

Harbor Dividend Growth Leaders ETF

Westfield Capital Management Company, L.P.

Subadvisor Since 04/30/2010

Ticker: GDIV
CUSIP: 41151J703
Net Expense Ratio: 0.50%
Gross Expense Ratio: 0.50%
Total Net Assets: \$160,387,498
Benchmark Name: S&P 500 Index

Portfolio Managers



William A. Muggia

Investment Philosophy

The Harbor Dividend Growth Leaders ETF seeks long-term growth of capital.

Under normal market conditions, the Fund invests at least 80% of its net assets, plus borrowings for investment purposes, in dividend-paying equity securities, principally common and preferred stocks of large capitalization companies with a history of paying dividends or as determined by the Westfield Capital's analysis, the ability to increase dividends in the future.

Westfield Capital uses a bottom-up process to identify companies which meet its fundamental criteria that evaluates companies on earnings, free cash flow generation and return of capital priorities, including dividends and stock buybacks. In constructing the Fund's portfolio, Westfield Capital seeks to identify companies that it believes possess the following quantitative and qualitative characteristics:

- High quality balance sheet;
- Good stewards of capital;
- Consistent free cash flow generation; and
- History of dividend increases.

CHARACTERISTICS & ALLOCATION

As of 03/31/2023

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	45	503	Information Technology	27.69	26.06
Wtd Avg Market Cap (\$Mil)	376,511.60	542,517.90	Health Care	14.86	14.21
Median Market Cap (\$Mil)	101,490.00	30,280.00	Financials	13.58	12.87
Price/Book Ratio	7.15	5.68	Consumer Staples	11.15	7.22
Adjusted Trailing P/E Ratio	24.10	27.60	Industrials	9.64	8.67
% EPS Growth - Past 3 Yr	18.70	22.00	Consumer Discretionary	7.66	10.10
Est 3-5 Yr EPS Growth Rate (%)	10.10	12.20	Real Estate	3.53	2.56
Return on Equity (%)	34.50	23.62	Energy	3.47	4.60
Forecasted P/E Ratio	19.00	21.60	Materials	3.30	2.64
			Communication Services	3.17	8.12
			Utilities	0.00	2.88

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Apple Inc.	5.29	7.14	Semiconductors	8.64	6.43
Microsoft Corporation	4.85	6.25	Insurance	8.62	2.15
UnitedHealth Group Inco	3.70	1.29	Beverages	6.86	1.81
Eli Lilly and Company	3.67	0.79	Software	6.64	9.44
International Business	3.20	0.35	Pharmaceuticals	6.24	4.17
Arthur J. Gallagher & C	3.02	0.12	Tech Hardware Storage	5.29	7.39
PepsiCo Inc.	2.81	0.73	Biotechnology	4.92	2.31
Microchip Technology In	2.80	0.13	Machinery	4.25	1.80
Home Depot Inc.	2.66	0.88	Health Care Providers	3.70	3.05
AbbVie Inc.	2.62	0.82	Residential Reits	3.53	0.34
Total	34.62	18.50	Total	58.69	38.89

Market Capitalization		
		Portfolio %
Large	Above 25.0B	82.89
	10.0B - 25.0B	10.53
Mid	5.0B - 10.0B	5.01
	1.0B - 5.0B	1.58
Small	0.0 - 1.0B	0.00



Average Annual Returns

	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date
Harbor Dividend Growth Leaders ETF (NAV)	1.86%	1.86%	-6.68%	18.05%	10.99%	10.33%	11.19%	04/30/10
Harbor Dividend Growth Leaders ETF (Market)	2.03%	2.03%	-6.60%	18.08%	11.01%	10.34%	11.19%	04/30/10
S&P 500 Index	7.50%	7.50%	-7.73%	18.60%	11.19%	12.24%	12.29%	04/30/10
NASDAQ Dividend Achievers Select Total Return Index	1.67%	1.67%	-3.25%	16.42%	10.92%	11.15%	11.47%	04/30/10

MANAGER COMMENTARY

As of 03/31/2023

“Our focus remains on identifying and investing in quality companies with robust businesses and cash flows that are able to maintain and raise their dividends, even in difficult economic environments.”

Westfield Capital Management Company, L.P.

Market in Review

Equities finished the first quarter of 2023 higher, despite multiple double-digit percentage swings in the indexes throughout the month. After stocks surged in January on the hopes of a more dovish U.S. Federal Reserve (“Fed”) policy and a “soft-landing” coming to pass, indexes reversed course in February as data showed persistent inflation and hawkish Fed commentary. Then, almost 12 months into the tightening cycle, cracks emerged in the banking system, which ultimately led to the collapse of Silicon Valley Bank. Investors flocked to perceived safe-haven segments of the market, most notably into mega-cap Tech, among others. Despite trading in tandem for much of the quarter, large caps diverged rather dramatically in March, outperforming small caps by a wide margin.

