

Harbor Mid Cap Fund

EARNEST Partners LLC

Subadviser Since 12/01/2019

Total Net Assets - All Classes \$58,236,040
Equity Assets: 98.70%
Cash & Other Assets Less Liabilities: 1.30%
Benchmark Name: Russell Midcap® Index

Portfolio Managers



Paul E. Viera

Investment Philosophy

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

CHARACTERISTICS & ALLOCATION

As of 09/30/2021

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	58	830	Information Technology	23.90	18.92
Wtd Avg Market Cap (\$Mil)	26,572.30	23,260.90	Industrials	18.91	15.14
Med Cap - # Stocks (\$Mil)	19,807.00	11,277.00	Financials	13.89	12.46
Price/Book Ratio	3.79	4.52	Health Care	10.40	11.85
Adjusted Trailing P/E Ratio	24.30	27.80	Consumer Discretionary	8.45	12.76
% EPS Growth - Past 3 Yr	19.20	17.30	Materials	7.34	5.17
Return on Equity (%)	13.59	10.61	Real Estate	7.07	7.67
Beta vs. Fund Benchmark	0.86		Energy	4.39	3.86
Forecasted P/E Ratio	19.80	24.50	Communication Services	1.67	4.36
Proj. Earnings Growth Rate (%)	22.10	13.90	Consumer Staples	1.39	3.28
			Utilities	1.29	4.48

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
CBRE Group, Inc. Class	2.92	0.30	Capital Markets	7.91	3.78
Keysight Technologies I	2.70	0.28	Semiconductors	7.60	2.90
D.R. Horton, Inc.	2.64	0.25	Software	7.21	8.26
Republic Services, Inc.	2.63	0.23	Life Sciences Tools	6.44	2.93
Skyworks Solutions, Inc	2.61	0.25	Machinery	5.89	3.77
Darden Restaurants, Inc	2.59	0.18	It Services	4.77	3.55
Bio-Rad Laboratories, I	2.50	0.14	Chemicals	4.48	2.49
Agilent Technologies, I	2.41	0.44	Oil Gas & Consumables	4.39	3.47
ANSYS, Inc.	2.40	0.27	Electronic Equipment	4.32	2.38
Intercontinental Exchan	2.32	0.00	Insurance	4.22	3.71
Total	25.72	2.34	Total	57.23	37.24

Market Capitalization		
		Portfolio %
Large	Above 25.0B	44.27
	10.0B - 25.0B	28.34
Mid	5.0B - 10.0B	21.87
	1.0B - 5.0B	4.20
Small	0.0 - 1.0B	0.00



Trusted Partnerships > Trusted Solutions



Performance & Fund Facts

Share Class	Ticker	CUSIP	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date	Net Expense Ratio %	Gross Expense Ratio %
Institutional	HMCLX	41152P708	-1.36%	11.97%	31.46%	N/A	N/A	N/A	19.13%	12/01/19	0.88	1.13
Investor	HMCNX	41152P880	-1.44%	11.75%	31.10%	N/A	N/A	N/A	18.75%	12/01/19	1.24	1.49
Retirement	HMCRX	41152P609	-1.36%	12.05%	31.52%	N/A	N/A	N/A	19.23%	12/01/19	0.80	1.05
Russell Midcap® Index			-0.93%	15.17%	38.11%	N/A	N/A	N/A	19.19%	12/01/19		

MANAGER COMMENTARY

As of 09/30/2021

“The S&P 500 returned 0.58% and hit record highs during the quarter as investors looked beyond the effects of the coronavirus pandemic and embraced the progress in vaccine rollouts, falling unemployment, and recovering demand into future earnings growth.”

EARNEST Partners LLC

Market in Review

Global equity markets were generally mixed as investors continued to gain confidence in large U.S.-based businesses while higher interest rates and regulatory uncertainty tempered expectations for small-cap and emerging-market equities. The S&P 500 returned 0.58% and hit record highs during the quarter as investors looked beyond the effects of the coronavirus pandemic and embraced the progress in vaccine rollouts, falling unemployment, and recovering demand into future earnings growth.

Value stocks generally outperformed growth stocks as higher interest rates reduced expectations for future earnings growth and investors favored companies with more consistent cash flows. Retail sales continued to rebound even as federal supplemental employment insurance and eviction moratoriums ended. Expanded economic activity supported steady demand for raw materials as automobiles and homes saw continued price increases.

