

# Harbor International Small Cap Fund

Cedar Street Asset Management LLC

Subadviser Since 05/23/2019

<b>Total Net Assets - All Classes</b>	\$60,343,380
<b>Equity Assets:</b>	92.16%
<b>Cash &amp; Other Assets Less Liabilities:</b>	7.84%
<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 Subadviser's investment process utilizes a range of screening and idea sourcing methodologies to shrink the universe of securities to a manageable level. The Subadviser primarily utilizes bottom-up research to identify companies with attractive valuations, as determined by the Subadviser, while taking into account macroeconomic considerations.

## CHARACTERISTICS & ALLOCATION

As of 09/30/2021

### Portfolio Characteristics

	Portfolio	Benchmark
Number of Holdings	76	2,376
Wtd Avg Market Cap (\$Mil)	2,182.30	3,352.10
Med Cap - # Stocks (\$Mil)	1,662.00	1,364.00
Price/Book Ratio	1.79	2.15
Adjusted Trailing P/E Ratio	15.70	21.70
% EPS Growth - Past 3 Yr	0.00	5.00
Return on Equity (%)	6.60	7.43
Beta vs. Fund Benchmark	1.04	
Forecasted P/E Ratio	14.00	20.00
Proj. Earnings Growth Rate (%)	26.30	17.60

### Top 10 Holdings

	Portfolio %	Benchmark %
ROUND ONE Corporation	2.10	0.03
ENAV S.p.A.	2.07	0.04
Technip Energies NV	2.06	0.05
Amano Corporation	2.02	0.04
Paltac Corporation	2.00	0.04
ASR Nederland NV	1.97	0.21
HENSOLDT AG	1.95	0.02
Tower Semiconductor Ltd	1.86	0.00
Resorttrust, Inc.	1.82	0.05
KH Neochem Co.,Ltd.	1.80	0.03
<b>Total</b>	<b>19.65</b>	<b>0.51</b>

### Top 10 Industries

	Portfolio %	Benchmark %
Electronic Equipment	9.42	2.28
Insurance	7.06	1.79
Food Products	6.84	3.01
Chemicals	4.98	3.15
Commercial Serv & Suppl	4.32	2.26
Media	4.15	2.02
Hotels Rest & Leisure	3.92	3.11
Construction & Engineer	3.33	2.51
Machinery	3.24	6.40
Semiconductors	3.17	1.91
<b>Total</b>	<b>50.43</b>	<b>28.44</b>

### Economic Sectors

	Portfolio %	Benchmark %
Industrials	21.62	23.78
Information Technology	15.92	10.04
Consumer Discretionary	13.88	13.16
Financials	11.38	10.82
Consumer Staples	11.24	5.62
Materials	8.12	8.67
Communication Services	4.15	4.56
Energy	3.72	1.67
Health Care	2.13	7.29
Utilities	0.00	2.81
Real Estate	0.00	11.69

### Top 10 Countries

	Portfolio %	Benchmark %
Japan	24.73	28.90
United Kingdom	12.83	17.10
France	7.88	3.31
Germany	6.99	5.17
Sweden	4.31	7.47
Italy	3.78	2.84
Australia	3.75	8.96
Netherlands	3.70	2.55
Switzerland	3.49	5.22
Spain	3.13	1.90
<b>Total</b>	<b>74.59</b>	<b>83.42</b>
<b>Emerging Markets</b>	<b>0.00</b>	<b>0.00</b>

### Market Capitalization

		Portfolio %
Large	Above 25.0B	0.00
	10.0B - 25.0B	0.00
Mid	5.0B - 10.0B	6.65
	1.0B - 5.0B	67.71
Small	0.0 - 1.0B	17.83



Trusted Partnerships > Trusted Solutions



### Performance & Fund Facts

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	-0.49%	16.87%	41.90%	8.37%	10.06%	N/A	11.03%	02/01/16	0.96	1.45
Administrative	HRISX	411512551	-0.55%	16.68%	41.55%	8.09%	9.78%	N/A	10.75%	02/01/16	1.21	1.70
Investor	HIISX	411512544	-0.61%	16.61%	41.37%	7.96%	9.65%	N/A	10.62%	02/01/16	1.32	1.81
Retirement	HNISX	411512536	-0.49%	16.95%	41.98%	8.46%	10.14%	N/A	11.10%	02/01/16	0.88	1.37
MSCI EAFE Small Cap (ND) Index			0.90%	10.02%	29.02%	9.05%	10.38%	N/A	11.70%	02/01/16		

