

Harbor International Fund

Marathon Asset Management Limited

Subadvisor Since 08/22/2018

Total Net Assets - All Classes	\$3,437,930,327
Equity Assets:	99.37%
Cash & Other Assets Less Liabilities:	0.63%
Benchmark Name:	MSCI EAFE (ND) Index

Portfolio Managers

Neil M. Ostrer	Charles Carter	Nick Longhurst	William J. Arah
Simon Somerville	Toma Kobayashi	Justin Hill	Alex Duffy

Investment Philosophy

The Fund invests primarily in common and preferred stocks of foreign companies, including limited exposure to those in emerging market countries. The portfolio manager focuses on identifying long-term investment opportunities that can arise as a result of certain capital cycle, or supply-side, conditions. Capital cycle investing is based on the concept that the prospect of high returns will attract excessive capital and competition, and vice versa. The portfolio manager uses fundamental, bottom-up qualitative analysis. Research meetings with company management represent the majority of analytical effort conducted. The Fund typically invests in between 350 to 450 companies across Europe, Japan, the Pacific Basin and a limited allocation to emerging markets. While inherently diversified, a bias towards smaller and mid cap businesses in niche industries, coupled with a particularly long holding period, result in a portfolio that is significantly differentiated from the Fund's benchmark index.

CHARACTERISTICS & ALLOCATION

As of 03/31/2023

Portfolio Characteristics		
	Portfolio	Benchmark
Number of Holdings	368	795
Wtd Avg Market Cap (\$Mil)	49,249.20	84,139.20
Median Market Cap (\$Mil)	9,811.00	12,754.00
Price/Book Ratio	2.05	2.29
Adjusted Trailing P/E Ratio	16.30	18.50
% EPS Growth - Past 3 Yr	16.40	18.90
Est 3-5 Yr EPS Growth Rate (%)	11.10	9.70
Return on Equity (%)	13.68	13.79
Beta vs. Fund Benchmark	1.00	
Forecasted P/E Ratio	15.20	16.30

Top 10 Holdings		
	Portfolio %	Benchmark %
Novo Nordisk A/S Class	2.74	1.71
BP p.l.c.	2.59	0.75
Roche Holding Ltd Divid	1.46	1.31
Flutter Entertainment P	1.24	0.20
Vestas Wind Systems A/S	1.23	0.19
Nippon Telegraph and Te	1.21	0.23
BNP Paribas S.A. Class	1.15	0.43
Glencore plc	1.09	0.39
Compass Group PLC	1.08	0.29
Equinor ASA	1.08	0.18
Total	14.87	5.68

Top 10 Industries		
	Portfolio %	Benchmark %
Banks	10.57	9.19
Insurance	5.25	5.07
Metals & Mining	4.59	3.54
Hotels Rest & Leisure	4.50	1.81
Pharmaceuticals	4.45	9.21
Oil Gas & Consumables	4.44	4.45
Beverages	4.29	2.18
Machinery	4.25	3.08
Professional Services	4.05	1.57
Electrical Equipment	3.80	1.76
Total	50.19	41.86

Economic Sectors		
	Portfolio %	Benchmark %
Industrials	22.91	15.69
Financials	19.51	18.13
Consumer Discretionary	11.81	12.27
Health Care	10.16	13.16
Consumer Staples	9.33	10.43
Materials	8.52	7.70
Communication Services	6.19	4.52
Information Technology	5.19	7.89
Energy	4.67	4.49
Real Estate	0.74	2.39
Utilities	0.34	3.42

Top 10 Countries		
	Portfolio %	Benchmark %
United Kingdom	25.04	14.78
Japan	22.04	21.52
France	8.62	12.58
Denmark	6.30	3.06
Switzerland	5.72	9.95
Germany	4.93	8.68
Australia	3.46	7.46
Netherlands	2.90	4.58
Italy	2.84	2.47
Ireland	2.50	0.78
Total	84.35	85.86
Emerging Markets	4.82	0.00

Market Capitalization		
		Portfolio %
Large	Above 25.0B	47.48
	10.0B - 25.0B	24.34
Mid	5.0B - 10.0B	10.76
	1.0B - 5.0B	16.18
Small	0.0 - 1.0B	1.21





