

HARBOR SMALL CAP VALUE FUND

EARNEST Partners LLC

Subadvisor Since 12/14/2001

Total Net Assets - All Classes \$2,204,689,489
Equity Assets: 98.06%
Cash & Other Assets Less Liabilities: 1.94%
Benchmark Name: Russell 2000® Value Index

Portfolio Managers



Paul E. Viera

Investment Philosophy

The Fund invests primarily in equity securities – common and preferred stocks – of small cap companies with stocks trading at prices below what the portfolio manager believes are their intrinsic values. In selecting stocks for the Fund, the portfolio manager: utilizes a value-based investment style seeking to identify companies with stocks trading at prices below what the portfolio manager believes are their intrinsic values, applies fundamental and qualitative criteria to identify companies for the portfolio, and maintains relationships with key analysts and industry experts to obtain unbiased research perspectives.

CHARACTERISTICS & ALLOCATION

As of 03/31/2024

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	58	1,419	Industrials	29.44	14.77
Wtd Avg Market Cap (\$Mil)	4,965.60	2,934.20	Financials	22.41	25.72
Median Market Cap (\$Mil)	3,811.00	814.00	Information Technology	15.98	5.89
Price/Book Ratio	2.74	1.48	Consumer Discretionary	7.37	11.03
Adjusted Trailing P/E Ratio	24.40	14.30	Energy	7.04	10.12
% EPS Growth - Past 3 Yr	10.80	25.00	Health Care	4.85	9.27
Est 3-5 Yr EPS Growth Rate (%)	14.60	7.40	Real Estate	4.63	9.70
Return on Equity (%)	11.06	7.82	Materials	4.51	4.97
Beta vs. Fund Benchmark	0.90		Consumer Staples	1.83	2.22
Forecasted P/E Ratio	18.50	13.60	Communication Services	0.00	2.33
			Utilities	0.00	3.75

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Houlihan Lokey Inc.	3.27	0.00	Banks	11.42	15.91
Parsons Corporation	3.19	0.14	Machinery	10.35	2.72
Casella Waste Systems	2.92	0.00	Semiconductors	7.09	1.80
FormFactor Inc.	2.71	0.00	Energy Equipment	7.04	2.21
Reinsurance Group	2.63	0.00	Aerospace & Defense	6.28	1.08
Franklin Electric Co.	2.55	0.00	Electronic Equipment	5.85	2.13
Integer Holdings Corp	2.46	0.29	Capital Markets	4.89	0.80
Hexcel Corporation	2.38	0.00	Professional Services	4.74	1.36
Flowserve Corporation	2.37	0.00	Chemicals	4.51	1.43
SPX Technologies Inc.	2.30	0.07	Health Care Equip	3.98	1.31
Total	26.78	0.50	Total	66.15	30.75

Market Capitalization		
		Portfolio %
Large	Above 25.0B	0.00
	10.0B - 25.0B	4.16
Mid	5.0B - 10.0B	39.92
	1.0B - 5.0B	50.68
Small	0.0 - 1.0B	3.31

Harbor Small Cap Value Fund



PERFORMANCE

As of 03/31/2024

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	HASCX	411511843	4.23%	4.23%	13.65%	3.05%	9.91%	8.88%	9.98%	12/14/01	0.88	0.88
Investor	HISVX	411511694	4.14%	4.14%	13.24%	2.68%	9.51%	8.48%	10.02%	11/01/02	1.24	1.24
Retirement	HNVRX	411512452	4.25%	4.25%	13.74%	3.13%	10.00%	8.95%	10.01%	12/14/01	0.80	0.80
Russell 2000® Value Index			2.90%	2.90%	18.75%	2.22%	8.17%	6.87%	8.40%	12/14/01		

MANAGER COMMENTARY

As of 03/31/2024

“Nearly 17% of dispersion separated the top-performing sector, Energy, from the worst-performing sector, Communication Services.”

