

# Harbor Small Cap Growth Fund

Ticker: **HASGX** | December 2024



## Average Annual Returns as of 12/31/2024

	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Fund Inception	Fund Inception Date
Harbor Small Cap Growth Fund (Instl)	-2.87%	9.31%	9.31%	-0.17%	8.61%	9.63%	9.18%	11/01/2000
Russell 2000® Growth Index	1.70%	15.15%	15.15%	0.21%	6.86%	8.09%	6.55%	11/01/2000

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](http://harborcapital.com) or by calling 800-422-1050.

## A History of Downside Mitigation

- The Fund's risk controls and emphasis on quality growth companies with reasonable valuations have resulted in a history of downside outperformance versus the Russell 2000 Growth Index.
- Across the 25 worst performance days for the Russell 2000 Growth Index since HASGX's inception (11/1/2000), the Fund has produced positive excess returns on 22 of those 25 days.
- On average, the Fund has outperformed the Index by +0.61% during these sharp drawdown days.

Date	Harbor Small Cap Growth Instl	Russell 2000 Growth Index	Excess Return
1/2/2001	-3.63%	-6.32%	2.69%
9/17/2001	-4.50%	-5.54%	1.03%
9/29/2008	-6.51%	-6.56%	0.05%
10/2/2008	-5.45%	-5.55%	0.10%
10/7/2008	-5.08%	-5.74%	0.65%
10/9/2008	-6.19%	-7.37%	1.18%
10/15/2008	-9.15%	-9.84%	0.69%
10/22/2008	-6.13%	-5.58%	-0.54%
11/12/2008	-6.10%	-6.23%	0.13%
11/14/2008	-5.39%	-6.82%	1.42%
11/19/2008	-6.51%	-7.46%	0.95%
11/20/2008	-6.49%	-6.53%	0.04%
12/1/2008	-9.26%	-10.67%	1.41%
1/20/2009	-5.97%	-6.17%	0.20%
3/2/2009	-6.33%	-5.84%	-0.49%
8/4/2011	-6.38%	-6.42%	0.04%
8/8/2011	-8.73%	-8.97%	0.24%
8/18/2011	-6.59%	-6.41%	-0.19%
3/9/2020	-8.57%	-8.57%	0.00%
3/11/2020	-6.40%	-6.43%	0.03%
3/12/2020	-10.03%	-10.99%	0.97%
3/16/2020	-13.08%	-14.69%	1.61%
3/18/2020	-8.53%	-8.97%	0.43%
4/1/2020	-5.46%	-7.05%	1.59%
6/11/2020	-6.03%	-6.96%	0.93%
<b>Averages</b>	<b>-6.90%</b>	<b>-7.51%</b>	<b>0.61%</b>

Positive Excess Return      Negative Excess Return

Source: Morningstar Direct.

Performance data shown represents past performance and is no guarantee of future results. Performance quoted in the chart above is NAV returns. The 25 worst days represent the 25 days with the largest negative returns for Russell 2000 Growth since the Fund's inception in November 2000, in chronological order.

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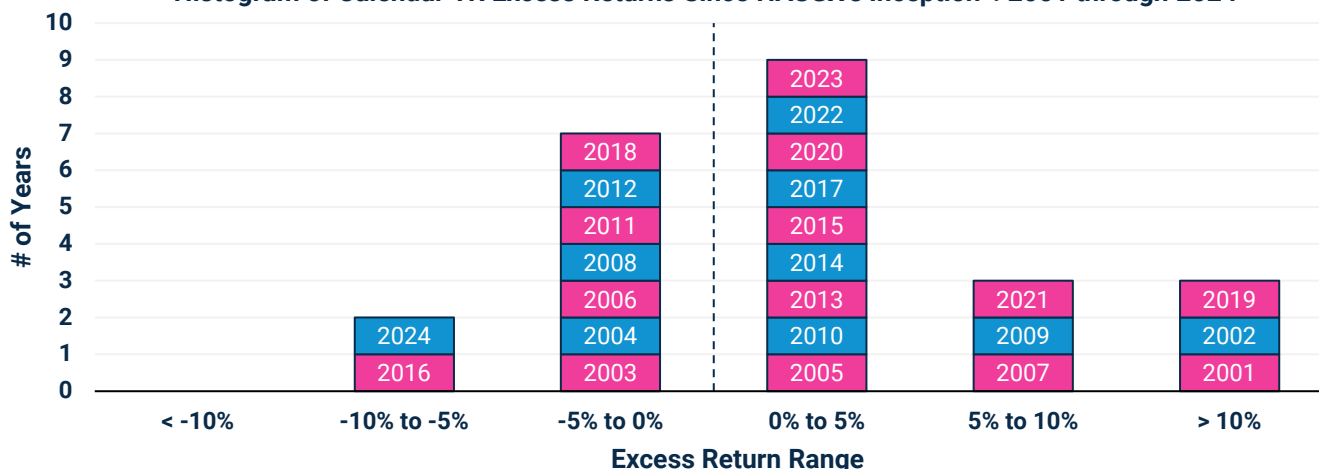
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## Key Performance Considerations

