Harbor®

Trusted Partnerships ❯ Trusted Solutions

# HARBOR SMALL CAP VALUE FUND

*Subadvised by Earnest Partners LLC*

*Subadvisor Since 12/14/2001*



Shares of the Harbor Small Cap Value Fund are unavailable to new investors as of June 1, 2021. The Fund continues to accept investments from existing shareholders and allows exchanges from other Harbor Funds as long as the exchanging shareholder has an existing Harbor Small Cap Value Fund account.

As of 09/30/2022

# Overview *As of 09/30/2022*

## The Organization

- Experience Practitioners
- Over $25 Billion in Assets Under Management
- 100% Employee owned

# Investment Team

| | |
|---|---|
| **Experienced** | Senior Investment Team average over 20 years of industry experience |
| **Eclectic** | Diverse Backgrounds |
| **Established** | Team responsible for track record |

# Investment Process

1. **STOCK UNIVERSE**

   Begin with 2000 stocks

   **Russell 2000 Index (2000 stocks)**

2. **INITIAL SCREEN**

   Use Return Pattern Recognition®

   **High Potential Stocks (150)**

3. **RISK CONTROL**

   Constrain downside risk

   **Trial Portfolios**

4. **RESEARCH**

   Scrutinize the companies

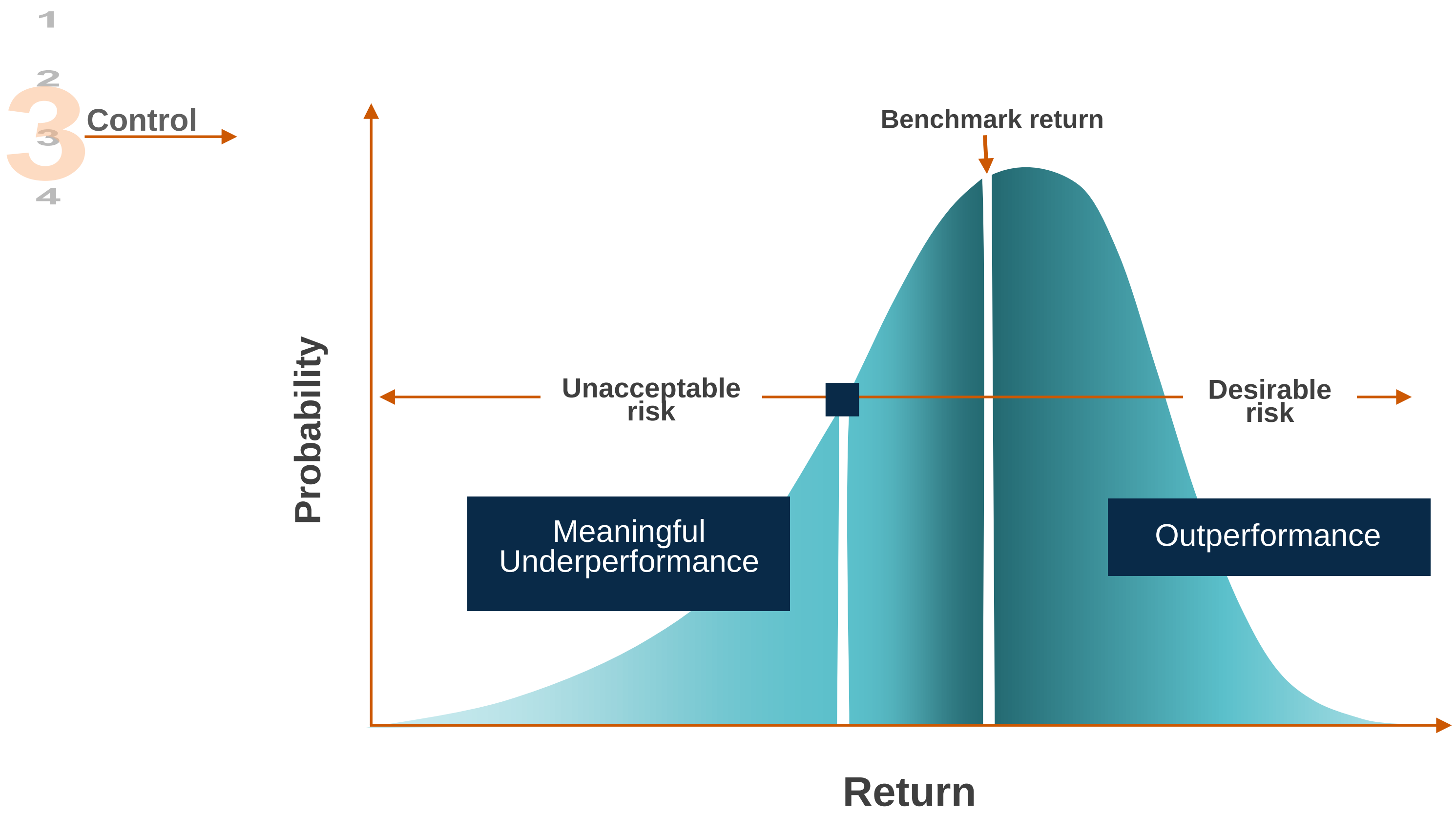
   **Portfolio Companies (60)**

EARNEST Partners has certain trademarked processes, including Return Pattern Recognition®. The Return Pattern Recognition® approach seeks to identify the financial and market characteristics that have been in place when an individual company has produced outstanding performance. EARNEST Partners screens thousands of companies and selects for an in-depth fundamental review those exhibiting the set of characteristics that they believe indicate future outperformance.

# Most Predictive Performance Drivers

1
2 Screen
3
4

# Downside Deviation Can Limit Underperformance




This slide is for illustrative purposes only and does not purport to represent historical results.

