Harbor Financial Services, LLC Form CRS (Client Relationship Summary) November 1, 2020

Harbor Financial Services, LLC ("Harbor", "we", "us") is registered with the Securities and Exchange Commission (SEC) as both a broker-dealer and an investment adviser and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC). Brokerage and investment advisory services and fees differ and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

We provide both brokerage and investment advisory services to clients. We've summarized below the main types of services that we offer and their key features:

BROKERAGE (COMMISSION-BASED)

As a broker-dealer, our primary service is buying and selling securities for your account. The brokerage programs we offer include:

- **Full-Service-** Accounts in this program are non-discretionary with an assigned Financial Professional who can offer recommendations to buy or sell securities but you must approve each transaction prior to execution.
- **Self-Directed**- Accounts assigned to our Service Center are non-discretionary and are not available to new clients. When a Harbor representative is no longer assigned to a Full-Service account, we provide options that may include converting to a Self-Directed account. In this account, you control the buying or selling of securities. The Service Center's role is to execute the trades you request.

Account Monitoring: We do not agree to provide account monitoring services for your brokerage accounts. Your financial professional may voluntarily review holdings in your brokerage accounts from time to time and may or may not make recommendations to you based on these reviews. These voluntary account reviews are not an account monitoring service.

Account Minimums: Other than limited exceptions related to particular client-types, we generally do not require a minimum account size to open a brokerage account. Some securities also have investment minimums.

Limited Investment Offerings: We offer and make recommendations on non-proprietary products. We do not offer or make recommendations on all products of any particular type; for example, we do not offer or make recommendations on all mutual funds, or make available all share classes of the offered mutual funds.

INVESTMENT ADVISORY (FEE-BASED)

The investment advisory programs we offer include:

- **Independent Advisory Programs-** Accounts in this program may be:
    - Discretionary – Your financial professional makes investment decisions to buy, sell or hold securities in your account.
    - Non-discretionary– Your financial professional offers advice and recommendations to buy, sell or hold securities but you make the final investment decisions.
- **Portfolio management programs –** We or another firm, manage investments in your account. All firm managed programs are discretionary.

We also offer other investment advisory services including:

- **Financial Planning –** Your financial professional helps you develop a detailed strategy or financial plan intended to achieve your financial objectives.
- **Investment Consulting –** Your adviser offers advice on investments held at or outside of Harbor.

Account Monitoring: We and your financial professional monitor advisory accounts from time to time consistent with your advisory relationship with us and type of your advisory account.

Account Minimums: Most advisory programs have minimum account size requirements.

Limited Investment Offerings: We provide advice on non-proprietary products. Depending on your choice of account type, strategy and model, you may receive advice with respect to a broad range of investments, or you may receive advice regarding a limited range of investments. For example, we do not make all mutual funds available for use in advisory programs and generally limit the offered mutual funds to a single share class.

For additional information about brokerage and investment advisory services, please see www.harborfs.com/disclosures.html.

CONVERSATION STARTERS:

- Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
- How will you choose investments to recommend to me?
- What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

What fees will I pay?

BROKERAGE (COMMISSION-BASED)

In a brokerage account, you will incur transaction charges when you buy or sell securities, including: commissions; markups and markdowns (analogous to commissions in a principal transaction); upfront or ongoing fees that you pay to a mutual fund or other product issuer, a portion of which is paid to us in connection with your transaction; and handling and processing fees on each securities transaction.

Transaction charges differ from one product to another which creates an incentive for your financial professional to recommend products that have higher transaction charges. You will incur greater total transaction charges when there are more trades in your account, which creates an incentive for us to encourage you to trade more often.

Depending upon your account and relationship, you may also incur periodic account maintenance or IRA custodial fees, as well as processing, service, and account fees upon certain events or occurrences. You will incur interest charges if you borrow on margin or draw down on a securities-based loan in any of your accounts.

Certain investments, such as mutual funds, have embedded fees that are generally paid by you to the companies that sponsor, manage, and/or promote the investment.

INVESTMENT ADVISORY (FEE-BASED)

In an investment advisory account, you will incur advisory fees which are generally assessed quarterly at the rate you agreed upon with your financial professional (based on our published fee schedule).

Asset-based fees are based on a percentage of the value of the assets in your account. The asset-based fee does not include commissions and other charges for trades that a third-party manager directs to another broker-dealer. In addition, it does not include underlying management fees and operating expenses for investment products and other charges described in our advisory brochure. Non-wrap accounts incur per transaction fees as listed on trade confirmations.

Because we and your financial professional are compensated based on the amount of assets in your account, we and your financial professional are incentivized to grow your assets.

During periods of lower trading activity, the advisory fee may be higher than the transaction charges you would have paid in a brokerage account. To determine whether an investment advisory account is appropriate for you, you should carefully analyze the projected costs of an investment advisory account versus a brokerage account based on factors such as expected size, volume and frequency of transactions, projected holding period and the advisory services provided by your financial professional.

Financial planning and investment consulting services are generally charged hourly or fixed fees as agreed upon with your financial professional.

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You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

For additional information about our fees and charges, please see www.harborfs.com/disclosures.html .

CONVERSATION STARTERS: Help me understand how these fees and costs might affect my investments. If I give you $10,000 to invest, how much will go towards fees and costs, and how much will be invested for me?

What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we provide you with a recommendation as a broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask about these conflicts because they can affect the recommendations and investment advice provided to you. Here are some examples to help you understand what this means.

Third-Party Services/Compensation– We receive cash and non-cash economic benefits from our clearing firm and product sponsors. These companies earn revenue by charging you fees, such as a management fee in a mutual fund, or interest on securities-based loans. A portion of these fees are shared with us directly or the relationship profits are likely considered when providing benefits to the firm. We use such services/compensation in part to support activities related to servicing client accounts, to provide ongoing product support for certain investments and to provide assistance with conferences and educational meetings for financial professionals. *We have an incentive to promote the products/platforms that have the most potential for services/compensation over those that share less or none at all.*

Principal trading – We may buy a security from you or sell a security to you from our own account. This activity occurs predominantly with fixed income securities. *This may create incentives for us to act against your best interest to either generate trading profits or avoid losses.* When permitted in an advisory account, principal transactions require trade by trade consent.

This summary does not identify all of our conflicts of interest, or all material facts about the conflicts of interest listed. **For additional information about these and other conflicts of interest**, please see www.harborfs.com/disclosures.html.

CONVERSATION STARTER: How might your conflicts of interest affect me, and how will you address them?

How do your financial professionals make money?

- Financial professionals are generally compensated as a percentage of the revenue sources described below:

  - Commissions, markups and markdowns earned in brokerage accounts, which vary by product.
  - Ongoing fees from mutual fund and certain other product issuers.
  - Advisory fees which are generally assessed quarterly at the rate you agreed upon with your financial professional (based on our published fee schedule).
  - Fees related to other products and services provided to you.
- Some financial professionals receive a base salary and discretionary bonus from an affiliate dependent upon their employment status.

The percentage of revenue that your financial professional receives will generally increase as total revenue earned from their client account(s) increases. *Therefore, financial professionals are incentivized to increase revenues on your and other clients' accounts.*

Do you or your financial professionals have legal or disciplinary history?

- Yes. Visit Investor.gov/CRS for a free and simple search tool to research us and the financial professionals.

CONVERSATION STARTERS: As a financial professional, do you have any disciplinary history? For what type of conduct?

Additional Information

This Form CRS is a summary, as required by SEC rules, as part of discussions that may encompass a variety of accounts and account types. Statements in this Form CRS requiring that we act in your best interest when making brokerage recommendations reflect our obligation under the SEC's Regulation Best Interest. Please consider this summary, and the more detailed information we will provide you, as part of these discussions. The information in this Form CRS is subject to the more complete terms and conditions of our brokerage or investment advisory agreements and disclosures (including Form ADV Part 2 when we act as investment adviser). For additional information about our services, please visit www.harborfs.com/disclosures. If you would like additional information or a copy of this Client Relationship Summary, please call your financial professional or Harbor's Service Center at 888-397-7358.

CONVERSATION STARTERS: Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?

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Harbor Financial Services, LLC Member FINRA/SIPC

Important Investor Information

11/1/2020

Contents for Important Investor Information

IMPORTANT INVESTOR INFORMATION

This Important Investor Information document provides disclosure related to clients' relationships with us, including information on conflicts of interests, costs and fees,and other investment-related information. Statements in this document (i) provide more information on matters discussed in our Form CRS, which is summary in nature and limited in substance and size by the Securities and Exchange Commission ("SEC"); and (ii) are subject to the more complete terms and conditions of our brokerage or investment advisory agreements and disclosures (including Form ADV Part 2 or our Wrap Fee Program Brochure, as applicable, when we act as investment adviser, which is available at www.harborfs.com/disclosures. Updated copies of this document are available at: www.harborfs.com/disclosures. If you would prefer to receive a paper copy of the information referenced in website links throughout this document, please contact your financial professional or Harbor's Service Center (contact information for the Service Center is located on the final page of this document). We encourage you to read the contents of this document and reach out to your financial professional if you have any questions.

SECTION I—HARBOR FINANCIAL SERVICES, LLC

STANDARD OF CONDUCT—REGULATION BEST INTEREST

Under the SEC's Regulation Best Interest, each U.S.-registered broker- dealer entity and its associated persons (including your financial professional) are required to act in the best interest of a retail client (such as a natural person using our services primarily for personal, family, or household purposes) at the time a securities transaction or investment strategy involving securities (including account-type) is recommended.

You should understand that, as a broker-dealer, we have conflicts of interest when we make a recommendation of a securities transaction or investment strategy involving securities, including that we are compensated based on the sale of securities to you, and that we recommend securities for which we may act as underwriter or that we own in our inventory, These conflicts of interest are described in greater detail below. When Regulation Best Interest applies, financial professionals may be required to disclose additional information specific to them, such as material limitations on the securities or investment strategies involving securities that they may recommend, differences in their investment approach from ours generally, and any conflicts of interest that may be unique to them. If that is the case, then your financial professional will disclose such additional information to you orally or in writing before or at the time they make the recommendation to which that additional information relates.

CAPACITY

Broker-Dealer

As a broker-dealer, our primary service is buying and selling securities for your account at your direction. Through associates and financial professionals, we can offer recommendations to buy, or sell securities, but you make the final investment decisions.

