Harbor Core Bond Fund

Quarterly Commentary & Attribution

Subadvisor (since 06/01/2018):

Income Research + Management

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Benchmark 1 Name: Bloomberg US Aggregate Bond Index

Investment Philosophy:

The Harbor Core Bond Fund invests primarily in investment-grade fixed income securities of issuers located in the U.S. Under normal market conditions, the Fund invests at least 80% of its net assets, plus borrowings for investment purposes, in a diversified portfolio of fixed income instruments. Fixed income instruments include bonds, debt securities, and other similar instruments issued by various public- or private-sector entities.

Harbor Core Bond Fund

PERFORMANCE

As of 06/30/2026

Average Annual Returns

Share Class	Ticker	CUSIP	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Current 30-Day Yield %	Current 30-Day Un-Sub Yield %	Since Inception	Inception Date	Net Expense Ratio %	Gross Expense Ratio %
Institutional	HACBX	411512239	0.77%	0.82%	3.89%	4.18%	0.02%	N/A	4.54%	4.53%	2.12%	06/01/18	0.34	0.36
Retirement	HCBRX	411512197	0.79%	0.85%	3.97%	4.26%	0.09%	N/A	4.62%	4.61%	2.20%	06/01/18	0.26	0.28
Bloomberg US Aggregate Bond Index			0.67%	0.62%	3.79%	4.16%	0.08%	N/A			2.03%	06/01/18		

MANAGER COMMENTARY

As of 06/30/2026

“Looking ahead, the resilience of the economy might be tested amid the continuation of a higher-for-longer monetary policy, and as the Artificial Intelligence (‘AI’) investment cycle develops further.”
Income Research + Management

Market in Review

During the second quarter of 2026, investors faced an economy that was resilient enough to keep recession fears contained, but inflationary enough to challenge the easing narrative from the start of the year. The U.S. economy continued to expand, supported by steady employment, resilient consumer spending, strong corporate earnings, and AI-related investment. The labor market was no longer clearly deteriorating; hiring demand improved; job openings rebounded; and layoffs remained contained. Inflation, however, became an increasingly complicated dynamic. The ongoing U.S.-Iran conflict disrupted energy infrastructure and transportation, pushing oil and gasoline prices as high as \$113/barrel and \$4.56/gallon intra-quarter, respectively, raising the risk that inflation pressures could broaden. The U.S. Federal Reserve (“Fed”)—with Kevin Warsh as the new chair—remained patient and kept the fed funds target range at 3.50%–3.75%, as solid growth reduced the urgency to cut rates, while uneven inflation progress made easing harder to justify. Markets adjusted by challenging the previous assumption of an imminent easing path. This mostly impacted the front end of the Treasury curve, with the 2-year Treasury rate rising by over 0.38%, quarter over quarter, to 4.17%, while the 30-year yield rose 0.04% to 4.95%.

Portfolio Performance

For the second quarter, the Harbor Core Bond Fund (Institutional Class, “Fund”) returned 0.77%, outperforming its benchmark, the Bloomberg US Aggregate Bond Index (“Index”), which returned 0.67%.

The Fund's outperformance relative to the Index was driven primarily by an underweight to Treasuries and an overweight to Financials.

The investment-grade corporate market benefited from a risk-on tone, with every subsector outperforming Treasuries during the quarter. Corporate fundamentals were supported by solid earnings, with companies in the S&P 500 Index reporting earnings growth of over 28%. The capital expenditures needed to meet AI demand continued to rise, with full-year 2026 estimates for hyperscalers surpassing \$750 billion. Part of this need was financed via credit markets, which helped propel second quarter issuance to \$541 billion. Healthy demand evidenced by 12 consecutive weeks of mutual fund and ETF inflows—helped absorb the elevated supply. Investment-grade spreads began the quarter at 0.89% and tightened throughout, closing at 0.74%.

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 is subject to a contractual expense limitation agreement, excluding interest expense (if any), through 02/28/2027.

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

Harbor Core Bond Fund

MANAGER COMMENTARY

As of 06/30/2026

Securitized sectors outperformed Treasuries but could not keep pace with corporates during the quarter. Within agency mortgage-backed securities (“MBS”), pools of higher-coupon mortgages outperformed those with lower coupons; the shorter-duration and higher carry of current coupon MBS pools benefited relative returns. The non-agency commercial mortgage-backed securities (“CMBS”) market continued to migrate from predominantly conduit securities to single-asset single-borrower (“SASB”) structures. SASB issuance totaled roughly $29 billion, compared to just $8 billion for conduit.

