

Harbor Capital Appreciation Fund

Jennison Associates LLC

Subadviser Since 05/01/1990

Total Net Assets - All Classes \$41,157,921,745
Equity Assets: 99.99%
Cash & Other Assets Less Liabilities: 0.01%
Benchmark Name: Russell 1000® Growth Index

Portfolio Managers



Spiros "Sig"
Segalas



Kathleen A.
McCarragher



Blair A. Boyer



Natasha Kuhlkin,
CFA

Investment Philosophy

The Fund invests primarily in equity securities, specifically U.S. companies with market capitalizations of at least \$1 billion at the time of purchase. Through rigorous research, visits, and meetings with top management, the portfolio manager knows these businesses intimately, and only invests in those that the portfolio manager believes have: strong balance sheets and earnings performance, sales momentum and growth outlook, high profitability history or potential, unique market position and a capable and committed management team. The Fund stays fully invested in stocks and does not try to time the market, but instead works toward steady investment growth.

CHARACTERISTICS & ALLOCATION

As of 06/30/2021

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	56	499	Information Technology	43.89	44.05
Wtd Avg Market Cap (\$Mil)	627,125.70	795,046.00	Consumer Discretionary	26.58	18.53
Med Cap - # Stocks (\$Mil)	113,087.00	18,721.00	Communication Services	17.10	12.63
Price/Book Ratio	18.01	16.78	Health Care	4.32	9.05
Adjusted Trailing P/E Ratio	55.90	36.90	Industrials	3.61	6.36
% EPS Growth - Past 3 Yr	31.50	31.40	Consumer Staples	3.14	3.88
Return on Equity (%)	22.77	27.44	Financials	1.35	2.29
Beta vs. Fund Benchmark	1.11		Materials	0.00	1.03
Forecasted P/E Ratio	50.10	34.90	Energy	0.00	0.33
Proj. Earnings Growth Rate (%)	26.20	20.40	Utilities	0.00	0.03
			Real Estate	0.00	1.75

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Amazon.com, Inc.	7.23	7.08	It Services	18.07	7.78
Tesla Inc	5.11	2.50	Software	14.82	17.58
Apple Inc.	4.90	10.19	Interactive Media	13.27	10.44
Shopify, Inc. Class A	4.72	0.00	Internet & Direct Market	7.92	7.55
NVIDIA Corporation	4.46	2.27	Textiles Apparel & Lux	6.74	1.23
Microsoft Corporation	4.09	9.68	Semiconductors	6.10	7.54
Facebook, Inc. Class A	3.86	3.94	Automobiles	5.11	2.51
Adobe Inc.	3.41	1.33	Tech Hardware Storage	4.90	10.40
Alphabet Inc. Class A	2.93	3.00	Entertainment	3.83	1.71
Alphabet Inc. Class C	2.82	2.90	Road & Rail	2.72	1.08
Total	43.53	42.89	Total	83.48	67.82

Market Capitalization		
		Portfolio %
Large	Above 25.0B	98.94
	10.0B - 25.0B	1.06
Mid	5.0B - 10.0B	0.00
	1.0B - 5.0B	0.00
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	HACAX	411511504	13.53%	9.68%	43.06%	26.28%	26.48%	18.46%	13.16%	12/29/87	0.67	0.72
Administrative Investor	HRCAX	411511827	13.45%	9.55%	42.69%	25.97%	26.17%	18.17%	13.20%	11/01/02	0.92	0.97
Retirement	HCAIX	411511819	13.43%	9.48%	42.55%	25.82%	26.02%	18.03%	13.03%	11/01/02	1.03	1.08
	HNACX	411512528	13.55%	9.73%	43.18%	26.38%	26.57%	18.51%	13.17%	03/01/16	0.59	0.64
Russell 1000® Growth Index			11.93%	12.99%	42.50%	25.14%	23.66%	17.87%	11.75%	12/29/87		
S&P 500 Index			8.55%	15.25%	40.79%	18.67%	17.65%	14.84%	11.31%	12/29/87		

MANAGER COMMENTARY

As of 06/30/2021

“Corporate profit growth was strong throughout the second quarter, highlighting the expanding recovery across industries and boosting business confidence to its highest level since before the pandemic.”

