Harbor

Harbor International Core Fund

STANDARD RFI

All responses are as of 03/01/2026.

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HARBOR CAPITAL ADVISORS, INC.

BACKGROUND INFORMATION

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

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

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

SUBADVISOR STRUCTURE & INVESTMENT TEAM

SUBADVISOR STRUCTURE

The subadvisor for the Harbor International Core Fund is Acadian Asset Management LLC (“Acadian”).

Acadian is a U.S. Securities and Exchange Commission-registered investment adviser and Boston-headquartered investment management firm that, along with its wholly owned Australia, Singapore, and U.K. affiliates, specializes in systematic investment management.

Acadian Asset Management LLC is a wholly owned subsidiary of Acadian Affiliate Holdings LLC, which is an indirectly wholly owned subsidiary of Acadian Asset Management Inc. (“AAMI”), a publicly traded Delaware corporation listed on the NYSE. Acadian has a sound ownership structure in place, which provides a majority of senior staff an opportunity for financial participation in the profitability of the firm through a Key Employee Limited Partnership (“KELP”). Members of the Acadian KELP own all of the Class B non-voting shares of the firm. The equity plan is "evergreen," which means that it continues indefinitely into the future and allows equity to be redistributed within the firm. They consider the actual amount of KELP interest held by each KELP member to be confidential. Acadian’s parent company owns 100% of the Class A interest.

Acadian Asset Management LLC operates an integrated global network of wholly owned regional investment advisory affiliates, enhancing its ability to serve clients around the world. Affiliates contribute local expertise and on-the-ground insights while playing a direct role in global portfolio management, research, trading, and client service. This distributed model enables Acadian to provide responsive, around-the-clock client support and investment perspectives across regions.

Acadian Asset Management (Singapore) Pte Ltd – Based in Singapore and registered with both the Monetary Authority of Singapore (MAS) and the U.S. Securities and Exchange Commission (SEC), this affiliate serves as a regional hub for Asia ex-Japan and supports client service, marketing, portfolio management, trading, and operations functions.

Acadian Asset Management (UK) Limited – Located in London and authorized and regulated by the UK Financial Conduct Authority (FCA), this affiliate supports client engagement and marketing across Europe, the Middle East, and Africa (EMEA), and contributes to their global portfolio management and research efforts.

Acadian Asset Management (Australia) Limited – Headquartered in Sydney, this affiliate holds Australian Financial Services License (AFSL) number 291872 and is registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser. This affiliate supports local client relationships as well as their global portfolio management and research, marketing, and trading activities.

Acadian's global footprint enables them to combine regional insight with global coordination, helping clients navigate markets and achieve their investment objectives across geographies.

HISTORY

Acadian Asset Management LLC is a global leader in systematic investing. Since 1986, they have been at the forefront of systematic investment management, pioneering the use of proprietary signals, machine learning, and data-driven insights to help clients achieve their investment objectives. Their mission is to be the most trusted and valued partner for institutional investors worldwide.

With over three decades of experience, they have delivered differentiated solutions tailored to meet the evolving needs of pension funds, endowments, foundations, and governments across the globe. Their systematic investment process leverages proprietary signals and advanced modeling in an effort to identify and capture market inefficiencies. Their research-driven approach has allowed them to continuously refine and evolve their process to address new challenges and capture emerging opportunities.

Acadian is headquartered in Boston, with global offices in London, Singapore, and Sydney, allowing them to support a diverse, global client base. Their investment capabilities span global equity, systematic credit, and alternative strategies designed to deliver absolute, uncorrelated returns.

Looking ahead, Acadian remains committed to advancing systematic investing by refining its investment process, harnessing the power of emerging signals, machine learning, and artificial intelligence, and continuing to deliver forward-thinking, client-driven solutions that support long-term client success.

TEAM BIOGRAPHIES

Brendan O. Bradley, Ph.D. – Executive Vice President, Chief Investment Officer
Brendan O. Bradley joined Acadian in 2004 and is the Chief Investment Officer. Mr. Bradley has served as the firm's director of portfolio management, overseeing portfolio management policy, and was also previously the director of Acadian's Managed Volatility strategies. He is a member of the Acadian Executive Committee. Prior to Acadian, he was a Vice President at Upstream Technologies, where he designed and implemented investment management systems and strategies. His professional background also includes work as a research analyst and consultant at Samuelson Portfolio Strategies. Mr. Bradley earned a Ph.D. in applied mathematics from Boston University and a B.A. in physics from Boston College.

