

# Harbor Health Care ETF

Ticker: **MEDI** | September 2024



## Strategy Highlights

**Secular Growth & Innovation.** Health care costs have increased over time, while forecasts signal continued upward trend looking ahead.

Within this environment, a broader shift towards value-based approaches within health care is likely needed, with emphasis on lower costs of care and improved patient outcomes.

This enables opportunities for health care companies best positioned to facilitate transition towards value over quantity.

In addition, health care is home to other disruptive themes such as targeted oncology, liquid biopsy, gene therapy, orphan diseases, as well as others that represent compelling long-term growth opportunities.

**Suited for Active Management.** Employing an active, specialized approach within health care enables investors to capitalize on long-term growth opportunities, as well as navigate through shorter-term periods of volatility and dislocation.

## Overview

The **Harbor Health Care ETF (MEDI)** is actively managed by Westfield Capital and primarily invests in the securities of companies principally engaged in the research, development, production or distribution of products and services related to the health care industry. MEDI is a concentrated portfolio (30 to 50 holdings) of companies Westfield believes are best positioned to benefit from the secular growth and innovation within the U.S. health care system with long term alpha potential. The portfolio is diversified across health care industry groups and market capitalizations.

Ticker Symbol	MEDI
Cusip	41151J869
Total Expense Ratio	0.80%
Inception Date	11/16/2022
Listing Date	11/17/2022
Manager Name	Westfield Capital Management Company, L.P.
Listed Exchange	NYSE
Active/Passive	Active
Benchmark	Russell 3000® Growth Health Care Index
Lead Market Maker	GTS
Morningstar Category	Health

## ETF Structure

- **Cost Effective:** MEDI is a cost-efficient way to gain access to a diversified portfolio of health care companies across market capitalizations, industries and subindustries.
- **Liquid:** The ETF vehicle can be traded throughout the day, which provides intra-day liquidity for shareholders.
- **Tax-efficient:** Due to the in-kind exchange of shares, the ETF vehicle may allow for greater tax efficiency and reduced costs.
- **Transparent:** The availability of daily holdings may allow investors to make more informed investment decisions.

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## Investment Process

The **Harbor Health Care ETF** invests primarily in equity securities, principally common and preferred stocks of companies of any market capitalization. Under normal market conditions, the Fund invests at least 80% of its net assets, plus borrowings for investment purposes, in securities of companies principally engaged in the research, development, production, or distribution of products and services related to the health care industry. The Fund may invest in foreign securities, with such investments typically representing less than 35% of the Fund's net assets.

Westfield uses a bottom-up process to identify companies that meet their strict fundamental criteria and then performs a qualitative review on each identified company to select approximately 30 to 50 companies for inclusion in the Fund's portfolio. Westfield's research may include personal interviews and other contact with company management.

In constructing the Fund's portfolio, the investment team seeks to identify companies that it believes possess the following characteristics:

- Superior company management;
- Significant insider ownership;
- Unique market positions and broad market opportunities; and
- Solid financial controls and accounting processes.

## Investment Team

Westfield Capital Management Company, L.P. is dedicated to providing strong and consistent investment performance based on a disciplined, team-based approach, with exceptional client service. Westfield believes their greatest strength comes from the collective wisdom of a fully engaged and inspired team working together with clear objectives. Additionally, Westfield embraces their partnership structure, which aligns the advancement of the organization with their clients and serves to attract and retain exceptional talent.

We believe Westfield's rich history of Health Care investing across the capitalization spectrum and experienced portfolio management team make them well suited to capitalize in this inefficient, alpha-rich market segment.

### Portfolio Implementation Ideas

- Diversified, all-cap exposure to the health care sector across subindustries which may include biotech, life sciences, healthcare providers, pharmaceuticals, and more
- Specialized, active approach for investors seeking alternatives to passive health care equity investments
- Long-term growth allocation for investors seeking focused opportunities for capital appreciation



**All investments involve risk including the possible loss of principal.** Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. The ETF is new and has 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. Since the Fund may hold foreign securities, it may be subject to greater risks than funds invested only in the U.S. These risks are more severe for securities of issuers in emerging market regions. Foreign currencies can decline in value and can adversely affect the dollar value of the fund. Since the Fund typically invests in a limited number of companies, an adverse event affecting a particular company may hurt the Fund's performance more than if it had invested in a larger number of companies. **Health Care Industry Risk:** Because the Fund seeks to invest all, or substantially all, of its assets in the health care industry, the value of its shares will depend on the general condition of the that industry. The health care industry may be affected by any number of factors, including, but not limited to, lapsing patent protection, industry innovation, extensive government regulation, restrictions on government reimbursement for medical expenses, research and development costs, limited product lines, product liability litigation, an increased emphasis on outpatient services, and competitive forces. **Authorized Participant Concentration/Trading Risk:** Only authorized participants ("APs") may engage in creation or redemption transactions directly with the Fund. The Fund is classified as non-diversified, a non-diversified Fund 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. **New Fund Risk:** There can be no assurance that the Fund will grow to or maintain an economically viable size, in which case the Board of Trustees may determine to liquidate the Fund. **Small and Mid Cap Risk:** The Fund's performance may be more volatile because it may invest in issuers that are smaller companies. Diversification does not assure a profit or protect against loss in a declining market.

ETFs are subject to capital gains tax and taxation of dividend income. However, ETFs are structured in such a manner that taxes are generally minimized for the holder of the ETF. An ETF manager accommodates investment inflows and outflows by creating or redeeming "creation units," which are baskets of assets. As a result, the investor usually is not exposed to capital gains on any individual security in the underlying portfolio. However, capital gains tax may be incurred by the investor after the ETF is sold.

**The Russell 3000® Growth Health Care Index** is an unmanaged index generally representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell 3000® Growth Health Care Index and Russell® are trademarks of Frank Russell Company.

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

Beta is a measure of systematic risk, or the sensitivity of a fund to movements in the benchmark.

Westfield Capital Management Company, L.P. is a third-party subadvisor to the Harbor Health Care ETF.

**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.**

**Foreside Fund Services, LLC is the Distributor of the Harbor Health Care ETF.**

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