

HARBOR LONG-SHORT EQUITY ETF

Disciplined Alpha

Subadvisor Since 12/04/2023

Ticker: LSEQ
CUSIP: 41151J828
Net Expense Ratio: 1.70%
Gross Expense Ratio: 1.70%
Total Net Assets: \$21,603,004
Benchmark Name: HFRX Equity Hedge Index

Portfolio Manager



Kevin Shea

Investment Philosophy

The Harbor Long-Short Equity ETF seeks to provide long-term growth of capital. The Fund invests at least 80% of its net assets, plus borrowings for investment purposes, in long and short positions in equity securities. The Fund invests primarily in the common stocks of U.S.-listed large cap and mid cap companies. The Fund defines large cap and mid cap companies as those with market capitalizations that fall within the range of the Russell 1000® Index (the "Index").

To seek to achieve the Fund's investment objective, Disciplined Alpha utilizes a disciplined quantitative process – maintaining long and short exposures to potentially neutralize downside risk and limit drawdowns.

CHARACTERISTICS & ALLOCATION

As of 06/30/2024

Portfolio Characteristics

	Long %	Short %
Number of Holdings	114	35
Wtd Avg Market Cap (\$Mil)	124,582.15	26,574.46
Median Market Cap (\$Mil)	26,954.38	7,799.50
Price/Book Ratio	4.45	1.63
Adjusted Trailing P/E Ratio	23.05	12.65
% EPS Growth - Past 3 Yr	40.18	9.92
Est 3-5 Yr EPS Growth Rate (%)	14.28	15.06
Return on Equity (%)	21.33	4.59
Forecasted P/E Ratio	18.80	13.33

Economic Sectors

	Long%	Short %
Information Technology	33.61	-10.35
Consumer Discretionary	27.01	-7.66
Health Care	20.65	-16.10
Materials	12.97	-3.88
Energy	10.14	-3.91
Communication Services	9.15	-12.07
Utilities	6.08	-1.57
Industrials	4.75	-6.82
Consumer Staples	3.56	-3.14
Financials	0.77	0.00
Real Estate	0.00	0.00

Top 10 Holdings Long %

	Long %
Marathon Oil Corporation	2.18
Eli Lilly and Company	2.13
AmcOR PLC	2.12
Playtika Holding Corp.	2.12
CrowdStrike Holdings, Inc. Class A	1.96
ADT, Inc.	1.93
AppLovin Corp. Class A	1.93
AT&T Inc.	1.86
Carnival Corporation	1.85
Permian Resources Corporation Class A	1.85
Total	19.92

Top 10 Holdings Short %

	Short %
Lyft, Inc. Class A	-2.65
Paramount Global Class B	-2.60
American Airlines Group Inc.	-2.56
MP Materials Corp Class A	-2.54
Match Group, Inc.	-2.31
APA Corporation	-2.26
10x Genomics Inc Class A	-2.15
Norwegian Cruise Line Holdings Ltd.	-2.06
SentinelOne, Inc. Class A	-2.03
UnitedHealth Group Incorporated	-1.96
Total	-23.11

Market Capitalization

		Long %	Short %
Large	Above 25.0B	63.33	-10.66
	10.0B - 25.0B	36.59	-9.37
Mid	5.0B - 10.0B	23.31	-33.07
	1.0B - 5.0B	5.45	-12.41
Small	0.0 - 1.0B	0.00	0.00

Harbor Long-Short Equity ETF



PERFORMANCE

As of 06/30/2024

Average Annual Returns

	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date
Harbor Long-Short Equity ETF (NAV)	4.70%	16.22%	14.36%	4.29%	5.38%	N/A	5.26%	12/04/2023
Harbor Long-Short Equity ETF (Market)	4.88%	16.47%	N/A	N/A	N/A	N/A	15.03%	12/04/2023
HFRX Equity Hedge Index	1.65%	5.11%	9.12%	4.19%	5.92%	N/A	3.42%	12/04/2023

MANAGER COMMENTARY

As of 06/30/2024

“As our regime model is in momentum regime, we expect growth stocks, overall, will outperform value stocks over the medium term. However, we expect growth stocks with more moderate betas, (e.g., those with betas between 1 and 1.3), to outperform other growth stocks.”

