

HARBOR SMALL CAP GROWTH FUND

Westfield Capital Management Company, L.P.

Subadvisor Since 11/01/2000

Total Net Assets - All Classes \$1,997,581,598
Equity Assets: 94.48%
Cash & Other Assets Less Liabilities: 5.52%
Benchmark Name: Russell 2000® Growth Index

Portfolio Managers



William A. Muggia



Richard D. Lee



Ethan J. Meyers



John M. Montgomery

Investment Philosophy

The Fund invests primarily in equity securities – common and preferred stocks – of small cap companies. The small cap companies selected meet strict fundamental criteria and are then subject to a qualitative review by the portfolio manager to ensure that they have: accelerated earnings growth, a strong balance sheet, attractive valuation as measured by price/earnings to growth ratio, unique market position and broad opportunities, superior management and solid financial controls and accounting. The Fund stays fully invested in stocks and does not try to time the market, but instead works toward steady investment growth.

CHARACTERISTICS & ALLOCATION

As of 12/31/2024

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	70	1,117	Health Care	25.29	23.39
Wtd Avg Market Cap (\$Mil)	8,066.30	4,338.90	Industrials	23.63	22.61
Median Market Cap (\$Mil)	6,722.00	1,178.00	Information Technology	17.76	20.78
Price/Book Ratio	4.67	4.89	Financials	11.08	8.63
Adjusted Trailing P/E Ratio	30.70	28.50	Consumer Discretionary	9.22	10.19
% EPS Growth - Past 3 Yr	38.30	25.50	Materials	3.57	3.66
Est 3-5 Yr EPS Growth Rate (%)	15.00	14.30	Energy	2.70	3.25
Return on Equity (%)	11.85	10.72	Consumer Staples	0.70	3.33
Beta vs. Fund Benchmark	0.88		Utilities	0.53	0.46
Forecasted P/E Ratio	24.50	24.20	Real Estate	0.00	1.37
			Communication Services	0.00	2.17

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Ascendis Pharma A/S	4.05	0.00	Biotechnology	14.03	12.37
Comfort Systems USA Inc.	3.65	0.00	Software	8.07	11.57
FTAI Aviation Ltd.	3.44	1.06	Health Care Equip	6.77	4.34
Casella Waste Systems Inc.	2.73	0.48	Construction & Engineer	6.75	2.62
ITT Inc.	2.60	0.00	Insurance	5.89	1.61
Abercrombie & Fitch Co.	2.34	0.55	Hotels Rest & Leisure	4.92	2.84
Vaxcyte Inc.	2.30	0.74	Semiconductors	4.44	3.90
Procure Technologies Inc.	2.16	0.00	Trading Companies	4.38	3.53
Dynatrace Inc.	2.02	0.00	Chemicals	3.57	1.76
Option Care Health Inc.	1.89	0.14	Financial Services	3.37	2.07
Total	27.18	2.97	Total	62.19	46.61

Market Capitalization		
		Portfolio %
Large	Above 25.0B	0.00
	10.0B - 25.0B	27.67
Mid	5.0B - 10.0B	40.65
	1.0B - 5.0B	24.76
Small	0.0 - 1.0B	1.44

Harbor Small Cap Growth Fund



PERFORMANCE

As of 12/31/2024

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	HASGX	411511868	-2.87%	9.31%	9.31%	-0.17%	8.61%	9.63%	9.18%	11/01/00	0.88	0.88
Investor	HISGX	411511777	-2.87%	9.02%	9.02%	-0.53%	8.22%	9.23%	10.36%	11/01/02	1.24	1.24
Retirement	HNSGX	411512494	-2.84%	9.46%	9.46%	-0.10%	8.69%	9.71%	9.21%	03/01/16	0.80	0.80
Russell 2000® Growth Index			1.70%	15.15%	15.15%	0.21%	6.86%	8.09%	6.55%	11/01/00		

MANAGER COMMENTARY

As of 12/31/2024

“Looking ahead to 2025, we believe market dynamics appear poised for rotation. While elevated valuations and narrow leadership raise caution, we think opportunities may emerge in value, cyclical, and small caps as economic momentum broadens.”

Westfield Capital Management Company, L.P.

Market In Review

The S&P 500 reached 57 record highs in 2024, marking one of its best years since 1928, with over 20% annual returns for the second consecutive year. This remarkable performance was fueled by resilient U.S. economic growth, easing inflation, and enthusiasm for artificial intelligence (“AI”)-driven innovation. Large-cap growth stocks, led by the “Magnificent 7,” continued to dominate, while small caps posted their worst relative performance since 1998. The U.S. Federal Reserve’s (“Fed”) pivot to rate cuts, along with optimism surrounding deregulation and fiscal reforms following the election, added momentum to a strong year, despite persistent concerns about market breadth and valuation extremes.

Portfolio Performance

During the fourth quarter of 2024, the Harbor Small Cap Growth Fund (Institutional Class, “Fund”) returned –2.87%, underperforming the Russell 2000® Growth Index, which returned 1.70%.

