

HARBOR INTERNATIONAL SMALL CAP FUND

Cedar Street Asset Management LLC

Subadvisor Since 05/23/2019

Total Net Assets - All Classes	\$194,423,946
Equity Assets:	100.23%
Cash & Other Assets Less Liabilities:	-0.23%
Benchmark Name:	MSCI EAFE Small Cap (ND) Index

Portfolio Managers



Jonathan Brodsky



Waldemar Mozes

Investment Philosophy

The Fund invests primarily in equity securities, principally common and preferred stocks and convertible securities, of foreign companies. Under normal market conditions, the Fund invests at least 80% of its net assets, plus borrowings for investment purposes, in the securities of small cap companies. The Subadvisor's investment process utilizes a range of screening and idea sourcing methodologies to shrink the universe of securities to a manageable level. The Subadvisor primarily utilizes bottom-up research to identify companies with attractive valuations, as determined by the Subadvisor, while taking into account macroeconomic considerations.

CHARACTERISTICS & ALLOCATION

As of 12/31/2024

Portfolio Characteristics		
	Portfolio	Benchmark
Number of Holdings	64	2,054
Wtd Avg Market Cap (\$Mil)	2,326.50	3,000.40
Median Market Cap (\$Mil)	1,851.00	1,321.00
Price/Book Ratio	1.38	1.57
Adjusted Trailing P/E Ratio	14.70	17.30
% EPS Growth - Past 3 Yr	9.60	19.20
Est 3-5 Yr EPS Growth Rate (%)	7.10	10.70
Return on Equity (%)	9.11	9.74
Beta vs. Fund Benchmark	0.87	
Forecasted P/E Ratio	12.10	15.60

Top 10 Holdings		
	Portfolio %	Benchmark %
TP ICAP Group plc	2.10	0.09
Construccion y Auxiliar	2.03	0.02
Spin Master Corp	2.00	0.00
Landis+Gyr Group AG	1.89	0.06
Victrex plc	1.89	0.04
METAWATER Co.Ltd.	1.87	0.01
TietoEVRY Oyj	1.86	0.07
Inchcape plc	1.83	0.13
BOC Aviation Limited	1.82	0.00
ASR Nederland N.V.	1.81	0.00
Total	19.10	0.42

Top 10 Industries		
	Portfolio %	Benchmark %
Machinery	10.93	7.06
Electronic Equipment	9.93	3.02
Containers & Packaging	5.21	1.02
Health Care Equip	5.05	1.42
Commercial Serv & Suppl	5.01	1.87
Insurance	4.81	2.16
Chemicals	4.57	3.91
Air Freight & Logistics	3.81	0.77
Distributors	3.64	0.27
Food Products	3.39	2.95
Total	56.35	24.45

Economic Sectors		
	Portfolio %	Benchmark %
Industrials	29.38	23.44
Information Technology	16.17	9.20
Materials	11.42	9.41
Consumer Discretionary	10.64	13.15
Consumer Staples	10.00	5.98
Financials	8.35	12.74
Health Care	8.30	5.67
Communication Services	2.66	4.11
Real Estate	1.80	11.04
Utilities	1.51	2.42
Energy	0.00	2.95

Top 10 Countries		
	Portfolio %	Benchmark %
Japan	31.31	36.82
United Kingdom	17.60	14.45
France	8.51	3.38
Switzerland	6.73	4.27
Belgium	4.63	1.36
Sweden	4.48	5.31
Netherlands	4.25	1.41
Finland	3.59	1.17
Australia	3.03	9.70
Germany	2.97	3.65
Total	87.10	81.52
Emerging Markets	1.84	0.00

Market Capitalization		
		Portfolio %
Large	Above 25.0B	0.00
	10.0B - 25.0B	1.81
Mid	5.0B - 10.0B	6.91
	1.0B - 5.0B	65.91
Small	0.0 - 1.0B	25.63

