

Harbor Mid Cap Fund

EARNEST Partners LLC

Subadvisor Since 12/01/2019

Total Net Assets - All Classes \$91,500,405
Equity Assets: 98.30%
Cash & Other Assets Less Liabilities: 1.70%
Benchmark Name: Russell Midcap® Index

Portfolio Managers



Paul E. Viera

Investment Philosophy

The Fund invests primarily in equity securities, principally common and preferred stocks, of U.S. mid cap companies. Under normal market conditions, the Fund invests at least 80% of its net assets, plus borrowings for investment purposes, in securities of mid cap companies. The Subadvisor uses a bottom-up investment process, employing fundamental and qualitative criteria to identify individual companies for potential investment in the Fund's portfolio. The Subadvisor employs statistical analysis, which is designed to limit certain risks in the Fund's portfolio versus the Fund's benchmark. The Fund expects to invest in approximately 50 to 70 companies.

CHARACTERISTICS & ALLOCATION

As of 03/31/2023

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	61	814	Industrials	25.45	17.17
Wtd Avg Market Cap (\$Mil)	24,061.80	22,476.70	Information Technology	18.03	15.04
Median Market Cap (\$Mil)	12,769.00	9,581.00	Financials	16.08	13.24
Price/Book Ratio	2.98	3.46	Health Care	11.26	10.96
Adjusted Trailing P/E Ratio	21.30	24.00	Materials	7.21	6.26
% EPS Growth - Past 3 Yr	16.00	21.30	Real Estate	6.08	7.27
Est 3-5 Yr EPS Growth Rate (%)	13.70	13.00	Consumer Discretionary	4.96	11.96
Return on Equity (%)	13.90	15.11	Energy	4.57	4.70
Beta vs. Fund Benchmark	0.90		Communication Services	1.88	3.69
Forecasted P/E Ratio	17.40	19.70	Utilities	1.40	5.75
			Consumer Staples	1.38	4.04

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Republic Services Inc.	2.75	0.29	Capital Markets	7.10	4.33
Keysight Technologies I	2.46	0.30	Aerospace & Defense	6.90	1.45
Synopsys Inc.	2.43	0.61	Insurance	6.20	4.42
Darden Restaurants Inc.	2.42	0.20	Software	6.14	5.81
ANSYS Inc.	2.38	0.30	Life Sciences Tools	5.41	2.71
CBRE Group Inc. Class A	2.21	0.24	Semiconductors	5.27	2.66
Progressive Corporation	2.18	0.00	Machinery	4.82	4.27
Agilent Technologies In	2.15	0.42	Chemicals	4.57	3.19
RenaissanceRe Holdings	2.14	0.09	Electronic Equipment	4.18	2.50
Sensata Technologies Ho	2.13	0.08	Commercial Serv & Suppl	3.73	1.44
Total	23.25	2.53	Total	54.32	32.78

Market Capitalization		
		Portfolio %
Large	Above 25.0B	36.27
	10.0B - 25.0B	28.96
Mid	5.0B - 10.0B	23.81
	1.0B - 5.0B	10.96
Small	0.0 - 1.0B	0.00



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	HMCLX	41152P708	4.41%	4.41%	-8.22%	19.15%	N/A	N/A	8.86%	12/01/19	0.88	1.00
Investor	HMCNX	41152P880	4.34%	4.34%	-8.58%	18.70%	N/A	N/A	8.48%	12/01/19	1.24	1.36
Retirement	HMCRX	41152P609	4.41%	4.41%	-8.19%	19.25%	N/A	N/A	8.94%	12/01/19	0.80	0.92
Russell Midcap® Index			4.06%	4.06%	-8.78%	19.20%	N/A	N/A	7.27%	12/01/19		

MANAGER COMMENTARY

As of 03/31/2023

“Most benchmark stock indexes rallied about 10%, and many names within the beaten-down Nasdaq-100® experienced an especially strong rebound.”