Contributors and Detractors

Top contributors included the following:

U.S. Small Business Administration SBIC 2024-10A 1: The bond's spread tightened by 0.34%.

STR 2025-1A A2: The spread on this triple-net-lease, asset-backed security (“ABS”) tightened by 0.44%.

CHASE 2026-4 A4: The spread on this non-agency collateralized mortgage obligation (“CMO”) bond tightened by 0.08%.

Freddie Mac Pool FR SD8474: The spread on this agency fixed-rate passthrough security tightened by 0.10%.

Hut 8 DC LLC HUTRBA 6.192 42: This bond was issued in April to fund the construction of a data center in Louisiana, where Google will be the ultimate tenant. Jacobs Engineering has agreed to a construction completion guarantee, which resulted in investment-grade ratings on this deal. Once the data center is complete and Google guarantees the lease payments, this issuer will likely be upgraded by ratings agencies. The bond’s spread tightened by 0.26%.

Top detractors included the following:

AerCap Ireland AER 6.45 27: This bond trades at the tighter end of the aircraft lessor universe; however, the firm has a strong balance sheet and potential for further spread tightening as fundamentals exceed expectations.

AT&T Inc. T 4.75 33: This bond's spread widened by 0.03%. AT&T has come under pressure as the emergence of the SpaceX IPO has brought potential disruption to the broadband market.

Eversource Energy ES 5.45 28: Despite this bond's spread tightening over the quarter, it delivered relatively low excess return compared to its Utility sector peers, as the sector had a strong quarter.

Fannie Mae Pool FN FS2444: The spread on this agency residential mortgage-backed security (“RMBS”) widened by 0.11%.

Corebridge Global Funding CRBG 5.2 29: Despite this bond's spread tightening over the quarter, it delivered relatively low excess return compared to its Financials sector peers, as the sector had a strong quarter. We have conviction in the bond as we see further tightening potential.

Harbor Core Bond Fund

MANAGER COMMENTARY

As of 06/30/2026

Positioning

We strive to remain duration neutral and curve neutral to the benchmark.

Positive contributors to relative performance included our security selection within the ABS sector. Relative performance was also helped by our overweight to Financials and underweight to Treasuries. Detractors to relative performance included an underweight to Industrials, as well as security selection within agency RMBS.

The Fund's security selection within the AAA credit bucket, overweight to the BAA credit bucket, and underweight to the AA credit bucket aided relative performance. On the other hand, security selection within the BAA credit bucket detracted from relative performance.

The Fund's out-of-benchmark allocations to Small Business Administration loans and RMBS were net neutral in their contributions.

We invest exclusively in U.S. dollar-denominated, fixed-income securities.

Buys and Sells

During the quarter, we purchased FR SD6405 in the secondary market at a spread of 0.24% versus the Treasury curve. The purchase screened attractive relative to peers.

We purchased FN FA5896 in the secondary market at a spread of 0.29% versus the Treasury curve. The purchase screened attractive relative to peers.

We also purchased FN FA4883 in the secondary market at a spread of 0.20% versus the Treasury curve. The purchase screened attractive relative to peers.

We sold FR SD8474 as an opportunistic sale due to relative value.

We sold BBCMS 2024-5C27 A3 as an opportunistic sale due to relative value.

We also sold FR SD2922 as an opportunistic sale due to relative value.

Sector Overweights and Underweights

At the beginning of 2026 and at the start of the second quarter, the Harbor Core Bond Fund was underweight Treasuries and overweight securitized and credit. During the quarter, we deepened our underweight to Treasuries by 2.39%, increasing the underweight to 24.81%. The Fund increased its securitized overweight to 20.01%, an increase of 2.62%. The increase to securitized was driven by increasing our overweight to agency fixed-rate pass-throughs by 2.22%. We also increased our overweight to non-agency CMOs by 0.54%. Our overweight to credit increased by 0.90% to 2.16%. The increase in relative exposure to credit was driven by adding across the Financials, Industrials, and Utilities sectors. Specific subsectors where we added exposure were finance companies, technology, and electric.

Harbor Core Bond Fund

MANAGER COMMENTARY

As of 06/30/2026

Country Allocation

The Fund's country allocation relative to the benchmark did not change during the quarter. IR+M invests exclusively in U.S. dollar-denominated, fixed-income securities. With that said, consistent with our bottom-up approach, we will opportunistically purchase Yankee issues when we believe they are attractive on a relative value basis.

