

HARBOR MID CAP FUND

CHARACTERISTICS & ALLOCATION

As of 12/31/2023

EARNEST Partners LLC

Subadvisor Since 12/01/2019

Total Net Assets - All Classes	\$128,671,203
Equity Assets:	97.87%
Cash & Other Assets Less Liabilities:	2.13%
Benchmark Name:	Russell Midcap® Index

Portfolio Managers



Paul E. Viera

Investment Philosophy

The Fund invests primarily in equity securities, principally common and preferred stocks, of U.S. mid cap companies. Under normal market conditions, the Fund invests at least 80% of its net assets, plus borrowings for investment purposes, in securities of mid cap companies. The Subadvisor uses a bottom-up investment process, employing fundamental and qualitative criteria to identify individual companies for potential investment in the Fund's portfolio. The Subadvisor employs statistical analysis, which is designed to limit certain risks in the Fund's portfolio versus the Fund's benchmark. The Fund expects to invest in approximately 50 to 70 companies.

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	58	814	Industrials	25.96	19.18
Wtd Avg Market Cap (\$Mil)	28,172.50	24,491.60	Information Technology	17.88	13.60
Median Market Cap (\$Mil)	17,410.00	10,321.00	Financials	16.37	15.51
Price/Book Ratio	3.55	3.44	Health Care	9.28	10.30
Adjusted Trailing P/E Ratio	20.60	26.00	Consumer Discretionary	7.82	10.54
% EPS Growth - Past 3 Yr	13.90	20.30	Real Estate	6.95	8.00
Est 3-5 Yr EPS Growth Rate (%)	10.40	13.00	Materials	6.37	5.72
Return on Equity (%)	15.47	13.63	Energy	4.51	4.84
Beta vs. Fund Benchmark	0.90		Consumer Staples	1.38	3.47
Forecasted P/E Ratio	19.40	21.10	Utilities	1.35	5.18
			Communication Services	0.00	3.54

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Republic Services Inc.	2.97	0.32	Capital Markets	7.77	4.92
Synopsys Inc.	2.70	0.00	Aerospace & Defense	6.58	1.64
Entegris Inc.	2.57	0.17	Semiconductors	5.68	2.88
CBRE Group Inc. Class A	2.50	0.27	Insurance	5.58	4.65
Masco Corporation	2.46	0.14	Machinery	5.01	4.74
D.R. Horton Inc.	2.44	0.45	Software	4.99	4.82
Akamai Technologies Inc	2.36	0.17	Commercial Serv & Suppl	3.96	1.71
ANSYS Inc.	2.29	0.30	Chemicals	3.95	2.66
Darden Restaurants Inc.	2.27	0.19	Electronic Equipment	3.63	2.36
Keysight Technologies I	2.14	0.27	Health Care Providers	3.38	1.68
Total	24.70	2.28	Total	50.53	32.06

Market Capitalization		
		Portfolio %
Large	Above 25.0B	36.50
	10.0B - 25.0B	32.40
Mid	5.0B - 10.0B	19.39
	1.0B - 5.0B	9.58
Small	0.0 - 1.0B	0.00

Harbor Mid Cap Fund



PERFORMANCE

As of 12/31/2023

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	HMCLX	41152P708	12.87%	16.82%	16.82%	6.45%	N/A	N/A	10.16%	12/01/19	0.88	1.00
Investor	HMCNX	41152P880	12.75%	16.42%	16.42%	6.07%	N/A	N/A	9.77%	12/01/19	1.24	1.36
Retirement	HMCRX	41152P609	12.84%	16.88%	16.88%	6.52%	N/A	N/A	10.24%	12/01/19	0.80	0.92
Russell Midcap® Index			12.82%	17.23%	17.23%	5.92%	N/A	N/A	9.03%	12/01/19		

MANAGER COMMENTARY

As of 12/31/2023

"Many stocks within the tech-heavy Nasdaq 100 Index resumed their upward trajectory after a brief pullback in the previous quarter."

