

## Investment Overview

The Fund invests primarily (no less than 65% of its total assets) in common and preferred stocks of foreign companies, including those located in emerging market countries. The Subadviser's investment strategy focuses on identifying attractive long-term investment opportunities that can arise as a result of certain capital cycle, or supply-side, conditions.

## Portfolio Management

### Subadviser:

Marathon Asset Management LLP  
Since 11/02/2015

### Portfolio Managers:

Neil M. Ostrer  
William J. Arah  
Charles Carter  
Nick Longhurst  
Michael Godfrey, CFA  
David Cull, CFA  
Robert Anstey, CFA  
Simon Somerville  
Michael Nickson, CFA  
Simon Todd, CFA

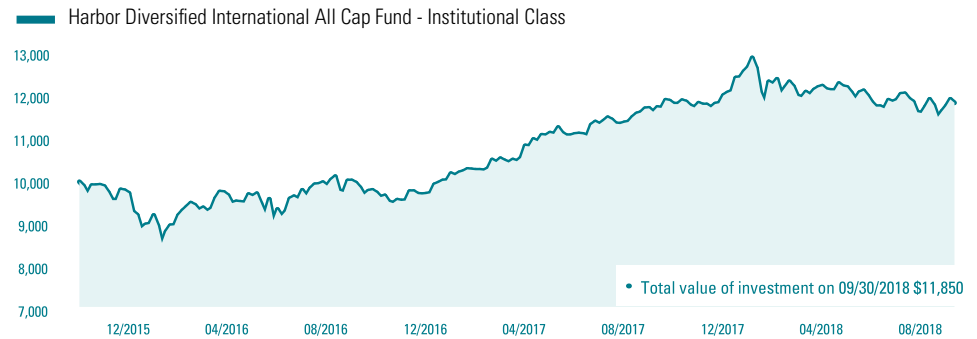
### Investment Risks

The subadviser's assessment of the capital cycle for a particular industry or company may be incorrect. Investing in companies at inopportune phases of the capital cycle can result in the Fund purchasing company stock at pricing levels that are higher than the market dynamics would support and therefore subject the Fund to greater risk that the stock price would decline rather than increase over time.

Investing in international and emerging markets poses special risks, including potentially greater price volatility due to social, political and economic factors, as well as currency exchange rate fluctuations. These risks are more severe for securities of issuers in emerging market regions. Stocks of small and mid cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of larger, more established companies.

Stock markets are volatile and equity values can decline significantly in response to adverse issuer, political, regulatory, market and economic conditions.

## Growth of a Hypothetical \$10,000 investment



## Performance

	Three Months	Year to Date	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception
<b>Institutional Class</b>	0.71%	-2.24%	1.26%	N/A	N/A	N/A	6.12%
<b>Retirement Class</b>	0.71%	-2.16%	1.34%	N/A	N/A	N/A	6.17%
<b>Administrative Class</b>	0.62%	-2.42%	1.04%	N/A	N/A	N/A	5.87%
<b>Investor Class</b>	0.63%	-2.43%	0.91%	N/A	N/A	N/A	5.75%
MSCI All Country World Ex. US (ND) Index	0.71%	-3.09%	1.76%	N/A	N/A	N/A	7.60%

Performance data shown represents past performance and is no guarantee of future results. Past performance is net of management fees and expenses and reflects reinvested dividends and distributions. Past performance reflects the beneficial effect of any expense waivers or reimbursements, without which returns would have been lower. Investment returns and principal value will fluctuate and when redeemed may be worth more or less than their original cost. Returns for periods less than one year are not annualized. Current performance may be higher or lower and is available through the most recent month end at [harborfunds.com](http://harborfunds.com) or by calling 800-422-1050.

The MSCI All Country World Ex. US (ND) Index 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.

Retirement Class shares commenced operations on March 1, 2016. The performance attributed to the Retirement Class shares prior to that date is that of the Institutional Class shares. Performance prior to March 1, 2016 has not been adjusted to reflect the lower expenses of Retirement Class shares. During this period, Retirement Class shares would have had returns similar to, but potentially higher than, Institutional Class shares due to the fact that Retirement Class shares represent interests in the same portfolio as Institutional Class shares but are subject to lower expenses.

Fund Facts	Institutional Class	Retirement Class	Administrative Class	Investor Class
Ticker	HAIDX	HNIDX	HRIDX	HIIDX
Fund Number	2038	2538	2238	2438
CUSIP	411512593	411512437	411512585	411512577
Inception Date	11/02/2015	03/01/2016	11/02/2015	11/02/2015
12b-1 Fee	None	None	0.25%	0.25%
Total Net Assets (\$MM)	222.814	362.108	6.244	5.835
Redemption Fee	None	None	None	None
Net Expense Ratio	0.80	0.72	1.05	1.17
Gross Expense Ratio	0.93	0.85	1.18	1.30

Expense ratio information is as of the Fund's current prospectus, as supplemented. Gross expenses are the Fund's total annual operating expenses. The net expense ratios for this fund are subject to an expense limitation agreement, excluding interest expense, if any, through 02/29/2020.

