HARTFORDFUNDS

Our benchmark is the investor.®

Media Replay

Is the US Going Broke
Time
March 13, 1972
Dow Jones: 929

Social Security's Coming Crisis
The Washington Post
September 1, 1974
Dow Jones: 679

The Economy's High Blood Pressure
New York Times
July 9, 1978
Dow Jones: 817

There's No Way Out of this Unemployment Crunch
U.S. News and World Report
March 14, 1983
Dow Jones: 1,114

Exploding Federal Debt—Why so Dangerous?
U.S. News & World Report
October 22, 1984
Dow Jones: 1,217

Warning: Further—and Maybe Bigger—Federal Bailouts Ahead
Time
December 18, 1989
Dow Jones: 2,698

Is the Recession Over?
The New York Times
March 22, 1992
Dow Jones: 3,276

Retirement Rip-Off
Forbes
November 25, 2006
Dow Jones: 12,280

Joblessness Is Here to Stay
Newsweek
December 21, 2009
Dow Jones: 10,414

Coming Soon: "Invasion of the Walking Debt"
New York Times
July 31, 2011
Dow Jones: 12,132

Oil's Drop and Economic Fears in Europe Hammer Stocks
The Wall Street Journal
January 5, 2015
Dow Jones: 17,501

A New Economic Era for China Goes Off the Rails
New York Times
January 7, 2016
Dow Jones: 16,514

How Donald Trump Could Create a Financial Crisis
The Washington Post
January 9, 2017
Dow Jones: 19,887

Market Selloff: Is the Plunge in Stocks Signaling a Recession in 2019?
USA Today
December 23, 2018
Dow Jones: 21,792

World Economy Shudders as Coronavirus Threatens Global Supply Chains
The Wall Street Journal
February 24, 2020
Dow Jones: 27,960

Data Source: Google Finance, 2/20
See back cover for index descriptions

Déjà News

Crisis of Today...or Yesterday?

Today's headlines may seem scary—so scary that "playing it safe" and not losing your money may seem like the only rational strategy. However, these headlines aren't exactly "new" news. In the past few decades, we have seen repeating patterns of crises including unemployment, economic downturns, and national debt concerns.

Yet, despite all these crises, the Dow Jones Industrial Average rose from 900 points in 1972 to over 29,000 in February 2020. In fact, long-term investors who stayed the course and did not lose sight of their financial goals have been rewarded.

Contents

Anxiety. 4
The news is here, there, and everywhere. In today's 24/7 news cycle, it's easy to get caught up in the "Crisis Du Jour."

Mistakes 8
What we hear in the media can impact how we invest, resulting in costly mistakes that impact our financial future.

Solutions 16
Negative headlines and volatile markets can test the resolve of many investors. It's imperative to stay focused and not lose sight of long-term financial goals.

Please see back cover for source information.

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS

The Daily Media Storm

We're exposed to an abundance of news, particularly economic news, via more outlets than ever before. Fifty-four percent of Americans now get their news, either sometimes or often, on social media.[1] At times, it may feel overwhelming, as though we're caught in a media whirlwind.

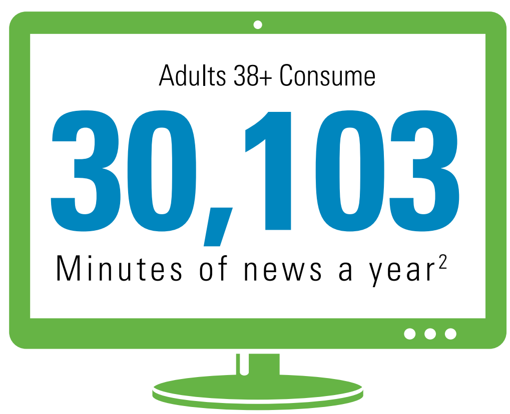
This 24-hour news cycle provides an almost immediate record of what's happening throughout the world. Everyone loves a good story—the more dramatic or sensational, the better it sells.

However, this constant onslaught of news may make it difficult for people to digest this information or gain the appropriate perspective on what they read, see, and hear.

In reality, it's not all bad news—it's just that bad news can be easier to remember.

How Much News Do We Consume?

