

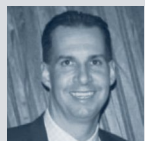
# HARBOR ACTIVE SMALL CAP ETF

Byron Place Capital Management, LLC

Subadvisor Since 08/28/2024

**Ticker:** SMLL  
**CUSIP:** 41151J752  
**Net Expense Ratio:** 0.80%  
**Gross Expense Ratio:** 0.80%  
**Total Net Assets:** \$14,912,999  
**Benchmark Name:** Russell 2000® Index

## Portfolio Managers



Glenn Gawronski

## Investment Philosophy

The Harbor Active Small Cap ETF (SMLL) provides small cap equity exposure with a narrowed focus on attractive risk-adjusted returns with downside mitigation. Managed by Byron Place Capital Management and led by portfolio manager Glenn Gawronski, SMLL offers a distinct opportunity to access the small cap blend space through an active ETF structure.

## CHARACTERISTICS & ALLOCATION

As of 03/31/2025

Portfolio Characteristics		
	Portfolio	Benchmark
Number of Holdings	49	1,953
Wtd Avg Market Cap (\$Mil)	6,822.80	3,449.30
Median Market Cap (\$Mil)	4,859.00	812.00
Price/Book Ratio	3.34	2.18
Adjusted Trailing P/E Ratio	27.20	20.60
% EPS Growth - Past 3 Yr	12.80	9.20
Est 3-5 Yr EPS Growth Rate (%)	10.00	13.40
Return on Equity (%)	12.22	8.86
Forecasted P/E Ratio	22.90	16.50

Top 10 Holdings		
	Portfolio %	Benchmark %
Kinsale Capital Group Inc.	5.88	0.00
SS&C Technologies Holdings	5.84	0.00
Liberty Energy Inc. Class A	5.52	0.10
Janus International Group Inc.	3.98	0.04
Doximity Inc. Class A	3.74	0.00
Paylocity Holding Corp.	3.58	0.00
Reliance Inc.	3.43	0.00
Remitly Global Inc.	3.41	0.13
Northpointe Bancshares Inc.	2.95	0.00
Hillman Solutions Corp.	2.78	0.07
<b>Total</b>	<b>41.11</b>	<b>0.34</b>

Market Capitalization		
		Portfolio %
Large	Above 25.0B	0.00
	10.0B - 25.0B	29.94
Mid	5.0B - 10.0B	18.68
	1.0B - 5.0B	43.13
Small	0.0 - 1.0B	6.96

Economic Sectors		
	Portfolio %	Benchmark %
Industrials	31.46	17.61
Financials	27.73	19.77
Health Care	7.76	16.62
Real Estate	6.34	6.43
Consumer Discretionary	5.96	9.13
Materials	5.59	3.84
Energy	5.52	5.16
Consumer Staples	3.59	3.18
Information Technology	3.14	12.35
Utilities	1.23	3.19
Communication Services	0.39	2.63

Top 10 Industries		
	Portfolio %	Benchmark %
Insurance	9.49	2.35
Professional Services	9.42	2.36
Banks	7.58	10.79
Building Products	7.14	1.41
Machinery	7.02	3.98
Financial Services	5.75	2.84
Energy Equipment	5.52	2.11
Health Care Tech	5.17	0.43
Capital Markets	4.91	1.83
Ground Transportation	3.75	0.40
<b>Total</b>	<b>65.75</b>	<b>28.50</b>



# Harbor Active Small Cap ETF



## PERFORMANCE

As of 03/31/2025

### Average Annual Returns

	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date
Harbor Active Small Cap ETF (NAV)	-5.43%	-5.43%	N/A	N/A	N/A	N/A	5.55%	08/28/2024
Harbor Active Small Cap ETF (Market)	-5.52%	-5.52%	N/A	N/A	N/A	N/A	5.45%	08/28/2024
Russell 2000® Index	-9.48%	-9.48%	N/A	N/A	N/A	N/A	-7.31%	08/28/2024

## MANAGER COMMENTARY

As of 03/31/2025

**“U.S. economic data started to weaken in February, and there is a lot of uncertainty. We are inclined to be buyers, as there are a lot more undervalued stocks than there were in the beginning of the year.”**