Portfolio Performance

During the quarter, the Harbor Dividend Growth Leaders ETF (“ETF”) returned 1.86% (NAV), slightly outperforming the ETF’s style benchmark, the NASDAQ Dividend Achievers Select Total Return Index, which returned 1.67%, and underperforming the ETF’s primary benchmark, the S&P 500 Index, which returned 7.50%.

From a sector perspective, relative weakness within Consumer Discretionary, Financials, and Energy offset relative strength within Industrials, Health Care, and Information Technology.

The relative performance during the quarter was partially due to a combination of stock-specific weakness and a common factor headwind. From a factor perspective, the Fund’s overweight to momentum, leverage, and dividend yield, and underweight to growth was a headwind.

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. 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.

ETF performance prior to 5/23/22 is attributable to the Westfield Capital Dividend Growth Mutual Fund, Institutional Share class and/or Westfields private investment vehicle. The historical NAV of the predecessor are used for both NAV and Market Offer Price performance from inception to ETF listing date. Performance periods since GDIV listing date may contain NAV and MOP data of both the newly formed ETF and the predecessor fund performance. Please refer to the Fund prospectus for further details.

Shares are bought and sold at market price not net asset value (NAV). A fund’s NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. Market price returns are based upon the closing composite market price and do not represent the returns you would receive if you traded shares at other times.



Contributors & Detractors

Broadcom, a leading supplier of a broad range of analog and digital semiconductor connectivity solutions, was the top contributor to relative performance over the period. The company has been implementing an impressive cost-cutting program that is driving strong, free cash flow growth, which is boosting the return of capital to shareholders.

Semiconductor company Microchip Technology also positively contributed to relative results during the period. The company has benefited from its diverse exposure to attractive end markets and stands to benefit from the growth around the Internet of Things. We believe its proprietary technologies, loyal customer base, and cross-selling opportunities make it an attractive name within the semiconductor space.

Energy exploration and production companies ConocoPhillips and Devon Energy were the top relative detractors during the quarter. Both companies underperformed after a disappointing fourth quarter, combined with significant pressure on the overall oil sector. Exploration and production companies faced inflationary capex trends this quarter, which weighed on sentiment for the group.

Additionally, ConocoPhillips increased investment in two growth projects, which further reduced cash flow and was not well received among investors. As a result, we decided to exit our position in ConocoPhillips and rotate the capital into other names that we believe have more attractive risk/rewards moving forward. We have maintained our position in Devon Energy as we continue to have conviction in the company, have seen significant insider buying, and believe management can bring its operations and capex guidance back under control.

Buys & Sells

During the quarter, we purchased Cintas, a provider of corporate uniforms, apparel, and supplies. Cintas is a high-quality, defensive compounder that we believe is positioned to outperform during a period of upcoming macro turbulence. We believe that Cintas is uniquely positioned to manage inflation and expand margins through almost any environment.

At the beginning of January, we sold our position in Quest Diagnostics, a diagnostic testing provider. Quest outperformed during the fourth quarter, after reporting third quarter results in October with accelerating base volumes and positive commentary from management increasing investor confidence. Quest also benefited from investors' flight to safety due to its strong balance sheet and insulation from broader macro fears. Following the relative outperformance, we decided to exit our position as shares were trading above their five-year historical valuation range.

Outlook

Our focus remains on identifying and investing in quality companies with robust businesses and cash flows that are able to maintain and raise their dividends, even in difficult economic environments. The Fed's rapid tightening cycle has put tremendous pressure on the economy and banking sector, as witnessed most recently with the failure of several regional banks. As the likelihood of a U.S. recession nears certainty, this discipline of investing in companies with durable cash flows, valuation support, and additional yield in the form of dividends becomes even more attractive. However, investing in dividend growth stocks has also proven to be attractive over long periods of time, providing investors with higher returns and lower volatility relative to the broader market (S&P 500) and other dividend strategies. This creates a compelling risk/reward trade-off, especially in this environment.



Best & Worst Performers

Best Performers	Average Weight %	Return % (NAV)
Apple Inc.	4.82	27.11
Microsoft Corporation	4.38	20.52
Freeport-McMoRan Inc.	0.45	19.90
Microchip Technology Incorporated	2.72	19.77
QUALCOMM Incorporated	2.28	16.75

Worst Performers	Average Weight %	Return % (NAV)
Brookfield Corporation	0.41	-19.88
Devon Energy Corporation	2.49	-16.23
ConocoPhillips	3.26	-14.56
Bank of America Corp	2.00	-13.08
UnitedHealth Group Incorporated	3.47	-10.54

Contributors & Detractors

Greatest Contributors	Return % (NAV)	Contribution to Return %
Apple Inc.	27.11	1.16
Microsoft Corporation	20.52	0.86
Broadcom Inc.	15.57	0.77
Microchip Technology Incorporated	19.77	0.47
Freeport-McMoRan Inc.	19.90	0.36
Total		3.61

