

# Harbor Convertible Securities Fund

Shenkman Capital Management, Inc.

Subadvisor Since 05/01/2011

<b>Total Net Assets – All Classes</b>	\$71,984,473
<b>Fixed Income Assets:</b>	92.34%
<b>Cash &amp; Other Assets Less Liabilities:</b>	7.66%
<b>Benchmark Name:</b>	ICE BofA US Convertible Ex Mandatory Index

## Portfolio Managers



Mark R. Shenkman



Justin W. Slatky



Jordan N. Barrow, CFA



Thomas Whitley, CFA

## Investment Philosophy

The 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, and 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.

## CHARACTERISTICS & ALLOCATION

As of 12/31/2022

### Portfolio Characteristics

	Portfolio	Benchmark
Number of Bonds	104	474
Wtd. Avg. Maturity (yrs)	3.31	12.59
Convertible Avg. Price (\$)	97.18	94.46
Avg. Issue Size (MM)	736.27	868.88
Beta vs. Fund Benchmark	0.74	
Current 30-Day Yield %	2.25	
Current 30-Day Un-Sub Yield %	2.19	

### Economic Sectors

	Portfolio %
Information Technology	38.30
Health Care	17.91
Consumer Discretionary	15.98
Communication Services	9.46
Industrials	7.64
Utilities	2.01
Consumer Staples	1.05
Financials	0.06
Materials	0.00
Energy	0.00
Real Estate	0.00

### Top 10 Issues

	Portfolio %
BioMarin Pharmaceutical	1.92
INTEGRA LIFESCIENCES HO	1.69
Akamai Technologies Inc	1.67
BLOCK INC SR UNSECURED	1.60
j2 Global Inc.	1.59
Ironwood Pharmaceutical	1.40
NUVASIVE INC SR UNSECUR	1.39
ETSY INC 09/27 0.125	1.36
VAIL RESORTS INC SR UNS	1.35
NCL CORP LTD 02/27 1.12	1.32
<b>Total</b>	<b>15.30</b>

### Credit Quality

	Portfolio %
US Govt/Agency	0.00
AAA	0.00
AA	0.00
A	1.00
BBB	1.10
BB	2.82
B	0.00
CCC	1.30
CC	0.00
C	0.00
Below C	0.00
Non-Rated	86.20

### Maturity

	Portfolio %
0-1 yr	3.29
1-3 yr	35.49
3-5 yr	46.48
5-7 yr	6.57
7-10 yr	0.60
10-20 yr	0.00
20-30 yr	0.00
Over 30 yr	0.00

### Duration

	Portfolio %
0-1 yr	10.49
1-3 yr	67.98
3-5 yr	13.95
5-7 yr	0.00
7-10 yr	0.00
10-20 yr	0.00
20-30 yr	0.00
Over 30 yr	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	HAC SX	411512734	3.22%	-15.26%	-15.26%	4.64%	6.21%	5.89%	5.44%	05/01/11	0.76	0.81
Administrative	HRCSX	411512726	3.20%	-15.48%	-15.48%	4.36%	5.90%	5.61%	5.15%	05/01/11	1.01	1.06
Investor	HICSX	411512718	3.15%	-15.55%	-15.55%	4.24%	5.83%	5.51%	5.05%	05/01/11	1.12	1.17
Retirement	HNCVX	411512387	3.27%	-15.24%	-15.24%	4.70%	6.31%	5.95%	5.49%	03/01/16	0.68	0.73
ICE BofA US Convertible Ex Mandatory Index			0.88%	-19.58%	-19.58%	8.38%	9.51%	10.46%	9.16%	05/01/11		

## MANAGER COMMENTARY

As of 12/31/2022

**“We believe the merger and acquisition (M&A) environment is attractive, especially for sponsors that have large undrawn commitments and valuation levels not seen for many years.”**

Shenkman Capital Management, Inc.

