

# Harbor International Small Cap Fund

Cedar Street Asset Management LLC

Subadvisor Since 05/23/2019

<b>Total Net Assets - All Classes</b>	\$363,932,301
<b>Equity Assets:</b>	96.92%
<b>Cash &amp; Other Assets Less Liabilities:</b>	3.08%
<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 Subadvisor's investment process utilizes a range of screening and idea sourcing methodologies to shrink the universe of securities to a manageable level. The Subadvisor primarily utilizes bottom-up research to identify companies with attractive valuations, as determined by the Subadvisor, while taking into account macroeconomic considerations.

## CHARACTERISTICS & ALLOCATION

As of 09/30/2023

Portfolio Characteristics		
	Portfolio	Benchmark
Number of Holdings	84	2,227
Wtd Avg Market Cap (\$Mil)	1,835.30	2,558.10
Median Market Cap (\$Mil)	1,302.00	1,090.00
Price/Book Ratio	1.36	1.51
Adjusted Trailing P/E Ratio	13.10	15.90
% EPS Growth - Past 3 Yr	14.60	21.10
Est 3-5 Yr EPS Growth Rate (%)	7.40	11.20
Return on Equity (%)	10.74	9.98
Beta vs. Fund Benchmark	0.92	
Forecasted P/E Ratio	12.10	14.80

Top 10 Holdings		
	Portfolio %	Benchmark %
Raito Kogyo Co. Ltd.	1.86	0.02
Loomis AB	1.84	0.08
Construcciones y Auxili	1.83	0.02
Inchcape plc	1.81	0.15
Rubis SCA	1.79	0.09
Serco Group plc	1.78	0.09
TP ICAP Group plc	1.76	0.07
Criteo SA Sponsored ADR	1.74	0.00
Huhtamaki Oyj	1.73	0.14
Fagron SA	1.72	0.05
<b>Total</b>	<b>17.86</b>	<b>0.71</b>

Top 10 Industries		
	Portfolio %	Benchmark %
Machinery	9.13	6.40
Food Products	7.37	3.27
Electronic Equipment	7.18	2.67
Health Care Equip	5.51	1.42
Commercial Serv & Suppl	5.19	2.03
Distributors	5.16	0.29
Insurance	5.04	2.04
Containers & Packaging	4.79	1.04
Media	3.93	1.40
Air Freight & Logistics	3.06	0.64
<b>Total</b>	<b>56.36</b>	<b>21.20</b>

Economic Sectors		
	Portfolio %	Benchmark %
Industrials	27.61	22.82
Consumer Discretionary	12.95	13.21
Information Technology	12.93	9.53
Consumer Staples	11.86	6.67
Financials	11.20	11.87
Health Care	7.23	6.53
Materials	6.54	9.33
Communication Services	3.93	4.28
Utilities	1.79	2.46
Energy	0.88	3.21
Real Estate	0.00	10.14

Top 10 Countries		
	Portfolio %	Benchmark %
Japan	25.66	33.69
United Kingdom	15.80	15.00
France	8.86	3.82
Sweden	5.07	4.98
Switzerland	4.78	4.47
Australia	4.67	9.81
Spain	3.97	1.96
Finland	3.38	1.20
Netherlands	3.25	1.57
Canada	3.20	0.00
<b>Total</b>	<b>78.64</b>	<b>76.50</b>
<b>Emerging Markets</b>	<b>1.68</b>	<b>0.09</b>

Market Capitalization		
		Portfolio %
Large	Above 25.0B	0.00
	10.0B - 25.0B	0.00
Mid	5.0B - 10.0B	4.24
	1.0B - 5.0B	61.47
Small	0.0 - 1.0B	31.18



### 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	HAISX	411512569	-6.56%	-1.25%	15.06%	8.79%	2.92%	N/A	6.68%	02/01/16	0.93	1.19
Investor	HIISX	411512544	-6.66%	-1.48%	14.64%	8.40%	2.54%	N/A	6.28%	02/01/16	1.29	1.55
Retirement	HNISX	411512536	-6.56%	-1.18%	15.12%	8.86%	3.00%	N/A	6.75%	02/01/16	0.85	1.11
MSCI EAFE Small Cap (ND) Index			-3.51%	1.82%	17.90%	1.10%	0.76%	N/A	5.42%	02/01/16		

## MANAGER COMMENTARY

As of 09/30/2023

**"We believe that market volatility is likely to continue into Q4 2023 as investors recalibrate assumptions on inflation and the interest rate environment on financial assets."**

Cedar Street Asset Management LLC

### Market in Review

During the third quarter of 2023, the most significant macro events included crude oil prices, interest rate policy, and currency volatility.

