

Harbor International Small Cap Fund

Cedar Street Asset Management LLC

Subadvisor Since 05/23/2019

Total Net Assets - All Classes	\$368,220,215
Equity Assets:	95.42%
Cash & Other Assets Less Liabilities:	4.58%
Benchmark Name:	MSCI EAFE Small Cap (ND) 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 06/30/2023

Portfolio Characteristics		
	Portfolio	Benchmark
Number of Holdings	93	2,267
Wtd Avg Market Cap (\$Mil)	1,973.20	2,676.80
Median Market Cap (\$Mil)	1,413.00	1,134.00
Price/Book Ratio	1.51	1.64
Adjusted Trailing P/E Ratio	12.90	16.50
% EPS Growth - Past 3 Yr	15.40	21.00
Est 3-5 Yr EPS Growth Rate (%)	6.40	13.60
Return on Equity (%)	10.72	10.12
Beta vs. Fund Benchmark	0.90	
Forecasted P/E Ratio	12.10	15.30

Top 10 Holdings		
	Portfolio %	Benchmark %
Construcciones y Auxili	1.85	0.02
Criteo SA Sponsored ADR	1.84	0.00
ISS A/S	1.81	0.13
Serco Group plc	1.79	0.09
Husqvarna AB Class B	1.78	0.00
Cembra Money Bank AG	1.76	0.10
Technip Energies NV	1.76	0.13
ASR Nederland N.V.	1.73	0.27
Spin Master Corp	1.73	0.00
Inchcape plc	1.69	0.15
Total	17.74	0.89

Top 10 Industries		
	Portfolio %	Benchmark %
Machinery	9.27	6.74
Electronic Equipment	8.40	2.69
Food Products	7.04	2.99
Commercial Serv & Suppl	5.11	2.10
Health Care Equip	5.07	1.57
Distributors	4.72	0.29
Insurance	4.68	2.24
Media	4.08	1.48
Chemicals	3.64	3.38
Containers & Packaging	3.49	0.91
Total	55.50	24.39

Economic Sectors		
	Portfolio %	Benchmark %
Industrials	25.93	23.40
Information Technology	14.20	10.30
Consumer Discretionary	12.42	13.00
Consumer Staples	10.99	6.27
Financials	10.70	11.43
Materials	7.13	9.32
Health Care	6.67	6.63
Communication Services	4.08	4.21
Energy	1.76	2.79
Utilities	1.54	2.95
Real Estate	0.00	10.12

Top 10 Countries		
	Portfolio %	Benchmark %
Japan	25.72	32.04
United Kingdom	14.92	14.94
France	9.63	4.13
Australia	4.84	9.89
Switzerland	4.71	4.69
Sweden	4.55	5.45
Spain	3.74	1.93
Canada	3.73	0.00
Germany	3.65	5.09
Netherlands	3.23	2.15
Total	78.72	80.31
Emerging Markets	1.28	0.10

Market Capitalization		
		Portfolio %
Large	Above 25.0B	0.00
	10.0B - 25.0B	0.00
Mid	5.0B - 10.0B	7.63
	1.0B - 5.0B	63.13
Small	0.0 - 1.0B	29.24



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	0.56%	5.68%	13.27%	13.40%	4.45%	N/A	7.90%	02/01/16	0.93	1.19
Investor	HIISX	411512544	0.49%	5.55%	12.85%	13.00%	4.07%	N/A	7.50%	02/01/16	1.29	1.55
Retirement	HNISX	411512536	0.63%	5.76%	13.33%	13.51%	4.53%	N/A	7.97%	02/01/16	0.85	1.11
MSCI EAFE Small Cap (ND) Index			0.58%	5.53%	10.18%	5.70%	1.31%	N/A	6.12%	02/01/16		

MANAGER COMMENTARY

As of 06/30/2023

"While many investors continue to anticipate interest rate cuts in the latter half of 2023, we believe elevated levels of inflation in most developed markets preclude any major shift in monetary policy by most developed market central banks."

