

## HMOP

## Hartford Municipal Opportunities ETF

Inception Date 12/13/2017

Morningstar® Category Muni National Interim

Lipper Peer Group Intermediate Municipal 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. The Bloomberg Municipal Bond 1-15 Year Blend (1-17) Index returned -0.29% during the quarter. The ratio of 10-year AAA general obligations (GOs) to 10-year Treasuries increased from 57.9 to 59.8%, remaining below the long-term historical average of 88% over the last 20 years.<sup>1</sup>

## Performance Summary

- The Hartford Municipal Opportunities ETF outperformed the Bloomberg Municipal Bond 1-15 Year Blend (1-17) Index during the quarter.
- Security selection in high-yield and investment-grade revenue bonds was the primary driver of outperformance. Security selection within high-yield revenue bonds, particularly in health care, contributed the most.
- An overweight allocation to investment grade revenue bonds was also additive, with specific contributions from health care, industrial development, and ports, airport and marina bonds.
- An underweight allocation to general obligation bonds slightly detracted from performance.

## Positioning &amp; Outlook

- Fundamentals are broadly positive after generous direct and indirect Federal support and coming out of the pandemic.
- Many municipal sectors have natural outlets for inflationary pressures, but the more labor constrained sectors will be more challenged.
- Expect municipals to behave defensively in a downturn given their high quality and strong balance sheets.
- Tax-exempt municipal valuations as proxied by the Municipal Bond/Treasury Bond ratio are unattractive relative to history. However, municipal bond all-in yields look attractive relative to comparable quality corporates at intermediate and long maturities.
- Despite higher issuance this year, we expect demand to remain robust, particularly if rates begin to trend lower

## Overall Morningstar Rating™\*



261 Products | Category Based on Risk-Adjusted Returns as of 03/31/2024

## Portfolio Managers from Wellington Management

## Timothy D. Haney, CFA

Senior Managing Director

Fixed-Income Portfolio Manager

Professional Experience Since 1988

## Brad W. Libby

Managing Director

Fixed-Income Portfolio Manager &amp;

Credit Analyst

Professional Experience Since 1996

## Elizabeth J. Kleinerman, CFA

Senior Managing Director

Fixed-Income Portfolio Manager

Professional Experience Since 2001

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

## Top Ten Holdings (%)

Los Angeles Department of Water & Power, CA, Rev	3.95
State of Illinois, IL, GO	2.86
Main Street Natural Gas, Inc., GA, Rev	2.31
New York State Dormitory Auth, NY, Rev	2.13
Public Finance Auth, WI, Rev	2.00
Massachusetts Dev Finance Agency, MA, Rev	1.91
State of Texas, TX, GO	1.74
Arizona Industrial Dev Auth, AZ, Rev	1.49
Sales Tax Securitization Corp., IL, Rev	1.43
Massachusetts Health & Educational Facs Auth, MA, Rev	1.39
<b>Percentage Of Portfolio</b>	<b>21.21</b>

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

<sup>1</sup>Source: Bloomberg

## Performance (%)

	QTD	YTD	Average Annual Total Returns				SI
			1 Year	3 Year	5 Year	10 Year	
HMOP NAV	0.45	0.45	4.71	0.06	2.00	—	2.39
HMOP Market Price	0.68	0.68	4.96	0.10	2.04	—	2.43
Bloomberg Municipal 1-15 Year Blend (1-17) Index	-0.29	-0.29	2.62	-0.04	1.60	—	—
Morningstar Category	0.12	0.12	3.35	-0.39	1.36	—	—
Lipper Peer Group	0.15	0.15	3.31	-0.26	1.44	—	—

Total Operating Expenses<sup>1</sup>: 0.29%

Morningstar<sup>®</sup> Category Muni National Intermediate Lipper Peer Group Intermediate Municipal Debt

SI = Since Inception

**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.

**Bloomberg Municipal 1-15 Year Blend (1-17) Index** is a sub-index of the Bloomberg Municipal Bond Index. It is a rules-based market value-weighted index of bonds with maturities of 1 year to 17 years engineered for the 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.

\*Star Ratings: 3-year 4 stars out of 261 products, 5-year 4 stars out of 238 products for the period ended herein. Other share classes may have different ratings. The Morningstar Rating<sup>™</sup> for funds, or "star rating", is calculated for funds and separate accounts with at least a 3-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. Star rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance (without adjusting for any sales load, if applicable), placing more emphasis on downward variations and rewarding consistent performance. 5 stars are assigned to the top 10%, 4 stars to the next 22.5%, 3 stars to the next 35%, 2 stars to the next 22.5%, and 1 star to the bottom 10%. Overall Morningstar Rating is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating metrics. For more information about the Morningstar Fund Ratings, including their methodology, please go to [global.morningstar.com/managerdisclosures](http://global.morningstar.com/managerdisclosures). ©2024 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

**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. • Municipal securities may be adversely impacted by state/local, political, economic, or market conditions. Investors may be subject to the federal Alternative Minimum Tax as well as state and local income taxes. Capital gains, if any, are taxable. • Fixed income security risks include credit, liquidity, call, duration, and interest-rate risk. As interest rates rise, bond prices generally fall. • Investments in high-yield ("junk") bonds involve greater risk of price volatility, illiquidity, and default than higher-rated debt securities. • 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. • 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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