

# Embark Commodity Strategy Fund

Ticker: **ECSWX** | January 2024



## Strategy Highlights

**Comprehensive Commodity Allocation.** ECSWX allocates across six active commodities subadvisors with differentiated styles, philosophies and specializations, enabling strong diversification and alpha potential compared to production-skewed commodity benchmarks and peers.

**Upside Participation with Risk Mitigation.** ECSWX aims to afford representation with benchmark-aware subadvisors (core), benchmark-aware subadvisors with higher tracking error (core plus) and satellite subadvisors (such as a total return-oriented approach) to encompass coverage across subadvisors that participate to the upside and mitigate the downside.

**Manager Selection Expertise.** ECSWX's underlying subadvisors have been selected via Harbor's compelling and time-tested Alpha Edge framework, a process in which managers and investment strategies are chosen based on the results of a rigorous and robust evaluation.

**Optimized Access to Structural Alpha.** While there are fewer dimensions of diversification in commodities, we believe there is more persistent structural alpha available. Harbor's Multi-Asset Solutions Team (MAST) employs a proprietary optimization process in an effort to maximize the idiosyncratic risk and information ratio of the underlying subadvisors.

## Overview

The **Embark Commodity Strategy Fund** seeks to provide exposure to commodities markets by investing in commodity-linked instruments across various commodity sectors either directly, or through its investments in its subsidiaries. The Fund pursues its investment objective by allocating the Fund's assets among multiple subadvisors, who provide day-to-day portfolio management for a portion of the Fund's assets (referred to as a "sleeve"). Harbor Capital is responsible for selecting and overseeing the subadvisors and allocating the Fund's assets among the subadvisors' sleeves.

Each subadvisor may invest up to 25% of the assets in its sleeve, as determined at the end of each fiscal quarter, in a wholly owned and controlled subsidiary. The investments in the subsidiaries are expected to provide the Fund with exposure to commodity returns within the limits of the federal tax laws, which limit the ability of investment companies such as the Fund to invest directly in such instruments. Each subsidiary has the same investment objective and will follow the same general investment policies and restrictions as the Fund.

Each subadvisor has its own process for evaluating sectors, commodities and commodity-linked instruments and will act independently from the other subadvisors in selecting investments.

**For Broker Dealer/Registered Investment Adviser Use Only**

Share Class	Institutional
Cusip	41152J207
Fund Number	2048
Net Expense Ratio*	0.79%
Gross Expense Ratio	0.95%
Inception Date	01/23/2024
Manager Name	Harbor Multi-Asset Solutions Team
Initial NAV	\$10.00
Benchmark	Bloomberg Commodity Index
Morningstar Category	Commodities Broad Basket

\*The net expense ratios for this fund are subject to a contractual management fee waiver and/or an expense limitation agreement excluding interest expense and acquired fund fees and expenses (if any) through 02/28/2025.



# ECSWX's Underlying Subadvisors



**AQR Capital Management:** A quantitative manager that blends a risk-balanced strategic allocation with a diversified set of tactical alpha sources. AQR seeks to offer efficient total returns alongside its higher tracking error.



**CoreCommodity Management LLC:** Bottoms-up, discretionary manager with a long track record of delivering consistent alpha with a low tracking error. Core's allocation serves to anchor the overall portfolio to the benchmark.



**SummerHaven Investment Management:** Sole focus is identifying commodities with low inventories through quantitative signals while efficiently rolling positions and identifying new commodity markets.



**Quantix Commodities LP:** An inflation sensitivity framework that targets liquid commodities with high passthrough costs and is strategically implemented through a scarcity/debasement lens.

## Schroders

**Schroders:** Fundamental investors focused on four factors: supply and demand, macro, technical, and investor sentiment. Portfolio is designed to temper downside risk.



**Neuberger Berman Group LLC:** Strategic risk-balanced allocation combined with scarcity focused tactical tilts. Long track record distinguished for its ability to capitalize in up markets and drive consistent outperformance.

	Relative Value	Risk Targeting	Curve	Inflation-beta
AQR	✓	✓	✓	
Core Commodity	✓			
Summer Haven	✓	✓		
Quantix			✓	✓
Schroders	✓			
Neuberger Berman	✓	✓	✓	

**For Illustrative Purposes Only.** A relative value example is going long diesel fuel, a distillate, and short Brent crude, which leaves a portfolio neutral the energy sector. Risk targeting covers the use of analyzing risk contributions at the sector-level beyond nominal weights. Curve strategies involve optimizing the roll yield of futures-level allocations. Inflation-beta accounts for the passthrough efficiency of upstream commodity prices to consumer inflation. **For Broker Dealer/Registered Investment Adviser Use Only**



