

# HARBOR SMALL CAP VALUE FUND

EARNEST Partners LLC

Subadvisor Since 12/14/2001

**Total Net Assets - All Classes** \$2,427,886,762  
**Equity Assets:** 97.21%  
**Cash & Other Assets Less Liabilities:** 2.79%  
**Benchmark Name:** Russell 2000® Value Index

## Portfolio Managers



Paul E. Viera

## Investment Philosophy

The Fund invests primarily in equity securities – common and preferred stocks – of small cap companies with stocks trading at prices below what the portfolio manager believes are their intrinsic values. In selecting stocks for the Fund, the portfolio manager: utilizes a value-based investment style seeking to identify companies with stocks trading at prices below what the portfolio manager believes are their intrinsic values, applies fundamental and qualitative criteria to identify companies for the portfolio, and maintains relationships with key analysts and industry experts to obtain unbiased research perspectives.

## CHARACTERISTICS & ALLOCATION

As of 12/31/2024

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	57	1,434	Industrials	28.34	12.74
Wtd Avg Market Cap (\$Mil)	5,173.00	2,800.70	Financials	24.86	29.10
Median Market Cap (\$Mil)	4,244.00	788.00	Information Technology	14.24	6.47
Price/Book Ratio	2.52	1.41	Consumer Discretionary	8.12	9.11
Adjusted Trailing P/E Ratio	25.40	15.70	Energy	6.54	7.09
% EPS Growth - Past 3 Yr	12.10	22.80	Real Estate	4.34	11.03
Est 3-5 Yr EPS Growth Rate (%)	15.30	7.80	Materials	3.93	4.92
Return on Equity (%)	10.49	7.63	Health Care	3.80	8.80
Beta vs. Fund Benchmark	0.89		Utilities	1.56	5.09
Forecasted P/E Ratio	20.10	14.70	Consumer Staples	1.48	2.29
			Communication Services	0.00	3.25

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Houlihan Lokey Inc. Class A	3.97	0.00	Banks	13.29	19.84
Parsons Corporation	3.07	0.00	Machinery	9.90	2.80
Casella Waste Systems Inc.	2.90	0.00	Electronic Equipment	6.88	2.42
Flowserve Corporation	2.77	0.00	Energy Equipment	6.54	2.14
Integer Holdings Corporation	2.59	0.10	Aerospace & Defense	6.04	0.88
Reinsurance Group of America	2.56	0.00	Capital Markets	6.02	0.65
Moog Inc. Class A	2.54	0.00	Semiconductors	5.58	1.18
SPX Technologies Inc.	2.53	0.00	Hotels Rest & Leisure	4.68	1.04
FormFactor Inc.	2.42	0.00	Professional Services	4.06	0.98
SouthState Corporation	2.31	0.58	Chemicals	3.93	1.94
<b>Total</b>	<b>27.66</b>	<b>0.68</b>	<b>Total</b>	<b>66.92</b>	<b>33.87</b>

Market Capitalization		
		Portfolio %
Large	Above 25.0B	0.00
	10.0B - 25.0B	9.52
Mid	5.0B - 10.0B	31.74
	1.0B - 5.0B	54.43
Small	0.0 - 1.0B	1.52

# Harbor Small 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 %
<b>Institutional</b>	HASCX	411511843	-0.64%	10.93%	10.93%	4.91%	8.42%	8.91%	9.93%	12/14/01	0.88	0.88
<b>Investor</b>	HISVX	411511694	-0.77%	10.49%	10.49%	4.52%	8.02%	8.51%	9.96%	11/01/02	1.24	1.24
<b>Retirement</b>	HNVRX	411512452	-0.63%	11.01%	11.01%	4.99%	8.51%	8.99%	9.97%	03/01/16	0.80	0.80
Russell 2000® Value Index			-1.06%	8.05%	8.05%	1.94%	7.29%	7.14%	8.35%	12/14/01		

## MANAGER COMMENTARY

As of 12/31/2024

**“Discussions surrounding the administration’s potential trade policies raised questions about the direction of tariffs, particularly with key global trading partners.”**

EARNEST Partners

### Market in Review

Global equity markets were mixed during the fourth quarter of 2024, as macroeconomic and geopolitical factors weighed on investor sentiment. U.S. equities saw moderate gains, with the S&P 500 rising by 2.40%. Mid-cap stocks, represented by the Russell Midcap® Index, posted a small gain of 0.62%. International markets faced challenges, as the MSCI ACWI ex-U.S. returned -7.60% and the MSCI EAFE was down 8.11. Fixed-income markets also struggled, as the Bloomberg US Aggregate Bond Index declined by 3.06%, reflecting rising yields and persistent inflation concerns.

