

Hartford Total Return Bond I ITBIX

A solid choice.

Morningstar's Take ITBIX

Morningstar Rating ★★★★★

Morningstar Analyst Rating Bronze

Morningstar Pillars

Process	Average
Performance	—
People	Above Average
Parent	Above Average
Price	—

Role In Portfolio

Core

Fund Performance

Year	Total Return (%)	+/- Category
YTD	-3.24	-0.68
2020	9.23	1.17
2019	10.23	1.29
2018	-0.75	-0.13
2017	4.87	0.60

Data through 3-31-21

12-21-20 | by Elizabeth Foos

Hartford Total Return Bond is managed by a talented group at subadvisor Wellington that's not afraid to add some risk into this core strategy's portfolio. The team has the resources and judgment to manage those risks, supporting a Morningstar Analyst Rating of Bronze on the strategy's less expensive share classes and Neutral on its more expensive shares.

Joseph Marvan, Campe Goodman, and Robert Burn took the reins here in 2012 and boast significant experience. They make sector allocation, duration, and yield-curve decisions, while sector specialists, who are also seasoned portfolio managers, weigh in on individual security selections within the sleeves of the portfolio. The team also relies on the firm's large analyst team, comprehensive fixed-income risk systems, and quantitative research team to hone the portfolio.

That matters given the strategy's relatively broad mandate. The team manages it relative to the investment-grade Bloomberg Barclays U.S. Aggregate Bond Index, but it also includes positions that can add volatility, such as high-yield corporates, emerging-markets debt, and currencies. For example, the strategy's 14% below-investment-grade stake has included bank loans and subordinated contingent-convertible securities issued by European banks. The team also employs credit and interest-rate derivatives to take long and short positions in various markets, as well as agency mortgage TBA contracts, which can have a leveraging effect on the portfolio.

The portfolio's flexibility to take risk in out-of-benchmark positions means it may underperform in rocky credit markets but do relatively well when credit rallies. For example, the strategy's I shares lost 6.4% from the Feb. 20-March 23 market sell-off in 2020, which was worse than more than half of a distinct group of Morningstar Category peers and its benchmark. Strong selections in investment-grade credit as well as a rally in higher-yielding fare helped thereafter, as its 8.7% year-to-date return through November 2020 beat two thirds of rivals. Patient investors who have access to its more attractively priced shares should be rewarded.

Process Pillar Average | Elizabeth Foos 12/18/2020

Management takes a reasonable and repeatable approach, but it lacks a strong edge versus the peers, supporting an Average Process Pillar rating.

This strategy moved into the new intermediate core-plus bond Morningstar Category in April 2019, reflecting its broad mandate. It incorporates a mix of investment-grade corporates, Treasuries, and agency mortgages, with stakes in high-yield bonds, foreign bonds, and currencies. That said, its Wellington subadvisor has kept moderate allocations in higher-yielding sectors and tactically

increases exposure to lower-quality credits only when the team sees value there. The strategy can also deviate from the duration of the Aggregate Index by up to 1.5 years, and the team employs a wide array of derivatives to take long and short exposures to various sectors.

Fortunately, the group has the experience and resources to exercise that flexibility sensibly. Comanagers Joseph Marvan, Campe Goodman, and Robert Burn determine the fund's broad sector, yield-curve, and duration exposure by integrating research from across the firm's well-resourced fixed-income platform. Once these parameters are set, sector specialists backed by large analyst teams recommend securities. The team uses an internal risk-management system to monitor tracking error, run stress tests, and assess the risk-adjusted performance of the portfolio's various sleeves.

Typically, the managers allocate 70% to 80% of the portfolio in core sectors, which include a broad range of investment-grade corporate debt, U.S. government and agency mortgage-backed securities, and other asset-backed sectors. The remaining assets are invested in "plus" sectors: high-yield bonds and bank loans, non-U.S.-dollar bonds, and emerging-markets debt.

The portfolio entered 2020 with an underweight in corporate credit (22% of assets as of February 2020) but increased that stake, picking up higher-quality bonds that the team deemed were being punished too harshly in early 2020's market sell-off. That corporate stake rose to 33% midyear before settling at 26% at the end of October. The strategy also maintained an overweighting in MBS (49% including 11% in nonagency mortgages), commercial MBS (5%), and asset-backed securities (5%, including collateralized loan obligations) relative to the Aggregate Index. The portfolio's asset-backed stake dropped from 15% of assets at the beginning of 2019 as the team gradually

decreased the CLO position in the portfolio. Other out-of-benchmark allocations included modest stakes in high-yield bonds (4%) and bank loans (2%), where the team had favored BB rated issues and contingent convertibles of large European banks. The strategy also remained relatively light in U.S. Treasuries (20%), holding roughly half the amount of its benchmark.

