

HARBOR SMALL CAP GROWTH FUND

Westfield Capital Management Company, L.P.

Subadvisor Since 11/01/2000

Total Net Assets - All Classes \$1,570,509,999
Equity Assets: 97.37%
Cash & Other Assets Less Liabilities: 2.63%
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 03/31/2024

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	72	1,064	Health Care	24.04	21.29
Wtd Avg Market Cap (\$Mil)	7,872.10	6,460.10	Information Technology	22.17	23.94
Median Market Cap (\$Mil)	6,238.00	1,307.00	Industrials	19.95	20.35
Price/Book Ratio	4.59	4.76	Financials	10.92	6.04
Adjusted Trailing P/E Ratio	31.20	29.20	Consumer Discretionary	10.50	10.66
% EPS Growth - Past 3 Yr	29.70	34.30	Energy	4.32	4.57
Est 3-5 Yr EPS Growth Rate (%)	3.00	17.60	Materials	3.43	4.07
Return on Equity (%)	15.37	12.75	Real Estate	2.04	1.51
Beta vs. Fund Benchmark	0.90		Utilities	0.00	1.25
Forecasted P/E Ratio	26.50	23.10	Communication Services	0.00	1.93
			Consumer Staples	0.00	4.39

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Ascendis Pharma A/S ADR	4.33	0.00	Biotechnology	13.60	10.39
Comfort Systems USA Inc	2.95	0.84	Software	9.99	11.39
ITT Inc.	2.79	0.00	Health Care Equip	6.14	3.90
Option Care Health Inc	2.44	0.42	Financial Services	5.37	1.43
Meritage Homes Corp	2.43	0.00	Hotels Rest & Leisure	5.03	3.48
Casella Waste Systems	2.38	0.42	Semiconductors	4.97	4.07
Samsara Inc. Class A	2.22	0.00	Machinery	4.65	4.79
Wingstop Inc.	2.15	0.00	Insurance	4.63	1.17
AZEK Co. Inc. Class A	2.12	0.00	Household Durables	4.51	1.28
Insight Enterprises Inc	2.12	0.39	Construction & Engineer	4.45	2.82
Total	25.93	2.07	Total	63.34	44.72

Market Capitalization		
		Portfolio %
Large	Above 25.0B	1.97
	10.0B - 25.0B	19.77
Mid	5.0B - 10.0B	44.62
	1.0B - 5.0B	29.88
Small	0.0 - 1.0B	1.13

Harbor Small Cap Growth 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	HASGX	411511868	8.99%	8.99%	23.61%	1.59%	12.01%	10.25%	9.48%	11/01/00	0.88	0.88
Investor	HISGX	411511777	8.91%	8.91%	23.15%	1.22%	11.58%	9.84%	10.74%	11/01/02	1.24	1.24
Retirement	HNSGX	411512494	9.07%	9.07%	23.64%	1.67%	12.10%	10.32%	9.50%	11/01/00	0.80	0.80
Russell 2000® Growth Index			7.58%	7.58%	20.35%	-2.68%	7.38%	7.89%	6.46%	11/01/00		

MANAGER COMMENTARY

As of 03/31/2024

“The first quarter’s strong rally raises the bar for the earnings and growth expectations needed to continue the advance.”

Westfield Capital Management Company, L.P.

Market In Review

The first quarter of 2024 defied the cautious whispers of many investors' year-end outlooks, as the resilience and vigor of the U.S. equity markets were once again on full display. The quarter unfurled as a period of substantial stock gains with indexes such as the S&P 500 surging to its best start since 2019 and achieving new all-time highs. The strong returns underscored the market's bullish sentiment, which was propelled by the combination of robust earnings growth from artificial intelligence (“AI”)-themed market leaders and dovish commentary from the U.S. Federal Reserve (“Fed”). Under the surface of the strong rally was a broadening market advance, which included more speculative pockets of AI-related optimism, but, importantly, also witnessed strength in the Energy, Industrials, and Financials sectors.

Portfolio Performance

During the quarter, the Harbor Small Cap Growth Fund (Institutional Class, “Fund”) returned 8.99%, outperforming the Russell 2000® Growth Index, which returned 7.58%.

From a sector perspective, relative strength within Financials and Industrials offset relative weakness within Information Technology.

Common factors provided a tailwind to relative performance during the quarter. From a factor perspective, the Fund’s underweight exposure to volatility, overweight exposure to momentum, and overweight exposure to size provided a relative tailwind, which offset a headwind from the underweight exposure to earnings variation.

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 Growth Fund



MANAGER COMMENTARY

As of 03/31/2024

Contributors & Detractors

Kinsale Capital Group, a property and casualty (“P&C”) insurer, was the top contributor to relative performance during the quarter. After concluding 2023 with a less-than-stellar fourth quarter, the company’s fourth quarter results not only surpassed expectations but also reassured investors of its potential for continued growth compared to its peers in the foreseeable future. Furthermore, management’s remarks on the quality of its reserves, a notable distinction from several other small-cap P&C firms, added to investor confidence and positively influenced sentiment toward the company, in our opinion.

