

The Davenport FundAdvisor Quarterly Update



Fourth Quarter Update 2024

FundAdvisor Update

Portfolio Holdings

Fund / Index Performance

FUNDADVISOR UPDATE

FOURTH QUARTER 2024

Market Returns (%)	1 Year	3 Year
Large Cap Stocks	25.0	8.9
Value Stocks	14.4	5.6
Growth Stocks	33.4	10.5
Mid Cap Stocks	15.3	3.8
Small Cap Stocks	11.5	1.2
Developed International Stocks	3.8	1.6
Emerging Market Stocks	7.5	-1.9
Intermediate Term Bonds	3.0	-0.2
Commodities	5.4	4.1
Real Estate	4.9	-4.3

Source: Morningstar Direct. Please see last page for index definitions.

2024 was another year that saw the stock market rise in the face of what at the time seemed like major obstacles to overcome. We entered the year concerned about inflation staying too high for too long, higher interest rates stifling corporate earnings, the implications of war in the middle east, the likelihood of a recession, and the infighting that would surround the US presidential election, among other things. The result: the S&P 500® Index gained 25%! It was the second consecutive year of 20%+ gains and we are now up 58% over just the past two years! Other indices were up in 2024 too, but not nearly as strong as the tech-fueled S&P. The chart above shows that the small cap-oriented Russell 2000® Index was up 11.5% and the Russell 1000 Value® Index gained 14.4%. Both strong years, but not in light of the 33.4% gain for tech-heavy growth stocks. International and emerging markets struggled again after a dismal fourth quarter where they declined about 8% mainly due to the U.S.-centric policies expected from President-elect Trump. Bonds had a decent year as higher income rates were able to offset a slight increase in interest rates. All-in-all, the returns for diversified portfolios were really strong in 2024, albeit not as strong as the returns for the S&P 500.

The worries that were noted above ultimately became drivers of market returns as each seemed to subside:

1. While higher interest rates cooled some areas of the economy, GDP growth remained stable and a steadier inflation rate allowed the Federal Reserve to begin to cut interest rates, leading to a positive market response.



Geoffrey A. Sulanke, CFA®

Senior Vice President
Director of Manager Research
804-697-2931
gsulanke@investdavenport.com



D. Matthew Henderson

Senior Vice President
Manager Research Analyst
804-697-2941
mhenderson@investdavenport.com



The Davenport Asset Management FundAdvisor program offers six globally diversified portfolios of stock and bond funds to help our clients meet their long term objectives, which can include growth, income, and protection. The benefits of FundAdvisor include diversification among multiple asset classes, cost-efficiency, annual rebalancing, and ongoing monitoring of the mutual fund positions.



2. S&P 500 profits were strong driven mainly by 42% earnings growth for the “Magnificent 7+” stocks that benefitted the most from the ongoing boom in artificial intelligence (AI). Those stocks gained an average of 67% in 2024 and have accounted for over 50% of the market return in both of the last two calendar years. Higher interest rates did, however, have a negative impact on earnings for a lot of smaller market cap companies that rely more heavily on borrowed money.
3. Fighting in Israel was an initial concern but as the war progressed without the need for physical involvement from other countries and remained fairly contained, the market was able to move past them.
4. Expectations for election uncertainty and appeals didn’t materialize as there was a decisive winner. Although a Donald Trump presidency comes with an element of unpredictability and his impact on industries and countries will vary, he is seen as friendly to businesses and positive for economic growth.

The bottom line is that typically the market is able to get past the known fears in the market and proceed higher as those concerns pass. It “climbs a wall of worry” as they say. It is unfortunately the unexpected concerns, like widespread banking failures, pandemics, or terrorist attacks, that usually roil the markets. Therefore, we prefer to keep market returns in historical perspective rather than trying to predict where the market is going.

In our last two year-end letters (since the market declined 18% in 2022) we have shown a chart of market returns in the first two years after the market had a calendar year decline more than 10%. The punchline was that the market overwhelmingly provided double digit gains in the next two calendar years after a market decline. In fact, the majority were above 20%, which we saw in both 2023 and 2024.

