

# HARBOR LONG-TERM GROWERS ETF

Jennison Associates LLC

Subadvisor Since 02/02/22

**Ticker:** WINN  
**CUSIP:** 41151J406  
**Net Expense Ratio:** 0.57%  
**Gross Expense Ratio:** 0.57%  
**Total Net Assets:** \$383,113,071  
**Benchmark Name:** Russell 1000® Growth Index

## Portfolio Managers



Kathleen A. McCarragher Blair A. Boyer

Natasha Kuhlkin, CFA

Jason McManus

## Investment Philosophy

The Harbor Long-Term Growers ETF (WINN) seeks long-term growth of capital. The Fund invests primarily in equity securities of U.S. companies that the investment team believes will deliver superior long-term growth in revenues and earnings. This strategy employs a proprietary combination of bottom-up, fundamental research and systematic portfolio construction to derive a portfolio of growth stocks that reflects a compelling combination of opportunity, valuation and risk.

The investment team's fundamental research seeks to identify large- and mid- capitalization companies that have superior prospects for long-term growth. The investment team uses systematic portfolio construction to achieve characteristics and risk exposures consistent with the ETF's objectives. Portfolio optimization tools are employed to incorporate the investment team's fundamental growth insights, considering diversification and liquidity risk.

## CHARACTERISTICS & ALLOCATION

As of 03/31/2024

| Portfolio Characteristics   |              |              | Economic Sectors       |             |             |
|-----------------------------|--------------|--------------|------------------------|-------------|-------------|
|                             | Portfolio    | Benchmark    |                        | Portfolio % | Benchmark % |
| Number of Holdings          | 64           | 440          | Information Technology | 43.77       | 43.96       |
| Wtd Avg Market Cap (\$Mil)  | 1,172,046.20 | 1,215,363.70 | Consumer Discretionary | 19.30       | 14.94       |
| Median Market Cap (\$Mil)   | 140,599.00   | 19,254.00    | Communication Services | 12.84       | 12.05       |
| Price/Book Ratio            | 13.12        | 13.12        | Health Care            | 11.33       | 10.65       |
| Adjusted Trailing P/E Ratio | 47.40        | 38.10        | Financials             | 6.25        | 6.39        |
| % EPS Growth - Past 3 Yr    | 25.50        | 27.30        | Consumer Staples       | 2.93        | 4.07        |
| Est 3-5 Yr EPS Growth Rate  | 21.10        | 17.20        | Industrials            | 2.09        | 5.83        |
| (%) Return on Equity (%)    | 28.04        | 33.86        | Real Estate            | 0.86        | 0.82        |
| Forecasted P/E Ratio        | 36.00        | 30.30        | Materials              | 0.00        | 0.69        |
|                             |              |              | Energy                 | 0.00        | 0.49        |
|                             |              |              | Utilities              | 0.00        | 0.06        |

| Top 10 Holdings            |              |              | Top 10 Industries     |              |              |
|----------------------------|--------------|--------------|-----------------------|--------------|--------------|
|                            | Portfolio %  | Benchmark %  |                       | Portfolio %  | Benchmark %  |
| Microsoft Corporation      | 11.15        | 11.92        | Semiconductors        | 17.30        | 13.65        |
| NVIDIA Corporation         | 8.70         | 8.17         | Software              | 17.17        | 18.37        |
| Amazon.com Inc.            | 8.09         | 6.19         | Broadline Retail      | 10.22        | 6.30         |
| Apple Inc.                 | 6.83         | 9.52         | Interactive Media     | 9.02         | 10.53        |
| Meta Platforms Inc Class A | 5.13         | 4.09         | Pharmaceuticals       | 7.74         | 3.05         |
| Advanced Micro Devices     | 4.23         | 0.63         | Tech Hardware Storage | 6.83         | 9.61         |
| Eli Lilly and Company      | 3.99         | 2.51         | Financial Services    | 4.65         | 4.07         |
| Alphabet Inc. Class A      | 3.89         | 3.41         | Hotels Rest & Leisure | 2.94         | 2.85         |
| Netflix Inc.               | 2.89         | 0.99         | Entertainment         | 2.89         | 1.23         |
| Novo Nordisk A/S           | 2.38         | 0.00         | Consumer Staples      | 2.14         | 1.87         |
| <b>Total</b>               | <b>57.28</b> | <b>47.43</b> | <b>Total</b>          | <b>80.90</b> | <b>71.53</b> |

| Market Capitalization |               |             |
|-----------------------|---------------|-------------|
|                       |               | Portfolio % |
| Large                 | Above 25.0B   | 98.94       |
|                       | 10.0B - 25.0B | 0.39        |
| Mid                   | 5.0B - 10.0B  | 0.00        |
|                       | 1.0B - 5.0B   | 0.00        |
| Small                 | 0.0 - 1.0B    | 0.00        |