Cedar Street Asset Management LLC

Market in Review

Global inflation continues to be the most significant macro factor driving financial market volatility during the second quarter of 2023. The first challenge with inflation, in our view, is its persistence. After more than a year of aggressive interest rate increases, most developed economies are still experiencing inflation readings that are well above target rates. We believe the second major challenge facing policymakers is the wide variability of inflationary readings. While inflation seems to have plateaued in the U.S., it has surprisingly reaccelerated in the U.K. Variable readings indicate a lack of coordination on monetary policies by central banks and other government entities.

Despite the potential recessionary risks, we believe most central banks in developed economies have no choice but to continue with tighter monetary policies. In our view, central bank "pivots" to lower rates as anticipated by many financial market participants are not likely to materialize anytime soon. Indeed, 10-year government bond yields in most of Europe, North America, and developed Asia-Pacific ("APAC") increased during the second quarter, reversing the recent declining trend.

Given the uncertainty of the rates environment and the recessionary implications, we believe many market participants reverted to their old COVID playbook, favoring either mega-cap U.S. Information Technology stocks or larger-cap stocks in general (non-U.S.) for their perceived defensive characteristics and increased trading liquidity.

In our view, these largely macro-driven trading patterns were the main sentiment headwind for the Harbor International Small Cap Fund ("Fund") during the quarter. We have long held a contrarian view that interest rates would have to remain higher for longer to bring inflation under control and have positioned the Fund for such an environment. We believe that companies with minimal balance sheet leverage and durable competitive advantages (even in a recessionary environment) that are trading at a discount to intrinsic value have a good chance of weathering an uncertain economy.

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 05/31/2024.

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



Portfolio Performance

The Harbor International Small Cap Fund (Institutional Class) returned 0.56% during the second quarter, performing in line with its primary benchmark, the MSCI EAFE Small Cap (ND) Index, which returned 0.58%. The seemingly subdued results for the second quarter masked a more volatile quarter that saw returns for the Fund and its benchmarks rise and fall by more than 3.0% relative to the start of the quarter before finishing relatively flat at quarter-end. As with the first quarter of 2023, equity markets broadly and the Fund specifically were buffeted by a barrage of often conflicting macroeconomic signals related to inflation, currencies, interest rates, and global Gross Domestic Product (“GDP”) growth. With heightened uncertainty, many investors (but not us) reverted to the familiar theme of U.S. mega-cap Information Technology leaders, especially NVIDIA, because of their exposure to the anticipated secular growth of artificial intelligence (“AI”).

On a relative basis, the Fund underperformed its value benchmark and performed in line with its core benchmark, due primarily to stock-specific dynamics. In our view, macro factors were less significant drivers of performance during the quarter. For example, despite rising 10-year government bond yields in most major developed markets, there was very little difference between growth- and value-style index performance. We believe trading liquidity and size factors were the most significant drivers of outperformance on a global basis during the second quarter.

From a sector perspective, stock selection in Energy and allocation effects in Real Estate were the biggest contributors to returns for the Fund during the quarter. Poor stock selection in Consumer Discretionary and Health Care sectors were the biggest detractors to returns for the Fund during the quarter.

From a geographic perspective, stock selection in Switzerland and Spain drove positive contributions to returns, while stock selection in Australia and Singapore and allocation effects in Japan were the biggest detractors to returns for the Fund during the quarter.

Contributors & Detractors

One of the largest contributors to performance during the quarter was Construcciones y Auxiliar de Ferrocarriles (“CAF”), a Spanish railcar and bus transport equipment and services provider. CAF was negatively impacted by supply chain woes and ordering delays as a result of the pandemic, negatively impacting ridership, in our view. At our entry during the second quarter, the shares were trading near-decade-low multiples of EV/EBITDA and book value, despite the consistency and defensive nature of the business during most economic cycles. We believe a secular shift toward zero-emissions fleets and more efficient services is likely to result in more orders for both equipment and services from CAF, as municipalities and governments move closer to reducing carbon emissions. We also believe the faster-growing buses business has a significant replacement opportunity and better margins that could ultimately unlock additional value for patient shareholders.

