

# Harbor Scientific Alpha High-Yield ETF

Ticker: **SIHY** | March 2024



## Average Annual Returns as of 03/31/2024

	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date
Harbor Scientific Alpha High-Yield ETF (NAV)	1.39%	1.39%	11.52%	N/A	N/A	N/A	2.39%	09/14/2021
Harbor Scientific Alpha High-Yield ETF (Market)	1.83%	1.83%	11.33%	N/A	N/A	N/A	2.41%	09/14/2021
ICE BofA US High Yield Index (H0A0)	1.51%	1.51%	11.04%	N/A	N/A	N/A	0.97%	09/14/2021

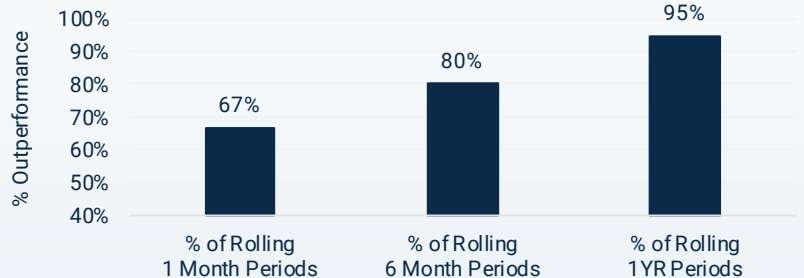
Performance data shown represents past performance and is no guarantee of future results. Past performance is net of management fees and expenses and reflects reinvested dividends and distributions. Investment returns and principal value will fluctuate and when redeemed may be worth more or less than 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.

## History of Consistent & Attractive Return Profile

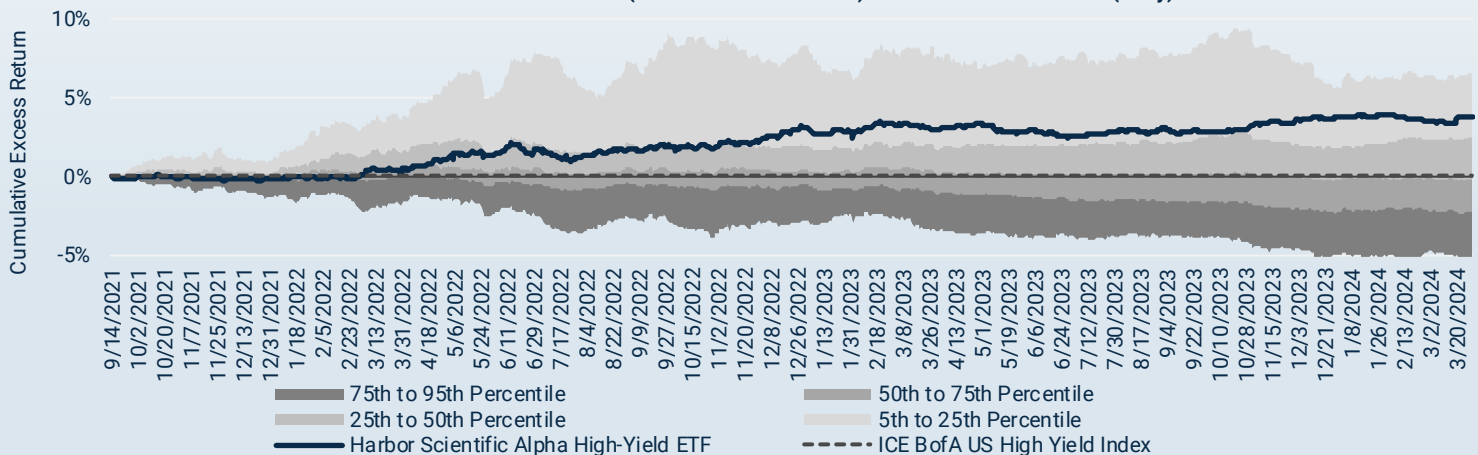
- Since inception, SIHY has demonstrated consistent excess returns relative to the ICE BofA US High Yield Index.
- For instance, over rolling 6-month periods since inception, SIHY has delivered excess returns in 80% of periods. Over rolling 1-year windows, SIHY has outperformed the ICE BofA US High Yield Index in 95% of periods.

Harbor Scientific Alpha High-Yield ETF vs. ICE BofA US High Yield % Outperformance Over Rolling Period Windows (Monthly) Oct 2021 - Mar 2024



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Harbor Scientific Alpha High-Yield ETF (SIHY) NAV vs. ICE BofA US High Yield Index & Morningstar US High Yield Bond Category Cumulative Excess Return (Based on Total Returns): 9/14/2022 - 3/31/2024 (Daily)



The Morningstar Rankings are based on total returns, with distributions reinvested and operating expenses deducted. Morningstar does not take into account sales charges. Harbor Scientific Alpha High-Yield ETF was ranked against Morningstar's US Fund High Yield Bond category, quarterly, based on total returns, over the following time periods: 123 out of 666 investments in the category for the 1-year period as of 03/31/2024. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. Past rankings are no guarantee of future rankings.

