

# Harbor Diversified International All Cap Fund

Marathon Asset Management Limited

Subadvisor Since 11/02/2015

<b>Total Net Assets - All Classes</b>	\$904,276,511
<b>Equity Assets:</b>	98.21%
<b>Cash &amp; Other Assets Less Liabilities:</b>	1.79%
<b>Benchmark Name:</b>	MSCI All Country World Ex. US (ND) Index

## Portfolio Managers

Neil M. Ostrer	Charles Carter	Nick Longhurst	William J. Arah
Simon Somerville	Toma Kobayashi	Robert Anstey, CFA	Justin Hill
Alex Duffy			

## Investment Philosophy

The Fund invests primarily in common and preferred stocks of foreign companies, including those in emerging market countries. The portfolio manager focuses on identifying long-term investment opportunities that can arise as a result of certain capital cycle, or supply-side, conditions. Capital cycle investing is based on the concept that the prospect of high returns will attract excessive capital and competition, and vice versa. The portfolio manager uses fundamental, bottom-up qualitative analysis. Research meetings with company management represent the majority of analytical effort conducted. The Fund typically invests in between 450 to 550 companies across Europe, Japan, the Pacific Basin and emerging markets, and North America. While inherently diversified, a bias towards smaller and mid cap businesses in niche industries, coupled with a particularly long holding period, result in a portfolio that is significantly differentiated from the Fund's benchmark index.

## CHARACTERISTICS & ALLOCATION

As of 12/31/2022

Portfolio Characteristics		
	Portfolio	Benchmark
Number of Holdings	373	2,261
Wtd Avg Market Cap (\$Mil)	49,356.40	79,447.50
Med Cap - # Stocks (\$Mil)	9,446.00	8,345.00
Price/Book Ratio	2.35	2.18
Adjusted Trailing P/E Ratio	16.30	15.50
% EPS Growth - Past 3 Yr	13.10	13.90
Return on Equity (%)	15.36	13.92
Beta vs. Fund Benchmark	1.10	
Forecasted P/E Ratio	16.00	14.70

Top 10 Holdings		
	Portfolio %	Benchmark %
AIA Group Limited	2.10	0.60
Novo Nordisk A/S Class	1.59	1.00
BP p.l.c.	1.58	0.48
HDFC Bank Limited Spons	1.25	0.00
Taiwan Semiconductor Ma	1.21	1.61
Fairfax Financial Holdi	1.12	0.06
PT Bank Central Asia Tb	1.10	0.14
Roche Holding Ltd Divid	1.08	0.99
Naspers Limited Class N	0.96	0.16
Equinor ASA	0.91	0.15
<b>Total</b>	<b>12.90</b>	<b>5.19</b>

Top 10 Industries		
	Portfolio %	Benchmark %
Banks	10.89	12.68
Insurance	7.27	4.84
Metals & Mining	6.14	4.25
Oil Gas & Consumables	4.57	5.91
Machinery	3.83	1.94
Food & Staples Retail	3.34	1.60
Capital Markets	3.11	2.28
Semiconductors	3.05	4.06
It Services	2.95	1.85
Pharmaceuticals	2.87	6.48
<b>Total</b>	<b>48.02</b>	<b>45.89</b>

Economic Sectors		
	Portfolio %	Benchmark %
Financials	23.19	20.99
Industrials	19.68	12.18
Consumer Discretionary	11.21	11.28
Information Technology	9.47	10.62
Consumer Staples	9.25	8.83
Materials	8.56	8.23
Health Care	6.58	9.73
Communication Services	4.75	5.92
Energy	4.68	5.97
Real Estate	0.60	2.26
Utilities	0.24	3.40

Top 10 Countries		
	Portfolio %	Benchmark %
United Kingdom	16.16	9.76
Japan	14.95	14.04
Canada	9.86	7.72
France	5.21	7.56
China	4.71	8.46
Hong Kong	4.49	1.93
India	4.46	4.12
Australia	4.07	5.11
Denmark	3.84	1.89
Switzerland	3.43	6.49
<b>Total</b>	<b>71.18</b>	<b>67.08</b>
<b>Emerging Markets</b>	<b>22.44</b>	<b>28.19</b>

Market Capitalization		
		Portfolio %
Large	Above 25.0B	45.60
	10.0B - 25.0B	26.32
Mid	5.0B - 10.0B	11.90
	1.0B - 5.0B	15.25
Small	0.0 - 1.0B	0.80