Crude oil spiked more than 27% during the quarter. We believe that supply manipulation by Russia and Saudi Arabia — two of the biggest OPEC+ producers — rather than a fundamental supply-demand imbalance caused the spike. Depending on how long prices remain elevated, we anticipate only modest, indirect impacts on inflation readings. The energy sector was the top-performing sector during Q3 2023, negatively impacting the relative performance of the Fund.

For most of Q3 2023, sovereign bond yield curves in most developed countries continued their inversions (i.e., longer maturities yielding less than shorter maturities), as most bond market participants continued to expect central banks to signal a loosening of monetary policy after two years of aggressive rate hikes (except Japan). For equities, that equates to stocks with very specific factors: large market cap, high leverage, high dividend yield, and low beta. Because we believe these names generally have lower business quality and lower productivity, we tend to avoid them. This dynamic contributed to relative underperformance in Q3 2023.

From its early July high to its early October low of 149.86, the Japanese yen depreciated 8.6% versus the U.S. dollar. In our view, that is an enormous move in a single quarter and highlights one of the burdens of the Bank of Japan refusing to raise policy rates. Following Warren Buffett's lead, many factor/quant investors appear to be favoring larger, highly levered, high-yielding exporters in Japan. The Harbor International Small Cap Fund ("Fund")'s Japanese holdings tend to be smaller with higher levels of productivity and more balanced between domestic and export-driven holdings, consequently lagging on a relative basis.

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 05/31/2024.

**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

The Harbor International Small Cap Fund (Institutional Class) returned -6.56% during the quarter, underperforming its primary benchmark, the MSCI EAFE Small Cap (ND) Index, which returned -3.51%. Although value-oriented equities broadly outperformed growth-oriented equities across many geographies (the S&P 500 and the “Magnificent Seven” being the main exceptions), investors tended to favor higher-yielding, larger capitalization, and highly levered businesses regardless of earnings quality. The clearest example of this dynamic was the large-cap MSCI EAFE Value Index outperforming the MSCI EAFE Growth Index by approximately 10% during the quarter despite having weaker earnings growth prospects and lower return on equity. Even within our small-cap benchmark, the larger-cap segment outperformed the smaller-cap segment by approximately 8% in Q3 2023.

At quarter-end, yield curves began to steepen, coinciding with “higher-for-longer” monetary policy statements that seemed to take many bond investors by surprise. As such, we believe that the “junk rally” of Q3 2023 is unlikely to persist.

From a sector perspective, stock selection in Industrials and Information Technology were the biggest detractors to performance. Meanwhile, stock selection in Consumer Discretionary and allocation effects in Consumer Staples were the biggest contributors to returns for the Fund during the quarter. Energy was by far the best-performing sector in Q3, which we believe was largely due to unsustainable crude oil prices.

From a geographic perspective, stock selection in Japan was responsible for more than half of the relative underperformance during the quarter, while stock selection in the U.K. and Sweden provided the biggest contributions to returns for the Fund. As noted above, large-cap, heavily levered exporters were the prime beneficiaries of the Japan rally. Due to our balanced allocation in terms of domestic versus export exposure and our focus on better quality productivity, the Fund lagged.

### Contributors & Detractors

The Fund’s largest detractor during the quarter was ISS, a Danish facility management business serving global customers. ISS has been one of the firms at the forefront of helping global businesses manage their office spaces more efficiently and provide services to their employees. Although the post-COVID-19 environment has seen an increase in office vacancies, ISS has seen an increase in sales and earnings as global employers rationalize their facilities’ footprints and provide a reimagined office environment for employees including enhanced cleaning, more convenient food options and formats, security, and technical services. During the quarter, ISS reduced guidance for the remainder of 2023. The timing of the guidance downgrade coinciding with a previously announced CEO change spooked some investors. We continue to remain confident in ISS and its ability to execute.

Despite a relatively weak quarter for the Fund’s Japanese holdings, two of the top contributors in Q3 were Japanese: Morinaga and Fuji Seal. Morinaga is a global confectionary brand that makes the popular Hi-Chew candy marketed in the U.S. The company’s growth strategy continues to resonate with consumers in Japan and across the globe, providing a sales and earnings boost during the company’s recent earnings update call. The weaker currency also benefited the company’s export sales figures.

