

Harbor Small Cap Growth Fund

Westfield Management Company, L.P.

Subadviser Since 11/01/2000

Total Net Assets - All Classes	\$831,128,536
Equity Assets:	95.55%
Cash & Other Assets Less Liabilities:	4.45%
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 06/30/2022

Portfolio Characteristics			Economic Sectors		
	Portfolio	Benchmark		Portfolio %	Benchmark %
Number of Holdings	63	1,136	Health Care	26.92	22.71
Wtd Avg Market Cap (\$Mil)	4,074.50	2,856.40	Information Technology	20.82	21.35
Med Cap - # Stocks (\$Mil)	3,644.00	1,120.00	Industrials	18.42	17.38
Price/Book Ratio	3.70	3.73	Consumer Discretionary	7.62	10.35
Adjusted Trailing P/E Ratio	22.40	21.50	Financials	5.75	5.94
% EPS Growth - Past 3 Yr	42.80	20.20	Real Estate	5.56	2.85
Return on Equity (%)	8.70	10.08	Energy	4.56	6.10
Beta vs. Fund Benchmark	0.90		Materials	3.57	4.38
Forecasted P/E Ratio	18.40	19.10	Communication Services	2.33	2.34
Proj. Earnings Growth Rate (%)	22.70	19.80	Consumer Staples	0.00	4.68
			Utilities	0.00	1.80

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Option Care Health Inc	3.07	0.35	Biotechnology	8.50	8.41
Innoviva Inc.	2.78	0.08	Software	8.18	8.97
Atkore Inc	2.76	0.31	Semiconductors	6.69	5.02
Advanced Drainage Systems Inc	2.48	0.00	It Services	5.95	3.41
Churchill Downs Incorporated	2.40	0.00	Equity REITS	5.56	1.93
PDC Energy Inc.	2.39	0.00	Health Care Providers	5.01	4.12
Spirit Realty Capital I	2.35	0.00	Electrical Equipment	5.00	1.58
Encore Wire Corporation	2.24	0.00	Machinery	4.75	4.48
Saia Inc.	2.09	0.44	Health Care Equip	4.42	6.20
WillScot Mobile Mini Holdings Inc	2.09	0.00	Pharmaceuticals	4.40	2.28
Total	24.65	1.18	Total	58.46	46.40

Market Capitalization		
		Portfolio %
Large	Above 25.0B	0.00
	10.0B - 25.0B	1.57
Mid	5.0B - 10.0B	33.17
	1.0B - 5.0B	61.95
Small	0.0 - 1.0B	3.32



Trusted Partnerships > Trusted Solutions



Performance

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	-17.99%	-27.93%	-25.14%	6.82%	9.14%	11.89%	8.67%	11/01/00	0.87	0.87
Administrative Investor	HRSGX	411511769	-18.02%	-28.06%	-25.34%	6.53%	8.85%	11.58%	10.12%	11/01/02	1.12	1.12
Investor	HISGX	411511777	-18.10%	-28.12%	-25.42%	6.42%	8.73%	11.48%	9.99%	11/01/02	1.23	1.23
Retirement	HNSGX	411512494	-18.00%	-27.98%	-25.12%	6.89%	9.20%	11.94%	8.69%	03/01/16	0.79	0.79
Russell 2000® Growth Index			-19.25%	-29.45%	-33.43%	1.40%	4.80%	9.30%	5.57%	11/01/00		

MANAGER COMMENTARY

As of 06/30/2022

“The first half of the year proved to be a stock-picker’s market and favored our investment style and discipline. We expect this environment to persist through the end of the year amid continued volatility in equity markets.”

Westfield Capital Management Company, LP

Market In Review

U.S. equities finished the second quarter of 2022 sharply lower, with the S&P 500 falling the most since the COVID-19 pandemic’s onset in the first quarter of 2020. Growth in all forms came under pressure during the period, with big tech and other risk-on investments trailing value stocks and other defensive pockets of the market. Inflation fears and increasingly aggressive Federal Reserve (Fed) moves generated the main headwinds during the quarter, with surging energy and food prices continuing to demand a larger portion of consumers’ wallets. Negative real-wage growth and tightening financial conditions weighed on investor and consumer sentiment alike. Following a hotter-than-expected inflation reading in May, the Fed announced a 0.75% rate hike in June, as it sought to make good on its promise to contain inflation at all costs.

