

Harbor Small Cap Growth Fund

Westfield Capital Management Company, L.P.

Subadvisor Since 11/01/2000

Total Net Assets - All Classes	\$1,085,764,091
Equity Assets:	95.82%
Cash & Other Assets Less Liabilities:	4.18%
Benchmark Name:	Russell 2000® Growth Index

Portfolio Managers



William A. Muggia



Richard D. Lee, CFA



Ethan J. Meyers, CFA



John M. Montgomery

Investment Philosophy

The Fund invests primarily in equity securities – common and preferred stocks – of small cap companies. The small cap companies selected meet strict fundamental criteria and are then subject to a qualitative review by the portfolio manager to ensure that they have: accelerated earnings growth, a strong balance sheet, attractive valuation as measured by price/earnings to growth ratio, unique market position and broad opportunities, superior management and solid financial controls and accounting. The Fund stays fully invested in stocks and does not try to time the market, but instead works toward steady investment growth.

CHARACTERISTICS & ALLOCATION

As of 06/30/2023

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	63	1,089	Health Care	23.62	23.57
Wtd Avg Market Cap (\$Mil)	6,032.20	3,302.30	Industrials	19.79	20.08
Median Market Cap (\$Mil)	5,168.00	1,261.00	Information Technology	17.21	21.12
Price/Book Ratio	5.17	4.33	Consumer Discretionary	13.28	10.82
Adjusted Trailing P/E Ratio	30.20	25.50	Financials	11.59	5.95
% EPS Growth - Past 3 Yr	36.10	32.30	Energy	4.33	4.50
Est 3-5 Yr EPS Growth Rate (%)	18.90	17.90	Materials	3.39	4.34
Return on Equity (%)	11.55	11.10	Real Estate	2.61	1.61
Beta vs. Fund Benchmark	0.84		Utilities	0.00	1.60
Forecasted P/E Ratio	24.30	21.90	Communication Services	0.00	2.11
			Consumer Staples	0.00	4.24

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Option Care Health Inc	3.02	0.46	Biotechnology	9.39	9.96
Inspire Medical Systems	2.81	0.00	Software	8.38	9.93
Wingstop Inc.	2.61	0.00	Hotels Rest & Leisure	8.09	3.83
Saia Inc.	2.58	0.00	Health Care Equip	5.96	5.17
Alkermes Public Limited	2.48	0.43	Financial Services	5.21	1.36
Ascendis Pharma A/S Spo	2.39	0.00	Semiconductors	4.98	4.73
ITT Inc.	2.36	0.00	Insurance	4.60	1.06
Hexcel Corporation	2.32	0.00	Machinery	4.60	4.87
Texas Roadhouse Inc.	2.30	0.00	Chemicals	3.39	2.59
Casella Waste Systems I	2.26	0.42	Health Care Providers	3.02	4.30
Total	25.13	1.31	Total	57.62	47.80

Market Capitalization		
		Portfolio %
Large	Above 25.0B	0.00
	10.0B - 25.0B	9.42
Mid	5.0B - 10.0B	53.82
	1.0B - 5.0B	35.61
Small	0.0 - 1.0B	1.15



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	HASGX	411511868	6.94%	15.24%	19.09%	9.01%	8.93%	10.94%	9.11%	11/01/00	0.88	0.88
Investor	HISGX	411511777	6.87%	15.02%	18.71%	8.61%	8.54%	10.53%	10.39%	11/01/02	1.24	1.24
Retirement	HNSGX	411512494	6.96%	15.28%	19.32%	9.11%	9.03%	11.01%	9.14%	03/01/16	0.80	0.80
Russell 2000® Growth Index			7.05%	13.55%	18.53%	6.10%	4.22%	8.83%	6.11%	11/01/00		

MANAGER COMMENTARY

As of 06/30/2023

“Given the crosscurrents, we continue to believe a focus on high-quality, durable businesses with valuation support and robust cash flows is paramount, while also balancing attractive, secular growth opportunities.”