# Rigorous Fundamental Analysis

1
2
3
4 Research

# Sell Discipline

## The key to EARNEST Partners' sell decision is discipline.

**A stock is sold if one of the following situations arise:**

- The company executes according to EARNEST's investment thesis and the market recognizes it in the stock's valuation;
- EARNEST's investment process identifies a company they believe has strong return and risk characteristics. In this situation, the more attractive stock would force EARNEST to sell the less attractive stock so that they continue to own only their best investment ideas; or
- The company's prospects deteriorate as a result of poor business plan execution, new competitors, management changes, a souring business environment or other adverse effects.

Equity portfolios contain only what EARNEST believes are their best investment ideas therefore "crowding out" less attractive investments.

# Harbor Small Cap Value Fund – Sector Allocation *As of 09/30/2022*

| Sector Allocation | Portfolio % | Benchmark % |
| --- | --- | --- |
| Industrials | 28.67 | 12.32 |
| Financials | 24.31 | 29.15 |
| Information Technology | 17.98 | 5.68 |
| Health Care | 9.87 | 12.10 |
| Consumer Discretionary | 4.42 | 9.65 |
| Real Estate | 4.17 | 10.73 |
| Materials | 3.40 | 3.75 |
| Consumer Staples | 3.09 | 2.66 |
| Energy | 1.38 | 5.91 |
| Utilities | 0.00 | 5.15 |
| Communication Services | 0.00 | 3.00 |

Source: FactSet.

The sectors mentioned may change at any time and may not represent current or future investments.

The **Russell 2000® Value Index** is an unmanaged index representing the smallest 2000 stocks with the lowest price-to-book ratio and future earnings. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell 2000® Value Index and Russell® are trademarks of Frank Russell Company.

