

Harbor Diversified International All Cap Fund

Marathon Asset Management Limited

Subadvisor Since 11/02/2015

Total Net Assets - All Classes \$995,855,215
Equity Assets: 98.64%
Cash & Other Assets Less Liabilities: 1.36%
Benchmark Name: MSCI All Country World Ex. US (ND) Index

Portfolio Managers

Robert Anstey, Justin Hill, Alex Duffy, Neil M. Ostrer
 CFA
 Charles Carter, Nick Longhurst, William J. Arah, Simon Somerville
 Toma Kobayashi

Investment Philosophy

The Fund invests primarily in common and preferred stocks of foreign companies, including those in emerging market countries. The portfolio manager focuses on identifying long-term investment opportunities that can arise as a result of certain capital cycle, or supply-side, conditions. Capital cycle investing is based on the concept that the prospect of high returns will attract excessive capital and competition, and vice versa. The portfolio manager uses fundamental, bottom-up qualitative analysis. Research meetings with company management represent the majority of analytical effort conducted. The Fund typically invests in between 450 to 550 companies across Europe, Japan, the Pacific Basin and emerging markets, and North America. While inherently diversified, a bias towards smaller and mid cap businesses in niche industries, coupled with a particularly long holding period, result in a portfolio that is significantly differentiated from the Fund's benchmark index.

CHARACTERISTICS & ALLOCATION

As of 06/30/2023

Portfolio Characteristics		
	Portfolio	Benchmark
Number of Holdings	343	2,308
Wtd Avg Market Cap (\$Mil)	56,053.50	89,860.10
Median Market Cap (\$Mil)	9,800.00	8,492.00
Price/Book Ratio	2.39	2.32
Adjusted Trailing P/E Ratio	18.20	17.60
% EPS Growth - Past 3 Yr	17.70	22.90
Est 3-5 Yr EPS Growth Rate (%)	10.00	10.80
Return on Equity (%)	16.12	13.94
Beta vs. Fund Benchmark	1.06	
Forecasted P/E Ratio	16.40	16.60

Top 10 Holdings		
	Portfolio %	Benchmark %
AIA Group Limited	1.81	0.49
Novo Nordisk A/S Class	1.66	1.11
BP p.l.c.	1.43	0.43
HDFC Bank Limited Spons	1.43	0.00
Taiwan Semiconductor Ma	1.41	1.89
Fairfax Financial Holdi	1.30	0.07
ASML Holding NV	1.26	1.21
PT Bank Central Asia Tb	1.22	0.14
Roche Holding Ltd Divid	1.17	0.89
Samsung Electronics Co.	1.02	1.09
Total	13.71	7.32

Top 10 Industries		
	Portfolio %	Benchmark %
Banks	11.66	12.25
Insurance	5.88	4.63
Metals & Mining	5.50	3.77
Machinery	4.34	2.16
Oil Gas & Consumables	4.01	5.40
Semiconductors	3.43	4.94
Capital Markets	3.35	2.21
Beverages	3.31	1.79
Hotels Rest & Leisure	3.31	2.05
Pharmaceuticals	2.98	6.33
Total	47.77	45.53

Economic Sectors		
	Portfolio %	Benchmark %
Financials	22.28	20.57
Industrials	21.59	13.12
Consumer Discretionary	11.97	12.13
Information Technology	9.86	11.74
Consumer Staples	8.45	8.55
Materials	8.28	7.74
Health Care	6.88	9.56
Communication Services	4.36	5.59
Energy	4.19	5.45
Real Estate	0.60	2.00
Utilities	0.18	3.22

Top 10 Countries		
	Portfolio %	Benchmark %
United Kingdom	15.95	9.52
Japan	15.14	14.48
Canada	10.26	7.58
France	4.62	8.02
China	4.52	8.04
Denmark	3.87	1.98
Australia	3.74	4.69
India	3.72	4.06
Taiwan	3.65	4.33
Switzerland	3.62	6.50
Total	69.09	69.20
Emerging Markets	21.51	27.52