### Market in Review

The fourth quarter of 2022 ended the year with favorable data points around inflation, but navigating the path and timeline for reaching the Federal Reserve’s (“Fed’s”) target rate remains arduous. The macroenvironment and expectations surrounding the next few years remain difficult for corporations to predict. Many companies have pivoted their focus away from long-term strategic plans to shorter-term, quick-payback initiatives such as cost-cutting and layoffs—a trend we believe will continue through 2023.

Like last quarter, equity markets began strong before giving back gains. Dispersion across the asset class was wide, especially from a style perspective, as value-oriented companies meaningfully outperformed growth companies. Company size was less of a driver this quarter as small-cap stocks picked up correlation with large-caps in the second half of 2022. The high-yield market—as measured by the ICE BofA US High Yield Index—returned 4.0% for the quarter as spreads tightened. The CCC portion of the market underperformed but was still positive, while convertible bonds, with favorable convexity and quality-credit profiles, outperformed.

### Portfolio Performance

During the fourth quarter of 2022, the Harbor Convertible Securities Fund (Institutional Class) (“Fund”) returned 3.22%, outperforming its benchmark, the ICE BofA US Convertible Ex Mandatory Index, which returned 0.88%.

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 02/28/2023.

**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.**



The Fund benefited from its positioning in balanced convertible bonds that experienced strong convexity in a volatile quarter. The Fund also benefited from its positioning in the Information Technology and Health Care sectors, while positioning in Energy and Utilities detracted.

### Portfolio Positioning

As a matter of style, we do not position the Fund relative to the unconstrained benchmark.

Strong performance in the Information Technology and Health Care sectors drove most of the Fund's outperformance during the quarter. As in many markets, new issue trends in convertibles remained subdued from recent years. The convertible market saw approximately \$10 billion of issuance in the fourth quarter of 2022 and \$31 billion for the year—that's down from \$19 billion and \$93 billion, respectively, the previous year. Despite the decline, we believe liquidity and turnover remain at a healthy level, as our estimate for annualized market turnover was approximately 200% during the fourth quarter. New issues have traded well, and we believe pricing has become much more attractive. There has also been an increase in security exchanges, which we believe have had attractive terms.

### Contributors & Detractors

The largest contributor to performance was Etsy. Etsy is an online marketplace for customizable and typically handmade goods. The company reported strong earnings ahead of expectations, which benefited the Fund.

The largest detractor to performance was Stride. Stride is a technology-based education company that provides services to K-12 programs. The company reported better-than-expected revenue, but lower-than-expected profitability, which weighed on our position.

### Buys & Sells

During the fourth quarter, we purchased Sabre Corp.'s convertible bonds as they approached a price point that we believed provided good convexity. Sabre provides distribution software for airlines to help travel agents and passengers book flights. They also provide software to help airlines with inventory management. The company has had ongoing access to capital throughout the pandemic as the business recovered, and we believe trends will continue to improve.

We exited our position in Pegasystems Inc. as we found more attractive risk-reward opportunities elsewhere. Pegasystems creates enterprise software around robotic process automation and client relationship management. The company faced a lawsuit from a competitor that led to a large judgment against them. Although we believe this issue will be resolved for a much smaller amount than reported, overall demand has slowed and weighed on the stock. The convertible bond experienced strong convexity from its credit support, but going forward, we believe there's better opportunities elsewhere.

### Outlook

Looking forward, we believe issuance will pick up in 2023 driven both by refinancings and new issuers looking to raise liquidity, while minimizing cash-coupon costs. We believe equity markets will be volatile as the macroeconomic outlook remains opaque and execution for management teams remains difficult. The impact of these difficulties will not be universal; we remain constructive on trends within the travel, health care, and software industries. We believe the merger and acquisition (M&A) environment is attractive, especially for sponsors that have large undrawn commitments and valuation levels not seen for many years. Overall, we believe dispersion across equities and credit will continue to widen and the probability of defaults on a company-specific basis to increase as we approach the large maturity walls in 2024 and 2025, which further increase the value of credit analysis in the convertible space.