Wingstop, a fast food, casual chain restaurant, also contributed positively to relative results. The company reported same-store sales comparables of nearly 22%, which we believe shows the strength of its brand, as the company continues to gain share in the market by offering a strong value product for takeout and delivery.

Super Micro Computer, which manufactures high-performance servers and storage solutions, was the top detractor from relative returns during the quarter due to our underweight positioning. Super Micro started to behave like a meme stock when the P/E multiple jumped from 15x at the beginning of the year to 34x, without much change in the fundamentals. The company has benefited substantially from its relationship with NVIDIA, since many investors favor any and all names related to the red-hot AI theme.

MicroStrategy, an AI-powered business intelligence platform, also detracted from relative performance during the quarter due to our underweight positioning. MicroStrategy outperformed due to its strategy of using leverage to buy bitcoin, as ETF demand and the upcoming “halving” of the cryptocurrency are driving a supply/demand imbalance.

Buys & Sells

During the quarter, we purchased Revolve Group, an online fashion retailer. We believe Revolve is headed for a profitability inflection, driven by its unique data-driven merchandising approach, strong brand partnerships, and effective inventory management. We believe this should aid in near-term outsized growth and improved financial performance. The company’s solid financial position and strategic focus on customer engagement and retention should position the company well for sustained growth.

During the quarter, we sold our position in CymaBay Therapeutics – a development-stage biotech company focused on developing therapies for patients with liver and other chronic diseases – after news broke that the company was being acquired by Gilead Sciences at a 27% premium.

Sector Overweights & Underweights

Entering 2024, the Financials sector represented the Fund’s largest overweight relative to the index and remains the largest overweight as of March 31, 2024. We remain significantly overweight the financial services industry, which has underperformed the broader market – despite solid fundamentals – but is just starting to catch a bid. We have also seen an increase in merger and acquisition activity within the group. We continue to find attractive growth-at-a-reasonable-price investment opportunities within this sector with idiosyncratic growth drivers.

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

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Harbor Small Cap Growth Fund



MANAGER COMMENTARY

As of 03/31/2024

Outlook

The first quarter's strong rally raises the bar for the earnings and growth expectations needed to continue the advance. Amid the cheer of broadening equity participation lies a nuanced tale of economic indicators and policy developments that suggests a path laden with both opportunities and challenges. The market's rally, despite a recalibration of expectations around the Fed's monetary policy, underscores a fundamental confidence in the resilience of the U.S. economy, buoyed by strong GDP growth and labor market dynamics. However, the shadows cast by persistent core services inflation, uncertain AI implementation outcomes, and regulatory scrutiny remind us of the complex landscape that investors must traverse. Moving forward, the dual imperatives of seizing growth opportunities, while managing risks associated with persistent inflation, will likely define the strategic contours of our investment decisions for the foreseeable future. Given this backdrop, we believe clients' portfolios should continue to benefit from our balanced approach to the Fund construction – one that harmonizes the pursuit of growth with a prudent acknowledgment of the risks that lie ahead.

QUARTERLY ATTRIBUTION

As of 03/31/2024

Best & Worst Performers

Best Performers	Average Weight %	Return %
SUPER MICRO COMPUTER INC	0.95	255.32
MICROSTRATEGY INC-CL A	0.26	66.65
KINSALE CAPITAL GROUP INC	1.87	56.73
COMFORT SYSTEMS USA INC	2.12	54.60
PALOMAR HOLDINGS INC	1.01	51.05

Worst Performers	Average Weight %	Return %
CALIX INC	0.68	-24.10
WNS HOLDINGS LTD	1.43	-20.05
SMARTSHEET INC-CLASS A	1.95	-19.49
MURAL ONCOLOGY PLC	0.29	-17.40
GITLAB INC-CL A	0.44	-16.90

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
SUPER MICRO COMPUTER INC	255.32	1.19
COMFORT SYSTEMS USA INC	54.60	0.98
KINSALE CAPITAL GROUP INC	56.73	0.88
ASCENDIS PHARMA A/S - ADR	20.02	0.83
WINGSTOP INC	42.89	0.82
Total		4.70

Greatest Detractors	Return %	Contribution to Return %
SMARTSHEET INC-CLASS A	-19.49	-0.41
WNS HOLDINGS LTD	-20.05	-0.30
SENTINELONE INC -CLASS A	-10.61	-0.28
DYNATRACE INC	-15.09	-0.22
CALIX INC	-24.10	-0.20
Total		-1.41

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

Harbor Small Cap Growth Fund



ATTRIBUTION

As of 03/31/2024

Quarterly Attribution:

Harbor Small Cap Growth Fund vs Russell 2000® Growth

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	9.02	7.59	1.43
Currency Contribution	0.00	0.00	0.00
Total Return	9.02	7.59	1.43

