

HARBOR MID CAP FUND

CHARACTERISTICS & ALLOCATION

As of 09/30/2024

EARNEST Partners LLC

Subadvisor Since 12/01/2019

Total Net Assets - All Classes	\$170,375,725
Equity Assets:	97.58%
Cash & Other Assets Less Liabilities:	2.42%
Benchmark Name:	Russell Midcap® Index

Portfolio Managers



Paul E. Viera

Investment Philosophy

The Fund invests primarily in equity securities, principally common and preferred stocks, of U.S. mid cap companies. Under normal market conditions, the Fund invests at least 80% of its net assets, plus borrowings for investment purposes, in securities of mid cap companies. The Subadvisor uses a bottom-up investment process, employing fundamental and qualitative criteria to identify individual companies for potential investment in the Fund's portfolio. The Subadvisor employs statistical analysis, which is designed to limit certain risks in the Fund's portfolio versus the Fund's benchmark. The Fund expects to invest in approximately 50 to 70 companies.

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	58	810	Industrials	23.27	17.41
Wtd Avg Market Cap (\$Mil)	33,789.60	26,313.00	Financials	18.91	15.69
Median Market Cap (\$Mil)	18,361.00	11,310.00	Information Technology	13.53	12.53
Price/Book Ratio	3.77	3.73	Health Care	12.11	10.21
Adjusted Trailing P/E Ratio	22.20	26.60	Consumer Discretionary	8.63	10.98
% EPS Growth - Past 3 Yr	21.30	21.30	Real Estate	7.45	8.15
Est 3-5 Yr EPS Growth Rate (%)	11.60	12.70	Materials	7.02	5.93
Return on Equity (%)	15.92	13.75	Energy	3.67	4.96
Beta vs. Fund Benchmark	0.90		Utilities	1.66	5.78
Forecasted P/E Ratio	19.80	21.50	Consumer Staples	1.33	5.05
			Communication Services	0.00	3.41

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
CBRE Group Inc. Class A	3.01	0.32	Capital Markets	8.74	4.72
Republic Services Inc.	2.86	0.00	Insurance	7.25	5.27
Progressive Corporation	2.80	0.00	Life Sciences Tools	6.51	2.45
Masco Corporation	2.77	0.16	Machinery	5.32	3.89
D.R. Horton Inc.	2.76	0.48	Semiconductors	5.14	2.39
Reinsurance Group of America	2.45	0.12	Health Care Providers	4.73	2.36
Intercontinental Exchange Inc.	2.36	0.00	Chemicals	4.49	2.80
Houlihan Lokey Inc. Class A	2.32	0.07	Aerospace & Defense	4.49	1.80
Entegris Inc.	2.17	0.14	Specialty Retail	3.83	2.40
Stifel Financial Corporation	2.07	0.08	Electronic Equipment	3.38	1.84
Total	25.57	1.37	Total	53.88	29.92

Market Capitalization		
		Portfolio %
Large	Above 25.0B	45.62
	10.0B - 25.0B	33.80
Mid	5.0B - 10.0B	14.40
	1.0B - 5.0B	3.76
Small	0.0 - 1.0B	0.00

Harbor Mid Cap 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	HMCLX	41152P708	8.29%	10.66%	24.90%	6.03%	N/A	N/A	10.82%	12/01/19	0.88	0.97
Investor	HMCNX	41152P880	8.17%	10.38%	24.46%	5.64%	N/A	N/A	10.43%	12/01/19	1.24	1.33
Retirement	HMCRX	41152P609	8.20%	10.73%	24.95%	6.10%	N/A	N/A	10.90%	12/01/19	0.80	0.89
Russell Midcap® Index			9.21%	14.63%	29.33%	5.75%	N/A	N/A	10.66%	12/01/19		

MANAGER COMMENTARY

As of 09/30/2024

"Political developments surrounding the 2024 U.S. presidential election also introduced market volatility, which added uncertainty to an already tense election cycle and briefly disrupted market stability."

