

HARBOR MID CAP VALUE FUND

LSV Asset Management

Subadvisor Since 09/30/2004

Total Net Assets - All Classes \$362,337,646
Equity Assets: 98.89%
Cash & Other Assets Less Liabilities: 1.11%
Benchmark Name: Russell Midcap® Value Index

Portfolio Managers



Josef Lakonishok



Menno Vermeulen



Puneet Mansharamani



Greg Sleight



Guy Lakonishok

Investment Philosophy

The Fund invests primarily in equity securities, common stocks, of mid cap companies that the portfolio manager believes are undervalued in the marketplace at the time of purchase. The portfolio manager's investment strategy uses a quantitative model to evaluate and recommend companies based on the following indicators: fundamental undervaluation, such as low price-to-cash flow ratio or low price-to-earnings ratio, past negative market sentiment, recent momentum, such as high recent stock price performance and control of incremental risk relative to the benchmark index.

CHARACTERISTICS & ALLOCATION

As of 12/31/2024

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	181	711	Financials	22.02	18.07
Wtd Avg Market Cap (\$Mil)	16,216.70	25,088.90	Industrials	15.88	17.02
Median Market Cap (\$Mil)	7,241.00	10,666.00	Consumer Discretionary	13.39	9.31
Price/Book Ratio	1.87	2.67	Information Technology	9.51	9.20
Adjusted Trailing P/E Ratio	14.70	22.50	Health Care	9.48	8.17
% EPS Growth - Past 3 Yr	20.40	17.30	Consumer Staples	8.56	5.70
Est 3-5 Yr EPS Growth Rate (%)	7.50	10.60	Materials	5.14	6.70
Return on Equity (%)	14.50	12.78	Real Estate	4.97	9.79
Beta vs. Fund Benchmark	1.03		Energy	4.59	5.73
Forecasted P/E Ratio	12.40	18.80	Utilities	3.06	7.00
			Communication Services	2.29	3.29

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Bank of New York Mellon	1.53	0.65	Machinery	7.46	5.01
NRG Energy Inc.	1.50	0.13	Insurance	6.98	6.54
Hartford Financial Services	1.49	0.36	Food Products	5.39	2.58
Kroger Co.	1.48	0.47	Capital Markets	5.04	4.68
State Street Corporation	1.48	0.33	Banks	4.29	3.41
HP Inc.	1.33	0.27	Electronic Equipment	3.90	2.28
Cummins Inc.	1.30	0.55	Household Durables	3.90	2.27
Old Republic International	1.29	0.10	Oil Gas & Consumables	3.84	4.78
Jazz Pharmaceuticals Public	1.28	0.09	Health Care Providers	3.22	1.94
Allison Transmission Holdings	1.25	0.11	Biotechnology	3.16	0.90
Total	13.93	3.06	Total	47.18	34.39

Market Capitalization		
		Portfolio %
Large	Above 25.0B	22.18
	10.0B - 25.0B	29.94
Mid	5.0B - 10.0B	24.45
	1.0B - 5.0B	20.35
Small	0.0 - 1.0B	2.01

Harbor Mid Cap Value 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	HAMVX	411511835	-1.96%	12.04%	12.04%	7.17%	9.01%	6.95%	7.94%	03/01/02	0.85	0.91
Investor	HIMVX	411511736	-2.03%	11.69%	11.69%	6.79%	8.61%	6.56%	8.72%	11/01/02	1.21	1.27
Retirement	HNMVX	411512460	-1.90%	12.15%	12.15%	7.26%	9.10%	7.02%	7.97%	03/01/16	0.77	0.83
Russell Midcap® Value Index			-1.75%	13.07%	13.07%	3.88%	8.59%	8.10%	9.51%	03/01/02		

MANAGER COMMENTARY

As of 12/31/2024

“While growth stocks are trading at historical premiums, value stocks are trading at discounts, particularly small- and mid-cap value stocks.”