# Harbor Small Cap Value Fund – Top Ten Holdings *As of 09/30/2022*

| Top 10 Holdings | Portfolio % |
|---|---|
| Casella Waste Systems Inc. | 3.72 |
| Darling Ingredients Inc. | 3.09 |
| Franklin Electric Co. Inc. | 2.96 |
| Houlihan Lokey Inc. | 2.86 |
| Molina Healthcare Inc. | 2.74 |
| Sanmina Corporation | 2.34 |
| Reinsurance Group | 2.31 |
| Hexcel Corporation | 2.28 |
| Catalent Inc. | 2.27 |
| Raymond James Financial | 2.20 |
| **Total** | **26.77** |

# Harbor Small Cap Value Fund – Average Annual Returns *As of 09/30/2022*

| | Ticker | 3 Months | 1 Yr. | 3 Yr. | 5 Yr. | 10 Yr. | Since Inception 12/14/01 |
|---|---|---|---|---|---|---|---|
| Small Cap Value Fund - **Institutional** | HASCX | -4.23% | -14.91% | 4.20% | 4.03% | 9.79% | 9.21% |
| Russell 2000® Value Index | | -4.61% | -17.69% | 4.72% | 2.87% | 7.94% | 7.81% |

**Portfolio Annualized Turnover: 17%**

**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. Past performance reflects the beneficial effect of any expense waivers or reimbursements, without which returns would have been lower. 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.**

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

# Biographies

## Select Personnel

**Paul E. Viera** – CEO and Partner

Paul Viera is the founder and Chief Executive Officer of EARNEST Partners, a global investment firm responsible for overseeing over $25 billion for municipalities, states, corporations, endowments, and universities. He conceived and developed Return Pattern Recognition®, the investment methodology used to screen equities at EARNEST Partners.

Mr. Viera has a BA in Economics from the University of Michigan, an MBA from the Harvard Business School, and has over thirty years of investment experience. He was a Vice President at Bankers Trust in both New York and London. He later joined Invesco, where he became a Global Partner and senior member of its investment team.

Mr. Viera serves as a member of the following Boards: the Board of Take Two Interactive (TTWO), the Board of Dean’s Advisors for Harvard Business School, the Board of Directors for the University of Michigan Alumni Association, the Board of Foreign Advisors of Haitong Securities (the second largest Chinese securities firm), the Carter Center Board of Councilors, the National Center for Human & Civil Rights, the External Advisory Board for the University of Michigan School of Information, the Emory University Board of Visitors, and former member of Cristo Rey Atlanta Jesuit High School Board. Mr. Viera also serves as a Trustee of the Woodruff Arts Center and a member of its investment committee. Additionally, he is a member of the Council on Foreign Relations, and a commentator for several news organizations, including, among others, CNBC and Bloomberg News. See Form ADV, Part 2B, for additional information.

**Trey Greer, CFA, CPA** – Partner

Mr. Greer is a member of the investment team at EARNEST Partners.  He has a BS in Business Administration and a Master of Accounting from the University of North Carolina at Chapel Hill and an MBA from Emory University.  He has over 20 years of investment experience and began his career in public accounting.  He later joined AMVESCAP PLC where he was an Investment Manager with assignments in London, Houston, and Atlanta.  He is a member of the CFA Institute, the CFA Society Atlanta, and the American Institute of Certified Public Accountants.

## Select Personnel

**Chris Hovis, CFA** – Partner

Mr. Hovis is a member of the investment team at EARNEST Partners. Prior to joining EARNEST Partners, he served as a Senior Analyst with Morgan Keegan where he was an analyst in US Software. His extensive background also includes experience in the information technology industry as well as in Equity Research with SunTrust Robinson Humphrey and CQ Partners. Previously, he was VP of Marketing and Business Development at Lancope, and a senior software engineer at Intel and Alliance Semiconductor. He holds an MBA with Distinction from The Wharton School of Business and Bachelor degrees with Highest Honors in Electrical Engineering from Georgia Tech and in Physics from Centre College. Mr. Hovis is also a member of the CFA Institute and the CFA Society Atlanta. See Form ADV, Part 2B, for additional information.

