



Harbor Funds®

Annual Report

October 31, 2017

Strategic Markets Funds

	Institutional Class	Administrative Class
Harbor Commodity Real Return Strategy Fund	HACMX	HCMRX



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Letter from the Chairman



Charles F. McCain
Chairman

Dear Fellow Shareholder:

As we previously reported to you, the Harbor Commodity Real Return Strategy Fund will cease operations at 4:00 p.m. Eastern time on Friday, January 26, 2018. Assets remaining in Harbor Commodity Real Return Strategy Fund will be liquidated after the close of business on January 26, 2018 and the net proceeds distributed to any remaining shareholders.

We are saddened by this decision to liquidate the Harbor Commodity Real Return Strategy Fund. Unfortunately, after over 9 years in existence, we believe the Fund is not of a sufficient size to remain economically viable. Further, based upon our assessment of market dynamics and investor preferences, we do not believe there is a reasonable likelihood that the Fund would be able to grow sufficiently in the future to achieve a more sustainable asset size.

We understand that many shareholders have been investors in the Fund for a number of years.

We have endeavored to provide you with what we hope has been ample advance notice of the liquidation of the Fund to allow you sufficient time to determine how you may best replace this investment in your portfolio. If we can be of any assistance to you through this liquidation, or if you have any questions, please do not hesitate to contact us.

MARKET REVIEW

The Harbor Commodity Real Return Strategy Fund has invested in commodity-linked derivative instruments backed by a portfolio of inflation-indexed and other fixed income instruments. Due to the planned liquidation of the Fund, the Fund's portfolio has transitioned over the course of December 2017 to a portfolio of all or substantially all cash and cash equivalents.

Commodities generally advanced in the fiscal year ended October 31, 2017. The Bloomberg Commodity Index Total ReturnSM had a return of 2.35% for the fiscal year.

Industrial metals (including copper and aluminum) had significant gains for the fiscal year, while precious metals posted relatively flat performance. Livestock (live cattle and lean hogs) generated strong returns.

Oil prices rose earlier in the period, then experienced significant volatility, dropping much lower in June, but gained again to finish the fiscal year roughly where they began. Natural gas declined during the 12-month period.

U.S. Treasury Inflation Protected Securities (TIPS) had slightly negative returns. The Bloomberg Barclays U.S. TIPS Index (an index of U.S. TIPS bonds) had a return of -0.11%.

Comments by the portfolio managers of the Harbor Commodity Real Return Strategy Fund can be found in the pages preceding the Fund's portfolio of investments. As always, we recommend that shareholders maintain a long-term perspective in evaluating all of their investments, including those in Harbor Funds.

RETURNS FOR PERIODS ENDED OCTOBER 31, 2017

Strategic Markets

Bloomberg Commodity Index Total ReturnSM (commodities)

1 Year	Annualized		
	5 Years	10 Years	30 Years
2.35%	-9.37%	-6.93%	N/A

Domestic Equities

Russell 3000[®] (entire U.S. stock market)
 S&P 500 (large cap stocks)
 Russell Midcap[®] (mid cap stocks)
 Russell 2000[®] (small cap stocks)
 Russell 3000[®] Growth (growth stocks)
 Russell 3000[®] Value (value stocks)

23.98%	15.12%	7.61%	10.60%
23.63	15.18	7.51	10.50
21.09	14.87	8.09	12.11
27.85	14.49	7.63	10.45
29.80	16.71	9.05	10.16
18.30	13.48	6.07	10.68

International & Global

MSCI EAFE (ND) (foreign stocks)
 MSCI EAFE Small Cap (ND) (foreign small cap stocks)
 MSCI World (ND) (global stocks)
 MSCI All Country World Ex. U.S. (ND) (foreign stocks)
 MSCI Emerging Markets (ND) (emerging market stocks)

23.44%	8.53%	1.10%	5.62%
27.51	13.03	4.18	N/A
22.77	11.56	4.10	7.44
23.64	7.29	0.92	N/A
26.45	4.83	0.60	N/A

Fixed Income

ICE BofAML U.S. Non-Distressed High Yield (domestic high-yield bonds)
 Bloomberg Barclays U.S. Aggregate Bond (domestic bonds)
 Bloomberg Barclays U.S. TIPS (domestic inflation-linked bonds)
 ICE BofAML U.S. 3-Month Treasury Bill (proxy for money market returns)

8.62%	6.33%	6.69%	N/A
0.90	2.04	4.19	6.43%
-0.11	-0.11	3.81	N/A
0.72	0.24	0.45	3.35

STAY FOCUSED ON THE LONG-TERM

Major U.S. indexes hit record levels toward the end of the fiscal year, supported by continued earnings gains and favorable economic data. Against this backdrop, the third calendar quarter of 2017 marked the eighth consecutive quarter of gains for U.S. equities.

With equities having rallied for an extended period, it is reasonable to question whether the market's advance might be due for a slowdown or even a reversal in the near future. For even the most experienced investment professionals, it is difficult to reliably predict the movements of stock prices or bond prices with certainty, particularly in the shorter-term.

We always encourage shareholders to take a long-term perspective with all of their investments. While past performance is never a guarantee of future results, over the long term, the returns of equities and debt securities have historically helped many investors achieve their financial objectives. We encourage all investors to maintain a diversified portfolio of equities, debt and cash in an allocation consistent with their long-term financial goals and comfort with risk.

Harbor Funds offers a variety of equity, strategic markets and fixed income funds to help you achieve your financial goals.

Thank you for investing with Harbor Funds.

December 21, 2017



Charles F. McCain
 Chairman

Harbor Commodity Real Return Strategy Fund

MANAGERS' COMMENTARY (Unaudited)

SUBADVISER

Pacific Investment
Management Company
LLC (PIMCO)

650 Newport Center Dr.
Newport Beach, CA
92660

PORTFOLIO MANAGERS

Mihir P. Worah
Since 2008

Nicholas J. Johnson
Since 2015

Jeremie Banet
Since 2015

PIMCO has subadvised
the Fund since 2008.

INVESTMENT OBJECTIVE

The Fund seeks
maximum real return,
consistent with prudent
investment
management.



Mihir P. Worah



Nicholas J. Johnson



Jeremie Banet

Management's Discussion of Fund Performance

MARKET REVIEW

Commodity markets showed signs of resiliency over the 12 months ended October 31, 2017 as the Bloomberg Commodity Index Total ReturnSM, an unmanaged index of futures contracts on a diversified group of physical commodities, returned 2.35%. Broad commodity indices posted positive returns to finish off the 12 month period, overcoming losses more broadly for much of 2016. Energy led gains, as oil rallied on healthy global demand and market realization of improving balances. Within agriculture, returns were mixed with wheat leading losses as it retraced its recovery since the beginning of the reporting period. Industrial metals pushed higher on positive Chinese economic growth and a weaker U.S. dollar, before taking pause in September. Gold was up on safe haven demand and lower real yields.

Donald Trump stunned many in winning the U.S. presidential election at the end of 2016, but the market reaction was almost as surprising. Most markets focused on the pro-growth and inflationary potential of fiscal stimulus as many risk assets rallied, while inflation expectations and yields rose. Following the election, volatility fell, equities rallied, credit spreads tightened and the dollar strengthened as investors anticipated

expansionary fiscal policy, tax cuts, and deregulation. As such, the U.S. Federal Reserve (Fed) raised rates for just the second time in a decade (as widely expected), but with a hawkish tilt as the "blue dots" increased for 2017.

This optimism continued into the new year and solid U.S. economic data, relatively easy financial conditions, and both business and consumer optimism gave the Fed an opportunity to continue on its path toward policy normalization. This second rate hike, though, was perceived by many as more dovish given the largely unchanged views put forth by the Fed. Inflation expectations were generally stable over the period, despite fluctuations in oil prices related to building inventories in the U.S. and concerns over OPEC's adherence to its production cut agreement.

Over the second half of the fiscal year, geopolitics dominated headlines and contributed to brief bouts of market volatility. Still, robust risk appetite continued, largely underpinned by a solid fundamental backdrop. Despite geopolitical uncertainty, volatility remained relatively low for the most part, equities rallied and credit spreads tightened.

Financial conditions in the U.S. continued to ease even as the Fed raised rates and unveiled details of its plan to gradually reduce its balance sheet. The perception of a hawkish leaning at the Fed's meeting in September contributed to a rebound in U.S. rates. The Fed confirmed it would begin unwinding its balance sheet and released a more hawkish than anticipated "dot plot", raising expectations for another rate hike in 2017. More broadly, global central bankers also struck a less accommodative tone as rhetoric from the European Central Bank, Bank of England, and Bank of Canada highlighted positive economic outlooks and suggested the potential for a reduction in "easy" monetary policy in the form of rate hikes, tapering, or balance sheet normalization.

Abroad, Emmanuel Macron's presidential victory in France, in addition to the non-populist outcome of the Dutch election earlier this year, tempered risks related to more nationalist, anti-EU outcomes in the eurozone. Recent and upcoming elections in Germany and Italy continued to underscore political event risks that remain on the horizon in the eurozone, though we believe fundamentals remain solid amidst a synchronized recovery in growth.

Harbor Commodity Real Return Strategy Fund

MANAGERS' COMMENTARY—Continued

TOP TEN ISSUERS (% of net assets)	
U.S. Treasury	100.5%
U.K. Gilt Inflation Linked	6.1%
Brazil Letras Do Tesouro Nacional	4.3%
Federal National Mortgage Association TBA	4.0%
UBS Group Funding Jersey Ltd.	2.0%
New Zealand Government Bond	1.7%
Federal National Mortgage Association	1.5%
People's Choice Home Loan Securities Trust	1.1%
Deutsche Bank AG	0.8%
Petrobras Global Finance BV	0.8%

PERFORMANCE

Harbor Commodity Real Return Strategy Fund returned 3.13% (Institutional Class) and 2.87% (Administrative Class) for the fiscal year ended October 31, 2017, outperforming the 2.35% return of its benchmark, the Bloomberg Commodity Index Total ReturnSM.

The Fund invests in commodity-linked derivative instruments backed by a portfolio of inflation-indexed bonds and other fixed income securities. The following strategies helped Fund returns for the fiscal year ended October 31, 2017:

- Implementation of commodity alpha strategies which seek to exploit mispricings across commodity markets
- A modest allocation to non-agency mortgages as non-agency mortgage backed securities (MBS) performed well amid continued favorable market technicals and stable residential real estate fundamentals

- Positions in the U.K. interest rate markets that benefitted as rates rose over the period
- An allocation to TIPS, or treasury inflation-protected securities, as inflation expectations rose, causing TIPS to outperform.

Security selection and positioning within high-yield credit were negative or neutral for returns during the fiscal year.

OUTLOOK & STRATEGY

We expect world GDP growth in 2018 to remain steady at 2.75%–3.25%, unchanged from 2017. Overall, we see a low near-term risk of recession, a moderate pickup in underlying inflation in the advanced economies, mildly supportive fiscal policies and only a gradual removal of accommodative central bank policy. However, we do see risks that could upset the calm: the aging U.S. expansion, the coming end of central bank balance sheet expansion, and China's course following its 19th National Communist Party Congress in October.

In the U.S., we see growth below-consensus at 1.75%–2.25% in 2018, albeit still above trend, as the U.S. expansion matures and slack in the labor market keeps eroding. We believe the disappearing slack should make it difficult to sustain the current pace of job and output growth. We also do not expect a significant acceleration of productivity growth. We forecast core inflation to increase to 2% over the course of 2018, with some upward pressure on wages. We believe the Fed will continue along its trajectory of gradual tightening with two or three rate hikes by the end of 2018.

For the Eurozone, we expect growth will be in a range of 1.75%–2.25% in 2018, significantly above trend. We believe that a key risk for the outlook is the Italian elections in the first half of 2018, although the political risk looks more contained than earlier this year, as the Euroskeptical parties have toned down their rhetoric. We think core inflation will make only moderate progress toward the ECB target of "below but close to 2%" and forecast inflation in a range of 1.0%–1.5% for 2018. In our view, the ECB is likely to gradually taper its bond purchases over 2018 and keep policy rates at record lows until well into 2019.

In the emerging markets of Brazil, Russia, India and Mexico, we expect growth to rise to 4% in 2018, slightly above consensus, as recoveries in Brazil and Russia become more entrenched. Overall, most emerging economies are, from our perspective, at a different stage of the economic cycle than developed economies and should still benefit from relatively easy global policy conditions. We expect continued disinflation, with headline consumer price indexes falling to around 4.2% in 2018. In China, we expect growth to decelerate in 2018 from the current 6.6% pace. Our wide forecast range of 5.5%–6.5% reflects uncertainty about the leadership's prospective stance on financial stability, deleveraging and economic growth following the Party Congress. If the leadership continues to focus on suppressing volatility, growth could hold up at higher levels, but if policy pivots, the changes could weigh heavily on growth and lead to greater tolerance for a depreciating Chinese yuan.

Following several years of price corrections, we believe that commodity markets are likely to remain more balanced going forward, with return potential skewed slightly to the upside in select commodities. Within our active commodity strategies, we look to take advantage of relative value opportunities on commodity forward curves and inter-commodity spreads.

With respect to portfolio strategy:

- We seek relative value opportunities within commodities while balancing the economic outlook with supply trends; we look to take advantage of relative value opportunities on commodity forward curves and inter-commodity spreads

Harbor Commodity Real Return Strategy Fund

MANAGERS' COMMENTARY—Continued

Within our active commodity strategies, we plan to be:

- Long iron ore versus base metals: we like iron ore for its roll yield, as we believe that the back of the curve is anchored by producer hedging; and tactically look to take advantage of any notable dislocations from the broader base metals complex as we expect mean reversion
- Long higher protein (premium) wheats: these wheats have been priced cheaper relative to other, similar commodities, especially given that supply issues this year are predominantly in the high protein grades
- Short calendar spreads in crude oil: crude oil has flipped into backwardation as OPEC policy is showing signs of success with supply situation continuing to improve; however, we feel the curve is too aggressive in pricing the speed of balances improvement

Within our collateral portfolio, we plan to be cautious duration overall, while favoring TIPS relative to nominals and looking to take advantage of attractive opportunities in spread sectors.

This report contains the current opinions of Pacific Investment Management Company LLC (PIMCO) as of the date of this report and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. Such opinions are subject to change without notice and securities described herein may no longer be included in, or may at any time be removed from, the Fund's portfolio. This report is distributed for informational purposes only. Information contained herein has been obtained from sources believed reliable, but not guaranteed.

The Fund invests in commodity-linked instruments, which may be significantly more volatile than other securities. The use of derivative instruments may add additional risk. It also invests in fixed income securities, which fluctuate in price in response to various factors, including changes in interest rates, changes in market conditions and issuer-specific events. 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. The Fund will seek to gain exposure to the commodity markets primarily through investments in leveraged or unleveraged commodity index-linked notes and through investments in the Harbor Cayman Commodity Fund Ltd., a wholly-owned subsidiary of the Fund. For information on the different share classes and the risks associated with an investment in the Fund, please refer to the current prospectus.

Harbor Commodity Real Return Strategy Fund

FUND SUMMARY—October 31, 2017 (Unaudited)

INSTITUTIONAL CLASS		PORTFOLIO STATISTICS		MATURITY PROFILE	
Fund #	2029	Average Market Coupon	1.45%	<u>Years to Maturity</u>	<u>% of Investments</u>
Cusip	411511397	Yield to Maturity	2.40%	0 to 1 yr.	12.48%
Ticker	HACMX	Weighted Average Maturity	2.80 years	>1 to 5	73.78%
Inception Date	09/02/2008	Weighted Average Duration	2.75 years	>5 to 10	20.39%
Net Expense Ratio	0.94% ^a	Portfolio Turnover (Year Ended 10/31/2017)	1,331%	>10 to 15	-6.65%
Total Net Assets (000s)	\$50,771			>15 to 20	0.49%
				>20 to 25	0.06%
				>25 yrs.	-0.55%

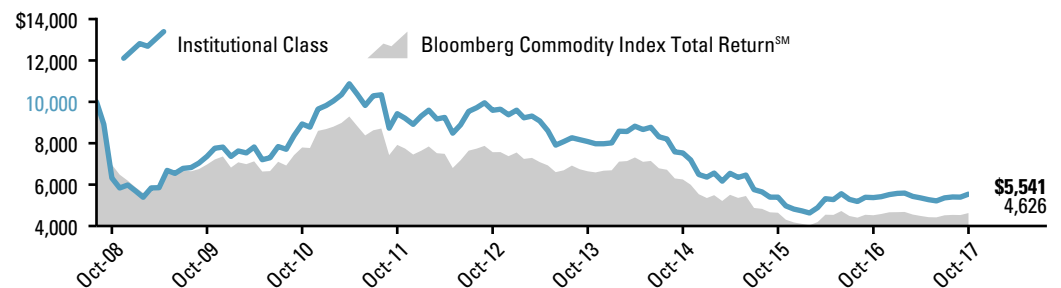
ADMINISTRATIVE CLASS	
Fund #	2229
Cusip	411511389
Ticker	HCMRX
Inception Date	09/02/2008
Net Expense Ratio	1.19% ^a
Total Net Assets (000s)	\$392

FUND PERFORMANCE

The graph compares a \$10,000 investment in the Institutional Class shares of the Fund with the performance of the Bloomberg Commodity Index Total ReturnSM. The Fund's performance assumes the reinvestment of all dividend and capital gain distributions.

CHANGE IN A \$10,000 INVESTMENT

For the period 09/02/2008 through 10/31/2017



TOTAL RETURNS

For the periods ended 10/31/2017

Harbor Commodity Real Return Strategy Fund

	1 Year	Annualized 5 Years	Annualized Life of Fund	Inception Date	Final Value of a \$10,000 Investment
Institutional Class	3.13%	-10.39%	-6.24%	09/02/2008	\$5,541
Administrative Class	2.87	-10.64	-6.49	09/02/2008	5,406
Comparative Index					
Bloomberg Commodity Index Total Return SM	2.35%	-9.37%	-8.07%	—	\$4,626

As stated in the Fund's current prospectus, the expense ratios were 0.94% (Net) and 1.53% (Gross) (Institutional Class); and 1.19% (Net) and 1.78% (Gross) (Administrative Class). The net expense ratios reflect an expense limitation agreement (excluding interest expense, if any) effective through 02/28/2018. The expense ratios in the prospectus may differ from the actual expense ratios for the period disclosed within this report. The expense ratios shown in the prospectus are based on the prior fiscal year, adjusted to reflect changes, if any, in contractual arrangements that occurred prior to the date of the prospectus (or supplement thereto, if applicable).

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, but does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or upon the redemption of Fund shares. 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.

^a Reflects an expense limitation agreement (excluding interest expense, if any) effective through February 28, 2018

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—October 31, 2017

Value, Cost, and Principal Amounts in Thousands

Total Investments (% of net assets)

(Excludes net cash, short-term investments and derivative positions of -33.5%)

U.S. Government Obligations	100.5
Foreign Government Obligations	13.4
Corporate Bonds & Notes	9.0
Mortgage Pass-Through	5.5
Asset-Backed Securities	4.9
Collateralized Mortgage Obligations	0.2

ASSET-BACKED SECURITIES—4.9%

Principal Amount	Value
\$ 200	\$ 200
15	15
196	119
103	61
313	290
	<u>351</u>
90	91
578	570
€ 329	383
\$ 202	216
200	182
93	93
308	307
TOTAL ASSET-BACKED SECURITIES (Cost \$2,327)	<u>2,527</u>

COLLATERALIZED MORTGAGE OBLIGATIONS—0.2%

26	26
12	10

COLLATERALIZED MORTGAGE OBLIGATIONS—Continued

Principal Amount	Value
\$ 97	\$ 98
TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (Cost \$129)	
	<u>134</u>

CORPORATE BONDS & NOTES—9.0%

100	100
BANKS—0.9%	
100	101
100	100
DKK\$ 1	—
108	18
72	12
	<u>30</u>
€ 200	240
	<u>471</u>
CAPITAL MARKETS—3.6%	
\$ 250	260
400	419
100	100
1,000	1,038
	<u>1,817</u>
CONSUMER FINANCE—0.6%	
200	202
100	103
	<u>305</u>

DIVERSIFIED FINANCIAL SERVICES—0.1%

DKK\$ 10	2
200	31
	<u>33</u>
200	32
67	11
	<u>76</u>

DIVERSIFIED TELECOMMUNICATION SERVICES—0.2%

\$ 100	101
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Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

Value, Cost, and Principal Amounts in Thousands

CORPORATE BONDS & NOTES—Continued

Principal Amount		Value
EQUITY REAL ESTATE INVESTMENT TRUSTS (REITs)—0.4%		
	Unibail-Rodamco SE MTN ⁴	
\$ 200	2.129%—04/16/2019 ³	\$ 201
MACHINERY—0.4%		
	John Deere Capital Corp. MTN ⁴	
200	1.613% (3 Month USD Libor + 0.290) 06/22/2020 ¹	200
OIL, GAS & CONSUMABLE FUELS—1.9%		
	BG Energy Capital plc	
£ 100	6.500%—11/30/2022 ³	133
	Enbridge Inc.	
\$ 200	2.020% (3 Month USD Libor + 0.700) 06/15/2020 ¹	202
	Petrobras Global Finance BV	
200	4.375%—05/20/2023	199
200	6.125%—01/17/2022	217
		416
	Spectra Energy Partners LP	
200	2.016% (3 Month USD Libor + 0.700) 06/05/2020 ¹	201
		952
TOBACCO—0.2%		
	BAT Capital Corp	
100	1.905% (3 Month USD Libor + 0.590) 08/14/2020 ^{1,2}	101
TRADING COMPANIES & DISTRIBUTORS—0.5%		
	International Lease Finance Corp.	
200	8.250%—12/15/2020	233
TOTAL CORPORATE BONDS & NOTES		
	(Cost \$4,470)	4,557

FOREIGN GOVERNMENT OBLIGATIONS—13.4%

ARG\$ 1,300	Argentina Pom Política Monetaria	
	27.095%—06/21/2020 ³	81
	Argentine Republic Government International Bond	
200	6.875%—01/26/2027	218
	Australia Government Bond	
AUD\$ 100	3.000%—09/20/2025 ⁵	107
	Autonomous Community of Catalonia	
€ 100	4.950%—02/11/2020	123
	Brazil Letras Do Tesouro Nacional	
R\$ 7,200	0.000%—01/01/2018 ⁶	2,176
	New Zealand Government Bond	
NZDS 1,200	2.000%—09/20/2025 ⁵	895
	Peru Government Bond	
PERS\$ 400	6.150%—08/12/2032 ²	128
	U.K. Gilt Inflation Linked ⁵	
£ 1,906	0.125%—03/22/2026-11/22/2065	3,092
TOTAL FOREIGN GOVERNMENT OBLIGATIONS		
	(Cost \$6,873)	6,820