EARNEST Partners

Market in Review

The U.S. economy showed resilience during the third quarter of 2024, with gross domestic product ("GDP") growing at an annualized rate of 3% in the second quarter, reflecting strong consumer spending and business investment despite elevated interest rates. Political developments surrounding the 2024 U.S. presidential election also introduced market volatility, which added uncertainty to an already tense election cycle and briefly disrupted market stability. Volatility spiked in early August, triggered by the unwinding of the yen carry trade — a strategy where investors borrow yen at low rates to invest in higher-yielding assets. This unwinding was prompted by an unexpected 0.25% rate hike by the Bank of Japan in late July, which caused the yen to appreciate sharply, making it more expensive to repay yen-denominated loans. As a result, global equities — including Japan's Nikkei 225, which dropped over 12% on Aug. 5, 2024 — saw significant selloffs. Market stability returned by August as the Federal Reserve's ("Fed") policy became clearer, and inflation showed signs of easing. In September, the Fed cut rates by 0.50%, reducing the federal funds rate to 4.75%-5.00% — its first cut since 2020. This move reflected the central bank's confidence in controlling inflation, with Consumer Price Index ("CPI") inflation falling to 2.5% in August, while unemployment remained near historical lows.

Utilities was among the top-performing sectors in the Russell 3000® Index during the quarter. The sector saw increased demand driven by electrification trends and artificial intelligence ("AI") data centers. The Utilities sector is now trading at an approximately 25% premium compared to a decade ago, with investors focusing more on demand as opposed to rising operational expenses and their regulatory environment. Meanwhile, Real Estate and Industrials also performed well, while Energy was the only sector to post a loss, impacted by falling oil prices and concerns over global demand.

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 Fund

MANAGER COMMENTARY

As of 09/30/2024



Portfolio Performance

The U.S. equity market, as represented by the Russell Midcap® Index, returned 9.21% during the third quarter. Notably, the index advanced in all three months of the quarter, which has not happened since 2021. Investors grew more confident in mid-cap stocks largely due to the notion surrounding a potential pivot in Fed policy. Investors anticipated this policy shift would benefit sectors more sensitive to rate movement, like Utilities and Real Estate. This is not an environment conducive to our investment approach, which is rooted in deep fundamental analysis of individual stocks.

Despite positive stock selection, the Harbor Mid Cap Fund (Institutional Class, “Fund”) trailed the index, net of fees, for the quarter. Much of the underperformance came in the form of less exposure to the top-performing sectors in the index. For instance, Utilities and Real Estate were the best performers within the Russell Midcap® Index during the quarter. These sectors are considered generally more sensitive to moves in interest rates; however, we have found less attractive long-term investments in these sectors. This positioning was a drag on relative results. On the basis of deep fundamental analysis, we have found more compelling investment opportunities within Industrials and Information Technology.

Contributors & Detractors

Synopsys, a top detractor, is a global leader in electronic design automation (“EDA”) software, helping semiconductor companies design and verify advanced chips and system-on-chips. Its solutions are essential for developing the next generation of electronic devices, enabling faster, more efficient chip design. Synopsys’ software plays a key role in driving innovation in industries such as consumer electronics, automotive, and AI. During the most recent quarter, Synopsys posted an increase in revenue, reflecting strong demand for its EDA tools and software. However, the stock underperformed as investors focused on the company’s slightly lower-than-expected operating margins that were impacted by increased research and development investments and rising operational costs. While these pressures affected short-term sentiment, Synopsys’ continued investments in AI-driven chip design and cloud-based solutions appear to be positioning the company for long-term success. We believe Synopsys’ leadership in semiconductor design software, combined with its focus on cutting-edge technologies, makes it a strong long-term investment. As the demand for advanced chips continues to grow, particularly in the AI and automotive space, we believe Synopsys is well positioned to capitalize on these trends. With its innovative tools and strategic investments, Synopsys appears set to deliver value to shareholders in the years ahead.

