



Harbor Mid Cap Value Strategy

STANDARD RFI QUESTIONNAIRE

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BACKGROUND INFORMATION

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.

Harbor Funds is a family of subadvised mutual funds that offers 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 individual mutual fund portfolios.

Our arrangements with subadvisers, 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.

SUBADVISER & INVESTMENT TEAM

SUBADVISER STRUCTURE

The subadviser for the Harbor Mid Cap Value Fund is LSV Asset Management (“LSV”). LSV is a partnership between LSV’s employees and management team, owners of a majority position, and SEI Funds, Inc., a wholly-owned subsidiary of SEI Investments. As a venture capital partner, SEI provided initial working capital to LSV and is not involved in the day-to-day management of LSV.

HISTORY

The Subadviser of the Harbor Mid Cap Value Fund is LSV Asset Management (“LSV”). Formed in 1994 as a partnership, LSV was established to provide domestic, international, and global value equity investment management services for institutional investors utilizing the application of their proprietary quantitative model. Their research and investment team has developed the model through years of research in the areas of value investing, contrarian strategies, and behavioral finance. LSV’s roots in these areas of academic research form the core of their investment philosophy and continue to drive the evolution of the LSV model over time. They now employ their approach to manage strategies across global equity markets encompassing all capitalization ranges.

TEAM STRUCTURE

Investment Team Overview	Position	Experience Start Date	Experience with Firm	Experience on Product
Josef Lakonishok, PhD	Portfolio Manager, CEO, CIO	1976	1994	1997
Menno Vermeulen, CFA	Portfolio Manager	1990	1995	1997
Puneet Mansharamani, CFA	Portfolio Manager	1997	2000	2000
Guy Lakonishok, CFA	Portfolio Manager	2000	2009	2009
Greg Sleight	Portfolio Manager	2006	2006	2006

TEAM BIOGRAPHIES

LSV Portfolio Managers

Josef Lakonishok, Ph.D.

Founding Partner, CEO and CIO

Dr. Lakonishok was, until 2004, the William G. Karnes Professor of Finance at the College of Commerce & Business Administration at the University of Illinois at Urbana-Champaign. Before that, he held staff and visiting professorships at Tel Aviv University, Cornell University, the University of North Carolina at Chapel Hill, and the University of British Columbia.

Dr. Lakonishok is one of the top contributors to major financial journals and has published more than 80 articles. His research covers such diverse areas as analyst forecasts, execution cost measurement, performance evaluation, momentum strategies, fundamental valuation, seasonalities in stock returns, and share repurchases.

Dr. Lakonishok's work has received many awards, including the Roger F. Murray Award for the paper "Contrarian Investment, Extrapolation, and Risk," written with Drs. Shleifer and Vishny, and the American Association of Individual Investors Award for the article "Fundamentals and Stock Returns in Japan," written with Drs. Louis K. C. Chan and Yasushi Hamao.

Dr. Lakonishok received a B.A. in Economics and Statistics from Tel Aviv University in 1970 and an M.B.A. from that university in 1972. He earned an M.S. in Business Administration in 1974 and a Ph.D. in Business Administration in 1976 from Cornell University.

Menno Vermeulen, CFA

Partner, Portfolio Manager

At LSV, Mr. Vermeulen has developed and written the software for the quantitative models and portfolio management system. He leads LSV's quantitative and implementation team, which is responsible for the day-to-day data management, portfolio implementation and ongoing enhancement of their models and systems. Mr. Vermeulen is also involved in the research process at LSV.

Prior to joining LSV, he worked at ABP, the largest pension plan in Europe and one of the largest in the world. At ABP, Mr. Vermeulen was responsible for the development and implementation of quantitative active investment strategies. In this capacity, he built the database and conducted research that led to a quantitative tactical country allocation model. Mr. Vermeulen developed and wrote the PC-based software to implement, update and maintain this model. He was also the portfolio manager and responsible for implementing this strategy with futures.