Byron Place Capital Management

### Market in Review

U.S. economic data started to soften in February, and small-cap stocks began to come under pressure in mid-February. The sell-off worsened as tariff fears became reality. Turnover in the exchange-traded fund (ETF) continued to increase, as we tried to reduce the exposure to some of our largest positions that have performed so well over the past six months but had become more stretched from a valuation perspective. Top 10 concentration in the ETF decreased from 45% at year-end to almost 40% at quarter-end. We actively repositioned the ETF, as evidenced by the last 12 months’ turnover rate moving up to 54.78%. In retrospect, we should have been even more aggressive selling, as stocks sold off indiscriminately in March. We could not find enough new names that met our strict underwriting criteria from a risk/reward standpoint. Going forward, we expect to be actively taking advantage of the elevated volatility in the stock market. While we can’t predict the future, we wouldn’t be surprised if the ETF took on more beta at some point, as value stocks look a lot cheaper, and we might be inclined to buy on fear-and-sell safety.

### Portfolio Performance

During the first quarter of 2025, the Harbor Active Small Cap ETF (“ETF”) returned –5.43% (NAV), outperforming the Russell 2000® Index, which returned –9.48%.

Relative performance was very strong. We believe stock selection was the key, but factors that worked in our favor for the quarter were larger-size bias, higher return on equity, and non-earners underperforming. Value outperformed growth during the quarter, which could be looked at as headwind from a factor standpoint since we are currently a bit growthier than the index.

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

**Performance data shown represents past performance and is no guarantee of future results. Past performance is net of management fees and expenses and reflects reinvested dividends and distributions. Investment returns and principal value will fluctuate and when redeemed may be worth more or less than their original cost. Returns for periods less than one year are not annualized. Current performance may be higher or lower and is available through the most recent month end at [harborcapital.com](http://harborcapital.com) or by calling 800-422-1050.**

# Harbor Active Small Cap ETF

## MANAGER COMMENTARY

As of 03/31/2025



### Contributors and Detractors

During the quarter, SS&C Technologies contributed to performance, as its share price was up 10.56%. The company reported higher-than-expected organic revenue growth in the fourth quarter of 2024. This is the type of small cap that may deliver relative outperformance in a downturn, given its defensive characteristics (larger size, stable cash-flow generation, and lower beta). There is no change in our thesis for buying and holding this company.

Kinsale Capital Group's stock price was up 5.35% during the quarter, as results came in as expected. Similar to SS&C, Kinsale tends to deliver relative outperformance in a downturn, given its defensive characteristics (lower beta, larger size, insurance viewed as less economically sensitive). We are still fans of the stock but will watch its valuation and could foresee trimming at some point to buy more down-and-out names as the downturn potentially intensifies. This is a company that benefits from the flight to safety.

Beacon Roofing Supply's stock price was up 21.78% during the quarter. The company agreed to be acquired by QXO at a premium. Subsequent to quarter-end, we exited the position. We are not in the arbitrage business and think there could be some risk to the deal falling through, if economic data continue to worsen and QXO gets cold feet.

Liberty Energy detracted from performance, as the stock was down 19.52% during the quarter. The company continues to execute and is the best operator in the fracking business, in our opinion. CEO Chris Wright leaving to become head of the Department of Energy was a slight negative, but we believe in the management team. We like the fact that the company is moving into the distributed power space, which is less cyclical. Oil prices have collapsed during the quarter, so it's no surprise that this is the biggest detractor. This is a highly volatile, cyclical business and stock, and it is the only energy name we own in the ETF. We are inclined to buy more as we believe the stock is significantly undervalued; however, we will be careful as timing is everything. Cheap can get cheaper, and this stock could go down another 50% before it recovers and realizes its value. We did sell some of the stock in January at \$21 when oil prices were higher.

RLJ Lodging Trust — another high-beta name — was down 21.12% during the quarter. Hotel REIT stocks tend to go down in an economic downturn. The company is a strong operator and well-balanced capital allocator. The supply picture in hotels is the best it has looked in a long time. The stock is dirt cheap based on asset value but can go cheaper in a recession. We are buyers but will be responsible in the timing of our purchases.

The share price of Shift4 Payments was down 21.42% during the quarter. The company, a software payments and processor, was one of the big winners in the ETF last year. The stock became expensive as it has had explosive growth and has aggressively expanded overseas. The stock is now coming back to earth, as its acquisitive nature and aggressive expansion overseas have investors a little spooked with a potential recession looming. In addition, founder Jared Isaacman may potentially be leaving to run NASA, and that has some investor disconcerted. We think Tyler Lauber and the rest of the management team are fantastic but acknowledge losing a force of nature like Isaacman would be a negative.