We will generally also offer custodial services, including custody of funds and securities accounts, and perform related receipt and delivery of funds and securities on a fully disclosed basis through our clearing broker dealer. Our clearing firm, as custodian will deliver, not less than quarterly, an account statement to you detailing account securities holdings, cash balances, dividend and interest receipts, account purchases and sales, contributions and distributions from the account and the realized and unrealized gains or losses associated with securities transactions effected in the account.

Investment Adviser

For information regarding our advisory practices and accounts, please visit www.harborfs.com/disclosures for the Form ADV (or Wrap Fee Program Brochure, as applicable).

Financial Advisors

We generically refer to all representatives who make recommendations or provide investment advice on our behalf as "Financial Professionals", "financial advisors" or "advisors" in firm communications, including, among other things, our website (www.harborfs.com), account forms, account statements, trade confirmations, disclosures, and letters. Your Financial Professional may also use a professional title or designation that does not include the term "advisor" such as "financial consultant," or a similar title. Regardless of your financial professional's title, all recommendations regarding your brokerage account will be made in a broker-dealer capacity, and all investment advice regarding your advisory account will be made in an investment advisory capacity. When your financial professional makes a recommendation or provides investment advice to you, your financial professional will make clear, orally or in writing, for which account the recommendation or investment advice is being made. When referring to investment advisory activities of a financial professional, we sometimes refer to them as an "investment adviser representative" or "investment adviser," each as defined in the Investment Advisers Act of 1940.

Principal Trading
We may buy a security from you or sell you a security from our own account, typically in transactions involving bonds and other fixed income securities. Selling to you from our own account may create incentives for us to generate trading profits or minimize losses, and thus to act against your best interest.

CONFLICTS OF INTEREST
This document highlights key conflicts of interest related to brokerage accounts. Generally, through our associated persons, we engage in general securities investing, advisory and consulting services, municipal underwriting, as well as other financial activities.

SECTION II—ACCOUNT TYPES AND SCOPE OF SERVICES

BROKERAGE ACCOUNTS
In a brokerage account your financial professional can offer recommendations to buy or sell securities, but you make the final investment decisions. Information regarding the differences between broker-dealers and investment advisers, as well as their respective service offerings, is summarized in the Form CRS.

Requirements to Open a Brokerage Account
We retain the authority, in our discretion, to decline to open or maintain any account or service, and to decline to accept or act upon any order or instruction.

Retirement Accounts
When providing brokerage services, we act solely in the capacity of a registered broker-dealer, and not as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

ADVISORY ACCOUNTS
Information regarding our advisory business practices and accounts is summarized in the Form CRS and more fully described in the Form ADV (or Wrap Fee Program Brochure, as applicable) (the "Advisory Disclosure Documents"). A copy of these disclosure documents is available from your financial professional, and can also be located at www.harborfs.com/disclosures.

ACCOUNT MONITORING
In an investment advisory account or relationship, we conduct ongoing monitoring of advisory accounts tailored to the advisory relationship with the particular client and type of advisory account, except for certain periodic or point-in-time investment advice, such as financial planning. In contrast, in a brokerage account or relationship, we are neither required nor agree to provide account monitoring services. Although individual financial professionals may voluntarily consider holdings in your brokerage account or brokerage relationship for purposes of determining whether to provide any recommendations to you, this does not constitute an account monitoring service for that brokerage account or relationship. This distinction between a brokerage account or relationship from an advisory account or relationship is important, and you should consider this distinction, among other factors such as the payment of commissions versus asset-based fees or the availability of discretionary advice, when deciding what kind of account or relationship to have with us.

INVESTMENT APPROACH
Your financial professional will seek to understand your objectives through clear communication with you about your financial situation, as well as your unique needs and preferences, prior investment experience, risk tolerance, and other important information about you.

In making a recommendation, your financial professional will evaluate a range of potential investment products and financial services. We provide a variety of resources to assist your financial professional in evaluating the costs, risks, rewards, and other characteristics of investment options. Your financial professional may recommend a comprehensive strategy, or may address a particular component of your financial objectives, based on the information you provide.

Periodically reviewing and refreshing your investment strategy with your financial professional is essential to ensuring your investment portfolio remains appropriately diversified and aligned with your risk tolerance and objectives. With that in mind, please notify your financial professional of any changes to your financial or personal circumstances.

SECTION III—COMPENSATION, COSTS AND FEES

COSTS AND FEES
In a brokerage account, you will incur transaction charges when you buy or sell securities, including: commissions; markups and markdowns (analogous to commissions in a principal transaction); upfront or ongoing fees that you pay to a mutual fund or other product issuer, a portion of which is paid to us in connection with your transaction; and handling and processing fees on securities transactions.

Depending upon your account and relationship, you may also incur periodic account maintenance or Individual Retirement Account ("IRA") custodial fees, as well as processing, service, and account fees upon certain events or occurrences. You will incur interest charges if you borrow on margin or through a securities-based loan in any of your accounts. Certain investments, such as mutual funds, have embedded fees that are generally paid by you to the companies that sponsor, manage, or promote the investment.

You will pay costs and fees whether you make or lose money on your investments.

Costs and fees will reduce any amount of money you make on your investments over time. Please make sure you understand what costs and fees you are paying. You have the option to purchase almost all investment products that we recommend through other broker-dealers, and it may cost you more or less to do so.

BROKERAGE COMMISSIONS

Commissions, Generally

Certain charges are levied on the purchase and sale of securities in brokerage accounts. These charges, commonly referred to as "commissions," are imposed by us for providing brokerage services, including trade execution and handling. Generally, commissions are calculated based on the principal purchase or sale amount involved and vary depending on product type, quantity of securities purchased, and other factors.

Typically, a brokerage commission and other transaction fees are charged to clients by adding to the principal amount of a purchase or subtracting from the proceeds of a sale of a security, which is deducted from the client account.

Financial Professional Compensation

We pay financial professionals a portion of the commissions that we receive. Financial professional compensation generally will increase as the volume of trades increases in a brokerage account. Please consider whether a fee-based advisory account may be beneficial if you anticipate frequent trading or whether paying an annual fee may be more costly than paying commissions in a brokerage account, such as if you plan to hold investments for longer periods of time, purchase and hold high-quality fixed income securities until maturity, or otherwise trade relatively infrequently. You should also consider that there are often embedded costs in actively managed portfolios (*i.e.*, advisory accounts) and certain types of packaged investments, even if these investments are purchased in an advisory or fee-based account. When investment managers for a portfolio or a packaged investment buy or sell stocks, bonds, or other underlying securities, there is a bid/ask spread and transaction costs to the manager that are absorbed by the investor in the form of reduced returns.

ADVISORY FEES

Information regarding our advisory business practices, advisory accounts, and applicable fees is summarized in the Form CRS and more fully described in the Form ADV (or Wrap Fee Program Brochure, as applicable). A copy of these disclosure documents is available from your financial professional, and can also be located at www.harborfs.com/disclosures.

PRODUCT COSTS AND FEES

In addition to commissions, most products and services have other associated costs and fees, as summarized below in Section IV—Investment Products and Services. These costs and fees are detailed in a product's relevant offering documentation, and will be reflected on your trade confirmations and account statements.

CONFLICTS RELATED TO COMPENSATION

Compensation, Generally

Transaction charges differ from one product to another, which creates an incentive for us to recommend products that have higher transaction charges. You will incur greater total transaction charges when there are more trades in your brokerage account, which creates an incentive to encourage you to trade more often.

Commissions and certain fees earned by Financial Professionals or us may not apply if such products and services are purchased or utilized in a wrap fee-based advisory account where you pay a fee in lieu of a commission for investment transactions in the account (in contrast to a fee-based advisory account that also incurs investment transaction charges). You should review the *Advisory Fees* subsection above and the related links for additional information regarding advisory fees. Clients should carefully review the Form CRS, the above section on *Account Types and Scope of Services*, the client agreements, and the additional Advisory Disclosure Documents when deciding whether a fee-based account or a brokerage account is a better fit.

Affiliate Compensation

Some financial professionals receive a base salary and a discretionary bonus from an affiliate dependent upon their employment status.

Non-Cash Compensation

We may also receive various forms of non-cash compensation from product vendors who sell or issue mutual funds= and other securities. Among other things, we may receive payment of expenses related to training and educational efforts directed towards financial professionals, including participation in conferences organized or sponsored by us to provide generalized information not specific to any product.

We may also receive meals and entertainment of reasonable and customary value, and gifts up to $100 per issuer or vendor per year.

OTHER COSTS AND FEES

Administrative Fees/Charges, Generally Part of our commitment to providing you the professional guidance you need to meet your financial objectives is helping you to understand what you may be charged for services. Certain fees may not apply, or may be discounted, based on the type of account you have and/or the amount of assets you hold in your accounts. Other fees only apply when the associated services are requested or when special processing is required. As a result, many fees listed below may not apply to your account.

The fees and charges noted in this section represent fees charged by our clearing firm, may not be comprehensive, and there may be different or additional fees or charges depending on the products or services selected. If you have any questions about fees, please contact your financial professional. To view an up-to-date listing of brokerage account fees at any time, visit our clearing firm at http://www.raymondjames.com/clientfees.

Annual Maintenance Fee: Up to $50
Retirement Account Fees: Up to $50 Guardianship/Conservatorship Accounts: Up to $150 Annual Pledged Account Fees: Up to $150

Clearing firm Account Fees

Processing/Handling Fee: $5.95 Returned (Check/ACH): $20 Extensions: Varies
Physical Certificates: Varies Transfer of a non-US Security: $50
Certified or Cashier's Check: $25 Wire Transfers: Up to $40
Early Payout: $25 plus interest

Clearing Firm Processing Fees

Mailgram: $10
Non-U.S. Security Processing: $150 Physical Certificate Issuance: $500 Closing Fee: up to $125
Exchange Fee/Regulatory Transaction Fee: Varies

Clearing Firm Service Fees

Check Disbursement: Standard: No Charge, Overnight: $20, Saturday: $30
Short Sales: Please contact your financial advisor for fees that may be associated with borrowing shares.

Capital Access Account Fees (Check Writing & Debit Card)

Capital Access Annual Fee: $150
Capital Access Service Fees: Insufficient Funds: $35 (for returned checks/ACHs)
ATM Surcharge Fees: Standard ATM fees will apply after reaching maximum reimbursement amount for the year. See terms in agreement.

