



Harbor

CAPITAL ADVISORS, INC.

Form ADV Part 2A Brochure

March 29, 2017

This Brochure provides information about the qualifications and business practices of Harbor Capital Advisors, Inc. Please contact Legal & Compliance at compliance@harborfunds.com if you have any questions. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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Additional information about Harbor Capital Advisors, Inc. is available through the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

Material Changes

This Brochure, dated March 29, 2017, is not materially different in structure and does not contain any material changes.

While it is not materially different, it has been updated to reflect current practices in the section titled "*Methods of Analysis, Investment Strategies and Risk of Loss.*"

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Form ADV Part 2A

Advisory Business	<p>Harbor's History, Organization and Ownership</p> <p>Harbor Capital Advisors, Inc. (Harbor Capital) is an investment adviser registered with the Securities and Exchange Commission (SEC).</p> <p>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 that employs a manager-of-managers business model. In June of 2001, Harbor Capital was acquired by Robeco Groep N.V. (Robeco) and is currently owned by Robeco through two intermediate holding company subsidiaries: Robeco US Holding Inc. and Robeco US Holding B.V. Robeco is a financial holding company located in the Netherlands and is wholly-owned by ORIX Corporation (ORIX), a global leasing and financial services company based in Japan.</p> <p>Investment Advisory Services</p> <p>Harbor Capital provides discretionary investment advisory services to our clients. We are responsible for providing these services either through Harbor Capital or by entering into subadvisory agreements with third party investment advisers (Subadvisers) selected and supervised by us. We employ a "manager-of-managers" approach in selecting and overseeing Subadvisers. Each Subadviser is responsible for making the day-to-day investment decisions for the assets allocated to them. We establish investment policies, strategies, and guidelines for each client and update those policies, strategies, and guidelines as necessary. Each Subadviser in turn determines, for the assets allocated to them, the securities to be purchased or sold, as well as the timing and manner in which to effect those securities transactions. We monitor, evaluate and oversee each Subadviser's performance. When necessary, we replace or terminate or, for Harbor Funds, we recommend to its Board of Trustees the replacement or termination of a Subadviser. While we endeavor to engage Subadvisers that we believe have particular expertise in the asset classes we have assigned to them, Harbor Capital remains ultimately responsible for the performance of our clients' accounts. With respect to our client, Harbor Funds, its Board of Trustees must approve each investment advisory and subadvisory agreement. Currently, all of the Subadvisers that we utilize are not affiliated with us.</p> <p>Our Clients</p> <p>We provide investment advisory services to three institutional clients:</p> <p>Harbor Funds</p> <p>Harbor Funds is an investment company registered under the Investment Company Act of 1940. Harbor Funds is comprised of a number of distinct individual funds with different investment objectives and strategies spanning domestic equity, international and global equity, fixed income, strategic markets and target retirement asset classes.</p> <p>Harbor Cayman Commodity Fund Ltd. (Cayman Fund)</p> <p>The Cayman Fund is a wholly-owned subsidiary of Harbor Commodity Real Return Strategy Fund, a series of Harbor Funds. The Cayman Fund is not marketed or offered to the public. Its sole purpose is to enable the Harbor Commodity Real Return Strategy Fund to gain exposure to commodity-linked instruments by holding those instruments in the Cayman Fund. Harbor Commodity Real Return Strategy Fund and the Cayman Fund are subadvised by the same Subadviser.</p> <p>Harbor Capital Group Trust for Defined Benefit Plans (Group Trust)</p> <p>The Group Trust is a collective investment trust exempt from registration under the Investment Company Act of 1940 under Sections 3(c)(1) and 3(c)(7). The Group Trust is comprised of defined benefit retirement plan assets of a small number of corporate defined benefit plans. The Group Trust is not marketed or offered to the public.</p>
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	<p>Harbor Target Retirement Funds (Target Retirement Funds)</p> <p>Harbor Target Retirement Funds are a group of individual funds within Harbor Funds, each with an investment portfolio designed to automatically change over time to become more conservative as a target retirement date is approached. Target Retirement Funds do not invest directly in portfolio securities. Rather, each individual Target fund invests its assets in other Harbor funds.</p> <p>Harbor Capital is responsible for developing and managing the asset allocation across the domestic equity, international and global equity, fixed income, and strategic markets asset classes and for selecting the underlying Harbor funds to be held by each Target fund based upon each Target fund's investment objectives and policies.</p> <p>Assets Under Management</p> <p>The amount of regulatory assets under management as of December 31, 2016 was \$72,782,833,134. All assets under management are managed on a discretionary basis.</p>
<p>Fees and Compensation</p>	<p>Compensation Terms</p> <p>We do not have an established fee schedule. The specific manner in which fees are charged is negotiated with each client and established within the advisory agreement between Harbor Capital and our clients. Each advisory agreement between Harbor Capital and our clients provides that the agreement may be terminated upon written notice to the other party without penalty. We may voluntarily agree not to impose a portion of our fee for a client for a period of time during the advisory relationship. Our compensation is derived solely from advisory fees we receive under our advisory agreements.</p> <p>Harbor Funds</p> <p>Harbor Funds pays Harbor Capital an advisory fee at an annual rate based on each Harbor funds' average net assets with the exception of the Target Retirement Funds. Advisory fees accrue daily and are paid monthly in arrears. Harbor Capital in turn pays each Subadviser for their advisory services from our assets. Our advisory fee is in addition to Harbor Funds' other operating expenses (including custody, independent auditor, registration and blue sky expenses) that will be borne by each Harbor fund (including each Target fund through the individual Harbor funds in which each Target fund invests). The annual operating expenses of each Harbor fund are described in each Harbor fund's prospectus.</p> <p>Target Retirement Funds</p> <p>We do not receive any direct compensation for the advisory services we provide to the Target Retirement Funds. We are indirectly compensated for these advisory services because each Target fund is invested in individual Harbor funds that pay advisory fees to us.</p> <p>Cayman Fund</p> <p>In order to avoid any double charging of advisory fees, we have contractually agreed to waive the advisory fee we receive from the Harbor Commodity Real Return Strategy Fund in an amount equal to the advisory fee we receive from the Cayman Fund.</p> <p>Group Trust</p> <p>The Group Trust pays an advisory fee to Harbor Capital that is based on a percentage of the average value of the assets of the Group Trust as of month end and paid quarterly in arrears. Each Subadviser is paid directly for their advisory services from the assets of the Group Trust.</p> <p>Management, Administrative and Support Services</p> <p>Harbor Capital is also responsible for providing various management, financial, administrative, compliance, legal and regulatory and tax services to our clients. These services are described in the advisory agreements between Harbor Capital and each client. We do not receive a separate fee for any of these services that we perform for our</p>

