

# Harbor Capital Appreciation Fund

Jennison Associates LLC

Subadviser Since 05/01/1990

**Total Net Assets - All Classes** \$38,524,556,715  
**Equity Assets:** 99.31%  
**Cash & Other Assets Less Liabilities:** 0.69%  
**Benchmark Name:** Russell 1000® Growth Index

## Portfolio Managers



Spiros "Sig" Segalas



Kathleen A.  
McCarragher



Blair A. Boyer



Natasha Kuhlkin, CFA

## Investment Philosophy

The Fund invests primarily in equity securities, specifically U.S. companies with market capitalizations of at least \$1 billion at the time of purchase. Through rigorous research, visits, and meetings with top management, the portfolio manager knows these businesses intimately, and only invests in those that the portfolio manager believes have: strong balance sheets and earnings performance, sales momentum and growth outlook, high profitability history or potential, unique market position and a capable and committed management team. 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	61	464	Information Technology	42.63	44.22
Wtd Avg Market Cap (\$Mil)	558,407.50	696,471.80	Consumer Discretionary	27.09	16.50
Med Cap - # Stocks (\$Mil)	98,576.00	17,080.00	Communication Services	17.09	11.88
Price/Book Ratio	16.66	14.22	Industrials	4.58	4.73
Adjusted Trailing P/E Ratio	62.70	35.20	Health Care	3.64	13.66
% EPS Growth - Past 3 Yr	31.40	33.10	Consumer Staples	3.35	4.48
Return on Equity (%)	22.77	27.59	Financials	1.07	1.90
Beta vs. Fund Benchmark	1.10		Materials	0.00	0.80
Forecasted P/E Ratio	44.20	31.80	Energy	0.00	0.09
Proj. Earnings Growth Rate (%)	25.10	18.80	Utilities	0.00	0.02
			Real Estate	0.00	1.71

Top 10 Holdings			Top 10 Industries		
	Portfolio %	Benchmark %		Portfolio %	Benchmark %
Amazon.com, Inc.	7.28	7.08	It Services	16.87	8.55
Tesla Inc	5.65	2.76	Software	14.97	17.74
Apple Inc.	5.59	10.45	Interactive Media	12.60	9.33
Microsoft Corporation	4.43	9.53	Internet & Direct Market	8.18	7.52
Facebook, Inc. Class A	4.00	3.82	Textiles Apparel & Lux	6.71	1.09
Shopify, Inc. Class A	3.98	0.00	Automobiles	5.68	2.76
NVIDIA Corporation	3.14	1.70	Tech Hardware Storage	5.63	10.52
Adobe Inc.	2.90	1.23	Semiconductors	5.16	6.76
Netflix, Inc.	2.87	1.20	Entertainment	4.49	1.99
Visa Inc. Class A	2.60	1.93	Road & Rail	3.59	0.88
<b>Total</b>	<b>42.44</b>	<b>39.7</b>	<b>Total</b>	<b>83.88</b>	<b>67.14</b>

Market Capitalization		
		Portfolio %
Large	Above 25.0B	97.22
	10.0B - 25.0B	2.78
Mid	5.0B - 10.0B	0.00
	1.0B - 5.0B	0.00
Small	0.0 - 1.0B	0.00



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	HACAX	411511504	-3.39%	-3.39%	69.22%	23.56%	22.99%	17.39%	12.83%	12/29/87	0.67	0.72
Administrative	HRCAX	411511827	-3.44%	-3.44%	68.81%	23.25%	22.68%	17.10%	12.62%	11/01/02	0.92	0.97
Investor	HCAIX	411511819	-3.48%	-3.48%	68.58%	23.11%	22.54%	16.96%	12.45%	11/01/02	1.03	1.08
Retirement	HNACX	411512528	-3.37%	-3.37%	69.33%	23.66%	23.08%	17.43%	12.84%	03/01/16	0.59	0.64
Russell 1000® Growth Index			0.94%	0.94%	62.74%	22.80%	21.05%	16.63%	11.46%	12/29/87		
S&P 500 Index			6.17%	6.17%	56.35%	16.78%	16.29%	13.91%	11.12%	12/29/87		

## MANAGER COMMENTARY

As of 03/31/2021

**“In our view, monetary and fiscal stimulus will gradually support a return to endogenous, positive, nominal economic growth.”**

Jennison Associates LLC

### Market in Review

Equity markets extended their gains in the first quarter of 2021 but were volatile amid a backdrop of U.S. political turmoil and continued COVID-19 uncertainty. In January, Democratic wins in Georgia’s Senate runoff elections sealed a Democratic majority in Congress. This was followed by an extraordinary breach of the U.S. Capitol. As the month drew to a close, President Joseph Biden and Vice President Kamala Harris were inaugurated.

