

HARBOR DIVIDEND GROWTH LEADERS ETF

Westfield Capital Management Company, L.P.

Subadvisor Since 04/30/2010

Ticker: GDIV
CUSIP: 41151J703
Net Expense Ratio: 0.50%
Gross Expense Ratio: 0.50%
Total Net Assets: \$272,009,963
Benchmark 1 Name: S&P 500 Index
Benchmark 2 Name: NASDAQ Dividend Achievers Select Total Return Index

Portfolio Managers



William A. Muggia

Investment Philosophy

The Harbor Dividend Growth Leaders ETF seeks long-term growth of capital.

Under normal market conditions, the Fund invests at least 80% of its net assets, plus borrowings for investment purposes, in dividend-paying equity securities, principally common and preferred stocks of large capitalization companies with a history of paying dividends or as determined by the Westfield Capital's analysis, the ability to increase dividends in the future.

Westfield Capital uses a bottom-up process to identify companies which meet its fundamental criteria that evaluates companies on earnings, free cash flow generation and return of capital priorities, including dividends and stock buybacks. In constructing the Fund's portfolio, Westfield Capital seeks to identify companies that it believes possess the following quantitative and qualitative characteristics:

- High quality balance sheet;
- Good stewards of capital;
- Consistent free cash flow generation; and
- History of dividend increases.

CHARACTERISTICS & ALLOCATION

As of 03/31/2024

Portfolio Characteristics				Economic Sectors			
	Portfolio	Bench 1	Bench 2		Portfolio %	Bench 1 %	Bench 2 %
Number of Holdings	46	503	300	Information Technology	27.14	29.58	22.17
Wtd Avg Market Cap (\$Mil)	427,165.20	803,920.60	433,249.20	Financials	17.21	13.11	21.13
Median Market Cap (\$Mil)	51,162.00	35,418.00	15,388.00	Health Care	13.13	12.43	15.32
Price/Book Ratio	7.64	8.12	8.00	Industrials	12.20	8.78	14.22
Adjusted Trailing P/E Ratio	25.40	31.10	27.60	Consumer Discretionary	8.83	10.34	6.59
% EPS Growth - Past 3 Yr	31.20	23.80	14.40	Real Estate	4.67	2.28	
Est 3-5 Yr EPS Growth Rate (%)	12.00	13.80	10.70	Consumer Staples	3.98	5.96	13.09
Return on Equity (%)	30.32	25.78	21.01	Energy	3.40	3.97	0.42
Forecasted P/E Ratio	20.80	25.40	23.90	Communication Services	2.88	8.94	1.02
				Materials	2.63	2.37	4.49
				Utilities	1.49	2.20	1.50

Top 10 Holdings				Top 10 Industries			
	Portfolio %	Bench 1 %	Bench 2 %		Portfolio %	Bench 1 %	Bench 2 %
Microsoft Corporation	5.96	7.09	3.97	Semiconductors	8.83	10.24	7.18
Broadcom Inc.	4.30	1.32	3.66	Insurance	8.09	2.14	4.70
Apple Inc.	3.72	5.65	3.70	Pharmaceuticals	7.05	3.87	4.72
International Business Machines Corporation	3.46	0.40	0.00	Software	5.96	10.70	7.47
Arthur J. Gallagher & Co.	3.32	0.12	0.32	Specialty Retail	5.57	2.06	3.49
UnitedHealth Group Incorporated	3.25	1.04	2.72	Machinery	5.36	1.84	3.19
Merck & Co. Inc.	2.68	0.76	1.99	Capital Markets	4.62	2.79	5.08
Celanese Corporation	2.63	0.04	0.11	Health Care Providers	4.35	2.64	4.76
Cisco Systems Inc.	2.60	0.46	1.20	Tech Hardware Storage	3.72	6.02	3.70
Williams-Sonoma Inc.	2.59	0.00	0.12	It Services	3.46	1.17	1.29
Total	34.51	16.88	17.79	Total	57.01	43.47	45.58

Market Capitalization		
		Portfolio %
Large	Above 25.0B	76.56
	10.0B - 25.0B	13.66
Mid	5.0B - 10.0B	4.46
	1.0B - 5.0B	2.88
Small	0.0 - 1.0B	0.00