	<p>clients.</p> <p>Fees to Our Subsidiaries</p> <p>Harbor Services Group, Inc. serves as the transfer agent for Harbor Funds. Harbor Funds Distributors, Inc. serves as the distributor for Harbor Funds. These subsidiaries receive transfer agency/shareholder servicing fees and distribution fees, respectively, from Harbor Funds. See below at “<i>Other Financial Industry Activities and Affiliations.</i>”</p> <p>Other Expenses</p> <p>Harbor Funds or the Group Trust will also pay transaction costs or commissions when securities are bought and sold. See “<i>Brokerage Practices</i>” below.</p>
Performance-Based Fees and Side-By-Side Management	<p>We do not receive performance-based fees from any client. All of the fees that we receive from a client are based on a percentage of the assets being managed.</p>
Types of Clients	<p>We provide advisory services to an investment company, a collective investment vehicle and a corporation. These three clients are more fully described above at “<i>Advisory Business</i>”.</p>
Methods of Analysis, Investment Strategies and Risk of Loss	<p>Investing in securities involves risk of loss that clients should be prepared to bear.</p> <p>Method of Analysis</p> <p>Manager-of-Managers Strategy (excludes Target Retirement Funds)</p> <p>We perform substantial due diligence in selecting and evaluating Subadvisers, monitoring and overseeing them and their performance and, if necessary, replacing a Subadviser.</p> <p>Selecting, monitoring, and overseeing Subadvisers is a continual process and includes the efforts of our Executive, Investment & Portfolio Management, Legal & Compliance and Accounting Teams and our Investment Review Committee. This oversight process includes:</p> <ul style="list-style-type: none"> • Evaluating the Subadviser’s investment process, personnel and investment staff using qualitative and quantitative analysis and performing on-site due diligence; • Reviewing the Subadviser’s performance relative to its peers and appropriate benchmarks over multiple time periods; • Assessing the adequacy of the Subadviser’s legal, compliance, trading and operational infrastructure and monitoring ongoing compliance with legal requirements as they pertain to portfolio management responsibilities; • Evaluating the Subadviser’s ownership structure and business relationships, including potential conflicts of interest; • Monitoring for material changes in the Subadviser’s ownership and organization structures and any incentive programs; • Evaluating our ongoing assessment of the Subadviser’s ability to deliver consistently strong future performance in light of the information obtained about the Subadviser through the monitoring process; • Confirming the Subadviser’s adherence to investment guidelines; • Reviewing the Subadviser’s brokerage practices, including the process to achieve best execution, the use of any soft dollar commissions and affiliated brokerage, if any; • Reporting to Harbor Funds’ Board of Trustees on a periodic basis with respect to

each Subadviser the results of our ongoing activities as described above;

- Formulating a recommendation regarding the retention or replacement of Subadvisers for consideration by the Harbor Funds' Board of Trustees; and
- Preparing materials for Harbor Funds' Board of Trustees to assist in the Board's regular or special review of Subadviser arrangements.

Target Retirement Funds Strategy

Each Target fund invests its assets in underlying Harbor funds. The due diligence that we perform in selecting, overseeing, monitoring the performance of, and, if necessary, replacing a Subadviser to a Harbor fund is described above.

We are also responsible for:

- Developing and evaluating a glidepath for the Target Retirement Funds and the broad asset allocation for each Target fund;
- Selecting the underlying Harbor funds to be held by each Target fund;
- Managing the asset allocation for each Target fund and adjusting exposures to underlying Harbor funds when deemed necessary;
- Monitoring the actual underlying Harbor fund allocations and initiating rebalancing trades within each Target fund when actual allocations deviate from target allocations;
- Verifying that subscription and redemption activity with each Target fund is processed accurately; and
- Preparing materials for the Harbor Funds' Board of Trustees to assist in the Board's review of the Target Retirement Funds.