The largest detractor during the quarter was Elders, an agricultural services business in Australia. The weakness in the share price can be attributed to two factors. First, the company indicated that current fiscal year earnings would be lower than the previous year’s earnings, as many of the one-time impacts that drove the previous year’s results would not likely be replicated. Despite having telegraphed these expectations in prior earnings calls, the market was still negatively surprised. The second source of weakness for Elders, in our view, was the uncertainty of the succession plan that was introduced in November 2022. The board members in favor of the CEO’s retirement have now been forced out, and the CEO reinstated with no imminent plans for retirement, which we believe is a positive development for shareholders. Given the almost 50% decline in the share price without a commensurate weakening of the company’s fundamentals, we have continued to rebuild our position in Elders.

Buys & Sells

Illimity Bank is a new position for the Fund. Despite its origins as a regional bank, Illimity intends to be a disruptive force within a fragmented, growing market targeting financial services for small businesses in Italy. The company’s strategy involves deploying a well-capitalized balance sheet, low-cost operations, and a cutting-edge technology platform to small business customers. Recent macro concerns regarding regional banks and rising rates have pressured shares, allowing for what we believe to be an attractive entry point at approximately 0.6x book value. We believe a combination of improving operational efficiency and rising rates will likely produce higher ROE, while improving sentiment should improve valuation multiples.

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.



During the quarter, we exited our position in Daiwabo Holdings. The company is one of Japan's largest distributors of technology products, software, and services, primarily catering to small and medium businesses in Japan. PC penetration in Japan's small and midsize enterprise ("SME") segment is low by Western standards but has recently gotten a push from several government mandates focused on improving overall economic efficiency. Daiwabo has been a major provider in this category, with both hardware solutions and software subscription management services. The company's sales and earnings growth has not gone unnoticed, as the stock approached decade-high levels on P/B and P/E multiples. We believe much of the growth still left to come for Daiwabo is likely already priced in, so we exited our position.

Domestic and International Funds

Entering the year, the most significant sector overweight allocations were Consumer Staples and Information Technology, and the most significant underweight allocations were Real Estate (no exposure) and Materials. During the quarter, there were no material changes to these relative weightings. As always, the Fund's sector allocations are a product of bottom-up stock selection consistent with our value-oriented philosophy and reflect broad opportunities available to us rather than any active sector allocation bet.

Outlook

Our outlook remains largely unchanged from the start of the year, as inflation has largely remained the most significant factor impacting the macro environment, in our view. While many investors continue to anticipate interest rate cuts in the latter half of 2023, we believe elevated levels of inflation in most developed markets preclude any major shift in monetary policy by most developed market central banks. We believe central banks would rather risk inducing a recession than take responsibility for inducing another round of inflation.

The recent AI-inspired rally in U.S. large-cap equities has generated an even wider valuation spread between U.S. and non-U.S. equity markets, with U.S. equities reflecting levels that are normally associated with market peaks, in our view. We have no reason to doubt the incredible productivity gains to come from AI, but we do have difficulty believing that AI benefits will accrue only to companies listed on U.S. exchanges. Hence, we would expect some mean reversion in global valuation multiples going forward.

We would also note that despite persistent worries of worsening economic conditions in Europe and developed markets in APAC, growth has mostly continued unabated and is likely to continue into the second half of 2023. Airlines, hotels, and other travel-related industries are noting robust demand and pricing this summer. Employment figures remain strong, as do many indicators of retail sales. Manufacturing may be a bit softer than preferred in Europe but nowhere near the disaster scenarios envisioned just a few months ago.

Given the combination of relatively lower valuation multiples and a decent economic backdrop, in our view, we would not be surprised to see a shift in sentiment favoring non-U.S. equities in the second half of the year. We have already witnessed several private equity players making opportunistic bids for good-quality, under-levered businesses trading at below-industry-average multiples. Other institutional investors are likely not far behind.