Fanesca Young, Ph.D., CFA – Senior Vice President, Director, Equity Portfolio Management
Fanesca joined Acadian in 2023 and serves as Director, Equity Portfolio Management. Prior to joining Acadian, she was head of global systematic equities at GIC Private Ltd. Prior to that, she was managing director and director of quantitative research at Los Angeles Capital Management. Fanesca is also a member of the editorial boards of the Financial Analyst Journal and the Journal of Systematic Investing, as well as a member of the Q Group's program committee. Fanesca earned a Ph.D. in statistics from Columbia University and an M.Phil. and an M.A. in statistics from Columbia University. She also holds a B.A. in mathematics from the University of Virginia. Fanesca is a CFA charterholder.

DECISION MAKING

Acadian uses a disciplined decision-making process driven by multi-factor models to manage accounts, with input from the investment team at both ends of the process. Thus, the final portfolio is more a product of the disciplined investment process than one of judgmental determination. However, their entire investment team has input into the valuation frameworks that drive the creation of client portfolios, and decisions are made and executed by the team as a whole. At the back end, the team reviews portfolios in an effort to ensure adherence to client guidelines. Prior to trading, all portfolio positions chosen by the model must be independently reviewed by a member of the investment team in an effort to ensure data accuracy and guideline compliance, though an override of a portfolio is highly unlikely because the model itself embodies their best thoughts and ideas regarding stock selection. Their investment team is comprised of portfolio managers assisted by a staff of research, trading and data associates. Ultimate authority and accountability lies with Acadian's Chief Investment Officer.

COMPENSATION & RETENTION OF INVESTMENT PROFESSIONALS

Investment professionals are evaluated on the basis of different criteria, as appropriate to their specific role. Among investment professionals involved in their equity strategies, compensation is not tied to or dependent upon the performance of any specific portfolio but based on the performance of the investment team and the firm as a whole. In addition, given the team-oriented focus of Acadian's equity investment process, the sharing of information, teamwork and cooperation is critical to the firm's current and future success. As such, these issues are central to any bonus discussion. Great care is taken to understand each individual's contribution to the firm's overall investment success and to tie this contribution closely to their bonus and overall compensation, this being done in a subjective rather than an objective way. Up to 100% of an investment professional's bonus may be based on subjective criteria.

Acadian works hard to maintain a workforce of highly motivated and long-term oriented investment professionals. This is underscored by their low employee turnover and consistent leadership. 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. It is important to note that portfolio management in Acadian's strategies is team-based. While members of the investment team have specific functions and areas of responsibility, the overall process is collegial and collaborative. As a result, compensation for each team member is not explicitly linked to the performance of specific accounts but rather to the individual's overall contribution to their investment process, overall performance, and the success of the team as a whole. 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 for select accounts.

While investment team compensation is not based directly on the performance of individual accounts, it is tied to investment performance in various ways to foster the alignment of firm and client interests. The overall bonus pool is determined based on Acadian's performance, so there is an indirect linkage between account performance and compensation in that regard. In addition, significant weight is given to aggregate firm-wide performance when evaluating the CIO's and other senior investment team members' performance. Individual researchers are also rewarded in part on the quality of the research they initiate and complete; frequent, impactful innovations result in improvements in their compensation over time. Acadian's goal is to reward investment professionals for the part of their performance they have control or influence over. Given that they have a model-driven process, they attempt to measure the impact that each individual has on the aggregate performance based on their particular work, since their model efficacy and implementation approaches are the key sources of value-added as opposed to individual PM decisions.

Since inception, the company has succeeded in attracting and retaining a talented and dedicated team of investment professionals. They believe the outstanding reputation of their key employees, unique culture, innovative research effort, and 'blue-chip' client base will continue to attract top-level candidates to the firm, and that their attractive employment incentives will induce them to stay. Key parts of the incentive package include deferred compensation and the opportunity to earn equity in the firm's future growth. They strive to offer an atmosphere that is collegial, intellectually challenging, and open to new ideas. They are very supportive of employees pursuing the skills and projects that are of greatest interest to them, and they foster a supportive and congenial atmosphere.