**Dinkar Singh, Ph.D.** – Partner

Dr. Singh is a member of the investment team at EARNEST Partners. Prior to joining EARNEST Partners, he worked at the IBM Watson Research Center in the Silicon Technology group. Leading a team of Ph.D.s and engineers, he helped develop semiconductor technology for next-generation electronic chips, resulting in the first demonstration of an advanced memory and world record chip speed and was awarded five U.S. patents with four additional patent applications pending. Dr. Singh has a Ph.D. from Stanford University in Applied Physics, an MBA with high honors from the University of Chicago, and studied previously at the Indian Institute of Technology. Dr. Singh is fluent in Hindi. See Form ADV, Part 2B, for additional information.

## Select Personnel

**Richard Burgess, CFA** – Director

Mr. Burgess is a member of the investment team at EARNEST Partners. Prior to joining EARNEST Partners, Mr. Burgess served as an Artillery Officer in the United States Army, with duties ranging from tactical planning for combat operations to intelligence gathering and dissemination. His military experience includes a combat tour in Iraq, during which he earned the Bronze Star Medal for meritorious service. A graduate of the Army Ranger School, he also commanded a stateside detachment, where he was responsible for logistical planning and support for a deployed 900-person infantry battalion, as well as for training 200+ soldiers in battlefield survival skills. He holds a BS in Engineering Physics from the United States Military Academy at West Point, where he was ranked in the top 3% of cadets in terms of academic standing and was awarded the Lieutenant General Leslie R. Groves Memorial Award for the highest overall achievement in Nuclear Physics. Mr. Burgess also holds an MBA from the Harvard Business School and is a member of the CFA Institute and the CFA Society Atlanta.

**Pavel Sokolov, Ph.D., CFA** – Director

Dr. Sokolov is a member of the investment team at EARNEST Partners. Prior to joining EARNEST Partners, he specialized in interest rate risk modeling, credit research, liability modeling, and evaluation of new bond issues for various financial institutions. His experience also includes an analyst role where he evaluated balance sheet strength, cash flow generation, return on invested capital and other metrics on corporate entities for trading strategies at a broker-dealer firm. Most recently, he was a managing director, risk officer and portfolio manager at a global tactical asset allocation firm. He is a former winner of the Russian regional Olympiads in Mathematics, Physics and Chemistry. Mr. Sokolov completed his undergraduate studies in Russia, holds an MBA in Finance from the UCLA Anderson School of Business, and a Doctorate in Engineering from Cleveland State University. He is a CFA charter holder and a member of the CFA Society Atlanta. Dr. Sokolov is fluent in Russian. See Form ADV, Part 2B, for additional information.

**Xiaolu Li** – Investment Management

Ms. Li is a member of the investment team at EARNEST Partners. Originally from China, Ms. Li worked for a number of years in Logistics providing technical consultation and project management for multimodal transportation (sea, rail, road) to successfully move heavy equipment and cargo for global clients. Most recently based in Singapore with deugro Group, Ms. Li also managed teams in the Philippines and Indonesia. Additionally, she has experience in data analytics along with proficiency in Python, R, SQL and Tableau. Ms. Li holds a master’s degree in mechanical engineering from Nanyang Technological University, Singapore and a bachelor’s degree in Materials Science and Engineering from Changchun University of Science and Technology, China where she earned a National Scholarship and graduated in the top 1%. In her spare time, Ms. Li enjoys sports, yoga, traveling and reading.

## Select Personnel

**Christopher Lee, Ph.D. –** Investment Management
Mr. Lee is a member of the investment team at EARNEST Partners. Prior to joining EARNEST Partners, he was a Scientific Strategy Analyst at CytoAgents, a clinical-stage biotechnology company that has leading pharmaceutical products in clinical trials for treatment of “cytokine storm” associated with COVID-19 and oncology CAR-T cell therapy. In that role, Mr. Lee led executive discussions of scientific strategy, analyzed market opportunities, developed value propositions for treating candidate diseases, and helped raise capital to fund pre-clinical and Phase I trials. Prior to that, Mr. Lee worked as a consultant advising the CDC, where he developed protocols for automated high-throughput neutralization assay for its Viral Vaccine-Preventable Branch. Mr. Lee holds a Ph.D. in Microbiology and Immunology from the University of Pittsburgh, where he co-authored multiple scientific publications, developed programs to computationally analyze RNA sequencing and imaging datasets; designed and established scientific procedures and spearheaded collaborative projects with the Baylor School of Medicine, Cornell University, and the Spanish National Center for Biotechnology. Mr. Lee also holds a B.S. in Microbiology from the University of Georgia. He speaks fluent Korean and enjoys cycling, cooking, fantasy football and piano in his spare time.