Market Capitalization		
		Portfolio %
Large	Above 25.0B	49.16
	10.0B - 25.0B	25.08
Mid	5.0B - 10.0B	10.88
	1.0B - 5.0B	14.07
Small	0.0 - 1.0B	0.68



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	HAIDX	411512593	2.96%	9.84%	15.52%	9.82%	4.31%	N/A	5.04%	11/02/15	0.80	0.92
Investor	HIIDX	411512577	2.89%	9.72%	15.11%	9.44%	3.93%	N/A	4.66%	11/02/15	1.16	1.28
Retirement	HNIDX	411512437	3.05%	9.94%	15.62%	9.91%	4.39%	N/A	5.11%	03/01/16	0.72	0.84
MSCI All Country World Ex. US (ND) Index			2.44%	9.47%	12.72%	7.22%	3.52%	N/A	5.07%	11/02/15		

MANAGER COMMENTARY

As of 06/30/2023

"Unfortunately, policy measures to date do not appear to have had the desired impact on bringing core inflation down, and the mood from the European Central Bank, Swiss National Bank, and others is still very much to expect more tightening."

Marathon Asset Management LLP (Marathon-London)

Market in Review

Despite positive and comparatively strong index performance overall, market performance during the second quarter of 2023 was highly variable. While there are outliers each quarter, there is usually a general trend that can be extrapolated with most markets — or at least most developed markets (defined here as those that form part of the MSCI World Index) — moving directionally together. This quarter, 60% of markets generated positive returns and 40% negative returns. If returns were not too far from zero, this would not be too surprising, but they range from -8% to +9% and are well distributed between the extremes, demonstrating an unusual degree of decoupling. The U.S. market, being the largest part of the index and the best-performing developed market (in USD terms), also skewed the overall index return substantially.

When viewed through a style lens, growth appears to have been the only game in town. However, the style only materially outperformed in North America (by c.10%), and there was little difference in Europe. In both Japan and the emerging markets, value stocks materially outperformed. It is worth noting that the skew to growth in the U.S. was comparatively narrow-based and rested on the performance of a familiar handful of very high-performing "tech" stocks, such as NVIDIA and Tesla, with the performance of smaller-growth stocks much more muted. Speaking of capitalization, there was a clear trend in favor of the largest stocks across the developed markets, with large-cap companies materially outperforming their smaller peers. However, the opposite is true in emerging markets where mid- and (particularly) small-cap names outperformed.

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 02/29/2024.

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.



Part of the reason for this variability is likely because the rate of inflation in the U.S. has fallen more rapidly than elsewhere. This has created an expectation that U.S. interest rates may be cut in the near(ish) future (despite Federal Reserve comments to the contrary), whereas rates are likely to continue their upward journey elsewhere for some time to come.

Portfolio Performance

The Harbor Diversified International All Cap Fund (Institutional Class, "Fund") outperformed its benchmark, the MSCI All Country World Ex. US (ND) Index during the second quarter of 2023, largely due to stock selection. Positive contributions from Canada, Pacific ex-Japan, and emerging markets regions were only slightly diluted by small negative contributions from Japan and Europe. Currency was also a positive influence, primarily the overweight allocation to the British pound and Canadian dollar. At the sector level, allocation effects in most sectors were slightly positive, but an overweight allocation to Industrials drove the positive return. Conversely, stock selection within the same sector was negative, as it was in Consumer Discretionary and Energy, however, it was a positive factor in most other sectors and, overall, contributed positively.

Contributors & Detractors

B3 and UniCredit were among the top contributors during the quarter. Late last year, the stock price of the Brazilian stock exchange fell suddenly following the election of the left-leaning Luiz Inácio Lula da Silva. There were fears that the new administration would be anti-business, and the former president was questioning the vote's validity. However, the anti-business fears have proven largely unfounded so far. The election has been validated and supported by the courts, and earnings at the company have been strong. Over the quarter, the B3 share price has risen almost back to the pre-election level.