Mr. Vermeulen holds a masters degree in Econometrics from Erasmus University at Rotterdam.

Puneet Mansharamani, CFA

Partner, Portfolio Manager

At LSV, Mr. Mansharamani is part of the quantitative and implementation team, which is responsible for the day-to-day data management, portfolio implementation and ongoing enhancement of their models and systems.

Prior to joining LSV, Mr. Mansharamani was an analyst at Institutional Trust National City Corporation. His responsibilities included project management, systems development and designing financial and analytical applications for the Worldwide Web. Prior to this experience, Mr. Mansharamani was a Systems Consultant for Maximations, Inc. where he was responsible for systems development and programming mainframe and databases used to calculate revenue streams as well as executive reporting. Mr. Mansharamani was also a Systems Analyst for Case Western Reserve University.

Mr. Mansharamani earned a B.S. in Engineering from Delhi University, Delhi College of Engineering in 1995 and an M.S. in Engineering at Case Western Reserve University, Case School of Engineering (2001).

Greg Sleight

Partner and Portfolio Manager

At LSV, Mr. Sleight is part of the quantitative and implementation team, which is responsible for the day-to-day data management, portfolio implementation and ongoing enhancement of their models and systems. Mr. Sleight received a B.S. in Material Science & Engineering from the University of Illinois in 2000 and an M.B.A. in Econometrics, Economics & Analytic Finance from the University of Chicago in 2006.

Guy Lakonishok, CFA

Partner and Portfolio Manager

Prior to joining LSV, Mr. Lakonishok was a Vice President in the Quantitative Equity group at BlackRock. His responsibilities included research, portfolio implementation, system development and performance attribution. Prior to this experience, Mr. Lakonishok was an analyst in the Quantitative Equity group at Weiss, Peck, and Greer, where he was responsible for developing portfolio analytics and assisting in the day-to-day management of the portfolios.

Mr. Lakonishok received a B.S. in Applied Science with a Major in Electrical Engineering from Washington University in St. Louis in 2000. Mr. Lakonishok also received an M.B.A from the University of Chicago - Booth School of Business in 2009, graduating with honors with a dual-concentration in Analytical Finance and Accounting.

DECISION MAKING AUTHORITY

LSV has one investment management team that is responsible for all LSV Strategies. The key investment professionals that make up the LSV portfolio management team are Josef Lakonishok, Menno Vermeulen, Puneet Mansharamani, Greg Sleight, and Guy Lakonishok. Together they are responsible for day-to-day portfolio management and are involved in ongoing research pertaining to the LSV model.

COMPENSATION & RETENTION OF INVESTMENT PROFESSIONALS

Investment professionals at LSV receive salary and bonus based on their overall contributions to the team effort and profitability of the firm. Since LSV principals and employees own 61% of the

firm, their compensation is based primarily on the firm's profitability and is therefore tied to the long-term satisfaction of the clients they serve. Key investment staff may also be considered for partnership and the firm has consistently added partners since its founding.

For those who are not yet partners, bonuses are based upon individual performance and the profitability of the firm. Individual performance is subjective and may be based on a number of factors such as the individual's leadership and contribution to the strategic planning and development of the investment group. LSV frequently monitors their compensation program against industry standards to ensure that they can recruit and retain leaders in the investment management industry. The partnership structure allows senior professionals to participate in the success of the firm and has helped LSV retain key employees.

SUCCESSION PLANNING

Because of the quantitative nature of LSV's investment process, any existing portfolio manager is able to step in for any other portfolio manager. In addition, LSV's quantitative model is owned by the firm, not by any individual, so all intellectual property and software would remain with the firm.

HARBOR MID CAP VALUE STRATEGY

INVESTMENT PHILOSOPHY

LSV's investment strategy is based on the premise that superior long-term results may be achieved by systematically exploiting the judgmental biases and behavioral weaknesses that influence many investors' decisions. These include:

- The tendency to extrapolate the past too far into the future;
- Wrongly equating a good company with a good investment, irrespective of price;
- Ignoring statistical evidence; and
- Developing a "mindset" about a company.

