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Supplement to Statement of Additional Information dated March 1, 2022

April 25, 2022

Effective April 27, 2022, Harry Gakidis no longer serves as a portfolio manager to Harbor Overseas Fund. All references to Mr. Gakidis in the Statement of Additional Information are hereby removed.

Supplement to Statement of Additional Information dated March 1, 2022

March 18, 2022

On March 15, 2022, the Board of Trustees of Harbor Funds approved the reorganization of the Harbor Strategic Growth Fund (the “Fund”) into the Mar Vista Strategic Growth Fund (the “Acquiring Fund”), a newly created series of Manager Directed Portfolios. The Acquiring Fund will have the same investment objective as the Fund and substantially similar principal investment strategies and limitations. Mar Vista Investment Partners, LLC, the Funds’ subadviser, will continue to act as subadviser to the Fund until the closing of the reorganization and will serve as the investment adviser to the Acquiring Fund.

The reorganization will allow Fund shareholders to retain access to the Fund’s investment strategy and maintain continuity of portfolio management. Under the terms of the agreement and plan of reorganization approved by the Board of Trustees, the Fund will transfer all of its assets and known liabilities to the Acquiring Fund in exchange for shares of the Acquiring Fund. Institutional Class, Investor Class and Retirement Class shareholders of the Fund will receive shares of equivalent share classes of the Acquiring Fund. Administrative Class shares of the Fund will be converted to Institutional Class shares of the Fund at the time of or shortly prior to the closing of the reorganization. Administrative Class shareholders will receive Institutional Class shares of the Acquiring Fund. The reorganization will not affect the value of your account in the Fund at the time of the reorganization. The reorganization is expected to be treated as a tax-free reorganization for U.S. federal tax purposes.

A shareholder meeting for the purpose of voting on the agreement and plan of reorganization is scheduled to be held in June 2022. Assuming shareholders approve the reorganization, the closing of the reorganization is expected to occur in July 2022. Shareholders of record will receive a prospectus/proxy statement prior to the meeting, which will provide further details about the Acquiring Fund, the meeting and the reorganization.

Supplement to Statement of Additional Information dated March 1, 2022

March 18, 2022

Harbor Funds' Board of Trustees has determined to liquidate and dissolve Harbor Focused International Fund (the "Fund"). The liquidation of the Fund is expected to occur on May 31, 2022 (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 May 17, 2022.

STATEMENT OF ADDITIONAL INFORMATION – March 1, 2022

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”).

	Retirement Class	Institutional Class	Administrative Class	Investor Class
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 (formerly, Harbor Bond Fund)	HBFRX	HABDX	HRBDX	--
Harbor Disruptive Innovation Fund (formerly, Harbor Mid Cap Growth Fund)	HNMGX	HAMGX	HRMGX	HIMGX
Harbor Diversified International All Cap Fund	HNIDX	HAIDX	HRIDX	HIIDX
Harbor Emerging Markets Equity Fund	HNEMX	HAEMX	HREMX	HIEEX
Harbor Focused International Fund	HNFRX	HNFSX	HNFDX	HNFIX
Harbor Global Leaders Fund	HNGIX	HGGAX	HRGAX	HGGIX
Harbor High-Yield Bond Fund	HNHYX	HYFAX	HYFRX	HYFIX
Harbor International Fund	HNINX	HAINX	HRINX	HIINX
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 Money Market Fund	--	HARXX	HRMXX	--
Harbor Overseas Fund	HAORX	HAOSX	HAOAX	HAONX
Harbor Small Cap Growth Fund	HNSGX	HASGX	HRSGX	HISGX
Harbor Small Cap Value Fund	HNVRX	HASCX	HSVRX	HISVX
Harbor Strategic Growth Fund	HNGSX	MVSGX	HSRGX	HISWX

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 “Adviser”) serves as investment adviser with respect to the Funds, and may employ one or more subadvisers (each, a “Subadviser”), 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, 2022, as amended or supplemented from time to time. Additional information about each Fund’s investments is available at 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, 34th Floor, Chicago, IL 60606-4302 or by visiting our website at harborcapital.com. The financial statements of the Funds as of and for the period ended October 31, 2021, 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

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 Subadviser and/or the Adviser, 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 Subadviser 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.

80% Requirement

Certain Funds are subject to a policy, applied at the time of each purchase, of investing 80% of the Fund's net assets, plus borrowings for investment purposes, in securities suggested by the Fund's name, 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 the Harbor International Small Cap Fund's 80% policy will be counted for purposes of this policy.

99.5% Requirement

Harbor Money Market Fund has adopted a policy to invest 99.5% or more of the Fund's total assets in cash, "government securities" and/or repurchase agreements that are "collateralized fully" (i.e., collateralized by cash or government securities) so as to qualify as a "government money market fund" under Rule 2a-7 of the Investment Company Act. This policy may be changed by the Fund upon 60 days' advanced notice to the shareholders.

Harbor Money Market Fund may invest up to 0.5% of its total assets in investments other than: (i) cash; (ii) "government securities"; and/or (iii) repurchase agreements that are "collateralized fully," provided that such investments also otherwise comply with the requirements of Rule 2a-7.

"Government securities," generally refers to securities issued or guaranteed by the U.S. government or certain U.S. government agencies or instrumentalities.

INVESTMENT POLICIES

✓ Applicable	Harbor Capital Appreciation Fund	Harbor Convertible Securities Fund	Harbor Core Bond Fund	Harbor Core Plus Fund (formerly, Harbor Bond Fund)	Harbor Disruptive Innovation Fund (formerly, Harbor Mid Cap Growth Fund)	Harbor Diversified International All Cap Fund	Harbor Emerging Markets Equity Fund
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	✓	✓	✓	✓	✓	✓	✓

INVESTMENT POLICIES

✓ Applicable	Harbor Focused International Fund	Harbor Global Leaders Fund	Harbor High-Yield Bond Fund	Harbor International Fund	Harbor International Growth Fund	Harbor International Small Cap Fund	Harbor Large Cap Value Fund
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	✓	✓	✓	✓	✓	✓	✓

INVESTMENT POLICIES

✓ Applicable	Harbor Mid Cap Fund	Harbor Mid Cap Value Fund	Harbor Money Market Fund	Harbor Overseas Fund	Harbor Small Cap Growth Fund	Harbor Small Cap Value Fund	Harbor Strategic Growth Fund
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	✓	✓		✓	✓	✓	✓

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.

INVESTMENT POLICIES

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 Subadviser and/or the Adviser, 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.

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 Subadviser and/or the Adviser, as applicable, than would be the case with investments in investment-grade debt obligations. Each Fund's Subadviser and/or the Adviser, 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 Subadviser and/or the Adviser, 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 Subadviser and/or the Adviser, 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

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

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."

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.

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.

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 each Adviser, Fund's Subadviser(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

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.

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). To the extent that a Fund is committed to advance additional funds, it will segregate cash or liquid securities with the Fund's custodian, or set aside or restrict in the records or systems of the Fund's Subadviser and/or the Adviser, as applicable, relating to the Fund, cash or liquid assets in an amount sufficient to meet such commitments that are marked-to-market daily.

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.

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 Subadviser and/or the Adviser, as applicable, will be wrong. Transactions in derivative instruments often enable a Fund to take investment positions that more precisely reflect the expectations of the Subadviser and/or the Adviser, 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

Derivative Instruments — Continued

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 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.
- **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.

SEC Regulatory Change. In October 2020, the SEC adopted a final rule related to the use of derivatives, reverse repurchase agreements and certain other transactions by registered investment companies that will rescind and withdraw the guidance of the SEC and its staff regarding asset segregation and cover transactions reflected in the Portfolio's asset segregation and cover practices discussed herein. The final rule requires a 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 a Fund satisfies a "limited derivatives users" exception that is included in the final rule. Under the final rule, when a 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 a 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 the new rule regarding the use of securities lending collateral that may limit a Fund's securities lending activities. In addition, under the final rule, a Fund will be 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"). A 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 Funde treats any such transaction as a "derivatives transaction" for purposes of compliance with the final rule. Furthermore, under the final rule, a Fund will be 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.

Compliance with these new requirements will be required after an eighteen-month transition period ending August 19, 2022. Following the compliance date, these requirements may limit the ability of a 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 a Fund's investments and cost of doing business, which could adversely affect investors. The Adviser cannot predict the effects of these regulations and will monitor developments and seek to manage the Fund in a manner consistent with achieving the Fund's investment objectives, but there can be no assurance that it will be successful in doing so.

OPTIONS TRANSACTIONS, FUTURES CONTRACTS AND OPTIONS ON FUTURES CONTRACTS

Options Transactions. Harbor Large Cap Value Fund, Harbor Core Bond Fund, Harbor Core Plus Fund and Harbor High-Yield Bond 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. Harbor Convertible Securities Fund may use options on currencies for cross-hedging purposes and to increase exposure to a foreign currency or to shift exposure to foreign currency fluctuations from one country to another. 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 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.

Each Fund’s 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 Subadviser and/or the Adviser, 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

Derivative Instruments — Continued

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, Harbor Core Plus Fund and Harbor High-Yield Bond 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. Harbor Money Market Fund is not authorized to enter into futures contracts or engage in options transactions with respect to futures contracts. Otherwise, to seek to increase total return or hedge against changes in interest rates, securities prices or currency exchange rates, the Fund may 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 Subadviser and/or the Adviser, 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 Subadviser and/or the Adviser, 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 Subadviser and/or the Adviser, 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, require margin deposits.

Derivative Instruments — Continued

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.

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 or dispose of assets held in a segregated account 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 Adviser and/or Subadviser, 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 a 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.

Derivative Instruments — Continued

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.

Harbor Convertible Securities Fund will only enter into currency swap, cap or floor transactions with counterparties to such transactions that meet the minimum credit quality requirements applicable to the respective Fund generally and meets any other appropriate counterparty criteria as determined by the Fund's Subadviser and/or the Adviser, as applicable. The minimum credit quality requirements for Harbor Convertible Securities Fund are those applicable to the Fund's purchase of securities generally such that if the Fund is permitted to only purchase securities which are rated investment-grade (or the equivalent if unrated), the Fund could only enter into one of the above referenced transactions with counterparties that have debt outstanding that is rated investment-grade (or the equivalent if unrated).

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.

Each Fund's current obligations under a swap agreement are accrued daily (offset against any amounts owed by the counterparty to the Fund) and any accrued but unpaid net amounts owed by a Fund to a counterparty are, pursuant to current SEC regulations, covered by segregating or earmarking Fund assets determined to be liquid by the Fund's Subadviser and/or the Adviser, as applicable, in accordance with liquidity procedures established by the Fund's Board of Trustees. In accordance with current SEC regulations, obligations under swap agreements that are covered in this manner are not considered "senior securities" for purposes of the Fund's investment restriction regarding senior securities, in accordance with prior staff guidance.

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, Harbor Core Plus Fund and Harbor High-Yield Bond 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. As a seller, the Fund receives a fixed rate of income throughout the term of the contract, which typically is between six months and five years, provided that there is no default event. If an event of default occurs, the seller must pay the buyer the full notional value of the reference obligation or a net cash-settlement amount. As a seller, during the term of the contract, the Fund will place cash that is not available for investment or liquid securities, equal to the full notional value of the reference obligation, in a separate account with the Fund's custodian or will set aside or restrict cash or liquid securities in the records or systems of the Fund's Subadviser and/or the Adviser, as applicable, relating to the Fund. Credit default swap transactions involve greater risks than if the Fund had invested in the reference obligation directly.

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,

Derivative Instruments — Continued

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.

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.

Asset Segregation. As investment companies registered with the SEC, the Funds must identify on their books (often referred to as “asset segregation”) liquid assets, or engage in other SEC- or SEC staff-approved or other appropriate measures, to “cover” open positions with respect to certain kinds of derivative instruments. In the case of swaps, futures contracts, options, forward contracts and other derivative instruments that do not cash settle, for example, a Fund must identify on its books

Derivative Instruments — Continued

liquid assets equal to the full notional amount of the instrument while the positions are open, to the extent there is not a permissible offsetting position or a contractual “netting” agreement with respect to swaps (other than credit default swaps where the Fund is the protection seller). However, with respect to certain swaps, futures contracts, options, forward contracts and other derivative instruments that are required to cash settle, a Fund may identify liquid assets in an amount equal to the Fund’s daily marked-to-market net obligations (i.e., the Fund’s daily net liability) under the instrument, if any, rather than its full notional amount. Futures contracts that do not cash settle may be treated as cash settled for asset segregation purposes when the Funds have entered into a contractual arrangement with a third party futures commission merchant (“FCM”) to offset the Funds’ exposure under the contract and, failing that, to assign their delivery obligation under the contract to the counterparty. The Funds reserve the right to modify their asset segregation policies in the future in their discretion, consistent with the 1940 Act and SEC or SEC staff guidance. By identifying assets equal to only its net obligations under certain instruments, a Fund will have the ability to employ leverage to a greater extent than if the Fund were required to identify assets equal to the full notional amount of the instrument. As described above, the SEC adopted a final rule related to the use of derivatives, reverse repurchase agreements and certain other transactions by the Funds that will rescind and withdraw the guidance of the SEC and its staff regarding asset segregation and coverage transactions reflected in the Funds’ asset segregation and cover practices discussed herein.

Commodity Pool Operator Status. The Adviser 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 Adviser 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 Adviser is not subject to registration or regulation as a CPO under the CEA and the rules thereunder with respect to the Funds. Because the Adviser 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 Adviser becomes unable to rely on the exclusion and operates the Fund subject to CFTC regulation, the Fund may incur additional expenses.

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 Harbor Convertible Securities Fund, Harbor High-Yield Bond Fund, and Harbor Core Bond Fund 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.

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 Subadviser and/or the Adviser, 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.

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.

Foreign Currency Transactions — Continued

When the Subadviser and/or the Adviser, 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 Subadviser and/or the Adviser, 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 Subadviser 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 Subadviser and/or the Adviser, 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.

Pursuant to current SEC requirements, the Fund will place cash that is not available for investment, or liquid securities (denominated in the foreign currency subject to the forward contract), in a separate account with the Funds' custodian or will set aside or restrict that cash in the records or systems of the Subadviser and/or the Adviser, as applicable. The amounts in such separate account, or set aside or restricted, will equal the value of the Fund's total assets that are committed to the consummation of foreign currency exchange contracts entered into as a hedge against a decline in the value of a particular foreign currency. If the value of the securities placed in the separate account declines, the Fund will place in the account, or will set aside or restrict, additional cash or securities on a daily basis so that the value of the account or amount set aside or restricted will equal the amount of the Fund's commitments with respect to such contracts.

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.

INVESTMENT POLICIES

Foreign Currency Transactions — Continued

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.”

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 Subadviser and/or the Adviser, 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 Subadviser and/or the Adviser, 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 determined by the Subadviser) as a foreign or emerging market issuer;
- the equity 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
- each Fund’s Subadviser and/or the Adviser, 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 Subadviser and/or the Adviser, 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’ Subadvisers and/or the Adviser, as applicable, do not consult with one another with respect to the management of their respective Funds, the Subadvisers 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 Subadviser and/or the Adviser, 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.

With respect to Harbor Emerging Markets Equity Fund, emerging market companies are defined as those that are located in, or economically tied to, emerging market countries or that maintain securities that principally trade on exchanges located in emerging market countries. This Fund considers a company “economically tied to” an emerging market country if such company derives at least 50% of its revenues or profits from goods produced or sold, investments made, or services performed, or has at least 50% of its assets, in an emerging market country.

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.

Foreign Securities — Continued

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 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 Adviser and Subadviser(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. 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") subject to a withdrawal agreement that permits the United Kingdom to effectively remain in the EU from an economic perspective during a transition phase that expired at the end of 2020. On December 24, 2020, negotiators representing the United Kingdom and the EU came to a preliminary trade agreement, the EU-UK Trade and Cooperation Agreement ("TCA"), which is an agreement on the terms governing certain aspects of the EU's and United Kingdom's relationship

Foreign Securities — Continued

following the end of the transition period. On December 30, 2020, the United Kingdom and the EU signed the TCA, which was ratified by the British Parliament on the same day. The TCA was subsequently ratified by the EU Parliament and entered into force on May 1, 2021. 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 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 Adviser or a Subadviser 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.

INVESTING THROUGH STOCK CONNECT

Harbor Emerging Markets Equity Fund, Harbor Focused International Fund, Harbor International Growth Fund, and Harbor Overseas 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

Foreign Securities — Continued

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.

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 Emerging Markets Equity Fund, Harbor Focused International Fund, Harbor Global Leaders Fund, Harbor International Fund, Harbor International Small Cap Fund and Harbor Overseas 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 Subadviser and/or the Adviser, as applicable, deems it appropriate to do so. A Fund may enter into

Forward Commitments and When-Issued Securities — Continued

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. While such a contract is outstanding, under current SEC requirements, the Fund must segregate equivalent deliverable securities or hold an offsetting purchase commitment. 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 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.

Under current SEC requirements, when a Fund purchases securities on a when-issued or forward commitment basis, the Fund will maintain in a segregated account with the Funds' custodian, or set aside or restrict in the records or systems of the Fund's Subadviser and/or the Adviser, as applicable, relating to the Fund, cash or liquid assets having a value (determined daily) at least equal to the amount of the Fund's purchase commitments. In the case of a forward commitment to sell portfolio securities, portfolio holdings will be held in a segregated account with the Fund's custodian or set aside or restricted in the records or systems of the Fund's Subadviser and/or the Adviser, as applicable, relating to the Fund while the commitment is outstanding. These procedures are designed to ensure that the Fund will maintain sufficient assets at all times to cover its obligations under when-issued purchases and forward commitments.

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.

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.

Harbor Money Market Fund will not invest more than 5% of its net assets in illiquid investments, as defined in Rule 2a-7 under the Investment Company Act. Harbor Money Market Fund's investments will be considered illiquid if they cannot be sold or disposed of in the ordinary course of business within seven calendar days at approximately the value that Harbor Money Market Fund assigned to such investments.

INVESTMENT POLICIES

Illiquid Securities — Continued

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 Adviser and Subadvisers 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.

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%).

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.

Interfund Lending

The SEC has granted the Trust and the Adviser 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. Although Harbor Money Market Fund may rely on the exemptive order to participate in the interfund lending program, it will not participate as a borrower because the Fund rarely needs to borrow cash to meet redemptions.

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,

INVESTMENT POLICIES

Interfund Lending — Continued

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.

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. Certain ETFs have received exemptive relief permitting other funds to invest in such ETFs in amounts in excess of the limits set forth above, subject to satisfaction of certain conditions by the ETF and the acquiring fund. One or more of the Funds may rely on such orders to make investments in ETFs in excess of these limits.

For purposes of Harbor Money Market Fund's policy to invest 99.5% or more of the Fund's total assets in cash, "government securities" and/or repurchase agreements that are "collateralized fully" so as to qualify as a "government money market fund," the Fund may categorize, as appropriate, investments in other "government money market funds" as within the 99.5% basket.

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.

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 each Fund's Subadviser and/or the Adviser, 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

Loan Originations, Participations and Assignments — Continued

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 Subadvisers research in an attempt to avoid situations where fraud or misrepresentation could adversely affect a Fund.

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, provided that Harbor Money Market Fund may only invest in mortgage-backed securities that meet the quality, liquidity and maturity standards applicable to money market funds and that do not contain embedded leverage. The Adviser/Subadvisers 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-Backed Securities — Continued

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 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 Subadviser and/or the Adviser, 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 mortgage assets and any reinvestment income thereon.

Mortgage-Backed Securities — Continued

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 Subadviser and/or the Adviser, 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.

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.

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.

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

INVESTMENT POLICIES

Municipal Bonds — Continued

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.

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. 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.

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.

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, Harbor Core Bond Fund, and Harbor High-Yield 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

Real Estate Investment Trusts — Continued

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 1940 Act. Furthermore, REITs are not diversified and are heavily dependent on cash flow.

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 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 will cease to enter into most new LIBOR contracts after 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.

INVESTMENT POLICIES

Regulatory Risk and Other Market Events — Continued

The SEC and other government agencies continue to review the regulation of money market funds, such as the Harbor Money Market Fund, and may implement certain regulatory changes in the future. In December 2021, the SEC proposed amendments to Rule 2a-7, which governs money market funds. It is not presently possible to predict whether these proposed or other changes will be implemented and the ultimate effect that any such changes may have on Harbor Money Market Fund.

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 Subadviser and/or the Adviser, 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.

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.

Reverse Repurchase Agreements

The Fund may enter into reverse repurchase agreements with banks for temporary or emergency purposes. 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. A Fund will segregate cash or liquid securities, which are marked-to-market daily, with the Funds' custodian, or set aside or restrict assets in the Subadviser's records or systems relating to the Fund, to cover its obligations under reverse repurchase agreements.

While not considered senior securities, reverse repurchase agreements are considered borrowings under current SEC requirements and as such are subject to the same risks associated with borrowing by the Fund. When the Fund engages in borrowing for investment purposes, also known as financial leverage, the Fund is required to maintain continuous asset coverage (i.e., total assets including borrowings, less liabilities exclusive of borrowings) of 300% of the amount borrowed. If the 300% asset coverage should decline as a result of market fluctuations or other reasons, the Fund may be required to sell some of its portfolio holdings within three days to reduce the debt and restore the 300% asset coverage, even though it may be disadvantageous from an investment standpoint to sell securities at that time. Leveraging may exaggerate the effect on the Fund's net asset value of any increase 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.

Rights and Warrants — Continued

LOW EXERCISE PRICE WARRANT (“LEPW”)

Each of Harbor Focused International Fund and 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 Adviser to be of good standing, and when, in the judgment of the Adviser, the consideration that can be earned currently from securities loans of this type justifies the attendant risk. If the Adviser 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.

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.

Pursuant to current SEC requirements, to the extent that a Fund engages in short sales, it will provide collateral to the broker-dealer and (except in the case of short sales “against the box”) will maintain additional asset coverage by segregating cash or liquid securities with the Fund's custodian, or setting aside or restricting in the records or systems of the Fund's Subadviser and/or the Adviser, as applicable, related to the Fund, cash or liquid securities that the Fund's portfolio manager(s) determines to be

INVESTMENT POLICIES

Short Sales — Continued

liquid and that are equal to the current market value of the securities sold short, or will ensure that such positions are covered by “offsetting” positions, until the Fund replaces the borrowed security. A short sale is “against the box” to the extent that the Fund contemporaneously owns, or has the right to obtain at no added cost, securities identical to those sold short. The Funds will engage in short selling to the extent permitted by the federal securities laws and rules and interpretations thereunder. To the extent a Fund engages in short selling in foreign (non-U.S.) jurisdictions, the Fund will do so to the extent permitted by the laws and regulations of such jurisdiction.

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.

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, Harbor Core Plus Fund Harbor High-Yield Bond Fund, and Harbor Money Market 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.

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.

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 Subadviser and/or the Adviser, 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

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

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.

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.

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

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). Harbor Money Market Fund may invest more than 25% of its total assets in the securities of domestic banks and bank holding companies, including certificates of deposit and bankers' acceptances (provided that investments in other investment companies shall not be considered an investment in any particular industry for purposes of this investment limitation);
- (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. To conform to the current view of the SEC that a money market fund may reserve freedom of action to concentrate in certain domestic bank instruments, the Money Market Fund will not reserve such freedom of action with respect to foreign bank instruments as long as the policy of the SEC remains in effect. 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;

INVESTMENT RESTRICTIONS

Fundamental Investment Restrictions — Continued

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.

Harbor Money Market Fund invests its assets in the manner necessary to qualify as a “government money market fund” under Rule 2a-7 of the Investment Company Act. Accordingly, for purposes of fundamental investment restriction no. 4, Harbor Money Market Fund will not invest more than 25% of its total assets in the securities of banks and bank holding companies, including certificates of deposit and bankers’ acceptances, for so long as the Fund intends to qualify as a “government money market fund.”

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”). Notwithstanding any percentage investment limitation listed above or any percentage investment limitation of the Investment Company Act or rules thereunder, if a Fund has the opportunity to acquire a permitted security or instrument through a Voluntary Action, and the Fund will exceed a percentage investment limitation following the acquisition, it will not constitute a violation if, prior to the receipt of the securities or instruments and after announcement of the offering, the Fund sells an offsetting amount of assets that are subject to the investment limitation in question at least equal to the value of the securities or instruments to be acquired. 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 unless the transaction is a Voluntary Action. In addition and notwithstanding the foregoing, 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.