We assess the asset allocation against target retirement funds offered by other mutual fund companies using industry data.

Material Risks

In our business, there are a number of material risks. To address those risks, we have put a number of controls in place and actively monitor those risks and controls.

Selection and Monitoring of Subadvisers

There is a risk that we will not identify in our selection process:

- an appropriate Subadviser for the asset class;
- existing weaknesses in a Subadviser's compliance or operational infrastructure; or
- existing material regulatory, financial or other operational issues.

There is a risk that a Subadviser:

- will not meet our expectations from an investment performance perspective over time;
- will develop significant weaknesses in their compliance or operational infrastructure that could lead to a material adverse event; or
- will develop material regulatory, financial or other operational issues.

Use of Subadvisers

When we engage Subadvisers, we are highly dependent upon their investment expertise and abilities as they have day-to-day investment discretion over the underlying portfolio assets. Therefore, there is a risk that an event having a negative impact a Subadviser (such as a significant change in personnel, corporate structure or resources) may adversely impact a client's investment results.

We may replace a Subadviser (or, with respect to Harbor Funds, we may recommend the replacement of a Subadviser to Harbor Funds' Board of Trustees) if some or all of these

circumstances develop. The process for identifying an appropriate Subadviser and entering into a new subadvisory relationship takes a significant amount of due diligence and a significant amount of time. Prolonged underperformance could lead to shareholder dissatisfaction and outflows from the affected Harbor fund.

A decision to replace a Subadviser could also lead to outflows from the affected Harbor fund by some shareholders. A decision to replace a Subadviser could result in significant portfolio turnover and uneven performance during the period in which a new Subadviser aligns the portfolio holdings to their strategy. High portfolio turnover could result in higher transaction costs. There could also be negative tax consequences associated with either liquidating ownership in a Harbor fund or with remaining in a Harbor fund where there are significant outflows or portfolio adjustments resulting from a transition to a new Subadviser.

Due Diligence Considerations

We conduct extensive due diligence in selecting, monitoring, and overseeing the Subadvisers. However, due diligence is not foolproof and may not uncover problems associated with a particular Subadviser. For example, one or more of the Subadvisers may engage in improper conduct (including unauthorized changes in investment strategy) that may be harmful and may result in losses. We may rely upon representations made by Subadvisers, accountants, attorneys, and/or other service providers. If any of these representations are misleading, incomplete or false, this may result in the selection of a Subadviser that might otherwise have been eliminated from consideration if fully accurate and complete information had been made available to us. Even if our due diligence efforts are effective at ensuring that we have a thorough understanding of a particular Subadviser, our judgment about whether a particular Subadviser is able to perform in a manner that meets our expectations over the long-term may be incorrect.

Although the Subadvisers are subject to our investment policies, strategies, and guidelines, there can be no assurance that the Subadvisers will comply with these policies, strategies, and guidelines. Failure to comply with the policies, strategies, and guidelines could result in an unintended deviation in the investment strategy and could result in losses. We employ various reviews to seek to identify any deviations and would act promptly to correct them when identified.

Underlying Investment Risks

Each Subadviser engages in separate investment strategies that involve the purchase and sale of securities. Any investment in securities carries certain market risks.

Investments made by the Subadvisers may decline in value for a number of reasons. Those reasons include changes in the overall market for equity or debt securities, changes in the market for the particular types of securities favored by the Subadviser as well as factors relating to particular portfolio securities (such as management, the market for the issuer's products or services, sources of supply, technological changes within the issuer's industry, availability of additional capital and labor, general economic conditions, or political conditions). In addition, certain securities in the portfolios may be subject to credit risk of the issuer or another party and/or interest rate risk.

The value of the investment portfolio managed by each Subadviser will fluctuate. There is no assurance that our clients will achieve their investment objectives.

Risk factors associated with a Subadviser's own investment strategy are required to be disclosed in that Subadviser's Form ADV Brochure Part 2A.

Subadviser Brokerage Practices

There is a risk a Subadviser may engage in more frequent trading to implement their investment strategy. More frequent trading of portfolio securities will normally result in higher brokerage commissions, transaction costs and taxes. For Harbor Funds, these costs are not included explicitly in the funds' operating expense ratios. Instead, these costs are reflected in the funds' net asset values, which can affect fund performance. This may make excessive commission practices harder for Harbor Funds' shareholders to observe.