The Harbor Mid Cap Value Fund is managed using quantitative techniques to select individual securities in a risk-controlled, bottom-up approach. Value factors and security selection dominate sector/industry factors as explanators of performance.

INVESTMENT UNIVERSE

A universe of approximately 9,000 equity securities is screened for market capitalization between \$500 million to \$25 billion, and for liquidity, which yields an investable universe of approximately 1,900 securities. These securities are ranked by LSV's proprietary quantitative model driven by a security's fundamental measures of value, past performance and indicators of near term potential. The top 15% of stocks by expected return rank (approximately 275 securities) are then optimized for risk control. The optimization is constrained by specific industry and company limitations to achieve diversification. This produces a buy list of approximately 115-130 securities.

INVESTMENT PROCESS

The portfolio decision making process is quantitative and driven by (1) a proprietary model which ranks securities based on fundamental measures of value and indicators of recent recovery and,

(2) a risk control process that controls for residual benchmark risk while maximizing the expected return of the portfolio.

Stocks are ranked simultaneously on an array of variables in order to arrive at an overall expected return ranking for each stock in the universe. The model contains three principal blocks of variables:

- The first block contains traditional value measures, such as the cash flow-to-price ratio and the book-to-market ratio, none of which dominates the ranking process.
- The second block, which is also used to assess whether a security is undervalued, consists of past performance measures, including changes in the stock price, earnings and sales over the seven years prior. Stocks are ranked highly if their past performance has been poor.
- The third block assesses signs of recent recovery. Undervalued stocks can remain undervalued for a long time and get even cheaper, so LSV uses this block to determine whether the market is beginning to change its assessment of an undervalued stock in a positive direction. In this block, LSV looks at near-term movements in stock price, earnings, and analyst forecasts to assess near-term appreciation potential.

LSV intends to stay as fully invested as is practical. Cash is not used for strategic or defensive purposes.

RESEARCH PROCESS

Research is a 100% internal process. Dr. Josef Lakonishok, Founding Partner, CEO/CIO, and Portfolio Manager; Menno Vermeulen, CFA, Partner and Portfolio Manager; Bhaskaran Swaminathan, Partner and Director of Research; and Jason Karceski, Partner and Portfolio Manager, are responsible for ongoing research into enhancing our quantitative model. The team is supported by three academic advisors and a group of quantitative analysts who generate backtesting results and analysis.

Ideas for potential projects are surfaced by Lakonishok, Vermeulen, Swaminathan, Karceski and LSV's academic advisors. Should an idea appear to have promise, the project undergoes backtesting using data as far back as the mid-1960s (due to availability of reliable accounting data). The team collectively considers results and comes to a consensus on whether there is enough potential value added to justify change.

The main goal of LSV's research activity is to identify cheap companies that will have good earnings and cash flows over the next 3 to 5 years. The research team is always looking for new ways to measure value and spends a lot of time considering adjustments to make to accounting figures. The focus is on ways to identify stocks whose earnings potential and growth prospects are underestimated by the market.

Research focuses primarily on new developments in the areas of behavioral finance, value investing, and contrarian strategies. The team has also undertaken projects in other areas of portfolio management, such as optimization and risk control. In general, LSV is searching for variables that add value over and above the existing set or better ways to look at current model factors. Change in the model is evolutionary and LSV is committed to an ongoing research agenda that fully supports that evolution in order to benefit our clients in the future.

SELL DISCIPLINE

The sell decision is quantitative. A stock is sold if its expected return ranking falls below the top 40% within the investable universe, subject to sector and industry constraints. In addition, a position will be trimmed if it becomes larger than 2.4% relative to its weight in the benchmark.

BENCHMARK

The Harbor Mid Cap Value Fund is typically compared to the Russell Midcap® Value Index.

INVESTMENT GUIDELINES

The Fund invests primarily in equity securities, common stocks, of mid cap companies that the portfolio manager believes are undervalued in the marketplace at the time of purchase.

