

HARBOR HUMAN CAPITAL FACTOR US LARGE CAP ETF

Harbor Capital Advisors, Inc.

Advisor Since 10/12/2022

Ticker: HAPI
CUSIP: 41151J877
Net Expense Ratio: 0.35%
Gross Expense Ratio: 0.35%
Total Net Assets: \$367,243,416
Benchmark 1 Name: CIBC Human Capital Index
Benchmark 2 Name: S&P 500 Index

Portfolio Managers



Steve Cook



Jim Erceg

Investment Philosophy

The Human Capital Factor US Large Cap ETF (HAPI) seeks to provide investment results that correspond, before fees and expenses, to the performance of the CIBC Human Capital Index (the "Index"). The Fund employs an indexing investment approach designed to track the performance of the Index. The Fund invests at least 80% of its total net assets in securities that are included in the Index.

The Index consists of a modified market capitalization-weighted portfolio of equity securities of approximately 150 U.S. companies identified by Irrational Capital as those it believes to possess strong corporate culture based on its proprietary scoring methodology. The Index was developed by the Canadian Imperial Bank of Commerce (CIBC, the "Index Provider").

Irrational Capital calculates the Human Capital Factor scores based on a proprietary, rules-based scoring methodology it developed by leveraging its research in behavioral science, data science and human capital. The scoring methodology seeks to quantitatively measure the contribution of a company's corporate culture to its financial performance.

CHARACTERISTICS & ALLOCATION

As of 12/31/2024

Portfolio Characteristics

	Portfolio	Bench 1	Bench 2
Number of Holdings	152	152	503
Wtd Avg Market Cap (\$Mil)	1,085,060.30	1,085,126.90	1,117,118.40
Median Market Cap (\$Mil)	57,092.00	57,092.00	37,128.00
Price/Book Ratio	8.90	8.90	8.90
Adjusted Trailing P/E Ratio	33.40	33.40	34.40
% EPS Growth - Past 3 Yr	25.10	25.30	25.10
Est 3-5 Yr EPS Growth Rate (%)	14.50	14.50	14.20
Return on Equity (%)	27.36	27.36	25.70
Beta vs. Fund Benchmark	1.01		
Forecasted P/E Ratio	27.30	27.20	28.20

Economic Sectors

	Portfolio %	Bench 1 %	Bench 2 %
Information Technology	28.39	28.38	32.49
Financials	14.47	14.47	13.63
Communication Services	13.15	13.14	9.37
Health Care	11.39	11.39	10.08
Consumer Discretionary	10.92	10.91	11.25
Industrials	8.10	8.10	8.14
Consumer Staples	4.79	4.79	5.53
Energy	3.25	3.25	3.18
Utilities	2.16	2.16	2.33
Real Estate	1.85	1.85	2.08
Materials	1.54	1.54	1.91

Top 10 Holdings

	Portfolio %	Bench 1 %	Bench 2 %
NVIDIA Corporation	7.74	7.74	6.61
Apple Inc.	5.79	5.79	7.60
Amazon.com Inc.	5.46	5.46	4.12
Microsoft Corporation	4.38	4.38	6.29
JPMorgan Chase & Co.	3.92	3.92	1.36
Alphabet Inc. Class A	3.47	3.47	2.22
Meta Platforms Inc Class A	3.42	3.41	2.56
Eli Lilly and Company	3.08	3.08	1.22
Alphabet Inc. Class C	3.04	3.04	1.82
Mastercard Incorporated Class A	2.58	2.58	0.87
Total	42.88	42.87	34.67

Top 10 Industries

	Portfolio %	Bench 1 %	Bench 2 %
Semiconductors	11.00	11.00	11.46
Software	10.89	10.88	10.43
Interactive Media	9.93	9.92	6.62
Broadline Retail	6.43	6.43	4.18
Pharmaceuticals	6.29	6.29	3.14
Tech Hardware Storage	6.06	6.06	7.95
Banks	5.70	5.70	3.39
Capital Markets	4.05	4.05	3.15
Hotels Rest & Leisure	3.54	3.53	1.95
Health Care Equip	3.05	3.05	2.26
Total	66.94	66.91	54.53

Market Capitalization

	Portfolio %	
Large	Above 25.0B	95.84
	10.0B - 25.0B	4.18
Mid	5.0B - 10.0B	0.01
	1.0B - 5.0B	0.00
Small	0.0 - 1.0B	0.00

