



As of December 31, 2011

Harbor Capital Appreciation Fund

INVESTMENT APPROACH

PHILOSOPHY - Stocks should be currently demonstrating superior absolute and relative earnings growth and be attractively valued in light of their growth prospects to warrant owning. The Manager seeks to buy stocks with improving sales momentum, a high level of unit growth, a high or improving return on equity and return on assets, and a strong balance sheet. Stocks with a strong market position and defensible franchise or those that possess distinctive attributes such as unique marketing competence, superior research and development, and/or excellent management capability including financial discipline are also considered for inclusion in the portfolio.

The Manager seeks to sell stocks if growth expectations are not achieved or to reduce a holding if the stock reaches its full valuation. The Manager also seeks to eliminate a holding to make room for a stock with superior relative characteristics or to sell a position if fundamentals deteriorate. Stocks will be eliminated from the portfolio if the original premise for purchase is no longer present.

Investment Risks - Since the Fund may hold foreign securities, it may be subject to greater risks than funds invested only in the U.S. These risks are more severe for securities of issuers in emerging market regions.

Over time, a growth oriented investing style may go in and out of favor, which may cause the Fund to sometimes underperform other equity funds that use different investing styles.

Equity securities, such as common stocks, are affected by company specific events and by movements in the overall stock markets in which those securities principally trade. An adverse company specific event, or downturn in those stock markets, can depress the value of a particular company's equity securities.

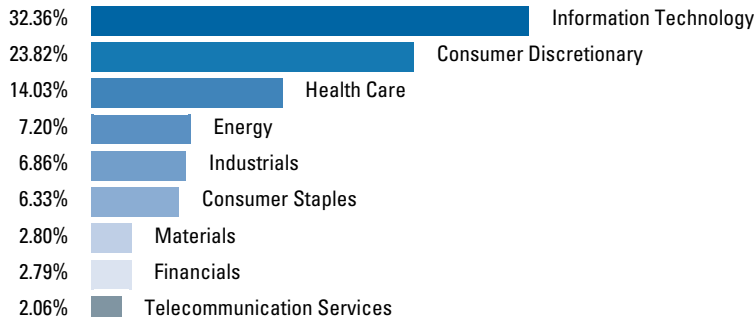
WHY HARBOR -

Recognizing that no single organization can excel in managing all types of asset classes, Harbor assigns the portfolio management responsibility for its mutual funds to outside asset managers, or subadvisers. By outsourcing this key function rather than trying to manage the mutual funds internally, Harbor is able to obtain the services of value-added asset managers from leading investment firms.

Harbor believes its competitive advantage is finding an asset management organization with an outstanding record for each specific asset class. This skill in selecting managers is derived in part from Harbor's many years of experience in managing pension fund assets.

Realizing that low expenses can add significantly to investment returns, Harbor has always emphasized rigorous cost control.

SECTOR ALLOCATION



PORTFOLIO STATISTICS

Morningstar Category	Large Growth
Number of Securities	74
Adjusted Price to Earnings Ratio	21.36
Annualized Turnover - as of 10/31/2011	53%
Redemption Fee	None
Average Market Cap (\$MM)	43,395.76
Beta vs. Russell 1000® Growth Index	0.97
Beta vs. Russell 3000® Index	0.85

TOP TEN HOLDINGS

1. Apple Inc.	5.99%
2. Amazon.com Inc.	3.49%
3. Google Inc.	3.03%
4. MasterCard Inc.	2.70%
5. Starbucks Corp.	2.49%
6. International Business Machines Corporation	2.43%
7. Precision Castparts Corp.	2.41%
8. Shire plc ADR	2.32%
9. Monsanto Company	2.07%
10. American Tower Corp	2.06%
Total	28.99%

FUND FACTS

	Institutional Class	Investor Class	Administrative Class
NASDAQ Symbol	HACAX	HCAIX	HRCAX
Fund Number	2012	2412	2212
CUSIP	411511504	411511819	411511827
Inception Date	12/29/1987	11/01/2002	11/01/2002
12b-1 Fee	None	0.25%	0.25%
Total Net Assets (\$MM)	11,115.404	818.658	511.487
Investment Goal	Long-term growth of capital		

Harbor Funds

Adjusted Price to Earnings (P/E) Ratio is the closing stock price divided by the sum of the last four quarters Earnings Per Share (EPS); only P/Es of 2.0 and greater are included.

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.

Certain portfolio statistics are provided by FactSet.

Morningstar Category - ©2010 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

This information should not be considered as a recommendation to purchase or sell a particular security and the holdings or sectors mentioned may change at any time and may not represent current or future investments.

Please keep in mind that 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.

HARBOR FUNDS and the Lighthouse Design are Reg. U.S. Pat. & Tm. Off.

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Harbor Capital Appreciation Fund

As of December 31, 2011



MANAGER PROFILE



Spiros "Sig"
Segalas

Spiros "Sig" Segalas is a founder of Jennison Associates LLC, the subadvisor to the Fund. He was appointed Chief Investment Officer in 1973 and was elected President in 1993. He has managed the Harbor Capital Appreciation Fund since 1990.