EARNEST Partners LLC

Market in Review

Global equity markets experienced a broad rally at the beginning of the first quarter of 2023 in the wake of favorable Consumer Price Index (“CPI”) data, which buoyed expectations that the U.S. Federal Reserve (“Fed”) is near the end of its hiking cycle.

Most benchmark stock indexes rallied about 10%, and many names within the beaten-down Nasdaq-100® experienced an especially strong rebound. In March, however, investor focus abruptly shifted away from concerns about inflation and the Fed’s posture, as fears that regional banks could be at risk of failure took hold. Silvergate Capital, Silicon Valley Bank (“SVB”), and Signature Bank all failed over the course of a week, as continued capital flight from crypto-adjacent and venture capital businesses left these institutions unable to meet withdrawals and/or caused them to discontinue operations. The following week, Credit Suisse was purchased by UBS at a 60% discount from its previous closing price, which also saw the holders of some of its unsecured bonds wiped out. Following the failure of SVB, the federal government guaranteed the depositors of these institutions beyond the \$250,000 FDIC limit, which ensured that those who conducted business through these banks were able to continue operating.

Expense ratio information is as of the Fund’s current prospectus, as supplemented. Gross expenses are the Fund’s total annual operating expenses. The net expense ratios for this fund are subject to a contractual management fee waiver and/or expense limitation agreement, excluding interest expense and acquired fund fees and expenses (if any), through 02/29/2024.

Performance data shown represents past performance and is no guarantee of future results. Past performance is net of management fees and expenses and reflects reinvested dividends and distributions. Past performance reflects the beneficial effect of any expense waivers or reimbursements, without which returns would have been lower. Investment returns and principal value will fluctuate and when redeemed may be worth more or less than their original cost. Returns for periods less than one year are not annualized. Current performance may be higher or lower and is available through the most recent month end at harborcapital.com or by calling 800-422-1050.



Portfolio Performance

During the first quarter, the Harbor Mid Cap Fund (Institutional Class, "Fund") returned 4.41%, outperforming its benchmark, the Russell Midcap[®] Index, which returned 4.06%. Strong stock selection in the Financials, Health Care, and Materials sectors drove Fund performance.

The Index sprinted to about a 10% gain on the back of encouraging inflation readings before regional bank turmoil in March pared investor sentiment. Eight of the 11 sectors in the Index generated positive returns. Communication Services was the best-performing sector, while Energy was the worst performer.

Contributors & Detractors

Sensata Technologies was a top contributor to Fund performance. A leading industrial company, Sensata develops sensors and sensor-based solutions for mission-critical systems and applications within the automotive, industrial, and aerospace industries. Shares gained 24.13% for the quarter, despite first quarter guidance that came in about 2% below consensus. During the quarter, management communicated that the success of recent acquisitions has shifted its focus away from additional mergers and acquisitions (M&A) to the optimization of such acquisitions. This shift is expected to further grow operational capacity and improve margins. The company's ability to drive revenue growth while also rationalizing costs continues to position it well for increased earnings in the future.

Cummins, which designs, manufactures, and sells diesel engines and related technology around the world, detracted from performance. The company's engines are used in heavy- and medium-duty trucks, agricultural, construction, and mining equipment, as well as oil and gas and military applications. Shares in Cummins returned -0.78% for the quarter despite reporting revenue and EBITDA (earnings before interest, taxes, depreciation, and amortization) that beat consensus estimates. Margin pressures due to R&D and inflation are expected to impact input costs, including freight and labor, but are expected to dissipate in the near term. Cummins continues to be owned at an attractive valuation relative to both its peers and growth prospects and to gain market share as it executes its business model in emerging and developing economies. It is also well positioned to benefit from broader secular and industry shifts toward lower-emission vehicles.

Buys and Sells

There were no new buys or sells during the quarter.

