

Fourth Quarter - 2009

# THE HARTFORD MUTUAL FUNDS

## Fund Manager Commentaries

Wellington Management Company, LLP

An Independent Sub-adviser to The Hartford Mutual Funds



### The Hartford Capital Appreciation II Fund

#### Portfolio Management

Michael Carmen, CFA; Frank Catricketes, CFA; Nicolas Choumenkovitch; David Palmer, CFA; Saul Pannell, CFA

#### Objective

The investment objective and strategy of The Hartford Capital Appreciation II Fund is to seek growth of capital by investing in securities selected solely on the basis of potential for capital appreciation. The Fund normally invests at least 65% of its assets in common stocks of small, medium, and large companies. The Fund may invest up to 35% of its assets in securities of foreign issuers and non-dollar securities, including emerging-market securities.

#### Performance Review

- After a tumultuous start to the year, U.S. equities (+6%) posted strong returns in the fourth quarter as measured by the Russell 3000. The Russell 3000 recorded its third consecutive quarter of gains, rising 28.3% for the year, and closing near its highs for 2009. Throughout the year, extraordinary government measures helped to stabilize global economies and markets. As the year progressed, low interest rates, better-than-expected corporate earnings, and improving economic data provided a favorable backdrop for equities.
- Nine out of ten sectors in the Russell 3000 registered positive returns. The Information Technology (+10%), Consumer Discretionary (+8%), and Materials (+8%) sectors posted the largest gains. Financials (-2%) was the sole negative performing sector.
- The Fund outperformed the Index and its Lipper peer group on a gross-of-fees basis for the quarter. Longer-term relative performance remains favorable as well.

#### Attribution Commentary

- Security selection contributed positively to relative performance. Selection was strongest in Industrials, Materials, and Health Care. This was partially offset by weaker stock selection in Financials. Sector allocation, including overweights to the strong-performing Consumer Discretionary and Information Technology sectors, contributed positively to relative performance.
- In Industrials, Delta Air Lines rose more than 25% on signs of improving demand trends and upbeat guidance.
- Materials holdings Potash, Teck Resources, and Mosaic contributed positively to relative returns.
- Within Health Care, pharmaceutical company Impax Labs, managed health and insurance provider UnitedHealth Group, and drug distributor Cardinal Health contributed positively to relative performance.
- In Financials, Goldman Sachs and UBS shares were pressured by uncertainties surrounding tougher regulatory requirements and government policy changes. Our holdings in these names detracted from results.

#### Portfolio Positioning and Outlook

Bottom-up investment decisions have resulted in a sizeable overweight to the Consumer Discretionary sector, although during the quarter we eliminated retailers Aeropostale and Kohl's and services firm Corinthian Colleges, and trimmed retailer Amazon.com.

In Materials, we added to fertilizer company Potash, reduced our holding in Teck Resources, and eliminated Sterlite Industries.

Information Technology relative exposure increased as we added to our positions in QUALCOMM, SeaGate Technology, and Skyworks Solutions.

The Fund retained lower-than-benchmark weightings in Consumer Staples, Energy, Utilities, and Telecommunications at the end of the period.

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#### Relative Contributors and Commentary

##### Ford Motor

- Automobile and truck manufacturer.
- Released solidly profitable, better-than-expected results in both auto and finance operations, aided by higher volumes, better price/mix, and cost reduction actions.
- Company looks to be on track to achieve or exceed 2009 financial targets, with greater than previously anticipated full-year cost savings from restructuring initiatives.

##### Delta Air Lines

- World's largest airline saw shares jump sharply as airline carrier equities closed some of the YTD gap with other transport and industrial stocks.
- Signs of improvement in close-in bookings spread optimism about a rebound in high-margin business travel.
- Position remains a portfolio holding.

##### General Electric

- Dominant global infrastructure manufacturer and financial services provider.
- Over the last several years, management increased financial leverage which resulted in a position of financial stress during the recession. Investors sold the stock aggressively and now view the company's management team less favorably.
- The Fund's underweight to this large benchmark constituent contributed positively to relative returns.

#### Relative Detractors and Commentary

##### UBS

- Swiss investment bank and money manager.
- UBS sold off, along with other investment banks, as expectations for December quarter trading profits declined.
- Much-anticipated analyst day presentation was upbeat, but offered little in the way of news or strategic surprises.

##### Apollo Group

- Offers educational programs and services at the high school, undergraduate, and graduate levels both online and on-campus.
- Shares declined after the company announced that the Securities and Exchange Commission's enforcement division has launched an informal inquiry into the company's revenue recognition practices; this presents headline risk but not risk to the business, and we expect worries about this to dissipate over time.