Clearing Firm Complimentary Services

The following services are available to clients at no additional charge:

- Client Access– Online Account Access
- Secure, paperless account documents
- Downloads to Quicken® and CSV (comma-delimited) files Mobile App
- Bill Pay
- Funds Transfer
- Cost Basis Information
- TurboTax Data Imports
- Your Choice of Account Statements
- Account Linking
- Combined mailings
- Potential fee discounts

- ACH Funds Transfers
- Direct Deposits
- Automated Required Minimum Distributions
- Dividend Reinvestment

SECTION IV—INVESTMENT PRODUCTS AND SERVICES

OVERVIEW

We offer a wide range of investment products. Deciding which products and services to invest in can be complex. It is important for you to work with your Financial Professional to evaluate whether the objectives, risks, costs, and other characteristics of a product or service are aligned with your individual needs and objectives.

Commissions described in this Section may not apply if such products and services are purchased or utilized in a wrap fee-based advisory account where you pay one fee for all transaction-related services (in contrast to a fee-based advisory account that still incurs transaction charges). Information regarding our advisory business practices, advisory accounts, and applicable fees is summarized in the Form CRS and more fully described in the Form ADV (or Wrap Fee Program Brochure, as applicable). A copy of these disclosure documents is available from your Financial Professional, and can also be located at www.harborfs.com/disclosures. Clients should carefully review the Form CRS, this document, the client agreements, and the additional Advisory Disclosure Documents when deciding whether a fee-based account or a brokerage account is a better fit.

Product Limitations, Generally
All securities available to the market are not offered by us. Limitations may be noted in the product and service sections below.

Additional Information, Generally Certain products have offering documents that are created by the issuer to provide additional information specific to that product, including specific conflicts of interest. These offering documents are often referred to as "prospectuses," "official statements," "offering circulars," or "offering memoranda." It is imperative that you read and understand a product's relevant offering documentation prior to deciding to invest in that product. You will also be subject to additional terms, conditions, and disclosures in additional agreements, documents, and other disclosures we send you from time to time.

UNDERSTANDING INVESTMENT RISKS

Investing is a serious business, which, while offering potentially positive returns over the long run, merits your attention to the associated risks, to the decision- making process, and to changes in your financial needs that may necessitate alterations to your investment approach. You should remember that you bear the risk of loss when investing, and that usually the higher the potential reward, the greater the potential risk of an investment.

While we will take reasonable care in developing and making recommendations to you, securities involve risk, and you may lose money. There is no guarantee that you will meet your investment goals, or that our recommended investment strategy will perform as anticipated. Please consult any available product offering documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you, or help you find them.

Securities investments, including mutual funds and even government bonds, are not insured by the federal government against market loss. All investments contain some measure of risk, from the high risks attendant to investing in small, unproven companies to the risks of price fluctuations based on interest rate changes in investments issued by the U.S. Treasury, if sold prior to maturity. Furthermore, reasonable investment objectives can be hindered by factors outside of anyone's control. Among others, you face the following investment risks:

Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is created by external factors independent of a security's particular underlying circumstances. For example, political, economic, and social conditions may trigger market events.

Interest Rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, standardized products with active trading markets are more liquid. For example, U.S. Treasury securities are highly liquid, while real estate properties are not.

Reinvestment Risk: The risk that future proceeds from investments will be reinvested at a potentially lower rate of return (interest rate). This primarily relates to fixed income securities.

Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk to profitability than an electric company, which generates its income from a steady stream of customers who buy electricity regardless of the economic environment.

Financial Risk: Excessive borrowing to finance a company's operations increases the risk of loss, as a company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy or a decline in the market value of a company's securities. Senior debt instruments (*e.g.,* secured bonds) generally have a higher priority of payment if an issuer's financial strength declines when compared with equity investments (*e.g.*, common stocks), and a company facing financial challenges generally must stop paying dividends to shareholders before interrupting interest payments to bondholders.

Correlation Risk: This is the risk that the actual correlation (a statistical measure of how two or more variables move in relation to each other) between two assets (or variables) will be different than the correlation that was assumed or expected. Differences between the actual and expected correlation may result in a security being riskier than was anticipated.

Counterparty/Default Risk: This is the risk that a party to a contract will not live up to (or default on) its contractual obligations to the other party to the contract.

Valuation Risk: This is the risk that an asset is improperly valued in relation to what would be received upon its sale or redemption at maturity.

Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

Currency Risk: Foreign investments are subject to fluctuations in the value of the U.S. dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

Tax Risk: This is the risk that tax laws may change and impact the underlying investment premise or profitability of an investment.

Cybersecurity Risk: Intentional cybersecurity breaches include unauthorized access to systems, networks, or devices (such as through "hacking" activity); infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. In addition, unintentional incidents can occur, such as the inadvertent release of confidential information. A cybersecurity breach could result in the loss or theft of client data or funds, the inability to access electronic systems ("denial of services"), loss or theft of proprietary information or corporate data, physical damage to a computer or network system, or costs associated with system repairs. Such incidents could cause an investment fund, the advisor, a manager, or other service providers to incur regulatory penalties, reputational damage, additional compliance costs, or financial loss.

Technology Risk: Digital and network technologies are critical to conducting business and we maintain substantial computerized data relating to client account activities. These technologies include those owned or managed by us as well as those owned or managed by others, such our clearing firm and other service providers. Technology systems may fail to operate properly or become disabled as a result of events or circumstances beyond our control or the control of our service providers. Technology failures, including those arising from use of third-party service providers or client usage of systems to access accounts, could have a material adverse effect on our business or our clients and could result in, among other things, financial loss, reputational damage, regulatory penalties, or the inability to conduct business.

Additionally, investing in speculative securities, such as low-priced stocks and newly issued equity securities, as well as securities of historically unprofitable companies, involve more than average risk and can experience volatile price behavior. For example, with respect to new industries, stocks issued by relatively unproven companies typically have valuations that materially exceed valuations based on traditional business methods. Options are similarly speculative as the price declines over the option's life unless the underlying stock price moves quickly. Although prospective investment returns may be higher than normal, only investors capable of sustaining the complete loss of their investments should purchase speculative securities.

INVESTMENT PRODUCTS & SERVICES

EQUITIES

Product Description

Equity investments are purchases of shares of securities issued by individual companies, which are typically traded on an exchange. Equity ownership may have a different format depending on the capital structure of a company. For example, ownership interests in Master Limited Partnerships (MLPs) and Real Estate Investment Trusts (REITs) are not structured as "shares," but instead are typically structured as "units" (*i.e.*, MLP Units) or REIT Shares of Beneficial Interest (SBI), usually for the purpose of maximizing tax efficiency.

Features and Characteristics

- Generally more liquid than other products, if traded on an exchange.
- Some offer dividends.
- Some have voting rights.
- Relatively low minimum investment amounts, when compared to other products.

Risks

- Can lose value based on poor performance of the issuer or during periods of low trading activity (*i.e.*, illiquidity).
- No FDIC insurance.
- Rights are junior to other creditors (*e.g.*, bondholders) in the event of bankruptcy.

Considerations

General Market Risk: Stock prices of companies with excellent results and fundamentals can decrease materially for substantial periods of time (*e.g.*, in a bear market).

Tax Considerations: Certain equity investments, such as MLPs and REITs, may pass tax liabilities directly to investors.

Initial Public Offerings: Investments in equity securities of newly-listed public companies have their own considerations. Please visit www.sec.gov/files/ipo- investorbulletin.pdf for an overview.

Costs and Fees Paid by Clients: Commissions.

Markup or Markdowns: When equities are purchased or sold from our inventory, a markup or markdown (analogous to a commission) will be charged.
Initial public offerings could have additional fees, which will be described in the applicable offering documents.

Harbor & Financial Professional Compensation**:** Commissions**.** Some financial professionals receive a base salary and a discretionary bonus from an affiliate dependent upon their employment status.

Principal Transactions: We may earn a trading profit in connection with such transactions, known as a spread, which is the difference between the amount we paid for the security and the amount a client pays.
Initial Public Offerings: The public offering price of a newly issued security also includes a sales concession, which represents the amount paid to us in connection with your purchase of the security.

FIXED INCOME

Product Description

Most fixed income securities are debt instruments offering investors defined cash flows, *i.e.*, a fixed amount of interest, and a specific timeline for return of the par or face value on the bond. In general, specific characteristics of higher quality fixed income cause it to be one of the most predictable asset classes and thus a more conservative means to protect an investor's wealth and/or to provide steady income.

Features and Characteristics

Insurance: Some fixed income securities are insured. Any guarantees such as that of the United States government, FDIC, or any other insurance applies only to the face value of the investment and not to any premium paid, nor does it protect the investor from market risk. There is always the risk that the insurer itself could declare bankruptcy or otherwise fail to meet its obligations under the insurance terms.

Optionality: Optionality refers to special options available to either the issuer or the bondholder. A common option is a call feature. An issuer with a call option is allowed to "call" or retire the bond issue on a predetermined date, at a predetermined price or according to a predetermined formula, prior to the stated maturity date. Callable bonds often provide investors higher yields versus non-callable bonds to compensate investors for the additional risk associated with a call. An issuer would typically call a bond if interest rates are lower and it is advantageous to them to reissue new debt at a lower interest rate.

Conversely, a put feature allows the investor, or bondholder, to "put" (retire) a bond early and retrieve their invested principal prior to the maturity date, subject to limitations. Additionally, some bonds have a convertible feature, allowing the holder to convert the bond into stock of the issuing company.

Redemption Provisions: These provisions provide the issuer an option to repay principal prior to maturity and may change the term of the investment, which may affect price or yield calculations

Estate Protection Feature (Survivor's Option): Certain bonds include a feature allowing the estate of the beneficial holder to redeem the bond for face (par) value in the event of the beneficial holder's death, regardless of the price at which the security is trading at that time. If this security has a zero coupon, then it will be redeemed at the accreted value. Ascertain limitations may apply such as holding periods or annual limitations, please refer to each individual issuer's offering documents. Brokered certificates of deposit (CDs) also generally include an estate protection feature.

Original Issue Discount (OID): These securities are issued at a price less than the stated redemption price at maturity. OID may be deemed interest income and may be reportable for tax purposes as it accrues whether or not you receive any interest payments from the issuer during the year. Please consult with your tax advisor regarding specific OID tax treatment.

