). In 2017, the United Kingdom's Financial Conduct Authority warned that LIBOR and certain other Reference Rates may cease to be available or appropriate for use after 2021. At

## INVESTMENT POLICIES

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### Regulatory Risk and Other Market Events — Continued

the end of 2021, certain LIBORs were discontinued, but the most widely used LIBORs may continue to be provided on a representative basis until June 30, 2023. The unavailability or replacement of LIBOR may affect the value, liquidity or return on certain Fund investments and may result in costs incurred in connection with closing out positions and entering into new trades. Any pricing adjustments to a Fund's investments resulting from a substitute Reference Rate may also adversely affect the Fund's performance and/or net asset value. Until then, the Funds may continue to invest in instruments that reference such rates or otherwise use such Reference Rates due to favorable liquidity or pricing. The termination of certain Reference Rates presents risks to the Funds. At this time, it is not possible to exhaustively identify or predict the effect of any such changes, any establishment of alternative Reference Rates or any other reforms to Reference Rates that may be enacted in the United Kingdom or elsewhere. In addition, in connection with supervisory guidance from U.S. regulators, some U.S. regulated entities have ceased to enter into most new LIBOR contracts since January 1, 2022. The elimination of a Reference Rate or any other changes or reforms to the determination or supervision of Reference Rates may affect the value, liquidity or return on certain Fund investments and may result in costs incurred in connection with closing out positions and entering into new trades, adversely impacting a Fund's overall financial condition or results of operations.

Events such as natural disasters, pandemics, epidemics, and social unrest in one country, region, or financial market may adversely impact issuers in a different country, region or financial market. Furthermore, the occurrence of, among other events, natural or man-made disasters, severe weather or geological events, fires, floods, earthquakes, outbreaks of disease (such as COVID-19, avian influenza or H1N1/09), epidemics, pandemics, malicious acts, cyber-attacks, terrorist acts or the occurrence of climate change, may also adversely impact the performance of a Fund. Such events could adversely impact issuers, markets and economies over the short- and long-term, including in ways that cannot necessarily be foreseen. A Fund could be negatively impacted if the value of a portfolio holding were harmed by such political or economic conditions or events. Moreover, such negative political and economic conditions and events could disrupt the processes necessary for a Fund's operations. In addition, governmental and quasi-governmental organizations have taken a number of unprecedented actions designed to support the markets. Such conditions, events and actions may result in greater market risk.

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### Repurchase Agreements

Repurchase agreements may be entered into with domestic or foreign banks or with any member firm of FINRA, or any affiliate of a member firm that is a primary dealer in U.S. government securities. Each repurchase agreement counterparty must meet the minimum credit quality requirements applicable to the respective Fund generally and meet any other appropriate counterparty criteria as determined by the Fund's Subadvisor and/or the Advisor, as applicable. The minimum credit quality requirements are those applicable to a Fund's purchase of securities generally such that if a Fund is permitted to only purchase securities which are rated investment-grade (or the equivalent if unrated), the Fund could only enter into repurchase agreements with counterparties that have debt outstanding that is rated investment-grade (or the equivalent if unrated). In a repurchase agreement, a Fund buys a security at one price and simultaneously agrees to sell it back at a higher price. Such agreements must be adequately collateralized to cover the counterparty's obligation to the Fund to close out the repurchase agreement. The securities will be regularly monitored to ensure that the collateral is adequate. In the event of the bankruptcy of the seller or the failure of the seller to repurchase the securities as agreed, the Fund could suffer losses, including loss of interest on or principal of the securities and costs associated with delay and enforcement of the repurchase agreement.

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### Restricted Securities

Restricted securities are securities acquired in an unregistered, private sale from the issuing company or from an affiliate of the issuer. Restricted securities would be required to be registered under the Securities Act of 1933 (the "1933 Act") prior to distribution to the general public, but they may be eligible for resale to "qualified institutional buyers" under Rule 144A under the 1933 Act. It may be expensive or difficult for a Fund to dispose of restricted securities in the event that registration is required or an eligible purchaser cannot be found. Although certain of these securities may be readily sold, others may be illiquid, and their sale may involve substantial delays and additional costs.

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### Reverse Repurchase Agreements

The Fund may enter into reverse repurchase agreements with banks for temporary or emergency purposes. The Fund may enter into reverse repurchase agreements with banks and broker-dealers to the extent permitted by the Fund's restrictions on borrowing. A reverse repurchase agreement involves the sale of a portfolio security by the Fund, coupled with an agreement to repurchase the security at a specified time and price. During the reverse repurchase agreement, the Fund continues to receive principal and interest payments on the underlying securities. The use of repurchasing agreements involves leverage. Leveraging may exaggerate the effect on the Fund's net asset value of any increase

## INVESTMENT POLICIES

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### Reverse Repurchase Agreements — Continued

or decrease in the market value of the Fund's portfolio. Money borrowed for leveraging will be subject to interest costs, which may or may not be recovered by appreciation of the securities purchased; and in certain cases, interest costs may exceed the return received on the securities purchased. An increase in interest rates could reduce or eliminate the benefits of leverage and could reduce the net asset value of the Fund's shares.

### Rights and Warrants

Rights represent a privilege offered to holders of record of issued securities to subscribe (usually on a pro rata basis) for additional securities of the same class, of a different class or of a different issuer. Warrants are options to buy a stated number of shares of common stock at a specified price at any time during the life of the warrant. The holders of rights and warrants have no voting rights, receive no dividends and have no ownership rights with respect to the assets of the issuer. The value of a right or warrant may not necessarily change with the value of the underlying securities. Rights and warrants cease to have value if they are not exercised prior to their expiration date. Investments in rights and warrants are thus speculative and may result in a total loss of the money invested.

#### ***LOW EXERCISE PRICE WARRANT (“LEPW”)***

Harbor Global Leaders Fund may invest in LEPWs to seek to gain economic exposure to markets where holding an underlying security is not feasible. Harbor Global Leaders Fund may invest up to 20% of its net assets in LEPWs. A LEPW is a type of warrant with an exercise price that is very low relative to the market price of the underlying instrument at the time of issue (e.g., one cent or less). The buyer of a LEPW effectively pays the full value of the underlying common stock at the outset. As in the case of any exercise of warrants, there may be a time delay between the time a holder of LEPWs gives instructions to exercise and the time the price of the common stock relating to exercise or the settlement date is determined, during which time the price of the underlying security could change significantly. In addition, the exercise or settlement date of the warrants may be affected by certain market disruption events, such as difficulties relating to the exchange of a local currency into U.S. Dollars, the imposition of capital controls by a local jurisdiction or changes in the laws relating to foreign investments. These events could lead to a change in the exercise date or settlement currency of the warrants, or postponement of the settlement date. In some cases, if the market disruption events continue for a certain period of time, the warrants may become worthless resulting in a total loss of the purchase price of the warrants.

Because of its low exercise price, a LEPW is virtually certain to be exercised and the value and performance of its intrinsic value is effectively identical to that of the underlying security. These features are designed to allow participation in the performance of a security where there are legal or financial obstacles to purchasing the underlying security directly. If the LEPW is cash-settled, the buyer profits to the same extent as with a direct holding in the underlying security, but without having to transact in it.

### Securities Lending

The Fund may seek to increase its income by lending portfolio securities. Under present regulatory policies, loans may be made only to financial institutions, such as broker-dealers, and are required to be secured continuously by collateral in cash or liquid assets. Such collateral will be maintained on a current basis at an amount at least equal to the market value of the securities loaned. The Fund would have the right to call a loan and obtain the securities loaned at any time on five days' notice. For the duration of a loan, the Fund would continue to receive the equivalent of the interest or dividends paid by the issuer on the securities loaned and would also receive compensation from the investment of the collateral. The Fund would not, however, have the right to vote any securities having voting rights during the existence of the loan. In the event of an important vote to be taken among holders of the securities or of the giving or withholding of their consent on a material matter affecting the investment, the Fund would call the loan. As with other extensions of credit, there are risks of delay in recovery or loss of rights in the collateral should the borrower of the securities fail financially. However, the loans would be made only to firms deemed by the Advisor to be of good standing, and when, in the judgment of the Advisor, the consideration that can be earned currently from securities loans of this type justifies the attendant risk. If the Advisor decides to make securities loans, it is intended that the value of the securities loaned would not exceed 33 $\frac{1}{3}$ % of the value of the total assets of the Fund.

### Short Sales

The Fund may engage in short sales of securities to: (i) offset potential declines in long positions in similar securities, (ii) increase the flexibility of the Fund; (iii) for investment return; (iv) as part of a risk arbitrage strategy; and (v) as part of its overall portfolio management strategies involving the use of derivative instruments. A short sale is a transaction in which a Fund sells a security it does not own in anticipation that the market price of that security will decline.

When a Fund makes a short sale, it will often borrow the security sold short and deliver it to the broker-dealer through which it made the short sale as collateral for its obligation to deliver the security upon conclusion of the sale. In connection with short sales of securities, the Fund may pay a fee to borrow securities or maintain an arrangement with a broker to borrow securities and is often obligated to pay over any accrued interest and dividends on such borrowed securities.

## INVESTMENT POLICIES

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### Short Sales — Continued

If the price of the security sold short increases between the time of the short sale and the time that the Fund replaces the borrowed security, the Fund will incur a loss; conversely, if the price declines, the Fund will realize a capital gain. Any gain will be decreased, and any loss increased, by the transaction costs described above. The successful use of short selling may be adversely affected by imperfect correlation between movements in the price of the security sold short and the securities being hedged.

The Funds may invest pursuant to a risk arbitrage strategy to take advantage of a perceived relationship between the value of two securities. Frequently, a risk arbitrage strategy involves the short sale of a security.

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### Small to Mid Companies

Smaller companies may (i) be subject to more volatile market movements than securities of larger, more established companies; (ii) have limited product lines, markets or financial resources; and (iii) depend upon a limited or less experienced management group. The securities of smaller companies may be traded only on the over-the-counter market or on a regional securities exchange and may not be traded daily or in the volume typical of trading on a national securities exchange. Disposition by the Fund of a smaller company's securities in order to meet redemptions may require the Fund to sell these securities at a discount from market prices, over a longer period of time or during periods when disposition is not desirable. These risks are more significant in the context of smaller companies.

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### Sovereign Debt Obligations

Sovereign debt obligations, such as foreign government debt or foreign treasury bills, involve special risks that are not present in corporate debt obligations. The foreign issuer of the sovereign debt or the foreign governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and a Fund may have limited or no recourse in the event of a default. For example, there may be no bankruptcy or similar proceedings through which all or part of the sovereign debt that a governmental entity has not repaid may be collected. During periods of economic uncertainty, the market prices of sovereign debt, and the Fund's net asset value, to the extent it invests in such securities, may be more volatile than prices of debt obligations of U.S. issuers, and may result in illiquidity. In the past, certain foreign countries have encountered difficulties in servicing their debt obligations, withheld payments of principal and interest and declared moratoria on the payment of principal and interest on their sovereign debt. As a holder of government sovereign debt, a Fund may be requested to participate in the restructuring of sovereign indebtedness, including the rescheduling of debt payments and the extension of further loans to government debtors, which may adversely affect the Fund. There can be no assurance that such restructuring will result in the repayment of all or part of the debt. Certain emerging market countries have experienced difficulty in servicing their sovereign debt on a timely basis, which has led to defaults and the restructuring of certain indebtedness. Harbor Core Bond Fund and Harbor Core Plus Fund may only invest in U.S. dollar denominated sovereign debt obligations.

A sovereign debtor's willingness or ability to repay principal and pay interest in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange, the relative size of the debt service burden, the sovereign debtor's policy toward principal international lenders and local political constraints. Sovereign debtors may also be dependent on expected disbursements from foreign governments, multilateral agencies and other entities to reduce principal and interest arrearages on their debt. The failure of a sovereign debtor to implement economic reforms, achieve specified levels of economic performance or repay principal or interest when due may result in the cancellation of third party commitments to lend funds to the sovereign debtor, which may further impair such debtor's ability or willingness to service its debts.

The recent global economic crisis brought several European economies close to bankruptcy and many other economies into recession and weakened the banking and financial sectors of many countries. For example, in the past several years the governments of countries in the European Union experienced large public budget deficits, the effects of which remain unknown and may slow the overall recovery of European economies from the recent global economic crisis. In addition, due to large public deficits, some European countries may be dependent on assistance from other European governments and institutions or multilateral agencies and offices. Such assistance may require a country to implement reforms or reach a certain level of performance. If a country receiving assistance fails to reach certain objectives or receives an insufficient level of assistance it could cause a deep economic downturn and could significantly affect the value of a Fund's investments in that country's sovereign debt obligations.

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### Special Purpose Acquisition Companies

The Fund may invest in stock, warrants, and other securities of special purpose acquisition companies ("SPACs") or similar special purpose entities that pool funds to seek potential acquisition opportunities. A SPAC is typically a publicly traded company that raises funds through an initial public offering ("IPO") for the purpose of acquiring or merging with another company to be identified subsequent to the SPAC's IPO. The securities of a SPAC are often issued in "units" that include one share of common stock and one right or warrant (or partial right or warrant) conveying the right to purchase additional shares or partial shares. Unless and until a transaction is completed, a SPAC generally

### Special Purpose Acquisition Companies — Continued

invests its assets (less a portion retained to cover expenses) in U.S. government securities, money market funds and similar investments. If an acquisition or merger that meets the requirements for the SPAC is not completed within a pre-established period of time, the invested funds are returned to the SPAC's shareholders, less certain permitted expenses, and any rights or warrants issued by the SPAC will expire worthless.

Because SPACs and similar entities are in essence blank check companies without operating history or ongoing business other than seeking acquisitions, the value of their securities is particularly dependent on the ability of the entity's management to identify and complete a profitable acquisition. An investment in a SPAC is subject to a variety of risks, including that (i) a portion of the monies raised by the SPAC for the purpose of effecting an acquisition or merger may be expended prior to the transaction for payment of taxes and other expenses; (ii) prior to any acquisition or merger, a SPAC's assets are typically invested in U.S. government securities, money market funds and similar investments whose returns or yields may be significantly lower than those of the Fund's other investments; (iii) the Fund generally will not receive significant income from its investments in SPACs (both prior to and after any acquisition or merger) and, therefore, the Fund's investments in SPACs will not significantly contribute to the Fund's distributions to shareholders; (iv) attractive acquisition or merger targets may become scarce if the number of SPACs seeking to acquire operating businesses increases; (v) an attractive acquisition or merger target may not be identified at all, in which case the SPAC will be required to return any remaining monies to shareholders; (vi) if an acquisition or merger target is identified, the Fund may elect not to participate in, or vote to approve, the proposed transaction or the Fund may be required to divest its interests in the SPAC, due to regulatory or other considerations, in which case the Fund may not reap any resulting benefits; (vii) the warrants or other rights with respect to the SPAC held by the Fund may expire worthless or may be redeemed by the SPAC at an unfavorable price; (viii) any proposed merger or acquisition may be unable to obtain the requisite approval, if any, of SPAC shareholders and/or antitrust and securities regulators; (ix) under any circumstances in which the Fund receives a refund of all or a portion of its original investment (which typically represents a pro rata share of the proceeds of the SPAC's assets, less any applicable taxes), the returns on that investment may be negligible, and the Fund may be subject to opportunity costs to the extent that alternative investments would have produced higher returns; (x) to the extent an acquisition or merger is announced or completed, shareholders who redeem their shares prior to that time may not reap any resulting benefits; (xi) the Fund may be delayed in receiving any redemption or liquidation proceeds from a SPAC to which it is entitled; (xii) an acquisition or merger once effected may prove unsuccessful and an investment in the SPAC may lose value; (xiii) an investment in a SPAC may be diluted by additional later offerings of interests in the SPAC or by other investors exercising existing rights to purchase shares of the SPAC; (xiv) only a thinly traded market for shares of or interests in a SPAC may develop, or there may be no market at all, leaving the Fund unable to sell its interest in a SPAC or to sell its interest only at a price below what the Fund believes is the SPAC interest's intrinsic value; and (xv) the values of investments in SPACs may be highly volatile and may depreciate significantly over time.

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### Structured Products

Structured products include instruments such as credit-linked securities, commodity-linked notes and structured notes, which are potentially high-risk derivatives. For example, a structured product may combine a traditional stock, bond, or commodity with an option or forward contract. Generally, the principal amount, amount payable upon maturity or redemption, or interest rate of a structured product is tied (positively or negatively) to the price of some commodity, currency or securities index or another interest rate or some other economic factor (each a "benchmark"). The interest rate or (unlike most fixed income securities) the principal amount payable at maturity of a structured product may be increased or decreased, depending on changes in the value of the benchmark. An example of a structured product could be a bond issued by an oil company that pays a small base level of interest with additional interest that accrues in correlation to the extent to which oil prices exceed a certain predetermined level. Such a structured product would be a combination of a bond and a call option on oil.

Structured products can be used as an efficient means of pursuing a variety of investment goals, including currency hedging, duration management, and increased total return. Structured products may not bear interest or pay dividends. The value of a structured product or its interest rate may be a multiple of a benchmark and, as a result, may be leveraged and move (up or down) more steeply and rapidly than the benchmark. These benchmarks may be sensitive to economic and political events, such as commodity shortages and currency devaluations, which cannot be readily foreseen by the purchaser of a structured product. Under certain conditions, the redemption value of a structured product could be zero. Thus, an investment in a structured product may entail significant market risks that are not associated with a similar investment in a traditional, U.S. dollar-denominated bond that has a fixed principal amount and pays a fixed rate or floating rate of interest. The purchase of

### Structured Products — Continued

structured products also exposes a Fund to the credit risk of the issuer of the structured product. These risks may cause significant fluctuations in the net asset value of the Fund. Harbor Core Bond Fund and Harbor Core Plus Fund will not invest more than 5% of their respective total assets in a combination of credit-linked securities or commodity-linked notes.

#### ***CREDIT-LINKED SECURITIES***

Credit-linked securities are issued by a limited purpose trust or other vehicle that, in turn, invests in a basket of derivative instruments, such as credit default swaps, interest rate swaps and other securities, in order to provide exposure to certain high yield or other fixed income markets. For example, a Fund may invest in credit-linked securities as a cash management tool in order to gain exposure to the high yield markets and/or to remain fully invested when more traditional income producing securities are not available. Like an investment in a bond, investments in credit-linked securities represent the right to receive periodic income payments (in the form of distributions) and payment of principal at the end of the term of the security. However, these payments are conditioned on the trust's receipt of payments from, and the trust's potential obligations to, the counterparties to the derivative instruments and other securities in which the trust invests. For instance, the trust may sell one or more credit default swaps, under which the trust would receive a stream of payments over the term of the swap agreements provided that no event of default has occurred with respect to the referenced debt obligation upon which the swap is based. If a default occurs, the stream of payments may stop and the trust would be obligated to pay the counterparty the par (or other agreed upon) value of the referenced debt obligation. This, in turn, would reduce the amount of income and principal that a Fund would receive as an investor in the trust. A Fund's investments in these instruments are indirectly subject to the risks associated with derivative instruments, including, among others, credit risk, default or similar event risk, counterparty risk, interest rate risk, leverage risk and management risk. It is expected that the securities will be exempt from registration under the 1933 Act. Accordingly, there may be no established trading market for the securities and they may constitute illiquid investments.

#### ***STRUCTURED NOTES AND INDEXED SECURITIES***

Structured notes are derivative debt instruments, the interest rate or principal of which is determined by an unrelated indicator (for example, a currency, security, commodity or index thereof). The terms of the instrument may be "structured" by the purchaser and the borrower issuing the note. Indexed securities may include structured notes as well as securities other than debt securities, the interest rate or principal of which is determined by an unrelated indicator. Indexed securities may include a multiplier that multiplies the indexed element by a specified factor and, therefore, the value of such securities may be very volatile. The terms of structured notes and indexed securities may provide that in certain circumstances no principal is due at maturity, which may result in a loss of invested capital. Structured notes and indexed securities may be positively or negatively indexed, so that appreciation of the unrelated indicator may produce an increase or a decrease in the interest rate or the value of the structured note or indexed security at maturity may be calculated as a specified multiple of the change in the value of the unrelated indicator. Therefore, the value of such notes and securities may be very volatile. Structured notes and indexed securities may entail a greater degree of market risk than other types of debt securities because the investor bears the risk of the unrelated indicator. Structured notes or indexed securities also may be more volatile, less liquid, and more difficult to accurately price than less complex securities and instruments or more traditional debt securities. To the extent a Fund invests in these notes and securities, however, each Fund's Subadvisor and/or the Advisor, as applicable, will analyze these notes and securities in its overall assessment of the effective duration of the Fund's holdings in an effort to monitor the Fund's interest rate risk.

Certain issuers of structured products may be deemed to be investment companies as defined in the Investment Company Act. As a result, a Fund's investments in these structured products may be subject to limits applicable to investments in investment companies and may be subject to restrictions contained in the Investment Company Act.

#### ***EQUITY-LINKED SECURITIES AND EQUITY-LINKED NOTES***

Harbor Global Leaders Fund may invest a portion of their respective assets in equity-linked securities. Equity-linked securities are privately issued derivative securities that have a return component based on the performance of a single stock, a basket of stocks, or a stock index. Equity-linked securities are often used for many of the same purposes as, and share many of the same risks with, other derivative instruments.

An equity-linked note is a note, typically issued by a company or financial institution, whose performance is tied to a single stock, a basket of stocks, or a stock index. Generally, upon the maturity of the note, the holder receives a return of principal based on the capital appreciation of the linked securities. The terms of an equity-linked note may also provide for the periodic interest payments to holders at either a fixed or floating rate. Because the notes are equity linked, they may return a lower amount

## INVESTMENT POLICIES

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### Structured Products — Continued

at maturity due to a decline in value of the linked security or securities. To the extent a Fund invests in equity-linked notes issued by foreign issuers, it will be subject to the risks associated with the debt securities of foreign issuers and with securities denominated in foreign currencies. Equity-linked notes are also subject to default risk and counterparty risk.

### Trust-Preferred Securities

Trust-preferred securities, also known as trust-issued securities, are securities that have characteristics of both debt and equity instruments. Generally, trust-preferred securities are cumulative preferred stocks issued by a trust that is created by a financial institution, such as a bank holding company. The financial institution typically creates the trust with the objective of increasing its capital by issuing subordinated debt to the trust in return for cash proceeds that are reflected on its balance sheet. The primary asset owned by the trust is the subordinated debt issued to the trust by the financial institution. The financial institution makes periodic interest payments on the debt as discussed further below. The financial institution will subsequently own the trust's common securities, which may typically represent a small percentage of the trust's capital structure. The remainder of the trust's capital structure typically consists of trust-preferred securities that are sold to investors. The trust uses the sales proceeds to purchase the subordinated debt issued by the financial institution. The financial institution uses the proceeds from the subordinated debt sale to increase its capital, while the trust receives periodic interest payments from the financial institution for holding the subordinated debt. The trust uses the interest received to make dividend payments to the holders of the trust-preferred securities. The dividends are generally paid on a quarterly basis and are often higher than other dividends potentially available on the financial institution's common stocks. The interests of the holders of the trust-preferred securities are senior to those of common stockholders in the event that the financial institution is liquidated, although their interests are typically subordinated to those of holders of other debt issued by the institution.

The primary benefit for the financial institution in using this particular structure is that the trust-preferred securities issued by the trust are treated by the financial institution as debt securities for tax purposes (as a consequence of which the expense of paying interest on the securities is tax deductible), but are treated as more desirable equity securities for purposes of the calculation of capital requirements. In certain instances, the structure involves more than one financial institution and thus, more than one trust. In such a pooled offering, an additional separate trust may be created. This trust will issue securities to investors and use the proceeds to purchase the trust-preferred securities issued by other trust subsidiaries of the participating financial institutions. In such a structure, the trust-preferred securities held by the investors are backed by other trust-preferred securities issued by the trust subsidiaries.

The risks associated with trust-preferred securities typically include the financial condition of the financial institution(s), as the trust typically has no business operations other than holding the subordinated debt issued by the financial institution(s) and issuing the trust-preferred securities and common stock backed by the subordinated debt. If a financial institution is financially unsound and defaults on interest payments to the trust, the trust will not be able to make dividend payments to holders of the trust-preferred securities such as the Funds.

### U.S. Government Securities

Total U.S. public debt as a percentage of gross domestic product has grown since the beginning of the 2008 financial downturn. U.S. government agencies project that the U.S. will continue to maintain high debt levels in the near future. Although high debt levels do not necessarily indicate or cause economic problems, they may create certain systemic risks if sound debt management practices are not implemented.

A high national debt level may increase market pressures to meet government funding needs, which may drive debt cost higher and cause the U.S. Treasury to sell additional debt with shorter maturity periods, thereby increasing refinancing risk. A high national debt also raises concerns that the U.S. government will be unable to pay investors at maturity. Unsustainable debt levels could cause declines in currency valuations and prevent the U.S. government from implementing effective fiscal policy.

On August 5, 2011, S&P lowered its long-term sovereign credit rating on the U.S. In explaining the downgrade, the S&P cited, among other reasons, controversy over raising the statutory debt ceiling and growth in public spending. The market prices and yields of securities supported by the full faith and credit of the U.S. government may be adversely affected by any actual or potential downgrade in the rating of U.S. long-term sovereign debt and such a downgrade may lead to increased interest rates and volatility.

Securities issued by U.S. government agencies or government-sponsored enterprises may not be guaranteed by the U.S. Treasury. Ginnie Mae, a wholly owned U.S. government corporation, is authorized to guarantee, with the full faith and credit of the U.S. government, the timely payment of principal and interest on securities issued by institutions approved by Ginnie Mae and backed by pools of mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. Government-related guarantors (i.e., not backed by the full faith and credit of the U.S. government) include Fannie Mae and Freddie Mac. On September 7, 2008, the Federal Housing Finance Agency

## INVESTMENT POLICIES

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### U.S. Government Securities — Continued

(“FHFA”) placed Fannie Mae and Freddie Mac in conservatorship, while the Treasury agreed to purchase preferred stock as needed to ensure that both Fannie Mae and Freddie Mac maintain a positive net worth (guaranteeing up to \$100 billion for each entity). As a consequence, certain fixed-income securities of Fannie Mae and Freddie Mac have more explicit U.S. government support. No assurance can be given as to whether the U.S. government will continue to support Fannie Mae and Freddie Mac. In addition, the future of Fannie Mae and Freddie Mac is uncertain because Congress has been considering proposals as to whether Fannie Mae and Freddie Mac should be nationalized, privatized, restructured or eliminated altogether. Fannie Mae and Freddie Mac are also the subject of continuing legal actions and investigations which may have an adverse effect on these entities.

In addition to securities issued by Ginnie Mae, Fannie Mae, Freddie Mac, and FHFA, U.S. government securities include obligations of federal home loan banks and federal land banks, Federal Farm Credit Banks Consolidated Systemwide Bonds and Notes, securities issued or guaranteed as to principal or interest by Tennessee Valley Authority and other similar securities as may be interpreted from time to time.

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### Variable and Floating Rate Securities

Variable and floating rate securities provide for a periodic adjustment in the interest rate paid on the obligations. The terms of such obligations must provide that interest rates are adjusted periodically based upon some appropriate interest rate adjustment index as provided in the respective obligations. The adjustment intervals may be regular, and range from daily up to annually, or may be event based, such as a change in the prime rate. Variable and floating rate securities that cannot be disposed of promptly within seven days and in the usual course of business without taking a reduced price will be treated as illiquid and subject to the limitation on investments in illiquid securities.

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### Variable Interest Entities

A Fund’s investments in emerging markets may also include investments in U.S.- or Hong Kong-listed issuers that have entered into contractual relationships with a China-based business and/or individuals/entities affiliated with the business structured as a variable interest entity (“VIE”). Instead of directly owning the equity interests in a Chinese company, the listed company has contractual arrangements with the Chinese company, which are expected to provide the listed company with exposure to the China-based company. These arrangements are often used because of Chinese governmental restrictions on non-Chinese ownership of companies in certain industries in China. By entering into contracts with the listed company that sells shares to U.S. investors, the China-based companies and/or related individuals/entities indirectly raise capital from U.S. investors without distributing ownership of the China-based companies to U.S. investors.

Even though the listed company does not own any equity in the China-based company, the listed company expects to exercise power over and obtain economic rights from the China-based company based on the contractual arrangements. All or most of the value of an investment in these companies depends on the enforceability of the contracts between the listed company and the China-based VIE. If the parties to the contractual arrangements do not meet their obligations as intended or there are effects on the enforceability of these arrangements from changes in Chinese law or practice, the listed company may lose control over the China-based company, and investments in the listed company’s securities may suffer significant economic losses.

The contractual arrangements permit the listed issuer to include the financial results of the China-based VIE as a consolidated subsidiary. The listed company often is organized in a jurisdiction other than the United States or China (e.g., the Cayman Islands), which likely will not have the same disclosure, reporting, and governance requirements as the United States.

Risks associated with such investments include the risk that the Chinese government could determine at any time and without notice that the underlying contractual arrangements on which control of the VIE is based violate Chinese law, which may result in a significant loss in the value of an investment in a listed company that uses a VIE structure; that a breach of the contractual agreements between the listed company and the China-based VIE (or its officers, directors, or Chinese equity owners) will likely be subject to Chinese law and jurisdiction, which raises questions about whether and how the listed company or its investors could seek recourse in the event of an adverse ruling as to its contractual rights; and that investments in the listed company may be affected by conflicts of interest and duties between the legal owners of the China-based VIE and the stockholders of the listed company, which may adversely impact the value of investments of the listed company.



## INVESTMENT RESTRICTIONS

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### Fundamental Investment Restrictions

The following restrictions may not be changed with respect to a Fund without the approval of the majority of outstanding voting securities of the Fund (which, under the Investment Company Act and the rules thereunder and as used in the Prospectuses and this Statement of Additional Information, means the lesser of (1) 67% of the shares of that Fund present at a meeting if the holders of more than 50% of the outstanding shares of that Fund are present in person or by proxy, or (2) more than 50% of the outstanding shares of that Fund). Investment restrictions that involve a maximum percentage of securities or assets shall not be considered to be violated unless an excess over the percentage occurs immediately after, and is caused by, an acquisition or encumbrance of securities or assets of, or borrowings by or on behalf of, each Fund with the exception of borrowings permitted by Investment Restriction (2) listed below.

A Fund may not:

- (1) with respect to 75% of the total assets of the Fund, purchase the securities of any issuer if such purchase would cause more than 5% of the Fund's total assets (taken at market value) to be invested in the securities of such issuer, or purchase securities of any issuer if such purchase would cause more than 10% of the total voting securities of such issuer to be held by the Fund, except obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities and with respect to the Harbor Convertible Securities Fund, shares of other investment companies;
- (2) borrow money, except to the extent permitted by, or to the extent not prohibited by, applicable law and any applicable exemptive relief;
- (3) act as underwriter of the securities issued by others, except to the extent that the purchase of securities in accordance with each Fund's investment objective and policies directly from the issuer thereof and the later disposition thereof may be deemed to be underwriting;
- (4) invest 25% or more of its total assets in the securities of one or more issuers conducting their principal business activities in the same industry (excluding the U.S. government or any of its agencies or instrumentalities);
- (5) issue senior securities, except as permitted under the Investment Company Act, and except that Harbor Funds may issue shares of beneficial interest in multiple series or classes;
- (6) purchase, hold or deal in real estate, although the Fund may purchase and sell securities that are secured by real estate or interests therein, securities of real estate investment trusts and mortgage-related securities and may hold and sell real estate acquired by the Fund as a result of the ownership of securities;
- (7) (except for Harbor Convertible Securities Fund), invest in commodities or commodity contracts, except that each Fund may invest in currency and financial instruments and contracts that are commodities or commodity contracts that are not deemed to be prohibited commodities or commodity contracts for the purpose of this restriction. Harbor Convertible Securities Fund may not purchase or sell physical commodities unless acquired as a result of ownership of securities or other instruments; provided that this restriction shall not prohibit the Fund from purchasing or selling options, futures contracts and related options thereon, forward contracts, swaps, caps, floors, collars and any other financial instruments or from investing in securities or other instruments backed by physical commodities or as otherwise permitted by (i) the Investment Company Act, (ii) the rules and regulations promulgated by the SEC under the Investment Company Act, or (iii) an exemption or other relief applicable to the Fund from the provisions of the Investment Company Act; or
- (8) make loans to other persons, except to the extent permitted by, or to the extent not prohibited by, applicable law and any applicable exemptive relief.

Notwithstanding the investment policies and restrictions of each Fund, a Fund may invest its assets in an open-end management investment company with substantially the same investment objective, policies and restrictions as the Fund.

For purposes of fundamental investment restriction no. 4, each Fund will consider concentration to be the investment of more than 25% of the value of its total assets in any one industry. In addition, telephone companies are considered to be in a separate industry from water, gas or electric utilities; personal credit finance companies and business credit finance companies are deemed to be in separate industries; banks and insurance companies are deemed to be in separate industries; wholly owned finance companies are considered to be in the industry of their parents if their activities are primarily related to financing the activities of their parents; and privately issued mortgage-backed securities collateralized by mortgages insured or guaranteed by the U.S. government, its agencies or instrumentalities do not represent interests in any industry.

## INVESTMENT RESTRICTIONS

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### Fundamental Investment Restrictions — Continued

For purposes of fundamental investment restriction no. 7, each Fund interprets its policy with respect to the investment in commodities or commodity contracts to permit the Fund, subject to the Fund's investment objectives and general investment policies (as stated in the Fund's Prospectus and elsewhere in this Statement of Additional Information), to invest in commodity futures contracts and options thereon, commodity-related swap agreements, hybrid instruments, and other commodity-related derivative instruments.

From time to time, each Fund may voluntarily participate in actions (for example, rights offerings, conversion privileges, exchange offers, credit event settlements, etc.) where the issuer or counterparty offers securities or instruments to holders or counterparties, such as a Fund, and the acquisition is determined to be beneficial to Fund shareholders ("Voluntary Action"). Unless otherwise indicated, all percentage limitations on Fund investments (as stated throughout this Statement of Additional Information or in the Prospectuses) that are not (i) specifically included in the above section or (ii) imposed by the Investment Company Act, rules thereunder, the Code or related regulations (the "Elective Investment Restrictions"), will apply only at the time a transaction is entered into. For purposes of this policy, certain Non-Fundamental Investment Restrictions, as noted below, are also considered Elective Investment Restrictions. The percentage limitations and absolute prohibitions with respect to Elective Investment Restrictions are not applicable to a Fund's acquisition of securities or instruments through a Voluntary Action.

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### Non-Fundamental Investment Restrictions

In addition to the investment restrictions and policies mentioned above, the Trustees of Harbor Funds have voluntarily adopted the following policies and restrictions, which are observed in the conduct of the affairs of the Funds. These represent intentions of the Trustees based upon current circumstances. They differ from fundamental investment policies because they may be changed or amended by action of the Trustees without prior notice to or approval of shareholders. Accordingly, each Fund may not:

- (a) purchase securities on margin, except for use of short-term credit necessary for clearance of purchases and sales of portfolio securities, but it may make margin deposits in connection with covered transactions in options, futures, options on futures and short positions. For purposes of this restriction, the posting of margin deposits or other forms of collateral in connection with swap agreements is not considered purchasing securities on margin;
- (b) make short sales of securities, except as permitted under the Investment Company Act;
- (c) invest more than 15% of the Fund's net assets in illiquid investments; or
- (d) invest in other companies for the purpose of exercising control or management.

## TRUSTEES AND OFFICERS

The business and affairs of the Trust shall be managed by or under the direction of the Trustees, and they shall have all powers necessary or desirable to carry out that responsibility. The Trustees shall have full power and authority to take or refrain from taking any action and to execute any contracts and instruments that they may consider necessary or desirable in the management of the Trust. Any determination made by the Trustees in good faith as to what is in the interests of the Trust shall be conclusive. The Trustees serve on the Board of Trustees of Harbor Funds and Harbor ETF Trust.

Information pertaining to the Trustees and Officers of Harbor Funds is set forth below. The address of each Trustee and Officer is: [Name of Trustee or Officer] c/o Harbor Funds, 111 South Wacker Drive, 34th Floor, Chicago, IL 60606-4302.