Portfolio Performance

During the second quarter, the Harbor Small Cap Growth Fund (Institutional Class, “Fund”) returned –17.99%, outperforming the Russell 2000® Growth Index, which returned -19.25%. Most notable was relative strength in the Health Care and Real Estate sectors, which outweighed relative weakness in Information Technology and Materials. Stock-specific return was a positive contributor to performance during the quarter, but some common factors provided a tailwind as well. Volatility significantly underperformed during the quarter, so the Fund benefited from being underweight volatility and overweight to earnings yield, which provides a proxy for value. However, the Fund faced headwinds from being overweight size and momentum, which underperformed during the quarter.

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



Contributors & Detractors

Precision oncology company, Turning Point Therapeutics, was the top relative contributor during the quarter. The company released better-than-expected early clinical trial data for its TRIDENT-1 study, which highlighted its drug candidate Repotrectinib as a potential best-in-class ROS1+ agent. The results also showed that this agent can be used for a longer duration than initial consensus expectations, which adds to the peak sales potential. This helped to lift the company's share price, thus validating our conviction in the name, when Bristol Myers Squibb announced they would be acquiring Turning Point for a substantial premium to the stock's prior closing price.

Silicon Motion Technology, a semiconductor company with exposure to solid state drive (SSD) controller chips, also positively contributed to relative results. Shares traded higher following the announcement that MaxLinear would be acquiring the company at a premium.

Tandem Diabetes Care, an insulin pump company, was the biggest relative underperformer. During the quarter, Tandem posted a modest earnings beat-and-raise amid a tough backdrop; however, a loud bear case continued to revolve around its competitor Insulet's launch of Omnipod 5, which investors believe could potentially blunt demand for Tandem. Additionally, rumors of a strategic deal between industry peers, Dexcom and Insulet, broke out and then collapsed, sending shares of Tandem lower. Despite the recent underperformance, we still like Tandem's fundamental story and maintain conviction in the name.

Fintech payment processing company, Shift4 Payments, was also a relative detractor during the quarter. Having gone public during the pandemic, it has been grouped into the recent IPO/high-growth/high-multiple, speculative fintech basket, which came under significant pressure during the second quarter. Expectations from investors had been running too high for the company to maintain for a prolonged period, and, after reaffirming its initial full-year guidance, instead of raising it, the stock price drifted lower. We continue to favor Shift4 Payments, with forward expectations now reset to more reasonable levels in our opinion, and we have maintained the investment.

Buys & Sells

During the quarter, we purchased MaxLinear, a semiconductor company with exposure to home and wired/wireless infrastructure markets. We opportunistically added the name to the Fund as the stock has sold off with industry peers, but the company continues to execute flawlessly. During the quarter, MaxLinear announced it was acquiring Silicon Motion Technology, which we also own in the Fund. Shares of MaxLinear traded down on the news, but we believe the deal is accretive and took the opportunity to add to our position.

During the quarter, we sold our position in Zynga, an operator of many of the highest-grossing mobile gaming franchises, following the announcement that Zynga was being acquired by Take-Two Interactive Software, for a substantial premium.



Outlook

The likelihood of a recession remains the focus heading into the back half of the year, as slowing growth, diminishing “there are no alternative” narratives, and warning signs from industrial commodities weighed heavily on investor sentiment. Labor and housing markets have also started to show cracks, albeit from historically elevated positions of strength, as companies have begun to announce hiring pauses and layoffs, and the housing market has shown signs of cooling in response to the sharp uptick in mortgage rates. Despite these challenges, the first half of the year proved to be a stock-picker’s market which favored our investment style and discipline. We expect this environment to persist through the end of the year amid continued volatility in equity markets. We remain optimistic about our ability to navigate these turbulent markets in the coming quarters, as we stick to our discipline and focus on high-quality companies with durable balance sheets and revenue streams that we believe should continue to fare better than high-growth, high-risk, and long-duration investments.

QUARTERLY ATTRIBUTION

As of 06/30/2022

Best & Worst Performers

Best Performers	Average Weight %	Return %
Turning Point Therapeutics Inc.	1.42	178.96
Silicon Motion Technology Corporation Sponsored ADR	1.37	25.94
PS Business Parks Inc.	1.51	11.11
Alkermes Plc	1.20	3.76
First Interstate BancSystem Inc. Class A	0.36	3.48

Worst Performers	Average Weight %	Return %
Ranpak Holdings Corp Class A	0.79	-65.74
Silvergate Capital Corp. Class A	0.79	-64.45
Tandem Diabetes Care Inc.	1.62	-49.10
Shift4 Payments Inc. Class A	1.72	-46.62
Smartsheet Inc. Class A	1.94	-42.63

Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
Turning Point Therapeutics Inc.	178.96	2.32
Silicon Motion Technology Corporation Sp	25.94	0.31
PS Business Parks Inc.	11.11	0.21
Haemonetics Corporation	3.10	0.13
Lantheus Holdings Inc	5.51	0.12
Total		3.09

Greatest Detractors	Return %	Contribution to Return %
Smartsheet Inc. Class A	-42.63	-0.98
Tandem Diabetes Care Inc.	-49.10	-0.95
Amedisys Inc.	-38.99	-0.95
Shift4 Payments Inc. Class A	-46.62	-0.90
National Vision Holdings Inc.	-36.88	-0.81
Total		-4.59

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	-17.86	-19.25	1.39
Currency Contribution	0.00	0.00	0.00
Total Return	-17.86	-19.25	1.39

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	26.61	23.90	2.71	-10.01	-19.24	9.23	-2.03	-4.21	0.11	2.34	2.45
Real Estate	6.39	3.22	3.17	-13.51	-24.48	10.97	-0.78	-0.84	-0.20	0.72	0.51
Industrials	19.09	16.28	2.81	-15.07	-16.77	1.70	-3.02	-2.80	0.06	0.35	0.41
Financials	5.54	5.45	0.09	-19.37	-18.66	-0.71	-1.11	-1.01	0.00	-0.05	-0.05
Consumer Discretionary	9.96	13.69	-3.73	-23.24	-21.12	-2.12	-2.53	-2.94	0.19	-0.25	-0.06
Utilities	0.00	0.45	-0.45	0.00	-8.57	8.57	0.00	0.00	-0.10	0.00	-0.10
Energy	2.74	4.09	-1.35	-15.64	-16.56	0.92	-0.72	-0.89	-0.20	0.06	-0.14
Communication Services	2.50	2.57	-0.07	-32.63	-25.97	-6.66	-0.88	-0.69	0.02	-0.22	-0.20
Materials	3.82	3.68	0.14	-29.04	-16.70	-12.34	-1.25	-0.66	0.01	-0.52	-0.50
Consumer Staples	0.00	4.52	-4.52	0.00	-2.23	2.23	0.00	-0.04	-0.71	0.00	-0.71
Information Technology	20.83	22.15	-1.32	-26.77	-23.13	-3.64	-5.56	-5.17	0.05	-0.81	-0.77
Total	100.00	100.00	0.00	-17.86	-19.25	1.39	-17.86	-19.25	-0.22	1.62	1.39

Trailing 1 Year Attribution:
Harbor Small Cap Growth Fund vs Russell 2000® Growth

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	-24.20	-33.43	9.23
Currency Contribution	0.00	0.00	0.00
Total Return	-24.20	-33.43	9.23

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	27.76	26.14	1.62	-23.76	-46.76	23.00	-4.98	-11.85	-0.05	7.00	6.95
Consumer Discretionary	11.96	14.42	-2.46	-31.60	-40.49	8.89	-3.54	-6.18	0.37	1.23	1.60
Real Estate	5.70	3.10	2.60	-7.06	-25.30	18.24	-0.53	-0.91	0.11	1.02	1.12
Industrials	18.54	15.18	3.36	-15.17	-16.78	1.61	-3.56	-3.03	0.57	0.30	0.88
Communication Services	2.35	2.86	-0.51	-49.10	-46.97	-2.13	-0.85	-1.38	0.18	0.41	0.60
Financials	6.23	5.41	0.82	-24.42	-24.61	0.19	-1.64	-1.43	0.12	-0.02	0.10
Energy	1.91	2.71	-0.80	36.53	10.25	26.28	0.01	-0.26	-0.40	0.28	-0.12
Utilities	0.00	0.37	-0.37	0.00	-0.44	0.44	0.00	0.02	-0.16	0.00	-0.16
Materials	4.18	3.38	0.80	-37.68	-19.86	-17.82	-1.91	-0.79	0.16	-0.84	-0.68
Consumer Staples	0.00	3.96	-3.96	0.00	-12.33	12.33	0.00	-0.37	-0.89	0.00	-0.89
Information Technology	19.01	22.47	-3.46	-35.36	-31.65	-3.71	-7.22	-7.26	-0.12	-0.90	-1.03
Total	100.00	100.00	0.00	-24.20	-33.43	9.23	-24.20	-33.43	0.76	8.47	9.23

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 a rolling one year.

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 subadviser 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.

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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 Management Company, L.P. is an independent subadviser 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.