

HARBOR SMALL CAP GROWTH FUND

Westfield Capital Management Company, L.P.

Subadvisor Since 11/01/2000

Total Net Assets - All Classes \$1,558,203,156
Equity Assets: 96.01%
Cash & Other Assets Less Liabilities: 3.99%
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 06/30/2024

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	72	1,054	Information Technology	24.89	23.97
Wtd Avg Market Cap (\$Mil)	7,576.30	5,953.20	Health Care	24.10	21.59
Median Market Cap (\$Mil)	6,077.00	1,206.00	Industrials	18.58	19.88
Price/Book Ratio	4.38	4.75	Consumer Discretionary	9.44	10.35
Adjusted Trailing P/E Ratio	30.10	28.00	Financials	9.33	5.93
% EPS Growth - Past 3 Yr	29.00	33.60	Energy	4.21	4.63
Est 3-5 Yr EPS Growth Rate (%)	19.90	17.20	Materials	3.65	4.01
Return on Equity (%)	14.99	12.80	Real Estate	0.99	1.43
Beta vs. Fund Benchmark	0.90		Consumer Staples	0.82	4.79
Forecasted P/E Ratio	23.70	22.90	Communication Services	0.00	2.01
			Utilities	0.00	1.34

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Ascendis Pharma A/S Spo	4.16	0.00	Biotechnology	13.73	10.38
Comfort Systems USA Inc	2.72	0.83	Software	10.51	11.05
Casella Waste Systems I	2.54	0.43	Semiconductors	5.76	4.62
ITT Inc.	2.33	0.00	Health Care Equip	5.36	4.38
Vaxcyte Inc.	2.27	0.62	Electronic Equipment	5.34	3.49
Insight Enterprises Inc	2.26	0.43	Hotels Rest & Leisure	5.33	3.24
Wingstop Inc.	2.20	0.00	Financial Services	4.65	1.22
Option Care Health Inc	2.15	0.36	Construction & Engineer	4.21	2.91
Northern Oil and Gas In	1.97	0.22	Electrical Equipment	4.16	2.02
Super Micro Computer In	1.91	3.23	Insurance	4.03	1.16
Total	24.51	6.12	Total	63.08	44.47

Market Capitalization		
		Portfolio %
Large	Above 25.0B	1.91
	10.0B - 25.0B	18.76
Mid	5.0B - 10.0B	43.98
	1.0B - 5.0B	29.82
Small	0.0 - 1.0B	1.51

Harbor Small Cap Growth Fund



PERFORMANCE

As of 06/30/2024

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	-5.62%	2.87%	9.09%	-0.93%	9.63%	9.63%	9.10%	11/01/00	0.88	0.88
Investor	HISGX	411511777	-5.67%	2.74%	8.70%	-1.27%	9.24%	9.22%	10.32%	11/01/02	1.24	1.24
Retirement	HNSGX	411512494	-5.64%	2.92%	9.08%	-0.86%	9.71%	9.69%	9.13%	11/01/00	0.80	0.80
Russell 2000® Growth Index			-2.92%	4.44%	9.14%	-4.86%	6.17%	7.39%	6.25%	11/01/00		

MANAGER COMMENTARY

As of 06/30/2024

“Despite resilient corporate earnings and promising disinflation, concerns linger about an economic slowdown and consumer health.”

Westfield Capital Management Company, L.P.

Market In Review

The second quarter of 2024 continued the trends from early 2023, with sustained strong interest in big tech and artificial intelligence (“AI”)-related investments. Despite a broader economic slowdown, the Nasdaq reached a new record high, primarily driven by substantial gains in the “Magnificent 7” stocks. In contrast, the S&P 500's equal-weight index, which reflects the performance of the broader equity market, showed more subdued returns as it also reached a new record high. The broader market's performance more closely mirrored economic indicators, which displayed softening trends such as weaker nonresidential construction figures, decelerating home sales, and a softening employment landscape. This quarter further underscored the sharp contrast between the significant gains in large-cap tech stocks and the broader struggles of smaller caps and cyclical sectors.

Portfolio Performance

During the quarter, the Harbor Small Cap Growth Fund (Institutional Class, “Fund”) returned -5.62%, underperforming the Russell 2000® Growth Index, which returned -2.92%.

From a sector perspective, relative weakness within Health Care and Industrials offset relative strength within Information Technology.

Stock selection was the primary detractor from relative returns, while common factors were a modest headwind during the quarter. From a factor perspective, the Fund's overweight exposure to size and underweight exposure to leverage were relative headwinds to performance, which offset a tailwind from the volatility underweight.