Harbor International Small Cap 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	HAISX	411512569	-8.24%	-0.77%	-0.77%	-0.21%	4.71%	N/A	6.82%	02/01/16	0.90	1.07
Investor	HIISX	411512544	-8.30%	-1.13%	-1.13%	-0.57%	4.34%	N/A	6.43%	02/01/16	1.26	1.43
Retirement	HNISX	411512536	-8.25%	-0.78%	-0.78%	-0.15%	4.78%	N/A	6.89%	02/01/16	0.82	0.99
MSCI EAFE Small Cap (ND) Index			-8.36%	1.82%	1.82%	-3.25%	2.30%	N/A	5.94%	02/01/16		

MANAGER COMMENTARY

As of 12/31/2024

“As was the case for most of 2024, quantitative factors played a major role during the fourth quarter with momentum continuing to dominate. In our view, this is consistent with the macro-driven theme of perceived U.S. financial asset dominance.”

Cedar Street Asset Management

Market in Review

The most significant financial market reaction in the fourth quarter of 2024 was elicited by the presidential election of Donald Trump and the Republican sweep of Congress. The major U.S. equity indexes reached new all-time highs and helped draw over \$1 trillion in U.S. exchange-traded fund flows for the year. Other signs of speculation include Bitcoin topping \$100,000 for the first time and the U.S. dollar appreciating 8.0% during the quarter as it reached a new multiyear high.

In our view, the market reaction reflects a high degree of optimism that a Trump administration will enact fiscal, regulatory, and trade policies that are expected to generate zero-sum gains for U.S. companies at the expense of everyone else. Consequently, U.S. equities, on most measures, are more expensive now than at nearly any other time except during the dot-com bubble of 1999-2000.

Some degree of optimism seems warranted, in our view, given the backdrop of political turmoil that emerged during the quarter in other major developed economies like Japan, France, Germany, and Canada, while the U.K.’s new political leadership from the Labour Party has, so far, produced underwhelming policies to reinvigorate institutional investors in U.K. equities.

However, in terms of fundamentals, we note that fourth quarter sales and earnings are expected to grow 10% and 19%, respectively, for the MSCI EAFE Small Cap Index (non-U.S. developed markets) versus sales growth of 7% and earnings per share (“EPS”) growth of 6% for the S&P 500 Index. All this is thanks to localized trends like demand from increased tourism in Japan or the nearshoring of supply chains in the aftermath of the COVID pandemic. Despite the robust growth outlook, the MSCI EAFE Small Cap Index trades at a 40% price-to-earnings (“P/E”) discount and 80% book value discount to the S&P 500. We continue to believe in mean reversion as fundamentals and price will eventually reassert themselves.

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 International Small Cap Fund



MANAGER COMMENTARY

As of 12/31/2024

Portfolio Performance

During the fourth quarter, the Harbor International Small Cap Fund (Institutional Class, “Fund”) generated a return of -8.24%. Given the strength of the U.S. dollar in the fourth quarter, it is worth noting that currency headwinds contributed more than 7% of the quarter’s negative return for the Fund and the benchmark based on our estimates.

As was the case for most of 2024, quantitative factors played a major role during the fourth quarter with momentum continuing to dominate. In our view, this is consistent with the macro-driven theme of perceived U.S. financial asset dominance. Given our focus on value-oriented, non-U.S. small-cap equities, the Fund’s holdings did not participate in key factor moves during the quarter but did respond favorably to a number of corporate actions (see “Contributors and Detractors” below).

From a sector perspective, stock selection in Information Technology and Materials, along with allocation effects in Real Estate, were the biggest contributors to the Fund’s performance during the quarter. Stock selection in Industrials and Health Care were the biggest detractors from performance.

From a geographic perspective, stock selection in Japan and the U.K. were the biggest contributors to performance during the quarter. However, stock selection effects in Italy and allocation effects in Belgium were the biggest detractors from performance.

Contributors and Detractors

A common theme among top contributors and detractors during the quarter was the impact of corporate actions.