Step-Up Coupon Securities: These securities increase their coupon payments over a period of time according to a predetermined schedule, unless called at the issuer's option. Coupon adjustments may not reflect changes in interest rates. When investing in a step-up security, you may be accepting lower yields initially than comparable fixed-rate securities in return for the potential of receiving higher yields over the life of the investment. However, there is a greater likelihood that the issuer will call these bonds when prevailing interest rates are lower than the current coupon, potentially affecting the yield on the security.

Variable Coupons: Also referred to as "floater" or "adjustable" rate bonds, these pay interest at rates which vary over time and are tied to a specific index such as Treasuries, the London Interbank Offered Rate (LIBOR), an inflation index, or some other benchmark or combination of indices. Interest payments may fluctuate. Variable rate bonds provide the holder with additional interest income if the underlying rates rise, or with reduced interest income if the rate falls. On July 27, 2017, the United Kingdom's Financial Conduct Authority (FCA) announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR rates after 2021. A change in the reference rate may have a material impact on the value of any securities based on or linked to a LIBOR benchmark.

Zero Coupon Bonds: These securities may have higher price fluctuations since there are no regular interest payments. These are bonds issued at a deep discount. The redemption is for the full face-value making up for the lack of periodic interest payments through a lump sum payout at maturity.

Risks

Credit Risk: Generally, bonds with a lower credit rating indicate a higher potential for financial risk and will generally command a higher offering yield. Conversely, bonds with a higher credit rating indicate less likelihood for financial difficulties and generally provide a lower yield to investors. The absence of a rating may indicate that the issuer has not requested a rating evaluation, insufficient data exists on the issuer to derive a rating, or that a rating request was denied. Non- rated securities tend to be more speculative in nature and are less liquid. Although rating agencies assist in evaluating the creditworthiness of an issuer, ratings are not recommendations to buy, sell or hold a security, nor do ratings remove market risk. In addition, ratings are subject to review, revision, suspension, reduction, or withdrawal at any time, and any of these changes in ratings may affect the current market value of your investment. A rating agency may also place an issuer under review or credit watch, which may be another indicator of a future rating change. Your trade confirmations, online accounts, and monthly statements display only the ratings of those rating agencies to which we subscribe.

For more information on rating agencies, including important disclosures regarding the rating process, please visit www.moodys.com, www.standardandpoors.com, and www.fitchratings.com.

Default Risk: An obligor's inability to remain solvent and pay any outstanding debt obligations in a timely manner. Adverse changes in the creditworthiness of the issuer (whether or not reflected in changes to the issuer's rating) can decrease the current market value and may result in a partial or total loss of an investment.

Interest Rate Risk: Generally, as interest rates rise, the price of a bond will fall and conversely, as interest rates fall, the price of a bond will rise. The yield offered on bonds is based upon a collective associated-risk evaluation, coupled with a market-determined spread over a similarly traded riskless transaction (historically measured versus a similar maturity U.S. Treasury bond). As interest rates fluctuate, the yield on most bonds will be adjusted accordingly.

Reinvestment Risk: Timing of reinvestment of returning interest or principal can cause an investor's return to fluctuate. In a falling interest rate environment, an investor will likely benefit from higher coupons and longer maturities as this prevents the need to reinvest into a lower, less favorable interest rate environment. If interest rates are rising, higher coupon and/or short maturities allow an investor to take advantage of rate increases and put their money to work at improving interest rates.

Liquidity Risk: Liquidity is the ability to sell (liquidate) a position. Many fixed income securities trade in an active secondary market and many broker/dealers, including us, may maintain a secondary market in securities; however, there is no assurance that an active market will be maintained.

Purchasing Power Risk: The risk that, over time, inflation will lower the value of the returned principal. This means that an investor will be able to purchase fewer goods and services with the proceeds received at maturity.

Non-U.S. Bonds: These securities are subject to additional risks, including without limitation, liquidity, currency fluctuations, differing accounting standards, political and economic instability, and differing tax laws.

Common Types of Fixed Income Securities Offered at Harbor

Brokered Certificates of Deposit (CDs) purchased through a securities broker and held in a brokerage account are considered deposits with the issuing institution and are insured by the Federal Deposit Insurance Corporation (FDIC). FDIC deposits are insured up to $250,000 per issuer (including principal and interest) for deposits held in different ownership categories, including single accounts, joint accounts, trust accounts, IRAs, and certain other retirement accounts. Brokered CDs are redeemable at par upon the death of the beneficial owner. Only the par or face value (not the premium paid) is FDIC- insured. Additional information is available from the FDIC at www.fdic.gov/deposit/deposits/index.html, from the SEC at www.sec.gov/investor/pubs/certific.htm.

Corporate Bonds are debt obligations issued by U.S. and foreign companies, most of which represent unsecured promises to repay the principal at a pre- determined future date, although some may be secured by a lien on certain corporate assets. In most instances, the issuing company also agrees to pay interest to investors. As bonds are obligations of the issuer to pay back borrowed funds, they generally have a higher priority to pay interest prior to any dividend distributions on the issuer's preferred or common stock.

GSE securities are issued by government- sponsored enterprises (GSEs). Payment of principal and interest is the obligation of the issuer. These securities are also known as agency securities. Although they are not guaranteed by the U.S. government, they maintain an implied backing. They are subject to market risk if sold prior to maturity. Ginnie Mae (GNMA) securities are backed by the full faith and credit of the United States Government.

Mortgage-backed securities and ***Collateralized Mortgage Obligations*** are priced based on an average life, which includes prepayment assumptions that may or may not be met, and changes in prepayments may significantly affect yield and average life. The actual maturity date may be shorter than stated. For more information, please review FINRA's Investor's Guide to Mortgage Securities and collateralized mortgage obligations at www.finra.org.

Tax-Exempt Municipal Bonds are issued by state and local governments as well as other governmental entities to fund their capital expenditures, such as the construction of highways, hospitals, schools, and sewer systems. Interest on these bonds is generally exempt from federal taxation and may also be free of state and local taxes for investors residing in the state and/or locality where the bonds were issued. However, municipal bonds may be subject to the federal alternative minimum tax (AMT), and profits and losses on bonds may be subject to capital gains tax treatment. Municipal securities may lose their tax-exempt status if certain legal requirements are not met, or if tax laws change. Additional information about individual municipal securities is available on the Electronic Municipal Market Access website (EMMA) of the Municipal Securities Rulemaking Board (MSRB) at www.emma.msrb.org.

Taxable Municipal Bonds are issued by state and local governments as well as other governmental entities to fund redevelopment districts, stadiums, pensions, utilities, and other projects. Interest or other investment return is included in gross income for federal income tax purposes and may also be subject to state and local income tax. A municipal security may be issued on a taxable basis because the intended use of proceeds does not meet federal tax law requirements for the exclusion from gross income, because certain other federal tax law requirements are not met, or because the issue qualifies for a tax credit or subsidy. Additional information about individual municipal securities is available on the EMMA website at www.emma.msrb.org.

Preferred Securities are comparable to fixed income investments as their coupon/dividend payments are generally fixed over the term of the investment and will react similarly to other debt investments to changes in market conditions. Some preferred securities pay variable payments that fluctuate and may provide the holder with additional income if the underlying rates rise or with reduced income if the rate falls. Please refer to description of "Variable Coupons" paragraph referenced above. Preferred securities present a greater risk than corporate bonds because they are generally subordinate to debt in liquidation priority. Preferred securities are quoted on either a current yield basis, or a yield-to-call basis if trading at a premium. For preferred securities that pay dividends, the dividend is paid at the discretion of the issuer's board of directors and holders generally do not have voting rights. Preferred dividends may be cumulative or non-cumulative.

Some preferred securities may have a deferred interest feature, which allows the issuer, in certain circumstances, to defer payments between 5 to 10 years or longer depending on the security. The deferred income will generally accumulate, and may be treated as ordinary income for the year in which it is accrued, even though the holder of the security receives no payment until the issuer reinstates interest payments. If deferred, the ability of the issuer to reinstate interest payments is subject to the creditworthiness of the issuer. Changes in income payments may significantly affect yield and final term of the investment and consequently the price may decline significantly. Additionally, preferred securities generally carry no change of control provisions.

U.S. Treasury securities are issued and guaranteed by the U.S. government and, if held to maturity, generally offer a fixed rate of return and guaranteed principal value. U.S. government bonds are guaranteed as to the timely payment of principal and interest;

however, these securities are subject to market risk if sold prior to maturity. The U.S. Treasury also issues two-year maturity floating rate notes that pay interest and adjust payments quarterly, as well as Treasury Inflation- Protected Securities (TIPS) for which the principal is adjusted periodically to reflect changes in the Consumer Price Index. Since interest is paid on the adjusted principal, the semi-annual payments may fluctuate. At maturity the investor receives either the higher adjusted principal or the face value.

Costs and Fees Paid by Clients

Identify whether your transaction occurs in the new issue (primary) or secondary market: Like other investments, fixed income securities purchased as new issues take place in the primary market and most bonds bought or sold after the issue date occur in over-the- counter secondary markets which do not generally publish closing prices. Two websites offer information about the prices of transactions in specific bonds including trade history as well as additional market data, offering disclosure documents and education material. For municipal bonds, please visit EMMA at emma.msrb.org/. For other bonds and fixed income securities, please visit bondfacts.finra.org/.

- Primary Market: Details of costs and fees incurred in new issue purchases are disclosed on trade confirmations and in the applicable offering documents.
- Secondary Market: The price paid by you (and by extension, the amount received by us and your financial professional) may be increased or decreased by a markup or markdown, respectively. Markups and markdowns are based on the prevailing market price at the time of trade and represent compensation credited to your financial professional and us. In addition to any markup or markdown, you should expect that we will realize a trading profit or loss on a secondary market transaction.

A processing/handling fee, as described in *Section III—Compensation, Costs and Fees*, is charged for each buy or sell for all fixed income products, *except* for brokered CDs, which have no processing/handling fee.

Harbor & Financial Professional Compensation

Primary Market: Compensation from the issuer on sales of new issue fixed income securities is generally embedded in the initial offering price through a sales concession or placement fee credited to your financial professional and us, and a portion of an underwriting fee if we are the underwriter on a municipal security issuance, as disclosed more fully in the applicable offering documents.