Outlook

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



Best & Worst Performers

Best Performers	Average Weight %	Return %
Catalent Inc	1.64	45.99
Scotts Miracle-Gro Company Class A	1.75	44.67
ANSYS Inc.	1.97	37.75
Skyworks Solutions Inc.	1.74	30.18
Applied Materials Inc.	1.27	26.43

Worst Performers	Average Weight %	Return %
KeyCorp	1.61	-27.32
Helmerich & Payne Inc.	1.03	-27.12
Boston Properties Inc.	1.15	-18.45
Murphy Oil Corporation	1.00	-13.47
Stericycle Inc.	1.11	-12.59

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
ANSYS Inc.	37.75	0.64
Catalent Inc	45.99	0.49
Scotts Miracle-Gro Company Class A	44.67	0.49
Skyworks Solutions Inc.	30.18	0.43
Synopsys Inc.	20.97	0.42
Total		2.48

Greatest Detractors	Return %	Contribution to Return %
KeyCorp	-27.32	-0.45
Helmerich & Payne Inc.	-27.12	-0.32
Raymond James Financial Inc.	-12.32	-0.26
Boston Properties Inc.	-18.45	-0.23
Agilent Technologies Inc.	-7.56	-0.16
Total		-1.42

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.



Quarterly Attribution:

Harbor Mid Cap Fund vs Russell Midcap® Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	4.57	4.07	0.50
Currency Contribution	0.00	0.00	0.00
Total Return	4.57	4.07	0.50

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	17.32	14.51	2.81	-1.73	-6.27	4.54	-0.21	-0.92	-0.25	0.82	0.57
Health Care	10.57	10.80	-0.24	6.93	3.44	3.49	0.63	0.42	0.05	0.32	0.37
Materials	7.44	6.36	1.08	9.10	4.11	4.99	0.60	0.27	-0.02	0.36	0.34
Utilities	1.35	5.65	-4.30	1.95	-1.71	3.66	0.04	-0.06	0.27	0.05	0.32
Information Technology	17.16	14.16	3.00	13.75	14.46	-0.71	2.22	1.89	0.31	-0.15	0.16
Consumer Staples	1.36	3.89	-2.53	1.67	3.32	-1.65	0.03	0.15	0.02	-0.02	0.00
Energy	4.88	4.90	-0.02	-9.69	-7.89	-1.79	-0.48	-0.38	-0.02	-0.08	-0.09
Industrials	25.14	16.91	8.23	5.84	7.72	-1.89	1.44	1.19	0.31	-0.47	-0.16
Consumer Discretionary	4.74	11.76	-7.02	9.53	8.21	1.32	0.47	0.94	-0.28	0.06	-0.22
Communication Services	1.68	3.57	-1.89	11.81	15.42	-3.61	0.21	0.52	-0.19	-0.06	-0.25
Real Estate	6.62	7.50	-0.88	-6.33	0.41	-6.73	-0.40	0.05	0.04	-0.47	-0.43
Total	100.00	100.00	0.00	4.57	4.07	0.50	4.57	4.07	0.14	0.37	0.50

Trailing 1 Year Attribution:

Harbor Mid Cap Fund vs Russell Midcap® Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-4.82	-8.77	3.94
Currency Contribution	0.00	0.00	0.00
Total Return	-4.82	-8.77	3.94

