Harbor AlphaEdge™ Small Cap Earners Index Methodology

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Introduction

This document is to be used as a guideline with regard to the composition, calculation, and management of the Harbor AlphaEdge™ Small Cap Earners Index (the "**Index**"). Any changes made to these guidelines are initiated by the Index Committee specified in Section 5. The Index is calculated and published by Solactive AG (the "**Index Calculator**").

1 Index Overview

The Index is comprised of a modified profitability-weighted portfolio of constituents of the Russell 2000® Index that meet certain following profitability criteria specified in Section 2.

Index constituents are weighted by relative profitability, subject to the caps specified in Section 2. The Index is reconstituted semi-annually and rebalanced quarterly to the relative profitability weighing schema.

The Index is calculated and distributed by the Index Calculator.

The Index is calculated and published in USD.

1.1 Index Details

The gross total return version of the Index is distributed under ISIN DE000SL0LL55. The Index is published in Reuters under the code HASCEI and in Bloomberg under the ticker HASCEI.

1.2 Initial Value

The base date of the index (i.e., the date on which the index is assigned its base value and against which the performance of the index is measured) is 2024/07/02. The base value of the index is 100. The live calculation start date of the index (i.e., the date on which the index begins calculation and performance tracking beyond the base date) is 2024/07/03. The backtest start date of the index (i.e., the earliest date for which backtested data is available) is 1996/01/31.

1.3 Distribution

The Index is published via the price marketing services of Boerse Stuttgart AG and is distributed to all affiliated vendors. Each vendor decides on an individual basis as to whether the vendor will distribute/display the Index via the vendor's information systems.

1.4 Prices and Calculation Frequency

The value of the Index is calculated on each Trading Day based on the prices on the respective Exchange 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 index oversight policy.

1.5 Publication

All specific information relevant for calculating the Index is made available on the webpage of the Index Calculator (http://www.solactive.com).

1.6 Licensing

Licenses, if any, to use the Index as the underlying value/index for index funds, ETFs, or derivative instruments are issued to stock exchanges, banks, financial services providers, and investment houses by the Index Sponsor.

2 Composition of the Index

2.1 Index Universe

The stocks that are eligible for inclusion in the Index are all actively traded shares in the Russell 2000® Index (the "**Index Universe**").

The Index Universe will exclude any shares where, in the determination of the Index Sponsor, 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 affecting a share.

2.2 Selection and Weighting of Index Constituents

The "**Rescreening Date**," the date on which the constituents and respective weights of the Index are determined, occurs no greater than 15 trading days prior to the last trading day of July and January. The constituents and weights determined on the Rescreening Date will be implemented in the Index effective the last trading day of each July and January (the "**Effective Date**").

On each Rescreening Date, the Index Sponsor selects all stocks from the Index Universe that meet both of the following criteria:

- Median trailing 12-month operating margin (sum of operating profit divided by sum of sales) over the prior 12 quarters greater than or equal to 1%

- Aggregate operating margin over the prior 12 quarters greater than or equal to 1%

On each Rescreening Date, an individual constituent's weight within the Index will be determined by the relative profitability of each company within the Index over the trailing three years, subject to maximum weight constraints.

$$Initial\ Weight = W_A = \frac{P_A}{\sum_{x=1}^{n} P_x}$$

with:
A = Index Constituent
P = Trailing three-year operating income
n = number of constituents in the Index

The maximum weight for any Index Constituent is 3% of the Index. Should the Initial Weighting for any Index Constituent be greater than 3%, each such Index Constituent will be capped at 3% and the Index Constituents with weights below 3% will receive additional weightings according to the formula below.

$$Additional\ Weight = W'_a = \sum_{x=1}^{m} (W_x - 3\%)\ \frac{P_a}{\sum_{x=1}^{l} P_x}$$

with:
a = Index Constituent with previously assigned weighting <3%
W = Previously allocated weight
m = number of constituents with previously allocated weight over 3%
P = Trailing three-year operating income
l = number of constituents with previously allocated weight under 3%

Additional weight calculations will be repeated until 100% of the Index has been allocated.

3 Index Calculation and On-going Maintenance

3.1 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/

3.2 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.
- Data Anomalies: In the event of data anomalies, we have established protocols that are reasonably designed to assist in flagging, investigating, and rectifying issues before they impact the index calculation.
- 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.

