

HARBOR SMALL CAP GROWTH FUND

Westfield Capital Management Company, L.P.

Subadvisor Since 11/01/2000

Total Net Assets - All Classes \$1,782,229,498
Equity Assets: 96.53%
Cash & Other Assets Less Liabilities: 3.47%
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 09/30/2024

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	76	1,120	Health Care	27.25	25.57
Wtd Avg Market Cap (\$Mil)	7,662.90	4,141.20	Industrials	21.38	21.73
Median Market Cap (\$Mil)	6,413.00	1,200.00	Information Technology	17.76	19.54
Price/Book Ratio	4.54	4.88	Financials	10.77	8.30
Adjusted Trailing P/E Ratio	28.50	28.30	Consumer Discretionary	10.52	10.06
% EPS Growth - Past 3 Yr	21.10	25.20	Materials	3.91	3.93
Est 3-5 Yr EPS Growth Rate (%)	17.30	16.80	Energy	2.91	3.40
Return on Equity (%)	13.09	10.64	Real Estate	1.44	1.56
Beta vs. Fund Benchmark	0.89		Consumer Staples	0.59	3.25
Forecasted P/E Ratio	23.50	23.70	Communication Services	0.00	2.00

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Ascendis Pharma A/S Spo	4.23	0.00	Biotechnology	15.56	13.56
Comfort Systems USA Inc	3.23	0.00	Software	8.52	10.64
Vaxcyte Inc.	2.79	1.01	Health Care Equip	5.83	4.76
ITT Inc.	2.62	0.00	Construction & Engineer	5.45	2.39
Casella Waste Systems I	2.47	0.45	Insurance	4.92	1.60
Option Care Health Inc	2.45	0.19	Financial Services	4.18	1.93
FTAI Aviation Ltd.	2.36	1.00	Household Durables	4.10	1.49
Meritage Homes Corporat	2.12	0.00	Chemicals	3.91	1.99
Avient Corporation	2.00	0.00	Electrical Equipment	3.67	1.71
M/I Homes Inc.	1.98	0.00	Hotels Rest & Leisure	3.62	2.60
Total	26.25	2.65	Total	59.76	42.67

Market Capitalization		
		Portfolio %
Large	Above 25.0B	1.92
	10.0B - 25.0B	19.73
Mid	5.0B - 10.0B	47.86
	1.0B - 5.0B	25.89
Small	0.0 - 1.0B	1.10

Harbor Small Cap Growth Fund



PERFORMANCE

As of 09/30/2024

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	9.40%	12.55%	26.98%	2.25%	11.98%	10.87%	9.41%	11/01/00	0.88	0.88
Investor	HISGX	411511777	9.25%	12.24%	26.49%	1.86%	11.57%	10.46%	10.64%	11/01/02	1.24	1.24
Retirement	HNSGX	411512494	9.47%	12.67%	27.07%	2.32%	12.08%	10.94%	9.45%	03/01/16	0.80	0.80
Russell 2000® Growth Index			8.41%	13.22%	27.66%	-0.35%	8.82%	8.95%	6.55%	11/01/00		

MANAGER COMMENTARY

As of 09/30/2024

“The Fed's shift toward rate cuts and broadening market leadership suggest that an economic soft landing is now the base case.”

Westfield Capital Management Company, L.P.

Market In Review

The third quarter of 2024 saw continued strength in U.S. equity markets, with both the S&P 500 and Nasdaq reaching new all-time highs. Market participation broadened significantly as confidence in the U.S. Federal Reserve's (“Fed”) ability to deliver a soft landing grew. In a reversal of prior trends, equal-weight indexes like the S&P 500 outperformed their cap-weighted counterparts, with sectors such as Industrials, Financials, and Utilities showing notable resilience, while Information Technology leadership eroded. Small-cap stocks also had a strong quarter, buoyed by optimism surrounding lower inflation, a stable labor market, and expectations of the Fed's shift toward a monetary easing cycle.

Portfolio Performance

During the quarter, the Harbor Small Cap Growth Fund (Institutional Class, “Fund”) returned 9.40%, outperforming the Russell 2000® Growth Index, which returned 8.41%.