EARNEST Partners

Market in Review

Equity markets continued to rally in the first quarter of 2024, and some indexes reached new highs, fully recovering from the bear market of 2022. Despite lingering concerns regarding the Federal Reserve's (“Fed”) stance, investors remained optimistic, encouraged by the gradual easing of inflationary pressures and the consistent progress seen in earnings and economic growth. Investors increasingly acknowledged the likelihood of interest rate cuts from the Fed, shifting their focus toward the timing of such adjustments. While the Fed remained committed to addressing high inflation, it also acknowledged the potential for rate cuts, projecting up to three 0.25% reductions over the course of the year. This recognition highlighted a balancing act between inflation control and employment, contributing to ongoing market confidence amid evolving monetary policy.

During the quarter, all Global Industry Classification Standard sectors of the Russell 3000® Index were positive except for Real Estate, which is grappling with continued uncertainty within the commercial real estate market, as many white-collar employers have permanently adopted flexible office schedules in the wake of pandemic-era lockdowns. Communication Services, Energy, and Information Technology were the best performers during the quarter, as continued optimism and investment surrounding artificial intelligence (“AI”) and related industries saw valuations expand as investors expect that these industries will accelerate earnings growth. Additionally, Crude Oil rebounded by over 15% after declining by about 20% during the fourth quarter. While the NASDAQ 100 Index had a strong quarter, posting an 8.72% gain, it underperformed the Russell 1000® Index as investors broadened their expectations for markets outside of the large-cap tech sphere.

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.

Harbor Small Cap Value Fund

MANAGER COMMENTARY

As of 03/31/2024



Portfolio Performance

The U.S. small-cap equity market, as represented by the Russell 2000® Value Index, gained 2.90% during the first quarter of 2024. Despite the market's pivot regarding expectations of the speed and frequency at which the Fed will begin reducing interest rates, favorable inflation data, a strong labor market, and a resilient consumer drove the small-cap segment higher, with more than half of the 11 GICS sectors in the index finishing the quarter in positive territory. Performance was led by Energy, Health Care, and Industrials, as each gained more than 8% in the quarter. Energy led the way, gaining more than 12% as underlying commodity prices recovered in the first quarter, while Communication Services, Financials, and Consumer Staples were laggards for the period. Nearly 17% of dispersion separated the top-performing sector, Energy, from the worst-performing sector, Communication Services.

Net of fees, the Harbor Small Cap Value Fund (Institutional Class, "Fund") outperformed its benchmark, the Russell 2000® Value Index, for the period. Strong security selection in Financials and Industrials were significant contributors to the relative outperformance. The Fund's relative underweight to the Utilities and Real Estate sectors, each of which generated negative returns within the index, also helped drive relative outperformance in the period. EARNEST Partners continues to focus on high-quality companies that we believe are well positioned to benefit over the long term. The Fund has outperformed its benchmark by more than 2% annually over the trailing one-, five-, and 10-year periods, net of fees.

Contributors & Detractors

Contributing to performance was Entegris, the leading supplier of contamination control solutions and microenvironments to the semiconductor chip processing industry. Entegris' products include filtration products, high-performance materials, specialty gas management solutions, wafer carriers, and specialized graphite, silicon carbide, and coatings. Entegris shares gained more than 17% in the quarter as the company exceeded consensus earnings-per-share ("EPS") estimates despite missing consensus earnings before interest, taxes, depreciation, and amortization ("EBITDA") estimates. The company also continued to improve its balance sheet strength after repaying \$870m in debt in the quarter, reducing its debt-to-EBITDA ratio to 4.5x. Debt reduction is expected to continue to improve the company's free-cash-flow profile and conversion rate, the latter of which continued to improve in 2023.

Detracting from performance was COPT Defense Properties ("CDP"), a real estate investment trust ("REIT") focused on owning, operating, and developing properties in locations proximate to or containing key U.S. government defense installations. The company's tenants include the U.S. government and defense contractors primarily engaged in national security activities that require mission-critical and high-security site enhancements. Despite beating consensus recurring funds from operation estimates while also providing FY24 guidance above analyst estimates, CDP shares contracted by ~5% in the quarter. While office REIT investor sentiment continues to be a headwind to share price appreciation, management continues to demonstrate how the company's business model is differentiated from its peers. Despite the broader sector headwinds, CDP remains exempt from many of the issues plaguing office REITs, including decreased demand, remote work, and increased supply.