The U.S. economy showed continued strength during this period. With a new U.S. presidential administration on the horizon, investors turned their attention to potential changes in tariffs, tax policies, and government spending. Discussions surrounding the administration’s potential trade policies raised questions about the direction of tariffs, particularly with key global trading partners. At the same time, expectations of tax reforms and infrastructure spending fueled speculation about their economic impact. The Federal Reserve (“Fed”) enacted two 0.25% rate cuts during the quarter, one in November and another in December. With these adjustments, the fed funds rate now stands in the range of 4.25% to 4.50%. The Fed signaled that it would reduce rates further in 2025, but not as much as it previously expected, reflecting the central bank’s continued concern with inflation even as the Consumer Price Index remained below 3.0%.

### Portfolio Performance

During the fourth quarter of 2024, the Harbor Small Cap Value Fund (Institutional Class, “Fund”) returned -0.64%, outperforming its benchmark, the Russell 2000® Value Index, which returned -1.06%.

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 Value Fund

## MANAGER COMMENTARY

As of 12/31/2024



### Contributors & Detractors

Archrock is a leading provider of natural gas compression services in the United States. The company's equipment and services are essential for moving natural gas from production sites to pipelines, ensuring efficient transportation. Its solutions play a critical role in the energy supply chain, supporting the reliability and functionality of natural gas infrastructure. In the most recent quarter, Archrock delivered strong financial results, with a 10% year-over-year increase in revenue, driven by robust demand for its compression services amid rising natural gas production. The company also reported a 7% improvement in adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization), reflecting operational efficiencies and favorable pricing trends in its service contracts. Archrock's ability to expand its fleet utilization rates and secure long-term contracts further contributed to performance. The company's dominant position in natural gas compression and its focus on expanding its service offerings make it a compelling investment well positioned for sustained growth.

Stifel Financial is a diversified financial services company providing investment banking, wealth management, and brokerage services. The firm serves a wide range of clients, including individuals, institutions, and corporations, with tailored financial solutions. Stifel's strong reputation and expansive advisory network make it a key player in the financial services industry. In the most recent quarter, Stifel reported a 12% increase in investment banking revenue, driven by strong activity in mergers and acquisitions and equity capital markets. The wealth management segment also posted solid growth, with assets under management rising 8% year over year due to positive market performance and net new client inflows. The company's focus on expanding its advisory capabilities and strategic hiring initiatives contributed to its strong results. Stifel's leadership in investment banking and wealth management, coupled with its diversified business model, make it a compelling investment.

### Buys & Sells

No positions were added during the quarter. We exited one position in United Fire Group. United Fire provides property and casualty insurance products, including personal, commercial, and specialty insurance, primarily across the United States. We sold the stock due to crowding out.

### Sector Underweights & Overweights

Earnest Partners does not target sector or industry weights. Instead, the weightings are an outgrowth of our bottom-up, fundamental stock selection process. Our process is designed to put the client in the individual securities that we believe have attractive expected returns – relative overweights and underweights are an outgrowth of where we are finding those individual opportunities. The risk management process also influences the weights taken in any one sector. Generally, larger sectors will not represent more than the greater of 35% or 2.5x the benchmark weight.

### Outlook

As bottom-up fundamental investors who aim to exceed performance over a full market cycle, we do not maintain an economic forecast. However, we have found the most opportunities within the Industrials, Financials, and Information Technology sectors.

# Harbor Small Cap Value Fund

## QUARTERLY ATTRIBUTION

As of 12/31/2024



### Best & Worst Performers

Best Performers	Average Weight %	Return %
UNITED FIRE GROUP INC	0.42	36.64
WOLVERINE WORLD WIDE INC	1.05	28.19
ARCHROCK INC	1.30	23.92
CHEESECAKE FACTORY INC/THE	2.04	17.65
GATX CORP	2.03	17.42

Worst Performers	Average Weight %	Return %
EXPRO GROUP HOLDINGS NV	1.05	-27.37
MERITAGE HOMES CORP	1.85	-24.65
SCOTTS MIRACLE-GRO CO	2.21	-22.84
CABOT CORP	2.35	-17.99
TIMKEN CO	1.16	-14.94

### Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
HOULIHAN LOKEY INC	10.23	0.38
GATX CORP	17.42	0.31
CHEESECAKE FACTORY INC/THE	17.65	0.30
FLOWSERVE CORP	11.68	0.28
ARCHROCK INC	23.92	0.26
<b>Total</b>		<b>1.52</b>

Greatest Detractors	Return %	Contribution to Return %
SCOTTS MIRACLE-GRO CO	-22.84	-0.52
MERITAGE HOMES CORP	-24.65	-0.49
CABOT CORP	-17.99	-0.42
EXPRO GROUP HOLDINGS NV	-27.37	-0.34
PARSONS CORP	-11.02	-0.33
<b>Total</b>		<b>-2.10</b>

# Harbor Small Cap Value Fund



## ATTRIBUTION

As of 12/31/2024

Quarterly Attribution:  
Harbor Small Cap Value Fund vs Russell 2000® Value

### Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-0.46	-1.06	0.60
Currency Contribution	0.00	0.00	0.00
<b>Total Return</b>	<b>-0.46</b>	<b>-1.06</b>	<b>0.60</b>