This year, we look at what typically occurs after back-to-back 20%+ gains. The table at right shows that there have been 12 such scenarios, with a median return of just 6.4%. Seven of those years had returns below 10%, four were negative, and only three were above 20%. Those were in consecutive years during the overcharged tech bubble of the late 90’s.

Year	Return	Year	Return
1944	19.5%	1987	5.2%
1946	-8.0%	1990	-3.1%
1952	18.2%	1997	33.4%
1956	6.5%	1998	28.6%
1977	-7.2%	1999	21.0%
1984	6.2%	2000	-9.1%
Median = 6.4%			

Source: Morningstar Direct.

So, history would indicate that 2025 could provide a cooling off of a hot stock market. That’s not to say that the market has to go down, just that another 20%+ return is unlikely (but of course not unheard of!).

While the overall market may slow, we could see a shift in leadership from those largest tech stocks to some other areas that have been somewhat neglected and therefore trade at lower valuations with lower expectations. Those would include small cap stocks and more value-oriented sectors. The overall market is trading at price to earnings multiple (P/E ratio) of 21.6 times 2025 earnings, which is well above the historical averages and is being propped up by higher valuations on the largest tech stocks. Conversely, the equal-weighted S&P 500, which is a better reflection of the average stock, trades at just 16.4x this year’s earnings. In recent years, we have been leaning into some of those areas but maintain a healthy dose of large cap growth stocks. We have yet to be rewarded, but know that their time is coming. We will be re-evaluating our asset allocation positioning in the coming months and will continue to look for the most attractive areas of the market. Our current allocations and the performance of all of the funds that make up the portfolios are on the following pages.

Sincerely,



Geoffrey A. Sulanke, CFA®
Director of Manager Research

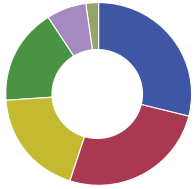


D. Matthew Henderson
Manager Research Analyst

†The Magnificent Seven stocks are a group of high-performing and influential companies in the U.S. stock market: Alphabet, Amazon, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla.

Fund Holdings:

Equity 98%
Fixed Income 0%
Cash 2%

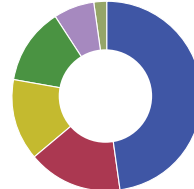


Aggressive Growth Allocation Model %

Category	Fund Name	%
U.S. Large Cap	William Blair Large Cap Growth I	8%
	Hartford Core Equity Y	7%
	T Rowe Price US Equity Research Inv	7%
	JPMorgan US Value I	7%
	U.S. Mid Cap	
Vanguard Mid Cap Index Adm		20%
	MFS Mid Cap Value I	6%
U.S. Small Cap	Fuller & Thaler Behavioral Small Cap Equity Instl	11%
	Schwab Small Cap Index	8%
	International	
MFS International Diversification I		9%
	Harding Loevner Intl Small Companies Instl	8%
Emerging Markets	Vanguard Emerging Mkts Stock Idx Adm	7%
	Cash	
Federated Treasury Cash		2%

Fund Holdings:

Equity 98%
Fixed Income 0%
Cash 2%

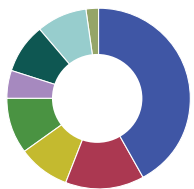


Growth Allocation Model %

Category	Fund Name	%
U.S. Large Cap	William Blair Large Cap Growth I	12%
	Hartford Core Equity Y	12%
	T Rowe Price US Equity Research Inv	12%
	JPMorgan US Value I	12%
	U.S. Mid Cap	
Vanguard Mid Cap Index Adm	11%	
MFS Mid Cap Value I	5%	
U.S. Small Cap	Fuller & Thaler Behavioral Small Cap Equity Instl	8%
	Schwab Small Cap Index	6%
	International	
MFS International Diversification I	13%	
Emerging Markets	Vanguard Emerging Mkts Stock Idx Adm	7%
	Cash	
Federated Treasury Cash		2%

Fund Holdings:

Equity 80%
Fixed Income 18%
Cash 2%

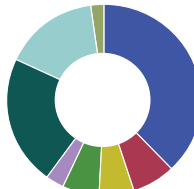


Moderate Growth Allocation Model %

Category	Fund Name	%
U.S. Large Cap	William Blair Large Cap Growth I	11%
	Hartford Core Equity Y	10%
	T Rowe Price US Equity Research Inv	10%
	JPMorgan US Value I	11%
	U.S. Mid Cap	
Vanguard Mid Cap Index Adm	10%	
MFS Mid Cap Value I	4%	
U.S. Small Cap	Fuller & Thaler Behavioral Small Cap Equity Instl	5%
	Schwab Small Cap Index	4%
	International	
MFS International Diversification I	10%	
Emerging Markets	Vanguard Emerging Mkts Stock Idx Adm	5%
	Intermediate Gov't/Credit	
Dodge & Cox Income I	4%	
Federated Hermes Total Return Bond IS	5%	
Short-Term Bond	Lord Abbett Short Duration High Yield I	4%
	Lord Abbett Short Duration Income I	5%
Cash		
Federated Treasury Cash		2%

Fund Holdings:

Equity 60%
Fixed Income 38%
Cash 2%

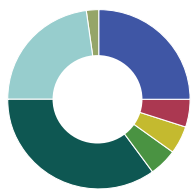


Growth & Income Allocation Model %

Category	Fund Name	%
U.S. Large Cap	American Funds AMCAP F3	9%
	Hartford Core Equity Y	9%
	T Rowe Price US Equity Research Inv	8%
	Vanguard Equity-Income Adm	12%
	U.S. Mid Cap	
Vanguard Mid Cap Index Adm	7%	
U.S. Small Cap	Fuller & Thaler Behavioral Small Cap Equity Instl	3%
	Schwab Small Cap Index	3%
International		
MFS Intl Diversification I	6%	
Emerging Markets	Vanguard Emerging Mkts Stock Idx Adm	3%
	Intermediate Gov't/Credit	
Dodge & Cox Income I	10%	
Federated Hermes Total Return Bond IS	12%	
Short-Term Bond	Lord Abbett Short Duration High Yield I	4%
	Lord Abbett Short Duration Income I	12%
Cash		
Federated Treasury Cash		2%

Fund Holdings:

Equity 40%
Fixed Income 58%
Cash 2%

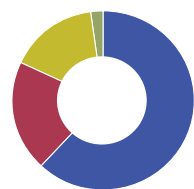


Conservative Income Allocation Model %

Category	Fund Name	%
U.S. Large Cap	American Funds AMCAP F3	5%
	Hartford Core Equity Y	5%
	T Rowe Price US Equity Research Inv	5%
	Vanguard Equity-Income Adm	10%
	U.S. Mid Cap	
Vanguard Mid Cap Index Adm	5%	
U.S. Small Cap	Fuller & Thaler Behavioral Small Cap Equity Instl	5%
	International	
MFS Intl Diversification I	5%	
Intermediate Gov't/Credit	Dodge & Cox Income I	15%
	Federated Hermes Total Return Bond	20%
Short-Term Bond	Lord Abbett Short Duration High Yield I	3%
	Lord Abbett Short Duration Income I	20%
Cash		
Federated Treasury Cash		2%

Fund Holdings:

Equity 98%
Fixed Income 0%
Cash 2%



U.S. Growth Allocation Model %

Category	Fund Name	%
U.S. Large Cap	William Blair Large Cap Growth I	14%
	Hartford Core Equity Y	12%
	T Rowe Price US Equity Research Inv	12%
	Schwab Fundamental US Large Comp	12%
	JPMorgan US Value I	12%
	U.S. Mid Cap	
Vanguard Mid Cap Index Adm	15%	
MFS Mid Cap Growth I	5%	
U.S. Small Cap	Fuller & Thaler Behavioral Small Cap Equity Instl	9%
	Schwab Small Cap Index	7%
	Cash	
Federated Hermes Govt Obl Cash		2%