### 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	HAIDX	411512593	17.12%	-14.30%	-14.30%	0.74%	1.76%	N/A	4.03%	11/02/15	0.80	0.92
Administrative	HRIDX	411512585	17.00%	-14.53%	-14.53%	0.48%	1.50%	N/A	3.77%	11/02/15	1.05	1.17
Investor	HIIDX	411512577	16.94%	-14.63%	-14.63%	0.35%	1.39%	N/A	3.64%	11/02/15	1.16	1.28
Retirement	HNIDX	411512437	17.11%	-14.30%	-14.30%	0.81%	1.84%	N/A	4.09%	03/01/16	0.72	0.84
MSCI All Country World Ex. US (ND) Index			14.29%	-16.00%	-16.00%	0.07%	0.88%	N/A	4.11%	11/02/15		

## MANAGER COMMENTARY

As of 12/31/2022

**“Value stocks outperformed growth by a wide margin, reflecting the extreme valuation differentials that have developed between the styles.”**

Marathon Asset Management LLP (Marathon-London)

### Market in Review

The final quarter of 2022 provided respite for investors following three consecutive quarters of falling markets. All developed markets (as represented by the MSCI World Index) rose, as did 21 of the 25 countries in the MSCI Emerging Markets Index. The rise follows more positive data on inflation as central banks including the U.S. Federal Reserve (“Fed”), the European Central Bank (ECB), and the Bank of England (BoE) increased rates by a smaller increment at their last meetings, slowing the pace at which interest rates are rising. Investors have taken this to mean that the end of the current cycle of rises may be in sight and responded positively.

Value stocks outperformed growth by a wide margin, reflecting the extreme valuation differentials that have developed between the styles. In terms of size, mid-cap stocks outperformed both their larger and smaller peers globally; however, there were marked differences in the impact of the size between markets.

### Portfolio Performance

During the fourth quarter of 2022, the Harbor Diversified International All Cap Fund (Institutional Class, “Fund”) returned 17.12%, outperforming its benchmark, the MSCI All Country World Ex. US (ND) Index, which returned 14.29%.

From a regional perspective, performance was driven by stock selection, particularly in emerging markets and Europe. Overall, emerging markets were the largest contributor to outperformance.

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.**



At the sector level, outperformance was also driven by stock selection in Financials, Consumer Discretionary, and Materials, while Industrials, Consumer Staples, and Information Technology detracted marginally from performance. While allocation effects in Industrials were a benefit to performance, this was offset by negative stock selection.

### Contributors & Detractors

Hong Kong-based insurance corporation AIA group saw a recovery in its key markets over the period, with China's pivot away from a zero-COVID policy elevating growth prospects. The group launched a large share buy-back program, further strengthening the company's position.

Vestas, the Danish wind turbine manufacturer, performed strongly over the period amid a surge in renewable energy demand in the wake of the global energy crisis. Multiple energy assessments were released in December, with the International Energy Agency's Renewables 2022 report projecting a sharp acceleration in installations of renewable power over the coming years.

PT Bank Central Asia detracted following a strong third quarter, in line with the wider Indonesian market. The Asian Development Bank cut economic growth forecasts for the region despite a record year amid expectations that weak growth in Indonesia's key trading partners—China, the U.S., Japan, and the EU—would weigh on growth prospects over the coming months.

Brookfield, the Canadian alternative asset manager, was a significant drag on performance. The company split in early December, spinning off a new entity called Brookfield Asset Management. The legacy company, Brookfield Corporation, retained 75% of the new entity, with the other 25% distributed to shareholders and separately listed in the U.S. and Canada. Yet, even taking the new shares into account, the two companies combined still underperformed the Canadian market.

### Buys & Sells

We purchased Rexel and Melrose Industries. Rexel specializes in multichannel distribution for the Energy sector, connecting organizations with electrical products and solutions. The company has benefited from an increasing global focus on sustainability and higher energy prices. In addition, excess demand for electrical products is likely to continue as digitalization and environmental, social, and governance (ESG) considerations accelerate, further bolstering Rexel's ability to benefit from inflation. Marathon believes that the value of the company is misunderstood, creating an investment opportunity.

Melrose Industries is a global business focusing on the acquisition and performance improvement of manufacturing businesses. Its main subsidiaries include Brush Turbogenerators, GKN, and Nortek. Aerospace accounts for the largest part of the company, with revenues diversified between three divisions: engines, civil, and defense. As aerospace demand continues to recover to 2019 levels, the company is expected to hit targets and significantly increase profitability.

Swedish Match, the multinational tobacco company, exited the Fund following a takeover by Philip Morris International. Jafco Group, the largest (and only listed) venture capital company in Japan, was sold following a gradual reduction in Marathon's holding that began in the first half of 2021. The relative valuation of Jafco became less attractive versus its peers as the competitive landscape intensified and the prospect of an IPO pipeline became unclear. Although macroeconomic uncertainty led to a share-price collapse in early 2022, Marathon was able to take advantage of Jafco's high share price in 2021.

