

Harbor Core Bond Fund

Quarterly Commentary & Attribution

Subadvisor (since 06/01/2018):

Income Research + Management

Portfolio Manager(s):

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Benchmark 1 Name: Bloomberg US Aggregate Bond Index

Investment Philosophy:

The Harbor Core Bond Fund invests primarily in investment-grade fixed income securities of issuers located in the U.S. Under normal market conditions, the Fund invests at least 80% of its net assets, plus borrowings for investment purposes, in a diversified portfolio of fixed income instruments. Fixed income instruments include bonds, debt securities, and other similar instruments issued by various public- or private-sector entities.

Harbor Core Bond Fund



PERFORMANCE

As of 09/30/2026

Average Annual Returns

Share Class	Ticker	CUSIP	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Current 30-Day Yield %	Current 30-Day Un-Sub Yield %	Since Inception	Inception Date	Net Expense Ratio %	Gross Expense Ratio %
Institutional	HACBX	411512239	-3.66%	-2.87%	-2.01%	3.99%	-0.73%	N/A	4.94%	4.93%	1.60%	06/01/18	0.34	0.36
Retirement	HCBRX	411512197	-3.64%	-2.82%	-1.93%	4.07%	-0.65%	N/A	5.02%	5.01%	1.68%	06/01/18	0.26	0.28
Bloomberg US Aggregate Bond Index			-3.51%	-2.91%	-1.84%	4.06%	-0.64%	N/A			1.53%	06/01/18		

MANAGER COMMENTARY

As of 09/30/2026

“Looking ahead, economic strength may face a more demanding test from higher-for-longer rates, persistent inflation, and an increasingly complex geopolitical backdrop.”

Income Research + Management

Market in Review

In the third quarter of 2026, the economy continued to showcase its resilience with unemployment just over 4%, continued Artificial Intelligence ("AI")-driven capital expenditures, and solid consumer spending. However, inflation and geopolitical risks increasingly tested that strength. As the U.S.-Iran conflict entered its seventh month, disruptions to global oil supplies broadened and diesel prices reached \$6.39 per gallon. Higher commodity prices contributed to inflation that remained well above the U.S. Federal Reserve's ("Fed") 2% target; the Consumer Price Index grew 3.4% year over year; and the Personal Consumption Expenditures Index increased by 3.0% year over year. Against this backdrop, the Fed increased the federal funds target range by 0.25% to 3.75%–4.00%, marking the first policy action since cutting rates in December 2025. Although Fed Chair Warsh has downplayed forward guidance, the Committee's September Summary of Economic Projection suggested one additional 0.25% hike by year-end and no change in 2027. Investors, however, anticipate between three and four increases next year. The market's reassessment reinforced growing expectations that rates could remain elevated for longer and intensified concerns about federal financing needs, as higher borrowing costs added pressure to the growing deficit and national debt supply. Treasury yields increased across the curve, with the 30-year Treasury rate surpassing 5.60% for the first time since 2002.

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

Harbor Core Bond Fund

MANAGER COMMENTARY

As of 09/30/2026



Portfolio Performance

For the third quarter, the Harbor Core Bond Fund (Institutional Class, "Fund") returned -3.66%, performing in line with its benchmark, the Bloomberg US Aggregate Bond Index ("Index"), which returned -3.51%.

An underweight to Treasuries and a modest overweight to agency residential mortgage-backed securities ("RMBS") detracted from relative returns. However, overweights to RMBS, commercial mortgage-backed securities ("CMBS"), and asset-backed securities ("ABS") contributed to relative performance.

The investment-grade corporate market remained stable for much of the quarter, as solid corporate fundamentals, persistent fund inflows, and robust demand helped investors absorb heavy issuance. Despite elevated borrowing costs, issuers set monthly issuance records in July, August, and September. Investment-grade corporate supply totaled over \$509 billion, including \$50 billion from hyperscalers and approximately \$17 billion from data center deals. The market tone weakened late in September as investors reassessed the implications of elevated rates. Greater interest rate volatility and softer risk sentiment were headwinds to an otherwise constructive backdrop. This pushed investment-grade spreads from 0.74% at the beginning of the quarter to 0.80%—near the widest level of the quarter.

Performance varied across the securitized market. ABS outperformed as their shorter-duration profile mitigated interest rate sensitivity, while credit concerns were limited. Although higher long-term rates were a headwind for non-agency CMBS, attractive carry and stable fundamentals across most collateral types supported the sector. Agency MBS underperformed Treasuries as rising rates, greater volatility, and the prospect of additional duration extension weighed on relative performance.

