

HARBOR MID CAP FUND

CHARACTERISTICS & ALLOCATION

As of 03/31/2024

EARNEST Partners LLC

Subadvisor Since 12/01/2019

Total Net Assets - All Classes	\$164,430,748
Equity Assets:	96.52%
Cash & Other Assets Less Liabilities:	3.48%
Benchmark Name:	Russell Midcap® Index

Portfolio Managers



Paul E. Viera

Investment Philosophy

The Fund invests primarily in equity securities, principally common and preferred stocks, of U.S. mid cap companies. Under normal market conditions, the Fund invests at least 80% of its net assets, plus borrowings for investment purposes, in securities of mid cap companies. The Subadvisor uses a bottom-up investment process, employing fundamental and qualitative criteria to identify individual companies for potential investment in the Fund's portfolio. The Subadvisor employs statistical analysis, which is designed to limit certain risks in the Fund's portfolio versus the Fund's benchmark. The Fund expects to invest in approximately 50 to 70 companies.

Portfolio Characteristics

	Portfolio	Benchmark
Number of Holdings	58	808
Wtd Avg Market Cap (\$Mil)	31,470.50	27,767.70
Median Market Cap (\$Mil)	17,181.00	11,114.00
Price/Book Ratio	3.58	3.91
Adjusted Trailing P/E Ratio	23.60	27.40
% EPS Growth - Past 3 Yr	19.70	24.30
Est 3-5 Yr EPS Growth Rate (%)	10.40	10.90
Return on Equity (%)	15.47	14.73
Beta vs. Fund Benchmark	0.89	
Forecasted P/E Ratio	19.30	21.90

Economic Sectors

	Portfolio %	Benchmark %
Industrials	25.93	20.34
Financials	17.19	16.12
Information Technology	16.33	13.02
Health Care	9.21	9.90
Consumer Discretionary	7.62	10.67
Materials	6.36	5.75
Real Estate	6.31	7.39
Energy	4.71	4.98
Utilities	1.45	5.08
Consumer Staples	1.41	3.40
Communication Services	0.00	3.25

Top 10 Holdings

	Portfolio %	Benchmark %
Republic Services Inc.	3.17	0.35
Entegris Inc.	2.78	0.18
Masco Corporation	2.67	0.16
D.R. Horton Inc.	2.43	0.44
CBRE Group Inc. Class A	2.40	0.26
Progressive Corporation	2.33	0.00
Reinsurance Group of Am	2.22	0.11
Raymond James Financial	2.14	0.21
Darden Restaurants Inc.	2.12	0.17
Intercontinental Exchan	2.07	0.00
Total	24.33	1.88

Top 10 Industries

	Portfolio %	Benchmark %
Capital Markets	7.90	5.12
Insurance	6.31	5.00
Semiconductors	6.26	2.75
Aerospace & Defense	6.04	1.79
Machinery	5.19	5.11
Life Sciences Tools	4.78	2.87
Commercial Serv & Suppl	4.14	1.83
Chemicals	3.92	2.59
Software	3.67	4.50
Electronic Equipment	3.39	2.39
Total	51.60	33.95

Market Capitalization

	Portfolio %	
Large	Above 25.0B	38.10
	10.0B - 25.0B	30.00
Mid	5.0B - 10.0B	21.28
	1.0B - 5.0B	7.09
Small	0.0 - 1.0B	0.00

Harbor Mid Cap Fund



PERFORMANCE

As of 03/31/2024

Average Annual Returns

Share Class	Ticker	CUSIP	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date	Net Expense Ratio %	Gross Expense Ratio %
Institutional	HMCLX	41152P708	7.88%	7.88%	20.70%	5.96%	N/A	N/A	11.48%	12/01/19	0.88	0.97
Investor	HMCNX	41152P880	7.82%	7.82%	20.31%	5.59%	N/A	N/A	11.10%	12/01/19	1.24	1.33
Retirement	HMCRX	41152P609	7.96%	7.96%	20.85%	6.04%	N/A	N/A	11.58%	12/01/19	0.80	0.89
Russell Midcap® Index			8.60%	8.60%	22.35%	6.07%	N/A	N/A	10.57%	12/01/19		

MANAGER COMMENTARY

As of 03/31/2024

“Despite the market’s pivot regarding expectations of the speed and frequency at which the Fed will begin reducing interest rates, favorable inflation data, a strong labor market, and a resilient consumer drove the mid-cap segment higher.”