Westfield Capital Management Company, LP

Market In Review

During the second quarter of 2023, cap-weighted, broad market indexes, such as the S&P 500 and Nasdaq, surged, driven predominantly by robust gains from a select group of mega-cap tech stocks aptly named the “Magnificent 7.” Although earnings from the first quarter came in better than expected, the strong gains were attributable almost entirely to multiple expansions resulting from increased expectations of a soft landing, falling inflation readings, and hype surrounding the emergence and impact of broadly accessible, generative artificial intelligence (“AI”) applications. Despite these gains, concerns loomed regarding a policy mistake from an overly aggressive U.S. Federal Reserve and the delayed impact of broad-based and rapid global monetary tightening. However, offsetting some of these concerns were bullish narratives supported by a tight labor market, resilient consumer spending, and improvements in the housing market, despite higher interest rates. Large-cap, profitable growth stocks were the clear winners for the quarter as they drove indexes higher, while the average stock largely traded sideways during the period.

Portfolio Performance

During the quarter, the Harbor Small Cap Growth Fund (Institutional Class, “Fund”) returned 6.94%, underperforming the Russell 2000® Growth Index, which returned 7.05%. From a sector perspective, relative strength within Health Care and Energy offset relative weakness within Information Technology and Industrials.

Common factors provided a modest headwind to relative performance. The Fund’s underweight to volatility was a headwind to relative performance. This was partially offset by the Fund’s overweight to size and momentum, which provided a relative tailwind.

Retirement Class shares commenced operations on March 1, 2016. The performance attributed to the Retirement Class shares prior to that date is that of the Institutional Class shares. Performance prior to March 1, 2016 has not been adjusted to reflect the lower expenses of Retirement Class shares. During this period, Retirement Class shares would have had returns similar to, but somewhat higher than, Institutional Class shares due to the fact that Retirement Class shares represent interests in the same portfolio as Institutional Class shares but are subject to lower expenses.

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

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.



Contributors & Detractors

Prometheus Biosciences, a biopharma company focused on the treatment of ulcerative colitis and Crohn's disease, was the top contributor to relative performance over the quarter. The stock outperformed after news broke that Merck was acquiring Prometheus at a 75% premium. We subsequently sold our position.

Samsara, a telematics software provider that develops internet-connected sensor systems also contributed positively to relative results. Samsara outperformed after reporting strong fiscal first quarter results and raising fiscal year guidance. We trimmed our position on strength but continue to believe the company has a strong, multiyear secular growth opportunity and significant runway for margin expansion.

Smartsheet, a cloud-based platform for work management, was the top detractor from relative returns during the quarter. Just like many software companies revealed during their quarterly calls, Smartsheet cited a worsening macro environment and substantial headwinds that prevented it from achieving its top-line billings target, with many investors exiting the stock despite this being only a short-term setback, in our opinion. Looking beyond the recent performance, we believe Smartsheet offers one of the most open-ended growth stories in small-cap software, with a large addressable market and compelling risk/reward, and we continue to favor the stock. We took advantage of the weakness to add to our position.

Bio-Rad Laboratories, a specialty chemical developer and producer, also detracted from relative performance over the quarter. Bio-Rad underperformed after being caught up in the tools destocking trade — and despite positive commentary coming out of conferences in February — the company posted a disappointing first quarter earnings report, along with downward guidance. This was exacerbated by a similar poor earnings print, and then a subsequent guide down from European bioprocessing company Sartorius, in which Bio-Rad owns a significant stake. We think the valuation for the stock is compelling at these levels and believe that it will rebound if the destocking trade dissipates in the second half of 2023.

Buys & Sells

During the quarter, we purchased Meritage Homes Corporation, a single-family homebuilder in the southwestern United States. With decade-low, existing home inventories, new home construction should continue to increase alongside the growing U.S. population. Additionally, solid demand and improving supply chain efficiency have helped shift builder confidence for newly built, single-family homes, which is a good sign for the housing market.

