

Harbor Small Cap Growth Fund

Westfield Management Company, L.P.

Subadviser Since 11/01/2000

Total Net Assets - All Classes \$1,216,536,223
Equity Assets: 99.80%
Cash & Other Assets Less Liabilities: 0.20%
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 03/31/2021

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	71	1,147	Health Care	30.35	33.26
Wtd Avg Market Cap (\$Mil)	6,162.10	4,159.80	Information Technology	21.81	20.08
Med Cap - # Stocks (\$Mil)	5,560.00	1,281.00	Industrials	17.02	14.80
Price/Book Ratio	5.33	6.16	Consumer Discretionary	12.87	14.92
Adjusted Trailing P/E Ratio	34.20	40.80	Financials	8.06	3.91
% EPS Growth - Past 3 Yr	22.40	21.30	Materials	3.39	2.59
Return on Equity (%)	4.31	3.99	Real Estate	3.27	3.46
Beta vs. Fund Benchmark	0.92		Communication Services	2.95	2.21
Forecasted P/E Ratio	27.00	30.90	Energy	0.00	0.20
Proj. Earnings Growth Rate (%)	15.90	21.50	Utilities	0.00	1.50
			Consumer Staples	0.00	3.08

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Advanced Drainage Systems	2.84	0.42	Biotechnology	16.56	17.41
TopBuild Corp.	2.72	0.50	Software	7.94	9.46
First Citizens BancShares	2.40	0.00	Semiconductors	6.06	4.72
ICON Plc	2.20	0.00	Life Sciences Tools	5.69	1.70
Acceleron Pharma Inc	2.16	0.00	Machinery	5.21	3.20
Saia, Inc.	2.15	0.44	Building Products	4.79	2.05
Blueprint Medicines Corp	2.14	0.39	Hotels Rest & Leisure	4.70	4.65
Churchill Downs Incorporated	2.11	0.63	IT Services	4.33	2.61
Hexcel Corporation	2.06	0.00	Health Care Equipment	3.55	5.94
Timken Company	2.04	0.00	Specialty Retail	3.53	2.58
Total	22.82	2.38	Total	62.36	54.32

Market Capitalization		
		Portfolio %
Large	Above 25.0B	0.00
	10.0B - 25.0B	13.40
Mid	5.0B - 10.0B	47.67
	1.0B - 5.0B	37.41
Small	0.0 - 1.0B	1.52



Trusted Partnerships > Trusted Solutions



Performance & Fund Facts

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	3.84%	3.84%	88.31%	20.68%	21.10%	13.92%	10.68%	11/01/00	0.89	0.89
Administrative Investor	HRSGX	411511769	3.77%	3.77%	87.85%	20.37%	20.71%	13.61%	12.51%	11/01/02	1.14	1.14
Investor	HISGX	411511777	3.71%	3.71%	87.60%	20.23%	20.64%	13.49%	12.38%	11/01/02	1.25	1.25
Retirement	HNSGX	411512494	3.87%	3.87%	88.37%	20.79%	21.18%	13.96%	10.71%	03/01/16	0.81	0.81
Russell 2000® Growth Index			4.88%	4.88%	90.20%	17.16%	18.61%	13.02%	7.85%	11/01/00		

MANAGER COMMENTARY

As of 03/31/2021

“There is renewed investor focus on pricing power and durable earnings amid tighter supply chains and the return of inflation, all of which plays to our strengths as active managers focused intently on identifying those attributes in the companies in which we invest.”

Westfield Capital Management Company, LP

Market In Review

U.S. equities finished the first quarter of 2021 in positive territory for the fourth consecutive time since the market bottomed in March 2020, with all major U.S. indices enduring a volatile start to 2021 and ending higher. The retail speculation and low-quality leadership evident at the start of the year gave way to a robust pro-cyclical rotation, which lasted through the end of the quarter. During this period, pandemic recovery names outperformed stay-at-home leaders, and cyclicals outpaced both aggressive growth and defensive pockets of the market. Much of this rotation can be attributed to improving COVID-19 case trends, accelerating vaccine rollouts, and broad-based reopenings beginning across the country. On top of improving COVID-19 data, an additional \$1.9 trillion of fiscal stimulus was approved by Congress, much of which will be placed in the hands of consumers already flush with cash and eager to spend. Additionally, the U.S. Federal Reserve (“Fed”) signaled a continuation of their supportive monetary policy, despite rising concerns about inflation.

Portfolio Performance

During the first quarter of 2021, the Harbor Small Cap Growth Fund (Institutional Class, “Fund”) returned 3.84%, underperforming its benchmark, the Russell 2000® Growth Index, which returned 4.88%. Relative weakness in the Health Care, Information Technology, and Consumer Discretionary sectors outweighed relative strength in Financials and Real Estate.