Name (Age) Position(s) with Fund	Term of Office and Length of Time Served <sup>1</sup>	Principal Occupation(s) During Past Five Years	Number of Portfolios In Fund Complex Overseen By Trustee	Other Directorships Of Public Companies and Other Registered Investment Companies Held by Trustee During Past Five Years
<b>INDEPENDENT TRUSTEES</b>				
Scott M. Amero (59)..... Trustee	Since 2014	Chairman (2015-2020) and Trustee (2011-Present), Rare (conservation nonprofit); Trustee, Root Capital (2022-Present); Trustee, The Nature Conservancy, Massachusetts Chapter (2018-Present); Trustee, Adventure Scientists (conservation nonprofit) (2020-Present); Vice Chairman and Global Chief Investment Officer, Fixed Income (2010), Vice Chairman and Global Chief Investment Officer, Fixed Income, and Co-Head, Fixed Income Portfolio Management (2007-2010), BlackRock, Inc. (publicly traded investment management firm).	27	None
Donna J. Dean (71)..... Trustee	Since 2010	Chief Investment Officer of the Rockefeller Foundation (a private foundation) (2001-2019).	27	None
Robert Kasdin (64)..... Trustee	Since 2014	Senior Vice President and Chief Operating Officer (2015-2022) and Chief Financial Officer (2018-2022), Johns Hopkins Medicine; Trustee and Member of the Finance Committee, National September 11 Memorial & Museum at the World Trade Center (2005-2019); Director, Apollo Commercial Real Estate Finance, Inc. (2014-Present); and Director, The Y in Central Maryland (2018-2022).	27	Director of Apollo Commercial Real Estate Finance, Inc. (2014-Present).
Kathryn L. Quirk (70)..... Trustee	Since 2017	Member, Board of Directors and Co-Chair, Governance Committee, Just World International Inc. (nonprofit) (2020 – Present); Vice President, Senior Compliance Officer and Head, U.S. Regulatory Compliance, Goldman Sachs Asset Management (2013-2017); Deputy Chief Legal Officer, Asset Management, and Vice President and Corporate Counsel, Prudential Insurance Company of America (2010-2012); Co-Chief Legal Officer, Prudential Investment Management, Inc., and Chief Legal Officer, Prudential Investments and Prudential Mutual Funds (2008-2012); Vice President and Corporate Counsel and Chief Legal Officer, Mutual Funds, Prudential Insurance Company of America, and Chief Legal Officer, Prudential Investments (2005-2008); Vice President and Corporate Counsel and Chief Legal Officer, Mutual Funds, Prudential Insurance Company of America (2004-2005); Member, Management Committee (2000-2002), General Counsel and Chief Compliance Officer, Zurich Scudder Investments, Inc. (1997-2002).	27	None
Douglas J. Skinner (61) ..... Trustee	Since 2020	Professor of Accounting (2005-Present), Deputy Dean for Faculty (2015-2016, 2017-Present), Interim Dean (2016-2017), University of Chicago Booth School of Business.	27	None
Ann M. Spruill (69)..... Trustee	Since 2014	Partner (1993-2008), member of Executive Committee (1996-2008), Member Board of Directors (2002-2008), Grantham, Mayo, Van Otterloo & Co, LLC (private investment management firm) (with the firm since 1990); Member Investment Committee and Chair of Global Public Equities, Museum of Fine Arts, Boston (2000-2020); and Trustee, Financial Accounting Foundation (2014-2020).	27	None
Landis Zimmerman (64) ..... Trustee	Since 2022	Independent, non-fiduciary advisor, Gore Creek Asset Management (2006-Present); Member, Japan Science and Technology Agency Investment Advisory Committee (2021-Present); Chief Investment Officer of the Howard Hughes Medical Institute (2004-2021).	27	None

## TRUSTEES AND OFFICERS

Name (Age) Position(s) with Fund	Term of Office and Length of Time Served <sup>1</sup>	Principal Occupation(s) During Past Five Years	Number of Portfolios In Fund Complex Overseen By Trustee	Other Directorships Of Public Companies and Other Registered Investment Companies Held by Trustee During Past Five Years
<b>INTERESTED TRUSTEE</b>				
Charles F. McCain (53)*..... Chairman, Trustee and President	Since 2017	Chief Executive Officer (2017-Present), Director (2007-Present), President and Chief Operating Officer (2017), Executive Vice President and General Counsel (2004-2017), and Chief Compliance Officer (2004-2014), Harbor Capital Advisors, Inc.; Director and Chairperson (2019-Present), Harbor Trust Company, Inc.; Director (2007-Present) and Chief Compliance Officer (2004-2017), Harbor Services Group, Inc.; Chief Executive Officer (2017-Present), Director (2007-Present), Chief Compliance Officer and Executive Vice President (2007-2017), Harbor Funds Distributors, Inc.; Chief Compliance Officer, Harbor Funds (2004-2017); and Chairman, President and Trustee, Harbor ETF Trust (2021-Present).	27	None

Name (Age) Position(s) with Fund	Term of Office and Length of Time Served <sup>1</sup>	Principal Occupation(s) During Past Five Years		
<b>FUND OFFICERS NOT LISTED ABOVE**</b>				
Erik D. Ojala (48) ..... Chief Compliance Officer	Since 2017	Executive Vice President and General Counsel (2017-Present), Secretary (2010-Present) and Chief Compliance Officer (2022-2023); Senior Vice President and Associate General Counsel (2007-2017), Harbor Capital Advisors, Inc.; Director and Secretary (2019-Present) and Chief Compliance Officer (2022-2023), Harbor Trust Company, Inc.; Director, Executive Vice President (2017-Present) and Chief Compliance Officer (2017-2021, 2022-Present), Harbor Funds Distributors, Inc.; Director (2017-Present), Assistant Secretary (2014-Present) and Chief Compliance Officer (2022-2023), Harbor Services Group, Inc.; AML Compliance Officer (2010-2017) and Vice President and Secretary (2007-2017), Harbor Funds; and Chief Compliance Officer, Harbor ETF Trust (2021-Present).		
Richard C. Sarhaddi (49) ..... Vice President	Since 2023	Senior Vice President and Chief Compliance Officer (2023 – Present), Harbor Capital Advisors, Inc., Harbor Services Group, Inc. and Harbor Trust Company, Inc.; Vice President, Harbor Funds (2023-Present); Vice President, Harbor ETF Trust (2023-Present); Chief Compliance Officer (2022-2023), Vanguard Personalized Indexing Management, LLC; Head of U.S. Direct Investor Advice Compliance, (2018 – 2023), The Vanguard Group, Inc.; Director & Lead Counsel, Digital Services / Intelligent Portfolios (2015 – 2018), Charles Schwab & Co., Inc.		
Kristof M. Gleich (43) ..... Vice President	Since 2019	President (2018-Present) and Chief Investment Officer (2020), Harbor Capital Advisors, Inc.; Director, Vice Chairperson, President (2019-Present) and Chief Investment Officer (2020-Present), Harbor Trust Company, Inc.; Vice President, Harbor Funds (2019-Present); Vice President, Harbor ETF Trust (2021-Present); and Managing Director, Global Head of Manager Selection (2010-2018), JP Morgan Chase & Co.		
Gregg M. Boland (59) ..... Vice President and AML Compliance Officer	Since 2022	Executive Vice President (2020-Present), Vice President (2019-2020), Harbor Capital Advisors, Inc.; President (2019-Present), Senior Vice President – Operations (2016-2019), and Vice President – Operations (2007-2015), Harbor Services Group, Inc.; Senior Vice President, AML Compliance Officer, and OFAC Officer (2019-Present), Harbor Funds Distributors, Inc.; Vice President, Harbor Funds (2019-Present) and Vice President, Harbor ETF Trust (2021-Present).		
Diana R. Podgorny (43) ..... Secretary	Since 2018	Senior Vice President and Deputy General Counsel (2022-Present), Senior Vice President and Assistant General Counsel (2020-2022), and Vice President and Assistant General Counsel (2017-2020), Harbor Capital Advisors, Inc.; Director and Vice President (2020-Present), Harbor Trust Company, Inc.; Secretary, Harbor Funds (2018-Present); and Secretary, Harbor ETF Trust (2021-Present).		
Lana M. Lewandowski (43) ..... Assistant Secretary	Since 2017	Vice President and Compliance Director (2022-Present), Legal & Compliance Manager (2016-2022) and Legal Specialist (2012-2015), Harbor Capital Advisors, Inc.; AML Compliance Officer (2017-2022) and Assistant Secretary (2017-Present), Harbor Funds; and AML Compliance Officer (2021-2022) and Assistant Secretary (2021-Present), Harbor ETF Trust.		
John M. Paral (54) ..... Treasurer	Since 2022	Senior Vice President – Fund Administration and Analysis (2022-Present), Director of Fund Administration and Analysis (2017-2022), Vice President (2012-2022) and Financial Reporting Manager (2007-2017), Harbor Capital Advisors, Inc.; Treasurer (2022-Present) and Assistant Treasurer (2013-2022), Harbor Funds; and Treasurer (2022-Present) and Assistant Treasurer (2021-2022), Harbor ETF Trust.		
Lora A. Kmiecik (58) ..... Vice President	Since 2022	Executive Vice President and Chief Financial Officer (2022-Present), Senior Vice President – Fund Administration and Analysis (2017-2022) and Senior Vice President - Business Analysis (2015-2017), Harbor Capital Advisors, Inc.; Vice President (2020 – 2022) and Director (2022-Present), Harbor Trust Company, Inc.; Assistant Treasurer (2017-2022) and Vice President (2022-Present), Harbor Funds; and Assistant Treasurer (2021-2022) and Vice President (2022-Present), Harbor ETF Trust.		
Diane J. Johnson (57) ..... Vice President	Since 2022	Vice President (2022-Present) and Tax Director (2009-Present), Harbor Capital Advisors, Inc.; Vice President (2022-Present), Harbor Funds; and Vice President (2022-Present), Harbor ETF Trust.		

<sup>1</sup> Each Trustee serves for an indefinite term, until his or her successor is elected. Each Officer is elected annually.

\* Mr. McCain is deemed an “Interested Trustee” due to his affiliation with the Advisor and Distributor of Harbor Funds.

\*\* Officers of the Funds are “interested persons” as defined in the Investment Company Act.

## TRUSTEES AND OFFICERS

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### Additional Information About the Trustees

The following sets forth information about each Trustee's specific experience, qualifications, attributes and/or skills that serve as the basis for the person's continued service in that capacity. These encompass a variety of factors, including, but not limited to, their financial and investment experience, academic background, willingness to devote the time and attention needed to serve, and past experience as Trustees of the Trust, other investment companies, operating companies or other types of entities. No one factor is controlling, either with respect to the group or any individual. As discussed further below, the evaluation of the qualities and ultimate selection of persons to serve as Independent Trustees is the responsibility of the Trust's Nominating Committee, consisting solely of Independent Trustees. The inclusion of a particular factor below does not constitute an assertion by the Board of Trustees or any individual Trustee that a Trustee has any special expertise that would impose any greater responsibility or liability on such Trustee than would exist otherwise.

**Scott M. Amero.** Mr. Amero retired in 2010 after a 20-year career at BlackRock, Inc., where he was then Vice Chairman and Global Chief Investment Officer, Fixed Income, and Co-Head of Fixed Income Portfolio Management. He currently is on the Board of Trustees for Rare, a conservation nonprofit, a Trustee of Root Capital, a Trustee of the Massachusetts chapter of The Nature Conservancy, a Trustee for Adventure Scientists, a conservation nonprofit, and a member of the Advisory Board of the Mossavar-Rahmani Center for Business and Government at the Harvard Kennedy School. Mr. Amero has extensive investment experience and has served as a Trustee of Harbor Funds since 2014 and of Harbor ETF Trust since 2021.

**Donna J. Dean.** Ms. Dean served as the Chief Investment Officer of the Rockefeller Foundation from 2001 through 2019. The Rockefeller Foundation is a philanthropic organization established by the Rockefeller family in 1913 to promote the well-being of humanity. As Chief Investment Officer, Ms. Dean was responsible for leading a team of investment professionals in managing the Rockefeller Foundation's endowment. Ms. Dean was responsible for establishing strategy for the endowment's investment program, including diversifying the endowment's portfolio of investments across a range of asset classes including public and private equities, fixed income, emerging markets, real assets (such as resources and real estate), hedge funds and distressed debt. Prior to joining the Rockefeller Foundation in 1995, Ms. Dean spent seven years at Yale University, where she served as Director of Investments, with responsibility for real estate as well as oversight of the New Haven Initiative community investment program. Ms. Dean has significant investment experience and has served as a Trustee of Harbor Funds since 2010 and of Harbor ETF Trust since 2021.

**Robert Kasdin.** Mr. Kasdin served as the Senior Vice President and Chief Operating Officer of Johns Hopkins Medicine from 2015 to 2022 and also as Chief Financial Officer of Johns Hopkins Medicine from 2018 to 2022. Prior to joining Johns Hopkins Medicine, he served as Senior Executive Vice President of Columbia University from 2002 to 2015. Prior to joining Columbia University, he served as the Executive Vice President and Chief Financial Officer of the University of Michigan, Treasurer and Chief Investment Officer for The Metropolitan Museum of Art in New York City, and Vice President and General Counsel for Princeton University Investment Company. He started his career as a corporate attorney at Davis Polk & Wardwell. Mr. Kasdin previously served on the board of The Y in Central Maryland and on the Board of the National September 11 Memorial & Museum at the World Trade Center Foundation, Inc. He serves on the Board of Directors of Apollo Commercial Real Estate Finance, Inc. and is a member of the Council on Foreign Relations. Mr. Kasdin has significant business experience and has served as a Trustee of Harbor Funds since 2014 and of Harbor ETF Trust since 2021.

**Kathryn L. Quirk.** Ms. Quirk retired in March 2017 after nearly thirty-five years of serving in various legal, compliance and senior management roles in the asset management industry as well as serving as an officer of several investment companies. Prior to her retirement, she served at Goldman Sachs Asset Management as Head of U.S. Regulatory Compliance from 2013-2017. Prior to joining Goldman Sachs, she was Vice President and Corporate Counsel at Prudential Insurance Company of America, a subsidiary of Prudential Financial Inc., an insurance and financial services company. During that time, she also served as Deputy Chief Legal Officer, Asset Management at Prudential Insurance Company of America; Co-Chief Legal Officer at Prudential Investment Management, Inc.; Chief Legal Officer at Prudential Investments LLC; and Chief Legal Officer of the Prudential Mutual Funds. Prior to joining Prudential, Ms. Quirk worked at Zurich Scudder Investments, Inc., an asset management company, where she held several senior management positions, including General Counsel, Chief Compliance Officer, Chief Risk Officer, Corporate Secretary, Managing Director, and served on the board of directors and management committee. She started her career as an attorney at Debevoise & Plimpton LLP. She currently is on the Board of Directors and is Co-Chair of the Governance Committee of Just World International, Inc., a not-for-profit organization funding education and nutrition programs. Ms. Quirk has extensive investment management industry and legal experience and has served as a Trustee of Harbor Funds since 2017 and of Harbor ETF Trust since 2021.

## TRUSTEES AND OFFICERS

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### Additional Information About the Trustees — Continued

**Douglas J. Skinner.** Mr. Skinner is the Sidney Davidson Distinguished Service Professor of Accounting and Deputy Dean for Faculty at the University of Chicago Booth School of Business, where his prior positions include Eric J. Gleacher Distinguished Service Professor of Accounting, John P. and Lillian A. Gould Professor of Accounting, Neubauer Family Faculty Fellow, Interim Dean, and Executive Director of the Accounting Research Center. Mr. Skinner joined the University of Chicago Business School's faculty in 2005 from the University of Michigan Business School, where he served as the KPMG Professor of Accounting. Mr. Skinner's teaching and research has a particular emphasis on corporate disclosure practices, corporate financial reporting, and corporate finance. Mr. Skinner is a Senior Fellow at the Asian Bureau of Finance and Economic Research. Mr. Skinner is the author or co-author of numerous publications in leading accounting and finance academic journals. Mr. Skinner has served as a Trustee of Harbor Funds since 2020 and of Harbor ETF Trust since 2021.

**Ann M. Spruill.** Ms. Spruill retired in 2008 after an 18-year career at GMO & Co. LLC, where she was a partner, portfolio manager and the Head of International Active Equities Division. She also served as a member of the Executive Committee and the Board of Directors of that firm. GMO & Co. LLC is a privately-owned global investment management firm. Ms. Spruill served as a Trustee for the Financial Accounting Foundation. She served as a member of the Investment Committee and Chair of Global Public Equities for the Museum of Fine Arts, Boston and serves as a Trustee of the University of Rhode Island. Ms. Spruill has significant investment experience and has served as a Trustee of Harbor Funds since 2014 and of Harbor ETF Trust since 2021.

**Landis Zimmerman.** Mr. Zimmerman retired in 2021 after serving 17 years as Vice President and Chief Investment Officer of the Howard Hughes Medical Institute. Prior to joining Howard Hughes Medical Institute, he served as Managing Director for investments at the University of Pennsylvania from 1998-2004, Associate Director of Investments of the Rockefeller Foundation from 1996-1998, Associate Director at Bear, Stearns & Co. Inc. from 1994-1996, and Vice President at J.P. Morgan Securities Inc. from 1985-1994. He began his career as Assistant Treasurer at Chemical Bank in 1981. He is currently an independent, non-fiduciary advisor for Gore Creek Asset Management, a family investment office, and is a member of the Japan Science and Technology Agency Investment Advisory Committee. Mr. Zimmerman has served as a Trustee of Harbor Funds and Harbor ETF Trust since 2022.

**Charles F. McCain.** Mr. McCain has served as Chief Executive Officer of Harbor Capital Advisors since 2017 and as a Director since 2007. Mr. McCain previously served as President and Chief Operating Officer of Harbor Capital Advisors during 2017, Executive Vice President and General Counsel of Harbor Capital Advisors from 2004-2017 and as Chief Compliance Officer of Harbor Capital Advisors from 2004-2014. He served as Harbor Funds' Chief Compliance Officer from 2004-2017. He has served as a Director and Chairperson of Harbor Trust Company, Inc. since 2019. He also has served as a Director of Harbor Services Group, Inc. since 2007, and as the Chief Compliance Officer of Harbor Services Group, Inc. from 2004-2017. He has also served as a Director of Harbor Funds Distributors, Inc. since 2007, and as the Chief Compliance Officer and Executive Vice President of Harbor Funds Distributors, Inc. from 2007-2017. Prior to joining Harbor Capital Advisors in 2004, Mr. McCain was a Junior Partner at the law firm of Wilmer Cutler Pickering Hale and Dorr LLP. Mr. McCain has extensive business, investment, legal and compliance experience and has served as a Trustee and Chairman of the Board of Harbor Funds since 2017 and as a Trustee and Chairman of the Board of Harbor ETF Trust since 2021.

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### Board Leadership Structure

As indicated above, the business and affairs of the Trust shall be managed by or under the direction of the Trustees. The Trustees have delegated day-to-day management of the affairs of the Trust to the Advisor, subject to the Trustees' oversight. The Board of Trustees is currently comprised of eight Trustees, seven of whom are Independent Trustees. All Independent Trustees serve on the Audit Committee and Nominating Committee, as discussed below. The Chairman of the Board of Trustees is an Interested Trustee.

The Independent Trustees determined that it was appropriate to appoint a Lead Independent Trustee to facilitate communication among the Independent Trustees and with management. Accordingly, the Independent Trustees have appointed Ms. Quirk to serve as Lead Independent Trustee. Among other responsibilities, the Lead Independent Trustee coordinates with management and the other Independent Trustees regarding review of agendas for board meetings; serves as chair of meetings of the Independent Trustees; and, in consultation with the other Independent Trustees and as requested or appropriate, communicates with management, counsel, third party service providers and others on behalf of the Independent Trustees.

The Trustees believe that this leadership structure is appropriate given, among other things, the size and number of funds offered by the Trust; the size and committee structure of the Board of Trustees; management's accessibility to the Independent Trustees, both individually and collectively through the Lead Independent Trustee; and the active and engaged role played by each Trustee with respect to oversight responsibilities.

## TRUSTEES AND OFFICERS

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### Board Committees

All Independent Trustees serve on the Audit Committee and the Nominating Committee. The functions of the Audit Committee include recommending an independent registered public accounting firm to the Trustees, monitoring the independent registered public accounting firm's performance, reviewing the results of audits and responding to certain other matters deemed appropriate by the Trustees. The Nominating Committee is responsible for the selection and nomination of candidates to serve as Independent Trustees. The Nominating Committee will also consider nominees recommended by shareholders to serve as Trustees provided that shareholders submit such recommendations in writing to Harbor Funds Nominating Committee, c/o Harbor Funds, 111 South Wacker Drive, 34th Floor, Chicago, IL 60606-4302 within a reasonable time before any meeting.

During Harbor Funds fiscal year ended October 31, 2022, the Board of Trustees held 16 meetings, the Audit Committee held 3 meetings and the Nominating Committee held 2 meetings. The Board of Trustees does not have a compensation committee.

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### Risk Oversight

The Board of Trustees considers its role with respect to risk management to be one of oversight rather than active management. The Trust faces a number of types of risks, including investment risk, legal and compliance risk, operational risk (including business continuity risk), reputational and business risk. The Board of Trustees recognizes that not all risks potentially affecting the Trust can be identified in advance, and that it may not be possible or practicable to eliminate certain identifiable risks. As part of the Trustees' oversight responsibilities, the Trustees generally oversee the Funds' risk management policies and processes, as these are formulated and implemented by the Trust's management. These policies and processes seek to identify relevant risks and, where practicable, lessen the possibility of their occurrence and/or mitigate the impact of such risks if they were to occur. Various parties, including management of the Trust, the Trust's independent registered public accounting firm and other service providers provide regular reports to the Board of Trustees on various operations of the Trust and related risks and their management. In particular, the Funds' Chief Compliance Officer regularly reports to the Trustees with respect to legal and compliance risk management, the Chief Financial Officer reports on financial operations, and a variety of other management personnel report on other risk management areas, including the operations of certain affiliated and unaffiliated service providers to the Trust. The Audit Committee maintains an open and active communication channel with both the Trust's personnel and its independent auditor, largely, but not exclusively, through its chair.

## TRUSTEES AND OFFICERS

### Trustee Compensation

For the fiscal year ended  
October 31, 2022

Name of Person, Position	Aggregate Compensation From Harbor Funds	Pension or Retirement Benefits Accrued As Part of Fund Expenses	Total Compensation From Fund Complex Paid to Trustees*
Charles F. McCain, Chairman, President and Trustee.....	-0-	-0-	-0-
Scott M. Amero, Trustee .....	\$270,000	-0-	\$300,000
Donna J. Dean, Trustee .....	\$270,000	-0-	\$300,000
Robert Kasdin, Trustee <sup>1</sup> .....	\$270,000	-0-	\$300,000
Kathryn L. Quirk, Trustee <sup>1,2</sup> .....	\$315,000	-0-	\$350,000
Douglas J. Skinner, Trustee <sup>3</sup> .....	\$292,500	-0-	\$325,000
Ann M. Spruill, Trustee <sup>1</sup> .....	\$270,000	-0-	\$300,000
Landis Zimmerman, Trustee <sup>4</sup> .....	\$90,000	-0-	\$100,000

\* Includes amounts paid by Harbor Funds and Harbor ETF Trust.

<sup>1</sup> During the fiscal year ended October 31, 2022, Mr. Kasdin and Mses. Quirk and Spruill elected to defer at least a portion of their compensation pursuant to the Harbor Funds Deferred Compensation Plan for Independent Trustees. As of October 31, 2022, the total value of Mr. Kasdin's and Mses. Quirk and Spruill's accounts under that plan was \$2,095,058, \$830,414 and \$1,956,516, respectively.

<sup>2</sup> In consideration of her services as Lead Trustee, Ms. Quirk received \$45,000 from the Harbor Funds and \$5,000 from the Harbor ETF Trust in addition to the compensation payable to each other Independent Trustee for the fiscal year ended October 31, 2022.

<sup>3</sup> In consideration of his service as Audit Committee Chair, Mr. Skinner received \$22,500 from the Harbor Funds and \$2,500 from the Harbor ETF Trust in addition to the compensation payable to each other Independent Trustee for the fiscal year ended October 31, 2022.

<sup>4</sup> Mr. Zimmerman was appointed as a member of the Board of Trustees of the Harbor Funds effective August 9, 2022.



## TRUSTEES AND OFFICERS

### Trustee Ownership of Fund Shares

As of January 31, 2022, the Trustees and Officers of Harbor Funds as a group owned 2%, 2%, 3%, 1%, and 2% of the outstanding shares of beneficial interest of Harbor Core Bond Fund, Harbor Disruptive Innovation Fund, Harbor Global Leaders Fund, Harbor Mid Cap Fund, and Harbor International Core Fund, respectively and less than 1% of the outstanding shares of beneficial interest of each class of each other Fund.

The Fund shares beneficially owned by the Trustees as of December 31, 2022 are as follows:

Name of Trustee	Dollar Range of Ownership in Each Fund	Aggregate Dollar Range of Ownership in Harbor Funds
<b>INDEPENDENT TRUSTEES</b>		
Scott M. Amero	Harbor Diversified International All Cap Fund .....	Over \$100,000
	Harbor Core Bond Fund .....	\$50,001-\$100,000
	Harbor Small Cap Growth Fund .....	Over \$100,000
Donna J. Dean	Harbor Capital Appreciation Fund.....	\$50,001-\$100,000
	Harbor Core Plus Fund .....	Over \$100,000
	Harbor Convertible Securities Fund.....	Over \$100,000
	Harbor Disruptive Innovation Fund .....	\$10,001-\$50,000
	Harbor International Core Fund.....	\$10,001-\$50,000
	Harbor International Growth Fund .....	\$10,001-\$50,000
	Harbor Large Cap Value Fund .....	Over \$100,000
	Harbor Mid Cap Fund .....	\$10,001-\$50,000
	Harbor Small Cap Growth Fund .....	\$10,001-\$50,000
	Harbor Small Cap Value Fund .....	\$10,001-\$50,000
Robert Kasdin <sup>1</sup>	Harbor Global Leaders Fund .....	Over \$100,000
	Harbor International Core Fund.....	Over \$100,000
	Harbor Large Cap Value Fund .....	Over \$100,000
	Harbor Small Cap Value Fund .....	Over \$100,000
Kathryn L. Quirk <sup>1</sup>	Harbor Capital Appreciation Fund.....	\$50,001-\$100,000
	Harbor Core Bond Fund .....	\$10,001-\$50,000
	Harbor Core Plus Fund .....	Over \$100,000
	Harbor Disruptive Innovation Fund .....	\$50,001-\$100,000
	Harbor Diversified International All Cap Fund .....	\$50,001-\$100,000
	Harbor Global Leaders Fund .....	\$10,001-\$50,000
	Harbor International Growth Fund .....	\$50,001-\$100,000
	Harbor Large Cap Value Fund .....	Over \$100,000
	Harbor Mid Cap Fund .....	\$10,001-\$50,000
	Harbor Mid Cap Value Fund .....	\$50,001-\$100,000
Harbor Small Cap Growth Fund .....	\$50,001-\$100,000	
Douglas J. Skinner	Harbor Capital Appreciation Fund.....	\$50,001-\$100,000
	Harbor Core Bond Fund .....	Over \$100,000
	Harbor Mid Cap Value Fund .....	Over \$100,000
	Harbor Small Cap Value Fund .....	Over \$100,000
Ann M. Spruill <sup>1</sup>	Harbor Capital Appreciation Fund.....	Over \$100,000
	Harbor Core Bond Fund .....	Over \$100,000
	Harbor Diversified International All Cap Fund .....	\$50,001-\$100,000
	Harbor Global Leaders Fund .....	\$50,001-\$100,000
	Harbor International Fund .....	Over \$100,000
	Harbor International Growth Fund .....	Over \$100,000
Harbor International Small Cap Fund .....	Over \$100,000	
Landis Zimmerman	Harbor Core Bond Fund .....	\$10,001-\$50,000
		\$50,001-\$100,000

## TRUSTEES AND OFFICERS

### Trustee Ownership of Fund Shares — Continued

Name of Trustee	Dollar Range of Ownership in Each Fund	Aggregate Dollar Range of Ownership in Harbor Funds
<b>INTERESTED TRUSTEE</b>		
Charles F. McCain <sup>2</sup>	Harbor Capital Appreciation Fund.....	Over \$100,000
	Harbor Core Bond Fund .....	Over \$100,000
	Harbor Core Plus Fund .....	Over \$100,000
	Harbor Convertible Securities Fund.....	Over \$100,000
	Harbor Disruptive Innovation Fund .....	Over \$100,000
	Harbor Diversified International All Cap Fund .....	Over \$100,000
	Harbor Global Leaders Fund .....	Over \$100,000
	Harbor International Fund .....	Over \$100,000
	Harbor International Core Fund.....	Over \$100,000
	Harbor International Growth Fund .....	Over \$100,000
	Harbor International Small Cap Fund .....	Over \$100,000
	Harbor Large Cap Value Fund .....	Over \$100,000
	Harbor Mid Cap Fund .....	Over \$100,000
	Harbor Mid Cap Value Fund .....	Over \$100,000
	Harbor Small Cap Growth Fund .....	Over \$100,000
	Harbor Small Cap Value Fund .....	Over \$100,000

<sup>1</sup> Under the Harbor Funds Deferred Compensation Plan for Independent Trustees, a participating Trustee may elect to defer his or her trustee fees. Any such deferred fees are maintained in a deferral account that is credited with income and gains and charged with losses as though the participating Trustee invested the amount deferred directly in shares of one or more Funds selected by the participating Trustee. Harbor Funds in turn invests those deferred fees directly in shares of the Funds selected by the participating Trustee so that Harbor Funds' actual returns match the income, gains and losses attributed to the deferral account. The dollar ranges shown for each Harbor fund listed for Mr. Kasdin and Mses. Quirk and Spruill includes the value of the shares of each Fund that correspond to the value of their respective deferral accounts under the Harbor Funds Deferred Compensation Plan for Independent Trustees that has been deemed to be invested by the participating Trustee in each of those Funds.

<sup>2</sup> Under the Advisor's Non-Qualified Plan, a participant may elect to defer a portion of his or her compensation for investment in one or more of the Funds. The Advisor invests the full amount of that deferred compensation in the Funds selected by the participant and in turn credits the participant with the income and gains and charges the participant with losses incurred by those Funds. The dollar ranges shown for certain of the Funds listed for Mr. McCain include the value of the shares of each Fund in his deferral account in the Non-Qualified Plan.

## TRUSTEES AND OFFICERS

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### Material Relationships of the Independent Trustees

For purposes of the discussion below, the italicized terms have the following meanings:

- the *immediate family members* of any person are their spouse, children in the person's household (including step and adoptive children) and any dependent of the person.
- an entity in a *control relationship* means any person who controls, is controlled by or is under common control with the named person. For example, ORIX Corporation ("ORIX") is an entity that is in a control relationship with the Advisor.
- a *related fund* is a registered investment company or an entity exempt from the definition of an investment company pursuant to Sections 3(c)(1) or 3(c)(7) of the Investment Company Act, in each case for which the Advisor or any of its affiliates acts as investment adviser or for which Harbor Funds Distributors, Inc. (the "Distributor") or any of its affiliates acts as principal underwriter. For example, the related funds of Harbor Funds include all of the Funds in the Harbor family and any other U.S. and non-U.S. funds managed by the Advisor's affiliates.

As of December 31, 2022, none of the Independent Trustees, nor any member of their immediate families, beneficially owned any securities issued by the Advisor, ORIX, or any other entity in a control relationship to the Advisor or the Distributor. During the calendar years 2021 and 2022, none of the Independent Trustees, nor any member of their immediate families, had any direct or indirect interest (the value of which exceeds \$120,000), whether by contract, arrangement or otherwise, in the Advisor, the Distributor, ORIX, or any other entity in a control relationship to the Advisor or the Distributor. During the calendar years 2021 and 2022, none of the Independent Trustees, nor any member of their immediate families, has had an interest in a transaction or a series of transactions in which the aggregate amount involved exceeded \$120,000 and to which any of the following were a party (each a "fund-related party"):

- a Harbor Fund;
- an officer of Harbor Funds;
- a related fund;
- an officer of any related fund;
- the Advisor;
- the Distributor;
- an officer of the Advisor or the Distributor;
- any affiliate of the Advisor or the Distributor; or
- an officer of any such affiliate.

During the calendar years 2021 and 2022, none of the Independent Trustees, nor any member of their immediate families, had any relationship exceeding \$120,000 in value with any Fund-related party, including, but not limited to, relationships arising out of (i) payments for property and services, (ii) the provision of legal services, (iii) the provision of investment banking services (other than as a member of the underwriting syndicate) or (iv) the provision of consulting services.

During the calendar years 2021 and 2022, none of the Independent Trustees, nor any member of their immediate families, served as an officer for an entity on which an officer of any of the following entities also served as a director:

- the Advisor;
- the Distributor; or
- ORIX or any other entity in a control relationship with the Advisor or the Distributor.

During the calendar years 2021 and 2022, no immediate family member of any of the Independent Trustees, had any position, including as an officer, employee or director, with any Harbor funds. During the calendar years 2021 and 2022, none of the Independent Trustees, nor any member of their immediate families, had any position, including as an officer, employee, director or partner, with any of:

- any related fund;
- the Advisor;
- the Distributor;
- any affiliated person of Harbor Funds; or
- ORIX or any other entity in a control relationship to the Advisor or the Distributor.

# THE ADVISOR AND SUBADVISORS

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## The Advisor

Harbor Capital Advisors, Inc., a Delaware corporation, serves as the investment adviser (the “Advisor”) for each Fund pursuant to a separate investment advisory agreement with Harbor Funds on behalf of each Fund (each, an “Investment Advisory Agreement”). Pursuant to each Investment Advisory Agreement, the Advisor is responsible for providing a range of management, oversight, legal, compliance, financial and administrative services for each Fund as set forth in more detail below:

**Management Services.** Subject to the approval of the Board of Trustees, the Advisor is responsible for establishing the investment policies, strategies and guidelines for each Fund, and for recommending modifications to those policies, strategies and guidelines whenever the Advisor deems modifications to be necessary or appropriate. The Advisor is also responsible for providing, either through itself or through a Subadvisor selected, paid and supervised by the Advisor, investment research, and advice, and for furnishing continuously an investment program for each Fund consistent with the investment objectives and policies of the Fund. For Harbor funds that employ one or more non-discretionary Subadvisors, the Advisor will also make day-to-day investment decisions with respect to each such fund to implement model portfolios provided by the non-discretionary Subadvisors.

**Selection and Oversight of Subadvisors.** The Advisor is responsible for the Subadvisors it selects to manage the assets of or provide non-discretionary investment advisory services for the Funds and for recommending to the Board of Trustees the hiring, termination and replacement of Subadvisors. The Advisor is responsible for overseeing the Subadvisors and for reporting to the Board of Trustees periodically on each Fund’s and Subadvisor’s performance. The Advisor normally utilizes both qualitative and quantitative analysis to evaluate existing and prospective Subadvisors, including thorough reviews and assessments of (i) the Subadvisor’s investment process, personnel and investment staff; (ii) the Subadvisor’s investment research capabilities; (iii) the Subadvisor’s ownership and organization structures; (iv) the Subadvisor’s legal, compliance and operational infrastructure; (v) the Subadvisor’s brokerage practices; (vi) any material changes in the Subadvisor’s business, operations or staffing; (vii) the performance of each Fund and the Subadvisor relative to benchmark and peers; (viii) each Fund’s portfolio characteristics, and (ix) the composition of each Fund’s portfolio.

**Legal, Compliance, Financial and Administrative Services.** The Advisor is responsible for regularly providing various other services on behalf of each Fund, including, but not limited to, (i) providing the Funds with office space, facilities, equipment and personnel as the Advisor deems necessary to provide for the effective administration of the affairs of the Funds, including providing from among the Advisor’s directors, officers and employees, persons to serve as interested Trustee(s), officers and employees of Harbor Funds and paying the salaries of such persons; (ii) coordinating and overseeing the services provided by the Funds’ transfer agent, custodian, legal counsel and independent auditors; (iii) coordinating and overseeing the preparation and production of meeting materials for the Board of Trustees, as well as such other materials that the Board of Trustees may from time to time reasonably request; (iv) coordinating and overseeing the preparation and filing with the SEC of registration statements, notices, shareholder reports, proxy statements and other material for the Funds required to be filed under applicable laws; (v) developing and implementing procedures for monitoring compliance with the Funds’ investment objectives, policies and guidelines and with applicable regulatory requirements; (vi) providing legal and regulatory support for the Funds in connection with the administration of the affairs of the Funds, including the assigning of matters to the Funds’ legal counsel on behalf of the Funds and supervising the work of such outside counsel; (vii) overseeing the determination and publication of each Fund’s net asset value in accordance with the Funds’ valuation policies; (viii) preparing and monitoring expense budgets for the Funds, and reviewing the appropriateness and arranging for the payment of Fund expenses; and (ix) furnishing to the Funds such other administrative services as the Advisor deems necessary, or the Board of Trustees reasonably requests, for the efficient operation of the Funds.

The Advisor is a wholly-owned subsidiary of ORIX Corporation (“ORIX”), a global financial services company based in Tokyo, Japan. ORIX provides a range of financial services to corporate and retail customers around the world, including financing, leasing, real estate and investment banking services. The stock of ORIX trades publicly on both the New York (through ADRs) and Tokyo Stock Exchanges.

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## Advisory Fees

For its services, each Fund pays the Advisor an advisory fee, which is an annual rate based on the Fund’s average net assets. The following table sets forth for each Fund the contractual advisory fee rate and the fees paid to the Advisor for the past three fiscal years before the effect of any fee waiver (shown below) in effect for the past three fiscal years that reduced the advisory fee paid.

## THE ADVISOR AND SUBADVISORS

### Advisory Fees — Continued

	Contractual Advisory Fee Annual Rate Based on Average Net Assets	Advisory Fee Paid for Year Ended October 31 (000s)		
		2022	2021	2020
<b>HARBOR FUNDS</b>				
Harbor Capital Appreciation Fund.....	0.60%	\$178,346	\$244,596	\$201,730
(Reduction due to fee waiver).....		(14,807)	(22,536)	(17,535)
Harbor Convertible Securities Fund.....	0.50	1,163	1,201	941
(Reduction due to fee waiver).....		(89)	(92)	(72)
Harbor Core Bond Fund .....	0.23	210	432	341
Harbor Core Plus Fund .....	0.25	3,998	8,314	9,619
(Reduction due to fee waiver).....		(65)	(366)	(502)
Harbor Disruptive Innovation Fund .....	0.70	1,289	3,309	2,084
(Reduction due to fee waiver).....		N/A	(115)	(83)
Harbor Diversified International All Cap Fund .....	0.75	7,439	8,399	5,921
(Reduction due to fee waiver).....		N/A	(108)	(536)
Harbor Global Leaders Fund .....	0.75	700	1,035	873
(Reduction due to fee waiver).....		(47)	(69)	(58)
Harbor International Fund .....	0.75	28,074	35,369	35,092
Harbor International Core Fund (formerly, Harbor Overseas Fund).....	0.75	492	322	198
Harbor International Growth Fund .....	0.75	4,264	6,560	4,726
Harbor International Small Cap Fund .....	0.85	622	421	304
Harbor Large Cap Value Fund .....	0.60/0.55 <sup>a</sup>	13,825	13,313	8,138
Harbor Mid Cap Fund.....	0.75	463	330	68
Harbor Mid Cap Value Fund .....	0.75	2,904	3,286	3,524
(Reduction due to fee waiver).....		(23)	(44)	(60)
Harbor Small Cap Growth Fund .....	0.75	7,103	8,711	6,305
Harbor Small Cap Value Fund .....	0.75	17,143	18,901	11,906

<sup>a</sup> 0.60% on the first \$4 billion and 0.55% thereafter.

### The Subadvisors

The Advisor has engaged the services of investment subadvisors (each, a “Subadvisor”) to provide discretionary and non-discretionary advisory services for each Fund.

The Advisor pays each Subadvisor out of its own resources; the Funds have no obligation to pay the Subadvisors. Each Subadvisor has entered into a subadvisory agreement with the Advisor and Harbor Funds, on behalf of each respective Fund. Each discretionary Subadvisor is responsible for providing the Fund with advice concerning the investment management of the Fund’s portfolio, which advice shall be consistent with the investment objectives and policies of the Fund. Each discretionary Subadvisor determines what securities shall be purchased, sold or held for the respective Fund and what portion of such Fund’s assets are held uninvested. Each non-discretionary Subadvisor provides investment advice to the Advisor, which is responsible for the day-to-day investment decision making for the Fund.

Each discretionary and non-discretionary Subadvisor is responsible for its own costs of providing services to the respective Fund. Each discretionary and non-discretionary Subadvisor’s subadvisory fee rate is based on a stated percentage of the Fund’s average annual net assets.

**Harbor Capital Appreciation Fund.** The Fund is subadvised by Jennison Associates LLC (“Jennison”). Jennison is a direct, wholly owned subsidiary of PGIM, Inc., which is a direct, wholly owned subsidiary of PGIM Holding Company LLC, which is a direct, wholly owned subsidiary of Prudential Financial, Inc.

**Harbor Convertible Securities Fund.** The Fund is subadvised by BlueCove Limited (“BlueCove”). BlueCove is a private limited company organized under the laws of England and Wales. BlueCove is located at 10 New Burlington Street, London W1S 3BE, United Kingdom.

**Harbor Core Bond Fund and Harbor Core Plus Fund.** The Funds are subadvised by Income Research + Management (“IR+M”). IR+M has been independent and privately owned since its founding in 1987 by members of the Sommers family and certain employees.

**Harbor Disruptive Innovation Fund.** The Fund operates as a multi-manager fund. In managing the Fund, the Advisor utilizes non-discretionary model portfolios provided by the following Subadvisors:

- 4BIO Partners LLP (“4BIO Capital”). 4BIO Capital is a London-based venture capital limited liability partnership that is employee owned.
- NZS Capital, LLC (“NZS Capital”). NZS Capital, a limited liability company, is controlled by Jason Bradley Slingerlend, Brinton Johns, and Jupiter Investment Management Holdings LLC;
- Sands Capital Management, LLC (“Sands Capital”). Sands Capital is an independent investment management firm ultimately controlled by Frank M. Sands, Sands Capital’s CEO and CIO. Frank M. Sands controls Sands Capital by virtue of his position as, among other things, trustee, manager, or officer, respectively, of various intermediate holding entities and trusts through which voting or management rights with respect to Sands Capital are held and/or exercised;
- Tekne Capital Management, LLC (“Tekne”). Tekne is a limited liability company with Tekne Capital Partners, LP serving as member and direct majority owner. Beeneet Kothari, who is the Chief Executive officer Tekne, is the controlling owner of Tekne Capital Partners, LP; and
- Westfield Capital Management, L.P. (“Westfield”). Westfield is 100% employee owned. The day-to-day management and strategic decisions of Westfield are controlled by Westfield’s Management Committee.

**Harbor Diversified International All Cap Fund and Harbor International Fund.** The Funds are subadvised by Marathon Asset Management Limited (“Marathon-London”). Marathon-London is predominantly owned by its founding partners, with the remaining equity shared between a number of key employees.

**Harbor Global Leaders Fund.** The Fund is subadvised by Sands Capital. Sands Capital is an independent investment management firm ultimately controlled by Frank M. Sands, Sands Capital’s CEO and CIO. Frank M. Sands controls Sands Capital by virtue of his position as, among other things, trustee, manager, or officer, respectively, of various intermediate holding entities and trusts through which voting or management rights with respect to Sands Capital are held and/or exercised.

**Harbor International Core Fund (formerly, Harbor Overseas Fund).** The Fund is subadvised by Acadian Asset Management LLC (“Acadian”). Acadian was founded in 1986 and is a subsidiary of BrightSphere Affiliate Holdings LLC, which is an indirectly wholly owned subsidiary of BrightSphere Investment Group plc (“BSIG”), a publicly listed company on the NYSE.