MORTGAGE PASS-THROUGH—5.5%

	Federal National Mortgage Association	
\$ 732	4.000%—02/01/2041-12/13/2046	768

MORTGAGE PASS-THROUGH—Continued

Principal Amount		Value
	Federal National Mortgage Association TBA ⁷	
\$ 2,000	3.500%—11/13/2047-12/13/2047	\$ 2,053
TOTAL MORTGAGE PASS-THROUGH		
	(Cost \$2,807)	2,821

U.S. GOVERNMENT OBLIGATIONS—100.5%

	U.S. Treasury Bonds	
850	2.750%—08/15/2047	828
	U.S. Treasury Inflation Indexed Bonds ⁵	
21,825	0.125%—04/15/2019-07/15/2024	21,849
1,959	0.250%—01/15/2025	1,938
4,197	0.375%—07/15/2023-07/15/2025	4,234
1,933	0.625%—07/15/2021-01/15/2024	1,971
336	0.875%—02/15/2047	332
3,832	1.250%—07/15/2020	3,985
2,823	1.375%—07/15/2018-02/15/2044 ⁸	2,868
7,358	1.875%—07/15/2019	7,654
3,466	2.375%—01/15/2025	3,951
549	2.500%—01/15/2029 ⁸	662
		49,444
	U.S. Treasury Notes	
100	1.875%—04/30/2022	100
100	2.000%—02/15/2025	98
500	2.125%—03/31/2024-07/31/2024 ⁸	497
410	3.000%—05/15/2047	420
		1,115
TOTAL U.S. GOVERNMENT OBLIGATIONS		
	(Cost \$50,412)	51,387

SHORT-TERM INVESTMENTS—22.0%

CERTIFICATES OF DEPOSIT—0.6%		
	Barclays plc	
200	1.710% (3 Month USD Libor + 0.460) 03/16/2018 ¹	200
100	1.827% (3 Month USD Libor + 0.470) 05/17/2018 ¹	100
		300
REPURCHASE AGREEMENTS—21.4%		
	Repurchase Agreement with Barclays Capital Inc. dated October 31, 2017 due November 01, 2017 at 1.210% collateralized by U.S. Treasury Notes (value \$1,527)	1,500
	Repurchase Agreement with Citigroup Global Markets Inc. dated October 31, 2017 due November 01, 2017 at 1.210% collateralized by U.S. Treasury Notes (value \$4,170)	4,100

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

Value, Cost, and Principal Amounts in Thousands

SHORT-TERM INVESTMENTS—Continued

Principal Amount	Value
REPURCHASE AGREEMENTS—Continued	
\$ 1,293	Repurchase Agreement with Fixed Income Clearing Corp. dated October 31, 2017 due November 01, 2017 at 0.001% collateralized by U.S. Treasury Notes (value \$1,323) \$ 1,293
4,100	Repurchase Agreement with JPMorgan Securities LLC dated October 31, 2017 due November 01, 2017 at 1.220% collateralized by Government National Mortgage Association (value \$7,009) 4,100
	<u>10,993</u>
TOTAL SHORT-TERM INVESTMENTS	
(Cost \$11,293)	<u>11,293</u>
TOTAL INVESTMENTS—155.5%	
(Cost \$78,311)	<u>79,539</u>
CASH AND OTHER ASSETS, LESS LIABILITIES—(55.5)% (28,376)	
TOTAL NET ASSETS—100.0% <u>\$ 51,163</u>	

FUTURES CONTRACTS OPEN AT OCTOBER 31, 2017

Description	Number of Contracts	Expiration Date	Current Notional Value (000s)	Unrealized Appreciation/ (Depreciation) (000s)
Euro-Bund Futures (Short)	1	12/07/2017	€ 163	\$ —
United Kingdom GILT Futures 90 day (Short)	13	12/27/2017	£ 1,616	46
Brent Crude Oil Futures (Long)	3	01/31/2018	\$ 123	4
Brent Crude Oil Futures (Long)	1	02/28/2018	2	—
Brent Crude Oil Futures (Long)	1	03/29/2018	2	—
Brent Crude Oil Futures (Long)	1	04/30/2018	2	—
Brent Crude Oil Futures (Long)	1	05/31/2018	2	—
Brent Crude Oil Futures (Long)	1	06/29/2018	2	—
Brent Crude Oil Futures (Long)	1	07/31/2018	2	—
Brent Crude Oil Futures (Long)	1	08/31/2018	2	—
Brent Crude Oil Futures (Long)	1	09/28/2018	2	—
Brent Crude Oil Futures (Long)	1	10/31/2018	2	—
Brent Crude Oil Futures (Long)	1	11/30/2018	2	—
Brent Crude Oil Futures (Long)	1	12/31/2018	2	—
Brent Crude Oil Futures (Long)	11	10/31/2019	624	45
Brent Crude Oil Futures (Short)	1	11/30/2017	61	—
Brent Crude Oil Futures (Short)	1	04/30/2018	60	(3)
Brent Crude Oil Futures (Short)	1	07/31/2018	59	(7)
Brent Crude Oil Futures (Short)	1	10/31/2018	58	(3)
Brent Crude Oil Futures (Short)	2	01/31/2019	116	(10)
Brent Crude Oil Futures (Short)	4	04/30/2019	230	(23)
Brent Crude Oil Futures (Short)	6	05/14/2020	338	(26)
Brent Crude Oil Futures (Short)	1	10/30/2020	56	(4)
Chicago Ethanol Swap Futures (Long)	1	12/29/2017	60	—
Coffee Futures (Long)	1	03/19/2018	48	(2)
Coffee Futures (Short)	1	12/18/2017	47	2
Copper Futures (Long)	1	12/18/2017	171	1
Copper Futures (Short)	2	12/27/2017	155	—
Corn Futures (Long)	1	12/14/2018	20	—
Corn Futures (Short)	2	12/14/2017	35	2
Corn Futures (Short)	1	09/14/2018	19	1
Gasoil Futures (Long)	10	12/12/2018	534	30
Gasoil Futures (Short)	5	06/12/2018	270	(11)
Gasoil Futures (Short)	5	06/12/2019	264	(17)
Gasoline Futures (Short)	1	12/29/2017	72	(6)
Gasoline Futures (Short)	1	02/28/2018	72	(1)
Gold Futures (Long)	1	12/27/2018	129	3
Gold Futures (Short)	1	12/27/2017	127	(1)

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

FUTURES CONTRACTS—Continued

Description	Number of Contracts	Expiration Date	Current Notional Value (000s)	Unrealized Appreciation/Depreciation (000s)
Henry Hub Natural Gas Futures (Short)	4	12/27/2017	\$ 30	\$ (1)
Henry Hub Natural Gas Futures (Short)	4	01/29/2018	30	(1)
Henry Hub Natural Gas Futures (Short)	4	02/26/2018	30	(1)
Henry Hub Natural Gas Futures (Short)	4	03/27/2018	29	1
Henry Hub Natural Gas Futures (Short)	4	04/26/2018	28	1
Henry Hub Natural Gas Futures (Short)	4	05/29/2018	29	1
Henry Hub Natural Gas Futures (Short)	4	06/27/2018	29	—
Henry Hub Natural Gas Futures (Short)	4	07/27/2018	29	—
Henry Hub Natural Gas Futures (Short)	4	08/29/2018	29	—
Henry Hub Natural Gas Futures (Short)	4	09/26/2018	29	—
Henry Hub Natural Gas Futures (Short)	4	10/29/2018	30	—
Henry Hub Natural Gas Futures (Short)	4	11/28/2018	31	(2)
Light Sweet Crude Oil Futures (Long)	2	12/18/2017	109	1
Light Sweet Crude Oil Futures (Long)	1	05/22/2018	54	2
Light Sweet Crude Oil Futures (Long)	5	08/21/2018	268	21
Light Sweet Crude Oil Futures (Long)	4	10/30/2018	212	5
Light Sweet Crude Oil Futures (Long)	1	02/20/2019	52	2
Light Sweet Crude Oil Futures (Long)	5	05/21/2019	259	7
Light Sweet Crude Oil Futures (Long)	2	11/20/2019	102	4
Light Sweet Crude Oil Futures (Long)	1	05/19/2020	51	(2)
Light Sweet Crude Oil Futures (Short)	4	02/20/2018	219	(11)
Light Sweet Crude Oil Futures (Short)	8	11/19/2018	424	(23)
Light Sweet Crude Oil Futures (Short)	3	11/20/2020	151	4
Natural Gas Futures (Long)	4	11/28/2017	116	(10)
Natural Gas Futures (Long)	3	01/29/2018	91	(8)
Natural Gas Futures (Long)	1	02/26/2018	30	(3)
Natural Gas Futures (Long)	2	04/26/2018	57	—
Natural Gas Futures (Short)	6	12/27/2017	182	17
Natural Gas Futures (Short)	3	03/27/2018	86	—
Natural Gas Swap Futures (Long)	12	01/29/2018	91	(3)
Natural Gas Swap Futures (Long)	8	03/27/2018	57	1
Natural Gas Swap Futures (Long)	4	04/26/2018	29	(1)
Natural Gas Swap Futures (Long)	4	05/29/2018	29	(1)
Natural Gas Swap Futures (Long)	4	06/27/2018	29	—
Natural Gas Swap Futures (Long)	4	07/27/2018	29	—
Natural Gas Swap Futures (Long)	4	08/29/2018	29	—
Natural Gas Swap Futures (Long)	4	09/26/2018	29	—
Natural Gas Swap Futures (Long)	4	10/29/2018	30	—
Natural Gas Swap Futures (Long)	4	11/28/2018	31	2
Natural Gas Swap Futures (Short)	4	12/27/2017	30	2
Platinum Futures (Long)	2	01/29/2018	92	(6)
Soybean Oil Futures (Long)	1	12/14/2018	21	—
Soybean Oil Futures (Short)	1	12/14/2017	21	—
Sugar Futures (Short)	3	02/28/2018	50	—
U.S. Treasury Bond Futures 30 year (Short)	3	12/19/2017	457	5
U.S. Treasury Note Futures 2 year (Short)	10	12/29/2017	2,154	9
U.S. Treasury Note Futures 5 year (Short)	40	12/29/2017	4,687	19
U.S. Treasury Note Futures 10 year (Long)	21	12/19/2017	2,624	(12)
Wheat Futures (Long)	4	03/14/2018	87	(15)
Wheat Futures (Short)	4	03/14/2018	87	15
White Sugar Futures (Long)	3	02/13/2018	58	2
Total Futures Contracts				\$ 41

PURCHASED OPTIONS OPEN AT OCTOBER 31, 2017

PURCHASED OPTIONS THAT REQUIRE PERIODIC SETTLEMENT OF VARIATION MARGIN

Description	Exchange	Strike Price	Expiration Date	Number of Contracts/Notional	Premiums Paid (000s)	Value (000s)
Euro-Bund Futures (Put)	Eurex	€ 159.00	11/24/2017	15	\$ 2	\$ 1
Euro-Bund Futures (Call)	Eurex	165.00	11/24/2017	5	—	—
Total Purchased Options that Require Periodic Settlement of Variation Margin					\$ 2	\$ 1

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

PURCHASED OPTIONS—Continued

PURCHASED OPTIONS NOT SETTLED THROUGH VARIATION MARGIN

Description	Counterparty/Exchange	Strike Price	Expiration Date	Number of Contracts/ Notional	Premiums Paid (000s)	Value (000s)
Commodity - Natural Gas Futures (Call)	New York Mercantile Exchange	\$ 0.50	02/23/2018	3	\$11	\$ 2
Commodity - Natural Gas Futures (Call)	New York Mercantile Exchange	1.00	02/23/2018	3	8	1
Commodity - WTI-Brent Crude Oil Spread Futures (Call)	New York Mercantile Exchange	2.00	10/30/2018	1	1	—
Eurodollar Futures (Put)	CME Group	98.25	03/19/2018	30	3	2
Federal National Mortgage Association Futures 30 year (Call)	Credit Suisse International	120.00	12/06/2017	1,500,000	—	—
Federal National Mortgage Association Futures 30 year (Put)	Credit Suisse International	85.00	12/06/2017	3,500,000	—	—
USD ICE Swap Rate Index 10 year - Cap (Put)	Deutsche Bank AG	0.260 ¹	03/29/2018	2,500,000	1	1
USD ICE Swap Rate Index 10 year - Cap (Put)	Morgan Stanley Capital Services LLC	0.260 ¹	04/03/2018	2,600,000	1	1
U.S. Treasury Bond Option 30 year (Call)	Chicago Board of Trade	\$ 182.00	12/22/2017	2	—	—
U.S. Treasury Bond Option 30 year (Call)	Chicago Board of Trade	184.00	12/22/2017	2	—	—
U.S. Treasury Bond Option 30 year (Put)	Chicago Board of Trade	106.00	12/22/2017	2	—	—
U.S. Treasury Note Option 2 year (Call)	Chicago Board of Trade	109.50	11/24/2017	3	—	—
U.S. Treasury Note Option 2 year (Call)	Chicago Board of Trade	109.63	11/24/2017	1	—	—
U.S. Treasury Note Option 2 year (Call)	Chicago Board of Trade	109.75	11/24/2017	6	—	—
U.S. Treasury Note Option 5 year (Call)	Chicago Board of Trade	122.50	12/22/2017	16	—	—
U.S. Treasury Note Option 5 year (Call)	Chicago Board of Trade	123.00	12/22/2017	4	—	—
U.S. Treasury Note Option 5 year (Call)	Chicago Board of Trade	123.75	11/24/2017	1	—	—
U.S. Treasury Note Option 5 year (Call)	Chicago Board of Trade	124.00	11/24/2017	2	—	—
U.S. Treasury Note Option 5 year (Call)	Chicago Board of Trade	124.25	11/24/2017	13	—	—
U.S. Treasury Note Option 5 year (Call)	Chicago Board of Trade	124.25	12/22/2017	4	—	—
U.S. Treasury Note Option 5 year (Call)	Chicago Board of Trade	124.75	11/24/2017	4	—	—
U.S. Treasury Note Option 5 year (Call)	Chicago Board of Trade	125.00	12/22/2017	1	—	—
U.S. Treasury Note Option 5 year (Call)	Chicago Board of Trade	124.25	11/24/2017	13	—	—
U.S. Treasury Note Option 5 year (Call)	Chicago Board of Trade	124.25	12/22/2017	4	—	—
U.S. Treasury Note Option 5 year (Call)	Chicago Board of Trade	124.75	11/24/2017	4	—	—
U.S. Treasury Note Option 5 year (Call)	Chicago Board of Trade	125.00	12/22/2017	1	—	—
U.S. Treasury Note Option 10 year (Put)	Chicago Board of Trade	114.50	11/24/2017	29	—	—
U.S. Treasury Note Option 10 year (Put)	Chicago Board of Trade	109.00	12/22/2017	2	—	—
U.S. Treasury Note Option 10 year (Put)	Chicago Board of Trade	115.50	11/24/2017	4	—	—
Total Purchased Options Not Settled Through Variation Margin					\$25	\$ 7

PURCHASED SWAP OPTIONS NOT SETTLED THROUGH VARIATION MARGIN

Description	Counterparty	Floating Rate Index	Pay/Receive Floating Rate	Strike Index/ Rate	Expiration Date	Number of Contracts/ Notional	Premiums Paid (000s)	Value (000s)
Interest Rate Swap Option 10 year (Put)	Morgan Stanley Capital Services LLC	3-Month USD-LIBOR	Receive	2.720%	07/16/2018	150,000	\$ 2	\$ 2
Interest Rate Swap Option 10 year (Put)	Morgan Stanley Capital Services LLC	3-Month USD-LIBOR	Receive	2.770	07/16/2018	1,000,000	12	10
Interest Rate Swap Option 30 year (Call)	Deutsche Bank AG	3-Month USD-LIBOR	Pay	2.150	06/15/2018	250,000	25	3
Interest Rate Swap Option 30 year (Put)	Deutsche Bank AG	3-Month USD-LIBOR	Receive	2.150	06/15/2018	250,000	25	30
Total Purchased Swap Options Not Settled Through Variation Margin							\$64	\$45
Total Purchased Options							\$91	\$53

WRITTEN OPTIONS OPEN AT OCTOBER 31, 2017

WRITTEN OPTIONS THAT REQUIRE PERIODIC SETTLEMENT OF VARIATION MARGIN

Description	Exchange	Strike Price	Expiration Date	Number of Contracts/ Notional	Premiums Received (000s)	Value (000s)
Euro-Bund Futures (Call)	Eurex	€ 164.00	11/24/2017	5	\$1	\$—
Euro-Bund Futures (Put)	Eurex	158.00	11/24/2017	16	1	(1)
Total Written Options that Require Periodic Settlement of Variation Margin					\$2	\$(1)

WRITTEN OPTIONS NOT SETTLED THROUGH VARIATION MARGIN

Description	Counterparty/Exchange	Strike Index/ Rate	Expiration Date	Number of Contracts/ Notional	Premiums Received (000s)	Value (000s)
Commodity - Natural Gas Futures (Call)	New York Mercantile Exchange	\$ 0.75	02/23/2018	6	\$17	\$(4)
Commodity - WTI-Brent Crude Oil Spread Futures (Call)	New York Mercantile Exchange	—	10/30/2018	1	1	—
Consumer Price All Urban Non-Seasonally Adjusted Index - Cap (Call)	JP Morgan Chase Bank NA	244.170 ¹	05/16/2024	200,000	1	—
Consumer Price All Urban Non-Seasonally Adjusted Index - Floor (Put)	JP Morgan Chase Bank NA	234.810 ¹	03/24/2020	1,600,000	18	(4)

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

WRITTEN OPTIONS—Continued

WRITTEN OPTIONS NOT SETTLED THROUGH VARIATION MARGIN—Continued

Description	Counterparty/Exchange	Strike Index/Rate	Expiration Date	Number of Contracts/Notional	Premiums Received (000s)	Value (000s)
Eurodollar Futures (Call)	CME Group	\$ 98.75	03/19/2018	30	\$ 4	\$—
Eurozone HICP Ex. Tobacco Index - Cap (Call)	Goldman Sachs Bank USA	120.720 ¹	06/22/2035	400,000	18	(4)
USD ICE Swap Rate Index 30 year - Cap (Put)	Deutsche Bank AG	0.230 ¹	03/29/2018	2,500,000	1	(1)
USD ICE Swap Rate Index 30 year - Cap (Put)	Morgan Stanley Capital Services LLC	0.230 ¹	04/03/2018	2,600,000	1	(1)
U.S. Treasury Bond Option 30 year (Call)	Chicago Board of Trade	\$ 155.00	11/24/2017	1	1	—
U.S. Treasury Note Option 10 year (Call)	Chicago Board of Trade	125.00	11/24/2017	3	1	(2)
U.S. Treasury Note Option 10 year (Call)	Chicago Board of Trade	125.50	11/24/2017	4	1	(1)
U.S. Treasury Note Option 10 year (Call)	Chicago Board of Trade	126.50	11/24/2017	3	1	—
U.S. Treasury Note Option 10 year (Call)	Chicago Board of Trade	127.50	11/24/2017	4	2	—
U.S. Treasury Note Option 10 year (Put)	Chicago Board of Trade	123.50	11/24/2017	4	1	(1)
U.S. Treasury Note Option 10 year (Put)	Chicago Board of Trade	124.00	11/24/2017	4	2	(1)
Total Written Options Not Settled Through Variation Margin					\$70	\$(19)

WRITTEN SWAP OPTIONS NOT SETTLED THROUGH VARIATION MARGIN

Description	Counterparty	Floating Rate Index	Pay/Receive Floating Rate	Strike Rate	Expiration Date	Number of Contracts/Notional	Premiums Received (000s)	Value (000s)
Interest Rate Swap Option 5 year (Call)	Royal Bank of Scotland plc	3-Month USD-LIBOR	Receive	1.800%	11/07/2017	400,000	\$ 4	\$—
Interest Rate Swap Option 5 year (Put)	Royal Bank of Scotland plc	3-Month USD-LIBOR	Pay	2.600	11/07/2017	400,000	4	(1)
Total Written Swap Options Not Settled Through Variation Margin							\$ 8	\$(1)
Total Written Options							\$80	\$(21)

FORWARD CURRENCY CONTRACTS OPEN AT OCTOBER 31, 2017

Counterparty	Amount to be Delivered (000s)	Amount to be Received (000s)	Settlement Date	Unrealized Appreciation/Depreciation (000s)
Bank of America NA	\$ 100	ARG\$ 1,860	02/14/2018	\$ (1)
Citibank NA	\$ 11	ARG\$ 194	12/20/2017	—
Goldman Sachs Bank USA	\$ 48	ARG\$ 885	01/12/2018	—
HSBC Bank USA	\$ 55	ARG\$ 1,027	02/14/2018	—
BNP Paribas SA	ARG\$ 398	\$ 21	02/14/2018	—
JP Morgan Chase Bank	ARG\$ 265	\$ 14	02/14/2018	—
JP Morgan Chase Bank NA	AUD\$ 528	\$ 412	11/02/2017	8
Citibank NA	\$ 65	RS 211	11/03/2017	—
Citibank NA	\$ 66	RS 211	12/04/2017	(2)
Deutsche Bank AG	\$ 102	RS 320	11/03/2017	(4)
Société Générale	\$ 33	RS 108	11/03/2017	—
BNP Paribas SA	RS 420	\$ 116	01/03/2018	(11)
Citibank NA	RS 211	\$ 66	11/03/2017	2
Deutsche Bank AG	RS 320	\$ 98	11/03/2017	—
Deutsche Bank AG	RS 5,900	\$ 1,641	01/03/2018	(149)
JP Morgan Chase Bank	RS 880	\$ 243	01/03/2018	(24)
Société Générale	RS 108	\$ 34	11/03/2017	1
UBS AG	\$ 3,223	£ 2,462	11/02/2017	47
Citibank NA	£ 246	\$ 325	11/02/2017	(2)
JP Morgan Chase Bank NA	£ 2,216	\$ 2,970	11/02/2017	27
UBS AG	£ 2,462	\$ 3,226	12/04/2017	(47)
Citibank NA	\$ 128	CAD\$ 165	11/15/2017	—
Goldman Sachs Bank USA	CAD\$ 165	\$ 130	11/15/2017	2
Goldman Sachs Bank USA	\$ 98	DKK\$ 615	01/02/2018	(1)
JP Morgan Chase Bank NA	\$ 52	DKK\$ 325	01/02/2018	(1)
Bank of America NA	DKK\$ 811	\$ 130	01/02/2018	3
Goldman Sachs Bank USA	DKK\$ 208	\$ 30	01/02/2018	(2)
Goldman Sachs Bank USA	DKK\$ 202	\$ 31	04/03/2018	(1)
JP Morgan Chase Bank NA	DKK\$ 350	\$ 56	01/02/2018	1
BNP Paribas SA	\$ 902	€ 775	11/02/2017	1
Citibank NA	\$ 6	€ 5	11/15/2017	—
JP Morgan Chase Bank NA	\$ 1,101	€ 936	11/02/2017	(11)
Bank of America NA	€ 1,593	\$ 1,872	11/02/2017	16