Portfolio Performance

During the third quarter of 2021, the Harbor Mid Cap Fund (Institutional Class, “Fund”) returned -1.36%, underperforming its benchmark, the Russell Midcap® Index, which returned -0.93%.

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.



The U.S. mid-cap equity market, as represented by the Russell Midcap[®] Index, experienced contraction in the third quarter after five consecutive quarters of expansion. Performance for the quarter was characterized by volatility, with five of the 11 sectors in the Index generating positive returns, and with dispersion separating the top performing sector, Financials, (+3.60) from the worst performing sector, Communication Services (-13.56%).

While the Fund marginally underperformed its benchmark, it has posted double-digit absolute returns through the first three quarters of the year, net of fees. EARNEST Partners focuses on high-quality companies that we believe are well-positioned to benefit over the long term.

Contributors & Detractors

Detracting from performance, Global Payments is a leading provider of electronic processing services that enable merchants to accept card, electronic, check, and digital-based payments at the point of sale. The company has well-established relationships with the world's major international card brands and primarily serves small to midsized businesses across industries. Despite beating estimates, shares were down in the quarter as management's update to full-year projections remained unchanged for the second half of year despite an improving macroeconomic backdrop. Second quarter earnings were ahead of consensus estimates by more than 7% and outperformed in each segment of the company's businesses. Global Payments continues to implement its business plan through both organic growth and acquisitions while benefiting from a consolidation in the merchant-acquirer industry. With increasing scale advantages and the persistent adoption of plastic-based transactions, Global Payments should remain a net beneficiary among peers.

Contributing to performance, Bio-Rad Laboratories is a global manufacturer and distributor of life science research and clinical diagnostics products. Bio-Rad shares gained 15.78% for the quarter as the company announced better-than-expected revenue and profitability. Strong demand for its technologies that identify viral infections surged both domestically and internationally as the pandemic persisted with new variants emerging. Even though the diagnostic market is still not operating at pre-pandemic levels, the company continues to see stable topline growth and an improving capital allocation which is improving margins to generate well-above-peer EPS ("earnings per share") growth. Company-specific operational improvements combined with the secular growth story in DNA sequencing should continue to drive revenue and earnings growth through the forecast period.

Buys and Sells

Broadridge Financial Solutions provides investor communications and technology solutions to banks, broker-dealers, mutual funds, and corporate issuers. We believe the market is not giving the company enough credit for growth opportunities over our investment horizon.

Outlook

There were no new themes or trends introduced into the Fund during the quarter. We continue to position the Fund based on the underlying fundamentals of individual companies and the growth prospects relative to what is currently reflected in the stock price.



Best & Worst Performers

Best Performers	Average Weight %	Return %
Albemarle Corporation	2.08	30.20
Continental Resources, Inc.	1.64	21.87
Cimarex Energy Co.	1.79	20.86
Bio-Rad Laboratories, Inc. Class A	2.43	15.78
CBRE Group, Inc. Class A	2.70	13.57

Worst Performers	Average Weight %	Return %
Scotts Miracle-Gro Company Class A	1.27	-23.42
Americold Realty Trust	1.39	-22.67
Activision Blizzard, Inc.	1.77	-18.91
CMC Materials, Inc.	1.81	-18.25
Global Payments Inc.	1.98	-15.85

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
Albemarle Corporation	30.20	0.50
Synopsys, Inc.	8.56	0.45
Cimarex Energy Co.	20.86	0.35
CBRE Group, Inc. Class A	13.57	0.34
Continental Resources, Inc.	21.87	0.34
Total		1.98

Greatest Detractors	Return %	Contribution to Return %
CMC Materials, Inc.	-18.25	-0.38
Skyworks Solutions, Inc.	-13.80	-0.38
Activision Blizzard, Inc.	-18.91	-0.37
Scotts Miracle-Gro Company Class A	-23.42	-0.33
Americold Realty Trust	-22.67	-0.32
Total		-1.78

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Quarterly Attribution:

Harbor Mid Cap Fund vs Russell Midcap® Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-0.94	-0.92	-0.02
Currency Contribution	0.00	0.00	0.00
Total Return	-0.94	-0.92	-0.02

