

# Harbor International Small Cap Fund

Cedar Street Asset Management LLC

Subadvisor Since 05/23/2019

<b>Total Net Assets - All Classes</b>	\$225,635,058
<b>Equity Assets:</b>	93.98%
<b>Cash &amp; Other Assets Less Liabilities:</b>	6.02%
<b>Benchmark Name:</b>	MSCI EAFE Small Cap (ND) Index

## Portfolio Managers



Jonathan Brodsky



Waldemar Mozes

## Investment Philosophy

The Fund invests primarily in equity securities, principally common and preferred stocks and convertible securities, of foreign companies. Under normal market conditions, the Fund invests at least 80% of its net assets, plus borrowings for investment purposes, in the securities of small cap companies. The Subadvisor's investment process utilizes a range of screening and idea sourcing methodologies to shrink the universe of securities to a manageable level. The Subadvisor primarily utilizes bottom-up research to identify companies with attractive valuations, as determined by the Subadvisor, while taking into account macroeconomic considerations.

## CHARACTERISTICS & ALLOCATION

As of 03/31/2023

Portfolio Characteristics		
	Portfolio	Benchmark
Number of Holdings	83	2,267
Wtd Avg Market Cap (\$Mil)	1,924.30	2,654.70
Median Market Cap (\$Mil)	1,357.00	1,136.00
Price/Book Ratio	1.49	1.57
Adjusted Trailing P/E Ratio	15.00	15.90
% EPS Growth - Past 3 Yr	12.30	18.50
Est 3-5 Yr EPS Growth Rate (%)	11.80	11.50
Return on Equity (%)	10.72	10.29
Beta vs. Fund Benchmark	0.88	
Forecasted P/E Ratio	12.00	15.20

Top 10 Holdings		
	Portfolio %	Benchmark %
Aryzta AG	1.89	0.06
Glanbia Plc	1.87	0.11
MaireTechnimont SpA	1.83	0.03
Criteo SA Sponsored ADR	1.77	0.00
Technip Energies NV	1.77	0.12
Construcciones y Auxili	1.75	0.02
Fagron SA	1.74	0.05
ARIAKE JAPAN Co. Ltd.	1.72	0.03
TietoEVRY Oyj	1.72	0.11
Daiwabo Holdings Co. Lt	1.68	0.05
<b>Total</b>	<b>17.74</b>	<b>0.58</b>

Top 10 Industries		
	Portfolio %	Benchmark %
Machinery	9.89	6.52
Electronic Equipment	9.74	2.53
Food Products	8.87	3.14
Health Care Equip	6.00	1.52
Insurance	4.72	2.38
Commercial Serv & Suppl	4.63	2.26
Media	4.62	1.59
Containers & Packaging	3.15	1.00
Hotels Rest & Leisure	2.89	3.18
Software	2.66	1.90
<b>Total</b>	<b>57.17</b>	<b>26.02</b>

Economic Sectors		
	Portfolio %	Benchmark %
Industrials	22.92	23.23
Information Technology	15.68	9.67
Consumer Staples	13.12	6.34
Financials	11.03	11.41
Consumer Discretionary	10.14	12.97
Health Care	7.74	6.38
Materials	5.34	9.75
Communication Services	4.62	4.19
Energy	1.77	2.84
Utilities	1.62	3.06
Real Estate	0.00	10.41

Top 10 Countries		
	Portfolio %	Benchmark %
Japan	26.54	31.54
United Kingdom	12.21	14.93
France	9.43	4.00
Switzerland	5.18	4.86
Germany	5.04	4.93
Sweden	4.71	6.03
Spain	4.16	1.91
Australia	4.04	9.76
Italy	3.40	3.55
Canada	3.26	0.00
<b>Total</b>	<b>77.97</b>	<b>81.51</b>
<b>Emerging Markets</b>	<b>0.00</b>	<b>0.10</b>

Market Capitalization		
		Portfolio %
Large	Above 25.0B	0.00
	10.0B - 25.0B	0.00
Mid	5.0B - 10.0B	4.43
	1.0B - 5.0B	67.83
Small	0.0 - 1.0B	27.74



