

HARBOR INTERNATIONAL COMPOUNDERS ETF

C WorldWide Asset Management

Subadvisor Since 09/07/2022

Ticker: OSEA
CUSIP: 41151J885
Net Expense Ratio: 0.55%
Gross Expense Ratio: 0.55%
Total Net Assets: \$86,336,858
Benchmark Name: MSCI All Country World Ex. US (ND) Index

Portfolio Managers



Bo Almar Knudsen



Bengt Seger



Peter O'Reilly



Mattias Kolm

Investment Philosophy

The Harbor International Compounders ETF (OSEA) is an actively managed Fund that offers exposure to C WorldWide's International equity strategy. The Fund employs a bottom-up, research-driven process to constructing a portfolio of foreign large capitalization companies.

The Fund seeks long-term growth of capital by investing in large capitalization companies, primarily outside the U.S., that C WorldWide Asset Management believes have compelling prospects for long-term growth.

Identifying themes and integrating them into the process is a meaningful part of the team's selection criteria. Themes represent secular societal changes expected to occur that may impact the economics of industries and individual companies over a medium-term time horizon. Sustainability and specifically environmental, social, and governance (ESG) factors are also an integral part of the investment process and are implemented in the ongoing research of the companies the team invests in. The Fund only contains the team's highest conviction ideas with a maximum of 30 holdings, which makes the portfolio construction process an active competition for capital.

CHARACTERISTICS & ALLOCATION

As of 03/31/2024

Portfolio Characteristics

	Portfolio	Benchmark
Number of Holdings	28	2,231
Wtd Avg Market Cap (\$Mil)	207,149.90	104,540.30
Median Market Cap (\$Mil)	108,504.00	9,300.00
Price/Book Ratio	6.24	2.44
Adjusted Trailing P/E Ratio	29.30	20.00
% EPS Growth - Past 3 Yr	20.40	24.90
Est 3-5 Yr EPS Growth Rate (%)	10.90	12.00
Return on Equity (%)	20.79	14.07
Forecasted P/E Ratio	23.20	16.60

Economic Sectors

	Portfolio %	Benchmark %
Industrials	28.23	13.75
Information Technology	20.29	13.20
Health Care	13.48	9.16
Financials	13.00	21.23
Consumer Staples	9.41	7.51
Consumer Discretionary	7.20	11.65
Materials	4.93	7.35
Utilities	2.39	3.00
Real Estate	0.00	1.94
Energy	0.00	5.54
Communication Services	0.00	5.09

Top 10 Holdings

	Portfolio %	Benchmark %
Novo Nordisk A/S Class	6.26	1.59
Ferguson Plc	6.06	0.00
ASML Holding NV	5.70	1.49
Linde plc	4.93	0.00
HDFC Bank Limited Spons	4.74	0.00
SAP SE	4.48	0.78
Taiwan Semiconductor Ma	4.15	0.00
LVMH Moet Hennessy Loui	3.97	0.95
HOYA CORPORATION	3.69	0.17
AstraZeneca PLC	3.53	0.80
Total	47.51	5.78

Top 10 Countries

	Portfolio %	Benchmark %
United Kingdom	17.86	9.37
France	12.87	7.87
Japan	12.38	15.24
Germany	10.43	5.64
Sweden	7.85	2.01
Denmark	6.26	2.35
Netherlands	5.70	3.31
United States	4.93	0.02
India	4.74	4.88
Taiwan	4.15	4.86
Total	87.17	55.55
Emerging Markets	14.78	27.30

Top 10 Industries

	Portfolio %	Benchmark %
Semiconductors	9.85	6.12
Pharmaceuticals	9.79	6.22
Banks	7.70	12.99
Trading Companies	6.06	1.47
Building Products	5.42	0.62
Chemicals	4.93	2.73
Machinery	4.86	2.16
Software	4.48	1.62
Textiles Apparel & Lux	3.97	2.26
Health Care Equip	3.69	1.40
Total	60.75	37.59