### Outlook

While Marathon does not attempt to position the Fund according to forecasts for the future, we do recognize and comment on the market environment across the various regions of the Fund.

European equities, as measured by the MSCI Europe Index, rose by 19.4% during the quarter. As usual, headline numbers masked significant dispersion with the best-performing markets, Denmark and Austria, returning more than 31%, and the worst, Switzerland, returning 10.41%. Gains were concentrated in the more economically sensitive areas of the market like Energy, Financials, and Consumer Discretionary, while more defensive names underperformed. Value outperformed growth, and small- and mid-caps outperformed large-caps, but the differences were muted when compared to other regions.

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Positive performance can be attributed to investors hoping that inflation may have peaked. The headline rate in the Eurozone fell to 10.1% in November from 10.6% the previous month, and the ECB reduced the rate at which it increased interest rates to 0.50% at its last meeting, from 0.75% previously. The same pattern was seen in the U.K., however, both the ECB and the BoE have been vocal in stating that rates have not peaked yet.

The Japanese market performed strongly with the MSCI Japan Index returning 13.2%. The yen strengthened sharply against the dollar from 30-year lows reached in October. Value outperformed growth, however, from a size perspective large-cap outperformed small- and mid-cap stocks in a reversal of the trend seen in most other regions.

Inflation in Japan has not been as extreme as elsewhere; however, Japan has long been a low-inflation country. Therefore, the latest reading of 3.8% in November was surprisingly high and higher than anything seen since 1981. The Bank of Japan (BoJ) finally, and very unexpectedly, altered policy during the quarter, widening the yield range within which 10-year Japanese government bonds are permitted to trade, effectively a type of monetary tightening. Financial markets appear to have viewed it as such, but for Japan this is a positive as it may indicate that the country is moving away from the deflationary era that has dogged it for over 30 years.

Returns in Pacific ex-Japan were strong, with the MSCI Pacific ex-Japan Index returning 15.7%. New Zealand was the standout market, returning 24.51%. Hong Kong benefited from the relaxation of COVID-19 measures both in the territory and in mainland China. The anticipated reopening of the border between the two is key to the enclave's recovery. Australia did well, in part, due to the market's high exposure to more economically sensitive value stocks, particularly Materials companies, and from the steady and predictable pace of interest rate rises over the year. With a return of 10.46%, Singapore was the worst performer in the region.

Emerging markets, as measured by the MSCI Emerging Markets Index, rose by 9.7% over the final quarter of 2022. As is often the case among heterogeneous markets, this headline figure masks large variations between the best- and worst-performing markets. Yet even by emerging markets standards the dispersion was extreme. Returns ranged from Turkey's 62.86% to Qatar's -15.29%—a 78.2% gap. Much of the return from emerging markets was a result of the U.S. Fed slowing the pace of interest rate rises, indicating that an end to the current hiking cycle may be in sight. This optimism faded in December as the Fed reiterated its inflation-fighting stance.

By subregion, Emerging Asia was the best performer, with most markets rising following the easing of COVID-19 restrictions in China. However, the market's response has been muted by the extraordinarily rapid spread of the virus and the resulting rise in hospitalizations. It remains to be seen whether the relaxation in measures is permanent.

Performance within Emerging EMEA was more variable but can broadly be split between the Gulf markets, which were the worst performers, as energy prices continued to moderate, and the rest. The Qatari, Saudi Arabian, and UAE markets all fell. Conversely, most European and African markets rose rapidly with Turkey, Poland, Hungary, Greece, and Egypt as the top-five performers. This robust performance is related, in part, to the fall in energy prices and to the withdrawal of some of these markets from reliance on Russian gas imports. Turkey's performance reflected both another rate cut by the central bank and the announcement that—in the face of inflation hitting 85% in October—the easing cycle was now at an end.

The Emerging Americas were weaker, largely because of Brazil, the largest market in the subregion, where stocks had risen during the previous quarter on an increased potential for a victory by idiosyncratic but market-friendly Jair Bolsonaro in the presidential race. This did not happen, and the market trod water as a result.

Although showing a positive return of 7.4% according to the MSCI Canada Index, Canada was one of the weaker markets in a global context. Unlike its neighbor to the south, style factors were muted, with little differentiation between growth and value stocks and with growth outperforming marginally. Canada, while still experiencing higher inflation than has been the case for decades, saw a peak in its reported inflation rates in June—much earlier than other markets. However, the Bank of Canada has continued to increase interest rates at every meeting since and has stated that it does not believe that it has not yet reached the terminal rate for this cycle.