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

FORWARD CURRENCY CONTRACTS—Continued

Counterparty	Amount to be Delivered (000s)	Amount to be Received (000s)	Settlement Date	Unrealized Appreciation/ (Depreciation) (000s)
BNP Paribas SA	€ 775	\$ 903	12/04/2017	\$ (1)
JP Morgan Chase Bank NA	€ 118	\$ 139	11/02/2017	1
UBS AG	€ 6	\$ 7	11/15/2017	—
Credit Suisse International	\$ 189	₹ 12,358	12/04/2017	2
BNP Paribas SA	₹ 2,407	\$ 37	12/04/2017	—
Citibank NA	₹ 1,518	\$ 23	12/04/2017	—
JP Morgan Chase Bank	₹ 1,451	\$ 22	12/04/2017	—
Citibank NA	\$ 113	¥ 12,700	11/02/2017	(2)
Citibank NA	\$ 52	MEX\$ 990	12/15/2017	(1)
Citibank NA	MEX\$ 275	\$ 15	12/15/2017	—
Bank of America NA	\$ 892	NZD\$ 1,303	11/02/2017	—
Bank of America NA	NZD\$ 1,303	\$ 891	12/04/2017	—
JP Morgan Chase Bank NA	NZD\$ 1,303	\$ 937	11/02/2017	45
Citibank NA	\$ 50	RUS\$ 2,936	02/16/2018	(1)
BNP Paribas SA	₩ 51,219	\$ 45	12/04/2017	(1)
Deutsche Bank AG	₩ 95,642	\$ 84	12/04/2017	(2)
Total Forward Currency Contracts				<u><u>\$(108)</u></u>

SWAP AGREEMENTS OPEN AT OCTOBER 31, 2017

CENTRALLY CLEARED SWAP AGREEMENTS INTEREST RATE SWAPS

Counterparty	Floating Rate Index	Pay/Receive	Fixed Rate	Payment Frequency	Expiration Date	Notional Amount (000s)	Value (000s)	Upfront Premiums (Received)/ Paid (000s)	Unrealized Appreciation/ (Depreciation) (000s)
CME Group	Brazil Cetip Interbank Deposit	Pay	9.650%	At maturity	01/02/2025	R\$ 1,700	\$ (4)	\$ (1)	\$ (3)
LCH Group	Eurostat Eurozone HICP Ex Tobacco NSA	Receive	1.165	At maturity	12/15/2021	€ 140	1	—	1
LCH Group	Eurostat Eurozone HICP Ex Tobacco NSA	Pay	1.385	At maturity	12/15/2026	150	(1)	1	(2)
LCH Group	French Consumer Price Index Ex Tobacco	Pay	1.438	At maturity	06/15/2027	240	(1)	(1)	—
LCH Group	British Bankers' Association LIBOR GBP 6-Month	Pay	1.500	Semiannual	03/21/2028	£ 1,390	(13)	(48)	35
LCH Group	British Bankers' Association LIBOR GBP 6-Month	Pay	1.750	Semiannual	03/21/2048	200	(9)	(5)	(4)
LCH Group	UK Retail Prices Index All Items NSA	Pay	3.400	At maturity	06/15/2030	800	13	20	(7)
LCH Group	UK Retail Prices Index All Items NSA	Pay	3.300	At maturity	12/15/2030	100	(3)	(5)	2
LCH Group	UK Retail Prices Index All Items NSA	Pay	3.470	At maturity	09/15/2032	1,450	(12)	2	(14)
LCH Group	UK Retail Prices Index All Items NSA	Pay	3.585	At maturity	10/15/2046	130	(7)	(8)	1
LCH Group	UK Retail Prices Index All Items NSA	Receive	3.585	At maturity	10/15/2046	90	5	5	—
LCH Group	UK Retail Prices Index All Items NSA	Receive	3.427	At maturity	03/15/2047	100	7	—	7
LCH Group	British Bankers' Association LIBOR JPY 6-Month	Receive	0.300	Semiannual	09/20/2027	¥ 60,000	(1)	(1)	—
LCH Group	British Bankers' Association LIBOR JPY 6-Month	Receive	0.450	Semiannual	03/20/2029	150,000	(7)	(9)	2
CME Group	Mexico Interbank THIE 28 Day	Pay	7.200	Lunar	06/05/2024	MEX\$ 2,200	(1)	—	(1)
CME Group	Mexico Interbank THIE 28 Day	Pay	8.040	Lunar	12/17/2026	500	1	—	1

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

SWAP AGREEMENTS—Continued

CENTRALLY CLEARED SWAP AGREEMENTS—Continued

INTEREST RATE SWAPS—Continued

Counterparty	Floating Rate Index	Pay/Receive Floating Rate	Fixed Rate	Payment Frequency	Expiration Date	Notional Amount (000s)	Value (000s)	Upfront Premiums (Received)/ Paid (000s)	Unrealized Appreciation/ (Depreciation) (000s)
CME Group	Mexico Interbank TIIE 28 Day	Pay	8.280%	Lunar	11/28/2036	MEX\$ 400	\$ 1	\$ 2	\$ (1)
CME Group	Mexico Interbank TIIE 28 Day	Pay	8.310	Lunar	11/28/2036	400	1	2	(1)
CME Group	Mexico Interbank TIIE 28 Day	Pay	7.480	Lunar	06/18/2037	4,180	(6)	—	(6)
CME Group	New Zeland 90 Day Bank Bill Futures Rate Agreement	Pay	3.250	Semiannual	03/21/2028	NZDS 500	—	2	(2)
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	1.250	Semiannual	06/21/2019	\$ 2,500	13	15	(2)
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.250	Semiannual	12/16/2022	4,500	63	10	53
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.660	Semiannual	10/19/2023	400	7	—	7
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.680	Semiannual	10/25/2023	1,000	19	—	19
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.670	Semiannual	11/19/2023	300	6	1	5
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.680	Semiannual	12/12/2023	300	6	—	6
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.400	Semiannual	03/16/2026	5,790	37	(38)	75
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.300	Semiannual	04/21/2026	1,400	16	(8)	24
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.300	Semiannual	04/27/2026	1,800	20	(7)	27
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.000	Semiannual	07/27/2026	1,100	28	32	(4)
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.400	Semiannual	12/07/2026	3,000	28	24	4
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.250	Semiannual	12/21/2046	1,260	93	125	(32)
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.750	Semiannual	12/20/2047	200	5	3	2
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.950	Semiannual	10/19/2048	50	(3)	—	(3)
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.970	Semiannual	10/25/2048	100	(6)	—	(6)
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.950	Semiannual	11/19/2048	100	(6)	—	(6)
CME Group	British Bankers' Association LIBOR USD 3-Month	Pay	2.950	Semiannual	12/12/2048	100	(6)	—	(6)
LCH Group	British Bankers' Association LIBOR USD 3-Month	Pay	1.750	Semiannual	12/21/2026	900	38	42	(4)

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

SWAP AGREEMENTS—Continued

CENTRALLY CLEARED SWAP AGREEMENTS—Continued

INTEREST RATE SWAPS—Continued

Counterparty	Floating Rate Index	Pay/Receive Floating Rate	Fixed Rate	Payment Frequency	Expiration Date	Notional Amount (000s)	Value (000s)	Upfront Premiums (Received)/ Paid (000s)	Unrealized Appreciation/ (Depreciation) (000s)
LCH Group	Federal Funds Effective Rate US	Pay	2.000%	Annual	12/15/2047	\$ 150	\$ 8	\$ —	\$ 8
LCH Group	US Consumer Price Index Urban Consumers NSA	Receive	1.710	At maturity	04/27/2018	500	(1)	—	(1)
LCH Group	US Consumer Price Index Urban Consumers NSA	Receive	1.580	At maturity	05/23/2018	2,900	7	1	6
LCH Group	US Consumer Price Index Urban Consumers NSA	Pay	1.935	At maturity	04/27/2019	500	1	—	1
LCH Group	US Consumer Price Index Urban Consumers NSA	Receive	2.026	At maturity	11/23/2020	300	—	—	—
LCH Group	US Consumer Price Index Urban Consumers NSA	Receive	2.021	At maturity	11/25/2020	300	—	—	—
LCH Group	US Consumer Price Index Urban Consumers NSA	Receive	1.550	At maturity	07/26/2021	200	5	7	(2)
LCH Group	US Consumer Price Index Urban Consumers NSA	Receive	1.602	At maturity	09/12/2021	150	3	5	(2)
LCH Group	US Consumer Price Index Urban Consumers NSA	Pay	1.730	At maturity	07/26/2026	200	(7)	(10)	3
LCH Group	US Consumer Price Index Urban Consumers NSA	Pay	1.762	At maturity	08/30/2026	400	(13)	(20)	7
LCH Group	US Consumer Price Index Urban Consumers NSA	Pay	1.800	At maturity	09/12/2026	200	(6)	(2)	(4)
LCH Group	US Consumer Price Index Urban Consumers NSA	Pay	1.801	At maturity	09/12/2026	150	(4)	(7)	3
LCH Group	US Consumer Price Index Urban Consumers NSA	Pay	1.805	At maturity	09/12/2026	100	(3)	(5)	2
LCH Group	US Consumer Price Index Urban Consumers NSA	Pay	1.780	At maturity	09/15/2026	100	(3)	(5)	2
LCH Group	US Consumer Price Index Urban Consumers NSA	Pay	2.102	At maturity	07/20/2027	500	(2)	—	(2)
LCH Group	US Consumer Price Index Urban Consumers NSA	Pay	2.080	At maturity	07/25/2027	200	(1)	—	(1)
LCH Group	US Consumer Price Index Urban Consumers NSA	Pay	2.122	At maturity	08/01/2027	400	(1)	—	(1)
LCH Group	US Consumer Price Index Urban Consumers NSA	Pay	2.180	At maturity	09/20/2027	90	—	—	—
LCH Group	US Consumer Price Index Urban Consumers NSA	Pay	2.150	At maturity	09/25/2027	100	—	—	—
LCH Group	US Consumer Price Index Urban Consumers NSA	Pay	2.156	At maturity	10/17/2027	200	—	—	—
Interest Rate Swaps									\$186

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

SWAP AGREEMENTS—Continued

CENTRALLY CLEARED SWAP AGREEMENTS CREDIT DEFAULT SWAPS

Counterparty	Reference Entity	Buy/ Sell ^{b,c}	Pay/Receive Fixed Rate	Expiration Date	Implied Credit Spread ^d	Payment Frequency	Notional Amount ^e (000s)	Value ^f (000s)	Upfront Premiums (Received/ Paid (000s)	Unrealized Appreciation/ (Depreciation) (000s)
ICE Group	iTraxx Europe Series 28 Version 1	Buy	1.000%	12/20/2022	0.500%	Quarterly	€ 800	\$(25)	\$(21)	\$ (4)
ICE Group	Markit iTraxx Europe Indices Series 26 Version 1	Buy	1.000	12/20/2021	0.360	Quarterly	€ 300	(10)	(5)	(5)
ICE Group	Canadian Natural Resources Ltd. 3.450% due 11/15/2021	Buy	1.000	03/20/2018	0.121	Quarterly	\$ 100	—	—	—
ICE Group	Markit CDX North America High Yield Index Series 29	Buy	5.000	12/20/2022	3.102	Quarterly	\$ 600	(54)	(48)	(6)
Credit Default Swaps										\$(15)

OVER-THE-COUNTER (OTC) SWAP AGREEMENTS INTEREST RATE SWAPS

Counterparty	Floating Rate Index	Pay/Receive Fixed Rate	Fixed Rate	Payment Frequency	Expiration Date	Notional Amount (000s)	Value (000s)	Upfront Premiums (Received/ Paid (000s)	Unrealized Appreciation/ (Depreciation) (000s)	
Morgan Stanley Capital Services LLC	US Consumer Price Index Urban Consumers NSA	Receive	1.810%	At maturity	07/19/2026	\$ 400	\$(11)	\$—	\$(11)	
Morgan Stanley Capital Services LLC	US Consumer Price Index Urban Consumers NSA	Receive	1.800	At maturity	07/20/2026	200	(6)	—	(6)	
Morgan Stanley Capital Services LLC	US Consumer Price Index Urban Consumers NSA	Receive	1.805	At maturity	09/20/2026	100	(3)	—	(3)	
Interest Rate Swaps										\$(20)

OVER-THE-COUNTER (OTC) SWAP AGREEMENTS TOTAL RETURN SWAPS ON INDICES

Counterparty	Reference Rate	Pay/Receive Fixed Rate	Index	Expiration Date	Payment Frequency	Notional Amount (000s)	Value (000s)	Upfront Premiums (Received/ Paid (000s)	Unrealized Appreciation/ (Depreciation) (000s)
Citibank NA	0.17%	Pay	Bloomberg Commodity Index SM	02/15/2018	Monthly	\$ 6	\$ 2	\$—	\$ 2
Citibank NA	0.17	Pay	Bloomberg Commodity Index SM	02/15/2018	Monthly	5	(1)	—	(1)
Canadian Imperial Bank of Commerce	—	Pay	Bloomberg Commodity Index SM	02/15/2018	Monthly	5	11	—	11
JP Morgan Chase Bank NA	0.30	Pay	Bloomberg Commodity Index SM	02/15/2018	Monthly	6	17	—	17
JP Morgan Chase Bank NA	0.17	Pay	Bloomberg Commodity Index Total Return SM	02/15/2018	Monthly	4	12	—	12
BNP Paribas SA	U.S. Treasury Bills	Pay	Bloomberg Commodity Index Total Return SM	02/15/2018	Monthly	2,197	(6)	—	(6)
BNP Paribas SA	U.S. Treasury Bills	Pay	Bloomberg Commodity Index Total Return SM	02/15/2018	Monthly	2	2	—	2
Citibank NA	U.S. Treasury Bills	Pay	Bloomberg Commodity Index Total Return SM	02/15/2018	Monthly	47	16	—	16

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

SWAP AGREEMENTS—Continued

OVER-THE-COUNTER (OTC) SWAP AGREEMENTS—Continued TOTAL RETURN SWAPS ON INDICES—Continued

Counterparty	Reference Rate	Pay/Receive Fixed Rate	Index	Expiration Date	Payment Frequency	Notional Amount (000s)	Value (000s)	Upfront Premiums (Received)/ Paid (000s)	Unrealized Appreciation/ (Depreciation) (000s)
Credit Suisse International	U.S. Treasury Bills	Pay	Bloomberg Commodity Index Total Return SM	02/15/2018	Monthly	\$12	\$ 5	\$—	\$ 5
Goldman Sachs International	U.S. Treasury Bills	Pay	Bloomberg Commodity Index Total Return SM	02/15/2018	Monthly	7,471	(17)	—	(17)
Goldman Sachs International	U.S. Treasury Bills	Pay	Bloomberg Commodity Index Total Return SM	02/15/2018	Monthly	32	25	—	25
JP Morgan Chase Bank NA	U.S. Treasury Bills	Pay	Bloomberg Commodity Index Total Return SM	02/15/2018	Monthly	6,581	(17)	—	(17)
JP Morgan Chase Bank NA	U.S. Treasury Bills	Pay	Bloomberg Commodity Index Total Return SM	02/15/2018	Monthly	7	5	—	5
Merrill Lynch International	U.S. Treasury Bills	Pay	Bloomberg Commodity Index Total Return SM	02/15/2018	Monthly	—	—	—	—
Morgan Stanley Capital Services LLC	U.S. Treasury Bills	Pay	Bloomberg Commodity Index Total Return SM	02/15/2018	Monthly	211	88	—	88
Société Générale Paris	U.S. Treasury Bills	Pay	Bloomberg Commodity Index Total Return SM	02/15/2018	Monthly	9	4	—	4
JP Morgan Chase Bank NA	0.35%	Pay	JP Morgan FNJ Commodity Index	02/15/2018	Monthly	28	27	(3)	30
Goldman Sachs International	0.25	Pay	S&P GSCI	02/15/2018	Monthly	5	34	—	34
BNP Paribas SA	-0.05	Pay	S&P GSCI Industrial Metals Index Excess Return	02/15/2018	Monthly	359	5	—	5
Goldman Sachs International	-0.05	Pay	S&P GSCI Industrial Metals Index Excess Return	02/15/2018	Monthly	198	2	—	2
Total Return Swaps on Indices									\$217

OVER-THE-COUNTER (OTC) SWAP AGREEMENTS TOTAL RETURN SWAPS ON COMMODITIES

Counterparty	Reference Assets	Pay/Receive Fixed Rate	Fixed Price per Unit	Payment Frequency	Expiration Date	Notional Amount (000s)	Value (000s)	Upfront Premiums (Received)/ Paid (000s)	Unrealized Appreciation/ (Depreciation) (000s)
BNP Paribas SA	Calendar Swap on Iron Ore	Receive	\$69.20	At Maturity	03/31/2018	\$ 1	\$ (6)	\$—	\$ (6)
Goldman Sachs International	Calendar Swap on Iron Ore	Receive	72.30	At Maturity	03/31/2018	—	4	—	4
Goldman Sachs International	Calendar Swap on Iron Ore	Receive	58.40	At Maturity	03/31/2019	—	(1)	—	(1)
Goldman Sachs International	Calendar Swap on Iron Ore	Receive	54.70	At Maturity	12/31/2019	—	—	—	—
JP Morgan Chase Bank NA	Calendar Swap on Iron Ore	Receive	69.70	At Maturity	03/31/2018	—	3	—	3
JP Morgan Chase Bank NA	Calendar Swap on Iron Ore	Receive	55.90	At Maturity	03/31/2019	—	—	—	—
JP Morgan Chase Bank NA	Hard Red Winter Wheat February 2018 Futures	Receive	1.00	At Maturity	02/23/2018	1	—	—	—

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

SWAP AGREEMENTS—Continued

OVER-THE-COUNTER (OTC) SWAP AGREEMENTS—Continued
TOTAL RETURN SWAPS ON COMMODITIES—Continued

Counterparty	Reference Assets	Pay/Receive Fixed Rate	Fixed Price per Unit	Payment Frequency	Expiration Date	Notional Amount (000s)	Value (000s)	Upfront Premiums (Received)/ Paid (000s)	Unrealized Appreciation/ (Depreciation) (000s)
Morgan Stanley Capital Services LLC	London Gold Market Fixing Ltd-LBMA PM Fixing Price/USD	Receive	\$1,266.20	At Maturity	11/29/2018	\$ —	\$ (3)	\$—	\$ (3)
BNP Paribas SA	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	5.85	At Maturity	12/31/2017	—	—	—	—
BNP Paribas SA	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	6.97	At Maturity	12/31/2017	—	—	—	—
BNP Paribas SA	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	7.55	At Maturity	03/31/2018	—	—	—	—
BNP Paribas SA	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	12.70	At Maturity	12/31/2018	2	(1)	(1)	—
JP Morgan Chase Bank NA	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	7.10	At Maturity	12/31/2017	—	—	—	—
JP Morgan Chase Bank NA	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	5.10	At Maturity	03/31/2018	—	1	—	1
Morgan Stanley Capital Services LLC	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	5.78	At Maturity	12/31/2017	—	—	—	—
Morgan Stanley Capital Services LLC	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	5.90	At Maturity	12/31/2017	—	—	—	—
Morgan Stanley Capital Services LLC	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	4.85	At Maturity	12/31/2017	—	1	—	1
Morgan Stanley Capital Services LLC	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	4.74	At Maturity	12/31/2017	—	1	—	1
Morgan Stanley Capital Services LLC	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	6.79	At Maturity	12/31/2017	—	—	—	—
Morgan Stanley Capital Services LLC	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	5.82	At Maturity	12/31/2017	—	—	—	—

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

SWAP AGREEMENTS—Continued

OVER-THE-COUNTER (OTC) SWAP AGREEMENTS—Continued TOTAL RETURN SWAPS ON COMMODITIES—Continued

Counterparty	Reference Assets	Pay/Receive Fixed Rate	Fixed Price per Unit	Payment Frequency	Expiration Date	Notional Amount (000s)	Value (000s)	Upfront Premiums (Received)/ Paid (000s)	Unrealized Appreciation/ (Depreciation) (000s)
Morgan Stanley Capital Services LLC	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	\$ 5.80	At Maturity	12/31/2017	\$—	\$—	\$—	\$—
Morgan Stanley Capital Services LLC	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	5.30	At Maturity	03/31/2018	1	1	—	1
Morgan Stanley Capital Services LLC	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	4.45	At Maturity	03/31/2018	—	—	—	—
Morgan Stanley Capital Services LLC	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	6.22	At Maturity	03/31/2018	1	(1)	—	(1)
Morgan Stanley Capital Services LLC	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	7.48	At Maturity	03/31/2018	—	—	—	—
Morgan Stanley Capital Services LLC	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	5.81	At Maturity	12/31/2018	—	1	—	1
Morgan Stanley Capital Services LLC	Naphtha, Euro-Bob Gasoline, Ultra-Low Sulphur Diesel, Fuel Oil vs. Brent Crude Oil	Receive	5.77	At Maturity	12/31/2018	—	1	—	1
BNP Paribas SA	Platinum London PM Fix/USD vs. LBMA India Gold Price PM USD	Receive	(317.20)	At Maturity	07/09/2018	—	(8)	(1)	(7)
Goldman Sachs International	Platinum London PM Fix/USD vs. LBMA India Gold Price PM USD	Receive	(318.90)	At Maturity	07/06/2018	—	(4)	—	(4)
Total Return Swaps on Commodities									\$ (9)

OVER-THE-COUNTER (OTC) SWAP AGREEMENTS VARIANCE SWAPS ON COMMODITIES

Counterparty	Reference Assets	Pay/Receive Variance ^a	Initial Volatility Strike	Payment Frequency	Expiration Date	Notional Amount (000s)	Value (000s)	Upfront Premiums (Received)/ Paid (000s)	Unrealized Appreciation/ (Depreciation) (000s)
Goldman Sachs International	London Gold Market Fixing Ltd-LBMA PM Fixing Price/USD	Pay	\$ 0.07	At Maturity	07/29/2020	\$ 377	\$ 16	\$—	\$ 16
									—