**Harbor International Growth Fund.** The Fund is subadvised by Baillie Gifford Overseas Limited (“Baillie Gifford”). Baillie Gifford, a registered company incorporated in Scotland, is located at Calton Square, 1 Greenside Row, Edinburgh, Scotland. Baillie Gifford was organized in 1983 and is a wholly owned subsidiary of Baillie Gifford & Co. Baillie Gifford & Co. is a partnership and is wholly owned by partners who work at the firm.

## THE ADVISOR AND SUBADVISORS

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### The Subadvisors — Continued

**Harbor International Small Cap Fund.** The Fund is subadvised by Cedar Street Asset Management LLC (“Cedar Street”). Cedar Street is an employee-owned professional investment management firm. Jonathan Brodsky is the controlling managing member.

Cedar Street and Harbor Capital have entered into an arrangement by which Harbor Capital may acquire: (i) a less than 5% non-voting ownership stake in Cedar Street, which arrangement would be tied to asset levels achieved by the Fund, and (ii) a less than 25% ownership stake in Cedar Street in the event that the firm seeks to sell equity in the firm to a third party.

**Harbor Large Cap Value Fund.** The Fund is subadvised by Aristotle Capital Management, LLC (“Aristotle”). Aristotle was founded in 1959 through predecessor entities. Aristotle is a limited liability company owned by its employees and Board of Managers.

**Harbor Mid Cap Fund and Harbor Small Cap Value Fund.** The Funds are subadvised by EARNEST Partners LLC (“EARNEST Partners”). EARNEST Partners is controlled by Paul Viera, who is an employee of EARNEST Partners.

**Harbor Mid Cap Value Fund.** The Fund is subadvised by LSV Asset Management (“LSV”). LSV is a Delaware general partnership between the management team and current and retired employee partners (61%) and SEI Funds, Inc. (39%). The day-to-day management and strategic decisions of the Subadvisor are controlled by LSV’s Executive Committee and other senior employee partners of LSV.

**Harbor Small Cap Growth Fund.** The Fund is subadvised by Westfield. Westfield is 100% employee owned. The day-to-day management and strategic decisions of Westfield are controlled by Westfield’s Management Committee.

## THE ADVISOR AND SUBADVISORS

### Subadvisory Fees

The fees paid by the Advisor to each Subadvisor for the past three fiscal years are set forth in the table below.

	Fee Paid by the Advisor to Subadvisor For Year Ended October 31 (000s)		
	2022	2021	2020
<b>HARBOR FUNDS</b>			
Harbor Capital Appreciation Fund.....	\$63,407	\$86,654	\$71,799
Harbor Convertible Securities Fund			
BlueCove Limited <sup>1</sup> .....	N/A	N/A	N/A
Shenkman Capital Management, Inc. ....	716	739	579
Harbor Core Bond Fund .....	124	216	170
Harbor Core Plus Fund <sup>2</sup>			
Income Research + Management for the period February 2, 2022 to October 31, 2022.....	1,225	N/A	N/A
Pacific Investment Management Company LLC for the period November 1, 2020 to February 1, 2022.....	898	3,962	4,510
Harbor Disruptive Innovation Fund <sup>3</sup>			
4BIO Partners LLP for the period September 1, 2021 to October 31, 2022.....	79	31	N/A
NZS Capital LLC for the period September 1, 2021 to October 31, 2022.....	276	66	N/A
Sands Capital Management, LLC for the period September 1, 2021 to October 31, 2022.....	115	47	N/A
Tekne Capital Management, LLC for the period September 1, 2021 to October 31, 2022.....	128	62	N/A
Wellington Management Company, LLP for the period November 1, 2020 to August 31, 2021 .....	N/A	1,563	1,144
Westfield Capital Management Co for the period September 1, 2021 to October 31, 2022.....	219	67	N/A
Harbor Diversified International All Cap Fund .....	4,213	4,647	3,302
Harbor Global Leaders Fund .....	374	552	466
Harbor International Fund .....	15,897	19,572	19,546
Harbor International Core Fund (formerly, Harbor Overseas Fund) .....	295	193	119
Harbor International Growth Fund .....	2,208	3,120	2,379
Harbor International Small Cap Fund .....	365	248	179
Harbor Large Cap Value Fund .....	4,866	4,688	2,961
Harbor Mid Cap Fund.....	277	198	41
Harbor Mid Cap Value Fund .....	1,480	1,658	1,771
Harbor Small Cap Growth Fund .....	4,157	5,011	3,729
Harbor Small Cap Value Fund .....	8,263	9,068	6,219

<sup>1</sup> BlueCove Limited became Subadvisor to Harbor Convertible Securities Fund on March 1, 2023. Accordingly, no subadvisory fees were paid to BlueCove prior to that date.

<sup>2</sup> Income Research + Management became Subadvisor to Harbor Core Plus Fund on February 2, 2022. Accordingly, no subadvisory fees were paid to IR+M prior to that date.

<sup>3</sup> 4BIO Capital, NZS Capital, Sands Capital, Tekne and Westfield became Subadvisor to Harbor Disruptive Innovation Fund on September 1, 2021. Accordingly, no subadvisory fees were paid to 4BIO Capital, NZS Capital, Sands Capital, Tekne or Westfield prior to that date.



## THE PORTFOLIO MANAGERS

### Other Accounts Managed

The portfolio managers primarily responsible for the day-to-day management of the Funds also manage other registered investment companies, other pooled investment vehicles and/or other accounts, (collectively, the “Portfolios”) as indicated below. The following table identifies, as of October 31, 2022, (unless otherwise noted): (i) the number of other registered investment companies, pooled investment vehicles and other accounts managed by the portfolio manager(s); (ii) the total assets of such companies, vehicles and accounts, and (iii) the number and total assets of such companies, vehicles and accounts with respect to which the advisory fee is based on performance.

	Other Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	# of Accounts	Total Assets (in millions)	# of Accounts	Total Assets (in millions)	# of Accounts	Total Assets (in millions)
<b>HARBOR CAPITAL APPRECIATION FUND</b>						
<b>Kathleen A. McCarragher</b>						
All Accounts .....	20	\$29,693	9	\$ 9,348	10*	\$ 1,375
Accounts where advisory fee is based on account performance (subset of above) .....	1	9,493	0	0	0	0
<b>Blair A. Boyer</b>						
All Accounts .....	16	28,331	8	9,047	25*	6,338
Accounts where advisory fee is based on account performance (subset of above) .....	1	9,493	0	0	0	0
<b>Natasha Kuhlkin, CFA</b>						
All Accounts .....	16	16,738	11	9,308	29*	2,241
Accounts where advisory fee is based on account performance (subset of above) .....	0	0	0	0	0	0
<b>HARBOR CONVERTIBLE SECURITIES FUND</b>						
<b>Benjamin Brodsky, CFA</b>						
All Accounts .....	0	\$ —	3	\$ 952	1	\$ 598
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	3	952	0	0
<b>Michael Harper, CFA</b>						
All Accounts .....	0	—	3	952	1	598
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	3	952	0	0
<b>Benoy Thomas, CFA</b>						
All Accounts .....	0	—	2	917	1	598
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	2	917	0	0
<b>HARBOR CORE BOND FUND</b>						
<b>William A. O'Malley, CFA</b>						
All Accounts .....	6	\$ 3,528	25	\$13,220	690	\$67,059
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—
<b>James E. Gubitosi, CFA</b>						
All Accounts .....	6	3,528	25	13,220	690	67,059
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—
<b>Bill O'Neill, CFA</b>						
All Accounts .....	6	3,528	25	13,220	690	67,059
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—
<b>Jake Remley, CFA</b>						
All Accounts .....	6	3,528	25	13,220	690	67,059
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—
<b>Matthew Walker, CFA</b>						
All Accounts .....	6	3,528	25	13,220	690	67,059
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—

# THE PORTFOLIO MANAGERS

	Other Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	# of Accounts	Total Assets (in millions)	# of Accounts	Total Assets (in millions)	# of Accounts	Total Assets (in millions)
<b>HARBOR CORE BOND FUND – Continued</b>						
<b>Rachel Campbell</b>						
All Accounts .....	6	\$ 3,528	25	\$13,220	690	\$67,059
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—
<b>HARBOR CORE PLUS FUND</b>						
<b>William A. O'Malley, CFA</b>						
All Accounts .....	6	\$ 3,528	25	\$13,220	690	\$67,059
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—
<b>James E. Gubitosi, CFA</b>						
All Accounts .....	6	3,528	25	13,220	690	67,059
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—
<b>Bill O'Neill, CFA</b>						
All Accounts .....	6	3,528	25	13,220	690	67,059
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—
<b>Jake Remley, CFA</b>						
All Accounts .....	6	3,528	25	13,220	690	67,059
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—
<b>Matthew Walker, CFA</b>						
All Accounts .....	6	3,528	25	13,220	690	67,059
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—
<b>Rachel Campbell</b>						
All Accounts .....	6	3,528	25	13,220	690	67,059
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—
<b>HARBOR DISRUPTIVE INNOVATION FUND</b>						
<b>Spenser P. Lerner, CFA</b>						
All Accounts .....	1	\$ 7	0	\$ —	0	\$ —
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—
<b>Kristof Gleich, CFA</b>						
All Accounts .....	1	7	0	—	0	—
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—
<b>HARBOR DIVERSIFIED INTERNATIONAL ALL CAP FUND</b>						
<b>Neil M. Ostrer</b>						
All Accounts .....	1	\$ 2,858	11	\$17,303	32	\$17,001
Accounts where advisory fee is based on account performance (subset of above) .....	0	0	11	17,303	3	671
<b>Charles Carter</b>						
All Accounts .....	2	7,566	14	19,926	44	21,429
Accounts where advisory fee is based on account performance (subset of above) .....	1	4,709	14	19,926	6	1,944
<b>Nick Longhurst</b>						
All Accounts .....	1	2,858	10	16,817	32	17,001
Accounts where advisory fee is based on account performance (subset of above) .....	0	0	10	16,817	3	671
<b>William J. Arah</b>						
All Accounts .....	1	2,858	10	17,447	31	18,791
Accounts where advisory fee is based on account performance (subset of above) .....	0	0	10	17,447	4	834

# THE PORTFOLIO MANAGERS

	Other Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	# of Accounts	Total Assets (in millions)	# of Accounts	Total Assets (in millions)	# of Accounts	Total Assets (in millions)
<b>HARBOR DIVERSIFIED INTERNATIONAL ALL CAP FUND – Continued</b>						
<b>Simon Somerville</b>						
All Accounts .....	2	\$ 7,566	14	\$18,936	43	\$23,219
Accounts where advisory fee is based on account performance (subset of above) .....	1	4,709	14	18,936	7	2,106
<b>Toma Kobayashi</b>						
All Accounts .....	2	6,226	7	11,018	30	13,343
Accounts where advisory fee is based on account performance (subset of above) .....	0	0	7	11,018	4	2,358
<b>Alex Duffy</b>						
All Accounts .....	2	7,566	14	20,183	41	20,612
Accounts where advisory fee is based on account performance (subset of above) .....	1	4,709	14	20,183	6	1,944
<b>Justin Hill</b>						
All Accounts .....	2	7,566	9	18,315	41	20,612
Accounts where advisory fee is based on account performance (subset of above) .....	1	4,709	9	18,315	6	1,944
<b>Robert Anstey, CFA</b>						
All Accounts .....	1	4,709	7	4,456	22	13,681
Accounts where advisory fee is based on account performance (subset of above) .....	1	4,709	7	4,456	5	1,156
<b>HARBOR GLOBAL LEADERS FUND</b>						
<b>Sunil H. Thakor, CFA</b>						
All Accounts .....	1	\$ 19.2	10	\$ 2,961	12	\$ 1,159
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	2	594
<b>Michael F. Raab, CFA</b>						
All Accounts .....	0	—	6	2,541	4	597
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	2	594
<b>HARBOR INTERNATIONAL FUND</b>						
<b>Neil M. Ostrer</b>						
All Accounts .....	1	\$ 2,858	11	\$17,303	32	\$17,001
Accounts where advisory fee is based on account performance (subset of above) .....	0	0	11	17,303	3	671
<b>Charles Carter</b>						
All Accounts .....	2	7,566	14	19,926	44	21,429
Accounts where advisory fee is based on account performance (subset of above) .....	1	4,709	14	19,926	6	1,944
<b>Nick Longhurst</b>						
All Accounts .....	1	2,858	10	16,817	32	17,001
Accounts where advisory fee is based on account performance (subset of above) .....	0	0	10	16,817	3	671
<b>William J. Arah</b>						
All Accounts .....	1	2,858	10	17,447	31	18,791
Accounts where advisory fee is based on account performance (subset of above) .....	0	0	10	17,447	4	834
<b>Simon Somerville</b>						
All Accounts .....	2	7,566	14	18,936	43	23,219
Accounts where advisory fee is based on account performance (subset of above) .....	1	4,709	14	18,936	7	2,106
<b>Toma Kobayashi</b>						
All Accounts .....	2	3,722	7	11,018	30	13,343
Accounts where advisory fee is based on account performance (subset of above) .....	0	-	7	11,018	4	2,358

# THE PORTFOLIO MANAGERS

	Other Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	# of Accounts	Total Assets (in millions)	# of Accounts	Total Assets (in millions)	# of Accounts	Total Assets (in millions)
<b>HARBOR INTERNATIONAL FUND – Continued</b>						
<b>Alex Duffy</b>						
All Accounts .....	2	\$ 7,566	14	\$20,183	41	\$20,612
Accounts where advisory fee is based on account performance (subset of above) .....	1	4,709	14	20,183	6	1,944
<b>Justin Hill</b>						
All Accounts .....	2	7,566	9	18,315	41	20,612
Accounts where advisory fee is based on account performance (subset of above) .....	1	4,709	9	18,315	6	1,944
<b>HARBOR INTERNATIONAL CORE FUND (FORMERLY, HARBOR OVERSEAS FUND)</b>						
<b>Brendan O. Bradley, Ph.D.</b>						
All Accounts .....	15	\$ 7,492	85	\$21,611	198	\$51,978
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	14	1,697	22	7,761
<b>Ryan D. Taliaferro, Ph.D.</b>						
All Accounts .....	15	7,492	85	21,611	198	51,978
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	14	1,697	22	7,761
<b>HARBOR INTERNATIONAL GROWTH FUND</b>						
<b>Iain Campbell</b>						
All Accounts .....	5	\$ 3,872	4	\$ 388	37	\$ 7,940
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	2	301
<b>Joe Faraday, CFA</b>						
All Accounts .....	5	3,872	3	244	35	7,879
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	2	301
<b>Stephen Paice</b>						
All Accounts .....	5	3,872	7	1,661	37	8,042
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	2	301
<b>Sophie Earnshaw, CFA</b>						
All Accounts .....	8	4,229	11	2,098	44	13,767
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	3	2,461
<b>Milena Mileva</b>						
All Accounts .....	5	3,872	8	1,424	41	9,364
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	2	301
<b>HARBOR INTERNATIONAL SMALL CAP FUND</b>						
<b>Jonathan P. Brodsky</b>						
All Accounts .....	0	\$ —	2	\$ 180	2	\$ 16
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—
<b>Waldemar A. Mozes</b>						
All Accounts .....	0	—	2	180	2	16
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	0	—
<b>HARBOR LARGE CAP VALUE FUND</b>						
<b>Howard Gleicher, CFA</b>						
All Accounts .....	11	\$14,633	20	\$ 9,354	1,367	\$22,448
Accounts where advisory fee is based on account performance (subset of above) .....	1	9,982	—	—	3	570

## THE PORTFOLIO MANAGERS

	Other Registered Investment Companies		Other Pooled Investment Vehicles		Other Accounts	
	# of Accounts	Total Assets (in millions)	# of Accounts	Total Assets (in millions)	# of Accounts	Total Assets (in millions)
<b>HARBOR LARGE CAP VALUE FUND – Continued</b>						
<b>Gregory D. Padilla, CFA</b>						
All Accounts .....	9	\$14,173	17	\$ 8,767	1,362	\$21,401
Accounts where advisory fee is based on account performance (subset of above) .....	1	9,982	—	—	3	570
<b>HARBOR MID CAP FUND and HARBOR SMALL CAP VALUE FUND</b>						
<b>Paul E. Viera</b>						
All Accounts .....	3	\$ 175	13	\$ 4,842	6,071	\$13,530
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	5	1,082
<b>HARBOR MID CAP VALUE FUND</b>						
<b>Josef Lakonishok, Ph.D.</b>						
All Accounts .....	34	\$16,560	64	\$20,505	321	\$50,497
Accounts where advisory fee is based on account performance (subset of above) .....	0**	—	7***	1,550	68	11,240
<b>Menno Vermeulen, CFA</b>						
All Accounts .....	34	16,560	64	20,505	321	50,497
Accounts where advisory fee is based on account performance (subset of above) .....	0**	—	7***	1,550	68	11,240
<b>Puneet Mansharamani, CFA</b>						
All Accounts .....	34	16,560	64	20,505	321	50,497
Accounts where advisory fee is based on account performance (subset of above) .....	0**	—	7***	1,550	68	11,240
<b>Greg Sleight</b>						
All Accounts .....	34	16,560	64	20,505	321	50,497
Accounts where advisory fee is based on account performance (subset of above) .....	0**	—	7***	1,550	68	11,240
<b>Guy Lakonishok, CFA</b>						
All Accounts .....	34	16,560	64	20,505	321	50,497
Accounts where advisory fee is based on account performance (subset of above) .....	0**	—	7***	1,550	68	11,240
<b>HARBOR SMALL CAP GROWTH FUND</b>						
<b>William A. Muggia</b>						
All Accounts .....	8	\$ 2,270	10	\$ 1,388	269	\$ 8,975
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	1	31	25	2,130
<b>Richard D. Lee, CFA</b>						
All Accounts .....	7	22,129	7	1,337	219	8,058
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	22	1,668
<b>Ethan J. Meyers, CFA</b>						
All Accounts .....	7	22,129	7	1,337	219	8,058
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	22	1,668
<b>John M. Montgomery</b>						
All Accounts .....	7	22,129	7	1,337	219	8,058
Accounts where advisory fee is based on account performance (subset of above) .....	0	—	0	—	22	1,668

### Acadian Asset Management LLC

#### ***CONFLICTS OF INTEREST***

A conflict of interest may arise as a result of a portfolio manager being responsible for multiple accounts, including the Fund, which may have similar or different investment guidelines and objectives. In addition to the Fund, these accounts may include other mutual funds managed on an advisory or subadvisory basis, separate accounts and collective trust accounts. An investment opportunity may be suitable for the Fund as well as for any of the other managed accounts. However, the investment may not be available in sufficient quantity for all of the accounts to participate fully. In addition, there may be limited opportunity to sell an investment held by both the Fund and the other accounts. The other accounts may have similar investment objectives or strategies as the Fund, may track the same benchmarks or indexes as the Fund tracks, and may sell securities that are eligible to be held, sold or purchased by the Fund. A portfolio manager may be responsible for accounts that have different advisory fee schedules, which may create the incentive for the portfolio manager to favor one account over another in terms of access to investment opportunities. A portfolio manager may also manage accounts whose investment objectives and policies differ from those of the Fund, which may cause the portfolio manager to effect trading in one account that may have an adverse effect on the value of the holdings within another account, including the Fund.

To address and manage these potential conflicts of interest, Acadian has adopted compliance policies and procedures to allocate investment opportunities and to ensure that each of its clients is treated on a fair and equitable basis. Such policies and procedures include, but are not limited to, trade allocation and trade aggregation policies, portfolio manager assignment practices and oversight by Acadian's investment management and Acadian's compliance team.

#### ***COMPENSATION***

Compensation structure varies among professionals, although the basic package involves a generous base salary, strong bonus potential, profit sharing participation, various benefits, and, among the majority of senior investment professionals and certain other key employees, equity interest in the firm as part of the Acadian Key Employee Limited Partnership.

Compensation is highly incentive-driven, with Acadian often paying in excess of 100% of base pay for performance bonuses. Bonuses are tied directly to the individual's contribution and performance during the year, with members of the investment team evaluated on such factors as their contributions to the investment process, account retention, asset growth, and overall firm performance. Since portfolio management in Acadian's equity strategies is a team approach, investment team members' compensation is not linked to the performance of specific accounts but rather to the individual's overall contribution to the success of the team and the firm's profitability. This helps to ensure an "even playing field" as investment team members are strongly incentivized to strive for the best possible portfolio performance for all clients rather than only for select accounts.

#### ***SECURITIES OWNERSHIP***

As of October 31, 2022, Messrs. Bradley and Taliaferro did not beneficially own any shares of Harbor International Core Fund (formerly, Harbor Overseas Fund).

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### Aristotle Capital Management, LLC

#### ***CONFLICTS OF INTEREST***

Potential conflicts of interest could arise when there is side-by-side management of private funds, separately managed accounts and mutual funds. These conflicts may arise through trade allocation and through selections of portfolio securities. Aristotle seeks to mitigate conflict related to trade allocation through its trade rotation procedures.

With regard to portfolio selections and the different positions that Aristotle's portfolio managers may take related to different strategies, a potential conflict could arise when different classes of a security are purchased for different portfolios in the same strategy or one strategy is long in a position and another is short in the same security. When different classes of a security are purchased across several portfolios, this often due to the availability of the security and not due to a preference for one class over another among client portfolios and often a portfolio could end up with both classes. Aristotle manages strategies that include a long/short component. In this case, the long/short component would be in line with hedge on the position. However, it is acknowledged, that a separate strategy could be long only in the same security which could pose a conflict.

Aristotle acknowledges its responsibility for identifying material conflicts of interest related to voting proxies. In order to ensure that Aristotle is aware of the facts necessary to identify conflicts, management of Aristotle must disclose to the Chief Compliance Officer any personal conflicts such as officer or director positions held by them, their spouses or close relatives, in any portfolio company. Conflicts based on business relationships with Aristotle or any affiliate of Aristotle will be considered only to the extent that Aristotle has actual knowledge of such relationships. If a conflict may exist which cannot be otherwise addressed by the Chief Investment Officer or his designee, Aristotle may choose one of several options including: (1) "echo" or "mirror" voting the proxies in the same proportion

### **Aristotle Capital Management, LLC — Continued**

as the votes of other proxy holders that are not Aristotle clients; (2) if possible, erecting information barriers around the person or persons making the voting decision sufficient to insulate the decision from the conflict; or (3) if agreed upon in writing with the client, forwarding the proxies to affected clients and allowing them to vote their own proxies.

#### **COMPENSATION**

All Aristotle investment professionals are compensated by competitive base salaries and are eligible to receive an annual bonus that reflects an individual's team contribution to company objectives. (Market indices are not used in determining an employee's annual bonus.) Each portfolio manager at Aristotle is an equity partner of the firm and receives a portion of the overall profits of Aristotle as part of his ownership interest. Aristotle's culture is driven by a collegial and collaborative atmosphere that inspires teamwork and does not foster a "zero sum" environment where individual analysts are perceived to be in competition with one another.

#### **SECURITIES OWNERSHIP**

As of October 31, 2022, Mr. Gleicher beneficially owned shares of Harbor Large Cap Value Fund with a value over \$1,000,000 and Mr. Padilla did not own any shares of the Harbor Large Cap Value Fund.

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### **Baillie Gifford Overseas Limited**

#### **CONFLICTS OF INTEREST**

Baillie Gifford has a duty to act in the best interests of its clients and to treat them fairly when providing investment services to them. Baillie Gifford acts as investment manager or adviser to both pooled funds and separately managed segregated accounts both on a discretionary and advisory basis. In some cases both have similar objectives and similar strategies. From time to time, there may be situations that give rise to a conflict of interest.

A conflict can arise between the interests of Baillie Gifford and its affiliates, the Partners of Baillie Gifford & Co and employees, and the interests of a client of Baillie Gifford. A conflict of interest can also arise between the interests of one client of Baillie Gifford and another client. In such circumstances we have put in place effective organizational and administrative arrangements to ensure that reasonable steps are taken to prevent the conflict of interest from adversely affecting the interests of our clients. In addition, where Baillie Gifford pays or accepts any fee or commission, or provide or receive any non-monetary benefit in relation to our investment services, the firm takes care to ensure that such benefits do not place Baillie Gifford or any third party firm in a situation which would not be in compliance with the general duty to act in accordance with the best interests of its clients.

Baillie Gifford maintains a firm-wide Conflicts of Interest Policy and Matrix which identifies conflicts and potential conflicts of interest that exist within the group and the procedures and controls that have been adopted to prevent or manage these conflicts. It is subject to review and approval by the Compliance Committee and the relevant management body of each regulated entity within the Baillie Gifford group. Each Partner of Baillie Gifford & Co and employee has a responsibility for the identification of conflicts through adherence to Baillie Gifford's Code of Ethics.

Once a conflict has been identified Baillie Gifford must determine whether it may result in a material risk of damage to the interests of its clients and must specify procedures to be followed and measures to be adopted in order to manage the conflict.

The Group Compliance Committee is responsible for the oversight of this Policy and the Conflicts Matrix. A Conflicts of Interest Risk Assessment is conducted annually in October with a written report presented to the Group Compliance Committee in November. The assessment considers whether all conflicts of interest have been identified and added to the matrix, and also documents the compliance monitoring in place for existing conflicts of interest to assess the adequacy of the mitigating controls. In addition to the annual assessment, the Operational Compliance Committee consider emerging conflicts of interest and compliance risks quarterly and will escalate to the Group Compliance Committee as appropriate. We have also established a group within the Compliance Department that is convened on an ad-hoc basis to consider any material/emerging conflicts of interest matters.

This process ensures that senior management within Baillie Gifford are engaged in the conflicts identification and management process with a view to ensuring the risks arising from conflicts are appropriately and effectively mitigated.

The day-to-day maintenance of the Policy is the responsibility of the Compliance Department.

#### **COMPENSATION**

As of April 1, 2022, the remuneration for non-partner Investment Managers (Portfolio Managers and Researchers) at Baillie Gifford has three key elements: (i) base salary, (ii) an Annual Performance Award and (iii) a Long-Term Profit Award. In addition, portfolio managers are eligible for the standard retirement benefits and health and welfare benefits available to all Baillie Gifford employees.

### Baillie Gifford Overseas Limited — Continued

The Annual Performance Award (“APA”) for non-partner Investment Managers is determined as follows:

- 80% of the APA arrangement is determined by the investment performance of the investment team, the Portfolio Construction Groups (“PCGs”), or a combination of both that the individual has been part of, over the specified investment time horizon, reflecting Baillie Gifford’s emphasis on long term investing.
- 20% of the APA arrangement is determined by the firms Net Promoter Score, emphasizing the importance of client service and the role all staff play in this.

Within the firm each Investment Team and the PCG have pre-determined performance targets. These targets, along with the relevant portfolios being measured, are established and agreed with each Head of Department following consultation with the Remuneration Committee and the Investment Leadership Groups.

The Long-Term Profit Award (“LTPA”) element delivers a share of the firm’s profitability to each member of staff. The level of award each individual receives is determined by their role and contribution to the long-term performance of the firm.

All Investment Managers defer between 20% and 40% of their total annual variable remuneration (both APA and LTPA elements). Awards deferred are held for a period of three years and are invested in a range of funds managed by Baillie Gifford that broadly reflect the firm’s investment policy.

Partner remuneration comprises a fixed base salary and a share of the partnership profits. The profit share is calculated as a percentage of total partnership profits based on seniority, role within Baillie Gifford and length of service. The basis of the profit share is detailed in the Baillie Gifford Partnership Agreement. The main staff benefits, such as pension benefits, are not available to partners, who therefore provide for benefits from their own personal funds.

#### **SECURITIES OWNERSHIP**

As of October 31, 2022, Messrs. Campbell, Faraday and Paice and Mses. Earnshaw and Mileva did not beneficially own any shares of Harbor International Growth Fund.

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### BlueCove Limited

#### **CONFLICTS OF INTEREST**

As a firm with multiple clients, BlueCove may, in the normal course of business, be faced with situations that have the potential to give rise to conflicts of interest. Conflicts of interest may occur due to side by side management of client portfolios, which may have overlapping or opposing investment strategies. Members of BlueCove’s Portfolio Management team may be engaged in managing client portfolios contemporaneously. Different client portfolios may have differing fee structures. Furthermore, it is not possible to anticipate every situation that may present the risk of a conflict of interest over time. However, in accordance with regulatory requirements, BlueCove maintains and operates effective organizational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from adversely affecting the interests of its clients. BlueCove’s organizational and administrative arrangements include a comprehensive suite of compliance policies, employee training and attestations, and a transparent investment process.

#### **COMPENSATION**

In setting and reviewing fixed compensation, BlueCove takes account of the need to ensure that fixed and variable components of total compensation are appropriately balanced. Fixed compensation is intended to be set at a level that allows BlueCove to operate a fully flexible policy on variable compensation while remaining competitive so as to attract and retain key talent.

Variable compensation is discretionary and will only be paid if it is sustainable according to the financial situation of BlueCove as a whole and justified according to the overall firm performance, investment team performance and the performance of the individual concerned. In setting performance targets applicable to discretionary variable compensation, there is an emphasis placed on establishing targets that are closely aligned with the strategic focus of BlueCove. Non-financial performance related to BlueCove’s defined values and behaviors is also taken into account, and this includes compliance with controls and standards governing the relationships with clients and investors, risk management, and value-based behaviors. The target-setting process is also designed to avoid, or to mitigate where avoidance is not possible, conflicts of interest being created or incentivizing conflicts of interest or other behavior that would breach BlueCove’s policies, values or commitment to clients.

BlueCove employees do not receive compensation from any fund for which BlueCove provides investment management services.

BlueCove operates an ownership culture amongst employees via its equity incentive plan. Each employee has an equity interest, allowing them to share in the growth of the business.



## THE PORTFOLIO MANAGERS

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### BlueCove Limited — Continued

#### **SECURITIES OWNERSHIP**

As of October 31, 2022, Messrs. Brodsky, Harper and Thomas did not beneficially own any shares of Harbor Convertible Securities Fund.

### Cedar Street Asset Management LLC

#### **CONFLICTS OF INTEREST**

Conflicts can occur between interests of Cedar Street and its clients or between the interests of different clients. For example, Cedar Street may be viewed as having a conflict of interest when: (i) making decisions about whether and how to allocate limited investment opportunities among clients; (ii) causing a client to enter into a transaction with another client; and (iii) making decisions for one client that appear inconsistent with decisions made for another (i.e., buying an asset for one client while selling the same asset for another or selling an asset of one client while continuing to hold the same asset for another). Another example is where different clients have competing interests. This is often accentuated when hedge funds are managed alongside other long only portfolios. A further example would be where the portfolio managers are responsible for managing other accounts that charge performance-based compensation and accounts that charge only an asset-based fee (i.e., a non-performance based fee). Performance based fee arrangements may create an incentive for a portfolio manager to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities.

When evaluating brokers, Cedar Street may not always select the broker with the lowest commission rate. The primary criteria considered in selecting a broker is the ability of the broker, in Cedar Street's opinion, to secure execution at the best security price available with respect to each transaction, in light of the overall quality of brokerage and research services provided.

Cedar Street has adopted policies and procedures to attempt to manage its conflicts of interests.

#### **COMPENSATION**

All investment team compensation is currently a fixed salary with equity participation. As firm assets grow the general composition of investment team compensation will include fixed salary (near industry average levels), variable bonus (including deferrals and claw-back provisions), equity dividends, and retirement contributions. Any variable compensation is based on overall investment team performance measured over a multi-year time horizon. Individuals that make extraordinary contributions to team performance will be provided opportunities to purchase additional equity. Cedar Street's guiding principle for variable compensation will be to align the long-term interests of clients with long-term interests of Cedar Street employees. As a result, no employee who provides services to Harbor International Small Cap Fund will have an incentive to take undue risks.

#### **SECURITIES OWNERSHIP**

As of October 31, 2022, Messrs. Brodsky and Mozes beneficially own shares of Harbor International Small Cap Fund with a value of \$1,000,000.

### EARNEST Partners LLC

#### **CONFLICTS OF INTEREST**

EARNEST Partners is responsible for managing Harbor Mid Cap Fund and Harbor Small Cap Value Fund in addition to other client accounts which may include, but are not limited to, proprietary accounts, separate accounts and other pooled investment vehicles. EARNEST Partners may manage other client accounts which may have higher fee arrangements than Harbor Mid Cap Fund and Harbor Small Cap Value Fund and/or may also have performance-based fees. Side-by-side management of these other client accounts may create potential conflicts of interest which may relate to, among other things, the allocation of investment opportunities and the aggregation and allocation of transactions.

EARNEST Partners seeks best execution with respect to all securities transactions and to aggregate and allocate the securities to client accounts in a manner that it believes to be fair and equitable. EARNEST Partners has implemented policies and procedures that it believes are reasonably designed to mitigate and manage the potential conflicts of interest that may arise from side-by-side management. Specifically, EARNEST Partners manages client accounts to model portfolios that are approved by its investment team, and aggregates and then allocates securities transactions to client accounts in a manner that EARNEST Partners believes to be fair and equitable.

#### **COMPENSATION**

All EARNEST Partners personnel are paid a fixed salary and a discretionary bonus. A portion of the bonus may consist of profit sharing and/or deferred compensation. EARNEST Partners also matches a portion of employees' 401(k) contributions, if any. The bonus is a function of client satisfaction with respect to investment results and service.

Mr. Viera is an owner of the firm. Equity ownership and profits derived therefrom are another component of compensation for the portfolio manager.

## EARNEST Partners LLC — Continued

### Harbor Capital Advisors, Inc.

#### **SECURITIES OWNERSHIP**

As of October 31, 2022, Mr. Viera did not beneficially own any shares of Harbor Mid Cap Fund or Harbor Small Cap Value Fund. Harbor Mid Cap Fund commenced operations December 1, 2019.

#### **CONFLICTS OF INTEREST**

The Advisor may have various interests arising out of its side-by-side management of accounts that create incentive to favor one account over another. These include: affiliated accounts in which the Advisor manages accounts on behalf of Harbor as well as on behalf of its clients; single subadvisor and multi-manager products where the individual or group responsible for managing multi-manager products may have access, directly or indirectly, to material non-public information regarding one or more underlying managers as a result of such manager also serving as a subadvisor to a single-subadvisor product, including with respect to management of ETF creation baskets; large accounts and clients which may generate more revenue than smaller accounts or certain strategies which may have higher fees than others, resulting in a potential incentive to favor such high revenue or fee generating accounts; recommendations to different clients to buy or sell securities of the same kind or class at prices that may be different or to execute trades of securities of the same kind or class in opposite directions for different accounts; non-discretionary accounts or models in which a client may be disadvantaged if the Advisor delivers the model investment portfolio after initiating trading for the discretionary accounts or a discretionary client disadvantaged if the non-discretionary clients receive the model investment portfolio and start trading prior to when the Advisor begins trading for the discretionary clients; client accounts which only permit holding securities long versus those that permit short selling and where different client accounts are selling short and holding long potentially impacting the value of the security; the investment of assets of different clients at different levels of an issuer's capital structure; and financial interests of investment professionals who may invest or have other direct or indirect interests in investment vehicles the Advisor manages, including mutual funds, creating incentive to favor such accounts over others.

Conflicts that are not eliminated are addressed through disclosure and/or adoption of policies and procedures to manage or mitigate such conflicts. The Advisor seeks to disclose material conflicts of interest to our clients and prospective clients and seek to manage and mitigate conflicts through governance, oversight and the adoption of additional policies and procedures.

#### **COMPENSATION**

The Advisor's compensation methodology for the portfolio managers consists of the following components:

**Base Salary.** Base salary is a fixed amount determined each year. Each portfolio manager's base salary is based upon the responsibilities of his or her position with the Advisor, years of service and contribution to the long-term performance of the Advisor.

**Annual Cash Bonus.** Portfolio managers generally participate in at least one and possibly more bonus programs of the Advisor.

- **Employee Bonus Plan ("EBP").** Virtually every full-time employee of the Advisor participates in the EBP. The EBP provides for a possible incentive payment based upon the Advisor's EBIT (earnings before interest and taxes) margin percentage compared to its budgeted EBIT margin percentage. Good control over costs is an important factor in achieving the EBP objectives.
- **Senior Management Incentive Program ("SMIP").** Most senior professionals of the Advisor participate in the SMIP or a similar incentive plan. The objectives of the SMIP can vary from year to year, although for front-line portfolio managers, objectives will include performance of the portfolios compared to benchmarks, performance against budgeted earnings and other objectives as may be determined from year to year.

Target percentages for both the EBP and SMIP are established as a percentage of each portfolio manager's base salary. The percentages used in the calculation of both the EBP and SMIP are determined annually through a performance evaluation process based on qualitative and quantitative factors.

**Harbor Cash Appreciation Rights ("H-CARs").** H-CARs represents a long-term incentive plan for senior personnel and certain other staff who have made, and are expected to make, significant contributions to the long-term value of the Advisor. H-CARs may be awarded each year and have an initial value expressed in dollars and equivalent H-CAR units. The value of the awards change over time based upon a formula linked to the Advisor's pre-tax profitability, with the awards normally vesting in equal amounts over three and five years. Individual awards are typically determined based upon an assessment of the participant's past and expected future contributions to the performance of the Advisor.

#### **SECURITIES OWNERSHIP**

As of October 31, 2022, Mr. Gleich beneficially owned shares of Harbor Disruptive Innovation Fund with a value between \$100,001 and \$500,000 and Mr. Lerner beneficially owned shares of Harbor Disruptive Innovation Fund with a value between \$10,001 and \$50,000.

### ***CONFLICTS OF INTEREST***

IR+M's management of other accounts may give rise to potential conflicts of interest in connection with its management of the Fund's investments on the one hand and the investments of the other accounts on the other. The other accounts might have similar investment objectives as the Fund or hold, purchase or sell securities that are eligible to be held, purchased or sold by the Fund. IR+M does not believe that these conflicts, if any, are material or, to the extent any such conflicts are material, IR+M believes that it has adopted policies and procedures that are reasonably designed to manage those conflicts.

A potential conflict of interest may arise as a result of IR+M's portfolio managers' day-to-day management of the Fund. Because of their positions with the Fund, the portfolio managers know the size, timing and possible market impact of Fund trades. It is theoretically possible that IR+M's portfolio managers could use this information to the advantage of other accounts they manage and to the possible detriment of the Fund. However, IR+M has adopted policies and procedures believed to be reasonably designed to allocate investment opportunities on a fair and equitable basis over time.

A potential conflict of interest may arise as a result of IR+M's portfolio managers' management of the Fund and other accounts, which, in theory, may allow them to allocate investment opportunities in a way that favors other accounts over the Fund. This conflict of interest may be exacerbated to the extent that IR+M or its portfolio managers receive, or expect to receive, greater compensation from their management of certain other accounts, that have higher base fee rates or incentives fees, than from the Fund. Notwithstanding this theoretical conflict of interest, it is IR+M's policy to manage each account based on its investment objectives and related restrictions and, as discussed above, IR+M has adopted policies and procedures reasonably designed to allocate investment opportunities on a fair and equitable basis over time and in a manner consistent with each account's investment objectives and related restrictions. For example, while IR+M's portfolio managers may buy for other accounts securities that differ in identity or quantity from securities bought for the Fund, such securities might not be suitable for the Fund given their investment objectives and related restrictions.

### ***COMPENSATION***

All employees are compensated with a competitive salary plus bonus. The firm bonus pool is dictated by the profitability of IR+M, with the individual's amount based on the employee's overall contribution to the firm's success. IR+M does not have quantitative drivers for the bonus pool. The goal is to have collaborative, high-performing teams that deliver for IR+M clients, not to incentivize individual contributions over results. To better represent our growing firm and mindset, we retired our CREED and adopted our Core Values. Our Core Values ensure our dedication to these premises: Invested – in our people and in the community around us; Respectful – of our differences and reaching out to learn, grow and make our firm more inclusive; Positive – that we are better together; and Motivated – to advocate for change and to enjoy the journey.