# Harbor Long-Term Growers ETF



## PERFORMANCE

As of 03/31/2024

### Average Annual Returns

|  | 3 Months | YTD    | 1 Yr.  | 3 Yr. | 5 Yr. | 10 Yr. | Since Inception | Inception Date |
|--|----------|--------|--------|-------|-------|--------|-----------------|----------------|
| Harbor Long-Term Growers ETF (NAV)     | 13.35%   | 13.35% | 45.53% | N/A   | N/A   | N/A    | 9.40%           | 02/02/2022     |
| Harbor Long-Term Growers ETF (Market)  | 13.55%   | 13.55% | 45.69% | N/A   | N/A   | N/A    | 9.48%           | 02/02/2022     |
| Russell 1000 <sup>®</sup> Growth Index | 11.41%   | 11.41% | 39.00% | N/A   | N/A   | N/A    | 9.41%           | 02/02/2022     |

## MANAGER COMMENTARY

As of 03/31/2024

**""Equities have had a fast start in 2024, particularly with the further appreciation of growth equities during the quarter."**

Jennison Associates

### Market in Review

Overall, the market environment in the first quarter of 2024 reflected similar trends that closed out 2023, with investor sentiment and company fundamentals trending positively. Equities gained despite a pushback in the timing and magnitude of expected cuts from the U.S. Federal Reserve ("Fed"). The changing federal fund rate dynamic came as growth, employment, and inflation all mildly surprised to the upside. Throughout the quarter, 10-year U.S. Treasury bond yields moved higher, while oil prices rebounded by approximately 10% at the start of the year.

Global economic growth varied by region. U.S. growth remained above other major geographies, continuing recent trends. Japan exited a decades-long period of negative interest rates amid optimism about higher levels of expected growth, leading the yen lower against other major currencies. Elsewhere, European economies remained victim to low levels of activity and the ongoing overhang of the war in Ukraine, now entering its third year. China's ongoing attempts to address domestic real estate weakness showed little progress while sentiment and activity levels reflected these concerns. Meanwhile, pressure around technology trade and transfer agreements between China and the West continued to build.

Enthusiasm around generative artificial intelligence ("AI") continued on pace with semiconductors, the primary building blocks of AI capabilities and continued focus of attention. Undersupply of leading-edge graphics processing units ("GPUs"), expanding applications of generative AI to industries beyond technology, and the issues around capacity to construct and power the required data center infrastructure framed the backdrop to another quarter of outperformance for the companies we believe may be best positioned to benefit from these trends.

### Portfolio Performance

The Harbor Long-Term Growers ETF ("ETF") outperformed the benchmark during the period. Stock selection in the Information Technology, Health Care, and Industrials sectors was particularly additive to relative results during the period. Positions within Consumer Discretionary detracted the most from relative results.

**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. 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.**

Shares are bought and sold at market price not net asset value (NAV). A fund's NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. Market price returns are based upon the closing composite market price and do not represent the returns you would receive if you traded shares at other times.

# Harbor Long-Term Growers ETF

## MANAGER COMMENTARY

As of 03/31/2024



### Contributors & Detractors

NVIDIA reported another strong quarter, with even more acceleration in its data center segment. Demand continues to remain well ahead of supply. Meta Platforms continues to benefit from an improved advertising market and recommendation engine, as well as share gains. AI and ad stack improvements should be multiyear tailwinds.

Tesla reported an in-line quarter, but the stock declined on less visibility into volume and gross margins. Apple shares declined, as the company reduced first quarter 2024 revenue guidance due to COVID-affected comparisons. In addition, China continues to underperform, with a 13% drop in last quarter's sales.

### Buys & Sells

We initiated a new position in Disney, as it is one of the few legacy media companies that is successfully transitioning its business into streaming. Its ability to create new intellectual property and essentially turn it into a recurring revenue stream through its Experience business (Parks & Consumer Products) paired with the streaming business appears to be setting apart.