### 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	HAISX	411512569	5.09%	5.09%	2.45%	19.90%	3.62%	N/A	8.10%	02/01/16	0.96	1.19
Investor	HIISX	411512544	5.03%	5.03%	2.11%	19.47%	3.24%	N/A	7.70%	02/01/16	1.32	1.55
Retirement	HNISX	411512536	5.09%	5.09%	2.51%	19.99%	3.70%	N/A	8.16%	02/01/16	0.88	1.11
MSCI EAFE Small Cap (ND) Index			4.92%	4.92%	-9.83%	12.07%	0.87%	N/A	6.25%	02/01/16		

## MANAGER COMMENTARY

As of 03/31/2023

**“While many investors are beginning to anticipate interest rate cuts in the latter half of 2023, we believe the U.S. Federal Reserve (“Fed”) and other developed market central banks will likely continue to raise rates or keep them elevated until real rates turn positive.”**

Cedar Street Asset Management LLC

### Market in Review

Global inflationary pressures moderated in the first quarter of 2023 but remained elevated and still unpredictable across regions. Although energy and other commodity prices have largely normalized, core inflation (i.e., excluding volatile measures such as energy and food) remained elevated due to wage and services inflation.

An additional complication that arose during the quarter was the failure of two regional banks in the U.S. and the forced sale of Credit Suisse to UBS. Although there appears to be minimal risk of a Global Financial Crisis-like systemic contagion, credit conditions in the U.S. and Europe have nevertheless tightened in response.

Central banks in most developed economies continued to tighten monetary policy but hinted at a potential pause in the hiking cycle. Consequently, yields on the 10-year U.S. Treasury finished lower quarter-over-quarter for the first time in about two years; the U.S. dollar experienced a similar fate.

Interest rates and macroeconomic influences favored large-cap and growth-style equities over small-cap and value-style equities during the quarter.

Despite moderating inflation and the U.S. regional bank concerns, we continue to believe that real rates should be positive to bring inflation under control and consequently expect rates to continue to rise in 2023, albeit at a more modest pace. The macroeconomic volatility we experienced this past quarter will likely continue until inflationary pressures are well under control. As such, we believe tying company fundamentals to valuation will continue to be an essential success factor moving forward.

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 02/29/2024.

**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.**



### Portfolio Performance

During the first quarter, the Harbor International Small Cap Fund (Institutional Class, "Fund") returned 5.09%, outperforming its benchmark, the MSCI EAFE Small Cap (ND) Index, which returned 4.92%.

Equity markets broadly, and the Fund specifically, were buffeted by a barrage of often conflicting macroeconomic signals related to inflation, currencies, interest rates, and global GDP growth. Yet, despite the generally unfavorable dynamics, earnings reports of the Fund's holdings were better than expected during the quarter, resulting in favorable market responses. In addition, a lack of exposure to interest rate sensitive sectors, such as Real Estate, was also beneficial.

From a sector perspective, stock selection in Energy and allocation effects in Real Estate and Information Technology were the biggest contributors to returns. Poor stock selection in the Consumer Discretionary, Information Technology, and Materials sectors were the biggest detractors to returns.

From a geographic perspective, stock selection in Belgium and France drove positive contributions to returns, while stock selection in the U.K. (specifically, Financials) detracted during the quarter.

### Contributors & Detractors

Arytza, an outsourced baked goods producer for the hospitality industry, was one of the top contributors during the quarter. The company reported better-than-expected earnings and sales growth on improving volumes in most geographies in which it operates. Volumes continued to increase thanks to healthy demand and a resurgence of tourism, especially in Europe. Margins also improved due to price increases that more than offset input-cost inflation. The company's balance sheet benefited from improving cash flow after a multi-year restructuring and efficiency effort. The company sees no deceleration in volumes in 2023 and hopes to build on the progress made over the preceding months.