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

SWAP AGREEMENTS—Continued

OVER-THE-COUNTER (OTC) SWAP AGREEMENTS VARIANCE SWAPS ON INDICES

Counterparty	Reference Assets	Pay/Receive Variance ⁹	Initial Volatility Strike	Payment Frequency	Expiration Date	Notional Amount (000s)	Value (000s)	Upfront Premiums (Received)/ Paid (000s)	Unrealized Appreciation/ (Depreciation) (000s)
Goldman Sachs International.	Intercontinental Exchange LIBOR USD 3-month	Receive	\$ —	At Maturity	03/20/2018	\$ 100	\$ (2)	\$—	\$ (2)
Goldman Sachs International.	London Gold Market Fixing Ltd-LBMA PM Fixing Price/USD	Pay	0.01%	At Maturity	01/10/2018	44	—	—	—
JP Morgan Chase Bank NA . . .	London Gold Market Fixing Ltd-LBMA PM Fixing Price/USD	Pay	0.04	At Maturity	07/29/2020	21	—	—	—
JP Morgan Chase Bank NA . . .	London Gold Market Fixing Ltd-LBMA PM Fixing Price/USD	Pay	0.04	At Maturity	07/29/2020	356	(5)	—	(5)
Morgan Stanley Capital Services LLC	London Gold Market Fixing Ltd-LBMA PM Fixing Price/USD	Pay	0.02	At Maturity	12/04/2017	102	—	—	—
Morgan Stanley Capital Services LLC	London Gold Market Fixing Ltd-LBMA PM Fixing Price/USD	Pay	0.02	At Maturity	12/04/2017	72	1	—	1
Morgan Stanley Capital Services LLC	London Gold Market Fixing Ltd-LBMA PM Fixing Price/USD	Pay	0.02	At Maturity	04/12/2018	39	—	—	—
Morgan Stanley Capital Services LLC	London Gold Market Fixing Ltd-LBMA PM Fixing Price/USD	Pay	0.02	At Maturity	10/25/2018	35	—	—	—
Morgan Stanley Capital Services LLC	London Gold Market Fixing Ltd-LBMA PM Fixing Price/USD	Pay	0.02	At Maturity	10/31/2018	281	—	—	—
Morgan Stanley Capital Services LLC	London Gold Market Fixing Ltd-LBMA PM Fixing Price/USD	Pay	0.03	At Maturity	07/17/2019	55	—	—	—
Morgan Stanley Capital Services LLC	London Gold Market Fixing Ltd-LBMA PM Fixing Price/USD	Pay	0.03	At Maturity	07/26/2019	43	—	—	—
Morgan Stanley Capital Services LLC	London Gold Market Fixing Ltd-LBMA PM Fixing Price/USD	Pay	0.03	At Maturity	10/08/2019	29	—	—	—
Goldman Sachs International.	London Silver Market Fixing Ltd-LBMA Fixing Price/USD	Pay	0.04	At Maturity	01/10/2018	25	—	—	—
JP Morgan Chase Bank NA . . .	London Silver Market Fixing Ltd-LBMA Fixing Price/USD	Pay	0.05	At Maturity	10/31/2018	22	—	—	—
Morgan Stanley Capital Services LLC	London Silver Market Fixing Ltd-LBMA Fixing Price/USD	Pay	0.05	At Maturity	04/12/2018	23	—	—	—
Morgan Stanley Capital Services LLC	London Silver Market Fixing Ltd-LBMA Fixing Price/USD	Pay	0.05	At Maturity	10/25/2018	22	—	—	—
Morgan Stanley Capital Services LLC	London Silver Market Fixing Ltd-LBMA Fixing Price/USD	Pay	0.10	At Maturity	10/31/2018	194	—	—	—

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

SWAP AGREEMENTS—Continued

OVER-THE-COUNTER (OTC) SWAP AGREEMENTS—Continued

VARIANCE SWAPS ON INDICES—Continued

Counterparty	Reference Assets	Pay/Receive Variance ^a	Initial Volatility Strike	Payment Frequency	Expiration Date	Notional Amount (000s)	Value (000s)	Upfront Premiums (Received)/ Paid (000s)	Unrealized Appreciation/ (Depreciation) (000s)
Morgan Stanley Capital Services LLC	London Silver Market Fixing Ltd-LBMA Fixing Price/USD	Pay	0.07%	At Maturity	07/17/2019	\$ 37	\$—	\$—	\$—
Morgan Stanley Capital Services LLC	London Silver Market Fixing Ltd-LBMA Fixing Price/USD	Pay	0.07	At Maturity	07/26/2019	29	—	—	—
Morgan Stanley Capital Services LLC	London Silver Market Fixing Ltd-LBMA Fixing Price/USD	Pay	0.07	At Maturity	10/08/2019	19	—	—	—
Goldman Sachs International	S&P GSCI Aluminum Index Excess Return	Pay	0.03	At Maturity	08/01/2018	29	—	—	—
Goldman Sachs International	S&P GSCI Copper Index Total Return(SM)	Pay	0.04	At Maturity	08/01/2018	3	—	—	—
JP Morgan Chase Bank NA	S&P GSCI Copper Index Total Return(SM)	Pay	0.04	At Maturity	08/01/2018	11	—	—	—
Société Générale Paris	Soybean Futures October 2018	Pay	0.03	At Maturity	10/26/2018	30	—	—	—
Variance Swaps on Indices									\$ (6)

OVER-THE-COUNTER (OTC) SWAP AGREEMENTS

CREDIT DEFAULT SWAPS

Counterparty	Reference Entity	Buy/ Sell ^{b,c}	Pay/Receive Fixed Rate	Expiration Date	Implied Credit Spread ^d	Payment Frequency	Notional Amount ^e (000s)	Value ^f (000s)	Upfront Premiums (Received)/ Paid (000s)	Unrealized Appreciation/ (Depreciation) (000s)
Deutsche Bank AG	Federative Republic of Brazil 4.250% due 01/07/2025	Sell	1.000%	06/20/2021	1.160%	Quarterly	\$ 100	\$(1)	\$(9)	\$ 8
Goldman Sachs International	Federative Republic of Brazil 4.250% due 01/07/2025	Sell	1.000	06/20/2021	1.605	Quarterly	200	(1)	(14)	13
HSBC Bank USA NA	Federative Republic of Brazil 4.250% due 01/07/2025	Sell	1.000	06/20/2022	1.527	Quarterly	100	(2)	(6)	4
Credit Default Swaps									\$ 25	
Total Swaps									\$394	

FIXED INCOME INVESTMENTS SOLD SHORT AT OCTOBER 31, 2017 — (0.6)%

Principal Amount (000s)	Security	Proceeds (000s)	Value (000s)
\$ 300	Federal National Mortgage Association TBA ¹ 3.000%—12/13/2047	\$301	\$(300)

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

FAIR VALUE MEASUREMENTS

The following table summarizes the Fund's investments as of October 31, 2017 based on the inputs used to value them.

Asset Category	Quoted Prices Level 1 (000s)	Other Significant Observable Inputs Level 2 (000s)	Significant Unobservable Inputs Level 3 (000s)	Total (000s)
Investments in Securities				
Asset-Backed Securities	\$ —	\$ 2,527	\$—	\$ 2,527
Collateralized Mortgage Obligations	—	134	—	134
Corporate Bonds & Notes	—	4,557	—	4,557
Foreign Government Obligations	—	6,820	—	6,820
Mortgage Pass-Through	—	2,821	—	2,821
U.S. Government Obligations	—	51,387	—	51,387
Short-Term Investments				
Certificates Of Deposit	—	300	—	300
Repurchase Agreements	—	10,993	—	10,993
Total Investments in Securities	<u>\$ —</u>	<u>\$79,539</u>	<u>\$—</u>	<u>\$79,539</u>
Financial Derivative Instruments - Assets				
Forward Currency Contracts	\$ —	\$ 156	\$—	\$ 156
Futures Contracts	255	—	—	255
Purchased Options	6	47	—	53
Swap Agreements	—	616	—	616
Total Financial Derivative Instruments - Assets	<u>\$ 261</u>	<u>\$ 819</u>	<u>\$—</u>	<u>\$ 1,080</u>
Liability Category				
Fixed Income Investments Sold Short	\$ —	\$ (300)	\$—	\$ (300)
Financial Derivative Instruments - Liabilities				
Forward Currency Contracts	\$ —	\$ (264)	\$—	\$ (264)
Futures Contracts	(214)	—	—	(214)
Swap Agreements	—	(222)	—	(222)
Written Options	(10)	(11)	—	(21)
Total Financial Derivative Instruments - Liabilities	<u>\$(224)</u>	<u>\$ (497)</u>	<u>\$—</u>	<u>\$ (721)</u>
Total Investments	<u>\$ 37</u>	<u>\$79,561</u>	<u>\$—</u>	<u>\$79,598</u>

There were no Level 3 holdings at October 31, 2017 or 2016, and no transfers between levels during the year.

For more information on valuation inputs and their aggregation into the levels used in the table above, please refer to the Fair Value Measurements and Disclosures in Note 2 of the accompanying Notes to Financial Statements.

The following is a summary of the remaining contractual maturities of transfers accounted for as secured borrowings, by type of security loaned, as of October 31, 2017.

Sale-Buyback Transactions	Overnight and Continuous (000s)	Up to 30 days (000s)	31-90 days (000s)	Greater Than 90 days (000s)	Total (000s)
U.S. Government Obligations	<u>\$—</u>	<u>\$26,678</u>	<u>\$7,069</u>	<u>\$—</u>	<u>\$33,747</u>

Harbor Commodity Real Return Strategy Fund

CONSOLIDATED PORTFOLIO OF INVESTMENTS—Continued

- 1 Variable rate security, the stated rate represents the rate in effect at October 31, 2017.
- 2 Securities purchased in a transaction exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. The Fund has no right to demand registration of these securities. These securities are priced by an independent pricing service in accordance with Harbor Funds Valuation Procedures. At October 31, 2017, the aggregate value of these securities was \$1,959,000 or 4% of net assets.
- 3 Floating rate security, the stated rate represents the rate in effect at October 31, 2017.
- 4 MTN after the name of a security stands for Medium Term Note.
- 5 Inflation-protected securities (“IPS”) are securities in which the principal amount is adjusted for inflation and interest payments are applied to the inflation-adjusted principal.
- 6 Zero coupon bond
- 7 TBAs are mortgage-backed securities traded under delayed delivery commitments, settling after October 31, 2017. Although the unit price for the trades has been established, the principal value has not been finalized. However, the amount of the commitments will not fluctuate more than 2% from the principal amount. Income on TBAs is not earned until settlement date (see Note 2 of the accompanying Notes to Financial Statements).
- 8 At October 31, 2017, a portion of securities held by the Fund were pledged to cover margin requirements for open future contracts, written options on futures contracts and swap options (see Note 2 of the accompanying Notes to Financial Statements). The securities pledged had an aggregate value of \$333,000 or less than 1% of net assets.
- b If the Fund is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.
- c If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.
- d Implied credit spreads, represented in absolute terms, utilized in determining the value of credit default swap agreements on corporate issues or sovereign issues of an emerging country as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity’s credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. A credit spread identified as “Defaulted” indicates a credit event has occurred for the referenced entity or obligation.
- e The maximum potential amount the Fund could be required to make as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.
- f The quoted market prices and resulting values for credit default swap agreements on asset-backed securities and credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced entity’s credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.
- g At the maturity date, a net cash flow is exchanged, where the payoff amount is equivalent to the difference between the realized price variance of the underlying asset and the strike price multiplied by the notional amount. As a receiver of the realized price variance, the Fund would receive the payoff amount when the realized price variance of the underlying asset is greater than the strike price and would owe the payoff amount when the variance is less than the strike price. As a payer of the realized price variance, the Fund would owe the payoff amount when the realized price variance of the underlying asset is greater than the strike price and would receive the payoff amount when the variance is less than the strike price.
- j Amount represents Index Value
- ARG\$ Argentine Peso
- AUD\$ Australian Dollar
- R\$ Brazilian Real
- £ British Pound
- CAD\$ Canadian Dollar
- DKK\$ Denmark Krone
- € Euro
- ₹ Indian Rupee
- ¥ Japanese Yen
- MEX\$ Mexican Peso
- PER\$ Peruvian Nuevo Sol
- NZD\$ New Zealand Dollar
- RUS\$ Russian Ruble
- ₩ South Korean Won
- TRD\$ Turkish Lira

The accompanying notes are an integral part of the Financial Statements.

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Harbor Strategic Markets Funds

STATEMENT OF ASSETS AND LIABILITIES—October 31, 2017

(All amounts in thousands, except per share amounts)

	Harbor Commodity Real Return Strategy Fund (Consolidated)
ASSETS	
Investments, at identified cost*	\$ 78,311
Investments, at value	\$ 68,546
Repurchase agreements	10,993
Cash-restricted	105
Cash	106
Foreign currency, at value (cost: \$152)	148
Receivables for:	
Investments sold	11,638
Capital shares sold	11
Interest	189
Unrealized appreciation on open forward currency contracts	156
Unrealized appreciation on OTC swap agreements	313
Variation margin on options and futures contracts	35
Variation margin on centrally cleared swap agreements	115
Purchased options not settled through variation margin, at value (premiums paid: \$89)	52
Options sold	23
Prepaid registration fees	5
Other assets	42
Total Assets	92,477
LIABILITIES	
Payables for:	
Due to broker	25
Investments purchased	6,616
Capital shares reacquired	26
Investments sold short, at value (proceeds: \$301)	300
Written options not settled through variation margin, at value (premiums received: \$78)	20
Swap premiums received	34
Unrealized depreciation on OTC swap agreements	90
Sale-buyback financing transactions	33,747
Variation margin on options and futures contracts	27
Unrealized depreciation on open forward currency contracts	264
Accrued expenses:	
Management fees	35
Transfer agent fees	3
Trustees' fees and expenses	1
Other	126
Total Liabilities	41,314
NET ASSETS	\$ 51,163
Net Assets Consist of:	
Paid-in capital	\$ 74,630
Accumulated undistributed net investment income/(loss)	377
Accumulated net realized gain/(loss)	(24,656)
Unrealized appreciation/(depreciation) of investments and translation of assets and liabilities in foreign currencies	464
Unrealized appreciation/(depreciation) of other financial instruments	348
	\$ 51,163
NET ASSET VALUE PER SHARE BY CLASS	
Institutional Class	
Net assets	\$ 50,771
Shares of beneficial interest ¹	13,449
Net asset value per share ²	\$ 3.78
Administrative Class	
Net assets	\$ 392
Shares of beneficial interest ¹	104
Net asset value per share ²	\$ 3.76

* Including repurchase agreements and short-term investments

¹ Par value \$0.01 (unlimited authorizations)

² Per share amounts can be recalculated to the amounts disclosed herein when total net assets and shares of beneficial interest are not rounded to thousands.

The accompanying notes are an integral part of the Financial Statements.

Harbor Strategic Markets Funds

STATEMENT OF OPERATIONS—Year Ended October 31, 2017

(All amounts in thousands)

	Harbor Commodity Real Return Strategy Fund (Consolidated)
Investment Income	
Interest	\$2,113
Total Investment Income	2,113
Operating Expenses	
Management fees	505
12b-1 fees:	
Administrative Class	1
Shareholder communications	35
Custodian fees	181
Transfer agent fees:	
Institutional Class	53
Administrative Class	1
Professional fees	5
Trustees' fees and expenses	2
Registration fees	37
Miscellaneous	7
Expenses before interest expense	827
Interest expense	282
Total expenses	1,109
Transfer agent fees waived	(6)
Other expenses reimbursed	(234)
Net expenses	869
Net Investment Income/(Loss)	1,244
Realized and Change in Net Unrealized Gain/(Loss) on Investment Transactions	
Net realized gain/(loss) on:	
Investments	(404)
Foreign currency transactions	(449)
Investments sold short	31
Swap agreements	(743)
Futures contracts	101
Purchased options	(38)
Written options	65
Change in net unrealized appreciation/(depreciation) on:	
Investments	(708)
Forwards currency contracts	233
Investments sold short	1
Swap agreements	2,403
Futures contracts	(126)
Purchased options	101
Written options	(66)
Translations of assets and liabilities in foreign currencies	2
Net gain/(loss) on investment transactions	403
Net Increase/(Decrease) in Net Assets Resulting from Operations	\$1,647

The accompanying notes are an integral part of the Financial Statements.

Harbor Strategic Markets Funds

STATEMENTS OF CHANGES IN NET ASSETS

(All amounts in thousands)

	Harbor Commodity Real Return Strategy Fund (Consolidated)	
	November 1, 2016 through October 31, 2017	November 1, 2015 through October 31, 2016
INCREASE/(DECREASE) IN NET ASSETS		
Operations:		
Net investment income/(loss)	\$ 1,244	\$ 1,404
Net realized gain/(loss) on investments	(1,437)	(11,279)
Change in net unrealized appreciation/(depreciation) of investments	1,840	6,587
Net increase/(decrease) in assets resulting from operations	1,647	(3,288)
Distributions to Shareholders		
Net investment income:		
Institutional Class	(631)	(1,967)
Administrative Class	(4)	(13)
Net realized gain on investments:		
Institutional Class	—	—
Administrative Class	—	—
Return of capital ^a :		
Institutional Class	—	(596)
Administrative Class	—	(3)
Total distributions to shareholders	(635)	(2,579)
Net Increase/(Decrease) Derived from Capital Share Transactions	(26,260)	(26,750)
Net increase/(decrease) in net assets	(25,248)	(32,617)
Net Assets		
Beginning of period	76,411	109,028
End of period*	\$ 51,163	\$ 76,411
* Includes accumulated undistributed net investment income/(loss) of:	\$ 377	\$ 164

a Determined in accordance with federal income tax regulations (see Note 5 in the Notes to Financial Statements)

The accompanying notes are an integral part of the Financial Statements.

Harbor Strategic Markets Funds

STATEMENTS OF CHANGES IN NET ASSETS—CAPITAL STOCK ACTIVITY

(All amounts in thousands)

	Harbor Commodity Real Return Strategy Fund (Consolidated)	
	November 1, 2016 through October 31, 2017	November 1, 2015 through October 31, 2016
AMOUNT (\$)		
Institutional Class		
Net proceeds from sale of shares	\$ 10,628	\$ 19,388
Reinvested distributions	624	2,495
Cost of shares reacquired	(37,395)	(48,420)
Net increase/(decrease) in net assets	\$(26,143)	\$(26,537)
Administrative Class		
Net proceeds from sale of shares	\$ 111	\$ 74
Reinvested distributions	3	16
Cost of shares reacquired	(231)	(303)
Net increase/(decrease) in net assets	\$ (117)	\$ (213)
SHARES		
Institutional Class		
Shares sold	2,844	5,503
Shares issued due to reinvestment of distributions	175	740
Shares reacquired	(10,051)	(13,954)
Net increase/(decrease) in shares outstanding	(7,032)	(7,711)
Beginning of period	20,481	28,192
End of period	13,449	20,481
Administrative Class		
Shares sold	30	21
Shares issued due to reinvestment of distributions	1	5
Shares reacquired	(63)	(89)
Net increase/(decrease) in shares outstanding	(32)	(63)
Beginning of period	136	199
End of period	104	136

The accompanying notes are an integral part of the Financial Statements.

Harbor Strategic Markets Funds

STATEMENT OF CASH FLOWS— Year Ended October 31, 2017

(All amounts in thousands)

	Harbor Commodity Real Return Strategy Fund (Consolidated)
Cash flows provided by operating activities:	
Net increase in net assets resulting from operations	\$ 1,647
Adjustments to reconcile net increase in net assets from operations to net cash used for operating activities:	
Purchases of long-term securities	(1,168,504)
Proceeds from sales of long-term securities	1,192,439
Proceeds from short-term portfolio investments, net	9,672
Decrease in receivable for investments sold	6,288
Decrease in foreign spot contracts receivable	2
Decrease in interest receivable	73
Decrease in variation margin on options and futures contracts	39
Increase in variation margin on swap agreements	(84)
Decrease in options sold	2
Increase in other assets	(26)
Decrease in payable for investments purchased	(7,480)
Increase in investments sold short	301
Decrease in foreign currency spot contracts payable	(2)
Decrease in premiums from written options not settled through variation margin	(185)
Increase in swap premiums received	27
Decrease in management fees payable	(18)
Decrease in transfer agent fees payable	(2)
Increase in other liabilities	32
Net change in unrealized appreciation/(depreciation) on investments	707
Net change in unrealized appreciation/(depreciation) on forwards	(233)
Net change in unrealized appreciation/(depreciation) on OTC swaps	(2,098)
Net change in unrealized appreciation/(depreciation) on written options not settled through variation margin	66
Net change in unrealized appreciation/(depreciation) on purchased options not settled through variation margin	(86)
Net realized loss on investments	373
Net realized loss on purchased options not settled through variation margin	38
Net accretion and earned inflation component	(31)
Net cash provided by operating activities	32,957
Cash flows used for financing activities:	
Proceeds from shares sold	10,738
Payment on shares redeemed	(37,706)
Cash dividends paid	(8)
Decrease in sale-buyback financing transactions	(6,291)
Increase in due to broker and cash-restricted	(33)
Net cash used for financing activities	(33,300)
Net decrease in cash and foreign currency	(343)
Cash and foreign currency:	
Beginning of period	\$ 597
End of period	254
Reinvestment of dividends	\$ 627
Supplemental disclosure of cash flow information:	
Interest paid during the year	\$ 282

The accompanying notes are an integral part of the Financial Statements.

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Harbor Strategic Markets Funds Financial Highlights

SELECTED DATA FOR A SHARE OUTSTANDING FOR THE PERIODS PRESENTED

HARBOR COMMODITY REAL RETURN STRATEGY FUND (CONSOLIDATED)					
Year Ended October 31,	Institutional Class				
	2017	2016	2015	2014	2013
Net asset value beginning of period	\$ 3.71	\$ 3.84	\$ 5.58	\$ 6.13	\$ 7.38
Income from Investment Operations					
Net investment income/(loss) ^a	0.07 ^c	0.06 ^c	0.02 ^c	0.14	0.02
Net realized and unrealized gains/(losses) on investments	0.04	(0.09)	(1.56)	(0.55)	(1.17)
Total from investment operations	0.11	(0.03)	(1.54)	(0.41)	(1.15)
Less Distributions					
Dividends from net investment income	(0.04)	(0.07)	(0.20)	(0.01)	(0.08)
Distributions from net realized capital gains ¹	—	—	—	(0.13)	(0.02)
Return of capital ^d	—	(0.03)	—	—	—
Total distributions	(0.04)	(0.10)	(0.20)	(0.14)	(0.10)
Proceeds from redemption fees	—	—	—	—	—*
Net asset value end of period	3.78	3.71	3.84	5.58	6.13
Net assets end of period (000s)	\$50,771	\$75,908	\$108,267	\$208,996	\$318,937
Ratios and Supplemental Data (%)					
Total return ^b	3.13%	(0.38)%	(28.36)%	(6.82)%	(15.76)%
Ratio of total expenses to average net assets ²	1.78	1.52	1.28	1.04	1.03
Ratio of net expenses to average net assets ^a	1.39	1.24	1.08	0.98	0.98
Ratio of net expenses excluding interest expense to average net assets ^a	0.94	0.94	0.94	0.94	0.94
Ratio of net investment income to average net assets ^a	1.99	1.73	0.36	1.23	0.45
Portfolio turnover	1,331	1,069	784	635	532

* Less than \$0.01

1 Includes both short-term and long-term capital gains

2 Percentage does not reflect reduction for credit balance arrangements (see Note 2 of the accompanying Notes to Financial Statements)

a Reflects the Adviser's waiver, if any, of its management fees and/or other operating expenses

b The total returns would have been lower had certain expenses not been waived during the periods shown.

c Amounts are allocated based upon average shares outstanding during the period.

d Determined in accordance with federal income tax regulations (see Note 5 of the accompanying Notes to Financial Statements)

The accompanying notes are an integral part of the Financial Statements.