Harbor Dividend Growth Leaders ETF



PERFORMANCE

As of 03/31/2024

Average Annual Returns

	3 Months	YTD	1 Yr.	3 Yr.	5 Yr.	10 Yr.	Since Inception	Inception Date
Harbor Dividend Growth Leaders ETF (NAV)	8.27%	8.27%	22.67%	9.47%	13.77%	11.28%	11.97%	04/30/2010
Harbor Dividend Growth Leaders ETF (Market)	8.18%	8.18%	22.65%	9.49%	13.78%	11.29%	11.98%	04/30/2010
S&P 500 Index	10.56%	10.56%	29.88%	11.49%	15.05%	12.96%	13.47%	04/30/2010
NASDAQ Dividend Achievers Select Total Return Index	7.87%	7.87%	21.14%	9.65%	12.91%	11.54%	12.14%	04/30/2010

MANAGER COMMENTARY

As of 03/31/2024

“Equity markets have experienced outsized returns coming off the COVID-19 lows, and we believe we are now entering a period of normalization when the allure of speculative, non-dividend-paying equities will likely diminish.”

Westfield Capital Management Company, L.P.

Market in Review

The first quarter of 2024 defied the cautious whispers of many investors' year-end outlooks, as the resilience and vigor of the U.S. equity markets were once again on full display. The quarter unfurled as a period of substantial stock gains, with indexes such as the S&P 500 surging to their best start since 2019 and achieving new all-time highs. The strong returns underscored the market's bullish sentiment, which was propelled by the combination of robust earnings growth from artificial intelligence (“AI”)-themed market leaders and dovish commentary from the U.S. Federal Reserve (“Fed”). Under the surface of the strong rally was a broadening market advance, which included more speculative pockets of AI-related optimism, but, importantly, also witnessed strength in the Energy, Industrials, and Financials sectors.

Portfolio Performance

During the quarter, the Harbor Dividend Growth Leaders ETF (“ETF”) returned 8.27% (NAV), outperforming the ETF’s style benchmark, the NASDAQ Dividend Achievers Select Total Return Index, which returned 7.87%, and underperforming the ETF’s primary benchmark, the S&P 500 Index, which returned 10.56%.

From a sector perspective, relative weakness within Information Technology and Communication Services offset relative strength within Consumer Discretionary and Health Care. Common factors were a relative headwind during the quarter. From a factor perspective, the ETF’s underweight exposures to momentum and size were a headwind to relative performance. This was partially offset by the ETF’s underweight exposures to volatility and growth, which provided a tailwind.

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. 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 harborcapital.com or by calling 800-422-1050.

ETF performance prior to 5/23/22 is attributable to the Westfield Capital Dividend Growth Mutual Fund, Institutional Share class and/or Westfields private investment vehicle. The historical NAV of the predecessor are used for both NAV and Market Offer Price performance from inception to ETF listing date. Performance periods since GDIV listing date may contain NAV and MOP data of both the newly formed ETF and the predecessor fund performance. Please refer to the Fund prospectus for further details.

Shares are bought and sold at market price not net asset value (NAV). A fund’s NAV is the sum of all its assets less any liabilities, divided by the number of shares outstanding. Market price returns are based upon the closing composite market price and do not represent the returns you would receive if you traded shares at other times.

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Harbor Dividend Growth Leaders ETF



MANAGER COMMENTARY

As of 03/31/2024

Contributors & Detractors

Williams-Sonoma, a home products retailer, was the top contributor to relative performance during the quarter. Despite weaker demand due to the macro environment and the impact of higher interest rates on the home furnishing industry, Williams-Sonoma has maintained 16%-plus earnings before interest, taxes, depreciation, and amortization (“EBITDA”) margins. The company has achieved margin stabilization, even in the face of weaker comparables, due to improvements to supply chain efficiency, promotional discipline, and a mix-shift toward e-commerce (now approximately two-thirds of the business). We think there is the potential for additional upside as demand recovers, and Williams-Sonoma grows its B2B business (partnership with hotels, apartments, hospitals, etc.).

Eli Lilly and Company, a global pharmaceutical company, also contributed positively to relative results during the period. Lilly’s stock price climbed higher on investor hype and enthusiasm around GLP-1 obesity drugs. Estimates for peak sales for these types of drugs continue to be revised higher, with Lilly’s compound, Mounjaro, a leader in the space with more effective weight loss and greater tolerability in patients.

New York Community Bancorp, a commercial bank focused on multifamily and non-luxury rent-controlled mortgages and loans, was the top detractor from relative returns during the quarter. The stock sold off following a disappointing fourth quarter earnings report announcing a dividend cut. We subsequently exited our position.