One of the Fund’s biggest detractors during the quarter was Landis+Gyr, a Swiss smart metering systems manufacturer and service provider. Despite posting solid operating results and a positive growth forecast, Landis’ shares returned -26.84% after it announced a likely move in listing venue from Switzerland to the U.S. to align its shareholder base with its primary operating market. Swiss institutional and retail shareholders have been exiting ahead of the Swiss delisting, exerting significant selling pressure on the share price. We have used recent sentiment to add to our position, as we believe a shift in trading venue could add long-term value to Landis’ shares.

Another top detractor, Illimity, a digital bank in Italy, also reported favorable operating results but disclosed a regulatory review that could potentially impact the company’s capital ratios if the sale of a noncore subsidiary was not closed by year-end. We exited this position rather than risk a potentially unfavorable outcome from a binary event.

One of the biggest contributors to performance in the fourth quarter was Topcon, a Japanese maker of precision electronics used in health care (optometry) and industrial applications. The company had previously attracted activist interest and was rumored to have received takeover proposals from KKR & Co. and EQT AB. We await confirmation of any transaction.

Another top contributor, Direct Line Insurance Group, received a firm takeover offer from its larger U.K. rival, Aviva. Both companies operate in the U.K. automotive and property insurance market. Direct Line had received and rejected a bid from Ageas earlier in 2024. Aviva’s \$4.6 billion offer was accepted by Direct Line management and the board and was superior to the Ageas offer at \$3.9 billion. The transaction provides a reasonable return, in our view.

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Harbor International Small Cap Fund



MANAGER COMMENTARY

As of 12/31/2024

Buys and Sells

During the quarter, we initiated a position in San-A, a Japanese retailer focused on the Okinawa prefecture — aka, “the Hawaii of Japan.” San-A benefits from scale advantages in a market isolated from competition due to the challenges of operating island logistics. San-A’s supermarkets, convenience stores, restaurants, and drug stores are all experiencing growth thanks to increased tourism to the island. The company’s relatively low share price valuation reflects some skepticism about management’s ability to efficiently capture the potential growth opportunity due, in part, to an inefficient capital structure. We believe the new management team is focused on boosting return on equity (“ROE”) and returning capital to shareholders. Even modest improvements could create significant incremental value, in our view.

Aalberts, a Dutch technology infrastructure business, also entered the portfolio in the fourth quarter. The company specializes in mission critical (not commodity) technologies in buildings, transportation systems, and semiconductor manufacturing. Weakness in the building technology segment due to a weak spending environment has created top-line headwinds for the group that have depressed valuations to cyclical-trough levels last seen during the COVID pandemic, in our view. The company expects to revitalize ROE back to mid-teen levels in an effort to optimize its portfolio, which could lead to multiples expansion consistent with previous cycles.

During the quarter, we exited our position in Illimity. Despite solid execution by the operating business units and a well-conceived disruptor strategy, the bank is likely to undergo regulatory scrutiny around the calculation of its capital ratios as it exits some noncore assets. These reviews were announced during the company’s recent quarterly earnings announcement and caught investors off guard. This regulatory risk was not part of our initial investment thesis, and we exited our position.

Sector Underweights and Overweights

Entering the year, the most significant sector overweights were Industrials and Information Technology, and the most significant underweights were Real Estate and Energy. As always, the Fund’s sector allocations are a function of bottom-up stock selection consistent with our value-oriented philosophy and reflect broad opportunities available to us rather than any active sector bet. There were no material changes during the quarter.

Outlook

Non-U.S. developed market, small-cap equities offer a compelling opportunity in 2025 on both an absolute and relative basis, in our view. Trading at 12.5x 2025 earnings, 1.3x book value, and yielding 3.25%, the MSCI EAFE Small Cap Index currently reflects levels typically associated with crisis-era sentiment, such as the global financial crisis or dot-com-bubble period. Despite some political turnover, there is no evidence of systemic risk in major developed economies, in our view. On the contrary, newly elected leaders likely have a mandate to deploy some fiscal dry powder to reinvigorate their local economies.