Harbor Human Capital Factor US Large Cap ETF



PERFORMANCE

As of 12/31/2024

Average Annual Returns

	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date
Harbor Human Capital Factor US Large Cap ETF (NAV)	2.72%	27.48%	27.48%	N/A	N/A	N/A	30.71%	10/12/2022
Harbor Human Capital Factor US Large Cap ETF (Market)	2.84%	27.63%	27.63%	N/A	N/A	N/A	30.77%	10/12/2022
CIBC Human Capital Index	2.80%	27.91%	27.91%	N/A	N/A	N/A	31.12%	10/12/2022
S&P 500 Index	2.41%	25.02%	25.02%	N/A	N/A	N/A	27.03%	10/12/2022

MANAGER COMMENTARY

As of 12/31/2024

“Fixed-income markets experienced elevated volatility in the quarter, driven by increased geopolitical tensions, fluctuating inflation expectations, and changes in central bank policies.”

Harbor Multi-Assets Solutions Team

Market in Review

The fourth quarter of 2024 delivered mixed investment results across risk assets, with investor focus squarely centered on the U.S. elections and resulting policy as the prevailing driver of asset returns. U.S. equities added to gains from previous quarters, as the S&P 500 Index returned 2.41%, extending year-to-date gains to 25.02%. Small caps continued to lag their larger peers, with the Russell 2000® Index returning 0.33% in the quarter.

U.S. equities were supported by expectations that Trump’s economic policies would increase growth, lower taxes, and reduce regulation. Within the U.S. market, momentum continued as growth equities outperformed value peers; Information Technology and Consumer sectors also performed strongly. International equities lagged U.S. peers, as the prospect of Trump’s proposed policy to increase tariffs on goods imported to the United States weighed on shares.

Fixed-income markets experienced elevated volatility in the quarter, driven by increased geopolitical tensions, fluctuating inflation expectations, and changes in central bank policies. U.S. Treasuries sold off with concerns arising from an inflationary Trump policy agenda and sticky inflationary measures, leading markets to anticipate fewer rate cuts in 2025 and bond yields to rise in sympathy. The Federal Reserve (“Fed”) did cut rates for the third consecutive meeting, but Fed Chairman Powell acknowledged there may be fewer cuts ahead than previously expected due to inflationary pressures. In Europe, central banks continued to cut rates, but fears of government instability in France and budgetary concerns in the United Kingdom dampened bond returns.

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 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.

Harbor Human Capital Factor US Large Cap ETF



MANAGER COMMENTARY

As of 12/31/2024

Portfolio Performance

During the fourth quarter, the Harbor Human Capital Factor US Large Cap ETF (“ETF”) returned 2.72%, (at NAV) slightly underperforming its benchmark, the CIBC Human Capital Index, which returned 2.80%.

The ETF employs an indexing investment approach designed to track the performance of the CIBC Human Capital Index (the “Index”). This quarter’s performance placed the ETF in the top quintile of Large Blend Morningstar peers, where the median return was 1.9%.

Contributors and Detractors

During the quarter, the top contributors to performance included JPMorgan Chase, Amazon, and a lack of exposure to UnitedHealth Group, which holds a 1.05% position in the S&P 500 Index. Contrarily, a lack of exposure to Tesla and Broadcom and a 3.3% position in Eli Lilly were the top detractors.

Buys and Sells

Not applicable. The Index uses a rules-based methodology that was developed by CIBC World Markets Inc. based on Professor Dan Ariely and Irrational Capital (IC)’s research in behavioral science and human capital. The Index is reconstituted and rebalanced annually to modified market capitalization weight. At quarter end, HAPI owned 153 securities with 43% in the top 10.

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Harbor Human Capital Factor US Large Cap ETF



QUARTERLY ATTRIBUTION

As of 12/31/2024

Best & Worst Performers

Best Performers	Average Weight %	Return % (NAV)
MARVELL TECHNOLOGY INC	0.25	53.27
LULULEMON ATHLETICA INC	0.32	40.93
GE VERNOVA INC	0.46	29.10
EXPEDIA GROUP INC	0.24	25.88
NETFLIX INC	1.11	25.67

Worst Performers	Average Weight %	Return % (NAV)
ADVANCED MICRO DEVICES	0.69	-26.38
DOW INC	0.31	-25.38
FREEMPORT-MCMORAN INC	0.63	-23.48
APPLIED MATERIALS INC	0.81	-19.33
AMGEN INC	0.94	-18.46

Contributors & Detractors

Greatest Contributors	Return % (NAV)	Contribution to Return %
NVIDIA CORP	10.59	0.83
AMAZON.COM INC	17.74	0.79
JPMORGAN CHASE & CO	14.36	0.50
ALPHABET INC-CL A	14.27	0.41
APPLE INC	7.60	0.36
Total		2.89

