

HARBOR HEALTH CARE ETF

Westfield Capital Management Company, L.P.

Subadvisor Since 11/16/2022

Ticker: MEDI
CUSIP: 41151J869
Net Expense Ratio: 0.80%
Gross Expense Ratio: 0.80%
Total Net Assets: \$10,179,831
Benchmark 1 Name: Russell 3000® Growth Health Care Index

Portfolio Managers



William A. Muggia



Matthew R. Renna

Investment Philosophy

The Harbor Health Care ETF (MEDI) is actively managed by Westfield Capital and primarily invests in the securities of companies principally engaged in the research, development, production or distribution of products and services related to the health care industry. MEDI is a concentrated portfolio (30 to 50 holdings) of companies Westfield believes are best positioned to benefit from the secular growth and innovation within the US health care system with long-term alpha potential. The portfolio is diversified across health care industry groups and market capitalizations.

Westfield employs a bottom-up process to identify quality health care opportunities with differentiated products, technologies, and services that meet their disciplined valuation criteria. In constructing the Fund's portfolio, Westfield seeks to identify companies that it believes possess the following characteristics:

- Compelling company management;
- Significant inside ownership;
- Unique market positions and broad market opportunities, and
- Solid financial controls and accounting processes

CHARACTERISTICS & ALLOCATION

As of 03/31/2024

Portfolio Characteristics		
	Portfolio	Benchmark
Number of Holdings	40	345
Wtd Avg Market Cap (\$Mil)	134,469.70	304,832.80
Median Market Cap (\$Mil)	10,230.00	1,350.00
Price/Book Ratio	5.68	10.57
Adjusted Trailing P/E Ratio	63.80	56.40
% EPS Growth - Past 3 Yr	1.20	5.40
Est 3-5 Yr EPS Growth Rate (%)	-24.20	17.70
Return on Equity (%)	15.77	26.88
Forecasted P/E Ratio	21.60	27.00

Top 10 Holdings		
	Portfolio %	Benchmark %
Ascendis Pharma A/S	16.22	0.00
AbbVie Inc.	9.87	10.86
UnitedHealth Group Inc.	6.96	13.07
Eli Lilly and Company	6.84	22.26
Legend Biotech Corp.	5.71	0.00
DexCom Inc.	4.14	1.81
Pfizer Inc.	3.93	0.00
Option Care Health Inc.	3.70	0.19
Lantheus Holdings Inc.	2.94	0.14
ICON Plc	2.90	0.14
Total	63.21	48.47

Top 5 Industries		
	Portfolio %	Benchmark %
Biotechnology	43.37	25.44
Health Care Equip	21.60	16.69
Health Care Providers	14.15	18.12
Pharmaceuticals	12.14	28.11
Life Sciences Tools	6.90	10.04
Total	98.16	98.40

Market Capitalization		
		Portfolio %
Large	Above 25.0B	44.61
	10.0B - 25.0B	13.27
Mid	5.0B - 10.0B	28.28
	1.0B - 5.0B	11.99
Small	0.0 - 1.0B	0.53

Harbor Health Care 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 Health Care ETF (NAV)	9.52%	9.52%	34.50%	N/A	N/A	N/A	27.28%	11/16/2022
Harbor Health Care ETF (Market)	9.44%	9.44%	34.52%	N/A	N/A	N/A	27.86%	11/16/2022
Russell 3000 [®] Growth Health Care Index	10.57%	10.57%	25.15%	N/A	N/A	N/A	18.19%	11/16/2022

MANAGER COMMENTARY

As of 03/31/2024

“The first quarter’s strong rally raises the bar for the earnings and growth expectations needed to continue the advance.”

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 Health Care ETF (“ETF”) returned 9.52% (NAV), underperforming the Russell 3000[®] Growth Health Care Index, which returned 10.57%.

From an industry perspective, relative weakness within pharmaceuticals and health care equipment & supplies outweighed relative strength in life sciences tools & services.

Common factors were a relative headwind during the quarter. From a factor perspective, the ETF’s overweight exposure to volatility, underweight exposure to size, and underweight exposure to momentum were headwinds to relative performance. This was partially offset by a tailwind from the ETF’s overweight exposure to earnings variation.

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.

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.