	<p>There is a risk that a Subadviser could use Harbor funds' assets to generate soft dollar benefits that are excessive or do not fall within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.</p> <p>Industry Changes Impacting Subadviser Selection</p> <p>In the current market environment for mutual funds, many investment managers may be able to offer mutual funds through a variety of investment channels at potentially higher fees, as well as retain more of those fees, than when they offer their services through Harbor Funds. The current marketplace offers investment managers multiple outlets for their investment products.</p> <p>Changes in the industry may make it more difficult to identify and secure the investment services of outstanding Subadvisers at fee levels we have obtained historically. These changes may require us to identify and retain Subadvisers at an earlier stage and to take risks that we may not have taken historically, such as retaining a Subadviser that does not have an investment performance record that reflects a full market cycle.</p> <p>In the best of circumstances, it is difficult to find managers that outperform over the long-term. We continue to look for skilled investment managers while recognizing there is a risk the Subadviser fee levels may be higher than in the past.</p> <p>Management of Target Retirement Funds</p> <p>There is a risk that our investment allocation and rebalancing decisions are not consistent with the Target fund's investment objectives. This could result in poor or unexpected performance in the Target funds.</p> <p>There is also a risk that the Subadvisers to the underlying Harbor funds in which the Target funds have invested fail to perform as expected or underperform relative to other investment managers providing exposure to similar asset classes. Poor performance by the Subadvisers to underlying Harbor funds can result in poor performance at the Target fund level even if investment allocation and rebalancing decisions are made consistently with each Target fund's investment objectives.</p> <p>There is a risk that we could make an error in effecting or executing our rebalancing decisions that goes undetected. This could result in investments in underlying Harbor funds that are inconsistent with rebalancing decisions made to meet the Target fund's investment objectives.</p> <p>Management of Group Trust</p> <p>There is a risk that the asset allocation guidelines established by the corporate defined benefit plan sponsors that invest in the Group Trust are not followed. This could result in a material divergence between the expectations of the Group Trust participants and actual performance. There is also a risk that the Subadvisers we select to manage portions of the Group Trust's assets fail to perform as expected or underperform relative to other investment managers providing exposure to similar asset classes. Poor performance by the Subadvisers can result in poor performance at the overall Group Trust level even if asset allocation guidelines are followed consistently.</p> <p>Investment in the Harbor Funds</p> <p>The principal risks of investing in specific Harbor funds are described in Harbor Funds' prospectuses.</p>
<p>Disciplinary Information</p>	<p>We are required to disclose all material facts regarding certain legal or disciplinary events.</p> <p>In February 2014, Terrence Zehrer filed a complaint against Harbor Capital in the U.S. District Court for the Northern District of Illinois alleging that the advisory fees received by Harbor Capital for managing Harbor International Fund are excessive in violation of Section 36(b) of the Investment Company Act of 1940. In September 2014, Ruth Tumpowsky filed a complaint against Harbor Capital also in the U.S. District Court for the Northern District of Illinois alleging that the advisory fees received by Harbor Capital for managing Harbor International Fund and Harbor High-Yield Bond Fund are excessive in violation of Section 36(b) of the Investment Company Act of 1940. In November 2014, both the Zehrer</p>

	<p>complaint and the Tumpowsky complaint were consolidated through the filing of one amended complaint. As consolidated, the plaintiffs seek monetary damages, rescission of the advisory agreement and other relief from Harbor Capital based on the fees received for managing Harbor International Fund and Harbor High-Yield Bond Fund. The parties have completed fact discovery and expert discovery. Harbor Capital believes the consolidated lawsuit is without merit and intends to vigorously defend ourselves against this action.</p> <p>Neither Harbor Capital nor our management personnel has been involved in any other legal or disciplinary event that we believe is material to a client's evaluation of Harbor Capital or the integrity of our management.</p>
Other Financial Industry Activities and Affiliations	<p>Registered Personnel and Affiliated Entities</p> <p>Harbor Funds is registered under the Investment Company Act of 1940 as an open-end management investment company. Harbor Funds' Board of Trustees is responsible for overseeing Harbor Funds' business and each of its service providers, including Harbor Capital. Harbor Funds' Board of Trustees is comprised of seven trustees, six of whom are independent of Harbor Capital, and one advisory board member who is also independent of Harbor Capital. Harbor Capital is engaged by the Board of Trustees of Harbor Funds to serve as the investment manager to each Harbor fund.</p> <p>The following members of Harbor Capital executive management serve as executive officers to Harbor Funds:</p> <ul style="list-style-type: none"> • David G. Van Hooser • Brian L. Collins • Anmarie S. Kolinski • Charles F. McCain • Charles P. Ragusa <p>Harbor Funds Distributors, Inc., a broker-dealer registered with the SEC, is wholly-owned by Harbor Capital and is the distributor for Harbor Funds. Harbor Funds' Board of Trustees has adopted distribution and service plans pursuant to Rule 12b-1 under the Investment Company Act of 1940 that provide for the payment of a distribution and service fee of 0.25% to the Administrative and Investor Classes of each Harbor fund. Harbor Funds Distributors does not execute brokerage transactions in securities held by Harbor Funds.</p> <p>The following members of Harbor Capital executive management are also executive officers and registered principals of Harbor Funds Distributors:</p> <ul style="list-style-type: none"> • David G. Van Hooser • Hugh M. Kelly • Anmarie S. Kolinski • Charles F. McCain • Charles P. Ragusa <p>Harbor Services Group, Inc., a transfer agent registered with the SEC, is wholly-owned by Harbor Capital and is the shareholder servicing agent for Harbor Funds.</p> <p>The following members of Harbor Capital executive management are also executive officers of Harbor Services Group:</p> <ul style="list-style-type: none"> • David G. Van Hooser • Anmarie S. Kolinski • Charles F. McCain • Charles P. Ragusa <p>Both Harbor Funds Distributors and Harbor Services Group have been engaged by the Board of Trustees of Harbor Funds to provide services to Harbor Funds. All fees paid to Harbor Funds Distributors and Harbor Services Group are paid by Harbor Funds. Those fees are described in detail in Harbor Funds' current prospectuses and Statement of Additional Information, which are available upon request or from harborfunds.com.</p>