All employees also receive competitive health benefits and may participate in the company-funded profit sharing plan after completing the required length of service with the firm. Separate from compensation, as a long-term incentive, key employees may be offered the opportunity to purchase equity in IR+M and participate in the growth of the company and its profitability.

The bonus component of portfolio manager compensation is based upon factors such as team contribution, input to risk management and the overall investment management process, contributions to client service, and contributions to firm culture. For analysts and traders, evaluations are based upon factors including team contribution, quality of research within assigned sectors and the broader market, input to risk management and the overall investment management process, and contributions to firm culture.

As mentioned above, separate from compensation, as a long-term incentive, key employees may be offered the opportunity to purchase equity in IR+M. Equity participation is driven by significant and consistent contribution and demonstrated commitment to the firm.

IR+M does not believe its compensation structure provides any IR+M employee with incentive to take undue risks.

### ***SECURITIES OWNERSHIP***

As of October 31, 2022, Mr. O'Malley beneficially owned shares of Harbor Core Bond Fund with a value between \$100,001 and \$500,000, Mr. Gubitosi beneficially owned shares of Harbor Core Bond Fund with a value between \$10,001 and \$50,000 and Messrs. O'Neill, Remley and Walker and Ms. Campbell did not beneficially own any shares of Harbor Core Bond Fund; and Messrs. O'Malley, Gubitosi, O'Neill, Remley and Walker and Ms. Campbell did not beneficially own any shares of Harbor Core Plus Fund.

### *CONFLICTS OF INTEREST*

Jennison manages accounts with asset-based fees alongside accounts with performance-based fees. This side-by-side management can create an incentive for Jennison and its investment professionals to favor one account over another. Specifically, Jennison has the incentive to favor accounts for which it receives performance fees, and possibly take greater investment risks in those accounts, in order to bolster performance and increase its fees.

Other types of side-by-side management of multiple accounts can also create incentives for Jennison to favor one account over another. Examples are detailed below, followed by a discussion of how Jennison addresses these conflicts.

- Long only accounts/long-short accounts: Jennison manages accounts in strategies that hold only long securities positions as well as accounts in strategies that are permitted to sell securities short. As a result, Jennison may hold a long position in some client accounts while selling the same security short in other client accounts. For example, Jennison permits quantitatively hedged strategies to short securities that are held long in other strategies. Additionally, Jennison permits securities that are held long in quantitatively derived strategies to be shorted by other strategies. The strategies that sell a security short held long by another strategy could lower the price for the security held long. Similarly, if a strategy is purchasing a security that is held short in other strategies, the strategies purchasing the security could increase the price of the security held short. By the same token, sales in a long only account can increase the value of a short position while shorting could create an opportunity to purchase a long position at a lower price. As a result, Jennison has conflicts of interest in determining the timing and direction of investments.
- Multiple strategies: Jennison may buy or sell, or may direct or recommend that one client buy or sell, securities of the same kind or class that are purchased or sold for another client, at prices that may be different. Jennison may also, at any time, execute trades of securities of the same kind or class in one direction for an account and in the opposite direction for another account, due to differences in investment strategy or client direction. Different strategies effecting trading in the same securities or types of securities may appear as inconsistencies in Jennison's management of multiple accounts side-by-side.
- Investments at different levels of an issuer's capital structure: To the extent different clients invest across multiple strategies or asset classes, Jennison may invest client assets in the same issuer, but at different levels in the capital structure. Interests in these positions could be inconsistent or in potential or actual conflict with each other.
- Affiliated accounts/unaffiliated accounts and seeded/nonseeded accounts and accounts receiving asset allocation assets from affiliated investment advisers: Jennison manages accounts for its affiliates and accounts in which it has an interest alongside unaffiliated accounts. Jennison could have an incentive to favor its affiliated accounts over unaffiliated accounts. Additionally, at times Jennison's affiliates provide initial funding or otherwise invest in vehicles managed by Jennison. When an affiliate provides "seed capital" or other capital for a fund or account, it may do so with the intention of redeeming all or part of its interest at a particular future point in time or when it deems that sufficient additional capital has been invested in that fund or account. Jennison typically requests seed capital to start a track record for a new strategy or product. Managing "seeded" accounts alongside "non-seeded" accounts can create an incentive to favor the "seeded" accounts to establish a track record for a new strategy or product. Additionally, Jennison's affiliated investment advisers could allocate their asset allocation clients' assets to Jennison. Jennison could have an incentive to favor accounts used by its affiliate for their asset allocation clients to receive more assets from the affiliate.
- Non-discretionary accounts or models: Jennison provides non-discretionary model portfolios to some clients and manages other portfolios on a discretionary basis. Recommendations for some non-discretionary models that are derived from discretionary portfolios are communicated after the discretionary portfolio has traded. The non-discretionary clients could be disadvantaged if Jennison delivers the model investment portfolio to them after Jennison initiates trading for the discretionary clients. Discretionary clients could be disadvantaged if the non-discretionary clients receive their model investment portfolio and start trading before Jennison has started trading for the discretionary clients.
- Higher fee paying accounts or products or strategies: Jennison receives more revenues from (1) larger accounts or client relationships than smaller accounts or client relationships and from (2) managing discretionary accounts than advising non-discretionary models and from (3) non-wrap fee accounts than from wrap fee accounts and from (4) charging higher fees for some strategies than others. The differences in revenue that Jennison receives could create an incentive for Jennison to favor the higher fee paying or higher revenue generating account or product or strategy over another.

### Jennison Associates LLC — Continued

- Personal interests: The performance of one or more accounts managed by Jennison's investment professionals is taken into consideration in determining their compensation. Jennison also manages accounts that are investment options in its employee benefit plans such as its defined contribution plans or deferred compensation arrangements and where its employees may have personally invested alongside other accounts where there is no personal interest. These factors could create an incentive for Jennison to favor the accounts where it has a personal interest over accounts where Jennison does not have a personal interest.

#### *How Jennison Addresses These Conflicts of Interest*

The conflicts of interest described above could create incentives for Jennison to favor one or more accounts or types of accounts over others in the allocation of investment opportunities, aggregation and timing of investments. Portfolios in a particular strategy with similar objectives are managed similarly to the extent possible. Accordingly, portfolio holdings and industry and sector exposure tend to be similar across a group of accounts in a strategy that have similar objectives, which tends to minimize the potential for conflicts of interest among accounts within a product strategy. While these accounts have many similarities, the investment performance of each account will be different primarily due to differences in guidelines, individual portfolio manager's decisions, timing of investments, fees, expenses and cash flows.

Additionally, Jennison has developed policies and procedures that seek to address, mitigate and assess these conflicts of interest.

- Jennison has adopted trade aggregation and allocation procedures that seek to treat all clients (including affiliated accounts) fairly. These policies and procedures address the allocation of limited investment opportunities, such as initial public offerings (IPOs) and new issues, and the allocation of transactions across multiple accounts, and the timing of transactions between its non-wrap accounts.
- Jennison has policies that limit the ability to short securities in portfolios that primarily rely on its fundamental research and investment processes (fundamental portfolios) if the security is held long in other fundamental portfolios.
- Jennison has adopted procedures to review allocations or performance dispersion between accounts with performance fees and non-performance fee based accounts and to review overlapping long and short positions among long accounts and long-short accounts.
- Jennison has adopted a code of ethics and policies relating to personal trading.
- Jennison has adopted a conflicts of interest policy and procedures.
- Jennison provides disclosure of these conflicts as described in its Form ADV.

#### **COMPENSATION**

Ms. McCarragher, Mr. Boyer, and Ms. Kuhlkin serve as the portfolio managers of Harbor Capital Appreciation Fund. Jennison seeks to maintain a highly competitive compensation program designed to attract and retain outstanding investment professionals and to align the interests of investment professionals with those of clients and overall firm results. Jennison recognizes individuals for their achievements and contributions and continues to promote those who exemplify the same values and level of commitment that are hallmarks of the organization.

Jennison sponsors a profit sharing retirement plan for all eligible employees. The contribution to the profit sharing retirement plan for portfolio managers is based on a percentage of the portfolio manager's total compensation, subject to a maximum determined by applicable law. In addition to eligibility to participate in retirement and welfare plans, senior investment professionals, including portfolio managers and senior research analysts, are eligible to participate in a voluntary deferred compensation program where all or a portion of the cash bonus can be deferred. Participants in the deferred compensation plan are permitted to allocate the deferred amounts among various options that track the gross-of-fee pre-tax performance of accounts or composites of accounts managed by Jennison.

Investment professionals are typically compensated with a combination of base salary and cash bonus. Overall firm profitability determines the size of the investment professional compensation pool. In general, the discretionary cash bonus represents the majority of an investment professional's compensation.

Investment professional total compensation for Jennison's fixed income team is determined through a process that evaluates numerous qualitative factors. Not all factors are applicable to every investment professional, and there is no particular weighting or formula for considering the factors. Jennison's compensation system values both individual impact and teamwork.

### Jennison Associates LLC — Continued

The portfolio managers' compensation is expected to be derived from their impact on overall client investment performance and overall business performance of Jennison's fixed income business and not the specific investment performance or value of an account or grouping of accounts. The factors reviewed for the portfolio managers are listed below.

The quantitative factors reviewed for the portfolio managers may include:

- One-, three-, five-year and longer term pre-tax investment performance for groupings of accounts managed in the same strategy (composite) relative to market conditions, pre-determined passive indices and industry peer group data for the product strategy (e.g., large cap growth, large cap value). Some portfolio managers may manage or contribute ideas to more than one product strategy, and the performance of the other product strategies is also considered in determining the portfolio manager's overall compensation.
- The investment professional's contribution to client portfolio's pre-tax one-, three-, five-year and longer-term performance from the investment professional's recommended stocks relative to market conditions, the strategy's passive benchmarks, and the investment professional's respective coverage universes.

The qualitative factors reviewed for the portfolio managers may include:

- The quality of the portfolio manager's investment ideas and consistency of the portfolio manager's judgment;
- Qualitative factors such as teamwork and responsiveness;
- Individual factors such as years of experience and responsibilities specific to the individual's role such as being a team leader or supervisor are also factored into the determination of an investment professional's total compensation; and
- Historical and long-term business potential of the product strategies.

#### **SECURITIES OWNERSHIP**

As of October 31, 2022, Ms. McCarragher, Mr. Boyer and Ms. Kuhlkin beneficially owned shares of Harbor Capital Appreciation Fund with a value of over \$1,000,000 each.

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### LSV Asset Management

#### **CONFLICTS OF INTEREST**

Below is a discussion of the current conflicts of interest that have been identified by LSV and the policies and procedures that have been put in place to monitor such conflicts and to seek to ensure that such conflicts are addressed in the best interests of the client. Where a material conflict may arise between a client and LSV or its employees, LSV must eliminate such conflict or expose the conflict through full and fair disclosure. Conflicts of interest may be defined as any existing or prospective business relationships in which the firm or its employees may have actual or potential incentives to place their interests above those of the client, and thereby violate the firm's fiduciary responsibilities to the client. As a general matter, all employees are required to report such conflicts of interest to Compliance so that steps may be taken to address them. In addition, the Chief Compliance Officer ("CCO") is also responsible for monitoring LSV's relationships with other firms for potential conflicts of interest, including potential conflicts with respect to SEI Investments Company ("SEI"). LSV does not believe any of its current relationships present a material conflict of interest with respect to its clients..

The Code of Ethics and Personal Trading Policy (the "Policy") is the primary document governing the ethical standards applicable to employees. In addition to a general requirement that all recommendations and decisions with respect to clients must be solely in the interest of such clients, the Policy contains policies governing specific types of conflicts of interest that may arise such as engagement in outside business activities and acceptance of gifts and entertainment. All employees are required to comply with the Policy.

The same team of portfolio managers is responsible for the day-to-day management of all of LSV's accounts. LSV uses a proprietary quantitative investment model to manage all of LSV's accounts. LSV relies extensively on its quantitative investment model regarding the advisability of investing in a particular company. Any investment decisions are generally made based on whether a buy or sell signal is received from the proprietary quantitative investment model. Accounts or funds with performance-based fees and accounts or funds in which employees may be invested could create an incentive to favor those accounts or funds over other accounts or funds in the allocation of investment opportunities. In addition, it is possible that a short position may be taken on a security that is held long in another portfolio.

LSV seeks to make allocations of investment opportunities in a manner that it considers fair, reasonable and equitable without favoring or disfavoring, consistently or consciously, any particular client.

### LSV Asset Management — Continued

LSV has procedures designed to ensure that all clients are treated fairly and to prevent these potential conflicts from influencing the allocation of investment opportunities among clients. On a quarterly basis, the Forensic Testing Committee, consisting of the CCO, Compliance Officer, Chief Operating Officer and Compliance Analyst, reviews, among other things, allocations of investment opportunities among clients and the allocation of partially-filled block trades, including allocations to accounts or funds with performancebased fees or in which employees may be invested, to confirm consistency with LSV's policies and procedures.

LSV provides model portfolios to a number of clients, (each a "Model Adviser" and collectively the "Model Advisers") including SEI Investments Management Corporation ("SIMC"), a wholly owned subsidiary of SEI. These model portfolios are currently utilized in relation to a managed account program and several registered investment company sub-advisory relationships and may be offered in additional ways in the future. The model portfolios utilize some of the same strategies that are offered to LSV's other accounts. After LSV has provided the model portfolio to the Model Adviser, both initially and at each rebalance of the model portfolio, the Model Adviser or its delegates determine the timing and manner of purchase or sale with respect to the model portfolio recommendations. Some Model Advisers may generally implement the model portfolio recommendations as provided by LSV, while others may retain complete discretion as to the extent to which the model recommendations are implemented. The portfolio management team maintains a calendar of rebalance dates for the model portfolios similar to other LSV portfolios. In order to seek to ensure the fair treatment of all clients, LSV provides model portfolios to the Model Advisers on a staggered schedule relative to our other portfolios, so that the Portfolio Management team delivers the model portfolios on a rebalance schedule that differs from the rebalance schedule of the other portfolios. As a result, the model portfolios may experience different account performance, including potentially less favorable prices, than LSV's accounts that it trades directly. However, the same software and procedures that are used for other LSV portfolios are also used with respect to the model portfolios. In addition, the model portfolios are constructed based on the most up-to-date rankings in LSV's quantitative investment model. LSV's policies require that the CCO be made aware of any changes to this process. More information with respect to the process followed by LSV and the Model Advisers is contained in our Model Portfolio Policy.

On a quarterly basis, the Forensic Testing Committee reviews a report which shows the timing of the submission of the model portfolios with respect to the rebalancing of certain portfolios in applicable strategies actively managed by LSV and the timing of the submission of model portfolios in the same strategies sent to the Model Advisers to be used to rebalance the applicable model portfolios.

LSV or its funds may contract for services with an entity or person with whom LSV or its employees has a relationship or from which LSV or its employees otherwise derives financial or other benefits. The existence of and nature of such relationships raises conflicts of interest between LSV and/or its employees, on the one hand, and LSV's clients and funds, on the other hand, in determining whether to engage such service providers and, if engaged, on what terms and conditions. LSV or its employees may, because of its or such person's financial or other benefits, have an incentive to engage a service provider even if a different entity or person is more qualified to provide the applicable services and/or can provide such services at a lesser cost. These entities are subject to the same vendor management policies and procedures that apply to all third party vendors, which are designed to manage any such conflict, including an annual review by persons at LSV that do not have such a conflict. For example, LSV currently has a relationship with a data services provider in which certain of LSV's employees have a minority investment. The services are provided directly to and paid for by LSV and not any client or fund. LSV believes the services offered by the provider are at least as good as or better than the services provided by the provider's competitors and that the provider's services have comparable (or in some cases, more desirable) terms and conditions

Part 2A of LSV's Form ADV is used to provide clients with information regarding current or potential conflicts of interest.

#### **COMPENSATION**

Messrs. J. Lakonishok, Vermeulen, Mansharamani, Sleight and G. Lakonishok receive a fixed base salary and bonus which is a function of overall firm profitability and individual performance. In addition, each is a partner and receives a portion of the overall profit of the firm as part of his ownership interest.

#### **SECURITIES OWNERSHIP**

As of October 31, 2022, Messrs. J. Lakonishok, Vermeulen, Mansharamani, Sleight and G. Lakonishok did not beneficially own any shares of Harbor Mid Cap Value Fund.

### **Marathon Asset Management Limited**

#### ***CONFLICTS OF INTEREST***

Conflicts can occur between interests of Marathon-London and its clients or between the interests of different clients. For example, Marathon-London may be viewed as having a conflict of interest when: (i) making decisions about whether and how to allocate limited investment opportunities among clients; (ii) causing a client to enter into a transaction with another client; and (iii) making decisions for one client that appear inconsistent with decisions made for another (i.e., buying an asset for one client while selling the same asset for another or selling an asset of one client while continuing to hold the same asset for another). Another example is where different clients have competing interests. This is often accentuated when hedge funds are managed alongside other long only portfolios. A further example would be where the portfolio managers are responsible for managing other accounts that charge performance-based compensation and accounts that charge only an asset-based fee (i.e., a non-performance based fee). Performance based fee arrangements may create an incentive for a portfolio manager to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. Marathon-London has adopted policies and procedures to attempt to manage its conflicts of interests.

#### ***COMPENSATION***

Each non-founder portfolio manager (Messrs. Carter, Longhurst, Somerville, Duffy, Hill, Kobayashi and Anstey) is paid a base salary plus a performance bonus, based on their outperformance of the portfolios they manage relative to the appropriate benchmark. The founder member portfolio managers (Messrs. Arah and Ostrer) are paid a base salary and a proportionate share of the profitability of Marathon-London in relation to their stake in the business. None of the compensation for any portfolio manager is directly related to the performance of either Harbor International Fund or Harbor Diversified International All Cap Fund in isolation, but is indirectly linked to the success of the respective Fund and other clients.

#### ***SECURITIES OWNERSHIP***

As of October 31, 2022, Messrs. Ostrer, Carter, Longhurst, Arah, Somerville, Kobayashi, Duffy, Hill, and Anstey did not beneficially own any shares of Harbor Diversified International All Cap Fund; and Messrs. Ostrer, Carter, Longhurst, Arah, Somerville, Kobayashi, Duffy, and Hill did not beneficially own any shares of Harbor International Fund.

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### **Sands Capital Management, LLC**

#### ***CONFLICTS OF INTEREST***

The portfolio managers' management of "other accounts" may give rise to potential conflicts of interest in connection with his management of the Global Leaders Fund's investments, on the one hand, and the investments of the other accounts on the other. The other accounts may have similar, different, or overlapping investment objectives and strategies as the Fund, and such accounts may be managed by one, or any combination, of portfolio managers. Therefore, a potential conflict of interest may arise as a result of the similar, different, or overlapping investment objectives and strategies, whereby a portfolio manager could favor one account over another. Another potential conflict could include the portfolio managers' knowledge about the size, timing and possible market impact of the Fund's trades, whereby a portfolio manager could use this information to the advantage of other accounts and to the disadvantage of the Fund. However, Sands Capital has established policies and procedures intended to result in the fair and equitable allocation of investment opportunities among Sands Capital's clients over time.

#### ***COMPENSATION***

Sands Capital compensates the portfolio managers for their management of the Fund. The portfolio managers' compensation consists of a salary, qualitative bonus, and a profit sharing and 401(k) plan. Additional compensation may be in the form of an investment results bonus and equity in Sands LP. Salary is benchmarked to be competitive with the industry worldwide. The qualitative bonus is based on a target set at the beginning of the year and on the individual's responsibilities and objectives that are agreed upon at the beginning of each year. At the end of the year, this bonus is paid out after a formal review of the individual's actual contribution to investment performance and client service work. The investments result bonus is calculated from the performance variance of Sands Capital's composite returns and their respective benchmarks over 1, 3 and 5 year periods, weighted towards the 3 and 5 year results.

#### ***SECURITIES OWNERSHIP***

As of October 31, 2022, Mr. Thakor and Mr. Raab each beneficially owned shares of Harbor Global Leaders Fund with a value over \$1,000,000.



### *CONFLICTS OF INTEREST*

The simultaneous management of multiple accounts by Westfield's investment professionals creates a possible conflict of interest as they must allocate their time and investment ideas across multiple accounts. This may result in the Investment Committee or portfolio managers allocating unequal attention and time to the management of each client account as each has different objectives, benchmarks, investment restrictions and fees. For most client accounts, investment decisions are made at the Investment Committee level. Once an idea has been approved, it is implemented across all eligible and participating accounts within the strategy.

Although the Investment Committee collectively acts as portfolio manager on most client accounts, there are some client accounts that are managed by a portfolio manager who also serves as a member of the Investment Committee. This can create a conflict of interest because investment decisions for these individually managed accounts do not require approval by the Investment Committee; thus, there is an opportunity for individually managed client accounts to trade in a security ahead of Investment Committee managed client accounts. Trade orders for individually managed accounts must be communicated to the Investment Committee. Additionally, the Compliance team performs periodic reviews of such accounts to ensure procedures have been followed.

Westfield has clients with performance-based fee arrangements. A conflict of interest can arise between those portfolios that incorporate a performance fee and those that do not. When the same securities are recommended for both types of accounts, it is Westfield's policy to allocate investments, on a pro-rata basis, to all participating and eligible accounts, regardless of the account's fee structure. Westfield's Operations team performs ongoing reviews of each product's model portfolio versus each client account. Discrepancies are researched, and exceptions are documented.

In placing each transaction for a client's account, Westfield seeks best execution of that transaction except in cases where Westfield does not have the authority to select the broker or dealer, as stipulated by the client. Westfield attempts to bundle directed brokerage accounts with non-directed accounts, and then utilize step-out trades to satisfy the directed arrangements. Clients who do not allow step-out trades generally will be executed after non-directed accounts.

Because of Westfield's interest in receiving third-party research services, there may be an incentive for Westfield to select a broker or dealer based on such interest rather than the clients' interest in receiving most favorable execution. To mitigate the conflict that Westfield may have an incentive beyond best execution to utilize a particular broker, broker and research votes are conducted and reviewed on a quarterly basis. These votes provide the opportunity to recognize the unique research efforts of a wide variety of firms, as well as the opportunity to compare aggregate commission dollars with a particular broker to ensure appropriate correlation. Westfield's Best Execution Committee also reviews transaction cost analysis data quarterly to monitor trading and commission activity.

Some Westfield clients have elected to retain certain brokerage firms as consultants or to invest their assets through a broker-sponsored wrap program for which Westfield acts as a manager. Several of these firms are on Westfield's approved broker list. Since Westfield may gain new clients through such relationships and will interact closely with such firms to service the client, there may be an incentive for Westfield to select a broker or dealer based on such interest rather than the clients' interest. To help ensure independence in the brokerage selection process, brokerage selection is handled by Westfield's Traders, while client relationships are managed by Westfield's Marketing/Client Service team.

Personal accounts may give rise to conflicts of interest. Westfield and its employees will, from time to time, for their own investment accounts, purchase, sell, hold or own securities or other assets which may be recommended for purchase, sale or ownership for one or more clients. Westfield has a Code of Ethics which regulates trading in such accounts; requirements include regular reporting and preclearance of transactions. Compliance reviews personal trading activity regularly.

Westfield serves as manager to the General Partners of private funds, for which they also provide investment advisory services. Westfield and its employees have also invested their own funds in such vehicles and other investment strategies that are advised by the firm. Allowing such investments and having a financial interest in the private funds can create an incentive for the firm to favor these accounts because Westfield's financial interests are more directly tied to the performance of such accounts. To help ensure all clients are treated equitably and fairly, Westfield allocates investment opportunities on a pro-rata basis. Compliance conducts periodic reviews of client accounts to ensure procedures have been followed.

In addition to a base salary and a performance-based bonus award, Westfield's Marketing and Client Service team's compensation is based on a percentage of annual revenue generated by new separate accounts and/or significant contributions to existing client accounts but excludes any subadvised or advised mutual funds. This incentive poses a conflict in that members of the team could encourage

investment in a product(s) that may not be suitable. To mitigate such risk, team members are not incentivized to sell one product versus another. Nor do they have specific sales targets. Further, Westfield's new account process includes a review of client contracts and investment policy statements to ensure the recommended product is suitable prior to funding. Lastly, all incentive compensation is reviewed and approved by Westfield's COO and CFO.

### ***COMPENSATION***

Members of the Westfield Investment Committee may be eligible to receive various components of compensation:

- Investment Committee members receive a base salary commensurate with industry standards.
- Investment Committee members are also eligible to receive an annual performance-based bonus award. The amount awarded is based on the employee's individual performance attribution and overall contribution to the investment performance of Westfield.
- Investment Committee members may be eligible to receive equity interests in the future profits of Westfield. Individual awards are typically determined by a member's overall performance within the firm, including but not limited, to contribution to company strategy, participation in marketing and client service initiatives, as well as longevity at the firm. Key members of Westfield's management team who receive equity interests in the firm enter into agreements restricting post-employment competition and solicitation of clients and employees of Westfield. This compensation is in addition to the base salary and performance-based bonus. Equity interest grants typically vest over five years.

### ***SECURITIES OWNERSHIP***

As of October 31, 2022, Messrs. Muggia, Lee, and Montgomery did not beneficially own any shares of Harbor Small Cap Growth Fund. Mr. Meyers beneficially owned shares of Harbor Small Cap Growth Fund with a value between \$100,001 and \$500,000.

## THE DISTRIBUTOR

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### Harbor Funds Distributors, Inc.

Harbor Funds Distributors, Inc. (the “Distributor”) acts as the principal underwriter and distributor of each Fund’s shares and continually offers shares of the Funds pursuant to a distribution agreement approved by the Board of Trustees. Its mailing address is Harbor Funds Distributors, Inc., 111 South Wacker Drive, 34th Floor, Chicago, IL 60606-4302. Charles F. McCain is a Director and the Chief Executive Officer of the Distributor; John S. Halaby is the President of the Distributor; Erik D. Ojala is a Director, Executive Vice President and Chief Compliance Officer of the Distributor; Jacob J. Kunkel is the Vice President, Chief Financial Officer and Treasurer of the Distributor; and Gregg M. Boland is a Senior Vice President, the AML Compliance Officer, and the OFAC Officer of the Distributor. The Distributor is a Delaware corporation, a registered broker-dealer and a wholly owned subsidiary of the Advisor.

Harbor Funds has authorized one or more brokers to accept on its behalf purchase and redemption orders. These brokers are authorized to designate other intermediaries to accept purchase and redemption orders on behalf of Harbor Funds. Harbor Funds is deemed to have received a purchase or redemption order when an authorized broker or, if applicable, the broker’s authorized designee, receives the order prior to the close of regular trading on the NYSE. Shareholders’ orders will be priced at the net asset value per share next determined after they are accepted in good order by an authorized broker or the broker’s authorized designee.

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### Distribution Plans

The Trust has adopted distribution plans pursuant to Rule 12b-1 under the Investment Company Act with respect to each Fund’s Administrative Class shares and Investor Class shares (collectively the “Plans”). Each Fund, pursuant to the Plans, pays the Distributor compensation at the annual rate of up to 0.25% of the average daily net assets of Administrative Class shares and of Investor Class shares.

Each of the Plans compensates the Distributor for (1) distribution services; (2) recordkeeping services; and (3) personal and account maintenance services performed and expenses incurred by the Distributor in connection with the Administrative Class and Investor Class shares of the Funds. Distribution services and expenses for which the Distributor may be compensated pursuant to the Plans include, without limitation: (i) compensation to and expenses (including allocable overhead, travel and telephone expenses) of (A) dealers, brokers and other dealers who are members of FINRA, or their respective officers, sales representatives and employees, (B) the Distributor and any of its affiliates and any of their respective officers, sales representatives and employees, (C) banks and their officers, sales representatives and employees, who engage in or support distribution of the Administrative Class and Investor Class shares of the Funds; (ii) printing and distribution of reports and prospectuses for other than existing shareholders; and (iii) preparation, printing and distribution of sales literature and advertising materials. Recordkeeping services for which the Distributor or any of its affiliates and any financial intermediaries may be compensated pursuant to the Plans include, without limitation, to the extent not otherwise provided by or on behalf of a Fund: (i) acting, or arranging for another party to act, as recordholder and nominee of Administrative Class and Investor Class shares of the Funds beneficially owned by certain shareholders; (ii) establishing and maintaining individual accounts and records with respect to Administrative Class and Investor Class shares of the Funds; (iii) processing and issuing confirmations concerning orders to purchase, redeem and exchange Administrative Class and Investor Class shares of the Funds; (iv) receiving and transmitting funds representing the purchase price or redemption proceeds of Administrative Class and Investor Class shares of the Funds; (v) facilitating the processing of transactions in a Fund or providing electronic, computer or other database information regarding a Fund to shareholders; (vi) developing, maintaining and supporting systems necessary to support accounts for Administrative Class and Investor Class shares of the Funds; and (vii) performing any other services which do not constitute “personal and account maintenance services” within the meaning of applicable FINRA rules. Personal and account maintenance services for which the Distributor or any of its affiliates and any financial intermediaries may be compensated pursuant to the Plans include, without limitation: payments made to or on account of the Distributor or any of its affiliates and any financial intermediaries, or their respective officers, sales representatives and employees, who respond to inquiries of, and furnish assistance to, shareholders regarding their ownership of Administrative Class and Investor Class shares of the Funds or their accounts or who provide similar services not otherwise provided by or on behalf of a Fund. Nothing in the Plans is intended to or shall cause there to be any implication that compensation for the distribution, recordkeeping and personal and account maintenance services described in the Plans may be made only pursuant to a plan of distribution under Rule 12b-1.

Amounts payable by a Fund under the Plans need not be directly related to the expenses actually incurred by the Distributor on behalf of each Fund. The Plans do not obligate the Funds to reimburse the Distributor for the actual expenses the Distributor may incur in fulfilling its obligations under the Plans. Thus, even if the Distributor’s actual expenses exceed the fee payable to the Distributor at any given time, the Funds will not be obligated to pay more than that fee. If the Distributor’s expenses are less than the fee it receives, the Distributor will retain the difference.

### Distribution Plans — Continued

The Distributor may from time to time waive or reduce any portion of its 12b-1 fee for Administrative Class shares and Investor Class shares. Voluntary fee waivers or reductions may be rescinded at any time without further notice to investors. During periods of voluntary fee waivers or reductions, the Distributor will retain its ability to be reimbursed for such fee prior to the end of each fiscal year.

Selected dealers and other financial intermediaries entitled to receive compensation for selling Fund shares and/or providing recordkeeping and/or shareholder servicing services to the intermediaries' customers who invest in a Fund may receive different compensation related to shares of one particular class over another. Under the Plans, certain financial intermediaries that have entered into service agreements and that sell shares of the Funds on an agency basis may receive payments from the Distributor pursuant to the respective Plans for distribution services and/or providing shareholder servicing services to the intermediaries' customers who invest in a Fund.

Payments for distribution and service fees are accrued daily and may not exceed 0.25% per annum of daily net assets attributable to Administrative Class shares and Investor Class shares, respectively.

Payments pursuant to the Plans are subject to any applicable limitations imposed by rules of FINRA.

As required by Rule 12b-1, the Plans and related forms of agreements were approved by the Board of Trustees, including a majority of the trustees who are not "interested persons" (as defined in the Investment Company Act) of the Trust and who have no direct or indirect financial interest in the operation of the Plans or in any agreements related to the Plans (the "Rule 12b-1 Trustees"). In approving the Plans in accordance with the requirements of Rule 12b-1, the Rule 12b-1 Trustees considered various factors and determined that there is a reasonable likelihood that the Plans would benefit each class of the Funds and its respective shareholders.

The anticipated benefits that may result from the Plans with respect to each Fund and/or the classes of each Fund and/or the classes of each Fund and its shareholders include, but are not limited to, the following: (1) lower brokerage costs; (2) relatively predictable flow of cash; and (3) a well-developed, dependable network of shareholder service agents to help to curb sharp fluctuations in rates of redemptions and sales, thereby reducing the chance that an unanticipated increase in net redemptions could adversely affect the performance of each Fund.

Unless terminated earlier in accordance with their terms, the Plans continue from year to year as long as such continuance is specifically approved, in person, at least annually by the Board of Trustees, including a majority of the Rule 12b-1 Trustees. A Plan may be terminated as to a Fund or class by the vote of a majority of the Rule 12b-1 Trustees or, with respect to a particular class, by the vote of a majority of the outstanding voting securities of that class.

Any change in the Plans that would increase materially the distribution expenses paid by the applicable class requires shareholder approval; otherwise, the Plans may be amended by the Board of Trustees, including a majority of the Rule 12b-1 Trustees, by votes cast in person at a meeting called for the purpose of voting upon such amendment. As long as the Plans are in effect, the selection or nomination of the Independent Trustees is committed to the discretion of the Independent Trustees.

## THE DISTRIBUTOR

### Actual Fees Paid to Harbor Funds Distributors Pursuant to the Distribution Plans

The actual fees paid by the Funds to the Distributor pursuant to the Plans for the year ended October 31, 2022 were as follows:

	Total Paid to Distributor		Retained by Distributor <sup>1</sup>		Paid to Intermediaries <sup>2</sup>	
	Administrative Class (000s)	Investor Class (000s)	Administrative Class (000s)	Investor Class (000s)	Administrative Class (000s)	Investor Class (000s)
<b>HARBOR FUNDS</b>						
Harbor Capital Appreciation Fund .....	\$ 673	\$2,692	\$ 8	\$ 29	\$ 665	\$2,663
Harbor Convertible Securities Fund .....	—	6	—	1	—	5
Harbor Core Bond Fund .....	N/A	N/A	N/A	N/A	N/A	N/A
Harbor Core Plus Fund .....	38	N/A	2	N/A	36	N/A
Harbor Disruptive Innovation Fund .....	9	74	—	1	9	73
Harbor Diversified International All Cap Fund .....	22	23	—	—	22	23
Harbor Global Leaders Fund .....	3	39	—	2	3	37
Harbor International Fund .....	32	762	1	24	31	738
Harbor International Core Fund (formerly, Harbor Overseas Fund) .....	N/A	2	N/A	1	N/A	1
Harbor International Growth Fund .....	1	24	—	2	1	22
Harbor International Small Cap Fund .....	1	3	1	1	—	2
Harbor Large Cap Value Fund .....	9	70	1	3	8	67
Harbor Mid Cap Fund .....	N/A	2	N/A	2	N/A	—
Harbor Mid Cap Value Fund .....	9	78	1	2	8	76
Harbor Small Cap Growth Fund .....	2	18	—	1	2	17
Harbor Small Cap Value Fund .....	26	118	1	4	25	114

<sup>1</sup> Amounts retained by the Distributor for administrative expenses.

<sup>2</sup> Amounts paid by the Distributor to intermediaries for the distribution, recordkeeping, shareholder servicing, maintenance of shareholder accounts, and/or other administrative services.

## SHAREHOLDER SERVICES

### Harbor Services Group, Inc.

Harbor Services Group, Inc. (“Shareholder Services”) acts as the shareholder servicing agent for each Fund and in that capacity maintains certain financial and accounting records of the Funds. Its mailing address is P.O. Box 804660, Chicago, IL 60680-4108. Shareholder Services is a Delaware corporation, a registered transfer agent and a wholly owned subsidiary of the Advisor. Charles F. McCain is a Director of Shareholder Services; Erik D. Ojala is a Director, Chief Compliance Officer and the Secretary of Shareholder Services; Gregg M. Boland is the President of Shareholder Services; and Lora A. Kmiecik is the Chief Financial Officer of Shareholder Services.

The Shareholder Servicing Agreement has been approved by the Trustees of the Funds and provides for compensation up to the following amounts per class of each Fund:

Share Class	Transfer Agent Fees
Retirement Class .....	0.02% of the average daily net assets of all Retirement Class shares
Institutional Class .....	0.10% of the average daily net assets of all Institutional Class shares
Administrative Class .....	0.10% of the average daily net assets of all Administrative Class shares
Investor Class .....	0.21% of the average daily net assets of all Investor Class shares

### Payments to Financial Intermediaries

Unaffiliated financial intermediaries, including broker-dealers, banks, trust companies, employee benefit plan and retirement plan administrators, could be compensated for providing distribution, subaccounting, recordkeeping and/or similar services to shareholders who hold their Fund shares through accounts that are maintained by the intermediary. Financial intermediary fees may be in the form of asset-based, transaction-based, or flat fees. The Distributor, Shareholder Services and/or the Advisor have in the past and could in the future compensate, out of their own assets, certain unaffiliated financial intermediaries for providing shareholder recordkeeping, subaccounting and other similar services to shareholders who hold their shares of the Funds through accounts that are maintained by the financial intermediaries.

In addition, the Advisor and its affiliates have in the past and could in the future pay certain financial intermediaries for certain activities related to the Funds, other Harbor funds or products in general. This may include activities that are designed to make registered representatives, other professionals and individual investors more knowledgeable about products, including the Funds and other Harbor funds, or for other activities, such as marketing and/or fund promotion activities and presentations, educational training programs, conferences, data analytics and support, the development of technology platforms and reporting systems.

The Advisor has in the past and could in the future also make payments to financial intermediaries for certain printing, publishing and mailing costs or materials relating to the Funds, other Harbor funds or products or for promoting or making shares of the Funds, other Harbor funds or products available to their clients, which may include intermediaries that allow customers to buy and sell fund shares without paying a commission or other transaction charge. The Advisor or its affiliates make these payments from their own assets and not from the assets of the Funds. These payments do not increase the expenses paid by investors for the purchase of Fund shares, or the cost of owning a Fund. Payments of the type described above are sometimes referred to as revenue-sharing payments.

Payments to a financial intermediary may be significant to the intermediary, and amounts that intermediaries pay to your salesperson or other investment professional may also be significant for your salesperson or other investment professional. Because a financial intermediary may make decisions about which investment options it will recommend or make available to its clients or what services to provide for various products based on payments it receives or is eligible to receive, these payments could create conflicts of interest between the intermediary and its clients and these financial incentives may cause the intermediary to recommend the Funds, other Harbor funds or products over other investments. The same conflicts of interest and financial incentives exist with respect to your salesperson or investment professional if he or she receives similar payments from his or her firm.

## CODE OF ETHICS

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### Code of Ethics

Harbor Funds, the Advisor, the Distributor and the Subadvisors have each adopted a code of ethics that complies in all material respects with Rule 17j-1 under the Investment Company Act. These codes of ethics are designed to prevent trustees/directors, officers and designated employees who have access to information concerning portfolio securities transactions of Harbor Funds (“Access Persons”) from using that information for their personal benefit or to the disadvantage of Harbor Funds. These codes of ethics are also designed to prevent both Access Persons and all employees of the Advisor from profiting from short-term trading in shares of any Harbor Funds. The codes of ethics do permit Access Persons to engage in personal securities transactions for their own account, including securities that may be purchased or held by Harbor Funds, but impose significant restrictions on such transactions and require Access Persons to report all of their personal securities transactions (except for transactions in certain securities where the potential for a conflict of interest is very low, such as unaffiliated open-end mutual fund shares and money market instruments). Each of the codes of ethics is on public file with, and is available from, the SEC.

The Advisor relies on each Subadvisor to fulfill its responsibility for monitoring the personal trading activities of the Subadvisor’s personnel in accordance with the Subadvisor’s code of ethics. Each Subadvisor provides Harbor Funds Board of Trustees with a quarterly certification of the Subadvisor’s compliance with its code of ethics and with Rule 17j-1 and a report of any significant violations of its code of ethics.

### Portfolio Holdings Disclosure Policy

The Board of Trustees has adopted policies and procedures that govern the disclosure of the Funds' portfolio holdings and the disclosure of statistical information about the Funds' portfolios.

These policies and procedures are designed to strike an appropriate balance between providing enough information to help investors understand the Funds' recent historical performance and at the same time ensuring that investors do not receive information which would enable them to trade based on that information to the detriment of the Fund or its other shareholders. As an overarching principle, these policies and procedures prohibit the Funds and any service provider to the Funds, including the Advisor, from entering into any arrangement to receive any compensation or consideration, either directly or indirectly, in return for the disclosure of a Fund's non-public portfolio holdings.