Fund / Index Name	Fund / Index Performance at Net Asset Value**					Up Capture	Down Capture	Expense Ratio	
	YTD	1 Year	3 Years*	5 Years*	10 Years*			Gross	Net ⁵
Large Cap									
American Funds AMCAP F3	21.51	21.51	4.50	11.51	11.20	97.89	99.23	0.34	0.34
Hartford Core Equity Y ²	25.80	25.80	7.49	12.86	12.78	97.36	94.96	0.44	0.44
JPMorgan US Value I	14.80	14.80	7.06	10.29	9.83	94.26	101.99	0.75	0.69
Schwab Fundamental US Large Company	16.78	16.78	8.72	13.04	11.29	-	-	0.25	0.25
T. Rowe Price U.S. Equity Research Inv	26.42	26.42	10.04	15.36	13.73	101.44	100.47	0.44	0.44
Vanguard Equity-Income Adm	15.16	15.16	7.46	9.97	10.07	86.69	87.27	0.18	0.18
William Blair Large Cap Growth I	26.08	26.08	6.16	15.97	15.79	105.36	98.59	0.78	0.65
Benchmark 1: S&P 500 TR USD	25.02	25.02	8.94	14.53	13.10	100.00	100.00	-	-
Mid Cap and Small Cap									
Fuller & Thaler Behavioral Sm-Cp Eq Inst ³	16.25	16.25	9.64	13.73	12.02	-	-	0.75	0.75
MFS Mid Cap Growth	14.71	14.71	-0.11	9.05	11.48	102.01	109.89	0.79	0.78
MFS Mid Cap Value	13.98	13.98	5.46	9.87	9.07	100.19	109.49	0.75	0.74
Schwab Small Cap Index	11.58	11.58	1.30	7.47	7.87	109.22	126.75	0.04	0.04
Vanguard Mid Cap Index Adm	15.22	15.22	2.80	9.85	9.55	104.01	113.18	0.05	0.05
Benchmark 1: Russell 2500 TR USD	12.00	12.00	2.39	8.77	8.85	107.13	121.16	-	-
International									
Harding Loevner Intl Small Coms Instl	-6.79	-6.79	-7.56	1.19	4.84	-	-	1.16	1.15
MFS Intl Diversification I ⁴	6.41	6.41	0.29	4.59	6.49	82.52	102.95	0.84	0.83
Benchmark 1: MSCI EAFE NR USD	3.82	3.82	1.65	4.73	5.20	81.97	111.08	-	-
Emerging Markets									
Vanguard Emerging Mkts Stock Idx Adm	10.95	10.95	-0.13	2.98	3.99	81.65	108.89	0.14	0.14
Benchmark 1: MSCI EM NR USD	7.50	7.50	-1.92	1.70	3.64	81.18	109.38	-	-
Intermediate Gov't/Credit									
Dodge & Cox Income I	2.26	2.26	-0.61	1.26	2.47	21.41	11.90	0.41	0.41
Federated Hermes Total Return Bond IS	2.00	2.00	-2.09	0.60	2.06	17.54	7.47	0.46	0.39
Benchmark 1: BBg US Int Govt/Credit Index	3.00	3.00	-0.18	0.86	1.71	9.41	-1.92	-	-
Short-Term Bond									
Lord Abbett Short Duration High Yield I	9.37	9.37	4.98	-	-	-	-	0.51	0.45
Lord Abbett Short Duration Income I	5.18	5.18	1.91	1.95	2.38	15.11	3.43	0.48	0.48
Benchmark 1: BBg US Govt/Credit 1-3 Yr	4.36	4.36	1.69	1.58	1.63	5.70	-3.57	-	-

Performance shown is historical and is no guarantee of future results. Current performance may be lower or higher than the data quoted. To obtain performance data current to the most recent month end, please call (800) 846-6666. *Returns greater than one year are annualized.

**Mutual funds are offered in the FundAdvisor program at net asset value, but are subject to an annual investment advisory fee of up to 1.25%. The Davenport wrap fee includes investment advice and brokerage execution. In addition to the FundAdvisor fee, clients will bear a proportionate share of each mutual fund's management and administrative expenses, including advisory fees paid to the mutual fund's investment advisors. The performance shows the actual performance of the shares at net asset value, and does not represent individual account performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the data quoted. To obtain performance data current to the most recent month-end, please visit the following web sites: www.americanfunds.com, www.dodgeandcox.com, www.mfs.com, www.vanguard.com, www.federatedhermes.com, www.lordabbett.com, www.schwab.com, www.hardingloevner.com, www.williamblair.com, www.hartfordfunds.com, www.jpmorgan.com, www.troweprice.com, www.fullerthaler.com. The investment and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost. Mutual Fund and Index returns are provided by Morningstar.