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	16.89	14.28	2.61	-3.82	-15.91	12.08	-0.05	-2.22	-0.14	2.15	2.01
Consumer Discretionary	5.33	11.26	-5.92	27.80	-5.53	33.34	1.54	-0.48	-0.25	1.60	1.34
Communication Services	1.70	3.79	-2.10	7.48	-23.88	31.35	0.15	-1.01	0.41	0.51	0.91
Information Technology	17.14	14.52	2.62	-7.44	-11.52	4.08	-1.23	-1.94	-0.04	0.68	0.64
Real Estate	6.72	7.99	-1.27	-24.87	-20.84	-4.03	-1.69	-1.92	0.28	-0.31	-0.03
Industrials	23.92	16.11	7.82	-2.65	1.02	-3.67	-0.03	0.39	0.84	-0.91	-0.08
Consumer Staples	1.46	4.07	-2.61	-3.62	-3.51	-0.10	-0.02	-0.16	-0.16	0.01	-0.15
Utilities	1.44	5.73	-4.29	-2.12	-2.73	0.61	0.01	-0.24	-0.20	0.02	-0.17
Energy	5.00	5.39	-0.39	-6.97	1.64	-8.61	-0.41	-0.22	0.05	-0.26	-0.21
Materials	7.60	6.29	1.31	-17.79	-8.79	-9.00	-1.50	-0.57	0.00	-0.65	-0.65
Health Care	9.94	10.58	-0.64	-17.01	-6.93	-10.08	-1.67	-0.40	-0.06	-1.01	-1.07
Total	100.00	100.00	0.00	-4.82	-8.77	3.94	-4.82	-8.77	2.12	1.82	3.94

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 mid cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

Benchmarks

The Russell Midcap[®] Index is an unmanaged index generally representative of the U.S. market for medium capitalization stocks. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell Midcap[®] 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.

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

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Attribution Disclosures

Linked Performance by Sectors data is produced from FactSet using data supplied by State Street Bank and Trust Company.

Active Currency Contribution is the Currency Contribution of the portfolio minus the Currency Contribution of the benchmark.

Allocation Effect is the portion of portfolio excess return that is attributable to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the average percent capitalization of the portfolio's group minus the average percent cap of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark.

Average Weight is the dollar value (price times the shares held) of the security or group, divided by the total dollar value of the entire portfolio displayed as a percentage. It is calculated as the simple arithmetic average of daily values.

Contribution to Return is the contribution of a security or group to the overall portfolio return. It is calculated as the security weight multiplied by the daily security return linked daily across the reporting period.

Currency Contribution is Total Return in USD subtracting out the Local Returns.

Local Returns are the Total Return of the portfolio or benchmark using the local currency.

Selection Effect is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's security selection effect equals the average weight of the benchmark's group times the total return of the portfolio's group minus the total return of the benchmark's group.

Total Effect is the sum of Allocation Effect and Selection Effect. The total effect represents the opportunity cost of what was done in a group relative to the overall portfolio. It is not just the difference between percent contribution in the portfolio and benchmark. At the overall portfolio level, the two numbers are equal. At the group level, they can be different.

Total Return is the price change of a security or group including dividends accrued over the report period (or the in-portfolio return) which includes only the time period that each security was in the portfolio.

Definitions

Beta is a measure of systematic risk, or the sensitivity of a fund to movements in the benchmark. A beta of 1 implies that the expected movement of a fund's return would match that of the benchmark used to measure beta.

Median Market Cap: The median size of the companies in a portfolio or index as measured by the market value of outstanding shares.

Weighted Average Market Capitalization: The average size of the companies in a portfolio or index as measured by the market value of outstanding shares.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share.

The Est 3-5 Yr EPS Growth (%) is the estimated growth of earnings per share over the next 3-5 years, using pre-calculated mean long-term EPS growth rate estimates, which are calculated using each individual broker's methodology, from FactSet, First Call, I/B/E/S Consensus, and Reuters. Forward looking estimates may not come to pass.

% EPS Growth - Past 3 Year: Earnings per share refers to the bottom-line measure of a company's profitability defined as net income divided by the number of outstanding shares.

The Adjusted Trailing P/E (price-to-earnings) Ratio is the closing stock price divided by the sum of the last 12 months actual EPS.

Forecasted P/E Ratio: a measure of the P/E (price-to-earnings) ratio using forecasted earnings for the P/E calculation.

Return on Equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity.

The Price/Book (price-to-book) Ratio evaluates a firm's market value relative to its book value.

All P/E, ROE and P/B statistics are calculated as weighted medians.