Greatest Detractors	Return % (NAV)	Contribution to Return %
ConocoPhillips	-14.56	-0.55
Devon Energy Corporation	-16.23	-0.43
UnitedHealth Group Incorporated	-10.54	-0.40
Home Depot Inc.	-5.90	-0.31
Bank of America Corp	-13.08	-0.28
Total		-1.97

Harbor Dividend Growth Leaders ETF

ATTRIBUTION

As of 03/31/2023



Quarterly Attribution:
Harbor Dividend Growth Leaders ETF vs S&P 500 Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	2.10	7.50	-5.40
Currency Contribution	0.00	0.00	0.00
Total Return	2.10	7.50	-5.40

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
Utilities	0.00	2.95	-2.95	0.00	-3.24	3.24	0.00	-0.10	0.34	0.00	0.34
Materials	3.38	2.73	0.65	8.31	4.29	4.02	0.36	0.13	0.01	0.22	0.23
Consumer Staples	10.40	7.27	3.13	4.59	0.86	3.73	0.49	0.08	-0.20	0.36	0.16
Industrials	9.93	8.88	1.05	2.33	3.11	-0.78	0.13	0.27	0.07	-0.07	0.00
Health Care	14.45	14.70	-0.25	-5.10	-4.31	-0.79	-0.75	-0.66	0.03	-0.17	-0.14
Real Estate	3.93	2.70	1.24	-1.77	1.95	-3.72	-0.08	0.06	-0.03	-0.20	-0.23
Financials	11.76	14.15	-2.39	-9.94	-3.37	-6.57	-0.99	-0.49	0.25	-0.90	-0.66
Energy	6.68	4.90	1.78	-12.50	-4.67	-7.83	-1.10	-0.23	-0.26	-0.65	-0.92
Communication Services	3.36	7.79	-4.43	5.76	20.50	-14.75	0.17	1.52	-0.52	-0.46	-0.99
Information Technology	27.27	24.00	3.26	15.64	24.10	-8.46	3.98	5.36	0.54	-2.04	-1.50
Consumer Discretionary	6.54	9.93	-3.39	-2.41	16.80	-19.21	-0.15	1.55	-0.24	-1.32	-1.55
Total	100.00	100.00	0.00	2.10	7.50	-5.40	2.10	7.50	-0.17	-5.23	-5.40

Risks

Investing involves risk, principally possible. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. The ETFs are new and have limited operating history to judge. All investments involve risk including the possible loss of principal. 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. A non-diversified Fund may invest a greater percentage of its assets in securities of a single issuer, and/or invest in a relatively small number of issuers, it is more susceptible to risks associated with a single loss economic, political or regulatory occurrence than a more diversified portfolio.

Benchmarks

The S&P 500 Index is an unmanaged index generally representative of the U.S. market for large capitalization equities.

The NASDAQ U.S. Dividend Achievers Select[®] Index is a modified market capitalization weighted index. The NASDAQ U.S. Dividend Achievers Select[®] Index is comprised of a select group of securities with at least ten consecutive years of increasing annual regular dividend payments. The indices are unmanaged and do not reflect fees and expenses and are not available for direct investment.

Disclosures

On or about May 20, 2022, the Fund acquired the assets and assumed the then existing known liabilities of the Predecessor Fund and the Fund is expected to be the performance successor of the reorganization. This means that the Predecessor Fund's performance and financial history will be used by the Fund going forward from the date of reorganization.

In the reorganization, former shareholders of the Predecessor Fund received shares of the Fund. Accordingly, the performance of the Fund for periods prior to the reorganization is the performance of the Predecessor Fund and the performance shown for periods prior to July 26, 2013 is the performance of a private investment vehicle that predated the Predecessor Fund. The private investment vehicle was managed by the Subadvisor using investment policies, objectives and guidelines that were in all material respects equivalent to the management of the Fund and Predecessor Fund. However, the private investment vehicle was not a registered investment company and so it was not subject to the same investment and tax restrictions as the Fund and Predecessor Fund. If it had been, its performance may have been lower. The performance of the Predecessor Fund has not been restated to reflect the annual operating expenses of the Fund, which are lower than those of the Predecessor Fund. Because the Fund has different fees and expenses than the Predecessor Fund, the Fund would also have had different performance results.

Best and Worst Performers sections reflect stocks in the portfolio for the quarter with an average weight of 0.25% or greater.

Expense ratio information is as of the Fund's current prospectus, as supplemented. Gross expenses are the Fund's total annual operating expense.

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.

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.

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.

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.

Westfield Capital Management, L.P. is a third-party subadvisor to the Harbor Dividend Growth Leaders ETF.

Foreside Fund Services, LLC is the Distributor of the Harbor ETFs.

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

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.

Free cash flow represents the cash a company can generate after accounting for capital expenditures needed to maintain or maximize its asset base.

Capex (capital expenditures) are funds used by a company to acquire, upgrade, and maintain physical assets.