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 06/30/2024



Contributors & Detractors

Flywire, a global payment provider for education, health care, travel, and business, was the top detractor from relative returns during the quarter, as changing international student regulations in Canada and Australia have significantly weighed on sentiment. Although the visa backdrop remains uncertain, the underlying growth of Flywire's verticals, significant cross-selling opportunities, and strong customer retention should provide support for the growth algorithm. We appreciate the company's diversified vertical approach and feel it remains a high-quality, strategic asset.

Kinsale Capital Group, a property and casualty (P&C) insurer, also detracted from relative performance during the quarter, after missing on the top line in its first quarter earnings report, with investors de-rating the stock despite little change in the estimates. We continue to believe Kinsale is a unique insurance company for several reasons, as it is the only public company that is 100% focused on the excess and surplus lines market ("E&S"), and it has a leading technology platform that has led to a market-leading expense ratio. We believe the company's large total addressable market (TAM) and experience management team could help to drive future growth.

Super Micro Computer, a provider of high-end, high-performance servers and storage solutions, was the top contributor during the quarter. Following an impressive run in the stock price during the first quarter of 2024, the second quarter produced a correction, with our underweight positioning benefiting the Fund's relative performance. Concern among the investor base grew over the duration and durability of its AI server-related demand and margins, particularly following such an outsized move year to date. With these factors considered, we decided to exit our position during the period.

Lantheus Holdings, a medical imaging and diagnostics provider, also contributed positively to relative results. The stock outperformed after the company released strong first quarter results, led by its drug Pylarify, a prostate cancer diagnostic imaging agent. As fears around competition and reimbursement continue to subside, we believe Lantheus has the potential to experience multiple expansion and provide further upside to consensus numbers.

Buys & Sells

During the quarter, we purchased ODDITY Tech, a digital beauty company using a direct-to-consumer approach. ODDITY is focused on technology and e-commerce, especially post-COVID-19, and the company is highly profitable and debt-free, generating substantial cash flow. With plans for expansion through new products and regions, we believe its AI-based molecule discovery platform makes it a standout in the industry.

During the quarter, we sold our position in Lincoln Electric Holdings, a welding equipment and cutting products manufacturer. We believe Lincoln Electric is one of the most trusted and well-run small-cap industrials, and it was a strong relative performer during our holding period. However, after seeing its first quarter of negative growth, we sold the position, as management was dismissive of the cycle and near-term risk.

Sector Overweights & Underweights

Entering 2024, the Financials sector represented the Fund's largest overweight relative to the index and remains the second-largest overweight as of quarter-end. We continue to find what we view as investment opportunities with attractive growth at a reasonable price and idiosyncratic growth drivers. Across the sector, the Fund is balanced across P&C insurance, independent advisory and wealth management outsourcing, and payments.

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Harbor Small Cap Growth Fund



MANAGER COMMENTARY

As of 06/30/2024

Sector Overweights & Underweights

As of quarter-end, the Health Care sector represented the Fund's largest overweight relative to the index. During the quarter, we used the extreme narrowness in the market to add to our biopharma exposure. We believe merger and acquisition activity should pick up, given big patent cliffs and large cash balances with big pharma, in combination with more reasonable valuations compared to the start of the year. We believe we are positioned in the most favorable end markets of oncology, cardio/metabolic, and orphan drugs/auto immune.

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 sector, and the resultant underweight has been characteristic of Fund positioning over time.

Outlook

For now, large-cap technology stocks continue to drive the equity market's performance, overshadowing broader market challenges. Despite resilient corporate earnings and promising disinflation, concerns linger about an economic slowdown and consumer health. The U.S. Federal Reserve's cautious stance on rate cuts, along with mixed economic signals, indicates a complex path ahead. We remain vigilant, balancing optimism about AI and tech growth with the mixed economic realities and challenges of investing in transformational technologies. Our focus is on balancing growth with resilience, ensuring that the Fund is well equipped to navigate the opportunities and risks in this evolving landscape.

QUARTERLY ATTRIBUTION

As of 06/30/2024

Best & Worst Performers

Best Performers	Average Weight %	Return % (NAV)
CREDO TECHNOLOGY GROUP HOLDI	0.56	50.73
NOVA LTD	1.28	32.22
FABRINET	1.34	29.51
LANTHEUS HOLDINGS INC	1.93	29.00
UNIVERSAL DISPLAY CORP	1.03	25.06
Worst Performers	Average Weight %	Return % (NAV)
VIKING THERAPEUTICS INC	0.78	-35.35
FLYWIRE CORP-VOTING	1.24	-33.94
89BIO INC	0.61	-31.19
LINCOLN ELECTRIC HOLDINGS	1.03	-27.55
KINSALE CAPITAL GROUP INC	1.13	-26.55

