

# Harbor International Compounders ETF

C WorldWide Asset Management

Subadvisor Since 09/07/2022

**Ticker:** OSEA  
**CUSIP:** 41151J885  
**Net Expense Ratio:** 0.55%  
**Gross Expense Ratio:** 0.55%  
**Total Net Assets:** \$19,043,082  
**Benchmark Name:** MSCI All Country World Ex. US (ND) Index

## Portfolio Managers



Bo Almar Knudsen



Bengt Seger



Peter O'Reilly



Mattias Kolm

## Investment Philosophy

The Harbor International Compounders ETF (OSEA) is an actively managed Fund that offers exposure to C WorldWide's International equity strategy. The Fund employs a bottom-up, research-driven process to constructing a portfolio of foreign large capitalization companies.

The Fund seeks long-term growth of capital by investing in large capitalization companies, primarily outside the U.S., that C WorldWide Asset Management believes have compelling prospects for long-term growth.

Identifying themes and integrating them into the process is a meaningful part of the team's selection criteria. Themes represent secular societal changes expected to occur that may impact the economics of industries and individual companies over a medium-term time horizon. Sustainability and specifically environmental, social, and governance (ESG) factors are also an integral part of the investment process and are implemented in the ongoing research of the companies the team invests in. The Fund only contains the team's highest conviction ideas with a maximum of 30 holdings, which makes the portfolio construction process an active competition for capital.

## CHARACTERISTICS & ALLOCATION

As of 06/30/2023

Portfolio Characteristics		
	Portfolio	Benchmark
Number of Holdings	39	2,308
Wtd Avg Market Cap (\$Mil)	178,131.90	89,860.10
Median Market Cap (\$Mil)	112,293.00	8,492.00
Price/Book Ratio	5.34	2.32
Adjusted Trailing P/E Ratio	30.80	17.60
% EPS Growth - Past 3 Yr	15.60	22.90
Est 3-5 Yr EPS Growth Rate (%)	8.90	10.80
Return on Equity (%)	19.08	13.94
Forecasted P/E Ratio	24.00	16.60

Top 10 Holdings		
	Portfolio %	Benchmark %
Novo Nordisk A/S Class	6.87	1.11
HDFC Bank Limited Spons	6.33	0.00
ASML Holding NV	5.83	1.21
Ferguson Plc	4.59	0.00
LVMH Moet Hennessy Loui	4.46	1.08
Linde plc	4.37	0.00
Sony Group Corporation	4.25	0.47
Nestle S.A.	4.12	1.37
AstraZeneca PLC	4.03	0.92
Siemens Aktiengesellsch	4.00	0.53
<b>Total</b>	<b>48.85</b>	<b>6.69</b>

Top 10 Industries		
	Portfolio %	Benchmark %
Pharmaceuticals	10.90	6.33
Banks	9.14	12.25
Semiconductors	9.02	4.94
Building Products	5.87	0.70
Electric Utilities	4.82	1.75
Machinery	4.74	2.16
Trading Companies	4.59	1.30
Textiles Apparel & Lux	4.46	2.54
Chemicals	4.37	2.90
Household Durables	4.25	0.87
<b>Total</b>	<b>62.16</b>	<b>35.74</b>

Economic Sectors		
	Portfolio %	Benchmark %
Industrials	21.59	13.12
Information Technology	17.69	11.74
Financials	16.85	20.57
Health Care	14.63	9.56
Consumer Staples	10.43	8.55
Consumer Discretionary	8.71	12.13
Utilities	4.82	3.22
Materials	4.37	7.74
Energy	0.00	5.45
Real Estate	0.00	2.00
Communication Services	0.00	5.59

Top 10 Countries		
	Portfolio %	Benchmark %
United Kingdom	14.26	9.53
Japan	13.41	14.50
France	10.40	8.03
Germany	10.11	5.61
Netherlands	7.93	3.01
Sweden	7.41	2.12
Denmark	6.87	1.97
India	6.33	4.11
United States	4.37	0.00
Switzerland	4.12	6.52
<b>Total</b>	<b>85.21</b>	<b>55.40</b>
<b>Emerging Markets</b>	<b>15.53</b>	<b>27.52</b>