## MANAGER COMMENTARY

As of 09/30/2021

**“Macroeconomic uncertainty is a global issue, not just a localized one, and will likely be a prominent theme in earnings calls for companies in the fourth quarter of 2021.”**

Cedar Street Asset Management LLC

### Market in Review

The Harbor International Small Cap Fund (“Fund”) was impacted by three, primary macro-level events in the third quarter of 2021: 1) the ongoing debate about whether current inflationary pressures are “transitory” or persistent; 2) the Delta variant of COVID-19; and 3) the strength in the U.S. dollar.

The transitory inflation debate centers around two opposing views. One camp believes current, extreme price pressures are simply a function of base effects as the global economy continues its dramatic recovery from the pandemic-induced economic lockdowns. The opposing view believes that current, extreme price pressures are likely to have ripple effects that are building and likely to persist. The flow of data around consumer prices, producer prices, commodities, employment, etc., released in the third quarter, did little to settle the debate, in our view. Increased volatility and a lack of correlated moves in both bond and equity markets in which the Fund participates seemed to reflect this greater sense of uncertainty.

The pandemic also created its share of economic disruptions, as some countries, such as Australia and China, had to reimpose some lockdown conditions with predictable, negative economic consequences. Fortunately, Delta variant impacts were not nearly as dire or as broad as previous pandemic waves.

The U.S. dollar also strengthened in the third quarter, at least in part due to rising Treasury yields and expectations of post-pandemic economic strength. Given the Fund’s exposure to non-U.S. equities, currency provided a headwind to performance.

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.



With our bottom-up, fundamental focus, we continued to evaluate Fund holdings on a name-by-name basis. Things like supply-chain disruptions, commodity and input price inflation, labor and shipping costs, etc. are impacting every company differently, and we believe evaluating these risks is best done at the company, not macro, level.

### Portfolio Performance

In the third quarter, the Harbor International Small Cap Fund (Institutional Class) returned -0.49%, underperforming its benchmark, the MSCI EAFE Small Cap (ND) Index, which returned 0.90%. Reviewing the third quarter performance of non-U.S. developed-market equities broadly, there is less than a 200-basis point performance differential between growth and value styles or between the large and small capitalization segments of the MSCI EAFE indexes. They were all roughly flat during the quarter.

However, the benign quarter-end results, on both absolute and relative bases, belied the intra-quarter volatility investors faced, reacting to the various macro crosscurrents discussed above. For example, growth-style equities, at one point in September, had a +4% relative performance spread over value-style equities in the MSCI EAFE Small Cap (ND) Index, which was spurred on by the mid-summer decline in bond yields. This all reversed in dramatic fashion toward the end of September, when bond yields moved sharply higher in most developed markets, and talk of monetary stimulus tapering and inflationary fears started to outweigh calming, central banker assurances.

Likewise, at a sector level, for much of the past 18 months, correlations had been elevated in response to coordinated macroeconomic policies that created two broad categories of pandemic “winners” and “losers.” But the correlation of returns across the 10 major sectors was much lower in the third quarter of 2021 than in the third quarter of 2020, as unforeseen consequences of those policies are now being felt differently across different sectors.

Thus, it should come as little surprise, in our view, that factor outperformance in the third quarter came from earnings revisions and sales growth rather than from growth, value, or momentum factors.

Similarly, Fund performance during the quarter was driven more by stock-specific elements rather than by sector or country allocations.

### Contributors & Detractors

Criteo was a top detractor during the quarter. Criteo provides digital advertising services to brands and e-commerce companies. Although Criteo reported better-than-expected earnings, the company’s guidance for the fourth quarter was weaker than expected. In addition, a slowdown in e-commerce and heightened regulatory scrutiny provided sentiment headwinds as well.

