

# Harbor Scientific Alpha Income ETF

Ticker: **SIFI** | September 2021

## Fund Highlights

**Scientifically Driven.** Powered by an investment process that is evidence based, data-driven, economically intuitive, and grounded in the scientific method.

**Total Return + Income Focused.** Actively managed to target total return and income through proprietary quantitative investment insights applied to asset allocation, security selection, and duration management.

**Risk Managed.** Structured to target compelling risk-adjusted returns in a liquid, diversified portfolio that seeks to limit downside risk.

**Portfolio Optimized.** Seeks to maximize total return while minimizing risk and transaction costs.

**Diversifying Potential.** May offer the benefits of a complementary return stream with low correlations to traditionally managed active total return fixed income strategies.

## Overview

The **Harbor Scientific Alpha Income ETF (SIFI)** is an actively managed multi-sector fixed income strategy that seeks income and total return through employing a structured investment process that utilizes a proprietary model-based framework in the asset allocation and security selection of both investment-grade and below investment-grade (high-yield) bonds.

A tactical derivative overlay is applied to provide an additional source of returns.

## Objective

The **Harbor Scientific Alpha Income ETF (SIFI)** seeks total return with an objective to provide competitive total returns and income to investors with lower relative risk than the broader high yield market. It will seek to achieve that objective by investing in liquid fixed income securities including corporate bonds, emerging market sovereign bonds, and fixed income derivative instruments.

Ticker Symbol	SIFI
Cusip	41151J208
Expense (%)	0.50
Inception Date	9/14/2021
Listing Date	9/16/2021
Manager Name	BlueCove
Initial Offering Price	\$50.00
Listed Exchange	NYSE
Active/Passive	Active
Lead Market Maker	Jane Street
Income Distribution Frequency	Monthly
Morningstar Category	Multisector Bond

## ETF Structure

- **Cost Effective:** SIFI is a cost-efficient solution to gaining access to a diversified, institutional caliber, actively managed, and cutting-edge fixed income strategy focused on total return and income.
- **Liquid:** The ETF vehicle offers an extra layer of liquidity and can be traded throughout the day.
- **Tax-efficient:** Due to the in-kind exchange of shares, the ETF vehicle may allow for enhanced tax benefits and reduced costs.
- **Transparent:** The availability of daily holdings may allow investors to make more informed investment decisions.



## About the Manager

**BlueCove Limited (“BlueCove”)** is a scientific asset management firm founded in 2018 that brings together leading fixed income industry investment and engineering professionals. BlueCove was founded with the specific purpose of delivering superior investment outcomes for investors by researching and developing state-of-the-art scientific investment processes applicable to fixed income investment management.

## Portfolio Management Team

Benjamin Brodsky, CFA  
Michael Harper, CFA  
Garth Flannery, CFA  
Benoy Thomas, CFA  
& Team

## BlueCove’s Business Model is Custom-Built for Scientific Investing



### Owner Mentality

Employee-owned: all employees have an equity interest in the firm



### Total Focus

Total focus: exclusively focused on scientific fixed income investing



### Modern Technology

Technology driven: custom-built for scientific fixed income investing

## Investment Philosophy

BlueCove is a scientific fixed income investment manager. By scientific, BlueCove means that every aspect of its investment process is grounded in the scientific method and subject to continual refinement as shown below.

### Scientific Method

- Mitigates cognitive and behavioral biases
- Improves transparency and lowers costs
- Optimizes portfolio construction



- People build the investment process
- People validate it
- People drive continuous improvement