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](http://harborcapital.com) or by calling 800-422-1050.



### Top & Bottom Industry Returns

Top Industries	Return %
Specialty Retail	20.91
Pharmaceuticals	11.89
Electronic Equipment, Instruments & Components	10.71

Bottom Industries	Return %
Professional Services	-7.27
Diversified Cons Serv	-6.65
Communications Equip	-5.86

### Contributors & Detractors

Greatest Contributors	Return (bps)
Etsy, Inc.	28
Halozyme Therapeutics, Inc.	19
Exact Sciences Corporation	17

Greatest Detractors	Return (bps)
Stride	-12
DISH Network	-11
Great Wolf Finance Corp.	-11

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### Quarterly Attribution: Harbor Convertible Securities Fund vs. ICE BofA US Convertible Excluding Mandatory Index

09/30/2022 - 12/31/2022

Sector	HARBOR CONVERTIBLE SECURITIES FUND				ICE BofA US Convertible Excluding Mandatory Index				Attribution		
	Average Weight	Port. Ending Weight	Port. Total Return	Contr. To Return	Bench. Average Weight	Bench. Ending Weight	Bench. Total Return	Contr. To Return	Allocation Effect	Selection + Interaction	Total Effect
Communication Services	10.38	9.46	1.57	0.26	10.16	9.50	0.06	0.04	0.03	0.15	0.19
Consumer Discretionary	14.87	15.98	5.24	0.77	13.45	13.60	2.89	0.34	0.03	0.36	0.39
Consumer Staples	1.47	1.05	3.90	0.06	1.16	1.04	-0.66	-0.01	0.02	0.05	0.07
Energy	0.08	--	-0.53	-0.00	3.95	4.04	7.43	0.24	-0.14	-0.10	-0.25
Financials	1.96	0.06	0.16	0.02	8.14	8.18	1.16	0.08	-0.02	-0.04	-0.07
Health Care	18.04	17.92	7.40	1.27	18.03	18.52	3.44	0.59	0.02	0.70	0.72
Industrials	7.24	7.64	2.78	0.15	7.86	7.80	0.35	0.02	-0.03	0.19	0.17
Information Technology	38.95	38.31	2.71	0.95	32.25	32.07	-0.63	-0.18	-0.11	1.26	1.15
Materials	--	--	--	--	1.14	1.08	-8.56	-0.09	0.11	--	0.11
Real Estate	0.60	--	0.88	-0.02	1.85	1.82	-4.26	-0.08	0.05	0.02	0.07
Utilities	2.22	2.01	-3.29	-0.07	1.53	1.50	-0.30	-0.00	0.01	-0.10	-0.09
[Cash]	4.19	7.57	0.20	0.01	0.47	0.86	--	--	-0.02	-0.01	-0.03
Transaction Cost	--	--	--	--	--	--	-0.04	-0.04	0.04	--	0.04
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>3.38</b>	<b>3.38</b>	<b>100.00</b>	<b>100.00</b>	<b>0.91</b>	<b>0.91</b>	<b>0.02</b>	<b>2.45</b>	<b>2.47</b>