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	HAINX	411511306	7.49%	7.49%	0.25%	14.48%	2.65%	3.66%	9.52%	12/29/87	0.77	0.89
Investor	HIINX	411511645	7.40%	7.40%	-0.12%	14.07%	2.27%	3.28%	7.49%	11/01/02	1.13	1.25
Retirement	HNINX	411512445	7.53%	7.53%	0.37%	14.58%	2.74%	3.71%	9.53%	03/01/16	0.69	0.81
MSCI EAFE (ND) Index			8.47%	8.47%	-1.38%	12.99%	3.52%	5.00%	5.20%	12/29/87		

MANAGER COMMENTARY

As of 03/31/2023

“Across markets there was a similar pattern of returns: an optimistic January being derailed by higher-than-expected inflation in February, which led the market to discount for a longer and/or steeper period of monetary tightening.”

Marathon Asset Management Limited (Marathon-London)

Market in Review

The first quarter of 2023 supported the recovery in stock prices seen in the final quarter of 2022. However, gains were weaker, and more markets bucked the rising trend. Twenty of the 23 developed markets (defined here as those that form part of the MSCI World Index) recorded positive performance, but the momentum in Emerging Markets was more mixed, with half of the 24 markets covered by the index reporting a rise and half a fall, though generating a positive return overall.

Across markets, there was a similar pattern of returns: an optimistic January derailed by higher-than-expected inflation in February, which led the market to discount for a longer and/or steeper period of monetary tightening. The banking crisis in March triggered a rapid decline until robust regulatory action convinced markets that the Great Financial Crisis was not about to repeat, and that the scope of further rate increases was limited by bank fragility, leading to an equally rapid bounce back.

Large-cap stocks outperformed their small- and mid-cap peers, and growth outperformed value. Although Marathon is not a style-focused manager, and we take positions based on our perception of the likelihood for a stock to outperform its peers, our positions in most markets are more value-oriented, and we have a long-term bias toward mid-cap stocks. Both trends were impediments to outperformance in most regions this quarter.

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 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 of 2023, the Harbor International Fund (Institutional Class, “Fund”) returned 7.49%, underperforming its benchmark, the MSCI EAFE (ND) Index, which returned 8.47%.

From a regional perspective, underperformance was driven by stock selection, particularly in Europe and Japan.

At the sector level, stock selection in Industrials and Consumer Discretionary was the largest drag on performance. On the other hand, Health Care contributed the most during the quarter. Allocation was also broadly supportive, particularly the overweight to Industrials; however, the underweight to Information Technology hindered performance.

Contributors & Detractors

U.K.-listed Flutter and 3i were top contributors to positive performance. Flutter is an Irish-domiciled sports betting and gaming company. The share price rose gradually throughout the quarter on positive new flows, particularly in relation to the expansion of U.S. operations. The company has also floated the idea of an additional listing in the U.S.—an idea that has been well received, as U.K.-listed companies have traded at a substantial discount to their U.S. peers for years.

Venture capital/private equity firm 3i benefited as investors began to believe that inflation may have peaked, and that the cycle of interest rate hikes may be at, or near, its end.

Equinor and Glencore were detractors. Equinor is a Norwegian oil and gas producer. The stock fell following a moderation in oil prices and a decline in gas prices since the start of the year, reducing likely earnings in the coming year and altering assumptions about the value of ongoing investment projects.

Glencore is a U.K.-listed miner and commodities trader. Glencore also declined due to these trends and lower volumes in many commodities.

Buys & Sells

We purchased Komatsu and Arca Continental. Komatsu is a multinational manufacturer of construction, mining, forestry, and military equipment. The supply side of the mining industry is concentrated among big global players, and Komatsu will benefit from a strong replacement cycle as new mines are needed to meet increasing electric vehicle (“EV”) demand.

Arca Continental is a Coca-Cola bottler in Mexico. The firm enjoys a regional monopoly and is prompting industry consolidation by buying up other bottlers in the region. Further, Arca recently acquired a Coca-Cola bottler in the U.S., offering even wider opportunities for consolidation. A recent change in Arca’s agreement with Coke allows the company to use Coca-Cola delivery trucks to deliver other products, and the firm has signed a distribution deal with Diageo to make use of this. None of these opportunities have been priced into the current valuation of the stock.