EARNEST Partners LLC

Market in Review

The "holiday rally" was in full swing in November and December 2023, as equities sprinted toward the finish line in the fourth quarter of the year, rebounding from a correction in September and October. Investors found renewed optimism as they caught a glimmer of light at the end of the rate-hike tunnel, with inflation numbers softening and the Federal Reserve ("Fed") acknowledging significant progress in curbing historically high inflation. Earlier in the year, market segments that are highly sensitive to interest rates — such as small-cap stocks and companies in the Real Estate and Financials sectors — grappled with challenges amid persistent inflation. However, these sectors rebounded strongly in the fourth quarter, buoyed by a surge in investor confidence fueled by the belief that the Fed had concluded its rate-hiking phase and was preparing for a more accommodative approach in the coming year. Energy, a standout performer in the third quarter, experienced a downturn in the fourth quarter, relinquishing some of its gains as demand for energy waned and inflation concerns diminished. Meanwhile, many stocks within the tech-heavy Nasdaq 100 Index resumed their upward trajectory after a brief pullback in the previous quarter. The index posted a remarkable gain of over 50% for the year, propelled by optimism surrounding artificial intelligence ("AI") and related industries, marking its best performance since 1999.

The Fed continued to play a central role in the financial landscape, as it weighed policy choices in the wake of falling Consumer Price Index ("CPI") numbers on the back of a strong economy. Following CPI readings of 3.7% in September, 3.2% in October, and 3.1% in November, the Fed held rates steady in the range of 5.25% to 5.50%, underlining the central bank's continued commitment to managing inflation while also acknowledging that it may be open to a more accommodative policy going forward. Currently, the central bank is projecting a federal funds rate of 4.6% by the end of 2024, implying that it will cut rates about three times over the course of the next year. Following September's rate pause, the central bank was previously split on whether it was going to hike again through the end of this year and was projecting a fed funds rate of 5.10% by the end of 2024.

Outside of the U.S., China's economy showed signs of recovery, as its Gross Domestic Product ("GDP") expanded by 1.3% in the third quarter after a sluggish growth rate of 0.5% in the preceding quarter. Despite this positive uptick, the nation's economic landscape continues to grapple with growth challenges as the Real Estate sector remains in a protracted slump, while trade restrictions within the semiconductor industry pose additional hurdles.

Expense ratio information is as of the Fund's current prospectus, as supplemented. Gross expenses are the Fund's total annual operating expenses. The net expense ratios for this fund are subject to a contractual management fee waiver and/or expense limitation agreement, excluding interest expense and acquired fund fees and expenses (if any), through 02/29/2024.

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.

Harbor Mid Cap Fund

MANAGER COMMENTARY

As of 12/31/2023



In the European Union (“EU”), third quarter GDP declined by 0.1%, while the European Central Bank (“ECB”) opted to maintain its central deposit facility at 4.0%, pausing its course after a 0.25% hike in September. EU bank officials acknowledged that the impact of tighter financing conditions is tempering demand, contributing to a decline in inflation. However, they also expressed that they expect subdued economic growth in the near term.

Portfolio Performance

The U.S. equity market, as represented by the Russell Midcap® Index, gained 12.82% during the fourth quarter of 2023, finishing the year up more than 17%. After contracting nearly 1.1% through the first six weeks of the quarter, the index gained more than 13% over the final seven weeks as markets continued to adapt to a gradual easing of inflationary pressures. Of the 11 GICS sectors in the index, 10 generated positive returns during the quarter. Real Estate saw the biggest gains for the quarter, up more than 16% as mortgage rates continued to fall from the recent peaks of approximately 8%. Energy was the lone sector to generate negative returns, down 0.49% for the period as the market adjusted to easing demand for the underlying commodity.

The Harbor Mid Cap Fund (Institutional Class, “Fund”) slightly outperformed its benchmark, the Russell Midcap® Index, for the quarter due, in part, to the Fund’s relative underweight allocation to asset management firms within the Financials sector, a segment of the market that gained more than 20% during the quarter. This was somewhat offset by relative outperformance in Industrials, where we continue to have an overweight position and where stock selection largely drove the relative outperformance. EARNEST Partners continues to focus on high-quality companies that we believe are well positioned to benefit over the long term.