Market Capitalization		
		Portfolio %
Large	Above 25.0B	97.91
	10.0B - 25.0B	2.09
Mid	5.0B - 10.0B	0.00
	1.0B - 5.0B	0.00
Small	0.0 - 1.0B	0.00



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### Average Annual Returns

	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date
Harbor International Compounders ETF (NAV)	4.70%	16.74%	N/A	N/A	N/A	N/A	27.79%	09/07/22
Harbor International Compounders ETF (Market)	5.11%	17.03%	N/A	N/A	N/A	N/A	28.34%	09/07/22
MSCI All Country World Ex. US (ND) Index	2.44%	9.47%	N/A	N/A	N/A	N/A	16.25%	09/07/22

## MANAGER COMMENTARY

As of 06/30/2023

**"It seems we are yet again entering a world where growth is scarce after 2022, where even poorer business models could deliver outsized growth."**

C WorldWide Asset Management

### Market in Review

During the second quarter of 2023, investor optimism turned out to be very U.S.-centric, supported by better-than-anticipated U.S. economic data. U.S. labor markets continued to be resilient, leading to a relatively strong consumer who supported overall economic growth. Falling inflationary pressures in the U.S. prompted the Federal Reserve to leave interest rates unchanged in June for the first time since March of 2022. Most of the strength from the global equity market year to date has been very narrow in nature, largely driven by a select number of larger capitalized Information Technology companies in the semiconductors and software space that benefited from the boom in artificial intelligence ("AI") applications.

In China, the reopening recovery that started earlier this year continued to lose momentum, as a consumption increase has been more than offset by a sluggish Property and Export sector. In Europe, several chemical companies warned of weaker-than-expected results. These profit warnings seem broad-based in nature, as companies with exposure to both the Industrial sector and the consumer expect weaker demand primarily due to end-market destocking. Notably, industrial gas companies like Air Liquide did not warn of weaker-than-expected results, helped by long-term contracts and the natural difficulty of end-customers to "stock up" on industrial gases.

Rather than betting on changes in multiples or forecasting short-term earnings aberrations to trade around, we focus on identifying the right long-term businesses and letting the companies do the work in generating returns, thus benefiting from lower trading costs and higher long-term returns for our investment partners.

Our research focus is on finding companies we believe can continue to compound well beyond most investor (short-term) horizons, meaning that we embrace and capitalize on a company's mispriced long-term growth potential.

Performance data shown represents past performance and is no guarantee of future results. Past performance is net of management fees and expenses and reflects reinvested dividends and distributions. Investment returns and principal value will fluctuate and when redeemed may be worth more or less than their original cost. Returns for periods less than one year are not annualized. Current performance may be higher or lower and is available through the most recent month end at [harborcapital.com](http://harborcapital.com) or by calling 800-422-1050.

Shares are bought and sold at market price not net asset value (NAV). A fund's NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. Market price returns are based upon the closing composite market price and do not represent the returns you would receive if you traded shares at other times.



### Portfolio Performance

During the quarter, the Harbor International Compounders ETF (HIC) returned 4.70%, outperforming its benchmark, the MSCI All Country World ex-US Index, which returned 2.44%. Our stock selection mainly explains the outperformance, with some value added from sector and regional allocations.

From a sector attribution perspective, the ETF's exposure to individual stocks in Industrials, Materials, and Information Technology had a positive impact on performance, as opposed to individual stocks in Financials and Energy, which negatively impacted the relative performance. From a regional perspective, our exposures to Asia and North America were the main contributors to the outperformance, whereas cash exposure and an underweight allocation to South America dragged overall performance.

### Contributors & Detractors

The three best quarterly contributors were Ferguson, Daikin, and ASML. Ferguson has been strong on the signs that the residential market is improving, with solid demand for heating, ventilation, and air conditioning. This strong demand also helped Daikin, the world leader in heating pumps. Five of the top 10 best investments during the quarter have exposure to the surge in AI applications. Taiwan Semiconductor Manufacturing Company is ramping up the production capacity of computer chips, which bodes well for new sales of ASML's extreme ultraviolet lithography ("EUV") machines.

The three worst performers were Diageo, Deutsche Börse, and Epiroc. Diageo's shares lagged as the U.S. spirits boom coming out of COVID is waning and the Chinese baijiu business has struggled due to the weaker-than-expected reopening of the Chinese economy. The shares of mining equipment maker Epiroc slipped slightly, as metals prices declined.