Jennison Associates LLC

Market in Review

June marked a turning point in the U.S. economic reopening and reflation outlook. Market conjecture about the timing of peak U.S. growth and inflation coincided with a change in tone from the Federal Reserve. The U.S. central bank hinted at a potential reduction in its asset purchase program, with a nod to inflation markers—such as commodities and wages—that have weighed on markets since the beginning of the year. At the same time, prices of several key commodities declined from their peaks earlier in the year, helping to somewhat calm inflation fears. U.S. and global equities rallied on the improving sentiment, with many indexes closing out the first half of 2021 at or near record highs.

Corporate profit growth was strong throughout the second quarter, highlighting the expanding recovery across industries and boosting business confidence to its highest level since before the COVID-19 pandemic. Although U.S. consumer spending remained elevated, the pace began to moderate following reductions in direct payments from the federal government and extended state unemployment benefits.

Other notable market events included the emergence of the Delta variant of COVID-19, resulting in renewed health restrictions and lockdowns in multiple countries and adding to the uncertainty around a global economic reopening. Annual stress tests of U.S. banks generally produced benign-to-positive results, which are likely to lead to increased share buybacks and dividend payouts after a lengthy drought in these areas. Sentiment was also helped by a pared-back U.S. infrastructure spending bill that may result in bipartisan legislation being passed.

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.

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 harborfunds.com or by calling 800-422-1050.



Portfolio Performance

In the second quarter of 2021, the Harbor Capital Appreciation Fund (Institutional Class, “Fund”) returned 13.53%, outperforming its benchmarks, the Russell 1000® Growth Index, which returned 11.93%, and the S&P 500 Index, which returned 8.55%.

All growth benchmark sectors rose, with notable outperformance by the Information Technology and Communication Services sectors. Financials kept pace with the benchmark, while Materials, Consumer Staples, Consumer Discretionary, and Industrials lagged.

The Fund’s Technology holdings outperformed as a key source of returns during the quarter. Positive returns from positioning in Consumer Staples, Communication Services, and Health Care stocks were offset by negative stock selection in Industrials.

Contributors & Detractors

Contributors to relative performance included semiconductor maker Nvidia, which outperformed following another strong earnings report in May. Increasing demand for cloud storage has fueled robust spending by its largest customers and has been a source of high-margin revenue strength. Continued growth in the firm’s large gaming sector business and a growing automotive pipeline are other key factors in our positive outlook for the company.

Shopify also contributed to the Fund’s relative performance. The company is increasingly becoming the chosen provider for companies of all sizes that need a robust e-commerce platform. Its shares rose alongside growing demand for its website development, hosting services, and broadening suite of merchant solutions. We believe Shopify will benefit from the creation of more than four million new businesses last year, many of which have just started their e-commerce presence.

Peloton Interactive detracted from relative returns. Shares have pulled back because of concerns indicating sluggish hardware sales despite high expectations as lockdowns have eased. We are concerned by the company’s response to tragic events involving its treadmills, potentially putting its brand reputation at near-term risk. We exited Peloton during the quarter.

Another detractor was Uber. April was its best month of overall activity since its initial public offering, but its share price weakened during the second quarter. Uber continues to gain market share, and management reiterated that it expects to achieve profitability in the latter half of 2021, both positive indicators. However, this news was overshadowed by a larger-than-expected charge for the company’s U.K. driver reclassification, which fueled concerns about higher regulatory costs and the slow return of drivers in certain large markets, such as New York City. We believe these concerns are likely to abate as investors become more comfortable with Uber’s pricing power while overall labor supply improves through the second half of 2021.

Buys & Sells

We established a position in DocuSign in the second quarter. DocuSign went public in April 2020, and we believe that the company is well positioned for solid topline revenue growth. Its business model is unique and disruptive in the document-signing industry. DocuSign is best known for its innovation in real estate transactions. The company’s technology and innovative processes are being used across a growing number of industries.

