Harbor Ares Systematic Convertible Securities Fund

Quarterly Commentary & Attribution

Subadvisor (since 03/01/2023):

Ares Systematic Credit Limited

Portfolio Manager(s):

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Benchmark 1 Name: ICE BofA US Convertible Index
Benchmark 2 Name: ICE BofA US Convertible Ex Mandatory Index

Investment Philosophy:

The Harbor Ares Systematic Convertible Securities Fund invests primarily in convertible securities of U.S. and non-U.S. corporate issuers. Convertible securities are "hybrid" securities that possess both fixed income and equity characteristics. These include corporate bonds, preferred stocks, and other types of securities that are convertible into common stock or its equivalent value. While the Fund has broad discretion to invest in all types of convertible securities, the Fund focuses primarily on investments in convertible bonds. The Fund also focuses primarily on convertible securities of corporate issuers with debt rated below investment grade, commonly referred to as "high yield" or "junk bonds." The Fund invests primarily in U.S. dollar-denominated securities; however, the Fund may invest in securities denominated in other currencies.

Harbor

Harbor Ares Systematic Convertible Securities Fund

PERFORMANCE

As of 06/30/2026

Average Annual Returns

Share Class	Ticker	CUSIP	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Current 30-Day Yield %	Current 30-Day Un-Sub Yield %	Since Inception	Inception Date	Net Expense Ratio %	Gross Expense Ratio %
Institutional	HACSX	411512734	17.27%	21.25%	36.37%	19.90%	8.77%	10.75%	1.04%	0.89%	8.36%	05/01/11	0.71	1.00
Investor	HICSX	411512718	17.11%	21.04%	35.75%	19.44%	8.39%	10.36%	0.72%	0.59%	7.97%	05/01/11	1.05	1.34
Retirement	HNCVX	411512387	17.30%	21.30%	36.36%	20.00%	8.86%	10.85%	1.12%	0.97%	8.42%	03/01/16	0.63	0.92
ICE BofA US Convertible Index			16.78%	21.12%	34.12%	18.20%	7.71%	13.15%			10.80%	05/01/11		
ICE BofA US Convertible Ex Mandatory Index			17.89%	23.08%	36.38%	18.86%	7.58%	13.94%			11.35%	05/01/11		

The Fund's returns achieved during certain periods shown were unusual and an investor should not expect such performance to be sustained.

MANAGER COMMENTARY

As of 06/30/2026

"The current economic picture is stable: low recessionary risk, a cautious U.S. Federal Reserve regaining credibility, and expectations for a decreasing global high-yield default rate."

Ares Systematic Credit Limited

Market in Review

Risk markets posted solid gains during the second quarter of 2026, with U.S. equities up 15.2%, U.S. high yield up 2.5%, and U.S. convertibles up 16.8%. Risk markets started the quarter on strong footing as geopolitical risk in the Middle East stabilized and corporate earnings season showed resilience, with U.S. corporates enjoying buoyant operating margins. Toward quarter-end, weaker sentiment in technology names and record equity issuance events in the sector muted risky asset returns as volatility increased.

Portfolio Performance

During the second quarter, the Harbor Ares Systematic Convertible Securities Fund (Institutional Class, "Fund") returned 17.27%, outperforming its benchmark, the ICE BofA US Convertible Index ("Index"), which returned 16.78%.

Returns from security selection were positive, driven by the Capital Goods, Technology, and Communications sectors. The performance of Ares Systematic Credit's proprietary Fundamental research insights drove the gains in security selection. The strongest returns came in low delta (out-of-the-money) and medium delta convertibles.

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 02/28/2027.

Performance data shown represents past performance and is no guarantee of future results. Fund 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.

Harbor Ares Systematic Convertible Securities Fund

MANAGER COMMENTARY

As of 06/30/2026

Underweights and Overweights

The Fund seeks to be broadly neutral in duration, yield curve, and equity delta exposure versus the Index. During the quarter, the largest sector positions were an overweight to Technology and an underweight to Consumer Cyclicals.

