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Hartford Healthcare Fund: **I:** HGHIX **A:** HGHAX **C:** HGHCX **F:** HGHFX **R3:** HGHRX **R4:** HGHSX **R5:** HGHTX **R6:** HGHVX **Y:** HGHYX

Uncovering Opportunities in Healthcare

Innovation, pandemic recovery, and technological advancements all bode well for the sector.

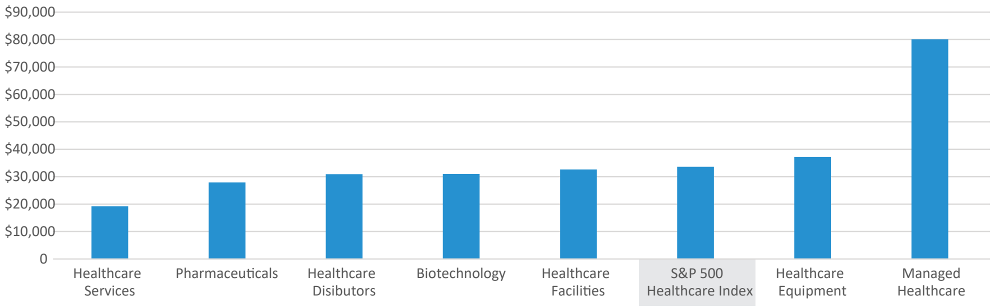
Recent and ongoing developments in health services, medical technology, and pharmaceuticals, paired with accelerating trends toward automation, digitization, and robotics have set the stage for the healthcare sector to potentially shine in the coming years. We believe there are several exciting innovations and trends that could bolster the asset class over the long term.

What Comprises the Healthcare Sector?

It's important to bear in mind that the healthcare sector encompasses medical technology and devices, different drugs, and services. Each of these categories can be broken down further. For example, consider that "healthcare services" refers to several unique, niche subsectors, such as managed-care organizations, healthcare software companies, pharmacies, and hospitals, rather than a homogenous group of stocks.

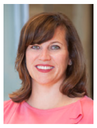
Healthcare is a broad, diverse industry with defensive and offensive capabilities. In our view, this diversity of companies, products, and services within healthcare is part of what has made the sector such a strong performer in the past, and why we're so optimistic about the future.

FIGURE 1
Diversity of Healthcare Subsector Performance
Growth of $10,000 for S&P 500 Healthcare Index Subsectors (2013 to 3/31/23)

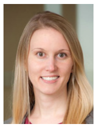


Past performance does not guarantee future results. For illustrative purposes only. The above chart is not representative of any Hartford Fund's performance, and does not take into account fees and charges associated with actual investments. The S&P 500 Healthcare Index comprises those companies included in the S&P 500 Index that are classified as members of the GICS® healthcare sector. Indices are unmanaged and not available for direct investment. Sources: Morningstar and Hartford Funds, 4/23.

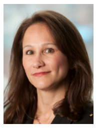
Insight from sub-adviser, Wellington Management



Jean Hynes, CFA
Chief Executive Officer



Rebecca Sykes, CFA
Global Industry Analyst



Ann Gallo
Global Industry Analyst

Key Points

- We believe there are several exciting innovations and trends that could bolster the healthcare asset class over the long term.
- The COVID-19 pandemic has unlocked new funding for infectious-disease treatment, further supporting the healthcare sector overall.
- The US is in the process of migrating to a new way of paying for healthcare services and bringing changes to the existing fee-for-service model.

S&P 500 Healthcare Index Subsector Definitions

Healthcare Equipment: Manufacturers of healthcare equipment and devices. Includes medical instruments, drug delivery systems, cardiovascular & orthopedic devices, and diagnostic equipment.
Healthcare Distributors: Distributors and wholesalers of healthcare products not classified elsewhere.
Healthcare Services: Providers of patient healthcare services not classified elsewhere. Includes dialysis centers, lab-testing services, and pharmacy-management services. Also includes companies providing business support services to healthcare providers, such as clerical support services, collection agency services, staffing services and outsourced sales, and marketing services.
Healthcare Facilities: Owners and operators of healthcare facilities, including hospitals, nursing homes, rehabilitation centers, and animal hospitals.
Managed Healthcare: Owners and operators of Health Maintenance Organizations and other managed plans.
Biotechnology: Companies primarily engaged in the research, development, manufacturing, and/or marketing of products based on genetic analysis and genetic engineering. Includes companies specializing in protein-based therapeutics to treat human diseases. Excludes companies manufacturing products using biotechnology but without a healthcare application.
Pharmaceuticals: Companies engaged in the research, development, or production of pharmaceuticals. Includes veterinary drugs.

Innovation Inspiring Optimism

Broadly, one of the reasons we're so optimistic about the investment potential of the healthcare sector is the level of innovation in this space. Both research and development capabilities and industry output are improving. New, first-in-class drug approvals are evidence of this output.

This output has ticked up recently thanks to smarter drug discovery and development. Tools such as machine learning and structural biology have helped shorten early-development timelines in the drug industry. Clinical development has sped up as well, with better industry participant decision-making. The approval process has also become shorter for certain diseases with high unmet needs.