Secondary Market:
Your purchase or sale of a fixed income security in the secondary market executed on a principal basis may include a markup or markdown paid to your financial professional and us. The price paid or received may also result in a trading profit or loss to us. Your purchase or sale of a fixed income security in the secondary market executed in a riskless principal or agency capacity may include a commission credited to your Financial Professional and us. The price paid or received may also result in a trading profit or loss to a firm other than us.

Additional Information

Before investing in any fixed income investment, we encourage you to read the relevant offering documents, which are available from the issuer and your Financial Professional.

Trade confirmations should also be carefully reviewed and will disclose additional information regarding the capacity in which we are acting and information regarding compensation.

Fixed income products are available for purchase as a standalone investment; however, they may also be available as a part of other products, such as a Unit Investment Trust, or as part of a separately managed account, which offers different risks, benefits, and potentially different costs and fees. These costs and fees could be more or less than those paid by purchasing the product individually.

UNIT INVESTMENT TRUSTS (UITs)

Product Description: A UIT is an investment vehicle comprised of a fully invested fixed portfolio of professionally selected securities. Investors purchase units which represent an undivided ownership in the entire portfolio. Unlike mutual funds, which continually buy and sell securities, a UIT portfolio is generally fixed at the date of deposit, so the investor knows exactly what securities are in the portfolio, when the trust is scheduled to mature (*i.e.*, terminate), and, in case of bond UITs, the estimated income stream the trust is expected to generate for their proportionate interest in the trust. Most portfolios are designed to have a pre-established time frame of usually 12 months to 5.5 years, although some of the fixed income portfolios may be longer. The portfolio is static, or fixed, for the duration of the investment, is valued daily, and can be liquidated each day at net asset value less deferred charges, if any. Liquidity is provided through the trustee of the trust or in the secondary market.

Common Types of UITs Offered at Harbor

Equity UITs

Strategy portfolios: Seek to outperform a benchmark, such as a specific widely held index, using fundamental screens that reflect the historical behavior of the securities.

Income portfolios: Typically seek to provide dividend income and may also provide potential capital appreciation.

Asset allocation portfolios: Invest in different asset classes, styles, and capitalizations, and are designed to meet specific investment objectives to help better manage investors' asset allocation needs.

Sector Portfolios: Invest in companies involved in a specific industry such as energy, health care, financial services, or technology.

Hybrid Portfolios: Invest in various underlying holdings, including equities, closed-end funds, and Exchange Traded Funds (ETFs). Many UITs will combine multiple securities within the same portfolio to gain exposure to different areas of the market.

Fixed Income UITs

Tax-Free Fixed Income: Invests in a pool of bonds that provide monthly or semi- annual income exempt from federal income taxes, and in some cases, state income taxes.

Taxable Fixed Income: Invests in pool of bonds that may include taxable municipal issues, corporate issues, or agency issues that provide monthly or semiannual income.

<u>Features and Characteristics</u>

Greater Diversification: Since a UIT portfolio represents pro-rata ownership in a pool of securities, it provides a higher level of diversification than an investment in a single security; however, diversification does not ensure profit or protect against loss.

Daily Liquidity: A UIT can be redeemed daily at net asset value, which may be more or less than the original purchase price.

Rebalancing Opportunities: When the portfolio terminates, investors have the option to reinvest their proceeds into a new, rebalanced portfolio. Rebalancing may cause a taxable event unless units of the portfolio are purchased in an IRA or other qualified plan, and rebalancing does not ensure profit or protect against loss.

Discipline: Unlike actively managed funds, the securities in the UIT remain fixed over the life of the investment.

No Manager-Driven Style Drift: Because a UIT is clearly defined and not actively managed, there will be no style drift as a result of manager-driven trading.

Capital Gains: In the case of equity-related securities held in the UIT, there are no embedded capital gains. Capital gains taxes are only paid if there is a profit at the time of UIT termination or liquidation.

Risks: Upon termination there is no assurance the value of the UIT will be equal to or higher than the original price.

There is no assurance that an individual UIT portfolio will meet its objective. UITs are not actively managed and underlying securities will not be sold to take advantage of market conditions.

UITs are not bank deposits and are not insured or guaranteed by the FDIC or any other government agency.

Costs and Fees Paid by Clients

All fees related to UITs, including estimates of ongoing operating expenses and organizational costs, are listed in the "Fee Table" of the trust's prospectus.

Sales Charge: Sales charges for UITs vary based on the maturity of the trust (or the maturity of the underlying bonds if the trust invests in individual bonds). The sales charge is paid over a time period that is set forth in the applicable prospectus, and can include an initial and deferred sales charge (from which a commission is credited to us and your financial professional) and a creation and development fee (which compensates the sponsor for creating and developing the trust). If a client sells or redeems an interest in a UIT prior to the trust maturing, any outstanding sales charges will be deducted from the amount the client receives related to such sale.

UITs may also be available for purchase through select fee-based or advisory accounts offered by us. Instead of paying the initial (if applicable) and deferred sales charges, clients in wrap fee-based accounts pay a fee that is billed quarterly and based on a percentage of the total value of the account's eligible securities. Wrap fee-based clients will still pay any C&D fee and any operational expenses incurred by the trust.

Organizational Charge: Estimated costs of organizing and structuring the UIT.

Annual Operating Expenses: Includes annual operating expenses such as portfolio supervision, bookkeeping, administrative and evaluations fees, and any trustee fees.

Processing/Handling Fee (as described in the *Section III—Compensation, Costs and Fees*) for each buy, but not each sell.

Harbor & Financial Professional Compensation
A portion of the sales charge as a commission on the purchase of a UIT. (We do not receive a commission on the redemption of a UIT.) If a UIT is sold prior to its termination date, you may be credited a portion of the commission previously paid to the Financial Professional.

Some financial professionals receive a base salary and a discretionary bonus from an affiliate dependent upon their employment status.

Other Potential Conflicts of Interest
If a UIT is sold prior to its termination date, the Financial Professional may forfeit a portion of the commission previously received and, as a result, your Financial Professional will have a conflict of interest that can incentivize the Financial Professional to not recommend the sale of the UIT prior to its termination date.

UITs are available for purchase as a standalone investment; however, they may also be available as a part of other products, such as part of a separately managed account, which offer different risks, benefits, and potentially different costs and fees, which could be less than those paid by purchasing the product individually.

Additional Information
Before investing in any UIT, we encourage you to read the relevant prospectus, which is available from the issuer and your Financial Professional.

MUTUAL FUNDS

Product Description: A mutual fund is a collection of securities owned by a group of investors and managed by a professional investment adviser. A mutual fund pools investors' money to invest in a specific asset class or classes by investing in individual, or a combination of several, underlying securities including, but not limited to, stocks, bonds, money market funds, options, and currencies. Most mutual funds have a particular objective such as immediate income, income and growth, or long-term growth.

Features and Characteristics
- Potential diversification.
- Low minimum investment amounts.
- Daily pricing and redemption.
- Professional management
- Generally lower management-related expenses when compared to other forms of professionally advised investments.

Risks
- May lose value based upon market movements in individual securities within the portfolio.
- Concentration within a particular asset class, security type, industry sector, or geographic region.
- Illiquidity of underlying investments within a mutual fund.
- Offshore mutual funds are not registered on any U.S. exchange, so there may be limited information regarding the risks and tax consequences.
- Underlying investments may carry additional risks. Please see the applicable prospectus and the relevant sections of this document, such as the descriptions of fixed income or equities, for additional risks related to underlying securities.

Costs and Fees Paid by Clients
Costs and fees vary between mutual fund products—it is imperative that you review the relevant mutual fund prospectus for a detailed description of charges you will incur.

Ongoing Costs
Management and operational fees.
"12b-1" or "Shareholder Servicing" fees.

Sales Charges
<u>A Shares</u>: Front-end sales charge/ commission based on initial investment, which may be discounted for numerous reasons, including larger investments, subsequent investments, or investments in other mutual funds within the same family.

<u>B Shares</u>: Back-end sales charges/ commission assessed on an annual basis, based on initial investment, and potentially additional charges, known as a Contingent Deferred Sales Charge (CDSC), if sold in a short period of time. After a holding period, B shares usually convert to A shares. New purchases of B Shares are generally not permitted.

C Shares: Annual sales fee/commission charged over life of investment, based on initial investment amount. Frequently impose a CDSC if you sell within a short period, usually one year. Many C shares convert to A shares after a period of time, at which point the annual charges end.

Other Share Classes: Some shareholders may qualify to invest in share classes that are intended for specific types of investors, such as retirement plans. Additionally, share classes meant for fee- based or advisory account types can take a number of forms, such as Institutional or P shares, and do not generally contain sales loads or 12b-1 fees.

Reducing Sales Charges

Breakpoints: Fund families often offer discounts on the sales charges for Class A shares based on the total amount you have invested with the fund family. Such discounts could significantly reduce, and in some cases eliminate, the sales charge that clients pay. The level at which you qualify for the discount is the "breakpoint."

"Rights of Accumulation": These allow you to combine your existing investments in a fund family with your new purchases to reach a breakpoint.

Letters of Intent: You can take advantage of rights of accumulation from the time you make your initial share purchase by agreeing to invest a certain dollar amount over a specified period of time. However, if the amount stated for investment in the letter of intent is not invested, the mutual fund can retroactively charge you the higher sales charge amount.

Net Asset Value ("NAV") Transfers and Buybacks: After you redeem your fund shares, some fund families will allow you to "buy back" into certain funds within a certain time frame without a sales charge for Class A shares.

Switches: If you select funds that are part of a family of funds and purchase Class A shares in a commission-based account, then you can switch among the funds in the family without incurring additional sales charges.

Other discounts and fee waivers may apply based on certain criteria—please refer to the applicable prospectus or the mutual fund's statement of additional information.

Redemption Fees

Mutual funds are generally part of a longer-term investment strategy, and some mutual fund companies will impose a redemption fee (also called an exit fee, a market-timing fee, or a short-term trading fee) if shares are sold within a certain time period, as outlined in the prospectus.

Harbor & Financial Professional Compensation

- Portion of the commission/sales charge, which varies in amount by fund.
- Portion of 12b-1 or shareholder servicing fees, which vary in amount by fund.
- Some financial professionals receive a base salary and a discretionary bonus from an affiliate dependent upon their employment status.