We sold Toyota Motor and SK Hynix. The sea change occurring in the automotive industry in the wake of the energy transition makes it almost impossible to determine winners, but clearly, legacy strengths in combustion engine technology will be of little use going forward. Toyota’s record-high R&D of over \$9 billion is therefore no indicator of success, yet the multiples placed on these expenditures have relentlessly risen. It now trades on more than twenty times its R&D spending—a huge leap of faith versus its smaller, less profitable peers—many of whom now seem to be ahead in the EV evolution.

SK Hynix, a South Korean supplier of dynamic random-access memory (DRAM) chips and flash memory chips, was sold amid ongoing consolidation of the technology and semiconductor space. Shares have recovered from third quarter 2022 lows, presenting an opportunity to put capital to work in higher conviction companies that we already own, such as ASML.



Outlook

Index performance reflects investor confidence that interest rate rises will slow from here, and we may be nearing the point at which central banks begin to cut. This possibility rests on the assumption that interest rate setters — despite having an official objective in relation to inflation — will not precipitate an economic crash while trying to meet it.

While Marathon does not attempt to position the Fund according to forecasts for the future, we do recognize and comment on the market environment across the various regions of the Fund.

Europe: European equities, as measured by the MSCI Europe Index, rose 10.6%. This number masks significant dispersion within the region, with best-performing Ireland returning 21.7% and worst-performing Norway returning -7.2%. Growth outperformed value, though only in the final few weeks of the quarter. Large-cap stocks outperformed small-cap stocks, while mid-cap stocks nearly kept pace.

In the Eurozone, inflation continued its downward trend with consumer price inflation coming in at 6.9% for March, down from 8.6% at the start of the year, providing a reason for optimism; however, the core inflation measure, which excludes volatile items such as food and energy, hit a record high of 5.7%, so that optimism should be tempered. The European Central Bank continued raising rates, with two 0.5% increases (to 3.5%) in mid-March.

In contrast with the Eurozone, the U.K. saw inflation unexpectedly jump in February (the latest available data), rising to 10.4% from 10.1% in January and against a consensus forecast of under 10%. Core inflation also rose. The Bank of England remains hawkish, adding another 0.25% increase in the base rate in March after a 0.5% hike in February, leaving rates at 4.25% at quarter end.

Japan: The Japanese market rose, with the MSCI Japan Index returning 6.2%. Growth significantly outperformed value, and from a size perspective, large-caps outperformed small- and mid-cap stocks.

Inflation in Japan has not been as extreme as elsewhere, but Japan has long been a low-inflation country. It has recorded inflation of above 1% in only four of the past 30 years. The January reading of 4.3% marks the highest inflation rate for the country since the early 1980s. Inflation dropped back to 3.3% in February (the latest data available), so it may not be entrenched.

The governor of the Bank of Japan (BoJ), Haruhiko Kuroda, retired on April 8 and is being replaced by economist Kazuo Ueda. Whether this will result in a change of course for monetary policy has been the subject of much speculation, but senior officials at the BoJ have remained tight-lipped to date.

Pacific ex-Japan: Returns in Pacific ex-Japan were positive during the first quarter, with the MSCI Pacific ex-Japan Index returning 2.2%. Good performance by New Zealand (returning 8%) and Singapore (returning 7.1%) was restrained by index-like performance by Australia (returning 2.8%) and a decline by Hong Kong (returning -2.4%). Hong Kong started the quarter well, but the market began to slide at the end of January, and the downward trend continued. Geopolitical concerns—mainly the increase in tension between the U.S. and China—were key drivers of the decline. While outperforming the index (in which it represents almost two thirds of the market cap) Australia lagged global peers, largely due to the market's preponderance of value stocks, particularly banks, which struggled following the banking crisis in March.



Emerging Markets: As measured by the MSCI Emerging Markets Index, Emerging Markets rose 4% during the quarter. As is often the case among heterogeneous markets, this headline figure masks dispersion between the best- and worst-performing markets. Returns ranged from Colombia's -13.5% to the Czech Republic's 33%, though both markets are relative minnows at 0.16% and 0.10% of the index respectively.