- Since Harbor Small Cap Growth’s inception in November 2000, the Fund has outperformed the Russell 2000 Growth Index in 15 of 24 calendar years (62.5% calendar year batting average). This is notably stronger relative to Morningstar’s US Small Growth category average’s calendar year batting average of 33.3% over the same time frame.
- Harbor Small Cap Growth (Instl) has outperformed the Russell 2000 Growth Index by more than 5% in 6 of its 15 outperformance years. Importantly, 7 of 9 of the Fund’s underperformance years were within the -5% to 0% excess return range and its worst calendar year excess return fell just outside this range at -5.84% in 2024.
- Trump’s 2024 U.S. presidential election victory prompted a late-year sentiment shift towards more speculative small cap growth companies with the smallest market capitalization and lowest profitability profiles. Like the previous Trump election year (2016), this generally proved at odds with Westfield’s disciplined emphasis on quality growth companies.
- Despite similarities to 2016, today’s macro landscape and market conditions are considerably different. For instance, U.S. inflation, interest rates, and geopolitical risk are meaningfully higher than they were following Trump’s election victory in 2016. Within this more uncertain landscape, now appears an inopportune time to lessen exposure to quality businesses in favor of more speculative small cap growth companies.
- Following Trump’s first election victory, Harbor Small Cap Growth’s disciplined and fundamentally driven approach outperformed the Russell 2000 Growth Index by 2.43% in 2017. On a longer-term basis, the Fund has cumulatively outpaced the Russell 2000 Growth Index by 40.91% since the beginning of 2017 throughout varying conditions.
- Using history as a guide suggests that maintaining a quality bias with Harbor Small Cap Growth could likely trump the Trump speculation trade on a longer-term basis looking ahead.

**Harbor Small Cap Growth Instl vs. Russell 2000 Growth Index**  
**Histogram of Calendar YR Excess Returns Since HASGX's Inception\*: 2001 through 2024**



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\*2001 is the first full calendar year of the Fund’s performance.

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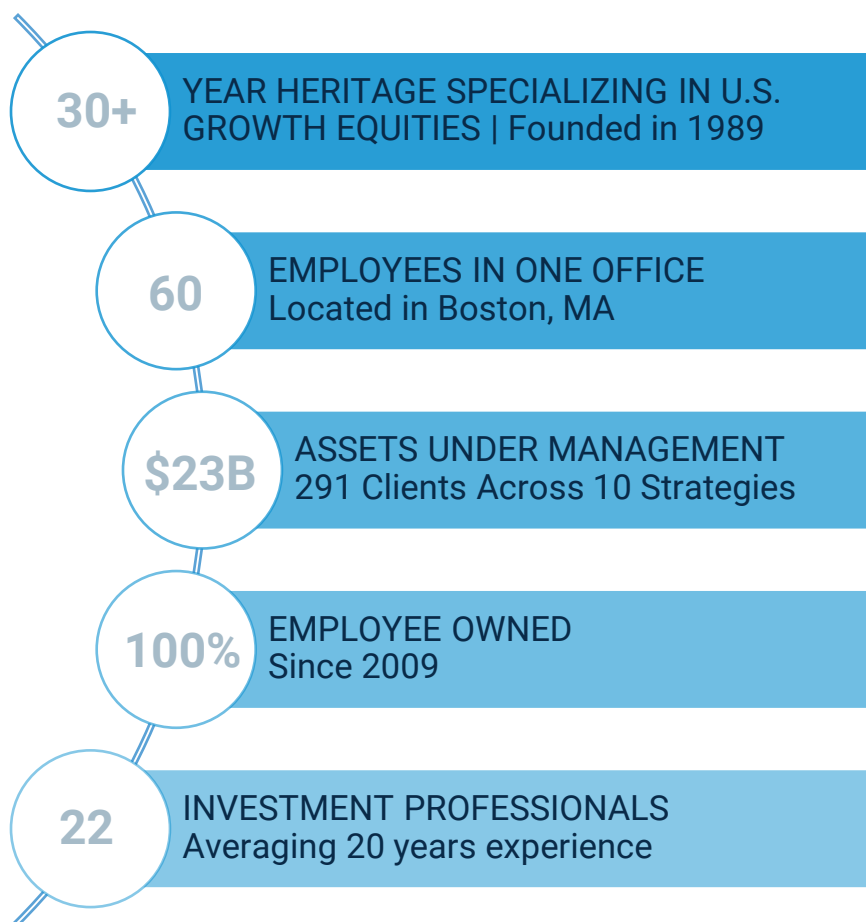
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## Investment Team

- Founded in 1989, Westfield Capital is an employee-owned boutique investment firm based in Boston, MA. Since the firm's inception, AUM has grown from \$130 million to over \$23 billion (as of 12/31/2024). Westfield has 60 employees, and it specializes in growth equity investing within each segment of the market capitalization spectrum.
- The firm's Small Cap Growth Equity strategy inceptioned in July 1989 (35+ year track record) and has \$3.9B AUM (as of 12/31/2024).
- Analysts are organized vertically by industry group, covering their respective areas across the market capitalization spectrum. Coverage across the market cap range enables better understanding of market dynamics and relationships between companies.



