



## Harbor PanAgora Dynamic Large Cap Core ETF (INFO)

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### STANDARD RFI

**Harbor Capital Advisors, Inc.**

(Adviser)

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(Distributor)

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(Subadvisor)

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### BACKGROUND INFORMATION

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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 offers investors 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 underlying Harbor strategies.

Our arrangements with subadvisors, 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.

## SUBADVISOR & INVESTMENT TEAM

### SUBADVISOR STRUCTURE

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The subadvisor for the **Harbor PanAgora Dynamic Large Cap Core ETF (INFO)** is PanAgora Asset Management, Inc. ("PanAgora").

PanAgora is a Boston-based investment firm founded in 1989, specializing in quantitative investing. Their proprietary approach is designed to capitalize on inefficiencies across market cycles and to deliver appealing relative and absolute returns. PanAgora's roots in managing money for large public pension plans and sovereign wealth funds underscore the institutional caliber and robustness of their approach.

All ownership interests of PanAgora are owned by PanAgora employees and Power Corporation of Canada, indirectly through its subsidiaries. Specifically, PanAgora employees may own up to 20% of PanAgora's economic interests via PanAgora's Management Equity Plan. Power Corporation, indirectly through its subsidiaries, owns all residual economic interests of PanAgora and 100% of PanAgora's voting interests.

## PORTFOLIO MANAGERS

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The portfolio managers are jointly and primarily responsible for the day-to-day investment decision making for the Fund.

### **Jaime H. Lee, Ph.D.**

*Managing Director & Head of Dynamic Equity Investments*

Dr. Lee joined PanAgora in 2015 and is a Managing Director and leads the Dynamic Equity Team. Dr. Lee is also a member of the firm's Operating and Directors Committees. Prior to joining PanAgora, Dr. Lee was a Managing Director of the Scientific Active Equity team at BlackRock, Inc. Dr. Lee joined Barclays Global Investors in 2007, which merged with BlackRock in 2009. While at BGI/BlackRock, she managed the Emerging Markets strategies and led the Emerging Markets portfolio management team. Her prior experience includes a role as a Senior Portfolio Manager at Barclays Global Investors as well as Research and Portfolio Management roles at Quantal Asset Management, managing international equity strategies. Dr. Lee began her investment career in 2005.

### **George D. Mussalli, CFA**

*Global Chief Investment Officer*

Mr. Mussalli joined PanAgora in 2004 and is the Global Chief Investment Officer. He is also a member of the firm's Investment, Operating, Risk, Directors' and Sustainability Committees. Prior to becoming the Global Chief Investment Officer, Mr. Mussalli served as Chief Investment Officer of Equity Investments and Head of PanAgora's Stock Selector strategies. Before joining PanAgora, he was a Portfolio Manager on the Putnam Investments Structured Equity team, where he was responsible for Structured Equity portfolios. Prior to joining Putnam, Mr. Mussalli worked as a Senior Investment Analyst at John Hancock Funds. He began his investment career in 1995.

## HARBOR PANAGORA DYNAMIC LARGE CAP CORE ETF (INFO)

### OBJECTIVE

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The **Harbor PanAgora Dynamic Large Cap Core ETF (INFO)** seeks long-term total return by investing primarily in equity securities, principally common stocks and preferred stocks of large cap companies.

### OVERVIEW

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The **Harbor PanAgora Dynamic Large Cap Core ETF (INFO)** is an actively managed quantitative strategy that aims to maintain beta exposure while generating consistent alpha.

INFO is managed by PanAgora, one of the leaders in the quant space with over 35 years of experience. The firm leverages research and an extensive alpha factor library to drive a fundamentally-based systematic investment process.

### INVESTMENT PHILOSOPHY

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PanAgora's Dynamic U.S. Large Cap Core Equity is a quantitative core strategy with an investment philosophy that is built upon the belief that behavioral biases of investors create pricing inefficiencies in equity markets. By exploiting these systematic inefficiencies, they seek to create profits and outperform the market.

PanAgora's systematic strategy is driven primarily by a bottom-up approach that integrates fundamental and quantitative techniques with risk management tools. The strategy seeks to generate

attractive excess returns using PanAgora’s proprietary contextual alpha modeling approach which recognizes that predictors of return vary for each individual stock. The strategy incorporates a diverse set of uncorrelated fundamentally and economically driven alpha factors to build unique models for each stock in its investible universe.