You should consider each mutual fund's investment objectives, risks, charges and expenses carefully before investing. Each mutual fund's prospectus contains this and other important information, should be read carefully before investing or sending money, and can be obtained by contacting your Investment Executive, or by calling (800) 846-6666. The investment return and principal value of an investment will fluctuate. An investor's shares, when redeemed, may be worth more or less than their original cost. Investing in securities carries risk including the possible loss of principal.

Important Disclosures:

² Hartford Administrative Services Company ("HASCO"), the Fund's transfer agent, has contractually agreed to waive its transfer agency fee and/or reimburse transfer agency-related expenses to the extent necessary to limit the transfer agency fee for Class A as follows: 0.13%. This contractual arrangement will remain in effect until February 28, 2025 unless the Board of Directors of The Hartford Mutual Funds, Inc. approves its earlier termination.³ Fuller & Thaler has contractually agreed to waive its management fee and/or reimburse Fund expenses so that total annual operating expenses do not exceed 1.26%, 1.76%, 1.21%, 0.93% and 0.83% for A Shares, C Shares, Investor Shares, Institutional Shares and R6 Shares, respectively, of the Fund's average daily net assets through January 31, 2025. ⁴ Massachusetts Financial Services Company has agreed in writing to bear the fund's expenses, excluding management fees, distribution and service fees, interest, taxes, extraordinary expenses, brokerage and transaction costs, investment-related expenses, and fees and expenses associated with investments in investment companies and other similar investment vehicles, such that "Other Expenses" do not exceed 0.10% of the class' average daily net assets annually for each of Class A shares. This written agreement will continue until modified by the fund's Board of Trustees, but such agreement will continue until at least December 31, 2025. ⁵ Investors pay the net expense ratio of the fund.

Diversification and Asset Allocation does not ensure a profit or guarantee protection against a loss. It is important to note that short-term and trailing performance will fluctuate. We expect all of the funds at some point to experience underperformance versus their benchmarks and peer groups. However, we believe that our research process has helped us identify funds that are likely to perform well over the long term. Our decision to remove a fund is not based on short-term performance, but on in-depth analysis using our Monitoring Criteria. The mutual fund categories are determined by Davenport using a combination of Morningstar categories and a returns-based style analysis provided by Morningstar Direct.

Any opinions expressed here are statements of judgment on this date and are subject to future change without notice. This information may contain forward looking predictions that are subject to certain risks and uncertainties which could cause actual results to differ materially from those currently anticipated or projected. The information contained herein has been compiled from sources believed to be reliable; however, there is no guarantee of its accuracy or completeness. There is no guarantee that a company will continue to pay a dividend. The investment return and principal value of an investment will fluctuate. Small and mid cap company stocks may be more volatile than stocks of larger, more established companies. The portfolios may invest in foreign securities which are subject to additional risks such as currency fluctuations, political instability, differing financial standards and the potential for illiquid markets.

Bonds are subject to market and interest risk; values expect to decline as interest rates rise. Bonds may not be suitable for all investors and you should consider specific risks such as credit risk, default risk and volatility prior to investing.

Index Definitions: Large Cap Stocks represented by the S&P 500 Total Return Index. Value Stocks represented by the Russell 1000 Value Index. Growth Stocks represented by the Russell 1000 Growth Index. Mid Cap Stocks represented by the Russell Midcap Index. Small Cap Stocks represented by the Russell 2000 Index. Developed International Stocks represented by the MSCI EAFE Index. Emerging Market Stocks represented by MSCI EM Index. Intermediate Term Bonds represented by the Bloomberg Intermediate Government/Credit Index. Commodities are represented by the Bloomberg Commodity Index. Real Estate is represented by the FTSE Nareit All Equity REITs Index.

Performance shown is historical and is no guarantee of future results. Investing in securities carries risk including the possible loss of principal.