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% (5% in the case of Harbor Money Market Fund) 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 ¹	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
INDEPENDENT TRUSTEES				
Scott M. Amero (58)..... Trustee	Since 2014	Chairman (2015-2020) and Trustee (2011-Present), Rare (conservation nonprofit); 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 (70)..... Trustee	Since 2010	Chief Investment Officer of the Rockefeller Foundation (a private foundation) (2001-2019).	27	None
Randall A. Hack (74)..... Trustee	Since 2010	Founder and Senior Managing Director of Capstone Capital LLC (private investment firm) (2003-Present); Director of Tower Development Corporation (cell tower developer) (2009-2016); Advisory Director of Berkshire Partners (private equity firm) (2002-2013); Founder and Senior Managing Director of Nassau Capital, LLC (private investment firm, investing solely on behalf of the Princeton Endowment) (1995-2001); and President of The Princeton University Investment Company (1990-1994).	27	None
Robert Kasdin (63)..... Trustee	Since 2014	Senior Vice President and Chief Operating Officer (2015-Present) and Chief Financial Officer (2018-Present), 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 and Executive Committee Member, The Y in Central Maryland (2018-Present).	27	Director of Apollo Commercial Real Estate Finance, Inc. (2014-Present).
Kathryn L. Quirk (69)..... 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 (60) 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 (68)..... 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

TRUSTEES AND OFFICERS

Name (Age) Position(s) with Fund	Term of Office and Length of Time Served ¹	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
INTERESTED TRUSTEE				
Charles F. McCain (52)*	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 ¹	Principal Occupation(s) During Past Five Years		
FUND OFFICERS NOT LISTED ABOVE**				
Erik D. Ojala (47)	Since 2017	Executive Vice President and General Counsel (2017-Present) and Secretary (2010-Present); Senior Vice President and Associate General Counsel (2007-2017), Harbor Capital Advisors, Inc.; Director and Secretary (2019-Present), Harbor Trust Company, Inc.; Director, Executive Vice President (2017-Present) and Chief Compliance Officer (2017-2021), Harbor Funds Distributors, Inc.; Director (2017-Present) and Assistant Secretary (2014-Present), 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).		
Anmarie S. Kolinski (50)	Since 2007	Executive Vice President and Chief Financial Officer (2007-Present), Harbor Capital Advisors, Inc.; Director and Treasurer (2019-Present), Harbor Trust Company, Inc.; Chief Financial Officer (2007-Present), Harbor Services Group, Inc.; Chief Financial Officer (2015-Present) and Treasurer (2012-Present), Harbor Funds Distributors, Inc.; and Treasurer, Harbor ETF Trust (2021-Present).		
Kristof M. Gleich (42)	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 ETF Trust (2021-Present); and Managing Director, Global Head of Manager Selection (2010-2018), JP Morgan Chase & Co.		
Gregg M. Boland (58)	Since 2019	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.; and Vice President, Harbor ETF Trust (2021-Present).		
Diana R. Podgorny (42)	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 ETF Trust; Vice President and Counsel, AMG Funds LLC (2016-2017); Assistant Secretary, AMG Funds, AMG Funds I, AMG Funds II and AMG Funds III (2016-2017); Assistant Secretary, AMG Funds IV (2010-2017); and Vice President and Counsel, Aston Asset Management, LLC (2010-2016).		
Jodie L. Crotteau (49)	Since 2014	Senior Vice President and Chief Compliance Officer, Harbor Capital Advisors, Inc. (2014-Present); Chief Compliance Officer and AML/OFAC Officer (2019-Present), Harbor Trust Company, Inc.; Chief Compliance Officer and Secretary (2017-Present) and Assistant Secretary (2015-2016), Harbor Services Group, Inc.; Chief Compliance Officer (2021-Present) and Assistant Secretary (2016-Present), Harbor Funds Distributors, Inc.; Assistant Secretary, Harbor ETF Trust (2021-Present); Vice President and Chief Compliance Officer, Grosvenor Registered Funds (2011-2014); and Vice President, Grosvenor Capital Management, L.P. (2010-2014).		
Lana M. Lewandowski (42)	Since 2017	Vice President and Compliance Director (2022-Present), Legal & Compliance Manager (2016-2022) and Legal Specialist (2012-2015), Harbor Capital Advisors, Inc.; and AML Compliance Officer and Assistant Secretary, Harbor ETF Trust (2021-Present).		
Lora A. Kmiecik (57)	Since 2017	Senior Vice President – Fund Administration and Analysis (2017-Present), Senior Vice President - Business Analysis (2015-2017), Harbor Capital Advisors, Inc.; Vice President (2020 – Present), Harbor Trust Company, Inc.; Assistant Treasurer, Harbor ETF Trust (2021-Present); and Assurance Executive Director, Ernst & Young LLP (1999-2015).		
John M. Paral (53)	Since 2013	Director of Fund Administration and Analysis (2017-Present), Vice President (2012-Present) and Financial Reporting Manager (2007-2017), Harbor Capital Advisors, Inc.; and Assistant Treasurer, Harbor ETF Trust (2021-Present).		

¹ 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 Adviser and Distributor of Harbor Funds.

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

TRUSTEES AND OFFICERS

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 for Berkshire School, 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.

Randall A. Hack. Mr. Hack is the Senior Managing Director and Founder of Capstone Capital LLC. Capstone Capital holds investments in private companies, with a special focus on the telecommunications and health care industries. He served as an Advisory Director of Berkshire Partners, a private equity firm, from 2002 to 2013. In that capacity he assisted Berkshire Partners in identifying and assessing private companies in which to invest, participated in those investments through Capstone Capital, and served on the boards of selected Berkshire Partners portfolio companies. In 1995, Mr. Hack founded Nassau Capital, LLC, a private investment firm that invested in privately held companies and assets solely on behalf of Princeton University's endowment and Nassau Capital's principals. Nassau Capital, which grew to manage approximately \$2.5 billion in assets at the peak of its investment program, focused its investments in alternative asset classes such as venture capital, leveraged buy-outs, real estate, timber and energy. From 1990 to 1994, Mr. Hack served as the President of The Princeton University Investment Company, which oversees the management of Princeton University's endowment. In that role, Mr. Hack led a team of investment professionals who devised and implemented a series of global investment initiatives in areas such as domestic and international equities, hedge funds, real estate, oil and gas holdings and other private market asset classes. He previously served on the board of Tower Development Corporation, a private company, and currently serves on the boards of several non-profit organizations. Mr. Hack previously served on the boards of Fiber Tower Corporation and Crown Castle International Corp. Mr. Hack has served as a Trustee of Harbor Funds since 2010 and served as Lead Independent Trustee of Harbor Funds from 2016 to 2019. Mr. Hack has served as a Trustee of Harbor ETF Trust since 2021.

Robert Kasdin. Mr. Kasdin has served as the Senior Vice President and Chief Operating Officer of Johns Hopkins Medicine since 2015 and also as Chief Financial Officer of Johns Hopkins Medicine since 2018. 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 also serves on the boards of trustees of several non-profit entities affiliated with Johns Hopkins Medicine and the Y of Central Maryland. He previously served 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.

TRUSTEES AND OFFICERS

Additional Information About the Trustees — Continued

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.

Douglas J. Skinner. Mr. Skinner is the Eric J. Gleacher Distinguished Service Professor of Accounting and Deputy Dean for Faculty at the University of Chicago Booth School of Business, where his prior positions include 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.

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.

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 Adviser, 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.

TRUSTEES AND OFFICERS

Board Leadership Structure — Continued

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.

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. The Valuation Committee is comprised of certain officers of the Trust and other employees of the Adviser. A function of the Valuation Committee includes determining the fair value of portfolio securities when necessary.

During Harbor Funds fiscal year ended October 31, 2021, the Board of Trustees held 12 meetings, the Valuation Committee held 185 meetings, the Audit Committee held 4 meetings and the Nominating Committee did not hold any meetings. The Board of Trustees does not have a compensation committee.

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, 2021

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	\$265,000	-0-	\$277,500
Donna J. Dean, Trustee	\$265,000	-0-	\$277,500
Randall A. Hack, Trustee	\$265,000	-0-	\$277,500
Robert Kasdin, Trustee ¹	\$265,000	-0-	\$277,500
Kathryn L. Quirk, Trustee ^{1,2}	\$305,000	-0-	\$319,500
Douglas J. Skinner, Trustee ³	\$285,000	-0-	\$298,500
Ann M. Spruill, Trustee ¹	\$265,000	-0-	\$277,500

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

¹ During the fiscal year ended October 31, 2021, 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, 2021, the total value of Mr. Kasdin's and Mses. Quirk and Spruill's accounts under that plan was \$2,669,0476, \$909,336 and \$2,847,600, respectively.

² In consideration of her services as Lead Trustee, Ms. Quirk received \$40,000 from the Harbor Funds and \$2,000 from the Harbor ETF Trust in addition to the compensation payable to each other Independent Trustee for the fiscal year ended October 31, 2021.

³ In consideration of his service as Audit Committee Chair, Mr. Skinner received \$20,000 from the Harbor Funds and \$1,000 from the Harbor ETF Trust in addition to the compensation payable to each other Independent Trustee for the fiscal year ended October 31, 2021.

TRUSTEES AND OFFICERS

Trustee Ownership of Fund Shares

As of January 31, 2022, the Trustees and Officers of Harbor Funds as a group owned 1%, 4%, 1%, and 1% of the outstanding shares of beneficial interest of Harbor Strategic Growth Fund, Harbor Emerging Markets Equity Fund, Harbor Focused International Fund, and Harbor Money Market 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, 2021 are as follows:

Name of Trustee	Dollar Range of Ownership in Each Fund	Aggregate Dollar Range of Ownership in Harbor Funds
INDEPENDENT TRUSTEES		
Scott M. Amero	Harbor Diversified International All Cap Fund	Over \$100,000
	Harbor Emerging Markets Equity	Over \$100,000
	Harbor Money Market Fund	Over \$100,000
Donna J. Dean	Harbor Capital Appreciation Fund	Over \$100,000
	Harbor Core Plus Fund	Over \$100,000
	Harbor Convertible Securities Fund	Over \$100,000
	Harbor Disruptive Innovation Fund	\$50,001-\$100,000
	Harbor Emerging Markets Equity Fund	\$10,001-\$50,000
	Harbor International Fund	\$50,001-\$100,000
	Harbor International Growth Fund	\$50,001-\$100,000
	Harbor Large Cap Value Fund	Over \$100,000
	Harbor Mid Cap Value Fund	\$10,001-\$50,000
	Harbor Small Cap Growth Fund	\$50,001-\$100,000
	Harbor Small Cap Value Fund	\$10,001-\$50,000
Randall A. Hack	Harbor Emerging Markets Equity Fund	Over \$100,000
	Harbor High-Yield Bond Fund	Over \$100,000
	Harbor Large Cap Value Fund	Over \$100,000
	Harbor Small Cap Growth Fund	Over \$100,000
	Harbor Small Cap Value Fund	Over \$100,000
	Harbor Strategic Growth Fund	Over \$100,000
Robert Kasdin ¹	Harbor Global Leaders Fund	Over \$100,000
	Harbor Large Cap Value Fund	Over \$100,000
	Harbor Overseas Fund	Over \$100,000
	Harbor Small Cap Value Fund	Over \$100,000
Kathryn L. Quirk ¹	Harbor Capital Appreciation Fund	Over \$100,000
	Harbor Core Plus Fund	Over \$100,000
	Harbor Disruptive Innovation Fund	Over \$100,000
	Harbor Global Leaders Fund	Over \$100,000
	Harbor International Growth 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 Money Market Fund	Over \$100,000
	Harbor Small Cap Growth Fund	Over \$100,000
Douglas J. Skinner	Harbor Capital Appreciation Fund	Over \$100,000
	Harbor Core Bond Fund	Over \$100,000
	Harbor Emerging Markets Equity Fund	Over \$100,000
	Harbor Focused International Fund	\$50,001-\$100,000
	Harbor Mid Cap Value Fund	\$50,001-\$100,000
	Harbor Small Cap Value Fund	Over \$100,000
Ann M. Spruill ¹	Harbor Capital Appreciation Fund	Over \$100,000
	Harbor Diversified International All Cap Fund	\$50,001-\$100,000
	Harbor Emerging Markets Equity Fund	Over \$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

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
INTERESTED TRUSTEE		
Charles F. McCain ²	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 Emerging Markets Equity Fund	Over \$100,000
	Harbor Focused International Fund	Over \$100,000
	Harbor Global Leaders Fund	Over \$100,000
	Harbor High-Yield Bond Fund	Over \$100,000
	Harbor International 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 Money Market Fund.....	Over \$100,000
	Harbor Overseas Fund	Over \$100,000
	Harbor Small Cap Growth Fund	Over \$100,000
	Harbor Small Cap Value Fund	Over \$100,000
	Harbor Strategic Growth Fund.....	Over \$100,000

¹ 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.

² Under the Adviser'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 Adviser 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

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 Adviser.
- 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 Adviser 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 Adviser's affiliates.

As of December 31, 2021, none of the Independent Trustees, nor any member of their immediate families, beneficially owned any securities issued by the Adviser, ORIX, or any other entity in a control relationship to the Adviser or the Distributor. During the calendar years 2020 and 2021, 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 Adviser, the Distributor, ORIX, or any other entity in a control relationship to the Adviser or the Distributor. During the calendar years 2020 and 2021, 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 Adviser;
- the Distributor;
- an officer of the Adviser or the Distributor;
- any affiliate of the Adviser or the Distributor; or
- an officer of any such affiliate.

During the calendar years 2020 and 2021, 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 2020 and 2021, 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 Adviser;
- the Distributor; or
- ORIX or any other entity in a control relationship with the Adviser or the Distributor.

During the calendar years 2020 and 2021, 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 2020 and 2021, 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 Adviser;
- the Distributor;
- any affiliated person of Harbor Funds; or
- ORIX or any other entity in a control relationship to the Adviser or the Distributor.

THE ADVISER AND SUBADVISERS

The Adviser

Harbor Capital Advisors, Inc., a Delaware corporation, serves as the investment adviser (the “Adviser”) 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 Adviser 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 Adviser 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 Adviser deems modifications to be necessary or appropriate. The Adviser is also responsible for providing, either through itself or through a Subadviser selected, paid and supervised by the Adviser, 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 Subadvisers, the Adviser will also make day-to-day investment decisions with respect to each such fund to implement model portfolios provided by the non-discretionary Subadvisers.

Selection and Oversight of Subadvisers. The Adviser is responsible for the Subadvisers 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 Subadvisers. The Adviser is responsible for overseeing the Subadvisers and for reporting to the Board of Trustees periodically on each Fund’s and Subadviser’s performance. The Adviser normally utilizes both qualitative and quantitative analysis to evaluate existing and prospective Subadvisers, including thorough reviews and assessments of (i) the Subadviser’s investment process, personnel and investment staff; (ii) the Subadviser’s investment research capabilities; (iii) the Subadviser’s ownership and organization structures; (iv) the Subadviser’s legal, compliance and operational infrastructure; (v) the Subadviser’s brokerage practices; (vi) any material changes in the Subadviser’s business, operations or staffing; (vii) the performance of each Fund and the Subadviser 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 Adviser 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 Adviser deems necessary to provide for the effective administration of the affairs of the Funds, including providing from among the Adviser’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 Adviser deems necessary, or the Board of Trustees reasonably requests, for the efficient operation of the Funds.

The Adviser 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.

Advisory Fees

For its services, each Fund pays the Adviser 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 Adviser 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 ADVISER AND SUBADVISERS

Advisory Fees — Continued

	Contractual Advisory Fee Annual Rate Based on Average Net Assets	Advisory Fee Paid for Year Ended October 31 (000s)		
		2021	2020	2019
HARBOR FUNDS				
Harbor Capital Appreciation Fund.....	0.60%	\$244,596	\$201,730	\$177,668
(Reduction due to fee waiver).....		(22,536)	(17,535)	(14,728)
Harbor Convertible Securities Fund.....	0.65	1,201	941	834
(Reduction due to fee waiver).....		(92)	(72)	(64)
Harbor Core Bond Fund	0.23 ²	432	341	262
Harbor Core Plus Fund (formerly, Harbor Bond Fund) ¹	0.25 ³	8,314	9,619	9,303
(Reduction due to fee waiver).....		(366)	(502)	(469)
Harbor Disruptive Innovation Fund (formerly, Harbor Mid Cap Growth Fund) ⁴	0.70 ⁵	3,309	2,084	2,211
(Reduction due to fee waiver).....		(115)	(83)	(26)
Harbor Diversified International All Cap Fund	0.75	8,399	5,921	5,482
(Reduction due to fee waiver).....		(108)	(536)	(1,373)
Harbor Emerging Markets Equity Fund	0.85	400	929	828
(Reduction due to fee waiver).....		N/A	(139)	(37)
Harbor Focused International Fund ⁶	0.75	353	237	82
Harbor Global Leaders Fund	0.75	1,035	873	591
(Reduction due to fee waiver).....		(69)	(58)	(20)
Harbor High-Yield Bond Fund.....	0.60	2,346	2,594	3,415
(Reduction due to fee waiver).....		(360)	(398)	(524)
Harbor International Fund	0.75/0.65 ^a	35,369	35,092	56,712
(Reduction due to fee waiver).....		--	--	(4,836)
Harbor International Growth Fund	0.75	6,560	4,726	4,046
Harbor International Small Cap Fund	0.85	421	304	521
Harbor Large Cap Value Fund	0.60/0.55 ^b	13,313	8,138	6,513
Harbor Mid Cap Fund ⁷	0.75	330	68	N/A
Harbor Mid Cap Value Fund	0.75	3,286	3,524	6,287
(Reduction due to fee waiver).....		(44)	(60)	(244)
Harbor Money Market Fund.....	0.20	184	233	311
(Reduction due to fee waiver).....		(166)	(84)	(31)
Harbor Overseas Fund ⁸	0.75	322	198	128
Harbor Small Cap Growth Fund	0.75	8,711	6,305	5,327
Harbor Small Cap Value Fund	0.75	18,901	11,906	10,983
Harbor Strategic Growth Fund.....	0.60	709	666	566

¹ On February 2, 2022, the Fund was changed from Harbor Bond Fund to Harbor Core Plus Fund.

² The contractual management fee of Harbor Core Bond Fund was reduced from 0.34% to 0.23% effective December 1, 2021.

³ The contractual management fee of Harbor Core Plus Fund was reduced from 0.48% to 0.25% effective February 2, 2022.

⁴ On September 1, 2021, the Fund was changed from Harbor Mid Cap Growth Fund to Harbor Disruptive Innovation Fund.

⁵ The contractual management fee of Harbor Disruptive Innovation Fund was reduced from 0.75% to 0.70% effective September 1, 2021.

⁶ Commenced operations on June 1, 2019.

⁷ Commenced operations on December 1, 2019.

⁸ Commenced operations on March 1, 2019.

^a 0.75% on the first \$12 billion and 0.65% thereafter.

^b 0.60% on the first \$4 billion and 0.55% thereafter.

THE ADVISER AND SUBADVISERS

The Subadvisers

The Adviser has engaged the services of subadvisers (each, a “Subadviser”) to provide discretionary and non-discretionary advisory services for each Fund.

The Adviser pays each Subadviser out of its own resources; the Funds have no obligation to pay the Subadvisers. Each Subadviser has entered into a subadvisory agreement with the Adviser and Harbor Funds, on behalf of each respective Fund. Each discretionary Subadviser 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 Subadviser 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 Subadviser provides investment advice to the Adviser, which is responsible for the day-to-day investment decision making for the Fund.

Each discretionary and non-discretionary Subadviser is responsible for its own costs of providing services to the respective Fund. Each discretionary and non-discretionary Subadviser’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 Disruptive Innovation Fund. The Fund operates as a multi-manager fund. In managing the Fund, the Adviser utilizes non-discretionary model portfolios provided by the following Subadvisers:

- 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 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 Subadviser 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 majority employee owned. The day-to-day management and strategic decisions of Westfield are controlled by Westfield’s Management Committee.

Harbor Strategic Growth Fund. The Fund is subadvised by Mar Vista Investment Partners, LLC (“Mar Vista”). Mar Vista was founded in November 2007 and provides investment advisory services to mutual funds, institutional accounts and individual investors. Mar Vista is controlled by Silas Myers and Brian Massey, each an employee of Mar Vista, with 1251 Asset Management holding a non-controlling, minority ownership stake in the firm.

Harbor Diversified International All Cap Fund, Harbor Emerging Markets Equity 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.

The Subadvisers — Continued

Harbor Focused International Fund. The Fund is subadvised by Comgest Asset Management International Limited (“CAMIL”). CAMIL is a wholly owned subsidiary of Comgest Global Investors SAS, which is 100% owned by employees and founders. CAMIL and its Participating Affiliates are referred to collectively, as “Comgest.”

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 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.

Harbor International Small Cap Fund. The Fund is subadvised by 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 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 Convertible Securities Fund and Harbor High-Yield Bond Fund. The Funds are subadvised by Shenkman Capital Management, Inc. (“Shenkman Capital”). Shenkman Capital is a privately held company and was founded by Mark R. Shenkman who remains the firm’s President and controlling shareholder. Shenkman Capital is 100% owned by Mark R. Shenkman, the Shenkman family, current and former team members, and one outside director (and/or Trusts established by them).

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 Money Market Fund. The Fund is subadvised by BNP Paribas Asset Management USA, Inc. (“BNPP AM”). BNPP AM is directly wholly owned by its parent company, BNP Paribas Asset Management USA Holdings Inc., which in turn is indirectly wholly owned by BNP Paribas S.A., a publicly owned banking corporation organized in the Republic of France.

THE ADVISER AND SUBADVISERS

Subadvisory Fees

The fees paid by the Adviser to each Subadviser for the past three years are set forth in the table below.

	Fee Paid by the Adviser to Subadviser For Year Ended October 31 (000s)		
	2021	2020	2019
HARBOR FUNDS			
Harbor Capital Appreciation Fund.....	\$86,654	\$71,799	\$63,351
Harbor Convertible Securities Fund.....	739	579	513
Harbor Core Bond Fund.....	216	170	131
Harbor Core Plus Fund (formerly, Harbor Bond Fund)			
Income Research + Management ¹	N/A	N/A	N/A
Pacific Investment Management Company LLC.....	3,962	4,510	4,376
Harbor Disruptive Innovation Fund ²			
4BIO Partners LLP.....	31	N/A	N/A
NZS Capital LLC.....	66	N/A	N/A
Sands Capital Management, LLC.....	47	N/A	N/A
Tekne Capital Management, LLC.....	62	N/A	N/A
Wellington Management Company, LLP.....	1,563	1,144	1,255
Westfield Capital Management Co.....	67	N/A	N/A
Harbor Diversified International All Cap Fund.....	4,647	3,302	2,909
Harbor Emerging Markets Equity Fund			
Marathon Asset Management LLP ³	223	27	N/A
Oaktree Capital Management, LLC.....	N/A	487	504
Harbor Focused International Fund ⁴	235	158	55
Harbor Global Leaders Fund.....	552	466	335
Harbor High-Yield Bond Fund.....	1,126	1,241	1,616
Harbor International Fund.....	19,572	19,546	30,057
Harbor International Growth Fund.....	3,120	2,379	2,103
Harbor International Small Cap Fund			
Cedar Street Asset Management LLC ⁵	248	179	113
Baring International Investment Limited.....	N/A	N/A	194
Harbor Large Cap Value Fund.....	4,688	2,961	2,415
Harbor Mid Cap Fund ⁶	198	41	N/A
Harbor Mid Cap Value Fund.....	1,658	1,771	3,059
Harbor Money Market Fund.....	59	128	206
Harbor Overseas Fund ⁷	193	119	77
Harbor Small Cap Growth Fund.....	5,011	3,729	3,205
Harbor Small Cap Value Fund.....	9,068	6,219	5,919
Harbor Strategic Growth Fund.....	354	337	291

¹ Income Research + Management became subadviser to Harbor Core Plus Fund on February 2, 2022. Accordingly, no subadvisory fees were paid to IR+M prior to that date.

² 4BIO Capital, NZS Capital, Sands Capital, Tekne and Westfield became subadviser 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.

³ Marathon Asset Management Limited became subadviser to Harbor Emerging Markets Equity Fund on September 23, 2020. Accordingly, no subadvisory fees were paid to Marathon Asset Management Limited prior to that date.

⁴ Commenced operations June 1, 2019.

⁵ Cedar Street became subadviser to Harbor International Small Cap Fund on May 23, 2019. Accordingly, no subadvisory fees were paid to Cedar Street prior to that date.

⁶ Commenced operations December 1, 2019.

⁷ Commenced operations March 1, 2019.

