

# Harbor Human Capital Factor Unconstrained ETF

Ticker: **HAPY** | June 2024



## Strategy Highlights

**Unconstrained exposure to the HCF®.** The Harbor Human Capital Factor Unconstrained ETF (HAPY) is designed for investors who want access to an equally-weighted portfolio of companies that produce the highest HCF® scores.

**Invests in Human Capital.** The Human Capital Factor® measures intrinsic and extrinsic motivation that establishes the relationship between employee well-being and business fundamentals which, in turn, could impact equity performance.

**Backed by Data.** The Human Capital Factor® is grounded in proprietary data that seeks to prove that "the right thing" can pay.

Ticker Symbol	HAPY
Cusip	41151J604
Total Expense Ratio	0.50%
Inception Date	02/23/2022
Index Provider	Irrational Capital
Benchmark	Human Capital Factor Unconstrained Index
Active/Passive	Active
Listed Exchange	NYSE
Lead Market Maker	Virtu
Index Rebalance Frequency	Quarterly

## Overview

The **Harbor Human Capital Factor Unconstrained ETF** seeks to provide investment results that correspond, before fees and expenses, to the performance of the Human Capital Factor Unconstrained Index (the "Index"). The Fund employs an indexing investment approach designed to track the performance of the Index. The Fund invests at least 80% of its total assets in securities that are included in the Index.

The Index is designed to deliver exposure to equity securities of large cap U.S. companies that demonstrate high employee engagement, based on scores produced by Irrational Capital LLC ("Irrational Capital" or the "Index Provider").

Large cap companies are defined by the Fund as those with market capitalizations over \$1 billion at the time of Index reconstitution. The Index is equally weighted and composed of approximately 70 to 100 companies with top "Human Capital Factor" scores at the time of Index reconstitution.

The Index Provider calculates **Human Capital Factor® (HCF®)** scores based on a proprietary scoring methodology developed by Irrational Capital leveraging its research in behavioral science, data science and human capital. The scoring methodology seeks to quantitatively measure the contribution of a company's corporate culture to its future performance.

**HAPY**

Selection Universe	Solactive GBS United States 1000 Index
Number of Stocks	75
Median Market Cap	\$20.6 Billion
Weighting	Equal-Weight
Reconstitution Schedule	Annually

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## The Human Capital Factor

The Human Capital Factor® (HCF®) seeks to quantify levels of motivation and engagement of a company's workforce in an effort to capture the powerful connection between human capital and stock performance. **These HCF® scores assist in addressing a market inefficiency and afford access to a new alpha factor with differentiated excess return potential.**

These distinct results have been on display since the February 2022 launch of the **Harbor Human Capital Factor Unconstrained ETF (ticker: HAPY)**, which seeks to track the Human Capital Factor Unconstrained Index.

## Connecting Human Capital to Equity Performance



## The Human Capital Factor®: Irrational Capital Data Ecosystem

At the core of the HCF® is the distinct data ecosystem developed by Irrational Capital.

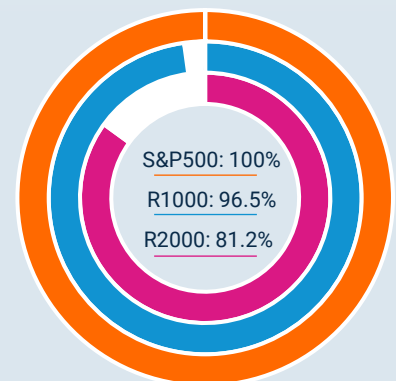
### PROPRIETARY

- Private (Exclusive) + Public
- Highly Stable Question Sets
- Survey (Likert scale) + Comments
- Behavioral Only: No Financial Data

### EXPANSIVE

- **Wide Coverage**
  - › 7,500+ Companies
  - › 4,200+ Public Companies
- **Long, Consistent Data Set**
  - › 17+ Years of Insight
- **Deep & Precise Insights**
  - › 750 Million+ data points

### COVERAGE



S&P500: S&P 500 Index  
R1000: Russell 1000 Index  
R2000: Russell 2000 Index

Source: Irrational Capital, October 2023.

To learn more about HAPY, please [visit our website](#) or reach out to a Harbor representative at 1-800-422-2677.

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**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](http://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.

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. The Fund may not exactly track the performance of the Index with perfect accuracy at all times. Tracking error may occur because of pricing differences, timing and costs incurred by the fund or during times of heightened market volatility.

The Fund relies on the Index provider's proprietary scoring methodology in assessing whether a company may be considered to have a strong corporate culture. There is no guarantee that the construction methodology will accurately assess a company to include or exclude it from the index which could have an adverse effect on the Fund's returns. The Fund's assets may be concentrated in a particular sector or industries to the extent the Index is concentrated and is subject to the risk that economic, political, or other market conditions that have a negative effect on that sector or industry will negatively impact the value of the Fund.

**HCF Scoring:** Each company in the universe is scored on each of the seven dimensions (organizational effectiveness, innovation, direct management, organizational alignment, engagement, emotional connection, and extrinsic rewards). Scores across all seven dimensions are aggregated for each company. The raw score reflects aggregate scores across the seven dimensions for every company in the universe. The Z-score then serves to normalize the distribution of raw scores across the universe. A Z-score is a statistical measurement that tells you how far away from the mean (or average) your datum lies in a normally distributed sample. The Highest (most favorable) raw HCF® value is 3, the lowest (least favorable) raw HCF® value is -3.

The **Solactive GBS United States 1000 Index** intends to track the performance of the largest 1000 companies from the US stock market and is based on the Solactive Global Benchmark Series. Constituents are selected based on company market capitalization and weighted by free float market capitalization. The index is calculated as a total return index in USD and is reconstituted quarterly.

The **S&P 500 Index**, or Standard & Poor's 500 Index is an unmanaged index generally representative of the U.S. market for large capitalization equities. The **Russell 1000 Index** is a stock market index that tracks the highest-ranking 1,000 stocks in the U.S. equity market. The **Russell 2000 Index** is a stock market index that measures the performance of the 2,000 smaller companies included in the Russell 3000 Index. The **Human Capital Factor Unconstrained Index** is comprised of an equal weighted portfolio of equity securities of U.S. companies that possess strong human capital as determined by Irrational Capital. These unmanaged indices do not reflect fees and expenses and are not available for direct investment.

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 or a recommendation to purchase a particular security.

Expense ratio is as of the Fund's current prospectus, as supplemented. Gross expenses are the Fund's total annual operating expense.

**Foreside Fund Services, LLC is the Distributor of the Harbor Human Capital Factor Unconstrained ETF.**