Johnson Electric is a global leader in micromotors used in consumer and commercial applications. The company, while executing well, is dealing with the industry-wide, automotive component shortage impacting most of the automotive value chain. Despite these headwinds, Johnson Electric continues to post growth rates that exceed the market.

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ASR Nederland was one of the top contributors to performance in the third quarter. ASR is one of the largest insurance companies in the Netherlands. The company reported solid growth in underwriting premiums and improvements in organic capital formation, with limited claims, causing better-than-expected earnings growth.

Technip Energies was another top contributor to performance during the quarter. Technip is an energy services provider focused on the transition from carbon-based energy sources. The company announced increased volumes of contract wins and its continued separation from TechnipFMC.

### **Buys & Sells**

The Fund established a new position in PALTAC, the top drugstore wholesaler in Japan distributing cosmetics, daily consumables, non-prescription medications, and other household products. The company is exposed mainly to in-store shopping due to its convenience/drugstore customer base. Multiple waves of pandemic lockdowns in Japan have negatively impacted sales volumes, causing valuation multiples to reach multiyear lows. As Japan's economy emerges from the pandemic, and tourism returns, we believe PALTAC is likely to see its 32% market share expand due to a combination of product growth and drugstores taking wallet-share from other retail outlets. Meanwhile, margins and return on equity could expand from the company's slimmed-down cost structure and logistics improvements.

During the quarter, the Fund sold DKSH, a Swiss distribution business operating primarily in the Asia Pacific region. While DKSH is also a distribution business for drug and convenience stores, the pandemic benefited the company because many of its customers relied on DKSH to source and supply critical items during lockdowns. As a result, volumes and margins became elevated, causing valuation multiples to exceed our estimate of intrinsic value. DKSH is likely to face stiffer competition as well as rising input costs for some of its other business lines, likely pressuring margins. We opted to take profits and redeploy capital into new opportunities, like PALTAC, that provide better valuation support.

### **Outlook**

From a macroeconomic perspective, we believe the backdrop for equities in our key markets is mixed. Although monetary and fiscal conditions are still favorable, energy and other supply shortages are likely to exacerbate already unfavorable, input cost inflation. These supply-chain issues are a "supply" problem; unfortunately, fiscal and monetary policies tend to address deficiencies in demand, not supply.

Macroeconomic uncertainty is a global issue, not just a localized one, and will likely be a prominent theme in earnings calls for companies in the fourth quarter of 2021. As such, it is surprising that valuation multiples for major U.S. indexes continue to remain elevated, relative to both their longer-term histories and relative to most non-U.S. equity markets. This is true for both large and small capitalization indexes. Except for markets such as Portugal, Denmark, and Switzerland in Europe, and New Zealand and India in the Asia Pacific region, most other non-U.S. developed markets offer more attractive valuation support, on both relative and absolute bases, compared to most U.S. equities.

Elevated costs and other inflationary pressures were already seeping into quarterly earnings results during the summer months and are likely to build in the fourth quarter. Rapidly rising costs are a paradigm shift for many businesses, and we estimate that not many managers have experience dealing with this type of environment. We would expect a higher-than-normal level of earnings surprises during the fourth quarter.

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We also expect smaller cap companies to fare relatively better than larger cap companies for two reasons. First, broadly speaking, smaller businesses tend to operate with higher levels of localized supply than large multinationals. Second, smaller businesses, especially those that are well run by seasoned business owners, have the advantage of being more nimble in response to various shocks. In the current environment, we believe these advantages can outweigh the scale advantages of bigger firms.

## QUARTERLY ATTRIBUTION

As of 09/30/2021

### Best & Worst Performers

Best Performers	Average Weight %	Return %
Resorttrust, Inc.	1.58	21.57
ASR Nederland NV	1.99	20.64
KH Neochem Co.,Ltd.	1.77	18.71
Beach Energy Limited	1.28	17.09
Clarkson PLC	1.68	17.07

Worst Performers	Average Weight %	Return %
Criteo SA Sponsored ADR	1.53	-18.97
OPTEX GROUP Company Limited	1.42	-17.94
Japfa Ltd.	1.27	-17.79
TP ICAP Group plc	0.71	-17.72
Computer Engineering & Consulting Ltd.	1.73	-16.22

### Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
ASR Nederland NV	20.64	0.38
Resorttrust, Inc.	21.57	0.32
Clarkson PLC	17.07	0.31
KH Neochem Co.,Ltd.	18.71	0.30
Technip Energies NV	14.97	0.30
<b>Total</b>		<b>1.61</b>

Greatest Detractors	Return %	Contribution to Return %
Criteo SA Sponsored ADR	-18.97	-0.34
Computer Engineering & Consulting Ltd.	-16.22	-0.29
Johnson Electric Holdings Limited	-15.96	-0.29
OPTEX GROUP Company Limited	-17.94	-0.29
HENSOLDT AG	-12.17	-0.26
<b>Total</b>		<b>-1.47</b>

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### Quarterly Attribution:

#### Harbor International Small Cap Fund vs. MSCI EAFE Small Cap (ND) Index

06/30/2021 - 09/30/2021

#### Performance

	Portfolio	Benchmark	Active
Return ex Currency	1.92	2.61	-0.69
Currency Contribution	-1.61	-1.71	0.10
<b>Total Return</b>	<b>0.30</b>	<b>0.89</b>	<b>-0.59</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
Energy	2.90	1.48	1.42	16.92	5.82	11.10	0.54	0.08	0.12	0.34	0.46
Consumer Discretionary	14.38	13.01	1.37	0.27	-2.60	2.87	0.11	-0.35	-0.05	0.44	0.39
Materials	9.43	8.93	0.50	2.55	-0.69	3.24	0.33	-0.05	-0.01	0.32	0.30
Health Care	3.02	7.38	-4.36	6.09	1.43	4.66	0.24	0.12	0.00	0.13	0.13
Real Estate	0.00	11.89	-11.89	0.00	-0.07	0.07	0.00	0.02	0.11	0.00	0.11
Utilities	0.00	2.84	-2.84	0.00	0.10	-0.10	0.00	0.00	0.02	0.00	0.02
Financials	11.23	10.55	0.68	1.60	3.63	-2.03	0.19	0.37	0.00	-0.21	-0.20
Industrials	22.10	23.77	-1.67	1.15	2.36	-1.21	0.34	0.54	-0.01	-0.22	-0.24
Consumer Staples	10.19	5.59	4.59	-3.45	-0.88	-2.57	-0.36	-0.05	-0.08	-0.26	-0.35
Communication Services	3.32	4.46	-1.14	-10.26	2.58	-12.85	-0.34	0.11	-0.01	-0.40	-0.41
Information Technology	17.40	10.11	7.29	-4.80	1.07	-5.87	-0.70	0.10	0.04	-0.98	-0.94
[Cash]	6.04	0.00	6.04	-1.17	0.00	-1.17	-0.03	0.00	0.14	0.00	0.14
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>0.30</b>	<b>0.89</b>	<b>-0.59</b>	<b>0.30</b>	<b>0.89</b>	<b>0.25</b>	<b>-0.84</b>	<b>-0.59</b>