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, 2021, (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)
HARBOR CAPITAL APPRECIATION FUND						
Spiros “Sig” Segalas						
All Accounts	12	\$25,657	3	\$ 6,113	2	\$ 1,063
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Kathleen A. McCarragher						
All Accounts	20	47,855	8	11,902	10*	2,174
Accounts where advisory fee is based on account performance (subset of above)	1	15,900	0	—	0	—
Blair A. Boyer						
All Accounts	15	45,568	8	11,716	25*	9,688
Accounts where advisory fee is based on account performance (subset of above)	1	15,900	0	—	0	—
Natasha Kuhlkin, CFA						
All Accounts	16	27,489	11	12,010	29*	3,924
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
HARBOR CONVERTIBLE SECURITIES FUND						
Mark R. Shenkman						
All Accounts	3	\$ 2,019	30	\$ 9,570	245	\$18,314
Accounts where advisory fee is based on account performance (subset of above)	0	—	19	6,403	4	154
Justin W. Slatky						
All Accounts	3	2,019	30	9,570	245	18,314
Accounts where advisory fee is based on account performance (subset of above)	0	—	19	6,403	4	154
Jordan N. Barrow, CFA						
All Accounts	2	1,734	10	3,162	226	14,930
Accounts where advisory fee is based on account performance (subset of above)	0	—	2	737	1	120
Thomas Whitley, CFA						
All Accounts	1	385	2	330	150	670
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
HARBOR CORE BOND FUND						
William A. O’Malley, CFA						
All Accounts	6	\$ 3,371	25	\$16,424	512	\$76,564
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
James E. Gubitosi, CFA						
All Accounts	6	3,371	25	16,424	512	76,564
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Bill O’Neill, CFA						
All Accounts	6	3,371	25	\$16,424	512	76,564
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)
HARBOR CORE BOND FUND – Continued						
Jake Remley, CFA						
All Accounts	6	\$ 3,371	25	\$16,424	512	\$76,564
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Matthew Walker, CFA						
All Accounts	6	3,371	25	16,424	512	76,564
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Rachel Campbell						
All Accounts	6	3,371	25	16,424	512	76,564
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
HARBOR CORE PLUS FUND						
William A. O'Malley, CFA						
All Accounts	6	\$ 3,371	25	\$16,424	512	\$76,564
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
James E. Gubitosi, CFA						
All Accounts	6	3,371	25	16,424	512	76,564
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Bill O'Neill, CFA						
All Accounts	6	3,371	25	16,424	512	76,564
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Jake Remley, CFA						
All Accounts	6	3,371	25	16,424	512	76,564
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Matthew Walker, CFA						
All Accounts	6	3,371	25	16,424	512	76,564
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Rachel Campbell						
All Accounts	6	3,371	25	16,424	512	76,564
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
HARBOR DISRUPTIVE INNOVATION FUND						
Spenser P. Lerner, CFA						
All Accounts	0	—	0	—	0	—
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Kristof Gleich, CFA						
All Accounts	0	—	0	—	0	—
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
HARBOR DIVERSIFIED INTERNATIONAL ALL CAP FUND						
Neil M. Ostrer						
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
Charles Carter						
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

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)
HARBOR DIVERSIFIED INTERNATIONAL ALL CAP FUND – Continued						
Nick Longhurst						
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
William J. Arah						
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
Simon Somerville						
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
Alex Duffy						
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
Justin Hill						
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
Robert Anstey, CFA						
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
HARBOR EMERGING MARKETS EQUITY FUND						
Alex Duffy (based on total assets as of May 31, 2021)						
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
HARBOR FOCUSED INTERNATIONAL FUND						
Laure Négjar, CFA						
All Accounts	0	\$ —	7	\$ 4,424	15	\$ 4,456
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Zak Smerczak, CFA						
All Accounts	0	—	7	4,424	15	4,456
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Alexandre Narboni						
All Accounts	0	—	7	4,424	15	4,456
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Richard Mercado, CFA						
All Accounts	0	—	7	4,424	15	4,456
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
HARBOR GLOBAL LEADERS FUND						
Sunil H. Thakor, CFA						
All Accounts	1	\$ 67	7	\$ 3,263	9	\$ 1,104
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	2	911
Michael F. Raab, CFA						
All Accounts	0	—	5	3,143	4	916
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	2	911

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)
HARBOR HIGH-YIELD BOND FUND						
Mark R. Shenkman						
All Accounts	3	\$ 2,019	30	\$ 9,570	245	\$18,314
Accounts where advisory fee is based on account performance (subset of above)	0	—	19	6,403	4	154
Justin W. Slatky						
All Accounts	3	2,019	30	9,570	245	18,314
Accounts where advisory fee is based on account performance (subset of above)	0	—	19	6,403	4	154
Eric Dobbin						
All Accounts	0	—	5	2,332	47	8,829
Accounts where advisory fee is based on account performance (subset of above)	0	—	2	737	1	120
Robert S. Kricheff						
All Accounts	0	—	5	2,332	47	8,829
Accounts where advisory fee is based on account performance (subset of above)	0	—	2	737	1	120
Neil Wechsler, CFA						
All Accounts	1	1,349	8	2,832	75	14,167
Accounts where advisory fee is based on account performance (subset of above)	0	—	2	737	1	120
Jordan N. Barrow, CFA						
All Accounts	2	1,734	10	3,162	226	14,930
Accounts where advisory fee is based on account performance (subset of above)	0	—	2	737	1	120
HARBOR INTERNATIONAL FUND						
Neil M. Ostrer						
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
Charles Carter						
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
Nick Longhurst						
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
William J. Arah						
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
Simon Somerville						
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
Alex Duffy						
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
Justin Hill						
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

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)
HARBOR INTERNATIONAL GROWTH FUND						
Gerard Callahan						
All Accounts	5	\$ 4,900	7	\$ 1,984	42	\$19,158
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	2	519
Iain Campbell						
All Accounts	5	4,900	4	657	40	18,576
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	2	519
Joe Faraday, CFA						
All Accounts	5	4,900	7	6,196	39	18,688
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	2	519
Moritz Sitte, CFA						
All Accounts	5	4,900	7	6,196	39	18,688
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	2	519
Sophie Earnshaw, CFA						
All Accounts	8	5,594	11	4,091	44	27,071
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	3	4,790
Milena Mileva						
All Accounts	0	0	7	2,791	14	7,975
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	0
HARBOR INTERNATIONAL SMALL CAP FUND						
Jonathan P. Brodsky						
All Accounts	0	\$ —	2	\$ 216	0	\$ —
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Waldemar A. Mozes						
All Accounts	0	\$ —	2	216	0	—
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
HARBOR LARGE CAP VALUE FUND						
Howard Gleicher, CFA						
All Accounts	10	\$17,608	17	\$11,890	1,360	\$25,639
Accounts where advisory fee is based on account performance (subset of above)	0	—	—	—	3	857
Gregory D. Padilla, CFA						
All Accounts	7	17,145	16	11,488	1,229	21,444
Accounts where advisory fee is based on account performance (subset of above)	0	—	—	—	3	857
HARBOR MID CAP FUND and HARBOR SMALL CAP VALUE FUND						
Paul E. Viera						
All Accounts	4	\$ 2,910	13	\$ 4,423	5,116	\$14,992
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	3	789
HARBOR MID CAP VALUE FUND						
Josef Lakonishok, Ph.D.						
All Accounts	34	\$20,068	62	\$26,203	336	\$62,280
Accounts where advisory fee is based on account performance (subset of above)	0**	—	6***	1,994	61	12,987

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)
HARBOR MID CAP VALUE FUND – Continued						
Menno Vermeulen, CFA						
All Accounts	34	\$20,068	62	\$26,203	336	\$62,280
Accounts where advisory fee is based on account performance (subset of above)	0**	—	6***	1,994	61	12,987
Puneet Mansharamani, CFA						
All Accounts	34	20,068	62	26,203	336	62,280
Accounts where advisory fee is based on account performance (subset of above)	0**	—	6***	1,994	61	12,987
Greg Sleight						
All Accounts	34	20,068	62	26,203	336	62,280
Accounts where advisory fee is based on account performance (subset of above)	0**	—	6***	1,994	61	12,987
Guy Lakonishok, CFA						
All Accounts	34	20,068	62	26,203	336	62,280
Accounts where advisory fee is based on account performance (subset of above)	0**	—	6***	1,994	61	12,987
HARBOR MONEY MARKET FUND						
Kenneth J. O'Donnell, CFA						
All Accounts	0	\$ —	3	\$ 313	14	\$ 3,338
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	4	1,835
HARBOR OVERSEAS FUND						
Brendan O. Bradley, Ph.D.						
All Accounts	15	\$ 9,978	83	\$29,136	194	\$73,479
Accounts where advisory fee is based on account performance (subset of above)	0	—	14	2,157	22	10,225
Ryan D. Taliaferro, Ph.D.						
All Accounts	15	9,978	83	29,136	194	73,479
Accounts where advisory fee is based on account performance (subset of above)	0	—	14	2,157	22	10,225
Harry Gakidis, Ph.D.						
All Accounts	15	9,978	83	\$ 9,136	194	73,479
Accounts where advisory fee is based on account performance (subset of above)	0	—	14	2,157	22	10,225
HARBOR SMALL CAP GROWTH FUND						
William A. Muggia						
All Accounts	9	\$ 3,026	10	\$ 1,729	267	\$11,683
Accounts where advisory fee is based on account performance (subset of above)	0	—	1	40	24	3,169
Richard D. Lee, CFA						
All Accounts	8	2,868	5	1,660	218	10,214
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	21	12,290
Ethan J. Meyers, CFA						
All Accounts	8	2,868	5	1,660	218	10,214
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	21	12,290
John M. Montgomery						
All Accounts	8	2,868	5	1,660	218	10,214
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	21	12,290

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)
HARBOR STRATEGIC GROWTH FUND						
Silas A. Myers, CFA						
All Accounts	4	\$ 930	4	\$ 384	600	\$ 2,975
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Brian L. Massey, CFA						
All Accounts	4	930	4	384	600	2,975
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Joshua J. Honeycutt, CFA						
All Accounts	4	930	4	384	600	2,975
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—
Jeffrey B. Prestine						
All Accounts	4	930	4	384	600	2,975
Accounts where advisory fee is based on account performance (subset of above)	0	—	0	—	0	—

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, 2021, Messrs. Bradley, Taliaferro, and Gakidis did not beneficially own any shares of Harbor Overseas Fund.

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 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 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 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, 2021, 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.

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.

Baillie Gifford Overseas Limited — Continued

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.

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, 2021, Messrs. Callahan, Campbell, Faraday and Sitte and Meses. Earnshaw and Mileva did not beneficially own any shares of Harbor International Growth Fund.

CONFLICTS OF INTEREST

Conflicts of interest of the type that may arise when an investment adviser serves as an adviser to both a mutual fund and to other segregated accounts are minimized through BNPP AM’s investment management decision making process and BNPP AM’s trade allocation policy.

BNPP AM’s investment professionals are organized into teams by product area. The teams are responsible for determining strategy for all portfolios within their group. Views are debated and strategy is determined in weekly strategy sessions, with the participation of heads of each product team. Strategy and positions are expressed in terms of risk exposures relative to a benchmark which are then translated into portfolio positions according to each client’s benchmark and guideline parameters.

BNP Paribas Asset Management USA, Inc. — Continued

Every portfolio, including mutual fund portfolios, is assigned to a Portfolio Manager within the relevant product area. The Portfolio Manager is responsible for ensuring the implementation of the product strategy in each portfolio, subject to benchmark limitations and guideline parameters. The portfolio manager either identifies trades and positioning for the portfolio himself/herself or delegates to another member of the investment team who assumes responsibility for issue selection within that sector. This process ensures that investment decisions for specific portfolios are consistent with the strategy for the product area, taking into account the individual portfolio's benchmark, risk parameters and investment guidelines.

In terms of setting a portfolio's risk parameters, these are established at the portfolio's inception, based upon the client's investment guidelines and overall risk preferences. The Portfolio Manager and the Client Relationship Manager monitor the portfolio's compliance with such parameters on an ongoing basis, while ultimately the Investment Risk Compliance team assumes responsibility for ensuring guideline compliance.

This process ensures that strategy is determined at the product level and executed across all portfolios within that product grouping, subject only to pre-determined risk parameters and to client guideline and benchmark parameters.

As a matter of policy, block transactions are allocated fairly and equitably across all participating accounts utilizing the automated, non-preferential proprietary trade execution system. The system allocates the trades according to each participating portfolio's size and pre-determined, pre-programmed risk profile. The system allows traders to record simple trades as well as helping them to construct complex trades when they declare a goal in terms of allocation or exposure, given specific trading parameters. The system will determine individual trades for each portfolio, automatically adjusting allocations to maintain guideline compliance. The automated allocation system ensures that no managed account is favored with respect to the selection of securities or timing of purchase or sale of securities over another account.

Trade allocation and best execution practices are reviewed and tested on a quarterly basis as part of the Compliance Control Plan, which is carried out independently by BNPP AM's Compliance team. This review takes into consideration BNPP AM's trading procedures and the nature of the fixed income markets. BNPP AM utilizes a third party vendor to assist with the best execution review process. Members of the portfolio management, risk, trading, and compliance teams meet with the vendor to review best execution results on a periodic basis throughout the year.

As described above, BNPP AM's investment decision-making and trade allocation policies and procedures are designed to ensure that none of the firm's clients are disadvantaged in the firm's management of accounts. Additionally, the firm's internal controls are tested on a routine schedule as part of BNPP AM's Compliance Control Plan and annually, BNPP AM, in coordination with the global business line's Operation team, engages its external auditor to perform a SSAE 16 or similar review of internal controls.

COMPENSATION

BNP Paribas Asset Management USA, Inc. ("BNPP AM USA"), a member of BNPP AM, the global brand name for the asset management business of BNP Paribas SA ("BNPP"), aims to attract and retain all staff with total compensation packages that are competitive with the applicable local market. BNPP AM has a carefully considered approach to compensation (described below) which is a significant factor in retaining both key and promising employees.

Compensation is based on a combination of individual, team, and firm performance. There are three standard components of the remuneration structure for professional staff based on market survey data: salary, discretionary bonus, of which part is deferred to form the third component. A significant portion of remuneration for investment professionals is variable compensation, which is dependent on their investment results and value-added results for clients, as well as other important responsibilities such as contributions to developing the investment process and interaction with clients. Discretionary bonuses are available to all qualified employees. Both senior non-investment and senior investment professionals are eligible for the third component which is a rule-based company mandated deferral program designed to retain key performers and link their rewards to BNPP AM performance and fund performance.

SECURITIES OWNERSHIP

As of October 31, 2021, Mr. O'Donnell did not beneficially own any shares of Harbor Money Market 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, 2021, Messrs. Brodsky and Mozes beneficially owned shares of Harbor International Small Cap Fund with a value between \$10,001 and \$50,000.

Comgest Asset Management International Limited

CONFLICTS OF INTEREST

Comgest makes investment decisions for multiple portfolios using various investment strategies depending upon clients' guidelines and restrictions. Conflicts of interest may arise in managing multiple accounts, including, for example, conflicts among investment strategies, conflicts in the allocation of investment opportunities, or conflicts due to different fees including performance fees. These differences give rise to a potential conflict that a portfolio manager may favor one account over the other or allocate more time to the management of one account over another.

Comgest seeks to conduct itself in a manner it considers to be the most fair and consistent with its fiduciary obligations to its clients and make investment decisions based on an account's available cash, investment objectives, restrictions, permitted investment techniques and other relevant considerations. Comgest seeks to mitigate any such conflicts by monitoring portfolios within the same investment mandate for any dispersion in returns, holdings, and position sizes, which are not attributable to client-specific restrictions, guidelines, cash availability, redemption activity or other factors.

Comgest's policies and procedures have been designed to identify and properly disclose, mitigate, and/or eliminate applicable conflicts of interest. Comgest's management of conflicts includes a conflicts' mapping to set out potential conflicts which could impact the Comgest Group, individual entities within the group and clients. Comgest looks to identify and describe potential conflicts; determine how each conflict is managed or mitigated; and note any policies or procedures that have been implemented in order to manage or avoid the conflicts.

COMPENSATION

Comgest looks to align the interests of its employees with those of its clients through a mix of short- and long-term employee incentives, which are reflected in its remuneration systems and the opportunity for employees to become shareholders in the firm. Comgest's underlying goal is for its incentive system to help drive product performance and team stability.

Comgest looks to ensure that employee benefit packages deliver on three clear objectives:

- Attracting and retaining the industry's brightest investment professionals;

Comgest Asset Management International Limited — Continued

- Developing, deploying and rewarding the talents of each employee; and
- Aligning incentive structures to clients' interests to ensure employees are motivated to deliver on the firm's long term-oriented performance objectives.

A typical remuneration package consists of three main components:

- **Fixed salary:** targeted to be in line with industry benchmarks and reviewed on a regular basis.
- **Variable bonus:** designed to reward performance while encouraging strong team work and collaboration. Comgest places importance on team spirit over individualism.
- **Equity:** the opportunity to become a shareholder in the firm is designed to encourage all employees to become partners in the business for the long term. This enables everyone to think and act like owners, not employees. The process of accumulating a stake in the business spans many years and reinforces a commitment to the long-term success of Comgest.

Bonuses are based on a set of quantitative and qualitative criteria that favor processes and behavior over short-term outcomes. This is based on Comgest's belief that quality research inputs combined with sound methodology typically lead to positive outputs over the long-term, while short-term outcomes can be random. A portion of the discretionary bonus can be deferred over three years or invested in the shares of Comgest with the aim of aligning remuneration with the long-term interests of Comgest and its clients.

With this emphasis on quality of research and investment performance, the bonus structure is as follows:

- Approximately 70% is based on research and portfolio management, including: (i) contribution to product performance over three years or more; (ii) analysis and understanding of performance; (iii) proposal of new investment ideas; (iv) application of the Comgest investment philosophy; and (v) demonstrated participation in team debate on companies and sharing of ideas with other teams.
- Approximately 30% is based on other criteria such as: (i) management capabilities (where applicable); (ii) contribution to client interaction; (iii) demonstration of team spirit; and (iv) involvement in the life of the company, etc.

SECURITIES OWNERSHIP

As at October 31, 2021, Ms. Négiar and Messrs. Smerczak, Narboni, and Mercado did not beneficially own any shares of Harbor Focused International Fund.

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.

SECURITIES OWNERSHIP

As of October 31, 2021, 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 Adviser 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 Adviser manages accounts on behalf of Harbor as well as on behalf of its clients; single subadviser 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 subadviser to a single subadviser 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 Adviser 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 Adviser 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 Adviser 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 Adviser 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 Adviser'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 Adviser, years of service and contribution to the long-term performance of the Adviser.

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

- **Employee Bonus Plan ("EBP").** Virtually every full-time employee of the Adviser participates in the EBP. The EBP provides for a possible incentive payment based upon the Adviser'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 Adviser 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 Adviser. 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 Adviser'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 Adviser.

SECURITIES OWNERSHIP

As of October 31, 2021, Messrs. Gleich and Lerner did not beneficially own any shares of Harbor Disruptive Innovation Fund.

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, 2021, Mr. O'Malley and Mr. Jack Sommers 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. Sommers, 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 only hold long securities positions as well as accounts in strategies that are permitted to sell securities short. Jennison may hold a long position in a security 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.
- 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, Jennison's affiliates may 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 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.
- 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

Jennison Associates LLC — Continued

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, the allocation of transactions across multiple accounts, and the timing of transactions between its non-wrap accounts and its wrap fee accounts and between wrap fee program sponsors.
- 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

Mr. Segalas, 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, which include portfolio managers and research analysts, and to align the interests of its investment professionals with those of its 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. Investment professionals are compensated with a combination of base salary and discretionary 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.

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 discretionary 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' total compensation is determined through a subjective process that evaluates numerous qualitative and quantitative factors. Not all factors are applicable to every investment professional, and there is no particular weighting or formula for considering the factors.

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

Jennison Associates LLC — Continued

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, 2021, Mr. Segalas, Ms. McCarragher, Mr. Boyer and Ms. Kuhlkin beneficially owned shares of Harbor Capital Appreciation Fund with a value of over \$1,000,000 each.

LSV Asset Management

CONFLICTS OF INTEREST

From time to time, potential conflicts of interest may arise between the portfolio manager's management of the investments of Harbor Mid Cap Value Fund, on the one hand, and the management of other accounts, on the other. The other accounts might have similar investment objectives or strategies as Harbor Mid Cap Value Fund, track the same index Harbor Mid Cap Value Fund tracks or otherwise hold, purchase, or sell securities that are eligible to be held, purchased or sold by Harbor Mid Cap Value Fund. The other accounts might also have different investment objectives or strategies than Harbor Mid Cap Value Fund. 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 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 Chief Compliance Officer, Compliance Officer, Chief Operating Officer and Compliance Analyst, reviews, among other things, allocations of investment opportunities among clients and allocation of partially-filled block trades 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"). 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 Chief Compliance Officer 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 date of the beginning of the rebalancing of certain portfolios in applicable strategies actively managed by LSV and the date 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. LSV has put in place policies and procedures designed to manage any such 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. In addition, the provider's services are subject to an annual review by persons at LSV that do not have such a conflict.

Knowledge and Timing of Portfolio Trades. A potential conflict of interest may arise as a result of the portfolio manager's day-to-day management of Harbor Mid Cap Value Fund. Because of the portfolio manager's positions with Harbor Mid Cap Value Fund, the portfolio manager knows the size, timing and possible market impact of Harbor Mid Cap Value Fund's trades. It is theoretically possible that the portfolio manager could use this information to the advantage of other accounts he or she manages and to the possible detriment of Harbor Mid Cap Value Fund.

Investment Opportunities. A potential conflict of interest may arise as result of the portfolio manager's management of a number of accounts with varying investment guidelines. Often, an investment opportunity may be suitable for both Harbor Mid Cap Value Fund and other accounts managed by the portfolio manager, but may not be available in sufficient quantities for both Harbor Mid Cap Value Fund and the other accounts to participate fully. Similarly, there may be limited opportunity to sell an investment held by Harbor Mid Cap Value Fund and another account. LSV has adopted policies and procedures reasonably designed to allocate investment opportunities on a fair and equitable basis over time.

Under LSV's allocation procedures, investment opportunities are allocated among various investment strategies based on individual account investment guidelines and LSV's investment outlook. LSV has also adopted additional procedures to complement the general trade allocation policy that are designed to address potential conflicts of interest due to the side-by-side management of Harbor Mid Cap Value Fund and certain pooled investment vehicles, including investment opportunity allocation issues.

Performance Fees. The portfolio manager may advise certain accounts with respect to which the advisory fee is based entirely or partially on performance. Performance fee arrangements may create a conflict of interest for the portfolio manager in that the portfolio manager may have an incentive to allocate the investment opportunities that he or she believes might be the most profitable to such other accounts instead of allocating them to Harbor Mid Cap Value Fund. LSV has adopted policies and procedures reasonably designed to allocate investment opportunities between Harbor Mid Cap Value Fund and such other accounts on a fair and equitable basis over time.

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, 2021, Messrs. J. Lakonishok, Vermeulen, Mansharamani, Sleight and G. Lakonishok did not beneficially own any shares of Harbor Mid Cap Value Fund.

THE PORTFOLIO MANAGERS

Mar Vista Investment Partners, LLC

CONFLICTS OF INTEREST

Mar Vista understands that potential material conflicts of interest exist in “side-by-side” management. As such, Mar Vista has always had procedures on the aggregation and allocation of transactions across accounts managed in the same investment strategy. When possible, Mar Vista aggregates the same transactions in the same securities for many accounts to enhance execution. Clients in an aggregated transaction each receive the same price per share or unit, but, if they have directed brokerage to a particular broker, they may pay different commissions or may pay or receive a different price.

Certain clients may not be included in certain aggregated transactions because of cash availability, account restrictions, directed brokerage, or tax sensitivity. Mar Vista utilizes a trade rotation in these situations. The allocation is pro-rata basis within each aggregated group unless the size of the fill is such that a pro rata allocation is not appropriate.

Mar Vista’s Code of Ethics details additional guidelines and procedures to eliminate potential material conflicts of interest.

COMPENSATION

Mar Vista’s investment professionals receive a base salary commensurate with their level of experience. Mar Vista’s goal is to maintain competitive base salaries through a review of industry standards, market conditions and salary surveys. Each portfolio manager’s compensation includes a combination of base salary, a benefits package, and a profit-sharing plan linked directly to the net income of Mar Vista’s strategic growth accounts. Each portfolio manager participates in the Fund’s division’s profit growth through annual profit (bonus) distribution. Compensation is tied to performance in this way.

SECURITIES OWNERSHIP

As of October 31, 2021, Messrs. Honeycutt, Myers, Massey, and Prestine did not beneficially own any shares of Harbor Strategic Growth 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 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 Emerging Markets Equity Fund, 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, 2021, Messrs. Ostrer, Carter, Longhurst, Arah, Somerville, Duffy, Hill, and Anstey did not beneficially own any shares of Harbor Diversified International All Cap Fund; Mr. Duffy did not beneficially own any shares of Harbor Emerging Markets Equity Fund; and Messrs. Ostrer, Carter, Longhurst, Arah, Somerville, Duffy, and Hill did not beneficially own any shares of Harbor International Fund.

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

Sands Capital Management, LLC — Continued

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, 2021, Mr. Thakor and Mr. Raab each beneficially owned shares of Harbor Global Leaders Fund with a value over \$1,000,000.

Shenkman Capital Management, Inc.

CONFLICTS OF INTEREST

As a registered investment adviser, Shenkman intends to act in good faith in a manner consistent with its duties under applicable law. However, Shenkman is subject to various potential or actual conflicts of interest, including those arising from its relationships with its affiliates, which currently and in the future will serve as investment adviser to investment funds, separately managed accounts or similar vehicles. Shenkman actively engages, and in the future will engage, in a broad spectrum of activities, including direct investment activities and investment advisory activities, and has extensive investment activities that are independent from, and may from time-to-time conflict or compete with, the investment activities of the Funds. These circumstances could give rise to numerous situations where interests conflict, including, as further noted herein, the investment by different clients of Shenkman in the same investment or in different levels of the capital structure of the same issuer, or other dealings involving different clients of the Advisor.

To that end, Shenkman has implemented Policies and Procedures Regarding the Identification of Conflicts of Interest, a full copy of which is set forth in the firm's Compliance Manual. In addition to what is already described therein, the particular circumstances described below further illustrate some of the conflicts of interest that may arise. However, there can be no assurance that other conflicts of interest with the potential for adverse effects on Shenkman clients will not arise.

Shenkman is affiliated with Romark Credit Advisors LP ("RCA"), and Romark CLO Advisors LLC ("RCLO"). RCA is registered as an investment adviser with the SEC and RCLO is registered as a relying adviser of RCA. As used herein, the term "Romark" will include RCLO and RCA, as the case may be. Romark's primary business is to sponsor and provide investment advisory services as a collateral manager to collateralized loan obligations ("CLOs", and each such CLO managed by Romark, a "Romark CLO"), collateralized bond obligations ("CBOs", and each such CBO managed by Romark, a "Romark CBO"), and other securitized vehicles. The Romark CLOs invest primarily in leveraged loans and the Romark CBOs invest primarily in high-yield bonds. Romark will also implement and manage warehouse or similar facilities established in anticipation of the launch of a Romark CLO or CBO. Romark in the future may manage or sub-advise accounts or funds that are not CLOs or CBOs. These accounts or funds may invest in fixed-income securities, loans, and other instruments, including, without limitation, instruments issued by Romark CLOs, CBOs or other securitized vehicles, and such accounts or funds may be established for the express purpose of investing in Romark CLOs, Romark CBOs or other securitized vehicles. Romark, on behalf of the Romark CLOs, CBOs or other securitized vehicles, may seek to invest in the same or similar types of instruments as Shenkman seeks to invest in on behalf of the Funds. Additionally, certain of Shenkman Capital's shareholders, officers, and/or employees, including, without limitation, Mark R. Shenkman and Justin W. Slatky, are shareholders, officers, and/or employees of RCA, while remaining as shareholders, officers, and/or

Shenkman Capital Management, Inc. — Continued

employees of Shenkman and thus will act as dual shareholders, officers, and/or employees of Shenkman and RCA, and in some instances, are shareholders, officers, and/or employees of all three of Shenkman, RCA, and RCLO. As such, there is a potential conflict of interest as certain of Shenkman Capital's shareholders, officers, and/or employees will allocate time and resources to Romark that could instead be allocated to Shenkman Capital.

It should be noted that Shenkman Capital's services to each client, including the Funds, are not exclusive. Shenkman Capital's employees and affiliates may effect transactions for their own accounts and for the accounts of other clients that differ materially from the advice given, or the time or nature of action taken, with respect to the Funds. Also, it may not always be possible for the same investment positions to be taken or liquidated at the same time or at the same price.

Shenkman offers many of its investment strategies through a variety of investment products, including, without limitation, separately managed accounts, private funds (single investor or comingled), CBO and CLOs, mutual funds, and UCITS. Given the different structures of these products, certain clients of Shenkman are subject to terms and conditions that are materially different or more advantageous than available under different products. For example, mutual funds offer investors the ability to redeem from the fund daily, while private funds offer less frequent liquidity. Similarly, a separately managed account client may have more transparency regarding the positions held in its account than would be available to an investor in a fund, and, further, separately managed account clients have the ability to terminate their investment management agreement with little or no notice (subject to the terms of the agreement), at which point the client could take control of the assets and may themselves liquidate the portfolio.