Fuji Seal also benefitted from positive currency impacts. A leading global flexible packaging provider, the company continues to gain share by providing innovative and environmentally friendly options to packaged food companies, such as squeezable pouches for sour cream, for example. With commodity input costs coming down and demand for packaging rising, the company’s earnings are also growing ahead of expectations.

### Buys & Sells

Sankyu is a global logistics and plant engineering and maintenance business based in Japan. Sankyu’s shares have been out of favor recently due to market perceptions of limited growth and the company’s exposure to a cyclical customer base that includes steel, chemical, and other heavy industrial businesses. However, Sankyu’s backlog has been growing consistently due to increasing demand for plant refurbishment work. Additionally, faster topline growth is expected from the company’s faster-growing international business with clients such as Saudi Aramco. Key to our thesis is also an improvement in corporate governance that could unlock additional shareholder value as the company released credible return on equity (“ROE”) targets of over 10% and payout ratios exceeding 70% to boost total shareholder returns.

During the quarter, we exited Maire Tecnimont, an Italian engineering firm specializing in downstream services. The company has been a major beneficiary of the growing demand for very large-scale chemical projects, especially those focused on the transition to cleaner fuels like natural gas. Maire’s ROE is now north of 20%. Maire is also benefiting from energy transition and green chemistry engineering projects. We believe the company’s backlog is likely reaching a cyclical peak and valuation multiples are reaching the higher end of our target range, reflecting both solid execution and potential new growth from its backlog.

**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](http://harborcapital.com) or by calling 800-422-1050.**



### Domestic and International Funds

Entering the year, the most significant sector overweight allocations were Consumer Staples and Technology, and the most significant underweight allocations were Real Estate (no exposure) and Materials. During the quarter, Industrials replaced Technology as the second-largest overweight. As always, the Fund's sector allocations are a product of bottom-up stock selection consistent with our value-oriented philosophy and reflect broad opportunities available to us rather than any active sector allocation bet.

### Outlook

As we enter the final quarter of 2023, we believe the markets are finally starting to accept the notion that interest rates will remain higher for longer, consistent with the mantra from most developed market central banks, except Japan. In our view, this shift in sentiment is reflected in steepening yield curves (reversing almost nine months of inversions), rising yields on 10- and 30-year government bonds in the U.S. and Europe to levels not seen since 2007, and selling pressure on short-duration assets (large, low-volatility, high-yield, high-leverage equities).

Central banks have, in our view, made excellent progress in lowering inflation rates from multi-decade highs two years ago. But lower inflation is not the same as no inflation, and for most developed market economies, general price level increases are still outpacing wage growth, exerting upward pressure on services prices. In our view, elevated energy prices from Q3 and various labor union strikes on top of elevated government spending (at least in the U.S.) are unlikely to help lower inflationary pressures.

We believe market volatility is likely to continue into Q4 2023 as investors recalibrate assumptions on inflation and the interest rate environment on financial assets. We believe that a continued lack of policy coordination by global central banks and increasing geopolitical tensions will only heighten the perception of uncertainty in the market and make top-down asset allocation decisions that much more challenging.

Given heightened uncertainty and likely continued higher-for-longer interest rates, we believe companies with better quality business models, lower levels of balance sheet leverage, and relative pricing power are likely to outperform in the coming quarters. We also note that the wide gap in valuation multiples between U.S. and non-U.S. equities, especially smaller-cap names, is making non-U.S. equities more attractive on a relative basis.



### Best & Worst Performers

Best Performers	Average Weight %	Return %
DIRECT LINE INSURANCE GROUP	0.68	21.60
MORINAGA & CO LTD	1.34	16.14
FUJI SEAL INTERNATIONAL INC	1.51	14.55
BAPCOR LTD	1.50	12.93
GLANBIA PLC	1.52	11.35

Worst Performers	Average Weight %	Return %
ISS A/S	1.61	-26.98
INDUS HOLDING AG	0.64	-24.40
TOPCON CORP	1.12	-23.48
OPTEX GROUP CO LTD	0.92	-22.37
TRANSCONTINENTAL INC-CL A	1.45	-21.79

### Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
FUJI SEAL INTERNATIONAL INC	14.55	0.19
MORINAGA & CO LTD	16.14	0.19
BAPCOR LTD	12.93	0.17
GLANBIA PLC	11.35	0.15
TP ICAP GROUP PLC	11.09	0.15
<b>Total</b>		<b>0.86</b>