The Italian market was the strongest performer within the MSCI EAFE Index, as worries about the "far right" government elected in late 2022 gradually fade. Italian bank UniCredit, however, outperformed the market following a statement by the chief executive officer ("CEO") that the business will be able to continue payouts to shareholders at the current rate for at least the next two years. The company has been returning ~60% of annual capital generation through a combination of dividends and share buybacks for some time, which are viewed particularly positively as the company trades at below book value despite strong performance in the two years since the current CEO took the reins.

Viaplay and BP were among the top detractors during the quarter. Swedish streaming service Viaplay fell sharply following a material profit warning that accompanied the resignation of its CEO. The company said it was experiencing "an accelerated deterioration in the operating environment and longer than expected realization of its cost savings program." Along with the Energy sector as a whole, oil major BP underperformed as oil prices continued to decline. The company advised that production would be slightly lower in the second quarter for several reasons including maintenance. Importantly, the announcement stated that the reduction in output was "predominantly in higher-margin regions," implying a disproportionate impact on short-term earnings.

Buys & Sells

During the quarter, Pilbara Minerals was purchased due to positive expectations regarding the company's ownership of a top-tier lithium resource in Australia. We expect that lithium supply growth will struggle to keep up with electric vehicle-driven demand over the next decade, due to a lack of high-grade deposits and the huge economic and environmental challenges of establishing new production capabilities.

Building construction and engineering company Taisei was purchased, as we observed multiple potential avenues for business improvement. Through a stronger focus on returns and better cash allocation, there is scope for corporate governance improvement. Taisei has built up abundant cash over the years, and more cash flow will be generated, as margins are expected to improve into FY3/25 and onward.

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.



Conviction in the Fund's position in South African pharmacy chain Clicks Group has deteriorated as earnings disappointed for several quarters. The holding was sold with capital allocated to higher-conviction names within the Fund. The position in Telstra, an Australian telecommunications company, was sold as shares now appear fully valued, increasing the risk involved in anything but a perfect outcome in terms of margins and return on capital.

Overweights and Underweights

The Fund's sector weightings are a byproduct of our bottom-up stock selection process and thus do not tend to change materially over the course of a quarter.

The largest sector overweight allocations entering the second quarter included Industrials and Financials. These persisted throughout the quarter, with Industrials and Financials remaining the largest overweight allocations.

The largest underweights entering the second quarter included Utilities and Real Estate. These also persisted throughout the quarter, with Utilities and Real Estate remaining the largest underweight allocations.

Country Allocation

The Fund's regional and country weightings are a byproduct of our bottom-up stock selection process and thus do not tend to change materially over the course of a quarter.

Entering the second quarter, the largest overweight allocations were to the U.K. and Canada. At the end of the second quarter, the U.K. and Canada remained the largest overweight allocations.

The largest underweight allocations entering the quarter were to Indonesia and Belgium. At the end of the second quarter, Indonesia remained the largest underweight, accompanied by Finland.

Outlook

Diverging expectations around inflation means that those investors who invest over a shorter horizon behave differently across different markets. From Marathon's perspective, such circumstances can be a source of risk and opportunity.

For example, the quarter was characterized by data surprises in Europe, particularly around inflation, where several releases showed contradictory indicators around headline inflation (generally falling) versus core inflation (not falling and in some cases rising). Unfortunately, policy measures to date do not appear to have had the desired impact on bringing core inflation down, and the mood from the European Central Bank, Swiss National Bank, and others is still very much to expect more tightening. Conversely, the rate of inflation in the U.S. has fallen more rapidly than elsewhere, creating expectations that U.S. interest rates may be cut in the near(ish) future.

Despite increasing inflation in the economy, the Bank of Japan has not begun to raise rates for the country, though it widened the range of rates permitted within its "yield curve control" program in late 2022, which was considered a mild form of monetary tightening. Interest rate differentials have caused the yen to weaken considerably against most currencies and, coupled with improvement in the status of the shareholder in the hierarchy of management concerns, has led to a surge in foreign investment into the market, with several major Japanese indexes reaching 33-year highs during June.