As a result of these differing liquidity and other terms, Shenkman may acquire and/or dispose of investments for a client either prior to or subsequent to the acquisition and/or disposition of the same or similar securities held by another client. In certain circumstances, purchases or sales of instrument by one client could adversely affect the value of the same instrument held in another client's portfolios. In addition, Shenkman has caused, and expects to in the future to cause, certain clients to invest in opportunities with different levels of concentration or on different terms than that to which other clients invest in the same instrument. These differences in terms and concentration could lead to substantially different investment outcomes among clients investing in the same instrument. Shenkman seeks to tailor its investment advisory services to meet each client's investment objective, constraints and investment guidelines, and Shenkman Capital's judgments with respect to a particular client will at times differ from its judgments for other clients, even when two clients pursue similar investment strategies.

Shenkman also acts as investment adviser to clients that have issued debt instruments, and Shenkman may enter into similar investment advisory relationships in the future. Shenkman may purchase, on behalf of a client, including the Funds, instruments issued by such companies. For the avoidance of doubt, however, Shenkman is not obligated to purchase or sell or recommend for purchase or sale for any client any security or other asset that it and its employees and affiliates may purchase or sell for the account of any client or for their own accounts.

Shenkman engages in transactions and investment strategies for certain clients that differ from the transactions and strategies executed on behalf of other clients. Shenkman invests in all segments of the capital structure of high yield issuers on its clients, including the Funds, and is not precluded from investing in instruments of a company held in another client, even if such positions may be adverse. Shenkman Capital's clients have held, and it is expected that in the future they will at times hold, different investments of the same issuer that have different priorities. These investments create conflicts of interest, particularly because Shenkman can take certain actions for some clients that can have an adverse effect on other clients. For example, certain clients of Shenkman may hold senior or subordinated rights relative to other clients, or vice versa. This presents a potential conflict of interest because any action that Shenkman were to take on behalf of the issuer's senior instrument, for instance, could have an adverse effect on the issuer's junior instrument, and vice versa, particularly in distressed or default situations. To the extent Shenkman or any of its employees were to serve on a formal or informal creditor or similar committee on behalf of a client, such conflicts of interest may be exacerbated. Shenkman has adopted procedures and controls reasonably designed to identify and address such conflicts.

Additionally, Shenkman and its affiliates may make investments for certain clients that it concludes are inappropriate for other clients. For instance, one client may take short positions in the debt or equity instruments of certain issuers, while at the same time those instruments and/or other securities and/or leveraged loans of that issuer are acquired or held long by other clients. Conversely, Shenkman may take long positions in the securities of certain issuers for a client, while at the same time those instruments and/or other securities and/or leveraged loans of that issuer are held short in or have been sold out of another client's account.

Shenkman may share in performance-based compensation and manage both client accounts that are charged performance-based compensation and accounts that are charged only an asset-based fee (i.e., a non-performance-based fee). In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. Shenkman and/or its affiliates, employees, officers, shareholders, and directors (including individuals involved in making investment decisions) invests in one or more investment funds managed by Shenkman, and such investments may represent a significant portion of each individual's net worth. Additionally, such investments are concentrated in investment funds from which Shenkman and/or certain employees (through ownership interests in affiliates of Shenkman Capital) receive performance-based compensation. Shenkman has a greater incentive to favor clients that pay it (and indirectly certain investment personnel) performance-based compensation or higher fees.

Shenkman will generally allocate investment opportunities among eligible clients pro rata based on each client's total net asset value, or pursuant to alternative approved methodologies, including, without limitation, pursuant to (i) a target weighting of an account's concentration in an applicable issue, issuer, industry, credit rating, duration, maturity, cash level, or similar portfolio attribute; (ii) a rotational system; (iii) a random selection of eligible accounts; or (iv) as otherwise approved by our Legal and Compliance Department.

A client will generally be presumed to be eligible to participate in an investment opportunity executed on behalf of clients with similar investment objectives, strategies and risk profiles, provided, however, that an eligible client may be excluded from participating in an investment opportunity, or the amount of an eligible client's allocation may be limited based on, among other things, the client's investment guidelines, restrictions and specific instructions; legal, regulatory or tax restrictions; portfolio diversification/concentration considerations; and timing of cash flows, account liquidity and cash balances. Allocations are adjusted for rounding based on lot size and minimum increment requirements, or as otherwise approved by the Legal and Compliance Department. It is our goal to provide individualized treatment and customized solutions to each client. Due to the differences in investment objectives, strategies, guidelines and restrictions, along with the other criteria outlined above, including the availability and relative value of investment opportunities, there will be differences among accounts in invested positions and investments held, and such differences can be meaningful. There are no assurances that each client, including the Funds, will participate in each eligible investment opportunity. In all cases, Shenkman seeks to identify and mitigate all conflicts of interest and allocate investments fairly over time and in accordance with its fiduciary duties.

Shenkman maintains a general practice of aggregating client trade orders for execution in order to achieve more favorable execution prices by buying or selling investments in greater quantity. Any initial allocations made prior to an order being placed, will be subject to adjustment depending upon, among other considerations, (1) the actual amount purchased or sold (e.g., partially-filled orders); (2) lot size and minimum increment requirements; and (3) if the order is a sale transaction, remaining position size by account. Aggregated orders are typically allocated among accounts based upon an average price, with all other transaction costs, if any, shared among the accounts on an equitable basis. Furthermore, due to the fact that market conditions fluctuate throughout the trading day, Shenkman bifurcates the trading day into morning (typically prior to noon) and afternoon trading sessions (typically after noon), and generally aggregates orders generated in the morning trading session separately from orders generated during the afternoon trading session.

Shenkman may also execute cross trades (i.e., the simultaneous purchase and sale of an investment from one client to another). Cross trades may be executed for different clients on the same or a different day on which we trade in the same investment for other clients, and to the extent that this occurs, it could give rise to a conflict of interest because clients acquiring securities through a cross trade would pay lower execution costs than clients purchasing these instruments through a broker-dealer and clients disposing instruments through a cross trade would receive higher execution proceeds than clients disposing of these instruments through a broker-dealer.

Shenkman usually executes cross trades directly among eligible clients but in certain cases may use a broker to effect the trade. Shenkman believes cross trades benefit clients on both sides of the trade by minimizing the spread, mark-up, or commissions that would be paid to a broker. In these instances, the purchase price generally reflects the mean of the bid and ask prices as quoted to Shenkman by a third-party pricing service or third-party brokers. If a broker is needed for the trade, the security is sold to a broker selected by Shenkman and then sold by that broker to the other client(s) at the mean of the bid and ask prices plus a fee not greater than one quarter of a point (i.e., \$0.25 per \$100 principal amount). These "broker" cross trades may still benefit clients on both sides of the trade because the selling client would sell the instrument for more than the bid price (i.e., the price it would have received in the open market) and the buying client would purchase the instrument at less than the ask price (i.e., the price it would have paid in the open market). In all instances, Shenkman acts in a manner consistent with its fiduciary duties. Shenkman does not receive any fees in connection

with cross trades. It should be noted that if a Mutual Fund, including the Funds, participates in the cross trade, the transaction must be executed in accordance with the requirements of Rule 17a-7 under the Investment Company Act of 1940, and if a UCITS fund participates in the cross trade, it must be executed in accordance with that fund's policy and procedures. In addition, cross trades generally will not be conducted with an ERISA client (including a client of Shenkman that has substantial benefit plan investors and is subject to ERISA), clients that are public retirement plans, or any clients requesting to be treated as an ERISA account.

As part of its overall compliance program, Shenkman has adopted a Code of Ethics (the "Code of Ethics") that imposes standards of business conduct, including standards and procedures for the detection and prevention of inappropriate personal securities transactions by our employees, and addresses other situations involving conflicts of interest. One of the intentions of the Code of Ethics is to ensure that the personal securities transactions of persons subject to it are conducted in accordance with the following principles: (i) the duty at all times to place the interests clients first; (ii) the requirement that all personal securities transactions be conducted consistent with the Code of Ethics and in such a manner as to identify and mitigate any conflict of interest and avoid any abuse of an individual's responsibility and position of trust; (iii) the fundamental standard that our employees not take inappropriate advantage of their positions; and (iv) the duty at all times to comply with applicable state and federal securities laws. Shenkman Capital's Code of Ethics requires employees to obtain pre-approval for personal securities transactions, except with respect to transactions involving municipal bonds, mutual funds for which Shenkman Group does not serve as investment adviser or sub-adviser, closed-end funds, exchange traded funds, or exchange traded notes. Shenkman permits its employees to engage in personal securities trading, but does not allow them to purchase high yield or "cross over" (i.e., rated investment grade by one rating agency and below investment grade by another rating agency) bonds or loans or to purchase any securities of an issuer that is on Shenkman Capital's list of approved issuers or an issuer whose securities or loans are otherwise owned by one or more clients of the Advisor.

COMPENSATION

Shenkman Capital offers a highly competitive total compensation package. All team members receive a complete benefits package, base salary, and an annual bonus predicated on individual and firm performance. The percentage of compensation from salary and bonus varies by a team member's merit. Typically, a bonus is a larger percentage of annual compensation for team members that have made contributions to the firm and achieved a long tenure with the firm.

Harbor High-Yield Bond Fund is managed under an investment team structure by Eric Dobbin, Robert Kricheff, Neil Wechsler and Jordan Barrow. Justin W. Slatky as Chief Investment Officer of Shenkman Capital is responsible for setting strategies and direction with respect to the firm's investment-related activities. Mark R. Shenkman as President of Shenkman Capital has ultimate responsibility with respect to the firm's operations, including its strategic direction, client relationships and investment program. The portfolio managers of Harbor High-Yield Bond Fund are responsible for reviewing the overall composition of the portfolio, implementing trades based on the credit decisions made by the high yield bond team, generating investment ideas and providing ongoing evaluation of current fund investments. Mr. Shenkman has been the President of Shenkman Capital since he founded the company in 1985. Mr. Slatky joined the firm in 2011 and became Co-Chief Investment Officer in 2016 and Chief Investment Officer in 2020. Mr. Dobbin, Senior Vice President, Portfolio Manager and Head of Trading of Shenkman Capital, joined the firm in 2006. Mr. Kricheff, Senior Vice President, Portfolio Manager and Global Strategist of Shenkman Capital, joined the firm in 2013. Mr. Wechsler, Senior Vice President, Portfolio Manager and Credit Analyst of Shenkman Capital, joined the firm in 2002. Mr. Barrow, Senior Vice President and Portfolio Manager of Shenkman Capital, joined the firm in 2004.

Harbor Convertible Securities Fund is managed under an investment team structure by Jordan N. Barrow and Thomas Whitley. Justin W. Slatky as Chief Investment Officer of Shenkman Capital is responsible for setting strategies and direction with respect to the firm's investment-related activities. Mark R. Shenkman as President of Shenkman Capital has ultimate responsibility with respect to the firm's operations, including its strategic direction, client relationships and investment program. Mr. Shenkman has been the President of Shenkman Capital since he founded the company in 1985. Mr. Slatky joined the firm in 2011 and became Co-Chief Investment Officer in 2016 and Chief Investment Officer in 2020. Mr. Barrow, Senior Vice President and Portfolio Manager of Shenkman Capital, joined the firm in 2004. Mr. Whitley, Vice President and Portfolio Manager of Shenkman Capital, joined the firm in 2008.

Shenkman Capital Management, Inc. — Continued

Portfolio managers represent the majority of the firm's senior management. Their compensation is not formally tied to a specific list of criteria. They are compensated based on their ability to implement the firm's investment strategy, their ability to effectively perform their respective managerial functions, the overall investment performance of the firm, as well as the firm's growth and profitability. All of the senior portfolio managers are owners of the firm.

The portfolio managers' compensation is not based on the performance of Harbor High-Yield Bond Fund and/or Harbor Convertible Securities Fund or the value of assets held in its portfolio.

SECURITIES OWNERSHIP

As of October 31, 2021, Mr. Whitley beneficially owned shares of Harbor Convertible Securities Fund with a value between \$100,001 and \$500,000. Mr. Barrow beneficially owned shares of Harbor Convertible Securities Fund with a value between \$10,001 and \$50,000. Mr. Slatky beneficially owned shares of Harbor Convertible Securities Fund with a value between \$50,001 and \$100,000. Mr. Shenkman did not beneficially own shares of Harbor Convertible Securities Fund.

As of October 31, 2021, Mr. Shenkman beneficially owned shares of Harbor High-Yield Bond Fund with a value between \$100,001 and \$500,000 and Mr. Wechsler beneficially owned shares of Harbor High-Yield Bond Fund with a value between \$1 and \$10,000. Messrs. Slatky, Kricheff, Dobbin and Barrow did not beneficially own shares of Harbor High-Yield Bond Fund.

Westfield Capital Management Company, L.P.

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, 2021, 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.

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 and Executive Vice President of the Distributor; Anmarie S. Kolinski is the Chief Financial Officer, an Executive Vice President and the Treasurer of the Distributor; Gregg M. Boland is a Senior Vice President, the AML Compliance Officer, and the OFAC Officer of the Distributor; and Jodie L. Crotteau is the Chief Compliance Officer and an Assistant Secretary of the Distributor. The Distributor is a Delaware corporation, a registered broker-dealer and a wholly-owned subsidiary of the Adviser.

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 Harbor Funds’ behalf. 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.

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, 2021 were as follows:

	Total Paid to Distributor		Retained by Distributor ¹		Paid to Intermediaries ²	
	Administrative Class (000s)	Investor Class (000s)	Administrative Class (000s)	Investor Class (000s)	Administrative Class (000s)	Investor Class (000s)
HARBOR FUNDS						
Harbor Capital Appreciation Fund	\$1,126	\$3,640	\$ 10	\$ 73	\$1,116	\$3,567
Harbor Convertible Securities Fund	—	7	—	1	—	6
Harbor Core Bond Fund	N/A	N/A	N/A	N/A	N/A	N/A
Harbor Core Plus Fund (formerly, Harbor Bond Fund) ³	44	N/A	2	N/A	42	N/A
Harbor Disruptive Innovation Fund (formerly, Harbor Mid Cap Growth Fund) ⁴	13	147	—	3	13	144
Harbor Diversified International All Cap Fund	21	24	—	1	21	23
Harbor Emerging Markets Equity Fund	—	15	—	1	—	14
Harbor Focused International Fund	N/A	—	N/A	—	N/A	—
Harbor Global Leaders Fund	5	61	1	3	4	58
Harbor High-Yield Bond Fund	2	59	—	—	2	59
Harbor International Fund	43	959	2	46	41	913
Harbor International Growth Fund	2	54	—	3	2	51
Harbor International Small Cap Fund	1	3	1	1	—	2
Harbor Large Cap Value Fund	13	73	—	3	13	70
Harbor Mid Cap Fund ⁵	N/A	2	N/A	2	N/A	—
Harbor Mid Cap Value Fund	11	81	—	3	11	78
Harbor Money Market Fund	8	N/A	—	N/A	8	N/A
Harbor Overseas Fund	N/A	—	N/A	—	N/A	—
Harbor Small Cap Growth Fund	2	21	—	1	2	20
Harbor Small Cap Value Fund	32	162	—	5	32	157
Harbor Strategic Growth Fund	—	2	—	—	—	2

¹ Amounts retained by the Distributor for administrative expenses.

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

³ On February 2, 2022, the Fund was changed from Harbor Bond Fund to Harbor Core Plus Fund.

⁴ On September 1, 2021, the Fund was changed from Harbor Mid Cap Growth Fund to Harbor Disruptive Innovation Fund.

⁵ Commenced operations December 1, 2019.

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 Adviser. Charles F. McCain is a Director of Shareholder Services; Erik D. Ojala is a Director and the Assistant Secretary of Shareholder Services; Gregg M. Boland is the President of Shareholder Services; Annmarie S. Kolinski is the Chief Financial Officer of Shareholder Services; and Jodie L. Crotteau is the Chief Compliance Officer and the Secretary 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, may be compensated for providing distribution and/or sub-accounting, 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 Adviser or their affiliates may compensate, out of their own assets, certain unaffiliated financial intermediaries for distribution of Institutional Class, Administrative Class, and/or Investor Class shares of the Funds and for providing shareholder recordkeeping, subaccounting and other similar services to shareholders who hold their Institutional Class, Administrative Class, and/or Investor Class shares of the Funds through accounts that are maintained by the financial intermediaries. The Adviser and/or its affiliates may also make payments, out of their own assets and not as an expense to a Fund, to unaffiliated financial intermediaries to offset certain expenses of financial intermediaries related to the intermediary’s investment platform and/or the provision of services with respect to a Fund or share class on an intermediary’s system. Because all or a substantial portion of the assets of Shareholder Services, Distributor, and Adviser are attributable to fees paid by the Funds, the Funds could be considered to be indirectly paying some or all of these fees to the financial intermediaries when those fees are paid by Shareholder Services, Distributor and/or Adviser out of their own assets.

CODE OF ETHICS

Code of Ethics

Harbor Funds, the Adviser, the Distributor and the Subadvisers 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 Adviser from profiting from short-term trading in shares of any Harbor Funds (except Harbor Money Market Fund, which is not subject to the same short-term trading restrictions). 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 Adviser relies on each Subadviser to fulfill its responsibility for monitoring the personal trading activities of the Subadviser’s personnel in accordance with the Subadviser’s code of ethics. Each Subadviser provides Harbor Funds Board of Trustees with a quarterly certification of the Subadviser’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 Adviser, 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 (except for Harbor Money Market Fund) 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 Harbor Funds' website until the information is updated for the subsequent period. For Harbor Money Market Fund, full portfolio holdings are published no later than the 5th business day after each month end on *harborcapital.com* and remain available for six months following the date of publication.

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 Adviser 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 Subadviser and/or the Adviser, as applicable, investment process 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 Adviser with respect to all Funds and each Subadviser solely with respect to the Fund(s) for which it serves as Subadviser;
- The Funds' custodian and accounting agent;

Portfolio Holdings Disclosure Policy — Continued

- Morningstar, Inc. (“Morningstar”), which provides analytic services and ratings, for the purpose of assisting the Adviser and clients in assessing the Funds’ performance and portfolio attributes;
- FactSet Research System Inc. (“FactSet”), which provides data collection and analytic services, for the sole purpose of assisting the Adviser 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 Adviser 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 Subadvisers 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 Subadvisers in voting proxies on behalf certain Funds, proxy voting-related services for the purpose of assisting the Adviser 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 Adviser 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 Adviser 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 Adviser in complying with personal trading regulations.
- FactSet, Bloomberg and Eagle Investment Systems LLC, each of which provides services to Jennison, for the sole purpose of assisting Jennison in performing its services as Subadviser to Harbor Capital Appreciation Fund;
- SS&C Advent, Eze Software, Cowen Prime Services, Bloomberg, each of which provides services to the Adviser, for the sole purpose of assisting the Adviser in performing its services as Adviser to Harbor Disruptive Innovation 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 Subadviser to Harbor Large Cap Value Fund;
- FactSet, ISS and Bloomberg, each of which provides services to EARNEST Partners, for the sole purpose of assisting EARNEST Partners in performing its services as Subadviser 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 Subadviser to Harbor Mid Cap Value Fund;
- 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 Subadviser to Harbor Small Cap Growth Fund;
- WealthTech, which provides services to Mar Vista, for the sole purpose of assisting Mar Vista in performing its services as Subadviser to Harbor Strategic Growth 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 Subadviser to Harbor Emerging Markets Equity Fund, Harbor International Fund and Harbor Diversified International All Cap Fund;
- Electra Information Systems, Inc. (“Electra”), which provides services to Acadian, for the sole purpose of assisting Acadian in performing its services as Subadviser to Harbor Overseas Fund.
- FactSet, Bloomberg, ITP, European Fund Administration S.A. and London Stock Exchange plc (UnaVista), and ISS, each of which provides services to CAMIL, for the sole purpose of assisting CAMIL in performing its services as Subadviser to Harbor Focused International Fund.
- FactSet, StatPro Group plc, SunGard APT, UBS PAS and Style Research, each of which provides services to Baillie Gifford, for the sole purpose of assisting Baillie Gifford in performing its services as Subadviser to Harbor International Growth Fund;
- Advent, Bloomberg, and Northern Trust, each of which provides services to Cedar Street, for the sole purpose of assisting Cedar Street in performing its services as Subadviser to Harbor International Small Cap Fund;

PORTFOLIO HOLDINGS

Portfolio Holdings Disclosure Policy — Continued

- 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 Subadviser to Harbor Global Leaders Fund;
- FactSet, IHS Markit Ltd., Electra Information Systems, Inc., Advent, Kynex, Inc., SWIFT, ITP, OMGEO LLC, and Indus Valley Partners Corp, each of which provides services to Shenkman Capital, for the sole purpose of assisting Shenkman Capital in performing its services as Subadviser to Harbor Convertible Securities Fund and Harbor High-Yield Bond Fund;
- Electra and Simcorp, which provide services to IR+M, for the sole purpose of assisting IR+M in performing its services as Subadviser to Harbor Core Plus Fund and Harbor Core Bond Fund; and
- BlackRock Solutions and Global Trading Analytics, which provides services to BNP, for the sole purpose of assisting BNP in performing its services as Subadviser to Harbor Money Market Fund.

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 Adviser, each Subadviser 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 Adviser, respective Subadviser or Fund a duty of confidentiality with respect to disclosure of their portfolio holdings.

DELEGATED PROXY VOTING RESPONSIBILITY

Oversight

For Funds with a discretionary Subadviser, Harbor Capital delegates proxy voting to the Subadviser. In each instance where proxy voting responsibility has been delegated to one or more Subadvisers, 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 Subadviser (the "Subadviser Proxy Voting Guidelines"). The Legal and Compliance Team must determine that the Subadviser Proxy Voting Guidelines are reasonably designed to ensure that the Subadviser 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 Subadviser. The Legal and Compliance Team will review any amendments to the Subadviser 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 Subadviser must accept the delegation of this responsibility.

Harbor Capital does not review individual voting decisions by the Subadvisers but considers their proxy voting policies, procedures, and/or guidelines as part of its overall assessment of the Subadviser's compliance program. If Harbor Capital is not satisfied with the Subadviser'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 Subadviser.

Harbor Capital will normally not be privy to a Subadviser'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 Subadviser (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 Subadviser consults with Harbor Capital prior to casting a vote.

The Subadvisers operate independently of each other and it is feasible that the Subadvisers will come to different voting decisions on the same or similar proposals. As long as the Subadvisers 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 Subadviser applying its own analysis to the proxy voting decision. Differences in such analyses may occur, for example, depending on whether a Subadviser 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 Subadvisers 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 Subadviser Proxy Voting Guidelines, the Legal and Compliance Team seeks to ensure that the Subadviser 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 Subadvisers, each such Subadviser is responsible for retaining the materials regarding votes cast by them. Each Subadviser 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 the Subadvised Products. Harbor Capital will retain this information, along with each Subadviser's Proxy Voting Guidelines and any certifications provided by the Subadvisers as to their compliance with their policies and procedures, for six years.

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

PROXY VOTING RESPONSIBILITY RETAINED BY HARBOR CAPITAL

In each instance where Harbor Capital has retained proxy voting authority, the Multi-Asset Solutions Team ("MAST") 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 MAST 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, MAST 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. MAST 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, MAST can change a vote already submitted by the Advisory Firm, if necessary.

MAST is responsible for preparing minutes to document the rationale for instances where Harbor Capital voted against its policy 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, MAST 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 MAST 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 MAST;
- MAST 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 resolution of such conflicts, to Harbor Capital's Board of Directors on an annual basis, or more frequently if necessary.

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, MAST 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 the Legal and Compliance Team to prepare the Form N-PX for such products, if applicable.

PROXY VOTING GUIDELINES

Proxy Voting Policy — Continued

PROXY VOTING INFORMATION

Information regarding how each Fund voted proxies relating to securities held by the Fund during the most recent 12-month period ended June 30 is available (1) without charge, upon request, by calling Harbor Funds' toll-free number at 800-422-1050; (2) on Harbor Funds' website at *harborcapital.com*; and (3) on the SEC's website at *sec.gov*.

PROXY VOTING GUIDELINES

Harbor Capital will generally vote in accordance with Institutional Shareholder Services' Proxy Voting Guidelines – Benchmark Policy Recommendations for both domestic and foreign markets.

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 Protocols

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 Subadviser and/or the Adviser, as applicable, is responsible for making specific decisions to buy and sell securities for the respective Funds that it manages. It 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 the Funds pay 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. Each Subadviser and/or the Adviser, as applicable, attempts to achieve this result by selecting broker-dealers to execute portfolio transactions on behalf of each Fund and other clients on the basis of 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, a Subadviser and/or the Adviser, as applicable, may cause a Fund to pay a commission to broker-dealers who provide brokerage and research services to the Subadviser and/or the Adviser, 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 Subadviser and/or the Adviser, 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 Subadviser and/or the Adviser, as applicable, has to the Funds 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 Subadviser and/or the Adviser, 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 Subadviser and/or the Adviser, 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 a Subadviser and/or the Adviser, as applicable, and not solely or necessarily for the benefit of the Funds. Investment management personnel of each Each Subadviser and/or the Adviser, as applicable, attempt to evaluate the quality of research provided by brokers. Results of this effort are sometimes used by a Subadviser and/or the Adviser, 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 a Subadviser and/or the Adviser, as applicable. Investment decisions for a Fund and for other clients of the Subadviser and/or the Adviser, 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 Adviser will not be reduced as a consequence of a Subadviser'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 Subadviser and/or the Adviser, 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 Subadviser and/or the Adviser, 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 10/31/2021 (000s)	Total Brokerage Commission (000s)		
		2021	2020	2019
HARBOR FUNDS				
Harbor Capital Appreciation Fund	\$3,492	\$7,925	\$9,152	\$8,399
Harbor Convertible Securities Fund	—	—	—	—
Harbor Core Bond Fund	—	—	—	—
Harbor Core Plus Fund (formerly, Harbor Bond Fund) ⁵	—	26	81	189
Harbor Disruptive Innovation Fund (formerly, Harbor Mid Cap Growth Fund) ¹	—	284	168	119
Harbor Diversified International All Cap Fund	494	494	186	145
Harbor Emerging Markets Equity Fund	51	51	216	135
Harbor Focused International Fund ³	17	17	13	13
Harbor Global Leaders Fund	4	29	49	41
Harbor High-Yield Bond Fund	—	—	—	—
Harbor International Fund	877	878	733	1,991
Harbor International Growth Fund	—	105	141	91
Harbor International Small Cap Fund	—	54	39	106
Harbor Large Cap Value Fund	397	399	655	330
Harbor Mid Cap Fund ²	8	15	6	N/A
Harbor Mid Cap Value Fund	—	37	77	102
Harbor Money Market Fund	—	—	—	—
Harbor Overseas Fund ⁴	—	26	11	15
Harbor Small Cap Growth Fund	864	1,188	1,063	854
Harbor Small Cap Value Fund	369	688	695	808
Harbor Strategic Growth Fund	4	7	15	12

¹ On September 1, 2021, the Fund was changed from Harbor Mid Cap Growth Fund to Harbor Disruptive Innovation Fund.