### Buys & Sells

During the quarter, we sold our position in Vonovia and added to holdings in Epiroc, Adyen, and Vinci. Vonovia has underperformed our expectations. While the underlying German real estate market remains both undervalued and attractive long term, the Vonovia equity case has deteriorated on account of its high leverage and the stretching of its business model to become over-reliant on low interest rates. All three funding recipients have been progressing according to our investment thesis, thereby warranting higher portfolio weightings.

### Domestic and International Funds

The largest sector overweights entering the year were Industrials, Information Technology, and Health Care, while the largest sector underweights were Energy, Financials, and Communication Services. We employ an unconstrained approach regarding sectors and countries, gravitating toward the best long-term opportunities. Country and sector weights are therefore a residual of stock selection. Our analysis is fundamental and bottom-up oriented — company research is where we spend the vast majority of our time.

Our approach is predominantly qualitative, focusing on maximizing the probability that our insights are correct and effectively diversifying client holdings with differing sources of long-term return. In that regard, diversification of themes trumps sector/regional diversification.

### Country Allocation

There were no significant changes in the ETF's sector and regional allocation compared to the benchmark during the quarter.



### Outlook

The debate over whether a recession is imminent or not continues into the second half of 2023, but we spend less time than the average investor focusing on the business cycle, instead thinking about what business models will endure over a longer time frame irrespective of the macro climate. We believe that timing equity markets is difficult and should be left to the very few investors who can continuously do so successfully.

It seems we are yet again entering a world where growth is scarce after 2022, where even poorer business models could deliver outsized growth. This should benefit companies that can structurally and sustainably grow, supported by drivers other than the business cycle — the obesity epidemic in the case of Novo Nordisk, new AI technology fueling productivity gains, or the favorable demographics of India coupled with the universal human striving to own a home.



### Best & Worst Performers

Best Performers	Average Weight %	Return % (NAV)
Ferguson Plc	4.19	20.41
Atlas Copco AB Class A	2.63	14.03
DAIKIN INDUSTRIES LTD.	3.06	14.00
Samsung Electronics Co. Ltd. Sponsored GDR	2.90	12.82
SAP SE	3.32	9.62

Worst Performers	Average Weight %	Return % (NAV)
Epiroc AB Class A	1.78	-4.31
Diageo plc	2.89	-3.86
Deutsche Boerse AG	2.84	-3.85
Keyence Corporation	2.43	-3.06
AIA Group Limited	3.01	-2.74

### Contributors & Detractors

Greatest Contributors	Return % (NAV)	Contribution to Return %
Ferguson Plc	20.41	0.81
DAIKIN INDUSTRIES LTD.	14.00	0.40
ASML Holding NV	6.76	0.38
Samsung Electronics Co. Ltd. Sponsored G	12.82	0.36
HDFC Bank Limited Sponsored ADR	5.46	0.35
<b>Total</b>		<b>2.30</b>

Greatest Detractors	Return % (NAV)	Contribution to Return %
Deutsche Boerse AG	-3.85	-0.12
Diageo plc	-3.86	-0.11
Epiroc AB Class A	-4.31	-0.11
AIA Group Limited	-2.74	-0.08
Keyence Corporation	-3.06	-0.07
<b>Total</b>		<b>-0.50</b>

Performance data shown represents past performance and is no guarantee of future results. Past performance is net of management fees and expenses and reflects reinvested dividends and distributions. Investment returns and principal value will fluctuate and when redeemed may be worth more or less than their original cost. Returns for periods less than one year are not annualized. Current performance may be higher or lower and is available through the most recent month end at [harborcapital.com](http://harborcapital.com) or by calling 800-422-1050.