Although overall COVID-19 trends improved, steps to reopen certain U.S. states were met with rising case counts and mortality rates. Similar and, at times, worse scenarios unfolded across the globe, with a number of European nations forced back into full or partial lockdowns. Encouragingly, however, the pace of vaccinations in the United States improved as the quarter progressed and a new vaccine from Johnson & Johnson was introduced in February.

The new U.S. administration moved quickly to pass the American Rescue Plan Act and, in March, finalized a \$1.9 trillion package consisting of direct payments to individuals and families, additional unemployment benefits, funding for state and local governments, and funds for vaccinations and testing.

Cyclical stocks performed well during the quarter as investors favored companies hit worst by the pandemic, amid rising expectations that the U.S. economy will reopen this year. Small-cap companies were notable outperformers due to their greater exposure to U.S. economic activity compared to large multinational firms.

The Federal Reserve continued to advocate for extreme policy accommodation, citing the pandemic’s drag on the labor market. Longer term bond yields rose, reflecting U.S. monetary and fiscal stimulus, and rising inflation expectations. The 10-year U.S. Treasury yield ended the quarter at 1.74%, compared to 0.92% at the beginning of the year.

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.**



### Portfolio Performance

The Harbor Capital Appreciation Fund (Institutional Class, “Fund”) returned -3.39% during the first quarter of 2021, underperforming its benchmarks, the Russell 1000<sup>®</sup> Growth Index, which returned 0.94%, and the S&P 500 Index, which returned 6.17%. Among the benchmarks’ larger sectors, Communication Services, Health Care, and Industrials outperformed and were the biggest contributors to performance. Meanwhile, the Information Technology and Consumer Discretionary sectors retreated and weighed most on the indexes.

The Fund underperformed the index over the quarter. Information Technology, Consumer Discretionary, and Health Care sector holdings detracted from absolute and relative returns. Positions in Communication Services helped in absolute terms but detracted from relative performance. Consumer Staples holdings contributed positively in both absolute and relative terms.

### Contributors & Detractors

Digitalization trends remained strong and continued to be accentuated by the remote work environment. A number of companies reported strong earnings and revenue growth during the quarter, helped by continued demand for digital advertising. These included Alphabet and Facebook. Market demand for services provided by these companies continues to grow, with Alphabet’s results driven by double-digit increases in search revenue and acceleration in YouTube’s revenue growth.

Several technology-related companies gave back some of their impressive gains, following a rapid increase in their valuations last year. Importantly, they continued to deliver strong earnings during the quarter. Investors have begun to anticipate more difficult year-over-year comparisons, given an outstanding 2020 for these companies. Apple and Amazon are two examples. We believe that their long-term fundamentals remain strong, and that it is important to look beyond short-term price movements.

### Buys & Sells

During the quarter we purchased Snap, a camera and social media company, which develops and maintains technological products and services, including Snapchat, Spectacles, and Bitmoji. The company has several technological innovations and product partnerships that, along with what we consider a favorable macro backdrop for online advertising, bode well for revenue growth acceleration. Accelerating user growth, particularly internationally, and an improved ad platform are additional tailwinds. The company reported stronger-than-anticipated earnings in the fourth quarter of 2020 and provided guidance for solid revenue growth over the next several years.

We also added Eli Lilly to the Fund. Eli Lilly’s core focus has historically included diabetes and central nervous system (CNS) and psychiatric treatments. In recent years, the company has diversified its business, adding immunology and oncology products. Margin expansion, driven by product mix shifts and management’s commitment to improving the margin profile, is a key element of our investment thesis. We expect stability in Lilly’s diabetes franchise despite new entrants to the market, and we believe the long-term potential for Jardiance, another Lilly diabetes product, is underestimated. In Lilly’s immunology franchise, we expect strong sales growth over the next several years. We believe that recent oncology acquisitions will continue to bear fruit, and that the company’s early-stage pipeline, particularly in oncology, is underestimated. We also find early-stage clinical trial data for the company’s Alzheimer’s disease therapy encouraging.

