



As of March 31, 2012

Harbor Unconstrained Bond Fund

INVESTMENT APPROACH

PHILOSOPHY - The principal investment strategy for the Harbor Unconstrained Bond Fund is to invest at least 80% of its net assets in a diversified portfolio of fixed income instruments. In order to achieve its investment objectives, the Subadviser will utilize various investment strategies, and the Fund will not be constrained by management against an index. The average portfolio duration of this Fund will normally range from -3 years to 8 years based on the Subadviser's forecast for interest rates.

The Fund may invest up to 40% of its total assets in below investment-grade or high yield securities and up to 50% in securities and instruments that are economically tied to emerging market countries. The Fund will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 35% of its total assets. The Fund may also invest up to 10% of its total assets in preferred stocks. The Fund may invest substantially in derivative instruments.

Investment Risks *Employing an unconstrained investment approach, the Fund may be exposed to certain types of securities, credit qualities, maturities, countries and regions not reflected in other fixed income indices. For example, high yield, or below investment grade, securities carry a higher degree of credit risk, and may be speculative and more volatile. Investing in emerging markets may entail risk due to foreign economic and political developments. Also, foreign currency exposure can entail significant volatility, and this may be amplified with the currencies of developing countries. As a result, investors considering an investment in the Fund should be prepared to accept significant volatility in the Fund's performance, particularly over shorter time periods, due to the unconstrained nature of the Fund's investment approach.*

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	Nontraditional Bond
Number of Bonds	146
Average Market Coupon (%)	3.08
Yield to Maturity (%)	3.07
Weighted Avg. Maturity (yrs)	1.38
Weighted Avg. Duration (yrs)	1.58
30-Day SEC Yield (%) - Institutional Class	1.35
Annualized Turnover - as of 10/31/2011	1,067%
Redemption Fee	None

MATURITY PROFILE

0-1 yr	95.81%
1-3 yr	25.90%
3-5 yr	-22.29%
5-10 yr	8.26%
10-20 yr	-10.29%
20-30 yr	2.74%
Over 30 yr	-0.13%

FUND FACTS

	Institutional Class	Investor Class	Administrative Class
NASDAQ Symbol	HAUBX	N/A	HRUBX
Fund Number	2032	N/A	2232
CUSIP	411512817	N/A	411512791
Inception Date	04/01/2010	N/A	04/01/2010
12b-1 Fee	None	N/A	0.25%
Total Net Assets (\$MM)	25.778	N/A	0.673
Investment Goal	Total Return		



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MANAGER PROFILE



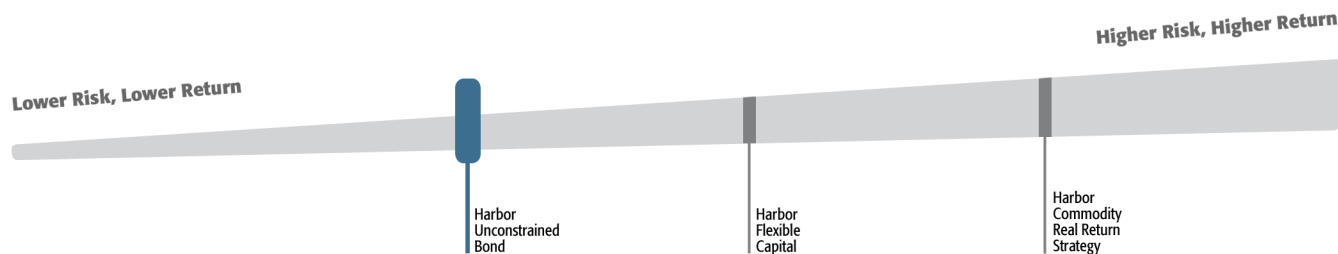
Chris Dialynas

Chris Dialynas is a managing director in the Newport Beach office, a portfolio manager, and a member of the Investment Committee at Pacific Investment Management Company LLC (PIMCO). Mr. Dialynas joined PIMCO in 1980. He served on the editorial board of The Journal of Portfolio Management and was a member of the Fixed Income Curriculum Committee of the Association for Investment Management and Research. He holds an MBA from the University of Chicago Graduate School of Business, and received his undergraduate degree from Pomona College.

DURATION

0-1 yr	7.22%
1-3 yr	10.06%
3-5 yr	-30.35%
5-10 yr	130.31%
10-20 yr	44.33%
20-30 yr	-61.57%
Over 30 yr	0.00%

HARBOR FUNDS STRATEGIC MARKETS 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 March 31, 2012

	Three Months	Year to Date	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Expense Ratios Net Gross	
Harbor Unconstrained Bond Fund - Institutional Class	1.20%	1.20%	1.69%	N/A	N/A	N/A	2.65%	1.05%	1.59%
Harbor Unconstrained Bond Fund - Administrative Class	1.10%	1.10%	1.41%	N/A	N/A	N/A	2.36%	1.30%	1.84%
BofA Merrill Lynch US Dollar 3-Month LIBOR Constant Maturity	0.16%	0.16%	0.35%	N/A	N/A	N/A	0.36%	---	---
Barclays Capital U.S. Aggregate Bond Index	0.30%	0.30%	7.71%	N/A	N/A	N/A	6.41%	---	---

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 are contractually capped until 02-28-2013.

The BofA Merrill Lynch US Dollar 3-Month LIBOR Constant Maturity Index tracks the performance of a synthetic asset paying Libor to a stated maturity. The index is based on the assumed purchase at par of a synthetic instrument having exactly its stated maturity and with a coupon equal to that day's fixing rate. That issue is assumed to be sold the following business day (priced at a yield equal to the current day fixing rate) and rolled into a new instrument. Barclays Capital U.S. Aggregate Bond Index is an unmanaged index of investment-grade fixed-rate debt issues with maturities of at least one year. These unmanaged indices do not reflect fees and expenses and are not available for direct investment.