You may be surprised to learn just how much time we devote to staying informed. For example, a Nielsen study revealed that people 38 and older watch **30,103** minutes of news a year.[2]

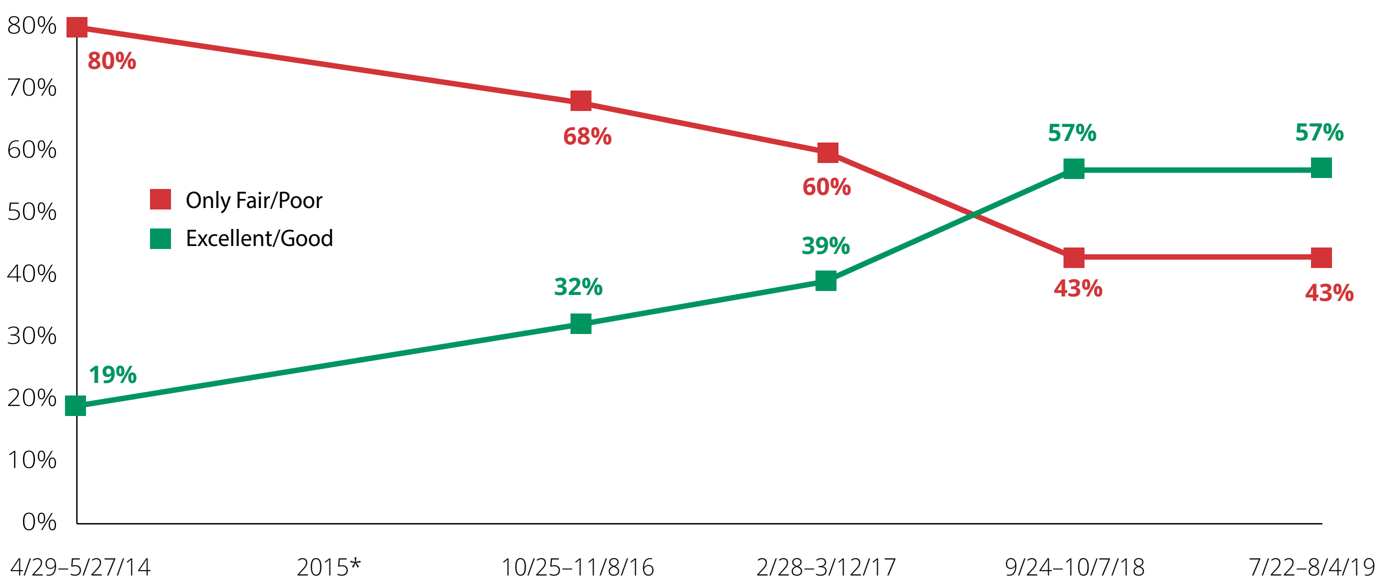


We're Finally Starting to Feel Better About Our Economic Situation

We've been experiencing the longest bull market ever.[3] And we're finally feeling better about the economy. Even though in February 2020 the S&P 500 reached a level five times higher than the low in March 2009, news headlines consistently portrayed this bull market as a slow-growth, jobless recovery. In 2019, 43% of Americans still consider economic conditions as only fair or poor.[4]

Until a Few Years Ago, Americans Viewed Our Economy as Mostly Bad[4]

% who say that economic conditions in the country are...

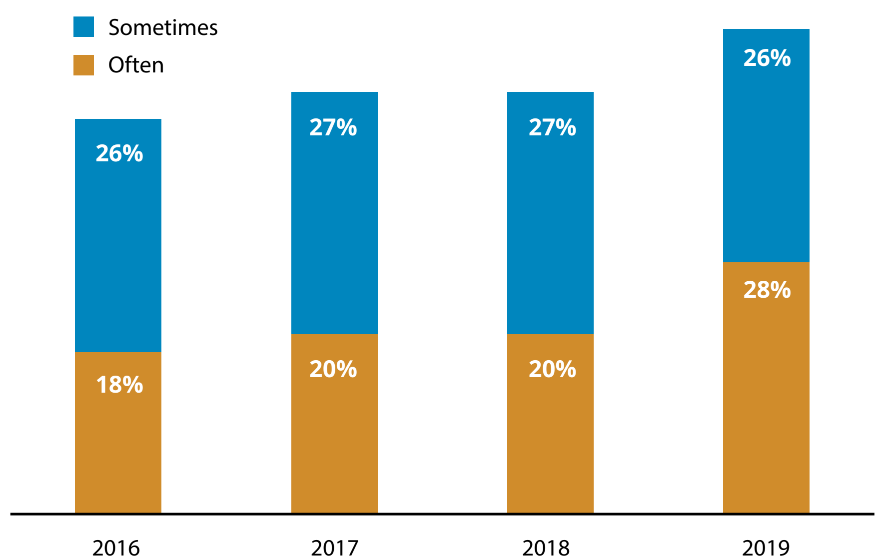


*Survey data not available

We're Getting More News From Social Media[1]

