

Hartford Schroders Securitized Income Fund

Tickers A: HITAX C: HITCX F: HITFX I: HITIX SDR: HITSX Y: HITYX

Morningstar® Category Short-Term Bond

Inception Date 02/28/2019

Lipper Peer Group Loan Participation

Market Overview

December featured the news of the long awaited second round of fiscal stimulus in the US. The announcement of a nearly \$900 billion economic package was accompanied by a round of extensions of the COVID-19 relief programs. Returns across securitized products in Q4 were positive, with spreads continuing the tightening seen across securitized sectors through to year end. Even sectors that had lagged have recovered more quickly with the announcement of the fiscal package and the vaccine. The market is pricing a very positive forward outlook. In Q4, the ICE BofA US ABS & CMBS Index delivered a return of 0.98%.

Performance Summary

- Hartford Schroders Securitized Income Fund (I share) outperformed its benchmark but underperformed the Lipper Loan Participation peer group average
- Performance was driven by yield spread tightening.
- Although back to pre-March tights, AAA CLO spreads remain wider relative to corporate credit, and even other securitized AAA rated securities like commercial mortgage-backed securities (CMBS). We think this is a function of expected (and actual) supply.
- Securitized products on the whole still remain inexpensive compared to corporates

Positioning & Outlook

- With 2020 behind us, we expect the constant news stream to continue into 2021. Be it updates on EU, US or other global support, elections, COVID-19 statistics, or vaccine updates, the news feed is live. Notably, this rapid stream of negative news seems to have very little impact on the market, and we expect that to be the case until populations are fully vaccinated much later this year.
- While we await vaccine deployment, governments will continue support and data (good or bad) should be considered impermanent. Eventually, we will need to account for the data. In the now, we see the focus on quality of life, and housing, as a persistent trend, and we think these trends will define the future for assets and businesses.
- We see the advantage of owning assets that benefit from these trends in the asset-backed securites and mortgage-backed securites space, where the pricing is more favorable. We see higher grade securities with good structural protection and stronger underlying fundamentals as a way to manage through these markets, benefitting from sector and global diversity.

Portfolio Managers from Schroders Management

Michelle Russell-Dowe

Portfolio Manager
Professional Experience Since 1994

Anthony Breaks, CFA

Portfolio Manager
Professional Experience Since 1998

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

Fixed Income Holdings (%)

FHLMC Mortgage Backed Securities (POOLS)	10.53
RMAC Securities plc	6.63
Towd Point Mortgage Trust	6.34
Bellemeade Re Ltd.	5.92
Alba plc	5.34
Preston Ridge Partners Mortgage Trust LLC	4.89
Income Contingent Student Loan	4.55
SLM Student Loan Trust	4.35
FNMA Mortgage Backed Securities (POOLS)	4.34
Navigent Private Education Refi Loan Trust	3.42
Percentage Of Portfolio	56.31

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

Performance (%)									
Class	QTD	YTD	Average Annual Total Returns				Expenses ¹		
			1 Year	3 Year	5 Year	10 Year	SI	Gross	Net
A	1.40	0.69	0.69	—	—	—	1.58	1.59%	1.30%
A with 3% Max Sales Charge	—	—	-2.33	—	—	—	-0.09	—	—
F	1.39	0.76	0.76	—	—	—	1.67	1.27%	0.90%
I	1.35	0.73	0.73	—	—	—	1.62	1.34%	1.05%
SDR	1.39	0.70	0.70	—	—	—	1.65	1.27%	0.90%
Y	1.37	0.71	0.71	—	—	—	1.63	1.32%	1.00%
ICE BofA US ABS & CMBS Index	0.98	5.20	5.20	—	—	—	—	—	—
Morningstar Category	1.06	3.81	3.81	—	—	—	—	—	—
Lipper Peer Group	3.55	0.86	0.86	—	—	—	—	—	—

Morningstar® Category Short-Term Bond Lipper Peer Group Loan Participation

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.

Only Class A assesses a sales charge.

ICE BofA US ABS & CMBS Index tracks the performance of US dollar denominated investment grade fixed and floating rate asset backed securities and fixed rate commercial mortgage backed securities. Indices are unmanaged and not available for direct investment.

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. • 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. • 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. • 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. • 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 purchase of securities in the To-Be-Announced (TBA) market can result in additional price and counterparty risk. • The Fund may use repurchase agreements, or reverse repurchase agreements, which can increase risk and volatility. • Use of leverage can increase market exposure, magnify investment risks, and cause losses to be realized more quickly. • Investments in high-yield ("junk") bonds involve greater risk of price volatility, illiquidity, and default than higher-rated debt securities.

¹Expenses as shown in the Fund's most recent prospectus. Gross expenses do not reflect contractual expense reimbursement arrangements. Net expenses reflect such arrangements in instances when they reduce gross expenses. These arrangements remain in effect until 2/28/21 unless the Fund's Board of Directors approves an earlier termination. Adjusted Expense Ratios for Class A, Class F, Class I, Class SDR and Class Y are 1.13%, 0.73%, 0.88%, 0.73%, and 0.83% respectively, and reflect the net expense ratio of a class reduced by certain investment interest expenses.

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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