	<p>Providing Seed Capital</p> <p>Harbor Capital typically serves as the initial investor in a new Harbor fund. We may be the sole or majority investor in any new Harbor fund until that Harbor fund garners significant assets from unaffiliated outside investors. We do not consider the provision of seed capital to a Harbor fund to constitute a control relationship.</p> <p>Unaffiliated Subadvisers</p> <p>None of the Subadvisers that we have entered into a subadvisory agreement with are affiliated with Harbor Capital.</p>
<p>Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</p>	<p>Code of Ethics</p> <p>Harbor Capital has adopted a Code of Ethics that requires all of our employees to conduct their activities and carry out their responsibilities following these standards:</p> <ul style="list-style-type: none"> • To place at all times the interests of each of our clients first; • To avoid serving his/her own personal interests or the interests of Harbor Capital ahead of the interests of our clients; • To avoid any situation involving an actual or potential conflict of interest or possible impropriety with respect to his/her duties and responsibilities to our clients; • To not take advantage of his/her position of trust and responsibility at Harbor Capital; and • To avoid any situation that might compromise or call into question his/her exercise of full independent judgment in the best interests of our clients. <p>Each employee is prohibited from engaging in any act or practice that would violate applicable federal securities laws, including the Investment Advisers Act of 1940. Each employee must promptly report potential violations to our Chief Compliance Officer.</p> <p>Market Conduct</p> <p>Our employees are prohibited from profiting from short-term trading, such as through market timing, in Harbor Funds shares. Short-term trading includes transactions involving the purchase and sale (or the sale and purchase) of shares of the same Harbor fund (other than the Harbor Money Market Fund) within 30 days. These transactions are prohibited unless we provide the employee with prior written approval. Automatic investment or withdrawal plans or dividend reinvestment plans are not subject to this restriction.</p> <p>Our employees are also subject to Harbor Funds' excessive trading/market timing policy. This policy is described in Harbor Funds' current prospectus.</p> <p>Employee Monitoring</p> <p>We actively monitor transactions by employees in Harbor Funds' shares for compliance with our Code of Ethics.</p> <p>Employee Reporting</p> <p>Access Persons</p> <p>Access Persons have greater access to information about our clients' holdings. Employees who are Access Persons have a heightened responsibility under our Code of Ethics. They are required to pre-clear personal securities transactions and are subject to ongoing reporting regarding certain personal securities transactions and holdings.</p> <p>We review the reports submitted by our Access Persons for compliance with our Code of Ethics.</p> <p>All Employees</p> <p>All of our employees must certify upon their initial employment with Harbor Capital, and then annually, that they have read and understand our Code of Ethics and have complied</p>

with the requirements that apply to them.

Subadvisers

Harbor Capital requires each Subadviser to certify each quarter that any of their personnel who are engaged in providing investment advisory services to our clients have complied with the requirements of their Code of Ethics. As part of our due diligence, we review each Subadviser's Code of Ethics to:

- Assess how they monitor trading by employees;
- Determine if they have Ethical Walls and controls to prevent the misuse of inside information; and
- Assess the controls in place to ensure compliance with our restrictions on market timing.

To Request our Code

You may request a copy of our Code by contacting: Legal & Compliance at Harbor Capital Advisors, Inc., 111 South Wacker Drive, 34th Floor, Chicago, IL 60606.

Participation/Interest in Client Transactions

Group Trust

Harbor Capital does not normally recommend that the Group Trust invest a portion of their assets in one or more Harbor funds. However, we are permitted to direct an investment by the Group Trust in a Harbor fund on a temporary basis only if we determine the Group Trust warrants exposure to a specific asset class that is best accessed through a Harbor fund until an alternative investment can be arranged. If we were to invest Group Trust assets in a Harbor fund, we may be considered to have a financial interest in the Harbor fund shares that we recommend since we receive an advisory fee from each Harbor fund based on a percentage of the net asset value of the Harbor fund. In that circumstance, we would waive advisory fees charged to the Group Trust on any portion of their assets invested in a Harbor fund in order to ensure that we are not charging fees on those assets twice. As of December 31, 2016, no Group Trust assets were invested in any Harbor fund.

Subadvisers

No former or current Subadvisers are affiliated with Harbor Capital. No Subadvisers are affiliated with our clients (Harbor Funds or the Group Trust). The Subadvisers are not considered to control Harbor Capital or any of our clients.

We normally engage several Subadvisers to manage different portions of the assets of Harbor Funds and the Group Trust. It is possible that two (or more) Subadvisers engaged to manage different portions of a client's assets will make the same or contrary investment decisions for that client at the same time.