In addition to competitive salaries, Acadian offers:

- Generous health insurance, including dental and vision care
- Paid time off with further leave accrued by seniority
- Profit sharing and 401(k) plans
- Reimbursement towards continuing education and/or professional designations
- Life insurance
- Backup childcare
- Health club reimbursement

*Benefits vary by location

SUCCESSION PLANNING

A strong continuity plan also exists at the portfolio management level, where, because of their team approach and quantitative process, there is an excellent diversification of knowledge. The process, the portfolios, and the research are not dependent upon any single portfolio manager, ensuring minimal disturbance if a team member departs.

Acadian's formal succession plan is a cornerstone of its leadership strategy, designed to ensure continuity in leadership, preserve the firm's corporate culture, and support the development of future leaders. The plan addresses immediate contingencies, medium-term transitions (1–3 years), and long-term leadership needs (beyond 3 years). Regular evaluations ensure the plan aligns with Acadian's mission to be their clients' most valued resource for investment insight and success.

The 11-person Executive Committee comprises a broad cross-section of senior management that encompasses the CEO and key leaders in the areas of investment management and research, finance, business development, legal and compliance, client service, information technology, and global human resources. These senior managers provide further involvement and consistency in firm leadership should any key business leaders depart.

Acadian works on succession planning with all of their senior leadership personnel to ensure that managers across the organization have identified potential successors and are mentoring and preparing those individuals for future leadership roles. A strong continuity plan also exists at the portfolio management level, where, because of their team approach and quantitative process, there is an excellent diversification of knowledge. The process, the portfolios, and the research are not dependent upon any single portfolio manager, ensuring minimal disturbance if a team member departs.

INVESTMENT PHILOSOPHY

Acadian believes that market inefficiencies are caused by behaviorally-based mispricings, information asymmetry, and market frictions. They attempt to systematically exploit these inefficiencies by leveraging data and technology to apply their fundamental and market insights.

Acadian's investment philosophy is founded on these observations:

- Markets are inefficient because many investors act irrationally and with incomplete information.
- Markets are adaptive, which changes the relationships between risk and reward through time.
- Investors have "mental models" that neglect relevant information and changing dynamics and thus perpetuate these market inefficiencies.

Acadian believes that alpha is best generated by:

- Applying information and technology in a disciplined and systematic investment process.
- Knowing the value of different information at different points in time.
- Recognizing that a robust research culture is integral to achieving enduring, superior risk-adjusted client returns.

Acadian's research demonstrates that stock anomalies exist in most markets including Australia. However, their efficacy varies market by market. These two observations support their contention that: a) there are factors associated with excess return that a sophisticated process may be able to exploit, and b) it is necessary to use multiple factors, customized by market, in an effort to extract the maximum information from a forecasting model.

While the past cannot predict or guarantee future performance, they believe that their disciplined and inherently contrarian approach has the potential to demonstrate sustainable outperformance. Many of the stock selection factors they employ derive their efficacy from certain behavioural characteristics of investors that are deeply rooted in human psychology and are therefore unlikely to change soon. Because human psychology is so immutable, the sustainability of anomalies based on psychological effects as manifested in markets is considered to be high. In addition, they work continually to enhance their process through ongoing research on the evolving effectiveness of the factors they use and the environments in which they believe they are likely to be rewarded.

INVESTMENT UNIVERSE

Acadian's broad global equity universe covers 44,000 stocks in more than 100 countries. Due to liquidity considerations, they generally do not consider securities with market capitalizations of under $100 million. Beyond this, however, they believe in evaluating a broad pool of opportunities and seek to include all institutionally investable companies in their universe, except for those with insufficient liquidity or data availability. To be included in the universe, they must have adequate timely and historical data on a stock for meaningful valuation, and therefore IPOs are typically not considered. Given full discretion, they will often invest in non-benchmark securities to maximize the number of investment opportunities for the portfolio.

SECURITY SELECTION

Acadian uses an objective, disciplined, and systematic process designed to attempt to exploit mispricings within global equity markets. To apply their investment strategy, they focus on using sophisticated methods to evaluate stocks and produce a portfolio tailored to the individual requirements of each portfolio. State-of-the-art technology and data analysis allow them to evaluate and project expected returns, risk, and transaction costs for 44,000 stocks globally. Their investment insights are applied to generate a predicted market-relative return forecast for every investible stock in the universe after each regional market cycle close.