Direct Line Insurance Group provides personal and commercial insurance services, primarily in home and auto lines. The company missed its earnings guidance and cut its dividend because of poor underwriting conditions, specifically related to unusually cold weather in Scotland in December causing a much higher-than-normal instance of claims from burst pipes. This issue occurred on top of other challenges related to pricing and higher costs to fulfill accident claims. The board of directors undertook drastic steps including the termination of the CEO's contract and a cut in the dividend. Despite these near-term challenges, Direct Line operates some of the top brands in its category and has historically demonstrated strong cost-control and underwriting capabilities.

### Buys & Sells

Bapcor Limited is a retailer of aftermarket auto parts, accessories, and services. The company was a new addition to the Fund this quarter. Due to a combination of factors, including slowing revenue growth, limited integration synergies after multiple acquisitions, and bloated inventory levels, the company's return on equity ("ROE") has languished and caused valuation multiples to decline. The new management team (CEO and CFO) has experience running and integrating businesses, including a former Fund holding. We believe management has presented a credible plan to drive improving shareholder value through systems integration, operational efficiencies, and disciplined balance-sheet management. Although a full transformation may take time, the nearly 5% dividend yield provides ample support in the interim.

B&S Group is a food, beverage, electronics, liquor, and beauty products distributor for the travel industry. During the quarter, the board fired the CEO and the Chairman after uncovering a series of related-party transactions between the two. Given the clear corporate governance failure, we elected to sell the stock immediately, rather than waiting for a full accounting of the incident(s). Although press releases and sell-side reports indicate a lack of materiality of the breaches relative to the operations of the business, our view is that a culture of corporate governance is essential to running a publicly listed corporation with minority shareholders. Any lapse by the two leaders of the organization sets a poor example for the rest of the organization. Rather than waiting for either an "all clear" signal or another shoe to drop, we exited and redeployed assets into other holdings.

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.



### Outlook

Our outlook remains largely unchanged from the start of the year. While many investors are beginning to anticipate interest rate cuts in the latter half of 2023, we believe the Fed and other developed market central banks will likely continue to raise rates or keep them elevated until real rates turn positive.

From an equity markets perspective, non-U.S. equities continue to appear more attractive than their U.S. counterparts from both a valuation and a fundamentals perspective. The recent quarter-end rally in U.S. equity indexes in anticipation of Fed rate cuts coincided with declining earnings expectations, thus producing higher valuation multiples and lower dividend yields than most non-U.S. equity indexes. We question whether these “Fed-pivot” investors fully grasp what such a cut in rates implies about the fundamental growth outlook of the shares they are bidding up.

From a fundamentals perspective, non-U.S. equities could also experience an earnings boost when U.S. dollar-denominated sales are translated back to home currencies. In Europe, the once pervasive, negative sentiment for equities seems likely to reverse, thanks to a benign winter that produced far less energy uncertainty than expected, and regional banking dynamics that are far less dire than those in the U.S. Elsewhere, tourism appears set to make a resounding comeback in Asia this summer.

Like our outlook, our approach to the current environment also remains unchanged. During periods of heightened uncertainty, we believe that maintaining healthy valuation discounts to account for a wide variety of macro, fundamental, and geopolitical outcomes, seems sensible.



### Best & Worst Performers

Best Performers	Average Weight %	Return %
Aryzta AG	1.80	42.58
Technip Energies NV	1.83	36.39
X-FAB Silicon Foundries SE	1.67	33.73
NORMA Group SE	1.49	30.30
MaireTechnimont SpA	1.91	29.89

Worst Performers	Average Weight %	Return %
Direct Line Insurance Group Plc	0.93	-36.13
Japfa Ltd.	0.29	-32.75
B&S Group S.A.	0.64	-17.03
Computer Engineering & Consulting Ltd.	1.51	-16.15
Elders Limited	1.28	-15.95

### Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
Aryzta AG	42.58	0.65
Technip Energies NV	36.39	0.58
MaireTechnimont SpA	29.89	0.51
X-FAB Silicon Foundries SE	33.73	0.50
BFF Bank SpA	25.70	0.41
<b>Total</b>		<b>2.64</b>