- For example, one Subadviser may purchase a company's stock with the assets allocated to that Subadviser for one of our clients.
- At the same time, another Subadviser may sell the same company's stock for the assets allocated to that Subadviser for the same client.
- This could result in higher transaction costs that would be borne by the client. This could also result in less favorable transaction prices than would occur if the client's assets were all managed by one Subadviser.

We monitor the performance of each Subadviser. We also monitor the compliance of each Subadviser with the client's investment objectives and guidelines. We do not provide input on or seek to override investment decisions made by any Subadviser that are consistent with a client's investment objectives and guidelines.

Our Account

We do not normally buy or sell securities for our own account, other than shares of

	<p>Harbor Funds and other unaffiliated mutual funds for cash management purposes. We invest significantly in several Harbor funds, including Harbor Money Market Fund. We use Harbor Money Market Fund to invest a portion of our corporate cash.</p> <p>New Funds - Seed Money</p> <p>Harbor Capital typically serves as the initial investor in a new Harbor fund and may be the sole or majority investor in a new Harbor fund until that fund garners significant assets from unaffiliated outside investors. See above at “<i>Other Financial Industry Activities and Affiliations.</i>”</p> <p>Personal Trading</p> <p>Harbor Capital has adopted a policy which requires the officers of Harbor Capital to maintain certain minimum levels of ownership in shares of one or more Harbor funds. We believe that having our senior staff invest a material amount of their personal assets in a Harbor fund will serve to further align their interests with those of the shareholders of Harbor Funds. While not required, we normally see most of our employees who are not officers also invest in one or more Harbor funds. In the aggregate, these holdings generally represent a minority interest in each Harbor fund.</p> <p>We also sponsor 401(k) and non-qualified retirement plans for our employees. These plans include each Harbor fund as an investment option, and the employees direct their own investments.</p> <p>We monitor the personal trading activity of all employees in Harbor Funds’ shares, whether held directly or indirectly through the retirement plans that we offer or accounts maintained by other financial institutions, to seek to ensure that no employee engages in market timing or excessive trading activities in Harbor Funds.</p>
<p>Brokerage Practices</p>	<p>Harbor Capital does not engage in trading or brokerage activities for our clients. Each Subadviser is responsible for making the day-to-day investment decisions for the client assets allocated to them. Each Subadviser in turn determines, for the client assets allocated to them, the securities to be purchased or sold, as well as the timing and manner in which to effect those securities transactions.</p> <p>As part of our ongoing due diligence responsibilities, we review each Subadviser’s brokerage policies, procedures and practices, including their use of soft dollar commissions, affiliated brokerage and various electronic trading venues.</p> <p>We have adopted policies governing the trading and brokerage activities by each Subadviser that we engage. These policies are summarized below.</p> <p>Best Execution</p> <p>Our policy requires Subadvisers to seek to obtain best execution for all client transactions. A Subadviser may obtain brokerage or research products or services or “soft dollars” from broker-dealers in connection with placing securities transactions on behalf of clients provided the soft dollar arrangements comply with Section 28(e) of the Securities Exchange Act of 1934.</p> <p>Trade Aggregation</p> <p>Our policy requires Subadvisers to aggregate trades for their client accounts (including our clients) if:</p> <ul style="list-style-type: none"> • aggregation is in the best interests of each participating client; • aggregation is permitted by our client; and • completed trades are allocated between participating accounts in a fair and equitable manner. <p>Agency Transactions</p> <p>Our policy permits Subadvisers to engage in internal cross and agency cross transactions involving clients if permitted by law and the client. For Harbor Funds, any internal cross</p>