Administrative Class				
2017	2016	2015	2014	2013
\$ 3.69	\$ 3.82	\$ 5.56	\$ 6.12	\$ 7.37
0.06^c	0.05 ^c	0.01 ^c	0.03	0.02
0.04	(0.09)	(1.56)	(0.45)	(1.18)
0.10	(0.04)	(1.55)	(0.42)	(1.16)
(0.03)	(0.07)	(0.19)	(0.01)	(0.07)
—	—	—	(0.13)	(0.02)
—	(0.02)	—	—	—
(0.03)	(0.09)	(0.19)	(0.14)	(0.09)
—	—	—	—	—*
3.76	3.69	3.82	5.56	6.12
\$ 392	\$ 503	\$ 761	\$1,236	\$ 1,142
2.87%	(0.85)%	(28.52)%	(7.06)%	(15.93)%
2.03	1.78	1.53	1.29	1.27
1.64	1.49	1.33	1.23	1.23
1.19	1.19	1.19	1.19	1.19
1.72	1.39	0.18	1.40	0.11
1,331	1,069	784	635	532

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—October 31, 2017

NOTE 1—ORGANIZATIONAL MATTERS

Harbor Funds (the “Trust”) is registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”), as an open-end management investment company. As of October 31, 2017 the Trust consists of 31 separate portfolios. The portfolio covered by this report is Harbor Commodity Real Return Strategy Fund (referred to as the “Fund”). Harbor Capital Advisors, Inc. (the “Adviser” or “Harbor Capital”) is the investment adviser for the Fund.

The Fund currently offers two classes of shares, designated as Institutional Class and Administrative Class. The shares of each class represent an interest in the same portfolio of investments of the Fund and have equal rights with respect to voting, redemptions, dividends, and liquidations, except that: (i) certain expenses, subject to the approval of the Trust’s Board of Trustees (the “Board of Trustees”), may be applied differently to each class of shares in accordance with current regulations of the Securities and Exchange Commission (“SEC”) and the Internal Revenue Service; and (ii) shareholders of a class that bears distribution and service expenses under terms of a distribution plan have exclusive voting rights as to that distribution plan.

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Trust in the preparation of its financial statements. The Fund follows the investment company reporting requirements under U.S. Generally Accepted Accounting Principles (“U.S. GAAP”), which includes the accounting and reporting guidelines under Accounting Standards Topic 946, *Financial Services-Investment Companies*. The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results may differ from those estimates.

Security Valuation

The Trust’s valuation procedures permit the Fund to use a variety of valuation methodologies, consider a number of subjective factors, analyze applicable facts and circumstances and, in general, exercise judgment, when valuing Fund investments. The methodology used for a specific type of investment may vary based on the circumstances and relevant considerations, including available market data.

Equity securities (including common stock, preferred stock, and convertible preferred stock), exchange-traded notes and financial derivative instruments (such as futures contracts, options contracts, including rights and warrants and centrally cleared swap agreements) that are traded or cleared on a national securities exchange or system (except securities listed on the National Association of Securities Dealers Automated Quotation (“NASDAQ”) system and United Kingdom securities) are valued at the last sale price on a national exchange or system on which they are principally traded or cleared as of the valuation date. Securities listed on the NASDAQ system or a United Kingdom exchange are valued at the official closing price of those securities. In the case of securities for which there are no sales on the valuation day, (i) securities traded principally on a U.S. exchange, including NASDAQ, are valued at the mean between the closing bid and ask price; and (ii) securities traded principally on a foreign exchange, including United Kingdom securities, are valued at the official bid price determined as of the close of the primary exchange. Securities of open-end registered investment companies that are held by the Fund are valued at net asset value. To the extent these securities are actively traded and fair valuation adjustments are not applied, they are normally categorized as Level 1 in the fair value hierarchy. Equity securities traded on inactive markets or valued by reference to similar instruments are normally categorized as Level 2 in the fair value hierarchy. For more information on the fair value hierarchy, please refer to the Fair Value Measurements and Disclosures section in Note 2.

Debt securities (including corporate bonds, municipal bonds and notes, U.S. government agencies, U.S. treasury obligations, mortgage-backed and asset-backed securities, foreign government obligations, bank loans, and convertible securities other than short-term securities with a remaining maturity of less than 60 days at the time of acquisition), are valued using evaluated prices furnished by a pricing vendor selected by the Board of Trustees. An evaluated price represents an assessment by the pricing vendor using various market inputs of what the pricing vendor believes is the fair value of a security at a particular point in time. The pricing vendor determines evaluated prices for debt securities that would be transacted at institutional-size quantities using inputs including, but not limited to, (i) recent transaction prices and dealer quotes, (ii) transaction prices for what the pricing vendor believes are securities with similar characteristics, (iii) the pricing vendor’s assessment of the risk inherent in the security taking into account criteria such as credit quality, payment history, liquidity and market conditions, and (iv) various correlations and relationships between security price movements and other factors, such as interest rate changes, which are recognized by institutional traders. In the case of mortgage-backed and asset-backed securities, the inputs used by

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES—Continued

the pricing vendor may also include information about cash flows, prepayment rates, default rates, delinquency and loss assumption, collateral characteristics, credit enhancements and other specific information about the particular offering. Because many debt securities trade infrequently, the pricing vendor will often not have current transaction price information available as an input in determining an evaluated price for a particular security. When current transaction price information is available, it is one input into the pricing vendor's evaluation process, which means that the evaluated price supplied by the pricing vendor will frequently differ from that transaction price.

Short-term securities with a remaining maturity of less than 60 days at the time of acquisition that are held by the Fund are valued at amortized cost to the extent amortized cost represents fair value. Securities that use similar valuation techniques and inputs as described above are normally categorized as Level 2 in the fair value hierarchy.

Over-the-counter (“OTC”) financial derivative instruments, such as forward currency contracts, options contracts, and swap agreements, derive their value from underlying asset prices, indices, reference rates and other inputs, or a combination of these factors. These instruments are valued using evaluated prices furnished by a pricing vendor selected by the Board of Trustees. In certain cases, when a valuation is not readily available from a pricing vendor, the Fund's subadviser provides a valuation, typically using its own proprietary models. Depending on the instrument and the terms of the transaction, the value of the derivative instrument can be determined by a pricing vendor or subadviser using a series of techniques, including simulation pricing models. The pricing models use inputs, such as issuer details, indices, spreads, interest rates, yield curves, dividends and exchange rates, that are observed from actively quoted markets. Derivative instruments that use valuation techniques and inputs similar to those described above are normally categorized as Level 2 in the fair value hierarchy.

When reliable market quotations or evaluated prices supplied by a pricing vendor are not readily available or are not believed to accurately reflect fair value, securities are priced at their fair value as determined by the Trust's Valuation Committee (the “Valuation Committee”) pursuant to procedures adopted, and subject to oversight, by the Board of Trustees. The Valuation Committee is comprised of a trustee and officers of the Trust and employees of Harbor Capital with relevant experience or responsibilities. Each security for which the Valuation Committee determines a fair value, including the basis for the fair value decision, is reviewed by the Board of Trustees at its regularly scheduled board meetings.

When a fair valuation method is applied by the Valuation Committee or the Fund's subadviser, securities will be priced by a method that the Valuation Committee or subadviser believes accurately reflects fair value. Securities valued using fair valuation methods that incorporate significant unobservable inputs are normally categorized as Level 3 in the fair value hierarchy. Examples of possible fair valuation methodologies used in determining the fair value of securities categorized as Level 3 in the fair value hierarchy include, but are not limited to, benchmark pricing and indicative market quotations.

When benchmark pricing is used, the base price of a debt security is set and then subsequently adjusted in proportion to the market value changes of an index or similar security (the “benchmark security”) that trades in an active market or for which other observable inputs are available. The base price may be a broker-dealer quote, transaction price, or an internal value as derived by analysis of market data. The base price of the security may be reset on a periodic basis based on the availability of market data and procedures approved by the Fund's subadviser. If the benchmark security is categorized as Level 2 in the fair value hierarchy due to the lack of an active market for that security, any security adjusted in proportion to the market value of the benchmark security may be categorized as Level 3 in the fair value hierarchy. Significant changes in the unobservable inputs of the benchmark pricing process (i.e., the base price) would result in direct and proportional changes in the fair value of the security. The reasonability of the fair value is reviewed by the subadviser on a periodic basis and may be amended as the availability of market data indicates a material change.

If evaluated pricing through a third-party pricing vendor is not available or deemed not to be indicative of fair value, the Fund's subadviser may elect to obtain indicative market quotations (“broker quotes”) directly from a broker-dealer or passed through from a third-party pricing vendor. Indicative market quotations are typically received from established market participants. In the event that the source of fair value is from a single-sourced broker quote, but the subadviser does not have the transparency to view the underlying inputs that support the market quotation, these securities are categorized as Level 3 in the fair value hierarchy. Significant changes in the broker quote would have direct and proportional changes in the fair value of the security.

The Fund may also use fair value pricing if the value of some or all of the Fund's securities have been materially affected by events occurring before the Fund's pricing time but after the close of the primary markets or exchanges on which the security is traded. This most commonly occurs with foreign securities, but may occur with other securities as well. In such cases, the

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES—Continued

Fund may apply a fair value factor supplied by the pricing vendor to a foreign security's market close value to reflect changes in value that may have occurred between the close of the primary market or exchange on which the security is traded and the Fund's pricing time. That factor may be derived using observable inputs such as a comparison of the trading patterns of a foreign security to intraday trading in the U.S. markets that are highly correlated to the foreign security or other information that becomes available after the close of the foreign market on which the security principally traded. When fair value pricing is employed, the prices of securities used by the Fund to calculate its net asset value may differ from market quotations, official closing prices or evaluated prices for the same securities, which means that the Fund may value those securities higher or lower than another given fund that uses market quotations, official closing prices or evaluated prices supplied by a pricing vendor in its calculation of net asset value. Securities valued using observable inputs, such as those described above, are normally categorized as Level 2 of the fair value hierarchy.

Fair Value Measurements and Disclosures

Various inputs may be used to determine the value of the Fund's investments, which are summarized in three broad categories defined as Level 1, Level 2, and Level 3. The inputs or methodologies used for valuing securities are not necessarily indicative of the risk associated with investing in those securities. The assignment of an investment to Levels 1, 2, or 3 is based on the lowest level of significant inputs used to determine its fair value.

Level 1—Quoted prices in active markets for identical securities.

Level 2—Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3—Significant unobservable inputs are used in situations where quoted prices or other observable inputs are not available or are deemed unreliable. Significant unobservable inputs may include the Fund's own assumptions.

Transfers between levels, if any, are recognized as of the last day in the fiscal quarter of the period in which the event or change in circumstances that caused the reclassification occurred. For fair valuations using significant unobservable inputs, a reconciliation of the beginning to ending balances for reported fair values is provided that presents changes attributable to realized and unrealized gains and losses and purchases, sales, and transfers in/out of the Level 3 category during the period. A table that includes a categorization of investments into Levels 1, 2, or 3, transfers between levels, if any, and a Level 3 reconciliation, including details of significant unobservable inputs used, when applicable, can be found at the end of the Fund's Portfolio of Investments schedule.

The Fund used observable inputs in its valuation methodologies whenever they were available and deemed reliable.

Inflation-Indexed Bonds

Inflation-indexed bonds are fixed-income securities whose principal value is periodically adjusted based on the rate of inflation. During the year, the Fund invested in inflation-indexed bonds. The interest rate on these bonds is generally fixed at issuance at a rate lower than typical bonds. Over the life of an inflation-indexed bond, however, interest will be paid based on a principal value that is adjusted for inflation. Any increase in the principal amount of an inflation-indexed bond will be included as interest income even though investors do not receive the principal until maturity.

Mortgage-Related and Other Asset-Backed Securities

Mortgage-backed or asset-backed securities include mortgage pass-through securities, collateralized mortgage obligations ("CMOs"), commercial mortgage-backed securities, CMO residuals, stripped mortgage-backed securities ("SMBSs") and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. During the year, the Fund invested in mortgage- or other asset-backed securities. The value of some mortgage- or asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities may expose the Fund to a lower rate of return upon reinvestment of principal. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers. Additionally, although mortgages and mortgage-related securities are generally supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations.

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES—Continued

U.S. Government Securities

During the year, the Fund invested in U.S. government securities. U.S. government securities include securities issued by U.S. government agencies or government-sponsored enterprises that may not be guaranteed by the U.S. Treasury. The Government National Mortgage Association (“GNMA” or “Ginnie Mae”), a wholly owned U.S. government corporation, is authorized to guarantee, with the full faith and credit of the U.S. government, the timely payment of principal and interest on securities issued by institutions approved by GNMA and backed by pools of mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. Government-related guarantors are not backed by the full faith and credit of the U.S. government and include the Federal National Mortgage Association (“FNMA” or “Fannie Mae”) and the Federal Home Loan Mortgage Corporation (“FHLMC” or “Freddie Mac”). On September 7, 2008, the Federal Housing Finance Agency placed Fannie Mae and Freddie Mac in conservatorship, while the U.S. Treasury agreed to purchase preferred stock as needed to ensure that both Fannie Mae and Freddie Mac maintain a positive net worth (guaranteeing up to \$100 billion for each entity). As a consequence, certain fixed income securities of Fannie Mae and Freddie Mac have more explicit U.S. government support. No assurance can be given as to whether the U.S. government will continue to support Fannie Mae and Freddie Mac. In addition, the future of Fannie Mae and Freddie Mac is uncertain because Congress has been considering proposals as to whether Fannie Mae and Freddie Mac should be nationalized, privatized, restructured or eliminated altogether. Fannie Mae and Freddie Mac are also the subject of continuing legal actions and investigations, which may have an adverse effect on these entities.

Forward Commitments and When-Issued Securities

During the year, the Fund purchased and sold securities on a forward commitment basis, including “TBA” (to be announced) purchase and sale commitments. Purchasing securities on a when-issued or forward commitment basis involves a risk of loss if the value of the security to be purchased declines prior to the settlement date. Although the Fund would generally purchase securities on a when-issued or forward commitment basis with the intention of acquiring securities for its portfolio, the Fund may dispose of a when-issued security or forward commitment prior to settlement if a subadviser deems it appropriate to do so. The Fund may enter into a forward commitment sale to hedge its portfolio positions or to sell securities it owned under a delayed delivery arrangement. Sale proceeds are not received until the contractual settlement date. The Fund may realize short-term gains or losses upon such purchases and sales. These transactions involve a commitment by the Fund to purchase or sell securities at a future date (ordinarily one or two months later). The price of the underlying securities (usually expressed in terms of yield) and the date when the securities will be delivered and paid for (the settlement date) are fixed at the time the transaction is negotiated. When-issued purchase and forward commitment transactions are negotiated directly with the other party, and such commitments are not traded on exchanges.

The value of securities purchased on a when-issued or forward commitment basis and any subsequent fluctuations in their value are reflected in the computation of the Fund’s net asset value starting on the date of the agreement to purchase the securities. The Fund does not earn interest on the securities it has committed to purchase until they are paid for and delivered on the settlement date. When the Fund makes a forward commitment to sell securities it owns, the proceeds to be received upon settlement are included in the Fund’s assets. Fluctuations in the market value of the underlying securities are not reflected in the Fund’s net asset value as long as the commitment to sell remains in effect. Settlement of when-issued purchase and forward commitment transactions generally takes place within two months after the date of the transaction, but the Fund may agree to a longer settlement period.

The Fund will purchase securities on a when-issued basis, or purchase or sell securities on a forward commitment basis, only with the intention of completing the transaction and actually purchasing or selling the securities. If deemed advisable as a matter of investment strategy, however, the Fund may dispose of or renegotiate a commitment after it is entered into. The Fund also may sell securities it has committed to purchase before those securities are delivered to the Fund on the settlement date. The Fund may realize a capital gain or loss in connection with these transactions. When the Fund purchases securities on a when-issued or forward commitment basis, the Fund will maintain in a segregated account with the Fund’s custodian, or set aside or restrict in the subadviser’s records or systems relating to the Fund, cash or liquid assets having a value (determined daily) at least equal to the amount of the Fund’s purchase commitments. In the case of a forward commitment to sell portfolio securities, portfolio holdings will be held in a segregated account with the Fund’s custodian, or set aside or restricted on the subadviser’s records or systems relating to the Fund, while the commitment is outstanding.

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES—Continued

Repurchase Agreements

In a repurchase agreement, the Fund buys a security at one price and simultaneously agrees to sell it back at a higher price. Such agreements must be adequately collateralized to cover the counterparty's obligation to the Fund to close out the repurchase agreement. During the year, the Fund entered into repurchase agreements with domestic or foreign banks or with a member firm of the Financial Industry Regulatory Authority, Inc., or an affiliate of a member firm that is a primary dealer in U.S. government securities. Each repurchase agreement counterparty must meet the minimum credit quality requirements applicable to the Fund and any other appropriate counterparty criteria as determined by the Fund's subadviser. The minimum credit quality requirements are those applicable to the Fund's purchase of securities such that if the Fund is permitted to only purchase securities that are rated investment-grade (or the equivalent if unrated), the Fund could only enter into repurchase agreements with counterparties that have debt outstanding that is rated investment-grade (or the equivalent if unrated). The securities are regularly monitored to ensure that the collateral is adequate. The Fund seeks to further mitigate its counterparty risk by entering into master repurchase agreements with its counterparties. The master repurchase agreements provide that, in the event of a counterparty's default, including bankruptcy, the Fund may terminate any repurchase agreements with that counterparty, determine the net amount owned, and sell or retain the collateral up to the net amount owed to the Fund. A counterparty's default may cause the Fund to suffer losses, including loss of interest on or principal of the securities and costs associated with delay and enforcement of the terms of the master repurchase agreement.

Sale-Buybacks

A "sale-buyback" financing transaction consists of a sale of a portfolio security by the Fund to a financial institution (the counterparty) with a simultaneous agreement to repurchase the same or substantially the same security at an agreed-upon price and date. The Fund is not entitled to receive principal and interest payments, if any, made on the security sold to the counterparty during the term of the agreement. During the year, the Fund entered into such financing transactions referred to as sale-buybacks.

The agreed-upon proceeds for securities to be repurchased by the Fund are reflected as a liability on the Statement of Assets and Liabilities. The Fund will recognize net income represented by the price differential between the price received for the transferred security and the agreed-upon repurchase price. This is commonly referred to as the "price drop." A price drop consists of two components: (i) the foregone interest and inflationary income adjustments, if any, the Fund would have otherwise received had the security not been sold, and (ii) the negotiated financing terms between the Fund and counterparty. Foregone interest and inflationary income adjustments, if any, are recorded as components of interest income on the Statement of Operations. Interest payments based upon negotiated financing terms made by the Fund to counterparties are recorded as a component of interest expense on the Statement of Operations. To cover its obligations under sale-buyback transactions, the Fund will segregate cash or liquid securities, which are marked-to-market daily, with the Fund's custodian, or set aside or restrict assets in the subadviser's records or systems relating to the Fund, in an amount not less than the repurchase price, including accrued interest, of the underlying security. Sale-buyback transactions involve the risk that the fair value of the securities sold by the Fund may decline below the repurchase price of the securities and, if the proceeds from the sale-buyback transaction are invested in securities, that the fair value of the securities purchased may decline below the repurchase price of the securities sold. In periods of increased demand for a security, the Fund may receive a fee for use of the security by the counterparty, which may result in additional interest income to the Fund.

The average amount of borrowings outstanding during the year ended October 31, 2017 was \$28,163,000 at a weighted average interest rate of 0.998% for the Fund.

A table that includes the remaining maturity period for outstanding sale-buyback transactions and the type of investment collateral pledged can be found at the end of the Fund's Portfolio of Investments schedule.

Short Sales

During the year, the Fund engaged in short-selling, which obligates the Fund to replace a borrowed security by purchasing it at the market price at the time of replacement. Until the security is replaced, the Fund is required to pay any accrued interest or dividends to the lender and also may be required to pay a premium. The Fund would realize a gain if the security declines in price between the date of the short sale and the date on which such Fund replaces the borrowed security. The Fund would incur a loss as a result of the short sale if the price of the security increases between those dates. Until the Fund replaces the

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES—Continued

borrowed security, subject to pre-arranged exposure levels, it will maintain cash or liquid securities sufficient to cover its short position in a segregated account with the Fund's custodian or set aside or restricted in the subadviser's records or systems relating to the Fund. Short sales involve the risk of an unlimited increase in the market price of the borrowed security.

Futures Contracts

A futures contract is an agreement between two parties to buy or sell a specified financial instrument at a set price on a future date. During the year, the Fund used futures contracts to gain exposure to the fixed income asset class with greater efficiency and lower cost than was possible through direct investment, to add value when these securities were attractively priced, or to adjust the portfolio's sensitivity to changes in interest rates or currency exchange rates. Futures contracts tend to increase or decrease the Fund's exposure to the underlying instrument or can be used to hedge other Fund investments.

Upon entering into a futures contract, the Fund is required to pledge to the broker an amount of cash, U.S. government securities or other liquid securities equal to the minimum "initial margin" requirements of the exchange. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract referred to as "variation margin." Such receipts or payments are recorded by the Fund as unrealized gains or losses. When the contract is closed or expires, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The Fund may suffer losses if it is unable to close out its position because of an illiquid secondary market. There is no assurance that the Fund will be able to close out its position when the Fund considers it appropriate or desirable to do so. In the event of adverse price movements, the Fund may be required to continue making daily cash payments to maintain its required margin. If the Fund has insufficient cash, it may have to sell portfolio securities to meet daily margin requirements at a time when the Fund would not otherwise elect to do so. In addition, the Fund may be required to deliver or take delivery of instruments. The maximum potential loss on a long futures contract is the U.S. dollar value of the notional amount at the time the contract is opened. The potential loss on a short futures contract is unlimited. There is minimal counterparty risk with futures contracts as they are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures contracts against default.

Options

An option, including rights and warrants, is a contract that offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date). During the year, the Fund purchased and wrote (sold) option contracts to manage its exposure to the bond markets and to fluctuations in interest rates and currency values. Purchased call options tend to increase the Fund's exposure to the underlying instrument. Purchased put options tend to decrease the Fund's exposure to the underlying instrument.

When the Fund purchases an option, it pays a premium. If a purchased option expires, the Fund realizes a loss in the amount of the premium. If the Fund enters into a closing sale transaction, it realizes a gain or loss, depending on whether the proceeds from the sale are greater or less than the cost of the option. If a call option is exercised by the Fund, the cost of the securities acquired by exercising the call is increased by the premium paid to buy the call. If a put option is exercised by the Fund, it realizes a gain or loss from the sale of the underlying security and the proceeds from such sale are decreased by the premium originally paid. The risk associated with purchasing options is limited to the premium paid. The Fund's maximum risk of loss from counterparty credit risk is also limited to the premium paid for the contract.