Best & Worst Performers

Best Performers	Average Weight %	Return %
Qol Holdings Co. Ltd.	1.00	37.37
Computer Engineering & Consulting Ltd.	1.10	29.48
Construcciones y Auxiliar de Ferrocarriles S.A.	1.89	20.62
Daiwabo Holdings Co. Ltd.	0.48	18.10
ASR Nederland N.V.	1.68	16.88

Worst Performers	Average Weight %	Return %
Elders Limited	1.31	-22.14
NORMA Group SE	1.34	-20.23
C&C Group Plc	1.13	-16.48
GLOBERIDE Inc.	1.19	-15.92
Venture Corporation Limited	1.51	-15.65

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
Construcciones y Auxiliar de Ferrocarril	20.62	0.36
Qol Holdings Co. Ltd.	37.37	0.30
Computer Engineering & Consulting Ltd.	29.48	0.27
ASR Nederland N.V.	16.88	0.25
X-FAB Silicon Foundries SE	14.63	0.24
Total		1.42

Greatest Detractors	Return %	Contribution to Return %
Elders Limited	-22.14	-0.32
NORMA Group SE	-20.23	-0.29
Venture Corporation Limited	-15.65	-0.25
TietoEVRY Oyj	-12.22	-0.22
GLOBERIDE Inc.	-15.92	-0.20
Total		-1.28

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Quarterly Attribution:
Harbor International Small Cap Fund vs MSCI All Country World (ND) Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	2.59	3.07	-0.48
Currency Contribution	-1.63	-2.50	0.87
Total Return	0.96	0.58	0.39

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
	Real Estate	0.00	10.32	-10.32	0.00	-3.11	3.11	0.00	-0.30	0.38	0.00
Information Technology	14.90	9.72	5.18	4.26	3.33	0.94	0.62	0.33	0.15	0.13	0.27
Energy	1.65	2.72	-1.07	10.29	-3.22	13.51	0.18	-0.08	0.04	0.23	0.27
Materials	5.92	9.45	-3.54	-1.64	-2.79	1.15	-0.10	-0.25	0.13	0.05	0.19
Communication Services	4.41	4.19	0.22	0.01	-3.52	3.52	0.02	-0.14	0.00	0.16	0.16
Industrials	23.40	23.27	0.14	0.69	0.49	0.20	0.15	0.10	0.00	0.09	0.10
Consumer Staples	11.88	6.33	5.55	-0.43	-0.88	0.45	0.03	-0.06	-0.06	0.08	0.03
Financials	11.00	11.42	-0.42	4.65	4.80	-0.15	0.50	0.53	-0.02	-0.02	-0.04
Health Care	7.07	6.61	0.46	-1.23	2.49	-3.72	-0.04	0.15	0.06	-0.26	-0.21
Utilities	1.70	3.05	-1.35	-4.25	5.82	-10.07	-0.07	0.16	-0.07	-0.17	-0.24
Consumer Discretionary	11.72	12.93	-1.22	-2.81	1.22	-4.03	-0.37	0.15	-0.02	-0.47	-0.48
Total	100.00	100.00	0.00	0.96	0.58	0.39	0.96	0.58	0.56	-0.17	0.39



Quarterly Attribution:
Harbor International Small Cap Fund vs MSCI All Country World (ND) Index