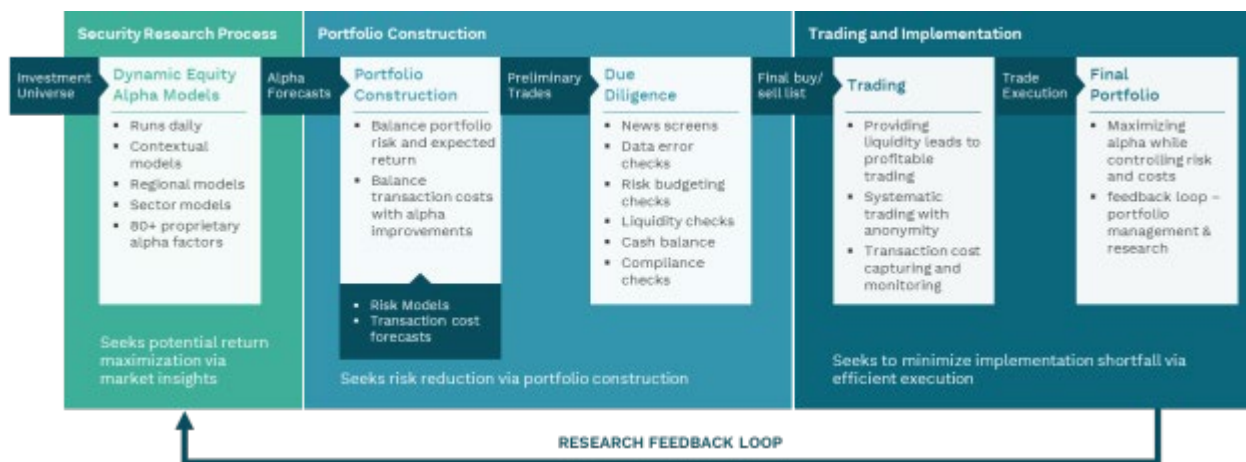
The Dynamic Equity philosophy and underlying Contextual Modeling approach was created under the leadership of Eric Sorensen, Ph.D., PanAgora’s Vice Chair, who served as PanAgora’s President & CEO for 20 years through September 2024. The original research regarding Contextual Modeling was conducted under Dr. Sorensen’s leadership and incorporated the contributions from senior members of both PanAgora’s Equity and Multi Asset investment teams. The results ultimately were published in the Fall 2005 edition of the *Journal of Portfolio Management* in a research paper titled, “Contextual Fundamentals, Models, and Active Management: Improving on one-size-fits-all.” It is based on the belief that more rigorous approaches to quantitative investing are necessary to generate consistently attractive risk-adjusted returns over time. The underlying philosophy and investment thesis of the Dynamic Equity strategies has not significantly changed since their inception; however, the Dynamic Equity investment team is constantly incorporating new research ideas in order to improve and enhance the models and factors.

## INVESTMENT PROCESS

PanAgora uses essentially three steps in building their Dynamic Equity portfolios:

1. Security research and alpha forecast: forecast an alpha score for every stock in each strategy’s investible universe and rank stocks based on this alpha score.
2. Portfolio construction: construct portfolios using proprietary optimization methods to generate well-balanced portfolios.
3. Trading and implementation: efficient execution designed to minimize portfolio transaction costs while preserving alpha.

Each of these building blocks is shown below:



## RESEARCH PROCESS

PanAgora’s research ideas are generated from multiple sources, including the observation of the interaction between markets and portfolios, academic or industry research publications, and discovery of new data sources. The feedback loop between markets and portfolio implementation has been an especially important source for research ideas. A discussion of ideas regarding the improvement of existing factors or the initiation of research on a new factor not captured by the model is triggered when portfolio managers observe and identify model inefficiencies that encompass certain themes.

PanAgora believes a key driver of what can make Dynamic Equity's approach successful is PanAgora's in-house research. The research function is integrated within the portfolio management team; as such, both portfolio managers and analysts are responsible for generating research, and all members are responsible for critiquing and monitoring the results. The benefits of the integrated research structure are enhanced connectivity through the feedback loop between portfolio implementation and research. This allows the team to quickly incorporate new market developments while managing portfolios and to implement new, well-vetted research results into the alpha model.