### Quarterly Attribution:

#### Harbor International Small Cap Fund vs. MSCI EAFE Small Cap (ND) Index

06/30/2021 - 09/30/2021

#### 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
Australia	5.11	8.84	-3.73	10.38	0.12	10.26	0.33	0.00	-0.02	0.29	0.27
Netherlands	3.81	2.47	1.34	7.49	3.47	4.03	0.28	0.09	0.04	0.14	0.17
Italy	3.56	2.88	0.68	6.06	1.22	4.84	0.20	0.04	0.00	0.17	0.17
Finland	1.85	1.81	0.04	-3.11	-7.80	4.68	-0.04	-0.13	-0.01	0.09	0.08
Spain	2.24	1.91	0.34	3.16	0.87	2.29	0.05	0.02	0.03	0.05	0.08
Norway	0.00	2.39	-2.39	0.00	-2.03	2.03	0.00	-0.04	0.07	0.00	0.07
Switzerland	3.97	5.27	-1.30	2.13	2.30	-0.17	0.19	0.13	0.04	-0.01	0.03
Portugal	1.64	0.21	1.43	2.95	7.46	-4.51	0.05	0.02	0.10	-0.08	0.02
Austria	0.00	0.92	-0.92	0.00	-0.66	0.66	0.00	0.00	0.01	0.00	0.01
China	0.00	0.02	-0.02	0.00	-42.18	42.18	0.00	-0.01	0.01	0.00	0.01
Ireland	1.67	0.54	1.12	2.27	4.22	-1.95	0.05	0.02	0.04	-0.04	0.01
United States	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Zealand	0.00	0.91	-0.91	0.00	2.27	-2.27	0.00	0.02	-0.01	0.00	-0.01
Hong Kong	1.73	1.96	-0.23	-15.96	-12.98	-2.98	-0.29	-0.27	0.04	-0.05	-0.01
France	7.70	3.31	4.39	-0.30	-0.26	-0.04	0.01	0.00	-0.04	0.01	-0.03
Canada	2.96	0.00	2.96	-3.23	0.00	-3.23	0.06	0.00	-0.05	0.00	-0.05
Israel	1.84	2.77	-0.92	1.60	3.79	-2.19	0.04	0.10	-0.03	-0.04	-0.06
Denmark	3.52	1.77	1.75	-2.98	-3.14	0.16	-0.08	-0.05	-0.06	0.00	-0.06
United Kingdom	14.37	17.61	-3.24	-1.10	0.29	-1.39	-0.03	0.13	0.03	-0.19	-0.16
Belgium	1.35	1.63	-0.28	-14.28	-0.69	-13.59	-0.21	-0.01	0.01	-0.20	-0.19
Japan	22.26	27.96	-5.69	2.89	3.42	-0.53	0.52	0.76	-0.04	-0.16	-0.19
Germany	6.88	5.22	1.66	-2.62	0.54	-3.16	-0.16	0.05	0.00	-0.23	-0.23
Singapore	2.92	1.84	1.08	-11.09	-1.37	-9.72	-0.34	-0.02	-0.03	-0.30	-0.32
Sweden	4.58	7.77	-3.19	-8.01	0.12	-8.12	-0.30	0.05	0.06	-0.39	-0.33
[Cash]	6.04	0.00	6.04	-1.17	0.00	-1.17	-0.03	0.00	0.14	0.00	0.14
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>0.30</b>	<b>0.89</b>	<b>-0.59</b>	<b>0.30</b>	<b>0.89</b>	<b>0.32</b>	<b>-0.91</b>	<b>-0.59</b>



### Trailing 1 Year Attribution:

#### Harbor International Small Cap Fund vs. MSCI EAFE Small Cap (ND) Index

09/30/2020 - 09/30/2021

#### Performance

	Portfolio	Benchmark	Active
Return ex Currency	45.32	29.72	15.60
Currency Contribution	-1.14	-0.70	-0.44
<b>Total Return</b>	<b>44.18</b>	<b>29.02</b>	<b>15.16</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
Communication Services	3.16	4.60	-1.44	148.38	24.91	123.47	3.47	1.19	0.14	2.75	2.89
Consumer Discretionary	14.77	13.09	1.68	51.12	28.34	22.78	7.26	3.75	0.15	2.71	2.86
Information Technology	15.15	10.31	4.84	44.34	27.22	17.13	6.28	2.86	0.18	2.18	2.37
Consumer Staples	10.00	5.84	4.16	35.54	7.46	28.08	3.53	0.50	-0.70	2.76	2.06
Industrials	24.12	23.37	0.75	47.35	39.42	7.93	11.83	8.69	0.22	1.78	2.00
Financials	10.85	10.52	0.33	59.27	40.52	18.75	5.81	4.03	0.07	1.75	1.82
Health Care	3.31	7.16	-3.84	35.19	15.43	19.76	1.06	1.12	0.59	0.59	1.19
Real Estate	0.00	11.76	-11.76	0.00	23.36	-23.36	0.00	2.84	0.79	0.00	0.79
Materials	9.36	8.88	0.48	41.20	32.59	8.61	3.81	2.81	0.10	0.68	0.79
Energy	2.13	1.57	0.56	7.63	37.07	-29.44	1.04	0.58	0.39	0.01	0.39
Utilities	0.00	2.90	-2.90	0.00	20.54	-20.54	0.00	0.64	0.30	0.00	0.30
[Cash]	7.15	0.00	7.15	-0.40	0.00	-0.40	0.08	0.00	-2.29	0.00	-2.29
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>44.18</b>	<b>29.02</b>	<b>15.16</b>	<b>44.18</b>	<b>29.02</b>	<b>-0.06</b>	<b>15.22</b>	<b>15.16</b>