By subregion, Emerging Asia was the best performer. The Taiwanese market did particularly well despite growing tensions with mainland China due to the market's bias toward growth stocks, especially semiconductors. The Indian market was a notable outlier, returning -6.4%. This largely followed allegations of share-price manipulation and fraud at Adani, a major conglomerate with several listed subsidiaries. China, the largest index constituent by some margin, outperformed the index slightly as global factors favoring some of its largest companies were moderated by geopolitical headwinds.

The Emerging Americas performed in line with the index average. Mexican performance was particularly strong as economic indicators improved, and every Mexican stock in the index rose. Colombia fell for idiosyncratic reasons: the index only includes two stocks, a bank and an electricity supplier, both of which struggled as old-world value stocks. Brazil, the largest market in the subregion, also struggled as economic data disappointed, and civil unrest in January followed the ouster of populist president Jair Bolsonaro, echoing the scenes at the U.S. Capitol two years earlier.

Performance within Emerging EMEA was less positive, with most markets falling. Turkey slumped following the devastating earthquake in the east of the country. South Africa fell slightly as rolling blackouts continued to constrain the economy, and an investigation by the Financial Action Task Force found deficiencies in the country's approach to money laundering and terrorist financing, moving it to its "grey list," which means cash flows into and out of the country will encounter greater sc



Best & Worst Performers

Best Performers	Average Weight %	Return %
Rolls-Royce Holdings plc	0.39	64.35
Renesas Electronics Corporation	0.37	60.29
Flutter Entertainment Plc	1.09	33.54
UniCredit S.p.A.	0.97	33.54
Fresenius Medical Care AG & Co. KGaA	0.45	30.20

Worst Performers	Average Weight %	Return %
Equinor ASA	1.15	-18.43
Dai-ichi Life HoldingsInc.	0.76	-16.93
Glencore plc	1.17	-13.55
TUI AG	0.80	-13.49
Resona Holdings Inc.	0.96	-11.12

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
Novo Nordisk A/S Class B	18.30	0.44
Flutter Entertainment Plc	33.54	0.32
BP p.l.c.	11.63	0.26
UniCredit S.p.A.	33.54	0.26
3i Group plc	29.11	0.23
Total		1.52

Greatest Detractors	Return %	Contribution to Return %
Equinor ASA	-18.43	-0.27
Glencore plc	-13.55	-0.16
Dai-ichi Life HoldingsInc.	-16.93	-0.14
Resona Holdings Inc.	-11.12	-0.12
Roche Holding Ltd Dividend Right Cert.	-6.88	-0.11
Total		-0.80

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 International Fund vs MSCI EAFE (ND) Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	6.59	7.49	-0.90
Currency Contribution	1.12	0.97	0.15
Total Return	7.71	8.47	-0.75

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	9.59	12.99	-3.40	8.73	5.37	3.36	0.87	0.74	0.13	0.32
Real Estate	0.74	2.55	-1.81	0.07	-2.09	2.16	0.00	-0.05	0.20	0.02	0.21
Consumer Staples	8.89	10.19	-1.30	8.39	7.58	0.82	0.77	0.81	0.02	0.07	0.09
Communication Services	6.10	4.47	1.63	11.31	10.45	0.86	0.68	0.46	0.03	0.05	0.08
Energy	4.68	4.74	-0.06	1.65	0.43	1.22	0.05	0.02	-0.01	0.06	0.05
Utilities	0.35	3.36	-3.01	-4.55	8.18	-12.72	-0.02	0.28	0.01	-0.05	-0.04
Materials	8.41	7.85	0.56	6.73	7.59	-0.86	0.59	0.61	0.01	-0.08	-0.08
Financials	20.16	19.09	1.08	1.84	2.72	-0.88	0.39	0.55	-0.08	-0.19	-0.27
Industrials	22.45	15.38	7.06	9.46	11.71	-2.24	2.10	1.74	0.22	-0.50	-0.28
Consumer Discretionary	12.16	11.86	0.30	13.37	17.21	-3.84	1.58	1.93	0.03	-0.44	-0.41
Information Technology	5.11	7.52	-2.41	14.03	19.56	-5.53	0.68	1.39	-0.25	-0.26	-0.51
Total	100.00	100.00	0.00	7.71	8.47	-0.75	7.71	8.47	0.26	-1.01	-0.75