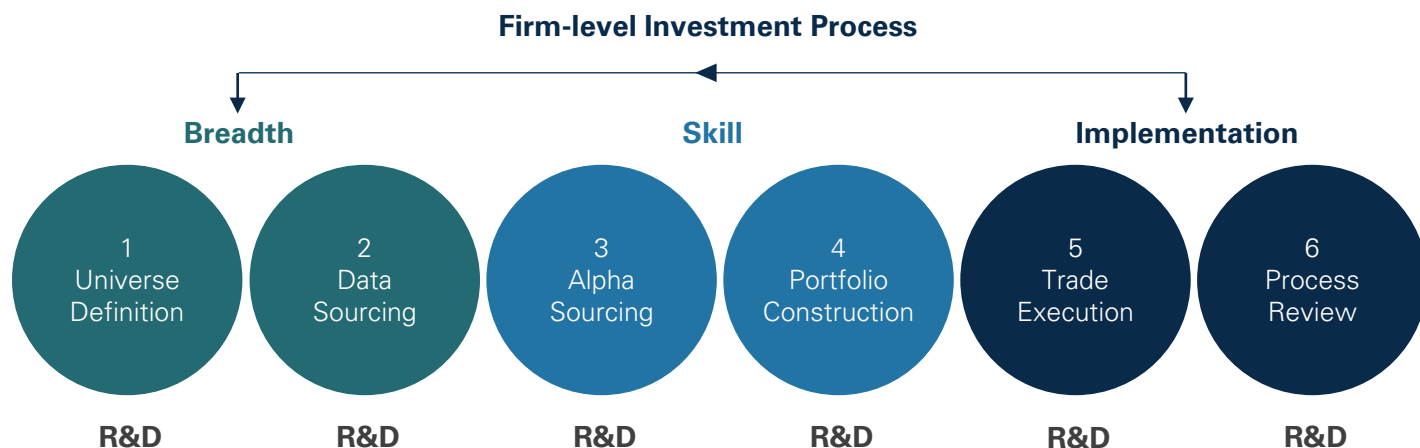




## Investment Process

BlueCove's scientific approach to fixed income investing aims to improve upon the traditional discretionary investment process. This is done by breaking the investment process down into its component parts and reassembling it – with people and technology assigned the roles to which they are best suited.

Research and development (R&D) is undertaken at each step by BlueCove's research teams in close collaboration with its quantitative engineers, market specialists, and portfolio managers, drawing on the depth of the BlueCove team's experience in fixed income markets.



## Why Scientific Fixed Income?

Active scientific investing offers investors a clearly differentiated alternative to both passive and traditional active discretionary strategies by benefiting from significant breadth and the application of insights that are otherwise difficult to capture.

Scientific investing has several distinguishing characteristics:

- It can potentially improve returns by mitigating cognitive and behavioral biases that can compromise traditional discretionary investment strategies via the application of tested market insights across a large set of instruments and markets
- It harnesses large datasets to help create innovative sources of alpha
- It applies modern portfolio construction techniques by targeting consistent risk-adjusted returns while mitigating transactions costs
- It has the potential to offer low correlations to traditional discretionary strategies while removing unwanted market exposures
- It adapts to changes in market behavior by transparently attributing performance



## **Foreside Fund Services, LLC is the Distributor of the Harbor ETF Trust.**

BlueCove Limited is a third-party subadviser to the Harbor Scientific Alpha High-Yield ETF and the Harbor Scientific Alpha Income ETF.

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. As interest rates rise, the values of fixed income securities held by the Fund are likely to decrease and reduce the value of the Fund's portfolio. There is a greater risk that the Funds 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 Funds may invest in securities of foreign issuers, an investment in the Funds 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.

**Model Risk:** The strategies and techniques employed in a quantitative model cannot fully match the complexity of the financial markets and therefore sudden unanticipated changes in underlying market conditions can significantly impact their performance.

The effectiveness of the given strategy or technique may deteriorate in an unpredictable fashion for any number of reasons including, but not limited to, an increase in the amount of assets managed or the use of similar strategies or techniques by other market participants and/or market dynamic shifts over time.

*Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. The fund is new and has limited operating history to judge.*

*Investors should consider the investment objectives, risks, charges and expenses carefully before investing. For a prospectus or summary prospectus with this and other information about the Fund, please visit our website at [www.harborfunds.com](http://www.harborfunds.com). Read the prospectus or summary prospectus carefully before investing.*