Harbor AlphaEdge Large Cap Value Index Methodology

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Index Overview

The Harbor AlphaEdge Large Cap Value Index (the "**Index**") is comprised of equity securities of US-listed companies determined to be attractively valued while exhibiting other strong fundamental characteristics. The Index is constructed using a proprietary, rules-based stock selection model developed by Harbor Capital Advisors, Inc. (the "**Index Sponsor**"). Companies are selected for inclusion in the Index and weighted utilizing an optimization approach, which seeks to manage risk relative to the Russell® 1000 Value Index.

The Index is reconstituted and rebalanced monthly.

The Index is calculated and distributed by Solactive AG (the "**Index Calculator**"). The Index is calculated and published in USD.

The Index Committee of Harbor Capital Advisors, Inc. (the "**Index Committee**") is responsible for ongoing oversight of the Index and interpretation of these rules. The Index Committee reserves the right to exercise its discretion in making decisions about the application of these rules and any other Index policy or action.

The gross total return version of the Index is distributed under ISIN DE000SL0MW44. The Index is published in Reuters under the code HALCVI and in Bloomberg under the ticker HALCVI.

Composition of the Index

Index Universe

To be considered for the index universe (the "Index Universe"), a security must trade on public exchanges in the United States and meet the following eligibility criteria:

- at least 5% of free-float market capitalization available to trade;
- at least $10 million in market capitalization;
- at least $10 million in aggregate sales over the three prior fiscal years;
- trading activity on at least 90% of days over the prior 63 days; and
- a price greater than or equal to one dollar per-share or an average of one dollar per-share over the prior 21 days.

On each semi-annual "Index Universe Rank" date, companies that meet the above criteria are ranked by their estimated free-float market capitalization. The cumulative market capitalization percentile of the 1000th stock determines the raw cutoff for inclusion in the Index Universe, subject to a minimal turnover band. Membership is refreshed on each semi-annual "Index Universe Reconstitution" date using the assignments generated on the most recent "Index Universe Rank" date. Between "Index Universe Reconstitution" dates, new entrants to the universe of eligible stocks are assigned based on their position relative to the unbanded cutoff of the prior "Index Universe Rank" day. Companies that meet this market capitalization categorization are considered "large cap."

The Index Universe consists of the "large cap" companies, plus the largest 10% of all remaining eligible companies.

The Index Universe may exclude any shares where there is a reasonable expectation that there may be a material reduction in the liquidity of a share as a consequence of an impending corporate action, regulatory action, delisting or other extraordinary event (e.g., merger, takeover bid, nationalization, insolvency or change in domicile) affecting a share.

Each of the criteria above is based on the determination of the Index Sponsor.

"**Market capitalization**" is defined as the value of a company calculated by multiplying the number of shares outstanding of the company by its share price.

Selection and Weighting of Index Components

At each **"Index Reconstitution"** (as defined below), the Index Sponsor determines the composition of the Index in accordance with the following process:

Step 1. Each company in the Index Universe is scored across several **Factor Composites**:

- Valuation
- Momentum
- Capital Deployment
- Quality
- Risk
- Adaptive Fundamentals

Each Factor Composite is an aggregation of data pertaining to a proprietary set of underlying factors. A "factor" refers to a measurable, numerical or statistical element used to describe a security's exposure to a given statistic.

Raw data for each underlying factor is subject to a data validation process before being aggregated to the Factor Composite level.

Step 2. For each company in the Index Universe, the Factor Composites are combined to produce an overall **Alpha Score**. In calculating the Alpha Score, the relative weights of the Factor Composites vary based on several inputs, including factor diversification and the prevailing business cycle regime at the time of reconstitution. The prevailing regime is determined based on a systematic model that considers economic growth, liquidity, inflation, market sentiment and the predominant stylistic opportunity between growth and value styles.

Step 3. With the above inputs in place, the Index is constructed using a proprietary optimization process, which selects and weights securities for the Index from among the companies in the Index Universe by translating Alpha Scores into expected returns and determining optimal portfolio weights by maximizing an objective function that balances those returns against risk estimates, penalties, and constraints.

Index Reconstitution and Rebalancing

The Index Sponsor determines the composition of the index monthly based on the methodology outlined in this document (a "Index **Reconstitution**") on the last Trading Day (defined as a day on which the New York Stock Exchange is open) of each month (each, a "Index **Reconstitution Date**").

The Index is rebalanced monthly. The "**Index Rebalancing Date**" is no more than 10 Trading Days after the corresponding Reconstitution Date.

Index Calculation and Maintenance

Index Calculation Process

The Index Calculator (Solactive AG or any other appropriately appointed successor in this function) is responsible for calculating index levels.

All specifications and information relevant for calculating the Index are available via the following link: https://www.solactive.com/documents/equity-index-methodology/

Prices and Calculation Frequency

The value of the Index is calculated on each Trading Day based on the prices on the respective exchanges on which the Index Components are listed. The most recent prices of all Index Components are used.

The Index is calculated every 15 seconds with the closing time being 4:50pm, EST. In the event that data cannot be provided to Reuters or to the pricing services of Boerse Stuttgart AG the Index cannot be distributed.

Any error in the Index calculation is adjusted on a retrospective basis according to Solactive's correction policy (https://www.solactive.com/documents/correction-policy/), as updated from time to time. Other Index errors (other than those relating to the Index calculation) are corrected in accordance with the Index Sponsor's policy.

Data Quality and Transparency

The Index Sponsor is committed to upholding the highest standards of data quality and transparency, ensuring that the data used in the calculation and ongoing maintenance of the Index is accurate, reliable, and verifiable.

To achieve this, we implement the following practices:

- Reputable Data Sources: We utilize data from reputable and market-observable sources.
- Internal Data Validation Controls: Our internal controls are designed to validate the incoming data before it is used for index calculation. This includes protocols for identifying and resolving discrepancies or anomalies.
- Methodology Testing: Any changes to the index methodology undergo testing using historical data to ensure the continued quality and robustness of all data inputs.
- Data Retention: We maintain internal procedures for the sourcing, validation, and retention of data used in index calculations, ensuring that the process remains transparent and auditable.

Important Information

The Harbor AlphaEdge Indices have been created by Harbor Capital Advisors, Inc. ("Harbor Capital) and are calculated, published, and distributed by Solactive AG ("Solactive"). All information provided by Harbor Capital, including without limitation, any materials that describe any Index, is of general nature only. The Indices, allocations, and data are subject to change.

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