

Harbor Mid Cap Fund

EARNEST Partners LLC

Subadvisor Since 12/01/2019

Total Net Assets - All Classes \$101,362,698
Equity Assets: 98.18%
Cash & Other Assets Less Liabilities: 1.82%
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 Subadvisor uses a bottom-up investment process, employing fundamental and qualitative criteria to identify individual companies for potential investment in the Fund's portfolio. The Subadvisor 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 06/30/2023

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	60	812	Industrials	25.79	19.02
Wtd Avg Market Cap (\$Mil)	25,444.50	22,264.50	Information Technology	19.82	13.22
Median Market Cap (\$Mil)	15,254.00	10,208.00	Financials	15.53	14.33
Price/Book Ratio	3.29	3.45	Health Care	8.87	11.76
Adjusted Trailing P/E Ratio	23.20	23.50	Materials	7.10	5.95
% EPS Growth - Past 3 Yr	16.30	20.60	Real Estate	6.78	7.88
Est 3-5 Yr EPS Growth Rate (%)	10.80	12.20	Consumer Discretionary	5.37	10.39
Return on Equity (%)	14.61	14.29	Energy	4.61	4.62
Beta vs. Fund Benchmark	0.89		Communication Services	1.78	3.69
Forecasted P/E Ratio	18.60	19.70	Consumer Staples	1.28	3.87
			Utilities	1.25	5.46

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Republic Services Inc.	2.99	0.31	Capital Markets	7.38	4.32
Synopsys Inc.	2.63	0.00	Software	6.52	4.29
Entegris Inc.	2.58	0.16	Aerospace & Defense	6.48	1.52
Darden Restaurants Inc.	2.50	0.20	Semiconductors	5.85	3.13
Keysight Technologies I	2.45	0.30	Insurance	5.80	4.65
CBRE Group Inc. Class A	2.35	0.25	Machinery	4.92	4.76
Masco Corporation	2.29	0.13	Chemicals	4.80	2.93
ANSYS Inc.	2.27	0.29	Electronic Equipment	4.35	2.48
D.R. Horton Inc.	2.13	0.38	Commercial Serv & Suppl	4.00	1.62
Raymond James Financial	2.04	0.20	Life Sciences Tools	3.48	3.05
Total	24.23	2.22	Total	53.58	32.75

Market Capitalization		
		Portfolio %
Large	Above 25.0B	39.00
	10.0B - 25.0B	24.15
Mid	5.0B - 10.0B	27.04
	1.0B - 5.0B	9.81
Small	0.0 - 1.0B	0.00



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	HMCLX	41152P708	3.91%	8.49%	8.16%	12.46%	N/A	N/A	9.39%	12/01/19	0.88	1.00
Investor	HMCNX	41152P880	3.84%	8.35%	7.79%	12.05%	N/A	N/A	9.01%	12/01/19	1.24	1.36
Retirement	HMCRX	41152P609	3.99%	8.58%	8.26%	12.54%	N/A	N/A	9.48%	12/01/19	0.80	0.92
Russell Midcap® Index			4.76%	9.01%	14.92%	12.50%	N/A	N/A	8.14%	12/01/19		

MANAGER COMMENTARY

As of 06/30/2023

"Global equity markets continued their broad rally during the quarter in the wake of favorable CPI data combined with the Fed pausing rate hikes in June, reinforcing investors' expectations that the Fed is near the end of its hiking cycle."

EARNEST Partners LLC

Market in Review

Global equity markets were generally positive during the second quarter of 2023, notching their third consecutive quarter of gains. Investors continued to regain confidence in stocks, buoyed by optimistic inflation data and growing confidence in the wake of the Federal Reserve's ("Fed") handling of economic challenges. The S&P 500 Index rose 8.74% during the quarter, continuing to recover after hitting a drawdown of about 25% in October of last year. The U.S. large-cap market, as represented by the Russell 1000® Index, rose 8.58%. The U.S. mid-cap market, as represented by the Russell Midcap® Index, rose by 4.76%. Small-cap equities, as represented by the Russell 2000® Index, rose 5.29%. International equity markets, as represented by the MSCI All Country World Ex. US (ND) Index, rose by 2.44%. Emerging markets underperformed developed markets as the MSCI Emerging Markets (ND) Index rose by 0.90%, while the MSCI EAFE (ND) Index rose by 3.19% during the quarter.