Disciplined Alpha

Market in Review

Our macroeconomic regime model shifted to momentum regime on April 30, 2023. In this regime, the strategy is essentially long growth stocks and short value stocks. During the second quarter of 2024, the Russell 1000® Growth Index returned 8.33%, while the Russell 1000® Value Index declined by 2.17%. Year to date, the Russell 1000® Growth Index returned 20.70%, while the Russell 1000® Value Index returned 6.62%. Determining the correct growth-versus-value style tilt can contribute positively to performance over the medium term.

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

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

ETF performance prior to 12/4/23 is attributable to the Disciplined Alpha Onshore Fund LP (the "Predecessor Fund"). The historical NAV of the predecessor are used for both NAV and Market Offer Price performance from inception to ETF listing date. Performance periods since LSEQ listing date may contain NAV and MOP data of both the newly formed ETF and the predecessor fund performance. Please refer to the Fund prospectus for further details.

Harbor Long-Short Equity ETF



MANAGER COMMENTARY

As of 06/30/2024

Portfolio Performance

During the second quarter, the Harbor Long-Short Equity ETF (“ETF”) returned 4.70% (NAV), outperforming its benchmark, the HRFX Equity Hedge Index, which returned 1.65%.

From a long/short perspective, longs detracted 2.05% from performance, while shorts contributed 6.87% to performance.

From a sector perspective, Consumer Discretionary, Information Technology, and Consumer Staples contributed 2.39%, 1.96%, and 1.53% to performance respectively. Industrials, Materials, and Communication Services detracted 1.18%, 1.15%, and 0.33% from performance, respectively.

Contributors & Detractors

During the quarter, the top contributors were our short positions in Five Below and Unity Software, which each contributed 0.75% to the ETF’s performance.

Detractors included our long positions in Tripadvisor and Sage Therapeutics, which detracted from the ETF’s performance by 0.70% and 0.68%, respectively.

Buys & Sells

We purchased Kirby, an engineering contracting company, as its industry group relative-estimate revisions increased during the quarter. This was primarily due to its power generation division, which grew 50% in the past 12 months. Much of this growth was driven by data centers, which have had an increased demand for electricity due to the growth of artificial intelligence (“AI”).

We sold Natera, a genetic testing company, as its industry group relative-estimate revisions declined during the quarter.

Overweights and Underweights

The sector overweights and underweights reflect the regime model being in momentum regime, which involves overweighting growth stocks and underweighting value stocks.

At the start of 2024, the ETF was overweight in the Information Technology and Health Care sectors. The ETF was underweight in the Communication Services and Utilities sectors.

During the course of the second quarter, Information Technology remained the largest overweight. Health Care was reduced in weight, and Consumer Discretionary became the second-largest overweight. Communication Services remained the largest underweight. Utilities was increased in weight, and Industrials, another value-oriented sector, became the second-largest underweight.

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

Harbor Long–Short Equity ETF



MANAGER COMMENTARY

As of 06/30/2024

Country Allocation

The Long-Short Equity ETF strategy is focused on U.S. securities.

Outlook

As mentioned in our first quarter report, during 2023, higher beta stocks significantly outperformed lower beta stocks. In the Russell 1000® Index, during an average six-month period between 2002 and 2023, higher beta stocks (those with betas greater than 1.3) outperformed lower beta stocks (those with betas less than 0.7) by 2.4%. During the first half of 2023, however, higher beta stocks outperformed lower beta stocks by 46.0%. This represented 3.1 standard deviations above average and was unprecedented during the 2002 to 2023 time period.

As our regime model is in momentum regime, we expect growth stocks, overall, will outperform value stocks over the medium term. However, we expect growth stocks with more moderate betas, (e.g., those with betas between 1 and 1.3), to outperform other growth stocks.