Although Vertex Pharmaceuticals performed well in the first three quarters of 2020, we exited the position, as management’s fourth quarter guidance relating to lower royalties on new products was disappointing. Guidance on sales growth in early 2021 was also a concern.

Splunk makes software that allows businesses to mine and analyze burgeoning amounts of digital data. We eliminated the position due to disappointing fourth quarter sales revenue, which also failed to make up for ground lost in the third quarter, due to longer decision-making cycles in a pandemic environment. Additionally, we see more competitive pressures forming for the company.

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### Outlook

Just twelve months ago, the outlook was bleak, as the world was in the early grip of the pandemic with no vaccine in sight. By contrast, there are now three approved vaccines in the United States, with a host of other vaccines available internationally. As economies around the world reopen, and markets rally, fear has given way to optimism and confidence in the strength of the coming global recovery.

The demand recovery is creating global bottlenecks and supply constraints. Strong U.S. housing demand has driven up house prices and transaction rates. While mortgages remain affordable, interest rates have begun to rise, which has added to the uncertainty and weighs on equity valuations. We believe inflationary fears will prove transitory. The recovery should normalize once economies worldwide reopen in a sustainable manner, and as the effects of fiscal and monetary stimulus fade. We believe rising bond yields reflect expectations of more normal levels of future growth.

Late last year, investors began to favor areas of the market most exposed to a recovery and most debilitated by the pandemic. This rotation boosted valuations of economically sensitive companies and reduced the earnings multiples of secular growth companies. History shows us that these corrections are not unusual and have been temporary.

While the first quarter was challenging from that standpoint, we are encouraged by the continued strong results of the companies in the Fund and the positive expectations for the remainder of 2021 and beyond. Secular growth opportunities remain the focus of the Fund as they have been over Jennison's long history of growth investing.

We believe that the moderation in valuations over the quarter improves the outlook for share price appreciation, adding to the attractiveness of the superior growth characteristics that we seek over an extended investment time horizon.



### Best & Worst Performers

Best Performers	Average Weight %	Return %
Guardant Health, Inc.	0.41	18.44
Alphabet Inc. Class C	2.06	18.08
Alphabet Inc. Class A	2.06	17.68
Target Corporation	0.86	11.90
Carvana Co. Class A	1.36	9.54

Worst Performers	Average Weight %	Return %
Peloton Interactive, Inc. Class A	1.20	-25.89
Coupa Software, Inc.	0.91	-24.91
RingCentral, Inc. Class A	0.95	-21.40
Splunk Inc.	0.30	-21.18
Trade Desk, Inc. Class A	1.08	-18.64

### Contributors & Detractors

Greatest Contributors	Return %	Contribution to Return %
Facebook, Inc. Class A	7.82	0.30
Alphabet Inc. Class C	18.08	0.27
Alphabet Inc. Class A	17.68	0.26
Microsoft Corporation	6.25	0.25
Uber Technologies, Inc.	6.88	0.14
<b>Total</b>		<b>1.22</b>

Greatest Detractors	Return %	Contribution to Return %
Apple Inc.	-7.81	-0.46
Shopify, Inc. Class A	-2.25	-0.35
Peloton Interactive, Inc. Class A	-25.89	-0.34
Amazon.com, Inc.	-5.00	-0.33
RingCentral, Inc. Class A	-21.40	-0.27
<b>Total</b>		<b>-1.75</b>

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### Quarterly Attribution:

#### Harbor Capital Appreciation Fund vs. Russell 1000® Growth

1/1/2021 - 3/31/2021

#### Performance

	Portfolio	Benchmark	Active
Return ex Currency	-2.84	0.94	-3.78
Currency Contribution	-0.24	0.00	-0.24
<b>Total Return</b>	<b>-3.08</b>	<b>0.94</b>	<b>-4.02</b>