Best & Worst Performers

Best Performers	Average Weight %	Return %
B3 SA - Brasil Bolsa Balcao	0.75	49.49
Localiza Rent A Car SA	0.72	34.83
Air Canada	0.25	33.46
Renesas Electronics Corporation	0.31	30.00
UniCredit S.p.A.	0.73	27.40

Worst Performers	Average Weight %	Return %
Li Ning Company Limited	0.31	-31.09
Zhongsheng Group Holdings Ltd.	0.51	-19.56
African Rainbow Minerals Limited	0.46	-18.97
Capitec Bank Holdings Limited	0.45	-11.48
Chailease Holding Co. Ltd.	0.48	-10.77

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
B3 SA - Brasil Bolsa Balcao	49.49	0.30
Localiza Rent A Car SA	34.83	0.22
UniCredit S.p.A.	27.40	0.18
Fairfax Financial Holdings Limited	12.91	0.16
3i Group plc	20.76	0.14
Total		1.00

Greatest Detractors	Return %	Contribution to Return %
Viaplay Group AB Class B	-77.49	-0.13
Li Ning Company Limited	-31.09	-0.12
Zhongsheng Group Holdings Ltd.	-19.56	-0.12
BP p.l.c.	-6.72	-0.10
African Rainbow Minerals Limited	-18.97	-0.10
Total		-0.56

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Quarterly Attribution:
Harbor Diversified International All Cap Fund vs MSCI All Country World Ex. US (ND) Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	3.79	3.36	0.44
Currency Contribution	-0.73	-0.92	0.19
Total Return	3.06	2.44	0.62

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
	Industrials	20.91	12.93	7.98	5.48	5.49	0.00	1.13	0.70	0.24	0.00
Financials	22.17	20.48	1.69	5.57	4.86	0.71	1.23	0.97	0.05	0.16	0.20
Real Estate	0.58	2.09	-1.51	9.44	-2.50	11.94	0.05	-0.05	0.08	0.07	0.14
Health Care	6.96	9.83	-2.88	2.65	1.49	1.17	0.17	0.14	0.02	0.08	0.10
Communication Services	4.60	5.73	-1.13	-4.58	-4.57	-0.01	-0.21	-0.28	0.08	0.01	0.09
Consumer Staples	9.12	8.87	0.25	0.15	-0.51	0.66	0.02	-0.06	-0.01	0.07	0.06
Information Technology	9.38	11.35	-1.96	7.60	6.19	1.41	0.73	0.73	-0.06	0.11	0.06
Materials	8.48	8.07	0.40	-2.61	-2.73	0.12	-0.22	-0.22	-0.03	0.01	-0.01
Utilities	0.20	3.26	-3.06	11.04	3.66	7.38	0.02	0.12	-0.04	0.01	-0.02
Consumer Discretionary	11.67	11.83	-0.16	1.15	1.62	-0.47	0.13	0.20	0.00	-0.06	-0.06
Energy	4.35	5.56	-1.22	0.47	3.41	-2.93	0.02	0.18	-0.01	-0.13	-0.14
Total	100.00	100.00	0.00	3.06	2.44	0.62	3.06	2.44	0.29	0.33	0.62