**Quarterly Attribution:**  
**Industry Attribution**  
 09/30/2022 - 12/31/2022

Industry	HARBOR CONVERTIBLE SECURITIES FUND				ICE BofA US Convertible Excluding Mandatory Index				Attribution		
	Average Weight	Port. Ending Weight	Port. Total Return	Contr. To Return	Bench. Average Weight	Bench. Ending Weight	Bench. Total Return	Contr. To Return	Allocation Effect	Selection + Interaction	Total Effect
Aerospace & Defense	1.23	1.84	10.31	0.07	0.41	0.40	-0.06	-0.00	-0.03	0.11	0.09
Air Freight & Logistics	--	--	--	--	0.35	0.36	4.37	0.01	-0.01	--	-0.01
Airlines	2.90	3.00	-0.15	-0.00	1.89	1.88	4.04	0.07	0.04	-0.11	-0.07
Auto Components	1.63	1.90	5.09	0.08	0.54	0.54	-1.75	-0.01	-0.03	0.11	0.08
Automobiles	2.13	2.27	1.78	0.06	1.91	1.83	-3.29	-0.06	-0.01	0.12	0.11
Banks	0.41	0.06	-2.35	-0.01	3.97	4.03	1.88	0.06	-0.03	-0.03	-0.06
Beverages	--	--	--	--	0.12	0.12	1.55	0.00	-0.00	--	-0.00
Biotechnology	5.91	7.08	7.76	0.41	6.47	6.64	0.80	0.05	0.01	0.39	0.40
Capital Markets	--	--	--	--	1.26	1.29	-2.64	-0.03	0.04	--	0.04
Chemicals	--	--	--	--	0.54	0.43	-32.80	-0.20	0.22	--	0.22
Commercial Services & Supplies	--	--	--	--	0.60	0.61	5.84	0.03	-0.03	--	-0.03
Communications Equipment	1.21	1.09	-5.86	-0.07	1.81	1.76	-5.94	-0.11	0.05	-0.01	0.04
Construction & Engineering	--	--	--	--	0.55	0.60	30.50	0.14	-0.14	--	-0.14
Consumer Finance	0.74	--	-3.73	-0.03	1.03	0.98	0.78	0.01	-0.02	-0.03	-0.05
Diversified Consumer Services	1.53	2.12	-6.65	-0.10	0.82	0.81	-0.60	-0.00	-0.01	-0.09	-0.10
Diversified Telecommunication Services	--	--	--	--	0.30	0.33	11.76	0.03	-0.03	--	-0.03
Electrical Equipment	--	--	--	--	1.14	1.07	-14.34	-0.17	0.19	--	0.19
Electronic Equipment, Instruments & Components	1.29	0.50	10.71	0.14	0.76	0.79	6.96	0.05	0.02	0.06	0.07
Energy Equipment & Services	--	--	--	--	0.71	0.99	31.49	0.17	-0.18	--	-0.18
Entertainment	3.88	3.95	1.87	0.09	2.72	2.68	-2.24	-0.06	-0.01	0.13	0.12
Equity Real Estate Investment Trusts (REITs)	--	--	--	--	1.08	1.08	0.30	0.00	0.01	--	0.01
Food & Staples Retailing	--	--	--	--	0.06	0.02	5.80	0.00	-0.00	--	-0.00
Food Products	0.95	1.05	5.77	0.05	0.42	0.43	-1.31	-0.01	0.00	0.04	0.05
Gas Utilities	--	--	--	--	0.25	0.25	15.48	0.03	-0.03	--	-0.03
Health Care Equipment & Supplies	6.89	8.27	7.65	0.51	5.32	5.55	10.45	0.50	0.17	-0.18	-0.01
Health Care Providers & Services	1.12	0.43	-1.50	-0.03	1.40	1.34	-3.50	-0.05	0.01	0.03	0.04
Health Care Technology	1.93	0.67	6.35	0.11	1.29	1.42	-1.87	-0.02	-0.02	0.15	0.13
Hotels, Restaurants & Leisure	5.99	5.38	6.51	0.43	5.77	6.12	5.25	0.23	0.06	0.09	0.15
Household Durables	--	--	--	--	0.06	0.06	2.05	0.00	-0.00	--	-0.00
Independent Power and Renewable Electricity Producers	2.22	2.01	-3.29	-0.07	1.28	1.25	-2.93	-0.04	-0.03	-0.03	-0.06
Insurance	--	--	--	--	0.10	0.10	0.84	0.00	0.00	--	0.00
Interactive Media & Services	4.80	4.21	4.91	0.27	3.67	3.00	3.25	0.16	0.00	0.08	0.09
Internet & Direct Marketing Retail	2.73	3.62	9.54	0.21	2.81	2.81	0.56	0.01	-0.01	0.23	0.22
IT Services	6.40	7.04	4.84	0.29	6.75	6.72	3.55	0.23	-0.00	0.09	0.08
Leisure Products	0.49	--	3.66	0.02	0.49	0.50	3.76	0.02	0.01	-0.02	-0.01
Life Sciences Tools & Services	--	--	--	--	0.90	0.89	-4.67	-0.04	0.05	--	0.05
Machinery	1.79	2.11	8.85	0.14	1.36	1.26	-9.78	-0.14	-0.04	0.32	0.28
Marine	--	--	--	--	0.05	0.05	16.21	0.01	-0.01	--	-0.01
Media	1.70	1.30	-4.79	-0.10	3.47	3.48	-2.80	-0.10	0.06	-0.05	0.01
Metals & Mining	--	--	--	--	0.60	0.64	20.87	0.11	-0.11	--	-0.11
Mortgage Real Estate Investment Trusts (REITs)	0.81	--	5.76	0.06	1.56	1.55	2.91	0.05	-0.03	0.02	-0.01
Oil, Gas & Consumable Fuels	0.08	--	-0.53	-0.00	3.24	3.05	2.27	0.07	0.05	-0.11	-0.07
Personal Products	0.52	--	-0.54	0.01	0.49	0.39	-2.07	-0.01	0.01	0.02	0.03
Pharmaceuticals	2.20	1.47	11.89	0.27	2.65	2.68	6.13	0.16	-0.02	0.13	0.11
Professional Services	0.76	--	-7.27	-0.07	0.77	0.79	7.72	0.06	-0.01	-0.11	-0.12
Real Estate Management & Development	0.60	--	0.88	-0.02	0.77	0.74	-9.97	-0.09	-0.01	0.07	0.06
Road & Rail	0.57	0.69	1.29	0.01	0.75	0.78	2.36	0.02	-0.00	-0.01	-0.01
Semiconductors & Semiconductor Equipment	5.64	4.45	3.49	0.15	2.87	2.84	2.48	0.08	0.02	0.06	0.08
Software	20.80	20.60	2.82	0.54	17.78	17.30	-0.68	-0.10	-0.05	0.68	0.63
Specialty Retail	0.38	0.68	20.91	0.08	1.01	0.88	15.59	0.15	-0.08	0.02	-0.06
Technology Hardware, Storage & Peripherals	3.60	4.62	-0.78	-0.10	2.29	2.66	-12.45	-0.34	-0.19	0.43	0.24
Textiles, Apparel & luxury goods	--	--	--	--	0.04	0.04	19.60	0.01	-0.01	--	-0.01
Thrifts & Mortgage Finance	--	--	--	--	0.22	0.23	-0.46	-0.00	0.00	--	0.00
Tobacco	--	--	--	--	0.07	0.07	2.03	0.00	-0.00	--	-0.00
[Cash]	4.19	7.57	0.20	0.01	0.47	0.86	--	--	-0.02	-0.01	-0.03
Transaction Cost	--	--	--	--	--	--	-0.04	-0.04	0.04	--	0.04
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>3.38</b>	<b>3.38</b>	<b>100.00</b>	<b>100.00</b>	<b>0.91</b>	<b>0.91</b>	<b>0.02</b>	<b>2.45</b>	<b>2.47</b>