Performance Pillar | Elizabeth Foos 12/18/2020
The Wellington team took over here in March 2012 and since then through November 2020, the strategy's I shares gained an average annual return of 4.1%. That beat its Aggregate Index benchmark (which sticks to investment-grade bonds) by 63 basis points but landed it near the median of a distinct group of intermediate core-plus bond category peers.

This strategy's flexibility to invest in riskier parts of the market can provide a boost when risk-taking is rewarded but expose it to trouble in flights to quality. The strategy's allocations to high-yield and unhedged local-currency emerging-markets debt were a drag in the turbulent markets of late 2015 and early 2016. Yet its allocation to those riskier segments--such as BB rated high-yield bonds, bank loans, and subordinated European financials--helped when credit-sensitive sectors rebounded in 2016 through 2017. In 2019, allocations to the high-yield and asset- and mortgage-backed sectors contributed to strong performance, as well as security selections in investment-grade credit. Managers increased the portfolio's credit quality moving into 2020, yet its 6.4% loss in the Feb. 20 through March 23 market sell-off fell below more than half of peers. Strong selection in investment-grade credit helped thereafter, as its 8.7% year-to-date return through November 2020 beat two thirds of rivals.

People Pillar  Above Average | Elizabeth Foos 12/18/2020
The experienced team running this strategy has built a solid record together, earning an Above Average People Pillar rating.

A veteran team of portfolio managers from subadvisor Wellington Management--Joseph Marvan, Campe Goodman, and Robert Burn--have

been running this strategy since early 2012. Marvan heads the fixed-income group's broad market team and is the lead manager here. Goodman, who heads the sector-rotation team, has been at the firm since 1999, and Burn joined the firm in 2007 and this effort in mid-2016 after former manager L.T. Hill retired.

Marvan, Goodman, and Burn are responsible for broad asset-allocation, duration, and yield-curve decisions, while sector specialists implement these recommendations within the sleeves of the portfolio. Christopher Jones and Michael Hong, both Wellington veterans, are responsible for the high-yield subportfolio, for example, while Scott St. John, chair of the U.S. corporate-bond strategy group, covers the investment-grade-credit bond sleeve. Longtime manager Mike Garrett, who managed mortgage and government bond portfolios, retired in mid-2020. Managers Brian Conroy and Cory Perry stepped into Garrett's role, covering agency MBS and securitized credit for the portfolio, respectively.

The team is backed by a deep and experienced analyst bench that includes large investment-grade and high-yield credit research groups.

Parent Pillar  Above Average | Elizabeth Foos 12/21/2020
Hartford Funds has evolved over the past decade by hiring strong subadvisors, honing its product lineup, and improving some fee structures. These efforts support an Above Average Parent Pillar rating.

The firm maintains a long-standing relationship with well-respected subadvisor Wellington Management Company. Wellington has long run the firm's equity funds--over half of its \$116 billion in fund assets--and took the reins of Hartford Fund's fixed-income platform beginning in 2012. In 2016, Hartford Funds began offering strategic-beta exchange-traded funds with its acquisition of Lattice Strategies and partnered with U.K.-based Schroders to expand its investment platform further. The Schroders alliance added another strong subadvisor to Hartford's lineup, with expertise in non-U.S. strategies.

Hartford Funds mostly leaves day-to-day investment decisions to its well-equipped subadvisors and instead steers product development, risk oversight, and distribution for its strategies. In 2013, the firm reorganized and grew its product-management and distribution effort. Since then, leadership has added resources to its distribution and oversight teams, merged and liquidated subpar offerings, introduced new strategies, evolved its strategic partnerships with MIT AgeLab and AARP, and lowered some fees. That said, fees are still not always best in class but have improved.

Price Pillar | Elizabeth Foos 12/18/2020
It's critical to evaluate expenses, as they come directly out of returns. The share class on this report levies a fee that ranks in its Morningstar category's second-cheapest quintile. Based on our assessment of the fund's People, Process and Parent pillars in the context of these fees, we think this share class will be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Analyst Rating of Bronze.