Greatest Detractors	Return %	Contribution to Return %
Direct Line Insurance Group Plc	-36.13	-0.43
Computer Engineering & Consulting Ltd.	-16.15	-0.25
ASR Nederland N.V.	-15.67	-0.25
Elders Limited	-15.95	-0.23
Redde Northgate PLC	-13.80	-0.22
<b>Total</b>		<b>-1.38</b>

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Quarterly Attribution:  
Harbor International Small Cap Fund vs MSCI All Country World (ND) Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	4.38	4.51	-0.13
Currency Contribution	0.84	0.41	0.43
<b>Total Return</b>	<b>5.22</b>	<b>4.92</b>	<b>0.30</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
Real Estate	0.00	10.75	-10.75	0.00	-2.53	2.53	0.00	-0.26	0.83	0.00	0.83
Energy	1.88	2.75	-0.87	34.47	2.27	32.19	0.58	0.06	0.01	0.56	0.57
Communication Services	4.82	4.04	0.78	17.46	7.68	9.77	0.83	0.29	0.03	0.45	0.48
Health Care	6.78	6.50	0.28	4.49	0.20	4.29	0.30	0.03	0.01	0.32	0.33
Consumer Staples	12.26	6.23	6.03	5.68	2.49	3.19	0.72	0.17	-0.10	0.38	0.28
Utilities	1.70	3.02	-1.32	2.09	0.28	1.81	0.03	0.02	0.07	0.03	0.09
Industrials	23.21	23.32	-0.10	8.66	8.44	0.22	1.88	1.90	0.00	0.05	0.05
Financials	11.52	11.93	-0.41	-2.21	-0.38	-1.83	-0.21	-0.03	0.03	-0.21	-0.18
Information Technology	16.13	9.23	6.90	6.85	11.34	-4.49	1.09	1.00	0.43	-0.70	-0.27
Materials	5.53	9.69	-4.16	-2.70	7.41	-10.11	-0.12	0.72	-0.10	-0.58	-0.68
Consumer Discretionary	9.06	12.55	-3.49	0.07	8.38	-8.31	0.02	1.03	-0.12	-0.77	-0.90
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>5.22</b>	<b>4.92</b>	<b>0.30</b>	<b>5.22</b>	<b>4.92</b>	<b>0.78</b>	<b>-0.48</b>	<b>0.30</b>



Quarterly Attribution:  
Harbor International Small Cap Fund vs MSCI All Country World (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
France	9.90	3.79	6.11	19.28	9.93	9.35	1.80	0.35	0.34	0.84	1.18
Italy	3.62	3.44	0.19	27.93	14.38	13.55	0.92	0.45	0.03	0.44	0.47
Israel	0.00	2.62	-2.62	0.00	-8.41	8.41	0.00	-0.21	0.37	0.00	0.37
Germany	5.38	4.92	0.46	17.33	12.32	5.01	0.89	0.57	0.06	0.26	0.32
Belgium	2.77	1.53	1.24	17.84	6.18	11.66	0.44	0.10	0.01	0.29	0.30
Switzerland	4.98	4.76	0.22	15.34	9.40	5.94	0.72	0.44	0.02	0.27	0.28
Sweden	4.73	5.63	-0.90	17.09	9.91	7.18	0.76	0.53	-0.04	0.31	0.27
Ireland	1.64	0.26	1.38	15.31	11.93	3.38	0.27	0.03	0.09	0.09	0.18
Australia	3.00	10.11	-7.11	-11.05	-1.40	-9.65	-0.33	-0.09	0.45	-0.29	0.17
Norway	0.00	2.36	-2.36	0.00	-0.13	0.13	0.00	-0.01	0.13	0.00	0.13
Finland	1.75	1.56	0.19	12.90	8.26	4.65	0.22	0.13	0.01	0.07	0.08
New Zealand	0.00	1.19	-1.19	0.00	-0.86	0.86	0.00	-0.01	0.08	0.00	0.08
Liechtenstein	0.00	0.01	-0.01	0.00	-41.99	41.99	0.00	0.00	0.00	0.00	0.00
Malta	0.00	0.10	-0.10	0.00	7.28	-7.28	0.00	0.01	0.00	0.00	0.00
Portugal	0.00	0.29	-0.29	0.00	13.41	-13.41	0.00	0.04	-0.02	0.00	-0.02
Luxembourg	0.00	0.23	-0.23	0.00	23.61	-23.61	0.00	0.04	-0.04	0.00	-0.04
Spain	3.97	1.99	1.98	3.78	5.73	-1.95	0.12	0.11	-0.01	-0.07	-0.08
Denmark	1.34	2.14	-0.80	-3.69	6.07	-9.75	-0.06	0.13	-0.01	-0.14	-0.16
Canada	2.59	0.00	2.59	-2.72	0.00	-2.72	-0.03	0.00	-0.21	0.00	-0.21
Austria	1.17	1.00	0.17	-9.81	7.71	-17.52	-0.13	0.08	0.01	-0.24	-0.23
Hong Kong	1.13	2.16	-1.03	-17.24	3.35	-20.58	-0.19	0.08	0.03	-0.27	-0.24
Singapore	3.44	2.09	1.36	-2.92	3.98	-6.90	-0.11	0.08	0.00	-0.26	-0.26
Netherlands	3.38	2.00	1.38	-3.81	8.57	-12.39	-0.18	0.16	0.05	-0.47	-0.42
Japan	25.50	30.84	-5.34	1.81	4.05	-2.25	0.47	1.20	0.16	-0.59	-0.43
United Kingdom	12.60	15.01	-2.41	-4.04	4.55	-8.60	-0.48	0.71	0.03	-1.16	-1.13
Cash	7.12	0.00	7.12	1.60	0.00	1.60	0.11	0.00	-0.31	0.00	-0.31
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>5.22</b>	<b>4.92</b>	<b>0.30</b>	<b>5.22</b>	<b>4.92</b>	<b>1.22</b>	<b>-0.92</b>	<b>0.30</b>



