Harbor Scientific Alpha High-Yield ETF

Ticker: SIHY | February 2023

**Fund Highlights**

**Scientifically Driven.** Powered by an investment process that is evidence based, data-driven, economically intuitive, and grounded in the scientific method.

**Alpha + Yield Focused.** Actively managed to target outperformance versus the benchmark by applying proprietary quantitative investment insights to drive performance while delivering high yield income to investors.

**Risk Managed.** Structured to target compelling risk-adjusted returns versus the benchmark in a liquid, diversified portfolio while seeking to maintain a similar risk profile of the benchmark.

**Portfolio Optimized.** Seeks to maximize alpha while controlling for risk and transaction costs.

**Diversifying Potential.** May offer benefits of a complementary return stream that provides low correlated alpha to traditionally managed active high yield strategies.

<table>
<thead>
<tr>
<th>Ticker Symbol</th>
<th>SIHY</th>
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<tbody>
<tr>
<td>Cusip</td>
<td>41151J109</td>
</tr>
<tr>
<td>Expense (%)</td>
<td>0.48</td>
</tr>
<tr>
<td>Inception Date</td>
<td>9/14/2021</td>
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<tr>
<td>Listing Date</td>
<td>9/16/2021</td>
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<tr>
<td>Manager Name</td>
<td>BlueCove</td>
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<tr>
<td>Initial Offering Price</td>
<td>$50.00</td>
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<tr>
<td>Listed Exchange</td>
<td>NYSE</td>
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<tr>
<td>Active/Passive</td>
<td>Active</td>
</tr>
<tr>
<td>Benchmark</td>
<td>ICE BofA US High Yield Index</td>
</tr>
<tr>
<td>Lead Market Maker</td>
<td>Jane Street</td>
</tr>
<tr>
<td>Income Distribution Frequency</td>
<td>Monthly</td>
</tr>
<tr>
<td>Morningstar Category</td>
<td>High-Yield Bond</td>
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**Overview**

The Harbor Scientific Alpha High-Yield ETF (SIHY) is an actively managed fixed income strategy that seeks to outperform the benchmark through employing a structured investment process that utilizes a proprietary model-based framework in the security selection of below investment-grade (high yield) bonds.

**Objective**

The Harbor Scientific Alpha High-Yield ETF (SIHY) seeks total return with an objective to provide total returns in excess of its benchmark while maintaining a risk profile consistent with that of the broader high yield market. It will seek to achieve this objective by mainly investing in below investment grade (high yield) corporate bonds.

**ETF Structure**

- **Cost Effective:** SIHY is a cost-efficient solution to gaining access to a diversified, institutional caliber, actively managed, and cutting-edge high yield fixed income strategy focused on achieving a total return in excess of the benchmark.

- **Liquid:** The ETF vehicle offers an extra layer of liquidity and can be traded throughout the day.

- **Tax-efficient:** Due to the in-kind exchange of shares, the ETF vehicle may allow for enhanced tax benefits and reduced costs.

- **Transparent:** The availability of daily holdings may allow investors to make more informed investment decisions.
About the Manager

BlueCove Limited ("BlueCove") is a scientific asset management firm founded in 2018 that brings together leading fixed income industry investment and engineering professionals. BlueCove was founded with the specific purpose of delivering superior investment outcomes for investors by researching and developing state-of-the-art scientific investment processes applicable to fixed income investment management.

BlueCove’s Business Model is Custom-Built for Scientific Investing

**Owner Mentality**
Employee-owned: all employees have an equity interest in the firm

**Total Focus**
Total focus: exclusively focused on scientific fixed income investing.

**Modern Technology**
Technology driven: custom-built for scientific fixed income investing.

Investment Philosophy

BlueCove is a scientific fixed income investment manager. By scientific, BlueCove means that every aspect of its investment process is grounded in the scientific method and subject to continual refinement as shown below.

Scientific Method

- Mitigates cognitive and behavioral biases
- Improves transparency and lowers costs
- Optimizes portfolio construction

<table>
<thead>
<tr>
<th>Systematic observation</th>
<th>Intuit market relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gathering of information</td>
<td>Gather data from multiple sources</td>
</tr>
<tr>
<td>Formulation of hypotheses</td>
<td>Analyse data</td>
</tr>
<tr>
<td>Experimentation</td>
<td>Test intuition</td>
</tr>
<tr>
<td>Drawing conclusions</td>
<td>Implement investment conclusions</td>
</tr>
<tr>
<td>Modification of hypotheses</td>
<td>Learn, refine and repeat</td>
</tr>
</tbody>
</table>

| People build the investment process |
| People validate it |
| People drive continuous improvement |

Portfolio Management Team

Benjamin Brodsky, CFA  
Michael Harper, CFA  
Garth Flannery, CFA  
Benoy Thomas, CFA  
& Team
Investment Process

BlueCove’s scientific approach to fixed income investing aims to improve upon the traditional discretionary investment process. This is done by breaking the investment process down into its component parts and reassembling it – with people and technology assigned the roles to which they are best suited.

Research and development (R&D) is undertaken at each step by BlueCove’s research teams in close collaboration with its quantitative engineers, market specialists, and portfolio managers, drawing on the depth of the BlueCove team’s experience in fixed income markets.

Why Scientific Fixed Income?

Active scientific investing offers investors a clearly differentiated alternative to both passive and traditional active discretionary strategies by benefiting from significant breadth and the application of insights that are otherwise difficult to capture.

Scientific investing has several distinguishing characteristics:

- It can potentially improve returns by mitigating cognitive and behavioral biases that can compromise traditional discretionary investment strategies via the application of tested market insights across a large set of instruments and markets
- It harnesses large datasets to help create innovative sources of alpha
- It applies modern portfolio construction techniques by targeting consistent risk-adjusted returns while mitigating transactions costs
- It has the potential to offer low correlations to traditional discretionary strategies while removing unwanted market exposures
- It adapts to changes in market behavior by transparently attributing performance
Important Information

Investors should carefully consider the investment objectives, risks, charges and expenses of a Harbor 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.

Risks: All investments involve risk including the possible loss of principal. Fixed income securities fluctuate in price in response to various factors, including changes in interest rates, changes in market conditions and issuer-specific events, and the value of your investment in the Fund may go down. 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. There is a greater risk that the Funds will lose money because they invest in below-investment grade fixed income securities and unrated securities of similar credit quality (commonly referred to as “high-yield securities” or “junk bonds”). These securities are considered speculative because they have a higher risk of issuer default, are subject to greater price volatility and may be illiquid. Because the Funds may invest in securities of foreign issuers, an investment in the Funds is subject to special risks in addition to those of U.S. securities. These risks include heightened political and economic risks, greater volatility, currency fluctuations, higher transaction costs, delayed settlement, possible foreign controls on investment, possible sanctions by government bodies of other countries and less stringent investor protection and disclosure standards of foreign markets.

Model Risk: The strategies and techniques employed in a quantitative model cannot fully match the complexity of the financial markets and therefore sudden unanticipated changes in underlying market conditions can significantly impact their performance. The effectiveness of the given strategy or technique may deteriorate in an unpredictable fashion for any number of reasons including, but not limited to, an increase in the amount of assets managed or the use of similar strategies or techniques by other market participants and/or market dynamic shifts over time.

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Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. The fund is new and has limited operating history to judge.

BlueCove Limited is a third-party subadviser to the Harbor Scientific Alpha High-Yield ETF.

Foreside Fund Services, LLC is the Distributor of the Harbor Scientific Alpha High-Yield ETF.