



Harbor Core Plus Fund

STANDARD RFI

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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.

Harbor Funds is a family of subadvised mutual funds that offers access to a lineup of respected institutional investment firms sourced worldwide. Recognizing that no single firm can excel in managing all types of asset classes, Harbor utilizes a “manager-of-managers” approach where we seek to identify experienced portfolio managers with proven track records, who specialize in a particular asset class. These managers are responsible for making the day-to-day investment decisions and effecting the purchase and sale of the securities held by the individual mutual fund portfolios.

Our arrangements with third-party investment teams, combined with our internal philosophy of closely managing costs, allow us to offer a family of funds that we believe delivers long-term value to our shareholders.

SUBADVISER STRUCTURE & INVESTMENT TEAM

SUBADVISER STRUCTURE

The subadviser for the Harbor Core Plus Fund is Income Research + Management (“IR+M”). IR+M is organized as a Massachusetts Business Trust and has been independent and privately-owned since its inception in 1987. IR+M has managed the Harbor Core Plus Fund since February 2022.

HISTORY

IR+M was founded in 1987 by two of their senior leaders, to specialize in the US dollar-denominated fixed income market. The firm was registered as an investment adviser with the SEC on May 1, 1987 and began managing assets in June 1987.

IR+M is an investment management firm specializing in managing US fixed income portfolios for institutional and private clients. They believe that an open, collaborative culture promotes excellence from an investment team of high energy, curious individuals. IR+M’s investment philosophy is based on the belief that careful security selection and active management of portfolio risk provide superior results over the long term. Their focus is on two primary goals – providing consistent year-over-year investment results and outstanding service to their clients.

TEAM BIOGRAPHIES

William A. O'Malley, CFA

Board Member, Chief Executive Officer & Co-Chief Investment Officer

Mr. O'Malley joined IR+M in September 1994. Prior to IR+M, he was a Vice President at Wellington Management Company LLP. Before joining Wellington in 1989, Mr. O'Malley worked at The Vanguard Group and in Morgan Stanley's Fixed Income Division. He has a BA from Amherst College (1984) and an MBA from The Wharton School of the University of Pennsylvania (1989).

James E. Gubitosi, CFA

Principal, Co-Chief Investment Officer

Mr. Gubitosi joined IR+M in March 2007. Prior to IR+M, he was a Senior Analyst at Financial Architects Partners. He has a BSBA from Boston University School of Management (2004).

Bill O'Neill, CFA

Principal and Senior Portfolio Manager

Mr. O'Neill joined IR+M in 2004 and is a Principal and Senior Portfolio Manager. Prior to joining IR+M, he was a Trader at Investors Bank and Trust. Mr. O'Neill began his investment career in 2000.

Jake Remley, CFA

Principal and Senior Portfolio Manager

Mr. Remley joined IR+M in 2004 and is a Principal and Senior Portfolio Manager. Prior to joining IR+M, he was an associate with Lehman Brothers Holdings. Mr. Remley began his investment career in 2001.

Matt Walker, CFA

Principal, Senior Portfolio Manager

Mr. Walker joined IR+M in 2007 and is a Senior Portfolio Manager. Prior to joining IR+M, he was a Fixed Income Operations Representative at State Street Corporation. Mr. Walker began his investment career in 2003.

Rachel Campbell

Portfolio Manager, Director of Securitized Research

Ms. Campbell joined IR+M in 2009 and is a Portfolio Manager and the Director of Securitized Research. Prior to joining IR+M, she was a Junior Risk Analyst at Cypress Tree Investment Management. Ms. Campbell began her investment career in 2006.

DECISION MAKING AUTHORITY

IR+M is committed to their team approach to portfolio management. Portfolio managers make all final decisions regarding issues purchased for portfolios. The Portfolio Management Team is responsible for selecting securities, assessing relative value along the yield curve, and executing trades at competitive levels. Portfolio managers oversee and are involved in every aspect of the investment process, from research to security selection and ultimately trading, providing an overriding consistent theme throughout.

COMPENSATION & RETENTION OF INVESTMENT PROFESSIONALS

All IR+M employees are compensated with a competitive salary plus bonus. The firm's 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. There are no quantitative drivers for the bonus pool. IR+M's goal is to have collaborative, high-performing teams that deliver for their clients, not to incentivize individual contributions over results. The qualitative drivers of bonus decisions are the beliefs represented in IR+M's Core Values: Invested, Respectful, Positive, and Motivated.