Buy and Sells

During the quarter, Expro Group Holdings, a globally recognized provider of well-flow management solutions within the oil and gas industry, was purchased. With a focus on advanced technologies and operational proficiency, Expro delivers tailored services aimed at optimizing production efficiency and reservoir performance for its diverse clientele worldwide.

We sold DMC Global, a provider of engineered products and solutions for the worldwide construction, energy, industrial processing, and transportation markets. Their offerings include architectural building products, perforating systems for the oil and gas industry, and explosion-welded clad metal plates for heavy industries. We sold the stock as the investment thesis came to fruition.

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.

Harbor Small Cap Value Fund

MANAGER COMMENTARY

As of 03/31/2024



Domestic and International Funds

The Fund entered the year with overweight allocations to Information Technology and Industrials. The Fund is positioned this way, as we have found more attractive individual opportunities relative to other sectors. Our views on the names in the Fund have remained consistent since last quarter, and the Fund continues to maintain a healthy overweight, reflecting our conviction in the holdings.

Outlook

No new themes or trends were introduced into the Fund during the quarter. We continue to position the Fund based on the underlying fundamentals of individual companies and their growth prospects relative to what is currently reflected in the stock price.

QUARTERLY ATTRIBUTION

As of 03/31/2024

Best & Worst Performers

Best Performers	Average Weight %	Return %
PARSONS CORP	3.15	32.28
ARCHROCK INC	1.11	29.06
WOLVERINE WORLD WIDE INC	0.56	27.22
SPX TECHNOLOGIES INC	2.30	21.90
REINSURANCE GROUP OF AMERICA	2.50	19.83

Worst Performers	Average Weight %	Return %
METHODE ELECTRONICS INC	0.52	-45.83
SABRE CORP	0.74	-45.00
CONMED CORP	1.80	-26.69
DIODES INC	1.34	-12.44
PLEXUS CORP	1.40	-12.31

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
PARSONS CORP	32.28	0.97
SPX TECHNOLOGIES INC	21.90	0.48
REINSURANCE GROUP OF AMERICA	19.83	0.48
CASELLA WASTE SYSTEMS INC-A	15.69	0.44
INTEGER HOLDINGS CORP	17.76	0.41
Total		2.78

Greatest Detractors	Return %	Contribution to Return %
CONMED CORP	-26.69	-0.64
SABRE CORP	-45.00	-0.45
METHODE ELECTRONICS INC	-45.83	-0.31
PLEXUS CORP	-12.31	-0.22
UNITED COMMUNITY BANKS/GA	-9.22	-0.20
Total		-1.81

Harbor Small Cap Value Fund



ATTRIBUTION

As of 03/31/2024

Quarterly Attribution:
Harbor Small Cap Value Fund vs Russell 2000® Value

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	4.45	2.90	1.55
Currency Contribution	0.00	0.00	0.00
Total Return	4.45	2.90	1.55

Sector Attribution	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Financials	22.95	26.43	-3.48	4.14	-2.44	6.58	0.92	-0.83	0.18	1.59	1.76
Industrials	29.48	14.52	14.97	9.86	8.13	1.72	2.95	1.25	0.78	0.47	1.25
Materials	3.83	4.81	-0.98	14.78	7.62	7.15	0.62	0.38	-0.04	0.29	0.25
Real Estate	4.84	10.12	-5.28	-2.54	-1.78	-0.76	-0.15	-0.26	0.26	-0.04	0.23
Communication Services	0.00	2.45	-2.45	0.00	-5.00	5.00	0.00	-0.14	0.20	0.00	0.20
Utilities	0.00	3.80	-3.80	0.00	-1.29	1.29	0.00	-0.08	0.17	0.00	0.17
Consumer Staples	1.62	2.32	-0.70	-6.68	-1.80	-4.88	-0.14	-0.05	0.04	-0.09	-0.06
Energy	6.06	9.58	-3.52	12.38	12.22	0.17	0.81	1.18	-0.31	0.00	-0.30
Information Technology	16.38	5.91	10.47	-0.07	0.66	-0.73	-0.07	0.06	-0.24	-0.14	-0.38
Health Care	5.00	9.21	-4.21	-2.43	8.55	-10.98	-0.17	0.81	-0.23	-0.55	-0.78
Consumer Discretionary	7.56	10.85	-3.28	-3.98	5.01	-8.99	-0.35	0.58	-0.07	-0.71	-0.78
Total	100.00	100.00	0.00	4.45	2.90	1.55	4.45	2.90	0.74	0.81	1.55

