

HARBOR LARGE CAP VALUE FUND

Aristotle Capital Management, LLC

Subadvisor Since 05/25/2012

Total Net Assets - All Classes \$1,741,121,831
Equity Assets: 98.76%
Cash & Other Assets Less Liabilities: 1.24%
Benchmark Name: Russell 1000® Value Index

Portfolio Managers



Howard Gleicher



Gregory D. Padilla

Investment Philosophy

The Fund invests primarily in equity securities, principally common and preferred stocks, of companies with market capitalizations that fall within the range of the Russell 1000® Value Index. The Subadvisor employs a fundamental, bottom-up research driven approach to identify companies for investment by the Fund. The Subadvisor focuses on those companies that it believes have higher quality businesses that are undervalued by the market relative to what the Subadvisor believes to be their fair value. The Subadvisor also looks for one or more catalysts that may help the company realize that fair value. The Subadvisor seeks to identify higher quality companies by focusing on the following attributes: attractive business fundamentals, financially strong, experienced, motivated company management, and exhibiting high and/or consistently improving market position, return on invested capital and operating margins. Under normal market conditions, the Fund expects to invest in approximately 35 to 45 companies.

CHARACTERISTICS & ALLOCATION

As of 12/31/2024

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	44	868	Financials	21.11	23.03
Wtd Avg Market Cap (\$Mil)	205,871.70	171,210.70	Information Technology	15.51	9.24
Median Market Cap (\$Mil)	59,061.00	14,155.00	Industrials	12.37	14.72
Price/Book Ratio	3.15	3.00	Materials	10.50	4.16
Adjusted Trailing P/E Ratio	23.50	23.10	Health Care	9.83	14.20
% EPS Growth - Past 3 Yr	8.70	17.60	Consumer Discretionary	9.47	6.25
Est 3-5 Yr EPS Growth Rate (%)	9.20	9.60	Utilities	6.63	4.62
Return on Equity (%)	14.44	16.26	Consumer Staples	5.76	7.95
Beta vs. Fund Benchmark	1.04		Energy	3.86	6.70
Forecasted P/E Ratio	19.40	19.50	Communication Services	2.15	4.34
			Real Estate	1.57	4.65

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Parker-Hannifin Corp.	4.57	0.33	Banks	9.45	7.47
Ameriprise Financial Inc.	3.87	0.02	Software	9.09	1.22
Microsoft Corporation	3.75	0.00	Machinery	8.10	3.56
Capital One Financial	3.18	0.28	Chemicals	7.82	2.23
Lennar Corporation Class A	2.99	0.13	Capital Markets	6.31	5.37
Corteva Inc.	2.96	0.16	Household Durables	5.57	0.82
ANSYS Inc.	2.75	0.12	Semiconductors	4.34	3.09
Martin Marietta Materials	2.68	0.12	Oil Gas & Consumables	3.86	6.14
Adobe Inc.	2.59	0.00	Beverages	3.59	1.04
Atmos Energy Corporation	2.55	0.09	Health Care Equip	3.44	3.34
Total	31.89	1.25	Total	61.57	34.28

Market Capitalization		
		Portfolio %
Large	Above 25.0B	80.16
	10.0B - 25.0B	14.36
Mid	5.0B - 10.0B	4.24
	1.0B - 5.0B	0.00
Small	0.0 - 1.0B	0.00

Harbor Large 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	HAVLX	411511603	-4.29%	7.45%	7.45%	3.03%	9.36%	10.78%	10.14%	12/29/87	0.69	0.73
Investor	HILVX	411511744	-4.41%	7.00%	7.00%	2.64%	8.96%	10.37%	9.33%	11/01/02	1.05	1.09
Retirement	HNLVX	411512478	-4.27%	7.49%	7.49%	3.10%	9.44%	10.85%	10.16%	03/01/16	0.61	0.65
Russell 1000® Value Index			-1.98%	14.37%	14.37%	5.63%	8.68%	8.49%	10.38%	12/29/87		

MANAGER COMMENTARY

As of 12/31/2024

“While we delivered strong absolute returns in 2024, our Fund’s relative performance was nevertheless disappointing.”