These policies and procedures provide that each Fund's full list of portfolio holdings is published quarterly with a 15-day lag, on *harborcapital.com* and top ten portfolio holdings as a percentage of its total net assets are published quarterly, with a 10-day lag, on *harborcapital.com*. This information remains available on *harborcapital.com* until the information is updated for the subsequent period.

For purposes of these policies and procedures, "portfolio holdings" means the individual securities or other instruments held by a Fund. This includes equity and fixed income securities, such as stocks and bonds, and derivative contracts, such as futures, options and swaps held by the Funds. "Portfolio holdings" does not include information that is derived from (but does not include) individual portfolio holdings, such as statistical information about a Fund or a Fund's aggregate cash position. Statistical information includes information such as how a Fund's portfolio is divided (in percentage terms) among various industries, sectors, countries, value and growth stocks, small, mid and large cap stocks, credit quality ratings, and maturities. Statistical information also includes financial characteristics about a Fund's portfolio such as alpha, beta, R-squared, information ratio, Sharpe ratio, various earnings and price based ratios (such as price-to-earnings, price-to-book, and earnings growth), duration, maturity, market capitalization, and portfolio turnover.

While statistical information is not considered "portfolio holdings," the policies and procedures adopted by the Board of Trustees limit the disclosure of statistical information derived from portfolio holdings which have not yet been publicly disclosed to further ensure that such information could not be used in a manner that is adverse to the Funds. Specifically, statistical information derived from non-public portfolio holdings data may only be based on a Fund's month end portfolio holdings data and then may only be released beginning 5 days after that month end date. In addition, only the Officers of the Trust and certain employees of the Advisor are authorized to release such statistical information and they may not do so if they reasonably believe that the recipient of that statistical information, could use that information as a basis on which to trade in the Fund shares to the detriment of the Fund or its other shareholders. Statistical information may be provided to existing or potential shareholders in the Funds and to their representatives for the sole purpose of helping to explain a Fund's recent historical performance.

Current and prospective investors from time to time may request different or more extensive historical portfolio holdings information for a Fund than has previously been publicly disclosed (such as information as of dates other than prior calendar and fiscal quarter ends) to assist them in their assessment of the consistency of the investment process of the Subadvisor and/or the Advisor, as applicable, through different past market environments. To the extent the requested portfolio holdings information is for periods that precede the date of the most recent publicly disclosed portfolio holdings information, it is considered stale and may be released to investors or prospective investors and others upon request without needing to be separately publicly disclosed. Because historical portfolio holdings information must have been superseded by the public disclosure of more recent portfolio holdings information before it can be released, the information should normally not enable any recipient to trade for its own benefit to the detriment of the Fund.

The policies and procedures adopted by the Board of Trustees also prohibit the disclosure of non-public portfolio holdings to third parties except in certain limited circumstances where Harbor Funds or a service provider has a legitimate business purpose for disclosing that information and the recipients are subject to a duty of confidentiality, including a duty not to trade on the non-public information. The Chief Compliance Officer of Harbor Funds must authorize any such disclosure in those limited circumstances.

Non-public portfolio holdings are disclosed daily (or as otherwise indicated) with no lag, to the following persons for the sole purpose of assisting the service provider in carrying out its designated responsibilities for the Fund or Funds:

- The Advisor with respect to all Funds and each Subadvisor solely with respect to the Fund(s) for which it serves as Subadvisor;
- The Funds' custodian and accounting agent;
- Morningstar, Inc. ("Morningstar"), which provides analytic services and ratings, for the purpose of assisting the Advisor and clients in assessing the Funds' performance and portfolio attributes;



### Portfolio Holdings Disclosure Policy — Continued

- FactSet Research System Inc. (“FactSet”), which provides data collection and analytic services, for the sole purpose of assisting the Advisor in assessing the Funds’ performance and portfolio attributes;
- Bloomberg Finance L.P. (“Bloomberg”), which provides data collection and analytic services, for the sole purpose of assisting the Advisor in assessing the Funds’ performance and portfolio attributes;
- Glass, Lewis & Co. LLC (“Glass Lewis”), which provides proxy voting information services for the sole purpose of assisting certain Subadvisors in voting proxies on behalf of the Funds;
- Institutional Shareholder Services (“ISS”), which provides proxy voting-related information services for the purpose of assisting certain Subadvisors in voting proxies on behalf certain Funds, proxy voting-related services for the purpose of assisting the Advisor in voting proxies on behalf of certain Funds and to comply with applicable disclosure requirements, and securities class action services for the purpose of assisting the Advisor in monitoring for class action litigation in which the Funds may be entitled to participate with respect to a recovery settlement;
- Donnelley Financial LLC, which provides services for the sole purpose of assisting the Advisor in the preparation of financial and related reports for the Funds that are included in periodic reports made publicly available to Fund shareholders, such as the annual and semi-annual shareholder reports, and in other required regulatory filings;
- Automated Securities Clearance LLC (“FIS”), which provides an automated solution for the sole purpose of assisting the Advisor in complying with personal trading regulations.
- FactSet, Bloomberg, Eagle Investment Systems LLC and Glass Lewis, each of which provides services to Jennison, for the sole purpose of assisting Jennison in performing its services as Subadvisor to Harbor Capital Appreciation Fund;
- Electra and Simcorp, which provide services to IR+M, for the sole purpose of assisting IR+M in performing its services as Subadvisor to Harbor Core Bond Fund and Harbor Core Plus Fund;
- SS&C Advent, Eze Software, Cowen Prime Services, Bloomberg, each of which provides services to the Advisor, for the sole purpose of assisting the Advisor in performing its services as Advisor to Harbor Disruptive Innovation Fund;
- FactSet, StatPro Group plc, and ISS, each of which provides services to Marathon-London, for the sole purpose of assisting Marathon-London in performing its services as Subadvisor to Harbor Diversified International All Cap Fund and Harbor International Fund;
- FactSet, Advent and LongView Trading Systems, each of which provides services to Sands Capital, for the sole purpose of assisting Sands Capital in performing its services as Subadvisor to Harbor Global Leaders Fund;
- FactSet, StatPro Group plc, SunGard APT and Style Research, each of which provides services to Baillie Gifford, for the sole purpose of assisting Baillie Gifford in performing its services as Subadvisor to Harbor International Growth Fund;
- Advent, Bloomberg, Enfusion and Northern Trust, each of which provides services to Cedar Street, for the sole purpose of assisting Cedar Street in performing its services as Subadvisor to Harbor International Small Cap Fund;
- SS&C Advent, Charles River, Instinet, ISS, Neovest and FactSet, each of which provides services to Aristotle for the sole purpose of assisting Aristotle in performing its services as Subadvisor to Harbor Large Cap Value Fund;
- FactSet, ISS, Bloomberg, SS&C Advent and DTCC CTM, each of which provides services to EARNEST Partners, for the sole purpose of assisting EARNEST Partners in performing its services as Subadvisor to Harbor Mid Cap Fund and Harbor Small Cap Value Fund;
- Northern Trust, which provides services to LSV, for the sole purpose of assisting LSV in performing its services as Subadvisor to Harbor Mid Cap Value Fund;
- Electra Information Systems, Inc. (“Electra”), which provides services to Acadian, for the sole purpose of assisting Acadian in performing its services as Subadvisor to Harbor International Core Fund; and
- FactSet, Eze Software, InvestCloud, StarCompliance, LightSpeed Data Solutions, Bloomberg, SS&C Advent, ISS and Global Trading Analytics, each of which provides services to Westfield, for the sole purpose of assisting Westfield in performing its services as Subadvisor to Harbor Small Cap Growth Fund.

## PORTFOLIO HOLDINGS

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### Portfolio Holdings Disclosure Policy — Continued

Harbor Funds seeks to avoid potential conflicts between the interests of the Funds' shareholders and those of the Funds' service providers and ensure that non-public portfolio holdings information is disclosed only when such disclosure is in the best interests of a Fund and its shareholders. Harbor Funds seeks to accomplish this by permitting such disclosure solely for the purpose of assisting the service provider in carrying out its designated responsibilities for a Fund and by requiring any such disclosure to be authorized in the manner described above. The Board of Trustees receives a report at least annually concerning the effectiveness and operation of the Funds' policies and procedures, including those governing the disclosure of portfolio information.

The Advisor, each Subadvisor and their affiliates may provide investment advice to clients (including funds) other than the Funds that have investment objectives that may be substantially similar to those of the Funds. These clients may have portfolios consisting of holdings substantially similar to those of the Funds and may be subject to different holdings disclosure policies that provide for more frequent disclosure than under the Funds' policies and procedures. In some cases, such portfolio holdings are made publicly available on a daily basis. These clients are not subject to the portfolio holdings disclosure policies and procedures described herein and do not owe the Advisor, respective Subadvisor or Fund a duty of confidentiality with respect to disclosure of their portfolio holdings.

### DELEGATED PROXY VOTING RESPONSIBILITY

#### Oversight

For Funds with a discretionary Subadvisor, Harbor Capital delegates proxy voting to the Subadvisor. In each instance where proxy voting responsibility has been delegated to one or more Subadvisors, Harbor Capital's Legal and Compliance Team is responsible for the oversight with respect to such delegated responsibilities, including reviewing the proxy voting policies, procedures, and/or proxy voting guidelines of each such Subadvisor (the "Subadvisor Proxy Voting Guidelines"). The Legal and Compliance Team must determine that the Subadvisor Proxy Voting Guidelines are reasonably designed to ensure that the Subadvisor would be able to administer the proxy voting process generally and vote proxies specifically in a manner which would be in the best interests of the respective client before Harbor Capital will delegate proxy voting responsibility to a Subadvisor. The Legal and Compliance Team will review any amendments to the Subadvisor Proxy Voting Guidelines to ensure that the guidelines continue to meet that standard. Harbor Capital will not delegate voting authority to any third party that does not also serve in a fiduciary capacity. In addition, each Subadvisor must accept the delegation of this responsibility.

Harbor Capital does not review individual voting decisions by the Subadvisors but considers their proxy voting policies, procedures, and/or guidelines as part of its overall assessment of the Subadvisor's compliance program. If Harbor Capital is not satisfied with the Subadvisor's overall performance, including as a result of proxy voting decisions which are not in Harbor Capital's client's best interests, Harbor Capital may recommend to the Board of Trustees the replacement of the Subadvisor.

Harbor Capital will normally not be privy to a Subadvisor's proxy voting decision until after the vote is cast and the shareholder meeting has occurred. While Harbor Capital does retain the right to override any proxy voting decision by a Subadvisor (when Harbor Capital believes that a voting decision would not be in the best interests of its client), Harbor Capital does not expect to be able to exercise that authority as a matter of course. Such an override could only occur in the unusual circumstance where the Subadvisor consults with Harbor Capital prior to casting a vote.

The Subadvisors operate independently of each other and it is feasible that the Subadvisors will come to different voting decisions on the same or similar proposals. As long as the Subadvisors are acting in what they believe to be the best interests of the client when making their proxy voting decisions, Harbor Capital believes that the client will, as a whole, benefit from each Subadvisor applying its own analysis to the proxy voting decision. Differences in such analyses may occur, for example, depending on whether a Subadvisor considers a proxy advisory firm's recommendations or additional information provided by an issuer during the proxy voting process.

#### Conflicts of Interest

Delegation of proxy voting responsibility to Subadvisors should generally adequately address any possible conflicts of interest with respect to Harbor Capital. In addition, as part of the Legal and Compliance Team's review of the Subadvisor Proxy Voting Guidelines, the Legal and Compliance Team seeks to ensure that the Subadvisor has implemented its own procedures to monitor and resolve conflicts of interest in the proxy voting process.

#### Recordkeeping

For assets with respect to which proxy voting responsibilities have been delegated to one or more Subadvisors, each such Subadvisor is responsible for retaining the materials regarding votes cast by them. Each Subadvisor is required to provide to Harbor Capital, upon request, the necessary information regarding its proxy voting record to enable Harbor Capital to prepare the Form N-PX for subadvised products. Harbor Capital will retain this information, along with each Subadvisor's Proxy Voting Guidelines and any certifications provided by the Subadvisors as to their compliance with their policies and procedures, for six years.

For the proxy voting policy of each discretionary Subadvisor, please see Appendix A.

### PROXY VOTING RESPONSIBILITY RETAINED BY HARBOR CAPITAL

In each instance where Harbor Capital has retained proxy voting authority, the Investment Operations Team ("Investment Ops") will generally administer proxy voting. Harbor Capital is obligated to vote proxies in a manner consistent with its fiduciary duty to act in the best interests of shareholders. Normally, this means that Investment Ops will vote or administer the voting of ballots in accordance with Harbor Capital's proxy voting guidelines (the "Proxy Voting Guidelines").

In order to facilitate the proxy voting process with respect to assets for which Harbor Capital retains proxy voting responsibilities, Harbor Capital engages a proxy advisory firm (the "Advisory Firm") to provide research, analysis, and voting recommendation consistent with the Proxy Voting Guidelines. In addition, the Advisory Firm will provide research and reporting related to the proxy proposals.

### **Meeting Notification**

Harbor Capital utilizes the Advisory Firm's voting agent services to notify it of upcoming shareholder meetings for portfolio companies, to vote proxies on its behalf in accordance with Harbor Capital's Proxy Voting Guidelines and to administer the transmission of votes. The Advisory Firm tracks and reconciles holdings against incoming proxy ballots. Meeting and record date information is updated daily through the Advisory Firm's web-based application. The Advisory Firm also is responsible for maintaining copies of all proxy statements received and for promptly providing such materials upon Harbor Capital's request. All efforts will be made to vote proxies in a timely manner, and any delay in voting a ballot will be investigated to determine the cause and how to prevent recurrence in the future.

### **Vote Determination**

Ballots that are processed by the Advisory Firm will be voted in accordance with the Proxy Voting Guidelines. In evaluating certain corporate action proposals, Investment Ops will gather information from a variety of sources, including, but not limited to, management or shareholders of a company presenting a proposal, and independent proxy research services (such as the Advisory Firm). Final authority and responsibility for proxy voting decisions rests with Harbor Capital, taking into account the Proxy Voting Guidelines and Harbor Capital's fiduciary duty to act in the best interests of clients. Investment Ops is responsible for maintaining documentation and assuring that it adequately reflects the basis for any vote that is cast in a manner that deviates from the Proxy Voting Guidelines.

### **Vote Execution, Monitoring of the Voting Process and Minutes**

Ballots will be cast in accordance with the Proxy Voting Guidelines by the Advisory Firm. The Advisory Firm will then transmit the votes to the proxy agents or custodian banks.

While not expected to be a frequent occurrence, Investment Ops can change a vote already submitted by the Advisory Firm, if necessary.

Investment Ops is responsible for preparing minutes to document the rationale for instances where Harbor Capital voted against in a manner different from the Proxy Voting Guidelines of the Advisory Firm and for decisions with respect to corporate actions. Such minutes will be retained for six years.

### **Conflicts of Interest**

Where Harbor Capital retains proxy voting responsibilities, Investment Ops has the obligation to assess the extent, if any, to which there may be a material conflict between the interests of an account on the one hand and Harbor Capital and its affiliates, directors, officers, employees (and other similar persons) on the other hand.

If Investment Ops determines that a conflict may exist, it will resolve the conflict as outlined below and promptly report the matter and its resolution to Harbor Capital's Chief Compliance Officer. Harbor Capital is authorized to resolve any such conflict in a manner that is in the best interests of its clients. Normally, a conflict will be resolved in accordance with the following:

- If the proposal that gives rise to a conflict is specifically addressed in the Proxy Voting Guidelines, the proxy will be voted in accordance with the pre-determined Proxy Voting Guidelines, provided that such pre-determined guidelines involve little or no discretion on the part of Investment Ops;
- Investment Ops may disclose the conflict to Harbor Capital's affected client and obtain the client's consent before voting in the manner approved by such client;
- Harbor Capital may engage an independent third party to determine how the proxy should be voted; or
- Harbor Capital may, where feasible, establish an ethical wall or other informational barriers between the person(s) involved in the conflict and the person(s) making the voting decision in order to insulate the decision maker from the conflict.

A member of the Legal and Compliance Team will report all conflicts, and the management thereof, to Harbor Capital's Board of Directors on an annual basis.

Harbor Capital will use commercially reasonable efforts to determine whether a conflict may exist, and a conflict will be deemed to exist if, and only if, Investment Ops knew, or reasonably should have known, of the conflict at the time of the vote.

### **Recordkeeping**

Where Harbor Capital retains proxy voting responsibilities, the Advisory Firm will serve as recordkeeper for all ballots processed through the Advisory Firm, including any research reports provided in the voting decisions. Harbor Capital will require sufficient information regarding its proxy voting record to enable Investment Ops to prepare the Form N-PX for such products, if applicable.

# PROXY VOTING GUIDELINES

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## Proxy Voting Policy — Continued

### REPORTING

A Vote Summary will be prepared for each client that requests Harbor Capital to furnish proxy voting records. The report specifies the portfolio companies, meeting dates, proxy proposals, and votes which have been cast for the client during the period and the position taken with respect to each issue. Reports normally cover quarterly or annual periods. All client requests for proxy information will be recorded and fulfilled by Harbor Capital.

*Effective December 1, 2022*

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## Proxy Voting Guidelines

Harbor Capital's goal and intent is to vote or administer the voting of all proxies in the best interests of shareholders.

### Management and Shareholder Proposals

Harbor Capital will generally vote in accordance with Institutional Shareholder Services' Proxy Voting Guidelines – Benchmark Policy Recommendations (the "ISS Benchmark Policies") for both domestic and foreign markets. A link to ISS Benchmark Policies can be found in Appendix A – Proxy Voting.

### Foreign Markets

Corporate governance standards, disclosure requirements and voting processes vary significantly among the foreign markets in which we may invest. Harbor Capital will generally vote or administer the voting of proxies in foreign markets in a manner that is believed to be consistent with the objective of these Proxy Voting Guidelines, while taking into account differing practices by market.

There may be instances in which Harbor Capital elects not to vote or administer the voting of proxies relating to foreign securities. Many foreign markets require that securities be blocked or re-registered in order to vote at a company's shareholder meeting. Generally, Harbor Capital will not vote proxies in foreign markets that require the securities be blocked or re-registered to vote, depending on whether such an action would result in a loss of liquidity imposed by these requirements. If Harbor Capital determines that a proposal is expected to have a significant economic impact on the investment, Harbor Capital may elect to vote such proposal.

In addition, the costs of voting in foreign markets (e.g., custodian fees and voting agency fees) can be substantially higher than for U.S. holdings. As a result, Harbor Capital may choose not to vote proxies in foreign markets in instances where the issues presented are unlikely to have a material impact on the value of a client's investment in that foreign security.

The Advisor and/or Subadvisor, as applicable, is responsible for making specific decisions to buy and sell securities for the portion of Fund assets that it manages. The Advisor and/or Subadvisor, as applicable, is also responsible for selecting brokers and dealers to effect these transactions and negotiating, if possible, brokerage commissions and dealers' charges.

Purchases and sales of securities on a securities exchange are effected by brokers, and each Fund pays a brokerage commission for this service. In transactions on stock exchanges in the United States, these commissions are negotiated, whereas on many foreign stock exchanges the commissions are fixed. In the over-the-counter market, securities (i.e., debt securities) are normally traded on a "net" basis with dealers acting as principal for their own accounts without a stated commission, although the price of the securities usually includes a profit to the dealer. In underwritten offerings, securities are purchased at a fixed price which includes an amount of compensation to the underwriter, generally referred to as the underwriter's concession or discount. On occasion, certain money market instruments may be purchased directly from an issuer, in which case no commissions or discounts are paid.

The primary consideration in placing portfolio security transactions with broker-dealers for execution is to obtain and maintain the availability of execution at the most favorable prices and in the most effective manner possible. The Advisor and/or Subadvisor, as applicable, attempts to achieve this result by selecting broker-dealers to execute portfolio transactions on behalf of each Fund and other clients taking into account such factors as the broker-dealers' professional capability, the value and quality of their brokerage services and the level of their brokerage commissions.

Under each Investment Advisory Agreement and Subadvisory Contract and as permitted by Section 28(e) of the Securities Exchange Act of 1934, the Advisor and/or Subadvisor, as applicable, may cause a Fund to pay a commission to broker-dealers who provide brokerage and research services to the Subadvisor and/or the Advisor, as applicable, for effecting a securities transaction for a Fund. Such commission may exceed the amount other broker-dealers would have charged for the transaction, if the Subadvisor and/or the Advisor, as applicable, determines in good faith that the greater commission is reasonable relative to the value of the brokerage and research services provided by the executing broker-dealer viewed in terms of either a particular transaction or the overall responsibilities the Subadvisor and/or the Advisor, as applicable, has to a Fund or to its other clients. The term "brokerage and research services" includes advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or of purchasers or sellers of securities, furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy and the performance of accounts, and effecting securities transactions and performing functions incidental thereto, such as clearance and settlement.

Although commissions paid on every transaction will, in the judgment of the Advisor and/or Subadvisor, as applicable, be reasonable in relation to the value of the brokerage services provided, commissions exceeding those that another broker might charge may be paid to broker-dealers who were selected to execute transactions on behalf of the Funds and the other clients of the Subadvisor and/or the Advisor, as applicable, in part for providing advice as to the availability of securities or of purchasers or sellers of securities and services in effecting securities transactions and performing functions incidental thereto such as clearance and settlement.

Research provided by brokers is used for the benefit of all of the clients of the Subadvisor and/or the Advisor, as applicable, and not solely or necessarily for the benefit of the Funds. Investment management personnel of the Advisor and/or Subadvisor, as applicable, attempt to evaluate the quality of research provided by brokers. Results of this effort are sometimes used by the Advisor and/or Subadvisor, as applicable, as a consideration in the selection of brokers to execute portfolio transactions.

In certain instances there may be securities that are suitable for a Fund's portfolio as well as for that of another Fund or one or more of the other clients of the Subadvisor and/or the Advisor, as applicable. Investment decisions for a Fund and for other clients of the Subadvisor and/or the Advisor, as applicable, are made with a view to achieving their respective investment objectives. It may develop that a particular security is bought or sold for only one client even though it might be held by, or bought or sold for, other clients. Likewise, a particular security may be bought for one or more clients when one or more other clients are selling that same security. Some simultaneous transactions are inevitable when several clients receive investment advice from the same investment adviser, particularly when the same security is suitable for the investment objectives of more than one client. When two or more clients are simultaneously engaged in the purchase or sale of the same security, the securities are allocated among clients in a manner believed to be equitable to each. It is recognized that in some cases this system could have a detrimental effect on the price or volume of the security in a particular transaction as far as a Fund is concerned. Harbor Funds believes that over time its ability to participate in volume transactions will produce better executions for the Funds.

## PORTFOLIO TRANSACTIONS

### Broker Commissions

The investment advisory fee that each Fund pays to the Advisor will not be reduced as a consequence of a Subadvisor's receipt of brokerage and research services. Subject to the applicable legal requirements, to the extent a Fund's portfolio transactions are used to obtain such services, the brokerage commissions paid by the Fund will exceed those that might otherwise be paid by an amount that cannot be presently determined. Such services would be useful and of value to such Subadvisor and/or the Advisor, as applicable, in serving both the Funds and other clients and, conversely, such services obtained by the placement of brokerage business of other clients would be useful to such Subadvisor and/or the Advisor, as applicable, in carrying out its obligations to the Funds.

The table below sets forth information concerning the payment of commissions (which do not include dealer "spreads" (markups or markdowns) on principal trades) by the Funds, including the amount of such commissions paid to affiliates (if any) for the indicated fiscal years.

	Total Brokerage Commissions Paid To Brokers Who Provided Research Year Ended 10/31/2022 (000s)	Total Brokerage Commission (000s)		
		2022	2021	2020
<b>HARBOR FUNDS</b>				
Harbor Capital Appreciation Fund .....	\$2,623	\$5,215	\$7,925	\$9,152
Harbor Convertible Securities Fund <sup>1</sup> .....	—	—	—	—
Harbor Core Bond Fund .....	—	—	—	—
Harbor Core Plus Fund .....	—	14	26	81
Harbor Disruptive Innovation Fund .....	—	118	284	168
Harbor Diversified International All Cap Fund .....	201	208	494	186
Harbor Global Leaders Fund .....	2	21	29	49
Harbor International Fund .....	413	417	878	733
Harbor International Core Fund (formerly, Harbor Overseas Fund) <sup>2</sup> .....	—	45	26	11
Harbor International Growth Fund .....	—	129	105	141
Harbor International Small Cap Fund .....	—	101	54	39
Harbor Large Cap Value Fund .....	480	499	399	655
Harbor Mid Cap Fund .....	—	28	15	6
Harbor Mid Cap Value Fund .....	—	32	37	77
Harbor Small Cap Growth Fund .....	867	1,150	1,188	1,063
Harbor Small Cap Value Fund .....	—	599	688	695

<sup>1</sup> On March 1, 2023, BlueCove Limited replaced Shenkman Capital Management, Inc. as investment subadvisor to Harbor Convertible Securities Fund.

<sup>2</sup> On March 1, 2023, the Fund was renamed from Harbor Overseas Fund to Harbor International Core Fund.

The brokerage commissions paid are reflected in the total return of a Fund. The brokerage commissions paid may vary by the style of the Fund, by whether the securities being purchased are domestic or foreign, by the number of transactions during the year and by the investment style employed by the Subadvisor. The brokerage commissions paid expressed in dollars or in percentage terms may vary from year to year depending on market conditions or other factors.

## PORTFOLIO TRANSACTIONS

### Securities Issued by Regular Broker-Dealers

During the fiscal year ended October 31, 2022, the following Funds purchased securities issued by the following regular broker-dealers of Harbor Funds, which had the following values as of October 31, 2022:

<b>Fund</b>	<b>Regular Broker-Dealer (or Parent)</b>	<b>Aggregate Holdings (000s)</b>
Harbor Capital Appreciation Fund	Goldman Sachs Group Inc.	\$303,947
Harbor Core Bond Fund	Morgan Stanley Co Incorporated	2,555
	J.P. Morgan Securities LLC	3,100
	Goldman Sachs & Co. LLC	748
	BofA Securities, Inc.	797
Harbor Core Plus Fund	Credit Suisse AG	14,295
	J.P. Morgan Securities LLC	8,406
	BofA Securities, Inc.	9,238
Harbor Diversified International Fund	Nomura Holdings, Inc.	3,604
Harbor International Fund	Nomura Holdings, Inc.	20,952
Harbor Large Cap Value Fund	JPMorgan Chase & Co.	33,334



## PORTFOLIO TRANSACTIONS

### Securities Lending

The Trust has engaged State Street Bank and Trust Company to act as its agent (the “Lending Agent”) with respect to the lending of portfolio securities of the Funds. During the fiscal year ended October 31, 2022, the Lending Agent managed the day-to-day operation of the Trust’s securities lending program, within the scope of lending permitted for each Fund. The Lending Agent selected borrowers for each loan made by the Funds from an approved borrower list, monitored the creditworthiness of each borrower on an ongoing basis, negotiated the terms and conditions of each loan agreement, in a manner consistent with the terms and conditions of the Securities Lending Authorization Agreement between the Trust and the Lending Agent (the “SLA Agreement”), and entered into loan agreements with such borrowers. The Lending Agent also selected the securities loaned by the Funds and credited substitute interest, dividends and other distributions paid with respect to the loaned securities to each Fund’s account. During the fiscal year ended October 31, 2022, the Lending Agent was responsible for collateral management, including receiving approved collateral from borrowers in accordance with the minimum initial capitalization requirements set forth in the SLA Agreement, marking-to-market the value of the loaned securities and approved collateral daily, and obtaining additional approved collateral from borrowers, as necessary. In addition, the Lending Agent invested cash collateral received from borrowers into a pooled investment vehicle approved by the Advisor. Upon the termination of each loan of a Fund’s portfolio securities, the Lending Agent arranged for the return of loaned securities by the borrower to the Fund and the return of collateral to the borrower. During the fiscal year ended October 31, 2022, the Lending Agent also maintained records, and provided monthly reports to the Funds related to loans made and income derived from such loans.

	Diversified International All Cap (000s)	Global Leaders (000s)	International (000s)	International Core (formerly, Overseas) (000s)	International Growth (000s) <sup>2</sup>
Gross income from securities lending activities..	\$57	\$ 3	\$221	\$20	\$—
Fees and/or compensation for securities lending activities and related services:					
Fees paid to securities lending agent from a revenue split .....	5	3	19	2	—
Fees paid for any cash collateral management services that are not included in the revenue split .....	—	—	1	—	—
Administrative fees not included in revenue split .....	—	—	—	—	—
Indemnification fee not included in revenue split .....	—	—	—	—	—
Rebate (paid to borrower).....	5	—	17	—	—
Other fees not included in revenue split .....	—	—	—	—	—
Aggregate fees/compensation for securities lending activities .....	10	3	37	2	—
Net income from securities lending activities <sup>1</sup> ....	\$47	\$—	\$184	\$18	\$—

<sup>1</sup> The amount shown for net income from securities lending activities may not correspond with the amount shown in the Fund’s annual report due to timing differences related to certain adjustments that may occur between the Lending Agent and borrowers, which are recorded when identified.

<sup>2</sup> Rounds to less than \$1,000.

The net asset value (“NAV”) per share of each class of each Fund is generally determined by the Fund’s Custodian after the close of regular trading on the New York Stock Exchange (“NYSE”) (normally 4 p.m., Eastern time) on each day when the NYSE is open for trading. If the NYSE closes early (scheduled), the determination of net asset value may be accelerated to that time. Shares will generally not be priced on days that the NYSE is closed. If the NYSE is closed because of inclement weather, technology problems or any other reason on a day it would normally be open for business, or the NYSE has an unscheduled early closing on a day it has opened for business, Harbor Funds reserves the right to treat such day as a business day and accept purchase and redemption orders until, and calculate a Fund’s NAV as of, the normally scheduled close of regular trading on the NYSE for that day, so long as the Advisor believes there generally remains an adequate market to obtain reliable and accurate market quotations. Harbor Funds may elect to remain open and price Fund shares on days when the NYSE is closed but the primary securities markets on which the Funds’ securities trade remain open. The NYSE is generally closed on the following holidays: New Year’s Day, Martin Luther King Jr. Day, Presidents’ Day, Good Friday, Memorial Day, Juneteenth National Independence Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day.

Equity securities, except securities listed on the National Association of Securities Dealers Automated Quotation (“NASDAQ”) system and United Kingdom securities are valued at the last sale price on a national exchange or system on which they are principally traded as of the valuation date. Securities listed on NASDAQ system or a United Kingdom exchange are valued at the official closing price of those securities. In the case of securities for which there were no sales on the valuation day, securities traded principally: (i) on a U.S. exchange, including NASDAQ, will be valued at the mean between the closing bid and asked price; (ii) on a foreign exchange, including United Kingdom securities, will be valued at the official bid price determined as of the close of the primary exchange.

Futures contracts and options on futures contracts are normally valued at the price that would be required to settle the contract on the market where any such option or futures contract is principally traded. Options on equity securities are normally valued using the last sale price on the relevant securities exchange. Swaps are valued using prices supplied by a pricing vendor based on the underlying characteristics of the swaps. Forward foreign currency exchange contracts are valued at their respective fair values determined on the basis of the mean between the last current bid and asked prices based on quotations supplied to a pricing service by independent dealers.

Debt securities, other than short-term securities with a remaining maturity of less than 60 days at the time they are acquired, are valued using evaluated prices furnished by a pricing service selected by the Advisor. An evaluated price represents an assessment by the pricing service using various market inputs of what the pricing service believes is the fair market value of a security at a particular point in time. The pricing service determines evaluated prices for debt securities that would be transacted at institutional size quantities using inputs including, but not limited to, (i) recent transaction prices and dealer quotes, (ii) transaction prices for what the pricing service believes are securities with similar characteristics, (iii) the pricing vendor’s assessment of the risk inherent in the security taking into account criteria such as credit quality, payment history, liquidity and market conditions, and (iv) various correlations and relationships between security price movements and other factors, such as interest rate changes, which are recognized by institutional traders. Because many debt securities trade infrequently, the pricing vendor will often not have current transaction price information available as an input in determining an evaluated price for a particular security. When current transaction price information is available, it is one input into the pricing service’s evaluation process, which means that the evaluated price supplied by the pricing service will frequently differ from that transaction price. Short-term securities with a remaining maturity of less than 60 days at the time they are acquired are stated at amortized cost which approximates fair value.

When reliable market quotations or evaluated prices supplied by a pricing vendor are not readily available or are not believed to accurately reflect fair value, securities are generally priced at their fair value. The Board of Trustees has designated the Advisor to perform fair value determinations pursuant to Rule 2a-5 under the Investment Company Act. A Fund may also use fair value pricing if the value of some or all of the Fund’s securities have been materially affected by events occurring before the Fund’s pricing time but after the close of the primary markets or exchanges on which the security is traded. This most commonly occurs with foreign securities, but may occur with other securities as well. When fair value pricing is employed, the prices of securities used by a Fund to calculate its net asset value may differ from market quotations, official closing prices or evaluated prices for the same securities, which means the Fund may value those securities higher or lower than another fund that uses market quotations, official closing prices or evaluated prices supplied by a pricing vendor.

It is possible that the fair value determined in good faith in accordance with the Funds' valuation procedures may differ from valuations for the same security or other asset determined by other funds using their own valuation procedures. Although the Funds' valuation procedures are designed to value a security at the price a Fund may reasonably expect to receive upon its current sale in an orderly transaction, there can be no assurance that any fair value determination would, in fact, approximate the amount that a Fund would actually realize upon the sale of the security or the price at which the security would trade if a reliable market price were readily available.

Portfolio securities traded on more than one U.S. national securities exchange or foreign securities exchange are valued at the last sale price on the business day as of which such value is being determined at the close of the exchange representing the principal market for such securities. The value of all assets and liabilities expressed in foreign currencies will be converted into U.S. dollar values at the mean between the buying and selling rates of such currencies against U.S. dollars last quoted by any major bank. If such quotations are not available, the rate of exchange will be determined in good faith by or under procedures approved by the Board of Trustees.

Trading in securities on European and Far Eastern securities exchanges and over-the-counter markets is normally completed well before the close of business on each business day in New York (i.e., a day on which the NYSE is scheduled to be open for trading). In addition, European or Far Eastern securities trading generally or in a particular country or countries may not take place on all business days in New York. Furthermore, trading takes place in Japanese markets on certain Saturdays and in various foreign markets on days that are not business days in New York and on which the Funds' net asset values may not be calculated. Such calculation does not take place contemporaneously with the determination of the prices of the majority of the portfolio securities used in such calculation. As a result, closing market prices for foreign securities may not fully reflect events that occur between the time their prices are determined and the close of the regular trading on the NYSE (or such other time at which the Fund calculates NAV consistent with its policies and procedures) and thus may no longer be considered reliable. The Funds will use the fair value of the foreign securities, determined in accordance with the fair value procedures approved by the Board of Trustees, in place of closing market prices to calculate their net asset values if the Advisor believes that events between the close of the foreign market and the close of regular trading on the NYSE (or such other time at which the Fund calculates NAV consistent with its policies and procedures) would materially affect the value of some or all of a particular Fund's securities. In the case of each equity Fund, the fair value pricing procedures recognize that volatility in the U.S. equity markets may cause prices of foreign securities determined at the close of the foreign market or exchange on which the securities are traded to no longer be reliable when the Fund's net asset values are determined and that these price differences may have an effect on the net asset value, particularly for global/international Funds. As a result, a fair value information service provided by an independent third-party pricing vendor will normally be used to determine the fair value of foreign equity security held by each equity Fund.

The proceeds received by each Fund for each issue or sale of its shares, and all net investment income, realized and unrealized gain and proceeds thereof, subject only to the rights of creditors, will be specifically allocated to such Fund and constitute the underlying assets of such Fund. The underlying assets of each Fund will be segregated on the books of account, and will be charged with the liabilities in respect to such Fund and with a share of the general liabilities of Harbor Funds. Expenses with respect to any two or more funds are to be allocated in proportion to the net asset values of the respective Funds except where allocations of direct expenses can otherwise be reasonably determined, in which case the expenses are allocated directly to the Fund which incurred that expense.

Income, common expenses and realized and unrealized gains/(losses) are determined at the Fund level and allocated daily to each class of shares based on the appropriate net assets of the respective classes. Distribution and service fees, if any, and transfer agent fees are calculated daily at the class level based on the appropriate net assets of each class and the specific expense rate(s) applicable to each class.

Each Fund is treated as a separate taxpayer for federal income tax purposes.

Each Fund has elected or intends to elect to be treated, has qualified, and intends to continue to qualify each year as a regulated investment company under Subchapter M of the Code, which requires meeting certain requirements relating to its sources of income, diversification of its assets, and distribution of its income to shareholders. In order to qualify as a regulated investment company under Subchapter M of the Code, each Fund must, among other things, (i) derive at least 90% of its gross income for each taxable year from dividends, interest, payments with respect to securities loans, gains from the sale or other disposition of stock, securities or foreign currencies, or other income (including gains from options, futures and forward contracts) derived with respect to its business of investing in such stock, securities or currencies and net income derived from an interest in a qualified publicly traded partnership (as defined in Section 851(h) of the Code) (the “90% income test”) and (ii) diversify its holdings so that at the end of each quarter of each taxable year: (a) at least 50% of the value of the Fund’s total assets is represented by (1) cash and cash items, U.S. government securities, securities of other regulated investment companies, and (2) other securities, with such other securities limited, in respect to any one issuer, to an amount not greater than 5% of the value of the Fund’s total assets and to not more than 10% of the outstanding voting securities of such issuer and (b) not more than 25% of the value of the Fund’s total assets is invested in (1) the securities (other than U.S. government securities and securities of other regulated investment companies) of any one issuer, (2) the securities (other than securities of other regulated investment companies) of two or more issuers that the Fund controls and that are engaged in the same, similar, or related trades or businesses, or (3) the securities of one or more qualified publicly traded partnerships. For purposes of the 90% income test, the character of income earned by certain entities in which a Fund invests that are not treated as corporations for U.S. federal income tax purposes (i.e., partnerships (other than qualified publicly traded partnerships) or trusts) will generally pass through to the Fund. Consequently, each Fund may be required to limit its equity investments in such entities that earn fee income, rental income or other non-qualifying income.

If a Fund qualifies as a regulated investment company and distributes to its shareholders each taxable year an amount equal to or exceeding the sum of (i) 90% of its “investment company taxable income” as that term is defined in the Code (which includes, among other things, dividends, taxable interest, and the excess of any net short-term capital gains over net long-term capital losses, as reduced by certain deductible expenses) without regard to the deduction for dividends paid and (ii) 90% of the excess of its gross tax-exempt interest, if any, over certain disallowed deductions, the Fund generally will not be subject to U.S. federal income tax on any income of the Fund, including “net capital gain” (the excess of net long-term capital gain over net short-term capital loss), distributed to shareholders. However, if the Fund meets such distribution requirements, but chooses to retain a portion of its investment company taxable income or net capital gain, it generally will be subject to U.S. federal income tax at regular corporate rates on the amount retained. Each Fund intends to distribute at least annually all or substantially all of its investment company taxable income, net tax-exempt interest, and net capital gain. If a Fund does not qualify as a regulated investment company, it will be treated as a U.S. corporation subject to U.S. federal income tax, thereby subjecting any income earned by a Fund to tax at the corporate level and to a further tax at the shareholder level when such income is distributed.

Each Fund will be subject to a 4% nondeductible U.S. federal excise tax on certain amounts not distributed (and not treated as having been distributed) on a timely basis in accordance with annual minimum distribution requirements. Each Fund intends under normal circumstances to seek to avoid liability for such tax by satisfying such distribution requirements.

Certain dividends and distributions declared by a Fund as of a record date in October, November or December and paid by the Fund in January of the following year will be taxable to shareholders as if received on December 31 of the prior year. In addition, certain other distributions made after the close of a taxable year of a Fund may be “spilled back” and treated as paid by the Fund (except for the purposes of the 4% excise tax) during such taxable year. In such case, shareholders generally will be treated as having received such dividends in the taxable year in which the distributions were actually made.