EARNEST Partners

Market in Review

Equity markets continued to rally in the first quarter of 2024, and some indexes reached new highs, fully recovering from the bear market of 2022. Despite lingering concerns regarding the Federal Reserve's (“Fed”) stance, investors remained optimistic, encouraged by the gradual easing of inflationary pressures and the consistent progress seen in earnings and economic growth. Investors increasingly acknowledged the likelihood of interest rate cuts from the Fed, shifting their focus toward the timing of such adjustments. While the Fed remained committed to addressing high inflation, it also acknowledged the potential for rate cuts, projecting up to three 0.25% reductions over the course of the year. This recognition highlighted a balancing act between inflation control and employment, contributing to ongoing market confidence amid evolving monetary policy.

During the quarter, all Global Industry Classification Standard sectors of the Russell 3000® Index were positive except for Real Estate, which is grappling with continued uncertainty within the commercial real estate market, as many white-collar employers have permanently adopted flexible office schedules in the wake of pandemic-era lockdowns. Communication Services, Energy, and Information Technology were the best performers during the quarter, as continued optimism and investment surrounding artificial intelligence (“AI”) and related industries saw valuations expand as investors expect that these industries will accelerate earnings growth. Additionally, Crude Oil rebounded by over 15% after declining by about 20% during the fourth quarter. While the NASDAQ 100 Index had a strong quarter, posting an 8.72% gain, it underperformed the Russell 1000® Index as investors broadened their expectations for markets outside of the large-cap tech sphere.

Expense ratio information is as of the Fund’s current prospectus, as supplemented. Gross expenses are the Fund’s total annual operating expenses. The net expense ratios for this fund are subject to a contractual management fee waiver and/or expense limitation agreement, excluding interest expense and acquired fund fees and expenses (if any), through 02/28/2025.

Performance data shown represents past performance and is no guarantee of future results. Past performance is net of management fees and expenses and reflects reinvested dividends and distributions. Past performance reflects the beneficial effect of any expense waivers or reimbursements, without which returns would have been lower. Investment returns and principal value will fluctuate and when redeemed may be worth more or less than their original cost. Returns for periods less than one year are not annualized. Current performance may be higher or lower and is available through the most recent month end at harborcapital.com or by calling 800-422-1050.

Harbor Mid Cap Fund

MANAGER COMMENTARY

As of 03/31/2024



Portfolio Performance

The U.S. equity market, as represented by the Russell Midcap® Index, gained 8.60% during the first quarter of 2024. Despite the market's pivot regarding expectations of the speed and frequency at which the Fed will begin reducing interest rates, favorable inflation data, a strong labor market, and a resilient consumer drove the mid-cap segment higher. Of the 11 GICS sectors in the index, nine generated positive returns, with Industrials, Financials, and Energy generating the largest gains for the quarter, up more than 12%. Communication Services and Real Estate represented the lone sectors to contract in the quarter, albeit with losses of less than 1% each.

Net of fees, the Harbor Mid Cap Fund (Institutional Class, "Fund") underperformed its benchmark, the Russell Midcap® Index, for the quarter due, in part, to an overweight to Information Technology, a sector that was a laggard for the quarter. This was somewhat offset by favorable security selection in the Financials sector, where we continue to have an overweight and where stock selection largely drove the relative outperformance. EARNEST Partners continues to focus on high-quality companies that we believe are well positioned to benefit over the long term.

Contributors & Detractors

Detracting from performance was Sealed Air, a global packaging company that serves an array of industries. The company manufactures a host of products ranging from food protection and sustainability to cleaning and hygiene applications, along with secure wrapping for pharmaceutical and electronic devices. Despite gaining ~2.4% in the period, Sealed Air was a detractor for the quarter. The company exceeded consensus earnings-per-share ("EPS") estimates by more than 35% despite experiencing a 2% year-over-year revenue contraction. Management continues to do a formidable job managing operating costs, as the company saw margin expansion in the quarter ahead of consensus estimates. The company's operational restructuring that is currently underway appears poised to further improve margins. We believe Sealed Air continues to be well positioned to benefit from rising global protein demand and the e-commerce trend.

