

Harbor Small Cap Growth Fund

Westfield Capital Management Company, L.P.

Subadvisor Since 11/01/2000

Total Net Assets - All Classes \$1,066,310,445
Equity Assets: 96.90%
Cash & Other Assets Less Liabilities: 3.10%
Benchmark Name: Russell 2000® Growth Index

Portfolio Managers



William A. Muggia



Richard D. Lee, CFA



Ethan J. Meyers, CFA



John M. Montgomery

Investment Philosophy

The Fund invests primarily in equity securities – common and preferred stocks – of small cap companies. The small cap companies selected meet strict fundamental criteria and are then subject to a qualitative review by the portfolio manager to ensure that they have: accelerated earnings growth, a strong balance sheet, attractive valuation as measured by price/earnings to growth ratio, unique market position and broad opportunities, superior management and solid financial controls and accounting. The Fund stays fully invested in stocks and does not try to time the market, but instead works toward steady investment growth.

CHARACTERISTICS & ALLOCATION

As of 09/30/2023

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	64	1,084	Health Care	23.54	21.45
Wtd Avg Market Cap (\$Mil)	5,691.20	3,278.50	Industrials	19.49	20.14
Median Market Cap (\$Mil)	4,847.00	1,113.00	Information Technology	18.36	21.14
Price/Book Ratio	4.17	4.02	Financials	13.66	6.44
Adjusted Trailing P/E Ratio	28.80	24.00	Consumer Discretionary	10.46	10.90
% EPS Growth - Past 3 Yr	29.10	32.60	Energy	5.64	5.87
Est 3-5 Yr EPS Growth Rate (%)	14.60	12.30	Materials	3.16	4.15
Return on Equity (%)	10.01	11.31	Real Estate	2.59	1.57
Beta vs. Fund Benchmark	0.81		Utilities	0.00	1.59
Forecasted P/E Ratio	20.70	20.00	Communication Services	0.00	2.12
			Consumer Staples	0.00	4.46

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Ascendis Pharma A/S Spo	3.10	0.00	Biotechnology	11.15	8.99
ITT Inc.	2.77	0.00	Software	8.45	10.18
Northern Oil and Gas In	2.70	0.26	Financial Services	6.33	1.59
Saia Inc.	2.46	0.00	Health Care Equip	5.79	4.54
Haemonetics Corporation	2.35	0.41	Insurance	4.81	1.24
Option Care Health Inc	2.29	0.50	Machinery	4.53	4.86
Flywire Corp.	2.28	0.28	Hotels Rest & Leisure	4.19	3.58
Kinsale Capital Group I	2.17	0.00	Semiconductors	3.89	4.50
Casella Waste Systems I	2.12	0.39	Household Durables	3.44	1.05
Smartsheet Inc. Class A	2.06	0.00	Building Products	3.29	2.02
Total	24.30	1.84	Total	55.87	42.55

Market Capitalization		
		Portfolio %
Large	Above 25.0B	0.00
	10.0B - 25.0B	9.95
Mid	5.0B - 10.0B	39.94
	1.0B - 5.0B	45.76
Small	0.0 - 1.0B	1.25



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	HASGX	411511868	-6.01%	8.31%	12.96%	3.13%	6.05%	9.37%	8.71%	11/01/00	0.88	0.88
Investor	HISGX	411511777	-6.11%	7.99%	12.50%	2.75%	5.66%	8.96%	9.93%	11/01/02	1.24	1.24
Retirement	HNSGX	411512494	-6.03%	8.33%	13.04%	3.22%	6.13%	9.43%	8.73%	03/01/16	0.80	0.80
Russell 2000® Growth Index			-7.32%	5.24%	9.59%	1.09%	1.55%	6.72%	5.69%	11/01/00		

MANAGER COMMENTARY

As of 09/30/2023

“Looking ahead, we are incrementally more cautious today than we were three months ago, as the evolving macro backdrop increasingly warrants a more balanced posture between growth and durability.”

Westfield Capital Management Company, LP

Market In Review

The third quarter of 2023 provided mixed results for U.S. equity markets, with indexes initially surpassing the highs of the year, before reversing course to end the third quarter lower. The Federal Reserve's ("Fed") policy trajectory was a central focus during the period, as investors broadly expected the pause in rate hikes that was confirmed by the Fed in September. Over the course of the quarter, there was also a growing acceptance of the Fed's higher-for-longer mantra leading to the swift rise in longer-dated yields. Questions also began to percolate about the health of the consumer and the durability of their spending power, given the rise in the price of oil, planned resumption of student loan payments, dramatically higher borrowing costs, and the exhaustion of COVID-19-era savings. Consequently, cracks began to emerge in the key pillars of the argument supporting a soft landing, which drove a shift in risk tolerances toward quality, shorter-duration equities.

Portfolio Performance

During the quarter, the Harbor Small Cap Growth Fund (Institutional Class, "Fund") returned -6.01%, outperforming the Russell 2000® Growth Index, which returned -7.32%.

