

Small Cap Growth Opportunities/Small Cap Growth Merger

Transition Plan – Q&A

What is the timing of the transition?

As noted in the prospectus supplement, Elk Creek will cease acting as subadviser on or around April 15, 2020. At that time, State Street will act as transition manager and begin to liquidate the remaining positions held in Harbor Small Cap Growth Opportunities Fund (“SCGO”) and reposition the portfolio to align it with the Harbor Small Cap Growth Fund (“SCG”) portfolio. The transition is expected to be completed by April 24, 2020, at which time holdings in SCGO will be transferred into SCG and SCGO will cease to operate.

Why is Elk Creek continuing to manage the fund portfolio rather than having Westfield take over the portfolio immediately?

Harbor Capital Advisors, Inc. (“Harbor”) and the Harbor Fund Board of Trustees determined it was in the best interests of the current SCGO shareholders to have Elk Creek continue to manage the Fund for a period of time prior to the merger. This allows the shareholders to evaluate their options while maintaining exposure to the Elk Creek portfolio. Current shareholders can evaluate Westfield versus other alternatives during this period prior to having to make a decision on whether to stay in SCG following the merger.

What restrictions are placed on Elk Creek in managing the fund portfolio?

To avoid creating unnecessary portfolio activity, Elk Creek was instructed not to purchase any new securities into SCGO, including adding to existing positions. Further, Elk Creek was instructed to sell any holdings that it would otherwise be selling across other portfolios for investment purposes and to sell positions to meet any redemptions from the fund. Elk Creek is directed to purchase small cap equity ETFs if cash levels rise above 10% of the portfolio as a result of sales of securities from the portfolio and there is no immediate need for the cash due to large redemptions. These purchases will provide the fund investors continued exposure to small cap equities. Large positions in the ETFs are not expected given the historical level of activity within the portfolio.

Are there any securities that have less liquidity than other holdings and how will these be handled during this transition?

As of December 31, 2019, six securities were identified as having lower liquidity than the rest of the Fund's holdings. These securities comprised approximately 12% of the portfolio. It is important to note that the less liquid securities are those, based on estimates, that would be expected to take more than five days to sell, assuming the trades accounted for 20% of daily average trading volumes. This is an industry standard measure of individual position liquidity.

Harbor has had discussions with Elk Creek, State Street and Westfield to discuss the optimal approach to liquidating the positions while minimizing any negative market impact from selling. Elk Creek is aware of the liquidity in these names and may seek to reduce exposure to these names in the period prior to April 15, 2020. We expect State Street can effectively manage the liquidation of these securities given their multiple sources of liquidity including internal and external crossing networks that reduce market impact. Harbor will be in regular contact with State Street's transition management team to monitor any liquidity issues that may arise during the transition period.

Why use a transition manager rather than Westfield or Elk Creek?

Harbor determined that State Street was best positioned to manage the transition given the extensive trading capabilities and their access to multiple sources of potential liquidity. While Elk Creek and Westfield are knowledgeable of the names held in the portfolio and have capable trading teams, State Street is a leading transition manager and has provided high quality execution services to Harbor in prior transitions.

What role does Harbor have in the transition?

Harbor is monitoring the fund portfolio daily, tracking all portfolio activity as well as cash levels and redemptions. Should Harbor identify any activity that is not consistent with the directions provided to Elk Creek or for any reason determines that Elk Creek is not acting as a fiduciary, Harbor, as advisor to SCGO, has the authority to direct activity in the Fund. As the transition period nears, Harbor will coordinate the activity involving State Street and Westfield to complete the merger of the two fund portfolios.

What are the tax implications of this transition?

Harbor's Tax team has calculated estimated distributions based on the portfolio holdings as of March 4, 2020 and expected transactions prior to the merger on April 24, 2020. The preliminary estimates indicate no capital gains will be distributed and no income distribution will be paid out. Note these estimates may change substantially prior to the actual merger. Harbor has posted a more detailed note on expected distributions at the following [link](#). The estimates will be updated prior to the merger.

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