PanAgora's Dynamic Equity investment team stays abreast of quantitative academic research topics by participating in quantitative conferences and reviewing research papers. The general insights garnered from these sources are used to support the investment team's research initiatives. PanAgora does not use external research sources; however, they use the insight garnered by external experts to support their internally developed research projects.

The Dynamic Equity investment team ensures research is relevant to the market and intuitive from a fundamental and economic perspective. The research focus of the Dynamic Equity team is to continuously improve the alpha models and factors deployed by the strategy, and to develop new data sources that they believe are not commonly used by other market participants and competitors.

The Dynamic Equity investment team is constantly incorporating new research ideas in order to improve and enhance the models and factors. Further, the team is always researching new data sources that are novel among their quantitative peers. New research results and factors are incorporated to refresh and update their models.

## FUND HIGHLIGHTS

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**Experienced quantitative equity manager.** PanAgora's research-oriented, systematic and bottom-up alpha model has been in place for over 20 years.

**Differentiated approach.** PanAgora leverages a strong research platform, an extensive alpha factor library, and complex technology to drive a systematic investment process. PanAgora's proprietary Contextual Alpha Model seeks to capture the individual alpha drivers of each company, based on its fundamental characteristics.

**Potential Uncorrelated Returns.** It is our view that INFO's emphasis on stock selection rather than market trends can potentially lend itself to attractive, uncorrelated results relative to other active managers in the space.

## ETF STRUCTURE

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- **Cost Effective:** INFO is a cost-efficient way to gain access to large cap equities.
- **Liquid:** The ETF vehicle can be traded throughout the day, which provides intra-day liquidity for shareholders.
- **Tax-efficient:** Due to the in-kind exchange of shares, the ETF vehicle may allow for greater tax efficiency and reduced costs.
- **Transparent:** The availability of daily holdings may allow investors to make more informed investment decisions.

## VEHICLE INFORMATION

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The **Harbor PanAgora Dynamic Large Cap Core ETF** inception in October 2024 and is currently available as an active ETF (Ticker: INFO).

| <b>Ticker Symbol</b>        | <b>INFO</b>                     |
|-----------------------------|---------------------------------|
| <b>Cusip</b>                | 41151J745                       |
| <b>Total Expense Ratio</b>  | 0.35%                           |
| <b>Inception Date</b>       | 10/09/2024                      |
| <b>Listing Date</b>         | 10/10/2024                      |
| <b>Manager Name</b>         | PanAgora Asset Management, Inc. |
| <b>Listed Exchange</b>      | NYSE                            |
| <b>Active/Passive</b>       | Active                          |
| <b>Benchmark</b>            | S&P 500 Index                   |
| <b>Lead Market Maker</b>    | Virtu                           |
| <b>Morningstar Category</b> | Large Cap Core                  |

For complete details on Harbor PanAgora Dynamic Large Cap Core ETF (INFO), including fees and expenses, please contact your Harbor representative and/or refer to the Fund's prospectus available at [harborcapital.com](https://harborcapital.com).

## DISCLOSURE

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Responses regarding the Harbor organization have been provided by Harbor Funds Distributors, Inc. Responses relating to the investment team of the Harbor PanAgora Dynamic Large Cap Core ETF (INFO) including the process for making portfolio decisions and effecting the purchase and sale of securities held by the ETF, or any specific operational aspects of the subadvisor are provided by the subadvisor to the ETF 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.

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

ETFs are subject to capital gains tax and taxation of dividend income. However, ETFs are structured in such a manner that taxes are generally minimized for the holder of the ETF. An ETF manager accommodates investment inflows and outflows by creating or redeeming "creation units," which are baskets of assets. As a result, the investor usually is not exposed to capital gains on any individual security in the underlying portfolio. However, capital gains tax may be incurred by the investor after the ETF is sold. 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.

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.

**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](http://harborcapital.com) or by calling 800-422-1050. Read it carefully before investing.**

PanAgora Asset Management, Inc. is a third-party subadvisor to the Harbor PanAgora Dynamic Large Cap Core ETF.

**Foreside Fund Services, LLC is the Distributor of the Harbor PanAgora Dynamic Large Cap Core ETF.**

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