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.

All employees also receive competitive health benefits and may participate in IR+M's 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.

SUCCESSION PLANNING

Succession planning is something IR+M takes very seriously, and they are continuously working to build the next generation of leaders. Future succession and ownership of IR+M has been planned for among existing principals, including the members of the Committee, so the need for sale of the firm in the event of loss of a major shareholder does not exist. IR+M is led by the Management Committee. Effective January 3, 2022, this seven-member group includes: Bill O'Malley (Chief Executive Officer, Co-Chief Investment Officer), Brooke Anderson (Director of Investment Product Management), Max DeSantis (Chief Operating Officer), Meghan Driscoll, (Chief Human Capital Officer), Jim Gubitosi (Co-Chief Investment Officer), Sarah Kilpatrick (Chief of Staff), and Molly Manning (Director of Client Service). All members of the Management Committee, and all senior portfolio managers have ownership in the firm and are dedicated to its success. IR+M has a strong functional team in place to drive individual process across IR+M and enable business continuation should they unexpectedly lose any of their leaders. At present, there are no known plans of retirement for individuals included in the aforementioned groups.

In the event of retirement or other circumstances leading to the departure of a Senior Portfolio Manager, the remaining Investment Team members would continue to manage the portfolios and the firm would explore any necessary alternatives. Since all portfolios are managed using a team approach, IR+M does not rely on one individual and consequently has sufficient and seamless coverage for all of the products.

INVESTMENT PHILOSOPHY

IR+M's investment philosophy is consistent across all of their broad market strategies, including their aggregate strategy, and is based on the belief that careful security selection, active portfolio risk management, and ESG analysis will lead to superior returns over the long-term (e.g., a market cycle). Portfolios are constructed to meet client objectives by using a disciplined, bottom-up approach to a variety of investment grade fixed income sectors. IR+M believes that predicting the timing, direction, and magnitude of future interest rate changes is very difficult to consistently get right; as such, they keep duration and yield curve exposure neutral to the benchmark.

This philosophy has remained consistent since the inception of the firm.

INVESTMENT UNIVERSE

IR+M defines the universe of securities for the Harbor Core Plus Fund to be the entire US dollar-denominated investment grade fixed income realm, along with higher quality yield corporates, non-Index securities such as 144a issues, non-Agency, MBS, CMBS, and ABS, including but not limited to all of the constituents in the conventional broad fixed income market indices.

INVESTMENT PROCESS

IR+M's investment process is driven by bottom-up security selection, seeking to provide consistency over time relative to potentially more volatile macro decisions. IR+M's Research Analysts, Portfolio Managers, and Traders work together to get their best ideas into the portfolios. They evaluate the credit, structure, and price of each issue and integrate both qualitative and quantitative data in their analysis. This research incorporates their ESG views, which they consider an integral part of their assessment. Given IR+M's relatively small size, they do not have to buy everything, and they can still be selective within smaller market sub-sectors in which larger managers may not be able to participate. IR+M expects these factors will continue to allow them to add value going forward within all of their portfolios.

Overall, IR+M's investment strategy centers around several core principles: bottom-up security selection, a value orientation, appropriate diversification, and risk control. They may opportunistically sacrifice liquidity when compensation is generous; however, they are always vigilant as to the availability of overall liquidity, carefully limiting their exposure to any one sector and remaining diversified at the individual holding level.

RESEARCH PROCESS

IR+M's research process combines quantitative and qualitative analysis and is ultimately based on fundamentals. IR+M does not use "black box" models, nor do they rely heavily on quantitative modeling to make investment decisions. IR+M's team of sector-specialized Research Analysts drive their research efforts across the government, securitized, credit, and municipal sectors. Portfolio Managers oversee and are involved in every aspect of research, security selection, and portfolio construction, providing consistency throughout the process.

IR+M's approach to analyzing corporate credits focuses on fundamental research conducted by their Analysts. Analysts research credit ideas using a combination of internal and external sources including industry analysis, company reports, discussions with company management, and third-party sources such as CreditSights™, the major credit rating agencies, and street Analysts. They incorporate both traditional financial metrics and more qualitative data like ESG factors to provide a more holistic analysis and risk assessment.