Greatest Detractors	Return % (NAV)	Contribution to Return %
ELI LILLY & CO	-12.71	-0.45
JOHNSON & JOHNSON	-10.05	-0.21
ADVANCED MICRO DEVICES	-26.38	-0.20
AMGEN INC	-18.46	-0.18
APPLIED MATERIALS INC	-19.33	-0.17
Total		-1.22

Harbor Human Capital Factor US Large Cap ETF



ATTRIBUTION

As of 12/31/2024

Quarterly Attribution:

Harbor Human Capital Factor US Large Cap ETF vs CIBC Human Capital Factor Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	2.80	2.80	0.00
Currency Contribution	0.00	0.00	0.00
Total Return	2.80	2.80	0.00

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
Communication Services	10.85	10.85	0.00	11.52	11.52	0.00	1.13	1.13	0.00	0.00	0.00
Consumer Discretionary	10.47	10.47	0.00	11.28	11.28	0.00	1.10	1.10	0.00	0.00	0.00
Consumer Staples	4.99	4.99	0.00	-8.38	-8.38	0.00	-0.44	-0.44	0.00	0.00	0.00
Energy	3.36	3.36	0.00	2.05	2.05	0.00	0.09	0.09	0.00	0.00	0.00
Financials	14.18	14.18	0.00	10.34	10.34	0.00	1.39	1.39	0.00	0.00	0.00
Health Care	11.89	11.89	0.00	-7.40	-7.40	0.00	-0.90	-0.90	0.00	0.00	0.00
Industrials	8.42	8.43	0.00	-2.71	-2.71	0.00	-0.18	-0.18	0.00	0.00	0.00
Materials	1.74	1.74	0.00	-17.32	-17.32	0.00	-0.31	-0.31	0.00	0.00	0.00
Real Estate	1.91	1.91	0.00	-6.52	-6.52	0.00	-0.13	-0.13	0.00	0.00	0.00
Utilities	2.26	2.26	0.00	-6.81	-6.81	0.00	-0.15	-0.15	0.00	0.00	0.00
Information Technology	29.91	29.91	0.00	4.14	4.14	0.00	1.22	1.22	0.00	0.00	0.00
Total	100.00	100.00	0.00	2.80	2.80	0.00	2.80	2.80	0.00	0.00	0.00

Performance data shown represents past performance and is no guarantee of future results.

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IMPORTANT INFORMATION

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. The Fund may not exactly track the performance of the Index with perfect accuracy at all times. Tracking error may occur because of pricing differences, timing and costs incurred by the fund or during times of heightened market volatility.

The Fund relies on the Index provider's methodology in assessing whether a company may be considered a corporate culture leader. There is no guarantee that the construction methodology will accurately assess a company to include or exclude it from the index which could have an adverse effect on the Fund's returns. The Fund's assets may be concentrated in a particular sector or industries to the extent the Index is concentrated and is subject to the risk that economic, political, or other market conditions that have a negative effect on that sector or industry will negatively impact the value of the Fund.

Companies in the information technology sector can be significantly affected by short product cycles, obsolescence of existing technology, impairment or loss of intellectual property rights, falling prices and profits, competition from new market entrants, government regulation and other factors.

Benchmarks

The CIBC Human Capital Index consists of a modified market-weighted portfolio of the equity securities of U.S. companies identified by Irrational Capital LLC ("Irrational Capital") as those it believes to possess strong corporate culture based on its proprietary scoring methodology. Constituents eligible are chosen from Solactive GBS United States 500 Index (the "index universe") at the time of Index reconstitution. The Solactive GBS United States 500 Index intends to track the performance of the largest 500 companies from the US stock market. The index listed is unmanaged and does not reflect fees and expenses and is not available for direct investment.

The S&P 500 Index is an unmanaged index generally representative of the U.S. market for large capitalization equities. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

The Russell 2000® Index measures the performance of the small-cap segment of the US equity universe. It is a subset of the Russell 3000® and includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell 2000® Index and Russell® are trademarks of Frank Russell Company.

Disclosures

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

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.

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.

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.

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 or call 800-422-1050. Read it carefully before investing.

Forside Fund Services, LLC is the Distributor of the Harbor ETFs.

Harbor Human Capital Factor US Large Cap ETF



IMPORTANT INFORMATION

Attribution Disclosures

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

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

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.

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

Beta is a measure of systematic risk, or the sensitivity of a fund to movements in the benchmark. A beta of 1 implies that the expected movement of a fund's return would match that of the benchmark used to measure beta.

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.