Aristotle Capital Management, LLC

Market in Review

During the fourth quarter of 2024, the U.S. Federal Reserve (“Fed”) announced two 25 basis point (bps) cuts to the federal funds rate – one in November and December, respectively. The December rate cut marked the third consecutive reduction in 2024 and brought borrowing costs to the 4.25%-4.5% range, in line with expectations. The so-called dot plot indicates that policymakers now anticipate just two rate cuts in 2025, totaling 50 bps, compared to the full percentage point of reductions projected in the previous quarter. The Consumer Price Index (“CPI”) increased 0.3% on a seasonally adjusted basis in November, after rising 0.2% in each of the previous four months. The U.S. economy added 256,000 jobs in December 2024, the most in nine months, following a downwardly revised 212,000 in November and once again beating market forecasts of 160,000. Figures for October were also adjusted, resulting in a combined downward revision of 8,000 for October and November. The labor force participation rate in the United States fell to 62.5% in November 2024, below market expectations of 62.7% and down from 62.6% in October.

The U.S. equity market posted a positive quarter, as the S&P 500 Index gained 2.41%. Concurrently, the Bloomberg US Aggregate Bond Index returned -3.06%. The Russell 1000® Value Index underperformed its growth counterpart by 9.05% during the quarter. The Bloomberg US Treasury Index returned -3.14% as yields rose during the quarter, and the dollar index was up 7.6%, the biggest gain since the first quarter of 2015. On a sector basis, nine of the 11 sectors within the Russell 1000® Value Index finished lower for the quarter, with Financials and Communication Services the only gainers.

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 Large Cap Value Fund



MANAGER COMMENTARY

As of 12/31/2024

Portfolio Performance

During the fourth quarter, the Harbor Large Cap Value Fund (Institutional Class, "Fund") returned -4.29%, underperforming its benchmark, the Russell 1000® Value Index, which returned -1.98%, and underperforming the 2.41% return of the S&P 500 Index.

The Fund's underperformance relative to the Russell 1000® Value Index can be attributed primarily to security selection, while allocation effects also had a slightly negative impact. Security selection in Consumer Discretionary and Information Technology, as well as an overweight in Materials, detracted the most from relative performance. Conversely, security selection in Materials and Financials, as well as an underweight in Health Care, contributed the most to relative performance. (Relative weights are the result of bottom-up security selection.)

Contributors & Detractors

Lennar was the biggest detractor from the Fund's performance during the quarter. The rapid and unexpected increase in mortgage rates resulted in new orders coming in below prior guidance. As the company attempted to offset the impact of higher mortgage rates' on affordability through short-term incentives, gross margins also suffered. Lennar remains committed to its volume-based strategy and plans to continue to use dynamic pricing and digital marketing to drive sales. Longer term, the underlying demand for homes remains very strong, while the chronic supply shortage continues. In addition to focusing on volume, Lennar also continues to execute on the previously identified catalyst of shifting toward an asset-light, land-light business model and remains open to opportunistic acquisitions.

Ameriprise Financial was the top contributor for the quarter. The company benefited from rising equity markets and client inflows, with total assets under management and administration up 22%. Wealth management reported \$8.6 billion in client net inflows during the quarter, bringing its total client assets to a record high, passing the \$1 trillion mark. During our time as shareholders, Ameriprise has continued to execute on its shift toward fee-based, lower capital-intensive financial advice and asset management businesses. Today the advice & wealth management segment, combined with the asset management segment, account for over 80% of the company's revenues. In addition, the company takes pride in its ability to attract and retain financial advisors, providing them with tools and technology that allow them to be more productive and better serve their clients. As a testament to its success, the company boasted a record 21 advisors ranked in the most recent Barron's Top 100 Independent Financial Advisors list. Moreover, we believe the firm's diversified model and strong balance sheet should allow it to continue to invest for future business growth, while returning capital to shareholders over the long term.