IR+M's securitized research process includes cashflow analysis, stress testing, scenario analysis, monitoring individual issues using quantitative tools including INTEX, Bloomberg, Bloomberg PORT+ ("PORT+"), The Yield Book, input from vendors such as Trepp Research, and internal models. Their process also includes a qualitative overlay that relies on the experience of the Portfolio Managers and incorporates their views on ESG factors, allowing for a more complete evaluation. IR+M often refers to their decisions as being made by "mosaic theory", where no particular influence, factor, model, etc. takes precedent and consideration is given to a variety of methods, information, and circumstances.

BUY DISCIPLINE

IR+M's goal is to purchase attractive, inefficiently priced securities, that when combined together in a portfolio aim provide principal preservation, attractive expected return, reasonable risk exposures, and necessary liquidity. Portfolio construction guidelines include maintaining a duration neutral stance and a neutral key rate exposure versus the Index. They do not forecast interest rates and do not typically buy high-yield issues or derivatives. IR+M's selection process utilizes the following factors to identify a diverse mix of bonds used in creating portfolios:

- Credit: investment grade focus and US dollar denominated only; incorporate analysis of traditional credit metrics with additional qualitative data, including ESG factors, to arrive at more holistic decisions
- Structure: favor inherent attributes that create investor value over attributes that create issuer value
- Price: the assessment of the market's valuation of the credit and structure

SELL DISCIPLINE

IR+M's sell discipline is based on the same factors they use to evaluate purchases: credit, structure, and price. If any of these factors change materially or the credit deteriorates, the issue becomes a potential sale candidate. Credits are reviewed on an ongoing basis through both discussion and formal quarterly updates. If structural changes occur (e.g., callability or pre-payment changes), they reassess the bond. IR+M consistently monitors pricing and they are always on the lookout for opportunities to pick up yield, move to a better part of the spread curve, improve liquidity, etc. The key lies in the experience of the investment team, which is focused on detecting potential deterioration while not panicking on false negatives.

BENCHMARK

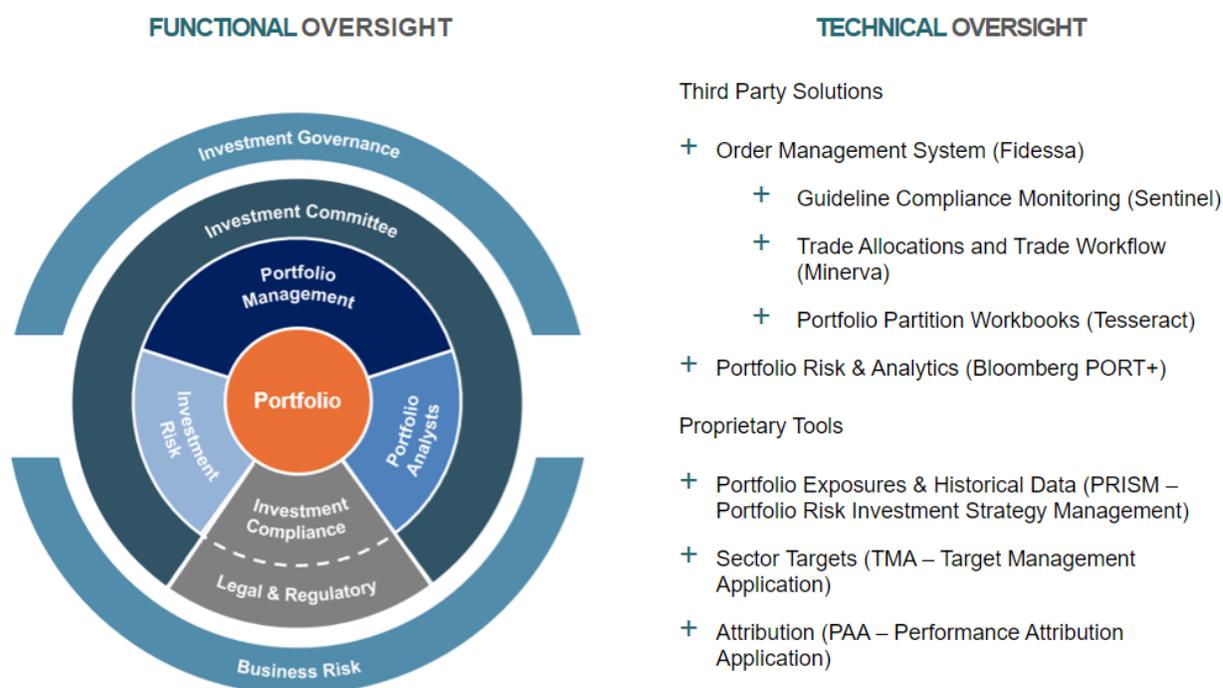
The Fund is managed to the Bloomberg U.S. Aggregate Bond Index. IR+M believes this benchmark is the most appropriate benchmark because it is broadly diversified by sector and issuer.

