

Harbor Long-Term Growers ETF

Jennison Associates LLC

Subadvisor Since 02/02/2022

Ticker: WINN
CUSIP: 41151J406
Net Expense Ratio: 0.57%
Gross Expense Ratio: 0.57%
Total Net Assets: \$64,787,563
Benchmark Name: Russell 1000® Growth Index

Portfolio Managers



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Investment Philosophy

The Harbor Long-Term Growers ETF (WINN) seeks long-term growth of capital. The Fund invests primarily in equity securities of U.S. companies that the investment team believes will deliver superior long-term growth in revenues and earnings. This strategy employs a proprietary combination of bottom-up, fundamental research and systematic portfolio construction to derive a portfolio of growth stocks that reflects a compelling combination of opportunity, valuation and risk.

The investment team's fundamental research seeks to identify large- and mid- capitalization companies that have superior prospects for long-term growth. The investment team uses systematic portfolio construction to achieve characteristics and risk exposures consistent with the ETF's objectives. Portfolio optimization tools are employed to incorporate the investment team's fundamental growth insights, considering diversification and liquidity risk.

CHARACTERISTICS & ALLOCATION

As of 09/30/2022

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	71	518	Information Technology	35.41	42.70
Wtd Avg Market Cap (\$Mil)	748,419.70	707,916.40	Consumer Discretionary	30.06	16.99
Med Cap - # Stocks (\$Mil)	75,375.00	13,430.00	Health Care	12.64	12.15
Price/Book Ratio	10.44	10.44	Communication Services	8.29	7.57
Adjusted Trailing P/E Ratio	26.40	24.10	Consumer Staples	4.04	5.67
% EPS Growth - Past 3 Yr	22.80	23.00	Financials	3.23	3.03
Return on Equity (%)	28.81	32.07	Industrials	2.09	7.20
Forecasted P/E Ratio	24.00	22.90	Real Estate	1.54	1.61
Proj. Earnings Growth Rate (%)	24.60	17.30	Energy	1.46	1.56
			Utilities	0.00	0.05
			Materials	0.00	1.35

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Apple Inc.	11.22	12.47	Software	14.61	16.13
Microsoft Corporation	10.48	10.28	Tech Hardware Storage	11.22	12.68
Tesla Inc.	8.72	3.98	Internet & Direct Market	8.85	6.09
Amazon.com Inc.	7.13	5.93	Automobiles	8.72	4.02
Alphabet Inc. Class A	5.76	2.95	Interactive Media	6.31	6.36
Eli Lilly and Company	2.43	1.31	It Services	5.92	6.69
Costco Wholesale Corp.	2.24	1.23	Pharmaceuticals	5.45	2.28
Uber Technologies Inc.	2.09	0.26	Hotels Rest & Leisure	3.94	2.18
NVIDIA Corporation Visa Inc. Class A	1.98	1.73	Textiles Apparel & Lux	3.80	0.83
	1.97	1.73	Specialty Retail	3.67	2.89
Total	54.02	41.87	Total	72.49	60.15

Market Capitalization		
		Portfolio %
Large	Above 25.0B	98.32
	10.0B - 25.0B	1.68
Mid	5.0B - 10.0B	0.00
	1.0B - 5.0B	0.00
Small	0.0 - 1.0B	0.00



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Average Annual Returns

	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date
Harbor Long-Term Growers ETF (NAV)	-2.05%	N/A	N/A	N/A	N/A	N/A	-28.26%	02/02/22
Harbor Long-Term Growers ETF (Market)	-1.77%	N/A	N/A	N/A	N/A	N/A	-28.21%	02/02/22
Russell 1000 [®] Growth Index	-3.60%	N/A	N/A	N/A	N/A	N/A	-25.24%	02/02/22

MANAGER COMMENTARY

As of 09/30/2022

“Federal Reserve (Fed) officials reiterated their commitment to fight inflation, dashing hopes of any policy moderation in the near term.”

Jennison Associates LLC

Market in Review

Major stock indices erased their summer gains to close the third quarter at fresh 2022 lows, with year-to-date declines of just over 25% in the S&P 500 Index and more than 30% in the Russell 1000[®] Growth Index. Interest rates continued to move higher, following the third successive 0.75% increase of the federal funds rate in mid-September. The 10-year U.S. Treasury yield closed at 3.83%, an increase of nearly 1.0% for the quarter, which, combined with a declining global growth outlook, drove the U.S. dollar higher against other major currencies.

Federal Reserve (“Fed”) officials reiterated their commitment to fight inflation, dashing hopes of any policy moderation in the near term. While this realization may help hasten the return to market equilibrium, uncertainty about the economy remains elevated and the potential for a slowdown complicates the Fed’s attempt to orchestrate a soft landing.

Year-to-date share price declines reflect an increase in risk aversion and lower price-to-earnings ratios in the face of higher interest rates. Slowing growth and a possible recession are now challenging revenue estimates and profit-margin assumptions. Our continued focus on the fundamental growth prospects for portfolio holdings requires an understanding of the difficulties and uncertainty created by the macroeconomic environment. We have reduced earnings forecasts for several of our holdings in the past few months, reflecting slower growth and U.S. dollar strength.

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. 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.

Shares are bought and sold at market price not net asset value (NAV). A fund’s NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. Market price returns are based upon the closing composite market price and do not represent the returns you would receive if you traded shares at other times.



Portfolio Performance

During the third quarter of 2022, the Harbor Long-Term Growers ETF returned -2.05% (by NAV) and -1.77% (by market price), outperforming its benchmark, the Russell 1000® Growth Index, which returned -3.60%.