Buys & Sells

Consistent with our long-term horizon and low turnover, there were no new purchases or sales completed during the quarter.

Sector Overweights & Underweights

We entered 2024 with our largest overweight allocations in Information Technology and Materials and our largest underweights in Financials and Communication Services. Our process is entirely bottom-up. Positions typically enter the Fund at a high-conviction equal weight (2.5%). A company's weight in a given index/benchmark plays no role in our position sizing. Over/underweights are purely outputs of our bottom-up process. Minimal trading activity resulted in little change to Fund positioning, as we closed out the quarter and year with no changes to the largest overweight allocations and with the largest underweight allocations in the Health Care and Real Estate sectors.

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Harbor Large Cap Value Fund



MANAGER COMMENTARY

As of 12/31/2024

Country Allocation

The Value Equity strategy invests mainly in U.S.-based companies but may allocate up to 20% to American depository receipts ("ADRs").

Outlook

While we delivered strong absolute returns in 2024, our Fund's relative performance was nevertheless disappointing. Despite this, we remain confident in our time-tested investment process and the long-term potential of the businesses in our Fund. Our investment team continuously reassesses each position and its entire value chain to confirm the company's high-quality fundamentals and to reaffirm that the company-specific catalysts we identified remain intact.

QUARTERLY ATTRIBUTION

As of 12/31/2024

Best & Worst Performers

Best Performers	Average Weight %	Return %
CULLEN/FROST BANKERS INC	1.62	20.83
CAPITAL ONE FINANCIAL CORP	3.01	19.49
mitsubishi UFJ FINL-SPON ADR	1.74	15.13
AMERIPRISE FINANCIAL INC	3.77	13.66
BLACKSTONE INC	2.36	13.17

Worst Performers	Average Weight %	Return %
MICROCHIP TECHNOLOGY INC	2.08	-28.08
LENNAR CORP-A	3.46	-27.06
MICHELIN (CGDE)-UNSPON ADR	1.71	-19.08
AMGEN INC	2.44	-18.46
DANAHER CORP	2.27	-17.34

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
CAPITAL ONE FINANCIAL CORP	19.49	0.49
AMERIPRISE FINANCIAL INC	13.66	0.43
CULLEN/FROST BANKERS INC	20.83	0.28
BLACKSTONE INC	13.17	0.25
mitsubishi UFJ FINL-SPON ADR	15.13	0.22
Total		1.66

Greatest Detractors	Return %	Contribution to Return %
LENNAR CORP-A	-27.06	-1.02
MICROCHIP TECHNOLOGY INC	-28.08	-0.64
AMGEN INC	-18.46	-0.45
DANAHER CORP	-17.34	-0.42
ADOBE INC	-14.12	-0.40
Total		-2.93

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Harbor Large Cap Value Fund



ATTRIBUTION

As of 12/31/2024

Quarterly Attribution:
Harbor Large Cap Value Fund vs Russell 1000® Value

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-4.17	-1.98	-2.19
Currency Contribution	0.00	0.00	0.00
Total Return	-4.17	-1.98	-2.19