INVESTMENT GUIDELINES

Historical Investment Guideline Parameters	
Maximum Security Weight	Treasury: 15% Securitized: 5%
Maximum Issuer Weight	Credit and Municipal: 3%
Maximum Sector Weight	Credit: 75% Municipal: 10% Agency Securitized: 50% Non-Agency Securitized: 20% Agency: 25% Treasury: 50%
Minimum/Maximum Duration	± 0.25 years relative to benchmark duration
Initial Position Size	Typically 0.5% - 1.0%

RISK MANGEMENT

IR+M seeks to mitigate unintended risk and monitor compliance with portfolio and client guidelines, as well as ensure their strategies align with the overall risk preferences set by the Investment Committee. As described, they take a cross-functional approach to risk management by leveraging resources across the firm to implement their process as depicted below:



Investment Governance Committee

IR+M's Investment Governance Committee seeks to understand and oversee broad investment exposures and risks while providing external independent governance and oversight of the Investment Team and its activities. Chaired by IR+M's Chief Compliance Officer, the Committee includes our Executive Chairperson and senior representation from Senior Management, Portfolio Management, Investment Risk Management, and Client Portfolio Management.

Investment Committee

The Investment Committee is responsible for overall risk management at the strategy level. Comprised of the Co-Chief Investment Officers, four Portfolio Managers, and the Director of Investment Risk, the Investment Committee makes decisions on sector targets and overall risk positioning. The Committee's primary responsibilities are to assess relative value across sectors, communicate overall risk preferences, and to ultimately distill asset allocation decisions into sector targets for each product.

Investment Risk Team

The Investment Risk Team works closely with the Investment Committee. The primary responsibilities of Investment Risk are to identify, monitor, and escalate positioning risks. Through risk model assessments, product consistency research, and quantitative support, the team focuses on the more strategic components of the investment process. The Investment Risk effort is purposely removed from the investment decision making process so that risks can be audited and evaluated in an unbiased, third-party manner.

Portfolio Management Team

The Portfolio Management Team is responsible for portfolio construction, risk management, and ensuring portfolios reflect Investment Committee and Sector Management intentions and preferences, while adhering to client guidelines and addressing portfolio need. Risk management is an integral part of the investment process. IR+M utilizes sector targets to ensure portfolios are positioned at the desired sector exposures and monitor issuer exposures to reduce idiosyncratic risk. Liquidity risk is also a significant consideration, requiring analysis at the sector, issuer, and cusip levels to ensure sufficient liquidity across portfolios and overall, at the firm-wide level.

Research Analysts

IR+M's investment philosophy is rooted in the belief that careful security selection and active risk management provide superior results for their clients. As sector specialists [within the Government, Securitized, Credit, and Municipal sectors], Research Analysts drive security selection. Through their focus on fundamental, bottom-up research, Analysts play an integral part in risk management. Incorporating both traditional financial metrics and more qualitative data like ESG key issues, Analysts are able to provide a more holistic analysis and risk assessment for each bond.

Investment Compliance Team

IR+M's Investment Compliance Team provides independent oversight of the Investment Team through daily review of all trade activity. The primary responsibilities of the team include investment guideline monitoring and investment compliance reporting. In addition, the team is heavily involved with their client onboarding efforts, working to ensure that portfolio guidelines are accurate and clearly communicated to the Investment and Client Service Teams. As part of their broader Compliance Team, Investment Compliance reports directly to their Chief Compliance Officer.