Country Attribution

	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
France	9.45	3.87	5.57	6.74	1.78	4.97	0.61	0.08	0.07	0.44	0.50
Spain	3.93	1.88	2.06	11.61	2.29	9.32	0.45	0.04	0.02	0.38	0.39
Switzerland	4.81	4.79	0.02	7.99	1.38	6.62	0.39	0.07	0.01	0.31	0.32
Hong Kong	0.83	1.93	-1.10	10.89	-6.72	17.61	0.08	-0.13	0.09	0.13	0.21
Sweden	4.27	5.55	-1.28	-4.12	-5.86	1.74	-0.16	-0.32	0.09	0.11	0.19
Japan	25.11	31.63	-6.52	1.77	1.21	0.56	0.50	0.33	-0.04	0.22	0.18
Austria	0.95	0.95	0.01	16.61	-0.59	17.20	0.14	-0.01	0.00	0.15	0.15
Netherlands	3.14	2.06	1.08	6.14	3.10	3.04	0.19	0.07	0.04	0.08	0.12
Belgium	2.97	1.51	1.47	-0.05	-3.89	3.84	0.03	-0.06	-0.06	0.15	0.09
Norway	0.00	2.26	-2.26	0.00	-3.13	3.13	0.00	-0.07	0.09	0.00	0.09
Ireland	1.65	0.28	1.37	2.97	4.30	-1.33	0.06	0.01	0.05	-0.01	0.03
China	0.20	0.00	0.20	5.58	0.00	5.58	0.02	0.00	0.03	0.00	0.03
Luxembourg	0.00	0.22	-0.22	0.00	-12.79	12.79	0.00	-0.03	0.03	0.00	0.03
Portugal	0.00	0.30	-0.30	0.00	-1.18	1.18	0.00	0.00	0.01	0.00	0.01
Malta	0.00	0.10	-0.10	0.00	-3.02	3.02	0.00	0.00	0.00	0.00	0.00
Canada	3.60	0.00	3.60	0.24	0.00	0.24	0.01	0.00	0.00	0.00	0.00
Mexico	0.00	0.00	0.00	2.32	0.00	2.32	0.00	0.00	0.00	0.00	0.00
Liechtenstein	0.00	0.00	0.00	0.00	-24.44	24.44	0.00	0.00	0.00	0.00	0.00
Denmark	1.48	2.21	-0.73	4.93	5.18	-0.24	0.08	0.11	-0.04	0.02	-0.02
New Zealand	0.00	0.97	-0.97	0.00	3.23	-3.23	0.00	0.03	-0.03	0.00	-0.03
Israel	0.00	2.54	-2.54	0.00	3.05	-3.05	0.00	0.07	-0.06	0.00	-0.06
United Kingdom	14.50	15.26	-0.76	0.96	1.32	-0.36	0.11	0.21	0.01	-0.07	-0.07
Finland	1.74	1.38	0.35	-12.22	-3.04	-9.19	-0.22	-0.04	-0.01	-0.17	-0.19
Italy	3.15	3.51	-0.36	-2.73	3.18	-5.91	-0.13	0.11	-0.02	-0.23	-0.25
Germany	4.68	4.93	-0.25	-8.59	-0.03	-8.57	-0.39	0.01	-0.01	-0.39	-0.40
Singapore	2.90	2.08	0.82	-12.89	-0.10	-12.80	-0.40	0.00	0.00	-0.40	-0.40
Australia	4.27	9.80	-5.53	-10.56	1.02	-11.58	-0.45	0.10	-0.03	-0.49	-0.52
Cash	6.37	0.00	6.37	0.68	0.00	0.68	0.04	0.00	-0.04	0.00	-0.04
Total	100.00	100.00	0.00	0.96	0.58	0.39	0.96	0.58	-0.04	0.42	0.39



Trailing 1 Year Attribution:
Harbor International Small Cap Fund vs MSCI All Country World (ND) Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	14.10	11.13	2.97
Currency Contribution	0.93	-0.96	1.89
Total Return	15.03	10.18	4.86

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
	Real Estate	0.00	11.06	-11.06	0.00	-10.63	10.63	0.00	-1.42	2.62	0.00
Industrials	22.80	23.07	-0.27	23.51	16.07	7.44	5.42	3.73	0.00	1.64	1.64
Financials	12.05	11.67	0.38	26.94	17.32	9.62	3.24	2.01	0.09	1.18	1.27
Information Technology	15.59	9.22	6.37	22.84	18.94	3.90	3.53	1.69	0.60	0.60	1.20
Communication Services	4.64	4.12	0.52	23.84	0.70	23.14	1.18	0.02	-0.03	1.17	1.14
Energy	2.46	2.75	-0.29	64.70	13.89	50.81	1.21	0.38	0.11	0.86	0.98
Health Care	5.33	6.71	-1.38	13.36	1.05	12.31	0.66	0.14	0.23	0.32	0.55
Utilities	1.41	3.13	-1.72	4.52	8.53	-4.01	0.09	0.22	0.04	0.02	0.06
Consumer Staples	12.52	6.32	6.20	1.06	3.93	-2.87	-0.15	0.19	-0.26	-0.35	-0.61
Consumer Discretionary	9.67	12.32	-2.65	6.16	15.67	-9.51	0.35	1.85	-0.20	-1.02	-1.22
Materials	5.89	9.64	-3.75	-13.44	13.90	-27.33	-0.83	1.38	-0.09	-1.96	-2.05
Total	100.00	100.00	0.00	15.03	10.18	4.86	15.03	10.18	2.39	2.47	4.86