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	20.26	22.39	-2.14	11.54	7.13	4.41	1.98	1.43	-0.20	0.76	0.56
Materials	10.71	4.43	6.28	-3.26	-11.51	8.25	-0.36	-0.51	-0.62	0.93	0.30
Real Estate	1.60	4.74	-3.15	-5.98	-6.83	0.85	-0.10	-0.33	0.16	0.02	0.17
Utilities	6.47	4.67	1.80	-3.49	-5.97	2.48	-0.22	-0.28	-0.06	0.16	0.09
Energy	3.76	6.85	-3.08	-4.21	-1.56	-2.65	-0.13	-0.07	-0.01	-0.11	-0.11
Health Care	10.26	14.62	-4.36	-15.11	-10.38	-4.73	-1.61	-1.53	0.39	-0.56	-0.17
Industrials	12.46	14.82	-2.36	-3.49	-2.06	-1.43	-0.44	-0.30	-0.01	-0.17	-0.18
Communication Services	2.14	4.30	-2.16	-9.55	2.34	-11.89	-0.21	0.09	-0.09	-0.26	-0.35
Consumer Staples	5.72	7.79	-2.07	-9.58	-2.67	-6.91	-0.57	-0.23	0.01	-0.41	-0.40
Information Technology	15.54	9.18	6.35	-7.07	-0.35	-6.72	-1.12	-0.05	0.10	-1.05	-0.95
Consumer Discretionary	9.75	6.20	3.54	-13.51	-2.66	-10.84	-1.40	-0.18	-0.04	-1.12	-1.15
Total	100.00	100.00	0.00	-4.17	-1.98	-2.19	-4.17	-1.98	-0.37	-1.82	-2.19

Trailing 1 Year Attribution:
Harbor Large Cap Value Fund vs Russell 1000® Value

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	8.14	14.37	-6.23
Currency Contribution	0.00	0.00	0.00
Total Return	8.14	14.37	-6.23

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
Materials	10.78	4.61	6.16	13.76	-0.86	14.62	1.41	0.01	-0.92	1.59	0.67
Health Care	11.01	14.80	-3.79	-1.28	-0.82	-0.46	0.15	0.14	0.63	0.00	0.63
Energy	4.14	7.46	-3.32	0.34	6.01	-5.68	0.11	0.56	0.22	-0.22	0.00
Communication Services	0.62	4.40	-3.78	-7.39	15.11	-22.49	-0.18	0.63	0.10	-0.32	-0.22
Real Estate	2.01	4.72	-2.71	-4.98	6.21	-11.19	-0.29	0.28	0.08	-0.31	-0.23
Utilities	5.66	4.76	0.90	12.49	22.74	-10.25	0.83	1.02	0.13	-0.39	-0.26
Consumer Staples	6.15	7.88	-1.73	7.92	16.00	-8.08	0.63	1.24	-0.03	-0.38	-0.41
Industrials	12.28	14.41	-2.13	13.87	19.27	-5.40	1.65	2.70	-0.10	-0.63	-0.73
Consumer Discretionary	9.53	5.56	3.97	1.70	8.04	-6.35	0.19	0.50	-0.28	-0.64	-0.92
Financials	17.69	22.15	-4.46	28.55	32.09	-3.54	4.40	6.41	-0.63	-0.39	-1.02
Information Technology	18.72	9.25	9.48	-6.20	9.68	-15.88	-0.81	0.89	-0.52	-3.00	-3.53
Total	100.00	100.00	0.00	8.14	14.37	-6.23	8.14	14.37	-1.54	-4.69	-6.23

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

Harbor Large Cap Value Fund



IMPORTANT INFORMATION

Fund 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. Since the Fund typically invests in a limited number of companies, an adverse event affecting a particular company may hurt the Fund's performance more than if it had invested in a larger number of companies. Since the Fund may hold foreign securities, it may be subject to greater risks than funds invested only in the U.S. These risks are more severe for securities of issuers in emerging market regions.

Benchmarks

The Russell 1000® Value Index is an unmanaged index generally representative of the U.S. market for larger capitalization value stocks. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell 1000® Value Index and Russell® are trademarks of Frank Russell Company.

The Bloomberg US Aggregate Bond Index is an unmanaged index of investment-grade fixed-rate debt issues with maturities of at least one year. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

The Bloomberg US Treasury Index is a benchmark that measures the performance of US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury.

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.

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Harbor Large 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.