CAPACITY

IR+M does not have a targeted level of assets where they would close any of their products, but they would seriously consider closing a strategy if growth compromised their ability to implement that strategy. The Investment Team and Management Committee periodically assess market conditions versus their capacity to ensure they are not constrained in any way. If the Investment Team were to begin reaching a point where they are unable to source their favorite ideas for clients, or start feeling like they needed to buy everything in order to keep clients invested, they would funnel their concerns up to the Executive and Management Committees and senior decision makers would have a conversation about next steps. Given IR+M's open office environment and constant flow of communication, they believe they are well-positioned to stay ahead of any capacity challenges before they arise.

ENVIRONMENTS OF OUT/UNDER-PERFORMANCE

As bottom-up security selectors, IR+M builds portfolios on a bond-by-bond basis with fundamentally attractive securities that are inefficiently priced. They believe that a yield advantage produced by an emphasis on high quality corporates and securitized issues provides an important driver of positive long-term returns. An overweight to spread product has generally allowed IR+M to outperform in environments of flat or tightening spreads and their security selection capabilities along with their focus on positive convexity have often provided a hedge in more volatile markets. When spreads are wide and attractive opportunities are numerous, overweights to high-quality spread sectors have the potential to provide even more of a yield advantage over benchmarks. IR+M seeks to increase market exposure when attractive opportunities abound. Conversely, when there are fewer opportunities in tighter spread environments, they typically seek to reduce overweights to spread sectors and build “dry powder” in preparation for the next market swoon.

Although the Fund invests in BBB-rated issues when appropriately compensated, the investment team normally favors higher-quality, lower-beta issues relative to the overall BBB universe. As such, when lower-quality securities rally in major spread-tightening environments, the Fund may underperform due to the excess return on riskier securities being significantly higher than the high-quality securities the investment team favors.

TRADING PROCESS

IR+M’s investment team includes six dedicated traders who are responsible for the trading activity within their assigned sector. IR+M’s traders are in constant communication with portfolio managers and analysts, allowing trade execution to be fully integrated into their overall investment process.

COMPETITIVE ADVANTAGES

IR+M has two fundamental goals: provide consistent investment results and deliver outstanding client service. Their investment philosophy is consistent across all their products and is based on the belief that careful security selection and active portfolio risk management provide superior returns over the long term. This philosophy has remained consistent since the inception of the firm. IR+M believes the following factors differentiate them from other investment managers:

- *IR+M is an independent firm:* Their philosophy and process have remained consistent since their beginning. Privately owned since inception, IR+M has exhibited stability for more than 30 years and over many market cycles.
- *They are relative-value investors:* IR+M’s investment process focuses on diligently scouring sub-sectors of the market for securities offering structural and price advantages. Portfolios are constructed using their best ideas, which are implemented in meaningful position sizes. Whether finding value through their credit research, their ability to understand complex structures, or their ability to recognize attractive opportunities to transact, IR+M strives to have the best combination of bonds available.
- *IR+M has a collaborative culture:* Traditionally, they work in an open office environment which promotes constant communication, the free flow of ideas, and interaction across teams. As a result of the current COVID-19 pandemic, their office is working remotely; however, they have aimed to replicate their in-office environment virtually, keeping these important tenets of their process intact. Portfolio managers make investment decisions as a team, promoting consistency of culture, philosophy and process.
- *IR+M is a client centric firm:* IR+M works closely with clients to identify and understand their needs in order to construct the most appropriate investment solutions. IR+M believes in proactive client service and timely communication. They offer broad, focused, and customized investment strategies and are experienced in transitioning assets in kind.

VEHICLE & SHARE CLASS INFORMATION

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

Harbor Core Plus Fund	
Share Class	Ticker
Institutional	HABDX
Retirement	HBFRX

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 Core Plus 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 subadviser are provided by the subadviser 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 value can decline significantly in response to adverse issuer, political, regulatory, market and economic conditions.

Income Research + Management is an independent subadviser to the Harbor Core Plus Fund.

The Bloomberg US Aggregate Bond Index is an unmanaged index of investment grade fixed-rate debt issues with maturities of at least one year. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

Fixed income investments are affected by interest rate changes and the creditworthiness of the issues held by the Fund. As interest rates rise, the values of fixed income securities held by the Fund are likely to decrease and reduce the value of the Fund's portfolio.

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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