**Trailing 1 Year Attribution:**  
**Harbor Convertible Securities Fund vs. ICE BofA US Convertible Excluding Mandatory Index**  
 12/31/2021 - 12/31/2022

Sector	HARBOR CONVERTIBLE SECURITIES FUND				ICE BofA US Convertible Excluding Mandatory Index				Attribution		
	Average Weight	Port. Ending Weight	Port. Total Return	Contr. To Return	Bench. Average Weight	Bench. Ending Weight	Bench. Total Return	Contr. To Return	Allocation Effect	Selection + Interaction	Total Effect
Communication Services	11.38	9.46	-17.44	-2.14	11.00	9.50	-25.20	-2.99	0.07	0.99	1.06
Consumer Discretionary	16.34	15.98	-16.77	-2.95	13.89	13.60	-27.21	-4.24	-0.19	1.88	1.68
Consumer Staples	0.86	1.05	-38.63	-0.27	1.09	1.04	-21.16	-0.23	0.03	-0.10	-0.08
Energy	1.27	--	27.91	0.57	3.66	4.04	28.55	0.55	-0.36	-0.11	-0.46
Financials	2.23	0.06	-25.26	-0.60	8.11	8.18	-15.85	-1.25	-0.23	-0.22	-0.45
Health Care	16.22	17.92	-9.18	-1.15	16.54	18.52	-10.94	-1.40	0.03	0.24	0.27
Industrials	6.70	7.64	-8.19	-0.59	7.71	7.80	-14.03	-1.06	-0.08	0.37	0.29
Information Technology	39.79	38.31	-17.36	-6.88	33.14	32.07	-23.41	-7.74	-0.16	2.27	2.11
Materials	--	--	--	--	1.15	1.08	-12.56	-0.21	-0.07	--	-0.07
Real Estate	1.08	--	-35.20	-0.56	2.00	1.82	-32.19	-0.74	0.13	-0.12	0.01
Utilities	1.24	2.01	-12.89	-0.22	1.21	1.50	-17.96	-0.22	-0.02	0.01	-0.01
[Cash]	2.91	7.57	0.18	0.01	0.48	0.86	--	--	0.40	-0.01	0.39
Transaction Cost	--	--	--	--	--	--	-0.08	-0.07	0.06	--	0.06
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>-14.78</b>	<b>-14.78</b>	<b>100.00</b>	<b>100.00</b>	<b>-19.60</b>	<b>-19.60</b>	<b>0.46</b>	<b>4.35</b>	<b>4.82</b>