When the Fund writes an option, it receives a premium. If a written option expires on its stipulated expiration date, or if the Fund enters into a closing purchase transaction, the Fund realizes a gain (or loss, if the cost of a closing purchase transaction exceeds the premium received when the option was written) without regard to any unrealized gain or loss on the underlying security, and the liability related to such option is extinguished. If a written call option is exercised, the Fund realizes a gain or loss from the sale of the underlying security, and the proceeds of the sale are increased by the premium originally received. If a written put option is exercised, the amount of the premium originally received reduces the cost of the security that the Fund purchases upon exercise of the option.

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES—Continued

The risk in writing a call option is that the Fund relinquishes the opportunity to profit if the fair value of the underlying security increases and the option is exercised. In writing a put option, the Fund assumes the risk of incurring a loss if the fair value of the underlying security decreases and the option is exercised. In addition, there is a risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market or if the counterparty does not perform under the contract's terms.

Options on exchange-traded futures contracts are an option contract in which the underlying instrument is a single futures contract. The Fund may write or purchase options on exchange-traded futures contracts in which the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract referred to as "variation margin." Such receipts or payments are recorded by the Fund as unrealized gains or losses. When the contract is closed or expires, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

Swap Agreements

A swap is a contract between two parties to exchange future cash flows at specified intervals (payment dates) based upon a notional principal amount during the agreed-upon life of the contract. Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation or depreciation.

Upon entering a swap agreement, any payments received or made at the beginning of the measurement period are reflected as such on the Statement of Assets and Liabilities and represent a reconciling value to compensate for differences between the stated terms of the swap agreement and prevailing market conditions (such as credit spreads, currency exchange rates, interest rates, and other relevant factors). These upfront payments are recorded as realized gains or losses on the Statement of Operations upon termination or maturity of the swap. If a liquidation payment is received or made at the termination of the swap, it is recorded as realized gain or loss on the Statement of Operations. Net periodic payments received or paid by the Fund are included as part of realized gains or losses on the Statement of Operations. The Fund will only enter into swap agreements with counterparties that meet the minimum credit quality requirements applicable to the Fund and any other appropriate counterparty criteria as determined by the Fund's subadviser. The minimum credit quality requirements are similar to those applicable to the Fund's purchase of securities, such that if the Fund is permitted to only purchase securities that are rated investment-grade (or the equivalent if unrated), the Fund could only enter into one of the below referenced transactions with counterparties that have debt outstanding that is rated investment-grade (or the equivalent if unrated). Entering into swap agreements involves, to varying degrees, elements of credit risk, market risk and interest rate risk in excess of the amount recognized in the Statement of Assets and Liabilities. Such risks include the possibility that there is not a liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform, or that there may be unfavorable changes in market conditions or interest rates. The Fund's maximum risk of loss from counterparty credit risk is the discounted value of the net cash flows to be received from the counterparty over the contract's remaining life or the value of the contract. This risk is typically mitigated by entering into swap agreements with highly-rated counterparties, the existence of a master netting arrangement between the Fund and the counterparty, and the posting of collateral by the counterparty.

Interest Rate Swaps are agreements between counterparties to exchange cash flows or an exchange of commitments to pay or receive interest with respect to the notional amount of principal. During the year, the Fund used interest rate swap agreements to manage its exposure to interest rate changes. Changes in interest rates can have an effect on the value of bond holdings, the amount of interest income earned and the value of the interest rate swaps held.

Credit Default Swaps are agreements between counterparties to buy or sell protection on a debt security, a basket of securities, or an index of obligations against a defined credit event. Under the terms of a credit default swap, the buyer of protection receives credit protection in exchange for making periodic payments to the seller of protection based on a given percentage applied to a notional principal amount. In return for these payments, the seller acts as the guarantor of the creditworthiness of a reference entity, obligation or index. During the year, the Fund used credit default swap agreements as a seller to gain credit exposure to an issuer or to simulate investments in long bond positions that were either unavailable or less attractively priced in the bond market; the Fund used credit default swap agreements as a buyer to provide a measure of protection against defaults of an issuer. An issuer may represent either a single issuer, a "basket" of issuers, or a credit index. A credit index is a basket of credit instruments or exposures designed to be representative of some part of the credit market as a whole.

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES—Continued

The buyer in a credit default contract is obligated to pay the seller a periodic stream of payments over the term of the contract provided that no credit event occurs. Credit events may include bankruptcy, failure to pay principal, maturity extension, rating downgrade, or write-down. As a seller, if an underlying credit event occurs, the Fund will either pay the buyer an amount equal to the notional amount of the swap and take delivery of the reference obligation (or underlying securities comprising an index), or pay a net settlement amount of cash equal to the notional amount of the swap less the recovery value of the reference obligation (or underlying securities comprising an index). As a buyer, if an underlying credit event occurs, the Fund will either receive from the seller an amount equal to the notional amount of the swap and deliver the reference obligation (or underlying securities comprising an index) or receive a net settlement. The maximum exposure to loss of the notional value as the seller of credit default swaps outstanding at October 31, 2017 for the Fund was \$400,000.

Total Return Swaps are agreements between counterparties to exchange the return of a given underlying asset, including any income it generates and appreciation in value, in exchange for a set rate, either fixed or variable. During the year, the Fund used total return swap agreements to gain or mitigate exposure to underlying reference assets, securities, or indices.

Under the terms of a total return swap, one counterparty pays out the total return of a specific referenced asset or index and in return receives a regular stream of payments. To the extent the total return of an asset or index underlying the transaction exceeds or falls short of the offsetting interest rate obligation, the Fund will receive a payment or make a payment to the counterparty.

Variance Swaps are agreements between counterparties to exchange cash flows based upon the measured variance (or the square of volatility) of a specified underlying asset. One party agrees to exchange a strike price (“Fixed Rate”) for the realized price variance (“Floating Rate”) on the underlying asset with respect to the notional amount. During the year, the Fund used variance swap agreements to gain or mitigate exposure to underlying reference assets or securities.

When a variance swap agreement is originated, the strike price is generally set such that the fair value of the swap is zero. At the maturity date, a net cash flow is exchanged where the payoff amount is equal to the difference between the final market price of the asset and the strike price multiplied by the notional amount. As a receiver of the Floating Rate, the Fund receives the payoff amount when the final market price is greater than the strike price and owes the payoff amount when the final market price is less than the strike price. As a payer of the Floating Rate, the Fund owes the payoff amount when the final market price is greater than the strike price, and receives the payoff amount when the final market price is less than the strike price.

Forward Currency Contracts

A forward currency contract is an agreement between two parties to buy and sell currencies at a set price on a future date. During the year, the Fund used forward currency contracts to manage its exposure to changes in exchange rates or as a hedge against foreign exchange risk related to specific transactions or portfolio positions.

The forward currency contract is marked-to-market daily and the change in market value is recorded as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value on the open and close date. Risk of losses may arise from changes in the value of the foreign currency, or if the counterparties do not perform under the contract's terms. The maximum potential loss from such contracts is the aggregate face value in U.S. dollars at the time the contract was opened. During the year, the Fund entered into collateral agreements with certain counterparties to mitigate counterparty risk associated with forward currency contracts.

Foreign Currency Spot Contracts

A foreign currency spot contract is an agreement between two parties to buy and sell currencies at the current market rate for settlement within two business days. During the year, the Fund used foreign currency spot contracts to facilitate transactions in foreign securities or to convert foreign currency receipts into U.S. dollars.

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES—Continued

The foreign currency spot contract is marked-to-market daily for settlements beyond one day, and any change in market value is recorded as an unrealized gain or loss. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value on the open and close date. Risk of losses may arise from changes in the value of the foreign currency or if the counterparties do not perform under the contract's terms. The maximum potential loss from such contracts is the aggregate face value in U.S. dollars at the time the contract was opened.

Foreign Currency Translations

Purchases and sales of securities are translated into U.S. dollars at the current exchange rate on the respective dates of the transactions. Income and withholding taxes are translated at the prevailing exchange rate when accrued or incurred. The accounting records of the Fund are maintained in U.S. dollars. Investment securities and other assets and liabilities denominated in a foreign currency, when applicable, are translated into U.S. dollars based on the current exchange rates at year end.

Reported net realized gains and losses on foreign currency transactions, when applicable, represent net gains and losses from sales and maturities of foreign currency contracts, disposition of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions, and the difference between the amount of investment income accrued and tax reclaims receivable and the U.S. dollar amount actually received. The effects of changes in foreign currency exchange rates on investments in securities, when applicable, are included in the net realized and unrealized gain or loss on investments in the Statement of Operations.

Investment Income

Dividends declared on portfolio securities are accrued on the ex-dividend date. For foreign securities held, certain dividends are recorded after the ex-dividend date, but as soon as the respective Fund is notified of such dividends. Interest income is accrued daily as earned. Discounts and premiums on fixed income securities purchased are amortized over the life of the respective securities using the effective yield method. Paydown gains and losses on mortgage-backed and asset-backed securities are recognized as a component of interest income.

Securities Transactions

Securities transactions are accounted for on the trade date (the date the order to buy or sell is executed). Realized gains or losses on security transactions are determined on the basis of identified cost.

Proceeds from Litigation

The Fund may receive proceeds from shareholder litigation settlements involving current and/or previously held portfolio holdings. Any proceeds received from litigation involving portfolio holdings are reflected in the Statement of Operations in realized gain/(loss) if the security has been disposed of by the Fund, or in unrealized gain/(loss) if the security is still held by the Fund.

Distribution to Shareholders

Distributions on Fund shares are recorded on the ex-dividend date.

Expenses

Expenses incurred by the Trust are charged directly to the Fund that incurred such expense whenever possible. With respect to expenses incurred by any two or more Harbor Funds where amounts cannot be identified on a fund by fund basis, such expenses are generally allocated in proportion to the average net assets or the number of shareholders of each Fund.

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES—Continued

Custodian

The Fund has credit balance arrangements with its custodian whereby positive balances in demand deposit accounts used by the transfer and shareholder servicing agent for clearing shareholder transactions in the Fund generate credits that are applied against gross custody expenses. Such custodial expense reductions, if any, are reflected on the Fund's accompanying Statement of Operations.

Class Allocations

Income, common expenses and realized and unrealized gains/(losses) are determined at the Fund level and allocated daily to each class of shares based on the applicable net assets of the respective classes. Distribution and service fees, if any, and transfer agent fees are calculated daily at the class level based on the applicable net assets of each class and the expense rate(s) applicable to each class.

Basis for Consolidation

Harbor Cayman Commodity Fund Ltd. (the "Subsidiary"), a Cayman Islands exempted company, was incorporated on August 4, 2008 as a wholly-owned subsidiary acting as an investment vehicle for the Fund in order to gain exposure to certain asset classes consistent with the Fund's investment objectives and policies specified in its prospectus and statement of additional information. Under the Articles of Association of the Subsidiary, the Fund will remain the sole shareholder of the Subsidiary and retain all rights associated with shares in the Subsidiary. The shares issued by the Subsidiary confer upon a shareholder the right to receive notice of, attend and vote at general meetings of the Subsidiary, rights in a winding-up or repayment of capital and the right to participate in the profits or assets of the Subsidiary. As such, the Fund has consolidated its investment in the Subsidiary into its financial statements and eliminated all intercompany accounts and transactions. Refer to the table below for details regarding the Subsidiary's structure, incorporation, and relationships as of the year ended October 31, 2017 (amounts in thousands).

Date of Incorporation	08/04/2008
Subscription Agreement	09/02/2008
Consolidated Fund Total Assets	\$92,477
Subsidiary % of Fund Total Assets	19%
Subsidiary Financial Statement Information	
Total assets	\$18,024
Total liabilities	1,568
Net assets	16,456
Total income	222
Net investment income/(loss)	(66)
Net realized gain/(loss)	(524)
Net change in unrealized appreciation/(depreciation)	1,392
Increase/(decrease) in net asset resulting from operations	802

Treatment of Income from Offshore Subsidiary

Direct investment by a mutual fund in certain commodity-linked securities and derivative instruments is limited under Subchapter M of the Internal Revenue Code by the requirement that a mutual fund receive no more than ten percent (10%) of its gross income from such investments in order to receive favorable tax treatment as a regulated investment company. The Fund seeks to gain exposure to commodity markets indirectly by investing in the Subsidiary, which may invest without limitation in commodity-linked securities and derivative instruments. The Internal Revenue Service has issued proposed regulations that, if finalized, would generally treat the Fund's income inclusion with respect to the Subsidiary as qualifying income only if there is a distribution out of the earnings and profits of the Subsidiary that are attributable to such income inclusion. There can be no assurance that the Internal Revenue Service will not further change its position relating to whether that income derived from the Subsidiary is qualifying income. Furthermore, the tax treatment of the income received from the Subsidiary may potentially be affected by changes in legislation, regulations or other legally binding authority, which could affect the character, timing and amount of the Fund's taxable income and distributions. If such changes occur, the Fund may need to significantly change its investment strategy and recognize unrealized gains in order to remain qualified for taxation as a regulated investment company, which could adversely affect the Fund.

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 2—SIGNIFICANT ACCOUNTING POLICIES—Continued

Taxes

The Fund is treated as a separate entity for federal tax purposes. The Fund’s policy is to meet the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute to its shareholders all of its taxable income within the prescribed time. It is also the intention of the Fund to distribute an amount sufficient to avoid imposition of any excise tax under Section 4982 of the Internal Revenue Code. Therefore, no provision has been made for federal taxes on income, capital gains or unrealized appreciation of securities held or excise taxes on income and capital gains.

The Fund may be subject to taxes imposed by countries in which they invest. Such taxes are generally based on income and/or capital gains earned or repatriated. Taxes are accrued and applied to net investment income, net realized gains and unrealized appreciation as such income and/or gains are earned.

Management has analyzed the Fund’s tax positions for all open tax years (in particular, U.S. federal income tax returns for the tax years ended October 31, 2014–2016), including all positions expected to be taken upon filing the 2017 tax return, in all material jurisdictions where the Fund operates, and has concluded that no provision for income tax is required in the Fund’s financial statements. The Fund will recognize interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations.

Consolidated Statement of Cash Flows

U.S. GAAP requires entities providing financial statements that report both a statement of assets and liabilities and a statement of operations to also provide a statement of cash flows for each period for which results of operations are provided. Investment companies that meet certain conditions are exempted from this requirement. One of the conditions that must be satisfied is that the fund have little or no debt outstanding during the year. During the year ended October 31, 2017, the Fund entered into repurchase agreements, which are categorized as sale-buyback financing transactions under the Accounting Standards Update (“ASU”) 2011-03, *A Reconsideration of Effective Control for Repurchase Agreements* (“ASU 2011-03”). ASU 2011-03 refers to the accounting for repurchase agreements and similar agreements that entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. These transactions resulted in debt being recorded on the Fund’s Statement of Assets and Liabilities. Management has determined that the average level of debt outstanding during the year for the Fund requires the Fund to present a Consolidated Statement of Cash Flows.

Investment Company Reporting Modernization

The Fund has adopted the Amendments to Regulation S-X as detailed in the SEC final rule on Investment Company Reporting Modernization (the “Rule”) which requires standardized, enhanced disclosure about derivatives in investment company financial statements, as well as other amendments. The derivative schedules included in the Fund’s Portfolio of Investments have been prepared to incorporate the new columns required by the Rule which became effective as of August 1, 2017. The adoption of the Rule had no impact on the Fund’s net assets or results of operations.

NOTE 3—INVESTMENT PORTFOLIO TRANSACTIONS

Purchases and sales of investments, other than short-term securities, for the Fund for the year ended October 31, 2017 are as follows:

	Purchases (000s)		Sales (000s)	
	U.S. Government	Other	U.S. Government	Other
Harbor Commodity Real Return Strategy Fund (Consolidated)	\$1,158,258	\$10,246	\$1,160,433	\$32,006

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 4—FEES AND OTHER TRANSACTIONS WITH AFFILIATES

Investment Adviser

Harbor Capital is a wholly-owned subsidiary of Robeco Groep N.V. (“Robeco”). Robeco is wholly-owned by ORIX Corporation (“ORIX”). Harbor Capital is the Funds’ investment adviser and is also responsible for administrative and other services.

The Fund has an advisory agreement with Harbor Capital. The agreement provides for management fees based on an annual percentage rate of average daily net assets as follows:

	<u>Contractual Rate</u>	<u>Actual Rate</u>
Harbor Commodity Real Return Strategy Fund (Consolidated)	0.81%	0.81%

Harbor Capital has from time to time voluntarily or contractually agreed not to impose a portion of its management fees and/or to bear a portion of the expenses incurred in the operation of the Fund in order to limit Fund expenses. Such waivers, if any, are reflected on the accompanying Statement of Operations. For the period November 1, 2016 through October 31, 2017, Harbor Capital has contractually agreed to limit the operating expenses, excluding interest expense (if any), to 0.94% and 1.19% for the Institutional Class and Administrative Class, respectively. In addition, Harbor Capital has contractually agreed to waive the management fee it receives from the Fund in an amount equal to the management fee paid to Harbor Capital by the Subsidiary. This waiver may not be terminated by Harbor Capital and will remain in effect for as long as Harbor Capital’s contract with the Subsidiary is in place. The contractual expense limitations are effective through February 28, 2018.

All expense limitation agreements include the transfer agent fee waiver discussed in the Transfer Agent note.

Distributor

Harbor Funds Distributors, Inc. (“Harbor Funds Distributors” or the “Distributor”), a wholly-owned subsidiary of Harbor Capital, is the distributor for Harbor Funds’ shares. Under the Trust’s current distribution plan pursuant to Rule 12b-1 under the Investment Company Act with respect to the Fund’s Administrative Class shares (the “12b-1 Plan”), the Fund pays the Distributor compensation at the annual rate of 0.25% of the average daily net assets of its Administrative Class shares. Pursuant to the 12b-1 Plan the Distributor is compensated for financing any activity that is primarily intended to result in the sale of Administrative Class shares of the Fund or for recordkeeping services or the servicing of shareholder accounts in the Administrative Class shares of the Fund. Such activities include, but are not limited to: printing of prospectuses and statements of additional information and reports for prospective shareholders (i.e., other than existing shareholders); preparation and distribution of advertising material and sales literature; expenses of organizing and conducting sales seminars; supplemental payments to dealers or other institutions such as asset-based sales charges, payments of recordkeeping fees under recordkeeping arrangements, or payments of service fees under shareholder service arrangements; and costs of administering the 12b-1 Plan.

Amounts payable by the Fund under the 12b-1 Plan need not be directly related to the expenses actually incurred by the Distributor on behalf of the Fund. The 12b-1 Plan does not obligate the Fund to reimburse the Distributor for the actual expenses the Distributor may incur in fulfilling its obligations under the 12b-1 Plan. Thus, even if the Distributor’s actual expenses exceed the fee payable to the Distributor at any given time, the Fund will not be obligated to pay more than that fee. If the Distributor’s expenses are less than the fee it receives, the Distributor will retain the difference.

The fees attributable to the Fund’s respective class are shown on the accompanying Statement of Operations.

Transfer Agent

Harbor Services Group, Inc. (“Harbor Services Group”), a wholly-owned subsidiary of Harbor Capital, is the transfer and shareholder servicing agent for the Fund. The transfer agency and service agreement is reviewed and approved annually by the Board of Trustees and provides currently for compensation up to the following amounts per class of the Fund:

	<u>Transfer Agent Fees^a</u>
Institutional Class	0.09% of the average daily net assets of all Institutional Class shares
Administrative Class	0.09% of the average daily net assets of all Administrative Class shares

^a For the period November 1, 2016 through February 28, 2017, the Transfer Agent Fees were 0.08% for the Institutional and Administrative Class shares.

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 4—FEES AND OTHER TRANSACTIONS WITH AFFILIATES—Continued

Harbor Services Group has voluntarily waived a portion of its transfer agent fees during the year ended October 31, 2017. Fees incurred for these transfer agent services are shown on the Fund's Statement of Operations. The voluntary waiver may be discontinued at any time.

Affiliated Transactions

The Investment Company Act permits purchase and sale transactions among affiliated investment companies subject to an exemptive rule. Harbor Funds has adopted policies and procedures pursuant to such rule. During the year, the Fund did not enter into any transactions with any other Harbor fund.

Shareholders

On October 31, 2017, Harbor Capital, Harbor Funds Distributors, and Harbor Services Group, collectively held the following shares of beneficial interest in the Fund:

	Number of Shares Owned by Harbor Capital, Harbor Funds Distributors, and Harbor Services Group			Percentage of Outstanding Shares
	Institutional Class	Administrative Class	Total	
Harbor Commodity Real Return Strategy Fund (Consolidated)	81,867	—	81,867	0.6%

Independent Trustees

The fees and expenses of the Independent Trustees are shown on the Fund's Statement of Operations. The Independent Trustees' remuneration for the Fund totaled \$2,000 for the year ended October 31, 2017.

The Board of Trustees has adopted a Deferred Compensation Plan for Independent Trustees (the "Plan"), which enables Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from the Trust. For purposes of determining the amount owed to a Trustee under the Plan, deferred amounts are treated as though they had been invested in shares of the Fund(s) selected by the Trustee. While not required to do so, the Fund makes an investment equal to the Trustee's investment election. The deferred compensation liability and the offsetting deferred compensation investment asset are included as a component of "Other Accrued Expenses" and "Other assets", respectively, in the Statement of Assets and Liabilities. Such amounts fluctuate with changes in the market value of the selected securities. The deferred compensation and related mark-to-market impact liability and an offsetting investment asset will remain on the Fund's Statement of Assets and Liabilities until distributed in accordance with the Plan.

Indemnification

Under the Trust's organizational documents, its officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Trust. In addition, in the normal course of business the Trust enters into contracts that provide general indemnities to other parties. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. The risk of material loss as a result of such indemnification claims is considered remote.