During the quarter, we sold our position in Atkore, a manufacturer of metal products and electrical raceway infrastructure solutions. While the stock had been a strong relative performer since the time of our original purchase, we saw PVC conduit prices dropping at distributors, which was a big driver of earnings over the past year. We decided to sell our position, given concerns about numbers coming in below expectations as a result of the lower PVC conduit prices.

Overweights and Underweights

Entering 2023, the Health Care sector represented the Fund's largest overweight relative to the index. As of quarter-end, our relative exposure has come down, but we remain overweight versus the benchmark. We sold two holdings during the quarter that were acquired (IVERIC bio and Prometheus Biosciences). We are overweight life science tools and contract research organizations, which we think are some of the highest-quality opportunities that have been oversold. We remain underweight high-beta biotech that is furthest out on the risk curve and other pockets of value in the Health Care sector, given extended multiples and lack of growth.



As of quarter-end, the Financials sector is the Fund's largest overweight relative to the index, following the GICS rebalance of the financial services industry group to the Financials sector from the Information Technology sector. In addition, we added exposure with the purchase of New York Community Bancorp, a regional commercial bank predominantly focused on multifamily and non-luxury, rent-controlled mortgages. We remain significantly overweight Financial Services, as we continue to find attractive growth-at-a-reasonable-price investment opportunities within this sector.

Consumer Staples represented the Fund's largest underweight as of year-end and continues to be the largest underweight as of quarter-end, as we continue to have no exposure to the sector. We have historically struggled to identify exciting growth opportunities in this sector, and the resultant underweight has been characteristic of Fund positioning over time.

Outlook

Looking ahead, concerns about the current market include historical precedents when yield curve inversions and collapsing money growth have typically preceded recessions by 12 to 18 months. Although rallies can occur after inversions, they have historically been overshadowed by the subsequent recession and drawdown that follows. Additionally, tightening bank lending standards, rising unemployment claims, and other leading economic indicators suggest caution is warranted. However, on the bullish side, inflation appears to have peaked and is declining; market strength is broadening with the potential for a major catch-up trade in small caps and cyclicals; overall employment is robust; housing is strong; and household wealth is favorable. Cash levels are also near all-time highs, which have previously occurred near market bottoms rather than tops. Given the crosscurrents, we continue to believe a focus on high-quality, durable businesses with valuation support and robust cash flows is paramount, while also balancing attractive, secular growth opportunities.

QUARTERLY ATTRIBUTION

As of 06/30/2023

Best & Worst Performers

Best Performers	Average Weight %	Return % (NAV)
MoonLake Immunotherapeutics Class A	0.25	107.66
Prometheus Biosciences Inc	1.40	85.05
IVERIC bio Inc.	0.30	54.91
Samsara Inc. Class A	1.52	40.52
Inspire Medical Systems Inc.	2.54	38.69

Worst Performers	Average Weight %	Return % (NAV)
Synaptics Incorporated	0.58	-23.76
WNS (Holdings) Limited Sponsored ADR	1.25	-20.88
Bio-Rad Laboratories Inc. Class A	1.85	-20.86
Smartsheet Inc. Class A	2.61	-19.96
Ascendis Pharma A/S Sponsored ADR	2.31	-16.76

Contributors & Detractors

Greatest Contributors	Return % (NAV)	Contribution to Return %
Prometheus Biosciences Inc	85.05	1.35
Inspire Medical Systems Inc.	38.69	0.86
Saia Inc.	25.85	0.66
Samsara Inc. Class A	40.52	0.59
Apellis Pharmaceuticals Inc.	38.11	0.47
Total		3.93

Greatest Detractors	Return % (NAV)	Contribution to Return %
Smartsheet Inc. Class A	-19.96	-0.57
Bio-Rad Laboratories Inc. Class A	-20.86	-0.50
Ascendis Pharma A/S Sponsored ADR	-16.76	-0.45
Synaptics Incorporated	-23.76	-0.35
WNS (Holdings) Limited Sponsored ADR	-20.88	-0.31
Total		-2.17

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.