LSV Asset Management

Market in Review

The S&P 500 rose 2.40% in the fourth quarter, driven by investor optimism following the November elections and Republican control of Congress and the White House. Markets rallied as investors anticipated pro-growth policies, tax cuts, and deregulation. The S&P 500 gained 25.0% for the year, marking the second consecutive year of 20%-plus returns, a result not seen since 1997-1998. Performance was dominated by the Magnificent Seven technology stocks, which contributed more than 50% of the index's return for the year. Strong corporate earnings, resilient economic growth, and the Federal Reserve's ("Fed") rate cuts supported the market's upward trajectory throughout 2024. The Fed's 0.25% rate cut in December brought rates to 4.25%-4.50% and further bolstered investor confidence, though the central bank signaled a more measured approach to future cuts. The Fed expects just two rate cuts in 2025 compared to the expectation of four cuts from the previous meeting. The 10-year U.S. Treasury bond closed at 4.58%, up from 3.75% at the start of the quarter.

Small- and mid-cap stocks lagged their large-cap counterparts in the quarter, while value stocks significantly lagged growth stocks. Four of the 11 broad S&P 500 sectors posted gains for the quarter with Communication Services, Information Technology, Financials, and Consumer Discretionary stocks outperforming. Materials, Health Care, and Real Estate lagged.

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 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 Value Fund

MANAGER COMMENTARY

As of 12/31/2024



Portfolio Performance

During the fourth quarter of 2024, the Harbor Mid Cap Value Fund (Institutional Class, "Fund") returned -1.96%, slightly underperforming its benchmark, the Russell Midcap® Value Index, which returned -1.75%.

We take limited sector and industry bets and look to add value primarily from bottom-up stock selection. During the fourth quarter, sector selection was positive, while stock selection detracted. From a sector perspective, the Fund's underweight to Materials and Utilities and overweight to Financials added value. While stock selection added value in the Health Care, Industrials, and Utilities sectors, this was offset by poor selection in Consumer Discretionary and Energy.

Contributors & Detractors

Stock selection detracted primarily in the Energy and Consumer Discretionary sectors. Detractors in the Energy sector included oil and gas transportation company Scorpio Tankers and refiners Phillips 66, HF Sinclair, and Marathon Petroleum. Not holding Kinder Morgan and Williams Companies, which both had double-digit gains, also detracted. In the Consumer Discretionary sector, the Fund's exposure to homebuilders PulteGroup, Toll Brothers, and Meritage Homes detracted. Harley-Davidson also detracted in the quarter.

Good stock selection in the Health Care sector was driven by several names, including Exelixis, Patterson Companies, and Jazz Pharmaceuticals. Exelixis, a biotechnology holding, was up nearly 30% in the quarter. Exelixis announced third quarter earnings above expectations, resolved important intellectual property litigation, and announced a \$500 million stock buyback program. Patterson, a medical distribution company, agreed to be acquired by private equity firm Patient Square Capital in December.

Stock selection in the Industrials sector was led by strong results from United Airlines and Allison Transmission. United Airlines reported third quarter earnings that exceeded expectations, raised guidance going forward, and announced a \$1.5 billion stock buyback program. The stock was up 70% in the quarter. In the Utilities sector, Vistra Corp. continued to do well and was one of the top contributors. Other contributors included First Horizon and American Financial in the Financials sector and Jabil in the Information Technology sector.

Buys & Sells

We initiated a position in Gap, an apparel retailer in the Consumer Discretionary sector. The stock ranks high on earnings and cash-flow measures, our two most important blocks of valuation. The company pays a 2.5% dividend, which is slightly above average in the universe. While price momentum over the past 12 months has been below average, several measures of operating momentum have been improving. Overall, the stock ranks in the top decile of stocks in our ranking universe.