Cogent Communications Holdings, an internet service provider, also detracted from relative performance during the quarter. Cogent underperformed mainly due to integration challenges in its wavelength services business. In the long term, we believe the company’s wavelength business is well positioned to capture demand from large, hyperscale customers who will increasingly need connectivity between data centers they are building to support their AI initiatives.

Buys & Sells

During the quarter, we purchased Cummins, a manufacturer of engines, filtration, and power generation products. We believe Cummins offers an attractive return-of-capital story and is a compelling idea right now due to improved U.S. truck cycle sentiment.

During the quarter, we sold Spirit Realty Capital, a retail REIT with long-leased assets (primarily single-tenant buildings with triple-net leases). We exited our position after news was announced that Realty Income was acquiring Spirit at a 16% premium.

Sector Overweights & Underweights

Entering 2024, the Financials sector represented the ETF’s largest overweight relative to the index and remains the largest overweight as of quarter-end. The ETF’s biggest overweight positions are in insurance and capital markets, where we continue to identify companies with good return-of-capital stories at attractive valuations.

The Communications Services sector represented the largest underweight at the end of 2023 and the end of the first quarter. The majority of this underweight is stemming from not owning the mega-cap benchmark names that do not meet our capital return thresholds.

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

Performance data shown represents past performance and is no guarantee of future results.

Harbor Dividend Growth Leaders ETF



MANAGER COMMENTARY

As of 03/31/2024

Outlook

Equity markets have experienced outsized returns coming off the COVID-19 lows, and we believe we are now entering a period of normalization when the allure of speculative, non-dividend-paying equities will likely diminish. We believe annualized returns moving forward are likely to normalize lower, more in line with historical trends. The current environment marks an opportune moment for a strategic ETF realignment toward investment strategies that not only offer disciplined valuation support but also incorporate an income component, such as dividend growth. As mentioned before, dividend-growth companies, with their history of consistent and increasing dividends, present a dual advantage: a cushion against the anticipated moderation in market returns and a steady income stream. Additionally, with the Fed forecasting one or more rate cuts this year, we think this class of equities is poised to offer a sanctuary of stability and relative outperformance amid the market's return to traditional growth trajectories, as mentioned in our letter from last quarter. As such, dividend-growth strategies emerge as a prudent choice for investors seeking to navigate the expected normalization with resilience, offering an attractive balance between equity-upside participation and an income component, in our opinion.

QUARTERLY ATTRIBUTION

As of 03/31/2024

Best & Worst Performers

Best Performers	Average Weight %	Return % (NAV)
WILLIAMS-SONOMA INC	1.98	58.05
ELI LILLY & CO	2.87	33.69
PRIMERICA INC	2.44	23.31
CUMMINS INC	0.73	23.11
TRACTOR SUPPLY COMPANY	1.48	22.26

Worst Performers	Average Weight %	Return % (NAV)
NEW YORK COMMUNITY BANCORP	0.67	-40.96
COGENT COMMUNICATIONS HOLDIN	1.58	-12.82
APPLE INC	4.91	-10.82
GILEAD SCIENCES INC	1.98	-9.44
COMCAST CORP-CLASS A	0.32	-8.59

Contributors & Detractors

Greatest Contributors	Return % (NAV)	Contribution to Return %
WILLIAMS-SONOMA INC	58.05	1.01
ELI LILLY & CO	33.69	0.97
BROADCOM INC	19.23	0.77
MICROSOFT CORP	12.09	0.72
INTL BUSINESS MACHINES CORP	17.81	0.66
Total		4.13

Greatest Detractors	Return % (NAV)	Contribution to Return %
NEW YORK COMMUNITY BANCORP	-40.96	-0.80
APPLE INC	-10.82	-0.59
UNITEDHEALTH GROUP INC	-5.66	-0.22
COGENT COMMUNICATIONS HOLDIN	-12.82	-0.22
GILEAD SCIENCES INC	-9.44	-0.20
Total		-2.02

Performance data shown represents past performance and is no guarantee of future results.