Market Capitalization

		Portfolio %
Large	Above 25.0B	94.63
	10.0B - 25.0B	4.32
Mid	5.0B - 10.0B	0.00
	1.0B - 5.0B	0.00
Small	0.0 - 1.0B	0.00



Harbor International Compounders ETF



PERFORMANCE

As of 03/31/2024

Average Annual Returns

	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date
Harbor International Compounders ETF (NAV)	3.94%	3.94%	12.86%	N/A	N/A	N/A	22.70%	09/07/2022
Harbor International Compounders ETF (Market)	4.47%	4.47%	13.43%	N/A	N/A	N/A	23.13%	09/07/2022
MSCI All Country World Ex. US (ND) Index	4.69%	4.69%	13.26%	N/A	N/A	N/A	17.39%	09/07/2022

MANAGER COMMENTARY

As of 03/31/2024

"The current economic environment looks favorable, with declining inflation and governments worldwide continuing to support their economies."

C WorldWide Asset Management

Market in Review

Equity markets have been rising due to declining inflation and global liquidity improvements due to government support for the economy. While Europe's economy remains relatively weak, hopes for interest rate cuts are boosting investor risk appetite. In China, the government has implemented several liquidity and fiscal support packages to stimulate the sluggish economy. The U.S. economy is the sole bright spot, remaining strong despite relatively high interest rates, as fiscal support reaches unprecedented levels outside of war periods. The Biden administration appears committed to maintaining a strong economy, with no discussions on either side of the political spectrum to reduce fiscal deficits.

Recent equity returns have been dominated by two acronyms – generative artificial intelligence ("gen AI") and Glucagon-like peptide-1 ("GLP-1"). These two significant developments have continued to drive the trend of polarized equity markets, centered on the promises of AI and the wonder drugs combatting obesity primarily marketed by the two pharmaceutical companies, Novo Nordisk and Eli Lilly.

The Magnificent Seven has been synonymous with a group of AI stocks; however, it might be appropriate to rename it to the Fantastic Few this year, as only three of the seven have generated significantly superior returns in the first quarter of 2024, with Apple and Tesla yielding negative returns. NVIDIA stood out, with an approximately 80% return driven by demand for its graphics processing unit ("GPU") products powering new AI-driven large language models. This surge in demand for GPU chips benefited the semiconductor supply chain, notably Taiwan Semiconductor Manufacturing Company ("TSMC") and ASML Holding. We focus on the latter two companies rather than NVIDIA. Additionally, cloud service providers like Amazon ("AWS"), Microsoft Azure, and Google Cloud Platform, which represent 66% of the global cloud infrastructure market, are also benefiting from the AI boom. We believe these three companies represent a long-term way of gaining exposure to the AI revolution.

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.

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.

Harbor International Compounders ETF



MANAGER COMMENTARY

As of 03/31/2024

Portfolio Performance

During the quarter, the Harbor International Compounders ETF ("ETF") returned 3.94% (NAV), underperforming its primary benchmark, the MSCI All Country World Ex. US (ND) Index, which returned 4.69%.

From a sector attribution perspective, the ETF's exposure to individual stocks in Financials and Industrials negatively impacted the relative performance as opposed to individual stocks in Information Technology, Health Care, and Materials, which had a positive impact on performance. From a regional perspective, security selection in Asia primarily contributed to the Fund's underperformance during the quarter.

Contributors & Detractors

The top three detractors were HDFC Bank, AIA Group, and Daikin. HDFC Bank was the largest contributor to performance in December 2023 but gave all of it back when it reported first quarter numbers. Although it still captures an increasing market share of deposit flows, HDFC Bank has a shorter-term deposit deficit, which squeezes margins. Shares in AIA sold off due to continued weakness in the Chinese economy. China's property crisis eroded investor confidence and is now starting to affect the nation's largest banks. Bloomberg reported that new-home sales in March from the 100 largest real estate companies declined by 46% compared to a year earlier. Country Garden Holdings, a former giant in the residential real estate market, reported late in the month that it would miss a deadline for reporting annual results, further souring sentiment in the sector.

