

Harbor Small Cap Growth Fund

Westfield Capital Management Company, L.P.

Subadvisor Since 11/01/2000

Total Net Assets - All Classes \$1,014,234,922
Equity Assets: 95.26%
Cash & Other Assets Less Liabilities: 4.74%
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 03/31/2023

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	62	1,095	Health Care	24.85	21.56
Wtd Avg Market Cap (\$Mil)	5,746.60	3,350.80	Industrials	21.98	19.77
Median Market Cap (\$Mil)	5,385.00	1,178.00	Information Technology	14.28	18.38
Price/Book Ratio	4.60	4.03	Consumer Discretionary	11.35	11.46
Adjusted Trailing P/E Ratio	29.30	22.80	Financials	10.71	6.55
% EPS Growth - Past 3 Yr	62.60	36.90	Energy	5.64	6.51
Est 3-5 Yr EPS Growth Rate (%)	20.10	19.50	Materials	3.65	4.68
Return on Equity (%)	11.75	13.46	Real Estate	1.44	2.06
Beta vs. Fund Benchmark	0.87		Communication Services	1.36	2.45
Forecasted P/E Ratio	23.10	19.90	Consumer Staples	0.00	4.72
			Utilities	0.00	1.71

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Alkermes Public Limited	3.02	0.38	Biotechnology	10.49	8.02
Smartsheet Inc. Class A	2.83	0.00	Software	7.90	8.12
Encore Wire Corporation	2.76	0.00	Hotels Rest & Leisure	7.77	3.53
Saia Inc.	2.65	0.60	Electrical Equipment	6.40	2.20
Ascendis Pharma A/S Spo	2.56	0.00	Financial Services	5.43	1.21
Shift4 Payments Inc. Cl	2.49	0.00	Semiconductors	5.21	5.03
Wingstop Inc.	2.44	0.46	Health Care Equip	5.20	6.55
Option Care Health Inc	2.41	0.44	Insurance	4.27	1.48
ITT Inc.	2.22	0.00	Machinery	4.17	4.33
Bio-Rad Laboratories In	2.20	0.00	Health Care Providers	3.71	3.55
Total	25.58	1.88	Total	60.55	44.02

Market Capitalization		
		Portfolio %
Large	Above 25.0B	0.00
	10.0B - 25.0B	4.94
Mid	5.0B - 10.0B	58.52
	1.0B - 5.0B	34.54
Small	0.0 - 1.0B	1.99



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	7.76%	7.76%	-8.67%	16.90%	8.31%	10.67%	8.88%	11/01/00	0.88	0.88
Administrative Investor	HRSGX	411511769	7.75%	7.75%	-8.81%	16.62%	8.05%	10.36%	10.30%	11/01/02	1.13	1.13
Investor	HISGX	411511777	7.63%	7.63%	-9.03%	16.47%	7.92%	10.26%	10.17%	11/01/02	1.24	1.24
Retirement	HNSGX	411512494	7.78%	7.78%	-8.53%	16.99%	8.42%	10.73%	8.91%	03/01/16	0.80	0.80
Russell 2000 [®] Growth Index			6.07%	6.07%	-10.60%	13.36%	4.26%	8.49%	5.86%	11/01/00		

MANAGER COMMENTARY

As of 03/31/2023

“Amid slowing growth and persistent volatility over the last 12 months, embracing quality has yielded strong results, and we expect that backdrop to continue over the balance of the year, as it did in the first quarter.”

Westfield Capital Management Company, LP

Market In Review

Equities finished the first quarter of 2023 higher despite multiple double-digit percentage swings in the indexes throughout the quarter. After stocks surged in January on the hopes of a more dovish U.S. Federal Reserve (“Fed”) policy and a “soft landing” coming to pass, indexes reversed course in February as data showed persistent inflation and hawkish Fed commentary. Then, almost 12 months into the tightening cycle, cracks emerged in the banking system, which ultimately led to the collapse of Silicon Valley Bank. Investors flocked to perceived safe-haven segments of the market, most notably into mega-cap Tech, among others. Despite trading in tandem for much of the quarter, large caps diverged rather dramatically in March, outperforming small caps by a wide margin.