Contributors & Detractors

Contributing to performance was D.R. Horton, one of the largest homebuilders in the U.S. Founded in 1978, the company’s footprint spans 118 markets across 33 states, including the Sunbelt, northwest, and east coast. D.R. Horton is a market leader in entry-level homes but also engages in the move-up, active adult, and luxury home markets. After reporting revenue and earnings ahead of consensus earnings estimates, D.R. Horton shares were up 41% during the quarter. Improved project cycle times combined with improved operating margins grew current and forecasted free cash flow. Management noted a 20% increase in the quarterly dividend, while also announcing a \$1.5 billion share repurchase program. While D.R. Horton has grown to represent 14% of all new home sales post-pandemic, the company continues to be well positioned to gain and grow market share.

Detracting from performance was Teledyne, a producer of electronic components and systems for commercial and military aircraft, as well as sensors and systems used in marine and environmental surveys for defense electronics and satellite communication subsystems. Teledyne shares were up 9% during the quarter; however, they trailed the benchmark’s total return. While the company grew earnings 11% year over year through effective cost management, beating consensus estimates, revenue grew only 3%, slightly below consensus. Despite missing revenue growth estimates, management raised its fiscal year guidance. Teledyne continues to be positioned to grow earnings by improving its cost structure across the commercial and defense lines of business. We forecast limited threat from foreign competition because Teledyne works in a regulated industry with high barriers to entry.

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.

Harbor Mid Cap Fund



MANAGER COMMENTARY

As of 12/31/2023

Buys & Sells

During the quarter, Ulta Beauty, a prominent American beauty retailer that provides a wide variety of cosmetics, skincare, and haircare products, as well as salon services, was purchased. We believe the business fundamentals are not accurately reflected in current valuations.

Sector Overweights & Underweights

The Fund entered the year with overweight allocations to Industrials and Technology. We have found more individual opportunities than other sectors.

Outlook

There were no new themes or trends introduced into the Fund during the quarter. We continue to position the portfolio based on the underlying fundamentals of individual companies and the growth prospects relative to what is currently reflected in the stock price.

QUARTERLY ATTRIBUTION

As of 12/31/2023

Best & Worst Performers

Best Performers	Average Weight %	Return %
SPIRIT AEROSYSTEMS HOLD-CL A	1.63	96.90
DR HORTON INC	2.15	41.75
KEYCORP	1.54	36.16
ENTEGRIS INC	2.37	27.74
SBA COMMUNICATIONS CORP	1.58	27.20

Worst Performers	Average Weight %	Return %
CHAMPIONX CORP	1.16	-17.78
ALBEMARLE CORP	1.12	-14.80
HELMERICH & PAYNE	1.14	-13.14
BIO-RAD LABORATORIES-A	1.41	-9.92
MURPHY OIL CORP	1.07	-5.33

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
SPIRIT AEROSYSTEMS HOLD-CL A	96.90	1.16
DR HORTON INC	41.75	0.86
ENTEGRIS INC	27.74	0.63
MASCO CORP	25.96	0.62
CBRE GROUP INC - A	26.04	0.58
Total		3.86

Greatest Detractors	Return %	Contribution to Return %
ALBEMARLE CORP	-14.80	-0.29
CHAMPIONX CORP	-17.78	-0.28
BIO-RAD LABORATORIES-A	-9.92	-0.22
HELMERICH & PAYNE	-13.14	-0.19
CATALENT INC	-1.32	-0.11
Total		-1.09

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

Harbor Mid Cap Fund



ATTRIBUTION

As of 12/31/2023

Quarterly Attribution:

Harbor Mid Cap Fund vs Russell Midcap® Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	13.09	12.82	0.27
Currency Contribution	0.00	0.00	0.00
Total Return	13.09	12.82	0.27