Product Limitations

We do not make available all share classes offered by a fund company for which a client might otherwise be eligible to purchase. This means that lower cost share classes might not be available to you through Harbor, even though you might otherwise be eligible to purchase those lower share classes elsewhere.

Additional Information

Prospectus. Before investing in any mutual fund, we encourage you to read the relevant prospectus, which is available from the fund company and your financial advisor, and to review the investment manager's experience, qualifications, tenure, and track record.

Mutual Funds vs ETFs. There are a variety of ways to invest in the market and many products offer the same or similar strategies and investments, but are structured or packaged in different ways. One example is exchange traded funds ("ETFs"), which share many characteristics with mutual funds, but have some important differences. Both are suitable options if you are looking for low minimum investment amounts. ETFs offer slightly more price variation—you can buy or sell as the price changes throughout the day, whereas mutual fund prices are held constant for an entire day. Mutual funds generally have more active management whereas ETFs are generally passive and designed to track the market index. There are other relevant factors to consider when choosing an investment, such as liquidity and specific product costs. You should speak with your financial advisor about which options may be best for you.

No FDIC Insurance. While money market mutual funds are often considered cash alternatives and are traditionally lower risk products, they are not insured by the FDIC. If cash was held at a registered bank entity, you could receive the additional protection of FDIC insurance.

CLOSED-END FUNDS

Product Description

Closed-end funds (CEFs) are publicly traded investment vehicles that are actively managed by investment advisers. CEFs have many characteristics that are similar to other pooled investment products, but also have several unique structural differences that should be understood before purchasing shares of a CEF. Shares of CEFs are offered through an initial public offering (IPO), after which they are traded on a stock exchange, similar to equities. The number of shares traded after an IPO are then fixed and the fund is "closed" to additional investment. Similar to open-end mutual funds, each closed-end fund has a net asset value (NAV) which is calculated as net assets of the fund divided by shares outstanding. Unique to closed-end funds, however, buyers and sellers interact throughout the day in an exchange, providing intraday liquidity. As a result of trading in the secondary market, CEFs will have both a market price and a net asset value (NAV). The market price of the fund will then fluctuate based on supply and demand and the value of the underlying securities, which will often lead to a disconnect between price and NAV. This imbalance is what is described as a premium (when a fund's market price is above its NAV) or a discount (when a fund's market price is below its NAV). This is one of the characteristics that differentiate CEFs from their open-end mutual fund counterparts.

Features and Characteristics

- Professional management.
- No minimum investment restrictions or minimum holding periods on purchases.
- Potential intraday liquidity.
- Typically have lower fees than standard open-end mutual funds.

Risks

- Investor sentiment for a particular portfolio manager, fund sponsor, sector, or investment style of a CEF all interact to push the price of a fund to a discount or premium.
- Potential illiquidity of shares since shares cannot be purchased or sold directly through the fund company; liquidity is subject to the fund's trading volume in the market.
- CEFs typically trade at a premium to NAV immediately after their IPO.
- Many CEFs utilize lower-quality securities with leverage to enhance yield, which can generate principal losses, particularly in periods of rising interest rates.

Costs and Fees Paid by Clients Management and operational fees, as more fully described in the applicable prospectus. This includes the cost of borrowing if applicable.

Harbor & Financial Professional Compensation: Commissions on purchases and sales. Some financial professionals receive a base salary and a discretionary bonus from an affiliate dependent upon their employment status.

Product Limitations

Please refer to the *Product Limitations, Generally* subsection above.

Additional Information

Closed-end funds come in many varieties. They can have different investment objectives, strategies, and investment portfolios. They also can be subject to different risks, volatility, and fees and expenses. Before investing in any CEF, we encourage you to read the relevant prospectus and the CEF's most recent shareholder report, which is available from the fund company and your Financial Professional.

CEFs differ in many respects from mutual funds (also known as open-end funds). Both generally benefit from active professional management, diversification, and defined investment objectives; however, mutual funds issue and repurchase shares directly with the fund sponsor, as needed. Mutual fund shares are issued or redeemed by the sponsor at NAV, which is calculated at the end of the trading day. In contrast, CEF have a fixed number of shares that are bought and sold in an intraday market at prices determined by supply and demand. Therefore, in a mutual fund, the price an investor pays reflects the value of the underlying securities, rather than demand for the fund. Conversely, CEFs trade in the secondary market, with prices fluctuating throughout the day. CEFs do not incur the ongoing costs associated with creating and redeeming shares and typically have lower fees than standard mutual funds. There are also no minimum investment restrictions or minimum holding periods on purchases of CEF shares.

EXCHANGE TRADED PRODUCTS

Product Description

Exchange Traded Products ("ETPs") are investment products that are listed on a national stock exchange and can be bought and sold in the equity trading markets. ETPs encompass a number of structures which track an underlying benchmark, index, or portfolio of securities and commodities. ETPs may be structured as registered unit investment trusts (UITs), exchange-traded funds (ETFs), exchange- traded notes (ETNs), grantor trusts, or commodity pools.

The majority of ETPs are structured as UITs or ETFs whose shares represent an interest in a portfolio of securities that either track an underlying benchmark or index. In order to achieve their objectives, ETPs generally either (a) directly invest in assets such as stocks, bonds, currencies, or commodities that underlie the benchmark, or (b) utilize a representative sampling strategy that attempts to achieve a similar performance to the benchmark without investing in all of the underlying securities of the benchmark. Further description of each ETP's underlying portfolio is available in the respective ETP's prospectus.

A number of ETPs employ, to varying degrees, more sophisticated financial strategies and instruments such as leverage, futures, swaps, and derivatives, in order to achieve their investment objectives. Those ETPs are commonly referred to as "Non-Traditional ETPs." Non-Traditional ETPs are more complex than traditional ETPs and may not be appropriate for all investors. These may include some ETNs, leveraged or inverse ETPs, some actively-managed ETPs, futures-linked ETPs, volatility ETPs, and other products.

Types of ETPs Offered at Harbor

Passive or Non-Managed ETPs: These products seek to replicate the performance of an index or benchmark that they track.

Leveraged and Inverse ETPs: Two types of passive or non-managed ETPs are leveraged ETPs and inverse ETPs. Leveraged ETPs seek to deliver multiples of the performance of the index or benchmark they track, whereas inverse ETPs seek to deliver the opposite of the performance of the index or benchmark they track. Most leveraged and inverse ETPs "reset" daily, meaning that they are designed to achieve their stated objective on a daily basis, and meaning that they are highly subject to volatility risk.

Actively-Managed ETPs: These products do not seek to replicate the performance of a specified passive index of securities. Instead, they use an active investment strategy to attempt to meet their investment objective. An investor's decision would usually be based on their assessment as to whether the ETP investment manager can select securities that will lead to outperformance versus the benchmark, net of the ETPs fees, over a given market cycle or longer period of time.

Exchange-Traded Notes ("ETNs"): A common name for a senior, unsecured debt obligation designed to track the total return of an underlying market index or other benchmark, minus investor fees. The repayment of the principal, interest (if any), and any returns at maturity or upon redemption are dependent on that issuer's ability to pay. Thus, the issuer's potential to default is an important consideration for ETN investors.

Exchange Traded Funds ("ETFs"): These products are typically managed by an investment company whose primary objective is to achieve the same or similar return as a particular market index. ETFs are similar to index funds in that they are primarily invested in the securities of companies that are included in a particular market index. ETFs can be invested either in all of the securities or in a representative sample of the securities included in the index. ETFs may be bought or sold throughout the day on the secondary market, but are generally not redeemable by non-institutional investors for the underlying basket of securities they track. ETFs are more appropriate for those willing to achieve market-like returns, with lower management fees and operating expenses, but with little potential to outperform the respective indexes the funds track.

Features and Characteristics

- Professional management.
- Low minimum investment amounts.

Risks

- Generally lower management-related expenses than mutual funds.
- If you hold leveraged or inverse ETPs for long periods of time, their performance can diverge significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period. This could lead to increased levels of risk, including without limitation, market risk, volatility risk, liquidity risk, and positive and negative compounding risk. This effect can be magnified in volatile markets and thus these products are primarily appropriate for short-term trading strategies.
- Actively-managed ETPs typically charge higher fees than ETPs that passively track an index.
- For ETNs, the repayment of principal, interest (if any), and any returns at maturity or upon redemption, are dependent on that issuer's ability to pay. Thus, the issuer's potential to default is a risk. Furthermore, if the issuer's credit rating is downgraded, the trading price of an ETN in the secondary market may be adversely impacted.
- Certain ETFs may be classified as partnerships for U.S. federal income
- tax purposes. This may result in unique tax treatment, including Schedule K-1 reporting.
- The buying and selling of contracts in the futures market, which could result in losses, could adversely affect the value of the index underlying your ETPs and, accordingly, decrease the value of your investment.
- Risks associated with municipal bond ETPs may include, without limitation, unmanaged investments, financial condition of the

underlying issuers, limited diversification, market fluctuations, and illiquidity of the underlying securities.

- The ability of ETP issuers to perpetually create new shares contributes to ETPs efficiently and accurately tracking their respective indices. However, under certain circumstances, issuers may cease or suspend creating new shares, which may cause ETPs to trade at a price that differs significantly from the value of its underlying holdings or index. Furthermore, all ETPs may trade at a premium or discount to their NAV (or indicative value in the case of ETNs).
- Some ETPs may have low trading volumes, which could adversely impact your ability to buy or sell shares at the desired price and quantity.
- ETPs can be liquidated for a variety of reasons, which can cause forced taxable events for investors, including capital gains distributions. Furthermore, there can be closing costs associated with the final liquidation of the ETP as well as index tracking uncertainty as the ETP liquidates its assets.

Costs and Fees Paid by Clients: Management and operational fees, as described in the prospectus.

Harbor & Financial Professional Compensation: Commissions. Some financial professionals receive a base salary and a discretionary bonus from an affiliate dependent upon their employment status.

Product Limitations

New purchases of leveraged ETFs are not permitted. Certain ETPs are only available on a limited basis due to the investment strategies or underlying investments employed by the product.

Additional Information

Before investing in any ETP, we encourage you to read the relevant prospectus, which is available from your Financial Professional.