Quarterly Attribution:
Harbor Diversified International All Cap Fund vs MSCI All Country World Ex. US (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
China	4.54	8.31	-3.78	-5.95	-9.82	3.87	-0.29	-0.87	0.50	0.19	0.69
Brazil	1.47	1.43	0.04	41.96	20.67	21.29	0.52	0.27	0.01	0.23	0.24
Canada	10.18	7.51	2.67	5.39	3.69	1.71	0.54	0.28	0.03	0.17	0.20
Panama	0.56	0.00	0.56	21.58	0.00	21.58	0.12	0.00	0.11	0.00	0.11
Finland	0.59	0.61	-0.02	1.96	-8.09	10.04	0.02	-0.05	0.00	0.06	0.07
Italy	1.83	1.61	0.22	10.88	8.21	2.67	0.20	0.13	0.02	0.05	0.07
Thailand	0.00	0.57	-0.57	0.00	-8.21	8.21	0.00	-0.05	0.06	0.00	0.06
Ireland	1.79	0.70	1.09	5.72	2.37	3.35	0.09	0.02	0.01	0.05	0.06
Australia	3.81	4.75	-0.95	0.89	0.07	0.82	0.03	0.00	0.02	0.03	0.06
Norway	0.88	0.42	0.46	6.46	-1.00	7.45	0.06	0.00	-0.02	0.07	0.05
Singapore	0.65	0.95	-0.30	-2.51	-5.53	3.02	-0.02	-0.05	0.03	0.02	0.05
Malaysia	0.00	0.39	-0.39	0.00	-8.37	8.37	0.00	-0.03	0.04	0.00	0.04
France	4.99	8.08	-3.09	4.53	3.23	1.30	0.23	0.25	-0.02	0.06	0.04
Belgium	0.10	0.63	-0.53	-10.93	-6.12	-4.80	-0.01	-0.04	0.05	-0.01	0.04
Israel	0.00	0.42	-0.42	0.00	-3.95	3.95	0.00	-0.02	0.03	0.00	0.03
New Zealand	0.09	0.14	-0.05	21.73	-6.01	27.74	0.02	-0.01	0.00	0.02	0.03
Turkey	0.00	0.16	-0.16	0.00	-10.67	10.67	0.00	-0.02	0.02	0.00	0.02
Indonesia	1.16	0.55	0.61	4.59	1.80	2.79	0.05	0.02	0.00	0.02	0.02
Netherlands	2.78	2.93	-0.15	4.57	4.14	0.43	0.13	0.13	0.02	-0.01	0.01
Qatar	0.00	0.25	-0.25	0.00	-2.40	2.40	0.00	-0.01	0.01	0.00	0.01
Spain	1.12	1.67	-0.55	8.24	5.57	2.67	0.09	0.09	-0.01	0.03	0.01
Hong Kong	3.61	1.73	1.88	-0.79	-4.93	4.14	-0.03	-0.08	-0.15	0.16	0.01
Kuwait	0.00	0.23	-0.23	0.00	-0.92	0.92	0.00	0.00	0.01	0.00	0.01
Philippines	0.00	0.19	-0.19	0.00	-1.29	1.29	0.00	0.00	0.01	0.00	0.01
Portugal	0.00	0.14	-0.14	0.00	-1.07	1.07	0.00	0.00	0.01	0.00	0.01
Czech Republic	0.00	0.05	-0.05	0.00	-5.14	5.14	0.00	0.00	0.00	0.00	0.00
Chile	0.00	0.15	-0.15	0.00	2.40	-2.40	0.00	0.00	0.00	0.00	0.00
Egypt	0.00	0.02	-0.02	0.00	3.92	-3.92	0.00	0.00	0.00	0.00	0.00
Germany	3.29	5.57	-2.28	3.10	2.80	0.31	0.10	0.16	-0.01	0.01	0.00
Russian Federation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Colombia	0.00	0.03	-0.03	0.00	11.73	-11.73	0.00	0.00	0.00	0.00	0.00
United States	0.00	0.02	-0.02	0.00	43.16	-43.16	0.00	0.01	-0.01	0.00	-0.01
United Arab Emirates	0.00	0.36	-0.36	0.00	5.80	-5.80	0.00	0.02	-0.01	0.00	-0.01
Hungary	0.00	0.06	-0.06	0.00	24.77	-24.77	0.00	0.01	-0.01	0.00	-0.01
Japan	15.06	14.26	0.81	6.15	6.42	-0.28	0.89	0.90	0.04	-0.05	-0.02
Greece	0.00	0.12	-0.12	0.00	23.85	-23.85	0.00	0.03	-0.02	0.00	-0.02
Austria	0.49	0.12	0.37	-1.94	4.35	-6.29	-0.01	0.01	0.01	-0.03	-0.03
Russia	0.16	0.00	0.16	-14.09	0.00	-14.09	-0.02	0.00	-0.03	0.00	-0.03
Taiwan	3.51	4.22	-0.70	4.21	4.52	-0.31	0.15	0.20	-0.02	-0.01	-0.03
South Korea	1.41	3.38	-1.97	5.64	4.43	1.21	0.08	0.16	-0.05	0.02	-0.03
Mexico	1.82	0.75	1.07	1.98	5.59	-3.61	0.04	0.04	0.03	-0.06	-0.03
Switzerland	3.66	6.60	-2.93	4.48	4.02	0.46	0.15	0.26	-0.05	0.02	-0.04
Poland	0.00	0.22	-0.22	0.00	24.50	-24.50	0.00	0.05	-0.04	0.00	-0.04
Saudi Arabia	0.00	1.14	-1.14	0.00	6.30	-6.30	0.00	0.07	-0.04	0.00	-0.04
Denmark	4.02	2.00	2.02	0.87	1.65	-0.79	0.03	0.03	-0.01	-0.03	-0.05