Quarterly Attribution:

Harbor Small Cap Growth Fund vs Russell 2000® Growth

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	7.10	7.05	0.05
Currency Contribution	0.00	0.00	0.00
Total Return	7.10	7.05	0.05

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
Health Care	26.01	23.53	2.48	15.64	13.14	2.50	4.02	3.03	0.34	0.58	0.92
Energy	5.79	6.22	-0.43	14.26	6.35	7.92	0.68	0.21	-0.01	0.47	0.46
Consumer Discretionary	11.80	11.16	0.64	3.86	0.80	3.06	0.53	0.03	-0.02	0.39	0.37
Communication Services	0.21	2.40	-2.20	1.96	0.33	1.64	0.01	-0.01	0.16	0.02	0.18
Utilities	0.00	1.70	-1.70	0.00	-2.05	2.05	0.00	-0.03	0.16	0.00	0.16
Financials	11.06	6.43	4.64	5.53	2.72	2.82	0.65	0.16	-0.20	0.32	0.12
Materials	3.43	4.49	-1.06	0.94	-0.01	0.95	0.01	-0.03	0.08	0.04	0.12
Consumer Staples	0.00	4.74	-4.74	0.00	7.55	-7.55	0.00	0.36	-0.03	0.00	-0.03
Real Estate	2.41	2.02	0.39	1.97	5.75	-3.77	0.11	0.08	0.06	-0.10	-0.04
Industrials	19.94	19.38	0.55	4.77	9.11	-4.34	0.76	1.73	-0.07	-0.82	-0.89
Information Technology	14.82	17.93	-3.11	1.21	7.55	-6.34	0.28	1.53	0.01	-1.04	-1.03
Total	100.00	100.00	0.00	7.10	7.05	0.05	7.10	7.05	0.20	-0.15	0.05

Trailing 1 Year Attribution:

Harbor Small Cap Growth Fund vs Russell 2000® Growth

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	20.19	18.53	1.66
Currency Contribution	0.00	0.00	0.00
Total Return	20.19	18.53	1.66

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
Industrials	21.88	19.32	2.56	41.37	26.36	15.00	7.69	4.67	0.07	3.08	3.15
Financials	10.93	6.92	4.02	32.85	5.51	27.34	3.32	0.37	-0.61	2.87	2.27
Utilities	0.00	1.74	-1.74	0.00	-0.16	0.16	0.00	-0.02	0.35	0.00	0.35
Consumer Discretionary	9.93	11.08	-1.16	24.96	21.15	3.81	2.76	2.29	-0.26	0.56	0.30
Communication Services	1.39	2.45	-1.06	12.88	6.13	6.76	0.14	0.23	0.17	0.07	0.24
Energy	5.59	6.62	-1.03	16.88	19.74	-2.86	0.69	0.99	-0.26	0.17	-0.08
Consumer Staples	0.00	4.47	-4.47	0.00	21.33	-21.33	0.00	0.95	-0.13	0.00	-0.13
Materials	3.31	4.50	-1.19	11.19	16.35	-5.16	0.32	0.69	0.01	-0.22	-0.21
Real Estate	4.55	2.23	2.32	-4.91	-4.85	-0.06	-0.10	-0.16	-0.63	0.31	-0.32
Information Technology	12.56	17.62	-5.06	18.48	21.40	-2.92	2.68	4.09	-0.07	-0.49	-0.56
Health Care	26.14	23.04	3.10	8.26	18.47	-10.21	2.53	4.46	0.29	-2.95	-2.66
Total	100.00	100.00	0.00	20.19	18.53	1.66	20.19	18.53	-1.74	3.40	1.66

Past performance is not a guarantee of future results.

Risks

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

Benchmarks

The Russell 2000® Growth Index is an unmanaged index representing the smallest 2000 stocks with the highest price-to-book ratio and future earnings. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell 2000® Growth Index and Russell® are trademarks of Frank Russell Company.

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.

Westfield Capital Management Company, L.P. is an independent subadvisor to the Harbor Small Cap Growth 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.