We initiated a position in UnitedHealth Group. We believe the company will show robust margin improvement this year and next as COVID-related cost headwinds diminish and consumers revert to doctor visits for preventative health care needs. Margins should also benefit from the company’s improved use of technology in its delivery of services to end users. Demand for services from its four key business units remains strong.

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As noted above, we exited Peloton during the quarter as we were concerned by the company's brand reputation being at near-term risk. Additionally, its shares have declined in tandem with signs signaling diminishing hardware sales, despite high expectations as lockdowns have eased.

We also eliminated Coupa Software from the Fund because we believe that increased competition in the enterprise cost-savings space may be a headwind to meeting earnings expectations.

Outlook

Investors spent much of the first half of 2021 attempting to dissect the equity landscape along themes of growth versus value and economic reopening versus remote work. However, stock price fluctuations during the past two quarters suggest this is a simplistic approach to forecasting the course of equity markets. In our view, corporate profit growth and economic recovery have been constant factors throughout the year, despite changing expectations about their rates of improvement. We believe these fundamental markers provide more nuanced insight into the longer-term path of markets and individual beneficiaries.

The U.S. economic recovery has continued to strengthen; however, labor shortages and costlier goods continue to weigh on the pace of recovery. The Federal Reserve's communications have begun to reflect these concerns, and we believe it is likely to taper asset purchases sooner than might have been expected at the start of this year.

Fiscal stimulus is expected to decline as extended state unemployment benefits expire in September. This should help ease persistent labor shortages. There remains a revenue windfall from the U.S. Treasury to be awarded by state governments to local counties and cities over the balance of 2021. As such, we believe the U.S. public sector is likely to be an unusual source of demand and spending over the medium term.

The pandemic is by no means over, and the Delta variant's spread is affecting the economic reopening outside the U.S. We believe lingering ambiguity surrounding the growth outlook points to continued market volatility ahead, with a positive bias from ongoing upward earnings revisions.

Our fundamental research continues to focus on companies with secular growth opportunities we believe will extend well beyond the COVID-19 pandemic. We believe these companies are poised to offer improving rates of relative growth as the effects of fiscal and monetary stimulus diminish.



Best & Worst Performers

Best Performers	Average Weight %	Return %
NVIDIA Corporation	3.86	49.89
Roblox Corp. Class A	0.47	38.79
CrowdStrike Holdings, Inc. Class A	1.36	37.70
Shopify, Inc. Class A	4.15	32.04
Snap, Inc. Class A	1.57	30.31

Worst Performers	Average Weight %	Return %
Peloton Interactive, Inc. Class A	0.31	-25.49
Guardant Health, Inc.	0.28	-18.92
Airbnb, Inc. Class A Class A	0.44	-18.52
Uber Technologies, Inc.	2.15	-8.05
Coupa Software, Inc.	0.32	-6.07

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
NVIDIA Corporation	49.89	1.73
Shopify, Inc. Class A	32.04	1.32
Amazon.com, Inc.	11.19	0.83
Facebook, Inc. Class A	18.06	0.74
Adobe Inc.	23.20	0.70
Total		5.32

Greatest Detractors	Return %	Contribution to Return %
Peloton Interactive, Inc. Class A	-25.49	-0.17
Uber Technologies, Inc.	-8.05	-0.17
Guardant Health, Inc.	-18.92	-0.10
RingCentral, Inc. Class A	-2.45	-0.10
Coupa Software, Inc.	-6.07	-0.05
Total		-0.59

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 harborfunds.com or by calling 800-422-1050.