What's more, there are new platforms, such as genetic medicine, that enable more effective drug development. Genetic medicine, which includes gene therapy, gene editing, and RNA therapy, is a novel platform that opens the door to a whole suite of possibilities that didn't exist in the not-so-distant past. On top of this, general advances in automation, robotics, and digitization may enable transformative innovation for years to come. These improved development processes have given way to exemplary new drugs, treatments, and research for three critical medical needs: diabetes and obesity, Alzheimer's disease, and cardiology.

Automation, robotics, and digitization may enable transformative innovation for years to come.

Diabetes and Obesity

In the past year, a new class of injectables that lead to safe weight loss of as much as 20% of body weight were approved to help treat obesity and diabetes. This is unprecedented and suggests long-term revenue potential in the pharmaceutical industry. Looking ahead, what could create even greater revenue potential is an equivalent drug in oral form.

Right now, there's a dramatic mismatch of supply of these injectables and demand. Injectables are currently dispensed weekly through disposable pens, but given the large patient population requiring this drug, this weekly dosage creates challenges in scaling supply to meet demand. It's a complex manufacturing challenge, but an oral form of this drug could unlock this market more effectively.

Advancements in diabetes and obesity treatment go beyond drugs. Insulin pumps that regulate insulin have improved, and perhaps even more importantly, can now interface with continuous glucose-monitoring devices with algorithms that control insulin dosing based on sensor feedback.

Alzheimer's Disease

There's also been a recent approval for the first significant, disease-modifying drug to help treat Alzheimer's disease. This drug clears plaque, a process which has been shown to slow the rate of cognitive decline. We see this as a critical milestone and positive anticipatory sign for the future of Alzheimer's drugs. Notably, there are other potential disease-modifying drugs currently in clinical development that we believe could help address the significant unmet needs of Alzheimer's patients.

Cardiology

There's also been innovation in cardiology. Breakthrough drugs for rare cardiovascular diseases have been introduced, and for the first time in a decade, better drugs for lowering cholesterol and treating high blood pressure are available.

Not only have drugs improved, but so have surgical possibilities. Lately, there have been incredible advances in heart-valve repair and replacement. Progress we've seen in trans-aortic valve replacement is starting to expand into bicuspid valves, which could be a tailwind for the next five to 10 years, at least.

As these new, innovative drugs are more widely used, we'll monitor the longer-term effects and keep an eye on any relevant developments among insurance providers. For example, currently, neither Medicare nor several private-insurance providers cover obesity drugs. This could inhibit the revenue potential of these new drugs unless policies change.

Overall, while the healthcare sector has an impressive historical track record, given these new innovations, we're particularly optimistic about its growth potential and the possibility of compelling future returns.

> In medical tech and services, we're more or less back to normal, with the worst of the pandemic behind us.

COVID-19 Recovery Offers Stabilizing Effect

The COVID-19 pandemic has impacted certain parts of the healthcare sector differently than others. Within healthcare services, the managed-care subsector has been resilient throughout the pandemic, while hospitals, dialysis companies, and other facilities were hit hard. Within medical tech, life-science tools companies that develop therapeutics and conduct research performed well as they drove treatments for and vaccines against COVID-19. Medical devices, on the other hand, struggled—first because elective procedures shut down in 2020 and 2021, and later because of supply-chain disruptions, especially among chips. But now, all this is behind us.

In medical tech and services, we're more or less back to normal, with the worst of the pandemic behind us. The number of medical procedures has gone back to pre-COVID-19 levels, some of the supply-chain pressures have abated, and, while inflationary pressures remain, they've mediated to some extent. Tides are beginning to turn in a favorable manner, which could bode well for earnings and revenue growth as well as usher in an upside in multiples and earnings estimates.

What's more, the COVID-19 pandemic laid bare just how behind the curve the world was in terms of infectious-disease preparedness. As a result, funding for infectious-disease treatment and prevention has increased, further supporting the healthcare sector overall.

Systemic Changes to Service Models

We're in the process of migrating to a new way of paying for healthcare services. As it stands today, our fee-for-service system incentivizes people to do more, not better. While this has been a known issue for quite some time, in our view, it hasn't been until recently, with advancements in technology, that we're seeing successful attempts to remedy this system.

We believe managed-care companies are driving this charge. The government employs these companies to find quality products and services and package them in a cost-effective plan to groups of people at scale. We're only going to need more of this in years to come, which bodes well for these companies and their business models. Other services that may benefit from improving technology are those that lean into digital health, such as those providing virtual appointments. At home, remote appointments tend to be less expensive and easier to access for a greater number of people. The growth potential here is sizable.

A Strong, Long-Term Case for Healthcare

The concurrent trends of groundbreaking innovation, pandemic recovery, and technological advancements come together to create a strong, long-term case for healthcare investment. This, coupled with the fact that the asset class has historically generated strong returns, gives us reason to believe that the healthcare sector is well-positioned in the years to come.

Talk to your financial professional for more information on healthcare investments.

Important Risks for the Hartford Healthcare Fund: 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 liquidity 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.

Diversification does not ensure a profit or protect against a loss in a declining market.

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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