Investment Guidelines	
Market Capitalization	\$500 million - \$25 billion
Sector	+/- 5% relative to the benchmark
Industry	+/- 3-4% relative to benchmark, depending on industry size
Security Weightings	Initial weights range from 0.5-1.4%. Positions trimmed at 2.4% active relative weight.

RISK MANAGEMENT

The risk control process for the strategy is employed during portfolio construction and at ongoing portfolio rebalances. LSV utilizes an in-house optimizer to construct/rebalance client portfolios and seeks to maximize expected return while satisfying all risk control parameters. Numerous exposures are explicitly controlled by their portfolio optimization process, including active exposures to individual stocks, industries, sectors, and capitalization ranges. Estimated tracking error is monitored but not controlled to a point estimate. LSV observes estimated tracking error, looking for anomalies from historical bounds.

CAPACITY

LSV has set conservative capacity limits in all of its strategies to allow for market appreciation and contributions by existing clients, as well as to ensure that stock liquidity does not negatively affect portfolio performance. After being closed for more than 8 years, LSV reopened the Mid Cap Value Equity Strategy in 2012.

Harbor Capital is very conscious of protecting shareholder value and has in the past closed certain products when deemed to be in the best interests of the shareholder. At this time there is no pre-determined asset level at which the Fund would be closed.

ENVIRONMENTS OF OUT/UNDER-PERFORMANCE

Markets that are typically favorable to LSV's investment approach are those that are broadly driven in terms of sectors, industries and securities. LSV would expect the strategy to hold up well in down markets and markets driven by value-oriented stocks. More difficult markets for LSV include very narrow markets and markets led by lower quality and high multiple stocks.

BEST EXECUTION

LSV's traders have discretion to choose brokers, based on their experience and knowledge of the available venues. There are no brokerage or commission targets or budgets. The Best Execution Committee, whose members include the traders, Chief Operating Officer, and Compliance Officer,

meet and monitor best execution on a semi-annual basis. Part of LSV's best execution analysis includes the traders rating the brokers used for client transactions based on ability to match up natural order flow; the ability to control anonymity; the quality of the back office and an overall rating.

COMPETITIVE ADVANTAGES

The two special/unique resources LSV possesses that they believe provide them their competitive advantage are their people and the proprietary portfolio management software they have developed over the years. LSV was founded by several well-known academics and have grown the group of contributors over time. They believe these academic backgrounds, as well as their practical investment experience, provide them with unique insights and an exceptionally high level of rigor when it comes to evolutionary research projects. The team has unending curiosity in seeking out additional variables that add value, as well as improved ways of looking at existing model factors. The software developed by the investment team in 1994 is fully proprietary and maintained in-house, so they keep complete control of the overall processes.

SHARE CLASS INFORMATION

Share Class	Ticker
Retirement	HNMVX
Institutional	HAMVX
Administrative	HRMVX
Investor	HIMVX

For complete details on fees and expenses, please refer to the Fund's prospectus.

The Harbor Mid Cap Value Fund is a no-load mutual fund; other fees and expenses apply to a continued investment in the Fund and are described in the current prospectus.

Responses regarding the Harbor organization have been provided by Harbor Funds Distributors, Inc. Responses relating to the investment team of the Harbor Mid Cap Value Fund, including the process for making portfolio decisions and effecting the purchase and sale of securities held by the Fund, or any specific operational aspects of the subadviser are provided by the subadviser to the Fund 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.

There is no guarantee that the investment objective of the Fund will be achieved. Stock markets are volatile and equity value can decline significantly in response to adverse issuer, political, regulatory, market and economic conditions.

LSV Asset Management is an independent subadviser to the Harbor Mid Cap Value Fund.

The Russell Midcap[®] Value Index is an unmanaged index generally representative of the U.S. market for medium capitalization value stocks. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell Midcap[®] Value Index and Russell[®] are trademarks of Frank Russell Company.

Stocks of mid cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

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.

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