

Harbor Mid Cap Fund

EARNEST Partners LLC

Subadviser Since 12/01/2019

Total Net Assets - All Classes \$51,778,767
Equity Assets: 98.79%
Cash & Other Assets Less Liabilities: 1.21%
Benchmark Name: Russell Midcap® Index

Portfolio Managers



Paul E. Viera

Investment Philosophy

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

CHARACTERISTICS & ALLOCATION

As of 06/30/2021

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	57	828	Information Technology	25.75	18.73
Wtd Avg Market Cap (\$Mil)	28,282.60	23,061.10	Industrials	18.84	15.44
Med Cap - # Stocks (\$Mil)	19,139.00	11,590.00	Financials	13.47	11.82
Price/Book Ratio	3.98	4.65	Health Care	9.88	12.00
Adjusted Trailing P/E Ratio	29.70	31.60	Consumer Discretionary	8.15	12.84
% EPS Growth - Past 3 Yr	18.90	16.90	Materials	7.41	5.36
Return on Equity (%)	13.90	10.45	Real Estate	7.02	7.34
Beta vs. Fund Benchmark	0.83		Energy	3.59	3.77
Forecasted P/E Ratio	21.10	25.30	Communication Services	2.04	4.94
Proj. Earnings Growth Rate (%)	20.10	13.90	Consumer Staples	1.36	3.46
			Utilities	1.28	4.46

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Synopsys, Inc.	3.14	0.37	Semiconductors	9.07	3.14
Skyworks Solutions, Inc	3.00	0.28	Software	8.84	8.20
D.R. Horton, Inc.	2.81	0.27	Capital Markets	7.50	3.60
CBRE Group, Inc. Class	2.54	0.26	Machinery	6.14	3.86
Keysight Technologies I	2.51	0.26	Life Sciences Tools	5.92	2.80
Darden Restaurants, Inc	2.47	0.17	Equity REITS	4.48	6.90
ANSYS, Inc.	2.42	0.27	Chemicals	4.46	2.62
Republic Services, Inc.	2.39	0.21	Insurance	4.37	3.67
Intercontinental Exchan	2.37	0.00	Electronic Equipment	4.13	2.20
Agilent Technologies, I	2.24	0.40	Commercial Serv & Suppl	3.96	1.08
Total	25.89	2.49	Total	58.87	38.07

Market Capitalization		
		Portfolio %
Large	Above 25.0B	45.23
	10.0B - 25.0B	29.28
Mid	5.0B - 10.0B	20.83
	1.0B - 5.0B	4.66
Small	0.0 - 1.0B	0.00



Trusted Partnerships > Trusted Solutions



Performance & Fund Facts

Share Class	Ticker	CUSIP	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date	Net Expense Ratio %	Gross Expense Ratio %
Institutional	HMCLX	41152P708	3.80%	13.52%	44.14%	N/A	N/A	N/A	23.57%	12/01/19	0.88	1.13
Investor	HMCNX	41152P880	3.73%	13.38%	43.60%	N/A	N/A	N/A	23.18%	12/01/19	1.24	1.49
Retirement	HMCRX	41152P609	3.79%	13.60%	44.20%	N/A	N/A	N/A	23.69%	12/01/19	0.80	1.05
Russell Midcap® Index			7.50%	16.25%	49.80%	N/A	N/A	N/A	23.30%	12/01/19		

MANAGER COMMENTARY

As of 06/30/2021

"The continued willingness of the Fed to expand its balance sheet, acting as a lender of last resort and enacting stimulus measures as necessary, gave further confidence to equity and high-yield fixed income investors."

EARNEST Partners LLC

Market in Review

Equity markets continued their steady advance upward as investors looked beyond the COVID-19 pandemic effects and embraced progress in vaccine rollouts, falling unemployment, and recovering consumer demand. While overall retail sales experienced a slight decline, activity for lockdown-sensitive industries (such as restaurants and air travel) surged as new case numbers fell to a pre-lockdown low. Vaccination rollouts continued, and by the end of the second quarter of 2021, over 50% of the U.S. population had received at least one dose of a vaccine versus 15% at the end of the first quarter of 2021. Expanded economic activity supported surging demand for raw materials, as automobiles and homes saw further price increases.

Previously, the U.S. Federal Reserve ("Fed") enacted an array of stimulative measures that included short-term rate reductions to near zero and repurchases of Treasuries, mortgages, and corporate debt. The Fed stated that it would "maintain an accommodative stance" until its goals of 2% long-term inflation and maximum employment are achieved. In its latest statement, the Fed maintained it would continue to hold rates near zero and provide stimulus by continuing its monthly purchases of \$80 billion in Treasury securities and at least \$40 billion in agency (government-sponsored enterprises, i.e., Fannie Mae, Freddie Mac, or Ginnie Mae) mortgage-backed securities ("MBS"). The continued willingness of the Fed to expand its balance sheet, acting as a lender of last resort and enacting stimulus measures as necessary, gave further confidence to equity and high-yield fixed income investors.

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 harborfunds.com or by calling 800-422-1050.



Additionally, the central bank increased its Gross Domestic Product (“GDP”) forecast growth to 7.0% in 2021 to be followed by a 3.3% increase in 2022. After hitting a record high of 14.8% in April of 2020, unemployment fell to 5.9% in June. The Fed maintained its unemployment projection of 4.5% by the end of 2021 and forecast unemployment to fall to 3.8% by the end of 2022.

Portfolio Performance

During the second quarter, the Harbor Mid Cap Fund (Institutional Class, “Fund”) returned 3.80%, underperforming its benchmark, the Russell Midcap® Index (“Index”), which returned 7.50%.

The Fund posted a double-digit absolute return in the first half of 2021. It underperformed the Index during the quarter, however, as the Index rallied after its strong start, rising over 7% during the quarter.

Ten out of the eleven sectors in the Index were positive (Utilities was slightly negative), as more states began reopening their economies and businesses. Consumer Discretionary, Consumer Staples, and Utilities detracted from relative performance, while the Real Estate, Health Care, and Energy sectors contributed to relative performance.

EARNEST Partners focuses on high-quality companies that we believe are well positioned to benefit over the long term. The Mid Cap strategy has outperformed the Index, returning over 15.5% annualized during the past five years.

Contributors & Detractors

Detracting from relative performance was Reinsurance Group of America (“RGA”), one of the largest and most sophisticated life reinsurers in the world. RGA partners with primary insurance companies to help them underwrite difficult risk they may not have the expertise to underwrite on their own. During the quarter, RGA shares underperformed due to elevated COVID-19 claims. While there was a short-term increase in claims, the longevity offset was only \$11 million, which was lower than expected. The company also expects the vaccination rollout to lower mortality claim costs for the remainder of 2021. Due to high capital requirements and the long-term nature of potential clients' liabilities, only a handful of global competitors exist in the industry. We believe RGA's scale and growth strategy is likely to continue to drive earnings and to gain market share.

Contributing to relative performance was Charles River Laboratories, an early-stage contract research organization that supports pharmaceutical and biotechnology companies in animal medicine, drug discovery, and safety testing. Shares outperformed during the period after beating earnings-per-share market expectations for four consecutive quarters. A global focus on scientific innovation has driven biomedical breakthroughs, which has created unprecedented demand across most of Charles River's business units. Looking ahead, we believe the company is likely to continue to benefit from increased pre-clinical outsourcing trends driven by biopharma clients' reliance due to industry capacity reductions, leverage of facility fixed costs, and strong growth in biotech products. We believe Charles River's expansion into more complex research and advanced drug modalities, such as cell and gene therapies, enables the company to offer greater value to clients and to capitalize on growth opportunities. Additionally, the company's acquisition of Retrogenix, we believe, adds to Charles River's existing discovery capabilities in accelerating target identification and increasing preclinical safety assurance.

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Best & Worst Performers

Best Performers	Average Weight %	Return %
Continental Resources, Inc.	1.37	47.54
Sealed Air Corporation	1.63	29.76
Houlihan Lokey, Inc. Class A	1.30	23.68
Cimarex Energy Co.	1.77	22.48
Syneos Health, Inc. Class A	1.46	17.98

Worst Performers	Average Weight %	Return %
Scotts Miracle-Gro Company Class A	1.73	-21.43
Air Lease Corporation Class A	1.63	-14.52
CMC Materials, Inc.	1.67	-14.47
Dollar Tree, Inc.	1.88	-13.07
Reinsurance Group of America, Incorporated	1.20	-9.06

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
Continental Resources, Inc.	47.54	0.54
Sealed Air Corporation	29.76	0.42
Cimarex Energy Co.	22.48	0.34
Synopsys, Inc.	11.30	0.33
Agilent Technologies, Inc.	16.43	0.32
Total		1.95

Greatest Detractors	Return %	Contribution to Return %
Scotts Miracle-Gro Company Class A	-21.43	-0.42
Dollar Tree, Inc.	-13.07	-0.26
Air Lease Corporation Class A	-14.52	-0.25
CMC Materials, Inc.	-14.47	-0.22
CDK Global, Inc.	-7.81	-0.16
Total		-1.31

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Quarterly Attribution:

Harbor Mid Cap Fund vs. Russell Midcap® Index

03/31/2021 - 06/30/2021

Performance

	Portfolio	Benchmark	Active
Return ex Currency	3.91	7.50	-3.59
Currency Contribution	0.00	0.00	0.00
Total Return	3.91	7.50	-3.59

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
Energy	3.14	3.06	0.08	33.09	15.30	17.79	0.87	0.42	0.01	0.45	0.45
Utilities	1.36	4.73	-3.37	-4.29	-0.09	-4.20	-0.06	0.00	0.25	-0.07	0.18
Consumer Staples	1.41	3.64	-2.23	-1.26	1.57	-2.83	-0.02	0.06	0.13	-0.05	0.08
Communication Services	2.02	4.73	-2.71	3.12	7.13	-4.01	0.06	0.35	0.00	-0.10	-0.10
Materials	7.50	6.00	1.50	4.59	6.35	-1.76	0.31	0.37	-0.01	-0.15	-0.16
Real Estate	6.91	7.32	-0.41	8.77	10.90	-2.12	0.55	0.77	-0.03	-0.14	-0.17
Health Care	9.51	12.18	-2.67	9.59	11.26	-1.67	0.89	1.36	-0.10	-0.15	-0.25
Consumer Discretionary	7.69	12.04	-4.35	-1.60	5.76	-7.35	-0.12	0.69	0.07	-0.56	-0.49
Financials	14.23	12.07	2.16	3.50	7.17	-3.67	0.48	0.86	0.02	-0.54	-0.52
Industrials	19.37	15.81	3.56	0.54	5.61	-5.07	0.09	0.90	-0.07	-0.96	-1.03
Information Technology	24.54	18.42	6.12	3.14	9.18	-6.04	0.85	1.72	0.13	-1.44	-1.31
[Cash]	2.32	0.00	2.32	0.01	0.00	0.01	0.00	0.00	-0.28	0.00	-0.28
Total	100.00	100.00	0.00	3.91	7.50	-3.59	3.91	7.50	0.12	-3.70	-3.59

Trailing 1 Year Attribution:

Harbor Mid Cap Fund vs. Russell Midcap® Index

06/30/2020 - 06/30/2021

Performance

	Portfolio	Benchmark	Active
Return ex Currency	45.82	49.81	-3.99
Currency Contribution	0.00	0.00	0.00
Total Return	45.82	49.81	-3.99

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
Utilities	1.56	5.23	-3.68	4.38	14.49	-10.11	0.26	1.05	1.17	-0.15	1.02
Health Care	9.41	12.74	-3.33	49.10	40.36	8.73	4.77	5.54	0.33	0.65	0.97
Consumer Staples	1.41	3.98	-2.57	46.16	20.82	25.33	0.69	0.98	0.65	0.31	0.96
Energy	2.35	2.77	-0.42	142.77	74.10	68.67	2.23	1.61	-0.09	0.89	0.80
Materials	6.91	5.57	1.34	74.00	66.83	7.17	4.44	3.50	0.12	0.24	0.36
Financials	13.53	11.39	2.15	60.35	63.33	-2.98	7.94	6.62	0.43	-0.08	0.35
Consumer Discretionary	6.73	11.76	-5.02	62.54	60.36	2.19	4.02	6.80	-0.52	0.29	-0.23
Real Estate	6.65	7.16	-0.51	33.87	44.25	-10.38	2.03	3.02	0.05	-0.80	-0.75
Communication Services	2.12	4.84	-2.72	26.36	70.33	-43.97	0.60	3.17	-0.44	-0.90	-1.34
Industrials	18.85	15.60	3.24	42.88	52.77	-9.89	8.25	8.28	-0.03	-1.33	-1.36
Information Technology	26.22	18.96	7.27	39.12	47.80	-8.69	10.59	9.23	-0.38	-1.70	-2.08
[Cash]	4.26	0.00	4.26	0.07	0.00	0.07	0.00	0.00	-2.69	0.00	-2.69
Total	100.00	100.00	0.00	45.82	49.81	-3.99	45.82	49.81	-1.41	-2.58	-3.99

Risks

There is no guarantee that the investment objective of the Fund will be achieved. Stock markets are volatile and equity values can decline significantly in response to adverse issuer, political, regulatory, market and economic conditions. Stocks of mid cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

Disclosures

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

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 02/28/2022.

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.

The mean/median long term growth rate for Projected Earnings Growth Rate is the expected growth over the next 3-5 years calculated by FactSet from data provided by brokers. The Adjusted Trailing P/E (Price/Earnings) Ratio is the closing stock price divided by the sum of the last 12 months actual EPS. The Forecast P/E Ratio is the closing stock price divided by the sum of the next 4 quarters estimated EPS. All P/E, ROE and P/B statistics are calculated as weighted medians.

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 subadviser 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 Harbor fund before investing. To obtain a summary prospectus or prospectus for this and other information, visit harborfunds.com or call 800-422-1050. Read it carefully before investing.

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

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Attribution Disclosures

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

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

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

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

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

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

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

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

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

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

Definitions

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