### Trailing 1 Year Attribution:

Harbor International Small Cap Fund vs MSCI All Country World (ND) Index

### Performance

	Portfolio	Benchmark	Active
Return Ex Currency	7.46	-3.54	11.00
Currency Contribution	-4.92	-6.29	1.38
<b>Total Return</b>	<b>2.55</b>	<b>-9.83</b>	<b>12.38</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
	Information Technology	16.70	9.14	7.56	6.08	-10.06	16.15	0.84	-0.91	-0.04	2.95
Real Estate	0.00	11.60	-11.60	0.00	-26.08	26.08	0.00	-3.83	2.26	0.00	2.26
Industrials	23.03	23.02	0.01	5.78	-4.11	9.89	1.17	-0.65	-0.03	2.22	2.18
Financials	12.67	11.72	0.95	5.54	-5.82	11.36	0.74	-0.50	0.15	1.50	1.65
Energy	2.93	2.66	0.28	53.97	6.82	47.15	1.08	0.16	0.17	0.99	1.16
Communication Services	4.83	4.15	0.68	5.52	-15.64	21.17	0.25	-0.76	-0.04	1.13	1.09
Consumer Staples	12.68	6.25	6.43	-1.57	-6.17	4.60	-0.56	-0.37	0.34	0.53	0.86
Health Care	3.90	6.60	-2.70	1.63	-18.50	20.13	0.50	-1.16	0.12	0.61	0.72
Utilities	0.98	3.20	-2.22	9.16	-8.58	17.74	0.16	-0.32	-0.14	0.19	0.05
Consumer Discretionary	9.03	11.97	-2.94	-2.90	-5.44	2.54	-0.46	-0.48	-0.18	0.19	0.01
Materials	6.09	9.71	-3.62	-20.51	-9.92	-10.59	-1.44	-1.02	0.08	-0.94	-0.86
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>2.55</b>	<b>-9.83</b>	<b>12.38</b>	<b>2.55</b>	<b>-9.83</b>	<b>3.03</b>	<b>9.35</b>	<b>12.38</b>