Contributors and Detractors

Top contributors included the following:

Texas Natural Gas TNG23 2023-1 A1: The issue has a relatively high coupon rate compared to other ABS peers, which fared better amid rising rates in September and have outperformed the sector.

GINNIE MAE POOL G2 MA7589: While agency MBS broadly underperformed, this issue outperformed other agency RMBS pools due to its stable duration profile.

Fannie Mae Pool FN CA6840: While agency MBS broadly underperformed, this discount bond's higher conditional prepayment rate advantage contributed to its outperformance.

Goldman Sachs RMBS 2026-PJ8: This non-agency collateralized mortgage obligation ("CMO") pool tightened by 0.28% during the quarter.

GINNIE MAE POOL G2 MA7880: While agency MBS broadly underperformed, this issue outperformed other agency RMBS pools due to its stable duration profile.

Top detractors included the following:

BEIGNET INVESTOR LLC RPLDCI 6.581 49: There were no project-specific headwinds; however, broader headwinds affected AI and hyperscaler issuers. This bond's spread widened by 0.33% over the quarter.

Cox Communications COXENT 5.7 33: The issue underperformed other communications peers as the company was downgraded by all three major rating agencies after its merger with Charter Communications.

Amazon.com Inc AMZN 4.1 62: The spread widened during the quarter. Contributing factors include longer-than-index duration and Amazon's large issuance in July.

Alphabet Inc GOOGL 5.7 2075: The spread widened during the quarter. Contributing factors include longer-than-index duration and Alphabet's large issuance in August.

Alphabet Inc GOOGL 5.65 56: The spread widened during the quarter. Contributing factors include longer-than-index duration and Alphabet's large issuance in August.

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Harbor Core Bond Fund

MANAGER COMMENTARY

As of 09/30/2026



Positioning

We strive to remain duration neutral and curve neutral to the benchmark.

Positive contributors to relative performance included an overall overweight to securitized, particularly within the RMBS, CMBS, and ABS sectors. Security selection within the RMBS sector was also particularly additive. Relative performance was also helped by our overweight to Financials. Detractors from relative performance included an underweight to Treasuries and an overweight to agency RMBS securities, as well as security selection within Industrials.

The Fund's security selection within the AAA credit bucket and overweights to the AAA and BAA credit buckets contributed to relative performance. On the other hand, security selection within the AA credit bucket was the main detractor from relative performance.

The Fund's out-of-benchmark allocations to Small Business Administration ("SBA") loans and RMBS were both additive to relative performance.

We invest exclusively in U.S. dollar-denominated, fixed-income securities.

Buys & Sells

During the quarter, we purchased AIMCO 2022-18A A1R2 in the primary market at a spread of 1.20% versus the Treasury curve. The purchase screened attractive relative to peers.

We purchased SEMT 2026-9 A11 in the secondary market at a spread of 1.20% versus the Treasury curve. The purchase screened attractive relative to peers.

We purchased CHASE 2026-9 A4A in the primary market at a spread of 1.20% versus the Treasury curve. The purchase screened attractive relative to peers.

We sold General Motors GM 5.75 31 as an opportunistic sale due to relative value.

We sold American Express AXP 5.016 31 as an opportunistic sale due to relative value.

We sold NXP NXPI 4.3 29 as an opportunistic sale due to relative value.

Sector Overweights and Underweights

At the beginning of 2026 and at the start of the third quarter, the Fund was underweight Treasuries and overweight securitized and credit. During the quarter, we deepened our underweight to Treasuries modestly by 0.19%, increasing the underweight to 24.98%. The Fund increased its securitized overweight to 21.59%, an increase of 1.13%. The increase to securitized was driven by adding to our overweight to non-agency CMOs by 1.35%. We decreased our credit overweight to 1.64%, a decrease of 0.19%. The decreased exposure to credit was driven by trimming within Financials, specifically within the banking subsector, which was offset by adding to the electric subsector within Utilities.

Harbor Core Bond Fund

MANAGER COMMENTARY

As of 09/30/2026



Country Allocation

The Fund's country allocation relative to the benchmark did not change during the quarter. IR+M invests exclusively in U.S. dollar-denominated, fixed-income securities. With that said, consistent with our bottom-up approach, we will opportunistically purchase Yankee issues when we believe they are attractive on a relative value basis.

Over the quarter, the Fund's absolute weight of Yankees decreased to 5.73%.