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### Best & Worst Performers

Best Performers	Average Weight %	Return %
Vipshop Holdings Ltd Sponsored ADR	0.41	62.19
Vestas Wind Systems A/S	0.71	55.45
Resona Holdings Inc.	0.57	50.26
Bank of Ireland Group Plc	0.56	47.22
Shenzhou International Group Holdings Limited	0.39	43.94

Worst Performers	Average Weight %	Return %
Havells India Limited	0.40	-19.79
Spin Master Corp	0.36	-18.61
Localiza Rent A Car SA	0.50	-10.18
Ritchie Bros. Auctioneers Incorporated	0.50	-7.77
Marico Limited	0.42	-6.79

### Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
AIA Group Limited	33.38	0.53
Novo Nordisk A/S Class B	34.19	0.45
BP p.l.c.	19.45	0.33
Vestas Wind Systems A/S	55.45	0.33
Fairfax Financial Holdings Limited	28.93	0.29
<b>Total</b>		<b>1.93</b>

Greatest Detractors	Return %	Contribution to Return %
Havells India Limited	-19.79	-0.10
Spin Master Corp	-18.61	-0.08
Ritchie Bros. Auctioneers Incorporated	-7.77	-0.05
Roche Holding Ltd Dividend Right Cert.	-4.45	-0.05
Marico Limited	-6.79	-0.04
<b>Total</b>		<b>-0.32</b>

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# Harbor Diversified International All Cap Fund

ATTRIBUTION

As of 12/31/2022



## Quarterly Attribution:

Harbor Diversified International All Cap Fund vs MSCI All Country World Ex. US (ND) Index

### Performance

	Portfolio	Benchmark	Active
Return Ex Currency	10.20	7.82	2.38
Currency Contribution	6.45	6.46	-0.01
<b>Total Return</b>	<b>16.65</b>	<b>14.28</b>	<b>2.37</b>

Sector Attribution	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Financials	23.08	20.72	2.36	20.61	15.59	5.02	4.67	3.25	0.03	1.13	1.17
Consumer Discretionary	10.64	11.22	-0.58	21.46	14.70	6.76	2.12	1.56	0.00	0.72	0.72
Materials	8.61	8.30	0.31	20.53	16.58	3.95	1.76	1.36	0.01	0.33	0.34
Communication Services	4.78	5.75	-0.97	14.83	11.93	2.90	0.71	0.62	0.04	0.13	0.17
Energy	4.91	6.26	-1.35	16.75	13.26	3.49	0.89	0.92	0.00	0.17	0.17
Health Care	6.54	9.79	-3.25	15.27	14.05	1.22	1.01	1.39	0.01	0.08	0.09
Real Estate	0.58	2.26	-1.68	14.44	10.44	4.00	0.08	0.22	0.07	0.02	0.09
Utilities	0.24	3.31	-3.07	13.19	12.97	0.22	0.03	0.43	0.04	0.00	0.04
Information Technology	9.68	11.04	-1.36	12.91	13.52	-0.61	1.25	1.49	0.01	-0.06	-0.05
Consumer Staples	9.53	8.98	0.55	9.37	9.75	-0.38	0.89	0.87	-0.03	-0.04	-0.07
Industrials	19.79	12.37	7.42	15.80	17.32	-1.52	3.21	2.17	0.22	-0.30	-0.08
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>16.65</b>	<b>14.28</b>	<b>2.37</b>	<b>16.65</b>	<b>14.28</b>	<b>0.17</b>	<b>2.20</b>	<b>2.37</b>

Past performance is not a guarantee of future results.



Quarterly Attribution:  
Harbor Diversified International All Cap Fund vs MSCI All Country World Ex. US (ND) Index