The top three contributors were ASML Holding, Novo Nordisk, and TSMC. ASML's shares surged after it delivered a very strong fourth quarter 2023 report. During the quarter, Novo Nordisk held its Capital Markets Day and released several interesting data points. One of the likely key drivers was the data on oral medication Amycretin. The prospect of a pill leading to 13% weight loss in 12 weeks, potentially as potent as CagriSema, as well as the acknowledgment that Novo might skip a Phase II study, certainly impressed investors. The speed to market is key, as this might lead to the drug being on the market before the end of the decade and the Semaglutide patent expiry. Perhaps less headline-grabbing was a study released in the Lancet, that already in 2022, the world reached more than one billion obese people. Novo Nordisk currently supplies around 42 million patients with diabetes and obesity drugs, but its capital expenditures plans, exceeding \$6 billion in 2024 alone, suggest the company is aiming to treat patient volumes in the hundreds of millions.

Buys & Sells

During the quarter, we bought Schneider Electric and added to RELX. We initially purchased RELX last October and have continued to build conviction, leading us to a close-to-full position. We are funding the purchases by selling Iberdrola and reducing the holdings in ASML and Siemens due to strong recent performance. Iberdrola was bought in April 2021, and it has been a disappointing performer, largely due to regulatory uncertainty given its broad geographic reach. It has also been adversely impacted by rising interest rates. We maintain our exposure to the energy transition through SSE, which has a more predictable business model, and have added to energy efficiency through a new position in Schneider Electric.

Schneider Electric is a French-based supplier of electrical equipment that has undergone a significant transformation over the past decade. Schneider is the No. 1 electrification company globally. By refining its business lines and making some strategic acquisitions, the company is ideally geared to participate in what we believe will be a super cycle in electrification, driven by the energy transition and the move toward next-generation technology infrastructure, particularly data storage. The company has released ambitious targets for four-year organic growth of 7%-10%, which has largely been met with suspicion. Driven by growth in data centers, we believe that the company has the potential to deliver growth in the middle of that range.

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Harbor International Compounders ETF



MANAGER COMMENTARY

As of 03/31/2024

During the quarter, we reduced our position in the largest holding, Novo Nordisk, and used the capital to increase some of our smaller positions. We still have strong confidence in Novo Nordisk, and it remains among our largest positions; however, after a 20% share price appreciation year to date, the holding reached approximately 8%, which triggered this risk diversification action.

Domestic and International Funds

Entering the year, the ETF was notably overweight in the Industrials, Information Technology, and Health Care sectors and underweight in Energy, Financials, and Communication Services. Following our recent purchase of Schneider Electric and the addition to RELX, Industrials is our largest active sector overweight, now representing ~28.2% of the ETF compared to the MSCI All Country World Ex. US Index's ~13.8%.

We employ an unconstrained approach to sectors and countries, gravitating toward the best long-term opportunities. Country and sector weights are, therefore, a residual of stock selection. Our analysis is fundamental and bottom-up oriented – company research is where we spend the vast majority of our time. Our approach is predominantly qualitative, focusing on maximizing the probability that our insights are correct and effectively diversifying client holdings with differing sources of long-term return. In that regard, diversification of themes trumps sector/regional diversification.

Country Allocation

During the quarter, there were no significant changes in the ETF's sector and regional allocation compared to the benchmark.

Outlook

The current economic environment looks favorable, with declining inflation and governments worldwide continuing to support their economies. Given the rapid and aggressive monetary policy tightening in Europe and the U.S. starting more than 20 months ago, we and many other observers expected a weaker economy, especially in the U.S. The lagging transmission of monetary policy changes is well understood and the key argument for a weaker growth outlook in 2024. Although it is too early to call off this risk scenario and predict a clear outlook, the current trends look surprisingly strong with consensus expecting lower policy rates and continued decent growth.