Trailing 1 Year Attribution:
Harbor Small Cap Value Fund vs Russell 2000® Value

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	14.72	18.74	-4.02
Currency Contribution	0.00	0.00	0.00
Total Return	14.72	18.74	-4.02

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
Utilities	0.00	4.31	-4.31	0.00	-10.03	10.03	0.00	-0.59	1.40	0.00	1.40
Industrials	29.85	14.02	15.83	29.00	31.40	-2.40	8.59	4.37	1.92	-0.69	1.23
Communication Services	0.00	2.63	-2.63	0.00	-6.43	6.43	0.00	-0.26	0.72	0.00	0.72
Real Estate	4.27	10.54	-6.27	11.95	11.35	0.60	0.51	1.23	0.43	0.03	0.46
Financials	21.31	26.10	-4.79	20.84	19.92	0.92	4.59	5.30	-0.11	0.29	0.18
Materials	3.72	4.61	-0.89	18.60	19.45	-0.85	0.77	0.94	-0.02	0.02	0.00
Consumer Staples	2.04	2.56	-0.52	-20.36	0.86	-21.22	-0.56	-0.04	0.09	-0.50	-0.41
Energy	5.60	9.09	-3.49	21.64	29.44	-7.79	1.17	2.50	-0.17	-0.50	-0.67
Health Care	5.67	9.28	-3.62	-5.11	15.80	-20.91	-0.29	1.52	0.20	-1.32	-1.11
Information Technology	16.89	5.95	10.94	2.32	14.28	-11.96	0.25	0.88	-0.38	-2.32	-2.70
Consumer Discretionary	7.91	10.90	-2.99	-3.42	27.46	-30.89	-0.46	2.90	-0.27	-2.54	-2.81
Total	100.00	100.00	0.00	14.72	18.74	-4.02	14.72	18.74	3.49	-7.51	-4.02

Performance data shown represents past performance and is no guarantee of future results.

Harbor Small Cap Value Fund



IMPORTANT INFORMATION

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® Value Index is an unmanaged index representing the smallest 2000 stocks with the lowest 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® Value Index and Russell® are trademarks of Frank Russell Company.

The Nasdaq 100 is a stock market index that includes 100 of the largest, most actively traded, non-financial companies that are listed on the Nasdaq Stock Market.

The Russell 1000 Index is a subset of the larger Russell 3000 Index and represents the 1000 top companies by market capitalization in the United States.

The Russell 3000 Index is a capitalization-weighted stock market index that seeks to be a benchmark of the entire U.S. Stock Market. It measures the performance of the 3,000 largest publicly held companies incorporated in America as measured by total market capitalization, and represents approximately 97% of the American public equity market.

Disclosures

Shares of the Harbor Small Cap Value Fund are unavailable to new investors as of June 1, 2021. The Fund continues to accept investments from existing shareholders and allows exchanges from other Harbor Funds as long as the exchanging shareholder has an existing Harbor Small Cap Value Fund account.

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.

EARNEST Partners LLC is an independent subadvisor to the Harbor Small Cap Value Fund.

Distributed by Harbor Funds Distributors, Inc.

Harbor Small Cap Value Fund



IMPORTANT INFORMATION

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.

The Global Industry Classification Standard (GICS®) is an industry analysis framework that helps investors understand the key business activities for companies around the world. MSCI and S&P Dow Jones Indices developed this classification standard to provide investors with consistent and exhaustive industry definitions.

Debt-to-EBITDA ratio is the amount of income generated and available to pay down debt before deducting interest, taxes, depreciation and amortization.

Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) is a measure computed for a company that takes its earnings and adds back interest expenses, taxes, and depreciation charges, plus other adjustments to the metric.