Global equity markets continued their broad rally during the quarter in the wake of favorable CPI data combined with the Fed pausing rate hikes in June, reinforcing investors' expectations that the Fed is near the end of its hiking cycle. Most major benchmark stock indexes sustained their rally that began in the fourth quarter of last year, and some are up over 10% year to date. Many of the biggest names within the beaten-down Nasdaq-100 Index continued their resurgence, as companies raced to embrace artificial intelligence ("AI") and adjacent technologies, propelling this basket of names to a more than 35% surge this year. Across the market-cap spectrum, companies within the Information Technology, Consumer Discretionary, and Communications Services sectors performed especially well, as both established tech giants and smaller companies are actively engaged in AI research, development, and deployment. Additionally, homebuilders (within the Consumer Discretionary sector) have done especially well, as strong demand and low inventories for housing have overshadowed higher mortgage rates. Energy, Utilities, and Consumer Staples were the laggards during the quarter, as oil prices continued to decline and demand for staples remained muted in the wake of inflationary pressures.

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.



Portfolio Performance

The U.S. equity market, as represented by the Russell Midcap[®] Index, gained about 4.76% during the second quarter of 2023 for a third consecutive quarter of gains, as markets adjusted to higher interest rates and embraced the development and adoption of AI technology. After contracting by more than 2% in the first eight weeks of the quarter, the index gained more than 7% over the final five weeks of the quarter to finish in positive territory. The index's broad recovery was sparked by various market data and a more resilient macroeconomic backdrop despite sustained interest rate increases by the Fed through the first six months of the year. During the quarter, 10 of the 11 sectors in the index generated positive returns. Industrials was the biggest winner for the index, while Utilities was the worst-performing sector, underperforming Industrials by nearly 13% in the wake of declining oil prices and the market's enthusiasm for tech names. The Harbor Mid Cap Fund ("Fund") posted a positive return for the quarter on the back of stock selection in Consumer Discretionary and Information Technology but underperformed the index, net of fees. EARNEST Partners continues to focus on high-quality companies that they believe are well positioned to benefit over the long term, striving for the Fund to outperform the index.

Contributors & Detractors

Contributing to performance was Snap-on Incorporated. Snap-on Inc. is a global leader in manufacturing and distributing high-quality specialized tools, equipment, and diagnostic solutions within the automotive, aviation, construction, mining, and power generation industries. Snap-on shares rose nearly 17% during the quarter, as the company reported earnings that beat consensus estimates by more than 10%, reflecting an increase of 13% on a year-over-year basis. Automotive, manufacturing, and construction markets all experienced growth, which continues to drive strong demand for Snap-on's products. As a market leader in highly specialized tools and diagnostic solutions, we believe Snap-on is well positioned for continued growth. Snap-on has a proven ability to effectively launch products and penetrate industries where the demand for and complexity of diagnostics and repair tools increases, which can bode well for revenue growth. Combined with the continued easing of supply chain disruptions and the resulting input cost pressures, Snap-on has further potential to improve margins and, thereby, grow earnings moving forward.

Detracting from performance was SBA Communications ("SBA"). SBA is a real estate investment trust that engages in the provision of wireless communication infrastructure. SBA is a leader in the leasing of wireless tower space to the likes of AT&T, Sprint, T-Mobile, and Verizon. SBA shares contracted by nearly 11% during the quarter despite beating both consensus revenue and earnings estimates. Management maintained U.S. organic revenue growth guidance despite exceeding those levels in the first quarter, which suggests that this metric will trend lower over the balance of the year. Management did, however, raise guidance for the full year, noting strength in new leases and a favorable foreign exchange environment. SBA benefits from a sticky customer base with high switching costs. As such, SBA has a long-term recurring revenue stream with minimal maintenance capital expenditure requirements. SBA has a proven ability to deploy free cash flow in accretive ways that grow both revenue and earnings, which should bode well for future periods.

Buys and Sells

We sold Syneos Health, as the company was bought out by a strategic partner.

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.

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.