Contributing to performance was Entegris, the leading supplier of contamination control solutions and microenvironments to the semiconductor chip processing industry. Entegris' products include filtration products, high-performance materials, specialty gas management solutions, wafer carriers, and specialized graphite, silicon carbide, and coatings. Entegris shares gained more than 17% in the quarter as the company exceeded consensus EPS estimates despite missing consensus earnings before interest, taxes, depreciation, and amortization ("EBITDA") estimates. The company also continued to improve its balance sheet strength after repaying \$870m in debt in the quarter, reducing its debt-to-EBITDA ratio to 4.5x. Debt reduction is expected to continue to improve the company's free-cash-flow profile and conversion rate, the latter of which continued to improve in 2023.

Buys & Sells

During the quarter, QIAGEN, a prominent supplier of sample and assay technologies for molecular diagnostics, applied testing, academic and pharmaceutical research, facilitating scientific breakthroughs, and enhancing healthcare solutions globally, was purchased.

We sold Catalent, a global leader in developing and manufacturing pharmaceuticals, biologics, cell and gene therapies, and consumer health products. It provides formulation, development, and manufacturing services for a wide range of healthcare products worldwide. We sold the stock as the investment thesis came to fruition.

Performance data shown represents past performance and is no guarantee of future results. Past performance is net of management fees and expenses and reflects reinvested dividends and distributions. Past performance reflects the beneficial effect of any expense waivers or reimbursements, without which returns would have been lower. Investment returns and principal value will fluctuate and when redeemed may be worth more or less than their original cost. Returns for periods less than one year are not annualized. Current performance may be higher or lower and is available through the most recent month end at harborcapital.com or by calling 800-422-1050.

Harbor Mid Cap Fund



MANAGER COMMENTARY

As of 03/31/2024

Domestic and International Funds

The Fund entered the period with a relative overweight to Information Technology, Financials, and Industrials. The Fund is positioned this way, as we have found more attractive individual opportunities relative to other sectors. Our views on the names in the Fund have remained consistent since last quarter, and the Fund has continued to maintain a healthy overweight, reflecting our conviction in the holdings.

Outlook

No new themes or trends were introduced into the Fund during the quarter. We continue to position the Fund based on the underlying fundamentals of individual companies and their growth prospects relative to what is currently reflected in the stock price.

QUARTERLY ATTRIBUTION

As of 03/31/2024

Best & Worst Performers

Best Performers	Average Weight %	Return %
PROGRESSIVE CORP	2.21	30.50
APPLIED MATERIALS INC	1.66	27.46
CATALENT INC	0.72	25.17
CUMMINS INC	1.43	23.78
CHAMPIONX CORP	1.00	23.25

Worst Performers	Average Weight %	Return %
AMERICOLD REALTY TRUST INC	1.41	-16.94
SBA COMMUNICATIONS CORP	1.42	-14.20
LUMENTUM HOLDINGS INC	1.16	-9.67
ALBEMARLE CORP	0.91	-8.51
AKAMAI TECHNOLOGIES INC	2.26	-8.10

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
PROGRESSIVE CORP	30.50	0.63
REPUBLIC SERVICES INC	16.09	0.50
ENTEGRIS INC	17.39	0.46
MASCO CORP	18.23	0.46
APPLIED MATERIALS INC	27.46	0.44
Total		2.48

Greatest Detractors	Return %	Contribution to Return %
AMERICOLD REALTY TRUST INC	-16.94	-0.28
SBA COMMUNICATIONS CORP	-14.20	-0.26
AKAMAI TECHNOLOGIES INC	-8.10	-0.20
ANSYS INC	-4.33	-0.13
ALBEMARLE CORP	-8.51	-0.12
Total		-0.99

Harbor Mid Cap Fund



ATTRIBUTION

As of 03/31/2024

Quarterly Attribution: Harbor Mid Cap Fund vs Russell Midcap® Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	8.04	8.60	-0.56
Currency Contribution	0.00	0.00	0.00
Total Return	8.04	8.60	-0.56

