

## Hartford Schrodgers Tax-Aware Bond ETF

Tickers HTAB

### What Happened?

- September was a roller-coaster month that saw volatility measures spike early in the period as a result of a weak Job Openings and Labor Turnover Survey (JOLTS) Job Openings Report (lowest number of job openings since June 2021), weakness in the energy sector, and heavy supply. For the period, the fund returned 1.22% as a result of the lower yields and tighter spreads.
- By mid-month the market began to recover and was further supported when the Federal Open Market Committee lowered rates by 50 basis points (bps) on 9/18.
- The press conference was notable, too as it provided support for the magnitude of the 50 bps cut (pre-emptive step to limit the chances of a full-blown downturn) and risk assets reacted positively with both credit spreads rallying and equity indices moving higher.

### Performance Highlights

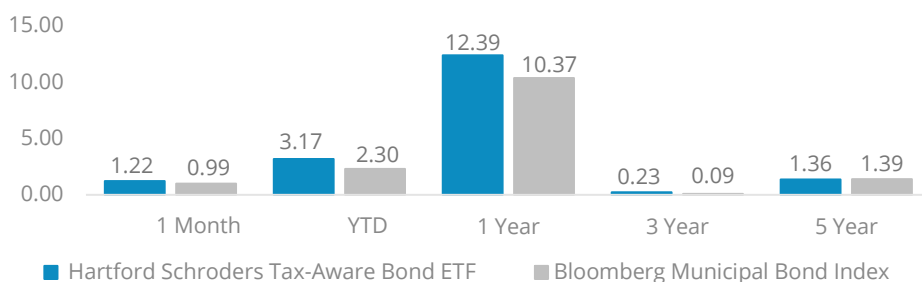
#### Contributors

- With yields falling the duration of the fund was a material contributor in absolute terms. The fund is currently near the long end of its historical duration range which may be positive contributor when yields fall.
- The allocation to tax-exempt municipals was a positive contributor as the sector benefitted from positive absolute returns and positive excess returns. Relative to duration neutral Treasuries, the outperformance was modest.
- Within tax-exempt municipals, transportation, general obligations (GOs), and leasing were the best performers in absolute terms. On a contribution to return basis, GO's were the largest and they are also the largest allocation in the fund.

#### Detractors

- Favoring tax-exempts over taxable bonds detracted as corporate bond yields fell more than tax-exempts. On an after-tax basis however the performance is close to equal depending on the tax rates.

### Month End Performance (%) as of 9/30/24



### Portfolio Managers from Schroders

**Lisa Hornby, CFA**  
Portfolio Manager  
Professional Experience Since 2007

**Neil G. Sutherland, CFA**  
Portfolio Manager  
Professional Experience Since 1997

**Julio C. Bonilla, CFA**  
Portfolio Manager  
Professional Experience Since 1998

**David May**  
Portfolio Manager  
Professional Experience Since 2010

The portfolio managers are supported by the full resources of Schroders.

### Overall Morningstar Rating™



414 Products | Intermediate Core Bond Category Based on Risk-Adjusted Returns as of 9/30/24

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. Please see page 3 for standardized performance. Returns for less than one year are not annualized.

**Credit spreads** are the difference in yields between two fixed-income securities with the same maturity, but originating from different investment sectors. **Duration** is a measure of the sensitivity of an investment's price to nominal interest-rate movement.

### Current Insight and Positioning From Schroders

- With yields elevated but falling recently, the duration of the fund is near the long end of its historical range. As yields continue to fall we would expect the duration of the fund to decrease.
- Supply continues to be heavy as issuers get ahead of the upcoming elections. Flows into both corporates and tax-exempts funds have been positive month-to-date and year-to-date and supportive of valuations. It remains to be seen if issuance lightens up going forward, which would support both sectors.
- After the first cut (which happened in September), bond yields historically rally for over 1 year. With notable levels of cash sitting in money-market funds, we feel that fixed income may be well positioned as investors seek to lock in cyclically high yields.