The valuation process for stock selection examines stocks from a bottom-up peer-relative perspective, a stock-specific peer group perspective, and a top-down macro perspective.

In the bottom-up peer-relative framework, they generate forecasts for over 100 region-industry "peer groups" (e.g., Japanese automobiles, for example, or European durables) and seek to predict how well each stock in their universe will perform relative to its applicable peer group. They use a wide range of more than 100 signals synthesizing qualitative and quantitative information systematically. The signals are grouped into approximately twenty distinct proprietary Acadian aggregate factors that they label as Value, Growth, Quality and Technical based on their behavioral justification.

In Acadian's stock-specific peer group framework, they evaluate a stock relative to a custom set of peers. These non-obvious peer groups for each stock are based on proprietary similarity measures (economic links, for example) – connections that are not fully appreciated and hence not properly priced in by market participants. These relationships yield important information that they believe can enhance the overall alpha forecast.

At the top-down macro level, they apply three separate models – country, industry, and country-industry intersection – covering (depending on the mandate) developed, emerging, or frontier markets across 24 GICS industry groups. These models utilize valuation, quality, risk, growth, technical, and economic indicators, with the specific factors varying by model. The industry model assigns the same forecast to every stock in an industry group in the same economic market, e.g., developed, emerging, or frontier; for example, every stock in the developed markets energy industry receives the same forecast. However, energy stocks can be priced very differently in different countries; thus, the intersection model assigns a negative score for expensive country-industry intersections. In other words, the country and industry models aim to forecast assets globally, while the intersection model seeks to adjust forecasts for local conditions, enabling them to gain exposure to signals from a number of perspectives and potentially emphasize the richest and most predictive.

The final step in Acadian's forecasting framework is to properly combine the outputs from each of their forecast models to arrive at a holistic total return forecast for each stock. They update these views continuously, enabling them to construct portfolios from their real-time and objective views on global stocks.

They then utilize a proprietary portfolio optimization system to combine return, transaction costs, and risk forecasts with the objective of producing a portfolio with the highest expected returns relative to risk, net of transaction costs.

Prior to trading, all portfolios are independently reviewed by a member of the investment team to confirm that each portfolio meets its specific objectives and risk parameters. The Compliance Team also performs a separate pre-trade compliance review. Subsequent to these approvals, they utilize a systematic allocation process to build trading programs that efficiently source liquidity and limit their market footprint.

Since they are a quantitative firm, they do not research stocks in the traditional sense; rather they research factors. Their portfolio management process is based on a continual flow of new information – such as prices, earnings, analyst forecasts and other data – which is incorporated into their return forecasts. They recalculate their expected return forecast for each security after each major regional close.

RESEARCH PROCESS

Acadian's research team's objective is the same as that of the firm as a whole: to produce the best possible investment results for their clients. To that end, they seek to continually enhance the investment process in a structured and systematic way. They begin by searching for as many investment ideas as they can, from industry, academia, new data sources, new statistical and machine learning techniques, internal sources, and other fields. This is a deliberate effort.

They also assign team members to regularly examine their portfolios and model components and collect a running list of enhancement ideas from their portfolio managers, researchers, and other investment staff. Although they cast a wide net, the majority of their research insights are internally sourced and even those that are inspired by external work will usually embed a lot of proprietary elements. Finally, they regularly review and prioritize research ideas, and set goals for team members.

They believe in a diversified portfolio approach to innovation. Consequently, the team will have a range of ideas to pursue at any one time, across markets, horizons, data sources, and factors. They also believe in learning as much as they can quickly, and preserving their options to expand scope, change focus, or stop work. Therefore, they favor a staged approach to research with investment spread over time, and projects that involve multiple potential research directions that can be scouted as rapidly as possible. However, they are prepared to make substantial investments of resources in “moon shot” projects that may last a long time, if the opportunity is large enough.