Quarterly Attribution:
Harbor International Fund vs MSCI EAFE (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	25.44	15.07	10.37	8.22	6.11	2.11	2.15	0.95	-0.23	0.55	0.32
Switzerland	5.58	9.96	-4.38	10.46	6.72	3.73	0.58	0.70	0.08	0.21	0.29
Australia	3.49	7.77	-4.27	2.72	2.67	0.05	0.10	0.22	0.25	0.00	0.25
Ireland	2.40	0.81	1.60	19.54	21.25	-1.71	0.44	0.16	0.19	-0.04	0.15
Hong Kong	1.89	2.86	-0.97	-2.35	-2.39	0.05	-0.04	-0.06	0.11	0.00	0.11
Denmark	5.86	2.91	2.95	11.80	12.38	-0.58	0.70	0.36	0.12	-0.03	0.09
Austria	0.64	0.19	0.45	20.03	2.57	17.46	0.11	0.00	-0.03	0.11	0.08
Israel	0.00	0.70	-0.70	0.00	0.83	-0.83	0.00	0.01	0.06	0.00	0.06
Italy	2.69	2.46	0.23	16.09	14.66	1.43	0.39	0.34	0.01	0.04	0.04
Mexico	0.24	0.00	0.24	24.86	0.00	24.86	0.05	0.00	0.03	0.00	0.03
Taiwan	0.60	0.00	0.60	14.31	0.00	14.31	0.08	0.00	0.03	0.00	0.03
Belgium	0.34	1.00	-0.66	10.95	6.27	4.69	0.04	0.07	0.02	0.02	0.03
Peru	0.17	0.00	0.17	27.98	0.00	27.98	0.04	0.00	0.03	0.00	0.03
Portugal	0.00	0.22	-0.22	0.00	3.42	-3.42	0.00	0.01	0.01	0.00	0.01
Russia	0.03	0.00	0.03	46.67	0.00	46.67	0.01	0.00	0.01	0.00	0.01
Sweden	2.28	3.39	-1.11	10.17	9.53	0.63	0.22	0.32	-0.01	0.02	0.00
Canada	0.06	0.00	0.06	9.96	0.00	9.96	0.01	0.00	0.00	0.00	0.00
Panama	0.08	0.00	0.08	11.04	0.00	11.04	0.01	0.00	0.00	0.00	0.00
Russian Federation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
United States	0.00	0.00	0.00	64.99	0.00	64.99	0.00	0.00	0.00	0.00	0.00
Indonesia	0.19	0.00	0.19	7.89	0.00	7.89	0.01	0.00	0.00	0.00	0.00
South Korea	0.69	0.00	0.69	7.44	0.00	7.44	0.06	0.00	-0.01	0.00	-0.01
Thailand	0.04	0.00	0.04	-8.70	0.00	-8.70	0.00	0.00	-0.01	0.00	-0.01
New Zealand	0.08	0.20	-0.12	-4.75	8.02	-12.77	0.00	0.02	0.00	-0.01	-0.01
China	1.40	0.00	1.40	5.99	0.00	5.99	0.10	0.00	-0.03	0.00	-0.03
Brazil	0.23	0.00	0.23	-7.47	0.00	-7.47	-0.02	0.00	-0.04	0.00	-0.04
Singapore	0.70	1.49	-0.78	-2.72	7.05	-9.77	-0.02	0.11	0.01	-0.07	-0.06
South Africa	0.54	0.00	0.54	-2.43	0.00	-2.43	-0.01	0.00	-0.06	0.00	-0.06
Finland	0.96	0.98	-0.03	-6.35	-0.34	-6.02	-0.06	0.00	0.00	-0.07	-0.06
India	0.80	0.00	0.80	-1.65	0.00	-1.65	-0.01	0.00	-0.09	0.00	-0.09
Netherlands	2.74	4.50	-1.76	16.27	16.65	-0.38	0.43	0.72	-0.12	-0.02	-0.14
Germany	4.70	8.50	-3.80	15.80	14.69	1.12	0.71	1.20	-0.23	0.05	-0.18
Spain	1.80	2.53	-0.74	7.40	15.66	-8.26	0.13	0.38	-0.05	-0.14	-0.19
Norway	1.53	0.70	0.83	-16.55	-7.17	-9.38	-0.31	-0.06	-0.15	-0.18	-0.34
Japan	21.99	21.51	0.48	4.52	6.19	-1.66	0.94	1.30	-0.03	-0.38	-0.41
France	8.51	12.27	-3.76	10.02	14.62	-4.60	0.82	1.73	-0.22	-0.38	-0.60
Cash	1.36	0.00	1.36	2.47	0.00	2.47	0.03	0.00	-0.05	0.00	-0.05
Total	100.00	100.00	0.00	7.71	8.47	-0.75	7.71	8.47	-0.41	-0.34	-0.75