**Trailing 1 Year Attribution:**  
**Industry Attribution**  
 12/31/2021 - 12/31/2022

Industry	HARBOR CONVERTIBLE SECURITIES FUND				ICE BofA US Convertible Excluding Mandatory Index				Attribution		
	Average Weight	Port. Ending Weight	Port. Total Return	Contr. To Return	Bench. Average Weight	Bench. Ending Weight	Bench. Total Return	Contr. To Return	Allocation Effect	Selection + Interaction	Total Effect
Aerospace & Defense	0.88	1.84	14.72	0.07	0.45	0.40	-16.06	-0.06	-0.01	0.21	0.20
Air Freight & Logistics	--	--	--	--	0.33	0.36	-2.20	-0.00	-0.05	--	-0.05
Airlines	2.40	3.00	-14.39	-0.35	1.92	1.88	-13.10	-0.27	0.02	-0.05	-0.03
Auto Components	1.03	1.90	-23.02	-0.20	0.60	0.54	-26.08	-0.18	-0.05	0.08	0.03
Automobiles	1.84	2.27	-26.74	-0.49	2.15	1.83	-37.42	-1.04	0.12	0.24	0.36
Banks	0.39	0.06	-8.47	-0.04	3.81	4.03	-14.93	-0.51	-0.14	0.01	-0.13
Beverages	--	--	--	--	0.10	0.12	11.97	0.01	-0.03	--	-0.03
Biotechnology	4.28	7.08	-8.05	-0.18	5.66	6.64	-5.74	-0.17	-0.17	-0.03	-0.21
Capital Markets	0.04	--	-0.53	0.00	1.33	1.29	-22.33	-0.33	0.04	0.02	0.05
Chemicals	--	--	--	--	0.55	0.43	-40.12	-0.27	0.13	--	0.13
Commercial Services & Supplies	--	--	--	--	0.59	0.61	-16.01	-0.10	-0.02	--	-0.02
Communications Equipment	1.14	1.09	-29.45	-0.39	1.73	1.76	-28.31	-0.53	0.06	-0.03	0.03
Construction & Engineering	--	--	--	--	0.46	0.60	19.56	0.09	-0.16	--	-0.16
Consumer Finance	1.06	--	-36.30	-0.51	1.05	0.98	-24.13	-0.27	-0.04	-0.15	-0.19
Diversified Consumer Services	1.81	2.12	-11.58	-0.23	0.86	0.81	-11.99	-0.09	0.11	0.03	0.14
Diversified Telecommunication Services	0.15	--	-10.58	-0.03	0.29	0.33	-20.50	-0.06	-0.03	0.04	0.01
Electrical Equipment	0.06	--	2.07	0.00	1.08	1.07	-27.20	-0.30	0.09	0.01	0.10
Electronic Equipment, Instruments & Components	1.57	0.50	-7.45	-0.14	0.90	0.79	-14.25	-0.14	0.01	0.10	0.12
Energy Equipment & Services	--	--	--	--	0.55	0.99	29.91	0.14	-0.23	--	-0.23
Entertainment	4.75	3.95	-8.78	-0.42	3.09	2.68	-15.64	-0.49	0.19	0.28	0.47
Equity Real Estate Investment Trusts (REITs)	--	--	--	--	1.11	1.08	-20.00	-0.24	0.01	--	0.01
Food & Staples Retailing	--	--	--	--	0.07	0.02	-1.23	-0.00	-0.01	--	-0.01
Food Products	0.61	1.05	-47.01	-0.27	0.38	0.43	-47.09	-0.16	-0.07	0.02	-0.05
Gas Utilities	--	--	--	--	0.27	0.25	-35.72	-0.11	0.05	--	0.05
Health Care Equipment & Supplies	6.12	8.27	-13.52	-0.60	4.84	5.55	-14.85	-0.58	0.16	-0.04	0.12
Health Care Providers & Services	1.00	0.43	-23.16	-0.26	1.35	1.34	-16.39	-0.21	-0.02	-0.06	-0.08
Health Care Technology	1.74	0.67	-9.43	-0.13	1.33	1.42	-23.32	-0.31	-0.01	0.27	0.26
