

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 Fund

#### Portfolio Management

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#### Objective

The investment objective and strategy of The Hartford Capital Appreciation Fund is to seek growth of capital by investing in securities selected solely on the basis of potential for capital appreciation. The Fund may invest in small, medium, or large capitalization companies.

#### Performance Review

- After a tumultuous start to the year, US equities (+6%) posted strong returns in the fourth quarter. The Russell 3000<sup>1</sup> 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 and central bank measures helped to stabilize global economies and markets; and 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<sup>1</sup> 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 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 Consumer Discretionary, Materials, and Health Care. This was partially offset by weaker stock selection in

Financials and Information Technology. Sector allocation, a result of bottom up stock selection, was modestly positive, mostly due to overweight positions in the strong-performing Health Care and Consumer Discretionary sectors.

- In Consumer Discretionary automobile manufacturer Ford, retailers Amazon.com and Buck Holdings, and media company Disney contributed positively to relative returns.
- Materials holdings Vedanta Resources, Teck Resources, and Potash contributed positively to relative returns.
- Within Health Care, UnitedHealth Group and pharmaceutical companies Merck and Teva Pharmaceutical Industries performed well.
- In Financials, Goldman Sachs and UBS shares were pressured by uncertainties surrounding tougher regulatory requirements and government policy changes; ACE shares fell as the insurance sector has been weak on concerns about the pricing cycle.
- Information Technology holdings detracted. Shares in China-based Internet services firm Sohu.com declined after releasing disappointing guidance.

#### Portfolio Positioning and Outlook

Bottom-up investment decisions have resulted in a sizeable overweight to the Health Care sector, although during the quarter we eliminated pharmaceutical companies Schering-Plough and Wyeth.

Information Technology exposure increased as we added new positions in software firms eBay and Microsoft, as well as, semiconductor firm LAM Research. We eliminated hardware company Hewlett-Packard.

Within Financials we initiated positions in banks MUFG and Turkiye Garanti and eliminated diversified financial services companies Deutsche Boerse and Julius Baer.

The Fund retained lower-than-benchmark weightings in Consumer Staples, Industrials, and Energy, and had no exposure to Utilities 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.

##### UnitedHealth Group

- Leading US managed care and health insurance company.
- Outperformed the market this quarter with clarity on health care reform.
- Additionally, UNH reported solid quarterly results, marked by operational improvements, and increased full-year 2009 guidance.

##### Teck Resources

- A Canada-based mining company with principal operations in copper, metallurgical coal, zinc, and gold.
- Reported above-consensus quarterly results driven by its coal business.
- Continue to hold based on the firm's exposure to key commodities such as metallurgical coal and copper which have favorable long-term supply/demand characteristics.

#### Relative Detractors and Commentary

##### ACE

- Property and casualty insurance company.
- Despite solid management and profit performance, the stock has lagged as investors favored financials with levered balance sheets.
- Maintain our position based on the firm's high quality reputation and good balance sheet.

##### Goldman Sachs Group

- US bank holding company and investment bank.
- Shares trended lower as investors assessed potential regulatory and government policy changes, as well as concerns about the sustainability of recent record fixed income results.
- Has a relatively clean balance sheet and reputation for adapting and growing through inflection points in the capital markets.
- Continue to hold as we believe the firm can continue to grow at an above-consensus rate.

##### Sohu.com

- Chinese Internet company, providing news, information, entertainment and communication services.
- The company posted better-than-expected third quarter results but warned that the fourth-quarter revenue might be below Street expectations.
- Attractive reward/risk outlook as we believe gaming and advertising results will likely be better than currently anticipated.

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

#### Top Ten Holdings<sup>†</sup>

Ford Motor Co.	4.1%
ACE Ltd.	3.5%
Merck & Co., Inc.	3.3%
Goldman Sachs Group, Inc.	3.2%
Pfizer, Inc.	2.9%
Roche Holding AG	2.8%
Staples, Inc.	2.5%
Wells Fargo & Co.	2.4%
UnitedHealth Group, Inc.	2.3%
McKesson Corp.	2.2%

**% Of Portfolio 29.2%**

<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>	1.11%	1.83%
Gross Op. Exp <sup>3</sup>	1.11%	1.83%

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

##### Excluding Sales Charge

YTD	42.83%
1 Year	42.83%
3 Year	-3.64%
5 Year	3.55%
10 Year	4.39%
Since Inception (7/22/96)	13.74%

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

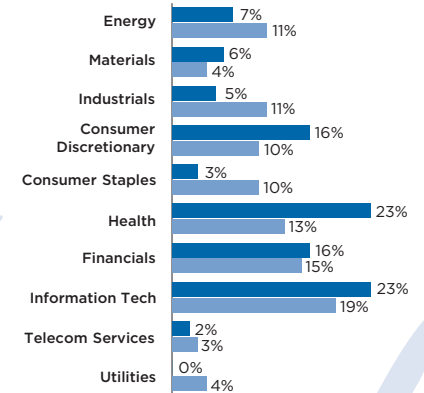
1 Year	34.97%
5 Year	2.39%
10 Year	3.80%
Since Inception (7/22/96)	13.27%

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

YTD	28.34%
1 Year	28.34%
3 Year	-5.42%
5 Year	0.76%
10 Year	-0.20%
Since 7/22/96	5.91%

**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>



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### The Hartford Capital Appreciation Fund

<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 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 can be riskier than investing in securities of more developed countries (risks include illiquidity and increased price volatility).

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

The sub-adviser's investment strategy will influence performance significantly. The Fund could underperform its peers or lose money if the 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, 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 12ad/09, unless otherwise noted.

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