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
China	4.50	8.47	-3.97	23.41	13.42	9.99	0.91	0.85	0.12	0.43	0.55
United Kingdom	16.21	9.81	6.40	18.98	16.98	2.00	3.10	1.68	0.17	0.32	0.49
Saudi Arabia	0.00	1.27	-1.27	0.00	-7.44	7.44	0.00	-0.09	0.31	0.00	0.31
Denmark	3.61	1.77	1.84	30.50	31.60	-1.10	1.03	0.51	0.30	-0.03	0.27
Canada	10.40	8.11	2.29	10.91	7.42	3.49	1.29	0.75	-0.17	0.38	0.22
Taiwan	3.17	3.94	-0.77	14.59	9.63	4.96	0.39	0.31	0.04	0.17	0.22
Hong Kong	3.71	1.86	1.85	21.61	17.77	3.84	0.70	0.27	0.09	0.13	0.21
South Africa	3.28	1.03	2.25	21.64	18.33	3.31	0.70	0.19	0.09	0.11	0.20
Ireland	1.46	0.45	1.01	29.80	18.15	11.65	0.41	0.08	0.04	0.15	0.19
Switzerland	3.54	6.58	-3.04	11.73	10.41	1.32	0.45	0.73	0.12	0.05	0.17
Peru	0.79	0.08	0.71	35.92	17.35	18.57	0.26	0.01	0.01	0.14	0.15
India	4.78	4.27	0.51	5.62	1.98	3.64	0.32	0.11	-0.07	0.19	0.13
Qatar	0.00	0.33	-0.33	0.00	-15.29	15.29	0.00	-0.05	0.11	0.00	0.11
Israel	0.00	0.50	-0.50	0.00	0.38	-0.38	0.00	0.01	0.07	0.00	0.07
Italy	1.46	1.50	-0.04	32.53	26.36	6.17	0.44	0.39	-0.01	0.08	0.07
United Arab Emirates	0.00	0.39	-0.39	0.00	-1.51	1.51	0.00	0.00	0.07	0.00	0.07
Finland	0.65	0.65	0.00	22.62	16.32	6.30	0.14	0.11	0.00	0.04	0.04
Panama	0.44	0.00	0.44	24.12	0.00	24.12	0.10	0.00	0.04	0.00	0.04
Mexico	1.29	0.68	0.61	15.59	12.48	3.11	0.25	0.10	0.00	0.03	0.03
Singapore	0.84	0.96	-0.12	13.70	10.54	3.16	0.12	0.09	0.00	0.03	0.03
Kuwait	0.00	0.28	-0.28	0.00	5.75	-5.75	0.00	0.02	0.02	0.00	0.02
Russia	0.10	0.00	0.10	38.99	0.00	38.99	0.03	0.00	0.02	0.00	0.02
Austria	0.38	0.12	0.26	22.04	31.07	-9.03	0.09	0.03	0.04	-0.03	0.01
Chile	0.00	0.16	-0.16	0.00	6.18	-6.18	0.00	0.01	0.01	0.00	0.01
Colombia	0.00	0.04	-0.04	0.00	19.71	-19.71	0.00	0.01	0.00	0.00	0.00
Czech Republic	0.00	0.04	-0.04	0.00	6.55	-6.55	0.00	0.00	0.00	0.00	0.00
Egypt	0.00	0.02	-0.02	0.00	28.51	-28.51	0.00	0.01	0.00	0.00	0.00
Malaysia	0.00	0.43	-0.43	0.00	14.03	-14.03	0.00	0.06	0.00	0.00	0.00
Portugal	0.00	0.14	-0.14	0.00	17.23	-17.23	0.00	0.02	0.00	0.00	0.00
Russian Federation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
United States	0.00	0.01	-0.01	-65.91	22.35	-88.26	0.00	0.00	0.00	0.00	0.00
Australia	4.04	5.03	-0.99	16.02	15.91	0.11	0.64	0.79	-0.02	0.01	-0.01
Cayman Islands	0.00	0.03	-0.03	0.00	42.12	-42.12	0.00	0.02	-0.01	0.00	-0.01
Greece	0.00	0.08	-0.08	0.00	29.14	-29.14	0.00	0.02	-0.01	0.00	-0.01
Hungary	0.00	0.05	-0.05	0.00	36.33	-36.33	0.00	0.02	-0.01	0.00	-0.01
Philippines	0.00	0.21	-0.21	0.00	21.09	-21.09	0.00	0.04	-0.01	0.00	-0.01
Sweden	1.57	2.18	-0.61	18.90	18.14	0.76	0.32	0.42	-0.02	0.01	-0.01
Thailand	0.00	0.61	-0.61	0.00	16.10	-16.10	0.00	0.09	-0.01	0.00	-0.01
Belgium	0.21	0.64	-0.43	31.14	22.55	8.59	0.06	0.14	-0.03	0.02	-0.02
Brazil	1.65	1.62	0.03	1.89	2.35	-0.46	0.08	0.07	-0.04	0.02	-0.02
New Zealand	0.10	0.12	-0.02	9.04	24.51	-15.47	0.01	0.03	0.00	-0.02	-0.02
Norway	1.22	0.50	0.72	13.76	16.92	-3.16	0.18	0.09	0.02	-0.04	-0.02
Japan	14.90	14.05	0.85	13.10	13.23	-0.13	1.89	1.84	-0.01	-0.02	-0.03
Poland	0.00	0.18	-0.18	0.00	47.75	-47.75	0.00	0.07	-0.05	0.00	-0.05
Turkey	0.00	0.15	-0.15	0.00	62.86	-62.86	0.00	0.07	-0.06	0.00	-0.06

Past performance is not a guarantee of future results.