Portfolio Performance

During the quarter, the Harbor Small Cap Growth Fund (Institutional Class, “Fund”) returned 7.76%, outperforming the Russell 2000[®] Growth Index, which returned 6.07%.

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

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 and underweight to volatility were a headwind to relative performance. This was partially offset by the Fund’s overweight to momentum and underweight to leverage, 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

Samsara, a telematics software provider that develops internet-connected sensor systems, was the top contributor to relative performance over the period. Samsara outperformed after the company reported better-than-expected financial results and issued guidance above consensus. Samsara is in the early stages of digitizing a large, total addressable market (“TAM”) with limited competition, and we believe it offers an attractive combination of sustainable growth and margin expansion.

Encore Wire, a manufacturer of copper electrical building wire and cable, also positively contributed to relative results after reporting a large sales and earnings beat for its fourth quarter. The company continues to buy back stock at a rapid pace, and we remain very positive on its prospects moving forward, given robust demand trends, its impressive track record of performance, and dominant market position within the industry.

National Vision Holdings, one of the largest U.S. optical retailers, was the top detractor from relative returns during the quarter. The share price came under significant pressure following a fourth quarter sales and earnings shortfall, further disappointing the 2023 outlook from the company. A lack of new optometrists, coupled with unusually volatile demand trends for eyeglasses, provided significant headwinds to operating performance for National Vision and its core customer base. Moving forward, the company is initiating an aggressive rollout of remote eye exam solutions, which should enable additional growth and expansion into more remote markets and improve optometrist retention over time. We believe these steps, coupled with eyeglasses being a necessity that can only be postponed for a period, should help in buoying future sales and improve demand trends in 2023 and 2024.

Ascendis Pharma, a biotech company with an innovative technology platform with multiple late-stage assets, also detracted from relative performance over the period. Despite preannouncing that its fourth quarter Skytrofa revenues met consensus expectations, the company disclosed ophthalmology as the next vertical for its TransCon technology, which disappointed investors who were anticipating a metabolic or endocrine vertical in nature. Additionally, poor investor sentiment within the biotech space over the quarter weighed on the stock.

Buys & Sells

During the quarter, we purchased Box, a cloud-based content management, collaboration, and file-sharing tool for businesses. Over the past few years, Box has transitioned from an unprofitable growth story to providing stable, double-digit, top-line growth, while expanding margins. With an attractive mix of steady growth, expanding margins, and a reasonable valuation, we believe that Box provides a compelling investment opportunity.

During the quarter, we sold our position in Coupa Software, a business-spend management software company, following the announcement that Thoma Bravo was acquiring the company at a premium to the current share price. Following this announcement, we decided to rotate the capital into Box, which is discussed above.

Outlook

Amid slowing growth and persistent volatility over the past 12 months, embracing quality has yielded strong results, and we expect that backdrop to continue over the balance of the year, as it did in the first quarter. Market headwinds remain, and we expect turbulence to continue throughout 2023. We remain focused on what we can control: sticking to evaluating fundamentals with a bias toward quality growth. We favor cash flows and durable earnings over long-duration assets and leverage — all else equal. We are also looking across the market for opportunities where beaten-down stocks with fantastic growth prospects now trade at compelling prices. We have positioned the Fund to endure the volatility, but also to participate in improving conditions, should that come to pass. As always, our Fund positioning will evolve alongside our market expectations as we move forward throughout the year.

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Best & Worst Performers

Best Performers	Average Weight %	Return % (NAV)
Lantheus Holdings Inc	1.67	62.01
Samsara Inc. Class A	1.64	58.65
Shift4 Payments Inc. Class A	2.20	35.53
Encore Wire Corporation	2.73	34.75
Wingstop Inc.	2.19	33.55

Worst Performers	Average Weight %	Return % (NAV)
National Vision Holdings Inc.	1.48	-51.39
Veradigm Inc.	0.69	-27.78
American Assets Trust Inc.	0.88	-27.40
Azenta Inc.	1.31	-23.36
Arcutis Biotherapeutics Inc	0.42	-18.31

Contributors & Detractors

Greatest Contributors	Return % (NAV)	Contribution to Return %
Lantheus Holdings Inc	62.01	0.83
Encore Wire Corporation	34.75	0.79
Samsara Inc. Class A	58.65	0.75
Shift4 Payments Inc. Class A	35.53	0.73
Saia Inc.	29.76	0.72
Total		3.83