Greatest Detractors	Return %	Contribution to Return %
ISS A/S	-26.98	-0.47
TRANSCONTINENTAL INC-CL A	-21.79	-0.34
ILLIMITY BANK SPA COMMON STOCK	-19.46	-0.32
CEMBRA MONEY BANK AG	-17.89	-0.29
ASR NEDERLAND NV	-14.45	-0.27
<b>Total</b>		<b>-1.69</b>



Quarterly Attribution:  
Harbor International Small Cap Fund vs MSCI All Country World (ND) Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-3.13	-0.72	-2.42
Currency Contribution	-2.62	-2.79	0.17
<b>Total Return</b>	<b>-5.75</b>	<b>-3.51</b>	<b>-2.24</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
	Consumer Staples	11.29	6.35	4.94	1.59	0.52	1.07	0.16	0.02	0.19	0.11
Consumer Discretionary	12.40	13.10	-0.70	-1.54	-3.36	1.82	-0.23	-0.46	-0.01	0.22	0.22
Real Estate	0.00	10.15	-10.15	0.00	-3.97	3.97	0.00	-0.41	0.04	0.00	0.04
Utilities	1.74	2.64	-0.90	-7.32	-6.19	-1.13	-0.13	-0.16	0.02	-0.02	0.00
Health Care	6.76	6.62	0.14	-6.79	-6.35	-0.45	-0.44	-0.42	-0.01	-0.02	-0.02
Materials	7.29	9.34	-2.05	-5.82	-4.99	-0.83	-0.44	-0.46	0.03	-0.07	-0.05
Energy	1.49	2.98	-1.49	8.35	12.61	-4.26	0.15	0.33	-0.22	-0.04	-0.26
Communication Services	3.89	4.19	-0.30	-10.43	-1.56	-8.87	-0.40	-0.07	0.00	-0.36	-0.36
Financials	10.96	11.58	-0.62	-5.24	0.55	-5.79	-0.61	0.05	-0.02	-0.63	-0.65
Industrials	26.62	23.11	3.51	-7.84	-5.13	-2.71	-2.12	-1.16	-0.04	-0.74	-0.78
Information Technology	13.10	9.93	3.18	-13.11	-7.99	-5.12	-1.73	-0.80	-0.14	-0.71	-0.86
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>-5.75</b>	<b>-3.51</b>	<b>-2.24</b>	<b>-5.75</b>	<b>-3.51</b>	<b>0.01</b>	<b>-2.25</b>	<b>-2.24</b>



Quarterly Attribution:  
Harbor International Small Cap Fund vs MSCI All Country World (ND) Index