We sold our position in Patterson Companies, a health care distributor. Patterson announced it had agreed to be taken private by health care investment firm Patient Square Capital. Patterson was up more than 40% in the quarter on the takeover news. We often have takeovers in the Fund, as we favor companies that generate strong cash flow and earnings but are priced attractively. Acquiring companies, whether public or private, tend to look for similar attributes in companies they acquire. We decided to sell the position as the share price was close to the acquisition price.

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 Value Fund



MANAGER COMMENTARY

As of 12/31/2024

Sector Underweights and Overweights

The Fund's most significant overweights relative to the value benchmark are the Consumer Discretionary, Consumer Staples, and Financials sectors. Within the Consumer Discretionary sector, the Fund is overweight homebuilders, automotive retail, and broadline retail. Among Financials, the Fund is overweight consumer finance, commercial & residential mortgage, asset management & custody banks, and multiline insurance. In the Consumer Staples sector, the Fund is overweight agricultural products & services, brewers, and food retail. The most significant underweights relative to the value benchmark are Utilities and Real Estate.

Outlook

U.S. equity markets were once again dominated by mega-cap Information Technology and AI-related stocks in 2024. For the second consecutive year, the top 10 names in the S&P 500 Index (e.g., Nvidia, Apple, Microsoft, Amazon, Meta) accounted for most of the index return. While many of the top 10 names are great companies, they are trading at significant premiums to the market. Historically, it has been difficult for expensive companies to maintain their high growth rates into the future. We believe small- and mid-cap stocks offer opportunities for investors willing to be contrarian.

While growth stocks are trading at historical premiums, value stocks are trading at discounts, particularly small- and mid-cap value stocks. We continue to find profitable companies that are generating cash, paying dividends, and buying back stock. The Fund is currently trading at a 35% to 40% discount to the value benchmark, while the overall quality profile of the Fund is higher than the benchmark. With a new administration in Washington and equity valuations at historic levels, it is as difficult as ever to predict market returns. The Fund is very attractive from a valuation standpoint, we remain committed to our value discipline, and we continue to be optimistic about performance going forward.

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 Value Fund

QUARTERLY ATTRIBUTION

As of 12/31/2024



Best & Worst Performers

Best Performers	Average Weight %	Return %
UNITED AIRLINES HOLDINGS INC	0.69	70.17
PATTERSON COS INC	0.30	43.16
SYNCHRONY FINANCIAL	0.74	30.90
FIRST HORIZON CORP	0.86	30.65
EXELIXIS INC	0.66	28.32

Worst Performers	Average Weight %	Return %
INNOVATIVE INDUSTRIAL PROPER	0.39	-49.08
SCORPIO TANKERS INC	0.39	-29.78
HUNTINGTON INGALLS INDUSTRIE	0.53	-28.04
BUILDERS FIRSTSOURCE INC	0.64	-26.27
BLOOMIN' BRANDS INC	0.29	-24.88

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
UNITED AIRLINES HOLDINGS INC	70.17	0.32
FIRST HORIZON CORP	30.65	0.21
VISTRA CORP	16.49	0.19
SYNCHRONY FINANCIAL	30.90	0.18
JABIL INC	20.16	0.15
Total		1.05

Greatest Detractors	Return %	Contribution to Return %
PULTEGROUP INC	-23.98	-0.37
TOLL BROTHERS INC	-18.35	-0.25
INNOVATIVE INDUSTRIAL PROPER	-49.08	-0.23
HUNTINGTON INGALLS INDUSTRIE	-28.04	-0.18
BUILDERS FIRSTSOURCE INC	-26.27	-0.18
Total		-1.20

Harbor Mid Cap Value Fund



ATTRIBUTION

As of 12/31/2024

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

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-1.73	-1.74	0.01
Currency Contribution	0.00	0.00	0.00
Total Return	-1.73	-1.74	0.01