Greatest Detractors	Return % (NAV)	Contribution to Return %
National Vision Holdings Inc.	-51.39	-0.74
Ascendis Pharma A/S Sponsored ADR	-12.21	-0.35
Azenta Inc.	-23.36	-0.31
Veradigm Inc.	-27.78	-0.29
Innoviva Inc.	-15.09	-0.29
Total		-1.98

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Quarterly Attribution:

Harbor Small Cap Growth Fund vs Russell 2000® Growth

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	8.09	6.07	2.02
Currency Contribution	0.00	0.00	0.00
Total Return	8.09	6.07	2.02

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
Industrials	22.42	19.59	2.83	18.67	7.72	10.95	3.86	1.40	0.04	2.30	2.34
Financials	11.27	6.96	4.31	13.64	1.33	12.31	1.65	0.09	-0.20	1.35	1.15
Information Technology	12.62	17.71	-5.09	20.13	13.95	6.19	2.25	2.34	-0.37	0.80	0.44
Energy	5.80	6.87	-1.07	-4.92	-7.31	2.39	-0.30	-0.50	0.14	0.20	0.34
Materials	3.53	4.64	-1.12	16.65	10.08	6.58	0.53	0.45	-0.06	0.21	0.16
Utilities	0.00	1.70	-1.70	0.00	4.22	-4.22	0.00	0.09	0.03	0.00	0.03
Consumer Staples	0.00	4.43	-4.43	0.00	8.72	-8.72	0.00	0.39	-0.13	0.00	-0.13
Communication Services	1.44	2.45	-1.01	6.17	13.14	-6.97	0.08	0.32	-0.05	-0.12	-0.17
Real Estate	4.01	2.21	1.80	-6.71	0.79	-7.50	-0.19	0.03	-0.11	-0.34	-0.45
Health Care	25.84	22.13	3.72	-1.22	-0.06	-1.17	-0.27	0.09	-0.19	-0.30	-0.49
Consumer Discretionary	9.28	11.31	-2.03	1.63	13.18	-11.56	0.43	1.38	-0.17	-0.99	-1.16
Total	100.00	100.00	0.00	8.09	6.07	2.02	8.09	6.07	-1.11	3.13	2.02

Trailing 1 Year Attribution:

Harbor Small Cap Growth Fund vs Russell 2000® Growth

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-7.82	-10.60	2.78
Currency Contribution	0.00	0.00	0.00
Total Return	-7.82	-10.60	2.78

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
Industrials	22.08	18.80	3.27	15.17	-3.50	18.66	2.90	-0.58	0.20	3.53	3.73
Financials	10.56	6.92	3.64	-8.08	-16.79	8.70	-0.45	-1.12	-0.27	1.03	0.76
Information Technology	12.66	18.02	-5.36	-12.71	-14.33	1.61	-2.12	-2.94	0.17	0.27	0.44
Real Estate	5.53	2.53	3.00	-19.34	-32.04	12.70	-1.07	-1.16	-0.76	1.11	0.35
Utilities	0.00	1.43	-1.43	0.00	-6.93	6.93	0.00	0.02	0.02	0.00	0.02
Health Care	26.29	23.19	3.11	-15.75	-15.56	-0.19	-3.67	-3.36	0.05	-0.13	-0.08
Communication Services	1.95	2.64	-0.69	-25.71	-20.22	-5.50	-0.86	-0.67	0.04	-0.23	-0.19
Consumer Discretionary	9.47	11.65	-2.18	-7.64	-4.08	-3.56	-0.76	-0.98	0.01	-0.30	-0.29
Energy	4.84	6.10	-1.26	-13.70	-6.12	-7.58	-0.80	-0.26	-0.41	-0.20	-0.61
Materials	3.41	4.30	-0.89	-21.84	-3.04	-18.80	-1.10	-0.07	-0.04	-0.78	-0.82
Consumer Staples	0.00	4.42	-4.42	0.00	10.29	-10.29	0.00	0.51	-0.87	0.00	-0.87
Total	100.00	100.00	0.00	-7.82	-10.60	2.78	-7.82	-10.60	-1.52	4.30	2.78

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 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.