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	25.67	19.23	6.44	16.43	13.38	3.05	4.29	2.62	0.05	0.74	0.79
Consumer Discretionary	5.98	10.27	-4.29	25.74	16.60	9.14	1.59	1.71	-0.12	0.43	0.31
Consumer Staples	1.42	3.56	-2.14	11.59	5.24	6.35	0.18	0.18	0.17	0.10	0.26
Information Technology	17.66	13.29	4.37	15.78	15.25	0.53	2.78	1.97	0.13	0.07	0.19
Utilities	1.44	5.44	-3.99	5.52	9.59	-4.07	0.09	0.57	0.13	-0.06	0.07
Real Estate	6.56	7.78	-1.22	18.23	16.82	1.41	1.20	1.31	-0.05	0.11	0.06
Communication Services	0.00	3.59	-3.59	0.00	12.01	-12.01	0.00	0.44	0.03	0.00	0.03
Materials	6.30	5.83	0.47	8.96	9.30	-0.34	0.55	0.54	-0.01	-0.03	-0.04
Health Care	9.25	10.41	-1.16	7.98	10.89	-2.91	0.62	1.04	0.02	-0.27	-0.26
Financials	17.31	15.35	1.96	13.63	16.08	-2.46	2.41	2.50	0.08	-0.42	-0.34
Energy	5.19	5.26	-0.07	-9.95	-0.49	-9.46	-0.66	-0.07	0.05	-0.61	-0.56
Total	100.00	100.00	0.00	13.09	12.82	0.27	13.09	12.82	0.23	0.05	0.27

Trailing 1 Year Attribution:

Harbor Mid Cap Fund vs Russell Midcap® Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	17.94	17.23	0.71
Currency Contribution	0.00	0.00	0.00
Total Return	17.94	17.23	0.71

Sector Attribution	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Information Technology	18.86	13.68	5.17	36.10	36.25	-0.15	6.79	4.71	0.95	-0.11	0.84
Utilities	1.39	5.55	-4.16	-7.00	-2.28	-4.72	-0.10	-0.10	0.91	-0.08	0.83
Financials	16.81	14.47	2.35	17.83	13.49	4.34	3.03	2.06	-0.12	0.74	0.62
Consumer Staples	1.37	3.83	-2.46	-1.70	-0.08	-1.62	-0.02	-0.01	0.44	-0.02	0.42
Consumer Discretionary	5.28	11.16	-5.88	41.49	25.95	15.55	2.33	2.81	-0.49	0.69	0.21
Health Care	9.36	10.84	-1.49	0.73	2.26	-1.53	-0.27	0.10	0.36	-0.20	0.16
Real Estate	6.64	7.76	-1.12	9.54	11.71	-2.17	0.67	0.97	0.04	-0.11	-0.07
Communication Services	0.00	3.61	-3.61	0.00	20.66	-20.66	0.00	0.79	-0.12	0.00	-0.12
Energy	4.99	4.97	0.02	-1.73	5.74	-7.46	-0.26	0.21	0.07	-0.49	-0.43
Materials	6.96	6.01	0.95	0.18	9.40	-9.22	-0.03	0.57	-0.09	-0.69	-0.78
Industrials	25.81	18.12	7.69	21.24	29.65	-8.41	5.64	5.13	1.02	-2.00	-0.98
Total	100.00	100.00	0.00	17.94	17.23	0.71	17.94	17.23	2.98	-2.27	0.71

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

Harbor Mid Cap Fund



IMPORTANT INFORMATION

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 mid cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

Benchmarks

The Russell Midcap® Index is an unmanaged index generally representative of the U.S. market for medium capitalization stocks. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell Midcap® Index and Russell® are trademarks of Frank Russell Company.

The Nasdaq 100 Index is a stock index of the 100 largest companies by modified market capitalization trading on Nasdaq exchanges.

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.

EARNEST Partners LLC is an independent subadvisor to the Harbor Mid Cap Fund.

Distributed by Harbor Funds Distributors, Inc.

Harbor Mid Cap Fund



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

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.