## Harbor Multi-Asset Solutions Team (MAST)

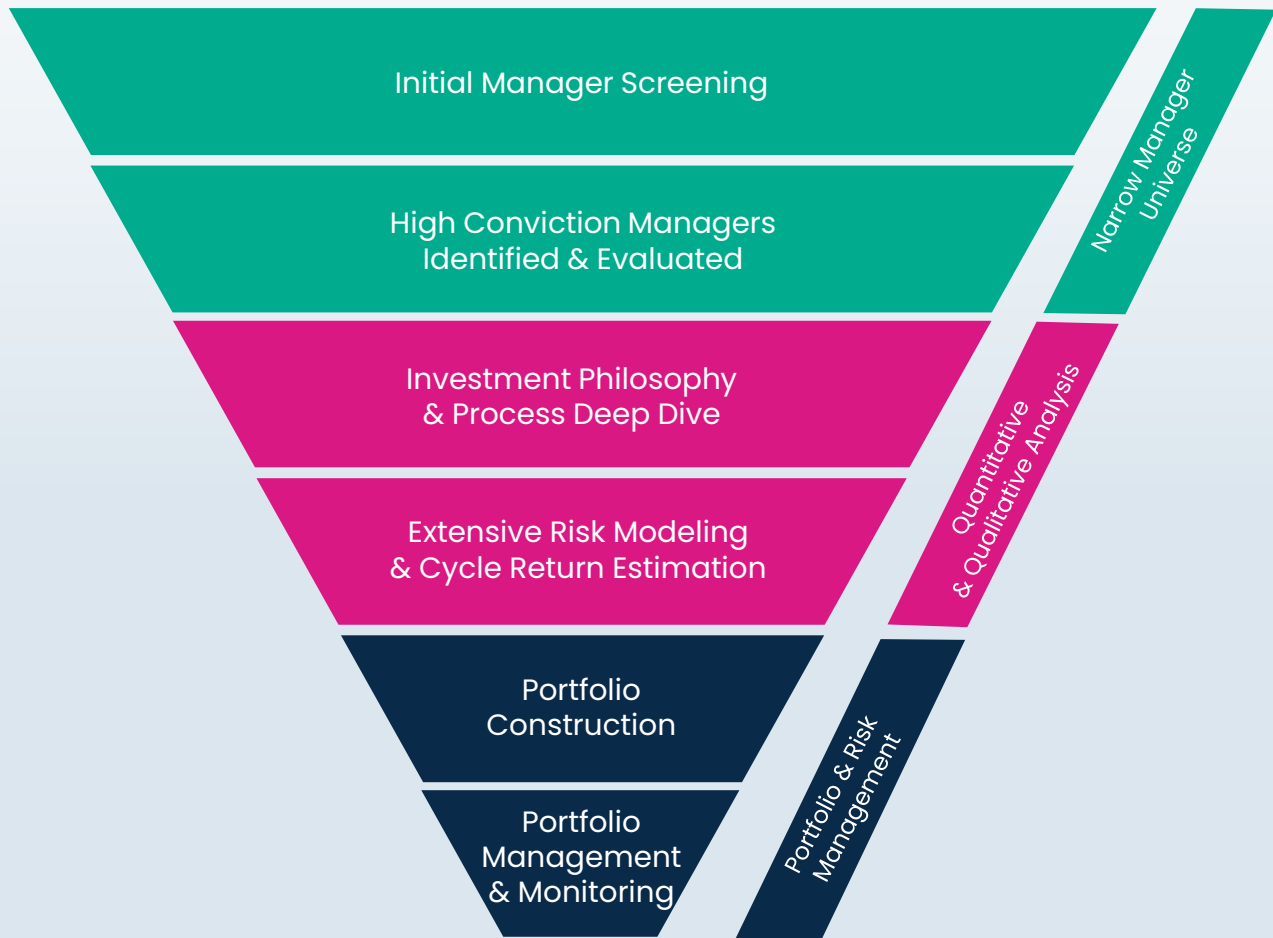


**MAST** delivers actionable investment insights and builds multi-asset portfolios and client solutions. The team's investment platform combines proprietary quantitative and qualitative signals with inputs from Harbor's Investment Research Team, subadvisory network, and other sources to guide investment decisions across asset allocation, portfolio management, and risk oversight.

### Investment Process and Portfolio Construction

Each subadvisor is responsible for managing their respective sleeve of the Fund, including buying and selling instruments for its sleeve. MAST will determine allocations among the subadvisors and adjust those allocations over time based upon its qualitative and quantitative assessment of each strategy and how those strategies work in combination to produce an enhanced risk-adjusted investment outcome for the Fund.

MAST works to map each subadvisor to the persistent, identifiable sources of alpha within their sleeve. While each subadvisor may employ several strategies, MAST seeks to identify the core components for each. This qualitative exercise acts as an overlay to MAST's proprietary quantitative optimization process.





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### All investments involve risk including the possible loss of principal.

There is no guarantee that the investment objective of the Fund will be achieved. Securities markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market and economic conditions. Because the Fund is non-diversified and may invest a greater percentage of its assets in securities of a single issuer, and/or invest in a relatively small number of issuers, it is more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio. The Fund allocates to multiple Subadvisors and their investment styles and security selection may not always be complimentary, which could affect performance. The Fund has exposure to commodities (either directly or through Subsidiaries) through investments in commodity-linked derivative instruments. Commodity-linked derivatives may subject the Fund to significantly greater volatility than investments in traditional securities. The value of commodity-linked derivatives may be affected by prevailing spot prices for the underlying commodity, supply and demand, market activity, liquidity, economic, financial, political regulatory, geographical, biological or judicial events, and the general interest rate environment. Commodity-linked derivatives are subject to the risk that the counterparty to the transaction, the exchange or trading facility on which they trade, or the applicable clearing house may default or otherwise fail to perform.

Diversification does not assure a profit or protect against loss in a declining market.

The **Bloomberg Commodity Index** ("BCOM") is designed to be a highly liquid and diversified benchmark for commodity investments via futures contracts.

Alpha is a measure of risk (beta)-adjusted return.

Idiosyncratic risk the risk inherent in an asset or asset group due to specific qualities of that asset.

The Information Ratio (Info Ratio) of a manager series vs. a benchmark series is the quotient of the annualized excess return and the annualized standard deviation of excess return.

Scarcity is when the demand for a good or service is greater than the availability of the good or service.

Debasement refers to lowering the value of a currency.

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.

**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.**

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QSR-07122025-6218150.1.1