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
Health Care	10.10	8.42	1.68	-1.70	-10.44	8.74	-0.15	-0.91	-0.15	0.93	0.78
Industrials	15.93	17.31	-1.38	1.59	-2.30	3.89	0.23	-0.39	0.00	0.61	0.61
Utilities	3.93	6.93	-2.99	7.03	-3.17	10.20	0.26	-0.22	0.03	0.40	0.42
Materials	5.26	7.08	-1.82	-7.90	-10.46	2.56	-0.42	-0.73	0.17	0.14	0.31
Real Estate	5.99	9.92	-3.93	-6.16	-6.84	0.68	-0.34	-0.69	0.20	0.06	0.25
Financials	21.10	17.60	3.50	5.50	6.26	-0.76	1.06	1.00	0.27	-0.14	0.13
Communication Services	1.97	3.25	-1.29	9.30	5.03	4.26	0.16	0.15	-0.09	0.08	0.00
Consumer Staples	7.40	5.67	1.73	-5.23	-3.82	-1.41	-0.42	-0.23	-0.03	-0.10	-0.13
Information Technology	9.25	8.93	0.32	-1.47	1.55	-3.02	-0.15	0.10	0.01	-0.27	-0.26
Energy	4.57	5.62	-1.05	-11.26	9.68	-20.94	-0.50	0.55	-0.10	-0.96	-1.05
Consumer Discretionary	13.62	9.27	4.34	-10.39	-3.49	-6.90	-1.49	-0.36	-0.10	-0.99	-1.08
Total	100.00	100.00	0.00	-1.73	-1.74	0.01	-1.73	-1.74	0.23	-0.22	0.01

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

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	13.14	13.07	0.07
Currency Contribution	0.00	0.00	0.00
Total Return	13.14	13.07	0.07

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	3.91	7.12	-3.21	107.80	25.89	81.91	3.16	1.69	-0.39	2.37	1.98
Health Care	8.95	7.68	1.27	11.06	-6.59	17.65	1.19	-0.38	-0.31	1.84	1.52
Financials	21.24	17.55	3.69	30.62	29.65	0.97	5.87	4.69	0.52	0.22	0.74
Communication Services	1.95	3.09	-1.14	34.55	6.26	28.29	0.57	0.17	0.05	0.52	0.57
Real Estate	5.61	10.00	-4.39	9.04	8.35	0.69	0.69	0.83	0.27	0.11	0.38
Materials	5.17	7.33	-2.17	-6.15	-4.23	-1.93	-0.32	-0.25	0.37	-0.09	0.29
Consumer Staples	7.44	4.78	2.66	6.39	-1.66	8.05	0.45	-0.01	-0.45	0.67	0.22
Industrials	16.54	18.56	-2.02	14.50	18.72	-4.22	2.30	3.48	-0.05	-0.77	-0.82
Information Technology	9.11	9.12	0.00	2.34	12.50	-10.15	0.27	1.10	0.04	-0.97	-0.93
Consumer Discretionary	13.80	9.24	4.56	-2.95	8.02	-10.97	-0.35	0.75	-0.26	-1.63	-1.89
Energy	5.13	5.53	-0.40	-15.08	19.48	-34.56	-0.75	1.01	-0.05	-1.90	-1.95
Total	100.00	100.00	0.00	13.14	13.07	0.07	13.14	13.07	-0.29	0.35	0.07

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

Harbor Mid Cap Value 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. The value of securities selected using quantitative analysis can react differently to issuer, political, market, and economic developments than the market as a whole or securities selected using only fundamental analysis. The factors used in quantitative analysis and the weight placed on those factors may not be predictive of a security's value. In addition, any model may contain flaws or the model may not perform as anticipated. 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® Value Index is an unmanaged index generally representative of the U.S. market for medium capitalization value stocks. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell Midcap® Value Index and Russell® are trademarks of Frank Russell Company.

The Standard & Poor's 500 Index is an unmanaged index generally representative of the U.S. market for large capitalization equities. This unmanaged index do not reflect fees and expenses and are not available for direct investment.

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.

Distributed by Harbor Funds Distributors, Inc.

Harbor Mid Cap Value 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.