Harbor Dividend Growth Leaders ETF



ATTRIBUTION

As of 03/31/2024

Quarterly Attribution:

Harbor Dividend Growth Leaders ETF vs S&P 500 Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	8.50	10.56	-2.06
Currency Contribution	0.00	0.00	0.00
Total Return	8.50	10.56	-2.06

Sector Attribution

	Average Weight			Total Return			Contribution to Return		Attribution Analysis		
	Port. Avg. Wgt.	Bench. Avg. Wgt.	Variation in Avg. Wgt.	Port. Total Return	Bench. Total Return	Variation in Total Return	Port. Contribution To Return	Bench. Contribution To Return	Allocation Effect	Selection Effect	Total Effect
Consumer Discretionary	8.33	10.47	-2.15	22.76	4.98	17.78	1.76	0.51	0.11	1.40	1.51
Health Care	13.99	12.68	1.31	10.66	8.85	1.81	1.56	1.15	0.02	0.28	0.30
Industrials	10.85	8.68	2.17	10.72	10.97	-0.26	1.22	0.93	0.09	-0.01	0.09
Utilities	1.44	2.21	-0.76	6.20	4.57	1.64	0.08	0.09	0.05	0.02	0.07
Materials	2.46	2.31	0.14	11.13	8.95	2.18	0.26	0.19	0.00	0.05	0.05
Consumer Staples	4.13	6.06	-1.93	4.82	7.52	-2.70	0.21	0.46	0.05	-0.11	-0.05
Energy	3.31	3.80	-0.49	8.60	13.69	-5.09	0.27	0.49	-0.02	-0.16	-0.18
Real Estate	5.41	2.36	3.06	-2.17	-0.55	-1.62	-0.15	-0.03	-0.40	-0.05	-0.44
Financials	17.00	12.98	4.03	8.53	12.46	-3.93	1.40	1.59	0.08	-0.70	-0.62
Communication Services	2.83	8.89	-6.06	-3.40	15.82	-19.23	-0.14	1.39	-0.42	-0.47	-0.89
Information Technology	28.13	29.57	-1.44	6.97	12.69	-5.72	2.02	3.78	0.01	-1.63	-1.62
Total	100.00	100.00	0.00	8.50	10.56	-2.06	8.50	10.56	-0.69	-1.37	-2.06

Performance data shown represents past performance and is no guarantee of future results.

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IMPORTANT INFORMATION

Risks

Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. The ETFs are new and have limited operating history to judge.

Investments involve risk including the possible loss of principal. There is no guarantee the investment objective of the Fund will be achieved. The Fund's emphasis on dividend paying stocks involves the risk that such stocks may fall out of favor with investors and under-perform the market. There is no guarantee that a company will pay or continually increase its dividend. The Fund may invest in a limited number of companies or at times may be more heavily invested in particular sectors. As a result, the Fund's performance may be more volatile, and the value of its shares may be especially sensitive to factors that specifically effect those sectors. The Fund may invest in foreign securities which may be more volatile and less liquid due to currency fluctuation, political instability, government sanctions, social and economic risks. Foreign currencies can decline in value and can adversely affect the dollar value of the fund.

Benchmarks

The S&P 500 Index is an unmanaged index generally representative of the U.S. market for large capitalization equities. The NASDAQ U.S. Dividend Achievers Select® Index is a modified market capitalization weighted index. The NASDAQ U.S. Dividend Achievers Select® Index is comprised of a select group of securities with at least ten consecutive years of increasing annual regular dividend payments. The indices are unmanaged and do not reflect fees and expenses and are not available for direct investment.

Disclosures

On or about May 20, 2022, the Fund acquired the assets and assumed the then existing known liabilities of the Predecessor Fund and the Fund is expected to be the performance successor of the reorganization. This means that the Predecessor Fund's performance and financial history will be used by the Fund going forward from the date of reorganization.

In the reorganization, former shareholders of the Predecessor Fund received shares of the Fund. Accordingly, the performance of the Fund for periods prior to the reorganization is the performance of the Predecessor Fund and the performance shown for periods prior to July 26, 2013 is the performance of a private investment vehicle that predated the Predecessor Fund. The private investment vehicle was managed by the Subadvisor using investment policies, objectives and guidelines that were in all material respects equivalent to the management of the Fund and Predecessor Fund. However, the private investment vehicle was not a registered investment company and so it was not subject to the same investment and tax restrictions as the Fund and Predecessor Fund. If it had been, its performance may have been lower. The performance of the Predecessor Fund has not been restated to reflect the annual operating expenses of the Fund, which are lower than those of the Predecessor Fund. Because the Fund has different fees and expenses than the Predecessor Fund, the Fund would also have had different performance results.