From a sector perspective, relative strength within Information Technology and Health Care offset relative weakness within Consumer Staples. Stock selection was the primary contributor to relative returns, while common factors were neutral during the quarter. From a factor perspective, the Fund's underweight exposure to volatility and earnings variation was a relative tailwind to performance, which offset a headwind from the overweight exposure to size and underweight exposure to 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 09/30/2024

Contributors & Detractors

Vaxcyte, a biotech company, which develops novel vaccines for infectious diseases, was the top contributor during the period after receiving positive results in its Phase 2 trial for its pneumococcal conjugate vaccine (PCV). With vaccine conjugation technology, we believe Vaxcyte is in a position to dominate the \$9 billion-plus pneumococcal vaccine market in the back half of the decade.

Comfort Systems USA, a leading provider of mechanical and electrical contracting services, also contributed positively to relative returns after reporting a strong quarterly report and raising its outlook for full-year 2024. Shares also benefited from a positive sentiment shift toward artificial intelligence (“AI”) that took place during the quarter, as much of what Comfort Systems does goes into data center infrastructure work.

iRhythm Technologies, a medical device company specializing in cardiac rhythm monitoring devices, was the top detractor from relative returns during the quarter, as the stock has been under pressure stemming from a Department of Justice investigation, which we do not believe is a material risk to the business. We believe iRhythm is now trading at an all-time low valuation for what we view as a potential top-line grower, combined with ample room for margin expansion in the coming years.

e.l.f. Beauty, a leading beauty brand known for its high-quality, affordable, vegan, and cruelty-free cosmetics, also detracted from relative performance over the period. The company’s quarterly results fell short of investors’ heightened expectations, overshadowing its continued growth. Despite the short-term drawdown – and while we’re keeping a watchful eye on potentially softening consumer data spending – we believe investors are not pricing in enough growth potential, given the brand’s innovation and opportunities in e-commerce and international markets.

Buys & Sells

During the quarter, we purchased Abercrombie & Fitch, a specialty apparel retailer. Abercrombie & Fitch has, in our opinion, successfully navigated a rare retail brand turnaround, with structural cost reduction leading to higher earnings before interest and taxes (“EBIT”) margins and a debt-free balance sheet. We believe the company’s other brand, Hollister, is still in the earlier stages of revitalization, which could provide additional upside potential.

During the quarter, we sold Coherent, an electronic equipment company that produces lasers and optical components. We exited our position after the stock hit our internal price target, and we also believed that most of the AI story had already been priced into the stock.

Sector Overweights & Underweights

Financials represented the Fund’s largest overweight relative to the index as of year-end and continues to be the largest overweight as of September 30, 2024. Our exposure is heavily weighted toward growth-at-a-reasonable-price investment opportunities with idiosyncratic growth stories and limited interest rate risk. Throughout the sector, the Fund is balanced across insurance, payment processors, and banks.

Consumer Staples represented the Fund’s largest underweight as of year-end and continues to be the largest underweight as of quarter-end. 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 09/30/2024

Outlook

As we enter the final quarter of 2024, markets appear positioned for ongoing volatility, yet there are also reasons for optimism. The Fed's shift toward rate cuts and broadening market leadership suggest that an economic soft landing is now the base case. However, uncertainties in the labor market and elevated valuations could lead to market stagnation until post-election clarity emerges in November. While geopolitical risks and the upcoming U.S. elections may introduce additional volatility, healthy consumer spending, ongoing disinflation, and widening stock participation support a positive outlook. Moving forward, we believe focusing on high-quality stocks with solid earnings growth potential, while maintaining a prudent valuation discipline, should provide a sound strategy to navigate the evolving economic landscape and the Fed's future actions.

QUARTERLY ATTRIBUTION

As of 09/30/2024

Best & Worst Performers

Best Performers	Average Weight %	Return % (NAV)
REVOLVE GROUP INC	1.04	55.75
VAXCYTE INC	2.51	51.33
SAMSARA INC-CL A	1.69	42.79
M/I HOMES INC	1.83	40.30
LANTHEUS HOLDINGS INC	1.64	36.69

Worst Performers	Average Weight %	Return % (NAV)
ELF BEAUTY INC	0.56	-36.82
IRHYTHM TECHNOLOGIES INC	1.18	-31.03
RAMBUS INC	0.84	-28.15
EXPRO GROUP HOLDINGS NV	0.59	-27.15
NEXTRACKER INC-CL A	1.22	-20.05

Contributors & Detractors

Greatest Contributors	Return % (NAV)	Contribution to Return %
VAXCYTE INC	51.33	1.15
LANTHEUS HOLDINGS INC	36.69	0.82
COMFORT SYSTEMS USA INC	28.48	0.79
SAMSARA INC-CL A	42.79	0.67
M/I HOMES INC	40.30	0.59
Total		4.02