Global Payments, a top contributor, is a leading provider of payment technology and software solutions to businesses worldwide. Its services enable secure and seamless transactions across various platforms, helping businesses manage payments, point-of-sale solutions, and e-commerce needs. The company’s technology is widely used in industries ranging from retail to health care, making it essential for everyday business operations. In the most recent quarter, Global Payments saw strong performance, with transaction volumes and digital payment adoption driving growth. The company benefited from an increase in processed transaction volume, particularly in its integrated payments segment, as more businesses shifted to online and mobile platforms. Additionally, improved operational efficiency and higher-margin service contracts in its software and analytics divisions contributed to improvements in operating margins, reflecting solid execution in scaling its digital services. We believe Global Payments’ strong foothold in the digital payments ecosystem and its strategic focus on high-margin software offerings position the company well for future growth. The ongoing shift toward cashless transactions and e-commerce expansion should continue to create new opportunities for the company. With a commitment to innovation and expanding global partnerships, Global Payments appears well positioned to deliver value to shareholders over the long term.

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Harbor Mid Cap Fund



MANAGER COMMENTARY

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Laboratory Corporation of America (“Labcorp”), another contributor during the quarter, is a leading global life sciences company that provides comprehensive clinical laboratory services. Labcorp’s diagnostics services play a critical role in patient care, offering tests and technologies that help physicians diagnose, treat, and monitor health conditions. Its work is fundamental to health care systems worldwide, ensuring that individuals receive timely and accurate diagnostic results. During the most recent quarter, Labcorp reported strong growth in its diagnostic segment, with a 6% year-over-year increase in testing volume driven by heightened demand for routine and specialty tests. The company’s strategic acquisitions in oncology and genetic testing contributed to this growth, expanding Labcorp’s capabilities and market reach. Additionally, its clinical trials business saw robust activity, as pharmaceutical companies increasingly relied on Labcorp for end-to-end trial management solutions, boosting the company’s operational efficiency. We believe Labcorp’s leadership in diagnostics and its strategic expansion into high-growth areas make it an attractive investment. The ongoing demand for specialized testing services and the company’s focus on innovation appear to suggest that Labcorp is well positioned for future growth.

Buys and Sells

During the quarter, we purchased IQVIA Holdings; the company provides advanced analytics, technology solutions, and contract research services to the life sciences industry, helping clients accelerate innovation and improve patient outcomes. We sold Spirit Aerosystems, an independent non-original equipment manufacturer that designs and manufactures commercial aerostructures worldwide. We sold the stock as the investment thesis came to fruition.

Outlook

As bottom-up fundamental investors who aim to exceed the 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.

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Harbor Mid Cap Fund

QUARTERLY ATTRIBUTION

As of 09/30/2024



Best & Worst Performers

Best Performers	Average Weight %	Return %
CBRE GROUP INC - A	2.73	39.69
DR HORTON INC	2.63	35.59
SCOTTS MIRACLE-GRO CO	1.45	34.49
BXP INC	1.58	32.29
MASCO CORP	2.60	26.39

Worst Performers	Average Weight %	Return %
LUMENTUM HOLDINGS INC	0.42	-18.32
MURPHY OIL CORP	0.79	-17.54
ENTEGRIS INC	2.39	-16.82
SYNOPSIS INC	1.30	-14.90
HELMERICH & PAYNE	0.87	-14.79

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
CBRE GROUP INC - A	39.69	0.93
DR HORTON INC	35.59	0.79
MASCO CORP	26.39	0.63
PROGRESSIVE CORP	22.23	0.56
BXP INC	32.29	0.46
Total		3.36

Greatest Detractors	Return %	Contribution to Return %
ENTEGRIS INC	-16.82	-0.44
APPLIED MATERIALS INC	-14.21	-0.23
SYNOPSIS INC	-14.90	-0.19
COTERRA ENERGY INC	-9.42	-0.16
MURPHY OIL CORP	-17.54	-0.16
Total		-1.17