ARM Holdings has been a beneficiary of the unprecedented demand for semiconductors driven by generative AI. We eliminated our position, as performance has been very strong since ARM's initial public offering, and shares have greatly exceeded our price target.

### Overweights and Underweights

Sector weights are a by-product of our research-based stock selection. At the beginning of 2024, the ETF's largest sector overweights/underweights relative to the Russell 1000® Growth Index were in Consumer Discretionary (overweight) and Information Technology (underweight). Market volatility impacted the ETF's weights during the quarter, but active sector weights were generally stable and directionally consistent throughout the quarter.

### Outlook

The Equities have had a fast start in 2024, particularly with the further appreciation of growth equities during the quarter. We can trace these returns to broader themes that have been at play for the past several quarters – namely, enthusiasm for generative AI and the ongoing growth of GLP-1 drugs for weight loss related to diabetes treatment. More broadly, we are forecasting accelerating earnings growth in 2024 compared to last year and at a premium to consensus forecasted gains for the Russell 1000® Growth Index and the broader S&P 500 Index.

Economic activity and associated service-related inflation measures in the first quarter came in at higher levels than broadly forecast at the start of the year, leading to a reduction in the expected pace and scope of federal funds rate cuts at the end of the first quarter. While macroeconomic variables do not drive our investment process, they do shape investor expectations and behavior. The narrative around a slowing economy and the possibility of outright recession has waxed and waned over the past year, with investors attempting to gauge the impacts of the Fed tightening cycle that started in 2022. History suggests these impacts lag actual activity levels by as much as 18 months to two years. Given this historical context, fewer analysts now expect a recession, which partly speaks to the changed interest rate landscape since the beginning of the year.

Abundant liquidity, a banking system that withstood significant stress following last year's high-profile failures, and continued favorable employment market dynamics point to an environment of stronger U.S. economic growth, though at lower levels than in the previous few years. The nature of our discussions with the company management teams is reflective of this outlook. We believe the fund could have durable growth opportunities and growth potential. We think they could be well positioned to benefit further, as generative AI adoption proliferates across industries, though we are still at the very early stages of this adoption curve. Our core positioning within select semiconductor and software holdings reflects our conviction in this thesis, while we have made further adjustments to capture greater opportunity and simultaneously harvest a portion of the gains in others.

# Harbor Long-Term Growers ETF

## QUARTERLY ATTRIBUTION

As of 03/31/2024



### Best & Worst Performers

| Best Performers            | Average Weight % | Return % |
|----------------------------|------------------|----------|
| NVIDIA CORP                | 7.60             | 82.47    |
| META PLATFORMS INC-CLASS A | 3.86             | 37.33    |
| ELI LILLY & CO             | 3.91             | 33.69    |
| ASML HOLDING NV-NY REG SHS | 0.31             | 28.40    |
| APPLIED MATERIALS INC      | 0.79             | 27.46    |

| Worst Performers        | Average Weight % | Return % |
|-------------------------|------------------|----------|
| TESLA INC               | 2.47             | -29.25   |
| BOEING CO/THE           | 0.47             | -25.96   |
| LULULEMON ATHLETICA INC | 1.74             | -23.60   |
| SNOWFLAKE INC-CLASS A   | 0.87             | -18.79   |
| ADOBE INC               | 0.68             | -15.42   |

### Contributors & Detractors

| Greatest Contributors      | Return % | Contribution to Return % |
|----------------------------|----------|--------------------------|
| NVIDIA CORP                | 82.47    | 4.69                     |
| AMAZON.COM INC             | 18.72    | 1.40                     |
| MICROSOFT CORP             | 12.09    | 1.40                     |
| ELI LILLY & CO             | 33.69    | 1.19                     |
| META PLATFORMS INC-CLASS A | 37.33    | 1.05                     |
| <b>Total</b>               |          | <b>9.73</b>              |

| Greatest Detractors     | Return % | Contribution to Return % |
|-------------------------|----------|--------------------------|
| TESLA INC               | -29.25   | -1.08                    |
| APPLE INC               | -10.82   | -0.88                    |
| LULULEMON ATHLETICA INC | -23.60   | -0.43                    |
| SNOWFLAKE INC-CLASS A   | -18.79   | -0.24                    |
| BOEING CO/THE           | -25.96   | -0.17                    |
| <b>Total</b>            |          | <b>-2.81</b>             |