Harbor Long-Short Equity ETF



QUARTERLY CONTRIBUTION - LONG

As of 06/30/2024

Best Performers	Average Weight %	Return % (NAV)
Carvana Co. Class A	0.34	28.75
Tenet Healthcare Corporation	0.90	27.44
Pure Storage, Inc. Class A	0.84	23.34
NetApp, Inc.	0.95	23.20
Casey's General Stores, Inc.	0.75	21.15

Worst Performers	Average Weight %	Return % (NAV)
SAGE Therapeutics, Inc.	0.84	-37.93
TripAdvisor, Inc.	1.08	-33.73
DraftKings, Inc. Class A	0.61	-21.83
WEX Inc.	0.81	-21.07
DoorDash, Inc. Class A	0.48	-20.35

QUARTERLY CONTRIBUTION - SHORT

As of 06/30/2024

Best Performers	Average Weight %	Return % (NAV)
Five Below, Inc.	-1.41	-39.08
Unity Software, Inc.	-1.48	-38.90
Walgreens Boots Alliance, Inc.	-1.44	-29.27
New Fortress Energy Inc. Class A	-2.02	-26.69
ViaSat, Inc.	-1.52	-26.01

Worst Performers	Average Weight %	Return % (NAV)
Globus Medical Inc Class A	-1.46	26.31
Adobe Inc.	-0.65	24.91
FedEx Corporation	-0.61	18.70
TKO Group Holdings, Inc. Class A	-0.73	11.06
Caesars Entertainment Inc	-1.14	9.24

Greatest Contributors	Return % (NAV)	Contribution to Return %
Vistra Corp.	20.50	0.57
Moderna, Inc.	12.45	0.49
Eli Lilly and Company	19.24	0.40
CrowdStrike Holdings, Inc. Class A	19.90	0.36
ADT, Inc.	17.98	0.35
Total		2.17

Greatest Detractors	Return % (NAV)	Contribution to Return %
TripAdvisor, Inc.	-33.73	-0.67
SAGE Therapeutics, Inc.	-37.93	-0.64
Elanco Animal Health, Inc.	-17.66	-0.37
Lyft, Inc. Class A	-17.57	-0.37
Informatica, Inc. Class A	-18.04	-0.32
Total		-2.37

Greatest Contributors	Return % (NAV)	Contribution to Return %
Unity Software, Inc.	-38.90	0.78
Five Below, Inc.	-39.08	0.70
Walgreens Boots Alliance, Inc.	-29.27	0.65
New Fortress Energy Inc. Class A	-26.69	0.65
Agilon Health Inc.	-15.07	0.57
Total		3.35

Greatest Detractors	Return % (NAV)	Contribution to Return %
Saia, Inc.	-21.70	-0.59
Globus Medical Inc Class A	26.31	-0.56
Adobe Inc.	24.91	-0.47
FedEx Corporation	18.70	-0.35
TKO Group Holdings, Inc. Class A	11.06	-0.22
Total		-2.18

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

Harbor Long-Short Equity ETF



IMPORTANT INFORMATION

Risks

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

There is no guarantee that the investment objective of the Fund will be achieved. Stock markets are volatile and equity values can decline significantly in response to adverse issuer, political, regulatory, market and economic conditions. 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. A non-diversified Fund may invest a greater percentage of its assets in securities of a single issuer, and/or invest in a relatively small number of issuers, it is more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio.

The subadvisor considers certain ESG factors in evaluating company quality which may result in the selection or exclusion of securities for reasons other than performance and the Fund may underperform relative to other funds that do not consider ESG factors.

Benchmarks

The HFRX Equity Hedge Index measures the performance of the hedge fund market. Equity hedge strategies maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios.

The Russell 1000® Index measures the performance of the large-cap segment of the US equity universe.

The Russell 1000® Growth Index measures the performance of the large- cap growth segment of the US equity universe.

The Russell 1000® Value Index measures the performance of the large- cap value segment of the US equity universe.

Disclosures

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

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.

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.

Disciplined Alpha is a third-party subadvisor to the Harbor Long-Short Equity ETF.

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

Harbor Long–Short Equity ETF



IMPORTANT INFORMATION

Definitions

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.

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.

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.