### Quarterly Attribution:

Harbor International Compounders ETF vs. MSCI All Country World Ex-United States

### Performance

	Portfolio	Benchmark	Active
Return Ex Currency	5.66	3.36	2.31
Currency Contribution	-0.82	-0.92	0.10
<b>Total Return</b>	<b>4.84</b>	<b>2.44</b>	<b>2.40</b>

Sector Attribution	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Industrials	20.69	12.93	7.76	8.18	5.49	2.70	1.65	0.70	0.25	0.53	0.78
Materials	4.34	8.07	-3.73	8.69	-2.73	11.42	0.32	-0.22	0.20	0.50	0.70
Communication Services	0.00	5.73	-5.73	0.00	-4.57	4.57	0.00	-0.28	0.42	0.00	0.42
Information Technology	17.23	11.35	5.88	7.27	6.19	1.09	1.24	0.73	0.23	0.14	0.37
Health Care	15.00	9.83	5.17	3.67	1.49	2.18	0.56	0.14	-0.06	0.35	0.29
Real Estate	0.46	2.09	-1.63	8.58	-2.50	11.08	0.11	-0.05	0.12	0.08	0.19
Consumer Staples	10.76	8.87	1.89	0.78	-0.51	1.29	0.10	-0.06	-0.05	0.14	0.09
Utilities	4.82	3.26	1.57	4.80	3.66	1.14	0.23	0.12	0.02	0.05	0.07
Consumer Discretionary	9.02	11.83	-2.81	1.44	1.62	-0.18	0.15	0.20	0.02	-0.02	-0.01
Energy	0.00	5.56	-5.56	0.00	3.41	-3.41	0.00	0.18	-0.05	0.00	-0.05
Financials	17.01	20.48	-3.47	2.78	4.86	-2.08	0.50	0.97	-0.07	-0.36	-0.43
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>4.84</b>	<b>2.44</b>	<b>2.40</b>	<b>4.84</b>	<b>2.44</b>	<b>0.99</b>	<b>1.41</b>	<b>2.40</b>

# Harbor International Compounders ETF

ATTRIBUTION

As of 06/30/2023



Quarterly Attribution:  
Harbor International Compounders ETF vs. MSCI All Country World Ex-United States