Sector Attribution	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Financials	17.06	15.81	1.26	14.73	12.52	2.20	2.47	1.96	0.04	0.36	0.41
Communication Services	0.00	3.42	-3.42	0.00	-0.56	0.56	0.00	-0.02	0.32	0.00	0.32
Health Care	9.42	10.23	-0.81	7.78	5.66	2.12	0.75	0.59	0.03	0.21	0.24
Consumer Staples	1.46	3.43	-1.98	11.75	6.88	4.86	0.17	0.23	0.03	0.07	0.11
Energy	4.43	4.79	-0.36	14.14	12.12	2.02	0.59	0.56	-0.01	0.08	0.07
Materials	6.08	5.67	0.41	9.34	8.90	0.44	0.51	0.49	0.00	0.03	0.02
Utilities	1.40	5.06	-3.66	-1.37	6.67	-8.04	-0.02	0.31	0.08	-0.11	-0.03
Information Technology	17.08	13.65	3.43	4.40	5.17	-0.78	0.73	0.76	-0.08	-0.18	-0.25
Industrials	25.89	19.79	6.10	11.19	13.75	-2.56	2.85	2.74	0.31	-0.62	-0.31
Consumer Discretionary	7.78	10.53	-2.75	6.40	10.04	-3.64	0.49	1.05	-0.05	-0.28	-0.32
Real Estate	6.54	7.64	-1.10	-6.62	-0.03	-6.59	-0.54	-0.06	0.11	-0.50	-0.38
Total	100.00	100.00	0.00	8.04	8.60	-0.56	8.04	8.60	0.36	-0.93	-0.56

Trailing 1 Year Attribution: Harbor Mid Cap Fund vs Russell Midcap® Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	21.85	22.34	-0.50
Currency Contribution	0.00	0.00	0.00
Total Return	21.85	22.34	-0.50

Sector Attribution	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Communication Services	0.00	3.56	-3.56	0.00	3.99	-3.99	0.00	0.19	0.69	0.00	0.69
Consumer Staples	1.40	3.72	-2.33	8.04	3.37	4.68	0.11	0.03	0.48	0.08	0.56
Utilities	1.40	5.41	-4.00	-10.02	6.06	-16.08	-0.18	0.28	0.72	-0.28	0.45
Financials	16.75	14.79	1.96	37.56	36.25	1.32	6.00	5.33	0.22	0.21	0.43
Information Technology	18.42	13.63	4.79	25.12	24.88	0.24	5.12	3.57	0.29	-0.04	0.25
Consumer Discretionary	6.04	10.81	-4.77	37.45	28.09	9.36	2.43	2.94	-0.22	0.34	0.11
Real Estate	6.62	7.72	-1.10	9.20	11.75	-2.56	0.67	0.97	0.10	-0.16	-0.06
Health Care	9.32	10.72	-1.39	-0.01	4.45	-4.46	-0.45	0.19	0.37	-0.52	-0.15
Energy	4.88	4.94	-0.06	24.20	28.71	-4.51	0.89	1.25	0.09	-0.33	-0.25
Industrials	25.74	18.86	6.89	28.06	36.67	-8.61	7.33	6.82	0.98	-1.97	-0.99
Materials	6.62	5.85	0.77	0.40	14.47	-14.07	-0.25	0.77	-0.08	-1.11	-1.19
Total	100.00	100.00	0.00	21.85	22.34	-0.50	21.85	22.34	3.28	-3.78	-0.50

Performance data shown represents past performance and is no guarantee of future results.

Harbor Mid Cap Fund



IMPORTANT INFORMATION

Risks

There is no guarantee that the investment objective of the Fund will be achieved. Stock markets are volatile and equity values can decline significantly in response to adverse issuer, political, regulatory, market and economic conditions. Stocks of mid cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

Benchmarks

The Russell Midcap® Index is an unmanaged index generally representative of the U.S. market for medium capitalization stocks. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell Midcap® Index and Russell® are trademarks of Frank Russell Company.

The Nasdaq 100 Index is a stock index of the 100 largest companies by modified market capitalization trading on Nasdaq exchanges.

The Russell 1000 Index is a subset of the larger Russell 3000 Index and represents the 1000 top companies by market capitalization in the United States.

The Russell 3000 Index is a capitalization-weighted stock market index that seeks to be a benchmark of the entire U.S. Stock Market. It measures the performance of the 3,000 largest publicly held companies incorporated in America as measured by total market capitalization and represents approximately 97% of the American public equity market.

Disclosures

All holdings-related data is provided by FactSet. Because FactSet relies on external sources for its data, that data may differ slightly from actual values maintained by Harbor Funds.

Due to the security valuation procedures of the Fund and intra-day trading activity not included in the FactSet calculations, the actual returns may vary. From time to time the cash return in the portfolio may appear distorted based on the way FactSet's attribution calculation methodology addresses delayed settlements.