- Compounding this consistency has led to attractive results relative to both the index and peers.
- Since SIHY's 9/14/2021 inception, the ETF has delivered 370 basis points of cumulative excess return relative to the ICE BofA US High Yield Index.
- This since-inception performance ranks 20<sup>th</sup> percentile out of 618 funds (based on total returns) within Morningstar's US High Yield Bond Category.

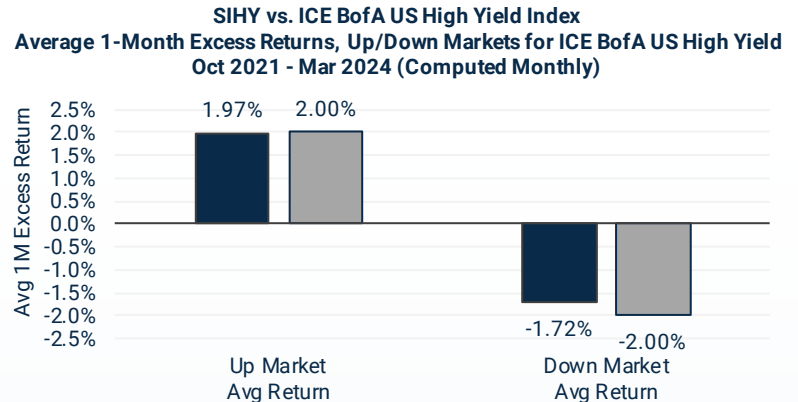
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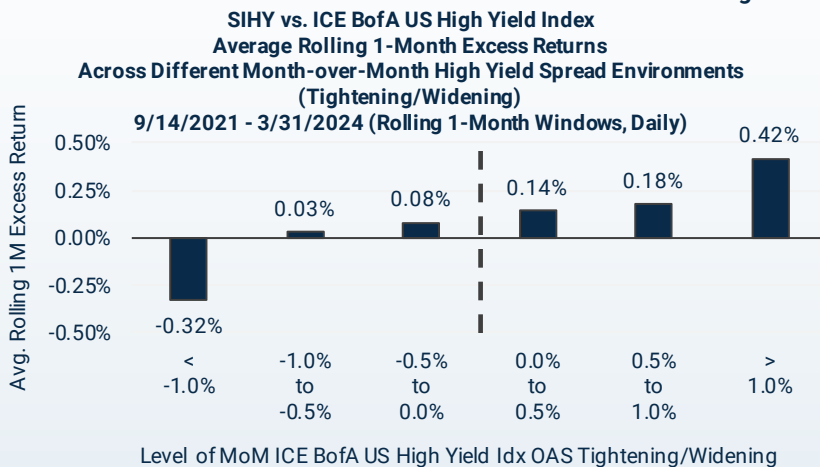


## Upside Participation with Downside Mitigation

- A focus on curating high-quality alpha insights and allowing security selection to drive excess returns has produced an attractive return profile since SIHY's September 2021 inception.
- In months where the ICE BofA US High Yield Index has delivered positive performance, the ETF has, on average, kept pace with the index. Conversely, in months where the ICE BofA US High Yield Index delivered negative returns, SIHY outperformed by 28 basis points on average.




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- In part, this defensive profile stems from strong excess returns in periods of spread widening.
- Spread widening in high-yield markets has typically produced elevated levels of dispersion. For BlueCove's high-breadth active approach, higher dispersion represents an attractive opportunity set for security selection, in our view.
- On average, in periods of spread widening, SIHY has delivered excess returns to the ICE BofA US High Yield Index.

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

## Introducing BlueCove:

 <p><b>Owner Mentality<sup>1</sup></b></p> <p>Each employee has an equity interest in the firm</p>	 <p><b>Focus</b></p> <p>Commitment to scientific fixed income investing</p>	 <p><b>Modern Technology</b></p> <p>Technology is custom-built for scientific fixed income investing</p>
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- BlueCove is a specialist active manager founded in 2018 with a platform that is custom built for scientific fixed income.
- BlueCove's objective is to deliver strong investment outcomes for investors through active management utilizing proprietary research insights.
- BlueCove is well resourced with a primary focus on investment research and development (R&D). The team includes innovators in scientific fixed income investing with investment team heads averaging 23 years of experience.
- The firm's business model is based on the three main pillars of owner mentality<sup>1</sup>, total focus, and modern technology.