Best and Worst Performers sections reflect stocks in the portfolio for the quarter with an average weight of 0.25% or greater.

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

All holdings-related data is provided by FactSet. Because FactSet relies on external sources for its data, that data may differ slightly from actual values maintained by Harbor Funds.

Due to the security valuation procedures of the Fund and intra-day trading activity not included in the FactSet calculations, the actual returns may vary. From time to time the cash return in the portfolio may appear distorted based on the way FactSet's attribution calculation methodology addresses delayed settlements.

This information should not be considered as a recommendation to purchase or sell a particular security. The weightings, holdings, industries, sectors, countries, and returns mentioned may change at any time and may not represent current or future investments.

Views expressed herein are drawn from commentary provided to Harbor by the subadvisor and may not be reflective of their current opinions or future actions, are subject to change without prior notice, and should not be considered investment advice.

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

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

Sector allocations are determined using the Global Industry Classification Standard (GICS), which is a service of Morgan Stanley Capital International (MSCI) and Standard & Poor's (S&P).

Investors should carefully consider the investment objectives, risks, charges and expenses of a fund before investing. To obtain a summary prospectus or prospectus for this and other information, visit harborcapital.com or call 800-422-1050. Read it carefully before investing.

Westfield Capital Management Company, L.P. is a third-party subadvisor to the Harbor Dividend Growth Leaders ETF.

Forside Fund Services, LLC is the Distributor of the Harbor ETFs.

Harbor Dividend Growth Leaders ETF



IMPORTANT INFORMATION

Attribution Disclosures

Linked Performance by Sectors data is produced from FactSet using data supplied by State Street Bank and Trust Company.

Active Currency Contribution is the Currency Contribution of the portfolio minus the Currency Contribution of the benchmark.

Allocation Effect is the portion of portfolio excess return that is attributable to taking different group bets from the benchmark. (If either the portfolio or the benchmark has no position in a given group, allocation effect is the lone effect.) A group's allocation effect equals the average percent capitalization of the portfolio's group minus the average percent cap of the benchmark's group times the total return of the benchmark group minus the total return of the benchmark.

Average Weight is the dollar value (price times the shares held) of the security or group, divided by the total dollar value of the entire portfolio displayed as a percentage. It is calculated as the simple arithmetic average of daily values.

Contribution to Return is the contribution of a security or group to the overall portfolio return. It is calculated as the security weight multiplied by the daily security return linked daily across the reporting period.

Currency Contribution is Total Return in USD subtracting out the Local Returns.

Local Returns are the Total Return of the portfolio or benchmark using the local currency.

Selection Effect is the portion of portfolio excess return attributable to choosing different securities within groups from the benchmark. A group's security selection effect equals the average weight of the benchmark's group times the total return of the portfolio's group minus the total return of the benchmark's group.

Total Effect is the sum of Allocation Effect and Selection Effect. The total effect represents the opportunity cost of what was done in a group relative to the overall portfolio. It is not just the difference between percent contribution in the portfolio and benchmark. At the overall portfolio level, the two numbers are equal. At the group level, they can be different.

Total Return is the price change of a security or group including dividends accrued over the report period (or the in-portfolio return) which includes only the time period that each security was in the portfolio.

Definitions

Median Market Cap: The median size of the companies in a portfolio or index as measured by the market value of outstanding shares.

Weighted Average Market Capitalization: The average size of the companies in a portfolio or index as measured by the market value of outstanding shares.

Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share.

The Est 3-5 Yr EPS Growth (%) is the estimated growth of earnings per share over the next 3-5 years, using pre-calculated mean long-term EPS growth rate estimates, which are calculated using each individual broker's methodology, from FactSet, First Call, I/B/E/S Consensus, and Reuters. Forward looking estimates may not come to pass.

% EPS Growth - Past 3 Year: Earnings per share refers to the bottom-line measure of a company's profitability defined as net income divided by the number of outstanding shares.

The Adjusted Trailing P/E (price-to-earnings) Ratio is the closing stock price divided by the sum of the last 12 months actual EPS.

Forecasted P/E Ratio: a measure of the P/E (price-to-earnings) ratio using forecasted earnings for the P/E calculation.

Return on Equity (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity.

The Price/Book (price-to-book) Ratio evaluates a firm's market value relative to its book value.

All P/E, ROE and P/B statistics are calculated as weighted medians.

Free cash flow represents the cash a company can generate after accounting for capital expenditures needed to maintain or maximize its asset base.