**Quarterly Attribution:**

Harbor Diversified International All Cap Fund vs MSCI All Country World Ex. US (ND) Index

**Country Attribution**

Spain	1.07	1.53	-0.46	18.70	22.90	-4.20	0.19	0.34	-0.03	-0.04	-0.08
France	5.15	7.47	-2.32	24.18	22.19	1.99	1.23	1.64	-0.18	0.09	-0.09
Indonesia	1.18	0.58	0.60	-1.88	-3.57	1.69	-0.02	-0.02	-0.12	0.03	-0.10
Netherlands	2.20	2.71	-0.51	17.29	21.01	-3.72	0.38	0.56	-0.03	-0.08	-0.11
South Korea	1.72	3.28	-1.56	14.98	18.12	-3.14	0.27	0.59	-0.05	-0.06	-0.11
Germany	2.74	5.10	-2.36	23.11	24.57	-1.46	0.63	1.22	-0.23	-0.04	-0.27
Cash	1.63	0.00	1.63	1.92	0.00	1.92	0.03	0.00	-0.23	0.00	-0.23
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>16.65</b>	<b>14.28</b>	<b>2.37</b>	<b>16.65</b>	<b>14.28</b>	<b>-0.15</b>	<b>2.52</b>	<b>2.37</b>





### Trailing 1 Year Attribution:

Harbor Diversified International All Cap Fund vs MSCI All Country World Ex. US (ND) Index

### Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-6.60	-9.62	3.02
Currency Contribution	-6.93	-6.38	-0.55
<b>Total Return</b>	<b>-13.53</b>	<b>-16.00</b>	<b>2.47</b>

Sector Attribution	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
	Financials	22.28	20.47	1.81	-0.91	-7.34	6.43	0.07	-1.43	0.11	1.33
Information Technology	10.30	11.57	-1.27	-26.43	-34.47	8.04	-3.16	-4.67	0.29	1.05	1.34
Consumer Discretionary	11.00	11.24	-0.24	-18.46	-21.57	3.11	-2.23	-2.58	0.06	0.36	0.42
Real Estate	0.40	2.40	-2.00	4.69	-20.62	25.31	0.04	-0.61	0.08	0.11	0.19
Energy	4.40	5.88	-1.48	24.20	8.13	16.07	0.71	0.31	-0.33	0.44	0.11
Communication Services	5.21	6.12	-0.91	-21.97	-21.80	-0.17	-1.26	-1.61	0.09	-0.05	0.04
Materials	8.75	8.37	0.38	-12.45	-11.20	-1.25	-1.18	-1.06	0.05	-0.13	-0.08
Consumer Staples	9.69	8.80	0.89	-14.14	-11.90	-2.24	-1.39	-0.96	0.03	-0.22	-0.18
Utilities	0.27	3.31	-3.04	-28.26	-11.17	-17.09	-0.09	-0.40	-0.13	-0.05	-0.18
Industrials	19.40	12.19	7.21	-18.64	-18.39	-0.25	-3.48	-1.99	-0.15	-0.07	-0.21
Health Care	6.60	9.64	-3.04	-23.40	-13.14	-10.26	-1.55	-1.00	-0.11	-0.70	-0.81
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>-13.53</b>	<b>-16.00</b>	<b>2.47</b>	<b>-13.53</b>	<b>-16.00</b>	<b>0.40</b>	<b>2.08</b>	<b>2.47</b>



**Trailing 1 Year Attribution:**  
Harbor Diversified International All Cap Fund vs MSCI All Country World Ex. US (ND) Index