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

The outperformance was led by strong stock selection, while common factors provided a modest headwind to relative performance. From a factor perspective, the Fund's overweight to size was a headwind to relative performance. This was partially offset by the Fund's overweight to earnings yield and underweight to volatility, which provided a relative tailwind.

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 expense.

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.



Contributors & Detractors

Saia, a less-than-truckload (LTL) trucker, was the top contributor to relative performance during the quarter. The stock outperformed due to improving freight trends and pricing power. In addition, we believe Saia stands to take significant share from Yellow Corporation, which has filed for bankruptcy.

Northern Oil and Gas, a diversified exploration and production energy company, also contributed positively to relative results. Crude oil was up 25% during the third quarter, which helped drive the outperformance for the stock. In addition, Northern Oil and Gas executed well, beating numbers and showing strong operations.

Inspire Medical Systems, a medical technology company that develops systems to treat obstructive sleep apnea (“OSA”), was the top detractor from relative returns during the quarter. Inspire posted a strong second quarter earnings report at the start of August, against the backdrop of very high expectations. Unfortunately, it did not matter in the wake of the Novo Nordisk SELECT trial data and with Inspire calling out impacts on their bariatric volumes from glucagon-like peptide-1 (“GLP-1”) uptake. Since obstructive sleep apnea and obesity are correlated, Inspire was a natural target, but we believe the sell-off was an overreaction and used the opportunity to add to our position.

Apellis Pharmaceuticals, a clinical-stage biopharmaceutical company, also detracted from relative performance during the period. Apellis’ underperformance was driven entirely by reported cases of retinal vasculitis (“RV”) in a small number of patients treated with their new geographic atrophy (“GA”) drug Syfovre. We exited our position as case numbers continued to increase, and ophthalmologists recommended halting treatment usage until a cause could be determined.

Buys & Sells

During the quarter, we purchased AZEK, a composite decking company. With improving customer demand and growing market share among big-box retailers, we believe AZEK stands to benefit in the composite, sustainable deck construction space as a growing category leader. We are also seeing estimates bottom and margins improve with raw materials continuing to normalize, which should drive future growth for AZEK.

During the quarter, we sold our position in Onto Innovation, a semiconductor equipment company. Onto has exposure to many of the growth areas within semis, including silicon carbide, advanced packaging, and specialty devices. We sold the position after the stock hit our internal price target and used the capital to add to existing holdings within the sector.

Overweights and Underweights

Entering 2023, the Health Care sector represented the Fund’s largest overweight relative to the index. As of quarter-end, our relative exposure has come down, but we remain overweight the benchmark. During the quarter, we purchased two new names within biotechnology, including CRISPR Therapeutics, a gene editing company, and Vaxcyte, a novel vaccine manufacturer for infectious diseases. We have reduced exposure to the life sciences tools & services segment, as the fundamental backdrop has continued to deteriorate, and companies seem to lack clear visibility into when destocking will end, and when the recovery will occur. Given that valuations are still not cheap on a relative and absolute basis, we reduced our exposure and allocated toward industries with a better risk/reward profile.

As of quarter-end, the Financials sector is the Fund’s largest overweight relative to the index. We added exposure with the purchase of Marqeta, a modern card issuer that instantly issues and processes card payments with an open application programming interface (“API”) platform. We remain significantly overweight Financial Services, as we continue to find what we view as attractive, growth-at-a-reasonable-price investment opportunities within this sector.

Consumer Staples represented the Fund’s largest underweight as of year-end and continues to be the largest underweight as of quarter-end, as we continue to have no exposure to the sector. We have historically struggled to identify exciting growth opportunities in this group, and the resultant underweight has been characteristic of Fund positioning over time.

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.



Outlook

Looking ahead, we are incrementally more cautious today than we were three months ago, as the evolving macro backdrop increasingly warrants a more balanced posture between growth and durability. Historical precedents suggest a low likelihood of a so-called soft landing, with the more likely outcome being a period of slowing economic growth, both in the U.S. and around the globe. Disinflationary trends, once pointed to as evidence of the soft landing scenario playing out, are being offset by rising borrowing costs, the exhaustion of surplus consumer savings, and a restrictive lending posture by U.S. banks. All the while, we remain encouraged by the quality of the businesses in which we invest on behalf of our clients and remain focused on allocating capital prudently in this turbulent market environment.