# Harbor Long-Term Growers ETF

## ATTRIBUTION

As of 03/31/2024



### Quarterly Attribution:

Harbor Long-Term Growers ETF vs Russell 1000® Growth Index

#### Performance

|                       | Portfolio    | Benchmark    | Active      |
|-----------------------|--------------|--------------|-------------|
| Return Ex Currency    | 13.42        | 11.41        | 2.01        |
| Currency Contribution | 0.00         | 0.00         | 0.00        |
| <b>Total Return</b>   | <b>13.42</b> | <b>11.41</b> | <b>2.01</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 |
|                        |                 |                  |                        |                    |                     |                           |                              |                               |                      |                  |              |
| Information Technology | 43.68           | 44.15            | -0.48                  | 17.10              | 12.68               | 4.41                      | 7.38                         | 5.62                          | -0.02                | 1.89             | 1.88         |
| Health Care            | 11.36           | 10.72            | 0.65                   | 21.78              | 11.68               | 10.10                     | 2.39                         | 1.26                          | -0.01                | 1.11             | 1.10         |
| Industrials            | 2.52            | 5.75             | -3.23                  | 13.84              | 10.39               | 3.45                      | 0.38                         | 0.57                          | 0.02                 | 0.14             | 0.16         |
| Energy                 | 0.00            | 0.47             | -0.47                  | 0.00               | 6.08                | -6.08                     | 0.00                         | 0.02                          | 0.03                 | 0.00             | 0.03         |
| Financials             | 6.35            | 6.39             | -0.04                  | 11.38              | 11.28               | 0.09                      | 0.73                         | 0.72                          | 0.00                 | 0.01             | 0.01         |
| Utilities              | 0.00            | 0.05             | -0.05                  | 0.00               | 24.11               | -24.11                    | 0.00                         | 0.01                          | -0.01                | 0.00             | -0.01        |
| Materials              | 0.00            | 0.69             | -0.69                  | 0.00               | 13.56               | -13.56                    | 0.00                         | 0.09                          | -0.02                | 0.00             | -0.02        |
| Communication Services | 11.95           | 11.78            | 0.17                   | 17.13              | 17.34               | -0.21                     | 1.98                         | 2.00                          | 0.02                 | -0.05            | -0.03        |
| Consumer Staples       | 3.01            | 4.07             | -1.05                  | 6.35               | 9.28                | -2.93                     | 0.20                         | 0.38                          | 0.02                 | -0.09            | -0.07        |
| Real Estate            | 0.92            | 0.87             | 0.05                   | -8.47              | -1.97               | -6.51                     | -0.10                        | -0.03                         | -0.01                | -0.07            | -0.09        |
| Consumer Discretionary | 19.68           | 15.08            | 4.60                   | 2.54               | 5.29                | -2.74                     | 0.45                         | 0.76                          | -0.33                | -0.58            | -0.91        |
| <b>Total</b>           | <b>100.00</b>   | <b>100.00</b>    | <b>0.00</b>            | <b>13.42</b>       | <b>11.41</b>        | <b>2.01</b>               | <b>13.42</b>                 | <b>11.41</b>                  | <b>-0.36</b>         | <b>2.36</b>      | <b>2.01</b>  |

# Harbor Long-Term Growers ETF



## IMPORTANT INFORMATION

### Risks

Investing involves risk, principal loss is possible. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. Harbor ETFs are new and have limited operating history to judge.

All investments involve risk including the possible loss of principal. 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. At times, a growth investing style may be out of favor with investors which could cause growth securities to underperform value or other equity securities. Since the Fund may hold foreign securities, it may be subject to greater risks than funds invested only in the U.S. These risks are more severe for securities of issuers in emerging market regions. A non-diversified Fund may invest a greater percentage of its assets in securities of a single issuer, and/or invest in a relatively small number of issuers, it is more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio.

### Benchmarks

The Russell 1000® Growth Index is an unmanaged index generally representative of the U.S. market for larger capitalization growth stocks. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell 1000® Growth Index and Russell® are trademarks of Frank Russell Company.

### Disclosures

Expense ratio information is as of the Fund's current prospectus, as supplemented. Gross expenses are the Fund's total annual operating expense.

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.

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.**

Jennison Associates LLC is an independent subadvisor to the Harbor Long-Term Growers ETF.

Forside Fund Services, LLC is the Distributor of the Harbor ETFs.

# Harbor Long-Term Growers ETF



## 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

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.