

**HMOP** Hartford Municipal Opportunities ETF

Inception Date 12/13/2017 Morningstar® Category Muni National Interm

## Market Overview

US fixed-income markets generated negative total returns during the fourth quarter, as measured by the Bloomberg US Aggregate Bond Index. The US presidential election and Federal Reserve (Fed) decisions were the primary drivers of market movement. The Republican sweep in November, while resulting in a positive shift in sentiment for risk assets, also played a major part in stoking concerns about inflation, growth, and fiscal sustainability, causing a broad-based selloff across the global bond market. Spread sectors generally outperformed US Treasuries amid mixed spread movements. The Bloomberg Municipal Bond 1-15 Year Blend (1-17) Index returned -1.15% during the quarter. The ratio of 10-year AAA general obligations (GOs) to 10-year Treasuries increased from 66.8% to 67.1%, remaining below the long-term historical average of 88% over the last 20 years.

## Performance Summary

- The Hartford Municipal Opportunities ETF outperformed the Bloomberg Municipal Bond 1-15 Year Blend (1-17) Index during the quarter.
- Security selection in high-yield and investment-grade revenue bonds was the primary driver of outperformance. Within high-yield revenue bonds, security selection in the healthcare contributed the most.
- The Fund's sector allocation in high-yield revenue and investment-grade GO bonds partially offset the positive relative returns.
- Duration\* and yield curve positioning detracted from relative returns, primarily due to the Fund's overweight to the 10-year segment of the curve, where yields rose significantly over the period.

## Positioning & Outlook

- Fundamentals are broadly positive after generous direct and indirect Federal support and exiting the pandemic.
- Many municipal sectors have natural outlets for inflationary pressures, but the more labor-constrained sectors will be more challenged.
- Expect municipals to behave defensively in a downturn given their high quality and strong balance sheets.
- Tax-exempt municipal valuations as proxied by the Muni/Treasury ratio are unattractive relative to history. However, municipal bond all-in yields look attractive relative to comparable quality corporates at intermediate and long maturities.
- Despite higher issuance this year, we expect demand to remain robust, particularly if rates begin to trend lower.

**Overall Morningstar Rating™ \***

★★★★

255 Products

Muni National Interm 12/31/2024

**Portfolio managers from Wellington Management and years of experience**

Brad W. Libby, 29 years

Elizabeth J. Kleinerman, CFA, 24 years

**Top Ten Holdings (%)**

Los Angeles Department of Water & Power, CA, Rev	3.17
California Community Choice Financing Auth, CA, Rev	2.82
Illinois Housing Dev Auth, IL, Rev	2.66
Idaho Health Facs Auth, ID, Rev	1.99
Main Street Natural Gas, Inc., GA, Rev	1.91
New York City Municipal Water Finance Auth, NY, Rev	1.84
Black Belt Energy Gas Dist, AL, Rev	1.72
Port Auth of New York & New Jersey, NY, Rev	1.43
New Jersey Transportation Trust Fund Auth, NJ, Rev	1.37
State of Illinois, IL, GO	1.33
<b>Percentage Of Portfolio</b>	<b>20.24</b>

Holdings and characteristics are subject to change. Percentages may be rounded.

**\*Duration** is a measure of the sensitivity of an investment's price to nominal interest-rate movement.

Source: Bloomberg

## Average Annual Total Returns (%)

Class	QTD	YTD	1 Year	3 Year	5 Year	10 Year	SI
HMOP NAV	-0.99	2.36	2.36	0.03	1.47	—	2.40
HMOP Market Price	-1.04	2.44	2.44	0.06	1.48	—	2.41
Benchmark	-1.06	0.88	0.88	-0.04	1.08	—	—
Morningstar Category	-1.02	1.89	1.89	-0.38	0.94	—	—

Total Operating Expenses<sup>1</sup>: 0.29%

**Morningstar® Category** Muni National Intern

SI = Since Inception. Performance for periods of less than one year is not annualized

**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](http://hartfordfunds.com).**

ETF shares are bought and sold at market price, not net asset value (NAV). Total returns are calculated using the daily 4:00 p.m. Eastern Time NAV. Market price returns reflect the midpoint of the bid/ask spread as of the close of trading on the exchange where Fund shares are listed. Market price returns do not represent the returns an investor would receive if they traded shares at other times. Brokerage commissions apply and will reduce returns.

Benchmark: Bloomberg Municipal 1-15 Year Blend (1-17) Index is a sub-index of the Bloomberg Municipal Bond Index. It is a rules-based market value-weighted index of bonds with maturities of 1 year to 17 years engineered for the tax-exempt bond market. Indices are unmanaged and not available for direct investment.

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<sup>1</sup>Expenses are the total annual operating expenses from the Fund's most recent prospectus at the time of publication.

\*Star Ratings: 3-year 4 stars out of 255 products, 5-year 4 stars out of 241 products for the period ended herein. Other share classes may have different ratings. 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. For more information about the Morningstar Fund Ratings, including their methodology, please go to [global.morningstar.com/managerdisclosures](http://global.morningstar.com/managerdisclosures). ©2025 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

**Important Risks:** Investing involves risk, including the possible loss of principal. Security prices of the Fund's underlying holdings will fluctuate in value depending on general market and economic conditions and the prospects of individual companies. The market price of the Fund's shares will fluctuate in response to changes in the Fund's net asset value, intraday value of the Fund's holdings, and the supply and demand for shares. • The Fund is actively managed and does not seek to replicate the performance of a specified index. • Municipal securities may be adversely impacted by state/local, political, economic, or market conditions. Investors may be subject to the federal Alternative Minimum Tax as well as state and local income taxes. Capital gains, if any, are taxable. • Fixed income security risks include credit, liquidity, call, duration, and interest-rate risk. As interest rates rise, bond prices generally fall. • Investments in high-yield ("junk") bonds involve greater risk of price volatility, illiquidity, and default than higher-rated debt securities. • The Fund may effect creations and redemptions partly or wholly for cash, rather than in-kind, which may make the Fund less tax-efficient and incur more fees than an ETF that primarily or wholly effects creations and redemptions in-kind.

**Investors should carefully consider a fund's investment objectives, risks, charges and expenses. This and other important information is contained in a fund's full prospectus and summary prospectus, which can be obtained by visiting [hartfordfunds.com](http://hartfordfunds.com). Please read it carefully before investing.**

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