

Understanding Our Economy

A Mutual Fund That Fights Inflation

(NAPSA)—While it has been dormant in recent years, some investors fear that inflation may return and burst their financial balloon.

In fact, some experts now predict 2003 will bring modest or moderate economic growth and rising interest rates which could mean increased inflation.

Retirees, or those on fixed incomes, are often concerned about what inflation can do to their savings. For example, over a 20-year period an average inflation rate of 3.1 percent would cut the buying power of \$100,000 almost in half.

Traditionally, investors have used the following strategies to protect their investments from inflation:

The first step many investors make when fighting inflation is to get out of lower yielding investments when real yields, after accounting for inflation, become unattractive.

Others believe that growth funds that can outpace inflation are a good defense against inflation. This type of mutual fund focuses on companies with good or improving profit prospects, though investing in equities can be more volatile than other types of investments.

Precious metals or funds that invest in precious metals have also been used by investors as a hedge against inflation.

A well-known family of mutual funds has another group of "tips" for investors who are looking for a more defensive investment strategy.

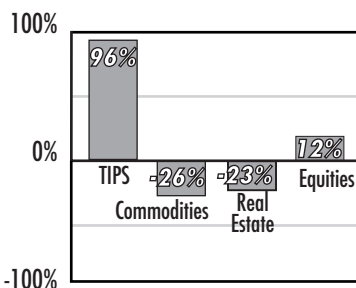
In this case, TIPS refers to bonds issued by the U.S. Treasury and whose principal value is periodically adjusted according to the rate of inflation.

Bill Davison, managing director of Hartford Investment Management Company and co-portfolio manager of The Hartford Inflation Plus Fund, thinks the product might also appeal to those investors who want to increase the diversification within the bond portion of their portfolio.

The Hartford (NYSE: HIG) is one of the nation's largest insurance and financial services companies. The Hartford offers 33 retail mutual funds.

Effectiveness As An Inflation Hedge

TIPS have a strong track record as a hedge against inflation. This chart shows that their performance, when correlated with inflation, has outpaced other investments, such as commodities, real estate and equities.



Correlation measures the degrees to which two variables are associated with the value for correlation ranging from +1.0 to -1.0. A positive correlation means that the two variables move, to a degree, in the same manner or direction.

Source: Bloomberg, for the period 3/1/97 - 12/31/02



The Hartford Mutual Funds are underwritten and distributed by Hartford Investment Financial Services, LLC.

Securities rated "BB" and below are commonly referred to as "high yield" or "junk bonds." High yield bonds generally involve greater credit risk and may be more volatile than investment grade bonds. Up to 40 percent of The Hartford Inflation Plus Fund may be invested in foreign issuers and non-dollar securities. Investing in foreign issuers and non-dollar securities may involve different and additional risks associated with foreign currencies, investment disclosure, accounting, securities regulation, commissions, taxes, political or social instability, war or expropriation.

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