One encouraging data point with long-term implications is the recent pickup in U.S. labor productivity, where the past three quarters have posted annualized productivity gains above 3% compared to the historical average over the past five years of 1.8% per annum. In the short term, the productivity data is rather volatile and somewhat susceptible to changes in hours worked; however, the trend should be followed closely as the promise of gen AI is exactly higher productivity. Higher productivity brings many benefits, including higher corporate margins, rising labor income that supports economic growth, and increased demand without higher inflation.

However, our primary focus is not predicting the short- to medium-term market outlook. As longer-term investors, we look through economic and market cycles and try to find the best structural companies with an attractive risk/return risk profile. In this respect, we continue to see many attractive opportunities that are supported by thematic tailwinds. We have a constant pipeline of investment candidates that we compare with existing holdings. It is about competition for capital with a five- to 10-year perspective. We believe intellectual resources and analytical efforts are best allocated to this winning principle.

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Harbor International Compounders ETF



QUARTERLY ATTRIBUTION

As of 03/31/2024

Best & Worst Performers

Best Performers

	Average Weight %	Return % (NAV)
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TAIWAN SEMICONDUCTOR-SP ADR	3.87	31.24
ASML HOLDING NV	6.16	28.15
SAP SE	4.18	26.49
NOVO NORDISK A/S-B	7.22	24.00
FERGUSON PLC	5.66	14.24

Worst Performers

	Average Weight %	Return % (NAV)
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AIA GROUP LTD	2.59	-22.95
HDFC BANK LTD-ADR	5.00	-16.60
DAIKIN INDUSTRIES LTD	2.68	-16.10
SSE PLC	2.52	-10.93
SONY GROUP CORP	3.47	-9.54

Contributors & Detractors

Greatest Contributors

	Return % (NAV)	Contribution to Return %
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ASML HOLDING NV	28.15	1.70
NOVO NORDISK A/S-B	24.00	1.67
TAIWAN SEMICONDUCTOR-SP ADR	31.24	1.11
SAP SE	26.49	1.03
FERGUSON PLC	14.24	0.79

Total **6.30**

Greatest Detractors

	Return % (NAV)	Contribution to Return %
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HDFC BANK LTD-ADR	-16.60	-1.09
AIA GROUP LTD	-22.95	-0.69
DAIKIN INDUSTRIES LTD	-16.10	-0.47
NESTLE SA-REG	-8.24	-0.34
SONY GROUP CORP	-9.54	-0.34

Total **-2.93**

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Harbor International Compounders ETF



ATTRIBUTION

As of 03/31/2024

Quarterly Attribution:
Harbor International Compounders ETF vs. MSCI All Country World Ex-United States

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	7.02	8.16	-1.15
Currency Contribution	-2.88	-3.48	0.59
Total Return	4.14	4.69	-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	20.04	12.90	7.14	20.12	11.37	8.75	3.93	1.49	0.49	1.56
Health Care	14.68	9.40	5.28	11.24	3.69	7.55	1.68	0.35	-0.05	1.16	1.11
Materials	4.74	7.46	-2.72	13.30	-1.66	14.96	0.60	-0.20	0.21	0.68	0.90
Communication Services	0.00	5.20	-5.20	0.00	2.13	-2.13	0.00	0.11	0.14	0.00	0.14
Real Estate	0.00	1.98	-1.98	0.00	-0.26	0.26	0.00	-0.02	0.10	0.00	0.10
Energy	0.00	5.55	-5.54	1.87	5.25	-3.38	0.00	0.28	-0.03	0.00	-0.03
Consumer Staples	9.53	7.83	1.70	-4.49	-3.17	-1.32	-0.47	-0.28	-0.14	-0.14	-0.29
Utilities	3.56	3.11	0.45	-8.99	-2.98	-6.01	-0.53	-0.12	-0.07	-0.32	-0.39
Consumer Discretionary	7.32	11.64	-4.32	1.05	7.22	-6.17	0.09	0.86	-0.10	-0.47	-0.57
Industrials	26.12	13.66	12.46	1.79	6.94	-5.15	0.49	0.95	0.27	-1.35	-1.08
Financials	13.47	21.29	-7.81	-10.87	5.91	-16.77	-1.68	1.25	-0.10	-2.44	-2.54
Total	100.00	100.00	0.00	4.14	4.69	-0.55	4.14	4.69	0.77	-1.32	-0.55

