Harbor

# Harbor Small Cap Value Fund

## STANDARD RFI

All responses are as of 9/30/2025.

**Harbor Capital Advisors, Inc.** (Advisor)
111 South Wacker Drive, 34th Floor
Chicago, IL 60606

**Harbor Funds Distributors, Inc.** (Distributor)
33 Arch Street, 20th Floor
Boston, MA 02110

**EARNEST Partners LLC** (Subadvisor)
1180 Peachtree Street NE Suite 2300,
Atlanta, GA 30309

harborcapital.com

## HARBOR CAPITAL ADVISORS, INC.

### BACKGROUND INFORMATION

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

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

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

## SUBADVISOR STRUCTURE & INVESTMENT TEAM

### SUBADVISER STRUCTURE

The subadvisor for the Harbor Small Cap Value Fund is EARNEST Partners LLC (“EARNEST Partners”). EARNEST Partners is 100% owned by its employees.

### HISTORY

EARNEST Partners’ fixed income business began in 1989; the equity business began in its current form in 1998.

EARNEST Partners offers equity investment products including U.S. small cap, U.S. mid cap, U.S. large cap, and international/global. Additionally, they offer both core and core plus fixed income products. Their investment approach focuses on the merits of individual securities when making investment decisions.

EARNEST Partners employs over 50 professionals, many with advanced degrees and other professional designations such as CFA or CPA. The principals average over 20 years of experience. The quality and experience of the investment team is an important advantage. EARNEST Partners’ personnel have specialized knowledge in consumer products, energy, financial services, home building, industrials, media, restaurants, retail, technology, telecommunications, utilities, waste management, and other areas of opportunity. Additionally, the team is comprised of individuals with varying functional experiences including credit, investment banking, management consulting, accounting, and engineering to name a few.

EARNEST Partners has experience with various types of clients including corporations, public funds, jointly trusteed plans, endowments, foundations, and high net worth individuals.

## PORTFOLIO MANAGER

**Paul E. Viera**
*CEO and Partner*

Paul Viera is the founder and Chief Executive Officer of EARNEST Partners, a global investment firm responsible for overseeing over $30 billion for municipalities, states, corporations, endowments, and universities. He conceived and developed Return Pattern Recognition®, the investment methodology used to screen equities at EARNEST Partners.

Mr. Viera has a BA in Economics from the University of Michigan, an MBA from the Harvard Business School, and over thirty years of investment experience. He was a Vice President at Bankers Trust in both New York and London. He later joined Invesco, where he became a Global Partner and senior member of its Investment Team.

Mr. Viera serves as a member of the following Boards: the Board of Managers and minority owner of the San Antonio Spurs, the Board of Take-Two Interactive (TTWO), the Board of Dean's Advisors for Harvard Business School, the Board of Directors for the University of Michigan Alumni Association, the National Center for Human & Civil Rights, the External Advisory Board for the University of Michigan School of Information, and a member of the Council on Foreign Relations. Additionally, he serves as a Trustee of the Woodruff Arts Center. In the past, Mr. Viera has made significant contributions as a member of the Board of Foreign Advisors of Haitong Securities (the second largest Chinese securities firm), the Carter Center Board of Councilors, the Emory University Board of Visitors, and the Cristo Rey Atlanta Jesuit High School Board.

## DECISION MAKING AUTHORITY

The investment team at EARNEST Partners is responsible for all portfolio management decisions and is comprised of all investment professionals and the equity traders. They meet on a regular basis to review existing holdings, research new securities identified by their screen as having the highest expected returns, and monitor the risk of all portfolios (prospective downside deviation to assigned benchmark.) If the investment team is evaluating a stock for purchase, they will generally defer to even a minority of the team if they have reservations about the investment's merit. In the very rare case where a disagreement persists, the Chairman of the investment team, Mr. Viera, retains the final decision.

The investment team will decide whether to purchase a security based on the Return Pattern Recognition® screen, a thorough fundamental analysis performed by the investment professionals, and an analysis of the marginal contribution to risk of the individual security. Each investment professional can influence the final buy decision through his or her involvement in, and contributions to, the investment team. Any investment professional can convene an investment team meeting at any time to discuss information impacting a current holding.

## COMPENSATION & RETENTION OF INVESTMENT PROFESSIONALS

EARNEST Partners' compensation system is designed to align their interests with their clients, to promote employees' longevity and to be competitive in their industry.

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. The Company 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 from the firm's business activities are another component of compensation for the portfolio manager.

## SUCCESSION PLANNING

No senior management member intends to leave in the foreseeable future. EARNEST Partners emphasizes a team approach. The depth of experience and team orientation among the EARNEST Partners professionals is such that an individual loss would not adversely affect a client's well-being.

## INVESTMENT PHILOSOPHY

EARNEST Partners is a fundamental, bottom-up investment manager. Their investment objective is to outperform the benchmark while controlling volatility and risk. EARNEST Partners implements this philosophy using a screen developed in-house called Return Pattern Recognition®. Additionally, thorough fundamental analysis and risk management that minimizes the likelihood of meaningfully underperforming the benchmark are also employed in the management of the portfolio. Given the typical characteristics of the EARNEST Partners portfolios, such as lower P/E's than the market, EARNEST Partners is typically categorized as a value or relative value manager. It is important to point out that EARNEST Partners does not subscribe to a deep value dogma, but rather ends up with a value based portfolio as an outgrowth of the process.

## INVESTMENT UNIVERSE

The Fund is benchmarked to the Russell 2000® Value Index. At purchase, names are generally within the market capitalization range of the benchmark.

## INVESTMENT PROCESS

EARNEST Partners follows a different approach than most of their competitors. They utilize a team approach that is based on the constant, ongoing interaction between their investment professionals. EARNEST Partners believe that as a team, they are smarter, more diligent, more thoughtful, more discerning, more experienced, more creative and more stable than any investment firm that feeds research and investment ideas to individual decision-makers.

EARNEST Partners' investment professionals also have a more diverse professional experience than most of their competitors' employees. In addition to holding MBA or Ph.D. degrees from some of the most prestigious schools in the world, many of the team members have hands-on work experience across a wide range of job functions and industries.

**Screening:**
The first step in EARNEST Partners' investment process is to screen the relevant universe to identify stocks that they believe are likely to outperform. Using an approach called Return Pattern Recognition®, they seek to identify the financial and market characteristics that have been in place when an individual company has produced outstanding performance. These characteristics include valuation measures, market trends, operating trends, growth measures, profitability measures, and macroeconomics.

**Vetting:**
The best companies identified in the screening process are put through a rigorous review by the investment team, which is comprised of individuals with diverse professional backgrounds and hands-on work experience across a range of industries. This allows EARNEST Partners to research potential investments from the viewpoint of industry practitioners as well as financial analysts. They believe that this leads to a deeper and broader debate among investment professionals, which is the basis for better investment decisions.

During the investment team's review of each company, they thoroughly test the company's investment thesis. This test generally includes conversations with the company's management team, industry specialists and other experts in EARNEST Partners' global network, review of the company's financial reports, analysis of industry and company-specific studies, and independent field research. They seek companies in attractive industries with developed strategies, talented and honest management teams, sufficient funding, and strong financial results.

**Voting:**
Companies that successfully complete a vetting process are put to a vote by the investment team, which makes decisions on the basis of what EARNEST Partners calls a critical consensus (consisting generally of 80% of all investment team members).

**Scaling:**
Once a company's stock has been approved for purchase by the investment team, they add it to existing positions through a portfolio construction process that focuses on reducing the possibility that the portfolio will meaningfully underperform the assigned benchmark. This is done by analyzing the marginal contribution to risk of the individual security while taking into consideration the current cash position of the portfolio.

**Monitoring:**
The investment team monitors the companies they own on an ongoing basis, and they can convene at a moment's notice to discuss relevant developments in a name or in the market. The team meets several times weekly to discuss the portfolio holdings and prospective names under consideration for purchase.

**Selling:**
EARNEST Partners' goal is to own the best companies that fit within the applicable mandate. The ongoing monitoring of the portfolio will cause them to sell a name if (a) the investment thesis has fulfilled its promise, (b) the investment thesis has failed to fulfill its promise and the company's prospects have deteriorated accordingly, or (c) they have identified another company that they believe has superior return and risk characteristics. Their portfolios seek to contain only their best investment ideas therefore "crowding out" less attractive investments.

## RESEARCH PROCESS

The best companies identified in EARNEST Partners screening process are put through a rigorous fundamental review conducted by the investment team, which is comprised of individuals with diverse professional backgrounds and hands-on work experience across a range of industries. This allows EARNEST Partners to research potential investments from the viewpoint of industry practitioners as well as financial analysts. They believe that this leads to a deeper and broader debate among their investment professionals, which is the basis for better investment decisions.

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The majority of EARNEST Partners' research is generated internally utilizing resources such as FactSet, Reuters Compustat, Bloomberg, the SEC's EDGAR database, and I/B/E/S. The resources are used primarily as data sources for independent research. In addition, their fundamental research also leverages contacts of the Firm to obtain the insight of industry experts, competitors, customers, suppliers, and other industry groups.

EARNEST Partners does utilize external research on a limited basis to gauge overall market sentiment toward a prospective holding, but it does not use it as a basis for making investment decisions. Every investment decision is made on the basis of their own internal research.

## SELL DISCIPLINE

The key to EARNEST Partners' sell decision is discipline. A stock is sold if one of the following situations arise:

- The company executes according to EARNEST's investment thesis and the market recognizes it in the stock's valuation;
- EARNEST's investment process identifies a company they believe has superior return and risk characteristics. In this situation, the more attractive stock would force EARNEST to sell the less attractive stock so that they continue to own only their best investment ideas; or
- The company's prospects deteriorate as a result of poor business plan execution, new competitors, management changes, a souring business environment or other adverse effects.

Equity portfolios contain only what EARNEST believes are their best investment ideas therefore "crowding out" less attractive investments.

## BENCHMARK

The Russell 2000® Value Index is the comparative benchmark for the Harbor Small Cap Value Fund.

## INVESTMENT GUIDELINES

The Fund invests primarily in equity securities, principally common and preferred stocks, of small cap companies.

| Historical Investment Guidelines | |
|---|---|
| # of Holdings | Approximately 60 |
| Security Allocations | Generally limited to 5% |
| Maximum Cash Allocation | 5% |
| Sector Allocation | Generally will not represent more than 2.5x the benchmark |
| Market Capitalization | Minimum at purchase: $250 million<br>Maximum at purchase: largest position currently in the Russell 2000® Value Index |

## RISK MANAGEMENT

EARNEST Partners uses a statistical approach called downside deviation to measure and then constrain the likelihood of significantly underperforming the benchmark. Using this information, investments are selected that blend together in a way that best manages downside risk. The result is a portfolio of approximately 60 stocks with high expected excess returns and limited risk of meaningful underperformance.

If the initial portfolio produces a downside deviation measure that properly controls risk, the portfolio is then subject to a rigorous fundamental review. If the risk parameter is violated, an iterative algorithm is employed to address the issue. This algorithm either reduces position sizes or supplants one stock for another or both, until all risk considerations are met.

Each security is evaluated on its marginal contribution to the risk of the total portfolio. Individual positions are generally limited to 5% of the portfolio.

## CAPACITY

Harbor Capital is conscious of protecting shareholder value. The Harbor Small Cap Value Fund is currently unavailable to new investors as of June 1, 2021. The Fund continues to accept investments from existing shareholders and allows exchanges from other Harbor funds as long as the exchanging shareholder has an existing Harbor Small Cap Value account. The Fund has experienced significant asset growth from both performance and inflows. Harbor believes it is in the shareholders' best interest to limit capacity so that the Fund can continue to implement an effective investment strategy.

## ENVIRONMENTS OF OUT/UNDER-PERFORMANCE

EARNEST Partners’ investment process works best when valuation levels are consistent with fundamentals. The investment process may underperform when investment results are concentrated in a handful of speculative stocks or in environments where the market uncharacteristically rewards companies with low quality earnings and/or excessive operating leverage.

## TRADING PROCESS

Trades are entered into Bloomberg AIM system manually by an investment team member once the decision has been made to take a position in a name. The trader who receives the notification will confirm the trade with another member of the investment team to ensure the accuracy before proceeding. The trade is then routed automatically to EARNEST Partners' compliance department for further review with restrictions and client guidelines. The trade moves through the Bloomberg management system automatically, from one department to the next for proper checks and balances. Once the position is ready to be built, the traders execute the trade manually.

## COMPETITIVE ADVANTAGES

**Industry Practitioners:**
EARNEST Partners investment team members are distinguished by years of hands-on work experience across a wide range of industries and functional experiences and nearly all investment team members have worked, studied or lived abroad. This expertise allows them to not just analyze financial metrics, but dig deeper and evaluate from the perspective of industry practitioners if a company is set up to compete in the global marketplace. While academic credentials provide a foundation of intellectual rigor, it is the investment team's real-world judgment at the heart of each investment thesis that differentiates their approach to discerning fundamentally sound investment opportunities from those that simply appear attractive.

**Better Analysis:**
EARNEST Partners believes that their Return Pattern Recognition® and its capability to identify the specific drivers of each stock provides an advantage over systems that attempt to apply the same dogma to each stock. Companies are unique and they consider the specific characteristics of each company when selecting companies that they believe make good investments because they are mispriced and misunderstood in the market.

**Focus on Risk that Matters:**
Unlike many other firms, EARNEST Partners does not limit their risk management to tracking error, but instead focuses on managing the risk of significantly underperforming their assigned benchmark, which is the risk that matters most to their clients. EARNEST Partners measures and then constrains the likelihood of significantly underperforming the assigned benchmark through a focus on "downside deviation." Using this information, they seek to select investments that blend together to manage downside risk. The result is a client portfolio with high expected excess returns and limited risk of meaningful underperformance versus the assigned benchmark.

## VEHICLE & SHARE CLASS INFORMATION

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

| Harbor Small Cap Value Fund | |
|---|---|
| **Share Class** | **Ticker** |
| Retirement | HNVRX |
| Institutional | HASCX |
| Administrative | HSVRX |
| Investor | HISVX |

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

## DISCLOSURES

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

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

There is no guarantee that the investment objective of the Fund will be achieved. Stock markets are volatile and equity values can decline significantly in response to adverse issuer, political, regulatory, market and economic conditions. Stocks of small cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

EARNEST Partners LLC is an independent subadvisor to the Harbor Small Cap Value Fund.

The Russell 2000® Value Index is an unmanaged index representing the smallest 2000 stocks with the lowest price-to-book ratio and future earnings. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell 2000® Value Index and Russell® are trademarks of Frank Russell Company.

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

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