Following a year of modest earnings growth, 2025 analyst estimates for the MSCI EAFE Small Cap Index call for 8.0% sales and 25% EPS growth as the economic impacts from external events like the Ukraine war in Europe and late-stage COVID closures in Asia recede. The strong U.S. dollar, while not helpful when translating equity prices of non-U.S. assets, has provided a benefit to non-U.S. economies by making their goods cheaper for U.S.-dollar consumers and incentivizing U.S. travelers to vacation abroad in places like Spain, Italy, and Japan.

Meanwhile, the S&P 500 trades at 22x 2025 earnings, 5.1x book value, and yields 1.27% — levels that, on a relative basis, have never been higher compared to non-U.S. small caps. Given the earnings growth of the Magnificent Seven driven investment cycle, relative political stability, a still dovish central bank, and leading gross-domestic-product (“GDP”) growth among major developed economies, some of this premium seems warranted.

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Harbor International Small Cap Fund

QUARTERLY ATTRIBUTION

As of 12/31/2024



Best & Worst Performers

Best Performers	Average Weight %	Return %
TOPCON CORP	1.25	67.16
DIRECT LINE INSURANCE GROUP	1.63	27.22
ANRITSU CORP	1.32	18.06
SINGAPORE POST LTD	1.69	7.81
NABTESCO CORP	1.33	4.77

Worst Performers	Average Weight %	Return %
TINEXTA SPA	1.17	-38.09
ILLIMITY BANK SPA COMMON STOCK	0.90	-34.79
MERSEN	1.29	-32.70
LANDIS + GYR GROUP AG	1.78	-31.91
ARJO AB - B SHARES	1.56	-25.62

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
TOPCON CORP	67.16	0.90
DIRECT LINE INSURANCE GROUP	27.22	0.55
ANRITSU CORP	18.06	0.23
SINGAPORE POST LTD	7.81	0.13
VICTREX PLC	3.36	0.13
Total		1.93

Greatest Detractors	Return %	Contribution to Return %
LANDIS + GYR GROUP AG	-31.91	-0.67
TINEXTA SPA	-38.09	-0.57
ILLIMITY BANK SPA COMMON STOCK	-34.79	-0.53
MERSEN	-32.70	-0.52
ARJO AB - B SHARES	-25.62	-0.44
Total		-2.73

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Harbor International Small Cap Fund



ATTRIBUTION

As of 12/31/2024

Quarterly Attribution:

Harbor International Small Cap Fund vs MSCI EAFE Small Cap (ND) Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-0.75	-0.63	-0.13
Currency Contribution	-7.02	-7.74	0.72
Total Return	-7.77	-8.36	0.59

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	14.92	9.05	5.87	-2.62	-8.74	6.12	-0.29	-0.79	-0.03	0.92
Real Estate	1.83	11.11	-9.27	-3.72	-13.76	10.05	-0.05	-1.58	0.52	0.19	0.71
Materials	11.90	9.52	2.37	-7.34	-12.21	4.87	-0.87	-1.19	-0.08	0.57	0.50
Consumer Discretionary	11.21	12.82	-1.61	-4.19	-5.95	1.76	-0.42	-0.73	-0.05	0.19	0.14
Utilities	1.34	2.50	-1.16	-7.31	-10.64	3.33	-0.10	-0.28	0.03	0.04	0.07
Consumer Staples	8.63	6.34	2.29	-9.09	-10.02	0.93	-0.74	-0.65	-0.04	0.09	0.06
Energy	0.00	2.91	-2.91	0.00	-9.54	9.54	0.00	-0.28	0.04	0.00	0.04
Communication Services	2.49	3.78	-1.30	-11.87	-6.82	-5.06	-0.33	-0.26	-0.02	-0.13	-0.15
Financials	9.23	12.69	-3.45	-1.73	-0.41	-1.33	-0.13	-0.03	-0.24	-0.14	-0.38
Health Care	8.31	5.74	2.58	-15.28	-11.00	-4.28	-1.37	-0.65	-0.06	-0.39	-0.45
Industrials	28.23	23.54	4.69	-12.01	-8.16	-3.85	-3.50	-1.92	0.01	-1.08	-1.06
Total	100.00	100.00	0.00	-7.77	-8.36	0.59	-7.77	-8.36	0.31	0.28	0.59