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# Harbor Active Small Cap ETF

## MANAGER COMMENTARY

As of 03/31/2025



### Buys and Sells

Northpointe Bancshares is a well-run national mortgage bank with a solid 25-year history as a private company that launched an IPO in mid-February significantly below the anticipated price range. The company was looking to raise capital to go on the offensive in the mortgage banking market, given the retrenchment by so many competitors over the past few years. We are optimistic about the opportunity and the risk/reward potential in the stock, given its cheap valuation, but need to hold back from purchasing just now, given our limited history with the company.

United Bankshares is a well-run Mid-Atlantic and Southeast regional bank that we have owned off and on over the past 25 years. The pullback in the stock price provided a reasonable entry point to initiate a position. The price-earnings (P/E) ratio is currently 12x, with a price-to-book value of 1.5x, and a dividend yield of 4.7%.

We have owned Toro in small-cap ETFs for many years. The company has executed very well and began to command a lofty multiple given its excellent results. We thought the stock had become overvalued and decided to sell. The stock price is now down close to 50% from early 2023 highs, and the P/E multiple has been cut in half. We view this as a reasonable entry point but understand there may be some cyclicalities and that robust growth is unlikely.

During the quarter, we sold NNN REIT. It was a small position; there was a management change; the stock was a beneficiary of lower interest rates; and we believe there is more credit risk in its portfolio than the company believes. We prefer Phillips Edison REIT.

We sold part of our position in Warby Parker at \$27. It was getting too expensive. With the share price now at \$15, in retrospect, we should have sold it all. However, we are fine with the stock at these prices. If it goes down a lot more, we will be buyers again.

We trimmed Waystar in the \$40s, as it got too expensive. The company is executing well, and we would buy more at lower prices.

We trimmed Shift4 Payments at \$115. With the price now in the \$70s, we are close to buying more.

We trimmed Maplebear at a price over \$50. With the price now in the high \$30s, we will be buyers in the low \$30s.

We trimmed Freshworks at close to \$20 per share. With the price now in the \$12s, that is in the ballpark of where we will buy more.

We have trimmed Doximity as it took off last year, and then trimmed again after it reported earnings earlier this year. The company is killing it, but it is a massive position and trades at over 40x earnings. We think it is fine here (in the low \$50s) and will most likely stand pat with this position.

### Outlook

U.S. economic data started to weaken in February, and there is a lot of uncertainty. We are inclined to be buyers, as there are a lot more undervalued stocks than there were in the beginning of the year. We are more likely to add beta and sell safety. Earnings estimates have come down and will most likely continue to come down. We are biding our time to get more aggressive.

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# Harbor Active Small Cap ETF

## QUARTERLY ATTRIBUTION

As of 03/31/2025



### Best & Worst Performers

Best Performers	Average Weight %	Return % (NAV)
BEACON ROOFING SUPPLY INC	1.24	21.78
TREACE MEDICAL CONCEPTS INC	1.06	12.77
RLI CORP	0.75	11.39
SS&C TECHNOLOGIES HOLDINGS	5.35	10.54
NORTHWESTERN ENERGY GROUP IN	1.08	9.52

Worst Performers	Average Weight %	Return % (NAV)
TRUECAR INC	0.64	-57.64
EUROPEAN WAX CENTER INC-A	1.07	-40.78
WARBY PARKER INC-CLASS A	1.75	-24.70
SHIFT4 PAYMENTS INC-CLASS A	2.88	-21.27
RLJ LODGING TRUST	2.45	-21.25

### Contributors & Detractors

Greatest Contributors	Return % (NAV)	Contribution to Return %
SS&C TECHNOLOGIES HOLDINGS	10.54	0.41
KINSALE CAPITAL GROUP INC	4.68	0.30
JANUS INTERNATIONAL GROUP IN	-2.04	0.29
BEACON ROOFING SUPPLY INC	21.78	0.23
RELiance INC	7.68	0.19
<b>Total</b>		<b>1.42</b>

Greatest Detractors	Return % (NAV)	Contribution to Return %
LIBERTY ENERGY INC	-19.99	-1.06
RLJ LODGING TRUST	-21.25	-0.57
SHIFT4 PAYMENTS INC-CLASS A	-21.27	-0.52
EUROPEAN WAX CENTER INC-A	-40.78	-0.50
TRUECAR INC	-57.64	-0.47
<b>Total</b>		<b>-3.12</b>