In general, assuming the distributing Fund has sufficient earnings and profits, dividends from investment company taxable income will be taxable either as ordinary income or, if so reported by a Fund and certain other requirements are met by the Fund and the shareholder, as “qualified dividend income,” which is taxable to individual shareholders at a maximum 15% or 20% U.S. federal income tax rate.

Dividend income distributed to individual shareholders will qualify for the maximum 15% or 20% U.S. federal income tax rate to the extent that such dividends are attributable to “qualified dividend income,” as that term is defined in Section 1(h)(11)(B) of the Code, from a Fund’s (or, if applicable, underlying fund’s) investments in common and preferred stock of U.S. companies and stock of certain qualified foreign corporations, provided that certain holding period and other requirements are met by the Fund (and, if applicable, underlying fund) and the shareholders. A foreign corporation generally

is treated as a qualified foreign corporation if it is incorporated in a possession of the U.S. or it is eligible for the benefits of certain income tax treaties with the U.S. A foreign corporation that does not meet such requirements will be treated as qualifying with respect to dividends paid by it if the stock with respect to which the dividends are paid is readily tradable on an established securities market in the U.S. Dividends from passive foreign investment companies do not qualify for the maximum 15% or 20% U.S. federal income tax rate.

A dividend that is attributable to qualified dividend income of a Fund that is paid by the Fund to an individual shareholder will not be taxable as qualified dividend income to such shareholder if (1) the dividend is received with respect to any share of the Fund held for fewer than 61 days during the 121 day-period beginning on the date which is 60 days before the date on which such share became ex-dividend with respect to such dividend (or, in the case of certain preferred stocks, at least 91 days during the 181-day period beginning on the date which is 90 days before the date on which the stock became ex-dividend with respect to such dividend), (2) to the extent that the shareholder is under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property, or (3) the shareholder elects to have the dividend treated as investment income for purposes of the limitation on deductibility of investment interest.

Distributions from net capital gain, if any, that are reported as capital gain dividends are taxable as long-term capital gains for U.S. federal income tax purposes without regard to the length of time the shareholder has held shares of a Fund. Capital gain dividends distributed by a Fund to individual shareholders generally will qualify for the maximum 15% or 20% U.S. federal income tax rate on long-term capital gains, subject to limited exceptions. A shareholder should also be aware that the benefits of the favorable tax rate applicable to long-term capital gains and qualified dividend income may be impacted by the application of the alternative minimum tax to individual shareholders. The maximum individual rate applicable to “qualified dividend income” and long-term capital gains is generally either 15% or 20%, depending on whether the individual’s income exceeds certain threshold amounts.

Distributions by a Fund in excess of the Fund’s current and accumulated earnings and profits will be treated as a return of capital to the extent of (and in reduction of) the shareholder’s tax basis in its shares and any such amount in excess of that basis will be treated as gain from the sale of shares, as discussed below. For U.S. federal income tax purposes, all dividends and distributions are taxable whether a shareholder receives them in cash or reinvests them in additional shares of the distributing Fund. The U.S. federal income tax status of all distributions will be reported to shareholders annually.

An additional 3.8% Medicare tax is imposed on certain net investment income (including ordinary dividends and capital gain distributions received from a Fund and net gains from sales or other taxable dispositions of Fund shares) of U.S. individuals, estates and trusts to the extent that such person’s “modified adjusted gross income” (in the case of an individual) or “adjusted gross income” (in the case of an estate or trust) exceeds a threshold amount.

Distributions from net investment income of Harbor Capital Appreciation Fund, Harbor Convertible Securities Fund, Harbor Disruptive Innovation Fund, Harbor Diversified International All Cap Fund, Harbor Global Leaders Fund, Harbor International Fund, Harbor International Core Fund (formerly, Harbor Overseas Fund), Harbor International Growth Fund, Harbor International Small Cap Fund, Harbor Large Cap Value Fund, Harbor Mid Cap Fund, Harbor Mid Cap Value Fund, Harbor Small Cap Growth Fund and Harbor Small Cap Value Fund may qualify in part for a dividends-received deduction for shareholders that are corporations. The dividends-received deduction is reduced to the extent that shares of the payor of the dividend or a Fund are treated as debt-financed under the Code and is eliminated if such shares are deemed to have been held for less than a minimum period, generally 46 days (or, in the case of certain preferred stocks, 91 days), extending before and after each dividend. Any corporate shareholder should consult its tax adviser regarding the possibility that its tax basis in its shares may be reduced for federal income tax purposes by reason of “extraordinary dividends” received with respect to the shares. To the extent such basis would be reduced below zero, current recognition of income may be required.

If any Fund that is permitted to acquire stock of foreign corporations acquires an equity interest in a passive foreign investment company (PFIC), it could become liable for U.S. federal income tax and additional interest charges upon the receipt of certain distributions from, or the disposition of its investment in, the PFIC, even if all such income or gain is timely distributed to its shareholders. In general, a foreign corporation is classified as a PFIC for a taxable year if at least one-half of its assets constitute investment-type assets or 75% or more of its gross income is investment-type income. Because any credit or deduction for this tax could not be passed through to such Fund’s shareholders, the tax would in effect reduce the Fund’s economic return from its PFIC investment. Elections may

generally be available to these Funds that would lessen the effect of these adverse tax consequences. However, such elections could also require these Funds to recognize income (which would have to be distributed to the Funds' shareholders to avoid a tax on the Fund) without any distribution from the PFIC of cash corresponding to such income and could result in the treatment of capital gains as ordinary income.

The federal income tax rules applicable to certain investments or transactions within each Fund are unclear in certain respects, and a Fund will be required to account for these investments or transactions under tax rules in a manner that, under certain circumstances, may affect the amount, timing or character of its distributions to shareholders. Each Fund will monitor these investments or transactions to seek to ensure that it continues to comply with the tax requirements necessary to maintain its status as a regulated investment company.

Harbor Convertible Securities Fund may invest significantly, and certain other Funds may invest to a lesser extent, in debt obligations that are in the lowest rating categories or are unrated, including debt obligations of issuers not currently paying interest or who are in default. Investments in debt obligations that are at risk of, or in, default present special tax issues for such a Fund. Tax rules are not entirely clear about issues such as when a Fund may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts or worthless securities, or how payments received on obligations in a workout context are taxable. These and other issues will be addressed by a Fund, in the event it invests in such securities, in order to seek to ensure that it distributes sufficient income to preserve its taxation as a regulated investment company and does not become subject to U.S. federal income or excise tax.

Certain Funds may invest in zero coupon securities, deferred interest securities or other securities with original issue discount (or with market discount that the Fund elects to include market discount in income currently). Such Funds must accrue income on such investments for each taxable year, which generally will be prior to the receipt of the corresponding cash payments. However, each Fund must distribute, at least annually, all or substantially all of its net income, including such accrued income, to shareholders to qualify as a regulated investment company under the Code and avoid U.S. federal income and excise taxes. Therefore, such Funds may have to dispose of their portfolio securities under disadvantageous circumstances to generate cash, or may have to leverage themselves by borrowing the cash, to satisfy distribution requirements.

Due to certain adverse tax consequences, the Funds do not intend, absent a change in applicable law, to acquire residual interests in REMICs. If a Fund invests in certain REITs or in REMIC residual interests, a portion of the Fund's income may be classified as "excess inclusion income." A shareholder that is otherwise not subject to tax may be taxable on their share of any such excess inclusion income as "unrelated business taxable income." In addition, tax may be imposed on the Fund on the portion of any excess inclusion income allocable to any shareholders that are classified as disqualified organizations.

A Fund's transactions involving options, futures contracts, forward contracts, swaps, and short sales, including such transactions that may be treated as constructive sales of appreciated positions in a Fund's portfolio and transactions that involve foreign exchange gain or loss, will be subject to special tax rules, the effect of which may be to accelerate income to the Fund, defer Fund losses, cause adjustments in the holding periods of securities, convert capital gain or loss into ordinary income or loss or affect the treatment as short-term or long-term of certain capital gains and losses. These rules could therefore affect the amount, timing and character of distributions to shareholders and result in the recognition of income or gain without a corresponding receipt of cash. A Fund may, therefore, need to obtain cash from other sources in order to satisfy the applicable tax distribution requirements.

Shareholders subject to the information reporting requirements of the Code, including most non-corporate shareholders, must provide their social security or other taxpayer identification numbers and certain required certifications. Harbor may refuse to accept an application or may be required to withhold (as "backup withholding") 24% of reportable payments, including dividends, capital gain distributions and proceeds from the redemption or exchange of shares if correct numbers and certifications are not provided, if a shareholder informs the Fund that backup withholding is currently applicable to the shareholder, or if the Fund is notified by the Internal Revenue Service ("IRS") or a broker that a number provided is incorrect or that a shareholder is subject to backup withholding for failure to report all taxable interest or dividend payments.

Investors other than U.S. persons may be subject to different U.S. federal income tax treatment, including withholding tax at the rate of 30% (or lower applicable treaty) on amounts treated as ordinary dividends from a Fund (other than certain dividends derived from short-term capital gains and qualified U.S. source interest income of the Fund, provided that the Fund chooses to make a specific report relating to such dividends). However, depending on the circumstances, a Fund may report all, some or none of its potentially eligible dividends as eligible for this exemption, and a portion of a Fund's distributions (i.e. interest and dividends from non-U.S. sources or any foreign currency gains) would be ineligible for this potential exemption from withholding. The 15% or 20% maximum rate applicable to qualified

dividend income is applicable only to investors that are U.S. persons. If an effective IRS Form W-8BEN or IRS Form W-8BEN-E, as applicable, is provided, a non-U.S. person may qualify for a lower treaty rate on amounts treated as ordinary dividends from a Fund. Further, unless an effective IRS Form W-8BEN, IRS Form W-8BEN-E or other authorized withholding certificate is on file, backup withholding is withheld on certain other payments from the Fund. None of the Funds expects to be a “U.S. real property holding corporation” as defined in Section 897(c)(2) of the Code and, therefore, none expects to be subject to look-through rules for gains from the sale or exchange of U.S. real property interests. If a Fund were a U.S. real property holding corporation, certain distributions by the Fund to non-U.S. shareholders would be subject to U.S. federal withholding tax at a rate of up to 21% and non-U.S. shareholders owning more than 5% of the Fund within one year of certain distribution would be required to file a U.S. federal income tax return to report such gains. Also, non-U.S. shareholders may be subject to U.S. estate tax with respect to their Fund shares. Shareholders should consult their own tax advisers on these matters.

U.S. tax withholding (at a 30% rate or lower applicable treaty rate) is required on payments of dividends made to certain non-U.S. entities that fail to comply with extensive reporting and withholding requirements designed to inform the U.S. Department of the Treasury of U.S.-owned foreign investment accounts. Shareholders may be requested to provide additional information to enable a determination of whether withholding is required.

For taxable years before 2026, non-corporate taxpayers generally may deduct 20% of “qualified business income” derived either directly or through partnerships or S corporations. For this purpose, “qualified business income” generally includes ordinary REIT dividends and income derived from MLP investments. Final regulations permit a Fund to pass through to non-corporate shareholders the character of ordinary REIT dividends so as to allow such shareholders to claim this deduction. There currently is no mechanism for a Fund that invests in MLPs to similarly pass through to non-corporate shareholders the character of income derived from MLP investments. The likelihood and timing of any legislation or other guidance that would enable the Funds to pass through to non-corporate shareholders the ability to claim this deduction with respect to income derived from MLP investments is uncertain.

Certain distributions reported by a Fund as Section 163(j) interest dividends may be treated as interest income by shareholders for purposes of the tax rules applicable to interest expense limitations under Code Section 163(j). Such treatment by the shareholder is generally subject to holding period requirements and other potential limitations, although the holding period requirements are generally not applicable to dividends declared by money market funds and certain other funds that declare dividends daily and pay such dividends on a monthly or more frequent basis. The amount that a Fund is eligible to report as a Section 163(j) dividend for a tax year is generally limited to the excess of the Fund’s business interest income over the sum of the Fund’s (i) business interest expense and (ii) other deductions properly allocable to the Fund’s business interest income.

In general, provided that a Fund qualifies as a regulated investment company under the Code, such Fund will be exempt from Delaware corporation income tax.

Withdrawals under the automatic withdrawal plan and exchanges under the automatic exchange plan involve redemptions of Fund shares, which may have tax consequences for shareholders.

At the time of an investor’s purchase of a Fund’s shares, a portion of the purchase price may be attributable to realized or unrealized appreciation in the Fund’s portfolio or undistributed taxable income of the Fund. Consequently, subsequent distributions by the Fund with respect to these shares from such appreciation or income may be taxable to such investor even if the net asset value of the investor’s shares is, as a result of the distributions, reduced below the investor’s cost for such shares and the distributions economically represent a return of a portion of the investment.

Redemptions and exchanges are taxable events for shareholders that are subject to tax. Shareholders should consult their own tax advisers with reference to their individual circumstances to determine whether any particular transaction in a Fund’s shares is properly treated as a sale for tax purposes, as the following discussion assumes, and the tax treatment of any gains or losses recognized in such transactions. In general, if Fund shares are sold, the shareholder will recognize gain or loss equal to the difference between the amount realized on the sale and the shareholder’s adjusted basis in the shares sold. Any loss realized by a shareholder upon the redemption, exchange or other disposition of shares with a tax holding period of six months or less will be treated as a long-term capital loss to the extent of any amounts treated as distributions of long-term capital gain with respect to such shares. All or a portion of any loss realized on a redemption or other disposition of shares may be disallowed under tax rules relating to wash sales to the extent of other investments in such Fund (including pursuant to the reinvestment of dividends and/or capital gain distributions) within a period of 61 days beginning 30 days before and ending 30 days after a sale or other disposition of shares.

Under Treasury regulations, if a shareholder recognizes a loss with respect to fund shares of \$2 million or more for an individual shareholder, or \$10 million or more for a corporate shareholder, in any single taxable year (or a greater amount over a combination of years), the shareholder must file with the IRS a disclosure statement on Form 8886. Shareholders who own portfolio securities directly are in many cases excepted from this reporting requirement but, under current guidance, shareholders of regulated investment companies are not excepted. A shareholder who fails to make the required disclosure to the IRS may be subject to substantial penalties. The fact that a loss is reportable under these regulations does not affect the legal determination of whether or not the taxpayer's treatment of the loss is proper. Shareholders should consult with their tax advisers to determine the applicability of these regulations in light of their individual circumstances.

Shareholders that are exempt from U.S. federal income tax, such as retirement plans that are qualified under Section 401 of the Code, generally are not subject to U.S. federal income tax on Fund dividends or distributions or on sales or exchanges of Fund shares unless the acquisition of the Fund shares was debt-financed. A plan participant whose retirement plan invests in a Fund generally is not taxed on Fund dividends or distributions received by the plan or on sales or exchanges of Fund shares by the plan for U.S. federal income tax purposes. However, distributions to plan participants from a retirement plan account generally are taxable as ordinary income and different tax treatment, including penalties on certain excess contributions and deferrals, certain pre-retirement and post-retirement distributions and certain prohibited transactions is accorded to accounts maintained as qualified retirement plans. Shareholders and plan participants should consult their tax advisers for more information.

Each Fund that invests in foreign securities may be subject to foreign withholding or other foreign taxes on its income from foreign securities (possibly including, in some cases, capital gains) which would, if imposed, reduce the yield on or return from those investments. Tax conventions between certain countries and the United States may reduce or eliminate those foreign taxes in some cases. Harbor Diversified International All Cap Fund, Harbor Global Leaders Fund, Harbor International Fund, Harbor International Core Fund (formerly, Harbor Overseas Fund), Harbor International Growth Fund and Harbor International Small Cap Fund may be eligible to elect to pass certain of such taxes as related foreign tax credits or deductions through to shareholders and if eligible may or may not choose to make such election. If this election is made, a shareholder generally subject to tax will be required to include in gross income (in addition to taxable dividends actually received) its pro rata share of the foreign taxes paid by the applicable Fund, and may be entitled either to deduct (as an itemized deduction) his or her pro rata share of foreign taxes in computing his taxable income or to use it (subject to limitations) as a foreign tax credit against his or her U.S. federal income tax liability. The availability of such credits or deductions is subject to certain requirements, restrictions and limitations under the Code. Other Funds may also be subject to foreign taxes with respect to their foreign investments.

At October 31, 2022, the following Funds had capital loss carryforwards for federal tax purposes which will reduce each Fund's taxable income arising from future net realized gain on investments to the extent permitted by the Code. This will reduce the amount of the distribution to shareholders that would otherwise be necessary to relieve each Fund of any federal tax liability. The capital loss carryforwards do not expire. Any such losses carried forward will retain their character as short-term or long-term. In the event that a Fund were to experience an ownership change as defined under the Code, the capital loss carryforwards and other favorable tax attributes of the Fund, if any, may be subject to limitation.

	<b>Capital Loss Carryforwards (\$000s):</b>		
	<b>Short-Term</b>	<b>Long-Term</b>	<b>Total</b>
<b>HARBOR FUNDS</b>			
Harbor Capital Appreciation Fund .....	\$(863,537)	\$ -	\$(863,537)
Harbor Convertible Securities Fund .....	(3,183)	(687)	(3,870)
Harbor Core Bond Fund .....	(3,229)	(2,284)	(5,513)
Harbor Core Plus Fund.....	(39,057)	(31,756)	(70,813)
Harbor Disruptive Innovation Fund.....	(64,378)	(6,014)	(70,392)
Harbor Diversified International All Cap Fund.....	(1,859)	-	(1,859)
Harbor International Fund.....	(414,304)	-	(414,304)
Harbor International Core Fund (formerly, Harbor Overseas Fund).....	(5,785)	(133)	(5,918)
Harbor International Growth Fund.....	(1,383)	-	(1,383)
Harbor Small Cap Growth Fund *.....	(938)	(34,735)	(35,673)

\* A portion of the Harbor Small Cap Growth Fund capital loss carryforward is subject to an annual limitation under the Internal Revenue Code and related regulations.



In determining its net capital gain, including also in connection with determining the amount available to support a capital gain dividend, its taxable income and its earnings and profits, a Fund generally may elect to treat part or all of any post-October capital loss (defined as any net capital loss attributable to the portion, if any, of the taxable year after October 31 or, if there is no such loss, the net long-term capital loss or net short-term capital loss attributable to any such portion of the taxable year) or late-year ordinary loss (generally, the sum of its (i) net ordinary loss, if any, from the sale, exchange or other taxable disposition of property, attributable to the portion, if any, of the taxable year after October 31, and its (ii) other net ordinary loss, if any, attributable to the portion, if any, of the taxable year after December 31) as if incurred in the succeeding taxable year.

The foregoing discussion relates solely to U.S. federal income tax law for shareholders who are U.S. persons (i.e., U.S. citizens or residents and U.S. domestic corporations, partnerships, trusts or estates) and who are subject to tax under such law. Except as otherwise provided, this discussion does not address special tax rules that may be applicable to certain classes of investors, such as tax-exempt or tax-deferred plans, accounts or entities, insurance companies, and financial institutions. Dividends, capital gain distributions, and ownership of or gains realized on the exchange or redemption of shares of the Fund may also be subject to state, local or foreign taxes. In some states, a state and/or local tax exemption may be available to the extent distributions of a Fund are attributable to the interest it receives on (or in the case of intangible property taxes, the value of its assets is attributable to) direct obligations of the U.S. government, provided that in some states certain thresholds for holdings of such obligations and/or reporting requirements are satisfied. A Fund will not seek to satisfy any threshold or reporting requirement that may apply in particular taxing jurisdictions. Shareholders should consult their own tax advisers as to the federal, state, local or foreign tax consequences of ownership of shares of the Fund in their particular circumstances.

Changes in applicable tax authority could materially affect the conclusions discussed above and could adversely affect the Funds, and such changes often occur.

# ORGANIZATION AND CAPITALIZATION

## General

Harbor Funds is an open-end investment company established as a Massachusetts business trust in 1986 and reorganized as a Delaware statutory trust in 1993. Each share represents an equal proportionate interest in the Fund to which it relates with each other share in that Fund. Shares entitle their holders to one vote per share. Shares have noncumulative voting rights, do not have preemptive or subscription rights and are transferable. Pursuant to the Investment Company Act, shareholders of each Fund are required to approve the adoption of any investment advisory agreement relating to such Fund and of any changes in fundamental investment restrictions or policies of such Fund. Pursuant to an exemptive order granted by the SEC, shareholders are not required to vote to approve a new or amended subadvisory agreement for subadvisors unaffiliated with the Advisor. Shares of a Fund will be voted with respect to that Fund only, except for the election of Trustees and the ratification of independent accountants. The Trustees are empowered, without shareholder approval, by the Trust's Agreement and Declaration of Trust (the "Declaration of Trust") and By-Laws to create additional series of shares and to classify and reclassify any new or existing series of shares into one or more classes. In addition, the Board of Trustees may determine to close, merge, liquidate or reorganize a Fund at any time in accordance with the Declaration of Trust and governing law.

Unless otherwise required by the Investment Company Act or the Declaration of Trust, Harbor has no intention of holding annual meetings of shareholders. Shareholders may remove a Trustee by the affirmative vote of at least two-thirds of the Trust's outstanding shares, and the Trustees shall promptly call a meeting for such purpose when requested to do so in writing by the record holders of not less than 10% of the outstanding shares of the Trust. Shareholders may, under certain circumstances, communicate with other shareholders in connection with requesting a special meeting of shareholders. However, at any time that less than a majority of the Trustees holding office were elected by the shareholders, the Trustees will call a special meeting of shareholders for the purpose of electing Trustees.

The prospectuses and this Statement of Additional Information do not purport to create any contractual obligations between Harbor Funds or any Fund and its shareholders. Further, shareholders are not intended third-party beneficiaries of any contracts entered into by (or on behalf of) the Funds, including contracts with the Advisor and other service providers.

Prior to September 1, 2021, Harbor Disruptive Innovation Fund was named Harbor Mid Cap Growth Fund. Prior to February 2, 2022, Harbor Core Plus Fund was named Harbor Bond Fund. Prior to March 1, 2023, Harbor International Core Fund was named Harbor Overseas Fund.

## Shareholder and Trustee Liability

Harbor Funds is organized as a Delaware statutory trust, and, under Delaware law, the shareholders of such a trust are not generally subject to liability for the debts or obligations of the trust. Similarly, Delaware law provides that no Fund will be liable for the debts or obligations of any other Fund. However, no similar statutory or other authority limiting statutory trust shareholder liability exists in many other states. As a result, to the extent that a Delaware statutory trust or a shareholder is subject to the jurisdiction of courts in such other states, the courts may not apply Delaware law and may thereby subject the Delaware statutory trust shareholders to liability. To guard against this risk, the Declaration of Trust contains an express disclaimer of shareholder liability for acts or obligations of the Advisor. Notice of such disclaimer will normally be given in each agreement, obligation or instrument entered into or executed by the Advisor or the Trustees. The Declaration of Trust provides for indemnification by the relevant Fund for any loss suffered by a shareholder as a result of an obligation of the Fund. The Declaration of Trust also provides that the Advisor shall, upon request, assume the defense of any claim made against any shareholder for any act or obligation of the Advisor and satisfy any judgment thereon. The Trustees believe that, in view of the above, the risk of personal liability of shareholders is remote.

The Declaration of Trust further provides that the Trustees will not be liable for errors of judgment or mistakes of fact or law, but nothing in the Declaration of Trust protects a Trustee against any liability to which he or she would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of his or her office.

## 25% or Greater Ownership

The following table identifies those investors who own 25% or more of each Fund's shares (all share classes taken together) as of January 31, 2023, and are therefore presumed to control the respective Fund.

25% or Greater Ownership					
Shareholder Name	Capital Appreciation Fund	Convertible Securities Fund	Disruptive Innovation Fund	Diversified International All Cap Fund	Harbor International Core Fund
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA .....	—	—	—	—	49%
KNOXVILLE UTILITIES BOARD PENSION KNOXVILLE, TN .....	—	28%	—	—	—

## ORGANIZATION AND CAPITALIZATION

### 25% or Greater Ownership — Continued

25% or Greater Ownership – Continued					
Shareholder Name	Capital Appreciation Fund	Convertible Securities Fund	Disruptive Innovation Fund	Diversified International All Cap Fund	Harbor International Core Fund
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ.....	31%	—	31%	35%	—

25% or Greater Ownership – Continued					
Shareholder Name	International Small Cap Fund	Large Cap Value Fund	Mid Cap Fund	Mid Cap Value Fund	Small Cap Growth Fund
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA.....	57%	—	—	—	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ.....	—	27%	77%	26%	33%

To the extent these shareholders have and exercise voting power with respect to shares of the Funds, their voting decisions will have a significant effect on the outcome of any matter submitted to shareholders of the respective Fund and/or the Trust generally.

### 5% or Greater Ownership of Share Class

The following table identifies those investors who beneficially own 5% or more of the voting securities of a class of each Fund's shares as of January 31, 2023.

5% or Greater Ownership – Institutional Class				
Shareholder Name	Capital Appreciation Fund	Convertible Securities Fund	Core Bond Fund	Core Plus Fund
ATTN MUTUAL FUND ADMINISTRATOR OAKS, PA.....	—	15%	40%	—
AXOS CLEARING LLC ENGLEWOOD, CO.....	—	7%	—	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA.....	19%	11%	34%	19%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ.....	32%	11%	8%	21%
PERSHING LLC JERSEY CITY, NJ.....	—	39%	—	6%
TD AMERITRADE INC FOR THE OMAHA, NE.....	—	—	—	6%
VANGUARD BROKERAGE SERVICES EL PASO, TX.....	—	—	—	6%

5% or Greater Ownership – Institutional Class – Continued				
Shareholder Name	Disruptive Innovation Fund	Diversified International All Cap Fund	Global Leaders Fund	International Fund
ATTN MUTUAL FUND ADMINISTRATOR OAKS, PA.....	—	19%	—	—
ATTN MUTUAL FUND OPERATIONS PITTSBURGH, PA.....	—	7%	—	—
BAND & CO C/O US BANK NA MILWAUKEE, WI.....	—	5%	—	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA.....	12%	13%	10%	25%
JOHN HANCOCK TRUST COMPANY LLC WESTWOOD, MA.....	—	11%	—	—
LPL FINANCIAL SAN DIEGO, CA.....	—	—	29%	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ.....	32%	25%	19%	24%
PERSHING LLC JERSEY CITY, NJ.....	6%	—	—	—

## ORGANIZATION AND CAPITALIZATION

### 5% or Greater Ownership of Share Class — Continued

5% or Greater Ownership – Institutional Class – Continued				
Shareholder Name	Disruptive Innovation Fund	Diversified International All Cap Fund	Global Leaders Fund	International Fund
RELIANCE TRUST CO FBO ATLANTA, GA .....	—	12%	—	—
WELLS FARGO CLEARING SERVICES, LLC SAINT LOUIS, MO .....	7%	—	—	—

5% or Greater Ownership – Institutional Class – Continued				
Shareholder Name	International Core Fund	International Growth Fund	International Small Cap Fund	Large Cap Value Fund
ATTN MUTUAL FUND ADMINISTRATOR OAKS, PA .....	—	14%	—	—
CAPINCO MILWAUKEE, WI .....	—	27%	—	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA .....	60%	10%	56%	11%
HARBOR CAPITAL ADVISORS INC CHICAGO, IL .....	14%	—	19%	—
JOHN HANCOCK TRUST COMPANY LLC WESTWOOD, MA .....	—	—	—	12%
LPL FINANCIAL SAN DIEGO, CA .....	—	—	—	11%
MERRILL LYNCH PIERCE FENNER & SMITH JACKSONVILLE, FL .....	—	—	—	11%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ .....	9%	20%	11%	15%
RBC CAPITAL MARKETS LLC MINNEAPOLIS, MN .....	—	—	—	7%
RELIANCE TRUST CO FBO ATLANTA, GA .....	—	—	6%	—
SPRINGTRUST 3 OLNEY, MD .....	14%	—	—	—
TD AMERITRADE INC FOR THE OMAHA, NE .....	—	—	—	10%
WELLS FARGO CLEARING SERVICES, LLC SAINT LOUIS, MO .....	—	—	—	6%

5% or Greater Ownership – Institutional Class – Continued				
Shareholder Name	Mid Cap Fund	Mid Cap Value Fund	Small Cap Growth Fund	Small Cap Value Fund
ATTN MUTUAL FUND ADMINISTRATOR OAKS, PA .....	52%	—	—	—
CAPINCO MILWAUKEE, WI .....	23%	—	—	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA .....	—	17%	12%	25%
JOHN HANCOCK LIFE INSURANCE COMPANY BOSTON, MA .....	—	7%	—	—
LPL FINANCIAL SAN DIEGO, CA .....	—	8%	—	8%
MERRILL LYNCH PIERCE FENNER & SMITH JACKSONVILLE, FL .....	—	6%	5%	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ .....	7%	20%	37%	14%
PIMS/PRUDENTIAL RETIREMENT AS ISELIN, NJ .....	—	5%	—	—
UBATCO & CO LINCOLN, NE .....	—	—	13%	—

## ORGANIZATION AND CAPITALIZATION

### 5% or Greater Ownership of Share Class — Continued

5% or Greater Ownership – Institutional Class – Continued				
Shareholder Name	Mid Cap Fund	Mid Cap Value Fund	Small Cap Growth Fund	Small Cap Value Fund
WELLS FARGO CLEARING SERVICES, LLC SAINT LOUIS, MO .....	—	11%	—	20%

5% or Greater Ownership – Administrative Class					
Shareholder Name	Capital Appreciation Fund	Convertible Securities Fund	Core Plus Fund	Disruptive Innovation Fund	Diversified International All Cap Fund
AMERICAN ENTERPRISE INVESTMENT SVC MINNEAPOLIS, MN .....	—	—	8%	—	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA .....	8%	—	7%	—	—
C/O PACIFIC PREMIER TRUST OAKS, PA .....	—	99%	—	—	—
EMPOWER TRUST FBO GREENWOOD VILLAGE, CO .....	10%	—	13%	21%	—
FIIOC COVINGTON, KY .....	12%	—	—	—	—
MATC FBO GREECE COIN & STAMP INC. PITTSBURGH, PA .....	5%	—	6%	—	—
MATRIX TRUST COMPANY AS AGENT FOR TUPELO, MS .....	—	—	—	8%	—
MERRILL LYNCH PIERCE FENNER & SMITH JACKSONVILLE, FL .....	11%	—	—	—	—
MORGAN STANLEY SMITH BARNEY LLC JERSEY CITY, NJ .....	—	—	8%	—	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ .....	17%	—	22%	20%	100%
PERSHING LLC JERSEY CITY, NJ .....	—	—	6%	—	—
RAYMOND JAMES ST PETERSBURG, FL .....	—	—	—	6%	—
VANGUARD BROKERAGE SERVICES EL PASO, TX .....	—	—	7%	29%	—
VANGUARD FIDUCIARY TRUST CO VALLEY FORGE, PA .....	15%	—	—	—	—

5% or Greater Ownership – Administrative Class – Continued				
Shareholder Name	Global Leaders Fund	International Fund	International Growth Fund	International Small Cap Fund
ASCENSUS TRUST COMPANY FBO FARGO, ND .....	8%	—	—	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA .....	—	21%	—	—
FIIOC COVINGTON, KY .....	9%	—	—	—
FNB NOMINEE DENVER, CO .....	—	16%	33%	—
HARBOR CAPITAL ADVISORS INC CHICAGO, IL .....	—	—	—	83%
MATC FBO GREECE COIN & STAMP INC. PITTSBURGH, PA .....	—	—	21%	—
MORGAN STANLEY SMITH BARNEY LLC JERSEY CITY, NJ .....	33%	—	—	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ .....	—	17%	12%	—
PERSHING LLC JERSEY CITY, NJ .....	—	—	25%	—

## ORGANIZATION AND CAPITALIZATION

### 5% or Greater Ownership of Share Class — Continued

5% or Greater Ownership – Administrative Class – Continued				
Shareholder Name	Global Leaders Fund	International Fund	International Growth Fund	International Small Cap Fund
STATE STREET BANK AND TRUST BOSTON, MA .....	—	8%	—	—
TD AMERITRADE INC FOR THE OMAHA, NE .....	46%	—	—	17%

5% or Greater Ownership – Administrative Class – Continued				
Shareholder Name	Large Cap Value Fund	Mid Cap Value Fund	Small Cap Growth Fund	Small Cap Value Fund
ASCENSUS TRUST COMPANY FBO FARGO, ND .....	7%	—	—	—
ATTN MUTUAL FUND OPERATIONS PITTSBURGH, PA .....	—	—	22%	—
FIIOC COVINGTON, KY .....	—	22%	—	—
FNB NOMINEE DENVER, CO .....	7%	5%	—	8%
MATC FBO GREECE COIN & STAMP INC. PITTSBURGH, PA .....	—	8%	—	—
MERRILL LYNCH PIERCE FENNER & SMITH JACKSONVILLE, FL .....	—	38%	—	10%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ .....	5%	15%	50%	33%
PAI TRUST COMPANY INC DE PERE, WI .....	—	—	19%	—
STATE STREET BANK AND TRUST BOSTON, MA .....	72%	—	—	—
TD AMERITRADE INC FOR THE OMAHA, NE .....	—	—	6%	—

5% or Greater Ownership – Investor Class					
Shareholder Name	Capital Appreciation Fund	Convertible Securities Fund	Disruptive Innovation Fund	Diversified International All Cap Fund	Global Leaders Fund
ASCENSUS TRUST COMPANY FBO FARGO, ND .....	—	—	—	—	6%
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA .....	25%	75%	13%	97%	25%
C/O MISSIONSQUARE RETIREMENT WASHINGTON, DC .....	—	—	16%	—	—
LPL FINANCIAL SAN DIEGO, CA .....	—	6%	—	—	—
MERRILL LYNCH PIERCE FENNER & SMITH JACKSONVILLE, FL .....	—	—	9%	—	—
MORGAN STANLEY SMITH BARNEY LLC JERSEY CITY, NJ .....	10%	—	—	—	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ .....	25%	—	22%	—	37%
NATIONWIDE TRUST COMPANY FSB COLUMBUS, OH .....	—	—	7%	—	—
PERSHING LLC JERSEY CITY, NJ .....	—	5%	—	—	—
TD AMERITRADE INC FOR THE OMAHA, NE .....	5%	8%	—	—	15%

## ORGANIZATION AND CAPITALIZATION

### 5% or Greater Ownership of Share Class — Continued

5% or Greater Ownership – Investor Class – Continued					
Shareholder Name	International Fund	International Core Fund	International Growth Fund	International Small Cap Fund	Large Cap Value Fund
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA .....	29%	91%	26%	49%	31%
HARBOR CAPITAL ADVISORS INC CHICAGO, IL .....	—	—	—	16%	—
MORGAN STANLEY SMITH BARNEY LLC JERSEY CITY, NJ .....	8%	—	—	—	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ .....	34%	—	15%	—	33%
NATIONWIDE TRUST COMPANY FSB COLUMBUS, OH .....	—	—	12%	—	—
TD AMERITRADE INC FOR THE OMAHA, NE .....	5%	—	15%	15%	10%
VANGUARD BROKERAGE SERVICES EL PASO, TX .....	—	—	10%	9%	—

5% or Greater Ownership – Investor Class – Continued				
Shareholder Name	Mid Cap Fund	Mid Cap Value Fund	Small Cap Growth Fund	Small Cap Value Fund
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA .....	—	22%	56%	26%
EMPOWER TRUST FBO GREENWOOD VILLAGE, CO .....	—	—	5%	—
LPL FINANCIAL SAN DIEGO, CA .....	—	—	—	5%
MERRILL LYNCH PIERCE FENNER & SMITH JACKSONVILLE, FL .....	—	—	—	5%
MORGAN STANLEY SMITH BARNEY LLC JERSEY CITY, NJ .....	—	13%	—	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ .....	—	30%	19%	29%
NATIONWIDE TRUST COMPANY FSB COLUMBUS, OH .....	—	—	8%	—
PERSHING LLC JERSEY CITY, NJ .....	85%	—	—	—
TD AMERITRADE INC FOR THE OMAHA, NE .....	5%	9%	—	8%
WELLS FARGO CLEARING SERVICES, LLC SAINT LOUIS, MO .....	—	—	—	9%

5% or Greater Ownership – Retirement Class				
Shareholder Name	Capital Appreciation Fund	Convertible Securities Fund	Core Bond Fund	Core Plus Fund
ATTN MUTUAL FUND ADMINISTRATOR OAKS, PA .....	—	—	39%	—
CAPINCO MILWAUKEE, WI .....	—	42%	6%	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA .....	8%	—	—	—
C/O FASCORE LLC GREENWOOD VILLAGE, CO .....	7%	—	—	5%
C/O RELIANCE TRUST COMPANY WI GREEN BAY, WI .....	—	—	12%	—
INDIVIDUAL Account Shareholder NEW YORK, NY .....	—	—	—	11%
IRA INDIVIDUALLY ESTABLISHED Account Shareholder LONGMONT, CO .....	—	—	—	8%

## ORGANIZATION AND CAPITALIZATION

### 5% or Greater Ownership of Share Class — Continued

5% or Greater Ownership – Retirement Class – Continued				
Shareholder Name	Capital Appreciation Fund	Convertible Securities Fund	Core Bond Fund	Core Plus Fund
KNOXVILLE UTILITIES BOARD PENSION KNOXVILLE, TN.....	—	56%	—	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ .....	31%	—	—	60%
RELIANCE TRUST CO FBO ATLANTA, GA.....	—	—	25%	—
SSS FAMILY INVESTMENTS LP OVERLAND PARK, KS.....	—	—	—	11%

5% or Greater Ownership – Retirement Class – Continued				
Shareholder Name	Disruptive Innovation Fund	Diversified International All Cap Fund	Global Leaders Fund	International Fund
ATTN MUTUAL FUND ADMINISTRATOR OAKS, PA.....	—	11%	—	8%
CAPINCO MILWAUKEE, WI.....	—	8%	—	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA.....	—	10%	—	—
C/O MISSIONSQUARE RETIREMENT BERLIN, CT.....	6%	—	—	—
C/O MISSIONSQUARE RETIREMENT MARIETTA, GA.....	37%	—	—	—
DISTRICT OF COLUMBIA 401A DEF CONTR WASHINGTON, DC.....	—	—	—	9%
EDWARD D JONES & CO MARYLAND HEIGHTS, MO.....	—	—	—	34%
HOWARD P COLHOUN FAM FOUNDATION GLYNDON, MD.....	—	—	7%	—
INDIVIDUAL Account Shareholder GLYNDON, MD.....	—	—	16%	—
INDIVIDUALS Account Shareholder FORT MYERS, FL.....	—	—	10%	—
MERRILL LYNCH PIERCE FENNER & SMITH JACKSONVILLE, FL.....	—	—	—	6%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ .....	40%	39%	20%	19%
VANGUARD FIDUCIARY TRUST CO VALLEY FORGE, PA.....	—	—	41%	—

5% or Greater Ownership – Retirement Class – Continued				
Shareholder Name	International Core Fund	International Growth Fund	International Small Cap Fund	Large Cap Value Fund
ATTN MUTUAL FUND ADMINISTRATOR OAKS, PA.....	—	10%	—	24%
CAPINCO MILWAUKEE, WI.....	—	22%	—	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA.....	—	10%	61%	12%
C/O FIDUCIARY TRUST COMPANY INTL NEW YORK, NY.....	—	10%	—	—
HARBOR CAPITAL ADVISORS INC CHICAGO, IL.....	60%	—	—	—
HOCO KANSAS CITY, MO.....	—	32%	—	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ .....	40%	—	7%	34%



## ORGANIZATION AND CAPITALIZATION

### 5% or Greater Ownership of Share Class — Continued

5% or Greater Ownership – Retirement Class – Continued				
Shareholder Name	International Core Fund	International Growth Fund	International Small Cap Fund	Large Cap Value Fund
SAXON & CO CLEVELAND, OH .....	—	—	27%	19%

5% or Greater Ownership – Retirement Class – Continued				
Shareholder Name	Mid Cap Fund	Mid Cap Value Fund	Small Cap Growth Fund	Small Cap Value Fund
ASSOCIATED TRUST COMPANY FBO GREEN BAY, WI .....	—	—	13%	—
ATTN MUTUAL FUND OPERATIONS PITTSBURGH, PA .....	—	—	5%	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA .....	—	—	—	9%
DCGT AS TTEE AND/OR CUST DES MOINES, IA .....	—	—	18%	—
MERRILL LYNCH PIERCE FENNER & SMITH JACKSONVILLE, FL .....	—	—	—	18%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ .....	100%	82%	26%	16%
PERSHING LLC JERSEY CITY, NJ .....	—	—	—	6%
VANGUARD FIDUCIARY TRUST CO VALLEY FORGE, PA .....	—	—	14%	—
VOYA INSTITUTIONAL TRUST COMPANY BRAintree, MA .....	—	—	11%	—
ZIONS FIRST NATIONAL BANK 0 SALT LAKE CTY, UT .....	—	—	—	21%

## CUSTODIAN

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### **State Street Bank and Trust Company**

State Street Bank and Trust Company (the “Custodian”) has been retained to act as custodian of the Funds’ assets and, in that capacity, maintains certain financial and accounting records of the Funds. The Custodian’s mailing address is State Street Financial Center, 1 Lincoln Street, Boston, MA 02111-2900.

## INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND FINANCIAL STATEMENTS

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### **Ernst & Young LLP**

Ernst & Young LLP, 155 North Wacker Drive, Chicago, IL 60606, serves as the Funds' independent registered public accounting firm, providing audit and tax services. The financial statements of the Funds as of and for the period ended October 31, 2022, have been audited by Ernst & Young LLP, an independent registered public accounting firm, and are incorporated by reference in this Statement of Additional Information.

Certain of the Subadvisors' proxy voting policies and procedures make reference to Institutional Shareholder Services ("ISS") and/or Glass, Lewis & Co. ("Glass Lewis") voting guidelines.

ISS's proxy voting guidelines can be accessed at [issgovernance.com/policy-gateway/voting-policies/](http://issgovernance.com/policy-gateway/voting-policies/).

Glass Lewis's proxy voting guidelines can be accessed at [glasslewis.com/guidelines/](http://glasslewis.com/guidelines/).

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### **POLICY**

Whether Acadian will have proxy voting responsibility on behalf of a separate account client is subject to negotiation as part of the overall investment management agreement executed with each client. We will have voting responsibility for all Acadian branded funds.

Should a separate account client desire that Acadian vote proxies on their behalf, Acadian will accept such authority and agree with the client as part of the investment management agreement whether votes should be cast in accordance with Acadian's proxy voting policy or in accordance with a client specific proxy voting policy. Should the client wish to retain voting responsibility themselves, Acadian would have no further involvement in the voting process but would remain available to provide reasonable assistance to the client as needed.

Acadian utilizes the services of Institutional Shareholder Services ("ISS"), an unaffiliated proxy firm, to help manage the proxy voting process and to research and vote proxies. Acadian has adopted the ISS voting policies for use when contractually directed by the client to votes proxies on their behalf in accordance with our proxy voting policy. We review the ISS policies at least annually and believe that they are reasonably designed to ensure that we vote proxies in the best interest of clients and that our voting decisions are insulated from any potential material conflicts of interest.

Should a client contractually direct Acadian to vote proxies on their behalf in accordance with Client specific voting policies and procedures, we will still utilize the services of ISS to cast the votes in accordance with the client's instructions.

When voting proxies on behalf of our clients, Acadian assumes a fiduciary responsibility to vote in our clients' best interests. In addition, with respect to benefit plans under the Employee Retirement Income Securities Act (ERISA), Acadian acknowledges its responsibility as a fiduciary to vote proxies prudently and solely in the best interest of plan participants and beneficiaries. So that it may fulfill these fiduciary responsibilities to clients, Acadian has adopted and implemented these written policies and procedures reasonably designed to ensure that it votes proxies in the best interest of clients.

### **PROCEDURES**

#### *Proxy Voting Guidelines*

Acadian acknowledges it has a duty of care to its clients that requires it to monitor corporate events and vote client proxies when instructed by the client to do so. To assist in this effort, Acadian has retained ISS to research and vote its proxies. ISS provides proxy-voting analysis and votes proxies in accordance with predetermined guidelines. Relying on ISS to vote proxies is intended to help ensure that Acadian votes in the best interest of its clients and insulates Acadian's voting decisions from any potential material conflicts of interest. Acadian will also accept specific written proxy voting instructions from a client and communicate those instructions to ISS to implement when voting proxies involving that client's portfolio.

In specific instances where ISS will not vote a proxy, will not provide a voting recommendation, or other instances where there is an unusual cost or requirement related to a proxy vote, Acadian's Head of Investment Operations will coordinate with members of our investment team to conduct an analysis to determine whether the costs related to the vote outweigh the potential benefit to our client. If we determine, in our discretion, that it is in the best of interest of our client not to participate in the vote Acadian will not participate in the vote on behalf of our client. If we determine that a vote would be in the best interest of our client, Acadian will provide voting direction back to ISS and ensure the vote is cast as they instruct.

Unless contrary instructions are received from a client, Acadian has instructed ISS to not vote proxies in so-called "share blocking" markets. Share-blocking markets are markets where proxy voters have their securities blocked from trading during the period of the annual meeting. The period of blocking typically lasts from a few days to two weeks. During the period, any portfolio holdings in these markets cannot be sold without a formal recall. The recall process can take time, and in some cases, cannot be accomplished at all. This makes a client's portfolio vulnerable to a scenario where a stock is dropping in attractiveness but cannot be sold because it has been blocked. Shareholders who do not vote are not subject to the blocking procedure.

## APPENDIX A – PROXY VOTING

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### Acadian Asset Management LLC — Continued

Acadian also reserves the right to override ISS vote recommendations under certain circumstances. Acadian will only do so if they believe that voting contrary to the ISS recommendation is in the best interest of clients. The reasons for any overrides and for voting against the ISS recommendation will be documented.

#### Conflicts of Interest

Occasions may arise during the voting process in which the best interest of clients conflicts with Acadian's interests. In these situations, ISS will continue to follow the same predetermined guidelines as formally agreed upon between Acadian and ISS before such conflict of interest existed. Conflicts of interest generally include (i) business relationships where Acadian has a substantial business relationship with, or is actively soliciting business from, a company soliciting proxies, or (ii) personal or family relationships whereby an employee of Acadian has a family member or other personal relationship that is affiliated with a company soliciting proxies, such as a spouse who serves as a director of a public company. A conflict could also exist if a substantial business relationship exists with a proponent or opponent of a particular initiative.

If Acadian learns that a conflict of interest exists, the Head of Investment Operations will work with our compliance and investment team as needed to document (i) the details of the conflict of interest, (ii) whether or not the conflict is material, and (iii) procedures to ensure that Acadian makes proxy voting decisions based on the best interests of clients. If Acadian determines that a material conflict exists, it will defer to ISS to vote the proxy in accordance with the predetermined voting policy.

#### Voting Policies

Acadian has adopted the proxy voting policies developed by ISS, summaries of which can be found at <http://www.issgovernance.com/policy> and which are deemed to be incorporated herein. The policies have been developed based on ISS' independent, objective analysis of leading corporate governance practices and their support of long-term shareholder value. Acadian may change its proxy voting policy from time to time without providing notice of changes to clients.

#### Voting Process

Acadian's Head of Investment Operations acts as coordinator with ISS including ensuring proxies Acadian is responsible to vote are forwarded to ISS, overseeing that ISS is voting assigned client accounts and maintaining appropriate authorization and voting records.

After ISS is notified by the custodian of a proxy that requires voting and/or after ISS cross references their database with a routine download of Acadian holdings and determines a proxy requires voting, ISS will review the proxy and make a voting proposal based on the recommendations provided by their research group. Any electronic proxy votes will be communicated to the proxy solicitor by ISS Global Proxy Distribution Service and Broadridge's Proxy Edge Distribution Service, while non-electronic ballots, or paper ballots, will be faxed, telephoned or sent via Internet. ISS assumes responsibility for the proxies to be transmitted for voting in a timely fashion and maintains a record of the vote, which is provided to Acadian on a monthly basis. Proxy voting records specific to a client's account are available to each client upon request.

#### Proxy Voting Record

Acadian will maintain a record containing the following information regarding the voting of proxies: (i) the name of the issuer, (ii) the exchange ticker symbol, (iii) the CUSIP number, (iv) the shareholder meeting date, (v) a brief description of the matter brought to vote; (vi) whether the proposal was submitted by management or a shareholder, (vii) how Acadian/ ISS voted the proxy (for, against, abstained) and (viii) whether the proxy was voted for or against management.

#### Obtaining a Voting Proxy Report

Clients may request a copy of these policies and procedures and/or a report on how their individual securities were voted by contacting Acadian at 617-850-3500 or by email at [compliance-reporting@acadian-asset.com](mailto:compliance-reporting@acadian-asset.com).

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### Aristotle Capital Management, LLC

## PROXY VOTING

Aristotle Capital has adopted written Proxy Voting Policies and Procedures ("Proxy Procedures"), as required by Rule 206(4)-6, governing conflict of interest resolution, disclosure, reporting and recordkeeping relating to voting proxies.

## GENERAL GUIDELINES

Aristotle Capital has adopted Proxy Voting Policies and Procedures that provide that if Aristotle Capital has proxy voting authority for securities of its advisory clients, Aristotle Capital will vote such proxies for the exclusive benefit, and in the best economic interest, of those clients and their beneficiaries, as determined by Aristotle Capital in good faith, subject to any restrictions or directions from a client. Such voting responsibilities will be exercised in a manner that is consistent with the

general antifraud provisions of the Advisers Act, as well as with Aristotle Capital's fiduciary duties under federal and state law to act in the best interests of its clients. When voting proxies for non-model holdings, Aristotle Capital can vote in accordance with Institutional Shareholder Services ("ISS") recommendation. (Non-model holdings refers to securities where the client has provided instruction to Aristotle Capital to restrict trading the securities.) Otherwise, the following policies and procedures are implemented.

### **OPERATIONAL GUIDELINES**

Aristotle Capital has contracted with ISS to provide proxy voting support. Under the terms of its arrangement with ISS, Aristotle Capital directs each custodian to forward proxy ballots to ISS for processing. Aristotle Capital has access to the ballots through the ISS website and may provide ISS with instructions on how to vote the ballots or Aristotle Capital may vote the ballots through the website. ISS records the votes and provides proxy voting accounting and reporting. Case-by-case proxy voting decisions are generally made by the CIO or his designee. All voting records are maintained by ISS, except that Aristotle Capital will maintain copies of any document created by Aristotle Capital that was material in making a determination of how to vote a "case-by-case" proxy or that memorializes the basis for that decision.

On occasion, Aristotle Capital may determine not to vote a particular proxy. This may be done, for example where: (1) the cost of voting the proxy outweighs the potential benefit derived from voting; (2) a proxy is received with respect to securities that have been sold before the date of the shareholder meeting and are no longer held in a client account; (3) the terms of an applicable securities lending agreement prevent Aristotle Capital from voting with respect to a loaned security; (4) despite reasonable efforts, Aristotle Capital receives proxy materials without sufficient time to reach an informed voting decision and vote the proxies; (5) the terms of the security or any related agreement or applicable law preclude Aristotle Capital from voting; or (6) the terms of an applicable advisory agreement reserve voting authority to the client or another party.

### **IDENTIFYING AND ADDRESSING CONFLICTS OF INTEREST**

Aristotle Capital acknowledges its responsibility for identifying material conflicts of interest related to voting proxies. In order to ensure that Aristotle Capital is aware of the facts necessary to identify conflicts, management of Aristotle Capital must disclose to the CCO any personal conflicts such as officer or director positions held by them, their spouses or close relatives, in any portfolio company. Conflicts based on business relationships with Aristotle Capital or any affiliate of Aristotle Capital will be considered only to the extent that Aristotle Capital has actual knowledge of such relationships. If a conflict may exist which cannot be otherwise addressed by the CIO, Aristotle Capital may choose one of several options including: (1) "echo" or "mirror" voting the proxies in the same proportion as the votes of other proxy holders that are not Aristotle Capital clients; (2) if possible, erecting information barriers around the person or persons making the voting decision sufficient to insulate the decision from the conflict; or (3) if agreed upon in writing with the client, forwarding the proxies to affected clients and allowing them to vote their own proxies.

### **CLIENT REQUESTS FOR INFORMATION**

Investment advisory clients may request a copy of Aristotle Capital's Proxy Procedures and/or information about how Aristotle Capital has voted securities in their account by contacting Aristotle Capital. Aristotle Capital will not disclose proxy votes for a client to other clients or third parties unless specifically requested, in writing, by the client. However, to the extent that Aristotle Capital may serve as sub-adviser to another adviser to a client, Aristotle Capital will be deemed to be authorized to provide proxy voting records on such account to such other adviser.

Aristotle Capital is responsible for voting proxies for all portfolio securities of the mutual fund clients and keeping certain records relating to how the proxies were voted as required by the Advisers Act. Aristotle Capital will provide these records to the mutual fund's Trust Board in order for the required N-PX filings on behalf of the mutual fund to be made each year in August. Aristotle Capital shall provide a complete voting record for the Fund, as required by the Proxy Rule. Special rules apply when Aristotle Capital is asked to cast a proxy vote that presents a conflict between the interests of a Fund's shareholders, and those of Aristotle Capital or an affiliated person of Aristotle Capital.

### **POLICY: PROXY VOTING DISCLOSURE**

A description of the Proxy Procedures appears in Aristotle Capital's Form ADV Part 2.

Cross-Reference: Proxy Voting Policies and Procedures are set forth as Appendix H.

### Baillie Gifford Overseas Limited

#### VOTING GUIDELINES

Baillie Gifford has adopted the Governance and Sustainability Principles and Guidelines (the “Guidelines”) to vote proxies related to securities held by the Funds.

The Guidelines are developed and administered by the Governance & Sustainability Team of the Baillie Gifford Group. This Governance & Sustainability Team sits alongside the investment teams and is responsible for the voting of proxies. The Head of ESG is a partner in the firm, and reports into the ESG Oversight Group.

The Guidelines cover Baillie Gifford’s approach to governance and sustainability matters including the following areas:

- Prioritization of long-term value creation
- A constructive and purposeful Board
- Long-term focused remuneration with stretching targets
- Fair treatment of stakeholders
- Sustainable business practices

Baillie Gifford recognizes that given the range of markets in which the Funds invest, one set of standards is unlikely to be appropriate. The Guidelines consequently take an issues based approach covering standards from a global perspective.

#### PRAGMATIC & FLEXIBLE APPROACH

Baillie Gifford recognizes that companies within particular markets operate under significantly differing conditions. The Guidelines are intended to provide an insight into how Baillie Gifford approaches voting and engagement on behalf of clients with it being important to note that Baillie Gifford assesses every company individually. With respect to voting, Baillie Gifford will evaluate proposals on a case-by-case basis, based on what it believes to be in the best long-term interests of clients, rather than rigidly applying a policy.

In evaluating each proxy, the Governance & Sustainability Team follows the Guidelines, while also considering third party analysis, Baillie Gifford and its affiliates own research and discussions with company management.

The Governance & Sustainability Team oversees voting analysis and execution in conjunction with the investment teams.

Baillie Gifford may elect not to vote on certain proxies. While Baillie Gifford endeavors to vote a Fund’s shares in all markets, on occasion this may not be possible due to a practice known as share blocking, whereby voting shares would result in prevention from trading for a certain period of time. When voting in these markets, Baillie Gifford assesses the benefits of voting clients’ shares against the relevant restrictions. Baillie Gifford may also not vote where it has sold out of a stock following the record date.

#### CONFLICTS OF INTEREST

Baillie Gifford recognizes the importance of managing potential conflicts of interest that may exist when voting a proxy solicited by a company with whom the Baillie Gifford Group has a material business or personal relationship. The Governance & Sustainability Team of the Baillie Gifford Group is responsible for monitoring possible material conflicts of interest with respect to proxy voting.

In most instances, applying the Guidelines to vote proxies will adequately address any possible conflicts of interest.

Proxy votes that involve a potential conflict of interest are managed in line with Baillie Gifford’s Conflicts of Interest Policy and, where additional oversight is appropriate, the Governance & Sustainability Team report the conflict to the IMG for discussion. The IMG, which comprises several senior Baillie Gifford & Co. partners, will review the voting rationale, consider whether business relationships between Baillie Gifford and the company have influenced the proposed vote and decide the course of action to be taken in the best interest of clients.

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### BlueCove Limited

#### PROXY VOTING POLICY

Proxy Voting Policy: This Policy sets out BlueCove’s approach to proxy voting.

Ownership and Accountability: BlueCove’s Head of Compliance is responsible for the design of this Policy. BlueCove’s Head of Compliance will ensure that this Policy is reviewed not less than annually.

### BlueCove Limited — Continued

Proxy Voting Explained: In its capacity as an investment manager, BlueCove may have authority to vote as a proxy on behalf of client funds and managed or segregated accounts. BlueCove will vote proxies in the best interests of clients. BlueCove's Policy acknowledges that from time to time refraining from voting may be in the best interests of clients. The Head of Portfolio Management is responsible for monitoring for situations that require a proxy vote.

Maintenance of Records: The Compliance Team will maintain a record of any proxy voting situations that may occur. The records will include the decision of how BlueCove voted and supporting documentation. BlueCove's Policy and the records of any proxy votes carried out by BlueCove will be available to clients upon request.

Resolution of Conflicts of Interest: BlueCove is privately owned and, other than a wholly owned subsidiary in the United States, has no affiliations with any other company or entity. The subsidiary in the United States does not and is not anticipated to manage investment distinct from those investments managed by the UK parent. BlueCove does not hold or manage any proprietary funds or investments. As such, BlueCove does not anticipate that it will find itself in conflict with client funds when considering a proxy vote. However, should BlueCove ever find itself in conflict with the interests of a client, BlueCove's interests will be subordinate to the interests of the client.

It is also possible that various client funds or portfolios may find themselves in conflict in the context of a proxy vote. Should there be a situation in which client Fund A is in conflict with client Fund B, then BlueCove will consider the relative number of relevant shares or bonds held by Fund A and B and will vote in favor of the Fund which has the proportionally largest position in the relevant shares or bonds in terms of the NAV of the relevant client fund. For example, if Fund A has 50,000 of XYZ bonds which constitute 1% of Fund A's NAV, and Fund B has 20,000 of XYZ bonds which constitute 10% of Fund B's NAV, then BlueCove will vote in favor of Fund B. Should multiple client funds find themselves in conflict, then BlueCove will vote in favor of the client fund with the biggest proportionate position.

Should Fund A and B have the same proportionate position to two decimal places in the relevant shares or bonds, then BlueCove will refrain from voting the position.

Exceptions from this Policy: Exceptions from BlueCove's Policy may be granted by way of the written approval of BlueCove's Chief Investment Officer. Any exceptions and supporting documentation will be recorded by the Compliance Team.

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### Cedar Street Asset Management LLC

#### PROXY VOTING POLICY

Cedar Street frequently invests a material portion of the Funds' capital in equity securities. As a registered investment adviser, the Firm owes its Investors a duty of care, loyalty and respect with regards to proxy voting activities conducted on behalf the Funds and Clients. In addition, as a fiduciary and a registered investment advisor, Cedar Street is required to vote (or abstain) proxies in a manner that is consistent with the best interests of the Firm's Investors. Cedar Street will make these policies and procedures available to our Investors upon request. Also, we acknowledge that our Investors have a right to information about how we vote Fund proxies and we will also make that information available upon request.

#### *What is the requirement?*

In addition to voting in the best interests of their investors, SEC registered investment advisers must keep a record of all proxies received, the manner in which they voted and any documentation that was material to their decision to vote a particular way. Additionally, each registered adviser must have a policy and procedure that is designed to appropriately address conflicts of interest with respect to their proxy voting activity on behalf of clients. As a further point, registered advisers must also deliver their proxy voting log to any client upon their request.

#### *How do we comply?*

The CCO will ensure that the Firm retains the following records in connection with proxies:

- The name of the issuer of the portfolio security;
- The exchange ticker symbol of the portfolio security;
- The Council on Uniform Securities Identification Procedures ("CUSIP") number for the portfolio security;
- The date the proxy was received and reviewed by Cedar Street;
- The date of the shareholder meeting date of the portfolio company;
- Whether Cedar Street cast its vote on the matter;
- How Cedar Street cast its vote (e.g., for or against proposal, or abstain; for or withhold regarding election of directors); and



- Whether the registrant cast its vote for or against management.

Prior to voting proxies, Cedar Street will determine if there are any conflicts of interest related to the proxy in question in accordance with the general guidelines below. If a conflict is identified, Cedar Street will then make a determination (which may be in consultation with outside legal counsel or compliance consultants) as to whether the conflict is material or not. Cedar Street will proceed to vote proxies without material conflicts by majority. Cedar Street also has the flexibility to abstain from a particular proxy vote or to outsource a particular proxy vote to an independent third party when it is determined to be in the best interests of its Clients.

In voting proxies in the best interest of its Clients, Cedar Street will consider the specific strategy surrounding the equity investment. It will then apply the following proxy voting procedures:

**Proxy Voting Procedures:** The Firm's Head of Trading and Operations or their designee including a third-party shareholder service provider, reviews proxy ballots and generally votes in accordance with the research recommendations of a major third-party institutional shareholder service provider that is an outsourced independent third party. If the Firm is no longer in a position in a particular security, the Firm will abstain from voting on that security.

**Identification of Material Conflicts of Interest:** As the Firm is utilizing a third-party shareholder service provider's researched recommendations, any potential conflict has generally been mitigated. To the extent that the Firm wishes to vote contrary to a third-party shareholder service provider's recommendations, it is understood that conflicts may arise, and conflicts of interest shall be reviewed prior to casting the Firm's vote. Access Persons and Employees of Cedar Street are required to disclose relationships that may potentially cause conflicts of interest with respect to proxy voting including but not limited to records related to personal holdings, transactions in securities and records of Outside Business Activities as defined in the Firm's Code of Ethics and relationships with officers and directors of publicly traded companies as defined in the Firm's Code of Ethics. Additionally, both the Firm's business arrangements and the business and personal relationships of Employees and Access Persons each have the potential to result in proxy voting conflicts of interest under certain circumstances.

As stated above, Access Persons and Employees are required to disclose any business arrangements or personal relationships or other relationships that have the potential to create proxy voting conflicts. In the event that any Employee or Access Person of the Firm becomes aware of the potential for a proxy voting conflict of interest, such Employee or Access Person is required to report such potential conflict to the CCO immediately. Failure to appropriately report information to the CCO that may constitute a material conflict of interest with respect to proxy voting constitutes a serious breach of Firm policy and may result in disciplinary action up to and including termination of employment.

The Firm's CCO, or their designee will monitor third party shareholder service provider's due diligence statements, regarding material conflicts of interest identified by each such third party shareholder service provider providing proxy research recommendations. No less than annually, the Firm's CCO, or their designee will pull each third party shareholder service provider's due diligence questionnaire, Form ADV (where applicable), and any additional disclosure documents that may be applicable to conflicts of interest disclosed by each third party shareholder service provider utilized. Where necessary, the Firm's CCO, or their designee, will reach out to the third party shareholder service provider's compliance department to further clarify potential conflicts of interest.

Conflicts identified by any such disclosure may cause the Firm to vote proxies in a manner that is inconsistent with such third party shareholder service provider's recommendation. In such instances where a conflict of interest has been identified between the Firm and a third party shareholder service provider proxy research recommendations, the Firm will vote based on the best interest of each Client, as identified in this proxy policy.

### **Third Party Shareholder Service Provider Due Diligence**

On not less than an annual basis, the Firm's CCO, or their designee, shall review the policies and procedures, reputation, and news involving each shareholder service provider's ability to provide the Firm with accurate research. The CCO, or their designee's evaluation of each shareholder service provider may include but is not limited to:

- Departure of key stake holders, including executives, in the company;
- Conflicts of interest that may influence the objective nature of research provided;
- Affiliations that may affect the objective nature of research provided;
- Active, pending or potential litigation ;
- Enforcement actions by any administrative entity; and
- Reputation including negative press.

## APPENDIX A – PROXY VOTING

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### Cedar Street Asset Management LLC — Continued

The Firm's CCO will take into consideration the overall ability of each shareholder service provider's ability to provide ongoing research support.

**Distribution of Proxy Voting Conflicts Questionnaire:** If a proxy is received by the Firm, it must be delivered to the Firm's CCO for review. The CCO is responsible for review of the Firm's records that may constitute material conflicts of interest as described above. Following the review of the Firm's records, at her discretion, the CCO may also distribute a questionnaire to all Access Persons and Employees indicating that a proxy related to a particular issue is in the Firm's possession. Access Persons and Employees will have a prescribed period of time in which to report any additional potential conflicts of which they are aware prior to the Firm returning a proxy vote. Following the CCO's review for conflicts and the distribution of the proxy conflict check notice, if no material conflicts of interest are noted, the Firm's Head of Trading and Operations or designee will cast the proxy vote in a manner that is consistent with the best interests of the Firm's Investors and provide a copy of such vote to the Firm's CCO for appropriate recordkeeping.

**Resolution of Material Conflicts of Interest:** In the event that the review of Firm records or the proxy voting conflict questionnaire distribution or other records provided to the CCO indicate the presence or the potential presence of a material conflict of interest between the Firm and its Clients, a shareholder's representative elected by the vote of the Client may be consulted in order to assess the appropriateness of the Firm's vote on behalf of the Client. In the case of an individual Client, such Client may be individually consulted in order to assess the appropriateness of the Firm's vote on behalf of such Client.

The Client or shareholder's representative may be informed of the opinion of the Firm related to the vote but must also be informed of the potential conflict of interest in great detail, providing any and all information related to the conflict that is necessary to understand the nature of such conflict. Additionally, any further information requested by the shareholder's representative or the Client related to the vote or the Firm's conflict of interest must be provided directly to the shareholder's representative or Client directly by the CCO.

In the event that Cedar Street does not vote in accordance with the research recommendations of a major third-party institutional shareholder service provider, and in the absence of specific voting guidelines from a Client, or shareholder's representative, where applicable, Cedar Street will resolve material conflicts of interest by either abstention from voting such proxies, or voting such proxies in the best interests of each Client according to, but not limited to, the following factors:

- whether the proposal relates to a routine corporate housekeeping matter;
- whether the proposal's anticipated costs and associated benefits with the
- proposal are in the best interests of the Client;
- whether the proposal was recommended by management and Cedar Street's opinion of management;
- whether the proposal acts to entrench existing management, makes it more difficult to replace members of the issuer's board or implicates other corporate governance matters; and
- whether the proposal fairly compensates management for past and future performance, including the impact on liquidity if any.

Such factors may result in different voting results among Clients for proxies from the same issuer. Cedar Street will promptly forward any claim forms it receives to the Client's custodian and provide reasonable assistance to the extent necessary (e.g. provide factual information in its possession as reasonably requested).

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### EARNEST Partners LLC

#### PROXY POLICIES

As a general rule, EARNEST Partners will accept authority to vote Client securities. EARNEST Partners and the Client will agree upon the scope of EARNEST Partners' authority and responsibilities to vote proxies on behalf of the Client in an investment management agreement. Clients can generally direct EARNEST Partners in writing to vote on their behalf according to specific proxy voting guidelines or how to vote on their behalf in a particular solicitation. Absent any written direction from the Client and provided EARNEST Partners (or our designee, as applicable) receive the proxies timely and in good order, EARNEST Partners will seek to vote the proxies in accordance with our then current proxy voting policies and procedures as generally described below.

In addition, the following will generally be adhered to unless EARNEST Partners is instructed otherwise in writing by the Client:

- While EARNEST Partners engages with portfolio companies on a regular basis, EARNEST Partners will not actively engage in conduct that involves an attempt to change or influence the control of a portfolio company.

## APPENDIX A – PROXY VOTING

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### EARNEST Partners LLC — Continued

- EARNEST Partners will not participate in a proxy solicitation or otherwise seek proxy voting authority from any other portfolio company shareholder.
- EARNEST Partners will not act in concert with any other portfolio company shareholders in connection with any proxy issue or other activity involving the control or management of a portfolio company.
- All communications with portfolio companies or fellow shareholders will be for the sole purpose of expressing and discussing EARNEST Partners' concerns for its Clients' interests and not in an attempt to influence the control of management.

### PROXY PROCEDURES

EARNEST Partners has designated a Proxy Director. The Proxy Director, in consultation with EARNEST Partners' Investment Team, will consider each issue presented on each portfolio company proxy. The Proxy Director will also use available resources, including proxy evaluation services, to assist in the analysis of proxy issues. Absent any written direction from the Client, proxy issues presented to the Proxy Director will be voted in accordance with the judgment of the Proxy Director, taking into account the general policies outlined above and EARNEST Partners' Proxy Voting Guidelines (currently Institutional Shareholder Services (ISS) Taft-Hartley Proxy Voting Guidelines with respect to institutional Clients subject to The Employee Retirement Income Security Act of 1974 (ERISA), ISS Public Fund Proxy Voting Guidelines with respect to institutional Clients that are state or municipal government entities, and ISS Sustainability Proxy Voting Guidelines for all other Clients, as determined by EARNEST Partners). Therefore, it is possible that actual votes may differ from the general policies and EARNEST Partners' Proxy Voting Guidelines. EARNEST Partners utilizes an electronic vote management system (currently ISS) that generally: (1) populates EARNEST Partners' votes shown on the electronic voting platform with recommendations based on EARNEST Partners' Proxy Voting Guidelines described above ("pre-population"); and (2) automatically submits EARNEST Partners' votes to be counted ("automated voting"). Pre-population and automated voting generally occur prior to the submission deadline for proxies to be voted at the shareholder meeting. In the event new material public information becomes available or a report is found to contain a material error, a proxy alert ("alert") is issued to inform EARNEST Partners of any corrections and, if necessary, any resulting changes in the vote recommendations. Alerts are distributed to EARNEST Partners through the same platform used to distribute the regular research and voting recommendations. This ensures that EARNEST Partners receives each alert related to an original report, which is attached to the relevant original company meeting report. If EARNEST Partners has cast its vote before receiving an alert, EARNEST Partners may cancel and change its vote at any time before the meeting cut-off date, if EARNEST Partners determines that such a change is warranted by the new information. In the case where EARNEST Partners believes it has a material conflict of interest with a Client, the Proxy Director will utilize the services of outside third party professionals (currently ISS) to assist in its analysis of voting issues and the actual voting of proxies to ensure that a decision to vote the proxies was based on the Client's best interest and was not the product of a conflict of interest. In general, ISS Taft-Hartley Proxy Voting Guidelines have a worker-owner view of long-term corporate value based on the AFL-CIO proxy voting guidelines orientation, ISS Public Fund Proxy Voting Guidelines have a long-term best interests of public plan participants and beneficiaries orientation, and ISS Sustainability Proxy Voting Guidelines have a Principles for Responsible Investment (PRI) orientation. In the event the services of an outside third-party professional are not available in connection with a conflict of interest, EARNEST Partners will seek the advice of the Client.

A detailed description of EARNEST Partners' specific Proxy Voting Guidelines will be furnished upon written request. You may also obtain information about how EARNEST Partners has voted with respect to portfolio company securities by calling, writing, or emailing EARNEST Partners at:

EARNEST Partners  
1180 Peachtree Street NE, Suite 2300  
Atlanta, GA 30309  
invest@earnestpartners.com  
404-815-8772

EARNEST Partners reserves the right to change these policies and procedures at any time without notice.

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### Income Research + Management

### PROXY VOTING POLICY

Income Research & Management's ("IR+M") policy regarding proxy voting (the "Proxy Policy") consists of (1) the statement of policy, (2) identification of the person(s) responsible for implementing this policy, (3) the procedures adopted by IR+M to implement the policy, and (4) the guidelines utilized by IR+M when enacting this policy.

### Income Research + Management — Continued

#### **Statement of Policy**

The Advisers Act requires IR+M at all times to act solely in the best interest of its clients. Rule 206(4)-6 of the Advisers Act requires any adviser who votes proxies on behalf of clients to have written policies and procedures that are reasonably designed to ensure an adviser votes such proxies in the best interest of clients.

It is generally IR+M's policy that each client is responsible for voting all of the proxies with respect to the securities he ld in their accounts. Therefore, IR+M has adopted a Proxy Policy that it believes is reasonably designed to ensure that IR+M does not vote proxies for its clients, and that all proxy materials are forwarded to clients so that they can exercise their voting authority. In the event that IR+M has been delegated the responsibility to vote proxies on behalf of a client, this Proxy Policy addresses the treatment of this circumstance. Such proxies will be voted pursuant to the proxy voting guidelines below. For IR&M Private Funds, the custodian, BNY Mellon, is instructed to send proxy ballots to IR+M. Similarly, IR+M has instructed Global Trust Company, the Trustee for the IR+M Collective Investment Trust (CITs) to forward all proxies received to IR+M as it has legal authority to vote proxies. Such proxies will be reviewed for applicability according to our process and if appropriate will be processed pursuant to the voting guidelines set forth in the Proxy Policy.

#### **Who is Responsible for Implementing this Policy?**

The Chief Compliance Officer (“CCO”) is responsible for the overall implementation and monitoring of this policy. The CCO can delegate any of his or her responsibilities under this policy to another person (the “Delegate”).

#### **Procedures to Implement this Policy**

##### ***Client Disclosure***

The Advisers Act requires IR+M to provide clients with a description of its proxy voting policy. IR+M takes the necessary steps to ensure that clients are provided with adequate disclosure as to the parameters of the Proxy Policy. All clients and prospective clients will receive disclosure of a summary of the Proxy Policy on Form ADV Part 2.

In the event IR+M votes proxies on behalf of a client, IR+M will, upon request from the client, provide a record of how such proxy votes were cast on behalf of that client.

##### ***Administration***

In implementing these procedures, IR+M will ensure:

- The appropriate employees are aware of IR+M's general policy not to vote proxies on behalf of its clients, and that any exceptions to this policy are documented.
- Voting responsibility between IR+M and the client is clear in the investment management agreement.
- Any proxies that are received by IR+M are forwarded on to the client in a timely manner, if IR+M is not responsible for voting such proxies.
- Our clients may obtain a copy of the Proxy Policy upon request.

##### ***Maintaining Records***

IR+M creates and maintains appropriate records to ensure proper implementation and administration of this policy and will preserve such records in accordance with our internal policies.

##### ***Guidelines***

If IR+M is delegated voting authority, it is generally our policy to vote in accordance with the issuer's management recommendation absent countervailing considerations. If we believe the issuer's management position on a particular issue is not in the best interests of our clients, we will vote contrary to the issuer's management's recommendation. IR+M will apply these same guidelines for voting proxies to all such accounts for which it has voting authority.

##### ***Conflicts of Interest***

A material conflict of interest may arise in the course of IR+M's proxy voting activities. Such a conflict of interest might exist when (1) an issuer who is soliciting proxy votes also has a client relationship with IR+M, (2) an IR+M client is involved in a proxy contest, or (3) when an IR+M employee has a personal interest in a proxy matter. When such a conflict of interest does arise, and in order to insure that proxies are voted solely in IR+M's clients' best interests, the CCO may consult the Executive Committee of IR+M, as well as legal counsel to help determine how the items of a particular proxy ballot should be voted.

**Effective:** September 2009

**Revised:** April 2018

### Jennison Associates, LLC

#### I.POLICY

Jennison (or the “Company”) has adopted the following policy and related procedures to guide the voting of proxies in a manner that is consistent with Jennison’s fiduciary duties and the requirements of Rule 206(4)-6 under the Advisers Act.

In the absence of any written delegation or when proxy voting authority has been delegated in writing to Jennison by clients, Jennison will exercise this voting authority in each client’s best interests. The Company will not consider its own interests, or those of any affiliates, when voting proxies.

Unless otherwise specified by a client, “best interest” means the client’s best economic interest over the long term, as determined by Jennison’s portfolio managers and analysts (“Investment Professionals”) covering the issuer. We recognize that the nature of ballot issues, including environmental and social issues (“ESG”), can vary widely depending on the company, industry practices, the company’s operations and geographic footprint, to name a few, and will consider relevant issues, including ESG issues, in a manner consistent with our fiduciary duties and the goal of maximizing shareholder value

Jennison’s proxy voting policy and procedures and proxy voting records are publically available on our website. Clients may obtain a copy of our guidelines, as well as the proxy voting records for that client’s securities, by contacting the client service representative responsible for the client’s account.

#### II.PROCEDURES

##### Proxy Voting Guidelines

Jennison has adopted proxy voting guidelines (“Guidelines”) with respect to certain recurring issues. When Jennison is responsible for voting proxies, Jennison considers these guidelines except, where appropriate, when Jennison accepts custom guidelines.

The Guidelines are reviewed annually and as necessary by the Company’s Proxy Voting Committee and Investment Professionals, and are revised when a change is appropriate. The Proxy Team maintains the Guidelines and distributes copies to the Investment Professionals following confirmation of any change. The Guidelines are meant to convey Jennison’s general approach to voting decisions on certain issues. Nevertheless, Investment Professionals are responsible for reviewing all proposals related to fundamental strategies individually and making final decisions based on the merits of each voting opportunity.

If an Investment Professional believes that Jennison should vote in a way that is different from the Guidelines, the Proxy Team is notified. In certain circumstances, an Investment Professional may conclude that different clients should vote in different ways, or that it is in the best interests of some or all clients to abstain from voting. The Proxy Team will notify each Investment Professional’s supervisor of any Guideline overrides authorized by that Investment Professional.

The Proxy Team is responsible for maintaining Investment Professionals’ reasons for deviating from the Guidelines.

##### Client-Specific Voting Mandates

Any client’s specific voting instructions must be communicated or confirmed by the client in writing, either through a provision in the investment advisory contract or through other written correspondence. Such instructions may call for Jennison to vote the client’s securities according to the client’s own voting guidelines, or may indicate that the Company is not responsible for voting the client’s proxies. We try to accommodate such requests where appropriate.

The Proxy Team reviews Client Directed Custom Guidelines and approves operational implementation, and certain instructions may only be implemented on a best efforts basis. The Proxy Team is responsible for communicating such instructions to the third party vendor.

##### Use of a Third Party Voting Service

Jennison has engaged an independent third party proxy voting vendor that provides research and analytical services, operational implementation and recordkeeping and reporting services. The proxy voting vendor will cast votes in accordance with the Company’s Guidelines; however, notwithstanding the Guidelines, Investment Professionals for fundamental strategies are responsible for reviewing the facts and circumstances related to each proposal in order to make all final voting decisions.

The third party proxy voting vendor is responsible for operational implementation of Client Directed Custom Guidelines and Jennison Custom Guidelines (“Client Directed Custom Guidelines and Jennison Custom Guidelines are collectively Custom Guidelines”). The ballots received for clients/accounts with Custom Guidelines will be automatically voted in accordance with the Custom Guideline recommendations by the third party proxy voting vendor.

##### Identifying and Addressing Potential Material Conflicts of Interest

### Jennison Associates, LLC — Continued

There may be instances where Jennison’s interests conflict materially, or appear to conflict materially, with the interests of clients in connection with a proxy vote (a “Material Conflict”). Examples of potential Material Conflicts include, but are not limited to:

- Jennison managing the pension plan of the issuer.
- Jennison or its affiliates have a material business relationship with the issuer.
- Jennison has a material investment in a security that the investment professional who is responsible for voting that security’s proxy also holds the same security personally.

If an Investment Professional or any other employee perceives a Material Conflict, he or she must promptly report the matter to the Chief Compliance Officer.

If the Proxy Voting Committee determines that a Material Conflict is present and if the Investment Professional is recommending a vote that deviates from the Guidelines or there is no specific recommended Guideline vote and decisions are made on a case-by-case basis, then the voting decision must be reviewed and approved by the Investment Professional’s supervisor and the Proxy Committee prior to casting the vote.

Jennison will not abstain from voting a proxy for the purpose of avoiding a Material Conflict.