Outlook

Looking ahead, economic strength may face a more demanding test from higher-for-longer rates, persistent inflation, and an increasingly complex geopolitical backdrop. Growth has become more dependent on a narrow set of supports, particularly higher-income consumers and the AI investment cycle, which have helped offset weaknesses elsewhere. Whether these forces can continue to absorb elevated borrowing costs, higher energy prices, and growing infrastructure demands may be a defining question in the quarters ahead. These uncertainties can take on added importance with credit valuations near historically tight levels, leaving less room for error even as attractive yields and strong demand remain supportive. In this environment, we believe disciplined security selection, ample liquidity, and avoiding uncompensated risks may prove more valuable than attempting to predict the next market-moving event.

TOP 10 HOLDINGS

As of 09/30/2026

Top 10 Holdings	
	Portfolio %
US TREASURY N/B	2.14
US TREASURY N/B	1.94
US TREASURY N/B	1.91
US TREASURY N/B	1.64
US TREASURY N/B	1.38
US TREASURY N/B	1.33
US TREASURY N/B	1.25
US TREASURY N/B	1.24
US TREASURY N/B	1.16
TSY INFL IX N/B	1.07
Total	15.05

Holdings are subject to change. Current holdings can be found at harborcapital.com.

Harbor Core Bond Fund



ATTRIBUTION

As of 09/30/2026

Harbor Core Bond Fund - Quarterly Attribution

	Portfolio Return (Gross of Fee)	Bloomberg Aggregate Index Return	Return Difference	Market Term Structure	Asset Allocation		Security Selection		Price and Intraday		Total
3Q 2026	-3.53%	-3.51%	-0.02%	-0.04%	-0.02%		0.04%		0.01%		-0.02%
				Duration	-0.02%	Finance	0.01%	Finance	0.02%	Pricing	0.00%
				Shape	-0.01%	Industrial	-0.01%	Industrial	-0.02%	Intraday	0.00%
				Other	-0.01%	Utility	0.00%	Utility	0.00%		
						ABS	0.04%	ABS	0.00%		
						CMBS	0.03%	CMBS	0.00%		
						MBS	-0.02%	MBS	0.02%		
						Agency	0.01%	Agency	0.01%		
						Municipal	0.00%	Municipal	0.00%		
						Non-corporate	0.00%	Non-corporate	0.00%		
						Treasury	-0.08%	Treasury	0.00%		
						Other	0.00%	Other	0.00%		

What Worked

- A broad overweight to Securitized products, particularly within CMBS and ABS sectors.
- Security selection within Financials and RMBS were notably additive.
- An out of index allocation to Small Business Administration loans and RMBS securities.
- Top performers to Security Selection: Residential Mortgage Pools, an Agency Fixed Rate Pass Through

What Didn't Work

- The Harbor Core Bond Fund underperformed the Bloomberg Aggregate Index in the 3rd quarter.
- The portfolio's underweight to Treasuries was the largest detractor from relative performance.
- Security selection within Industrials, particularly within the Technology subsector, detracted from relative returns.
- Holdings of Agency Fixed Rate Pass-Throughs partially offset excess returns during the period.
- Bottom performers to Security Selection: Beignet Investor LLC, Alphabet Inc, Oracle Corp

Source: Income Research + Management

Due to rounding, percentages may not sum to 100.

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

Harbor Core Bond Fund



ATTRIBUTION

As of 09/30/2026

Harbor Core Bond Fund – 1 Year Attribution

	Portfolio Return (Gross of Fee)	Bloomberg Aggregate Index Return	Return Difference	Market Term Structure		Asset Allocation		Security Selection		Price and Intraday		Total
1 Year	-1.65%	-1.84%	0.19%	-0.01%		0.11%		0.10%		0.00%		0.19%
				Duration	0.00%	Finance	0.02%	Finance	0.02%	Pricing	0.01%	
				Shape	0.00%	Industrial	-0.01%	Industrial	0.00%	Intraday	-0.02%	
				Other	-0.02%	Utility	0.00%	Utility	-0.01%			
						ABS	0.05%	ABS	0.01%			
						CMBS	0.07%	CMBS	-0.02%			
						MBS	-0.03%	MBS	0.01%			
						Agency	-0.01%	Agency	0.08%			
						Municipal	0.00%	Municipal	0.00%			
						Non-corporate	-0.01%	Non-corporate	0.00%			
						Treasury	0.03%	Treasury	0.00%			
						Other	-0.01%	Other	0.00%			

What Worked

- The Harbor Core Bond Fund outperformed the Bloomberg Aggregate Index during the last 1-year period.
- A broad overweight to Securitized products, particularly within CMBS and ABS sectors, as well as an underweight to Treasuries.
- Security selection within Financials and RMBS, particularly within Non-agency CMOs, were notably additive.
- The portfolio's out of index allocation to Small Business Administration pools and RMBS securities.
- Top performers to Security Selection: Small Business Administration pool, a Residential Mortgage Pool, an Agency Fixed Rate Pass Through

What Didn't Work

- Underweights to Industrials, particularly within the Communications, Healthcare, and Energy sub sectors, and non-corporates was a drag on relative performance.
- The portfolio's overweight to Agency RMBS, as well as security selection within the sector, detracted from relative performance.
- Bottom performers to Security Selection: Oracle Corp and Agency pools

Source: Income Research + Management

Due to rounding, percentages may not sum to 100.