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Harbor International Small Cap Fund



ATTRIBUTION

As of 12/31/2024

Quarterly Attribution:

Harbor International Small Cap Fund vs MSCI EAFE Small Cap (ND) Index

Country 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
Japan	28.80	36.14	-7.34	-0.44	-5.95	5.51	0.18	-2.05	-0.15	1.56	1.40
Australia	3.15	9.78	-6.63	-8.28	-13.67	5.39	-0.26	-1.39	0.38	0.17	0.55
United Kingdom	16.93	14.84	2.08	-7.20	-9.53	2.33	-1.13	-1.45	-0.02	0.40	0.38
Canada	2.88	0.00	2.88	-0.03	0.00	-0.03	0.01	0.00	0.23	0.00	0.23
Singapore	3.45	2.38	1.08	-2.84	-8.73	5.89	-0.09	-0.22	0.00	0.21	0.20
Hong Kong	2.74	1.63	1.11	-2.60	-5.58	2.98	-0.11	-0.09	0.03	0.06	0.09
Netherlands	3.24	1.41	1.83	-6.81	-11.09	4.28	-0.26	-0.16	-0.06	0.12	0.06
China	1.90	0.00	1.90	-6.15	0.00	-6.15	-0.11	0.00	0.05	0.00	0.05
Denmark	1.76	1.89	-0.13	-9.05	-11.24	2.19	-0.17	-0.22	0.00	0.04	0.04
Norway	0.00	2.26	-2.26	0.00	-9.58	9.58	0.00	-0.22	0.03	0.00	0.03
Luxembourg	0.00	0.15	-0.15	0.00	-18.76	18.76	0.00	-0.03	0.02	0.00	0.02
Austria	0.00	0.95	-0.95	0.00	-9.59	9.59	0.00	-0.09	0.01	0.00	0.01
Spain	1.88	1.74	0.15	-9.17	-9.14	-0.02	-0.19	-0.16	0.00	0.01	0.01
Ireland	0.00	0.28	-0.28	0.00	-10.07	10.07	0.00	-0.03	0.00	0.00	0.00
Malta	0.00	0.01	-0.01	0.00	-1.81	1.81	0.00	0.00	0.00	0.00	0.00
Finland	3.34	1.21	2.14	-12.33	-16.91	4.58	-0.42	-0.22	-0.18	0.16	-0.02
New Zealand	0.00	0.72	-0.72	0.00	-6.88	6.88	0.00	-0.04	-0.02	0.00	-0.02
Portugal	0.00	0.32	-0.32	0.00	-2.43	2.43	0.00	-0.01	-0.02	0.00	-0.02
Germany	2.67	3.76	-1.09	-13.10	-10.60	-2.51	-0.39	-0.42	0.03	-0.07	-0.05
Belgium	4.57	1.33	3.25	-14.57	-16.60	2.03	-0.72	-0.23	-0.27	0.11	-0.16
Sweden	4.54	5.24	-0.71	-18.69	-13.95	-4.74	-0.91	-0.77	0.04	-0.24	-0.20
Switzerland	6.31	4.32	2.00	-15.55	-13.57	-1.98	-1.04	-0.61	-0.11	-0.13	-0.24
France	7.86	3.30	4.56	-13.41	-10.74	-2.67	-1.09	-0.37	-0.09	-0.23	-0.32
Israel	0.00	3.12	-3.12	0.00	16.20	-16.20	0.00	0.47	-0.67	0.00	-0.67
Italy	2.08	3.23	-1.16	-38.45	-1.91	-36.54	-1.10	-0.07	-0.06	-0.97	-1.03
Cash	1.91	0.00	1.91	0.31	0.00	0.31	0.02	0.00	0.22	0.00	0.22
Total	100.00	100.00	0.00	-7.77	-8.36	0.59	-7.77	-8.36	0.38	0.21	0.59