Past performance is not a guarantee of future results.



Quarterly Attribution:

Harbor Diversified International All Cap Fund vs MSCI All Country World Ex. US (ND) Index

Country Attribution

Peru	0.89	0.07	0.82	-4.72	6.46	-11.19	-0.03	0.00	0.03	-0.10	-0.07
Sweden	1.42	2.14	-0.72	-11.78	-1.18	-10.60	-0.18	-0.02	0.03	-0.16	-0.13
United Kingdom	16.10	9.67	6.43	1.20	2.19	-0.99	0.20	0.21	-0.01	-0.16	-0.17
South Africa	2.66	0.92	1.74	-7.66	-4.92	-2.74	-0.25	-0.05	-0.16	-0.09	-0.25
India	3.79	3.80	0.00	4.47	12.23	-7.76	0.17	0.45	0.00	-0.28	-0.29
Cash	1.59	0.00	1.59	0.56	0.00	0.56	0.01	0.00	-0.05	0.00	-0.05
Total	100.00	100.00	0.00	3.06	2.44	0.62	3.06	2.44	0.53	0.09	0.62



Trailing 1 Year Attribution:

Harbor Diversified International All Cap Fund vs MSCI All Country World Ex. US (ND) Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	16.85	12.59	4.26
Currency Contribution	0.01	0.13	-0.12
Total Return	16.86	12.72	4.14

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	22.46	20.81	1.66	21.67	13.28	8.39	4.80	2.74	0.01	1.85
Real Estate	0.55	2.25	-1.70	21.25	-9.52	30.77	0.11	-0.30	0.43	0.19	0.62
Materials	8.38	8.17	0.22	17.09	10.68	6.42	1.68	1.01	-0.02	0.55	0.53
Communication Services	4.81	5.92	-1.11	4.93	-0.89	5.81	0.25	-0.21	0.19	0.32	0.51
Health Care	6.50	9.71	-3.21	10.99	7.51	3.48	0.81	0.91	0.18	0.25	0.42
Energy	4.54	5.88	-1.34	13.69	9.38	4.31	0.70	0.62	0.03	0.21	0.23
Utilities	0.24	3.30	-3.06	-7.93	7.73	-15.65	-0.03	0.22	0.16	-0.05	0.11
Industrials	20.37	12.57	7.80	20.57	24.82	-4.25	4.17	3.08	0.93	-0.82	0.11
Consumer Staples	9.37	8.94	0.42	9.83	8.85	0.98	0.89	0.81	0.01	0.10	0.11
Consumer Discretionary	11.72	11.58	0.14	13.60	12.88	0.72	1.45	1.37	0.02	0.06	0.08
Information Technology	9.26	10.87	-1.61	23.07	24.29	-1.21	1.96	2.47	-0.19	-0.11	-0.31
Total	100.00	100.00	0.00	16.86	12.72	4.14	16.86	12.72	1.61	2.53	4.14