Contributors & Detractors

Greatest Contributors	Return % (NAV)	Contribution to Return %
LANTHEUS HOLDINGS INC	29.00	0.51
NOVA LTD	32.22	0.37
WINGSTOP INC	15.42	0.32
UNIVERSAL DISPLAY CORP	25.06	0.30
IMPINJ INC	22.09	0.28
Greatest Detractors	Return % (NAV)	Contribution to Return %
FLYWIRE CORP-VOTING	-33.94	-0.54
KINSALE CAPITAL GROUP INC	-26.55	-0.45
ASCENDIS PHARMA A/S - ADR	-9.78	-0.44
OPTION CARE HEALTH INC	-17.41	-0.44
WEX INC	-25.42	-0.43
Total		-2.30

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Harbor Small Cap Growth Fund



ATTRIBUTION

As of 06/30/2024

Quarterly Attribution:

Harbor Small Cap Growth Fund vs Russell 2000® Growth

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-5.38	-2.92	-2.47
Currency Contribution	0.00	0.00	0.00
Total Return	-5.38	-2.92	-2.47

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	23.54	23.76	-0.22	2.88	-3.30	6.18	0.73	-0.89	0.07	1.33	1.40
Consumer Discretionary	10.64	10.46	0.18	-2.52	-5.67	3.15	-0.18	-0.58	0.00	0.37	0.37
Materials	3.63	4.25	-0.61	0.24	-4.58	4.82	0.03	-0.19	-0.01	0.18	0.17
Real Estate	1.19	1.49	-0.30	-7.15	-7.51	0.35	-0.21	-0.12	0.03	-0.04	-0.01
Utilities	0.00	1.32	-1.32	0.00	1.63	-1.63	0.00	0.03	-0.06	0.00	-0.06
Communication Services	0.00	1.96	-1.96	0.00	2.25	-2.25	0.00	0.05	-0.10	0.00	-0.10
Energy	4.43	4.71	-0.27	-7.99	-1.98	-6.00	-0.39	-0.11	0.00	-0.26	-0.26
Consumer Staples	0.45	4.50	-4.05	20.65	5.75	14.90	0.11	0.29	-0.33	0.04	-0.29
Financials	10.01	6.05	3.97	-13.02	-5.45	-7.57	-1.48	-0.33	-0.06	-0.88	-0.94
Industrials	18.66	20.23	-1.57	-8.88	-3.59	-5.29	-1.80	-0.73	0.02	-1.04	-1.02
Health Care	24.12	21.30	2.82	-9.23	-1.83	-7.41	-2.23	-0.35	0.06	-1.81	-1.75
Total	100.00	100.00	0.00	-5.38	-2.92	-2.47	-5.38	-2.92	-0.35	-2.12	-2.47

Trailing 1 Year Attribution:

Harbor Small Cap Growth Fund vs Russell 2000® Growth

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	9.86	9.14	0.73
Currency Contribution	0.00	0.00	0.00
Total Return	9.86	9.14	0.73

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	20.40	22.44	-2.04	26.36	17.71	8.65	5.70	3.94	-0.01	1.49	1.48
Consumer Discretionary	11.04	10.80	0.24	17.46	6.24	11.22	1.46	0.73	0.02	0.96	0.99
Materials	3.40	4.20	-0.80	6.70	-3.72	10.42	0.33	-0.19	0.09	0.42	0.51
Utilities	0.00	1.48	-1.48	0.00	-12.33	12.33	0.00	-0.22	0.37	0.00	0.37
Communication Services	0.00	2.07	-2.07	0.00	2.41	-2.41	0.00	0.10	0.15	0.00	0.15
Real Estate	2.01	1.58	0.43	-2.48	0.03	-2.52	-0.19	0.03	-0.03	-0.01	-0.04
Industrials	19.43	20.08	-0.66	10.20	11.19	-0.99	2.42	2.33	-0.04	0.01	-0.04
Health Care	23.73	21.72	2.00	-0.54	0.01	-0.55	0.11	-0.13	0.00	-0.30	-0.30
Consumer Staples	0.11	4.50	-4.39	20.65	25.11	-4.45	0.11	1.08	-0.62	0.05	-0.57
Financials	11.55	6.26	5.29	2.42	12.10	-9.68	-0.03	0.82	0.34	-1.17	-0.83
Energy	4.70	4.87	-0.17	2.47	19.70	-17.23	-0.26	0.64	0.02	-0.86	-0.84
Total	100.00	100.00	0.00	9.86	9.14	0.73	9.86	9.14	0.13	0.59	0.73

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.

Distributed by Harbor Funds Distributors, Inc.

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.