During the quarter, the Fund's absolute weight of Yankees decreased to 8.04%.

Outlook

Looking ahead, the resilience of the economy might be tested amid the continuation of a higher-for-longer monetary policy, and as the AI investment cycle develops further. The Fed has also begun a new era of less transparency and little forward guidance. These dynamics could lead to heightened volatility, given greater policy uncertainty and already present pockets of stress in the economy. At the same time, demand for fixed income shows no signs of waning any time soon, given the appetite for current yield levels. With valuations at historic tights, incremental risk-taking will likely only provide modest benefits. Markets rarely move in a straight line, and the second half of 2026 is unlikely to be an exception. We think maintaining ample liquidity preserves the ability to act when conditions shift.

TOP 10 HOLDINGS

As of 06/30/2026

Top 10 Holdings	Portfolio %
US TREASURY N/B	3.77
US TREASURY N/B	2.99
US TREASURY N/B	2.33
US TREASURY N/B	2.30
US TREASURY N/B	1.41
US TREASURY N/B	1.25
US TREASURY N/B	1.16
US TREASURY N/B	1.11
US TREASURY N/B	1.03
TSY INFL IX N/B	0.98
Total	**18.34**

Holdings are subject to change. Current holdings can be found at harborcapital.com.

Harbor Core Bond Fund

ATTRIBUTION

As of 06/30/2026

Harbor Core Bond Fund - Quarterly Attribution

	Portfolio Return (Gross of Fee)	Bloomberg Aggregate Index Return	Return Difference
2Q 2026	**0.82%**	**0.67%**	**0.15%**

Market Term Structure		Asset Allocation		Security Selection		Price and Intraday		Total
0.07%		**0.11%**		**-0.02%**		**0.00%**		**0.15%**
Duration	0.03%	Finance	0.06%	Finance	-0.01%	Pricing	0.00%	
Shape	0.04%	Industrial	-0.01%	Industrial	-0.01%	Intraday	-0.01%	
Other	-0.01%	Utility	0.00%	Utility	0.00%			
		ABS	0.00%	ABS	0.02%			
		CMBS	0.01%	CMBS	0.00%			
		MBS	-0.01%	MBS	-0.03%			
		Agency	-0.01%	Agency	0.01%			
		Municipal	0.00%	Municipal	0.00%			
		Non-corporate	-0.01%	Non-corporate	0.00%			
		Treasury	0.08%	Treasury	0.00%			
		Other	0.00%	Other	0.00%			

What Worked

- The Harbor Core Bond Fund outperformed the Bloomberg Aggregate Index in the 2nd quarter.
- Security selection within the ABS and RMBS sectors aided returns.
- The portfolio’s underweight to Treasuries and overweight to Financials strongly aided relative performance.
- Top performers to Security Selection: Small Business Administration pools, Strategy Inc, a Residential Mortgage Pool

What Didn’t Work

- Security selection within credits, particularly the Insurance, Finance Co, and Transportation sub sectors, detracted form relative returns.
- Holdings of Agency Fixed Rate Pass-Throughs partially offset excess returns during the period.
- Bottom performers to Security Selection: AerCap Holdings, AT&T Inc, Eversource Energy

Source: Income Research + Management
Due to rounding, percentages may not sum to 100.
Performance data shown represents past performance and is no guarantee of future results.

Harbor Core Bond Fund

ATTRIBUTION

As of 06/30/2026

Harbor Core Bond Fund – 1 Year Attribution

	Portfolio Return (Gross of Fee)	Bloomberg Aggregate Index Return	Return Difference
1 Year	**4.16%**	**3.79%**	**0.37%**

Market Term Structure		Asset Allocation		Security Selection		Price and Intraday		Total
0.01%		**0.24%**		**0.12%**		**0.00%**		**0.37%**
Duration	0.01%	Finance	0.05%	Finance	-0.01%	Pricing	0.02%	
Shape	-0.01%	Industrial	-0.01%	Industrial	0.04%	Intraday	-0.03%	
Other	0.01%	Utility	0.00%	Utility	-0.01%			
		ABS	0.01%	ABS	0.01%			
		CMBS	0.06%	CMBS	-0.03%			
		MBS	-0.03%	MBS	0.05%			
		Agency	-0.03%	Agency	0.07%			
		Municipal	0.00%	Municipal	0.00%			
		Non-corporate	-0.02%	Non-corporate	0.00%			
		Treasury	0.23%	Treasury	0.00%			
		Other	-0.02%	Other	0.00%			