Since a large portion of the convertible bond universe is not rated, the Fund does not have a specific credit-quality bias. Risk continues to be focused on security selection in convertible bonds, with the Fund well matched on delta exposures versus the benchmark. We seek to invest only in index-eligible securities and U.S. dollar securities, and we do not emphasize country selection versus the benchmark.

Outlook

The current economic picture is stable: low recessionary risk, a cautious U.S. Federal Reserve regaining credibility, and expectations for a decreasing global high-yield default rate. Nonetheless, any changes to this relatively benign environment may contribute to increased market volatility that we think would benefit the Fund's opportunity set.

Harbor Ares Systematic Convertible Securities Fund

IMPORTANT INFORMATION

Risks

All investments involve risk including the possible loss of principal. Fixed income securities fluctuate in price in response to various factors, including changes in interest rates, changes in market conditions and issuer-specific events, and the value of your investment in the Fund may go down. There is a greater risk that the Funds will lose money because they invest in below- investment grade fixed income securities and unrated securities of similar credit quality (commonly referred to as “high-yield securities” or “junk bonds”). These securities are considered speculative because they have a higher risk of issuer default, are subject to greater price volatility and may be illiquid. The market for convertible securities is less liquid than the market for non-convertible corporate bonds. There are limitations inherent in every quantitative model. The value of securities selected using quantitative analysis can react differently to issuer, political, market, and economic developments than the market as a whole or securities selected using only fundamental analysis. Because the Funds may invest in securities of foreign issuers, an investment in the Funds is subject to special risks in addition to those of U.S. securities. These risks include heightened political and economic risks, greater volatility, currency fluctuations, higher transaction costs, delayed settlement, possible foreign controls on investment, possible sanctions by government bodies of other countries and less stringent investor protection and disclosure standards of foreign markets.

Benchmarks

The ICE BofA US Convertible Index is a market-capitalization weighted index that tracks the performance of publicly issued US dollar denominated convertible securities of US companies. Convertible securities where the underlying is a basket of equities qualify for inclusion in the index, as do mandatory and convertible preferred securities. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

The ICE BofA US Convertible Ex Mandatory Index is broadly representative of the U.S. convertible securities market, consisting of publicly traded issues, denominated in U.S. Dollars, of all credit qualities, and excluding mandatory (equity-linked) convertibles. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

Disclosures

Effective February 3, 2026, the name of the fund’s subadvisor changed from BlueCove Limited to Ares Systematic Credit Limited. Effective March 1, 2026, the name of Harbor Convertibles Securities Fund changed to Harbor Ares Systematic Convertible Securities Fund. These changes do not affect the fund’s investment objective, strategies, risks, fees, or portfolio management. Please see the Fund's Prospectus for additional information.

Current 30-Day Yields are for the Institutional Class and represent the average annualized income dividend over the last 30 days excluding gains and losses as defined by the SEC. Current 30-Day Yield is the Current 30-Day Subsidized SEC Yield and reflects reimbursements or waivers of fees currently in effect. Current 30-Day Yield-Unsub is the Current 30-Day Unsubsidized SEC Yield and does not reflect reimbursements or waivers of fees currently in effect.

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, expenses and other statistics may change at any time and may differ from those shown.

Definitions

Duration is a commonly used measure of the sensitivity of the price of a debt security, or the aggregate market value of a portfolio of debt securities, to change in interest rates. Securities with a longer duration are more sensitive to changes in interest rates and generally have more volatile prices than securities of comparable quality with a shorter duration.

Effective duration is the sensitivity of a bond's price against the benchmark yield curve.

Delta is the theoretical estimate of how much an option's value may change given a $1 move up or down in the underlying security. The Delta values range from -1 to +1, with 0 representing an option where the premium barely moves relative to price changes in the underlying stock.

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.

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