**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
Japan	14.88	14.08	0.80	-7.76	-16.65	8.89	-1.35	-2.44	0.00	1.26	1.25
Canada	10.31	8.11	2.20	-5.75	-12.87	7.12	-0.63	-1.02	0.04	0.67	0.70
Russia	0.09	0.13	-0.04	-71.67	-100.00	28.33	-0.19	-0.83	0.67	-0.13	0.54
Ireland	1.14	0.44	0.70	16.40	-29.95	46.35	0.31	-0.13	-0.03	0.46	0.43
China	4.83	8.98	-4.15	-21.36	-21.98	0.62	-1.37	-2.66	0.40	-0.05	0.35
South Africa	3.41	1.05	2.36	-1.95	-3.88	1.93	-0.05	-0.04	0.25	0.08	0.32
Norway	1.15	0.49	0.66	16.69	-7.02	23.71	0.13	-0.05	0.03	0.22	0.26
Hong Kong	3.66	1.92	1.74	-3.47	-4.85	1.38	-0.27	-0.18	0.19	0.04	0.23
Sweden	1.67	2.21	-0.54	-23.42	-28.41	4.99	-0.36	-0.59	0.09	0.09	0.18
Netherlands	2.37	2.71	-0.34	-23.76	-27.63	3.87	-0.59	-0.71	0.07	0.10	0.16
South Korea	1.85	3.44	-1.59	-32.66	-29.36	-3.30	-0.74	-1.19	0.25	-0.09	0.16
Indonesia	1.10	0.54	0.56	8.87	3.59	5.28	0.07	0.00	0.09	0.05	0.14
Mexico	0.95	0.64	0.31	11.60	-2.02	13.62	0.22	0.02	0.02	0.11	0.13
Peru	0.77	0.07	0.70	4.17	9.44	-5.27	0.03	0.01	0.14	-0.01	0.13
Taiwan	3.88	4.35	-0.47	-28.69	-29.76	1.07	-1.57	-1.73	0.12	-0.02	0.10
Finland	0.61	0.63	-0.02	0.20	-15.28	15.48	0.03	-0.07	0.00	0.09	0.09
Singapore	0.98	0.92	0.06	-4.58	-11.14	6.56	-0.06	-0.10	0.01	0.05	0.06
Israel	0.00	0.48	-0.48	0.00	-26.67	26.67	0.00	-0.13	0.05	0.00	0.05
Panama	0.15	0.00	0.15	31.35	0.00	31.35	0.09	0.00	0.05	0.00	0.05
Cyprus	0.00	0.01	-0.01	0.00	-100.00	100.00	0.00	-0.04	0.04	0.00	0.04
Poland	0.00	0.19	-0.19	0.00	-27.24	27.24	0.00	-0.05	0.02	0.00	0.02
Belgium	0.21	0.60	-0.39	-0.04	-12.49	12.45	0.01	-0.05	-0.02	0.02	0.01
Cayman Islands	0.00	0.03	-0.03	0.00	-29.28	29.28	0.00	-0.01	0.01	0.00	0.01
Hungary	0.00	0.05	-0.05	0.00	-31.08	31.08	0.00	-0.02	0.01	0.00	0.01
Czech Republic	0.00	0.04	-0.04	0.00	-14.44	14.44	0.00	-0.01	0.00	0.00	0.00
Egypt	0.00	0.02	-0.02	0.00	-22.65	22.65	0.00	-0.01	0.00	0.00	0.00
Philippines	0.00	0.22	-0.22	0.00	-13.92	13.92	0.00	-0.04	0.00	0.00	0.00
Colombia	0.00	0.05	-0.05	0.00	-5.98	5.98	0.00	-0.01	-0.01	0.00	-0.01
Greece	0.00	0.07	-0.07	0.00	0.26	-0.26	0.00	0.00	-0.01	0.00	-0.01
Qatar	0.00	0.30	-0.30	0.00	-6.89	6.89	0.00	-0.04	-0.01	0.00	-0.01
United States	0.00	0.01	-0.01	-97.40	7.10	-104.50	-0.02	0.00	0.00	-0.01	-0.01
Austria	0.38	0.12	0.26	-23.33	-26.41	3.08	-0.08	-0.03	-0.02	0.00	-0.02
Portugal	0.00	0.14	-0.14	0.00	0.20	-0.20	0.00	0.00	-0.02	0.00	-0.02
New Zealand	0.12	0.12	0.00	-36.32	-13.62	-22.70	-0.06	-0.02	0.00	-0.03	-0.03
United Arab Emirates	0.00	0.39	-0.39	0.00	-6.18	6.18	0.00	-0.04	-0.03	0.00	-0.03
Chile	0.00	0.15	-0.15	0.00	19.36	-19.36	0.00	0.02	-0.04	0.00	-0.04
Kuwait	0.00	0.24	-0.24	0.00	10.07	-10.07	0.00	0.01	-0.04	0.00	-0.04
Malaysia	0.00	0.43	-0.43	0.00	-5.78	5.78	0.00	-0.03	-0.04	0.00	-0.04
Turkey	0.00	0.10	-0.10	0.00	90.42	-90.42	0.00	0.08	-0.08	0.00	-0.08
Saudi Arabia	0.00	1.25	-1.25	0.00	-5.07	5.07	0.00	-0.15	-0.10	0.00	-0.10
Spain	1.03	1.50	-0.47	-14.52	-7.28	-7.24	-0.12	-0.07	-0.04	-0.07	-0.10
Thailand	0.00	0.56	-0.56	0.00	4.97	-4.97	0.00	0.02	-0.10	0.00	-0.10
Switzerland	3.60	6.51	-2.91	-22.69	-18.32	-4.37	-0.80	-1.07	0.06	-0.17	-0.11
Australia	3.92	4.91	-0.99	-4.27	-4.51	0.24	-0.26	-0.24	-0.13	0.01	-0.12
Denmark	3.64	1.69	1.95	-14.08	-4.84	-9.24	-0.44	0.02	0.20	-0.32	-0.12

Past performance is not a guarantee of future results.