Trailing 1 Year Attribution:
Harbor Diversified International All Cap Fund vs MSCI All Country World Ex. US (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
China	4.80	8.68	-3.88	-12.68	-17.73	5.05	-0.93	-2.29	1.56	0.25	1.80
Canada	10.22	7.87	2.35	16.42	6.95	9.47	1.75	0.61	-0.12	0.99	0.87
United Kingdom	16.42	9.74	6.68	16.58	13.19	3.39	2.94	1.39	0.06	0.57	0.63
Ireland	1.51	0.64	0.87	69.66	35.25	34.42	0.85	0.20	0.19	0.36	0.55
Peru	0.82	0.07	0.75	51.51	34.02	17.49	0.42	0.03	0.12	0.15	0.27
Italy	1.56	1.52	0.04	65.22	43.26	21.96	0.89	0.62	0.02	0.24	0.26
Mexico	1.36	0.69	0.67	51.39	35.13	16.26	0.63	0.25	0.15	0.10	0.25
Brazil	1.39	1.50	-0.11	53.94	29.81	24.14	0.62	0.41	-0.09	0.31	0.22
Panama	0.40	0.00	0.40	77.32	0.00	77.32	0.26	0.00	0.21	0.00	0.21
Saudi Arabia	0.00	1.21	-1.21	0.00	-1.65	1.65	0.00	-0.04	0.19	0.00	0.19
Switzerland	3.55	6.53	-2.99	19.20	13.34	5.86	0.71	0.93	-0.03	0.21	0.18
Taiwan	3.41	4.13	-0.72	17.29	12.45	4.83	0.41	0.31	0.01	0.17	0.18
Indonesia	1.12	0.56	0.57	27.75	13.20	14.54	0.29	0.06	-0.02	0.16	0.15
Russia	0.12	0.00	0.12	1679.66	0.00	1679.66	0.16	0.00	0.14	0.00	0.14
Denmark	3.75	1.84	1.92	24.41	31.90	-7.48	0.93	0.59	0.33	-0.23	0.10
Finland	0.61	0.63	-0.01	13.16	-1.15	14.31	0.10	0.01	0.01	0.09	0.10
Qatar	0.00	0.29	-0.29	0.00	-15.38	15.38	0.00	-0.06	0.10	0.00	0.10
Israel	0.00	0.47	-0.47	0.00	-4.66	4.66	0.00	-0.02	0.09	0.00	0.09
Malaysia	0.00	0.42	-0.42	0.00	-6.40	6.40	0.00	-0.03	0.09	0.00	0.09
United Arab Emirates	0.00	0.37	-0.37	0.00	-6.06	6.06	0.00	-0.03	0.08	0.00	0.08
Australia	3.92	4.94	-1.02	12.78	11.10	1.69	0.50	0.56	0.01	0.07	0.08
Austria	0.41	0.12	0.29	38.78	18.90	19.88	0.14	0.03	0.02	0.06	0.08
Thailand	0.00	0.59	-0.59	0.00	1.71	-1.71	0.00	0.02	0.07	0.00	0.07
Belgium	0.18	0.63	-0.45	10.54	6.06	4.48	0.04	0.06	0.04	0.01	0.06
Singapore	0.78	0.96	-0.18	12.30	9.98	2.32	0.13	0.10	0.02	0.03	0.05
Kuwait	0.00	0.25	-0.25	0.00	-4.72	4.72	0.00	-0.01	0.05	0.00	0.05
Philippines	0.00	0.21	-0.21	0.00	5.80	-5.80	0.00	0.01	0.01	0.00	0.01
Portugal	0.00	0.14	-0.14	0.00	6.71	-6.71	0.00	0.01	0.01	0.00	0.01
Colombia	0.00	0.04	-0.04	0.00	-5.65	5.65	0.00	0.00	0.01	0.00	0.01
Czech Republic	0.00	0.05	-0.05	0.00	8.67	-8.67	0.00	0.00	0.00	0.00	0.00
New Zealand	0.10	0.13	-0.03	15.05	15.52	-0.47	0.01	0.02	0.00	0.00	0.00
Russian Federation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Egypt	0.00	0.02	-0.02	0.00	27.04	-27.04	0.00	0.01	0.00	0.00	0.00
United States	0.00	0.01	-0.01	-64.07	25.51	-89.58	0.00	0.00	0.00	0.00	-0.01
Cayman Islands	0.00	0.02	-0.02	0.00	18.39	-18.39	0.00	0.01	-0.01	0.00	-0.01
Chile	0.00	0.16	-0.16	0.00	18.07	-18.07	0.00	0.03	-0.01	0.00	-0.01
Hungary	0.00	0.05	-0.05	0.00	48.79	-48.79	0.00	0.03	-0.02	0.00	-0.02
Turkey	0.00	0.14	-0.14	0.00	53.27	-53.27	0.00	0.05	-0.02	0.00	-0.02
Hong Kong	3.70	1.92	1.78	1.02	-7.33	8.35	-0.07	-0.22	-0.38	0.35	-0.03
Greece	0.00	0.09	-0.09	0.00	71.27	-71.27	0.00	0.06	-0.05	0.00	-0.05
Poland	0.00	0.19	-0.19	0.00	36.42	-36.42	0.00	0.07	-0.05	0.00	-0.05
South Korea	1.64	3.33	-1.69	11.08	13.00	-1.92	0.18	0.42	-0.01	-0.05	-0.06
India	4.38	3.98	0.40	11.92	14.16	-2.24	0.56	0.53	0.01	-0.08	-0.07
Norway	1.07	0.47	0.60	-5.60	-8.99	3.38	-0.07	-0.05	-0.15	0.05	-0.10
Netherlands	2.39	2.79	-0.40	29.56	31.34	-1.79	0.67	0.88	-0.05	-0.06	-0.11