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

Harbor International Small Cap Fund



ATTRIBUTION

As of 12/31/2024

Trailing 1 Year Attribution:

Harbor International Small Cap Fund vs MSCI EAFE Small Cap (ND) Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	7.07	9.80	-2.73
Currency Contribution	-6.58	-7.98	1.40
Total Return	0.49	1.82	-1.33

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	9.89	9.43	0.46	8.16	-6.58	14.74	0.66	-0.67	-0.01	1.45
Real Estate	1.66	10.59	-8.93	14.05	-8.65	22.71	0.34	-0.99	1.00	0.43	1.43
Communication Services	2.82	3.83	-1.01	12.95	0.24	12.71	0.45	0.00	0.01	0.44	0.45
Health Care	7.19	5.88	1.31	4.43	-2.62	7.05	0.15	-0.15	-0.07	0.44	0.37
Consumer Discretionary	11.74	12.75	-1.02	6.43	3.26	3.17	0.74	0.38	-0.05	0.38	0.33
Energy	0.00	3.13	-3.13	0.00	-5.67	5.67	0.00	-0.15	0.24	0.00	0.24
Utilities	1.58	2.50	-0.92	7.63	3.43	4.20	0.27	0.07	0.03	0.15	0.18
Consumer Staples	8.32	6.38	1.94	0.35	0.70	-0.35	0.13	0.03	-0.03	0.15	0.12
Financials	11.01	12.67	-1.67	19.53	19.77	-0.24	2.25	2.36	-0.23	0.00	-0.23
Information Technology	15.29	9.57	5.72	-11.40	-4.78	-6.63	-1.78	-0.36	-0.43	-1.16	-1.59
Industrials	28.34	23.26	5.08	-9.43	5.74	-15.17	-2.83	1.29	0.21	-4.43	-4.22
Total	100.00	100.00	0.00	0.49	1.82	-1.33	0.49	1.82	0.82	-2.14	-1.33

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Harbor International Small Cap Fund



ATTRIBUTION

As of 12/31/2024

Trailing 1 Year Attribution:

Harbor International Small Cap Fund vs MSCI EAFE Small Cap (ND) Index

Country 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
United Kingdom	17.09	15.02	2.07	10.02	5.01	5.01	1.79	0.77	0.12	0.79	0.91
Australia	3.52	9.45	-5.93	13.91	-1.65	15.55	0.51	-0.25	0.28	0.57	0.86
Belgium	4.46	1.33	3.14	7.19	-14.19	21.38	0.33	-0.21	-0.43	0.92	0.49
Germany	2.82	4.19	-1.37	-16.12	-18.27	2.15	-0.47	-0.83	0.32	0.11	0.43
Hong Kong	2.73	1.52	1.21	1.76	0.02	1.74	0.23	-0.03	-0.03	0.26	0.23
France	7.81	3.60	4.21	-5.94	-17.10	11.15	-0.32	-0.65	-0.82	1.01	0.19
Ireland	0.24	0.30	-0.06	17.44	-1.00	18.44	0.17	0.00	0.09	0.10	0.18
Canada	3.30	0.00	3.30	7.11	0.00	7.11	0.23	0.00	0.14	0.00	0.14
China	1.81	0.00	1.81	7.98	0.00	7.98	0.12	0.00	0.12	0.00	0.12
Singapore	3.22	2.20	1.02	4.74	2.84	1.91	0.11	0.04	0.00	0.07	0.07
New Zealand	0.00	0.68	-0.68	0.00	-6.11	6.11	0.00	-0.04	0.04	0.00	0.04
Japan	26.14	34.94	-8.80	4.03	4.37	-0.34	1.36	1.43	-0.20	0.22	0.03
Switzerland	5.53	4.40	1.14	-3.25	-5.94	2.69	-0.31	-0.27	-0.10	0.12	0.02
Norway	0.00	2.37	-2.37	0.00	0.64	-0.64	0.00	0.05	0.01	0.00	0.01
Austria	0.00	0.96	-0.96	0.00	0.44	-0.44	0.00	0.02	0.01	0.00	0.01
Luxembourg	0.00	0.18	-0.18	0.00	-4.93	4.93	0.00	0.00	0.01	0.00	0.01
Malta	0.00	0.08	-0.08	0.00	35.10	-35.10	0.00	0.03	-0.02	0.00	-0.02
Spain	2.88	1.85	1.03	6.59	14.62	-8.03	0.29	0.31	0.23	-0.28	-0.05
Portugal	0.00	0.33	-0.33	0.00	19.93	-19.93	0.00	0.06	-0.05	0.00	-0.05
Netherlands	3.26	1.48	1.79	-9.43	-5.52	-3.91	-0.32	-0.07	-0.10	-0.18	-0.28
Denmark	1.74	2.14	-0.40	-3.27	10.89	-14.16	-0.08	0.31	-0.02	-0.26	-0.28
Finland	3.39	1.23	2.16	-16.14	-4.94	-11.20	-0.54	-0.06	-0.14	-0.41	-0.54
Israel	0.00	2.91	-2.91	0.00	27.75	-27.75	0.00	0.77	-0.70	0.00	-0.70
Sweden	5.21	5.53	-0.32	-14.44	-2.33	-12.11	-0.72	-0.08	0.09	-0.80	-0.71
Italy	2.71	3.34	-0.64	-55.28	15.82	-71.10	-2.01	0.52	-0.07	-2.49	-2.56
Cash	2.16	0.00	2.16	9.39	0.00	9.39	0.12	0.00	0.15	0.00	0.15
Total	100.00	100.00	0.00	0.49	1.82	-1.33	0.49	1.82	0.25	-1.57	-1.33

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

Harbor International Small 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. Investing in international and emerging markets poses special risks, including potentially greater price volatility due to social, political and economic factors, as well as currency exchange rate fluctuations. These risks are more severe for securities of issuers in emerging market regions. Stocks of small cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

Benchmarks

The MSCI EAFE Small Cap (ND) Index is an equity index which captures small cap representation across developed market countries around the world, excluding the U.S. and Canada. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

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

Disclosures

All holdings-related data is provided by FactSet. Because FactSet relies on external sources for its data, that data may differ slightly from actual values maintained by Harbor Funds.

Due to the security valuation procedures of the Fund and intra-day trading activity not included in the FactSet calculations, the actual returns may vary. From time to time the cash return in the portfolio may appear distorted based on the way FactSet's attribution calculation methodology addresses delayed settlements.

Beta is a rolling three year, unless the Fund has a track record of less than three years, in which case it is a rolling one year.

Best and Worst Performers sections reflect stocks in the portfolio for the quarter with an average weight of 0.25% or greater.

Views expressed herein are drawn from commentary provided to Harbor by the subadvisor and may not be reflective of their current opinions or future actions, are subject to change without prior notice, and should not be considered investment advice.

This information should not be considered as a recommendation to purchase or sell a particular security. The weightings, holdings, industries, sectors, countries, and returns mentioned may change at any time and may not represent current or future investments.

As a result of changing market conditions, total net asset levels, expenses and other statistics may change at any time and may differ from those shown.

The total amount shown for sector, industries, or country holdings may be greater than 100% because of the inclusion of derivatives and the collateral securities supporting those instruments.

Sector allocations are determined using the Global Industry Classification Standard (GICS), which is a service of Morgan Stanley Capital International (MSCI) and Standard & Poor's (S&P).

Investors should carefully consider the investment objectives, risks, charges and expenses of a fund before investing. To obtain a summary prospectus or prospectus for this and other information, visit harborcapital.com or call 800-422-1050. Read it carefully before investing.

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Harbor International Small 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.