Finally, they believe that investment decision-making can and should be embodied by objective quantitative methods and criteria. They have codified research principles to define a rigorous research protocol and best practices across fields and teams. Chief among these principles is the idea that researchers should openly review, discuss, and vet all ideas and empirical findings as broadly as possible. To this end, they typically organize teams involving senior and junior researchers to pursue research projects over a period ranging from several weeks to several months. The CIO, in conjunction with senior investment team members, regularly reviews project progress via updates, research presentations, and Investment Policy Committee (“IPC”) discussions. They consider economic intuition, statistical efficacy and whether enhancements deliver consistent improvement across a variety of periods, samples, and parameter settings. When possible, they also pay particular attention to tests of assumptions and implications of investment ideas, to make sure they are in keeping with the underlying intuition. They believe in striking a careful balance between economic intuition and empirical evidence - a balance which needs to evolve based on the nature of a given research question, the amount of data at their disposal and the specifics of the estimation techniques. All successful projects follow a rigorous process from initial idea vetting to a battery of empirical tests, final review, approval, and implementation. This process, while deliberative, can proceed rapidly when circumstances warrant. Any recommended changes to the investment models or processes must be reviewed by the IPC, with the CIO having ultimate authority over whether a proposal will be implemented.

Since Acadian is not a traditional, fundamental firm, they are not primarily focused on qualitative research and do not produce in-house analyst estimates for any of the stocks they follow. Their research effort is focused instead on enhancing their factor-based bottom-up, top-down, and peer models. That being said, they continually incorporate fundamental information in their database in the form of security analysts’ earnings estimates and recommendation changes and other related data. This information enables them to consider recent trends in earnings estimates and recommendation changes in their valuation frameworks. In this way, they can capture the collective research of a broad universe of analysts while at the same time maintaining the disciplined and impartial approach that they feel is essential to adding value in world equity markets.

As a policy they do not disclose the exact nature of their factors. A broad range of factor criteria, including valuation, earnings, quality metrics, and price movements are incorporated into their forecasting frameworks, and they carefully design their models using a combination of empirical evidence and forward-looking rationales as to the factors most closely linked to return in each region and industry that they cover. Besides bottom-up stock evaluation within region-industry peer groups, they also have three separate top-down models for country, industry group, and country-industry forecasting. Additionally, they utilize a peer model that incorporates elements of both bottom-up and top-down models for additional insight via non-obvious peer similarities. The output from all of the models is combined to arrive at a single holistic total return forecast for each stock in the relevant universe. Judgmental overrides are quite rare because they believe the model itself embodies their best thoughts and ideas of what makes a good investment. The final portfolio review is not to second-guess quantitative input but rather an effort to ensure that the models are functioning optimally and that client objectives are being met.

SCREENING & STOCK SELECTION

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SELL DISCIPLINE

Similar to Acadian's buy discipline, their sell discipline is driven by their systematic and dispassionate investment process. More specifically, they utilize a proprietary optimization process to make all buy/sell decisions. This process objectively considers the return forecasts for all stocks within a given portfolio, along with their diversification characteristics (risk, correlation, liquidity, country, and sector/industry representation) to determine which have a place in the current optimal portfolio mix.

To this end, they will automatically sell a stock if its expected return deteriorates to the point where it can be replaced by a more attractive stock that plays an equally useful or more attractive role in the portfolio. Importantly, since markets are not frictionless, the expected excess return of any stock added to the portfolio must more than cover the expected transaction costs of selling the original position and buying the new stock.

BENCHMARK

MSCI EAFE (ND) Index

TRACKING ERROR PARAMETERS

Benchmark tracking error plays an important role in the portfolio construction process for most strategies. The client's desired degree of benchmark-relative risk, value-added target and any other risk considerations, such as volatility and beta factors, are established at inception. They then apply advanced third-party optimization software and proprietary risk models to construct portfolios, which enables them to target the overall level of portfolio risk relative to the chosen benchmark.

The process dynamically addresses country and industry risk in the objective function of the optimization system by penalizing that risk and applying dynamic risk-aware bounds on active exposures based on their most recent risk forecasts, which they believe allows for superior risk control. As a secondary consideration, they apply additional guardrails on low-risk countries, industries and sectors as an added layer of risk control. They monitor all of these factors during portfolio construction and ensure they are appropriately controlled relative to the benchmark. Tracking error is an ex-post outcome of the portfolio construction process. The Fund has historically targeted a residual risk level of 4-6% per year, generally. Because their process is specifically designed to deliver a tracking error that is closely in line with the client's expectation, their portfolios typically do not exhibit significant variance between targeted and actual residual risk over time.

INVESTMENT GUIDELINES

Under normal market conditions, the Fund invests at least 80% of its assets in a diversified portfolio of non-U.S. equity securities. The Fund invests primarily in the stocks of foreign companies located in developed markets, but it may also invest up to 15% of its assets in the securities of companies located in emerging markets. The Fund invests in stocks across the market capitalization spectrum.