What Worked

- The Harbor Core Bond Fund outperformed the Bloomberg Aggregate Index during the last 1-year period.
- Security selection within Industrials, especially within the Communications sub-sector, and Agency RMBS, particularly within Agency Fixed Rate Pass Throughs, aided returns.
- The portfolio's underweight to Treasuries, as well as overweights to Financials and CMBS, also contributed to relative performance.
- The portfolio's out of index allocation to Small Business Administration pools.
- Top performers to Security Selection: Small Business Administration pools and Freddie Mac Mortgage Pools

What Didn't Work

- Security selection within the Insurance and Electric subsectors as well as Non Agency CMBS detracted from relative returns.
- The portfolio's underweight to non-corporates, particularly within sovereign bonds.
- Bottom performers to Security Selection: ORACLE CORP and KKR & Co Inc.

Source: Income Research + Management
Due to rounding, percentages may not sum to 100.
Performance data shown represents past performance and is no guarantee of future results.

Harbor Core Bond Fund

IMPORTANT INFORMATION

Risks

There is no guarantee that the investment objective of the Fund will be achieved. Fixed income investments are affected by interest rate changes and the creditworthiness of the issues held by the Fund. As interest rates rise, the values of fixed income securities held by the Fund are likely to decrease and reduce the value of the Fund's portfolio. There may be a greater risk that the Fund could lose money due to prepayment and extension risks because the Fund invests, at times, in mortgage-related and/or asset backed securities.

Benchmarks

The Bloomberg US Aggregate Bond Index is an unmanaged index of investment-grade fixed-rate debt issues with maturities of at least one year. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

Disclosures

All data except for performance, and yields is provided by the subadvisor.

Current 30-Day Yields are for the Institutional Class and represent the average annualized income dividend over the last 30 days excluding gains and losses as defined by the SEC. Current 30-Day Yield is the Current 30-Day Subsidized SEC Yield and reflects reimbursements or waivers of fees currently in effect. Current 30-Day Yield-Unsub is the Current 30-Day Unsubsidized SEC Yield and does not reflect reimbursements or waivers of fees currently in effect.

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, expenses and other statistics may change at any time and may differ from those shown.

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).

Harbor Core Bond Fund

IMPORTANT INFORMATION

Attribution Disclosures

All data for this attribution analysis is provided by Income Research + Management.

Market Term Structure Components (%)

Duration - the contribution to relative return due to the difference between the portfolio's and the index's overall duration, assuming a parallel change in interest rates. The basic formula is the (difference in duration between the portfolio and the index) multiplied by the total return of the reference Treasury.

Shape - the contribution to relative return due to the difference between the portfolio's and the index's duration profiles. The basic formula is the [(difference of each key rate duration between the portfolio and the index) multiplied by the total return of the respective key rate Treasury] minus the Duration and Other effects.

Other - the contribution to relative return due to the cumulative differences in carry, rolldown, and convexity.

Asset Allocation - the contribution to relative return due to portfolio's sector overweight or underweight compared to the index. The basic formula is the (difference between the portfolio and index sector weights) multiplied by the (difference between the index sector excess return and the index total excess return).

Security Selection - the contribution to relative return due to the portfolio's security selection compared to the index. The basic formula is (the difference in sector excess return between the portfolio and the index) multiplied by the portfolio sector weight.

Price & Intraday Components (%)

Pricing - the contribution to relative return due to changes in the relative prices for securities held in common with the index. IR+M uses ICE as a pricing source for the majority of its portfolios, while indices typically use their own internally calculated prices.

Intraday - the contribution to relative return due to the implementation impact from executing trades. It is generally the performance cost from the differences between execution price of traded positions and the end-of-day prices used for daily valuation.

Performance attribution returns are percentages (%). The IR+M attribution model is a proprietary model that uses data from multiple analytical sources to estimate portfolio attribution and does not claim that outputs are exact measurements. IR+M used the Brinson-Fachler methodology in their attribution calculations.

Definitions

Duration - the contribution to relative return due to the difference between the portfolio's and the index's overall duration, assuming a parallel change in interest rates. The basic formula is the (difference in duration between the portfolio and the index) multiplied by the total return of the reference Treasury.