QUARTERLY ATTRIBUTION

As of 09/30/2023

Best & Worst Performers

Best Performers	Average Weight %	Return % (NAV)
FABRINET	1.11	28.29
STEPSTONE GROUP INC-CLASS A	1.17	28.15
AZENTA INC	0.50	19.32
NEXTIER OILFIELD SOLUTIONS I	1.19	18.68
NORTHERN OIL AND GAS INC	2.46	18.31

Worst Performers	Average Weight %	Return % (NAV)
INSPIRE MEDICAL SYSTEMS INC	2.27	-38.87
IMPINJ INC	0.87	-38.62
CEREVEL THERAPEUTICS HOLDING	0.77	-31.33
NATIONAL VISION HOLDINGS INC	0.44	-30.30
PLANET FITNESS INC - CL A	1.19	-28.08

Contributors & Detractors

Greatest Contributors	Return % (NAV)	Contribution to Return %
NORTHERN OIL AND GAS INC	18.31	0.36
SAIA INC	16.43	0.34
FABRINET	28.29	0.33
STEPSTONE GROUP INC-CLASS A	28.15	0.26
NEXTIER OILFIELD SOLUTIONS I	18.68	0.23
Total		1.50

Greatest Detractors	Return % (NAV)	Contribution to Return %
INSPIRE MEDICAL SYSTEMS INC	-38.87	-1.07
APELLIS PHARMACEUTICALS INC	-55.55	-0.41
IMPINJ INC	-38.62	-0.41
SHIFT4 PAYMENTS INC-CLASS A	-18.47	-0.41
PLANET FITNESS INC - CL A	-28.08	-0.40
Total		-2.70



Quarterly Attribution:

Harbor Small Cap Growth Fund vs Russell 2000® Growth

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-6.05	-7.32	1.27
Currency Contribution	0.00	0.00	0.00
Total Return	-6.05	-7.32	1.27

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
Health Care	23.12	22.40	0.72	-8.74	-14.76	6.02	-1.99	-3.34	-0.05	1.43	1.38
Information Technology	17.55	21.04	-3.50	-3.33	-8.37	5.04	-0.45	-1.70	0.09	0.87	0.96
Financials	12.65	6.32	6.34	0.36	2.04	-1.68	-0.05	0.07	0.53	-0.15	0.38
Utilities	0.00	1.61	-1.61	0.00	-11.96	11.96	0.00	-0.20	0.08	0.00	0.08
Communication Services	0.00	2.14	-2.14	0.00	-9.10	9.10	0.00	-0.19	0.04	0.00	0.04
Real Estate	2.69	1.62	1.06	-9.37	-9.63	0.27	-0.26	-0.16	-0.02	0.00	-0.02
Consumer Staples	0.00	4.41	-4.41	0.00	-3.52	3.52	0.00	-0.18	-0.16	0.00	-0.16
Materials	3.23	4.26	-1.02	-15.61	-9.83	-5.78	-0.52	-0.41	0.02	-0.20	-0.18
Energy	5.29	5.24	0.05	15.23	18.96	-3.73	0.59	0.79	0.01	-0.20	-0.19
Industrials	18.80	19.98	-1.18	-7.23	-6.08	-1.15	-1.32	-1.23	-0.02	-0.18	-0.20
Consumer Discretionary	12.93	10.99	1.94	-15.42	-6.67	-8.75	-2.08	-0.76	0.03	-1.24	-1.21
Total	100.00	100.00	0.00	-6.05	-7.32	1.27	-6.05	-7.32	0.94	0.33	1.27

Trailing 1 Year Attribution:

Harbor Small Cap Growth Fund vs Russell 2000® Growth

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	13.64	9.59	4.05
Currency Contribution	0.00	0.00	0.00
Total Return	13.64	9.59	4.05

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
Health Care	25.28	22.68	2.60	4.62	-6.66	11.28	1.68	-1.14	-0.03	3.00	2.96
Financials	11.66	6.70	4.96	16.03	7.05	8.98	1.77	0.38	0.07	1.10	1.16
Industrials	20.90	19.66	1.24	20.29	18.31	1.99	4.37	3.12	0.07	0.63	0.71
Information Technology	13.96	18.46	-4.51	25.91	17.43	8.47	2.64	2.80	-0.38	1.04	0.66
Utilities	0.00	1.70	-1.70	0.00	-9.28	9.28	0.00	-0.12	0.35	0.00	0.35
Materials	3.26	4.57	-1.30	18.19	6.57	11.62	0.59	0.37	0.01	0.33	0.33
Communication Services	0.80	2.35	-1.55	20.26	2.42	17.84	0.30	0.11	0.20	0.08	0.28
Energy	5.72	6.28	-0.56	44.22	37.04	7.18	1.76	1.63	-0.13	0.40	0.27
Real Estate	3.80	2.02	1.78	-7.36	4.72	-12.08	0.10	0.13	0.10	-0.52	-0.42
Consumer Staples	0.00	4.52	-4.52	0.00	25.78	-25.78	0.00	1.02	-0.68	0.00	-0.68
Consumer Discretionary	10.83	11.07	-0.24	1.31	12.52	-11.21	0.26	1.28	-0.13	-1.42	-1.55
Total	100.00	100.00	0.00	13.64	9.59	4.05	13.64	9.59	-0.58	4.64	4.05

Past performance is not a guarantee of future results.

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. Stocks of small cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

Benchmarks

The Russell 2000[®] Growth Index is an unmanaged index representing the smallest 2000 stocks with the highest price-to-book ratio and future earnings. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell 2000[®] Growth Index and Russell[®] are trademarks of Frank Russell Company.

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.

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.

Westfield Capital Management Company, L.P. is an independent subadvisor to the Harbor Small Cap Growth 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.

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.