NOTE 5—TAX INFORMATION

The amount and character of income and net realized gains to be distributed are determined in accordance with income tax rules and regulations, which may differ from U.S. GAAP. These differences are attributable to permanent book and tax accounting differences that were primarily due to swap agreements, paydown reclasses, tax treatment of income from controlled foreign corporation, and foreign currency transactions. Reclassifications are made to the Fund's capital account to reflect income and net realized gains available for distribution (or available capital loss carryovers) under income tax rules and regulations. Distributions

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 5—TAX INFORMATION—Continued

classified as a return of capital, if any, are reflected on the Statements of Changes in Net Assets and have been recorded to paid in capital. The amounts reclassified on the Statement of Assets and Liabilities for the year ended October 31, 2017 are as follows:

	Undistributed Net Investment Income/(Loss) (000s)	Accumulated Net Realized Gain/(Loss) (000s)	Paid-In Capital (000s)
Harbor Commodity Real Return Strategy Fund (Consolidated).....	\$(396)	\$985	\$(589)

The tax composition of the Fund's distributions is as follows:

	As of October 31, 2017			As of October 31, 2016			
	Ordinary Income (000s)	Long-Term Capital Gains (000s)	Total (000s)	Ordinary Income (000s)	Long-Term Capital Gains (000s)	Return of Capital (000s)	Total (000s)
Harbor Commodity Real Return Strategy Fund (Consolidated).....	\$635	\$—	\$635	\$1,980	\$—	\$599	\$2,579

As of October 31, 2017, the components of the Fund's distributable earnings on a tax basis are as follows:

	Undistributed Ordinary Income (000s)	Undistributed Long-Term Capital Gains (000s)	Unrealized Appreciation/ (Depreciation) (000s)
Harbor Commodity Real Return Strategy Fund (Consolidated).....	\$1,747	\$—	\$(1,346)

At October 31, 2017, the Fund had a capital loss carryforward for federal tax purposes, which will reduce the Fund's taxable income arising from future net realized gain on investments, if any, to the extent permitted by the Internal Revenue Code. This will reduce the amount of the distribution to shareholders which would otherwise be necessary to relieve the Fund of any federal tax liability. The following capital loss carryforwards do not expire:

	Capital Loss Carryforwards		
	Short-Term (000s)	Long-Term (000s)	Total (000s)
Harbor Commodity Real Return Strategy Fund (Consolidated).....	\$7,928	\$15,928	\$23,856

The identified cost for federal income tax purposes of investments owned by the Fund and its respective gross unrealized appreciation and depreciation at October 31, 2017 is as follows:

	Identified Cost (000s)	Gross Unrealized		Net Unrealized Appreciation/ (Depreciation) (000s)
		Appreciation (000s)	(Depreciation) (000s)	
Harbor Commodity Real Return Strategy Fund (Consolidated)*.....	\$81,719	\$538	\$(1,884)	\$(1,346)

* Capital loss carryforwards are available which may reduce taxable income from future net realized gain on investments.

NOTE 6—DERIVATIVES

The Fund's derivative holdings do not qualify for hedge accounting treatment and as such are recorded at current fair value. For a discussion of risks related to these investments please refer to the descriptions of each type of derivative instrument in Note 2—Significant Accounting Policies.

The Fund's derivative instruments outstanding as of the year ended October 31, 2017, if any, as disclosed in the Portfolio of Investments, and the related amounts of realized and changes in unrealized gains and losses on derivative instruments during the year as disclosed in the Statement of Operations, are indicators of the volume of derivative activity for the Fund.

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 6—DERIVATIVES—Continued

Derivative Instruments

At October 31, 2017, the fair values of derivatives, by primary risk exposure, were reflected in the Statement of Assets and Liabilities as follows:

HARBOR COMMODITY REAL RETURN STRATEGY FUND (CONSOLIDATED)

Statement of Assets and Liabilities Caption	Interest Rate Contracts (000s)	Foreign Exchange Contracts (000s)	Credit Contracts (000s)	Commodity Contracts (000s)	Total (000s)
Assets					
Unrealized appreciation on open forward currency contracts.....	\$ —	\$ 156	\$—	\$ —	\$ 156
Unrealized appreciation on OTC swap agreements ^b	—	—	25	288	313
Variation margin on centrally cleared swap agreements ^{a,b}	303	—	—	—	303
Variation margin on options and futures contracts (futures) ^a	79	—	—	176	255
Variation margin on options and futures contracts (options) ^a	1	—	—	—	1
Purchased options, at value.....	49	—	—	3	52
Liabilities					
Unrealized depreciation on open forward currency contracts.....	\$ —	\$(264)	\$—	\$ —	\$(264)
Unrealized depreciation on OTC swap agreements ^b	(22)	—	—	(68)	(90)
Variation margin on centrally cleared swap agreements ^{a,b}	(117)	—	(15)	—	(132)
Variation margin on options and futures contracts (futures) ^a	(12)	—	—	(202)	(214)
Variation margin on options and futures contracts (options) ^a	(1)	—	—	—	(1)
Written options, at value.....	(16)	—	—	(4)	(20)

a Includes cumulative appreciation/depreciation of contracts as reported in the Portfolio of Investments. Only current day's variation margin is reported within the Statement of Assets and Liabilities.

b Net of premiums received of \$34,000.

Realized net gain/(loss) and the change in unrealized appreciation/(depreciation) on derivatives, by primary risk exposure, for the year ended October 31, 2017, were:

HARBOR COMMODITY REAL RETURN STRATEGY FUND (CONSOLIDATED)

Net Realized Gain/(Loss) on Derivatives	Interest Rate Contracts (000s)	Foreign Exchange Contracts (000s)	Credit Contracts (000s)	Commodity Contracts (000s)	Total (000s)
Forward currency contracts.....	\$ —	\$(421)	\$—	\$ —	\$ (421)
Futures contracts.....	(6)	—	—	107	101
Purchased options.....	(38)	—	—	—	(38)
Written options.....	35	30	—	—	65
Swaps agreements.....	23	—	(78)	(688)	(743)
Net realized gain/(loss) on derivatives.....	<u>\$ 14</u>	<u>\$(391)</u>	<u>\$(78)</u>	<u>\$(581)</u>	<u>\$(1,036)</u>
Change in Unrealized Appreciation/(Depreciation) on Derivatives					
Forward currency contracts.....	\$ —	\$233	\$—	\$ —	\$ 233
Futures contracts.....	(89)	—	—	(37)	(126)
Purchased options.....	99	—	—	2	101
Written options.....	(54)	—	(11)	(1)	(66)
Swaps agreements.....	838	—	13	1,552	2,403
Change in unrealized appreciation/(depreciation) on derivatives.....	<u>\$794</u>	<u>\$233</u>	<u>\$ 2</u>	<u>\$1,516</u>	<u>\$2,545</u>

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 7—OFFSETTING ASSETS AND LIABILITIES

Master Netting Arrangements

As described in further detail below, the Fund may enter into Master Netting Arrangements that govern the terms of certain transactions. Master Netting Arrangements are designed to reduce the counterparty risk associated with relevant transactions by establishing credit protection mechanisms and providing standardization as a means of improving legal certainty. As Master Netting Arrangements are specific to the unique operations of different asset types, they allow the Fund to close out and net its total exposure to a counterparty in the event of a default with respect to all of the transactions governed under a single agreement with that counterparty. Master Netting Arrangements can also help reduce counterparty risk by specifying collateral posting requirements at pre-arranged exposure levels. Securities and cash pledged as collateral are reflected as assets in the Statement of Assets and Liabilities as either a component of investments at value (securities) or cash-restricted. Cash collateral received is not typically held in a segregated account and, as such, is reflected as a liability in the Statement of Assets and Liabilities as due to broker. The fair value of any securities received as collateral is not reflected as a component of net asset value.

For the year ended October 31, 2017, the Fund entered into the following Master Netting Arrangements:

Master Repurchase Agreements and Global Master Repurchase Agreements, which govern repurchase and reverse repurchase transactions between the Fund and select counterparties.

Master Securities Forward Transaction Agreements, which govern the considerations and factors surrounding the settlement of certain forward settling transactions, such as delayed-delivery or sale-buyback transactions by and between the Fund and select counterparties.

International Swaps and Derivatives Association, Inc. Master Agreements and Credit Support Annexes, which govern OTC market traded financial derivative transactions entered into by the Fund and select counterparties.

The following is a summary by counterparty of the gross value of material Borrowings and Other Financing Transactions and collateral (received)/pledged as of October 31, 2017:

HARBOR COMMODITY REAL RETURN STRATEGY FUND (CONSOLIDATED)

Counterparty	Repurchase Agreement Proceeds to be Received (000s)	Payable for Reverse Repurchase Agreements (000s)	Payable for Sale-Buyback Transactions (000s)	Payable for Short Sale (000s)	Total Borrowings and Other Financing Transactions (000s)	Collateral (Received)/Pledged (000s)	Net Exposure (000s)
Harbor Commodity Real Return Strategy Fund^a							
Master/Global Repurchase Agreement							
Fixed Income Clearing Corp.	\$ 1,293	\$—	\$ —	\$ —	\$ 1,293	\$(1,293)	\$ —
Master Securities Forward Transactions Agreements							
Barclays Capital Inc.	—	—	(14,156)	—	(14,156)	—	(14,156)
BNP Paribas NY.	—	—	(19,591)	—	(19,591)	—	(19,591)
Credit Suisse Securities LLC.	—	—	—	(100)	(100)	—	(100)
Morgan Stanley Co. Inc.	—	—	—	(200)	(200)	—	(200)
Harbor Cayman Commodity Fund Ltd. (Subsidiary)^a							
Master/Global Repurchase Agreement							
Barclays Capital Inc.	1,500	—	—	—	1,500	(1,500)	—
Citigroup Global Markets Inc.	4,100	—	—	—	4,100	(4,100)	—
JPMorgan Securities LLC.	4,100	—	—	—	4,100	(4,100)	—
Total Borrowings and Other Financing Transactions.	\$10,993	\$—	\$(33,747)	\$(300)			

a The Harbor Commodity Real Return Strategy Fund and its subsidiary, Harbor Cayman Commodity Fund Ltd. are recognized as two separate legal entities. As such, exposure cannot be netted.

Harbor Commodity Real Return Strategy Fund (Consolidated) has not pledged any securities as collateral under the terms of the above Master Repurchase and Master Securities Forward Transactions agreements as of October 31, 2017.

Harbor Strategic Markets Funds

NOTES TO FINANCIAL STATEMENTS—Continued

NOTE 7—OFFSETTING ASSETS AND LIABILITIES—Continued

The following is a summary by counterparty of the value of OTC financial derivative instruments and collateral (received)/pledged as governed by International Swaps and Derivatives Association, Inc. master agreements as of October 31, 2017:

HARBOR COMMODITY REAL RETURN STRATEGY FUND (CONSOLIDATED)

Counterparty	Financial Derivative Assets				Financial Derivative Liabilities				Net Value of OTC Derivatives (000s)	Collateral (Received)/Pledged* (000s)	Net Exposure (000s)
	Forward Currency Contracts (000s)	Purchased Options (000s)	Swap Agreements (000s)	Total Over-the-Counter (000s)	Forward Currency Contracts (000s)	Written Options (000s)	Swap Agreements (000s)	Total Over-the-Counter (000s)			
Harbor Commodity Real Return Strategy Fund^a											
Bank of America NA.....	\$ 19	\$—	\$—	\$ 19	\$ (1)	\$—	\$—	\$ (1)	\$ 18	\$—	\$ 18
BNP Paribas SA.....	1	—	—	1	(13)	—	—	(13)	(12)	—	(12)
Citibank NA.....	2	—	—	2	(8)	—	—	(8)	(6)	—	(6)
Credit Suisse International .	2	—	—	2	—	—	—	—	2	—	2
Deutsche Bank AG.....	—	34	8	42	(155)	(1)	—	(156)	(114)	—	(114)
Goldman Sachs Bank USA .	2	—	—	2	(4)	(4)	—	(8)	(6)	—	(6)
Goldman Sachs International	—	—	13	13	—	—	(2)	(2)	11	—	11
HSBC Bank USA NA.....	—	—	4	4	—	—	—	—	4	—	4
JP Morgan Chase Bank....	—	—	—	—	(24)	—	—	(24)	(24)	—	(24)
JP Morgan Chase Bank NA.	82	—	—	82	(12)	(4)	—	(16)	66	—	66
Morgan Stanley Capital Services LLC	—	13	—	13	—	(1)	(20)	(21)	(8)	—	(8)
Royal Bank of Scotland plc .	—	—	—	—	—	(1)	—	(1)	(1)	—	(1)
Société Générale.....	1	—	—	1	—	—	—	—	1	—	1
UBS AG.....	47	—	—	47	(47)	—	—	(47)	—	—	—
Harbor Cayman Commodity Fund Ltd. (Subsidiary)^a											
BNP Paribas SA.....	—	—	7	7	—	—	(19)	(19)	(12)	—	(12)
Canadian Imperial Bank of Commerce	—	—	11	11	—	—	—	—	11	—	11
Citibank NA.....	—	—	18	18	—	—	(1)	(1)	17	—	17
Credit Suisse International .	—	—	5	5	—	—	—	—	5	—	5
Goldman Sachs International	—	—	81	81	—	—	(22)	(22)	59	—	59
JP Morgan Chase Bank NA.	—	—	68	68	—	—	(22)	(22)	46	—	46
Morgan Stanley Capital Services LLC	—	—	94	94	—	—	(4)	(4)	90	(90)	—
Société Générale Paris	—	—	4	4	—	—	—	—	4	—	4
Total Over-the-Counter Exposure.....	\$156	\$47	\$313	\$516	\$(264)	\$(11)	\$(90)	\$(366)			

* Of the total collateral received and/or pledged listed in the table above, cash of \$90 has been received as collateral.

a The Harbor Commodity Real Return Strategy Fund and its subsidiary, Harbor Cayman Commodity Fund Ltd. are recognized as two separate legal entities. As such, exposure cannot be netted.

Exchange traded and centrally cleared derivatives are not subject to master netting or similar arrangements.

NOTE 8—SUBSEQUENT EVENTS

At a meeting of the Board of Trustees held on November 19 and 20, 2017, the Board of Trustees voted to liquidate and dissolve the Fund. The liquidation of the Fund is expected to occur on January 26, 2018. Because the Fund is liquidating, the Fund is now closed to new investors. Additional information related to the liquidation can be found in the supplements to the Fund's prospectus and statement of additional information as filed with the Securities and Exchange Commission on November 27, 2017.

Harbor Strategic Markets Funds

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Trustees and Shareholders of

Harbor Funds

We have audited the accompanying statement of assets and liabilities of Harbor Commodity Real Return Strategy Fund (consolidated) (one of the portfolios constituting the Harbor Funds (the Trust)), including the portfolio of investments, as of October 31, 2017, and the related statements of operations and cash flows for the year then ended, the statement of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Trust's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2017, by correspondence with the custodian, agent banks and brokers, or by other appropriate auditing procedures where replies from agent banks and brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Harbor Commodity Real Return Strategy Fund (consolidated) at October 31, 2017, the results of its operations and cash flows for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with U.S. generally accepted accounting principles.

Ernst + Young LLP

Chicago, Illinois
December 21, 2017

Harbor Strategic Markets Funds

FEES AND EXPENSES EXAMPLE (Unaudited)

Example

As a shareholder of the Fund, you incur two types of costs: (1) transaction costs, including redemption fees (if any) and (2) ongoing costs, including management fees, distribution and service (12b-1) fees (if any), and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period May 1, 2017 through October 31, 2017.

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses for each share class. You may use the information in the respective class line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line of the respective class under the heading entitled “Expenses Paid During Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table for each share class below provides information about hypothetical account values and hypothetical expenses based on the respective Fund/Class’s actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the respective Fund/Class’s actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund to other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as redemption fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Annualized Expense Ratios*	Expenses Paid During Period**	Beginning Account Value May 1, 2017	Ending Account Value October 31, 2017
HARBOR COMMODITY REAL RETURN STRATEGY FUND				
Institutional Class	0.94%			
Actual		\$4.82	\$1,000	\$1,034.10
Hypothetical (5% return)		4.79	1,000	1,020.35
Administrative Class	1.19%			
Actual		\$6.09	\$1,000	\$1,031.50
Hypothetical (5% return)		6.06	1,000	1,019.06

* Reflective of all fee waivers and expense reimbursements (excluding interest expense, if any)

** Expenses are equal to the Fund’s annualized expense ratio, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period).

Harbor Strategic Markets Funds

ADDITIONAL INFORMATION (Unaudited)

ADDITIONAL TAX INFORMATION

For the fiscal year ended October 31, 2017, the Fund designates up to the maximum amount of such dividends allowable pursuant to the Internal Revenue Code as qualified dividend income eligible for reduced tax rates. These lower rates range from 0% to 20% depending on an individual's tax bracket. If the Fund pays a distribution during calendar year 2017, complete information will be reported in conjunction with Form 1099-DIV.

Shareholders who own shares through a taxable Harbor Funds account and that received distributions from the Fund during calendar year 2017 will receive a Form 1099-DIV in January 2018 that will show the tax character of those distributions.

PROXY VOTING

Harbor Funds has adopted Proxy Voting Policies and Procedures under which proxies relating to securities held by the Harbor funds are voted. In addition, Harbor Funds files Form N-PX, with its complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. A description of Harbor Funds' Proxy Voting Policies and Procedures and the proxy voting records (Form N-PX) are available (i) upon request, by calling Harbor Funds toll-free at 800-422-1050; (ii) on Harbor Funds' website at harborfunds.com; and (iii) on the SEC's website at sec.gov.

HOUSEHOLDING

Harbor Funds has adopted a policy that allows it to send only one copy of the Fund's prospectus, proxy materials, annual report and semi-annual report to certain shareholders residing at the same household. This reduces Fund expenses, which benefits you and other shareholders. If you need additional copies or do not want your mailings to be "household," please call the Shareholder Servicing Agent at 800-422-1050. Individual copies will be sent within thirty (30) days after the Shareholder Servicing Agent receives your instructions. Your consent to householding is considered valid until revoked.

QUARTERLY PORTFOLIO DISCLOSURES

Harbor Funds files a complete portfolio of investments with the SEC for the first and third quarters of each fiscal year on Form N-Q. The Fund's Form N-Q is available (i) without charge, upon request, by calling Harbor Funds toll-free at 800-422-1050, (ii) on Harbor Funds' website at harborfunds.com, and (iii) on the SEC's website at sec.gov. The form may also be viewed and copied at the SEC's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may also be obtained by calling 800-SEC-0330.

SPECIAL MEETING OF SHAREHOLDERS

At a special meeting of the shareholders of the Harbor Funds held on September 22, 2017, shareholders elected six trustees to the Board of Trustees of Harbor Funds. Scott M. Amero, Robert A. Kasdin, and Ann M. Spruill were previously appointed as Trustees but had not been elected by shareholders. Raymond J. Ball, Donna J. Dean, and Randall A. Hack continue to serve on the Board.

<u>Trustee</u>	<u>For</u>	<u>Withhold</u>
Scott M. Amero	1,047,869,265	14,860,642
Joseph L. Dowling III	1,046,335,272	16,394,636
Robert A. Kasdin	1,047,514,035	15,215,872
Charles F. McCain	1,047,667,935	15,061,973
Kathryn L. Quirk	1,046,812,694	15,917,214
Ann M. Spruill	1,047,274,165	15,455,742

At a special meeting of the shareholders of the Harbor Funds held on September 22, 2017, shareholders did not approve an amendment to the Fund's fundamental investment restriction regarding borrowing.

<u>Fund Name</u>	<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Vote</u>
Harbor Commodity Real Return Strategy Fund ^a	5,206,476	628,422	114,556	5,056,638

Harbor Strategic Markets Funds

ADDITIONAL INFORMATION—Continued

SPECIAL MEETING OF SHAREHOLDERS—Continued

At a special meeting of the shareholders of the Harbor Funds held on September 22, 2017, shareholders did not approve an amendment to the Fund's fundamental investment restriction regarding lending.

<u>Fund Name</u>	<u>For</u>	<u>Against</u>	<u>Abstain</u>	<u>Broker Non-Vote</u>
Harbor Commodity Real Return Strategy Fund ^a	5,192,936	641,547	114,971	5,056,638

^a Meeting held on November 15, 2017

Harbor Strategic Markets Funds

ADDITIONAL INFORMATION—Continued

TRUSTEES AND OFFICERS

AS OF DECEMBER 2017

The business and affairs of the Trust shall be managed by or under the direction of the Trustees, and they shall have all powers necessary or desirable to carry out that responsibility. The Trustees shall have full power and authority to take or refrain from taking any action and to execute any contracts and instruments that they may consider necessary or desirable in the management of the Trust. Any determination made by the Trustees in good faith as to what is in the interests of the Trust shall be conclusive. Information pertaining to the Trustees and Officers of Harbor Funds is set forth below. The address of each Trustee and Officer is: [Name of Trustee or Officer] c/o Harbor Funds, 111 South Wacker Drive, 34th Floor, Chicago, IL 60606-4302.

The Harbor Fund's Statement of Additional Information includes additional information about the Trust's Trustees and is available without charge by calling 800-422-1050 or at the Trust's website at harborfunds.com.

Name (Age) Position(s) with Fund	Term of Office and Length of Time Served ¹	Principal Occupation(s) During Past Five Years	Number of Portfolios In Fund Complex Overseen By Trustee	Other Directorships Of Public Companies and Other Registered Investment Companies Held by Trustee During Past Five Years
INDEPENDENT TRUSTEES				
Scott M. Amero (54) Trustee	Since 2014	Chairman (2015-Present) and Trustee (2011-2015), Rare (conservation nonprofit); Trustee, Berkshire School (2014-Present); Vice Chairman and Global Chief Investment Officer, Fixed Income (2010), Vice Chairman and Global Chief Investment Officer, Fixed Income, and Co-Head, Fixed Income Portfolio Management (2007-2010), BlackRock, Inc., (publicly traded investment management firm).	32	None
Raymond J. Ball (73) Trustee	Since 2006	Sidney Davidson Distinguished Service Professor of Accounting, University of Chicago Booth School of Business (2000-Present); Academic Affiliate, Analysis Group (litigation consulting firm) (2000-Present); Financial Reporting Faculty Advisory Group of the Institute of Chartered Accountants in England and Wales (2008-Present); and Advisory Board of the Center for Accounting Research & Education at University of Notre Dame (2006-Present).	32	None
Donna J. Dean (66) Trustee	Since 2010	Chief Investment Officer of the Rockefeller Foundation (a private foundation) (1995-Present).	32	None
Joseph L. Dowling III (53) Trustee	Since 2017	Chief Investment Officer, Brown University (2013-Present); Advisory Board Member, Stage Point Capital (private mortgage specialist) (2016-Present); Advisory Board Member, Harbor Funds (2016-2017); and Founder and Managing Member, Narragansett Asset Management (private investment management firm) (1998-2013).	32	Director of Integrated Electrical Services (2011-Present).
Randall A. Hack (70) Trustee	Since 2010	Founder and Senior Managing Director of Capstone Capital LLC (private investment firm) (2003-Present); Director of Tower Development Corporation (cell tower developer) (2009-2016); and Advisory Director of Berkshire Partners (private equity firm) (2002-2013).	32	None
Robert Kasdin (59) Trustee	Since 2014	Senior Vice President and Chief Operating Officer, Johns Hopkins Medicine (2015-Present); Senior Executive Vice President, Columbia University (2002-2015); Trustee and Co-Chair of the Finance Committee, National September 11 Memorial & Museum at the World Trade Center (2005-Present); Director, Apollo Commercial Real Estate Finance, Inc. (2014-Present); and Director, Noranda Aluminum Holdings Corp. (2007-2014).	32	Director of Noranda Aluminum Holdings Corporation (2007-2014); and Director of Apollo Commercial Real Estate Finance, Inc. (2014-Present).