1. On 28 February 2023, BlueCove and Ares Management announced a strategic partnership.

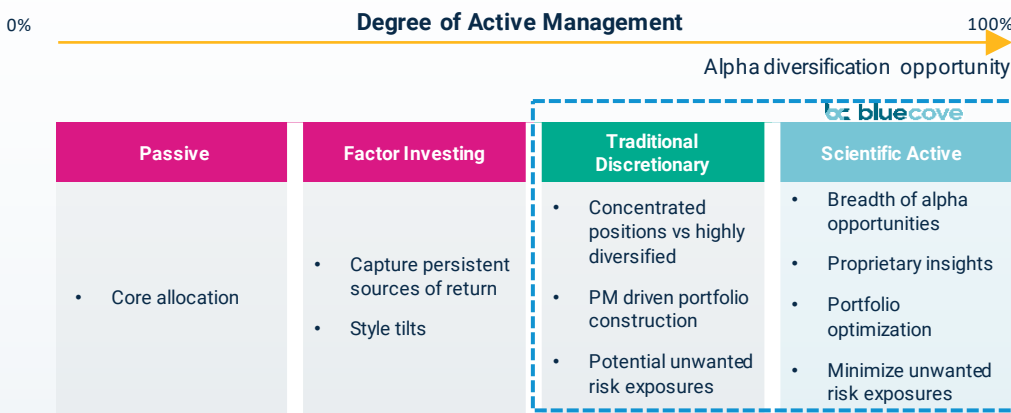
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## Introducing Scientific Investing:

- BlueCove's scientific investment process is evidence based, data-driven, economically intuitive, and grounded in the scientific method with targeted R&D at each step of the investment process.
- Scientific investing provides investors with an alternative to passive or factor investing through the application of proprietary insights based on economic intuition.
- Scientific investing may also serve as a complement or alternative to traditional discretionary investing by working to maximize breadth to target high-quality alpha from a large number of positions versus more concentrated or highly diversified portfolios.



Ticker Symbol	SIHY
Cusip	41151J109
Listed Exchange	NYSE
Gross Expense Ratio	0.48%
Lead Market Maker	Jane Street
Inception Date	9/14/2021
Manager Name	BlueCove Limited
Benchmark	ICE BofA US High Yield Index
Morningstar Category	High Yield

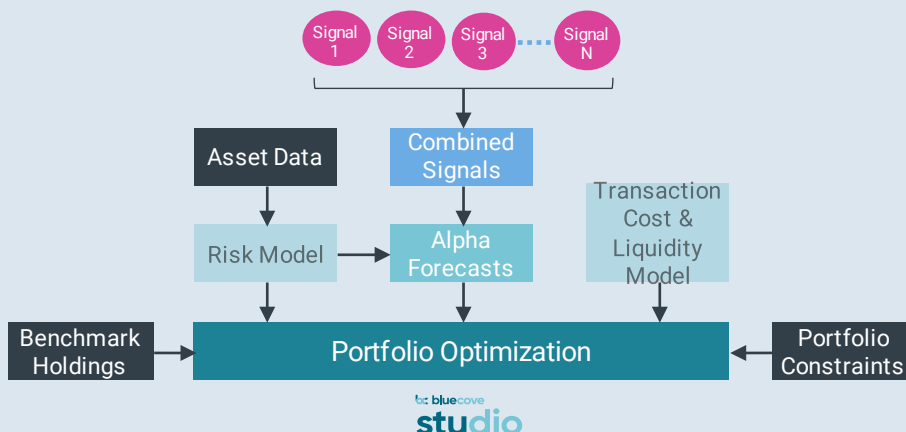
## The BlueCove Process

BlueCove develops proprietary insights driven by signals that emphasize economic intuition and empirical evidence utilizing data beyond the scope of traditional credit analysis.

BlueCove believes their signal set will enable the Fund to take advantage of market inefficiencies by providing insights across:

- Sentiment
- Valuation
- Fundamentals

Insight	Signal
Equity price	• Equity momentum
Earnings outlook	• Earnings forecast • Earnings sentiment
Profitability trend	• Fundamental momentum
Economic relationships	• Geographic momentum
Relative Value	• Structural default probability value • Fundamental default probability value
Fundamentals	• Cash flow generation • Profitability
Business stability & strength	• Asset volatility • Equity risk premium



Ultimately the portfolio is constructed through an optimization<sup>1</sup> process driven by proprietary tools and aims to:

- Maximize alpha forecasts
- Minimize market, sector, and curve risk
- Mitigate issuer concentration risk
- Minimize transaction costs
- Realistically measure market liquidity

SIHY is differentiated from other active competitors by applying a scientific approach while matching the market exposure of the index, hence emphasizing a strong security selection focus.

1. Optimization is a point in time construction of portfolios reflecting known inputs and constraints and does not imply that further improvements are not possible.



## For institutional investor use only.

**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](https://harborcapital.com) or call 800-422-1050. Read it carefully before investing.**

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.

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. There is a greater risk that the Fund 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 Fund may invest in securities of foreign issuers, an investment in the Fund 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.

The **ICE BofAML US High Yield Index (H0A0)** is an unmanaged index that tracks the performance of below investment grade U.S. Dollar-denominated corporate bonds publicly issued in the U.S. domestic market. All bonds are U.S. dollar denominated and rated Split BBB and below. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

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The views expressed herein may not be reflective of current opinions, are subject to change without prior notice, and should not be considered investment advice.

**Foreside Fund Services, LLC is the Distributor of the Harbor ETFs.**

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

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