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
United Kingdom	15.09	15.06	0.03	0.48	-3.05	3.53	0.01	-0.48	0.00	0.51	0.51
Sweden	4.69	5.01	-0.32	-5.13	-10.55	5.42	-0.21	-0.52	0.04	0.27	0.30
Ireland	1.52	0.29	1.22	11.35	-3.21	14.56	0.15	-0.01	0.00	0.20	0.21
Belgium	3.02	1.41	1.61	-0.20	-5.78	5.58	-0.04	-0.08	-0.04	0.16	0.12
Spain	3.87	1.95	1.93	-0.68	-0.73	0.05	-0.05	-0.01	0.05	0.00	0.05
Singapore	2.70	2.06	0.63	-4.83	-5.79	0.96	-0.13	-0.12	-0.01	0.03	0.02
Hong Kong	0.90	1.79	-0.89	-3.61	-4.74	1.13	-0.04	-0.08	0.01	0.00	0.02
New Zealand	0.00	0.86	-0.86	0.00	-5.13	5.13	0.00	-0.04	0.02	0.00	0.02
Malta	0.00	0.10	-0.10	0.00	-13.54	13.54	0.00	-0.01	0.01	0.00	0.01
Luxembourg	0.00	0.21	-0.21	0.00	6.03	-6.03	0.00	0.01	-0.02	0.00	-0.02
Germany	3.33	4.96	-1.63	-10.53	-8.12	-2.41	-0.35	-0.40	0.08	-0.10	-0.02
Portugal	0.00	0.31	-0.31	0.00	5.17	-5.17	0.00	0.01	-0.03	0.00	-0.03
Australia	4.61	9.75	-5.13	-6.06	-4.27	-1.79	-0.27	-0.41	0.04	-0.09	-0.04
Israel	0.00	2.85	-2.85	0.00	-1.58	1.58	0.00	-0.05	-0.06	0.00	-0.06
France	9.30	3.93	5.37	-5.74	-6.96	1.22	-0.50	-0.26	-0.18	0.11	-0.07
Switzerland	4.42	4.57	-0.16	-10.14	-8.19	-1.95	-0.41	-0.37	0.01	-0.09	-0.08
Finland	2.77	1.25	1.52	-10.92	-10.72	-0.21	-0.31	-0.13	-0.10	0.02	-0.08
Norway	0.00	2.37	-2.37	0.00	-0.04	0.04	0.00	-0.01	-0.08	0.00	-0.08
Austria	1.08	0.92	0.16	-16.60	-5.83	-10.76	-0.17	-0.05	-0.01	-0.09	-0.10
China	1.61	0.00	1.61	-12.30	0.00	-12.30	-0.22	0.00	-0.15	0.00	-0.15
Netherlands	3.34	1.97	1.37	-11.48	-7.90	-3.58	-0.41	-0.12	-0.08	-0.11	-0.19
Denmark	1.61	2.18	-0.57	-26.98	-8.74	-18.24	-0.47	-0.19	0.03	-0.33	-0.30
Canada	3.37	0.00	3.37	-12.04	0.00	-12.04	-0.41	0.00	-0.31	0.00	-0.31
Italy	2.73	3.55	-0.82	-15.40	-4.18	-11.22	-0.45	-0.15	0.00	-0.33	-0.32
Japan	25.59	32.65	-7.06	-6.19	0.16	-6.35	-1.51	-0.03	-0.25	-1.58	-1.83
Cash	4.45	0.00	4.45	0.93	0.00	0.93	0.04	0.00	0.19	0.00	0.19
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>-5.75</b>	<b>-3.51</b>	<b>-2.24</b>	<b>-5.75</b>	<b>-3.51</b>	<b>-0.62</b>	<b>-1.62</b>	<b>-2.24</b>



**Trailing 1 Year Attribution:**  
Harbor International Small Cap Fund vs MSCI All Country World (ND) Index

**Performance**

	Portfolio	Benchmark	Active
Return Ex Currency	12.23	14.72	-2.49
Currency Contribution	4.30	3.19	1.11
<b>Total Return</b>	<b>16.53</b>	<b>17.90</b>	<b>-1.37</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
	Real Estate	0.00	10.60	-10.60	0.00	-1.04	1.04	0.00	0.08	2.24	0.00
Industrials	23.85	23.29	0.55	27.66	21.21	6.45	5.59	4.86	-0.06	1.27	1.21
Energy	2.06	2.83	-0.77	103.22	23.53	79.70	1.76	0.67	-0.21	1.40	1.20
Communication Services	4.48	4.12	0.36	26.08	16.48	9.60	1.36	0.66	0.00	0.56	0.56
Consumer Staples	12.04	6.29	5.76	18.64	17.77	0.87	2.21	1.04	0.00	0.11	0.11
Utilities	1.68	2.84	-1.16	13.50	13.90	-0.40	0.22	0.44	0.05	-0.02	0.03
Health Care	6.28	6.66	-0.38	3.43	7.06	-3.64	0.12	0.58	0.16	-0.21	-0.04
Financials	11.53	11.71	-0.18	20.70	28.76	-8.06	2.58	3.21	0.06	-0.80	-0.74
Consumer Discretionary	10.49	12.64	-2.15	12.38	25.19	-12.81	0.90	2.83	-0.24	-1.22	-1.46
Materials	6.27	9.58	-3.30	-6.24	14.95	-21.18	-0.31	1.62	0.09	-1.57	-1.48
Information Technology	14.80	9.43	5.37	8.65	22.29	-13.64	1.75	1.90	0.46	-1.98	-1.53
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>16.53</b>	<b>17.90</b>	<b>-1.37</b>	<b>16.53</b>	<b>17.90</b>	<b>1.07</b>	<b>-2.45</b>	<b>-1.37</b>