## Country Attribution

	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
China	0.00	8.31	-8.31	0.00	-9.82	9.82	0.00	-0.87	1.10	0.00	1.10
United Kingdom	14.20	9.67	4.53	6.98	2.19	4.79	0.97	0.21	-0.02	0.69	0.67
Netherlands	7.46	2.93	4.54	7.21	4.14	3.08	0.58	0.13	0.09	0.26	0.35
France	14.24	8.08	6.16	5.39	3.23	2.16	0.59	0.25	-0.04	0.28	0.24
South Korea	2.90	3.38	-0.48	12.82	4.43	8.39	0.36	0.16	-0.01	0.24	0.22
Sweden	7.05	2.14	4.91	4.15	-1.18	5.33	0.27	-0.02	-0.22	0.39	0.17
Australia	0.00	4.75	-4.75	0.00	0.07	-0.07	0.00	0.00	0.12	0.00	0.12
Germany	10.67	5.57	5.10	3.57	2.80	0.78	0.40	0.16	0.03	0.09	0.11
United States	0.46	0.02	0.45	3.03	43.16	-40.13	0.13	0.01	-0.51	0.61	0.10
Taiwan	3.00	4.22	-1.22	8.86	4.52	4.34	0.27	0.20	-0.02	0.12	0.10
Singapore	0.00	0.95	-0.95	0.00	-5.53	5.53	0.00	-0.05	0.08	0.00	0.08
South Africa	0.00	0.92	-0.92	0.00	-4.92	4.92	0.00	-0.05	0.07	0.00	0.07
Finland	0.00	0.61	-0.61	0.00	-8.09	8.09	0.00	-0.05	0.07	0.00	0.07
Indonesia	3.04	0.55	2.49	4.59	2.79	1.80	0.15	0.02	0.01	0.05	0.07
Thailand	0.00	0.57	-0.57	0.00	-8.21	8.21	0.00	-0.05	0.06	0.00	0.06
Belgium	0.00	0.63	-0.63	0.00	-6.12	6.12	0.00	-0.04	0.06	0.00	0.06
Malaysia	0.00	0.39	-0.39	0.00	-8.37	8.37	0.00	-0.03	0.05	0.00	0.05
Israel	0.00	0.42	-0.42	0.00	-3.95	3.95	0.00	-0.02	0.03	0.00	0.03
Turkey	0.00	0.16	-0.16	0.00	-10.67	10.67	0.00	-0.02	0.02	0.00	0.02
Norway	0.00	0.42	-0.42	0.00	-1.00	1.00	0.00	0.00	0.02	0.00	0.02
Qatar	0.00	0.25	-0.25	0.00	-2.40	2.40	0.00	-0.01	0.01	0.00	0.01
New Zealand	0.00	0.14	-0.14	0.00	-6.01	6.01	0.00	-0.01	0.01	0.00	0.01
Kuwait	0.00	0.23	-0.23	0.00	-0.92	0.92	0.00	0.00	0.01	0.00	0.01
Philippines	0.00	0.19	-0.19	0.00	-1.29	1.29	0.00	0.00	0.01	0.00	0.01
Portugal	0.00	0.14	-0.14	0.00	-1.07	1.07	0.00	0.00	0.01	0.00	0.01
Czech Republic	0.00	0.05	-0.05	0.00	-5.14	5.14	0.00	0.00	0.00	0.00	0.00
Chile	0.00	0.15	-0.15	0.00	2.40	-2.40	0.00	0.00	0.00	0.00	0.00
Egypt	0.00	0.02	-0.02	0.00	3.92	-3.92	0.00	0.00	0.00	0.00	0.00
Ireland	0.00	0.70	-0.70	0.00	2.37	-2.37	0.00	0.02	0.00	0.00	0.00
Austria	0.00	0.12	-0.12	0.00	4.35	-4.35	0.00	0.01	0.00	0.00	0.00
Colombia	0.00	0.03	-0.03	0.00	11.73	-11.73	0.00	0.00	0.00	0.00	0.00
Peru	0.00	0.07	-0.07	0.00	6.46	-6.46	0.00	0.00	0.00	0.00	0.00
United Arab Emirates	0.00	0.36	-0.36	0.00	5.80	-5.80	0.00	0.02	-0.01	0.00	-0.01
Hungary	0.00	0.06	-0.06	0.00	24.77	-24.77	0.00	0.01	-0.01	0.00	-0.01
Spain	1.92	1.67	0.25	4.52	5.57	-1.05	0.08	0.09	0.01	-0.02	-0.01
Denmark	7.08	2.00	5.08	1.72	1.65	0.07	0.13	0.03	-0.04	0.02	-0.02
Greece	0.00	0.12	-0.12	0.00	23.85	-23.85	0.00	0.03	-0.02	0.00	-0.02
Mexico	0.00	0.75	-0.75	0.00	5.59	-5.59	0.00	0.04	-0.02	0.00	-0.02
Hong Kong	3.01	1.73	1.28	-2.74	-4.93	2.18	-0.08	-0.08	-0.10	0.07	-0.03
Saudi Arabia	0.00	1.14	-1.14	0.00	6.30	-6.30	0.00	0.07	-0.04	0.00	-0.04
Poland	0.00	0.22	-0.22	0.00	24.50	-24.50	0.00	0.05	-0.04	0.00	-0.04
Italy	0.00	1.61	-1.61	0.00	8.21	-8.21	0.00	0.13	-0.09	0.00	-0.09
Canada	0.00	7.51	-7.51	0.00	3.69	-3.69	0.00	0.28	-0.10	0.00	-0.10
India	6.23	3.80	2.44	5.46	12.23	-6.78	0.35	0.45	0.24	-0.40	-0.16
Switzerland	4.34	6.60	-2.25	0.23	4.02	-3.80	0.02	0.26	-0.02	-0.17	-0.19

Past performance is not a guarantee of future results.

Quarterly Attribution:  
Harbor International Compounders ETF vs. MSCI All Country World Ex-United States

Country Attribution

Brazil	0.00	1.43	-1.43	0.00	20.67	-20.67	0.00	0.27	-0.24	0.00	-0.24
Japan	13.72	14.26	-0.54	4.44	6.42	-1.99	0.62	0.90	-0.01	-0.29	-0.30
Cash	0.67	0.00	0.67	0.34	0.00	0.34	0.00	0.00	-0.03	0.00	-0.03
Total	100.00	100.00	0.00	4.84	2.44	2.40	4.84	2.44	-0.08	2.49	2.40



### Risks

Investing involves risk, principal loss is possible. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. Harbor ETFs are new and have limited operating history to judge.

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. A non-diversified Fund may invest a greater percentage of its assets in securities of a single issuer, and/or invest in a relatively small number of issuers, it is more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio.

The subadvisor considers certain ESG factors in evaluating company quality which may result in the selection or exclusion of securities for reasons other than performance and the Fund may underperform relative to other funds that do not consider ESG factors.