#### **Quantitatively Derived Holdings and the Jennison Managed Accounts**

In voting proxies for non-fundamental strategies such as quantitatively derived holdings and Jennison Managed Accounts (i.e. “wrap”) where the securities are not held elsewhere in the firm, proxies will be voted utilizing the Guidelines. Additionally, in those circumstances where no specific Guidelines exist, the Company will consider the recommendations of the proxy voting vendor.

#### **International Holdings**

Jennison will exercise opportunities to vote on international holdings on a best efforts basis. Such votes will be cast based on the same principles that govern domestic holdings.

In some countries casting a proxy vote can adversely affect a client, such as countries that restrict stock sales around the time of the proxy vote by requiring “share blocking” as part of the voting process. The Investment Professional covering the issuer will weigh the expected benefits of voting proxies on international holdings against any anticipated costs or limitations, such as those associated with share blocking. Jennison may abstain from voting if it anticipates that the costs or limitations associated with voting outweigh the benefits.

#### **Securities Lending**

Jennison may be unable to vote proxies when the underlying securities have been lent out pursuant to a client’s securities lending program. The Company does not know when securities are on loan and are therefore not available to be voted. In rare circumstances, Investment Professionals may ask the Proxy Team to work with the client’s custodian to recall the shares so that Jennison can vote. Efforts to recall loaned securities are not always effective since such requests must be submitted prior to the record date for the upcoming proxy vote; therefore voting shares on loan is on a best efforts basis. In determining whether to call back securities that are out on loan, the Investment Professional will consider whether the benefit to the client in voting the matter outweighs the benefit to the client in keeping the security out on loan.

#### **Disclosure to Advisory Clients**

Jennison will provide a copy of these Policies and Procedures and the Guidelines to any client upon request. The Company will also provide any client with information about how Jennison has voted that client’s proxies upon request. Any such requests should be directed to the client service representative responsible for the client’s account who will coordinate with the Proxy Team.

#### **Compliance Reporting for Investment Companies**

Upon request, the Proxy Team will provide to each investment company for which Jennison acts as sub-adviser reporting needed to satisfy their regulatory and board requirements, including, but not limited to, information required for Form NP-X.

### **III. INTERNAL CONTROLS**

#### **Supervisory Notification**

The Proxy Team will notify each Investment Professional’s supervisor of any Guideline overrides authorized by that Investment Professional. The supervisor reviews the overrides ensuring that they were made based on clients’ best interests, and that they were not influenced by any Material Conflict or other considerations.

#### **The Proxy Voting Committee**

## APPENDIX A – PROXY VOTING

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### Jennison Associates, LLC — Continued

The Proxy Voting Committee consists of representatives from Operations, Operational Risk, Legal, and Compliance. It meets at least quarterly, and has the following responsibilities:

- Review potential Material Conflicts and decide whether a material conflict is present, and needs to be addressed according to these policies and procedures.
- Review proposed amendments to the Guidelines in consultation with the Investment Professionals and make revisions as appropriate.
- Review these Policies and Procedures annually for accuracy and effectiveness, and recommend and adopt any necessary changes.
- Review all Guideline overrides.
- Review quarterly voting metrics and analysis published by the Proxy Team.
- Review accuracy of the application of Custom Guidelines
- Review the performance of the proxy voting vendor and determine whether Jennison should continue to retain their services.
- The Committee will consider the following factors while conducting their review:
  - Accuracy and completeness of research reports.
  - Engagement with issuers.
  - Potential conflicts of interest.
- Overall administration of Jennison’s proxy voting recommendations.

### IV. ESCALATING CONCERNS

Any concerns about aspects of the policy that lack specific escalation guidance may be reported to the reporting employee’s supervisor, the Chief Compliance Officer, Chief Legal Officer, Chief Risk Officer, Chief Ethics Officer, Chief Operating Officer or Chief Executive Officer. Alternatively Jennison has an Ethics Reporting Hotline phone number and email address that enable employees to raise concerns anonymously. Information about the Ethics Reporting Hotline phone number and email address can be found on the Jennison intranet’s “Ethics” web page.

### V. DISCIPLINE AND SANCTIONS

All Jennison employees are responsible for understanding and complying with the policies and procedures outlined in this policy. The procedures described in this policy are intended to ensure that Jennison and its employees act in full compliance with the law. Violations of this policy and related procedures will be communicated to your supervisor and to senior management through Jennison’s Compliance Council, and may lead to disciplinary action.

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### LSV Asset Management

#### Proxy Voting

LSV’s proxy voting responsibilities on behalf of a client’s account are expressly stated in the applicable agreement with such client. If LSV is responsible for voting proxies, the agreement with each client will typically state whether the votes will be cast in accordance with this proxy voting policy or in accordance with the client’s proxy voting policy. In either case, LSV will make appropriate arrangements with each account custodian to have proxies forwarded on a timely basis, and will endeavor to correct delays or other problems relating to timely delivery of proxies and proxy materials to the extent it is aware of such delays or problems. If the client elects to retain proxy voting responsibility, LSV will have no involvement in the proxy voting process for that client.

To satisfy its fiduciary duty in making any voting determination, an investment adviser must make the determination in the best interests of the client and must not place the investment adviser’s own interests ahead of the interests of the client. In addition, with respect to Employee Retirement Income Security Act of 1974 (“ERISA”) plan clients, LSV is required to consider those factors that may affect the value of the client’s investment and may not subordinate the interests of the participants and beneficiaries in their retirement income or financial benefits under the plan to any other objective, or promote benefits or goals unrelated to those financial interests of the plan’s participants and beneficiaries.

In general, LSV’s quantitative investment process does not provide output or analysis that would be functional in analyzing proxy issues. As a result, LSV does not consider proxy voting to be a material factor in its investment strategy or results. LSV, therefore, has retained an expert independent third party to assist in proxy voting, currently Glass Lewis & Co. (“GLC”). LSV’s selection of GLC was made after careful consideration of GLC’s proxy voting services, including related voting policies and expertise. GLC implements LSV’s proxy voting process, develops proxy voting guidelines, and provides analysis of proxy issues on a case-by-case basis. Where LSV has been responsible for voting proxies for a client, LSV votes in accordance with GLC’s standard guidelines, as updated from time to time, which can be found at <https://www.glasslewis.com/guidelines>. For new clients who wish

to make LSV responsible for voting proxies, LSV intends to vote in accordance with GLC's climate guidelines, as updated from time to time, which are described by GLC at <https://www.glasslewis.com/climate-policy>, and which may be obtained from LSV and applied to existing clients' accounts upon request. LSV describes available GLC guidelines to clients on at least an annual basis. Those guidelines generally are aligned with LSV's investment goals, and LSV's use of GLC, therefore, is not a delegation of LSV's fiduciary obligation to vote proxies for clients. GLC's guidelines have been developed based on, among other things, GLC's focus on facilitating shareholder voting in favor of governance structures that drive performance and create shareholder value. LSV believes that GLC's guidelines are reasonably designed to ensure that proxies are voted in the best interests of LSV's clients. Although it is expected to be rare, LSV reserves the right to vote issues contrary to, or issues not covered by, GLC's guidelines when LSV believes it is in the best interests of the client and LSV does not have a material conflict of interest. In certain circumstances, clients are permitted to direct their vote in a particular solicitation. Direction from a client on a particular proxy vote will take precedence over GLC's guidelines. Where the client has engaged LSV to vote proxies and has also provided proxy voting guidelines to LSV, those guidelines will be followed with the assistance of GLC.

GLC assists LSV with voting execution, including through an electronic vote management system that allows GLC to: (1) populate each client's votes shown on GLC's electronic voting platform with GLC's recommendations under applicable guidelines ("pre-population"); and (2) automatically submit the client's votes to be counted ("automated voting"). There will likely be circumstances where, before the submission deadline for proxies to be voted at the shareholder meeting, an issuer intends to file or has filed additional soliciting materials with the SEC regarding a matter to be voted upon. It is possible in such circumstances that LSV's use of pre-population and automated voting could result in votes being cast that do not take into account such additional information. In order to address this concern, GLC actively monitors information sources for supplemental or updated information and has in place a system to allow for issuer feedback on its voting recommendations. Such updated information and feedback is considered by GLC and voting recommendations are modified as appropriate. LSV's pre-populated votes would then also be automatically updated. GLC's processes in this area are part of LSV's review of their services as described below.

LSV conducts a number of periodic reviews to seek to ensure votes are cast in accordance with this policy and applicable GLC guidelines. In addition, on a semi-annual basis, LSV requires GLC to, among other things, provide confirmations regarding its policies and procedures and reporting on any changes to such policies and procedures. As part of such semi-annual process, LSV also obtains information regarding the capacity and competency of GLC to provide proxy advisory services to LSV.

In the voting process, conflicts can arise between LSV's interests and that of its clients, or between clients' interests due to each client's objectives. In such situations, LSV will continue to vote the proxies in accordance with the recommendations of GLC based on each client's applicable guidelines. A written record will be maintained explaining the reasoning for the vote recommendation. LSV also monitors GLC's conflicts of interest policies and procedures on a periodic basis.

LSV may be unable or may choose not to vote proxies in certain situations. For example, and without limitation, LSV may refrain from voting a proxy if (i) the cost of voting the proxy exceeds the expected benefit to the client, (ii) LSV is not given enough time to process the vote, (iii) voting the proxy requires the security to be "blocked" or frozen from trading or (iv) it is otherwise impractical or impossible to vote the proxy, such as in the case of voting a foreign security that must be cast in person.

Clients may receive a copy of this proxy voting policy and LSV's voting record for their account by request. In addition, clients are sent a copy of their respective guidelines and a summary of other available options on an annual basis and may elect to change their guidelines at any time. LSV will additionally provide any mutual fund for which LSV acts as adviser or sub-adviser, a copy of LSV's voting record for the fund so that the fund may fulfill its obligation to report proxy votes to fund shareholders.

LSV may modify this policy and use of GLC from time to time.

#### Recordkeeping

LSV will retain:

1. Copies of its proxy voting policies and procedures.
2. A copy of each proxy statement received regarding client securities (maintained by the proxy voting service and/or available on EDGAR).
3. A record of each vote cast on behalf of a client (maintained by the proxy voting service).



## APPENDIX A – PROXY VOTING

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### LSV Asset Management — Continued

4. A copy of any document created that was material to the voting decision or that memorializes the basis for that decision (maintained by the proxy voting service).
5. A copy of clients' written requests for proxy voting information and a copy of LSV's written response to a client's request for proxy voting information for the client's account.

LSV will ensure that it may obtain access to the proxy voting service's records promptly upon LSV's request.

The above listed information is intended to, among other things, enable clients to review LSV's proxy voting procedures and actions taken in individual proxy voting situations.

LSV will maintain required materials in an easily accessible place for not less than five years from the end of the fiscal year during which the last entry took place.

#### Consideration of Environmental, Social and Governance Factors

LSV became a signatory to the Principles for Responsible Investment ("PRI") in April 2014. GLC is also a signatory to the PRI. The PRI provides a framework, through its six principles, for consideration of environmental, social and governance ("ESG") factors in portfolio management and investment decision-making. The six principles ask an investment manager, to the extent consistent with its fiduciary duties, to seek to: (1) incorporate ESG issues into investment analysis and decision-making processes; (2) be an active owner and incorporate ESG issues into its ownership policies and practices; (3) obtain appropriate disclosure on ESG issues by the entities in which it invests; (4) promote acceptance and implementation of the PRI principles within the investment industry; (5) work to enhance its effectiveness in implementing the PRI principles; and (6) report on its activities and progress toward implementing the PRI principles. Voting in favor of effective disclosure and governance of ESG issues is incorporated into GLC's standard guidelines, as well as a supplement GLC maintains for shareholder initiatives. GLC's climate guidelines are substantially similar, but go further to encourage enhanced disclosure of climate-related governance measures, risk mitigation, and metrics or targets. Through utilizing these GLC guidelines, LSV incorporates ESG issues into its proxy voting decision-making processes. Further, through GLC, LSV is able to offer ESG-focused guidelines that include an additional level of analysis on behalf of clients seeking to vote to encourage company actions that are consistent with widely-accepted enhanced ESG practices.

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### Marathon Asset Management Limited

#### GENERAL

Marathon considers that the ability to influence management is an integral part of the investment management function. Marathon strongly adheres to the policy that good corporate governance is totally consistent with enhancing shareholder value. It is Marathon's policy to exercise voting rights wherever it is practical to do so and if permitted under a client's IMA/IAA.

A Proxy Voting Dashboard is available on the Marathon Asset Management website showing our vote history with a 180-day lag. Marathon has also been a member of the Principles for Responsible Investment since January 2019. Separately, the firm is a signatory to the UK Stewardship Code by the UK's Financial Reporting Council. Marathon is also a signatory to the Japanese Stewardship Code.

#### PROXY ADVISORS

In order to facilitate the proxy voting process, Marathon Asset Management has retained Institutional Shareholder Services ("ISS") as an expert in the proxy voting and corporate governance area. ISS are an independent proxy advisor firm who specialize in providing a variety of fiduciary-level proxy advisory and voting services.

ISS also assist the firm by developing and updating their own set of guidelines which are incorporated into our guidelines by reference. They provide research and analysis on stock within all of Marathon's portfolios, they will vote the ballots through their online portal and will give recommendations based on each agenda item compiled by their analysts in each region.

Marathon does not automatically accept the pre-populated responses input by ISS, nor automatically submits the clients' votes. Instead all proxy events & supporting documentation (including internal research) are reviewed by the relevant portfolio manager(s)/analyst(s) for their consideration. Each PM has the option to accept the ISS recommendation, or to vote against the rationale provided by ISS. In these cases, a written explanation on the reasons to vote against the recommendation will be retained. This will include any new information filed by an issuer that may impact their decision. Typically, Marathon aims to submit a response at the date of the earliest custodian date (not ISS date, which can be later). If it becomes apparent that new information is about to be filed by an issuer that could have a significant bearing on the proxy voting decision, the team responsible for submitting Marathon's response would be asked to reach out to the relevant custodian to discuss delaying submission.

Written confirmation of the portfolio managers' decision with regards to a proxy voting matter is received in writing by the relevant team, prior to submission via the ISS platform. In extremis, if matters materially altered as a result of information released by the issuer and Marathon had already filed, the relevant team would look to re-submit, talking to custodians as needed.

Where possible, all agenda items will be voted on a case by case basis with no pre-defined policy on how to vote certain events with PMs following any pre-defined client instructions accordingly. Marathon may engage with clients where voting authority has been retained by the client in order to discuss Marathon's view on a matter. Separately, on any contentious issue Marathon may also look to contact clients to ensure their respective custodian recalls and restrict any stock on loan to enable all share to be voted. Note: Marathon's overriding objective when investing or voting proxies is to achieve economic benefit for our clients within their agreed risk parameters. Portfolio Managers will expressly prioritize these economic aims over unrelated objectives which would lead them either to sacrifice investment return or take on additional investment risk to promote non-pecuniary goals.

The decision by Marathon to retain ISS is reviewed each year with input from investment managers, compliance and the proxy voting team. This review precedes the annual service review.

### **PROXY VOTING PROCESS**

In addition to providing advice on specific policy voting issues, ISS also coordinate the actual exercise of the proxy vote. This entails receiving voting instructions from Marathon and transmitting them to each clients' custodian for processing.

Marathon's proxy team have access to the ISS web platform where ballots are collated from each custodian and linked to the appropriate meeting. These meetings are monitored and recorded in a central spreadsheet. Once the research has been updated, it will be sent to the Investment Manager to solicit their response by the stated deadline. From time to time, proxy votes will be solicited which involves special circumstances and require additional research and discussion. Any additional discussion may be conducted as soon as practical and with best endeavors before the ballot deadlines.

ISS provides a full reporting facility to Marathon detailing voting recommendations and actual votes transmitted to custodians; this reporting is available to clients on request. Marathon's voting history is also published on its website 180 days after the meeting.

There may, from time to time, be instances when votes cast by Marathon on a client's behalf are rejected. This could be for various reasons outside of Marathon's control; including missing documentation that needs to be provided by the beneficial owner e.g. there are some countries that require Power of Attorney documentation which authorizes a local agent to facilitate the voting instruction on behalf of the client in the local market. If the appropriate documentation is not available for use, a vote instruction may be rejected. On a best efforts basis, Marathon requests custodians to provide a list of missing POAs for each of our clients on an annual basis to avoid these issues.

Quarterly checks are also completed across different markets and mandates to ensure ballots are being received from the custodian. Quarterly checks on voting will also be conducted by Risk to ensure accuracy and to flag any concerns or breaches to this policy.

### **SPECIAL CIRCUMSTANCES**

Marathon considers their ability to engage with management of companies in which it invests carefully but also considers the right to be able to call a special meeting an important stewardship tool. As such, Marathon may from time to time, either independently or in collaboration with other shareholders call for special meetings.

### **CONFLICTS OF INTEREST**

Occasions may arise during the voting process where a potential conflict of interest could arise. Such conflicts could include: (i) where portfolio managers have opposing views in connection with voting shares of a company they are both invested in; (ii) where Marathon has a separate material relationship with, or is soliciting business from, a company lobbying for proxies; or (iii) where a personal relationship exists, such as where a friend or relation is serving as a director of a company soliciting proxies. A conflict could also exist if a material business relationship exists with a proponent or opponent of a particular initiative. Where Marathon identifies a material conflict of interest, the team involved will raise the matter with Compliance. Such reporting will include full details of the issue including why the conflict is deemed material with confirmation how the proxy vote is to be undertaken in the best interests of all clients thereby helping to mitigate any conflict identified.

## APPENDIX A – PROXY VOTING

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### Sands Capital Management, LLC

Rule 206(4)-6 under the Advisers Act requires registered investment advisers to adopt and implement written policies and procedures reasonably designed to ensure advisers vote proxies in the best interest of their clients. The procedures must address material conflicts that may arise in connection with proxy voting. Rule 206(4)-6 further requires advisers to describe to clients their proxy voting policies and procedures and to provide copies of such policies and procedures to clients upon their request. Lastly, the Rule requires advisers to disclose how clients may obtain information on how the adviser voted their proxies.

To comply with Rule 206(4)-6, Sands Capital Management, LLC (“SCM”) has adopted and implemented this Policy and the procedures described herein.

### **POLICY**

SCM’s policy is to vote client proxies in the best interest of its clients. Proxies are an asset of a client, which must be treated by SCM with the same care, diligence and loyalty as any asset belonging to a client. In voting proxies SCM should consider the short- and long-term implications of each proposal. In voting proxies, SCM typically is neither an activist in corporate governance nor an automatic supporter of management. However, because SCM believes that the management teams of most companies it invests in generally seek to serve shareholder interests, SCM believes that voting proxy proposals in the client’s best economic interests usually means voting with the recommendations of these management teams. Any specific voting instructions provided by an advisory client or its designated agent in writing will supersede this Policy. Clients with their own general or specific proxy voting and governance policies may wish to have their proxies voted by an independent third party or other named fiduciary or agent, at the client’s expense.

### **PROXY COMMITTEE**

SCM has established a Proxy Committee, which consists of five permanent members: the Chief Administrative Officer (“CAO”), the Chief Compliance Officer (“CCO”), a Director of Client Relations, the Director of ESG Research, and a member of the Directing Research Team (the “DRT”). The Proxy Committee meets at least annually, and as necessary to fulfill its responsibilities. A majority of the members of the Proxy Committee constitutes a quorum for the transaction of business. The CAO or designee acts as secretary of the Proxy Committee and maintains a record of Proxy Committee meetings and actions.

The Proxy Committee is responsible for: (i) the oversight and administration of proxy voting on behalf of SCM’s clients, including developing, authorizing, implementing and updating this Policy and the procedures described herein; (ii) overseeing the proxy voting process, including reviewing reports on proxy voting activity at least annually, and as necessary, to fulfill its responsibilities; and (iii) engaging and overseeing third-party service provider(s), as necessary or appropriate, to ensure SCM receives the applicable proxy statements or to provide SCM information, research or other services to facilitate SCM’s proxy voting decisions.

The Proxy Committee has developed a set of criteria to be used when evaluating proxy issues. These criteria and general proxy voting guidelines are set forth in the Proxy Voting Guidelines, which are attached hereto as Attachment A (the “Guidelines”). The Proxy Committee may amend or supplement the Guidelines from time to time. All Guidelines are to be applied generally and not absolutely, such that the evaluation of each proposal incorporates considerations specific to the company whose proxy is being voted.

### **RETENTION AND OVERSIGHT OF PROXY ADVISORY FIRMS**

Institutional Shareholder Service (ISS), Glass Lewis, and Stakeholders Empowerment Services (SES) (“Proxy Research Providers”) re independent advisers that specialize in providing a variety of fiduciary-level proxy-related services to institutional investment managers, plan sponsors, custodians, consultants, and other institutional investors. The services provided may include in-depth research, global issuer analysis and voting recommendations. SCM has retained Proxy Research Providers to analyze proxy issues and to make vote recommendations on those issues. While we review the recommendations of one or more Proxy Research Providers in making proxy voting decisions, we are in no way obligated to follow such recommendations. SCM votes all proxies based on its own proxy voting policies in the best interests of clients. In addition to research, ISS provides vote execution, reporting, and recordkeeping services to SCM. As part of SCM’s ongoing oversight responsibilities, SCM performs periodic due diligence on the Proxy Research Providers.

### **PROCEDURES FOR IDENTIFICATION AND VOTING OF PROXIES**

The following procedures are designed to resolve material conflicts of interest before voting client proxies.

1. SCM maintains a list of all clients for which it votes proxies. The list may be maintained either in hard copy or electronically, and is updated by the Investment Operations Team, which obtains proxy voting information from client agreements or internal account onboarding documentation.

## APPENDIX A – PROXY VOTING

### Sands Capital Management, LLC — Continued

2. As part of the account opening procedure, the Investment Operations Team will note whether or not SCM is responsible for voting proxies for the client.
3. Where SCM has the authority to vote proxies, the Investment Operations and Client Relations Teams will work with the client to ensure that SCM is designated to receive proxy voting materials from companies or intermediaries.
4. SCM has retained one or more third parties to assist in the coordination, voting and recordkeeping of proxies (see Retention and Oversight of Proxy Advisory Firms).
5. The CAO, through a proxy voting designee working as a proxy administrator, receives all proxy voting materials and has overall responsibility for ensuring that proxies are voted and submitted in a timely manner.
6. SCM's Investment Research Team (the "Research Team") is responsible for reviewing proxy proposals for portfolio securities. Prior to a proxy voting deadline, the appropriate Research Team member will decide as how to vote each proxy proposal based on his or her analysis of the proposal and the Guidelines. In evaluating a proxy proposal, a Research Team member may consider information from a number of sources, including management of the company, shareholder groups and independent proxy research services.
7. If the Research Team or Proxy Administrator becomes aware of potential factual errors, incompleteness or methodological weaknesses in the Proxy Research Providers analysis, they must escalate this issue to the CAO or CCO.
8. SCM believes that engagement with issuers is important to good corporate governance and to assist in making proxy voting decisions. SCM may engage with issuers to discuss specific ballot items to be voted on in advance of an annual or special meeting to obtain further information or clarification on the proposals. SCM may also engage with management on a range of environmental, social or corporate governance issues throughout the year.
9. SCM Staff Members involved in the process are responsible for assessing whether there is any material conflict between the interests of SCM or its affiliates or associates and the interests of its clients with respect to proxy voting by considering the situations identified in the Conflicts of Interest section of this Policy.
10. If no material conflicts of interest have been identified, SCM will vote proxies according to this Policy (including by not voting if SCM deems that to be in its clients' best interest).
11. Upon detection of a conflict of interest, the conflict will be brought to the attention of the Proxy Committee for resolution. See Conflicts of Interest section for additional information.
12. SCM is not required to vote every client proxy provided that electing not to vote is consistent with SCM's fiduciary obligations. SCM shall at no time ignore or neglect its proxy voting responsibilities. However, there may be times when refraining from voting is in the client's best interest, such as when an analysis of a particular client proxy reveals that the cost of voting the proxy may exceed the expected benefit to the client. See Proxies of Certain Global Issuers below.
13. SCM may process certain proxies without voting them or may systematically vote with management. Examples include, without limitation, proxies issued by companies SCM has decided to sell, proxies issued for securities that SCM did not select for a client portfolio, such as, securities that were selected by a previous adviser, unsupervised or non-managed securities held in a client's account (such as ETFs), money market securities, or other securities selected by clients or their representatives other than SCM.
14. In the event that SCM votes the same proxy in two directions, it shall maintain documentation to support its voting (this may occur if a client requires SCM to vote a certain way on an issue, while SCM deems it beneficial to vote in the opposite direction for its other clients) in SCM's files.
15. The CAO and the applicable Research Team member must report any attempts by SCM's personnel to influence the voting of client proxies in a manner that is inconsistent with this Policy, as well as any attempts by persons or entities outside SCM seeking to influence the voting of client proxies. Reporting shall be made to the CCO, or if the CCO is the person attempting to influence the voting, then to SCM's General Counsel.
16. All proxy votes will be recorded and the following information must be maintained:
  - The name of the issuer of the portfolio security;
  - The security identifier of the portfolio holding.
  - The Council on Uniform Securities Identification Procedures ("CUSIP") or similar number, in each case, if any, for the security;

## APPENDIX A – PROXY VOTING

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### Sands Capital Management, LLC — Continued

- The shareholder meeting date;
- The number of shares SCM is voting firm-wide;
- A brief identification of the matter voted on;
- Whether the matter was proposed by the issuer or by a security holder;
- Whether or not SCM cast its vote on the matter;
- How SCM voted (e.g., for or against proposal, or abstain; for or withhold regarding election of directors);
- Whether SCM cast its vote with or against management; and
- Whether any client requested an alternative vote of its proxy.

### SECURITIES LENDING

If a client participates in a securities lending program, SCM will not be able to vote the proxy of the shares out on loan. SCM will generally not seek to recall for voting the client shares on loan. However, under rare circumstances, for voting issues that may have a particularly significant impact on the investment (a “Significant Event”), SCM may request a client to recall securities that are on loan if SCM determines that the benefit of voting outweighs the costs and lost revenue to the client and the administrative burden of retrieving the securities. The Research Team member who is responsible for voting the proxy will notify the Proxy Committee in the event they believe a recall of loaned securities is necessary.

In determining whether a recall of a security is warranted, SCM will take into consideration whether the benefit of the vote would be in the client’s best interest despite the costs and the lost revenue to the client and the administrative burden of retrieving the securities. SCM may use third-party service providers to assist it in identifying and evaluating whether an event constitutes a Significant Event. From time to time, the Proxy Committee will deem certain matters to be Significant Events and will adjust the foregoing standard accordingly.

### PROXIES OF ISSUERS IN CERTAIN COUNTRIES

It is SCM’s policy to seek to vote all proxies for client securities over which it has proxy voting authority where SCM can reasonably determine that voting such proxies will be in the best interest of its clients.

Voting proxies of issuers in certain countries may give rise to a number of administrative or operational issues that may cause SCM to determine that voting such proxies are not in the best interest of its clients or that it is not reasonably possible to determine whether voting such proxies will be in the best interests of its clients. While not exhaustive, the following list of considerations highlights some potential instances in which a proxy vote might not be entered.

- SCM may receive meeting notices without enough time to fully consider the proxy or after the cut-off date for voting.
- A market may require SCM to provide local agents with a power of attorney or consularization prior to implementing SCM’s voting instructions.
- Proxy materials may not be available in English.
- SCM may be unable to enter an informed vote in certain circumstances due to the lack of information provided in the proxy statement or by the issuer or other resolution sponsor.
- Proxy voting in certain countries may require “share blocking.” In such cases, shareholders wishing to vote their proxies must deposit their shares shortly before the date of the meeting with a designated depository. During this blocking period, shares that will be voted at the meeting cannot be sold until the meeting has taken place and the shares are returned to the clients’ custodian banks. Absent compelling reasons to the contrary, SCM believes that the benefit to the client of exercising the vote is outweighed by the cost of voting (i.e., not being able to sell the shares during this period). Accordingly, if share blocking is required SCM generally elects not to vote those shares. The applicable Research Team member in conjunction with the Proxy Committee retains the final authority to determine whether to block the shares in the client’s portfolio or to pass on voting the meeting.

The rationale for not voting a client proxy must be documented and the documentation must be maintained in SCM’s files.

### CONFLICTS OF INTEREST

The following potential conflicts of interest have been identified:

- SCM provides services to an institutional client or is in the process of being engaged to provide services to an institutional client that is affiliated with an issuer that is held in the SCM’s client

portfolios. For example, SCM may be retained to manage Company A's pension fund, where Company A is a public company and SCM's client accounts hold shares of Company A. Another example is SCM's clients may hold an investment in an issuer affiliated with an adviser of a fund vehicle sub-advised by SCM.

- SCM provides services to an individual, or is in the process of being engaged to provide services to an individual, who is an officer or director of an issuer that is held in SCM's client portfolios;
- A Staff Member maintains a personal or business relationship (not an advisory relationship) with issuers or individuals that serve as officers or directors of issuers. For example, the spouse of a Staff Member may be a high-level executive of an issuer that is held in SCM's client portfolios. The spouse could attempt to influence SCM to vote in favor of management; and
- SCM or a Staff Member personally owns a significant number of an issuer's securities that are also held in SCM's client portfolios. The Staff Member may seek to vote proxies in a different direction for his or her personal holdings than would otherwise be warranted by this Policy. The Staff Member could oppose voting the proxies according to the policy and successfully influence SCM to vote proxies in contradiction to this Policy.
- The issuer is a vendor whose products or services are material or significant to the business of to the business of SCM or its affiliates.

Due to the difficulty of predicting and identifying all material conflicts, Staff Members are responsible for notifying the CAO or the CCO of any material conflict that may impair SCM's ability to vote proxies in an objective manner. Upon such notification, the CAO or the CCO will notify the Proxy Committee of the conflict.

In the event that the Proxy Committee determines that SCM has a conflict of interest with respect to a proxy proposal, the Proxy Committee will also determine whether the conflict is "material" to that proposal. The Proxy Committee may determine on a case-by-case basis that a particular proposal does not involve a material conflict of interest. To make this determination, the Proxy Committee must conclude that the proposal is not directly related to SCM's conflict with the issuer. If the Proxy Committee determines that a conflict is not material, then SCM may vote the proxy in accordance with the recommendation of the relevant Research Team member.

In the event that the Proxy Committee determines that SCM has a material conflict of interest with respect to a proxy proposal, SCM will vote on the proposal in accordance with the determination of the Proxy Committee. Prior to voting on the proposal, SCM may: (i) contact an independent third party (such as another plan fiduciary) to recommend how to vote on the proposal and vote in accordance with the

recommendation of such third party (or have the third party vote such proxy); or (ii) with respect to clients that are not subject to ERISA, fully disclose the nature of the conflict to the client and obtain the client's consent as to how SCM will vote on the proposal (or otherwise obtain instructions from the client as to how to vote the proxy).

### **RECORDKEEPING**

SCM must maintain the documentation described in the following section for a period of not less than five years in an easily accessible place, the first two years at its principal place of business. The CAO will be responsible for the following procedures and for ensuring that the required documentation is retained.

#### Outside third party request to review proxy votes:

- Staff Members must be thoughtful and cautious in sharing how SCM plans to vote its clients' proxies. Until the vote has been cast and the relevant shareholder meeting has transpired, SCM generally treats information about SCM's voting as confidential. Staff Members may not disclose SCM's vote prior to the meeting or commit to any third party to vote a certain way without the prior consent of the CCO or General Counsel. Notwithstanding the previous sentence, Staff Members are permitted to prudently express SCM's thoughts or opinions on topics in discussions with the relevant companies, advisors (3rd party research providers), and other shareholders prior to voting as a part of SCM's ongoing education and engagement.
- Once the vote has been cast and the relevant shareholder meeting has transpired, analysts can choose to share how SCM voted with the relevant company or other shareholders, if necessary, as part of SCM's ongoing engagement with management and the company's shareholder base.
- All disclosures of votes in response to requests for vote information not originating from the company must be approved by the CAO prior to the disclosure of the vote. All written requests

## APPENDIX A – PROXY VOTING

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### Sands Capital Management, LLC — Continued

must be retained in the permanent file. The CAO or designee will record the identity of the outside third party, the date of the request, and the disposition (e.g., provided a written or oral response to client's request, referred to third party, not a proxy voting client, other dispositions, etc.) in a suitable place.

- As is consistent with SCM's Advertising and Marketing Policy, all Staff Members must refer inquiries from the press to the Director, Portfolio Analysis and Communications.

#### Proxy statements received regarding client securities:

- Proxy statements must be maintained in accordance with this Policy.

**Note:** SCM is permitted to rely on proxy statements filed on the SEC's EDGAR system instead of keeping its own copies.

#### Proxy voting records:

- Documents prepared or created by SCM that were material to deciding on how to vote, or that memorialized the basis for the decision, must be maintained in accordance with this Policy.
- Documentation or notes or any communications received from third parties, other industry analysts, third-party service providers, company's management discussions, etc. that were material in the basis for the decision, must be maintained in accordance with this Policy.
- Clients may request their proxy voting record for the 5-year period prior to their request. Records prior to that 5-year request will be provided on a best efforts basis.

### DISCLOSURE

SCM will ensure that Part 2A of Form ADV is updated as necessary to reflect: (i) all material changes to this Policy and the procedures described herein; and (ii) information about how clients may obtain information on how SCM voted their securities. In addition, certain voting records are available on SCM's website at [www.sandscapital.com](http://www.sandscapital.com).

### RESPONSIBILITY

The CAO is responsible for overseeing and implementing this Policy.

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### Westfield Capital Management Company, L.P.

### INTRODUCTION

Westfield will offer to vote proxies for all client accounts. Westfield believes that the voting of proxies can be an important tool for investors to promote best practices in corporate governance. Therefore, Westfield seeks to vote all proxies in the best interest of our clients which includes ERISA plan participants and beneficiaries, as applicable. Westfield also recognizes that the voting of proxies with respect to securities held in client accounts is an investment responsibility having economic value. Based on this, Westfield votes all ballots received for client accounts and covers all costs associated with voting proxy ballots.

In accordance with Rule 206(4)-6 under the Investment Advisers Act of 1940 (the "Act"), Westfield has adopted and implemented policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interest of our clients. Westfield's authority to vote proxies for our clients is established in writing, usually by the investment advisory contract. Clients can change such authority at any time with prior written notice to Westfield. Clients can also contact their Marketing representative or the Operations Department ([wcmops@wcmgmt.com](mailto:wcmops@wcmgmt.com)) for a report of how their accounts' securities were voted.

### OVERSIGHT OF PROXY VOTING FUNCTION

Westfield has engaged a third-party service provider, Institutional Shareholder Services, Inc. (the "vendor"), to assist with proxy voting. Westfield's Operations Proxy team (the "Proxy team") will:

- oversee the vendor; this includes performing annual audits of the proxy votes and conducting annual due diligence;
- ensure required proxy records are retained according to applicable rules and regulations and internal policy;
- distribute proxy reports prepared by the vendor for internal and external requests;
- review the proxy policy and voting guidelines at least annually; and
- identify material conflicts of interest that may impair Westfield's ability to vote shares in our clients' best interest.

### **PROXY VOTING GUIDELINES**

Westfield utilizes the vendor's proxy voting guidelines, which consider market-specific best practices, transparency, and disclosure when addressing shareholder matters. Westfield does not select a client's voting policy. Clients must choose the policy that best fits their requirements. Clients may choose to vote in accordance with the vendor's U.S. proxy voting guidelines (i.e., Standard Guidelines), Taft-Hartley guidelines which are in full conformity with the AFL-CIO's proxy voting guidelines, Socially Responsible Investing Guidelines ("SRI") or Sustainability Guidelines. A summary of ISS' voting guidelines is located at the end of this policy.

The vendor reviews the above listed policies annually to ensure they are still considering market-specific best practices, transparency, and disclosure when addressing shareholder matters. Westfield reviews these changes annually to ensure they are in our clients' best interests.

Generally, information on Westfield's proxy voting decisions or status of votes will not be communicated or distributed to external solicitors. On occasion, Westfield may provide such information to solicitors if we believe a response will benefit our clients or a response is requested from the Westfield security analyst or portfolio manager.

### **PROXY VOTING PROCESS**

The vendor tracks proxy meetings and reconciles proxy ballots received for each meeting. Westfield will use best efforts in obtaining any missing ballots; however, we vote only those proxy ballots the vendor has received. For any missing ballots, the vendor and/or Westfield will contact custodians to locate such missing ballots. Since there can be many factors affecting proxy ballot retrieval, it is possible that Westfield will not receive a ballot in time to place a vote. Clients who participate in securities lending programs should be aware that Westfield will not call back any shares on loan for proxy voting purposes. However, Westfield could request a client call back shares if we determine there is the potential for a material benefit in doing so.

For each meeting, the vendor reviews the agenda and applies a vote recommendation for each proposal based on the written guidelines assigned to the applicable accounts. Proxies will be voted in accordance with the guidelines, unless the Westfield analyst or portfolio manager believes that following the vendor's guidelines would not be in the clients' best interests.

With limited exceptions, an analyst or portfolio manager may request to override the Standard or the Sustainability Guidelines at any time on or before the meeting cutoff date. In addition, certain proxy ballots (e.g., contentious proposals) may necessitate further review from the analyst or portfolio manager. The Proxy team will attempt to identify such ballots and bring them to the analyst's or portfolio manager's attention. If the analyst or portfolio manager chooses to vote against the vendor's stated guidelines in any instance, he/she must make the request in writing and provide a rationale for the vote against the stated guidelines. No analyst or portfolio manager overrides are permitted in the Taft-Hartley and SRI guidelines.

### **CONFLICTS OF INTEREST**

Compliance and the Proxy team are responsible for identifying conflicts of interest that could arise when voting proxy ballots on behalf of Westfield's clients. Per Westfield's Code of Ethics and other internal policies, all employees should avoid situations where potential conflicts may exist. Westfield has put in place certain reviews to ensure proxies are voted solely on the investment merits of the proposal. In identifying potential conflicts, Compliance will review many factors, including, but not limited to existing relationships with Westfield or an employee, and the vendor's disclosed conflicts. If an actual conflict of interest is identified, it is reviewed by the Compliance and/or the Proxy teams. If it is determined that the conflict is material in nature, the analyst or portfolio manager may not override the vendor's recommendation. Westfield's material conflicts are coded within the vendor's system. These meetings are flagged within the system to ensure Westfield does not override the vendor's recommendations.

Annually, Westfield will review ISS' policies regarding their disclosure of their significant relationships to determine if there are conflicts that would impact Westfield. Westfield will also review their Code of Ethics which specifically identifies their actual or potential conflicts. During the annual due diligence visit Westfield ensures that ISS still has firewalls in place to separate the staff that performs proxy analyses and research from the members of ISS Corporate Solutions, Inc.

### **PROXY REPORTS**

Westfield can provide account specific proxy reports to clients upon request or at scheduled time periods (e.g., quarterly). Client reporting requirements typically are established during the initial account set-up stage, but clients may modify this reporting schedule at any time with prior written notice to Westfield. The reports will contain at least the following information:

- company name



## APPENDIX A – PROXY VOTING

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### Westfield Capital Management Company, L.P. — Continued

- meeting agenda
- how the account voted on each agenda item
- how management recommended the vote to be cast on each agenda item
- rationale for any votes against the established guidelines (rationale is not always provided for votes that are in-line with guidelines since these are set forth in the written guidelines)

#### RECORDKEEPING

In accordance with Rule 204-2 of the Investment Advisers Act of 1940, proxy voting records will be maintained for at least five years. The following records will be retained by either Westfield or the proxy vendor:

- a copy of the Proxy Voting Policies and Guidelines and amendments that were in effect during the required time period;
- electronic or paper copies of each proxy statement received by Westfield or the vendor with respect to securities in client accounts (Westfield may also rely on obtaining copies of proxy statements from the SEC's Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system);
- records of each vote cast for each client;
- documentation created by Westfield that were material to making a decision on how to vote proxies or memorializes the basis for such decision (basis for decisions voted in line with policy is provided in the written guidelines);
- written reports to clients on proxy voting and all client requests for information and Westfield's response;
- disclosure documentation to clients on how they may obtain information on how Westfield voted their securities





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