	<p>transactions and agency cross transactions must comply with procedures established by Harbor Funds to comply with Rule 17a-7 and Rule 17e-1 under the Investment Company Act of 1940, which includes a quarterly review of such transactions by Harbor Funds' Board of Trustees.</p> <p>Principal Transactions</p> <p>Our policy prohibits all Subadvisers from engaging in principal transactions involving any Harbor Capital client.</p> <p>Directing Portfolio Transactions for Harbor Funds</p> <p>Our policy prohibits Subadvisers for Harbor Funds from directing portfolio securities transactions to a particular broker-dealer to compensate that broker-dealer for promoting or selling Harbor Funds' shares.</p> <p>Arrangement with ConvergeX Execution Solutions LLC</p> <p>Harbor Capital has an arrangement with ConvergeX Execution Solutions LLC (ConvergeX) to rebate a portion of their commission to the Harbor Capital client using their brokerage services. ConvergeX is not affiliated with Harbor Capital, our subsidiaries, or our clients.</p> <p>Any Subadviser using ConvergeX is responsible for determining if the use of ConvergeX for a particular securities transaction is consistent with their obligation to seek to obtain best execution for our client. Transactions effected through ConvergeX do not provide a soft dollar benefit to any party. Neither Harbor Capital nor any Subadviser receives any portion of the rebated commission.</p>
<p>Review of Accounts</p>	<p>Review of Client Accounts</p> <p>We review the performance of each Subadviser that we engage to provide portfolio management services to our clients at least monthly. We also review the performance of each Target fund. We analyze each Subadviser's or Harbor fund's performance against a benchmark, appropriate indices, peer groups, prior periods and client guidelines. We also analyze the individual portfolios constructed by a Subadviser, focusing on how exposures to particular securities, industries, sectors and/or geographic regions may be evolving or changing in light of current market dynamics and in light of our expectations regarding the Subadviser's investment philosophy and approach.</p> <p>Investment Review Committee</p> <p>Our Investment Review Committee is responsible for periodically evaluating our assessment of the performance of each Harbor fund and the activities of existing Subadvisers and for reviewing recommendations regarding potential Subadvisers. This evaluation is based on information regarding the Harbor funds and Subadvisers prepared by our Investment & Portfolio Management Team and other information the Investment Review Committee feels is relevant. The Investment Review Committee does not provide investment advice regarding security purchase and sale decisions. The Investment Review Committee members are David G. Van Hooser, Brian L. Collins (Chairman), Charles F. McCain, Linda M. Molenda, Paul C. Herbert, Sonya G. Morris, Peter Hamet and Andrew Prewitt. The Investment Review Committee normally meets quarterly, but may meet more or less frequently as circumstances warrant. Other Harbor Capital employees may also participate in Investment Review Committee meetings, as necessary.</p> <p>Investment Advisory Committee</p> <p>Our Investment Advisory Committee is responsible for managing and regularly evaluating the asset allocation program for each Target fund. The asset allocation program includes managing and adjusting, as necessary, the weightings of underlying Harbor funds for each Target fund. The Investment Advisory Committee members are David G. Van Hooser, Brian L. Collins (Chairman), Paul C. Herbert and Linda M. Molenda. Mr. Herbert has day-to-day responsibility for managing the Target Funds and works with the Investment Advisory Committee to execute the Target Funds' programs.</p> <p>Group Trust Review Committee</p> <p>Our Group Trust Review Committee is responsible for periodically evaluating our</p>

	<p>assessment of the performance of the Group Trust and the activities of existing Subadvisers. The evaluation is based on information regarding the Group Trust and Subadvisers prepared by our Investment & Portfolio Management Team and other information the Group Trust Review Committee feels is relevant. The Group Trust Review Committee members are David G. Van Hooser, Brian L. Collins (Chairman), Linda M. Molenda, Charles F. McCain, Anmarie S. Kolinski and Erik D. Ojala. The Group Trust Review Committee normally meets quarterly, but may meet more or less frequently as circumstances warrant.</p> <p>Subadviser Reports</p> <p>We require each Subadviser to a Harbor fund to submit periodic compliance reports so that we may determine that each Harbor fund is being managed in accordance with the investment policies and restrictions established by the Harbor Funds' Board of Trustees. We analyze these reports and perform other due diligence to determine each Harbor fund's level of compliance with its policies and restrictions. We also perform periodic compliance reviews of each Target fund.</p> <p>Our Reports to Harbor Funds</p> <p>We report quarterly to Harbor Funds' Board of Trustees on the performance of each Harbor fund based upon our monthly reviews. We also report quarterly to Harbor Funds' Board of Trustees as to each Harbor fund's compliance with applicable laws and regulations and the Code of Ethics.</p> <p>Our Reports to the Group Trust</p> <p>We report quarterly and meet at least annually with the plan fiduciaries or investment committees of the pension plans that invest in the Group Trust.</p>
Client Referrals and Other Compensation	<p>Harbor Capital has no arrangement with any person or entity to solicit advisory clients for Harbor Capital and does not compensate any person for client referrals.</p>
Custody	<p>We do not act as custodian for any client account. We do not have or seek to have physical possession of any client's cash or assets held in any client's account.</p>
Investment Discretion	<p>We have discretionary authority to manage the assets of each of our clients. This authority is established in the investment advisory agreements. We may utilize Subadvisers as described above at "<i>Advisory Business</i>" and "<i>Methods of Analysis, Investment Strategies and Risk of Loss.</i>"</p>
Voting Client Securities	<p>Harbor Capital has adopted Proxy Voting Policies designed to ensure the proxy voting process is conducted in the best interests of our clients when delegated proxy voting authority. Harbor Capital has been delegated proxy voting authority for the Group Trust. Harbor Funds has retained proxy voting authority for Harbor Funds and the Cayman Fund but relies on a Proxy Voting Committee comprised entirely of Harbor Capital employees who are responsible for carrying out the voting of proxies for each Harbor fund. The process for voting proxies for each client is described below.</p> <p>Handling Proxy Voting for the Group Trust</p> <p>Group Trust</p> <p>The Group Trust has delegated full discretion to Harbor Capital to vote proxies for the Group Trust in accordance with Harbor Capital's proxy voting policies. When granted full discretion to vote proxies on behalf of a client, our approach is generally to delegate responsibility for voting individual proxies to the Subadvisers in accordance with the Subadviser's own proxy voting policies after we determine that the Subadviser's proxy voting policy is reasonable and appropriate.</p> <p>Conflicts. Harbor Capital has delegated proxy voting responsibility to the Subadvisers</p>

for the Group Trust. No Subadviser is an affiliate of Harbor Capital. Each Subadviser votes proxies and assesses and resolves conflicts of interest in accordance with their own proxy voting policies. Harbor Capital reviews each Subadviser's proxy voting policies and procedures including provisions relating to the manner in which the Subadviser addresses conflicts.