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Harbor International Compounders ETF



ATTRIBUTION

As of 03/31/2024

Quarterly Attribution:
Harbor International Compounders ETF vs. MSCI All Country World Ex-United States

Country 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
Denmark	7.22	2.32	4.90	24.00	15.06	8.94	1.67	0.34	0.51	0.61	1.12
Netherlands	6.16	3.19	2.97	28.15	15.46	12.69	1.70	0.50	0.31	0.73	1.04
Taiwan	3.87	4.61	-0.75	31.24	12.43	18.81	1.11	0.58	-0.01	0.54	0.53
Germany	10.95	5.53	5.41	10.41	7.06	3.35	1.12	0.39	0.10	0.38	0.48
China	0.00	6.72	-6.72	0.00	-1.26	1.26	0.00	-0.12	0.42	0.00	0.42
United States	4.74	0.02	4.72	13.30	-6.78	20.08	0.60	0.00	-0.51	0.90	0.39
Brazil	0.00	1.54	-1.54	0.00	-7.36	7.36	0.00	-0.13	0.20	0.00	0.20
Australia	0.00	4.68	-4.68	0.00	0.75	-0.75	0.00	0.02	0.19	0.00	0.19
South Africa	0.00	0.79	-0.79	0.00	-6.84	6.84	0.00	-0.07	0.10	0.00	0.10
Ireland	0.00	0.60	-0.60	0.00	-7.81	7.81	0.00	-0.05	0.08	0.00	0.08
Finland	0.00	0.67	-0.67	0.00	-4.23	4.23	0.00	-0.03	0.06	0.00	0.06
Thailand	0.00	0.46	-0.46	0.00	-8.21	8.21	0.00	-0.04	0.06	0.00	0.06
Canada	0.00	7.62	-7.62	0.00	3.97	-3.97	0.00	0.30	0.06	0.00	0.06
Norway	0.00	0.40	-0.40	0.00	-6.97	6.97	0.00	-0.03	0.05	0.00	0.05
Singapore	0.00	0.87	-0.87	0.00	0.00	0.00	0.00	0.00	0.04	0.00	0.04
United Kingdom	16.22	9.46	6.76	3.98	3.32	0.67	0.67	0.30	-0.07	0.11	0.04
Portugal	0.00	0.13	-0.13	0.00	-17.88	17.88	0.00	-0.03	0.03	0.00	0.03
Mexico	0.00	0.75	-0.75	0.00	0.50	-0.50	0.00	0.00	0.03	0.00	0.03
Qatar	0.00	0.24	-0.24	0.00	-3.62	3.62	0.00	-0.01	0.02	0.00	0.02
Belgium	0.00	0.60	-0.60	0.00	1.74	-1.74	0.00	0.01	0.02	0.00	0.02
United Arab Emirates	0.00	0.35	-0.35	0.00	0.35	-0.35	0.00	0.00	0.02	0.00	0.02
Chile	0.00	0.13	-0.13	0.00	-4.47	4.47	0.00	-0.01	0.01	0.00	0.01
New Zealand	0.00	0.13	-0.13	0.00	-3.86	3.86	0.00	-0.01	0.01	0.00	0.01
Egypt	0.00	0.03	-0.03	0.00	-29.73	29.73	0.00	-0.01	0.01	0.00	0.01
Malaysia	0.00	0.38	-0.38	0.00	3.03	-3.03	0.00	0.01	0.01	0.00	0.01
Austria	0.00	0.12	-0.12	0.00	0.49	-0.49	0.00	0.00	0.01	0.00	0.01
Czech Republic	0.00	0.04	-0.04	0.00	-7.73	7.73	0.00	0.00	0.01	0.00	0.01
Hungary	0.00	0.07	-0.07	0.00	0.48	-0.48	0.00	0.00	0.00	0.00	0.00
Poland	0.00	0.27	-0.27	0.00	3.45	-3.45	0.00	0.01	0.00	0.00	0.00
Saudi Arabia	0.00	1.20	-1.20	0.00	4.72	-4.72	0.00	0.06	0.00	0.00	0.00
Greece	0.00	0.14	-0.14	0.00	6.45	-6.45	0.00	0.01	0.00	0.00	0.00
Philippines	0.00	0.18	-0.18	0.00	6.10	-6.10	0.00	0.01	0.00	0.00	0.00
Colombia	0.00	0.03	-0.03	0.00	14.20	-14.20	0.00	0.00	0.00	0.00	0.00
Kuwait	0.00	0.23	-0.23	0.00	8.32	-8.32	0.00	0.02	-0.01	0.00	-0.01
Peru	0.00	0.09	-0.09	0.00	15.83	-15.83	0.00	0.01	-0.01	0.00	-0.01
Indonesia	2.98	0.53	2.44	5.97	2.12	3.85	0.12	0.01	-0.10	0.09	-0.01
Turkey	0.00	0.19	-0.19	0.00	14.57	-14.57	0.00	0.03	-0.02	0.00	-0.02
Israel	0.00	0.46	-0.46	0.00	12.43	-12.43	0.00	0.06	-0.03	0.00	-0.03
South Korea	2.72	3.46	-0.74	-0.91	1.62	-2.53	-0.04	0.04	0.02	-0.07	-0.05
Switzerland	3.65	6.29	-2.65	-8.24	-1.28	-6.97	-0.34	-0.10	0.16	-0.28	-0.12
Italy	0.00	1.74	-1.74	0.00	13.68	-13.68	0.00	0.23	-0.15	0.00	-0.15
Spain	1.04	1.68	-0.65	-8.31	8.18	-16.49	-0.20	0.13	-0.13	-0.13	-0.26
France	11.20	7.78	3.42	3.64	5.88	-2.24	0.42	0.46	0.05	-0.31	-0.26
Sweden	7.96	2.02	5.94	-2.38	1.16	-3.54	-0.25	0.02	-0.22	-0.31	-0.53
Hong Kong	2.59	1.29	1.30	-22.95	-11.67	-11.29	-0.69	-0.17	-0.24	-0.38	-0.61