Harbor Health Care ETF

MANAGER COMMENTARY

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Contributors & Detractors

Ascendis Pharma A/S, an innovative biotech company focused on improving the delivery of complex molecules, was the top contributor to relative performance during the quarter following its release of strong guidance at the J.P. Morgan Healthcare Conference. The company's initial launch in Germany of parathyroid hormone (PTH) is going well, and a potential near-term approval in the U.S. should propel the company to sustainable profitability and earnings-per-share ("EPS") growth shortly thereafter, in our opinion.

CymaBay Therapeutics is a development-stage biotech company focused on developing therapies for patients with liver and other chronic diseases. It also contributed positively to relative results during the quarter after it was announced that the company was being acquired by Gilead Sciences at a 27% premium.

Eli Lilly and Company, a global pharmaceutical company, was the top detractor from relative returns during the quarter due to our underweight positioning. The stock has benefited from continued weight-loss euphoria; however, we believe the equity is overvalued at this point and remain underweight the benchmark.

Legend Biotech, a clinical-stage biopharmaceutical company, also detracted from relative performance during the quarter. The stock has lagged ahead of expansion into earlier lines of therapy for its drug used to treat multiple myeloma. Despite the short-term drawdown and following a unanimously positive vote at the FDA panel, we are expecting a near-term approval and better stock performance as capacity ramps up with partner Johnson & Johnson.

Buys & Sells

During the quarter, we purchased iRhythm Technologies, a medical device company specializing in cardiac rhythm monitoring devices enhanced by a cloud-based AI data analytics platform. We believe the company has a high potential to hit its 2027 targets earlier than expected, due to accelerating penetration in the primary care physician channel and stabilized average selling prices post-Medicare national coverage determination. We believe its Zio service, offering long-term and short-term, continuous ambulatory cardiac monitoring, is poised for growth, leveraging its technological edge and extensive data analytics capabilities. Additionally, we believe its potential for expansion into new markets and ramping up sales outside the U.S. further strengthens its growth prospects.

During the quarter, we sold our position in Cerevel Therapeutics Holdings, a neuroscience-focused biotech company, after news broke that the company was being acquired by AbbVie at a 22% premium.

Sector Overweights and Underweights

Entering 2024, the biotechnology industry represented the largest overweight relative to the index, and it remains the largest overweight as of quarter-end. Following a period of overcapitalization and investor euphoria that peaked in February 2021, we have seen a precipitous decline in valuations, all while many high-quality companies have made significant progress in the clinic and dramatically improved intrinsic value. We also believe an unprecedented wave of merger activity is on the horizon, which we are already starting to see pick up.

The pharmaceuticals industry represented the ETF's largest underweight as of year-end and continues to be the largest underweight as of quarter-end. We continue to believe that the industry includes many interesting opportunities. It represents the fourth-largest absolute weight in the ETF at 12%; however, the group remains fundamentally challenged. The pharmaceuticals industry has faced headwinds from massive patents expiring for legacy mega-blockbuster drugs, and its ability to fill these gaps with mergers and acquisitions seems doubtful in the current environment.

Harbor Health Care ETF

MANAGER COMMENTARY

As of 03/31/2024



Outlook

The first quarter's strong rally raises the bar for the earnings and growth expectations needed to continue the advance. Amid the cheer of broadening equity participation lies a nuanced tale of economic indicators and policy developments that suggests a path laden with both opportunities and challenges. The market's rally, despite a recalibration of expectations around the Fed's monetary policy, underscores a fundamental confidence in the resilience of the U.S. economy, buoyed by strong GDP growth and labor market dynamics. However, the shadows cast by persistent core services inflation, uncertain AI implementation outcomes, and regulatory scrutiny remind us of the complex landscape that investors must traverse. Moving forward, the dual imperatives of seizing growth opportunities, while managing risks associated with persistent inflation, will likely define the strategic contours of our investment decisions for the foreseeable future. Given this backdrop, we believe clients' portfolios should continue to benefit from our balanced approach to the ETF's construction – one that harmonizes the pursuit of growth with a prudent acknowledgment of the risks that lie ahead.