² Commenced operations December 1, 2019.

³ Commenced operations June 1, 2019.

⁴ Commenced operations March 1, 2019.

⁵ On February 2, 2022, the Fund was changed from Harbor Bond Fund to Harbor Core Plus 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 Subadviser. 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, 2021, the following Funds purchased securities issued by the following regular broker-dealers of Harbor Funds, which had the following values as of October 31, 2021:

Fund	Regular Broker-Dealer (or Parent)	Aggregate Holdings (000s)
Harbor Capital Appreciation Fund	Goldman Sachs Group Inc.	\$306,205
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 (formerly, Harbor Bond 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, 2021, 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, 2021, 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 Adviser. 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, 2021, 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)	Focused International (000s)	International (000s)	International Growth (000s) ²	International Small Cap Fund (000s)	Overseas (000s)
Gross income from securities lending activities	\$32	\$ 1	\$146	\$—	\$ 1	\$ 3
Fees and/or compensation for securities lending activities and related services:						
Fees paid to securities lending agent from a revenue split	3	—	14	—	—	—
Fees paid for any cash collateral management services that are not included in the revenue split.	1	—	2	—	—	—
Administrative fees not included in revenue split	—	—	—	—	—	—
Indemnification fee not included in revenue split	—	—	—	—	—	—
Rebate (paid to borrower)	—	—	—	—	—	—
Other fees not included in revenue split	—	—	—	—	—	—
Aggregate fees/compensation for securities lending activities	4	—	16	—	—	—
Net income from securities lending activities ¹	\$28	\$ 1	\$130	\$—	\$ 1	\$ 3

¹ 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.

² 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 Adviser 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.

Except in the case of Harbor Money Market Fund, 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 Adviser and approved by the Board of Trustees. 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.

Harbor Money Market Fund has adopted a policy to invest 99.5% or more of the Fund’s total assets in cash, “government securities” and/or repurchase agreements that are “collateralized fully” (i.e., collateralized by cash or government securities) so as to qualify as a “government money market fund” under Rule 2a-7 of the Investment Company Act. As a “government money market fund” under Rule 2a-7, the Fund is permitted to seek to maintain a stable \$1.00 share price by valuing its securities using the amortized cost method of valuation, which the Adviser has determined, pursuant to the Board of Trustees’ authorization, approximates fair value, and which does not take into account unrealized securities gains or losses. While this method provides stability in valuation (i.e. at \$1 per share), it may result in periods during which the value of a security, as determined by amortized cost, is higher or lower than the price Harbor Money Market Fund would receive if it sold the instrument. During periods of declining interest rates, the quoted yield on shares of Harbor Money Market Fund may tend to be higher than a like computation made by a fund with identical investments utilizing a method of valuation based upon market prices and estimates of market prices for all of its portfolio instruments. Thus, if the use of amortized cost by Harbor Money Market Fund resulted in a lower aggregate portfolio value on a particular day, a prospective investor in Harbor Money Market Fund would be able to obtain a somewhat higher yield if he or she purchased shares of Harbor Money

Market Fund on that day, than would result from investment in a fund utilizing solely market values, and existing investors in Harbor Money Market Fund would receive less investment income. The converse would apply in a period of rising interest rates.

The Adviser will monitor the extent of the deviation, if any, between the Fund's current net asset value based upon available market quotations and the Fund's \$1.00 per share based on amortized cost. In addition, the Trustees periodically review the extent of the deviation, if any. In the event the Trustees believe at any time that a deviation exists that may result in material dilution or other unfair results to investors or existing shareholders, they will take such corrective action as they regard to be necessary and appropriate to eliminate or to reduce to the extent reasonably practicable such dilution or unfair results. Actions which the Trustees may take may include, without limitation, the redemption of shares in kind; the sale of portfolio instruments prior to maturity to realize capital gains or losses or to shorten the Fund's average portfolio maturity; withholding dividends or payment of distributions from capital or capital gains; or utilizing a net asset value per share as determined by using available market quotations or equivalents. In addition, the Trustees have the authority to reduce or increase the number of shares outstanding on a pro rata basis, and to offset each shareholder's pro rata portion of the deviation from the shareholder's accrued dividend account or from future dividends.

When reliable market quotations, evaluated prices supplied by a pricing vendor or, in the absence of evaluated prices, prices provided by a Subadviser (where permitted under the Funds' valuation procedures) are not readily available or are not believed to accurately reflect fair value, securities are generally priced at their fair value, determined by the Trust's Valuation Committee pursuant to procedures adopted by the Board of Trustees. 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 established 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 adopted by the Board of Trustees, in place of closing market prices to calculate their net asset values if the Fund 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

NET ASSET VALUE

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, (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 redemptions 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 Emerging Markets Equity Fund, Harbor Focused International Fund, Harbor Global Leaders Fund, Harbor International 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 Overseas Fund, Harbor Small Cap Growth Fund, Harbor Small Cap Value Fund and Harbor Strategic Growth 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, 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 and Harbor High-Yield Bond 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 (other than the redemption or exchange of shares of Harbor Money Market Fund) 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 redemption or other disposition of shares.

With respect to Harbor Money Market Fund, because the Fund intends to maintain a stable NAV per share of \$1.00, shareholders will typically not recognize gain or loss when they sell or exchange their shares because the amount realized will be the same as their tax basis in the shares. However, with respect to any gain or loss recognized on the sale or exchange of shares of the Fund, unless a shareholder chooses to adopt a simplified “NAV method” of accounting (described below), the consequences described in the preceding paragraph will generally be applicable. Alternatively, if a

shareholder elects to adopt the simplified “NAV method” of accounting, rather than compute gain or loss on every taxable sale or other disposition of shares of the Fund as described above, a shareholder would determine gain or loss based on the change in the aggregate value of Fund shares during a computation period (such as the shareholder’s taxable year), reduced by the shareholder’s net investment (i.e., purchases minus sales) in those Fund shares during the computation period. Under the simplified “NAV method,” any resulting capital gain or loss would be reportable on a net basis and would generally be treated as a short-term capital gain or loss.

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. Harbor Diversified International All Cap Fund, Harbor Emerging Markets Equity Fund, Harbor Focused International Fund, Harbor Global Leaders Fund, Harbor International Fund, Harbor International Growth Fund, Harbor International Small Cap Fund and Harbor Overseas 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, 2021, 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.

	Capital Loss Carryforwards (\$000s):		
	Short-Term	Long-Term	Total
HARBOR FUNDS			
Harbor Core Bond Fund	\$ 103	-	\$ 103
Harbor High-Yield Bond Fund	-	78,568	78,568
Harbor International Fund	424,800	-	424,800
Harbor Mid Cap Value Fund	-	8,024	8,024
Harbor Small Cap Growth Fund *	995	36,836	37,831

* 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.

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

TAX INFORMATION

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 subadvisers unaffiliated with the Adviser. 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 Adviser and other service providers.

Prior to March 1, 2017, Harbor Global Leaders Fund was named Harbor Global Growth Fund. 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.

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 Adviser. Notice of such disclaimer will normally be given in each agreement, obligation or instrument entered into or executed by the Adviser 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 Adviser shall, upon request, assume the defense of any claim made against any shareholder for any act or obligation of the Adviser 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 February 7, 2022, and are therefore presumed to control the respective Fund.

DOMESTIC EQUITY FUNDS					
Shareholder Name	Capital Appreciation	Mid Cap	Mid Cap Value	Small Cap Growth	Strategic Growth
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ.....	27%	52%	26%	31%	30%

ORGANIZATION AND CAPITALIZATION

25% or Greater Ownership — Continued

INTERNATIONAL & GLOBAL FUNDS				
Shareholder Name	Diversified International All Cap	Emerging Markets Equity	Focused International	Global Leaders
HARBOR CAPITAL ADVISORS INC CHICAGO, IL	—	—	70%	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	42%	69%	—	26%

INTERNATIONAL & GLOBAL FUNDS — Continued			
Shareholder Name	International Growth	International Small Cap	Overseas
C/O BMO HARRIS SWP OAKS, PA	27%	—	—
HARBOR CAPITAL ADVISORS INC CHICAGO, IL	—	43%	68%

FIXED INCOME & MONEY MARKET FUNDS		
Shareholder Name	Convertible Securities	Core Bond
HARBOR CAPITAL ADVISORS INC CHICAGO, IL	—	26%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	39%	—

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.

ORGANIZATION AND CAPITALIZATION

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 February 7, 2022.

DOMESTIC EQUITY FUNDS - INSTITUTIONAL CLASS				
Shareholder Name	Capital Appreciation	Disruptive Innovation	Large Cap Value	Mid Cap
ATTN MUTUAL FUND ADMINISTRATOR OAKS, PA	—	—	—	52%
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA	19%	—	13%	—
GREAT-WEST TRUST COMPANY LLC TTEE F GREENWOOD VLG, CO	10%	—	—	—
HARBOR CAPITAL ADVISORS INC CHICAGO, IL	—	—	—	29%
JOHN HANCOCK TRUST COMPANY LLC WESTWOOD, MA	—	—	9%	—
LPL FINANCIAL NEW YORK, NY	—	—	13%	—
MERRILL LYNCH PIERCE FENNER & SMITH JACKSONVILLE, FL	—	26%	11%	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	27%	23%	17%	8%
RBC CAPITAL MARKETS LLC MINNEAPOLIS, MN	—	—	7%	—
TD AMERITRADE INC FOR THE OMAHA, NE	—	—	7%	—
WELLS FARGO CLEARING SERVICES, LLC SAINT LOUIS, MO	6%	11%	—	—

DOMESTIC EQUITY FUNDS - INSTITUTIONAL CLASS – Continued				
Shareholder Name	Mid Cap Value	Small Cap Growth	Small Cap Value	Strategic Growth
ATTN MUTUAL FUND ADMINISTRATOR OAKS, PA	—	—	—	5%
CAPINCO MILWAUKEE, WI	—	—	—	12%
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA	14%	13%	22%	12%
GREAT-WEST TRUST COMPANY LLC TTEE F GREENWOOD VLG, CO	14%	—	—	—
JOHN HANCOCK LIFE INSURANCE COMPANY BOSTON, MA	6%	—	—	—
JOHN HANCOCK TRUST COMPANY LLC WESTWOOD, MA	—	5%	—	—
LPL FINANCIAL NEW YORK, NY	—	—	8%	—
MERRILL LYNCH PIERCE FENNER & SMITH JACKSONVILLE, FL	—	—	6%	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	18%	35%	13%	28%
PERSHING LLC JERSEY CITY, NJ	—	—	—	26%
TD AMERITRADE INC FOR THE OMAHA, NE	—	—	—	6%
UBATCO & CO LINCOLN, NE	—	13%	—	—
WELLS FARGO CLEARING SERVICES, LLC SAINT LOUIS, MO	9%	5%	30%	—

ORGANIZATION AND CAPITALIZATION

5% or Greater Ownership of Share Class — Continued

DOMESTIC EQUITY FUNDS - ADMINISTRATIVE CLASS				
Shareholder Name	Capital Appreciation	Disruptive Innovation	Large Cap Value	Mid Cap Value
ASCENSUS TRUST COMPANY FBO FARGO, ND	—	—	6%	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA	10%	—	—	—
FIIOC COVINGTON, KY	9%	—	—	21%
GREAT-WEST TRUST COMPANY LLC TTEE F GREENWOOD VILLAGE, CO	—	15%	—	—
MATC FBO VARIOUS ALDER CREED PITTSBURGH, PA	—	—	—	7%
MATRIX TRUST COMPANY AS AGENT FOR TUPELO, MS	—	7%	—	—
MATRIX TRUST COMPANY CUST FBO DENVER, CO	—	—	7%	6%
MERRILL LYNCH PIERCE FENNER & SMITH JACKSONVILLE, FL	7%	—	—	37%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	31%	38%	—	15%
RAYMOND JAMES & ASSOC INC ST PETERSBURG, FL	—	5%	—	—
RELIANCE TRUST CO CUST ATLANTA, GA	5%	—	68%	—
VANGUARD BROKERAGE SERVICES EL PASO, TX	—	20%	—	—
VANGUARD FIDUCIARY TRUST CO VALLEY FORGE, PA	14%	—	—	—

DOMESTIC EQUITY FUNDS - ADMINISTRATIVE CLASS – Continued			
Shareholder Name	Small Cap Growth	Small Cap Value	Strategic Growth
ATTN MUTUAL FUND OPERATIONS PITTSBURGH, PA	16%	—	—
MATRIX TRUST COMPANY CUST FBO DENVER, CO	—	8%	—
MERRILL LYNCH PIERCE FENNER & SMITH JACKSONVILLE, FL	—	8%	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	60%	46%	—
PAI TRUST COMPANY INC DE PERE, WI	13%	—	—
TD AMERITRADE INC FOR THE OMAHA, NE	9%	—	100%

DOMESTIC EQUITY FUNDS - INVESTOR CLASS				
Shareholder Name	Capital Appreciation	Disruptive Innovation	Large Cap Value	Mid Cap
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA	33%	11%	29%	—
MERRILL LYNCH PIERCE FENNER & SMITH JACKSONVILLE, FL	—	7%	—	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	23%	17%	38%	—
PERSHING LLC JERSEY CITY, NJ	—	—	—	93%
RC EE VANTAGEPOINT TRADITION IRA WASHINGTON, DC	—	31%	—	—

ORGANIZATION AND CAPITALIZATION

5% or Greater Ownership of Share Class — Continued

DOMESTIC EQUITY FUNDS - INVESTOR CLASS – Continued				
Shareholder Name	Capital Appreciation	Disruptive Innovation	Large Cap Value	Mid Cap

TD AMERITRADE INC FOR THE OMAHA, NE.....	7%	—	11%	—
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DOMESTIC EQUITY FUNDS - INVESTOR CLASS – Continued				
Shareholder Name	Mid Cap Value	Small Cap Growth	Small Cap Value	Strategic Growth

AMERICAN ENTERPRISE INVESTMENT SVC MINNEAPOLIS, MN.....	—	—	8%	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA.....	31%	51%	23%	68%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ.....	30%	17%	22%	—
NATIONWIDE TRUST COMPANY FSB COLUMBUS, OH.....	—	10%	—	—
PIMS/PRUDENTIAL RETIREMENT ISELIN, NJ.....	—	—	21%	—
RELIANCE TRUST COMPANY FBO ATLANTA, GA.....	—	6%	—	—
TD AMERITRADE INC FOR THE OMAHA, NE.....	8%	—	5%	26%
WELLS FARGO CLEARING SERVICES, LLC SAINT LOUIS, MO.....	—	—	5%	—

DOMESTIC EQUITY FUNDS - RETIREMENT CLASS				
Shareholder Name	Capital Appreciation	Disruptive Innovation	Large Cap Value	Mid Cap

AHS HOSPITAL CORP MORRISTOWN, NJ.....	—	—	10%	—
ATTN MUTUAL FUND ADMINISTRATOR OAKS, PA.....	—	—	29%	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA.....	8%	—	12%	—
C/O FASCORE GREENWOOD VILLAGE, CO.....	6%	38%	—	—
C/O MISSIONSQUARE RETIREMENT MARIETTA, GA.....	—	21%	—	—
HARBOR CAPITAL ADVISORS INC CHICAGO, IL.....	—	—	—	19%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ.....	28%	12%	14%	81%
SAXON & CO CLEVELAND, OH.....	—	—	23%	—

DOMESTIC EQUITY FUNDS - RETIREMENT CLASS – Continued				
Shareholder Name	Mid Cap Value	Small Cap Growth	Small Cap Value	Strategic Growth

ASSOCIATED TRUST COMPANY FBO GREEN BAY, WI.....	—	15%	—	—
ATTN MUTUAL FUND OPERATIONS PITTSBURGH, PA.....	—	5%	—	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA.....	—	—	11%	19%
DCGT AS TTEE AND/OR CUST DES MOINES, IA.....	—	19%	—	—

ORGANIZATION AND CAPITALIZATION

5% or Greater Ownership of Share Class — Continued

DOMESTIC EQUITY FUNDS - RETIREMENT CLASS – Continued				
Shareholder Name	Mid Cap Value	Small Cap Growth	Small Cap Value	Strategic Growth
MERRILL LYNCH PIERCE FENNER & SMITH JACKSONVILLE, FL	—	—	15%	—
MID ATLANTIC TRUST COMPANY FBO PITTSBURGH, PA	—	—	—	22%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	72%	25%	18%	59%
PERSHING LLC JERSEY CITY, NJ	—	—	10%	—
RELIANCE TRUST CO. CUSTODIAN ATLANTA, GA	20%	—	—	—
VANGUARD FIDUCIARY TRUST CO VALLEY FORGE, PA	—	16%	—	—
VOYA INSTITUTIONAL TRUST COMPANY BRAintree, MA	—	11%	—	—
ZIONS FIRST NATIONAL BANK O SALT LAKE CTY, UT	—	—	16%	—

INTERNATIONAL & GLOBAL FUNDS - INSTITUTIONAL CLASS				
Shareholder Name	Diversified International All Cap	Emerging Markets Equity	Focused International	Global Leaders
ATTN MUTUAL FUND ADMINISTRATOR OAKS, PA	15%	—	—	—
ATTN MUTUAL FUND OPERATIONS PITTSBURGH, PA	7%	—	—	—
BANK OF AMERICA CUSTODIAN FBO MFO DALLAS, TX	—	—	14%	—
CAPINCO MILWAUKEE, WI	9%	—	—	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA	12%	—	5%	8%
HARBOR CAPITAL ADVISORS INC CHICAGO, IL	—	—	72%	—
LPL FINANCIAL SAN DIEGO, CA	—	—	—	22%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	33%	61%	—	21%
PERSHING LLC JERSEY CITY, NJ	—	6%	—	—
RELIANCE TRUST CO FBO ATLANTA, GA	11%	—	—	—
TD AMERITRADE INC FOR THE OMAHA, NE	—	7%	—	—

INTERNATIONAL & GLOBAL FUNDS - INSTITUTIONAL CLASS – Continued				
Shareholder Name	International	International Growth	International Small Cap	Overseas
ATTN MUTUAL FUND ADMINISTRATOR OAKS, PA	—	33%	—	—
ATTN MUTUAL FUND OPERATIONS PITTSBURGH, PA	—	—	8%	—
CAPINCO MILWAUKEE, WI	—	16%	—	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA	25%	9%	6%	14%
FIDELITY DEPOSIT AND DISCOUNT BANK DUNMORE, PA	—	—	8%	—
HARBOR CAPITAL ADVISORS INC CHICAGO, IL	—	—	53%	54%

ORGANIZATION AND CAPITALIZATION

5% or Greater Ownership of Share Class — Continued

INTERNATIONAL & GLOBAL FUNDS - INSTITUTIONAL CLASS – Continued

Shareholder Name	International	International Growth	International Small Cap	Overseas
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	23%	19%	7%	—
SPRINGTRUST 3 OLNEY, MD	—	—	—	30%
VANGUARD BROKERAGE SERVICES EL PASO, TX	—	—	9%	—

INTERNATIONAL & GLOBAL FUNDS - ADMINISTRATIVE CLASS

Shareholder Name	Diversified International All Cap	Emerging Markets Equity	Global Leaders
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA	—	—	32%
FIIOC COVINGTON, KY	—	—	6%
MATRIX TRUST COMPANY CUST FBO DENVER, CO	—	—	7%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	100%	—	6%
TD AMERITRADE FBO OMAHA, NE	—	100%	—
TD AMERITRADE INC FOR THE OMAHA, NE	—	—	42%

INTERNATIONAL & GLOBAL FUNDS - ADMINISTRATIVE CLASS – Continued

Shareholder Name	International	International Growth	International Small Cap
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA	18%	—	—
EDWARDS LIFESCIENCES CORPORATION IRVINE, CA	10%	—	—
FIIOC COVINGTON, KY	—	21%	—
HARBOR CAPITAL ADVISORS INC CHICAGO, IL	—	—	90%
MATRIX TRUST COMPANY CUST FBO DENVER, CO	—	12%	—
MID ATLANTIC TRUST COMPANY FBO PITTSBURGH, PA	—	5%	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	25%	50%	—
PERSHING LLC JERSEY CITY, NJ	—	10%	—
STATE STREET BANK AND TRUST BOSTON, MA	6%	—	—
TD AMERITRADE INC FOR THE OMAHA, NE	—	—	10%

INTERNATIONAL & GLOBAL FUNDS - INVESTOR CLASS

Shareholder Name	Diversified International All Cap	Emerging Markets Equity	Focused International	Global Leaders
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA	96%	87%	—	23%
DOUGLAS J SKINNER & NORTHBROOK, IL	—	—	59%	—
HARBOR CAPITAL ADVISORS INC CHICAGO, IL	—	—	38%	—

ORGANIZATION AND CAPITALIZATION

5% or Greater Ownership of Share Class — Continued

INTERNATIONAL & GLOBAL FUNDS - INVESTOR CLASS – Continued				
Shareholder Name	Diversified International All Cap	Emerging Markets Equity	Focused International	Global Leaders
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	—	—	—	48%
TD AMERITRADE INC FOR THE OMAHA, NE.....	—	—	—	16%

INTERNATIONAL & GLOBAL FUNDS - INVESTOR CLASS – Continued				
Shareholder Name	International	International Growth	International Small Cap	Overseas
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA	36%	32%	32%	22%
HARBOR CAPITAL ADVISORS INC CHICAGO, IL	—	—	23%	35%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	34%	17%	—	—
NATIONWIDE TRUST COMPANY FSB COLUMBUS, OH	—	10%	—	—
SSB&T CUSTODIAN FOR THE IRA OF SOUTHAVEN, MS.....	—	—	—	8%
TD AMERITRADE INC FOR THE OMAHA, NE.....	6%	14%	37%	24%
VANGUARD BROKERAGE SERVICES EL PASO, TX	—	9%	—	—

INTERNATIONAL & GLOBAL FUNDS - RETIREMENT CLASS				
Shareholder Name	Diversified International All Cap	Emerging Markets Equity	Focused International	Global Leaders
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA	11%	—	—	—
HARBOR CAPITAL ADVISORS INC CHICAGO, IL	—	—	68%	—
INDIVIDUAL GLYNDON, MD	—	—	—	6%
INDIVIDUAL GLYNDON, MD	—	—	13%	15%
INDIVIDUAL FORT MYERS, FL.....	—	—	—	6%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	45%	100%	20%	24%
INDIVIDUAL FORT MYERS, FL.....	—	—	—	10%
VANGUARD FIDUCIARY TRUST CO VALLEY FORGE, PA.....	—	—	—	37%

INTERNATIONAL & GLOBAL FUNDS - RETIREMENT CLASS – Continued				
Shareholder Name	International	International Growth	International Small Cap	Overseas
CAPINCO MILWAUKEE, WI	—	16%	—	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA	—	10%	—	—
C/O FIDUCIARY TRUST COMPANY INTL NEW YORK, NY	—	8%	—	—
DCGT AS TTEE AND/OR CUST DES MOINES, IA.....	—	—	12%	—
EDWARD D JONES & CO MARYLAND HEIGHTS, MO.....	54%	—	—	—

ORGANIZATION AND CAPITALIZATION

5% or Greater Ownership of Share Class — Continued

INTERNATIONAL & GLOBAL FUNDS - RETIREMENT CLASS – Continued

Shareholder Name	International	International Growth	International Small Cap	Overseas
HARBOR CAPITAL ADVISORS INC CHICAGO, IL	—	—	—	92%
HOCO KANSAS CITY, MO	—	30%	—	—
INDIVIDUAL GLYNDON, MD	—	—	17%	—
MAC & CO A/C 796386 PITTSBURGH, PA	—	14%	—	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	15%	—	57%	8%
SAXON & CO. CLEVELAND, OH	6%	—	—	—
UMB AS CUSTODIAN FOR E-VALUATOR KANSAS CITY, MO	—	—	5%	—
WELLS FARGO BANK NA FBO MINNEAPOLIS, MN	6%	9%	—	—

FIXED INCOME & MONEY MARKET FUNDS - INSTITUTIONAL CLASS

Shareholder Name	Bond	Convertible Securities	Core Bond	High-Yield Bond	Money Market
ATTN MUTUAL FUND OPERATIONS PITTSBURGH, PA	—	19%	—	—	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA	20%	8%	12%	29%	—
HARBOR CAPITAL ADVISORS INC CHICAGO, IL	—	—	35%	—	—
HARBOR FUNDS DISTRIBUTORS INC CHICAGO, IL	—	—	—	—	5%
HARBOR TARGET RETIREMENT 2020 FUND CHICAGO, IL	—	—	5%	—	—
HARBOR TARGET RETIREMENT 2030 FUND CHICAGO, IL	—	—	6%	—	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	21%	48%	—	10%	9%
PERSHING LLC JERSEY CITY, NJ	8%	10%	—	—	—
RELIANCE TRUST CO FBO ATLANTA, GA	—	—	—	9%	—
TD AMERITRADE INC FOR THE OMAHA, NE	6%	—	—	—	—
VANGUARD BROKERAGE SERVICES EL PASO, TX	5%	—	—	—	—
WELLS FARGO BANK NA FBO MINNEAPOLIS, MN	—	—	14%	—	—
WELLS FARGO CLEARING SERVICES, LLC SAINT LOUIS, MO	—	—	—	10%	—

FIXED INCOME & MONEY MARKET FUNDS - ADMINISTRATIVE CLASS

Shareholder Name	Bond	Convertible Securities	High-Yield Bond	Money Market
AMERICAN ENTERPRISE INVESTMENT SVC MINNEAPOLIS, MN	9%	—	—	—
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA	12%	—	—	—
C/O PACIFIC PREMIER TRUST OAKS, PA	—	99%	24%	—
GREAT-WEST TRUST COMPANY LLC TTEE GREENWOOD VILLAGE, CO	—	—	11%	—
MATRIX TRUST COMPANY AS AGENT FOR DENVER, CO	—	—	—	77%

ORGANIZATION AND CAPITALIZATION

5% or Greater Ownership of Share Class — Continued

FIXED INCOME & MONEY MARKET FUNDS - ADMINISTRATIVE CLASS — Continued

Shareholder Name	Bond	Convertible Securities	High-Yield Bond	Money Market
MATRIX TRUST COMPANY CUST FBO DENVER, CO	—	—	—	7%
MID ATLANTIC TRUST COMPANY FBO PITTSBURGH, PA	8%	—	—	—
MILLENNIUM TRUST CO LLC OAK BROOK, IL	—	—	—	15%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	34%	—	15%	—
PERSHING LLC JERSEY CITY, NJ	5%	—	—	—
RELIANCE TRUST COMPANY FBO ATLANTA, GA	11%	—	—	—
TD AMERITRADE FBO OMAHA, NE	—	—	8%	—
VANGUARD BROKERAGE SERVICES EL PASO, TX	5%	—	—	—
VRSCO HOUSTON, TX	—	—	37%	—

FIXED INCOME & MONEY MARKET FUNDS - INVESTOR CLASS

Shareholder Name	Convertible Securities	High-Yield Bond
CHARLES SCHWAB & CO INC SAN FRANCISCO, CA	77%	22%
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	5%	25%
PERSHING LLC JERSEY CITY, NJ	9%	—
RC EE VANTAGEPOINT TRADITION IRA WASHINGTON, DC	—	21%
TD AMERITRADE INC FOR THE OMAHA, NE	6%	10%

FIXED INCOME & MONEY MARKET FUNDS - RETIREMENT CLASS

Shareholder Name	Bond	Convertible Securities	Core Bond	High-Yield Bond
J.P. MORGAN SECURITIES LLC. NORTH BROOKLYN, NY	—	—	—	61%
KEYBANK NA CLEVELAND, OH	—	—	6%	7%
KNOXVILLE UTILITIES BOARD PENSION KNOXVILLE, TN	—	55%	—	—
MEG & COMPANY R/R JOHNSTOWN, PA	—	—	23%	—
NATIONAL FINANCIAL SERVICES LLC JERSEY CITY, NJ	—	—	6%	20%
PRINCIPAL TRUST COMPANY DES MOINES, IA	—	—	7%	—
RELIANCE TRUST CO., CUSTODIAN ATLANTA, GA	9%	—	40%	—
STANDARD INSURANCE CO PORTLAND, OR	85%	—	—	—
U S BANK FBO MILWAUKEE, WI	—	42%	7%	—

CUSTODIAN

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

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, 2021, 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 Subadviser's 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/.