Greatest Detractors	Return % (NAV)	Contribution to Return %
IRHYTHM TECHNOLOGIES INC	-31.03	-0.56
ELF BEAUTY INC	-36.82	-0.38
NEXTRACKER INC-CL A	-20.05	-0.30
EXPRO GROUP HOLDINGS NV	-27.15	-0.26
RAMBUS INC	-28.15	-0.24
Total		-1.73

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Harbor Small Cap Growth Fund



ATTRIBUTION

As of 09/30/2024

Quarterly Attribution:

Harbor Small Cap Growth Fund vs Russell 2000® Growth

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	9.45	8.40	1.05
Currency Contribution	0.00	0.00	0.00
Total Return	9.45	8.40	1.05

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
Information Technology	18.90	19.66	-0.76	9.59	4.49	5.10	2.02	0.97	0.03	0.83	0.86
Health Care	26.35	25.80	0.55	11.94	9.80	2.14	3.10	2.60	-0.06	0.61	0.55
Consumer Discretionary	9.59	9.84	-0.26	14.65	9.81	4.83	1.41	0.95	0.00	0.41	0.41
Financials	11.03	8.24	2.79	13.88	15.40	-1.52	1.51	1.20	0.19	-0.10	0.10
Communication Services	0.00	2.07	-2.07	0.00	5.29	-5.29	0.00	0.10	0.07	0.00	0.07
Industrials	21.18	21.55	-0.37	9.11	9.32	-0.21	1.74	1.93	-0.05	0.07	0.02
Utilities	0.00	0.52	-0.52	0.00	4.94	-4.94	0.00	0.03	0.02	0.00	0.02
Materials	3.84	3.87	-0.03	10.81	11.03	-0.22	0.39	0.41	0.00	0.00	0.00
Energy	3.55	3.74	-0.19	-11.26	-7.85	-3.41	-0.43	-0.33	0.05	-0.13	-0.09
Real Estate	1.46	1.48	-0.01	9.41	21.72	-12.31	0.11	0.30	0.01	-0.18	-0.17
Consumer Staples	1.23	3.24	-2.01	-28.87	8.84	-37.71	-0.44	0.25	0.05	-0.56	-0.51
Total	100.00	100.00	0.00	9.45	8.40	1.05	9.45	8.40	0.10	0.95	1.05

Trailing 1 Year Attribution:

Harbor Small Cap Growth Fund vs Russell 2000® Growth

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	27.99	27.66	0.33
Currency Contribution	0.00	0.00	0.00
Total Return	27.99	27.66	0.33

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
Consumer Discretionary	10.20	10.39	-0.19	59.22	24.60	34.62	5.67	2.63	-0.02	3.31	3.29
Information Technology	20.73	22.00	-1.27	43.25	33.88	9.37	8.84	7.37	-0.09	1.56	1.47
Materials	3.55	4.10	-0.55	40.11	18.56	21.55	1.41	0.72	0.07	0.76	0.83
Utilities	0.00	1.29	-1.29	0.00	7.45	-7.45	0.00	0.09	0.31	0.00	0.31
Industrials	20.03	20.52	-0.49	29.61	29.54	0.07	6.08	6.04	-0.08	0.31	0.22
Communication Services	0.00	2.18	-2.18	0.00	21.57	-21.57	0.00	0.54	0.15	0.00	0.15
Real Estate	1.70	1.49	0.21	17.71	36.96	-19.24	0.25	0.56	-0.02	-0.24	-0.25
Energy	4.26	4.40	-0.14	-21.08	-8.08	-13.00	-1.46	-0.69	0.04	-0.83	-0.78
Consumer Staples	0.43	4.21	-3.78	-14.18	41.25	-55.44	-0.32	1.67	-0.45	-0.59	-1.04
Financials	11.14	6.82	4.32	16.22	26.54	-10.32	1.55	2.01	-0.11	-1.23	-1.34
Health Care	24.55	22.61	1.94	22.00	28.88	-6.89	5.77	6.72	0.01	-1.59	-1.58
Total	100.00	100.00	0.00	27.99	27.66	0.33	27.99	27.66	-1.13	1.46	0.33

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.

Westfield Capital Management Company, L.P. is an independent subadvisor to the Harbor Small Cap Growth Fund.

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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.