Stock selection in the Industrials and Consumer Discretionary sectors, along with an overweight allocation Consumer Discretionary, contributed the most to relative results. Stock selection in the Information Technology sector detracted from relative results.

Contributors & Detractors

Tesla's strong third-quarter performance was driven by demand and a solid second-quarter earnings report, along with record production in August and September, following the lifting of the COVID-19 shutdown at its Shanghai plant.

Uber's strong quarterly performance was driven by the return to offices, resilient price increases, continued revenue expansion for Uber Eats, and increased advertising on its platform app.

Salesforce underperformed during the quarter, in part, due to investor skepticism that its recently stated margin and revenue goals for fiscal year 2026 will be attainable in the current economic environment.

Estée Lauder shares were under pressure following slightly disappointing guidance released in September and on concerns about its exposure to China.

Buys & Sells

Merck was added to the portfolio based on the strength and stability of its diversified business, as well as the growth opportunity provided by its leading position in the immuno-oncology area.

We exited Shopify due to concerns about gross margins and the company's longer-term path to profitability.

Outlook

The Fed continues to tighten policy to combat inflation. Uncertainty about economic growth remains high, as the central bank faces a delicate balancing act to tighten in a slowing economy, while orchestrating a soft landing. The same challenge is being addressed by central banks around the world as tighter liquidity in local economies and the pain caused by the U.S. dollar's surge further cloud the global outlook.

Growth is set to decelerate across Europe, as the winter months will likely feature industrial shutdowns, fuel rationing, and lowered thermostats to offset the loss of Russian gas. Russia's move to formally annex territory in eastern Ukraine leaves seemingly little room for a near-term resolution to the conflict and continues to depress investor sentiment. China is still coming to terms with the impacts of its "zero-COVID" policy, and more lockdowns cannot be ruled out. Policymakers have taken initial steps to alleviate the effects of a mortgage crisis that has embroiled the domestic real estate market, including interest rate reductions to alleviate interest burdens and resuscitate activity.

Most economic slowdowns and recessions in the modern era have occurred under different circumstances from those confronting investors today. Such events have generally led large-cap growth companies to a position of market leadership and financial stability. We see much to be optimistic about from this perspective and in the context of our multiyear investment horizon. Greater clarity on some of the macroeconomic and geopolitical challenges investors face may be necessary, however, before superior fundamentals reassert themselves and share-price leadership is reestablished.

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. 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.



Quarterly Attribution:
Harbor Long-Term Growers ETF vs Russell 1000® Growth Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-1.70	-3.60	1.90
Currency Contribution	0.00	0.00	0.00
Total Return	-1.70	-3.60	1.90

Sector Attribution	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Consumer Discretionary	28.66	16.65	12.01	8.40	6.12	2.28	1.89	0.69	1.10	0.61	1.72
Industrials	1.51	7.07	-5.56	29.52	-1.57	31.09	0.25	-0.18	-0.11	0.37	0.25
Health Care	12.19	11.64	0.55	-3.85	-4.86	1.01	-0.47	-0.49	0.00	0.12	0.12
Communication Services	8.80	7.87	0.93	-9.19	-10.63	1.44	-0.58	-0.74	-0.10	0.14	0.04
Consumer Staples	4.24	5.59	-1.35	-6.86	-6.83	-0.03	-0.33	-0.37	0.07	-0.03	0.04
Materials	0.00	1.36	-1.36	0.00	-4.30	4.30	0.00	-0.06	0.01	0.00	0.01
Utilities	0.00	0.05	-0.05	0.00	-2.72	2.72	0.00	0.00	0.00	0.00	0.00
Energy	1.45	1.45	0.00	0.86	4.31	-3.45	-0.02	0.02	-0.01	-0.05	-0.05
Real Estate	1.64	1.69	-0.05	-14.65	-11.47	-3.18	-0.23	-0.19	0.00	-0.06	-0.06
Information Technology	36.69	43.70	-7.01	-5.98	-5.38	-0.60	-1.97	-2.23	0.13	-0.23	-0.09
Financials	3.02	2.93	0.09	-7.12	-0.84	-6.28	-0.25	-0.05	0.01	-0.20	-0.20
Total	100.00	100.00	0.00	-1.70	-3.60	1.90	-1.70	-3.60	1.21	0.69	1.90

Risks

Investing involves risk, principal loss is possible. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. Harbor ETFs are new and have limited operating history to judge. 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. At times, a growth investing style may be out of favor with investors which could cause growth securities to underperform value or other equity securities.

Benchmarks

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

Disclosures

Expense ratio information is as of the Fund's current prospectus, as supplemented. Gross expenses are the Fund's total annual operating expense.

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.

The mean/median long term growth rate for Projected Earnings Growth Rate is the expected growth over the next 3-5 years calculated by FactSet from data provided by brokers. The Adjusted Trailing P/E (Price/Earnings) Ratio is the closing stock price divided by the sum of the last 12 months actual EPS. The Forecast P/E Ratio is the closing stock price divided by the sum of the next 4 quarters estimated EPS. All P/E, ROE and P/B statistics are calculated as weighted medians.

Return on Equity (ROE) is the measure of a company's net income divided by its shareholders' equity.

Price-to-Book (P/B) Ratio compares a company's market value to its book value. The market value of a company is its share price multiplied by the number of outstanding shares. The book value is the net assets of a company.

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.

The views expressed herein may not be reflective of current opinions, 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.

Jennison Associates LLC is an independent subadvisor to the Harbor Long-Term Growers ETF.

Forside Fund Services, LLC is the Distributor of the Harbor ETFs.

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.