### Trailing 1 Year Attribution:

#### Harbor International Small Cap Fund vs. MSCI EAFE Small Cap (ND) Index

09/30/2020 - 09/30/2021

#### 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	22.10	28.44	-6.33	31.10	14.46	16.63	7.21	4.20	1.15	3.64	4.78
France	6.94	3.24	3.70	120.10	30.13	89.97	6.55	0.96	0.21	4.18	4.39
United Kingdom	13.58	17.61	-4.02	87.24	41.83	45.42	9.30	7.10	-0.75	4.15	3.41
Canada	3.14	0.00	3.14	80.73	0.00	80.73	2.42	0.00	1.49	0.00	1.49
Italy	2.39	2.89	-0.51	127.45	41.61	85.84	1.72	1.15	-0.10	1.10	1.00
Switzerland	4.34	5.25	-0.92	49.90	27.47	22.43	2.15	1.48	0.18	0.82	1.00
Denmark	3.26	1.69	1.57	61.22	30.50	30.72	1.91	0.52	0.09	0.88	0.97
Singapore	2.39	1.84	0.55	39.26	15.06	24.20	1.39	0.29	-0.04	0.95	0.90
Germany	6.31	5.35	0.96	43.51	31.78	11.73	2.46	1.71	0.03	0.64	0.68
Hong Kong	2.43	2.04	0.40	9.33	22.48	-13.14	1.57	0.51	0.31	0.37	0.68
Netherlands	5.11	2.52	2.59	48.55	62.63	-14.08	2.88	1.38	0.94	-0.47	0.46
Ireland	1.58	0.52	1.06	62.34	86.89	-24.55	0.97	0.35	0.45	-0.08	0.37
Portugal	1.55	0.22	1.33	52.27	43.75	8.52	0.75	0.09	0.20	0.15	0.35
Israel	1.65	2.47	-0.82	64.11	52.95	11.16	1.09	1.10	-0.11	0.31	0.21
Spain	3.08	1.97	1.11	36.54	38.85	-2.30	1.15	0.75	0.17	-0.07	0.10
China	0.00	0.03	-0.03	0.00	-42.91	42.91	0.00	-0.01	0.07	0.00	0.07
United States	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
New Zealand	0.00	0.97	-0.97	0.00	31.54	-31.54	0.00	0.33	0.00	0.00	0.00
Finland	1.16	1.75	-0.60	-7.10	24.40	-31.51	-0.07	0.46	-0.01	-0.08	-0.09
Austria	0.00	0.91	-0.91	0.00	52.61	-52.61	0.00	0.41	-0.13	0.00	-0.13
Norway	0.00	2.29	-2.29	0.00	42.57	-42.57	0.00	0.90	-0.25	0.00	-0.25
Belgium	1.34	1.54	-0.20	-18.36	19.33	-37.69	-0.36	0.30	0.04	-0.56	-0.52
Sweden	4.37	7.56	-3.18	6.37	29.23	-22.86	0.39	2.21	0.18	-0.88	-0.70
Australia	6.13	8.90	-2.77	12.12	32.54	-20.42	0.62	2.83	-0.06	-1.62	-1.68
[Cash]	7.15	0.00	7.15	-0.40	0.00	-0.40	0.08	0.00	-2.33	0.00	-2.33
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>44.18</b>	<b>29.02</b>	<b>15.16</b>	<b>44.18</b>	<b>29.02</b>	<b>1.73</b>	<b>13.43</b>	<b>15.16</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.

### Disclosures

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.

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 02/28/2022.

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.

The mean/median long term growth rate for Projected Earnings Growth Rate is the expected growth over the next 3-5 years calculated by FactSet from data provided by brokers. The Adjusted Trailing P/E (Price/Earnings) 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 next 4 quarters estimated EPS. All P/E, ROE and P/B statistics are calculated as weighted medians.

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 subadviser 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 subadviser 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.