Trailing 1 Year Attribution:
Harbor International Fund vs MSCI EAFE (ND) Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	4.14	3.84	0.30
Currency Contribution	-5.49	-5.22	-0.27
Total Return	-1.35	-1.38	0.03

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	19.38	18.37	1.01	5.47	-1.41	6.88	1.29	-0.11	-0.02	1.26	1.24
Real Estate	0.61	2.74	-2.13	-0.23	-20.39	20.15	0.03	-0.77	0.41	0.14	0.55
Consumer Staples	9.33	10.58	-1.25	4.36	1.33	3.03	0.35	0.13	-0.03	0.25	0.23
Materials	8.23	7.73	0.50	-3.86	-6.58	2.72	-0.36	-0.68	0.00	0.20	0.20
Communication Services	6.43	4.71	1.72	-6.11	-6.82	0.71	-0.57	-0.45	-0.07	0.01	-0.06
Information Technology	5.15	7.41	-2.26	-6.80	-3.73	-3.07	-0.48	-0.26	0.05	-0.17	-0.11
Utilities	0.41	3.44	-3.03	-31.16	-1.20	-29.96	-0.17	-0.12	-0.01	-0.14	-0.15
Industrials	22.66	15.30	7.36	-1.63	-0.56	-1.07	-0.26	0.01	0.07	-0.26	-0.19
Energy	4.78	4.78	0.01	4.96	9.60	-4.64	0.18	0.48	0.00	-0.23	-0.23
Health Care	9.74	13.49	-3.76	-9.51	-2.64	-6.87	-0.96	-0.24	0.07	-0.73	-0.66
Consumer Discretionary	11.82	11.46	0.36	-3.28	4.98	-8.26	-0.41	0.66	0.01	-0.95	-0.95
Total	100.00	100.00	0.00	-1.35	-1.38	0.03	-1.35	-1.38	0.65	-0.62	0.03