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	11.22	6.20	5.01	17.88	3.28	14.60	1.95	0.19	-0.23	1.59	1.36
Industrials	20.46	20.12	0.33	15.81	9.29	6.52	3.24	1.86	-0.04	1.31	1.28
Consumer Discretionary	10.07	10.71	-0.64	10.61	6.09	4.53	1.02	0.64	0.00	0.49	0.50
Communication Services	0.00	2.06	-2.06	0.00	-4.86	4.86	0.00	-0.11	0.27	0.00	0.27
Utilities	0.00	1.37	-1.37	0.00	-9.75	9.75	0.00	-0.18	0.27	0.00	0.27
Materials	3.33	4.11	-0.78	3.07	-1.15	4.22	0.06	-0.11	0.08	0.15	0.23
Energy	4.03	4.34	-0.30	12.39	11.10	1.29	0.47	0.45	0.00	0.05	0.04
Consumer Staples	0.00	4.55	-4.55	0.00	8.01	-8.01	0.00	0.36	-0.02	0.00	-0.02
Health Care	24.41	22.15	2.27	3.61	3.54	0.07	1.00	0.80	-0.05	-0.03	-0.08
Real Estate	2.19	1.60	0.58	-5.68	-1.16	-4.52	-0.15	-0.03	-0.05	-0.11	-0.17
Information Technology	20.59	22.79	-2.20	6.40	16.38	-9.98	1.38	3.70	-0.12	-2.06	-2.18
Total	100.00	100.00	0.00	9.02	7.59	1.43	9.02	7.59	0.04	1.39	1.43

Trailing 1 Year Attribution:

Harbor Small Cap Growth Fund vs Russell 2000® Growth

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	24.36	20.35	4.01
Currency Contribution	0.00	0.00	0.00
Total Return	24.36	20.35	4.01

Sector Attribution	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Health Care	24.19	22.28	1.92	26.72	15.22	11.50	7.15	3.62	0.31	2.65	2.95
Consumer Discretionary	11.33	10.97	0.36	25.15	13.58	11.57	2.35	1.38	0.01	1.03	1.03
Utilities	0.00	1.57	-1.57	0.00	-15.50	15.50	0.00	-0.29	0.66	0.00	0.66
Communication Services	0.05	2.20	-2.15	1.96	-0.61	2.58	0.01	0.01	0.50	0.02	0.52
Materials	3.34	4.28	-0.93	7.45	0.56	6.89	0.32	-0.07	0.22	0.29	0.51
Financials	11.82	6.34	5.48	24.27	22.13	2.13	2.29	1.38	0.24	0.16	0.40
Industrials	19.75	19.94	-0.19	26.72	26.13	0.59	5.34	5.17	-0.16	0.36	0.21
Real Estate	2.31	1.72	0.60	7.10	14.37	-7.27	0.15	0.25	0.00	-0.07	-0.07
Energy	5.04	5.21	-0.17	27.24	30.26	-3.01	0.93	1.03	0.01	-0.12	-0.11
Consumer Staples	0.00	4.58	-4.58	0.00	27.18	-27.18	0.00	1.22	-0.29	0.00	-0.29
Information Technology	18.20	20.92	-2.72	24.31	30.77	-6.46	5.57	6.66	-0.06	-1.22	-1.28
Total	100.00	100.00	0.00	24.36	20.35	4.01	24.36	20.35	0.91	3.10	4.01

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

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

Disclosures

All holdings-related data is provided by FactSet. Because FactSet relies on external sources for its data, that data may differ slightly from actual values maintained by Harbor Funds.

Due to the security valuation procedures of the Fund and intra-day trading activity not included in the FactSet calculations, the actual returns may vary. From time to time the cash return in the portfolio may appear distorted based on the way FactSet's attribution calculation methodology addresses delayed settlements.

Beta is a rolling three year, unless the Fund has a track record of less than three years, in which case it is a rolling one year.

Best and Worst Performers sections reflect stocks in the portfolio for the quarter with an average weight of 0.25% or greater.

Views expressed herein are drawn from commentary provided to Harbor by the subadvisor and may not be reflective of their current opinions or future actions, are subject to change without prior notice, and should not be considered investment advice.

This information should not be considered as a recommendation to purchase or sell a particular security. The weightings, holdings, industries, sectors, countries, and returns mentioned may change at any time and may not represent current or future investments.

As a result of changing market conditions, total net asset levels, expenses and other statistics may change at any time and may differ from those shown.

The total amount shown for sector, industries, or country holdings may be greater than 100% because of the inclusion of derivatives and the collateral securities supporting those instruments.

Sector allocations are determined using the Global Industry Classification Standard (GICS), which is a service of Morgan Stanley Capital International (MSCI) and Standard & Poor's (S&P).

Investors should carefully consider the investment objectives, risks, charges and expenses of a fund before investing. To obtain a summary prospectus or prospectus for this and other information, visit harborcapital.com or call 800-422-1050. Read it carefully before investing.

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

Distributed by Harbor Funds Distributors, Inc.

Harbor Small Cap Growth 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.