Past performance is not a guarantee of future results.



Trailing 1 Year Attribution:

Harbor Diversified International All Cap Fund vs MSCI All Country World Ex. US (ND) Index

Country Attribution

Spain	1.08	1.58	-0.50	22.50	28.97	-6.46	0.25	0.44	-0.06	-0.08	-0.14
Sweden	1.53	2.16	-0.63	5.84	16.60	-10.76	0.17	0.43	-0.01	-0.16	-0.17
Japan	14.85	14.07	0.78	16.34	18.14	-1.80	2.13	2.32	0.03	-0.26	-0.23
South Africa	3.09	1.00	2.10	-2.46	-1.91	-0.55	0.03	0.01	-0.34	0.01	-0.33
France	5.09	7.62	-2.53	29.34	31.74	-2.40	1.55	2.42	-0.42	-0.14	-0.56
Germany	2.95	5.22	-2.27	17.54	28.37	-10.83	0.54	1.55	-0.37	-0.27	-0.64
Cash	1.81	0.00	1.81	3.82	0.00	3.82	0.07	0.00	-0.13	0.00	-0.13
Total	100.00	100.00	0.00	16.86	12.72	4.14	16.86	12.72	1.13	3.01	4.14

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 and mid cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

Marathon-London's assessment of the capital cycle for a particular industry or company may be incorrect. Investing in companies at inopportune phases of the capital cycle can result in the Fund purchasing company stock at pricing levels that are higher than the market dynamics would support and therefore subject the Fund to greater risk that the stock price would decline rather than increase over time.

Benchmarks

The MSCI All Country World Ex. US (ND) Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance in the global developed and emerging markets, excluding the U.S. This unmanaged index does not reflect fees and expenses and is 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.

Marathon Asset Management Limited is an independent subadvisor to the Harbor Diversified International All 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.

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.