Harbor Strategic Markets Funds

ADDITIONAL INFORMATION—Continued

TRUSTEES AND OFFICERS—Continued

Name (Age) Position(s) with Fund	Term of Office and Length of Time Served ¹	Principal Occupation(s) During Past Five Years	Number of Portfolios In Fund Complex Overseen By Trustee	Other Directorships Of Public Companies and Other Registered Investment Companies Held by Trustee During Past Five Years
INDEPENDENT TRUSTEES—Continued				
Kathryn L. Quirk (65) Trustee	Since 2017	Retired; Vice President, Senior Compliance Officer and Head, U.S. Regulatory Compliance, Goldman Sachs Asset Management (2013-2017); Deputy Chief Legal Officer, Asset Management, and Vice President and Corporate Counsel, Prudential Insurance Company of America (2010-2012); Co-Chief Legal Officer, Prudential Investment Management, Inc., and Chief Legal Officer, Prudential Investments and Prudential Mutual Funds (2008-2012); Vice President and Corporate Counsel and Chief Legal Officer, Mutual Funds, Prudential Insurance Company of America, and Chief Legal Officer, Prudential Investments (2005-2008); Vice President and Corporate Counsel and Chief Legal Officer, Mutual Funds, Prudential Insurance Company of America (2004-2005); Member, Management Committee (2000-2002), General Counsel and Chief Compliance Officer, Zurich Scudder Investments, Inc. (1997-2002).	32	None
Ann M. Spruill (63) Trustee	Since 2014	Partner (1993-2008), member of Executive Committee (1996-2008), Member Board of Directors (2002-2008), Grantham, Mayo, Van Otterloo & Co, LLC (private investment management firm) (with the firm since 1990); Member Investment Committee and Chair of Global Equities, Museum of Fine Arts, Boston (2000-Present); and Trustee, Financial Accounting Foundation (2014-Present).	32	None
INTERESTED TRUSTEE				
Charles F. McCain (48)* Chairman, Trustee and President	Since 2017	Chief Executive Officer (2017-Present), Director (2007-Present), President and Chief Operating Officer (2017), Executive Vice President and General Counsel (2004-2017), and Chief Compliance Officer (2004-2014), Harbor Capital Advisors, Inc.; Director (2007-Present) and Chief Compliance Officer (2004-2017), Harbor Services Group, Inc.; and Chief Executive Officer (2017-Present), Director (2007-Present), Chief Compliance Officer and Executive Vice President (2007-2017), Harbor Funds Distributors, Inc.	32	None
FUND OFFICERS NOT LISTED ABOVE**				
Erik D. Ojala (42) Chief Compliance Officer and Secretary	Since 2017 Since 2007	Executive Vice President and General Counsel (2017-Present) and Secretary (2010-Present); Senior Vice President and Associate General Counsel (2007-2017), Harbor Capital Advisors, Inc.; Director, Executive Vice President and Chief Compliance Officer (2017-Present), Harbor Funds Distributors, Inc.; and Director (2017-Present) and Assistant Secretary (2014-Present), Harbor Services Group, Inc.		
Anmarie S. Kolinski (46) Treasurer	Since 2007	Executive Vice President and Chief Financial Officer (2007-Present), Harbor Capital Advisors, Inc.; Chief Financial Officer (2007-Present), Harbor Services Group, Inc.; and Chief Financial Officer (2015-Present) and Treasurer (2012-Present), Harbor Funds Distributors, Inc.		
Brian L. Collins (49) Vice President	Since 2005	Executive Vice President and Chief Investment Officer (2004-Present), Harbor Capital Advisors, Inc.		
Charles P. Ragusa (58) Vice President	Since 2007	Executive Vice President (2007-Present), Harbor Capital Advisors, Inc.; President (2007-Present), Harbor Services Group, Inc.; and Executive Vice President and AML Compliance Officer (2007-Present) and OFAC Officer (2015-Present), Harbor Funds Distributors, Inc.		
Jodie L. Crotteau (45) Assistant Secretary	Since 2014	Senior Vice President and Chief Compliance Officer, Harbor Capital Advisors, Inc. (2014-Present); Chief Compliance Officer and Secretary (2017-present) and Assistant Secretary (2015-2016), Harbor Services Group, Inc.; Assistant Secretary (2016-present), Harbor Funds Distributors, Inc.; Vice President and Chief Compliance Officer, Grosvenor Registered Funds (2011-2014); and Vice President, Grosvenor Capital Management, L.P. (2010-2014).		

Harbor Strategic Markets Funds

ADDITIONAL INFORMATION—Continued

TRUSTEES AND OFFICERS—Continued

Name (Age) Position(s) with Fund	Term of Office and Length of Time Served ¹	Principal Occupation(s) During Past Five Years
FUND OFFICERS NOT LISTED ABOVE^{**}—Continued		
Lana M. Lewandowski (38) AML Compliance Officer and Assistant Secretary	Since 2017	Legal & Compliance Manager (2016-Present) and Legal Specialist (2012-2015), Harbor Capital Advisors, Inc.
Lora A. Kmiecik (53) Assistant Treasurer	Since 2017	Senior Vice President – Fund Administration and Analysis (2017-Present) and Senior Vice President - Business Analysis (2015-2017), Harbor Capital Advisors, Inc.; and Assurance Executive Director (1999-2015), Ernst & Young LLP.
John M. Paral (49) Assistant Treasurer	Since 2013	Director of Fund Administration and Analysis (2017-Present), Vice President (2012-Present) and Financial Reporting Manager (2007-2017), Harbor Capital Advisors, Inc.

¹ Each Trustee serves for an indefinite term, until his successor is elected. Each Officer is elected annually.

* Mr. McCain is deemed an “Interested Trustee” due to his affiliation with the Adviser and Distributor of Harbor Funds.

** Officers of the Funds are “interested persons” as defined in the Investment Company Act.

Harbor's Privacy Statement

The following privacy statement is issued by Harbor Funds and each series of Harbor Funds and its affiliates, Harbor Capital Advisors, Inc., Harbor Services Group, Inc. and Harbor Funds Distributors, Inc. These measures reflect our commitment to maintaining the privacy of your confidential information. We appreciate the confidence you have shown by entrusting us with your assets.

Personal Information It is our policy to respect the privacy of current and former shareholders and to protect personal information entrusted to us. We do not sell your personal information to anyone.

In the course of providing products and services, we collect non-public personal information about you from the following sources: applications, forms, our website (including any information captured through our use of "cookies"), through mobile applications, by telephone and in correspondence and transactions with us, our affiliates or other parties.

The non-public personal information collected may include name, address, e-mail address, telephone/fax numbers, account number, social security or taxpayer identification number, investment activity, and bank account information.

When you visit us through our website or a mobile application, we may collect technical and navigational information, such as computer browser type, Internet protocol address, pages visited and average time spent on our website. We may use this information to alert you to software compatibility issues, or to improve our web design and functionality. We use "cookies" and similar files that may be placed on your hard drive for security purposes, to facilitate site navigation and to personalize the appearance of our site.

Information Sharing We occasionally disclose non-public personal information about our current or former shareholders with affiliated and non-affiliated parties, as permitted or required by law or regulation. In the normal course of servicing our shareholders, information we collect may be shared with non-affiliated companies that perform support services on our behalf or to other firms that assist us in providing you with products and services, such as custodians, transfer agents, broker-dealers and marketing service firms, as well as with other financial institutions. These companies may not use the information for any other purpose and we require them to keep the information they handle confidential. We may also share information with affiliates that are engaged in a variety of financial services in order to better service your account(s).

When information is shared with third parties, they are not permitted to use the information for any purpose other than to assist our servicing of your account(s) or as permitted by law.

If you close your account(s) or if we lose contact with you, we will continue to share information in accordance with our current privacy policy and practices.

Access to Information Access to non-public personal information is limited to employees, agents or other parties who need to know that information to perform their jobs, such as servicing your account(s), resolving problems or informing you of new products or services.

Security We maintain physical, electronic and procedural safeguards that comply with industry standards to protect your non-public personal information.

For shareholders accessing information through our website or a mobile application, various forms of Internet security, such as data encryption firewall barriers, user names and passwords, and other tools are used. For additional information regarding our security measures, visit the terms and conditions of use on our website at harborfunds.com. If you have any questions or concerns about how we maintain the privacy of your non-public personal information, please contact us at 800-422-1050 Monday through Friday, between the hours of 8:00 a.m. and 6:00 p.m. Eastern time.

We recommend that you read and retain this notice for your personal files.

Glossary

BENCHMARK DESCRIPTIONS

Bloomberg Barclays U.S. Aggregate Bond Index—The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index of investment-grade fixed-rate debt issues with maturities of at least one year. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

Bloomberg Barclays U.S. TIPS Index—The Bloomberg Barclays U.S. TIPS Index is an unmanaged market index comprised of all U.S. Treasury Inflation Protected Securities rated investment grade (Baa3 or better), have at least one year to final maturity, and at least \$250 million par amount outstanding. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

Bloomberg Commodity Index Total ReturnSM—The Bloomberg Commodity Index Total ReturnSM is a broadly diversified index that tracks the commodities markets through commodity futures contracts. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

ICE BofAML All U.S. Convertibles Ex Mandatory Index—The BofA Merrill Lynch All U.S. Convertibles Ex Mandatory Index is broadly representative of the U.S. convertible securities market, consisting of publicly traded issues, denominated in U.S. dollars, of all credit qualities, and excluding mandatory (equity-linked) convertibles. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

ICE BofAML U.S. Dollar 3-Month LIBOR Constant Maturity Index—The ICE BofAML U.S. 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. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

ICE BofAML 3-Month U.S. Treasury Bill Index—The ICE BofAML 3-Month U.S. Treasury Bill Index is comprised of a single U.S. Treasury Bill issue purchased at the beginning of each month and held for a full month, at which time that issue is sold and rolled into a newly selected issue. The issue selected each month is that having a maturity date closest to, but not beyond 90 days from the rebalance date.

ICE BofAML U.S. High Yield Index (H0A0)—The ICE BofAML U.S. High Yield Index (H0A0) is an unmanaged index that tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market. All bonds are U.S. dollar denominated and rated Split BBB and below. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

ICE BofAML U.S. Non-Distressed High Yield Index—The ICE BofAML U.S. Non-Distressed High Yield Index is a subset of the ICE BofAML U.S. High Yield Index (H0A0) including all securities with an option-adjusted spread less than 1,000 basis points. The unmanaged index does not reflect fees and expenses and is not available for direct investment.

MSCI All Country World Index—The MSCI All Country World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

MSCI All Country World Ex. U.S. (ND) Index—The MSCI All Country World Ex. U.S. is a free float-adjusted market capitalization weighted index that is designed to measure equity market performance in the global developed and emerging markets, excluding the United States. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

MSCI EAFE (ND) Index—The MSCI EAFE (ND) Index is an unmanaged index generally representative of major overseas stock markets. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

MSCI EAFE Small Cap (ND) Index—The MSCI EAFE Small Cap (ND) Index is an equity index which captures small cap representation across developed market countries around the world, excluding the U.S. and Canada. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

MSCI Emerging Markets (ND) Index—The MSCI Emerging Markets (ND) Index is a market capitalization weighted index of equity securities in more than 20 emerging market economies. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

MSCI World (ND) Index—The MSCI World (ND) Index is a free float-adjusted market capitalization index that is designed to measure global developed market equity performance. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

BENCHMARK DESCRIPTIONS—Continued

Russell 1000[®] Index—The Russell 1000[®] Index is an unmanaged index generally representative of the U.S. market for larger capitalization stocks as it includes the largest 1000 securities in the Russell 3000[®] Index by market capitalization. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell 1000[®] Index and Russell[®] are trademarks of Frank Russell Company.

Russell 1000[®] Growth Index—The Russell 1000[®] Growth Index is an unmanaged index generally representative of the U.S. market for larger capitalization growth stocks. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell 1000[®] Growth Index and Russell[®] are trademarks of Frank Russell Company.

Russell 1000[®] Value Index—The Russell 1000[®] Value Index is an unmanaged index generally representative of the U.S. market for larger capitalization value stocks. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell 1000[®] Value Index and Russell[®] are trademarks of Frank Russell Company.

Russell 2000[®] Index—The Russell 2000[®] Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000[®] Index is a subset of the Russell 3000[®] Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000[®] Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell 3000[®] Index and Russell[®] are trademarks of Frank Russell Company.

Russell 2000[®] Growth Index—The Russell 2000[®] Growth Index is an unmanaged index representing the smallest 2,000 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.

Russell 2000[®] Value Index—The Russell 2000[®] Value Index is an unmanaged index representing the smallest 2,000 stocks with the lowest 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[®] Value Index and Russell[®] are trademarks of Frank Russell Company.

Russell 3000[®] Index—The Russell 3000[®] Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000[®] Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell 3000[®] Index and Russell[®] are trademarks of Frank Russell Company.

Russell 3000[®] Growth Index—The Russell 3000[®] Growth Index measures the performance of the broad growth segment of the U.S. equity universe. It includes those Russell 3000[®] companies with higher price-to-book ratios and higher forecasted growth values. The Russell 3000[®] Growth Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad growth market. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell 3000[®] Growth Index and Russell[®] are trademarks of Frank Russell Company.

Russell 3000[®] Value Index—The Russell 3000[®] Value Index measures the performance of the broad value segment of U.S. equity value universe. It includes those Russell 3000[®] companies with lower price-to-book ratios and lower forecasted growth values. The Russell 3000[®] Value Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad value market. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell 3000[®] Value Index and Russell[®] are trademarks of Frank Russell Company.

Russell Midcap[®] Index—The Russell Midcap[®] Index is an unmanaged index generally representative of the U.S. market for medium capitalization stocks. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell Midcap[®] Index and Russell[®] are trademarks of Frank Russell Company.

Russell Midcap[®] Growth Index—The Russell Midcap[®] Growth Index is an unmanaged index generally representative of the U.S. market for medium capitalization growth stocks. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell Midcap[®] Growth Index and Russell[®] are trademarks of Frank Russell Company.

Glossary—Continued

BENCHMARK DESCRIPTIONS—Continued

Russell Midcap[®] Value Index—The Russell Midcap[®] Value Index is an unmanaged index generally representative of the U.S. market for medium capitalization value stocks. This unmanaged index does not reflect fees and expenses and is not available for direct investment. The Russell Midcap[®] Value Index and Russell[®] are trademarks of Frank Russell Company.

S&P 500 Index—The S&P 500 Index is an unmanaged index generally representative of the U.S. stock market. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

FINANCIAL TERMS

12b-1 Fee—A mutual fund fee, named for the SEC rule that permits it, used to pay for broker-dealer compensation and other distribution costs. If a fund has a 12b-1 fee, it will be disclosed in the fee table of a fund's prospectus.

ADR—ADR after the name of a foreign holding stands for American Depositary Receipts representing ownership of foreign securities. ADRs are issued by U.S. banking institutions.

Average Market Cap—The average market capitalization of a fund's equity portfolio gives you a measure of the size of the companies in which the fund invests. Market capitalization is calculated by multiplying the number of a company's shares outstanding by its price per share.

Average Market Coupon—A calculation from a fund's portfolio by weighting the coupon of each bond by its relative size in the portfolio.

Beta—A measure of market-related risk. The beta of every index is 1.00, no matter how volatile the index is. A beta less than one means the portfolio is less volatile than the index. A beta higher than one indicates more volatility than the index.

Bottom-Up Equity Management Style—A management style that de-emphasizes the significance of economic and market cycles, focusing instead on the analysis of individual stocks.

Capital Gains Distribution—Profits distributed to shareholders resulting from the sale of securities held in the fund's portfolio.

Credit Risk—The possibility that a bond issuer may not be able to pay interest and repay its debt.

CUSIP Number—Identification number assigned to every stock, corporate bond and municipal bond by the Committee on Uniform Securities Identification Procedures (CUSIP), which is established by the American Bankers Association.

Diversification—The practice of investing broadly across securities of a number of issuers to reduce risk.

Duration—A common gauge of the price sensitivity of a fixed income asset or portfolio to a change in interest rates.

Emerging Markets—Emerging markets are countries with relatively young stock and bond markets. Examples include Brazil and Thailand. Typically, emerging-markets investments have the potential for losses and gains larger than those of developed-market investments.

Expense Ratio—The Fund's total annual operating expenses (including management fees, distribution (12b-1) fees and other expenses) expressed as a percentage of average net assets.

Family of Funds—A group of mutual funds, each typically with its own investment objective, managed or distributed by the same company that hold themselves out to investors as related companies for the purposes of investment and investor services.

GDR—GDR after the name of a holding stands for Global Depositary Receipt representing ownership of foreign securities. GDRs are issued by either U.S. or non-U.S. banking organizations. SADR after the name of a holding stands for South African Depositary Receipts representing ownership of South African securities listed on the Johannesburg Stock Exchange. SDR after the name of a holding stands for Swedish Depositary Receipts representing ownership of foreign securities in Sweden. NVDR after the name of a holding stands for Non-Voting Depositary Receipts representing ownership of a listed security in the Stock Exchange of Thailand.

Inception Date—The date on which the Fund commenced operations.

Investment Objective—The goal that an investor and mutual fund pursue together (e.g., current income, long-term capital growth, etc.).

Glossary—Continued

FINANCIAL TERMS—Continued

Median Market Cap—An indicator of the size of companies in which a fund invests; the midpoint of market capitalization (market price x shares outstanding) of a fund's stocks, weighted by the proportion of the fund's assets invested in each stock. Stocks representing half of the fund's assets have market capitalizations above the median, and the rest are below it.

Net Asset Value (NAV)—The per share value of a mutual fund, determined by subtracting the fund's liabilities from its assets and dividing by the number of shares outstanding. Mutual funds calculate their NAVs at least once each business day.

No-Load Fund—A mutual fund whose shares are sold without a sales commission and without a 12b-1 fee of more than 0.25% per year. Harbor funds are no-load.

Open-End Management Company—The legal name for a mutual fund, indicating that it stands ready to redeem (buy back) its shares from investors on any business day. Harbor Funds is an open-end investment company.

Operating Expenses—Business costs paid from a fund's assets before earnings are distributed to shareholders. These include management fees and 12b-1 fees and other expenses.

Portfolio Manager—A specialist employed by a mutual fund's adviser or subadviser to invest the fund's assets in accordance with predetermined investment objectives.

Portfolio Turnover—A measure of the trading activity in a fund's investment portfolio (how often securities are bought and sold by a fund). Funds with high turnover rates incur higher transaction costs and may be more likely to distribute capital gains (which may be taxable to investors).

Price to Book Ratio (P/B)—A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value. For a fund, the weighted average price/book ratio of the stocks it holds.

Price to Earnings Ratio (P/E)—The ratio of a stock's current price to its per-share earnings over the past year. For a fund, the weighted average P/E of the stocks it holds. P/E is an indicator of market expectations about corporate prospects; the higher the P/E, the greater the market expectations are for a company's future growth.

Prospectus—The official document that describes a mutual fund to prospective investors. The prospectus contains information required by the SEC, such as investment objectives and policies, risks, services and fees.

Record Date—The date on which a shareholder must officially own shares in order to be entitled to a dividend.

Redemption Fee—Fee charged to shareholders by a mutual fund when they sell shares within a specified period after purchase. The time limit and size of fee vary among funds. The fee is paid to the fund, not the fund's investment adviser. Its purpose is to protect long-term investors from the impact of short-term traders.

REITs (Real Estate Investment Trust)—REITs invest in real estate or loans secured by real estate and issue shares in such investments. A REIT is similar to a closed-end mutual fund.

Repurchase Agreement (Repo)—A form of short-term borrowing for dealers in government securities. The dealer sells the government securities to investors, usually on an overnight basis, and buys them back the following day. For the party selling the security (and agreeing to repurchase it in the future), it is a repo. For the party on the other end of the transaction (buying the security and agreeing to sell back in the future), it is a reverse repurchase agreement.

Risk/Reward (or Return)—The relationship between the degree of risk associated with an investment and its return potential. Typically, the higher the potential return of an investment, the greater the risk.

Statement of Additional Information (SAI)—The supplementary document to a prospectus that contains more detailed information about a mutual fund; also known as "Part B" of a fund's registration statement.

TBAs—A term used to describe a forward mortgage-backed securities trade. Pass-through securities issued by Freddie Mac, Fannie Mae and Ginnie Mae trade in the TBA market. The term TBA is derived from the fact that the actual mortgage-backed security that will be delivered to fulfill a TBA trade is not designated at the time the trade is made. The securities are "to be announced" 48 hours prior to the established trade settlement date.

Treasury Inflation-Protected Securities (TIPS)—TIPS are securities in which the principal amount is adjusted for inflation and interest payments are applied to the inflation-adjusted principal.

Glossary—Continued

FINANCIAL TERMS—Continued

Top-Down Equity Management Style—Investment style that begins with an assessment of the overall economic environment and makes a general asset allocation decision regarding various sectors of the financial markets and various industries.

Total Return—Return on an investment over a specified period, including price appreciation (or depreciation) plus any income, expressed as an average annual compound of return.

Weighted Average Duration—Duration is a time measure of a bond's interest-rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder. Time periods are weighted by multiplying by the present value of its cash flow divided by the bond's price. (A bond's cash flows consist of coupon payments and repayment of capital.) A bond's duration will almost always be shorter than its maturity, with the exception of zero-coupon bonds, for which maturity and duration are equal.

Weighted Average Maturity—The average length of time until principal must be repaid for all bonds in a mutual fund portfolio on a dollar weighted basis.

Yield—A measure of net income (dividends and interest) earned by the securities in the fund's portfolio less fund expenses during a specified period. A fund's yield is expressed as a percentage of the maximum offering price per share on a specified date.

Yield to Maturity—The term used to describe the rate of return an investor will receive if a long-term, interest-bearing security, such as a bond, is held to its maturity date. Yield to maturity is greater than the coupon rate if the bond is selling at a discount and less than the coupon rate if it is selling at a premium.

Notes



Harbor Funds®

111 South Wacker Drive, 34th Floor | Chicago, IL 60606-4302 | 800-422-1050 | harborfunds.com

Trustees & Officers

Charles F. McCain
Chairman, President & Trustee

Scott M. Amero
Trustee

Raymond J. Ball
Trustee

Donna J. Dean
Trustee

Joseph L. Dowling, III
Trustee

Randall A. Hack
Trustee

Robert Kasdin
Trustee

Kathryn L. Quirk
Trustee

Ann M. Spruill
Trustee

Anmarie S. Kolinski
Treasurer

Erik D. Ojala
*Chief Compliance Officer
& Secretary*

Brian L. Collins
Vice President

Charles P. Ragusa
Vice President

Jodie L. Crotteau
Assistant Secretary

Lana M. Lewandowski
*AML Compliance Officer
& Assistant Secretary*

Lora A. Kmiecik
Assistant Treasurer

John M. Paral
Assistant Treasurer

Investment Adviser

Harbor Capital Advisors, Inc.
111 South Wacker Drive
34th Floor
Chicago, IL 60606-4302
312-443-4400

Distributor

Harbor Funds Distributors, Inc.
111 South Wacker Drive
34th Floor
Chicago, IL 60606-4302
312-443-4600

Shareholder Services

Harbor Services Group, Inc.
P.O. Box 804660
Chicago, IL 60680-4108
800-422-1050

Custodian

State Street Bank & Trust Company
State Street Financial Center
1 Lincoln Street
Boston, MA 02111-2900