Trailing 1 Year Attribution:
Harbor International Small Cap Fund vs MSCI All Country World (ND) Index

Country Attribution

	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
France	9.48	3.64	5.84	52.62	16.81	35.81	4.37	0.66	0.53	2.89	3.42
Switzerland	4.95	4.74	0.21	49.73	22.22	27.51	2.14	1.06	0.06	1.09	1.16
Israel	0.00	2.85	-2.85	0.00	-12.81	12.81	0.00	-0.46	0.75	0.00	0.75
United Kingdom	13.86	15.42	-1.56	8.52	5.09	3.42	1.39	1.01	0.11	0.57	0.67
Italy	3.85	3.21	0.64	46.60	27.58	19.02	1.57	0.91	0.03	0.62	0.65
Spain	3.37	1.86	1.51	26.00	12.02	13.98	0.84	0.24	0.02	0.53	0.55
Sweden	4.14	5.50	-1.36	12.46	4.57	7.89	0.80	0.46	0.14	0.27	0.41
Ireland	1.67	0.42	1.25	40.92	41.16	-0.24	0.65	0.18	0.36	0.05	0.41
Belgium	2.17	1.50	0.67	2.37	-2.51	4.87	0.32	-0.04	-0.04	0.45	0.41
Germany	5.74	4.68	1.05	12.99	11.85	1.14	1.11	0.67	0.03	0.24	0.27
Norway	0.00	2.33	-2.33	0.00	2.13	-2.13	0.00	0.06	0.21	0.00	0.21
Denmark	1.50	2.04	-0.54	35.81	23.97	11.85	0.58	0.49	-0.08	0.21	0.13
Luxembourg	0.00	0.22	-0.22	0.00	-13.04	13.04	0.00	-0.03	0.06	0.00	0.06
China	0.05	0.00	0.05	5.58	0.00	5.58	0.02	0.00	0.04	0.00	0.04
New Zealand	0.00	1.12	-1.12	0.00	8.81	-8.81	0.00	0.07	0.04	0.00	0.04
United States	0.12	0.01	0.10	-3.08	-6.47	3.40	-0.01	0.00	0.15	-0.14	0.01
Liechtenstein	0.00	0.01	-0.01	0.00	-63.58	63.58	0.00	0.00	0.01	0.00	0.01
Mexico	0.02	0.00	0.02	13.59	0.00	13.59	0.01	0.00	0.01	0.00	0.01
Finland	1.73	1.50	0.23	16.15	14.57	1.58	0.31	0.29	-0.01	0.02	0.00
Malta	0.00	0.09	-0.09	0.00	33.24	-33.24	0.00	0.03	-0.02	0.00	-0.02
Hong Kong	1.15	2.04	-0.89	-8.23	-2.67	-5.56	-0.24	-0.15	0.14	-0.19	-0.05
Portugal	0.48	0.29	0.20	-3.53	2.97	-6.50	-0.04	0.01	-0.15	0.09	-0.06
Austria	0.56	0.98	-0.43	-3.13	17.83	-20.96	0.00	0.19	-0.04	-0.11	-0.15
Netherlands	3.64	1.95	1.69	7.16	19.79	-12.64	0.26	0.40	0.20	-0.50	-0.30
Japan	24.03	31.12	-7.09	10.97	12.55	-1.58	2.45	3.30	0.04	-0.42	-0.38
Singapore	3.11	2.16	0.95	-15.53	0.76	-16.29	-0.43	-0.08	-0.06	-0.64	-0.70
Canada	2.87	0.00	2.87	-17.28	0.00	-17.28	-0.66	0.00	-0.88	0.00	-0.88
Australia	3.88	10.31	-6.44	-20.05	8.87	-28.92	-0.75	0.90	0.20	-1.27	-1.07
Cash	7.65	0.00	7.65	4.18	0.00	4.18	0.34	0.00	-0.73	0.00	-0.73
Total	100.00	100.00	0.00	15.03	10.18	4.86	15.03	10.18	-1.18	6.04	4.86

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.

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

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

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

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

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

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

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

Cedar Street Asset Management, LLC is a third party subadvisor to the Harbor International Small 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.

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.