**Lauren Puglisi –** Investment Management
Ms. Puglisi is a member of the investment management team at EARNEST Partners. Her experience prior to joining EARNEST Partners, includes Managing Director in Equity Sales and Trading for JPMorgan in New York. She was the youngest woman to be named Managing Director in Equities at JPMorgan and the youngest person in her Managing Director class. Her extensive twenty-year background in the financial services industry includes experience in risk management, IPOs and institutional cross-business development. Ms. Pugsli also has experience covering clients globally, facilitating their needs while managing exposure in Asia, Latin America and Europe. She is a graduate of the Kellogg School of Management and holds a Bachelor of Arts from Franklin and Marshall College with a joint major in Business Management and Accounting. Ms. Puglisi enjoys philanthropic work including being a host with her family for Project 143 to help alleviate the global orphan crisis.

**Patmon Malcom, CFA** – Partner
Mr. Malcom is a member of the product management team at EARNEST Partners. Prior to joining EARNEST Partners, he worked for JPMorgan Chase in New York. He was a member of the Global Investment Bank providing corporate finance coverage to natural resource companies. He is a graduate of the United States Military Academy at West Point and holds an MBA from Emory University, where he was a Donald Keough Scholar. Mr. Malcom led the Varsity Football team at West Point in scoring for three consecutive years. In his senior year, he was named the "Chevrolet Player of the Game" in the annual Army-Navy game. He also served as a helicopter pilot in the United States Army for more than seven years, an experience that included commanding a Blackhawk Helicopter Company along the demilitarized zone between North and South Korea. Mr. Malcom is a member of the CFA Institute and the CFA Society Atlanta.

# Biographies

## Select Personnel

**Aaron Kirchoff, CFA** – Director

Mr. Kirchoff is a member of the product management team at EARNEST Partners. He is a graduate of the United States Air Force Academy and holds an MBA from the Spears School of Business at Oklahoma State University. Mr. Kirchoff was a 3-year starter for the Air Force Academy's NCAA Division I football program where he was elected team Captain his senior year. Prior to joining EARNEST Partners, he was the Senior Financial Analyst for Moody Air Force Base where he was responsible for executing a $300 million annual budget supporting operations both stateside and abroad. Mr. Kirchoff also served in Operation Enduring Freedom while deployed to Kabul, Afghanistan where he led a team responsible for formulating budgets and conducting audits. Mr. Kirchoff serves on the Air Force Academy Nomination Board for the U.S. Senator's office in Georgia. He is also a member of CFA Institute and CFA Society Atlanta. Mr. Kirchoff is a nationally ranked Olympic weightlifter and CrossFit competitor.

**Jeffrey Jackson –** Director

Mr. Jackson is a member of the product management team at EARNEST Partners. Prior to joining EARNEST Partners, he worked for the global investment bank, Evercore, in New York where he helped lead their Real Estate advisory practice as a Managing Director. His extensive background also includes experience in acquisitions, development and debt restructuring within Real Estate. He is a graduate of the Tuck School of Business at Dartmouth where he holds an MBA and was a Consortium Fellow and he holds a BS in Finance from Hampton University where he was a Presidential Scholar. Mr. Jackson was a member of the SEO Career Program and later served as a member of the SEO Junior Leadership Board. Mr. Jackson is a former collegiate basketball player and maintains an active lifestyle with his passion for cycling.