Overseeing Our Subadvisers

Before we delegate proxy voting responsibility to a Subadviser, we review their proxy voting policies (including their specific proxy voting guidelines) to determine if they are reasonably designed to ensure that Subadviser can administer the proxy voting process and vote proxies in the best interests of our clients. We review material amendments to the proxy voting policies of each Subadviser to confirm those policies continue to meet that standard.

Harbor Capital has the authority to override any proxy voting decision by a Subadviser when we believe a voting decision will not be in the best interests of one of our clients. However, the Subadvisers do not normally consult with us about proxy voting decisions. We are not normally aware of a Subadviser's proxy voting decision until after the vote is cast and the shareholder meeting has occurred. Therefore, we do not expect to be able to override a proxy voting decision unless the Subadviser consults with us prior to casting a vote.

Each Subadviser operates independently. Subadvisers may come to different voting decisions on the same or similar proposals. As long as each Subadviser is acting in the best interests of our clients when making their proxy voting decisions, we believe that our clients will benefit from each Subadviser applying their own analysis to the proxy voting decision.

Handling Proxy Voting for Harbor Funds and Cayman Fund

Harbor Funds

Harbor Funds has retained responsibility for voting the proxies for Harbor Funds but relies on a Proxy Voting Committee of Harbor Funds ("HF Proxy Voting Committee") comprised entirely of Harbor Capital employees who are responsible for carrying out the voting of proxies for each Harbor fund. Harbor Funds' Board of Trustees has adopted its own set of proxy voting policies (including specific proxy voting guidelines) to be applied consistently to all Harbor funds.

HF Proxy Voting Committee. The HF Proxy Voting Committee established by Harbor Funds' Board of Trustees is comprised entirely of Harbor Capital employees with relevant experience or responsibilities. The HF Proxy Voting Committee is overseen by and reports to Harbor Funds' Board of Trustees on all matters relating to the proxy voting process for Harbor Funds. The HF Proxy Voting Committee seeks to vote in accordance with Harbor Funds' Proxy Voting Policy. If the policy does not address a particular proposal adequately, the HF Proxy Voting Committee assesses the facts and circumstances of the proposal and votes in the manner the HF Proxy Voting Committee believes to be in the best interests of the affected Harbor fund(s) and its shareholders. The HF Proxy Voting Committee also makes recommendations to the Harbor Funds' Board of Trustees regarding modifications to Harbor Funds' Proxy Voting Policy.

Conflicts. The members of the HF Proxy Voting Committee are employees of Harbor Capital. As a result, a conflict of interest could exist in the event that Harbor Capital has a financial or other similar interest in the outcome of a particular proxy vote for a Harbor fund. The HF Proxy Voting Committee will assess the extent to which there may be a material conflict between the interests of a Harbor fund and Harbor Capital (and our affiliates, directors, officers, and employees). The HF Proxy Voting Committee assesses each proposal in each proxy. A conflict with one proposal in a proxy does not necessarily indicate there is a conflict with any other proposal in the proxy.

The HF Proxy Voting Committee will promptly report a conflict and its resolution to Harbor Funds' Chief Compliance Officer. The HF Proxy Voting Committee also reports all conflicts and resolutions to Harbor Funds' Board of Trustees quarterly. The HF Proxy Voting Committee will resolve a potential or actual conflict in the best interests of Harbor

	<p>Funds by:</p> <ul style="list-style-type: none"> • voting the proxy consistent with pre-determined guidelines in Harbor Funds' Proxy Voting Policy, if the guidelines require little or no discretion of the HF Proxy Voting Committee; • disclosing the actual or potential conflict to Harbor Funds' Board of Trustees and obtaining their consent before voting in the manner approved by the Board; • engaging an independent third party to determine how the proxy should be voted; or • insulating the decision maker from the actual or potential conflict by establishing an ethical wall or other informational barrier between any persons involved in the potential conflict and any persons making the voting decision. <p>Target Retirement Funds. Target Retirement Funds' assets are invested in other Harbor funds. Proxy voting for these assets is performed at the underlying Harbor fund level. If an underlying Harbor fund submits a matter to a vote of its shareholders, votes for and against such matters on behalf of the Target funds will be cast in the same proportion as the votes of the other shareholders in the underlying Harbor funds. This is known as "echo voting" and is designed to avoid any potential conflict of interest.</p> <p>Cayman Fund</p> <p>The Cayman Fund is a wholly-owned subsidiary of the Harbor Commodity Real Return Strategy Fund. Proxy voting for the assets held by the Cayman Fund is performed at the Harbor Commodity Real Return Strategy Fund level (described above under Harbor Funds).</p> <p>Our Clients May Request Information</p> <p>Our clients may request a copy of our Proxy Voting Policy or information regarding specific votes cast on their behalf by contacting Legal & Compliance at Harbor Capital Advisors, Inc., 111 South Wacker Drive, 34th Floor, Chicago, IL 60606.</p>
Financial Information	Not applicable.