Harbor Health Care ETF

QUARTERLY ATTRIBUTION

As of 03/31/2024



Best & Worst Performers

Best Performers	Average Weight %	Return % (NAV)
R1 RCM INC	0.24	39.79
BICYCLE THERAPEUTICS PLC-ADR	0.97	37.72
CYMABAY THERAPEUTICS INC	0.65	36.24
ELI LILLY & CO	8.76	33.62
MASIMO CORP	2.14	25.29

Worst Performers	Average Weight %	Return % (NAV)
HUMANA INC	1.68	-24.44
INSULET CORP	1.38	-21.01
MOONLAKE IMMUNOTHERAPEUTICS	1.15	-16.82
BIOGEN INC	0.50	-14.70
VIKING THERAPEUTICS INC	0.26	-13.23

Contributors & Detractors

Greatest Contributors	Return % (NAV)	Contribution to Return %
ELI LILLY & CO	33.62	2.92
ASCENDIS PHARMA A/S - ADR	20.02	2.77
ABBVIE INC	18.29	1.64
ICON PLC	18.68	0.52
MASIMO CORP	25.29	0.49
Total		8.34

Greatest Detractors	Return % (NAV)	Contribution to Return %
UNITEDHEALTH GROUP INC	-5.78	-0.83
HUMANA INC	-24.44	-0.58
LEGEND BIOTECH CORP-ADR	-6.78	-0.46
INSULET CORP	-21.01	-0.32
ROCKET PHARMACEUTICALS INC	-10.11	-0.32
Total		-2.51

Harbor Health Care ETF

ATTRIBUTION

As of 03/31/2024



Quarterly Attribution:

Harbor Health Care ETF vs Russell 3000 Growth Health Care Index

Performance

	Portfolio	Benchmark	Active
Return Ex Currency	9.40	10.77	-1.37
Currency Contribution	0.00	0.00	0.00
Total Return	9.40	10.77	-1.37

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
Financials	0.03	0.00	0.03	10.15	0.00	10.15	0.05	0.00	0.04	0.00	0.04
Consumer Discretionary	0.00	0.04	-0.04	0.00	-3.48	3.48	0.00	0.00	0.01	0.00	0.01
Materials	0.00	0.01	-0.01	0.00	-31.36	31.36	0.00	0.00	0.00	0.00	0.00
Industrials	0.00	0.03	-0.03	0.00	20.35	-20.35	0.00	0.01	0.00	0.00	0.00
Health Care	98.97	99.93	-0.96	9.30	10.78	-1.48	9.34	10.77	0.00	-1.43	-1.43
Total	100.00	100.00	0.00	9.40	10.77	-1.37	9.40	10.77	0.06	-1.43	-1.37

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

Harbor Health Care ETF



IMPORTANT INFORMATION

Risks

Investing involves risk, principal loss is possible. Unlike mutual funds, ETFs may trade at a premium or discount to their net asset value. Harbor ETFs are new and have limited operating history to judge.

There is no guarantee that the investment objective of the Fund will be achieved. Stock markets are volatile and equity values can decline significantly in response to adverse issuer, political, regulatory, market and economic conditions. 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. Foreign currencies can decline in value and can adversely affect the dollar value of the fund. Since the Fund typically invests in a limited number of companies, an adverse event affecting a particular company may hurt the Fund's performance more than if it had invested in a larger number of companies.

Health Care Industry Risk: Because the Fund seeks to invest all, or substantially all, of its assets in the health care industry, the value of its shares will depend on the general condition of the that industry. The health care industry may be affected by any number of factors, including, but not limited to, lapsing patent protection, industry innovation, extensive government regulation, restrictions on government reimbursement for medical expenses, research and development costs, limited product lines, product liability litigation, an increased emphasis on outpatient services, and competitive forces.

Authorized Participant Concentration/Trading Risk: Only authorized participants ("APs") may engage in creation or redemption transactions directly with the Fund. The Fund is classified as non-diversified, a non-diversified Fund may invest a greater percentage of its assets in securities of a single issuer, and/or invest in a relatively small number of issuers, it is more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio. **New Fund Risk:** There can be no assurance that the Fund will grow to or maintain an economically viable size, in which case the Board of Trustees may determine to liquidate the Fund. **Small and Mid Cap Risk:** The Fund's performance may be more volatile because it may invest in issuers that are smaller companies.

Benchmarks

The Russell 3000® Growth Health Care Index is an unmanaged index generally representative of companies involved in medical services or health care in the Russell 3000 Index, which is comprised of the 3,000 largest U.S. companies as determined by total market capitalization. The Russell 3000® Growth Health Care Index and Russell® are trademarks of Frank Russell Company. This unmanaged index does not reflect fees and expenses and is not available for direct investment.

Disclosures

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.

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 Health Care ETF.

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

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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.