#### 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
Consumer Staples	2.82	4.31	-1.49	1.55	-0.73	2.28	0.03	-0.03	0.04	0.03	0.06
Financials	1.07	1.84	-0.78	5.27	2.67	2.60	0.06	0.05	-0.02	0.02	0.00
Utilities	0.00	0.02	-0.02	0.00	1.27	-1.27	0.00	0.00	0.00	0.00	0.00
Materials	0.00	0.79	-0.79	0.00	0.89	-0.89	0.00	0.01	0.00	0.00	0.00
Energy	0.00	0.09	-0.09	0.00	19.61	-19.61	0.00	0.02	-0.02	0.00	-0.02
Industrials	4.21	4.56	-0.35	4.01	3.42	0.59	0.17	0.17	-0.02	0.00	-0.03
Real Estate	0.00	1.62	-1.62	0.00	7.11	-7.11	0.00	0.12	-0.10	0.00	-0.10
Health Care	4.16	13.68	-9.51	-6.19	1.34	-7.53	-0.25	0.22	-0.03	-0.29	-0.33
Communication Services	15.52	11.44	4.08	1.66	8.45	-6.79	0.13	0.91	0.25	-1.04	-0.79
Consumer Discretionary	27.21	16.77	10.44	-4.39	-0.96	-3.42	-0.92	-0.09	-0.15	-0.86	-1.01
Information Technology	44.67	44.89	-0.22	-4.60	-0.72	-3.89	-2.30	-0.43	-0.01	-1.81	-1.82
[Cash]	0.34	0.00	0.34	1.80	0.00	1.80	0.00	0.00	0.01	0.00	0.01
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>-3.08</b>	<b>0.94</b>	<b>-4.02</b>	<b>-3.08</b>	<b>0.94</b>	<b>-0.06</b>	<b>-3.96</b>	<b>-4.02</b>

### Trailing 1 Year Attribution:

#### Harbor Capital Appreciation Fund vs. Russell 1000® Growth

3/31/2020-3/31/2021

#### Performance

	Portfolio	Benchmark	Active
Return ex Currency	70.59	62.74	7.84
Currency Contribution	0.28	0.00	0.28
<b>Total Return</b>	<b>70.87</b>	<b>62.74</b>	<b>8.12</b>

#### 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
Consumer Discretionary	24.77	16.08	8.69	115.03	86.11	28.91	22.63	12.39	1.31	4.05	5.36
Information Technology	43.64	43.36	0.28	75.23	71.82	3.41	31.95	29.01	0.19	1.87	2.06
Consumer Staples	3.09	4.53	-1.45	53.72	31.60	22.12	1.85	1.72	0.29	0.53	0.82
Industrials	3.13	5.39	-2.25	65.35	50.61	14.74	1.59	3.05	0.56	0.17	0.73
Real Estate	0.46	1.90	-1.44	8.95	22.16	-13.21	0.21	0.63	0.49	0.04	0.53
Financials	1.82	2.16	-0.33	37.48	40.95	-3.47	1.14	1.17	0.03	0.19	0.22
Materials	0.00	0.91	-0.91	0.00	52.94	-52.94	0.00	0.56	0.14	0.00	0.14
Utilities	0.00	0.01	-0.01	0.00	22.68	-22.68	0.00	0.00	0.05	0.00	0.05
Energy	0.00	0.10	-0.10	0.00	108.03	-108.03	0.00	0.11	0.01	0.00	0.01
Health Care	7.28	14.12	-6.85	13.07	38.12	-25.05	2.77	6.37	1.06	-1.11	-0.06
Communication Services	15.29	11.43	3.85	58.71	72.09	-13.38	8.73	7.75	0.24	-1.49	-1.25
[Cash]	0.52	0.00	0.52	6.17	0.00	6.17	0.00	0.00	-0.48	0.00	-0.48
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>70.87</b>	<b>62.74</b>	<b>8.12</b>	<b>70.87</b>	<b>62.74</b>	<b>3.89</b>	<b>4.23</b>	<b>8.12</b>



### Trailing 3 Year Attribution:

#### Harbor Capital Appreciation Fund vs. Russell 1000® Growth

3/31/2018 - 3/31/2021

#### Performance

	Portfolio	Benchmark	Active
Return ex Currency	92.99	85.16	7.83
Currency Contribution	-0.26	0.00	-0.26
<b>Total Return</b>	<b>92.73</b>	<b>85.16</b>	<b>7.57</b>

