

Investment Overview

The Fund invests primarily in equity securities, principally common and preferred stocks, of small cap companies.

Portfolio Management

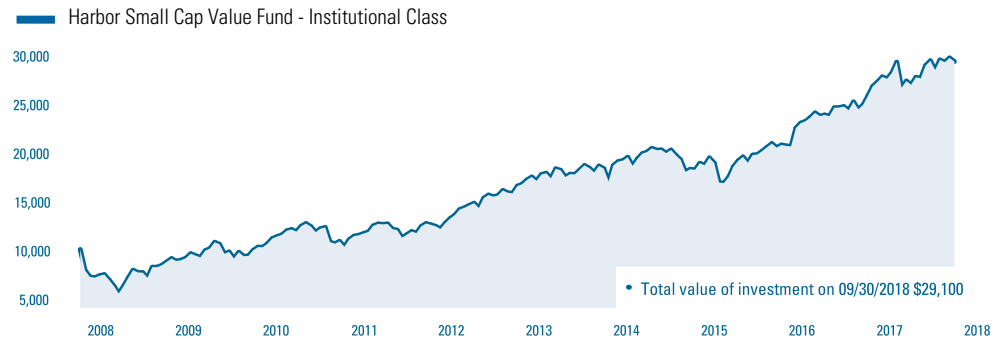
Subadviser:

EARNEST Partners LLC
Since 12/14/2001

Portfolio Managers:

Paul E. Viera

Growth of a Hypothetical \$10,000 investment



Performance

| | Three Months | Year to Date | 1 Yr. | 3 Yr. | 5 Yr. | 10 Yr. | Since Inception |
|-----------------------------|--------------|--------------|--------|--------|--------|--------|-----------------|
| Institutional Class | 2.38% | 4.44% | 11.25% | 18.26% | 11.98% | 11.14% | 10.93% |
| Retirement Class | 2.40% | 4.49% | 11.34% | 18.34% | 12.03% | 11.16% | 10.94% |
| Administrative Class | 2.31% | 4.26% | 10.97% | 17.97% | 11.70% | 10.87% | 11.33% |
| Investor Class | 2.27% | 4.15% | 10.82% | 17.82% | 11.57% | 10.72% | 11.17% |
| Russell 2000® Value Index | 1.60% | 7.14% | 9.33% | 16.12% | 9.91% | 9.52% | 9.41% |

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

The Russell 2000® Value Index is an unmanaged index representing the smallest 2000 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. The Russell 2000® Value Index since inception return uses 12/13/2001 as the period begin date.

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.

Investment Risks

Stocks of small 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.

| Fund Facts | Institutional Class | Retirement Class | Administrative Class | Investor Class |
|-------------------------|---------------------|------------------|----------------------|----------------|
| Ticker | HASCX | HNVRX | HSVRX | HISVX |
| Fund Number | 2022 | 2522 | 2222 | 2422 |
| CUSIP | 411511843 | 411512452 | 411511710 | 411511694 |
| Inception Date | 12/14/2001 | 03/01/2016 | 11/01/2002 | 11/01/2002 |
| 12b-1 Fee | None | None | 0.25% | 0.25% |
| Total Net Assets (\$MM) | 1,306.533 | 172.813 | 8.447 | 75.305 |
| Redemption Fee | None | None | None | None |
| Net Expense Ratio | 0.88 | 0.80 | 1.13 | 1.25 |
| Gross Expense Ratio | 0.88 | 0.80 | 1.13 | 1.25 |

Expense ratio information is as of the Fund's current prospectus, as supplemented. Gross expenses are the Fund's total annual operating expenses.

Top Industries



| | |
|---------------------------------|--------|
| Machinery | 12.73% |
| Electronic Equipment, Instru... | 10.36% |
| Banks | 9.47% |
| Semiconductors & Semiconduct... | 7.71% |
| Aerospace & Defense | 7.32% |
| Insurance | 6.58% |
| Equity Real Estate Investmen... | 4.37% |
| Capital Markets | 4.03% |
| Health Care Providers & Serv... | 3.51% |
| Chemicals | 2.90% |
| Total | 68.98% |

Top Holdings

| | Portfolio % |
|---------------------------------|-------------|
| 1. Hexcel Corp. | 3.14% |
| 2. Teledyne Technologies Inc. | 2.85% |
| 3. Firstcash Inc. | 2.57% |
| 4. EnerSys | 2.37% |
| 5. Catalent Inc. | 2.36% |
| 6. Albany International Corp. | 2.24% |
| 7. Cabot Microelectronics Corp. | 2.19% |
| 8. Snap-on Inc. | 2.16% |
| 9. Littelfuse Inc. | 2.07% |
| 10. FLIR Systems Inc. | 2.06% |
| Total | 24.01% |

Sector Allocation vs. Benchmark

| Sector | Portfolio | Russell 2000® Value Index | Portfolio vs. Benchmark Underweight/Overweight |
|----------------------------|-----------|---------------------------|--|
| Industrials | 27.01% | 12.05% | 14.96 |
| Financials | 22.65% | 28.19% | -5.55 |
| Information Technology | 19.89% | 10.51% | 9.37 |
| Health Care | 7.26% | 5.02% | 2.23 |
| Energy | 5.61% | 7.52% | -1.90 |
| Real Estate | 4.37% | 11.49% | -7.13 |
| Consumer Discretionary | 3.40% | 11.56% | -8.16 |
| Materials | 2.90% | 4.43% | -1.53 |
| Consumer Staples | 2.77% | 2.53% | 0.24 |
| Utilities | 1.36% | 5.97% | -4.61 |
| Telecommunication Services | 0.00% | 0.72% | -0.72 |

Portfolio Statistics

| | |
|--|----------|
| Number of Securities | 60 |
| Adjusted Price to Earnings Ratio | 21.14 |
| Annualized Turnover - as of 10/31/2017 | 8% |
| Weighted Avg Market Cap (\$MM) | 4,091.71 |
| Beta | 0.80 |

Risk Statistics

| | The Fund | Russell 2000® Value Index |
|--------------------|----------|---------------------------|
| Alpha | 4.62% | 0.00% |
| R-Squared | 82.75% | 100.00% |
| Standard Deviation | 11.97% | 13.58% |
| Sharpe Ratio | 1.39% | 1.10% |

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.

Sharpe 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.

Distributed by Harbor Funds Distributors, Inc.

Not FDIC Insured. No Bank Guarantee. May Lose Value.