

Hartford Healthcare Fund

Tickers A: HGHAX C: HGHGX F: HGHFX I: HGHIX R3: HGHXR R4: HGHXR R5: HGHXR R6: HGHVX Y: HGHYX

Morningstar® Category Health

Inception Date 05/01/2000

Lipper Peer Group Health/Biotechnology

Market Overview

The S&P Composite 1500 Health Care Index declined -1.07% during the quarter, underperforming the broader US market, as measured by the S&P 500 Index (+4.28%). Within the benchmark, mid-cap biopharma stocks outperformed the most, while small-cap biopharma stocks underperformed during the quarter.

Performance Summary

- The Hartford Healthcare Fund (I share) outperformed the S&P Composite 1500 Health Care Index during the quarter.
- Security selection was the primary driver of relative outperformance. Strong selection in large- and small-cap biopharma was partially offset by selection in healthcare services.
- Sub-sector allocation, a result of our bottom-up stock-selection process, contributed to performance. Allocation effect was driven by our overweight to mid-cap biopharma.
- At the issuer level, our top-two relative contributors were not owning CVS Health and Bristol Myers-Squibb, while our top-two relative detractors were overweights to Molina Healthcare and Immunocore.

Positioning & Outlook

- Biopharma remains a rich environment for innovation. We are excited about developments among GLP-1 and next-generation metabolic medicines, ADCs for cancer treatment, and various forms of genetic medicines. We remain selective in large-cap biopharma, avoiding companies with significant patent expirations and risk of future drug-pricing pressure. We think the market underappreciates the pressure on US drug pricing, and we expect the first round of Medicare negotiated prices to be released in September may create volatility within the sector. We have been finding opportunities in companies with rich pipelines and strong track records of productive business development. SMID-cap biopharma companies remain attractive as sources of innovation and potential pipeline gap solutions for larger companies. Recent clinical readouts across therapeutic areas underscore the quality and breadth of the opportunity set today.
- Medical-technology innovation has never been stronger due to advancements in technology development, engineering capabilities, and integrated informatics. Product cycles, procedure recovery, and biopharma innovation are creating investment opportunities. Areas of most interest to us now include interventional cardiology, life-science tools, robotics, and diagnostics—including liquid (blood) biopsy.
- Healthcare care-services companies are well-positioned to help solve the challenge of rising healthcare costs, and some may benefit from the ongoing transition to a fee-for-value care system. Higher utilization and rate pressures remain medium-term headwinds for Medicare Advantage, but long-term opportunities remain robust. Providers should benefit from higher utilization and behavioral-health companies have bipartisan political support in the US. We favor companies focused on improving patient outcomes while reining in costs.
- At the end of the period, our largest overweight relative to the benchmark was to mid-cap biopharma. We ended the quarter most underweight to large-cap biopharma.

Portfolio Managers from Wellington Management

Rebecca Sykes, CFA

Senior Managing Director
Global Industry Analyst
Professional Experience Since 2005

Wen Shi, CFA

Managing Director
Global Industry Analyst
Professional Experience Since 2007

David Khtikian, CFA

Managing Director
Global Industry Analyst
Professional Experience Since 1999

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

Top Ten Holdings (%)

Eli Lilly & Co.	12.64
UnitedHealth Group, Inc.	6.80
Merck & Co., Inc.	5.63
Danaher Corp.	3.57
Boston Scientific Corp.	3.34
Thermo Fisher Scientific, Inc.	2.85
Vertex Pharmaceuticals, Inc.	2.59
Stryker Corp.	2.44
HCA Healthcare, Inc.	2.41
AbbVie, Inc.	2.26
Percentage Of Portfolio	44.53

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

Class	Performance (%)		Average Annual Total Returns				Expenses ¹		
	QTD	YTD	1 Year	3 Year	5 Year	10 Year	SI	Gross	Net
A	-0.25	7.11	9.23	-0.05	8.79	9.25	10.77	1.27%	1.27%
A with 5.5% Max Sales Charge	—	—	3.22	-1.92	7.56	8.63	10.52	—	—
F	-0.16	7.34	9.65	0.32	9.20	9.62	11.05	0.91%	0.91%
I	-0.19	7.27	9.54	0.21	9.09	9.55	11.02	1.01%	1.01%
R3	-0.35	6.93	8.85	-0.40	8.42	8.89	10.70	1.62%	1.62%
R4	-0.27	7.09	9.20	-0.09	8.76	9.22	10.96	1.29%	1.29%
R5	-0.19	7.28	9.50	0.20	9.07	9.54	11.20	1.02%	1.02%
R6	-0.16	7.31	9.63	0.31	9.19	9.65	11.28	0.91%	0.91%
Y	-0.19	7.27	9.51	0.21	9.10	9.61	11.26	1.01%	1.01%
S&P Composite 1500 Health Care Index	-1.07	7.48	10.85	5.75	11.05	11.04	—	—	—
Morningstar Category	-2.58	3.61	5.06	-3.58	6.48	8.38	—	—	—
Lipper Peer Group	-2.30	4.76	7.15	-1.50	7.26	8.53	—	—	—

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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.

Share Class Inception: A, Y - 5/1/00; F - 2/28/17; I - 8/31/06; R3, R4, R5 - 12/22/06; R6 - 2/28/19. Performance shown prior to the inception of a class reflects performance and operating expenses of another class(es) (excluding sales charges, if applicable). Had fees and expenses of a class been reflected for the periods prior to the inception of that class, performance would be different. Since inception (SI) performance is from 5/1/00. Performance and expenses for other share classes will vary. Additional information is in the prospectus. Only Class A assesses a sales charge.

S&P Composite 1500 Health Care Index comprises those companies included in the S&P Composite 1500 that are classified as members of the GICS health care sector. Indices are unmanaged and not available for direct investment.

¹Expenses as shown in the Fund's most recent prospectus.

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. • Risks of focusing investments on the healthcare related sector include regulatory and legal developments, changes in funding or subsidies, patent and intellectual property considerations, intense competitive pressures, rapid technological changes, long and costly process for obtaining product approval by government agencies, potential product obsolescence, rising cost of medical products and services, and price volatility risk. • Small- and mid-cap securities can have greater risks and volatility than large-cap securities. • 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. These risks may be greater, and include additional risks, for investments in emerging markets.

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. Please read it carefully before investing.

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