4 Amendments and Exceptions to this Methodology

The Index Committee, comprised of employees of the Index Sponsor, is responsible for decisions regarding the composition of the Index as well as any amendments to the rules (in this document referred to as the "**Index Committee**").

This document is updated to reflect any changes approved by the Index Committee.

5 Additional Definitions

A “**Delisting**” of an Index Component occurs when the Exchange announces pursuant to the Exchange regulations that the listing of, the trading in or the issuing of public quotes on the Index Component at the Exchange has ceased immediately or will cease at a later date, for whatever reason (provided Delisting is not because of a Merger or a Takeover bid), and the Index Component is not immediately listed, traded or quoted again on an exchange, trading or listing system, acceptable to the Index Calculator.

“Exchange” means a US exchange, including CBOE, NYSE, NYSE American, NASDAQ and ARCA or any other appropriate successor.

In particular an **“Extraordinary Event”** is

- a Merger
- a Takeover bid
- a Delisting
- a change in domiciled country
- the Nationalization of a company
- Insolvency

The Trading Price for this Index Component on the day the event came into effect is the last available market price for this Index Component quoted on the Exchange on the day the event came into effect (or, if a market price is not available for the day the event came into effect, the last available market price quoted on the Exchange on a day specified as appropriate by the Index Calculator), as determined by the Index Calculator, and this price is used as the Trading Price of the particular Index Component until the end of the day on which the composition of the Index is next set.

In the event of the Insolvency of an issuer of an Index Component the Index Component shall remain in the Index until the next Adjustment Day. As long as a market price for the affected Index Component is available on a Trading Day, this shall be applied as the Trading Price for this Index Component on the relevant Trading Day, as determined in each case by the Index Calculator. If a market price is not available on a Trading Day, the Trading Price for this Index Component is set to zero. The Index Committee may also decide to eliminate the respective Index Component at an earlier point in time prior to the next Adjustment Day. The procedure in this case is identical to an elimination due to and Extraordinary Event.

“Index Component” is each share currently included in the Index.

“Index Sponsor” means Harbor Capital Advisors, Inc.

“Insolvency” occurs with regard to an Index Component if (A) all shares of the respective issuer must be transferred to a trustee, liquidator, insolvency administrator or a similar public officer as result of a voluntary or compulsory liquidation, insolvency or winding-up proceedings or comparable proceedings affecting the issuer of the Index Components or (B) the holders of the shares of this issuer are legally enjoined from transferring the shares.

With regard to an Index Component, a **“Merger”** is

(i) a change in the security class or a conversion of this share class that results in a transfer or an ultimate definite obligation to transfer all the shares in circulation to another legal person,

(ii) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer to exchange shares with another legal person (except in a merger or share exchange under which the issuer of this Index Component is the acquiring or remaining company and which does not involve a change in security class or a conversion of all the shares in circulation),

(iii) a takeover offer, exchange offer, other offer or another act of a legal person for the purposes of acquiring or otherwise obtaining from the issuer 100% of the shares issued that entails a transfer or the irrevocable obligation to transfer all shares (with the exception of shares which are held and controlled by the legal person), or

(iv) a merger (either by acquisition or through forming a new structure) or a binding obligation on the part of the issuer of the share or its subsidiaries to exchange shares with another legal person, whereby the issuer of the share is the acquiring or remaining company and it does not involve a change in the class or a conversion of the all shares issued, but the shares in circulation directly prior to such an event.

"Nationalization" is a process whereby all shares or the majority of the assets of the issuer of the shares are nationalized or are expropriated or otherwise must be transferred to public bodies, authorities, or institutions.

A **"Takeover bid"** is a bid to acquire, an exchange offer or any other offer or act of a legal person that results in the related legal person acquiring as part of an exchange or otherwise more than 10% and less than 100% of the voting shares in circulation from the issuer of the Index Component or the right to acquire these shares, as determined by the Index Calculator based on notices submitted to public or self-regulatory authorities or other information considered by the Index Calculator to be relevant.

"Trading Day" means a day on which the New York Stock Exchange is open.

With regard to an Index component (subject to the provisions given above under "Extraordinary Events") the **"Trading Price"** in respect of a Trading Day is the closing price on this Trading Day determined in accordance with the Exchange regulations. If the Exchange has no closing price for an Index Component, the Index Calculator shall determine the Trading Price and the time of the quote for the share in question in a manner that appears reasonable to him.

Important Information

The Harbor AlphaEdge Indices (each an "Index") 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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