##### Aeropostale

- Mall-based specialty retailer of teen apparel and accessories.
- Concerns of weakening same store sales trends and slowing market share gains drove stock price down, and led us to reduce our outlook for the stock.
- Sold the position.

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### The Hartford Capital Appreciation II Fund as of 12/31/09

#### Top Ten Holdings<sup>†</sup>

Apple, Inc.	2.2%
UnitedHealth Group, Inc.	1.9%
Wells Fargo & Co.	1.8%
Cisco Systems, Inc.	1.7%
UBS AG	1.6%
Delta Airlines, Inc.	1.6%
Pfizer, Inc.	1.6%
Goldman Sachs Group, Inc.	1.5%
ACE Ltd.	1.5%
Oracle Corp.	1.3%
<b>% Of Portfolio</b>	<b>16.7%</b>

<sup>†</sup> Holdings and sector weights are subject to change. Percentages may be rounded.

#### Expenses

	Class A	Class C
Net Op. Exp. <sup>2</sup>	1.40%	2.14%
Gross Op. Exp. <sup>3</sup>	1.40%	2.14%

#### Fund A-Share Average Annual Total Return

##### Excluding Sales Charge

YTD	41.04%
1 Year	41.04%
3 Year	-1.61%
Since Inception (4/29/05)	6.31%

##### Including Maximum Sales Charge of 5.5%

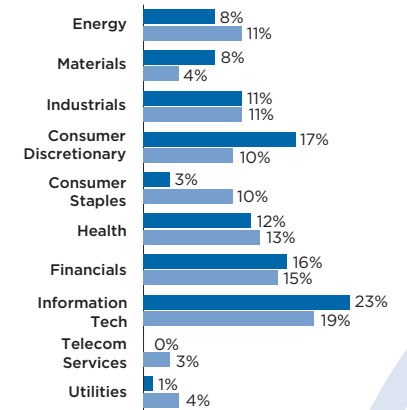
1 Year	33.29%
Since Inception (4/29/05)	5.03%

#### Russell 3000 Index<sup>1</sup> Average Annual Total Return

YTD	28.34%
1 Year	28.34%
3 Year	-5.42%
Since 4/29/05	1.78%

**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 see [www.hartfordmutualfunds.com](http://www.hartfordmutualfunds.com).**

#### Sector Weights<sup>†</sup>



■ Fund  
■ Russell 3000 Index<sup>1</sup>

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<sup>1</sup>The Russell 3000 Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market. As of the latest reconstitution, the average market capitalization was approximately \$6.2 billion; the median market capitalization was approximately \$1.3 billion. The index had a total market capitalization range of approximately \$468.5 billion to \$261.8 million.

The above index is unmanaged and not available for direct investment.

<sup>2</sup>Net operating expenses are the expenses you are currently paying to own the Fund. If the net operating expenses shown are lower than the gross operating expenses, then the net operating expenses reflect contractual fee waivers and expense reimbursements that may not be renewed. Contractual waivers or reimbursements remain in effect until February 28, 2011, and automatically renew for one-year terms unless terminated by the Fund's Adviser (HIFSCO) or Transfer Agent (HASCO). For more information about the fee arrangement and expiration dates, please see the expense table in the prospectus.

<sup>3</sup>Gross operating expenses shown are before management fee waivers or expense caps. Performance information may reflect historical or current expense waivers or reimbursements, without which, performance would have been lower. For more information on fee waivers and/or expense reimbursements, please see the expense table in the prospectus.

The Fund may invest in foreign securities, which can be riskier than investments in U.S. securities (risks may include currency risk, illiquidity risks, and risks from substantially lower trading volume on foreign markets).

The Fund invests in securities of small-cap and/or mid-cap companies, which is riskier than stocks of larger companies, because smaller companies generally are young, have limited business history, and frequently rely on narrow product lines and niche markets.

The Fund may invest in securities of companies that conduct their principal business activities (or that trade principally on exchanges) in emerging markets (including Asia, Latin America, Eastern Europe, and Africa), which is riskier than investing in securities of more developed countries (including risks of illiquidity and increased price volatility).

The sub-adviser's investment strategy will influence performance significantly and the Fund could underperform its peers or lose money if that strategy does not perform as expected.

Wellington Management Company, LLP is an independent and unaffiliated sub-adviser to The Hartford.

**You should carefully consider investment objectives, risks, and charges and expenses of The Hartford Mutual Funds before investing. This and other information can be found in the fund's prospectus, which can be obtained from your investment representative or by calling 888-843-7824. Please read it carefully before you invest or send money.**

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All information and representations herein are as of 12/09, unless otherwise noted.

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