# Harbor Active Small Cap ETF

## ATTRIBUTION

As of 03/31/2025



Quarterly Attribution:  
Harbor Active Small Cap ETF vs Russell 2000® Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-5.38	-9.48	4.10
Currency Contribution	0.00	0.00	0.00
Total Return	-5.38	-9.48	4.10

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
	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
Industrials	31.71	17.88	13.83	-0.99	-11.03	10.04	-0.47	-1.94	-0.25	3.23	2.99
Information Technology	3.50	13.38	-9.88	-14.90	-18.39	3.49	-0.48	-2.48	0.94	0.17	1.11
Health Care	8.29	16.70	-8.41	1.15	-8.29	9.44	0.02	-1.45	-0.05	0.73	0.68
Materials	5.18	4.03	1.15	2.27	-6.96	9.23	0.09	-0.25	0.03	0.46	0.50
Consumer Discretionary	6.86	9.43	-2.57	-14.75	-14.91	0.16	-0.96	-1.45	0.17	0.10	0.27
Financials	24.93	19.00	5.93	-4.34	-4.34	0.01	-1.29	-0.88	0.28	-0.03	0.26
Consumer Staples	3.57	2.91	0.66	-7.30	-0.07	-7.23	-0.24	-0.01	0.05	-0.26	-0.21
Utilities	1.08	2.81	-1.74	9.52	5.28	4.25	0.10	0.13	-0.27	0.05	-0.22
Communication Services	0.64	2.68	-2.04	-57.64	-12.51	-45.13	-0.47	-0.35	0.08	-0.41	-0.34
Real Estate	6.56	6.09	0.48	-8.94	-3.25	-5.69	-0.64	-0.21	0.02	-0.37	-0.36
Energy	5.86	5.10	0.77	-17.97	-12.95	-5.01	-1.06	-0.59	-0.09	-0.37	-0.45
Total	100.00	100.00	0.00	-5.38	-9.48	4.10	-5.38	-9.48	0.80	3.30	4.10

Performance data shown represents past performance and is no guarantee of future results.

# Harbor Active Small Cap ETF



## IMPORTANT INFORMATION

### Risks

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

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 small cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies. A non-diversified Fund may invest a greater percentage of its assets in securities of a single issuer, and/or invest in a relatively small number of issuers, and it is more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio.

### Benchmarks

The Russell 2000® Index measures the performance of the small-cap segment of the US equity universe. It is a subset of the Russell 3000® and includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000® Index and Russell® are trademarks of Frank Russell Company.

### Disclosures

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

Due to the security valuation procedures of the Fund and intra-day trading activity not included in the FactSet calculations, the actual returns may vary. From time to time the cash return in the portfolio may appear distorted based on the way FactSet's attribution calculation methodology addresses delayed settlements.

Best and Worst Performers sections reflect stocks in the portfolio for the quarter with an average weight of 0.25% or greater.

Views expressed herein are drawn from commentary provided to Harbor by the subadvisor and may not be reflective of their current opinions or future actions, are subject to change without prior notice, and should not be considered investment advice.

This information should not be considered as a recommendation to purchase or sell a particular security. The weightings, holdings, industries, sectors, countries, and returns mentioned may change at any time and may not represent current or future investments.

As a result of changing market conditions, total net asset levels, expenses and other statistics may change at any time and may differ from those shown.

The total amount shown for sector, industries, or country holdings may be greater than 100% because of the inclusion of derivatives and the collateral securities supporting those instruments.

Sector allocations are determined using the Global Industry Classification Standard (GICS), which is a service of Morgan Stanley Capital International (MSCI) and Standard & Poor's (S&P).

**Investors should carefully consider the investment objectives, risks, charges and expenses of a fund before investing. To obtain a summary prospectus or prospectus for this and other information, visit [harborcapital.com](http://harborcapital.com) or call 800-422-1050. Read it carefully before investing.**

**Foreside Fund Services, LLC is the Distributor of the Harbor ETFs.**

# Harbor Active Small Cap ETF



## IMPORTANT INFORMATION

### Attribution Disclosures

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

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

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

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

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

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

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

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

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

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

### Definitions

Alpha is a measure of risk (beta) adjusted return.

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.