#### Portfolio Composition(%) as of 9/30/24

Tax Exempt Municipal	86
US Treasuries	7
Cash and Cash Equivalents	4
Corporate	1
Agency Mortgage Backed Securities	0
Asset Backed Securities	0
Cash	0
Government Related Agencies	0
Mortgage Backed Securities	0
Other	0
Taxable Municipal	0

#### Credit Exposure<sup>1</sup> (%) as of 9/30/24

Aaa/AAA	45
Aa/AA	39
A	12
Baa/BBB	4
Ba/BB	0
B	0
Caa/CCC or lower	0
Not Rated	0
Cash & Cash Offsets	0

Net Assets	\$412 million
# of Holdings	302
# of Issuers	211
Dividend Frequency	Monthly

#### Holdings Characteristics

Effective Duration	8.24 yrs.
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Characteristics are subject to change.  
Percentages may be rounded.

<sup>1</sup>Credit exposure is the credit ratings for the underlying securities of the Fund as provided by Standard and Poor's (S&P), Moody's Investors Service, or Fitch and typically range from AAA/Aaa (highest) to C/D (lowest). If S&P, Moody's, and Fitch assign different ratings, the median rating is used. If only two agencies assign ratings, the lower rating is used. Securities that are not rated by any of the three agencies are listed as "Not Rated." Ratings do not apply to the Fund itself or to Fund shares. Ratings may change.

**Performance (%) as of 9/30/24**

	QTD	YTD	Average Annual Total Returns				SI
			1 Year	3 Year	5 Year	10 Year	
HTAB NAV	3.20	3.17	12.39	0.23	1.36	—	2.40
HTAB Market Price	3.57	3.06	12.19	0.21	1.37	—	2.41
Bloomberg Municipal Bond Index	2.71	2.30	10.37	0.09	1.39	—	—
Morningstar Category	5.05	4.78	11.56	-1.39	0.43	—	—
Lipper Peer Group	2.73	3.57	11.58	-0.26	1.15	—	—

**Total Operating Expenses<sup>1</sup>:** 0.40%

**Morningstar<sup>®</sup> Category** Intermediate Core Bond **Lipper Peer Group** General & Insured Municipal Debt

SI = Since Inception. ETF Inception: 04/18/2018.

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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.

**Bloomberg Municipal Bond Index** is designed to cover the USD-denominated long-term 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 fund operating expenses as shown in the most recent prospectus.

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**Important Risks:** Investing involves risk, including the possible loss of principal. The net asset value (NAV) of the Fund's shares may fluctuate due to changes in the market value of the Fund's holdings which may in-turn fluctuate due to market and economic conditions. The Fund's share price may fluctuate due to changes in the relative supply of and demand for the shares on an exchange. The Fund is actively managed and does not seek to replicate the performance of a specified index. • Fixed income security risks include credit, liquidity, call, duration, and interest-rate risk. As interest rates rise, bond prices generally fall. • The risks associated with mortgage-related and asset-backed securities include credit, interest-rate, prepayment, liquidity, default and extension risk. • The purchase of securities in the To-Be-Announced (TBA) market can result in higher portfolio turnover and related expenses as well as price and counterparty risk. • 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. • Municipal securities may be adversely impacted by state/local, political, economic, or market conditions; these risks may be magnified if the Fund focuses its assets in municipal securities of issuers in a few select states. Investors may be subject to the federal Alternative Minimum Tax as well as state and local income taxes. Capital gains, if any, are taxable. • 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, regulatory, 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, economic and regulatory developments. • In certain instances, unlike other ETFs, 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. • The Fund may have high portfolio turnover, which could increase its transaction costs and an investor's tax liability. • Financially material environmental, social and/or governance (ESG) characteristics are one of several factors that may be considered. The Fund may perform differently from funds that do not integrate ESG into their analysis.

**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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