Hotels, Restaurants & Leisure	8.02	5.38	-12.68	-1.13	5.44	6.12	-19.67	-1.17	0.04	0.52	0.56
Household Durables	--	--	--	--	0.07	0.06	-29.99	-0.03	0.01	--	0.01
Independent Power and Renewable Electricity Producers	1.24	2.01	-12.89	-0.22	0.94	1.25	-11.14	-0.11	-0.03	-0.03	-0.06
Insurance	--	--	--	--	0.08	0.10	-12.87	-0.01	0.00	--	0.00
Interactive Media & Services	4.08	4.21	-26.14	-1.03	4.03	3.00	-32.60	-1.46	0.12	0.26	0.38
Internet & Direct Marketing Retail	2.45	3.62	-22.31	-0.47	2.77	2.81	-37.65	-1.17	0.15	0.42	0.58
IT Services	6.72	7.04	-21.46	-1.53	6.97	6.72	-28.95	-2.11	0.08	0.51	0.59
Leisure Products	0.58	--	-17.28	-0.12	0.47	0.50	-18.54	-0.09	0.00	0.00	0.00
Life Sciences Tools & Services	0.52	--	3.48	-0.12	0.86	0.89	-27.09	-0.23	-0.01	0.10	0.09
Machinery	1.65	2.11	-13.64	-0.25	1.40	1.26	-18.63	-0.27	-0.04	0.16	0.12
Marine	--	--	--	--	0.06	0.05	20.20	0.01	-0.02	--	-0.02
Media	2.41	1.30	-22.91	-0.66	3.55	3.48	-25.91	-1.01	0.14	0.09	0.23
Metals & Mining	--	--	--	--	0.60	0.64	20.60	0.06	-0.19	--	-0.19
Mortgage Real Estate Investment Trusts (REITs)	0.73	--	-9.12	-0.05	1.59	1.55	-6.83	-0.10	-0.13	-0.02	-0.15
Oil, Gas & Consumable Fuels	1.27	--	27.91	0.57	3.11	3.05	26.34	0.40	-0.05	-0.18	-0.23
Personal Products	0.24	--	-8.38	0.00	0.48	0.39	-18.48	-0.08	-0.01	0.03	0.02
Pharmaceuticals	2.55	1.47	5.89	0.13	2.50	2.68	3.10	0.09	0.04	0.05	0.09
Professional Services	1.05	--	0.23	0.03	0.70	0.79	0.06	0.01	0.07	0.03	0.09
Real Estate Management & Development	1.08	--	-35.20	-0.56	0.89	0.74	-44.09	-0.50	-0.08	0.09	0.01
Road & Rail	0.66	0.69	-14.42	-0.10	0.73	0.78	-22.78	-0.17	0.00	0.06	0.06
Semiconductors & Semiconductor Equipment	5.23	4.45	-9.03	-0.34	2.59	2.84	-11.83	-0.21	0.26	0.06	0.32
Software	22.42	20.60	-17.00	-3.95	19.00	17.30	-22.24	-4.24	-0.04	1.02	0.98
Specialty Retail	0.60	0.68	-27.36	-0.30	1.49	0.88	-18.46	-0.46	0.06	-0.06	-0.01
Technology Hardware, Storage & Peripherals	2.72	4.62	-19.66	-0.54	1.94	2.66	-23.92	-0.50	-0.09	0.16	0.07
Textiles, Apparel & luxury goods	--	--	--	--	0.04	0.04	-40.52	-0.02	0.01	--	0.01
Thriffs & Mortgage Finance	--	--	--	--	0.24	0.23	-8.07	-0.02	-0.03	--	-0.03
Tobacco	--	--	--	--	0.07	0.07	-10.36	-0.01	-0.01	--	-0.01
Wireless Telecommunication Services	--	--	--	--	0.03	--	36.75	0.03	-0.04	--	-0.04
[Cash]	2.91	7.57	0.18	0.01	0.48	0.86	--	--	0.40	-0.01	0.39
Transaction Cost	--	--	--	--	--	--	-0.08	-0.07	0.06	--	0.06
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>-14.78</b>	<b>-14.78</b>	<b>100.00</b>	<b>100.00</b>	<b>-19.60</b>	<b>-19.60</b>	<b>0.46</b>	<b>4.35</b>	<b>4.82</b>