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.

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 harborfunds.com or by calling 800-422-1050.



Contributors & Detractors

Cheesecake Factory was a positive contributor to the Fund's returns during the quarter. The stock outperformed as consumers began to return to restaurants after the vaccine rollouts and seating capacity increases. Looking forward, we continue to have conviction in Cheesecake Factory and believe the market is underappreciating the growth opportunities from the 2019 Fox Restaurant Concepts acquisition.

Within Financials, First Citizens BancShares, a Carolinas-based regional bank with a national presence, added to relative returns. This stock, historically underfollowed by Wall Street, benefited from an immediately accretive merger with the underappreciated CIT Bank and the uptick in sell-side coverage that followed. Additionally, the rise in interest rates has acted as a tailwind.

Ascendis Pharma, a targeted therapeutics company, detracted from relative performance during the quarter. With a volatile quarter in the biotech industry as a backdrop, and the absence of material fundamental news flow for the company, sentiment weighed on Ascendis following a venture capital distribution of stock, which was disliked by top holders, and a sell-side ratings downgrade. Additionally, recent, restrictive decisions from the Federal Drug Administration ("FDA") for other comparable platforms were seen as a readthrough for Ascendis, putting additional downward pressure on the stock. Despite the transitory negative sentiment, we continue to favor Ascendis and its catalyst-rich path for the remainder of the year, along with its flawless product development and science.

Turning Point Therapeutics, a targeted precision oncology company, also detracted from relative results. Turning Point underperformed, as the company faced competition fears around an earlier-stage targeted treatment, along with the news of their CFO stepping down to join a competitor, ahead of a key catalyst news briefing released in June. Despite the recent underperformance, we continue to have conviction in Turning Point, given that their lead asset, Repotrectinib, is rapidly approaching approval and maintains its best-in-class profile. We believe there is additional upside potential from their strong pipeline of assets.

Buys & Sells

During the quarter, we purchased Playa Hotels & Resorts, a Caribbean hotel company. We believe that Playa is well-positioned for the resumption of travel and family vacationing over other alternatives, and the company is focused on margin improvement with direct bookings. Additionally, Playa is trading at a significant discount to peers, which we believe will close over time.

We sold our position in Texas Roadhouse during the quarter when it hit our internal price target. Texas Roadhouse is a casual dining chain we purchased in June 2020. The position added value during our holding period, and we had been trimming on strength. We rotated the capital to Cheesecake Factory, which we believe has relatively higher earnings upside from here.

Outlook

Moving forward, expectations for a robust economic recovery largely appear to be discounted into current valuations. With high expectations, only those companies best able to execute in the months ahead will be able to retain their premium valuations. There is renewed investor focus on pricing power and durable earnings amid tighter supply chains and the return of inflation, all of which plays to our strengths as active managers focused intently on identifying those attributes in the companies in which we invest. To that end, we remain confident in our positioning in high quality growth companies, which we believe are trading at reasonable valuations, and as we enter a period of strong economic recovery, we believe growth at a reasonable price ("GARP") stocks are likely to outperform.

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Best & Worst Performers

Best Performers	Average Weight %	Return %
Cheesecake Factory Incorporated	1.47	57.88
Kulicke & Soffa Industries, Inc.	1.11	54.86
LPL Financial Holdings Inc.	1.18	36.64
BRP, Inc.	1.81	31.74
Synaptics Incorporated	0.99	27.65

Worst Performers	Average Weight %	Return %
Nkarta, Inc.	0.27	-40.52
Mersana Therapeutics, Inc.	0.89	-39.20
Mimecast Limited	1.28	-29.26
Invitae Corp.	0.70	-27.36
Palomar Holdings, Inc.	1.10	-24.54

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
Cheesecake Factory Incorporated	57.88	0.65
Advanced Drainage Systems, Inc.	23.80	0.59
BRP, Inc.	31.74	0.50
Kulicke & Soffa Industries, Inc.	54.86	0.50
Pacira Biosciences, Inc.	17.13	0.46
Total		2.70

Greatest Detractors	Return %	Contribution to Return %
Mimecast Limited	-29.26	-0.46
Ascendis Pharma A/S Sponsored ADR	-22.72	-0.44
Turning Point Therapeutics, Inc.	-22.37	-0.41
Invitae Corp.	-27.36	-0.34
Blueprint Medicines Corp.	-13.30	-0.33
Total		-1.98

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Harbor Small Cap Growth Fund

ATTRIBUTION

As of 03/31/2021



Quarterly Attribution:

Harbor Small Cap Growth Fund vs. Russell 2000® Growth

1/1/2021 - 3/31/2021

Performance

	Portfolio	Benchmark	Active
Return ex Currency	4.17	4.87	-0.71
Currency Contribution	0.00	0.00	0.00
Total Return	4.17	4.87	-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
Financials	7.18	3.80	3.38	14.51	2.64	11.86	0.92	0.11	0.04	0.79	0.83
Real Estate	3.68	3.47	0.21	16.60	4.65	11.95	0.56	0.12	0.02	0.38	0.40
Industrials	15.84	14.58	1.26	13.44	11.69	1.75	1.97	1.71	0.22	-0.05	0.17
Utilities	0.00	1.50	-1.50	0.00	-0.61	0.61	0.00	0.02	0.11	0.00	0.11
Communication Services	2.91	2.25	0.66	1.74	1.62	0.12	0.00	0.03	0.01	0.00	0.00
Energy	0.00	0.19	-0.19	0.00	39.93	-39.93	0.00	0.06	-0.03	0.00	-0.03
Materials	1.97	2.42	-0.45	5.50	13.44	-7.94	0.10	0.32	0.06	-0.13	-0.07
Information Technology	23.17	20.69	2.49	2.85	2.79	0.07	0.68	0.48	0.02	-0.10	-0.07
Consumer Staples	0.00	2.97	-2.97	0.00	11.86	-11.86	0.00	0.31	-0.15	0.00	-0.15
Consumer Discretionary	12.59	14.17	-1.58	17.26	18.38	-1.12	2.00	2.29	-0.15	-0.12	-0.27
Health Care	31.07	33.97	-2.91	-6.92	-2.35	-4.57	-2.05	-0.57	0.22	-1.63	-1.41
[Cash]	1.59	0.00	1.59	0.01	0.00	0.01	0.00	0.00	-0.21	0.00	-0.21
Total	100.00	100.00	0.00	4.17	4.87	-0.71	4.17	4.87	0.15	-0.86	-0.71

Trailing 1 Year Attribution:

Harbor Small Cap Growth Fund vs. Russell 2000® Growth

3/31/2020-3/31/2021

Performance

	Portfolio	Benchmark	Active
Return ex Currency	89.23	90.19	-0.97
Currency Contribution	0.00	0.00	0.00
Total Return	89.23	90.19	-0.97

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	21.89	19.91	1.98	102.95	89.24	13.71	21.04	17.06	0.28	2.00	2.28
Utilities	0.00	1.64	-1.64	0.00	17.62	-17.62	0.00	0.40	1.14	0.00	1.14
Real Estate	3.85	3.72	0.13	92.09	59.90	32.19	2.74	2.27	0.39	0.36	0.75
Consumer Discretionary	11.78	13.08	-1.30	187.04	162.31	24.73	14.57	16.16	-1.25	1.52	0.26
Consumer Staples	0.68	3.14	-2.46	19.19	74.01	-54.82	0.40	2.34	0.34	-0.34	0.00
Financials	7.66	4.51	3.15	65.34	59.01	6.33	5.40	2.94	-0.60	0.51	-0.10
Materials	1.83	2.56	-0.73	75.86	90.45	-14.59	1.46	2.30	0.07	-0.17	-0.11
Energy	0.00	0.21	-0.21	0.00	169.40	-169.40	0.00	0.31	-0.16	0.00	-0.16
Industrials	15.43	14.84	0.59	107.60	116.86	-9.27	15.14	15.37	0.55	-0.78	-0.23
Communication Services	2.85	2.36	0.49	39.78	56.96	-17.17	1.59	1.54	-0.16	-0.42	-0.58
Health Care	32.05	34.03	-1.98	69.55	77.64	-8.09	26.89	29.48	0.47	-2.00	-1.54
[Cash]	1.97	0.00	1.97	0.10	0.00	0.10	0.00	0.00	-2.68	0.00	-2.68
Total	100.00	100.00	0.00	89.23	90.19	-0.97	89.23	90.19	-1.63	0.66	-0.97

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.

Disclosures

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.

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.

Beta is a rolling three year, unless the Fund has a track record of less than three years, in which case it is since inception.

The mean/median long term growth rate for Projected Earnings Growth Rate is the expected growth over the next 3-5 years calculated by FactSet from data provided by brokers. The Adjusted Trailing P/E (Price/Earnings) Ratio is the closing stock price divided by the sum of the last 12 months actual EPS. The Forecast P/E Ratio is the closing stock price divided by the sum of the next 4 quarters estimated EPS. All P/E, ROE and P/B statistics are calculated as weighted medians.

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 Harbor fund before investing. To obtain a summary prospectus or prospectus for this and other information, visit harborfunds.com or call 800-422-1050. Read it carefully before investing.

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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.