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
Energy	3.43	3.47	-0.04	21.33	0.15	21.18	0.69	-0.02	0.07	0.67	0.74
Communication Services	1.77	4.50	-2.73	-18.91	-13.56	-5.35	-0.37	-0.66	0.38	-0.13	0.26
Health Care	10.38	11.98	-1.60	4.16	0.85	3.31	0.37	0.11	-0.04	0.30	0.26
Consumer Staples	1.31	3.34	-2.03	2.19	-5.18	7.37	0.03	-0.18	0.10	0.10	0.20
Consumer Discretionary	8.12	12.80	-4.68	-1.66	-2.40	0.74	-0.13	-0.30	0.07	0.08	0.14
Materials	7.48	5.37	2.11	-1.59	-2.94	1.35	-0.11	-0.16	-0.03	0.09	0.07
Utilities	1.33	4.58	-3.25	-0.14	-0.39	0.25	0.00	-0.01	-0.01	0.00	-0.01
Industrials	18.93	15.30	3.63	-2.27	-2.39	0.12	-0.43	-0.36	-0.06	0.02	-0.04
Real Estate	7.19	7.64	-0.45	0.02	2.45	-2.43	0.01	0.18	-0.01	-0.17	-0.18
Financials	13.50	12.04	1.46	1.31	3.60	-2.29	0.19	0.40	0.08	-0.28	-0.21
Information Technology	24.81	18.97	5.84	-4.99	0.35	-5.34	-1.18	0.08	0.09	-1.36	-1.27
Cash	1.74	0.00	1.74	0.01	0.00	0.01	0.00	0.00	0.02	0.00	0.02
Total	100.00	100.00	0.00	-0.94	-0.92	-0.02	-0.94	-0.92	0.66	-0.68	-0.02

Trailing 1 Year Attribution:

Harbor Mid Cap Fund vs Russell Midcap® Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	33.28	38.12	-4.84
Currency Contribution	0.00	0.00	0.00
Total Return	33.28	38.12	-4.84

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
Health Care	9.57	12.40	-2.83	46.63	29.59	17.04	4.23	3.86	0.38	1.33	1.71
Energy	2.73	2.96	-0.23	271.75	106.57	165.18	3.47	2.18	-0.25	1.70	1.45
Consumer Staples	1.39	3.69	-2.30	30.12	6.97	23.15	0.47	0.35	0.73	0.30	1.03
Utilities	1.42	4.91	-3.49	-6.37	9.37	-15.74	-0.01	0.65	0.99	-0.29	0.70
Materials	7.21	5.61	1.60	48.73	43.48	5.25	3.07	2.43	0.03	0.16	0.19
Communication Services	1.96	4.84	-2.88	-3.93	26.82	-30.75	-0.02	1.55	0.17	-0.73	-0.56
Financials	13.50	11.62	1.88	50.42	65.31	-14.89	6.60	6.56	0.67	-1.33	-0.67
Consumer Discretionary	7.10	12.09	-4.99	25.15	36.99	-11.84	1.61	4.33	-0.04	-0.68	-0.72
Real Estate	6.73	7.23	-0.50	32.38	47.35	-14.97	1.91	3.15	0.00	-1.01	-1.01
Industrials	18.86	15.44	3.42	26.59	33.98	-7.39	5.19	5.48	-0.24	-1.05	-1.29
Information Technology	25.30	19.20	6.10	23.98	39.36	-15.38	6.75	7.59	-0.20	-2.99	-3.19
Cash	4.22	0.00	4.22	0.05	0.00	0.05	0.00	0.00	-2.50	0.00	-2.50
Total	100.00	100.00	0.00	33.28	38.12	-4.84	33.28	38.12	-0.25	-4.60	-4.85

Risks

There is no guarantee that the investment objective of the Fund will be achieved. Stock markets are volatile and equity values can decline significantly in response to adverse issuer, political, regulatory, market and economic conditions. Stocks of mid cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

Disclosures

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

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 02/28/2022.

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.

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.

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 subadviser and may not be reflective of their current opinions or future actions, are subject to change without prior notice, and should not be considered investment advice.

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

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

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

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

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

EARNEST Partners LLC is an independent subadviser to the Harbor Mid Cap Fund.

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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.