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	8.08	9.48	-1.40	1.82	-7.30	9.12	0.06	-0.73	0.11	0.74	0.86
Financials	24.58	29.09	-4.51	6.78	2.94	3.84	1.54	0.77	-0.19	0.89	0.70
Health Care	3.75	9.02	-5.27	-0.22	-7.14	6.91	-0.01	-0.61	0.33	0.26	0.59
Real Estate	4.44	10.99	-6.55	-5.53	-5.66	0.13	-0.26	-0.64	0.31	0.00	0.32
Energy	6.62	7.07	-0.45	0.03	-2.63	2.66	0.07	-0.13	0.00	0.19	0.19
Utilities	1.61	5.09	-3.48	-6.14	-4.63	-1.51	-0.10	-0.23	0.13	-0.03	0.10
Communication Services	0.00	3.37	-3.37	0.00	-3.84	3.84	0.00	-0.12	0.10	0.00	0.10
Consumer Staples	1.62	2.21	-0.58	-9.34	6.46	-15.80	-0.13	0.12	-0.05	-0.25	-0.30
Industrials	28.65	12.45	16.21	-1.93	1.64	-3.57	-0.53	0.17	0.43	-1.00	-0.57
Information Technology	14.05	6.03	8.02	-1.10	10.13	-11.23	-0.18	0.50	0.83	-1.48	-0.65
Materials	4.57	5.19	-0.63	-20.40	-4.26	-16.14	-0.93	-0.17	0.06	-0.85	-0.80
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>-0.46</b>	<b>-1.06</b>	<b>0.60</b>	<b>-0.46</b>	<b>-1.06</b>	<b>2.13</b>	<b>-1.53</b>	<b>0.60</b>

Trailing 1 Year Attribution:  
Harbor Small Cap Value Fund vs Russell 2000® Value

### Performance

	Portfolio	Benchmark	Active
Return Ex Currency	12.00	8.06	3.94
Currency Contribution	0.00	0.00	0.00
<b>Total Return</b>	<b>12.00</b>	<b>8.06</b>	<b>3.94</b>

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	23.18	27.47	-4.29	28.16	14.42	13.74	5.93	3.77	-0.37	2.89	2.52
Industrials	28.98	13.33	15.65	15.42	12.00	3.42	4.80	1.50	0.61	0.94	1.55
Energy	6.78	8.47	-1.69	6.12	-3.71	9.83	0.48	-0.10	-0.20	0.85	0.65
Consumer Discretionary	7.68	10.20	-2.52	3.88	0.01	3.87	0.10	0.01	0.19	0.39	0.58
Health Care	4.22	9.12	-4.90	-4.67	-1.48	-3.19	-0.38	0.03	0.58	-0.27	0.31
Materials	4.30	5.11	-0.81	9.89	5.37	4.52	0.57	0.37	0.10	0.15	0.25
Utilities	0.80	4.67	-3.87	10.48	7.45	3.03	0.18	0.39	0.02	0.05	0.07
Real Estate	4.59	10.39	-5.80	1.43	6.49	-5.05	0.03	0.70	0.08	-0.26	-0.18
Communication Services	0.00	2.85	-2.85	0.00	13.40	-13.40	0.00	0.43	-0.21	0.00	-0.21
Consumer Staples	1.65	2.27	-0.61	-32.40	12.29	-44.69	-0.68	0.21	0.00	-0.94	-0.95
Information Technology	15.45	6.11	9.34	3.25	13.30	-10.05	0.85	0.75	0.39	-1.38	-0.99
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>12.00</b>	<b>8.06</b>	<b>3.94</b>	<b>12.00</b>	<b>8.06</b>	<b>1.53</b>	<b>2.41</b>	<b>3.94</b>

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

# Harbor Small 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. 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® Value Index is an unmanaged index representing the smallest 2000 stocks with the lowest 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® Value Index and Russell® are trademarks of Frank Russell Company.

### Disclosures

Shares of the Harbor Small Cap Value Fund are unavailable to new investors as of June 1, 2021. The Fund continues to accept investments from existing shareholders and allows exchanges from other Harbor Funds as long as the exchanging shareholder has an existing Harbor Small Cap Value Fund account.

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](http://harborcapital.com) or call 800-422-1050. Read it carefully before investing.**

**Distributed by Harbor Funds Distributors, Inc.**

# Harbor Small 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.

The Global Industry Classification Standard (GICS®) is an industry analysis framework that helps investors understand the key business activities for companies around the world. MSCI and S&P Dow Jones Indices developed this classification standard to provide investors with consistent and exhaustive industry definitions.

Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is a measure computed for a company that takes its earnings and adds back interest expenses, taxes, and depreciation charges, plus other adjustments to the metric.