**Source: Morningstar Direct. Data as of 12/31/2024. ©2025 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.

The **S&P 500® Index** is comprised of 500 U.S. stocks and is an indicator of the performance of the overall U.S. stock market. Standard & Poor's Financial Services LLC, a division of S&P Global, is the source and owner of the registered trademarks related to the S&P 500 Index. The **Russell 2000® Index** measures the performance of the 2000 smallest companies in the Russell 3000® Index. The **Russell Top 2000® Index** is a market capitalization weighted index of the largest 2000 companies in the Russell 3000®. The **Russell 1000® Growth Index** measures the performance of the Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The **Russell 1000® Value Index** measures the performance of the Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The **Russell Midcap® Index** measures the performance of the 800 smallest companies in the Russell 1000. London Stock Exchange Group PLC and its group undertakings (collectively, the "LSE Group"). © LSE Group 2025. FTSE Russell is a trading name of certain LSE Group companies. "Russell®" is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from LSE Group is permitted without the relevant LSE Group company's express written consent. The LSE Group does not promote/sponsor/endorse the content of this communication. The S&P/LSTA Leveraged Loan Index provides an overview of the Senior Secured, Floating Rate Leveraged Loan market as well as an expansive review of the S&P Leveraged Loan Index (LLI) and sub-indexes. The **MSCI Europe, Australia and Far East (MSCI EAFE) Index** is an unmanaged index composed of the stocks of approximately 1,000 companies from around the world, excluding the U.S., Canada, and Latin America. The **MSCI Emerging Markets (MSCI EM) Index** is a capitalization-weighted index of stocks from emerging markets that only includes issues that may be traded by foreign investors. The reported returns reflect equities priced in U.S. dollars and do not include the effects of reinvested dividends. The **Russell 2500® Index** is a market cap-weighted index that includes the smallest 2,500 companies covered in the Russell 3000 universe of United States-based listed equities. The **Bloomberg U.S. 1-3 Year Government/Credit Index** is an unmanaged index that tracks the performance of 1-3 year term U.S. government and corporate bonds. The **Bloomberg Intermediate Government/Credit Index** is an unmanaged index composed of debt securities with maturities from one to ten years issued or guaranteed by the U.S. Treasury, U.S. Government agencies, quasi-federal corporations and fixed rate dollar denominated SEC-registered corporate debt that are rated investment grade or higher by Moody's Investors Service and Standard and Poor's Corporation or Fitch Investor's Service, in that order. It includes investment grade, U.S. dollar-denominated, fixed-rate Treasuries, government-related and corporate securities. The **Bloomberg Commodity Indices (BCOM)** are financial benchmarks designed to provide liquid and diversified exposure to commodities via futures contracts. The **FTSE Nareit All Equity REITs Index** is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property. The **S&P 500® Equal Weight Index (EWI)** is the equal-weight version of the widely-used S&P 500.

BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). Bloomberg or Bloomberg's licensors own all proprietary rights in the Bloomberg Indices. Bloomberg does not approve or endorse this material or guarantee the accuracy or completeness of any information herein, nor does Bloomberg make any warranty, express or implied, as to the results to be obtained therefrom, and, to the maximum extent allowed by law, Bloomberg shall not have any liability or responsibility for injury or damages arising in connection therewith.

An index is not available for direct investment; therefore its performance does not reflect the expenses, fees and taxes generally paid with the active management of an actual portfolio.

Risk Considerations: International funds invest primarily in equity securities of issuers outside the United States. International investments are subject to additional risks such as currency fluctuations, political instability, and the potential for illiquid markets. Funds that invest in foreign securities may involve greater risks, including political and economic uncertainties, as well as risk of currency fluctuations. Investments in emerging markets come with much greater risk due to political instability, domestic infrastructure problems, currency volatility and limited equity opportunities, as many large companies may still be "state-run" or private. Small and mid cap company stocks may be more volatile than stocks of larger, more established companies. Investments in bonds and other fixed income securities may fall in value if interest rates change. Generally, the prices of debt securities rise when interest rates fall, while their prices fall when interest rates rise. Longer term debt securities are usually more sensitive to interest rate changes. An issuer suffering an adverse change in its financial condition could see the credit quality of its securities deteriorate, leading to greater price volatility of the security. Funds investing in lower quality debt securities are more susceptible to these problems and their value may be more volatile.

Gross Expense Ratio is the total annual operating expenses of a fund divided by its average net assets. **Net Expense Ratio** is the total annual operating expenses of a fund, less any fee waivers, divided by its average net assets. This is the expense ratio actually charged by the fund for the previous fiscal year.