Historical Performance (Class I) (%)	1 Year	3 Year	5 Year	10 Year	Since Inception
Average Annual Total Returns (as of 6/30/21)					
Hartford Total Return Bond Fund I	1.96	6.23	4.11	4.03	5.09
Bloomberg Barclays US Aggregate Bond Index	-0.33	5.34	3.03	3.39	—
Morningstar Intermediate Core-Plus Bond Category Avg.	3.06	5.69	3.75	3.84	—

Expenses (%)* (Class I): Net: 0.45 Gross: 0.45

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For more current performance information to the most recent month ended, please visit hartfordfunds.com.

Fund Inception: 7/22/96. Share Class Inception: 8/31/06. Performance prior to the inception of a class reflects performance and operating expenses of another class, excluding sale charges if applicable. Performance of other share classes will vary. Since Inception performance is calculated from 7/22/96.

*Expenses as shown in the Fund's most recent prospectus.

Morningstar Rating™ (Class I)

For the Intermediate Core-Plus Bond Category based on Risk-Adjusted Returns as of 6/30/21

	Overall	3 Year	5 Year	10 Year
Star Rating	★★★★	★★★★	★★★★	★★★
# of Funds in Category	550	550	478	341

Sector Exposure (%) as of 6/30/21

Mortgage Backed Securities	47
Investment Grade Credit	29
United States Government	22
Asset Backed Securities	6
High Yield Credit	6
Commercial Mortgage Backed Securities	5
Bank Loans	4
Emerging Market Debt	4
Developed Government and Related (Non-US \$)	3
Other	0
Cash, Cash Equivalents and Cash Offsets	-27

The Morningstar Rating™ for funds, or "star rating", is calculated for funds and separate accounts with at least a 3-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. Star rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance (without adjusting for any sales load, if applicable), placing more emphasis on downward variations and rewarding consistent performance. 5 stars are assigned to the top 10%, 4 stars to the next 22.5%, 3 stars to the next 35%, 2 stars to the next 22.5%, and 1 star to the bottom 10%. Overall Morningstar Rating is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating metrics. Other share classes may have different ratings.

Morningstar awarded the Class I share of the Fund a Bronze rating on 12/18/20. The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, which consists of various Morningstar, Inc. subsidiaries ("Manager Research Group"). In the US, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the US Securities and Exchange Commission. The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The Manager Research Group uses this five-pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark over the long term on a risk adjusted basis. They consider quantitative and qualitative factors in their research and weights will vary.

The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months.

The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the Manager Research Group's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

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Indices are unmanaged and not available for direct investment. Bloomberg Barclays US Aggregate Bond Index is composed of securities from the Bloomberg Barclays Government/Credit Bond Index, Mortgage-Backed Securities Index, Asset-Backed Securities Index, and Commercial Mortgage-Backed Securities Index.

Duration is a measure of the sensitivity of an investment's price to nominal interest-rate movement. Standard deviation is a measure of how much an investment's returns can vary from its average return. It is a measure of volatility and in turn, risk. A basis point is a unit of measure that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes, and the yield of a fixed-income security.

Credit quality ratings are reported by Morningstar using ratings from Nationally Recognized Statistical Rating Organizations. Credit ratings typically range from AAA/Aaa (highest) to C/D (lowest). Ratings do not apply to the Fund itself or to Fund shares and may change.

Important Risks: Investing involves risk, including the possible loss of principal. Security prices fluctuate in value depending on general market and economic conditions and the prospects of individual companies. The Fund may allocate a portion of its assets to specialist portfolio managers, which may not work as intended. • Fixed income security risks include credit, liquidity, call, duration, event and interest-rate risk. As interest rates rise, bond prices generally fall. • The risks associated with mortgage-related and asset-backed securities as well as collateralized loan obligations (CLOs) include credit, interest-rate, prepayment, liquidity, default and extension risk. • The purchase of securities in the To-Be-Announced (TBA) market can result in additional price and counterparty risk. • Derivatives are generally more volatile and sensitive to changes in market or economic conditions than other securities; their risks include currency, leverage, liquidity, index, pricing, and counterparty risk. • Foreign investments may be more volatile and less liquid than U.S. investments and are subject to the risk of currency fluctuations and adverse political and economic developments. These risks may be greater for investments in emerging markets. • Investments in high-yield ("junk") bonds involve greater risk of price volatility, illiquidity, and default than higher-rated debt securities. • Obligations of U.S. Government agencies are supported by varying degrees of credit but are generally not backed by the full faith and credit of the U.S. Government. • Restricted securities may be more difficult to sell and price than other securities. • The Fund may have high portfolio turnover, which could increase its transaction costs and an investor's tax liability.

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