Trailing 1 Year Attribution:
Harbor International Fund vs MSCI EAFE (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
Japan	22.54	22.07	0.47	-1.45	-5.23	3.78	-0.74	-1.70	-0.05	0.87	0.83
Ireland	2.04	0.71	1.33	47.31	7.05	40.26	0.98	0.07	0.13	0.61	0.75
Australia	3.50	7.92	-4.43	-8.89	-8.98	0.09	-0.40	-0.94	0.33	0.01	0.34
Switzerland	5.64	10.28	-4.63	-6.23	-6.83	0.60	-0.30	-0.70	0.25	0.03	0.29
Israel	0.00	0.76	-0.76	0.00	-20.60	20.60	0.00	-0.18	0.16	0.00	0.16
Sweden	2.48	3.44	-0.97	-5.24	-7.24	2.00	-0.16	-0.24	0.07	0.05	0.11
Hong Kong	1.79	2.96	-1.17	-0.43	-5.27	4.84	-1.17	-0.07	0.02	0.09	0.11
China	1.36	0.00	1.36	5.96	0.00	5.96	0.01	0.00	0.10	0.00	0.10
Austria	0.58	0.19	0.40	9.26	-5.68	14.94	0.07	-0.01	-0.01	0.08	0.07
Finland	0.96	1.00	-0.03	2.19	-4.17	6.36	0.05	-0.03	0.00	0.06	0.06
Mexico	0.20	0.00	0.20	22.65	0.00	22.65	0.07	0.00	0.05	0.00	0.05
Belgium	0.33	0.98	-0.65	11.08	-2.18	13.26	0.05	0.00	0.00	0.04	0.05
Russia	0.02	0.00	0.02	1971.56	0.00	1971.56	0.03	0.00	0.03	0.00	0.03
Singapore	0.82	1.49	-0.67	-2.93	-3.05	0.12	-0.03	-0.06	0.01	0.02	0.02
Indonesia	0.19	0.00	0.19	7.05	0.00	7.05	0.01	0.00	0.02	0.00	0.02
Italy	2.28	2.33	-0.05	9.29	9.06	0.24	0.36	0.30	0.00	0.02	0.02
Peru	0.14	0.00	0.14	6.78	0.00	6.78	0.02	0.00	0.01	0.00	0.01
Panama	0.05	0.00	0.05	45.85	0.00	45.85	0.03	0.00	0.01	0.00	0.01
Malaysia	0.02	0.00	0.02	-14.35	0.00	-14.35	-0.01	0.00	0.00	0.00	0.00
Russian Federation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Portugal	0.00	0.23	-0.23	0.00	1.28	-1.28	0.00	0.00	-0.01	0.00	-0.01
Thailand	0.05	0.00	0.05	-18.77	0.00	-18.77	-0.01	0.00	-0.01	0.00	-0.01
United States	0.00	0.00	0.00	-90.63	0.00	-90.63	-0.01	0.00	-0.01	0.00	-0.01
Canada	0.08	0.00	0.08	-33.43	0.00	-33.43	-0.03	0.00	-0.03	0.00	-0.03
India	0.90	0.00	0.90	-6.49	0.00	-6.49	-0.05	0.00	-0.04	0.00	-0.04
Taiwan	0.62	0.00	0.62	-7.87	0.00	-7.87	-0.12	0.00	-0.04	0.00	-0.04
New Zealand	0.10	0.19	-0.09	-33.26	2.14	-35.40	-0.05	0.00	0.00	-0.04	-0.04
South Africa	0.58	0.00	0.58	-10.28	0.00	-10.28	-0.06	0.00	-0.05	0.00	-0.05
Brazil	0.22	0.00	0.22	-22.70	0.00	-22.70	-0.03	0.00	-0.05	0.00	-0.05
Netherlands	2.85	4.29	-1.45	1.31	2.12	-0.82	-0.03	0.21	-0.04	-0.04	-0.08
South Korea	0.70	0.00	0.70	-15.29	0.00	-15.29	-0.15	0.00	-0.11	0.00	-0.11
Denmark	5.73	2.78	2.95	3.55	14.24	-10.69	0.27	0.47	0.43	-0.54	-0.12
Norway	1.80	0.78	1.02	-20.95	-21.65	0.69	-0.42	-0.22	-0.23	0.06	-0.18
Spain	1.64	2.44	-0.79	2.69	11.88	-9.18	0.08	0.29	-0.09	-0.15	-0.24
United Kingdom	25.85	15.48	10.37	-2.87	-0.84	-2.03	-0.58	-0.14	0.08	-0.53	-0.44
Germany	4.51	8.05	-3.54	-8.32	2.24	-10.55	-0.43	-0.39	-0.17	-0.47	-0.63
France	7.98	11.65	-3.67	-0.31	8.79	-9.09	0.26	1.43	-0.36	-0.70	-1.06
Cash	1.46	0.00	1.46	0.84	0.00	0.84	0.02	0.00	0.16	0.00	0.16
Total	100.00	100.00	0.00	-1.35	-1.38	0.03	-1.35	-1.38	0.56	-0.53	0.03

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

Marathon-London's assessment of the capital cycle for a particular industry or company may be incorrect. Investing in companies at inopportune phases of the capital cycle can result in the Fund purchasing company stock at pricing levels that are higher than the market dynamics would support and therefore subject the Fund to greater risk that the stock price would decline rather than increase over time.

Benchmarks

The MSCI EAFE (ND) Index is an unmanaged index generally representative of major overseas stock markets. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

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.

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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.