### Benchmarks

The MSCI All Country World Ex. US (ND) Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance in the global developed and emerging markets, excluding the U.S. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

### Disclosures

Expense ratio information is as of the Fund's current prospectus, as supplemented. Gross expenses are the Fund's total annual operating expense.

All holdings-related data is provided by FactSet. Because FactSet relies on external sources for its data, that data may differ slightly from actual values maintained by Harbor Funds.

Due to the security valuation procedures of the Fund and intra-day trading activity not included in the FactSet calculations, the actual returns may vary. From time to time the cash return in the portfolio may appear distorted based on the way FactSet's attribution calculation methodology addresses delayed settlements.

Best and Worst Performers sections reflect stocks in the portfolio for the quarter with an average weight of 0.25% or greater.

Views expressed herein are drawn from commentary provided to Harbor by the subadvisor and may not be reflective of their current opinions or future actions, are subject to change without prior notice, and should not be considered investment advice.

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

As a result of changing market conditions, total net asset levels, expenses and other statistics may change at any time and may differ from those shown.

The total amount shown for sector, industries, or country holdings may be greater than 100% because of the inclusion of derivatives and the collateral securities supporting those instruments.

Sector allocations are determined using the Global Industry Classification Standard (GICS), which is a service of Morgan Stanley Capital International (MSCI) and Standard & Poor's (S&P).

**Investors should carefully consider the investment objectives, risks, charges and expenses of a fund before investing. To obtain a summary prospectus or prospectus for this and other information, visit [harborcapital.com](http://harborcapital.com) or call 800-422-1050. Read it carefully before investing.**

**C WorldWide Asset Management is a third-party subadvisor to the Harbor International Compounders ETF.**

**Foreside Fund Services, LLC is the Distributor of the Harbor ETFs.**

### Attribution Disclosures

Linked Performance by Sectors data is produced from FactSet using data supplied by State Street Bank and Trust Company.

Allocation Effect is the portion of portfolio excess return that is attributable to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the average percent capitalization of the portfolio's group minus the average percent cap of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark.

Active Currency Contribution is the Currency Contribution of the portfolio minus the Currency Contribution of the benchmark.

Average Weight is the dollar value (price times the shares held) of the security or group, divided by the total dollar value of the entire portfolio displayed as a percentage. It is calculated as the simple arithmetic average of daily values.

Contribution to Return is the contribution of a security or group to the overall portfolio return. It is calculated as the security weight multiplied by the daily security return linked daily across the reporting period.

Currency Contribution is Total Return in USD subtracting out the Local Returns.

Local Returns are the Total Return of the portfolio or benchmark using the local currency.

Selection Effect is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's security selection effect equals the average weight of the benchmark's group times the total return of the portfolio's group minus the total return of the benchmark's group.

Total Effect is the sum of Allocation Effect and Selection Effect. The total effect represents the opportunity cost of what was done in a group relative to the overall portfolio. It is not just the difference between percent contribution in the portfolio and benchmark. At the overall portfolio level, the two numbers are equal. At the group level, they can be different.

Total Return is the price change of a security or group including dividends accrued over the report period (or the in-portfolio return) which includes only the time period that each security was in the portfolio.

### Definitions

Median Market Cap: The median size of the companies in a portfolio or index as measured by the market value of outstanding shares.

Weighted Average Market Capitalization: The average size of the companies in a portfolio or index as measured by the market value of outstanding shares.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share.

The Est 3-5 Yr EPS Growth (%) is the estimated growth of earnings per share over the next 3-5 years, using pre-calculated mean long-term EPS growth rate estimates, which are calculated using each individual broker's methodology, from FactSet, First Call, I/B/E/S Consensus, and Reuters. Forward looking estimates may not come to pass.

% EPS Growth - Past 3 Year: Earnings per share refers to the bottom-line measure of a company's profitability defined as net income divided by the number of outstanding shares.

The Adjusted Trailing P/E (price-to-earnings) Ratio is the closing stock price divided by the sum of the last 12 months actual EPS.

Forecasted P/E Ratio: a measure of the P/E (price-to-earnings) ratio using forecasted earnings for the P/E calculation.

Return on Equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity.

The Price/Book (price-to-book) Ratio evaluates a firm's market value relative to its book value.

All P/E, ROE and P/B statistics are calculated as weighted medians.