Beta is a rolling three year, unless the Fund has a track record of less than three years, in which case it is a rolling one year.

Best and Worst Performers sections reflect stocks in the portfolio for the quarter with an average weight of 0.25% or greater.

Views expressed herein are drawn from commentary provided to Harbor by the subadvisor and may not be reflective of their current opinions or future actions, are subject to change without prior notice, and should not be considered investment advice.

This information should not be considered as a recommendation to purchase or sell a particular security. The weightings, holdings, industries, sectors, countries, and returns mentioned may change at any time and may not represent current or future investments.

As a result of changing market conditions, total net asset levels, expenses and other statistics may change at any time and may differ from those shown.

The total amount shown for sector, industries, or country holdings may be greater than 100% because of the inclusion of derivatives and the collateral securities supporting those instruments.

Sector allocations are determined using the Global Industry Classification Standard (GICS), which is a service of Morgan Stanley Capital International (MSCI) and Standard & Poor's (S&P).

Investors should carefully consider the investment objectives, risks, charges and expenses of a fund before investing. To obtain a summary prospectus or prospectus for this and other information, visit harborcapital.com or call 800-422-1050. Read it carefully before investing.

EARNEST Partners LLC is an independent subadvisor to the Harbor Mid Cap Fund.

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Harbor Mid Cap Fund



IMPORTANT INFORMATION

Attribution Disclosures

Linked Performance by Sectors data is produced from FactSet using data supplied by State Street Bank and Trust Company.

Active Currency Contribution is the Currency Contribution of the portfolio minus the Currency Contribution of the benchmark.

Allocation Effect is the portion of portfolio excess return that is attributable to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the average percent capitalization of the portfolio's group minus the average percent cap of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark.

Average Weight is the dollar value (price times the shares held) of the security or group, divided by the total dollar value of the entire portfolio displayed as a percentage. It is calculated as the simple arithmetic average of daily values.

Contribution to Return is the contribution of a security or group to the overall portfolio return. It is calculated as the security weight multiplied by the daily security return linked daily across the reporting period.

Currency Contribution is Total Return in USD subtracting out the Local Returns.

Local Returns are the Total Return of the portfolio or benchmark using the local currency.

Selection Effect is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's security selection effect equals the average weight of the benchmark's group times the total return of the portfolio's group minus the total return of the benchmark's group.

Total Effect is the sum of Allocation Effect and Selection Effect. The total effect represents the opportunity cost of what was done in a group relative to the overall portfolio. It is not just the difference between percent contribution in the portfolio and benchmark. At the overall portfolio level, the two numbers are equal. At the group level, they can be different.

Total Return is the price change of a security or group including dividends accrued over the report period (or the in-portfolio return) which includes only the time period that each security was in the portfolio.

Definitions

Beta is a measure of systematic risk, or the sensitivity of a fund to movements in the benchmark. A beta of 1 implies that the expected movement of a fund's return would match that of the benchmark used to measure beta.

Median Market Cap: The median size of the companies in a portfolio or index as measured by the market value of outstanding shares.

Weighted Average Market Capitalization: The average size of the companies in a portfolio or index as measured by the market value of outstanding shares.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share.

The Est 3-5 Yr EPS Growth (%) is the estimated growth of earnings per share over the next 3-5 years, using pre-calculated mean long-term EPS growth rate estimates, which are calculated using each individual broker's methodology, from FactSet, First Call, I/B/E/S Consensus, and Reuters. Forward looking estimates may not come to pass.

% EPS Growth - Past 3 Year: Earnings per share refers to the bottom-line measure of a company's profitability defined as net income divided by the number of outstanding shares.

The Adjusted Trailing P/E (price-to-earnings) Ratio is the closing stock price divided by the sum of the last 12 months actual EPS.

Forecasted P/E Ratio: a measure of the P/E (price-to-earnings) ratio using forecasted earnings for the P/E calculation.

Return on Equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity.

The Price/Book (price-to-book) Ratio evaluates a firm's market value relative to its book value.

All P/E, ROE and P/B statistics are calculated as weighted medians.

The Global Industry Classification Standard (GICS) is a method for assigning companies to a specific economic sector and industry group that best defines its business operations.

The net debt-to-EBITDA (earnings before interest depreciation and amortization) ratio is a measurement of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA.