

# Harbor International Small Cap Fund

Cedar Street Asset Management LLC

Subadvisor Since 05/23/2019

|  |                                   |
|--|-----------------------------------|
| <b>Total Net Assets - All Classes</b>            | \$102,137,961                     |
| <b>Equity Assets:</b>                            | 91.49%                            |
| <b>Cash &amp; Other Assets Less Liabilities:</b> | 8.51%                             |
| <b>Benchmark Name:</b>                           | MSCI EAFE Small Cap (ND)<br>Index |

## Portfolio Managers



Jonathan Brodsky



Waldemar Mozes

## Investment Philosophy

The Fund invests primarily in equity securities, principally common and preferred stocks and convertible securities, of foreign companies. Under normal market conditions, the Fund invests at least 80% of its net assets, plus borrowings for investment purposes, in the securities of small cap companies. The Subadvisor's investment process utilizes a range of screening and idea sourcing methodologies to shrink the universe of securities to a manageable level. The Subadvisor primarily utilizes bottom-up research to identify companies with attractive valuations, as determined by the Subadvisor, while taking into account macroeconomic considerations.

## CHARACTERISTICS & ALLOCATION

As of 09/30/2022

| Portfolio Characteristics      |           |           |
|--------------------------------|-----------|-----------|
|                                | Portfolio | Benchmark |
| Number of Holdings             | 81        | 2,329     |
| Wtd Avg Market Cap (\$Mil)     | 1,625.80  | 2,166.80  |
| Med Cap - # Stocks (\$Mil)     | 1,242.00  | 969.00    |
| Price/Book Ratio               | 1.39      | 1.45      |
| Adjusted Trailing P/E Ratio    | 11.90     | 13.70     |
| % EPS Growth - Past 3 Yr       | 1.40      | 12.70     |
| Return on Equity (%)           | 11.01     | 10.44     |
| Beta vs. Fund Benchmark        | 0.93      |           |
| Forecasted P/E Ratio           | 10.40     | 13.70     |
| Proj. Earnings Growth Rate (%) | 8.10      | 13.00     |

| Top 10 Holdings         |              |             |
|-------------------------|--------------|-------------|
|                         | Portfolio %  | Benchmark % |
| TP ICAP Group plc       | 2.05         | 0.08        |
| BFF Bank SpA            | 1.93         | 0.05        |
| Technip Energies NV     | 1.84         | 0.07        |
| Victrex plc             | 1.83         | 0.08        |
| Transcontinental Inc. C | 1.81         | 0.00        |
| Criteo SA Sponsored ADR | 1.77         | 0.00        |
| Redde Northgate PLC     | 1.76         | 0.04        |
| Husqvarna AB Class B    | 1.75         | 0.00        |
| Cembra Money Bank AG    | 1.73         | 0.10        |
| Computer Engineering &  | 1.72         | 0.00        |
| <b>Total</b>            | <b>18.19</b> | <b>0.42</b> |

| Top 10 Industries       |              |              |
|-------------------------|--------------|--------------|
|                         | Portfolio %  | Benchmark %  |
| Electronic Equipment    | 9.45         | 2.23         |
| Food Products           | 8.48         | 3.18         |
| Machinery               | 7.33         | 5.82         |
| Insurance               | 5.68         | 2.31         |
| Media                   | 5.02         | 1.61         |
| Commercial Serv & Suppl | 4.79         | 2.54         |
| Health Care Equip       | 3.16         | 1.54         |
| Software                | 3.15         | 1.99         |
| Chemicals               | 3.08         | 3.58         |
| Distributors            | 3.01         | 0.31         |
| <b>Total</b>            | <b>53.15</b> | <b>25.11</b> |

| Economic Sectors       |             |             |
|------------------------|-------------|-------------|
|                        | Portfolio % | Benchmark % |
| Industrials            | 21.74       | 22.35       |
| Information Technology | 15.62       | 9.11        |
| Consumer Staples       | 13.54       | 6.53        |
| Financials             | 12.91       | 11.54       |
| Consumer Discretionary | 8.60        | 12.08       |
| Materials              | 5.87        | 9.84        |
| Communication Services | 5.02        | 4.00        |
| Energy                 | 3.37        | 2.96        |
| Health Care            | 3.23        | 6.84        |
| Utilities              | 1.59        | 3.28        |
| Real Estate            | 0.00        | 11.65       |

| Top 10 Countries        |              |              |
|-------------------------|--------------|--------------|
|                         | Portfolio %  | Benchmark %  |
| Japan                   | 22.87        | 32.61        |
| United Kingdom          | 13.67        | 14.77        |
| France                  | 9.82         | 3.42         |
| Germany                 | 6.82         | 4.17         |
| Switzerland             | 4.93         | 4.72         |
| Australia               | 4.51         | 10.84        |
| Italy                   | 4.39         | 2.87         |
| Netherlands             | 4.32         | 1.82         |
| Sweden                  | 3.38         | 5.36         |
| Canada                  | 3.06         | 0.00         |
| <b>Total</b>            | <b>77.77</b> | <b>80.58</b> |
| <b>Emerging Markets</b> | <b>0.07</b>  | <b>0.08</b>  |

| Market Capitalization |               |             |
|-----------------------|---------------|-------------|
|                       |               | Portfolio % |
| Large                 | Above 25.0B   | 0.00        |
|                       | 10.0B - 25.0B | 0.00        |
| Mid                   | 5.0B - 10.0B  | 1.73        |
|                       | 1.0B - 5.0B   | 65.60       |
| Small                 | 0.0 - 1.0B    | 32.67       |



Trusted Partnerships > Trusted Solutions



### Average Annual Returns

| Share Class                    | Ticker | CUSIP     | 3 Months | YTD     | 1 Yr.   | 3 Yr.  | 5 Yr.  | 10 Yr. | Since Inception | Inception Date | Net Expense Ratio % | Gross Expense Ratio % |
|--------------------------------|--------|-----------|----------|---------|---------|--------|--------|--------|-----------------|----------------|---------------------|-----------------------|
| Institutional                  | HAISX  | 411512569 | -8.01%   | -21.29% | -21.13% | 4.19%  | 0.72%  | N/A    | 5.48%           | 02/01/16       | 0.96                | 1.25                  |
| Administrative                 | HRISX  | 411512551 | -8.11%   | -21.45% | -21.37% | 3.92%  | 0.46%  | N/A    | 5.20%           | 02/01/16       | 1.21                | 1.50                  |
| Investor                       | HIISX  | 411512544 | -8.12%   | -21.53% | -21.41% | 3.81%  | 0.36%  | N/A    | 5.08%           | 02/01/16       | 1.32                | 1.61                  |
| Retirement                     | HNISX  | 411512536 | -8.01%   | -21.24% | -21.07% | 4.28%  | 0.80%  | N/A    | 5.55%           | 02/01/16       | 0.88                | 1.17                  |
| MSCI EAFE Small Cap (ND) Index |        |           | -9.83%   | -32.11% | -32.06% | -2.16% | -1.79% | N/A    | 3.66%           | 02/01/16       |                     |                       |

## MANAGER COMMENTARY

As of 09/30/2022

**“Persistent inflation is a strong indication, in our view, that monetary authorities will continue their current tightening path.”**

Cedar Street Asset Management LLC

### Market in Review

Global inflationary pressure showed few signs of abating during the third quarter of 2022. Consumer prices in most developed markets either accelerated or remained elevated. Producer prices eased as supply bottlenecks began to unwind, but labor costs continued to rise with overall tight labor market conditions. Much of Europe continues to struggle with elevated energy prices from the fallout of the war in Ukraine.

Central banks in developed economies now appear to be scrambling to more aggressively tighten monetary conditions to combat inflation they recently perceived as "transitory." The Bank of Japan (BOJ) is a key exception and has not yet budged from its loose monetary stance. Nevertheless, many benchmark bond yields, such as the 10-year U.S. Treasury, are well above pre-pandemic levels and near decade highs.

Persistent inflation is a strong indication, in our view, that monetary authorities will continue their current tightening path. Capital markets are unsure of the ramifications of an extended tightening cycle, and that uncertainty, in our view, is what spiked volatility in the third quarter. The Federal Reserve's monetary stance also contributed to the sharply rising U.S. dollar, causing assets that are denominated in foreign currencies to depreciate.

Broadly speaking, the Harbor International Small Cap Fund ("Fund") experienced both positive and negative impacts from the current environment. The Fund declined less than its benchmark, on a relative basis, primarily due to its focus on valuation in conjunction with business profitability and balance sheet strength. The rising rate environment has been more challenging for parts of the market that have limited valuation support and more stretched balance sheets.

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 02/28/2023.

**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 third quarter of 2022, the Harbor International Small Cap Fund (Institutional Class) returned -8.01%, outperforming its benchmark, the MSCI EAFE Small Cap (ND) Index, which returned -9.83%.

On a relative basis, the Fund outperformed its benchmark for two main reasons. First, the rising interest rate environment has disproportionately favored equities with lower valuation multiples. This is a reversal of the dynamic that made high-growth, high-valuation names so appealing during the extended monetary easing cycle. Second, the Fund had limited exposure to real estate and other traditional "value" segments of the market that rely heavily on debt financing, primarily because our investment philosophy tends to favor balance sheet quality as a core tenet.

We would also note that earnings reports turned out better than expected during the second-quarter reporting season, despite challenging operating conditions. Our investment process seeks out businesses that are at or near trough operating levels when valuation multiples are usually depressed. In the current market environment, even "less bad" earnings reports can produce positive surprises.

From a sector perspective, stock selection in the Financials and Information Technology sectors and a lack of exposure to Real Estate were the biggest contributors to returns. Poor stock selection in the Energy and Materials sectors was the biggest detractor to returns during the quarter.

From a geographic perspective, stock selection in the U.K., France, and Japan drove positive contributions to returns, while stock selection in Canada detracted from returns.

With the U.S. dollar strengthening by 7% during the quarter, as measured by the Bloomberg DXY Index, we estimate that about 80% of the Fund's negative return was attributable to currency.

### Contributors & Detractors

TP ICAP, a U.K. trading platform and data provider for complex, structured financial products, was a top contributor during the quarter. The current volatility in financial markets boosted brokering volumes that utilize TP ICAP's technology to connect buyers and sellers of customized, hard-to-trade products. In addition, activists have begun to agitate for a sale of the company's high-margin data services business, Parameta, which could be valued at £1.5 billion, effectively valuing the remaining global brokering businesses at zero. We would welcome any transaction that unlocks value for shareholders.

Norma Group is a German manufacturer of joining/connecting products primarily for automotive, industrial, and water end markets. The company was one of the largest detractors due to weaker-than-expected profit margins caused by high-cost inventory. Because of a lag between customer contracts and product fulfillment, the company was unable to pass along higher energy and commodity input costs to its customers and will have to wait for price renegotiations before it can recapture margins. The weaker margin guidance disappointed investors despite continued high demand for its best-in-class products.

### Buys & Sells

Ariake Japan is a maker of natural seasonings for mostly commercial (restaurants) and industrial food companies. We initiated a position in the company during the quarter due to its low valuation and attractive structural growth opportunities. At the time of entry, the stock was trading near decade-low multiples of book value due to lower top-line growth primarily caused by continued COVID-19 impacts. However, we expect the long-term environment to favor Ariake as labor shortages and rising commodity input costs potentially increase demand for its cost-efficient, natural products. Given the potential growth opportunities in Europe and the U.S., low-teens return on equity (ROE) is well within the company's reach, which would boost price-to-book multiples. We also see improvements in corporate governance as another potential driver of value creation.

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Tower Semiconductor is an Israel-based outsourced manufacturer of analog/mixed-signal semiconductors used in automotive, industrial, and wireless communications infrastructure. Tower was recently acquired by Intel in the U.S. We exited our position, as we believe the deal will close. Tower was our only sale during the quarter, and we continue to seek new opportunities to deploy capital.

### Outlook

As we learned in the third quarter, financial markets are having a difficult time pricing risk associated with two unprecedented socioeconomic experiments: post-lockdown, supply chain bottlenecks that sparked inflation and the reversal of a 40-plus-year monetary easing cycle that included over \$30 trillion of quantitative easing sitting on central bank balance sheets. Because neither the pandemic lockdowns nor quantitative tightening have viable precedents, we believe that financial markets may struggle to find firm footing in the fourth quarter, resulting in elevated volatility. The continuation of Russia's war with Ukraine, a historic third term for Xi Jinping as the leader of China, slowing global growth, and a lack of central bank policy coordination could also provide headwinds.

That said, the broad year-to-date decline in global equities has likely improved the risk-reward calculus for investors willing to look past near-term uncertainty and capitalize on what we believe are compelling valuation opportunities.



### Best & Worst Performers

| Best Performers                        | Average Weight % | Return % |
|--|------------------|----------|
| TP ICAP Group plc                      | 1.82             | 60.43    |
| Computer Engineering & Consulting Ltd. | 1.52             | 22.35    |
| Krones AG                              | 1.47             | 16.68    |
| ROUND ONE Corporation                  | 1.76             | 16.39    |
| Criteo SA Sponsored ADR                | 1.73             | 10.78    |

| Worst Performers                                    | Average Weight % | Return % |
|---|------------------|----------|
| NORMA Group SE                                      | 1.35             | -39.16   |
| Ontex Group N.V.                                    | 1.29             | -30.82   |
| Direct Line Insurance Group Plc                     | 1.40             | -29.87   |
| Atresmedia Corporacion de Medios de Comunicacion SA | 1.34             | -25.01   |
| C&C Group Plc                                       | 1.53             | -24.99   |

### Contributors & Detractors

| Greatest Contributors                  | Return % | Contribution to Return % |
|--|----------|--------------------------|
| TP ICAP Group plc                      | 60.43    | 0.85                     |
| Computer Engineering & Consulting Ltd. | 22.35    | 0.29                     |
| Krones AG                              | 16.68    | 0.22                     |
| ROUND ONE Corporation                  | 16.39    | 0.21                     |
| Criteo SA Sponsored ADR                | 10.78    | 0.15                     |
| <b>Total</b>                           |          | <b>1.72</b>              |

| Greatest Detractors             | Return % | Contribution to Return % |
|---------------------------------|----------|--------------------------|
| NORMA Group SE                  | -39.16   | -0.57                    |
| Direct Line Insurance Group Plc | -29.87   | -0.48                    |
| Ontex Group N.V.                | -30.82   | -0.45                    |
| Husqvarna AB Class B            | -23.79   | -0.40                    |
| Neo Performance Materials Inc.  | -22.57   | -0.38                    |
| <b>Total</b>                    |          | <b>-2.28</b>             |

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### Quarterly Attribution:

#### Harbor International Small Cap Fund vs. MSCI EAFE Small Cap (ND) Index

06/30/2022 - 09/30/2022

#### Performance

|                       | Portfolio    | Benchmark    | Active      |
|-----------------------|--------------|--------------|-------------|
| Return ex Currency    | -1.52        | -3.82        | 2.30        |
| Currency Contribution | -5.44        | -6.01        | 0.57        |
| <b>Total Return</b>   | <b>-6.96</b> | <b>-9.83</b> | <b>2.87</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 | 16.25           | 9.34             | 6.91                   | -1.76              | -9.97               | 8.21                      | -0.13                        | -0.90                         | 0.03                 | 1.28             | 1.31         |
| Financials             | 13.03           | 11.31            | 1.72                   | -0.34              | -8.80               | 8.46                      | -0.11                        | -1.07                         | 0.01                 | 1.04             | 1.05         |
| Health Care            | 2.97            | 6.91             | -3.93                  | 2.16               | -11.46              | 13.62                     | 0.05                         | -0.72                         | 0.06                 | 0.39             | 0.45         |
| Real Estate            | 0.00            | 11.94            | -11.94                 | 0.00               | -13.25              | 13.25                     | 0.00                         | -1.57                         | 0.41                 | 0.00             | 0.41         |
| Consumer Discretionary | 9.12            | 11.99            | -2.87                  | -6.99              | -10.83              | 3.84                      | -0.69                        | -1.31                         | 0.03                 | 0.35             | 0.38         |
| Communication Services | 4.51            | 4.22             | 0.30                   | -12.02             | -14.76              | 2.74                      | -0.55                        | -0.59                         | -0.02                | 0.16             | 0.14         |
| Utilities              | 0.64            | 3.27             | -2.63                  | -14.65             | -10.92              | -3.73                     | -0.23                        | -0.37                         | 0.02                 | 0.02             | 0.04         |
| Consumer Staples       | 13.19           | 6.36             | 6.83                   | -13.46             | -11.46              | -2.01                     | -1.88                        | -0.72                         | -0.04                | -0.24            | -0.28        |
| Energy                 | 3.06            | 2.77             | 0.29                   | -12.18             | 2.88                | -15.06                    | -0.41                        | 0.01                          | 0.03                 | -0.42            | -0.39        |
| Industrials            | 22.45           | 22.33            | 0.12                   | -10.83             | -9.03               | -1.80                     | -2.23                        | -1.95                         | 0.00                 | -0.41            | -0.41        |
| Materials              | 5.75            | 9.58             | -3.82                  | -13.05             | -5.88               | -7.16                     | -0.78                        | -0.63                         | -0.11                | -0.44            | -0.55        |
| [Cash]                 | 9.01            | 0.00             | 9.01                   | 0.27               | 0.00                | 0.27                      | 0.00                         | 0.00                          | 0.72                 | 0.00             | 0.72         |
| <b>Total</b>           | <b>100.00</b>   | <b>100.00</b>    | <b>0.00</b>            | <b>-6.96</b>       | <b>-9.83</b>        | <b>2.87</b>               | <b>-6.96</b>                 | <b>-9.83</b>                  | <b>1.13</b>          | <b>1.74</b>      | <b>2.87</b>  |



### Quarterly Attribution:

06/30/2022 - 09/30/2022

### 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.                 | Allocation Effect    | Selection Effect | Total Effect |
|                |                 |                  |                        |                    |                     |                           |                              | Contribution To Return |                      |                  |              |
| United Kingdom | 14.58           | 16.13            | -1.55                  | -11.22             | -16.53              | 5.31                      | -1.48                        | -2.49                  | 0.11                 | 0.78             | 0.89         |
| France         | 8.78            | 3.53             | 5.25                   | -6.87              | -16.32              | 9.45                      | -0.72                        | -0.55                  | -0.37                | 0.91             | 0.54         |
| Japan          | 22.46           | 30.65            | -8.20                  | -0.57              | -4.55               | 3.98                      | -0.31                        | -1.58                  | -0.43                | 0.83             | 0.40         |
| Switzerland    | 4.99            | 4.74             | 0.26                   | -0.48              | -6.84               | 6.36                      | -0.02                        | -0.29                  | 0.01                 | 0.28             | 0.29         |
| Sweden         | 3.16            | 5.62             | -2.46                  | -10.70             | -15.27              | 4.57                      | -0.34                        | -0.76                  | 0.12                 | 0.16             | 0.27         |
| Ireland        | 1.74            | 0.60             | 1.14                   | 7.66               | -0.68               | 8.34                      | 0.12                         | -0.01                  | 0.11                 | 0.12             | 0.23         |
| Netherlands    | 4.08            | 1.86             | 2.22                   | -5.04              | -11.94              | 6.90                      | -0.25                        | -0.20                  | -0.03                | 0.26             | 0.23         |
| Italy          | 4.49            | 2.82             | 1.68                   | -7.78              | -14.79              | 7.01                      | -0.36                        | -0.41                  | -0.09                | 0.31             | 0.22         |
| Denmark        | 1.62            | 1.87             | -0.25                  | -1.42              | -10.91              | 9.49                      | -0.02                        | -0.20                  | 0.01                 | 0.14             | 0.15         |
| Finland        | 1.76            | 1.50             | 0.26                   | -5.65              | -14.37              | 8.72                      | -0.08                        | -0.21                  | -0.01                | 0.14             | 0.13         |
| Norway         | 0.00            | 2.36             | -2.36                  | 0.00               | -14.56              | 14.56                     | 0.00                         | -0.36                  | 0.12                 | 0.00             | 0.12         |
| Singapore      | 2.85            | 2.30             | 0.55                   | -5.98              | -8.73               | 2.75                      | -0.15                        | -0.23                  | 0.00                 | 0.08             | 0.07         |
| United States  | 0.46            | 0.00             | 0.46                   | -3.07              | 0.00                | -3.07                     | -0.01                        | 0.00                   | 0.01                 | 0.00             | 0.01         |
| China          | 0.00            | 0.03             | -0.03                  | 0.00               | -19.17              | 19.17                     | 0.00                         | -0.01                  | 0.00                 | 0.00             | 0.00         |
| Mexico         | 0.02            | 0.00             | 0.02                   | -8.71              | 0.00                | -8.71                     | -0.01                        | 0.00                   | 0.00                 | 0.00             | 0.00         |
| Austria        | 0.00            | 0.97             | -0.97                  | 0.00               | -7.76               | 7.76                      | 0.00                         | -0.08                  | -0.02                | 0.00             | -0.02        |
| Portugal       | 1.22            | 0.28             | 0.94                   | -14.84             | -21.90              | 7.06                      | -0.15                        | -0.06                  | -0.13                | 0.09             | -0.03        |
| Hong Kong      | 1.48            | 2.05             | -0.57                  | -21.94             | -16.78              | -5.16                     | -0.34                        | -0.37                  | 0.04                 | -0.07            | -0.04        |
| New Zealand    | 0.00            | 1.14             | -1.14                  | 0.00               | -4.41               | 4.41                      | 0.00                         | -0.07                  | -0.06                | 0.00             | -0.06        |
| Canada         | 2.63            | 0.00             | 2.63                   | -11.70             | 0.00                | -11.70                    | -0.44                        | 0.00                   | -0.07                | 0.00             | -0.07        |
| Germany        | 6.37            | 4.41             | 1.96                   | -18.54             | -19.09              | 0.55                      | -1.12                        | -0.81                  | -0.18                | 0.06             | -0.12        |
| Spain          | 2.73            | 1.75             | 0.98                   | -18.13             | -15.29              | -2.84                     | -0.52                        | -0.28                  | -0.05                | -0.07            | -0.12        |
| Belgium        | 1.29            | 1.52             | -0.23                  | -30.82             | -15.33              | -15.49                    | -0.45                        | -0.23                  | 0.01                 | -0.19            | -0.18        |
| Israel         | 0.00            | 3.24             | -3.24                  | 0.00               | -1.87               | 1.87                      | 0.00                         | -0.13                  | -0.23                | 0.00             | -0.23        |
| Australia      | 4.26            | 10.64            | -6.37                  | -7.50              | -3.25               | -4.25                     | -0.32                        | -0.52                  | -0.38                | -0.17            | -0.54        |
| [Cash]         | 9.01            | 0.00             | 9.01                   | 0.27               | 0.00                | 0.27                      | 0.00                         | 0.00                   | 0.72                 | 0.00             | 0.72         |
| <b>Total</b>   | <b>100.00</b>   | <b>100.00</b>    | <b>0.00</b>            | <b>-6.96</b>       | <b>-9.83</b>        | <b>2.87</b>               | <b>-6.96</b>                 | <b>-9.83</b>           | <b>-0.79</b>         | <b>3.66</b>      | <b>2.87</b>  |



### Trailing 1 Year Attribution:

#### Harbor International Small Cap Fund vs. MSCI EAFE Small Cap (ND) Index

09/30/2021 - 09/30/2022

#### Performance

|                       | Portfolio     | Benchmark     | Active       |
|-----------------------|---------------|---------------|--------------|
| Return ex Currency    | -5.75         | -18.39        | 12.64        |
| Currency Contribution | -14.38        | -13.67        | -0.71        |
| <b>Total Return</b>   | <b>-20.13</b> | <b>-32.06</b> | <b>11.93</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 | 17.78           | 9.84             | 7.94                   | -12.07             | -39.13              | 27.06                     | -1.82                        | -3.88                         | -0.55                | 4.79             | 4.24         |
| Industrials            | 23.91           | 23.02            | 0.89                   | -19.31             | -29.90              | 10.59                     | -4.25                        | -6.66                         | 0.01                 | 2.52             | 2.53         |
| Consumer Discretionary | 10.17           | 12.04            | -1.87                  | -26.41             | -39.22              | 12.81                     | -2.74                        | -4.84                         | 0.09                 | 1.43             | 1.53         |
| Financials             | 13.03           | 11.16            | 1.86                   | -18.19             | -26.64              | 8.45                      | -2.38                        | -3.00                         | 0.10                 | 1.04             | 1.14         |
| Health Care            | 1.66            | 6.53             | -4.87                  | -24.81             | -42.71              | 17.90                     | -0.33                        | -2.74                         | 0.56                 | 0.38             | 0.94         |
| Communication Services | 4.71            | 4.40             | 0.31                   | -31.71             | -40.32              | 8.61                      | -1.66                        | -1.79                         | -0.03                | 0.48             | 0.44         |
| Consumer Staples       | 12.17           | 5.98             | 6.19                   | -31.00             | -31.23              | 0.23                      | -3.92                        | -1.83                         | 0.17                 | 0.13             | 0.29         |
| Real Estate            | 0.00            | 12.17            | -12.17                 | 0.00               | -31.23              | 31.23                     | 0.00                         | -3.89                         | -0.05                | 0.00             | -0.05        |
| Energy                 | 3.32            | 2.20             | 1.11                   | -15.55             | 4.11                | -19.66                    | -0.54                        | -0.07                         | 0.26                 | -0.39            | -0.13        |
| Utilities              | 0.16            | 3.16             | -3.00                  | -14.65             | -17.98              | 3.33                      | -0.23                        | -0.59                         | -0.43                | 0.02             | -0.41        |
| Materials              | 7.23            | 9.50             | -2.27                  | -30.92             | -26.77              | -4.16                     | -2.19                        | -2.77                         | 0.08                 | -0.50            | -0.42        |
| [Cash]                 | 5.87            | 0.00             | 5.87                   | -0.32              | 0.00                | -0.32                     | -0.07                        | 0.00                          | 1.83                 | 0.00             | 1.83         |
| <b>Total</b>           | <b>100.00</b>   | <b>100.00</b>    | <b>0.00</b>            | <b>-20.13</b>      | <b>-32.06</b>       | <b>11.93</b>              | <b>-20.13</b>                | <b>-32.06</b>                 | <b>2.04</b>          | <b>9.89</b>      | <b>11.93</b> |





### Trailing 1 Year Attribution:

09/30/2021 - 09/30/2022

#### 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 | 14.36           | 16.93            | -2.57                  | -30.10             | -41.24              | 11.14                     | -4.41                        | -7.08                         | 0.21                 | 1.92             | 2.13         |
| Germany        | 7.84            | 5.00             | 2.85                   | -23.48             | -44.36              | 20.88                     | -1.22                        | -2.28                         | -0.30                | 2.13             | 1.83         |
| Netherlands    | 4.30            | 2.19             | 2.12                   | -4.93              | -27.83              | 22.90                     | 0.16                         | -0.55                         | 0.17                 | 1.00             | 1.17         |
| Sweden         | 3.54            | 6.50             | -2.95                  | -32.85             | -47.32              | 14.47                     | -1.14                        | -3.01                         | 0.50                 | 0.52             | 1.02         |
| United States  | 1.41            | 0.00             | 1.41                   | 49.70              | 0.00                | 49.70                     | 0.76                         | 0.00                          | 0.93                 | 0.00             | 0.93         |
| France         | 8.31            | 3.55             | 4.77                   | -27.07             | -38.75              | 11.68                     | -2.32                        | -1.46                         | -0.41                | 1.27             | 0.86         |
| Switzerland    | 4.70            | 4.95             | -0.25                  | -13.80             | -30.42              | 16.62                     | -0.49                        | -1.39                         | -0.04                | 0.89             | 0.86         |
| Italy          | 4.21            | 2.90             | 1.31                   | -18.32             | -37.72              | 19.40                     | -0.70                        | -1.11                         | -0.07                | 0.88             | 0.81         |
| Japan          | 23.64           | 28.42            | -4.78                  | -22.39             | -27.56              | 5.17                      | -5.28                        | -7.44                         | -0.48                | 1.25             | 0.76         |
| Portugal       | 1.64            | 0.25             | 1.39                   | 1.18               | -18.75              | 19.93                     | 0.13                         | -0.05                         | 0.25                 | 0.25             | 0.50         |
| Finland        | 1.83            | 1.62             | 0.21                   | -21.40             | -41.63              | 20.23                     | -0.35                        | -0.68                         | -0.03                | 0.41             | 0.38         |
| Singapore      | 3.20            | 2.13             | 1.07                   | -15.35             | -10.91              | -4.44                     | -0.48                        | -0.31                         | 0.23                 | -0.11            | 0.13         |
| Denmark        | 1.88            | 1.78             | 0.10                   | -25.22             | -31.25              | 6.04                      | -0.42                        | -0.54                         | 0.03                 | 0.05             | 0.09         |
| Ireland        | 1.36            | 0.59             | 0.78                   | -28.67             | -11.88              | -16.79                    | -0.29                        | -0.07                         | 0.18                 | -0.11            | 0.07         |
| Norway         | 0.00            | 2.47             | -2.47                  | 0.00               | -32.70              | 32.70                     | 0.00                         | -0.82                         | 0.02                 | 0.00             | 0.02         |
| Spain          | 3.13            | 1.90             | 1.23                   | -28.53             | -25.50              | -3.04                     | -0.93                        | -0.46                         | 0.12                 | -0.10            | 0.02         |
| China          | 0.00            | 0.03             | -0.03                  | 0.00               | -42.43              | 42.43                     | 0.00                         | -0.01                         | 0.00                 | 0.00             | 0.00         |
| Australia      | 3.81            | 10.06            | -6.25                  | -4.65              | -23.03              | 18.39                     | -0.39                        | -2.63                         | -0.59                | 0.59             | 0.00         |
| Mexico         | 0.00            | 0.00             | 0.00                   | -8.71              | 0.00                | -8.71                     | -0.01                        | 0.00                          | 0.00                 | 0.00             | 0.00         |
| Austria        | 0.00            | 0.94             | -0.94                  | 0.00               | -28.17              | 28.17                     | 0.00                         | -0.27                         | -0.03                | 0.00             | -0.03        |
| New Zealand    | 0.00            | 1.04             | -1.04                  | 0.00               | -28.20              | 28.20                     | 0.00                         | -0.30                         | -0.05                | 0.00             | -0.05        |
| Canada         | 2.01            | 0.00             | 2.01                   | -37.79             | 0.00                | -37.79                    | -0.93                        | 0.00                          | -0.13                | 0.00             | -0.13        |
| Belgium        | 1.42            | 1.71             | -0.30                  | -49.38             | -28.90              | -20.48                    | -0.74                        | -0.48                         | -0.02                | -0.24            | -0.26        |
| Hong Kong      | 1.52            | 1.91             | -0.39                  | -51.96             | -29.44              | -22.52                    | -1.03                        | -0.63                         | -0.01                | -0.43            | -0.44        |
| Israel         | 0.00            | 3.15             | -3.15                  | 0.00               | -12.71              | 12.71                     | 0.00                         | -0.49                         | -0.54                | 0.00             | -0.54        |
| [Cash]         | 5.87            | 0.00             | 5.87                   | -0.32              | 0.00                | -0.32                     | -0.07                        | 0.00                          | 1.83                 | 0.00             | 1.83         |
| <b>Total</b>   | <b>100.00</b>   | <b>100.00</b>    | <b>0.00</b>            | <b>-20.13</b>      | <b>-32.06</b>       | <b>11.93</b>              | <b>-20.13</b>                | <b>-32.06</b>                 | <b>1.76</b>          | <b>10.17</b>     | <b>11.93</b> |

### Risks

There is no guarantee that the investment objective of the Fund will be achieved. Stock markets are volatile and equity values can decline significantly in response to adverse issuer, political, regulatory, market and economic conditions. Investing in international and emerging markets poses special risks, including potentially greater price volatility due to social, political and economic factors, as well as currency exchange rate fluctuations. These risks are more severe for securities of issuers in emerging market regions. Stocks of small cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

### Benchmarks

The MSCI EAFE Small Cap (ND) Index is an equity index which captures small cap representation across developed market countries around the world, excluding the U.S. and Canada. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

### 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.

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.

Return on Equity (ROE) is the measure of a company's net income divided by its shareholders' equity.

Price-to-Book (P/B) Ratio compares a company's market value to its book value. The market value of a company is its share price multiplied by the number of outstanding shares. The book value is the net assets of a company.

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.

The views expressed herein may not be reflective of current opinions, 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.**

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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.