Glass Lewis's proxy voting guidelines can be accessed at glasslewis.com/guidelines/.

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.

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.

INTRODUCTION

Aristotle Capital Management, LLC ("Aristotle Capital"), in compliance with the principles of Rule 204-2 of the Advisers Act, has adopted and implemented policies and procedures for voting proxies in the best interest of clients, to describe the procedures to clients, and to tell clients how they may obtain information about how Aristotle Capital has actually voted their proxies. While decisions about how to vote must be determined on a case-by-case basis, Aristotle Capital's general policies and procedures for voting proxies are set forth below.

PROXY VOTING POLICIES AND PROCEDURES

Aristotle Capital believes that the voting of proxies is an important part of portfolio management as it represents an opportunity for shareholders to make their voices heard and to influence the direction of a company. Unless otherwise directed by the client, Aristotle Capital will vote proxies and will vote such proxies in the manner that, in its opinion, serves the best interests of the clients in accordance with this policy. When voting proxies for non-model holdings, Aristotle Capital will 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.

Aristotle Capital has contracted 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 Chief Investment Officer (“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.

The following details Aristotle Capital’s philosophy and practice regarding the voting of proxies.

VOTING GUIDELINES

Aristotle Capital has adopted guidelines for certain types of matters to assist the CIO or designee in the review and voting of proxies on a case-by-case basis. These guidelines are set forth below:

1. Corporate Governance

a. Election of Directors and Similar Matters

In an uncontested election, Aristotle Capital will generally vote in favor of management’s proposed directors. In a contested election, Aristotle Capital will evaluate proposed directors on a case-by-case basis. With respect to proposals regarding the structure of a company’s board of directors, Aristotle Capital will review any contested proposal on its merits.

Notwithstanding the foregoing, Aristotle Capital expects to support proposals to:

- Limit directors’ liability and broaden directors’ indemnification rights;

And expects to generally vote against proposals to:

- Adopt or continue the use of a classified board structure; and
- Add special interest directors to the board of directors (e.g., efforts to expand the board of directors to control the outcome of a particular decision).

b. Audit Committee Approvals

Aristotle Capital generally supports proposals that help ensure that a company’s auditors are independent and capable of delivering a fair and accurate opinion of a company’s finances. Aristotle Capital will generally vote to ratify management’s recommendation and selection of auditors.

c. Shareholder Rights

Aristotle Capital may consider all proposals that will have a material effect on shareholder rights on a case-by-case basis. Notwithstanding the foregoing, Aristotle Capital expects to generally support proposals to:

- Adopt confidential voting and independent tabulation of voting results; and
- Require shareholder approval of poison pills;

And expects to generally vote against proposals to:

- Adopt super-majority voting requirements; and
- Restrict the rights of shareholders to call special meetings, amend the bylaws or act by written consent.

2. Anti-Takeover Measures, Corporate Restructurings and Similar Matters

Aristotle Capital may review any proposal to adopt an anti-takeover measure, to undergo a corporate restructuring (e.g., change of entity form or state of incorporation, mergers or acquisitions) or to take similar action by reviewing the potential short and long-term effects of the proposal on the company. These effects may include, without limitation, the economic and financial impact the proposal may have on the company, and the market impact that the proposal may have on the company’s stock.

Aristotle Capital Management, LLC — Continued

Notwithstanding the foregoing, Aristotle Capital expects to generally support proposals to:

- Prohibit the payment of greenmail (i.e., the purchase by the company of its own shares to prevent a hostile takeover);
- Adopt fair price requirements (i.e., requirements that all shareholders be paid the same price in a tender offer or takeover context), unless the CIO deems them sufficiently limited in scope; and
- Require shareholder approval of “poison pills.”

And expects to generally vote against proposals to:

- Adopt classified boards of directors;
- Reincorporate a company where the primary purpose appears to the CIO to be the creation of takeover defenses; and
- Require a company to consider the non-financial effects of mergers or acquisitions.

3. Capital Structure Proposals

Aristotle Capital will seek to evaluate capital structure proposals on their own merits on a case-by-case basis.

Notwithstanding the foregoing, Aristotle Capital expects to generally support proposals to:

- Eliminate preemptive rights.

4. Compensation

a. General

Aristotle Capital generally supports proposals that encourage the disclosure of a company's compensation policies. In addition, Aristotle Capital generally supports proposals that fairly compensate executives, particularly those proposals that link executive compensation to performance. Aristotle Capital may consider any contested proposal related to a company's compensation policies on a case-by-case basis.

Notwithstanding the foregoing, Aristotle Capital expects to generally support proposals to:

- Require shareholders approval of golden parachutes; and
- Adopt golden parachutes that do not exceed 1 to 3 times the base compensation of the applicable executives.

And expects to generally vote against proposals to:

- Adopt measures that appear to the CIO to arbitrarily limit executive or employee benefits.

5. Stock Option Plans and Share Issuances

Aristotle Capital evaluates proposed stock option plans and share issuances on a case-by-case basis. In reviewing proposals regarding stock option plans and issuances, Aristotle Capital may consider, without limitation, the potential dilutive effect on shareholders and the potential short and long-term economic effects on the company. We believe that stock option plans do not necessarily align the interest of executives and outside directors with those of shareholders. We believe that well thought out cash compensation plans can achieve these objectives without diluting shareholders ownership. Therefore, we generally will vote against stock option plans. However, we will review these proposals on a case-by-case basis to determine that shareholders interests are being represented. We certainly are in favor of management, directors and employees owning stock, but prefer that the shares are purchased in the open market.

Notwithstanding the foregoing, Aristotle Capital expects to generally vote against proposals to:

- Establish or continue stock option plans and share issuances that are not in the best interest of the shareholders.

6. Corporate Responsibility and Social Issues

Aristotle Capital generally believes that ordinary business matters (including, without limitation, positions on corporate responsibility and social issues) are primarily the responsibility of a company's management that should be addressed solely by the company's management. These types of proposals, often initiated by shareholders, may request that the company disclose or amend certain business practices.

Aristotle Capital will consider proposals involving corporate responsibility and social issues on a case-by-case basis.

7. Conflicts

In cases where Aristotle Capital is aware of a conflict between the interests of a client(s) and the interests of Aristotle Capital or an affiliated person of Aristotle Capital (e.g., a portfolio holding is a client or an affiliate of a client of Aristotle Capital), the Aristotle Capital will take the following steps:

- (a) vote matters that are specifically covered by this Proxy Voting Policy (e.g., matters where the Aristotle Capital's vote is strictly in accordance with this Policy and not in its discretion) in accordance with this Policy; and
- (b) for other matters, contact the client for instructions with respect to how to vote the proxy.

8. Disclosure of Proxy Voting Policy

Upon receiving a written request from a client, Aristotle Capital will provide a copy of this policy within a reasonable amount of time. If approved by the client, this policy and any requested records may be provided electronically.

9. Recordkeeping

Aristotle Capital shall keep the following records for a period of at least five years, the first two in an easily accessible place:

- (i) A copy of this Policy;
- (ii) Proxy statements received regarding client securities;
- (iii) Records of votes cast on behalf of clients;
- (iv) Any documents prepared by Aristotle Capital that were material to making a decision how to vote, or that memorialized the basis for the decision; and
- (v) Records of client requests for proxy voting information.

Aristotle Capital may rely on proxy statements filed on the SEC EDGAR system instead of keeping its own copies, and may rely on proxy statements and records of proxy votes cast by Aristotle Capital that are maintained with a third party such as a proxy voting service, provided that Aristotle Capital has obtained an undertaking from the third party to provide a copy of the documents promptly upon request.

10. Proxy Voting for Accounts Subject to ERISA

The Department of Labor (“DOL”) provided investment managers the following guidance about their ERISA responsibilities, when voting proxies: Where the authority to manage plan assets has been delegated to an investment manager, only the investment manager has authority to vote proxies, except when the named fiduciary has reserved to itself or to another named fiduciary (as authorized by the plan document) the right to direct a plan trustee regarding the voting of proxies.

The DOL has also indicated that an adviser with a duty to vote proxies has an obligation to take reasonable steps under the circumstances to ensure that it receives the proxies. Appropriate steps include informing the plan sponsor and its trustees, bank custodian or broker-dealer custodian of the requirement that all proxies be forwarded to the adviser and making periodic reviews during the proxy season, including follow-up letters and phone calls if necessary. When voting proxies, an investment manager must consider proxies as a plan asset and act solely in accordance with the economic interest of the plan and its participants and beneficiaries.

The DOL has also indicated that the adviser must consider any costs involved when voting proxies for plan assets. Adviser should evaluate material facts that form the basis for any particular voting decision or other exercise of shareholder right. Aristotle Capital may decide, after a facts and circumstances analysis, to refrain from voting if it is determined that a plan client would incur unreasonable costs.

The DOL has also indicated that the adviser must exercise prudence and diligence in the selection and monitoring of persons, if any, selected to advise or otherwise assist with exercises of shareholder rights. Aristotle Capital has contracted with ISS to provide proxy voting support and periodically reviews ISS guidelines as part of vendor oversight.

The DOL has also indicated that the adviser must properly document votes and that the named fiduciary has a duty to monitor the proxy voting process of the adviser. Advisers should be prepared to issue proxy voting reports to clients. Records of “solicitation” activities by issuers (or others) should be maintained. Records should reflect a verification of each proxy to each share in each account. Records should be maintained in such a manner that it is easy to backtrack. Copies of each executed ballot should be maintained. Aristotle Capital has access to proxy voting records through ISS and can issue copies of proxy voting reports to clients upon request. Aristotle Capital maintains a log of solicitations it receives from issuers or others.

Baillie Gifford Overseas Limited

VOTING GUIDELINES

The Manager 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 ESG Team of the Baillie Gifford Group. This ESG Team sits alongside the investment teams and is responsible for the voting of proxies. The head of this ESG Team jointly reports to an investment partner of Baillie Gifford & Co., the parent of the Manager, and to the senior investment committee of the Investment Management Group of the Baillie Gifford Group.

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

- Board Effectiveness and Composition
- Capital Allocation
- Governance Processes and Disclosure
- Remuneration
- Sustainability

The Manager 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. The Guidelines include our definition of significant votes, which is required under SRD II regulation from the EU.

PRAGMATIC & FLEXIBLE APPROACH

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

In evaluating each proxy, the ESG Team follows the Guidelines, while also considering third party analysis, the Manager’s and its affiliates own research and discussions with company management.

The ESG Team oversees voting analysis and execution in conjunction with the investment managers. The Manager may elect not to vote on certain proxies. While the Manager 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 us being prevented from trading for a certain period of time. When voting in these markets, the Manager assesses the benefits of voting clients’ shares against the relevant restrictions. The Manager may also not vote where we have sold out of a stock following the record date.

CONFLICTS OF INTEREST

The Manager 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 ESG Team of the Baillie Gifford Group is responsible for monitoring possible material conflicts of interest with respect to proxy voting.

For proxy votes that involve a potential conflict of interest that is not managed in line with our Conflicts of Interest policy, the ESG Team report the conflict to the Investment Management Group (IMG) for discussion. The ESG Team reports into the IMG which comprises of several senior Baillie Gifford partners. They 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 its clients.

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 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.

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

Cedar Street Asset Management LLC — Continued

- 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).

Comgest Asset Management International Limited

1. INTRODUCTION

Comgest looks to invest in companies whose “quality growth” generates sustainable value for their stakeholders and shareholders. Comgest does this on behalf of its clients and as such recognises and respects the fiduciary duties it owes to them to always act in their best interests.

2. VOTING PRINCIPLES THAT REFLECT COMGEST'S FUNDAMENTAL INVESTMENT BELIEFS

As a long-term investor, Comgest carries out in-depth examination of companies that present quality growth prospects and constantly looks to improve the depth and breadth of its stock selection. When it takes the decision to invest in a company, it engages with management in ongoing dialogue regarding matters it considers crucial and important. The firm also exercises its right to vote at shareholder meetings in accordance with corporate governance values and voting principles that have been determined with reference to regulations, industry standards, best practice, and the firm's international experience.

In line with this commitment, Comgest became a member of the International Corporate Governance Network (ICGN) in 2009 and fully supports the ICGN Global Corporate Governance Principles. It also supports eight principles of the Japan Stewardship Code as well as the US Stewardship Code. In 2010, it became a signatory to the United Nations Principles for Responsible Investment that states “We will be active owners and incorporate Environmental, Social and Governance (ESG) issues into our ownership policies and practices”.

Balancing financial imperatives and Responsible Investment principles characterizes Comgest's approach to voting and its conversations with company management in markets around the world.

In today's global economy, diversity in understanding and approach to corporate governance, disclosure and transparency continues to prevail. In this context, some professional investors maintain that checks and double-checks can be counter-productive and that no governance system works better than “a seamless web of deserved trust.” While Comgest agrees that a one-size-fits-all model of governance can limit a company's options and opportunities, the firm believes that a number of fundamental principles need to apply to all organizations that aim to be successful quality growth companies. The necessity and common sense of corporate responsibility guides Comgest's voting principles. Careful consideration of individual company values and practices informs its decision making processes.

3. COMGEST VOTING PRINCIPLES

Comgest looks for and encourages the companies it invests in to apply the following four principles in their governance systems:

- **Long-term performance orientation:** companies should think big and plan long. Boards of directors, management and employees should be responsible for ensuring continuous improvement through all levels of the organization. Innovation and initiative should be part of the corporate culture. We believe a long-term performance orientation leads to better personal, team and financial performance and encourages employees to ‘go the extra mile’ for customers and shareholders.
- **Accountability and transparency:** executive and non-executive directors need to take full ownership of their duties and responsibilities, share information in a sufficiently open and timely manner, be able to answer questions and explain decisions, uphold trust and confidence and be fully accountable for the consequences of their actions.
- **Honesty and integrity:** compromising honesty and integrity can be disastrous for a company's image, brand, morale and performance. Qualities, attributes and competencies that nurture and embrace honesty and integrity are vital to keeping a company whole, internally and externally. Companies should be vigilant, reliable and constantly seek to earn the trust of employees, customers and shareholders.
- **Shared purpose and engagement:** both executive and non-executive directors should align their own interests with what is best for the company. Managers should lead by example with respect to all of the company's stakeholders and successfully engage with them via their vision, leadership and capacity to inspire trust. Similarly, each employee should understand how his or her role contributes to the successful realization of the company's business purpose. Fundamentally, a company is a team and it takes a strong team of highly motivated people to achieve outstanding and sustainable long-term performance.

Comgest Asset Management International Limited — Continued

Comgest's voting policy aims to encourage and reinforce the inherent values contained within these four principles. In making its investment decisions, the firm looks for companies that are led by executive directors and guided by non-executive directors who embody, demonstrate and perpetuate these values.

The firm considers the principle of "one share one vote" to be fundamentally sound and, therefore, is not generally in favor of multiple share classes with various voting rights that allow some categories of shareholders to have more voting power than others.

Comgest does acknowledge, on the other hand, that there are instances in a company's development that require a certain degree of freedom to be granted to accountable and ambitious entrepreneurs. In terms of its voting rights and responsibilities, Comgest regards these situations as exceptions that should arise only in limited circumstances; and when they do, there should be open dialogue and full disclosure from the company concerned in relation to capital allocations, operational results and financial performance.

In relation to the principles that Comgest applies to corporate governance, voting decisions are very carefully considered for each General Meeting. In deciding how to vote, the firm remains resolutely realistic and recognizes that the companies in which it invests operate at varied stages of development, in sectors with differing dynamics and in geographies with specific business cultures and practices. Accordingly, a rigid application of its Voting Rules may not always be appropriate. If the firm decides in exceptional circumstances to diverge from its Voting Rules, Comgest looks to ensure that its decision remains in line with its four overriding Voting Principles and documents the reason for its divergence.

Comgest may vote against company management recommendations when it feels that this is in the company's and the shareholders' best interests. In such cases, Comgest may explain to the company concerned its reasons for doing so and, in an ongoing dialogue, seek to guide management where necessary while encouraging compliance with international standards of governance and corporate best practice. Under certain circumstances, Comgest may decide to abstain from voting on a resolution where the proposal or disclosure is not good enough to justify its support, nor bad enough to justify a vote against it. This may occur when Comgest was not given sufficient opportunity to address questions in relation to the matter with the company. Where this is the case, Comgest will often follow up with the company to subsequently address the point. Comgest provides a rationale for voting decisions it considers significant particularly where there was a vote against management, against shareholder resolutions, a vote was withheld or the vote was not in line with voting policy. At all times, Comgest seeks to act responsibly, in line with its role as a global investor committed to long-term, sustainable performance and focused on quality growth.

3.1 Board of directors

3.1.1 Role of the board of directors

Comgest considers that the role of a company's board of directors should encompass the following elements:

- Defining and communicating business strategy
- Reviewing on a regular basis the execution of strategy
- Guiding and questioning company management with regard to the planning of financial and non-financial resources and capital allocations
- Taking responsibility for the appointment, departure, and if necessary dismissal, of executive directors and board members, through appropriate succession plans and effective nomination and appointment processes
- Ensuring that compensation of executive managers is consistent with their achievements and the company's long-term strategic objectives
- Overseeing the accuracy and effectiveness of company accounting, risk and management systems
- Ensuring the integrity of the company's practices, the quality of its corporate culture and the strength and value of its brand(s).

Given the essential nature of their mission, Comgest looks for non-executive board members who exhibit the following characteristics: vision, high levels of competence, independence, ability to engage and guide management, integrity, availability and commitment to serving the long-term interests of the company's shareholders. For Comgest, the importance of these qualities and attributes cannot be overstated as the directors are the shareholders main means of influencing the conduct of the company.

3.1.2 Board size

Comgest Asset Management International Limited — Continued

Regarding board size, Comgest typically favors boards composed of 6 to 12 members. A number below 6 decreases the opportunities for exchange of differing opinions and points of view, and reduces the levels of collective experience and expertise required to develop strategy and adequately guide and oversee the company's operations. Comgest believes that boards with more than 12 members may result in some members not making an optimal contribution to discussion and decision making.

3.1.3 Independent board members

With regard to independence, Comgest considers that the number of independent board members of non-controlled companies (in terms of voting rights) should be at least a third of the total number, with more than half being an optimal proportion. With regards to controlled companies (in terms of voting rights), the proportion of board independence should, at a minimum, be in line with the free-float. In general, Comgest does not consider the following types of board members to be independent:

- Current or former executives or employees of the company
- Executive's parents or other immediate family members
- Shareholders, or shareholders' representatives, who hold more than 5% of total existing shares
- Customers, suppliers, service providers, or advisors, including investment bankers, lawyers and former auditors
- Board members who have been on the board for more than 12 years.

In cases where employee representatives (also including employee shareholder representatives) sit on the board, Comgest typically excludes them from the count of members in terms of determining board independence.

3.1.4 Director competence

The notion of competence is broadly defined as: business experience in fields relevant to the strategy of the company (specific know-how or sectorial background), subject matter expertise in specific domains (for instance, science or technology), or a specific area or areas of expertise that help the company achieve its business objectives.

3.1.5 Board nominations

In general, Comgest supports management-proposed nominees for election to the board in instances where:

- The company has provided adequate disclosure regarding its nominees
- There are no known problems with the company's finances or financial statements
- Based on the knowledge in its possession, Comgest is confident there are no conflicts of interest or other issues that may cast doubt on the nomination
- The nominees have not missed more than 25% of the board's scheduled meetings, unless an adequate excuse has been provided.

Comgest may raise objections with regard to an entire board, a committee, or individual nominees, in instances where the nominee(s) are seen as being:

- Responsible for a material failure of governance or business ethics
- Involved in or responsible for proven environmental and/or social malpractice
- Responsible for failing to replace management when appropriate
- Responsible for egregious actions on another board that call into question his or her ability to serve shareholders' best interests
- Where a known conflict of interest could damage the company's reputation or otherwise adversely affect the company.

It should be noted that Comgest is not in favor of staggered boards, cumulative voting or bundled elections.

3.1.6 Chairman of the board

The chairman of the board has specific responsibilities as leader and he or she needs to demonstrate accountability for the effective functioning of the board. Among his or her personal qualities, Comgest places emphasis on a propensity to encourage and support a culture of openness and constructive debate. This allows a wide range of views to be expressed to assist the process of forming opinions and making sound decisions. The chairman's role also requires the ability to inspire the intrinsic motivation of all board members in a manner that is clear and consequential.

Comgest Asset Management International Limited — Continued

The chairman should be fully independent to ensure objectivity and enable high quality discussion and debate to take place within the board. In addition, Comgest is of the view that the positions of chairman and CEO should be separated. If this is not the case, a lead independent director should be designated and accessible to shareholders. The lead independent director should have full authority to set the board agenda along with the board chairman and to call a board meeting if he or she considers it necessary.

3.1.7 Number of directorships held

Comgest usually votes against the election of non-executive directors serving on more than 5 boards (including the one under consideration), and against the election of executive directors serving on more than 2 boards (including the one under consideration). This rule does not, however, necessarily apply in the case of boards of companies within the same group or corporate structure.

3.1.8 Board diversity

The culture of a company and its board of directors can play a key role in the success or failure of the company. As a general rule, Comgest is in favor of a diverse board composition as cognitive diversity assists in identifying risk, enriching debate, decision making on complex topics and building collective knowledge. Indeed, the dangers inherent in ‘Group Think’ are reduced via cognitive, social and cultural diversity.

Comgest does not restrict the concept of board diversity to gender diversity. It believes that a board should be composed of directors with different backgrounds, skills, nationalities, ages, tenure etc. as demanded by the company’s business strategy and objectives. In regard to gender diversity, Comgest generally does not support the re-election of a nomination committee chairman if there is not at least one woman on a board of less than 10 members or two women on a board of more than 10 members. This application of this rule may vary depending on the company’s country of origin, local practices and governance codes. In the U.S., the lack of ethnic diversity on the board can also be a criteria used to decide if Comgest should support or not the re-election of a nomination committee chairman.

3.1.9 Board committees

Board committees make the work of the board more efficient on topics requiring specific expertise and/or greater independence. Generally speaking, Comgest favors boards that have committees in charge of audit, remuneration and nomination matters. Depending on their core activities, some companies may benefit from having additional board committees, for example in relation to risk, strategy, Corporate Social Responsibility and innovation.

3.1.9.1 Audit committee

Given the importance and complex nature of the audit process and the degree of expert interpretation required in applying different accounting standards and concepts, financial accounting quality needs to be overseen by a committee with sufficient technical expertise, critical thinking and no conflicts of interest.

All members of the Audit Committee should be fully independent. The committee should include, at the very least, one member with the relevant financial expertise and experience required to oversee:

- accounting practices,
- internal audit and risk management functions
- and the provision of external audit and non-audit services by selected accounting firms.

Comgest expects Audit Committee reporting to provide comprehensive information and insights into the financial health of the company.

Comgest is in favor of the practice whereby companies change their auditors at regular and timely intervals. If billing of non-audit services exceeds 50% of combined audit/non-audit service billing, then Comgest will typically vote against the renewal of the audit mandate unless it is convinced of valid extenuating circumstances.

3.1.9.2 Remuneration committee

Comgest believes that remuneration committees, responsible for designing remuneration plans for senior executives, should be at least two thirds independent and its chair should be independent. While incentives certainly drive behaviors and a company’s ability to recruit suitably skilled and talented executives, remuneration should not be the sole source of motivation. The remuneration committee should think strategically about long-term value creation when setting performance targets and selecting and articulating performance criteria.

In the majority of cases, Comgest believes that the company should design and implement a simple and coherent remuneration structure for all levels of management within the organization via collaboration between the remuneration committee and the company's human resources department.

3.1.9.3 Nomination committee

The nomination committee should be at least two thirds independent and its chair should be independent. Ideally, the company should be able to explain why a nominee has been chosen over potentially dozens of other legitimate candidates.