**Trailing 1 Year Attribution:**  
Harbor International Small Cap Fund vs MSCI All Country World (ND) Index

**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
France	9.61	3.77	5.84	54.48	28.63	25.85	4.46	0.97	0.75	2.07	2.82
Israel	0.00	2.76	-2.76	0.00	-12.51	12.51	0.00	-0.35	1.00	0.00	1.00
Belgium	2.61	1.48	1.13	47.67	8.49	39.18	0.79	0.16	-0.11	0.90	0.80
Spain	3.66	1.91	1.75	52.86	31.27	21.59	1.35	0.54	0.15	0.64	0.79
Switzerland	4.81	4.70	0.11	35.20	20.46	14.75	1.63	1.00	0.07	0.67	0.74
Sweden	4.53	5.39	-0.87	19.47	10.43	9.05	0.94	0.79	0.06	0.42	0.47
Germany	4.97	4.82	0.15	24.10	27.01	-2.91	2.00	1.21	0.35	0.04	0.39
Ireland	1.61	0.34	1.27	45.75	37.57	8.18	0.63	0.18	0.24	0.14	0.38
United Kingdom	13.98	15.15	-1.17	22.81	22.06	0.75	3.04	3.42	-0.03	0.23	0.20
New Zealand	0.00	1.06	-1.06	0.00	7.99	-7.99	0.00	0.10	0.13	0.00	0.13
Hong Kong	1.00	1.96	-0.96	13.31	11.45	1.87	0.13	0.21	0.11	-0.10	0.02
United States	0.00	0.01	-0.01	0.00	-9.95	9.95	0.00	0.00	0.01	0.00	0.01
Mexico	0.01	0.00	0.01	24.44	0.00	24.44	0.02	0.00	0.01	0.00	0.01
Liechtenstein	0.00	0.00	0.00	0.00	-54.85	54.85	0.00	0.00	0.01	0.00	0.01
Italy	3.41	3.40	0.01	34.49	43.46	-8.98	1.45	1.21	0.15	-0.15	0.00
Malta	0.00	0.10	-0.10	0.00	26.66	-26.66	0.00	0.03	-0.01	0.00	-0.01
Luxembourg	0.00	0.21	-0.21	0.00	30.34	-30.34	0.00	0.06	-0.03	0.00	-0.03
Norway	0.00	2.33	-2.33	0.00	19.48	-19.48	0.00	0.47	-0.03	0.00	-0.03
Portugal	0.18	0.29	-0.12	13.29	38.67	-25.39	0.14	0.10	-0.03	-0.02	-0.05
China	0.45	0.00	0.45	-7.41	0.00	-7.41	-0.20	0.00	-0.15	0.00	-0.15
Austria	0.83	0.97	-0.14	-19.20	20.29	-39.49	-0.17	0.23	-0.04	-0.22	-0.26
Finland	1.98	1.44	0.54	9.66	19.46	-9.80	0.08	0.39	-0.13	-0.14	-0.26
Denmark	1.50	2.12	-0.62	0.60	26.98	-26.38	0.10	0.52	-0.06	-0.37	-0.43
Australia	3.96	10.09	-6.13	-18.80	7.74	-26.54	-0.60	1.07	0.73	-1.21	-0.48
Singapore	3.07	2.10	0.97	-14.49	4.01	-18.50	-0.36	0.07	-0.08	-0.72	-0.80
Netherlands	3.45	1.97	1.48	-0.11	25.29	-25.40	0.12	0.50	0.16	-1.00	-0.84
Canada	3.06	0.00	3.06	-17.59	0.00	-17.59	-0.52	0.00	-1.21	0.00	-1.21
Japan	24.82	31.62	-6.80	4.71	18.10	-13.40	1.16	5.02	0.28	-3.44	-3.16
Cash	6.51	0.00	6.51	4.86	0.00	4.86	0.36	0.00	-1.44	0.00	-1.44
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>16.53</b>	<b>17.90</b>	<b>-1.37</b>	<b>16.53</b>	<b>17.90</b>	<b>-2.25</b>	<b>0.88</b>	<b>-1.37</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.

### Benchmarks

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.

The Standard & Poor's 500 Index is an unmanaged index generally representative of the U.S. market for large capitalization equities. These unmanaged indices do not reflect fees and expenses and are not available for direct investment.

The MSCI EAFE Growth Index captures large and mid cap securities exhibiting overall growth style characteristics across Developed Markets countries around the world, excluding the US and Canada.

The MSCI EAFE Value Index captures large and mid cap securities exhibiting overall value style characteristics across Developed Markets countries around the world, excluding the US and Canada.

### 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](http://harborcapital.com) or call 800-422-1050. Read it carefully before investing.**

**Cedar Street Asset Management, LLC is a third party subadvisor 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.

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.