STRUCTURED INVESTMENTS

Market-Linked Notes and Market-Linked CDs

Product Description

Also commonly known as Market-Linked Investments, a structured investment starts with an ordinary investment like a stock, an exchange-traded fund (ETF), or a market index, commonly referred to as the "underlier." The structured investment is designed (or "structured") around the underlier, linking its performance to the underlier in some manner. Structured investments are distinct in that they come in a wide variety, each with unique terms and conditions designed to achieve specific investment outcomes. Some offer greater protection against loss with moderate or limited growth potential, while others possess greater growth potential but come with less downside protection. Others offer the potential to pay attractive periodic coupons, dependent on the underlier's performance.

Structured investments are available in two distinct forms: market-linked certificates of deposit (MLCDs) and market-linked notes (MLNs).

Common Investment Objectives of Structured Investments

<u>Risk-Managed Growth</u>: Investors often want to see growth in their portfolio, but many wish to reduce their risk in achieving that growth. Structured investments provide a wide array of methods to participate in the performance of the underlier, often dependent on the amount of protection being offered.

<u>Enhanced Income</u>: For investors seeking enhanced income from their portfolio, structured investments can offer attractive coupon payments based on the performance of the underlier. The level of potential income depends on the underlier and level of protection provided by the terms of the investment.

<u>Capital Preservation</u>: MLCDs are designed to participate in some portion of the potential growth of the underlier. When held to maturity, MLCDs offer protection against possible declines in the underlier, and are insured by the FDIC. By investing in a MLCD, an investor forgoes the fixed payment of a traditional CD in exchange for the potential to earn a higher return based on the performance of the underlier. Certain MLNs may also offer capital preservation, subject to the credit risk of the issuer.

<u>Risks</u>: All investments possess risks that should be considered prior to investing. While each individual structured investment possesses unique risks, general considerations include:

<u>Creditworthiness of the Issuer</u>: While MLCDs are fully principal-protected (when held to maturity) and FDIC insured, MLNs are backed by the creditworthiness of the issuing firm. Similar to traditional bonds, if an issuer were to become insolvent, you are unlikely to receive all of your investment as detailed by the investment's terms. Understanding the credit risk associated with any structured investment is important.

<u>Liquidity and Statement Value</u>: Structured investments are designed to be held to maturity. While a guaranteed secondary market does not exist for structured investments, issuing firms will often

offer to buy back investments prior to maturity, typically at a discount. This discounted value is reflected in your account during the term of the investment and represents the amount you could expect to receive if you chose to sell prior to maturity.

Fees: Structured investments typically involve greater fees than investing directly in the underlier. These fees are typically stated on the front page of the investment's offering documents and should be considered when assessing the merits of any investment.

Performance: Even with protection features, an MLN investor can suffer a loss based on the terms and performance of the underlier. Understanding trade-offs and scenarios where the structured investment outperforms or underperforms the underlier is important when setting performance expectations. For instance, dividend payments on underliers are typically not captured by structured investments.

Complexity: Structured investments are often less familiar than traditional investments. Therefore, before deciding whether structured investments are right for you, review the terms and conditions outlined in the investment's offering documents and consult your Financial Professional.

Costs and Fees Paid by Clients

- Commission: You will typically pay a commission/sales charge when you buy a structured investment within a brokerage account; no commission is paid on the sale of a structured investment.
- Structuring Fee (*i.e.*, costs for creation and maintenance of the product): A portion of the purchase price incurred on the purchase of a structured investment; no structuring fee is paid on the sale of a structured investment.

Harbor & Financial Professional Compensation: **Commission.** Some financial professionals receive a base salary and a discretionary bonus from an affiliate dependent upon their employment status.

Equity-Linked Notes

Product Description: Equity-Linked Notes (ELNs) are similar to certain other Market-Linked Investments, starting with a basket of individual equity stocks, commonly referred to as the "underlier." However, the ELN does not contain any optionality within the structure and is designed (or "structured") to pass through the underlier performance.

Considerations of Structured Investments: All investments contain risks that should be considered prior to investing. While each individual ELN possesses unique risks, general considerations include:

Creditworthiness of the Issuer: ELNs are backed by the creditworthiness of the issuing firm. Similar to traditional bonds, if an issuer were to become insolvent, you are unlikely to receive all of your investment as detailed by the investment's terms. Understanding the credit risk associated with any structured investment is important.

Liquidity and Statement Value: ELNs are designed to be held to maturity. While a guaranteed secondary market does not exist for ELNs, issuing firms will often offer to buy back investments prior to maturity. This indicative value of the ELN is reflected in your account during the term of the investment and represents the amount you could expect to receive if you chose to sell prior to maturity.

Fees: Structured investments may involve greater fees than investing directly in the underlier. These fees are typically stated on the front page of the investment's offering documents and should be considered when assessing the merits of any investment. Fees paid by the client may include intellectual property licensing and other expenses incurred by issuers.

Performance: An ELN investor can suffer a loss based on the terms and performance of the underlier. While the ELN will pass through the performance of the underlier, there is no guarantee of that performance. Additionally, dividend payments on underliers are not received at the same time as received by holders of the underlier directly. They may be paid at specific times (*i.e.*, quarterly) or upon redemption.

Complexity: ELNs are often less familiar than traditional investments. Therefore, before deciding whether ELNs are right for you, review the terms and conditions outlined in the investment's offering documents and consult your financial professional.

Costs and Fees Paid by Clients

- Commission.
- Structuring Fee: Costs of the issuer for creation and maintenance of the ELN (including any licensing fees). This covers all expenses of the ELN and, as such, there are no internal expenses for the portfolio. Please review the prospectus for a detailed listing of all fees.

Harbor & Financial Professional Compensation: Commission. Some financial professionals receive a base salary and a discretionary bonus from an affiliate dependent upon their employment status.

ANNUITIES AND INSURANCE PRODUCTS

Product Description

An annuity is a financial product that offers an income stream. Annuities offer tax-deferred capital accumulation coupled with various insurance options.

Common Types of Annuities Offered at Harbor

Immediate Annuity: Purchased with a single payment and distributes a specified income stream that usually begins immediately.

Fixed Annuity: Provides a fixed rate of return for a specified period of time and generally designed to provide guaranteed, level payments for a specified period of the annuitant's lifetime, on a tax- advantaged basis.

Fixed Index Annuity: This is a type of fixed annuity with its rate of return tied to a well-known index such as the S&P 500. Returns are typically capped by either a fixed amount or a specific percentage determined by the insurance company. These caps and percentages can change at the end of each term.

Variable Annuity: Combines the characteristics of mutual funds, the insurance features of annuity products, and the benefits of tax deferral with low investment amounts in comparison to other products. A variable annuity may be invested in a variety of professionally managed investment sub-accounts similar to mutual funds. Insurance features, such as a minimum death benefit or single or dual lifetime income benefits, may also be available.

Features and Characteristics

Varies based on insurance product. Please see above descriptions and the relevant insurance contracts for additional information.

Risks

- Insurance and annuities products are not deposits or obligations of any bank or depository institution, are not guaranteed by us, are not insured by the FDIC or any other government agency, and are subject to investment risks including possible loss in value.
- Like most investment products, variable annuity contracts fluctuate in value and are subject to market risk, including the potential for loss due to market declines.

Costs and Fees Paid by Clients

- Costs and fees vary between insurance products. It is imperative that you review the relevant insurance contract for a detailed description of charges you will incur.
- Riders are insurance provisions that provide benefits or modify the terms of the insurance policy. Examples include living benefit and enhanced death benefit riders for certain annuity products. These benefits have additional costs, as described in the applicable rider.

Ongoing Costs

Annual fee charged by the insurance company.

Contingent Deferred Sales Charges Sometimes called a "surrender charge" or "surrender fee." Depending on the product, and as more fully described in the applicable insurance or annuity contract, you may pay a contingent deferred sales charge if you cancel during the surrender charge period.

Harbor & Financial Professional Compensation

Total compensation for annuity contracts (commissions and trails, as described below) are based on the contract value, which have an average seven-year contract lifecycle. Total compensation may be higher if the contract is held beyond that period.

Actual commissions received varies by insurance company, the type of product, the commission structure selected, and, in some cases, the amount of the investment.

"Trails" are paid to us to cover annuity contract servicing expenses and are derived from the ongoing costs you pay to the insurance company.

Some financial professionals receive a base salary and a discretionary bonus from an affiliate dependent upon their employment status.

Harbor Compensation

We may receive additional compensation from insurance companies in the form of sales and asset-based education and marketing support payments, which are not paid directly from the assets of your product.

Additional Information
Before investing in any variable annuity, we encourage you to read the relevant prospectus, which is available from the insurance company and your financial advisor. For all other insurance products, we encourage you to review the insurance contract.

Withdrawals of taxable amounts are subject to income tax and, if made prior to age 59½, may be subject to a 10% federal tax penalty.

Annual fees for annuity contracts are often higher than those associated with mutual funds that have similar objectives. That is because the company must pay for the higher commissions and insurance benefits associated with annuities. Therefore, you should compare the cost structures of both annuities and mutual funds in conjunction with your individual tax considerations before investing. If you select a variable annuity, it is a good idea to select one with a variety of investment options in order to avoid incurring a surrender charge if you change your investment objectives over time.

OPTIONS
Product Description
An option is a contract that provides you with either a right or an obligation related to an underlying security, such as a stock, index, or exchange-traded fund. There are two types of options, calls and puts, and you can buy or sell either one. Options have a strike price, also referred to as the exercise price (the price at which you exercise the option) and an expiration date.

A call option gives the holder the right to buy a security at the strike price prior to the expiration date, while a put option gives the holder the right to sell a security at the strike price prior to the expiration date. Buyers of calls believe that the market value of the security will increase substantially before the option expires, and want the right to buy the security at the lower strike price if that happens. Conversely, buyers of puts believe that the market value of the security will decrease substantially before the option expires, and want the right to sell the security at a higher strike price if that happens. Buyers of calls/puts hope to profit by exercising the option at a strike price that is lower/higher than the market value of the security (*i.e.* when the option is "in the money"). Instead of exercising the option, the holder of the option can also sell it to "close out the contract" and receive the difference between the strike price and the market price.

Clients can also sell calls and puts. For example, a seller of puts believes that the market value of the security will not fall before the option expires. Conversely, sellers of calls believe that the market value of the security will not rise before the option expires. Sellers of puts and calls hope to maximize their profit by generating income from the premium paid to them by the buyers and having the options expire unexercised (*i.e.* "out of the money").