From a sector perspective, Consumer Discretionary, Information Technology, and Industrials were the primary detractors from relative performance. The underperformance was due to a combination of stock-specific weakness and common factor headwinds. From a factor perspective, the Fund’s underweight exposure to volatility and overweight exposure to size was a relative headwind to performance, which offset a relative tailwind from being underweight leverage.

Retirement Class shares commenced operations on March 1, 2016. The performance attributed to the Retirement Class shares prior to that date is that of the Institutional Class shares. Performance prior to March 1, 2016 has not been adjusted to reflect the lower expenses of Retirement Class shares. During this period, Retirement Class shares would have had returns similar to, but somewhat higher than, Institutional Class shares due to the fact that Retirement Class shares represent interests in the same portfolio as Institutional Class shares but are subject to lower expenses.

Expense ratio information is as of the Fund's current prospectus, as supplemented. Gross expenses are the Fund's total annual operating expense.

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 Small Cap Growth Fund



MANAGER COMMENTARY

As of 12/31/2024

Contributors & Detractors

Celestica, an electronics manufacturing services company, was the top contributor during the quarter after reporting a beat and raise in its third-quarter earnings report, as the company has benefited from its exposure to AI hyperscale customers. We sold our position during the quarter after the stock hit our internal price target.

Procore Technologies, a cloud-based construction management software company, also contributed positively to relative returns after the company reset 2025 financial expectations and subsequently introduced new, long-term margin targets above expectations. We continue to favor Procore based on the potential for growth reacceleration and significant margin expansion.

Option Care Health, a home health care and infusion provider, was the top detractor from relative returns during the quarter. The stock sold off following the company's third-quarter earnings report in which management indicated a faster-than-anticipated decline in profit margin when a large portfolio drug goes generic in 2025. Despite the recent headline controversy, we maintain conviction in the company's advantaged position as the only national home infusion provider that is taking market share in a growing industry, with the potential for additional upside from Alzheimer's drug-at-home infusions.

During the quarter, Vaxcyte, a novel vaccine developer, also detracted from relative performance after the stock sold off over concerns about a new political administration and the potential impact on vaccine companies. In our view, the new administration will not have any impact on Vaxcyte's franchise, and we believe the company could have a direct line of sight to a long-duration, total addressable market, which might represent a strategic asset for Big Pharma vaccine players.

Buys & Sells

During the quarter, we purchased Genius Sports, a leader in sports data analytics for global sports leagues and betting operators. Genius operates in a duopoly industry with secular tailwinds from the sports betting industry's 10% compound annual growth rate. We believe the company should benefit from long-term, exclusive contracts (including a multi-year NFL extension) and is approaching profitability, supported by its high-margin BetVision platform and growing advertising segment.

During the quarter, we sold Ciena, a network and communication infrastructure company, after the stock hit our internal price target. In addition, the communication equipment space had a big move, and we were worried about fiscal year guidance in the new year.

Sector Overweights & Underweights

Financials represented the Fund's largest overweight relative to the index at the end of 2023 and continues to be the largest overweight as of year-end 2024. Our exposure is heavily weighted toward growth-at-a-reasonable-price investment opportunities with idiosyncratic growth stories and limited interest rate risk. Across the sector, we are overweight property and casualty insurance with exposure to a few niche stories, modestly overweight banks, and underweight asset managers.

Consumer Staples represented the Fund's largest underweight at the end of 2023 and continues to be the largest underweight as of year-end 2024. We have historically struggled to identify exciting growth opportunities in this group, and the resultant underweight has been characteristic of Fund positioning over time.

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Harbor Small Cap Growth Fund



MANAGER COMMENTARY

As of 12/31/2024

Outlook

For 2025, we believe market dynamics appear poised for rotation. While elevated valuations and narrow leadership raise caution, we think opportunities may emerge in value, cyclicals, and small caps as economic momentum broadens. The Fed's accommodative stance, coupled with fiscal stimulus, support a constructive outlook in our view, but risks surrounding inflation and policy missteps remain key concerns. For these reasons, we believe a disciplined approach emphasizing high-quality investments and valuation sensitivity will be essential to navigating this evolving landscape.