In particular, a company should disclose, on an annual basis, its definitions of independence and competence, and explain how relevant executive and non-executive directors meet these criteria and any exceptions that may exist. The formal nomination process, including succession planning, should be completely transparent and detailed in a timely fashion in the company's quarterly and annual reports.

3.1.10 Remuneration of non-executive board members

Comgest is generally not in favor of non-executive board members receiving shares in the company and is typically opposed to stock options as compensation due to their potential to encourage risk taking. However, Comgest is generally in favor of non-executive board members acquiring shareholdings in the company through their own means.

In terms of salary, board member remuneration ought to remain fair and reasonable so as to best ensure independence and be of a sufficient nature to adequately compensate directors for their efforts.

3.2 Compensation

Most employees have a sense of fairness when it comes to levels of compensation. Accordingly, compensation below a perceived level of fairness can leave employees feeling dissatisfied, a situation that typically impacts loyalty, engagement and performance. On the other hand, academic research and empirical evidence show that when the employer meets a perceived threshold, or pays above it, the extra compensation does not necessarily translate into stronger performance. Comgest recognizes that remuneration systems that include fixed and variable components and value the realization of outstanding results can be beneficial to a company's overall performance.

3.2.1 Executive remuneration

Comgest takes into account multiple factors when evaluating a company's executive remuneration practices and will vote on a case-by-case basis on pay proposals.

Comgest generally supports remuneration policies that provide shareholders with:

- Comprehensive disclosure
- Appropriate alignment between executive remuneration and company performance that is determined by clear, relevant and challenging performance criteria
- A long-term vision for the company
- Avoidance of arrangements that risk "paying for failure"
- Evidence of an independent and effective remuneration committee.

While comprehensive disclosure should exist with regard to remuneration policy and the criteria used to determine performance targets, Comgest understands that in some instances, specific targets with regard to future performance can only be partially revealed due to reasons of confidentiality.

Comgest supports remuneration practices based on non-financial factors, such as ESG considerations, where they are detailed and appropriate. Such incentives need to be analyzed in the context of opportunities and risks linked to value creation processes.

3.2.2 Equity-based compensation

Comgest is in favor of the allocation of free shares or shares with a discounted price as incentives for employees, provided that the plan covers a majority of employees. The plan does not necessarily need to comprise performance hurdles.

For executives, Comgest generally votes against stock option plans and performance shares, or amendments to existing plans, in instances where:

- It is not a five-year plan with, for example, a minimum vesting cycle of three years and a lock-up period of two years
- The plan permits options to be issued with an exercise price at a discount to current market price (except in the case of Japanese deep-discount stock options plans which are long-term compensation schemes in which the vesting period lasts until retirement)

Comgest Asset Management International Limited — Continued

- The maximum dilution exceeds established guidelines of 3 percent of issued capital for a mature company and 5 percent for a growth company.
- Performance targets for the attribution and/or the vesting of share options are not challenging enough.

3.2.3 Other types of compensation

Comgest normally votes against golden parachute provisions or welcome-on-board bonuses. It carefully reviews on a case-by-case basis severance payments and pension schemes.

3.3 Transactions

As certain decisions and transactions are specific to the context of each company, Comgest votes on a case-by-case basis with regard to:

- Strategic transactions
- Reorganization and restructuring
- Mergers and acquisitions
- Expansion of business activities.

It is the firm's view that the company AGM should ratify any related party transactions that have the potential to raise conflicts of interest.

3.4 Anti-takeover mechanisms

Comgest is generally opposed to anti-takeover mechanisms unless it can be established that they are in the company's long-term best interests.

3.5 Change in capital

Share issuance, repurchase, and reissuance of repurchased shares are matters that should be submitted to a vote at the company's AGM. Comgest looks for high levels of disclosure, ratification and always treats any such instance on a case by case basis, taking into consideration local laws and practices. Generally speaking, Comgest is opposed to the dilution of existing shareholder rights and holdings and the creation of any potential imbalances between shareholders categories. Comgest is in favor of maintaining the principle of "one share, one vote, one dividend".

3.6 Shareholder proposals

Comgest usually supports shareholder proposals that are deemed to be in the long-term interest of all shareholders. For instance, Comgest is generally in favor of shareholder proposals that require greater transparency on topics such as political donations, climate risks or fair treatment of employees.

4. ENGAGEMENT

Ahead of general meetings Comgest may engage with companies on specific ESG issues on the general meeting agenda. Generally top management's remuneration and shareholders' rights are the main topics that are discussed with companies.

These engagement actions in the context of general meetings may be initiated by Comgest, by a group of investors including Comgest (collaborative engagement) or by the companies themselves when they want to know investors' views on specific topics to adjust the content of resolutions.

Engaging with companies is useful for Comgest to collect more information on particular corporate issues and also to influence companies' corporate governance in a direction that is in line with minority shareholders' interests and which makes top executives more accountable.

5. EXERCISE OF VOTING RIGHTS

As an active investor and signatory to the UN Principles for Responsible Investment, Comgest's objective is to vote systematically at all shareholder meetings when it is technically possible to do so and deemed in the interest of the shareholders.

The voting process described below applies to Comgest's public funds and segregated accounts of clients who have asked Comgest to vote on their behalf.

Comgest does not delegate or outsource votes. Voting decisions are taken by the Comgest entity managing the portfolio with the support of the lead analysts for the stock concerned. Each lead analyst is responsible for following the general meetings (ordinary/special) of the companies that he or she follows and for assisting the investment manager in executing Comgest's Voting Policy.

Comgest analysts may physically attend general meetings for important issues.

5.1 Proxy voting platform

Comgest Asset Management International Limited — Continued

To make voting as efficient as possible, Comgest uses the services of ISS (Institutional Shareholders Services), a leading proxy voting service provider. The ISS web-based proxy voting platform notifies Comgest of its investee company general meetings.

As soon as a general meeting is scheduled to take place, the firm is informed of the agenda by the ISS platform where voting recommendations developed in accordance with the Comgest voting principles can be downloaded. Where it receives data directly from custodians, the platform also informs Comgest as to how many shares it is able to vote on in each account that it manages.

The platform allows Comgest to vote electronically at almost every general meeting in every country where it invests.

5.2 Proxy voting - potential conflicts of interest

Comgest has implemented policies and procedures in order to prevent and manage potential conflicts of interest. In looking to avoid conflicts that may arise during the proxy voting process, Comgest considers a number of factors and procedures, including:

- Votes are based on pre-determined Proxy Voting Rules and any deviations have to be justified, thereby limiting discretion of fund managers/advisors and analysts.
- Comgest is an independent company and we only provide asset management services, therefore, conflicts do not arise through other activities or through relationships with affiliates carrying out other activities.
- Employees are required to report any positions held in other companies (e.g. directorships). With the exception of Comgest funds, employees do not sit on boards or hold other positions in the companies in which we invest.
- We abstain from voting where a conflict of interest may arise, e.g. when a client account is invested in a Comgest fund.

All employees are required to raise any potential conflict of interest to the Compliance Officer of the entity concerned, a solution is sought and the conflict is logged.

5.3 Comgest voting rules

Comgest's voting rules derive directly from Comgest's Voting Principles. Specific voting rules have been defined on a regional or national basis in collaboration with the ISS team dedicated to proxy voting policy customization. These voting rules are fully in line with Comgest's approach to responsible investment.

Voting recommendations reflecting the Comgest Voting Rules are produced by ISS Social Advisory Services for each general meeting. These recommendations in written form comprise the key documentation for the voting process.

5.4 The ESG team's role

Comgest's ESG team is responsible for overseeing implementation of the firm's Voting Principles and reviews its Voting Rules every year on a region-by-region basis.

The team is also in charge of overseeing and coordinating voting activity across Comgest's regional investment teams to ensure the voting process is implemented correctly. This includes supporting each regional investment team and assisting lead analysts in reviewing and commenting on the resolutions subject to vote.

EARNEST Partners LLC

PROXY POLICIES

As a general rule, EARNEST Partners (hereinafter referred to as "Adviser", "We", or "Us") will accept authority to vote Client securities. The Adviser and the Client will agree upon the scope of the Adviser's authority and responsibilities to vote proxies on behalf of the Client in an investment management agreement. Clients can generally direct Us 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 We (or our designee, as applicable) receive the proxies timely and in good order, We 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 the Adviser is instructed otherwise in writing by the Client:

- The Adviser will not actively engage in conduct that involves an attempt to change or influence the control of a portfolio company.
- The Adviser will not announce its voting intentions or the reasons for a particular vote.
- The Adviser will not participate in a proxy solicitation or otherwise seek proxy voting authority from any other portfolio company shareholder.

APPENDIX A – PROXY VOTING

EARNEST Partners LLC — Continued

- The Adviser 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 the Adviser's concerns for its Clients' interests and not in an attempt to influence the control of management.

PROXY PROCEDURES

The Adviser has designated a Proxy Director. The Proxy Director, in consultation with the Adviser's 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 the Adviser's 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 the Adviser). Therefore, it is possible that actual votes may differ from the general policies and the Adviser's Proxy Voting Guidelines. Adviser utilizes an electronic vote management system (currently ISS) that generally: (1) populates Adviser's votes shown on the electronic voting platform with recommendations based on Adviser's Proxy Voting Guidelines described above ("pre-population"); and (2) automatically submits Adviser's 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 Adviser of any corrections and, if necessary, any resulting changes in the vote recommendations. Alerts are distributed to Adviser through the same platform used to distribute the regular research and voting recommendations. This ensures that Adviser receives each alert related to an original report, which is attached to the relevant original company meeting report. If Adviser has cast its vote before receiving an alert, Adviser may cancel and change its vote at any time before the meeting cut-off date, if Adviser determines that such a change is warranted by the new information. In the case where the Adviser 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, the Adviser will seek the advice of the Client.

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

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

The Adviser reserves the right to change these policies and procedures at any time without notice.

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.

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.

Income Research + Management — Continued

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.

Jennison Associates, LLC — Continued

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 specific voting instructions 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.

Identifying and Addressing Potential Material Conflicts of Interest

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 investment professionals who are related to a person who is senior management or a director at a public company.
- 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

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 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.

Jennison Associates, LLC — Continued

- Review all Guideline overrides.
- Review quarterly voting metrics and analysis published by the Proxy Team.
- 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.

LSV Asset Management

LSV Asset Management’s (“LSV”) standard investment management agreement expressly authorizes LSV to vote proxies on behalf of the client’s account. Therefore, unless the client expressly reserves proxy voting responsibility, it is LSV’s responsibility to vote proxies relating to securities held for the client’s account.

ERISA Clients

With respect to ERISA plan clients, unless proxy voting responsibility has been expressly reserved, LSV, as the investment adviser for the account, must, subject to this policy, seek to vote all proxies relating to securities held for the plan’s account. If LSV is responsible for voting, LSV shall make appropriate arrangements with each account custodian to have proxies forwarded on a timely basis to the appropriate person, and shall endeavor to correct delays or other problems relating to timely delivery of proxies and proxy materials. Fiduciary obligations of prudence and loyalty require an investment adviser with proxy voting responsibility to vote proxies on issues that affect the value of the client’s investment. Proxy voting decisions must be made solely in the best interests of the client’s account. In voting proxies, 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 client to unrelated objectives.

General Policies

LSV has adopted proxy voting guidelines that provide direction in determining how various types of proxy issues are to be voted. LSV has engaged an expert independent third party to design guidelines for client accounts that are updated for current corporate governance issues, helping to ensure that clients’ best interests are served by voting decisions. Clients are sent a copy of their respective guidelines on an annual basis.

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. If LSV is responsible for voting proxies for a client, LSV will vote in accordance with GLC’s guidelines, which can be found at <https://www.glasslewis.com/guidelines>. 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,

APPENDIX A – PROXY VOTING

LSV Asset Management — Continued

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 ("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 Securities and Exchange Commission 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. In such situations, LSV will continue to vote the proxies in accordance with the recommendation of GLC based on its pre-determined 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 on an annual basis. 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 it.

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).
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, the first two years in LSV's principal office.

Consideration of Environmental, Social and Governance Factors

APPENDIX A – PROXY VOTING

LSV Asset Management — Continued

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. Through GLC, LSV is able to offer ESG-focused guidelines that include an additional level of analysis on behalf of clients seeking to vote consistent with widely-accepted enhanced ESG practices. These ESG-focused guidelines are designed for clients with a focus on disclosing and mitigating company risk with regard to ESG issues..

Mar Vista Investment Partners, LLC

PROXY VOTING GUIDELINES

1. OPERATIONAL ITEMS

1a. Adjourn Meeting

Vote AGAINST proposals to provide management with authority to adjourn an annual or special meeting absent compelling reasons to support the proposal.

1b. Amend Quorum Requirements

Vote AGAINST proposals to reduce quorum requirements for shareholder meetings below a majority of the shares outstanding unless there are compelling reasons to support the proposal.

1c. Amend Minor Bylaws

Vote FOR bylaw or charter changes that are of a housekeeping nature (updates or corrections).

1d. Change Company Name

Vote FOR proposals to change the corporate name.

1e. Change Date, Time, or Location of Annual Meeting

Vote FOR management proposals to change the date/time/location of the annual meeting unless the proposed change is unreasonable.

Vote AGAINST shareholder proposals to change the date/time/location of the annual meeting unless the current scheduling or location is unreasonable.

1f. Ratifying Auditors

Vote FOR proposals to ratify auditors, unless any of the following apply:

- An auditor has a financial interest in or association with the company, and is therefore not independent.
- Fees for non-audit services (other than tax preparation and tax consulting) are excessive (considered excessive if greater than 50% of audit fees), or
- There is reason to believe that the independent auditor has rendered an opinion, which is neither accurate nor indicative of the company’s financial position.

Vote FOR shareholder proposals asking companies to prohibit or limit their auditors from engaging in excessive non-audit services. Consulting services are excessive if over 50% of audit fees. No limit on tax related fees is necessary.

Vote AGAINST shareholder proposals asking for audit firm rotation.

1g. Transact Other Business

Vote AGAINST proposals to approve other business when it appears as voting item. Significant business should be brought before shareholders for approval.

1h. Accounts and Reports

Vote FOR routine proposals to accept the accounts and reports at the annual meeting.

2. BOARD OF DIRECTORS

2a. Voting on Director Nominees in Uncontested Elections

Mar Vista Investment Partners, LLC — Continued

Generally vote FOR on proposals regarding director nominees taking into account the following factors: composition of the board and key board committees, attendance at board meetings, corporate governance provisions and takeover activity, long-term company performance relative to a market index, directors' investment in the company, whether the chairman is also serving as CEO, and whether a retired CEO sits on the board. However, there are some actions by directors that should result in votes being withheld. These instances include directors who:

- Attend less than 75 percent of the board and committee meetings without a valid excuse
- Implement or renew a dead-hand or modified dead-hand poison pill
- Ignore a shareholder proposal that is approved by a majority of the shares outstanding
- Ignore a shareholder proposal that is approved by a majority of the votes cast for two consecutive years
- Failed to act on takeover offers where the majority of the shareholders tendered their shares
- Are inside directors or affiliated outsiders and sit on the audit, compensation, or nominating committees
- Are inside directors or affiliated outsiders and the full board serves as the audit, compensation, or nominating committee, or the company does not have one of these committees
- Are audit committee members and the non-audit fees paid to the auditor are excessive

In addition, directors who enacted egregious corporate governance policies or failed to replace management as appropriate would be subject to recommendations to withhold votes.

2b. Age Limits

Vote AGAINST shareholder proposals to impose a mandatory retirement age for outside directors.

2c. Board Size

Vote FOR proposals seeking to fix the board size or designate a range for the board size. Vote AGAINST proposals that give management the ability to alter the size of the board outside of a specified range without shareholder approval.

2d. Classification / Declassification of the Board

Vote AGAINST proposals to classify boards. Vote FOR proposals to declassify boards.

2e. Cumulative Voting

Vote AGAINST proposals to eliminate cumulative voting. Vote FOR proposals to restore or permit cumulative voting.

2f. Director and Officer Indemnification and Liability Protection

Vote FOR proposals on director and officer indemnification and liability protection using Delaware law as the standard.

Vote AGAINST proposals to eliminate entirely directors' and officers' liability for monetary damages for violating the duty of care.

Vote AGAINST indemnifications proposals that would expand coverage beyond just legal expenses to acts, such as gross negligence, that are more serious violations of fiduciary obligation than mere carelessness.

Vote FOR only those proposals providing such expanded coverage in cases when a director's or officer's legal defense was unsuccessful if both of the following apply:

- The director was found to have acted in good faith and in a manner that he reasonably believed was in the best interests of the company, and
- Only if the director's legal expenses would be covered.

2g. Establish / Amend Nominee Qualifications

Vote CASE-BY-CASE on proposals that establish or amend director qualifications. Votes should be based on how reasonable the criteria are and to what degree they may preclude dissident nominees from joining the board.

Vote AGAINST shareholder proposals requiring two candidates per board seat.

2h. Filling Vacancies / Removal of Directors

Vote AGAINST proposals that provide that directors may be removed only for cause. Vote FOR proposals to restore shareholder ability to remove directors with or without cause.

Vote AGAINST proposals that provide that only continuing directors may elect replacements to fill board vacancies.

Mar Vista Investment Partners, LLC — Continued

Vote CASE-BY-CASE on proposals that permit shareholders to elect directors to fill board vacancies. Consideration should be given to the board's historical effectiveness in managing the company.

2i. Independent Chairman (Separate Chairman / CEO)

Vote CASE-BY-CASE on shareholder proposals requiring that the positions of chairman and CEO be held separately. Because some companies have governance structures in place that counterbalance a combined position, the following factors should be taken into account in determining whether the proposals warrant support:

- Designated lead director appointed from the ranks of the independent board members with clearly delineated duties
- Majority of independent directors on board
- All independent key committees
- Committee chairpersons nominated by the independent directors
- CEO performance reviewed annually by a committee of outside directors
- Established governance guidelines
- Company performance

2j. Majority of Independent Directors / Establishment of Committees

Vote FOR shareholder proposals asking that a majority or more of directors be independent unless the board composition already meets the proposed threshold of definition for independence.

Vote FOR shareholder proposals asking that board audit, compensation, and/or nominating committees be composed exclusively of independent directors if they currently do not meet that standard.

2k. Stock Ownership Requirements

Vote AGAINST shareholder proposals that mandate a minimum amount of stock that directors must own in order to qualify as a director or to remain on the board. Although stock ownership is encouraged, the company should determine the appropriate ownership requirements.

2l. Term Limits

Vote AGAINST shareholder proposals to limit the tenure of outside directors.

3. EXECUTIVE AND DIRECTOR COMPENSATION

Vote CASE-BY-CASE with respect to compensation plans. Our methodology for reviewing compensation plans primarily focuses on the transfer of shareholder wealth (the dollar cost of pay plans to shareholders instead of simply focusing on voting power dilution). Using the expanded compensation data disclosed under the SEC's rules, we will value award types. It will include in its analyses an estimated dollar cost for the proposed plan and all continuing plans. This cost, dilution to shareholders' equity, will also be expressed as a percentage figure for the transfer of shareholder wealth, and will be considered along with dilution to voting power.

3a. Director Compensation

Vote CASE-BY-CASE on compensation plans for directors.

3b. Stock Plans in Lieu of Cash

Vote FOR plans which provide a dollar for dollar cash for stock exchange.

Vote CASE-BY-CASE for plans which do not provide a dollar for dollar cash for stock exchange. In no event should the value of a stock in lieu of cash plan exceed the cost of a cash only plan.

3c. Director Retirement Plans

Vote AGAINST plans for nonemployee directors.

Vote FOR shareholder proposals to eliminate retirement plans for nonemployee directors.

3d. Stock Option Plans

Vote FOR stock option plans that limit annual share count dilution for options granted to the lesser of 10% of the company's long term growth rate or 3% of beginning shares outstanding.

Vote AGAINST stock option plans that allow for accelerated vesting of options based upon short term stock price performance.

Vote AGAINST stock option plans with vesting schedules less than 5 years.

Vote AGAINST stock option plans that allow for options to be granted at less than fair market value.

3e. Management Proposals Seeking Approval to Reprice Options

Mar Vista Investment Partners, LLC — Continued

Vote AGAINST management proposals seeking approval to reprice options.

3f. Employee Stock Purchase Plans

Vote CASE-BY-CASE on employee stock purchase plans taking into account:

- Purchase price is at least 85 percent of fair market value
- Offering period is 27 months or less
- Potential voting power dilution is 10 percent or less

3g. Incentive Bonus Plans and Tax Deductibility Proposals (OBRA-Related Compensation Proposals)

Vote FOR proposals to add performance goals to existing compensation plans to comply with the provisions of Section 162(m) unless they are clearly inappropriate.

Vote FOR to amend existing plans to increase shares reserved and to qualify for favorable tax treatment under the provisions of Section 162(m).

Vote FOR cash or cash and stock bonus plans that are submitted to shareholders for the purpose of exempting compensation from taxes under the provisions of Section 162(m). Vote CASE-BY-CASE when the company fails to provide performance targets; a company fails to provide either a total pool or an individual maximum; or the proposed plan is excessive when compared to its peers.

3h. Employee Stock Ownership Plans (ESOPs)

Vote FOR proposals to implement an ESOP or increase authorized shares for existing ESOPs, unless the number of shares allocated to the ESOP is excessive (more than five percent of outstanding shares).

3i. 401(k) Employee Benefit Plans

Vote FOR proposals to implement a 401(k) savings plan for employees.

3j. Shareholder Proposals Regarding Executive and Director Pay

Vote FOR shareholder proposals seeking additional disclosures of executive and director pay information, provided the information requested is relevant to shareholders' needs, would not put the company at a competitive disadvantage relative to its industry, and is not unduly burdensome to the company.

Vote AGAINST shareholder proposals seeking to set absolute levels on compensation or otherwise dictate the amount or form of compensation.

Vote AGAINST shareholder proposals requiring director fees be paid in stock only. Vote FOR shareholder proposals to put option repricings to a shareholder vote.

Vote CASE-BY-CASE for all other shareholder proposals regarding executive and director pay, taking into account company performance, pay level versus peers, pay level versus industry, and long term corporate outlook.

3k. Option Expensing

Vote AGAINST shareholder proposals asking the company to expense stock options. Companies may elect their accounting in accordance with GAAP.

3l. Performance Based Stock Options

Vote FOR shareholder proposals advocating the use of performance-based stock options (indexed, premium-priced, and performance vested options), taking into account:

- Whether the proposal mandates that all awards be performance based
- Whether the proposal extends beyond executive awards to those of lower ranking employees
- Whether the company's stock based compensation plans meets the analysts criteria

Vote AGAINST proposals on stock option plans where performance vesting is tied solely to achieving short term stock price performance.

3m. Golden and Tin Parachutes

Vote FOR shareholder proposals to require golden and tin parachutes (executive severance agreements) to be submitted for shareholder ratification, unless the proposal requires shareholder approval prior to entering into employment contracts.

Vote CASE-BY-CASE on proposals to ratify or cancel golden or tin parachutes. An acceptable parachute should include the following:

- The parachute should be less attractive than an ongoing employment opportunity with the firm
- The triggering mechanism should be beyond the control of management (i.e., acquisitions)

Mar Vista Investment Partners, LLC — Continued

- The amount should not exceed three times base salary plus guaranteed benefits

3n. Advisory Vote on Executive Compensation

Generally vote FOR proposals regarding Advisory Vote on Executive Compensation. Vote AGAINST or CASE-by-CASE in the following instances:

- Pattern of poor pay-for-performance practices
- Unclear disclosure regarding the overall compensation structure
- Questionable adjustments to certain aspects of the overall compensation structure and/or other egregious prospects.

4. PROXY CONTESTS

4a. Voting for Director Nominees in Contested Elections

Vote CASE-BY-CASE in a contested election of directors taking into account:

- Long-term financial performance of the target company relative to its industry
- Management's track record
- Background to the proxy contest
- Qualifications of director nominees (both slates)
- Evaluation of what each side is offering shareholders as well as the likelihood that the proposed objectives and goals can be met
- Stock ownership positions.

4b. Reimbursing Proxy Solicitation Expenses

Vote CASE-BY-CASE on proposals to reimburse proxy solicitation expenses. In cases where we recommend in favor of the dissidents, we recommend voting FOR reimbursing proxy solicitation expenses.

4c. Confidential Voting

Vote FOR shareholder proposals requesting that corporations adopt confidential voting, use independent vote tabulators and use independent inspectors of election, as long as the proposal includes a provision for proxy contests as follows. In the case of a contested election, management should be permitted to request that the dissident group honor its confidential voting policy. If the dissidents agree, the policy remains in place. If the dissidents will not agree, the confidential voting policy is waived.

Vote FOR management proposals to adopt confidential voting.

5. ANTI-TAKEOVER DEFENSES AND VOTING RELATED ISSUES

5a. Advance Notice Requirement for Shareholder Proposals / Nominations

Vote CASE-BY-CASE on advance notice proposals giving support to those proposals which allow shareholders to submit proposals as close to the meeting date as reasonably possible and within the broadest window possible.

5b. Amend Bylaws Without Shareholder Consent

Vote AGAINST proposals giving the board exclusive authority to amend the bylaws. Vote CASE-BY-CASE for proposals giving the board the ability to amend the bylaws in addition to shareholders.

5c. Poison Pills

Vote FOR shareholder proposals that ask a company to submit its poison pill for shareholder ratification.

Vote FOR shareholder proposals to redeem a company's poison pill. Vote AGAINST management proposals to ratify a poison pill.

5d. Shareholder Ability to Act by Written Consent

Vote AGAINST proposals to restrict or prohibit shareholder ability to take action by written consent. Vote FOR proposals to allow or make easier shareholder action by written consent.

5e. Shareholder Ability to Call Special Meetings

Vote CASE-BY-CASE on proposals to restrict or prohibit shareholder ability to call special meetings. Proposals for shareholders to call special meetings are reasonable if they are at a reasonable location and time, allow for advance notification, and the requesting shareholder group pays the costs incurred to hold the meeting. In order to prevent abuse, shareholders representing at least a sizable minority of shares should support such a meeting prior to its calling. Typically this threshold should not fall below 10-15% of shares. In addition, the following factors will be taken into account when determining whether such a proposal should be supported; Company size, shareholder base in both percentage

Mar Vista Investment Partners, LLC — Continued

of ownership and type of shareholder, company performance, the existence of anti-takeover protections, opportunities for shareholder action, the responsiveness of the board and management to shareholders as evidenced by progressive shareholder rights policies, and whether the Company currently provides shareholders with the ability to call a special meeting.