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Harbor International Compounders ETF



ATTRIBUTION

As of 03/31/2024

Quarterly Attribution:
Harbor International Compounders ETF vs. MSCI All Country World Ex-United States

Country Attribution

India	5.00	4.87	0.12	-16.60	6.07	-22.67	-1.09	0.30	0.07	-1.39	-1.32
Japan	13.17	15.10	-1.93	-5.23	11.01	-16.23	-0.69	1.65	-0.09	-2.17	-2.26
Cash	0.55	0.00	0.55	0.71	0.00	0.71	0.01	0.00	0.05	0.00	0.05
Total	100.00	100.00	0.00	4.14	4.69	-0.55	4.14	4.69	0.44	-0.99	-0.55

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Harbor International Compounders ETF



IMPORTANT INFORMATION

Risks

Investing involves risk, principal loss is possible. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. Harbor ETFs are new and have limited operating history to judge.

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. Investing in international and emerging markets poses special risks, including potentially greater price volatility due to social, political and economic factors, as well as currency exchange rate fluctuations. 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 economic, political or regulatory occurrence than a more diversified portfolio.

The subadvisor considers certain ESG factors in evaluating company quality which may result in the selection or exclusion of securities for reasons other than performance and the Fund may underperform relative to other funds that do not consider ESG factors.

Benchmarks

The MSCI All Country World Ex. US (ND) Index is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance in the global developed and emerging markets, excluding the U.S. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

Disclosures

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.

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.

C WorldWide Asset Management is a third-party subadvisor to the Harbor International Compounders ETF.

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

Harbor International Compounders ETF



IMPORTANT INFORMATION

Attribution Disclosures

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.

Active Currency Contribution is the Currency Contribution of the portfolio minus the Currency Contribution 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.