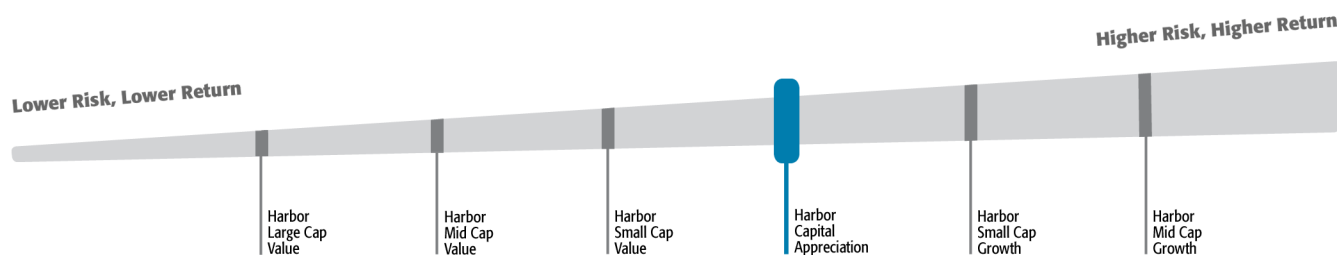
Mr. Segalas started his investment career as a research analyst with Bankers Trust Company in 1960. He was soon promoted to Vice President and Manager of the bank's supplemental Equity Fund, a commingled, aggressively managed growth fund. In his final year with Bankers Trust, he was appointed to the Investment Policy Group, which was responsible for determining broad investment policy and strategy for the bank's equity portfolios.

Mr. Segalas received a B.A. from Princeton University and is a member of the New York Society of Security Analysts.

TOP INDUSTRIES

Computers & Peripherals	8.98%
Pharmaceuticals	8.18%
IT Services	6.84%
Textiles, Apparel & Luxury Goods	6.76%
Software	6.11%
Hotels, Restaurants & Leisure	6.01%
Internet Software & Services	5.90%
Aerospace & Defense	5.08%
Internet & Catalog Retail	4.69%
Oil, Gas & Consumable Fuels	4.46%

HARBOR FUNDS DOMESTIC EQUITY POTENTIAL RISK & RETURN



About Risk & Return. Mutual fund investors should consider the risk as well as the potential return of their mutual fund investment. A mutual fund's share price will fluctuate up and down with the value of the securities held in its portfolio. When the value of the securities in your fund's portfolio increases, the fund's share price will rise. When the value of the securities in your fund's portfolio decreases, the fund's share price will decline.

Generally, the higher the potential return, the greater the risk of the investment. That means your mutual fund's share price will fluctuate more significantly over time with a riskier investment than with a less risky investment. Equity mutual funds are more risky than fixed income mutual funds so the share prices of equity mutual funds generally fluctuate more widely than the share prices of fixed income mutual funds. Fixed income mutual funds can fluctuate also. Bond funds, for example, can fluctuate with rising or falling interest rates.

The risk and return graph indicates the potential risk and return for Harbor funds in this asset category. You can use this graph to compare generally the relative risk and potential return of one Harbor fund to the risk and potential return of other Harbor funds within this same asset category.

PERFORMANCE - As of December 31, 2011

	Three Months	Year to Date	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Expense Ratios Net	Expense Ratios Gross
Harbor Capital Appreciation Fund - Institutional Class	7.11%	0.61%	0.61%	16.79%	2.37%	2.63%	10.38%	0.67%	0.68%
Harbor Capital Appreciation Fund - Investor Class	7.02%	0.22%	0.22%	16.37%	1.99%	N/A	6.21%	1.04%	1.05%
Harbor Capital Appreciation Fund - Administrative Class	7.03%	0.33%	0.33%	16.50%	2.11%	N/A	6.39%	0.92%	0.93%
Russell 1000® Growth Index	10.61%	2.64%	2.64%	18.02%	2.50%	2.60%	8.86%	---	---
S&P 500 Index	11.82%	2.11%	2.11%	14.11%	-0.25%	2.92%	9.45%	---	---

The Russell 1000® Growth Index and the S&P 500 Index since inception returns use 12/31/1987 as the period begin date.

Performance data shown represents past performance, which is no guarantee of future results. Current performance may be higher or lower than the past performance data shown. Investment returns and the value of an investment will fluctuate, and an investor's shares, when sold, may be worth more or less than their original cost. You can obtain performance data current to the most recent month-end (available within seven business days after the most recent month-end) by calling 800-422-1050 or visiting www.harborfunds.com.

Investors should carefully consider the Fund's investment objectives, risks, charges and expenses before investing. To obtain a summary prospectus or prospectus for this and other information about the Fund, visit harborfunds.com or call 800-422-1050. Read it carefully before investing.

The Harbor Funds performance shown assumes the reinvestment of dividend and capital gain distributions and is net of management fees and expenses. Returns for periods less than one year are not annualized. From time to time, certain fees and/or expenses have been voluntarily waived, which has resulted in higher returns. Without these waivers, the returns would have been lower. Voluntary waivers may be applied or discontinued at any time without notice. The Harbor Funds are no-load; other fees and expenses do apply to a continued investment in the Funds and are described in each Fund's current prospectus.

About Expense Ratios: All mutual funds have expense ratios which represent what shareholders pay for operating expenses and management fees. Expense ratios are expressed as an annualized percentage of a fund's average net assets paid out in expenses. Net expense ratios reflect adjustments due to voluntary or contractual fee waivers or expense reimbursements. Expense ratio information is as of the Fund's current prospectus, as revised and supplemented from time to time.

The net expense ratios for this Fund reflect a contractual management fee waiver until 02-29-2012.

The Russell 1000® Growth Index is an unmanaged index generally representative of the U.S. market for larger capitalization growth stocks. The Standard & Poor's 500 Index is an unmanaged index generally representative of the U.S. stock market. These unmanaged indices do not reflect fees and expenses and are not available for direct investment. The Russell 1000® Growth Index and Russell® are trademarks of Russell Investments.