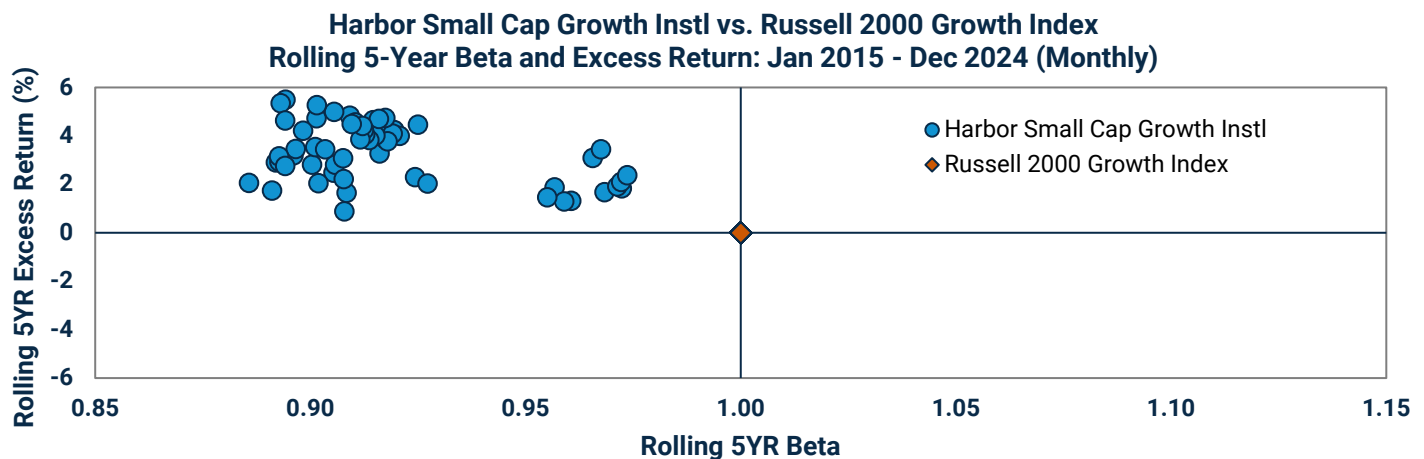
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## Investment Process

- Westfield employs a Growth-at-a-Reasonable Price (GARP) approach, seeking companies with underappreciated earnings growth trading at reasonable valuations.
  - The team's due diligence process is driven by deep fundamental research in pursuit of what Westfield believes are the best managed, highest quality, and optimally positioned businesses.
  - Meeting with company management teams is an integral part of the Westfield's due diligence process; the team meets with hundreds of company managements each quarter.
  - A dedicated risk control team is employed throughout the process to ensure appropriate risk management. This includes close monitoring of price targets, downside flag system, factor exposures, and continuously seeking to improve the investment process.
  - The Fund's high conviction portfolio of 60 to 80 growth equities is constructed and actively managed by the Investment Committee.
  - This disciplined, risk-managed process has yielded steady outperformance with lower beta risk over time.
- On a rolling 5-year basis, the Fund has regularly produced positive excess returns versus the Russell 2000 Growth Index while exhibiting a rolling 5-year beta lower than 1.00 over the last decade.



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Share Class	Institutional
Cusip	411511868
Fund Number	2010
Gross Expense Ratio	0.88%
Inception Date	11/1/2000
Manager Name	Westfield Capital Management, LP
Benchmark	Russell® 2000 Growth Index
Morningstar Category	Small Growth



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

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

The **Russell 2000® Growth Index** is an unmanaged index representing the smallest 2000 stocks with the highest price-to-book ratio and future earnings. The Russell 2000® Growth Index and Russell® are trademarks of Frank Russell Company. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

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

Batting Average is a statistical method that measures an investment manager's ability to meet or beat the returns of a benchmark index.

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.

Growth at a reasonable price (GARP) is an equity investment strategy that combines growth and value investing attributes. GARP investors focus on companies with earnings growth above broad market levels but without extremely high valuations.

The views expressed herein may not be reflective of current opinions, are subject to change without prior notice, and should not be considered investment advice.

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

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