Historical Investment Guidelines	
Initial & Maximum Position Size	Typically, the largest active position established in a portfolio is 220 basis points, and risk controls allow a market-movement driven increase of 5 basis points above that level. When a position increases beyond that, it will be trimmed back during the next rebalance.
Sector Allocations	Sector weights are typically within 16% of the benchmark weight.
Industry Allocations	Industry weights are typically within 11% of the benchmark weight.
Industry Group Allocations	Industry group weights are typically within 16% of the benchmark weight.
Emerging Markets	They typically cap exposure at 11% of portfolio value.

# of Holdings	The number of holdings in Acadian's Non-U.S. Equity strategy typically ranges between 200-700 securities.
Country Allocations	Country weights are typically within 6% of the benchmark.
Maximum Cash Allocation	Generally, the Fund has a fully invested mandates, with a maximum of 5% cash. The average cash balance is less than 2% under most circumstances, other than in the case of an impending contribution or withdrawal.

RISK MANAGEMENT

Risk management is an integral part of Acadian's investment process. Since they believe that their greatest skill lies in active stock selection, the majority of their risk budget is devoted to that aspect of their process.

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They use many metrics to measure risk. In terms of political and economic risk, particularly important to their clients with emerging markets exposure, they use a number of factors at the country and stock level that have been effective at signaling potential market implosions. These factors include market volatility, interest rate trends and earnings estimate measures, which they have found to be very effective measures of country-level risk.

Besides macro-level risks, they also control for specific-stock risk. Portfolio exposure to their proprietary risk and return measures across factor groups is monitored continuously. In addition to the dynamic country and industry risk-control measures that they apply in the optimization process, they also control changes in specific stock risk by limiting individual positions to a fixed share of total idiosyncratic variance, allowing for a natural adjustment to different volatility environments subject to prudential active stock weight bounds.

They also attempt to control specific-stock risk by keeping a detailed database of daily trading volume of all the covered securities in their universe and monitoring firm-wide holdings of illiquid positions. When they rebalance a portfolio, the estimated liquidity of each security and its expected transaction costs are explicitly considered. During the rebalancing process, they may also include additional stock- and factor-based constraints at the recommendation of the Investment Policy Committee. Their process is designed to limit their firm-wide transactions to no more than 20% of the average daily trading volume of a given stock, although they may occasionally exceed those limits when placing orders for illiquid securities. They also typically stop increasing exposure when firm-wide holdings exceed 12 days of trading volume, and trim positions exceeding 20 days of trading volume. They find that in addition to controlling security-specific risk, this leads to significantly lower market impact when trading, which helps to minimize their trading costs and allows them to quickly adjust positions as new opportunities arise.

In an effort to ensure that a portfolio meets its target active portfolio risk (defined as standard deviation relative to a chosen benchmark index), each portfolio is regularly rebalanced within their proprietary framework. The risk level is customized portfolio by portfolio, according to each client's investment goals. They track realized residual risk over rolling periods in an effort to ensure they are delivering a portfolio that meets the client's risk expectations.

The investment management team oversees the risk controls utilized in the investment process. All mandated, firm, and regulatory restrictions applicable to a client's portfolio are coded into their portfolio construction software and applied automatically to the account during each rebalance. The optimized portfolio undergoes a detailed review by a member of the investment team before it is approved for trading. This review focuses explicitly on sources of risk and compliance with stated risk targets. Once approved, the portfolio is traded and then continuously monitored for compliance using a suite of internally developed software tools and an automated third-party pre and post-trade and daily compliance system offered through Charles River IMS Compliance System.

CAPACITY

Harbor Capital, advisor to the International Core Fund, is extremely conscious of value-added management and will close the Fund if value-added management is considered to be constrained due to the size of assets. At this time, there are no plans to close the Fund, and there is no set asset target at which the Fund would be closed.

ENVIRONMENTS OF OUT/UNDER-PERFORMANCE

Acadian's approach seeks to quantify all demonstrable aspects of outperforming companies, including valuation, earnings, financial quality, and price movements. The rigor and objectivity of the process enables them to efficiently interpret a large and diverse array of stock data points across a broad range of global markets and is flexible enough to perform well in a range of market conditions. They do have a value tilt in their portfolios, and value generally does better in falling, flat and moderately rising markets. The stocks they hold are typically stimulated by an environment in which companies with improving business prospects, quality balance sheets with improving/strong cash flow, attractive relative valuations, and increasing recognition by market participants are rewarded. Their overall goal is to outperform in many different types of market environments and to create portfolios that have the potential to see value unleashed during expansive periods, while incorporating good earnings growth and prudent risk control in an effort to preserve asset values during periods of contraction and risk aversion.

Clearly, however, there is no investment process that will perform well in every environment, and a disciplined and quantitative investment process like Acadian's will likely see diminished return potential during periods of market dislocation and investor irrationality, as was the case in the tech-stock bubble of the late 1990s, the 2008 global financial crisis and subsequent "junk stock rally" in 2009, or in narrow market rallies like 2019-2020 and very sharp periods of factor rotations, as in November 2020. One characteristic that might be perceived as a weakness in some situations is that, because of their quantitative process, their focus is on the factors that drive investment performance rather than on individual stocks. Thus, portfolio managers may be less able to discuss "stock stories" or visits with company management as that is not part of their investment process. Their focus on data may make for less vivid portfolio discussions than would be experienced with a fundamental manager. However, they believe their process captures all the information that would be found by a fundamental analyst, and more, and does so in an objective manner across a wide range of companies.

TRADING PROCESS

Acadian believes that cost-effective trading is essential to capture the full power of their stock valuation models. Acadian's experience with international program trading and long-term experience in equity investing have led them to develop what they believe to be effective methods for minimizing transaction costs in world markets. Their trading operation is focused on transmitting large program trades to the world's leading program trading desks for execution, and, in an effort to maximize efficiencies, they utilize a third-party Order Management System (currently the Charles River Investment Management System, or "CRIMS") to transmit orders to and receive executions from brokers via the Financial Information eXchange ("FIX") protocol.

COMPETITIVE ADVANTAGES

For over three decades, Acadian has successfully managed customized equity mandates for some of the world's most sophisticated clients. They believe their competitive edge derives from their experienced team and disciplined approach, which, coupled with their technical ability to maintain and analyze large volumes of data, allows them to apply fundamental insights in a highly systematic and objective way while remaining adaptive to changing market environments. A key tenet of Acadian's philosophy is that markets are evolutionary and that an investment process must be adaptive to reflect changes in markets and investor behavior over time. Acadian dynamically weights the portfolio's exposures by including forward looking factors to identify changes in market sentiment.

Acadian's equity investment process is unique in that they seek to evaluate a large set of investment opportunities in the most disciplined, unbiased way possible through the use of data, technology and sophisticated analytical methods. In doing this, they rely strongly on the exceptional hands-on experience and insight of their investment team of over 100 professionals with a combined average of 18 years of industry experience, holding 28 PhDs and 49 CFAs. Acadian's process is dynamic and responsive in nature. They constantly strive to enhance their models by incorporating new factors and reweighting existing factors, ensuring unique factor definitions. They believe the combination of a rigorous approach, objective technological power, and real-life, hands-on experience makes Acadian outstanding among quantitative and fundamental firms alike.

VEHICLE & SHARE CLASS INFORMATION

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

Harbor International Core Fund	
Share Class	**Ticker**
Retirement	HAORX
Institutional	HAOSX
Investor	HAONX

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

DISCLOSURE

Responses regarding the Harbor organization have been provided by Harbor Funds Distributors, Inc. Responses relating to the investment team of the Harbor International Core 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.

There is no guarantee that the investment objective of the Fund will be achieved. Stock markets are volatile and equity values can decline significantly in response to adverse issuer, political, regulatory, market and economic conditions. Investing in international and emerging markets poses special risks, including potentially greater price volatility due to social, political and economic factors, as well as currency exchange rate fluctuations. These risks are more severe for securities of issuers in emerging market regions.

The value of securities selected using quantitative analysis can react differently to issuer, political, market, and economic developments than the market as a whole or securities selected using only fundamental analysis. The factors used in quantitative analysis and the weight placed on those factors may not be predictive of a security's value. In addition, any model may contain flaws or the model may not perform as anticipated.

Acadian Asset Management LLC is an independent subadvisor to the Harbor International Core Fund.

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

The views expressed herein may not be reflective of current opinions, are subject to change without prior notice, and should not be considered investment advice or a recommendation to purchase a particular security.

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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