### Risks

There is no guarantee that the investment objective of the Fund will be achieved. Convertible securities generally tend to be of lower credit quality and the value of a convertible security generally increases and decreases with the value of the underlying common stock, but may also be sensitive to changes in interest rates. As interest rates rise, the values of convertible securities held by the Fund are likely to decrease and reduce the value of the Fund's portfolio. Credit risk is higher for the Fund because it invests primarily in convertible securities of companies with debt rated below investment grade. High yield investing poses additional credit risk related to lower-rated bonds.

### Benchmarks

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

All data except for top holdings, performance, and yields is provided by the subadvisor.

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.

Credit quality breakdown is based on ratings from Standard and Poor's. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). A bond rated AAA is the most creditworthy, while a bond rated BB or below is much riskier. Any security that has not been given a credit rating by Standard & Poor's is listed as "not rated". The credit quality of securities in the Fund's portfolio does not apply to the stability or safety of the Fund. The Fund itself has not been rated by an independent rating agency.

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.

The views expressed herein may not be reflective of current opinions, 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](http://harborcapital.com) or call 800-422-1050. Read it carefully before investing.**

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### Attribution Disclosures

All data for this attribution analysis is provided by Shenkman Capital Management, Inc.

Linked Performance by Sectors data is produced from FactSet using data supplied by State Street Bank and Trust Company.

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.

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.

Duration to Worst is the duration of a bond computed using the bond's nearest call date or maturity, whichever comes first. This measure ignores future cash flow fluctuations due to embedded optionality.

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.