Harbor Mid Cap Fund



ATTRIBUTION

As of 09/30/2024

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

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	8.47	9.21	-0.74
Currency Contribution	0.00	0.00	0.00
Total Return	8.47	9.21	-0.74

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
Real Estate	7.03	8.04	-1.01	28.96	16.33	12.63	1.82	1.27	-0.07	0.75	0.69
Materials	6.50	5.85	0.65	14.94	6.94	8.01	0.92	0.38	-0.01	0.53	0.53
Financials	18.52	15.75	2.78	13.57	11.41	2.16	2.49	1.77	0.05	0.40	0.45
Health Care	11.68	10.48	1.20	9.94	6.95	2.99	1.12	0.73	-0.03	0.35	0.32
Consumer Staples	1.33	5.24	-3.91	10.14	3.78	6.36	0.13	0.21	0.22	0.08	0.30
Consumer Discretionary	7.82	10.76	-2.94	14.63	10.02	4.61	1.09	1.07	0.00	0.29	0.28
Communication Services	0.00	3.45	-3.45	0.00	7.79	-7.79	0.00	0.27	0.05	0.00	0.05
Utilities	1.59	5.55	-3.96	23.73	19.04	4.69	0.34	1.01	-0.38	0.06	-0.31
Energy	4.11	5.25	-1.14	-12.01	-1.69	-10.32	-0.55	-0.10	0.13	-0.50	-0.36
Industrials	23.99	17.10	6.90	6.05	11.69	-5.64	1.49	1.98	0.17	-1.34	-1.17
Information Technology	14.55	12.54	2.01	-3.04	4.53	-7.57	-0.41	0.62	-0.17	-1.14	-1.32
Total	100.00	100.00	0.00	8.47	9.21	-0.74	8.47	9.21	-0.23	-0.51	-0.74

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

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	25.76	29.33	-3.57
Currency Contribution	0.00	0.00	0.00
Total Return	25.76	29.33	-3.57

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	17.64	15.72	1.92	45.45	40.98	4.47	7.43	6.20	0.21	0.73	0.94
Consumer Staples	1.39	3.91	-2.52	21.57	6.15	15.42	0.32	0.32	0.64	0.24	0.88
Materials	6.31	5.76	0.55	24.95	17.03	7.93	1.44	0.99	-0.08	0.56	0.48
Communication Services	0.00	3.45	-3.45	0.00	23.29	-23.29	0.00	0.85	0.22	0.00	0.22
Health Care	9.84	10.19	-0.35	12.84	14.72	-1.88	1.35	1.60	0.08	-0.09	-0.01
Consumer Discretionary	7.19	10.50	-3.31	36.72	32.73	3.99	2.48	3.45	-0.08	-0.01	-0.09
Real Estate	6.58	7.73	-1.15	34.79	36.46	-1.67	2.23	2.77	-0.07	-0.07	-0.14
Industrials	25.48	19.09	6.40	32.69	36.65	-3.96	8.27	6.72	0.48	-0.81	-0.34
Utilities	1.49	5.38	-3.89	24.24	44.45	-20.21	0.37	2.23	-0.54	-0.28	-0.82
Energy	4.62	5.11	-0.49	-16.52	9.27	-25.78	-1.11	0.39	0.19	-1.63	-1.44
Information Technology	16.39	13.18	3.21	13.27	28.19	-14.91	2.81	3.82	0.01	-2.39	-2.38
Total	100.00	100.00	0.00	25.76	29.33	-3.57	25.76	29.33	0.18	-3.76	-3.57

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

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

Benchmarks

The Russell Midcap® Index is an unmanaged index generally representative of the U.S. market for medium capitalization stocks. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell Midcap® 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.

EARNEST Partners LLC is a third-party subadvisor to the Harbor Mid Cap Fund.

Distributed by Harbor Funds Distributors, Inc.

Harbor Mid Cap 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.