**Trailing 1 Year Attribution:**  
Harbor International Small Cap Fund vs MSCI All Country World (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
France	9.26	3.57	5.69	29.55	-8.41	37.96	2.84	-0.25	0.26	3.17	3.44
Switzerland	5.00	4.74	0.27	34.53	-3.21	37.74	1.63	-0.03	0.07	1.57	1.64
Italy	4.21	3.07	1.14	37.60	3.44	34.16	1.28	0.28	0.08	1.18	1.26
United Kingdom	14.08	15.82	-1.74	-9.68	-15.91	6.24	-1.66	-2.72	0.14	1.09	1.23
Sweden	3.73	5.62	-1.89	1.04	-21.72	22.76	0.56	-1.27	0.52	0.61	1.14
Germany	6.55	4.73	1.82	3.59	-13.79	17.38	-0.08	-0.66	-0.11	1.19	1.08
Australia	3.88	10.47	-6.59	-18.44	-19.60	1.16	-0.79	-2.32	0.73	0.17	0.90
Israel	0.00	3.00	-3.00	0.00	-33.15	33.15	0.00	-1.26	0.86	0.00	0.86
Belgium	1.81	1.58	0.22	8.51	-17.54	26.05	0.42	-0.34	0.03	0.62	0.65
Ireland	1.65	0.51	1.14	26.62	24.02	2.60	0.45	0.11	0.36	0.07	0.43
Finland	1.80	1.55	0.25	21.34	-3.62	24.96	0.34	0.01	0.00	0.42	0.41
Portugal	0.92	0.28	0.64	5.56	3.86	1.69	0.16	0.02	0.13	0.25	0.38
Norway	0.00	2.39	-2.39	0.00	-19.72	19.72	0.00	-0.54	0.27	0.00	0.27
United States	0.44	0.02	0.43	-7.52	-41.20	33.68	-0.06	-0.02	0.01	0.18	0.19
Denmark	1.61	1.93	-0.33	12.63	3.39	9.24	0.24	0.15	-0.02	0.16	0.14
New Zealand	0.00	1.14	-1.14	0.00	-15.96	15.96	0.00	-0.19	0.08	0.00	0.08
Spain	3.25	1.90	1.35	-3.20	-1.87	-1.33	-0.19	-0.01	0.13	-0.07	0.07
Luxembourg	0.00	0.22	-0.22	0.00	-14.55	14.55	0.00	-0.04	0.01	0.00	0.01
Liechtenstein	0.00	0.01	-0.01	0.00	-60.71	60.71	0.00	0.00	0.00	0.00	0.00
Mexico	0.02	0.00	0.02	11.02	0.00	11.02	0.01	0.00	0.00	0.00	0.00
Malta	0.00	0.09	-0.09	0.00	5.15	-5.15	0.00	0.01	-0.02	0.00	-0.02
Singapore	3.26	2.21	1.06	-12.11	-6.93	-5.18	-0.42	-0.27	0.08	-0.22	-0.14
Japan	23.68	30.18	-6.50	-0.26	-1.43	1.16	-0.23	-0.29	-0.33	0.15	-0.18
Netherlands	3.72	1.97	1.76	-15.70	-6.87	-8.83	-0.60	-0.12	0.10	-0.40	-0.30
Austria	0.32	0.98	-0.66	-16.92	0.32	-17.24	-0.14	0.03	-0.06	-0.25	-0.31
Hong Kong	1.27	2.05	-0.77	-22.28	-0.54	-21.74	-0.41	-0.11	-0.05	-0.31	-0.36
Canada	2.37	0.00	2.37	-34.33	0.00	-34.33	-1.06	0.00	-0.85	0.00	-0.85
Cash	7.17	0.00	7.17	3.06	0.00	3.06	0.27	0.00	0.34	0.00	0.34
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>2.55</b>	<b>-9.83</b>	<b>12.38</b>	<b>2.55</b>	<b>-9.83</b>	<b>2.78</b>	<b>9.59</b>	<b>12.38</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 cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

### Benchmarks

The MSCI EAFE Small Cap (ND) Index is an equity index which captures small cap representation across developed market countries around the world, excluding the U.S. and Canada. 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.

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](http://harborcapital.com) or call 800-422-1050. Read it carefully before investing.**

**Cedar Street Asset Management, LLC is a third party subadvisor to the Harbor International Small 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.

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.