Prior to transacting in options, clients must receive a copy of an options disclosure document titled "Characteristics and Risks of Standardized Options," which can be obtained from your financial professional or at the following website: https://www.theocc.com/about/publications/character-risks.jsp and must complete and sign an Options Application and Agreement.

Features and Characteristics
- Tool for hedging and speculation.
- Income generation-receive premiums by selling options.
- Risk mitigation—reduce exposure to downside price risk for a currently owned security.
- Targeted selling—seek sale prices by the selection of an option strike price for a currently owned security.
- Stock acquisition—target specific acquisition prices via the option strike price to purchase a security.

Risks
- Complex and require a high level of attention to the trading markets.
- Speculative product that may lead to unlimited losses.
- May lose the entire amount committed to options in a relatively short period of time.
- Income generated from covered calls (a call option sold on a security owned), does not provide protection from significant downward price movement.
- A covered call writer (the person who owns the security and sold the call option on said security) gives up any appreciation above the strike price.
- The sale of shares due to assignment may result in a taxable gain for the option writer.
- Margin is required for certain option strategies. See the above section on *Margin*.

Costs and Fees Paid by Clients
- ***Commission***: You will typically pay a commission/sales charge when you buy or sell an option within a brokerage account.
- ***Transaction Fee***: A transaction charge may be assessed on certain accounts that do not charge a standard commission. If applicable, this fee will be disclosed as "Misc." on the transaction confirmation you receive.

Pricing Factors: If you are purchasing an option, its price is impacted by many factors including:

- the remaining life of the option,
- the volatility of the underlying security,
- the relationship between the strike price of the option and the market price of the underlying security, and
- the underlying company's dividend payment record.

Harbor & Financial Professional Compensation: **Commission.** Some financial professionals receive a base salary and a discretionary bonus from an affiliate dependent upon their employment status.

Additional Information
Due to the speculative nature of options, we must pre-approve your specific trading strategy. You should have sufficient knowledge and experience to evaluate the risks associated with option trading. Certain accounts will be limited to income and hedging strategies, and will not be allowed to engage in more speculative trading strategies (*e.g.*, IRAs, accounts subject to ERISA, and UTMA accounts).

MARGIN

Service Description
If your account is approved for margin, we will allow you to borrow funds using the securities in your account as collateral. When you buy securities on margin, you deposit a portion of the purchase price, and the clearing firm extends you credit for the remainder, resulting in a debit balance on your account (which will be reflected on your account statement). You are charged interest on your debit balance and are required to maintain securities, cash, or other property to secure repayment of funds borrowed. Before trading in a margin account, you should carefully review the client agreement. Additional information is available at: www.raymondjames.com/margin.

Features and Characteristics

- Margin interest may be tax deductible. Please consult your tax advisor for more details.
- You may use margin for various purposes, including investments in securities, margin trading strategies, and withdrawal of funds for certain personal expenses.
- Interest is charged based on the amount borrowed, as further described below.

Risks

- You can lose more funds than you deposit in the margin account.
- We can force the sale of securities in your account.
- We can sell your securities without contacting you.
- You are not entitled to choose which securities in your margin account are sold to meet a margin call.
- "House" maintenance margin requirements can be increased at any time and are not required to provide you with advance written notice.
- You are not entitled to an extension of time on a margin call.

Costs and Fees Paid by Clients

Interest Rates Current rates can be obtained from your Financial Professional or are listed online at www.raymondjames.com/lendingrates.htm .

Ongoing Expenses
You may incur charges and interest for maintenance of margin and short positions. Margin rates are negotiable, depending on a variety of factors, including the size of your account.

Harbor & Financial Professional Compensation: Harbor receives .25% compensation on Security Based Loans. Financial Professionals receive no compensation.

Other Potential Conflicts of Interest: More sophisticated investment strategies such as short sales and margin may be offered in certain advisory account programs (*i.e.*, the ICA Platform program). Fees for advice and execution on these securities are based on the total asset value of the account. While a negative amount may show on your statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where your financial professional benefits from the use of margin creating a higher absolute market value and therefore receive a higher fee.

Additional Information
We believe that the use of margin generally adds risk to a portfolio that you should not assume unless you are prepared to experience significant losses. Losses in the value of an asset purchased on margin will be magnified because of the use of borrowed money—

you can lose more funds than you deposit in the margin account. In addition, you generally will not benefit from using margin unless the performance of your account exceeds interest expenses on the margin loan. You should also understand that the use of margin can negatively impact your ability to rebalance your account. You should carefully consider whether the additional risks are appropriate prior to using margin due to the increased potential for significantly greater losses associated with using margin. You assume full responsibility for the use of margin in your account.

Although not required, even if notice is provided with a specific date by which you must meet a margin call, we can still take necessary steps to protect our financial interests, including immediately selling your securities without further notice.

Because margin is offered and provided by our clearing firm, Raymond James, rather than us, it is important that you thoroughly review the disclosure documents that Raymond James provides to you before evaluating whether margin is right for you. Additional information regarding margin is available at http://www.raymondjames.com/margin.

OTHER SERVICES

Order Routing/Best Execution
As an introducing broker, Harbor transmits customer orders to our clearing firm, Raymond James. For information regarding our clearing firm's order routing practices, please visit www.raymondjames.com/orderrouting.

Instructions and Confirmation Review. You can place a trade by contacting your Financial Professional or their licensed sales associate. Please be specific and carefully explain your instructions. Ask to have your instructions read back to you for verification. Once you receive your trade confirmation (online the day following the trade or in hard copy within a few business days of the trade), read it carefully to ensure that your instructions have been carried out. If they have not, contact your financial advisor immediately.

Trade Date and Settlement Date
The day on which your trade is executed is the "trade date," while the day on which you pay/are paid for a trade is the "settlement date." Securities regulations specify two business days from trade date to settlement date for most securities. This regulation – which the industry calls "T+2" – may not provide sufficient time for you to receive the confirmation of your transaction by regular mail and then pay for an executed buy order. You should either have funds on deposit with us or arrange for payment based on oral confirmation of the trade. The vast majority of clients keep cash balances on deposit with us to ensure timely settlement of trades.

Long and Short Sales
Most sales of securities are "long" sales, where you are selling a security that you own. If the security is not in your account when you place the sale order, you must deliver it to us by the settlement date. A "short" sale is the sale of a security that you do not currently own. Delivery requirements for short sales are typically fulfilled by borrowing the security. With respect to both long and short sales, failure to timely deliver the security will generally require us to fulfill your delivery requirements by purchasing the securities sold at the current market price, in our sole discretion and without prior notice to you, which may result in significant losses to you, and for which you will be financially responsible.

The Pitfalls of Penny Stocks
As a general rule, we will not execute purchases of stocks that are trading at less than $2 per share, unless that stock is traded on a major stock exchange. In almost all cases, adequate financial information is available on stocks that trade on an exchange, facilitating analysis of the security prior to purchase. Stocks that are trading under $2 per share and are not listed on an exchange generally are riskier, as the companies are smaller and do not necessarily have the same reporting requirements as listed stocks.

Understanding the Over-the-Counter Market
As most companies whose stocks trade over the counter are smaller, their market capitalizations are also smaller and their stocks are less liquid. This creates a larger spread between the stock's bid and ask prices. Furthermore, because market makers often only make 100-share markets before changing their bid and ask, it generally takes longer to get pricing reports. As a result, even a market order placed at market opening might take a long time to execute at a series of prices. This generally would not happen with the stock of a large company stock listed on an exchange.

SECTION V—OTHER IMPORTANT INFORMATION

ACCOUNT PROTECTION

FDIC
Covered Investments: Bank Deposits.

Available Coverage: $250,000 insurance limit per depositor per insured institution. You may qualify for more than $250,000 in coverage if you own deposit accounts in different ownership categories. The deposit insurance company limits refer to the total of all deposits that an account holder (or account holders) has at each FDIC-insured bank.

SIPC
Covered Investments: Registered securities and cash.

Available Coverage: Generally, protects SEC-registered securities to a maximum of $500,000, including $250,000 coverage for claims for cash.

SIPC coverage does not insure against the loss of your investment. SIPC coverage does not ensure the quality of investments, protect against a decline or fluctuations in the value of your investment, or cover securities not held by us.

SIPC coverage is not the same as FDIC deposit insurance and operates differently. **Unless explicitly stated, products sold by us are not considered bank deposits and are not covered by FDIC insurance**. Further information on FDIC insurance can be obtained from your Financial Professional, who will provide you with the FDIC brochure, “Your Insured Deposits, FDIC’s Guide to Deposit Insurance Coverage,” upon request. You can obtain information directly from the FDIC, Division of Supervision and Consumer Protection, by writing to Deposit Insurance Outreach, 550 17th Street N.W., Washington, DC 20429, or telephoning 877-275-3342 or 800-925-4618 (TDD). Or, you may visit the FDIC website at http://www.fdic.gov/ or e-mail them at dcainternet@fdic.gov.

You may also wish to consult with your attorney concerning FDIC coverage of deposits, particularly when held in more than one capacity.

PROFESSIONAL DESIGNATIONS
The ability to provide financial advice and conduct sales activities in the securities and insurance industries requires registration with a regulatory body. Conversely, professional designations are generally administered by an issuing organization (independent from us) that determines the criteria needed to earn the designation. Some designations involve fairly rigorous standards to earn and maintain the designation, allow investors to verify the status of individuals claiming to hold that designation, and a few even have a formal disciplinary process. Other designations may have less rigorous requirements. If your Financial Professional holds out a designation, you should discuss with your Financial Professional the meaning of such designation. FINRA provides a Professional Designations tool on their website at www.finra.org/investors/professional-designations. We are not bound by the standards of any of the applicable client agreements you have entered into with us and by the standards of conduct of regulatory and self-regulatory organizations with jurisdiction over us.

BUSINESS CONTINUITY
We have established a Business Continuity Plan. Our continuity plan is designed to allow for continued operation of critical business functions, including the ability to provide clients with prompt access to their funds and securities. For additional information please see the full Business Continuity Disclosure Statement, located at www.harborfs.com/disclosures.

HARBOR CONTACT INFORMATION

Please reach out to your Financial Professional with questions regarding any of the materials contained in this document.

Alternatively, you are welcome to contact Harbor’s Service Center, available Monday through Friday, 8 AM to 5PM CST, at 888-397-7358.