## Top Industries



Banks	9.04%
Insurance	5.72%
Professional Services	3.79%
Media	3.76%
Hotels, Restaurants & Leisure	3.71%
Beverages	3.50%
Metals & Mining	3.31%
Health Care Equipment & Supp...	3.23%
Commercial Services & Suppli...	3.06%
Oil, Gas & Consumable Fuels	2.97%
Total	42.09%

## Top Holdings

	Portfolio %
1. Samsung Electronics Co. Ltd.	1.27%
2. Taiwan Semiconductor Manufacturin...	1.20%
3. Fairfax Financial Holdings Ltd.	1.12%
4. Intertek Group plc	0.91%
5. Brookfield Asset Management Inc.	0.88%
6. Coloplast AS	0.85%
7. Fresenius Medical Care AG & Co.	0.78%
KGAA	0.78%
8. Compass Group plc	0.76%
9. Reckitt Benckiser Group plc	0.75%
10. Rightmove plc	0.74%
Total	9.26%

## Top Countries

United Kingdom	19.04%
Japan	16.54%
Canada	6.80%
Germany	4.79%
South Korea	4.25%
France	4.15%
Switzerland	3.99%
Australia	3.89%
Denmark	3.57%
China	2.83%
Total	69.85%

## Sector Allocation vs. Benchmark

Sector	Portfolio	MSCI All Country World Ex. US (ND) Index	Portfolio vs. Benchmark Underweight/Overweight
Industrials	21.38%	11.91%	9.47
Financials	18.26%	22.01%	-3.75
Consumer Discretionary	16.10%	10.90%	5.20
Consumer Staples	11.36%	9.54%	1.82
Information Technology	9.54%	11.61%	-2.06
Health Care	7.66%	8.45%	-0.79
Materials	6.47%	8.12%	-1.65
Energy	3.59%	7.64%	-4.05
Telecommunication Services	3.25%	3.81%	-0.56
Real Estate	0.76%	3.05%	-2.29
Utilities	0.34%	2.97%	-2.63

## Portfolio Statistics

Number of Securities	479
Adjusted Price to Earnings Ratio	19.21
Unannualized Turnover - as of 10/31/2017	46%
Weighted Avg Market Cap (\$MM)	35,843.53
Beta	0.79

## Risk Statistics

	The Fund	MSCI All Country World Ex. US (ND) Index
Alpha	N/A	N/A
R-Squared	N/A	N/A
Standard Deviation	N/A	N/A
Sharp Ratio	N/A	N/A

### Definitions:

**Adjusted Price to Earnings (P/E) Ratio** – the closing share price divided by the last 12 months of actual earnings per share. Only P/E's of 2.0 or greater are included. The higher the P/E ratio, the greater expectation there is for growth.

**Alpha** – a fund's risk-adjusted excess return relative to the benchmark.

**Beta** – measures fund volatility relative to the overall market. With a beta for every index at 1.0, a beta under 1.0 means the fund is less volatile and more than 1.0 means the fund is more volatile than the index.

**Duration** – an estimated measure of the price sensitivity of the aggregate market value of a portfolio of debt securities to changes in interest rates.

**R-Squared** – a measure of a fund's returns that are explained by movements in an index. A number lower than 70% suggests fund performance acts less like the index with performance more reflective of the active management of the fund.

**Sharp Ratio** – measures return vs. risk; a higher number suggests less risk to achieve fund performance.

**Standard Deviation** – a statistical measure of historic volatility of a fund's returns; a higher number suggests greater volatility.

Beta is rolling three year, unless the Fund has a track record of less than three years, in which case it is since inception. All Risk Statistics are Rolling three year. If the Fund does not have a three year track record, the statistics will be listed as N/A.

Certain portfolio and risk statistics are provided by FactSet and Morningstar Direct.

The holdings, sectors or countries shown may change at any time and may not represent current or future investments.

As a result of changing market conditions, total net asset levels, expenses and other statistics may change at any time and may differ from those shown.

The total amount shown for sector, industries, or country holdings may be greater than 100% because of the inclusion of derivatives and the collateral securities supporting those instruments.

**Investors should carefully consider the investment objectives, risks, charges and expenses of a Harbor fund before investing. A summary prospectus or prospectus for this and other information is available at harborfunds.com or by calling 800-422-1050. Read it carefully before investing.**

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