

HSRT

## Hartford AAA CLO ETF

Morningstar® Category Ultrashort Bond

Inception Date 05/30/2018

Lipper Peer Group Short Investment Grade Debt

## Market Overview

United States (US) fixed income markets generated negative total returns during the first quarter, as measured by the Bloomberg US Aggregate Bond Index. Stronger-than-expected economic data, including persistent inflation pressures, pushed out the expected timing of Federal Reserve rate cuts. Resilient consumer spending and strong corporate earnings helped propel further spread tightening across most fixed income sectors. Collateralized Loan Obligation (CLO) bonds generated positive total returns over the period as measured by the JP Morgan CLOIE AAA Index, generating 0.84% (from February 13, 2024 to March 31, 2014). CLOs continued to be supported by positive bank loan performance as prices moved higher while loan fund flows have turned positive so far this year.

## Performance Summary

- The fund transitioned to a AAA CLO ETF during the period.
- The portfolio's out-of-benchmark allocation to single A CLOs contributed to relative returns over the period.
- Security selection within AAA CLOs detracted slightly from relative performance over the quarter.

## Positioning &amp; Outlook

- The team remains positive on the CLO sector, based on their strong structural features and a bank loan backdrop that has been more resilient than previously anticipated.
- CLOs currently offer attractive income relative to other investment-grade sectors.
- Loan issuer interest coverage ratios will continue to be pressured by higher rates; this will mostly be an issue for the bottom cohort of loan issuers.
- Expect loan defaults to increase but remain benign (approximately 4-5%).
- A higher for longer interest rate narrative should keep demand strong from yield-based investors.
- AAA/AA CLOs currently offer attractive yields for an asset class with historically low defaults. We favor primary issues over secondary. We favor primary issues over secondary.

## Portfolio Managers from Wellington Management

## Alyssa Irving

Senior Managing Director  
Fixed-Income Portfolio Manager  
Professional Experience Since 1996

## Cory D. Perry, CFA

Managing Director  
Fixed-Income Portfolio Manager  
Professional Experience Since 1999

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

## Top Ten Holdings (%)

Bain Capital Credit CLO Ltd.	7.01
CIFC Funding Ltd.	4.40
Voya CLO Ltd.	3.71
Palmer Square CLO Ltd.	3.27
Barings CLO Ltd.	3.07
Ares XXVII CLO Ltd.	2.99
Elmwood CLO 23 Ltd.	2.82
ARES LII CLO Ltd.	2.57
OCP CLO Ltd.	2.57
Octagon 67 Ltd.	1.95
<b>Percentage Of Portfolio</b>	<b>34.36</b>

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

Effective 2/12/24, the Fund (formerly known as the Hartford Short Duration ETF) changed its name, objective, principal investment strategy, portfolio managers and benchmark as well as reduced the Fund's management fee rate.

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

## Performance (%)

Class	QTD	YTD	Average Annual Total Returns				SI
			1 Year	3 Year	5 Year	10 Year	
HSRT NAV	1.26	1.26	6.67	1.49	2.46	—	2.69
HSRT Market Price	1.13	1.13	6.47	1.48	2.44	—	2.68
JP Morgan CLOIE AAA Index	1.84	1.84	8.77	4.11	3.66	—	—
Morningstar Category	1.43	1.43	6.11	2.39	2.16	—	—
Lipper Peer Group	0.97	0.97	5.12	0.76	1.75	—	—

Total Operating Expenses<sup>1</sup>: 0.24%

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SI = Since Inception

Returns prior to 2/12/24 reflect the performance of the Fund under its prior objective and principal investment strategy.

**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.

**JP Morgan CLOIE AAA Index** is designed to track the performance of broadly-syndicated, arbitrage US CLO debt from AAA tranches. 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.

**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 specific index.

- The Fund invests significantly in collateralized loan obligations (CLOs) which are associated with a number of risks including liquidity, interest-rate, credit, and call risk as well as the risk of default of the underlying assets. CLOs are managed by investment advisers who may have conflicts of interest or limited operating histories. Newly issued CLOS purchased in the primary market typically experience delayed or extended settlement periods.
- To the extent the Fund focuses on one or more sectors, the Fund may be subject to increased volatility and risk of loss if adverse developments occur.
- Loans can be difficult to value and less liquid than other types of debt instrument; they are also subject to nonpayment, collateral, bankruptcy, default, extension, prepayment and insolvency risks.
- The risks associated with mortgage-related and asset-backed securities 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, economic and regulatory developments.
- Restricted securities may be more difficult to sell and price than other securities.
- 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.
- 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.

**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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