Best & Worst Performers

Best Performers	Average Weight %	Return %
Entegris Inc.	2.22	35.31
D.R. Horton Inc.	1.99	24.85
Woodward Inc.	1.57	22.37
AmerisourceBergen Corporation	1.62	20.53
Applied Materials Inc.	1.42	17.98

Worst Performers	Average Weight %	Return %
Catalent Inc	1.24	-34.01
KeyCorp	1.15	-24.67
Bio-Rad Laboratories Inc. Class A	1.73	-20.86
Spirit AeroSystems Holdings Inc. Class A	1.70	-15.47
Agilent Technologies Inc.	2.00	-12.77

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
Entegris Inc.	35.31	0.79
D.R. Horton Inc.	24.85	0.46
Republic Services Inc.	13.64	0.38
Synopsys Inc.	12.73	0.35
Masco Corporation	16.06	0.34
Total		2.34

Greatest Detractors	Return %	Contribution to Return %
Catalent Inc	-34.01	-0.68
Bio-Rad Laboratories Inc. Class A	-20.86	-0.42
KeyCorp	-24.67	-0.32
Agilent Technologies Inc.	-12.77	-0.30
Sensata Technologies Holding PLC	-9.79	-0.23
Total		-1.95

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Quarterly Attribution:

Harbor Mid Cap Fund vs Russell Midcap® Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	4.21	4.76	-0.55
Currency Contribution	0.00	0.00	0.00
Total Return	4.21	4.76	-0.55

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	18.52	14.44	4.08	9.54	7.30	2.24	2.04	1.08	0.19	0.37	0.56
Utilities	1.38	5.73	-4.35	-6.14	-2.11	-4.03	-0.10	-0.14	0.30	-0.06	0.24
Consumer Discretionary	5.21	12.01	-6.80	14.43	7.36	7.07	0.75	0.78	-0.16	0.34	0.18
Energy	4.59	4.66	-0.07	5.90	1.94	3.96	0.25	0.08	0.00	0.17	0.18
Real Estate	6.43	7.61	-1.18	6.11	3.90	2.21	0.43	0.32	-0.01	0.16	0.15
Consumer Staples	1.34	4.09	-2.75	-3.32	0.61	-3.93	-0.05	0.02	0.12	-0.06	0.06
Communication Services	1.79	3.67	-1.88	-1.51	3.23	-4.73	-0.04	0.12	0.03	-0.09	-0.06
Industrials	25.44	17.50	7.94	7.76	11.07	-3.31	1.97	1.97	0.47	-0.80	-0.32
Materials	7.16	6.03	1.14	-4.70	1.03	-5.72	-0.36	0.04	-0.05	-0.44	-0.48
Financials	16.13	13.28	2.85	0.03	2.94	-2.91	0.01	0.43	-0.03	-0.48	-0.51
Health Care	9.84	11.01	-1.17	-4.81	0.72	-5.53	-0.72	0.06	0.14	-0.73	-0.59
Total	100.00	100.00	0.00	4.21	4.76	-0.55	4.21	4.76	1.06	-1.61	-0.55

Trailing 1 Year Attribution:

Harbor Mid Cap Fund vs Russell Midcap® Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	12.34	14.93	-2.59
Currency Contribution	0.00	0.00	0.00
Total Return	12.34	14.93	-2.59

Sector Attribution	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Financials	16.86	14.26	2.60	9.73	3.00	6.73	2.15	0.54	-0.25	1.26	1.01
Consumer Discretionary	5.31	11.64	-6.33	65.45	27.84	37.61	3.06	2.97	-0.78	1.63	0.84
Utilities	1.41	5.76	-4.35	-9.54	0.81	-10.35	-0.12	-0.04	0.66	-0.16	0.50
Communication Services	1.72	3.79	-2.08	8.27	8.82	-0.55	0.15	0.35	0.15	-0.05	0.10
Consumer Staples	1.42	3.99	-2.57	-10.69	4.99	-15.68	-0.13	0.23	0.26	-0.26	0.00
Real Estate	6.57	7.99	-1.42	-7.39	-1.10	-6.30	-0.23	-0.07	0.34	-0.45	-0.10
Information Technology	17.33	14.05	3.28	20.12	24.00	-3.87	3.92	3.14	0.44	-0.72	-0.28
Energy	4.69	4.95	-0.26	-2.10	10.59	-12.69	-0.31	0.57	-0.18	-0.70	-0.88
Industrials	24.64	16.67	7.97	21.27	33.76	-12.49	5.44	5.22	1.40	-2.71	-1.30
Materials	7.34	6.18	1.15	-6.22	10.84	-17.06	-0.33	0.71	-0.04	-1.32	-1.36
Health Care	9.86	10.72	-0.85	-12.03	10.51	-22.54	-1.37	1.30	0.10	-2.61	-2.52
Total	100.00	100.00	0.00	12.34	14.93	-2.59	12.34	14.93	3.50	-6.09	-2.59

Past performance is not a guarantee of future results.

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.

Benchmarks

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.

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.

EARNEST Partners LLC is an independent subadvisor 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.

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.