**Trailing 1 Year Attribution:**

Harbor Diversified International All Cap Fund vs MSCI All Country World Ex. US (ND) Index

**Country Attribution**

India	4.76	3.97	0.79	-12.89	-7.95	-4.94	-0.53	-0.29	0.09	-0.24	-0.14
Italy	1.42	1.46	-0.04	-25.09	-14.36	-10.73	-0.32	-0.14	0.00	-0.18	-0.18
France	5.04	7.23	-2.19	-17.34	-13.34	-4.00	-0.66	-0.60	-0.06	-0.20	-0.25
Germany	2.95	5.10	-2.15	-34.22	-22.34	-11.88	-1.16	-1.00	0.12	-0.40	-0.27
Brazil	1.02	1.53	-0.51	-0.19	14.15	-14.34	-0.02	0.14	-0.33	0.01	-0.32
Russian Federation	0.10	0.02	0.08	-100.00	-100.00	0.00	-0.58	-0.13	-0.44	0.04	-0.40
United Kingdom	16.31	9.78	6.53	-14.63	-4.84	-9.79	-2.17	-0.35	0.73	-1.52	-0.79
Cash	1.69	0.00	1.69	3.34	0.00	3.34	-0.03	0.00	0.40	0.00	0.40
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>-13.53</b>	<b>-16.00</b>	<b>2.47</b>	<b>-13.53</b>	<b>-16.00</b>	<b>0.76</b>	<b>1.72</b>	<b>2.47</b>

### Risks

There is no guarantee that the investment objective of the Fund will be achieved. Stock markets are volatile and equity values can decline significantly in response to adverse issuer, political, regulatory, market and economic conditions. 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. Stocks of small and mid cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

Marathon-London's assessment of the capital cycle for a particular industry or company may be incorrect. Investing in companies at inopportune phases of the capital cycle can result in the Fund purchasing company stock at pricing levels that are higher than the market dynamics would support and therefore subject the Fund to greater risk that the stock price would decline rather than increase over time.

### 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

All holdings-related data is provided by FactSet. Because FactSet relies on external sources for its data, that data may differ slightly from actual values maintained by Harbor Funds.

Due to the security valuation procedures of the Fund and intra-day trading activity not included in the FactSet calculations, the actual returns may vary. From time to time the cash return in the portfolio may appear distorted based on the way FactSet's attribution calculation methodology addresses delayed settlements.

Beta is a rolling three year, unless the Fund has a track record of less than three years, in which case it is a rolling one year.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share. EPS Growth Rate is calculated by subtracting the initial EPS from the final EPS and dividing the change in EPS by the initial EPS. The Adjusted Trailing P/E (Price/ Ratio is the closing stock price divided by the sum of the last 12 months actual EPS. The Forecast P/E Ratio is the closing stock price divided by the sum of the next4quarters estimated EPS. All P/E, ROE and P/B statistics are calculated as weighted medians.

Return on Equity (ROE) is the measure of a company's net income divided by its shareholders' equity.

Price-to-Book (P/B) Ratio compares a company's market value to its book value. The market value of a company is its share price multiplied by the number of outstanding shares. The book value is the net assets of a company.

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.

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.**

**Marathon Asset Management LLP is an independent subadvisor to the Harbor Diversified International All Cap Fund.**

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### Attribution Disclosures

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

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

Allocation Effect is the portion of portfolio excess return that is attributable to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the average percent capitalization of the portfolio's group minus the average percent cap of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark.

Average Weight is the dollar value (price times the shares held) of the security or group, divided by the total dollar value of the entire portfolio displayed as a percentage. It is calculated as the simple arithmetic average of daily values.

Contribution to Return is the contribution of a security or group to the overall portfolio return. It is calculated as the security weight multiplied by the daily security return linked daily across the reporting period.

Currency Contribution is Total Return in USD subtracting out the Local Returns.

Local Returns are the Total Return of the portfolio or benchmark using the local currency.

Selection Effect is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's security selection effect equals the average weight of the benchmark's group times the total return of the portfolio's group minus the total return of the benchmark's group.

Total Effect is the sum of Allocation Effect and Selection Effect. The total effect represents the opportunity cost of what was done in a group relative to the overall portfolio. It is not just the difference between percent contribution in the portfolio and benchmark. At the overall portfolio level, the two numbers are equal. At the group level, they can be different.

Total Return is the price change of a security or group including dividends accrued over the report period (or the in-portfolio return) which includes only the time period that each security was in the portfolio.

### Definitions

Beta is a measure of systematic risk, or the sensitivity of a fund to movements in the benchmark. A beta of 1 implies that the expected movement of a fund's return would match that of the benchmark used to measure beta.

Factor-based investing seeks to "tilt" portfolios toward certain stock characteristics, like recent momentum, higher quality, or lower stock prices to achieve specific risk and return objectives.