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Harbor Core Bond Fund

IMPORTANT INFORMATION



Risks

There is no guarantee that the investment objective of the Fund will be achieved. Fixed income investments are affected by interest rate changes and the creditworthiness of the issues held by the Fund. As interest rates rise, the values of fixed income securities held by the Fund are likely to decrease and reduce the value of the Fund's portfolio. There may be a greater risk that the Fund could lose money due to prepayment and extension risks because the Fund invests, at times, in mortgage-related and/or asset backed securities.

Benchmarks

The Bloomberg US Aggregate Bond Index is an unmanaged index of investment-grade fixed-rate debt issues with maturities of at least one year. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

Disclosures

All data except for performance, and yields is provided by the subadvisor.

Current 30-Day Yields are for the Institutional Class and represent the average annualized income dividend over the last 30 days excluding gains and losses as defined by the SEC. Current 30-Day Yield is the Current 30-Day Subsidized SEC Yield and reflects reimbursements or waivers of fees currently in effect. Current 30-Day Yield-Unsub is the Current 30-Day Unsubsidized SEC Yield and does not reflect reimbursements or waivers of fees currently in effect.

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, expenses and other statistics may change at any time and may differ from those shown.

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).

Credit quality breakdown is based on ratings from Moody's, Standard and Poor's and Fitch. In cases where two or all three credit rating agencies have assigned credit ratings to the same security, the highest rating is used. In cases where only one rating agency has assigned a credit rating to a security, that rating is used. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). Securities that receive no rating from an independent agency have been categorized as 'not rated.' Certain unrated securities (such as derivatives) are not reflected in the data shown. U.S. Treasury and U.S. Agency securities appear under the category U.S. Government/Agency. The credit quality of securities in the Fund's portfolio does not apply to the stability or safety of the Fund. The Fund itself has not been rated by an independent rating agency.

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.

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Harbor Core Bond Fund

IMPORTANT INFORMATION



Attribution Disclosures

All data for this attribution analysis is provided by Income Research + Management.

Market Term Structure Components (%)

Duration - the contribution to relative return due to the difference between the portfolio's and the index's overall duration, assuming a parallel change in interest rates. The basic formula is the (difference in duration between the portfolio and the index) multiplied by the total return of the reference Treasury.

Shape - the contribution to relative return due to the difference between the portfolio's and the index's duration profiles. The basic formula is the [(difference of each key rate duration between the portfolio and the index) multiplied by the total return of the respective key rate Treasury] minus the Duration and Other effects.

Other - the contribution to relative return due to the cumulative differences in carry, rolldown, and convexity.

Asset Allocation - the contribution to relative return due to portfolio's sector overweight or underweight compared to the index. The basic formula is the (difference between the portfolio and index sector weights) multiplied by the (difference between the index sector excess return and the index total excess return).

Security Selection - the contribution to relative return due to the portfolio's security selection compared to the index. The basic formula is (the difference in sector excess return between the portfolio and the index) multiplied by the portfolio sector weight.

Price & Intraday Components (%)

Pricing - the contribution to relative return due to changes in the relative prices for securities held in common with the index. IR+M uses ICE as a pricing source for the majority of its portfolios, while indices typically use their own internally calculated prices.

Intraday - the contribution to relative return due to the implementation impact from executing trades. It is generally the performance cost from the differences between execution price of traded positions and the end-of-day prices used for daily valuation.

Performance attribution returns are percentages (%). The IR+M attribution model is a proprietary model that uses data from multiple analytical sources to estimate portfolio attribution and does not claim that outputs are exact measurements. IR+M used the Brinson-Fachler methodology in their attribution calculations.

Definitions

Duration - the contribution to relative return due to the difference between the portfolio's and the index's overall duration, assuming a parallel change in interest rates. The basic formula is the (difference in duration between the portfolio and the index) multiplied by the total return of the reference Treasury.

Carry - currency trades in which money is borrowed in a currency with low interest rates and invested somewhere else that has higher rates of return.