Quarterly Attribution:

Harbor Capital Appreciation Fund vs. Russell 1000® Growth

03/31/2021 - 06/30/2021

Performance

	Portfolio	Benchmark	Active
Return ex Currency	13.73	11.94	1.80
Currency Contribution	0.06	0.00	0.06
Total Return	13.79	11.94	1.85

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	43.09	44.27	-1.17	17.84	13.92	3.92	7.60	6.18	-0.02	1.59	1.57
Consumer Staples	3.30	4.33	-1.03	10.76	4.05	6.72	0.35	0.18	0.09	0.21	0.30
Communication Services	17.56	12.26	5.30	15.91	16.21	-0.30	2.76	1.96	0.26	-0.07	0.19
Health Care	3.78	13.35	-9.57	13.09	10.95	2.14	0.52	1.45	0.07	0.10	0.17
Materials	0.00	0.82	-0.82	0.00	3.38	-3.38	0.00	0.03	0.07	0.00	0.07
Financials	1.16	1.95	-0.79	17.03	11.84	5.19	0.19	0.22	0.01	0.06	0.07
Consumer Discretionary	26.67	16.31	10.36	9.51	7.51	2.00	2.52	1.21	-0.47	0.52	0.06
Utilities	0.00	0.02	-0.02	0.00	7.61	-7.61	0.00	0.00	0.00	0.00	0.00
Energy	0.00	0.11	-0.11	0.00	19.46	-19.46	0.00	0.01	0.00	0.00	0.00
Real Estate	0.00	1.76	-1.76	0.00	16.04	-16.04	0.00	0.28	-0.07	0.00	-0.07
Industrials	4.29	4.82	-0.53	-3.80	8.73	-12.54	-0.14	0.41	0.04	-0.53	-0.48
[Cash]	0.14	0.00	0.14	-0.40	0.00	-0.40	0.00	0.00	-0.03	0.00	-0.03
Total	100.00	100.00	0.00	13.79	11.94	1.85	13.79	11.94	-0.03	1.89	1.85

Trailing 1 Year Attribution:

Harbor Capital Appreciation Fund vs. Russell 1000® Growth

06/30/2020 - 06/30/2021

Performance

	Portfolio	Benchmark	Active
Return ex Currency	44.14	42.50	1.64
Currency Contribution	0.20	0.00	0.20
Total Return	44.34	42.50	1.84

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
Consumer Discretionary	26.06	16.44	9.63	66.05	44.71	21.35	15.80	7.45	0.05	4.43	4.48
Consumer Staples	2.94	4.55	-1.60	51.27	24.85	26.42	1.43	1.30	0.23	0.58	0.82
Real Estate	0.23	1.76	-1.53	-9.03	23.43	-32.46	-0.07	0.41	0.23	-0.10	0.13
Materials	0.00	0.82	-0.82	0.00	29.95	-29.95	0.00	0.28	0.07	0.00	0.07
Utilities	0.00	0.02	-0.02	0.00	28.00	-28.00	0.00	0.01	-0.01	0.00	-0.01
Energy	0.00	0.09	-0.09	0.00	76.62	-76.62	0.00	0.05	-0.03	0.00	-0.03
Financials	1.49	1.93	-0.44	21.77	29.15	-7.38	0.31	0.58	-0.03	-0.13	-0.16
Industrials	3.44	4.70	-1.26	39.30	39.11	0.19	1.08	1.90	-0.02	-0.22	-0.24
Information Technology	43.82	44.37	-0.55	44.57	46.48	-1.91	18.88	20.07	-0.02	-0.78	-0.80
Health Care	5.71	13.78	-8.07	3.89	29.02	-25.13	-0.02	4.24	0.68	-1.76	-1.08
Communication Services	16.00	11.56	4.43	45.34	58.15	-12.80	6.93	6.22	0.51	-1.72	-1.21
[Cash]	0.32	0.00	0.32	5.81	0.00	5.81	0.00	0.00	-0.12	0.00	-0.12
Total	100.00	100.00	0.00	44.34	42.50	1.84	44.34	42.50	1.54	0.30	1.84



Trailing 3 Year Attribution:

Harbor Capital Appreciation Fund vs. Russell 1000® Growth

06/30/2018 - 06/30/2021

Performance

	Portfolio	Benchmark	Active
Return ex Currency	105.54	95.98	9.56
Currency Contribution	0.04	0.00	0.04
Total Return	105.58	95.98	9.60