#### 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
Consumer Discretionary	21.87	15.26	6.61	153.86	107.12	46.74	28.89	15.86	1.16	6.27	7.43
Information Technology	39.09	37.32	1.77	132.70	129.02	3.69	48.73	44.18	0.86	1.96	2.82
Consumer Staples	3.87	5.11	-1.24	80.75	43.28	37.47	3.00	2.37	0.36	1.18	1.54
Industrials	5.24	9.13	-3.90	14.29	26.99	-12.71	-1.56	1.34	2.54	-1.75	0.79
Real Estate	0.74	2.19	-1.44	42.73	51.68	-8.94	0.80	1.29	0.33	0.23	0.55
Materials	0.24	1.51	-1.27	-12.01	47.04	-59.04	-0.40	0.78	0.51	-0.23	0.28
Energy	0.30	0.44	-0.14	-27.85	-20.95	-6.89	-0.60	-0.43	0.34	-0.21	0.13
Utilities	0.00	0.01	-0.01	0.00	24.77	-24.77	0.00	0.00	0.03	0.00	0.03
Financials	2.72	3.26	-0.54	26.50	38.60	-12.10	0.38	1.35	-0.07	-0.61	-0.68
Health Care	9.81	13.84	-4.03	22.09	53.77	-31.67	3.50	8.57	0.31	-1.64	-1.32
Communication Services	15.55	11.94	3.61	60.00	82.38	-22.38	9.95	9.85	-0.21	-3.29	-3.51
[Cash]	0.57	0.00	0.57	13.77	0.00	13.77	0.06	0.00	-0.49	0.00	-0.49
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>92.73</b>	<b>85.16</b>	<b>7.57</b>	<b>92.73</b>	<b>85.16</b>	<b>5.67</b>	<b>1.90</b>	<b>7.57</b>

### Trailing 5 Year Attribution:

#### Harbor Capital Appreciation Fund vs. Russell 1000® Growth

3/31/2016 - 3/31/2021

#### Performance

	Portfolio	Benchmark	Active
Return ex Currency	190.09	159.91	30.19
Currency Contribution	0.04	0.00	0.04
<b>Total Return</b>	<b>190.13</b>	<b>159.91</b>	<b>30.23</b>

#### 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
Consumer Discretionary	22.71	15.14	7.57	279.02	190.01	89.01	50.98	26.23	0.12	11.80	11.92
Information Technology	35.47	32.47	3.00	306.74	280.38	26.36	88.97	72.80	2.91	5.26	8.17
Communication Services	16.52	12.98	3.54	173.51	145.18	28.33	33.16	19.87	-0.47	6.74	6.27
Consumer Staples	3.84	6.46	-2.62	136.84	55.84	81.00	4.78	4.18	3.45	2.44	5.89
Industrials	4.85	10.05	-5.19	117.45	85.29	32.16	4.96	10.85	2.07	1.22	3.29
Real Estate	0.79	2.40	-1.61	73.83	69.31	4.52	1.34	1.97	1.52	1.03	2.55
Materials	0.48	2.36	-1.88	24.67	85.91	-61.24	0.41	2.83	1.37	0.37	1.74
Financials	2.89	3.16	-0.27	125.90	120.72	5.19	4.38	4.43	0.29	0.20	0.50
Utilities	0.00	0.02	-0.02	0.00	149.79	-149.79	0.00	0.04	0.36	0.00	0.36
Energy	1.00	0.52	0.48	0.85	-7.74	8.58	0.35	-0.11	-0.92	0.99	0.07
Health Care	10.84	14.44	-3.60	15.15	93.82	-78.67	0.72	16.82	0.77	-10.46	-9.70
[Cash]	0.59	0.00	0.59	7.43	0.00	7.43	0.08	0.00	-0.83	0.00	-0.83
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>0.00</b>	<b>190.13</b>	<b>159.91</b>	<b>30.23</b>	<b>190.13</b>	<b>159.91</b>	<b>10.65</b>	<b>19.58</b>	<b>30.23</b>



### 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. At times, a growth investing style may be out of favor with investors which could cause growth securities to underperform value or other equity securities. 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.

### Disclosures

The Russell 1000<sup>®</sup> 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. market for large capitalization equities. These unmanaged indices do not reflect fees and expenses and are not available for direct investment. The Russell 1000<sup>®</sup> Growth Index and Russell<sup>®</sup> 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 expenses. The net expense ratios for this fund are subject to a contractual management fee waiver and/or expense limitation agreement, excluding interest expense and acquired fund fees and expenses (if any), through 02/28/2022.

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](http://harborfunds.com) or call 800-422-1050. Read it carefully before investing.**

**Jennison Associates LLC is an independent subadvisor to the Harbor Capital Appreciation 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.