QUARTERLY ATTRIBUTION

As of 12/31/2024

Best & Worst Performers

Best Performers	Average Weight %	Return % (NAV)
APPLIED OPTOELECTRONICS INC	0.25	99.44
CELESTICA INC	0.55	64.26
ROCKET LAB USA INC	0.40	46.72
REVOLVE GROUP INC	0.91	35.15
FLYWIRE CORP-VOTING	1.41	25.81

Worst Performers	Average Weight %	Return % (NAV)
BICYCLE THERAPEUTICS PLC-ADR	1.01	-38.14
OSCAR HEALTH INC - CLASS A	0.64	-36.63
KINDER CARE LEARNING COS INC	0.61	-33.63
ROCKET PHARMACEUTICALS INC	0.84	-31.94
INSIGHT ENTERPRISES INC	0.77	-30.38

Contributors & Detractors

Greatest Contributors	Return % (NAV)	Contribution to Return %
CELESTICA INC	64.26	0.48
APPLIED OPTOELECTRONICS INC	99.44	0.29
FLYWIRE CORP-VOTING	25.81	0.29
RAMBUS INC	25.20	0.28
PROCORE TECHNOLOGIES INC	21.40	0.28
Total		1.62

Greatest Detractors	Return % (NAV)	Contribution to Return %
VAXCYTE INC	-28.36	-0.78
OPTION CARE HEALTH INC	-25.88	-0.64
INSIGHT ENTERPRISES INC	-30.38	-0.41
BICYCLE THERAPEUTICS PLC-ADR	-38.14	-0.40
M/I HOMES INC	-22.42	-0.39
Total		-2.62

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Harbor Small Cap Growth Fund



ATTRIBUTION

As of 12/31/2024

Quarterly Attribution:

Harbor Small Cap Growth Fund vs Russell 2000® Growth

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-2.43	1.71	-4.14
Currency Contribution	0.00	0.00	0.00
Total Return	-2.43	1.71	-4.14

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
Utilities	0.29	0.46	-0.18	-2.44	-4.71	2.28	-0.01	-0.02	0.02	0.03	0.05
Consumer Staples	0.64	3.33	-2.69	15.15	5.07	10.08	0.08	0.16	-0.08	0.06	-0.03
Real Estate	0.67	1.47	-0.80	-7.27	-8.24	0.98	-0.08	-0.12	0.05	-0.08	-0.03
Communication Services	0.00	2.06	-2.06	0.00	8.09	-8.09	0.00	0.16	-0.13	0.00	-0.13
Energy	2.90	3.36	-0.46	-8.24	-2.77	-5.47	-0.24	-0.06	0.00	-0.16	-0.16
Financials	10.78	8.65	2.13	2.28	5.21	-2.93	0.19	0.42	0.05	-0.29	-0.24
Materials	3.88	3.82	0.05	-12.03	-5.25	-6.78	-0.44	-0.18	0.01	-0.27	-0.26
Health Care	25.34	24.45	0.89	-8.87	-7.74	-1.13	-2.30	-1.77	-0.08	-0.47	-0.55
Industrials	23.02	22.48	0.54	2.40	5.37	-2.97	0.56	1.20	-0.02	-0.67	-0.69
Information Technology	17.65	19.82	-2.17	5.46	9.56	-4.10	0.78	1.58	-0.18	-0.69	-0.87
Consumer Discretionary	10.49	10.10	0.39	-9.69	3.77	-13.47	-1.00	0.35	0.00	-1.49	-1.50
Total	100.00	100.00	0.00	-2.43	1.71	-4.14	-2.43	1.71	-0.11	-4.03	-4.14

Trailing 1 Year Attribution:

Harbor Small Cap Growth Fund vs Russell 2000® Growth

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	10.16	15.16	-5.00
Currency Contribution	0.00	0.00	0.00
Total Return	10.16	15.16	-5.00

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
Utilities	0.07	0.97	-0.90	-2.44	-5.79	3.36	-0.01	-0.11	0.23	0.04	0.27
Financials	10.76	7.34	3.41	19.43	18.33	1.09	2.06	1.48	-0.07	0.24	0.17
Materials	3.68	4.01	-0.33	0.71	-0.77	1.48	0.04	-0.09	0.07	0.08	0.15
Communication Services	0.00	2.09	-2.09	0.00	12.99	-12.99	0.00	0.24	0.07	0.00	0.07
Consumer Discretionary	10.20	10.21	-0.01	11.64	13.68	-2.04	1.21	1.32	0.00	-0.26	-0.26
Real Estate	1.37	1.48	-0.11	-11.15	2.78	-13.93	-0.34	0.05	0.02	-0.44	-0.43
Energy	3.72	3.97	-0.25	-15.78	-2.90	-12.89	-0.60	-0.06	0.05	-0.56	-0.51
Industrials	20.84	21.22	-0.39	17.89	21.28	-3.39	3.60	4.35	-0.09	-0.51	-0.60
Information Technology	20.16	21.37	-1.21	26.51	28.88	-2.37	4.92	5.53	-0.22	-0.52	-0.74
Consumer Staples	0.59	3.91	-3.32	-1.18	30.50	-31.68	-0.24	1.13	-0.46	-0.47	-0.92
Health Care	25.07	23.44	1.62	-4.06	2.95	-7.01	-0.65	1.33	-0.12	-2.10	-2.22
Total	100.00	100.00	0.00	10.16	15.16	-5.00	10.16	15.16	-0.51	-4.50	-5.00

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

Harbor Small Cap Growth 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 small cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

Benchmarks

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

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.

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Harbor Small Cap Growth 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.