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	22.32	15.32	7.00	152.27	102.85	49.43	31.13	16.11	0.46	7.48	7.94
Information Technology	39.87	38.40	1.47	153.22	143.16	10.06	57.30	51.09	0.95	3.20	4.16
Consumer Staples	3.74	5.01	-1.27	97.15	48.25	48.91	3.67	2.85	0.44	1.50	1.94
Energy	0.20	0.38	-0.18	-21.60	-13.87	-7.72	-0.49	-0.62	0.41	0.27	0.68
Real Estate	0.74	2.14	-1.40	43.78	67.52	-23.74	0.91	1.52	0.30	0.31	0.61
Materials	0.18	1.31	-1.13	-13.80	47.69	-61.49	-0.43	0.65	0.55	-0.14	0.40
Financials	2.42	3.18	-0.76	61.89	56.65	5.24	1.42	1.91	0.05	0.20	0.25
Utilities	0.00	0.01	-0.01	0.00	32.01	-32.01	0.00	0.01	0.09	0.00	0.09
Industrials	4.97	8.51	-3.54	13.20	41.84	-28.64	-1.66	2.54	2.17	-2.60	-0.43
Health Care	9.44	13.91	-4.47	32.24	62.19	-29.95	3.87	9.84	0.43	-1.47	-1.04
Communication Services	15.56	11.83	3.73	64.54	90.42	-25.88	9.80	10.10	-0.30	-4.22	-4.52
[Cash]	0.54	0.00	0.54	13.17	0.00	13.17	0.06	0.00	-0.48	0.00	-0.48
Total	100.00	100.00	0.00	105.58	95.98	9.60	105.58	95.98	5.07	4.52	9.60

Trailing 5 Year Attribution:

Harbor Capital Appreciation Fund vs. Russell 1000® Growth

06/30/2016 - 06/30/2021

Performance

	Portfolio	Benchmark	Active
Return ex Currency	233.72	189.15	44.57
Currency Contribution	0.48	0.00	0.48
Total Return	234.19	189.15	45.05

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	22.67	15.14	7.53	317.47	213.69	103.79	61.21	30.80	0.32	13.99	14.32
Information Technology	36.35	33.59	2.76	396.92	351.02	45.90	111.98	89.74	4.17	7.53	11.70
Communication Services	16.50	12.84	3.66	225.07	184.84	40.23	41.84	24.22	-0.05	9.13	9.09
Consumer Staples	3.74	6.16	-2.42	153.44	54.88	98.55	5.22	3.46	4.98	3.38	8.37
Industrials	4.96	9.74	-4.78	104.10	99.94	4.16	5.36	12.38	2.56	0.88	3.44
Real Estate	0.73	2.34	-1.61	55.11	83.72	-28.60	0.99	1.86	2.14	1.11	3.25
Materials	0.45	2.22	-1.77	5.14	87.41	-82.27	0.08	2.95	1.93	0.21	2.14
Utilities	0.00	0.02	-0.02	0.00	157.77	-157.77	0.00	0.04	0.56	0.00	0.56
Financials	2.86	3.19	-0.33	146.29	147.74	-1.46	4.75	5.36	0.42	-0.01	0.41
Energy	0.91	0.50	0.41	-12.20	-8.07	-4.13	-0.34	-0.40	-1.60	1.55	-0.05
Health Care	10.25	14.27	-4.02	34.58	108.56	-73.98	2.99	18.73	1.15	-8.47	-7.32
[Cash]	0.58	0.00	0.58	7.23	0.00	7.23	0.09	0.00	-0.85	0.00	-0.85
Total	100.00	100.00	0.00	234.19	189.15	45.05	234.19	189.15	15.74	29.31	45.05

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. 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. Since the Fund may hold foreign securities, it may be subject to greater risks than funds invested only in the U.S. These risks are more severe for securities of issuers in emerging market regions.

Disclosures

The Russell 1000[®] Growth Index is an unmanaged index generally representative of the U.S. market for larger capitalization growth stocks. 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. The Russell 1000[®] Growth 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 Harbor fund before investing. To obtain a summary prospectus or prospectus for this and other information, visit harborfunds.com or call 800-422-1050. Read it carefully before investing.

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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.