Vote CASE-BY-CASE on proposals that remove restriction on the right of shareholders to act independently of management.

5f. Supermajority Vote Requirements

Vote AGAINST proposals to require a supermajority shareholder vote. Vote FOR proposals to lower or eliminate supermajority vote requirements.

6. MERGERS AND CORPORATE RESTRUCTURINGS

6a. Appraisal Rights

Vote FOR proposals to restore, or provide shareholders with, rights of appraisal.

6b. Asset Purchases

Vote CASE-BY-CASE on asset purchase proposals taking into account:

- Purchase price
- Fairness opinion
- Financial and strategic benefits
- How the deal was negotiated
- Conflicts of interest
- Other alternatives for the business
- Noncompletion risk

6c. Asset Sales

Vote CASE-BY-CASE on asset sales taking into account:

- Impact of the balance sheet/working capital
- Potential elimination of diseconomies
- Anticipated financial and operating benefits
- Anticipated use of funds
- Value received for the asset
- Fairness opinion
- How the deal was negotiated
- Conflicts of interest

6d. Bundled Proposals

Vote CASE-BY-CASE on bundled or “conditioned” proxy proposals. In the case of items that are conditioned upon each other, examine the benefits and costs of the package items. In instances when the joint effect of the conditioned items is not in shareholders' best interests, vote against the proposals. If the combined effect is positive, support such proposals.

6e. Conversion of Securities

Vote CASE-BY-CASE on proposals regarding conversion of securities taking into account:

- Dilution to existing shareholders
- Conversion price relative to market value
- Financial issues
- Control issues
- Termination penalties
- Conflicts of interest

6f. Corporate Reorganization / Debt Restructuring / Prepackaged Bankruptcy Plans / Reserve Leveraged Buyouts / Wrap Plans

Vote CASE-BY-CASE on proposals to increase common and/or preferred stock and to issue shares as part of a debt-restructuring plan taking into account:

- Dilution to existing shareholders' position
- Terms of the offer

Mar Vista Investment Partners, LLC — Continued

- Financial issues
- Management's efforts to pursue other alternatives
- Control issues
- Conflicts of interest

6g. Formation of Holding Company

Vote CASE-BY-CASE on proposals regarding the formation of a holding company taking into account:

- The reasons for the change
- Any financial or tax benefits
- Regulatory benefits
- Increases in capital structure
- Changes to articles of incorporation or bylaws of the company

6h. Going Private Transactions (LBOs and Minority Squeezeouts)

Vote CASE-BY-CASE on going private transactions taking into account:

- Offer price/premium
- Fairness opinion
- How the deal was negotiated
- Conflicts of interest
- Other alternatives/offers considered
- Noncompletion risk

6i. Joint Ventures

Vote CASE-BY-CASE on proposals to form joint ventures taking into account:

- Percentages of assets/business contributed
- Percentage ownership
- Financial and strategic benefits
- Governance structure
- Conflicts of interest
- Other alternatives
- Noncompletion risk

6j. Liquidations

Vote CASE-BY-CASE on liquidations taking into account:

- Management's efforts to pursue other alternatives
- Appraisal value of assets
- Compensation plan for executives managing the liquidation

6k. Mergers and Acquisitions / Issuance of Shares to Facilitate Merger or Acquisitions

Vote CASE-BY-CASE on merger and acquisitions determining whether the transaction enhances shareholder value taking into account:

- Prospects of the combined company, anticipated financial and operating benefits
- Offer price
- Fairness opinion
- How the deal was negotiated
- Changes in corporate governance
- Change in the capital structure
- Conflicts of interest

6l. Private Placements/Warrants / Convertible Debentures

Vote CASE-BY-CASE on proposals regarding private placements taking into account:

- Dilution to existing shareholders' position
- Terms of the offer

Mar Vista Investment Partners, LLC — Continued

- Financial issues
- Management’s efforts to pursue other alternatives
- Control issues
- Conflicts of interest

6m. Spin-offs

Vote CASE-BY-CASE on spin-offs giving consideration to the following:

- Tax and regulatory advantages
- Planned use of the sale proceeds
- Valuation of spin-offs
- Fairness opinion
- Benefits to the parent company
- Conflicts of interest
- Managerial incentives
- Corporate governance changes
- Changes in the capital structure

6n. Value Maximization Proposals

Vote CASE-BY-CASE on shareholder proposals seeking to maximize shareholder value by hiring a financial advisor to explore strategic alternatives, selling the company or liquidating the company and distributing the proceeds to shareholders. These proposals should be evaluated by taking into account:

- Prolonged poor performance with no turnaround in sight
- Signs of entrenched board and management
- Strategic plan in place for improving value
- Likelihood of receiving reasonable value in a sale or dissolution
- Whether company is actively exploring its strategic options, including retaining a financial advisor

7. STATE OF INCORPORATION

7a. Control Share Acquisition Provisions

Vote FOR proposals to opt out of control share acquisition statutes unless doing so would enable the completion of a takeover that would be detrimental to shareholders.

Vote AGAINST proposals to amend the charter to include control share acquisition provisions.

Vote FOR proposals to restore voting rights to the control shares.

7b. Control Share Cash-out Provisions

Vote FOR proposals to opt out of control share cash-out statutes.

7c. Disgorgement Provisions

Vote FOR proposals to opt out of state disgorgement provisions.

7d. Fair Price Provisions

Vote AGAINST proposals to adopt fair price provisions taking into account:

- The vote required to approve the proposed acquisition
- The vote required to repeal the fair price provisions
- The mechanism for determining the fair price.

7e. Freeze out Provisions

Vote FOR proposals to opt out of state freezeout provisions.

7f. Greenmail

Vote FOR proposals to adopt antigreenmail charter of bylaw amendments or otherwise restrict a company’s ability to make greenmail payments.

Vote CASE-BY-CASE on antigreenmail proposals when they are bundled with other charter or bylaw amendments.

7g. Reincorporation Proposals

Mar Vista Investment Partners, LLC — Continued

Vote FOR proposals to change a company's state of incorporation, giving consideration to both financial and corporate governance concerns including the reasons for reincorporating, a comparison of the governance provisions, and a comparison of the jurisdictional laws. If the change of state of incorporation results in a weakening of shareholders' interests based on the above, vote AGAINST.

7h. Stakeholder Provisions

Vote AGAINST proposals that ask the board to consider nonshareholder constituencies or other nonfinancial effects when evaluating a merger or business combination.

7i. State Antitakeover Statutes

Vote CASE-BY-CASE on proposals to opt in or out of state takeover statutes (including control share acquisition statutes, control share cash-out statutes, freezeout provisions, fair price provisions, stakeholder laws, poison pill endorsements, severance pay and labor contract provisions, antigreenmail provisions, and disgorgement provisions)

8. CAPITAL STRUCTURE

8a. Adjustments to Par Value of Common Stock

Vote FOR management proposals to reduce the par value of common stock.

8b. Common Stock Authorization

Vote CASE-BY-CASE on proposals to increase the number of shares of common stock authorized for issuance. Votes to increase authorized stock should be limited to less than 15%, except in consideration of stock splits.

Vote AGAINST proposals at companies with dual-class capital structures to increase the number of authorized shares of the class of stock that has superior voting rights.

Vote CASE-BY-CASE on proposals to approve increases beyond the allowable increase when a company's shares are in danger of being delisted or if a company's ability to continue to operate as an ongoing concern is uncertain.

8c. Dual-Class Stock

Vote AGAINST proposals to create a new class of common stock with superior voting rights.

Vote AGAINST proposals to create a new class of nonvoting or sub-voting common stock.

8d. Issue Stock for Use with Rights Plan

Vote AGAINST proposals that increase authorized common stock for the explicit purpose of implementing a shareholder rights plan (poison pill).

8e. Preemptive Rights

Vote CASE-BY-CASE on shareholder proposals that seek preemptive rights taking into account:

- The size of a company
- The characteristics of its shareholder base
- The liquidity of the stock.

8f. Preferred Stock

Vote AGAINST proposals authorizing the creation of new classes of preferred stock with unspecified voting, conversion, dividend distribution, and other rights ("blank check" preferred stock).

Vote AGAINST proposals to create "declawed" blank check preferred stock (stock that cannot be used as a takeover defense).

Vote FOR proposals to authorize preferred stock in cases where the company specifies the voting, dividend, conversion, and other rights of such stock and the terms of the preferred stock appear reasonable.

Vote AGAINST proposals to increase the number of blank check preferred stock authorized for issuance when no shares have been issued or reserved for a specific purpose.

Vote AGAINST proposals to increase the number of blank check preferred shares.

8g. Recapitalization

Vote CASE-BY-CASE on recapitalization (reclassifications of securities) taking into account:

- A more simplified capital structure
- Enhanced liquidity
- Fairness of conversion terms
- Impact on voting power and dividends

Mar Vista Investment Partners, LLC — Continued

- Reasons for the reclassification
- Conflicts of interest
- Other alternative considered

8h. Reverse Stock Splits

Vote FOR management proposals to implement a reverse stock split when the number of authorized shares will be proportionately reduced.

Vote FOR management proposals to implement a reverse stock split to avoid delisting. Vote AGAINST proposals to implement a reverse stock split that do not proportionately reduce the number of shares authorized for issue.

8i. Share Repurchase Programs

Vote FOR management proposals to institute open-market share repurchase plans in which all shareholders may participate on equal terms.

8j. Stock Distributions: Splits and Dividends

Vote FOR management proposals to increase the common share authorization for a stock split or share dividend, provided that the increase in authorized shares would not result in an excessive number of shares available for issuance.

8k. Tracking Stock

Vote CASE-BY-CASE on the creation of track stock weighing the strategic value of the transaction against such factors as:

- Adverse governance changes
- Excessive increases in authorized capital stock
- Unfair method of distribution
- Diminution of voting rights
- Adverse conversion features
- Negative impact on stock option plans
- Other alternatives such as spin-off

9. SOCIAL AND ENVIRONMENTAL ISSUES

9a. CONSUMER ISSUES AND PUBLIC SAFETY

9a-1. Animal Rights

Vote CASE-BY-CASE on proposals to phase out the use of animals in product testing taking into account:

- The nature of the product and the degree that animal testing is necessary or federally mandated (such as medical products)
- The availability and feasibility of alternatives to animal testing to ensure product safety, and
- The degree that competitors are using animal free testing

Vote AGAINST proposals seeking a report on the company's animal welfare standards if:

- The company has already published a set of animal welfare standards and monitors compliance
- The company's standards are comparable to or better than those of peer firms, and there are no serious controversies surrounding the company's treatment of animals
- Reporting information is currently available in other public filings or registrations

9a-2. Drug Pricing

Vote AGAINST proposals asking the company to implement price restraints on pharmaceutical products. Restraints may be appropriate however, taking into account:

Whether the proposal focuses on a specific drug and region

- Whether the economic benefits of providing subsidized drugs (e.g. public goodwill) outweigh the costs in terms of reduced profits, lower R & D spending, and harm to competitiveness
- The extent that reduced prices can be offset through the company's marketing budget without affecting R & D spending
- Whether the company already limits price increases of its products
- Whether the company already contributes life-saving pharmaceuticals to the needy and Third World countries

Mar Vista Investment Partners, LLC — Continued

- The extent that peer companies implement price restraints

9a-3. Genetically Modified Foods

Vote AGAINST proposals to label genetically modified (GMO) ingredients voluntarily in the company's products, or alternatively to provide interim labeling and eventually eliminate GMOs. In general, labeling requirements are better undertaken by regulators. Exceptions may be made after taking into account:

- The costs and feasibility of labeling and/or phasing out
- The nature of the company's business and the proportion of it affected by the proposal
- The proportion of company sales in markets requiring labeling or GMO-free products
- The extent that peer companies label or have eliminated GMOs
- Competitive benefits, such as expected increases in consumer demand for the company's products
- The risks of misleading consumers without federally mandated, standardized labeling
- Alternatives to labeling employed by the company

Vote AGAINST proposals asking for a report on the feasibility of labeling products containing GMOs. Reporting requirements are better undertaken by regulators.

Vote AGAINST proposals to completely phase out GMOs from the company's products. Such resolutions presuppose that there are proven health risks to GMOs, an issue better left to federal regulators, which outweigh the economic benefits derived from biotechnology.

Vote AGAINST reports outlining the steps necessary to eliminate GMOs from the company's products. Such resolutions presuppose that there are proven health risks to GMOs, an issue better left to federal regulators, which outweigh the economic benefits derived from biotechnology.

Vote AGAINST proposals seeking a report on the health and environmental effects of GMOs and the company's strategy for phasing out GMOs in the event they become illegal in the United States. Studies of this sort are better undertaken by regulators and the scientific community. If made illegal in the United States, genetically modified crops would automatically be recalled and phased out.

9a-4. Handguns

Vote AGAINST requests for reports on a company's policies aimed at curtailing gun violence in the United States unless the report is confined to product safety information. Criminal misuse of firearms falls within the purview of law enforcement agencies.

9a-5. Predatory Lending

Vote AGAINST requests for reports on the company's procedures for preventing predatory lending, including the establishment of a board committee for oversight. Reporting requirements are better undertaken by regulators. Exceptions may be made in unusual circumstances after taking into account:

- Whether the company has adequately disclosed mechanisms in place to prevent abusive lending practices
- Whether the company has adequately disclosed the financial risks of its sub-prime business
- Whether the company has been subject to violations of lending laws or serious lending controversies
- Peer companies' policies to prevent abusive lending practices

9a-6. Tobacco

Vote CASE-BY-CASE on most tobacco related proposals taking into account:

Second hand smoke:

- Whether the company complies with all local ordinances and regulations
- The degree that voluntary restrictions beyond those mandated by law might hurt the company's competitiveness
- The risk of any health related liabilities

Advertising to youth:

- Whether the company complies with federal, state, and local laws on the marketing of tobacco or if it has been fined for violations
- Whether the company has gone as far as peers in restricting advertising
- Whether the company entered into the Master Settlement Agreement, which restricts marketing of tobacco to youth
- Whether restrictions on marketing to youth extend to foreign countries

Mar Vista Investment Partners, LLC — Continued

Cease production of tobacco related products or avoid selling products to tobacco companies:

- The percentage of the company's business affected
- The economic loss of eliminating the business versus any potential tobacco related liabilities

Spin-off tobacco related businesses:

- The percentage of the company's business affected
- The feasibility of a spinoff
- Potential future liabilities related to the company's tobacco business.

9a-7. Stronger Product Warnings

Vote AGAINST proposals seeking stronger product warnings. Such decisions are better left to public health authorities.

9a-8. Investment in Tobacco Stocks

Vote AGAINST proposals prohibiting investment in tobacco equities. Such decisions are better left to portfolio managers.

9b. ENVIRONMENT AND ENERGY

9b-1. Arctic National Wildlife Refuge

Vote AGAINST reports outlining potential environmental damage from drilling in the Arctic National Wildlife Refuge (ANWR). Reporting requirements are better undertaken by regulators. Consideration should also be given to:

- Whether there are publicly available environmental impact reports
- Whether the company has a poor environmental track record, such as violations of federal and state regulations or accidental spills
- The current status of legislation regarding drilling in ANWR

9b-2. CERES Principles

Vote CASE-BY-CASE on proposals to adopt the CERES Principles, taking into account:

- The company's current environmental disclosure beyond legal requirements, including environmental health and safety (EHS) audits and reports that may duplicate CERES
- The company's environmental performance record, including violations of federal and state regulations, level of toxic emissions, and accidental spills
- Environmentally conscious practices of peer companies, including endorsement of CERES
- Costs of membership and implementation

9b-3. Environmental Reports

Vote AGAINST requests disclosing the company's environmental policies. Companies are required to comply with various regulatory agencies which are better equipped to evaluate a company's policies.

9b-4. Global Warming

Vote AGAINST reports on the level of greenhouse gas emissions from the company's operations and products. Reporting requirements are better undertaken by regulators.

9b-5. Recycling

Vote CASE-BY-CASE on proposals to adopt a comprehensive recycling strategy, taking into account:

- The nature of the company's business and the percentage affected
- The extent that peer companies are recycling
- The timetable prescribed by the proposal
- The costs and methods of implementation (programs should not be cost prohibitive)
- Whether the company has a poor environmental track record, such as violations of federal and state regulations
- The economic argument for recycling of the various waste products

9b-6. Renewable Energy

Vote CASE-BY-CASE on proposals to invest in renewable energy sources, taking into account:

- The nature of the company's business and the percentage affected
- The extent that peer companies are switching from fossil fuels to cleaner sources
- The timetable and specific action prescribed by the proposal

Mar Vista Investment Partners, LLC — Continued

- The costs of implementation and related economic benefit

Vote AGAINST requests for reports on the feasibility of developing renewable energy sources. Such feasibility studies should be undertaken at a company's initiative and should consider the economic benefit in addition to technical feasibility.

9c. GENERAL CORPORATE ISSUES

9c-1. Link Executive Compensation to Social Performance

Vote AGAINST proposals to review ways of linking executive compensation to social factors such as corporate downsizings, customer or employee satisfaction, community involvement, human rights, environmental performance, predatory lending, and executive/employee pay disparities. Many of the above items are subjective and open to broad interpretation which could result in manipulation of executive compensation.

9c-2. Charitable / Political Contributions

Vote AGAINST proposals asking the company to affirm political nonpartisanship in the workplace so long as:

- The company is in compliance with laws governing corporate political activities, and
- The company has procedures in place to ensure that employee contributions to company-sponsored political action committees (PACs) are strictly voluntary and not coercive.

Vote AGAINST proposals to report or publish in newspapers the company's political contributions. Federal and state laws restrict the amount of corporate contributions and already include reporting requirements.

Vote AGAINST proposals disallowing the company from making political contributions. Businesses are affected by legislation at the federal, state, and local level. Barring contributions can put the company at a competitive disadvantage.

Vote AGAINST proposals restricting the company from making charitable contributions. Charitable contributions are generally useful for assisting worthwhile causes and for creating goodwill in the community. In the absence of bad faith, self-dealing, or gross negligence, management should determine which contributions are in the best interest of the company.

Vote AGAINST proposals asking for a list of company executives, directors, consultants, legal counsel, lobbyists, or investment bankers that have prior government service and whether such service had a bearing on the business of the company. Such a list would be burdensome to prepare without providing any meaningful information to shareholders. Additionally, certain SEC filings already include backgrounds of key executives.

9d. LABOR STANDARDS AND HUMAN RIGHTS

9d-1. China Principles

Vote AGAINST proposals to implement the China Principles unless:

- There are serious controversies surrounding the company's China operations, and
- The company does not have a code of conduct with standards similar to those promulgated by the International Labor Organization (ILO)

9d-2. Country Specific Human Rights Reports

Vote AGAINST requests for reports detailing the company's operations in a particular country and steps to protect human rights. Companies are required to comply with local regulations.

9d-3. International Codes of Conduct / Vendor Standards

Vote AGAINST proposals to implement certain human rights standards at company facilities or those of its suppliers and to commit to outside, independent monitoring. Companies are required to comply with local regulations. Additional costs relating to such proposals can put companies at competitive disadvantage.

Vote AGAINST reports outlining vendor standards compliance. Vendor compliance is primarily the responsibility of the vendors and could put companies at a competitive disadvantage if required to implement such policies.

9d-4. MacBride Principles

Vote AGAINST proposals to endorse or increase activity on the MacBride Principles.

9e. MILITARY BUSINESS

9e-1. Foreign Military Sales / Offsets

Mar Vista Investment Partners, LLC — Continued

Vote AGAINST reports on foreign military sales or offsets. Such disclosures may involve sensitive and confidential information. Moreover, companies must comply with government controls and reporting on foreign military sales.

9e-2. Landmines and Cluster Bombs

Vote CASE-BY-CASE on proposals asking a company to renounce future involvement in antipersonnel landmine production, taking into account:

- Whether the company has in the past manufactured landmine components
- Whether the company's peers have renounced future production

Vote CASE-BY-CASE on proposals asking a company to renounce future involvement in cluster bomb production, taking into account:

- What weapons classifications the proponents view as cluster bombs
- Whether the company currently or in the past has manufactured cluster bombs or their components
- The percentage of revenue derived from cluster bomb manufacture
- Whether the company's peers have renounced future production

9e-3. Nuclear Weapons

Vote AGAINST proposals asking a company to cease production of nuclear weapons components and delivery systems, including disengaging from current and proposed contracts. Components and delivery systems serve multiple military and nonmilitary uses, and withdrawal from these contracts could have a negative impact on the company's business.

9e-4. Space-based Weaponization

Vote AGAINST reports on a company's involvement in space-based weaponization. Space based weaponization serve military and non-military uses. Additionally, reporting on specifics of activity could disclose confidential information related to our national security.

9f. WORKPLACE DIVERSITY

9f-1. Board Diversity

Vote AGAINST reports on the company's efforts to diversify the board. Current reporting of board of directors' composition is considered adequate.

Vote CASE-BY-CASE on proposals asking the company to increase the representation of women and minorities on the board taking into account:

- Degree of board diversity
- Comparison with peer companies
- Established process for improving board diversity
- Existence of independent nominating committee
- Use of outside search firm
- History of EEO violations

9f-2. Equal Employment Opportunity (EEO)

Vote AGAINST reports outlining the company's affirmative action initiatives. Companies are already required to comply with regulations governing employment practices.

Vote AGAINST proposals seeking information on the diversity efforts of suppliers and service providers that can pose a significant cost and administration burden on the company.

9f-3. Glass Ceiling

Vote AGAINST reports outlining the company's progress towards the Glass Ceiling Commission's business recommendations.

9f-4. Sexual Orientation

Vote AGAINST proposals to amend the company's EEO policy to include sexual orientation. The company's management should determine EEO policies and coverages. Non-discrimination of any employee group is encouraged. However, policies should be left to management and should comply with applicable regulations.

Vote AGAINST proposals to extend company benefits to or eliminate benefits from the domestic partners. Benefit decisions should be left to the discretion of the company.

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 has been categorised as a Tier One signatory to the UK Stewardship Code by the UK's Financial Reporting Council; Tier One being the highest level awarded to those managers which provide a good quality and transparent description of their approach to stewardship. 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 specialise 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). 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 prioritise 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 endeavours before the ballot deadlines.

ISS provide 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.

Marathon Asset Management Limited — Continued

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 authorises 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.

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.
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.

APPENDIX A – PROXY VOTING

Sands Capital Management, LLC — Continued

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;
 - 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 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.

APPENDIX A – PROXY VOTING

Sands Capital Management, LLC — Continued

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.

RESPONSIBILITY

The CAO is responsible for overseeing and implementing this Policy.

When Shenkman has discretion to vote the proxies of clients, the firm will vote those proxies in the best interest of clients and in accordance with the Proxy Voting Policy and Procedures.

Shenkman will carefully consider all proxy solicitation materials and other information and facts the firm deems relevant in determining how to vote a proxy. If appropriate, Shenkman will vote the relevant proxy on behalf of its discretionary client accounts. On the other hand, Shenkman may refrain from voting a proxy and provide such proxy to the client to vote. A portfolio manager will make all voting decisions on behalf of a discretionary client account based solely on his/her determination of the best interests of that account. The portfolio manager will send his/her decision to the firm's Portfolio Services Department, which will be responsible for either (a) recording that Shenkman will not be voting the proxy or (b) completing the proxy and returning it to the issuer and/or the custodian in a timely and appropriate manner. Shenkman will use reasonable efforts to respond to each proxy solicitation by the deadline for such response.

Shenkman's CCO shall monitor that the firm's processing of proxy statements is handled and processed in accordance with the Proxy Voting Policy and Procedures.

Shenkman will review all proxy solicitation materials the firm receives concerning instruments held in a discretionary client account. Shenkman will evaluate all such information and may seek additional information from the party soliciting the proxy and independent corroboration of such information when appropriate and when reasonably available. In the absence of specific voting guidelines from a client, Shenkman will vote proxies in the best interests of each particular client, which may result in different voting results for proxies for the same issuer. Shenkman believes that voting proxies in accordance with the firm's guidelines is in the best interests of clients.

Due to the size and nature of Shenkman's operations and the firm's limited affiliations in the securities industry, Shenkman does not expect that material conflicts of interest will arise between the firm and a discretionary client account over proxy voting. Shenkman recognizes, however, that such conflicts may arise from time-to-time, such as, for example, when Shenkman or one of the firm's affiliates has a business arrangement that could be affected by the outcome of a proxy vote or has a personal or business relationship with a person seeking appointment or reappointment as a director of a company. If a material conflict of interest arises, Shenkman will determine whether voting in accordance with the voting guidelines is in the best interests of the client. Under no circumstances will Shenkman place the firm's own interests ahead of the interests of discretionary client accounts in voting proxies.

If Shenkman determines that the Proxy Voting Policy and Procedures do not adequately address a material conflict of interest related to a proxy, Shenkman will provide the affected client with copies of all proxy solicitation materials received by the firm with respect to that proxy, notify that client of the actual or potential conflict of interest, and of Shenkman's intended response to the proxy request (which response will be in accordance with the Proxy Voting Policy and Procedures), and request that the client consent to Shenkman's intended response. If the client consents to the firm's intended response or fails to respond to the notice within a reasonable period of time specified in the notice, (provided that Shenkman has exercised reasonable efforts to obtain the client's response), Shenkman will vote the proxy as described in the notice. If the client objects to the firm's intended response, Shenkman will vote the proxy as directed by the client.

Shenkman Capital Management, Inc.

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, we seek to vote all proxies in the best interests 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.

Westfield Capital Management Company, L.P.

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. Our 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) 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 team, with oversight from Compliance, 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 our 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 will review 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 our 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, we 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 before the meeting cutoff date. In addition, certain proxy ballots (e.g., contentious proposals) may necessitate further review from the analyst or portfolio manager. Compliance 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 Operations are responsible for identifying conflicts of interest that could arise when voting proxy ballots on behalf of our 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 and Operations 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 Operations 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 we do 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. We will also review their Code of Ethics which specifically identifies their actual or potential conflicts. During our annual due diligence visit we ensure 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
- 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 we voted their securities



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