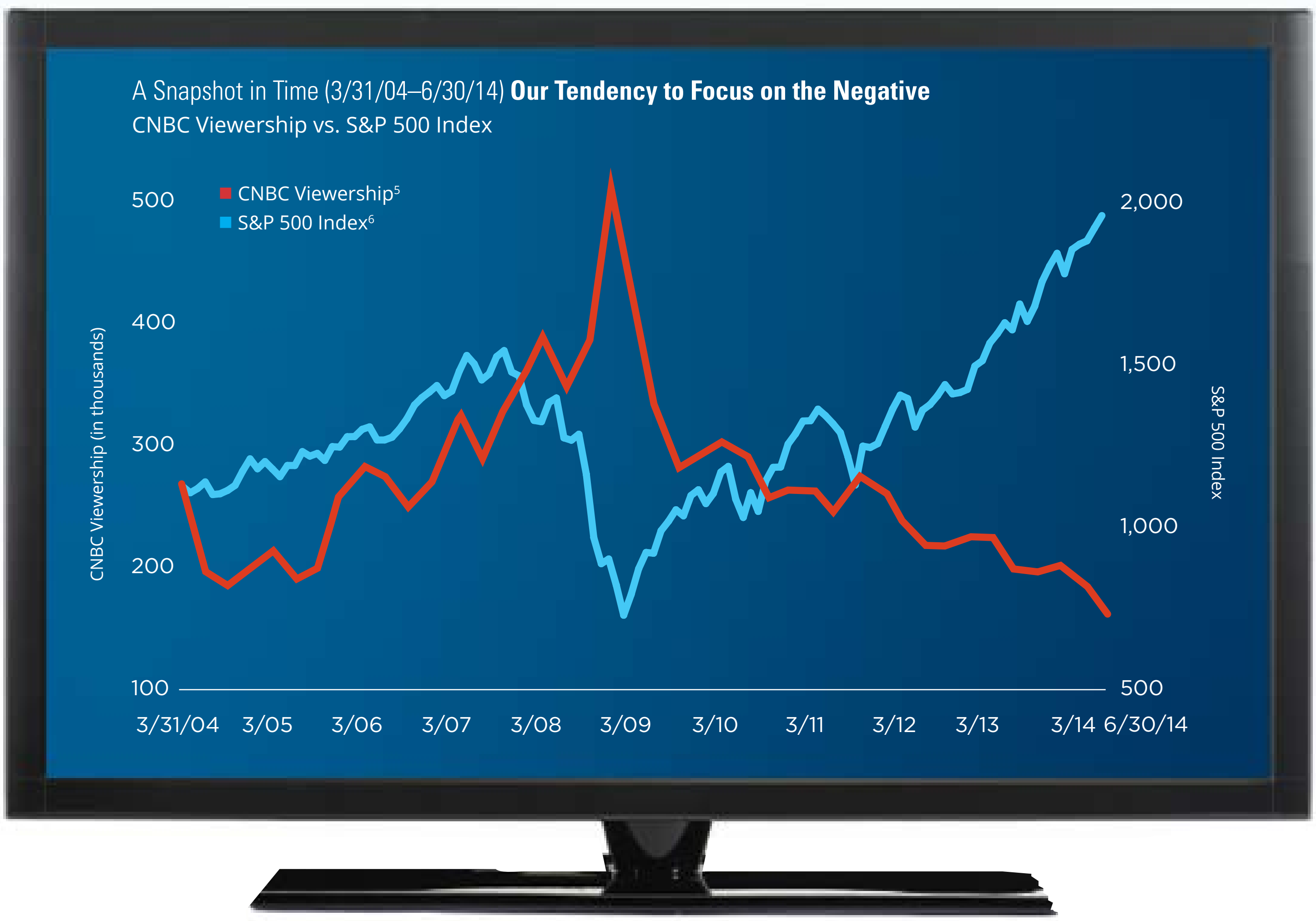
% of US adults who get news on social media sites

Facebook is far and away the social media site Americans use most commonly for news. About half (52%) of all US adults get news there.[1]



Back in 2009, We Couldn't Look Away

Evolutionary psychologists and neuroscientists would argue that humans ordinarily seek out news of dramatic, negative events. These experts say that our brains evolved in a hunter-gatherer environment in which anything perceived as threatening had to be attended to immediately for survival. Despite the fact that depressing headlines can make us feel uncomfortable, there appears to be a strong correlation between negative market performance and our curiosity about the news.



This is a study of CNBC viewership compared with S&P 500 Index performance. The blue line represents the S&P 500 Index and the red line represents CNBC viewership. Do you see a pattern? There's a correlation between poor market performance and CNBC ratings.

On September 29, 2008, when the markets faced their worst single-session point drop since the crash of 1987, CNBC had its best ratings day ever.

See back cover for index descriptions.

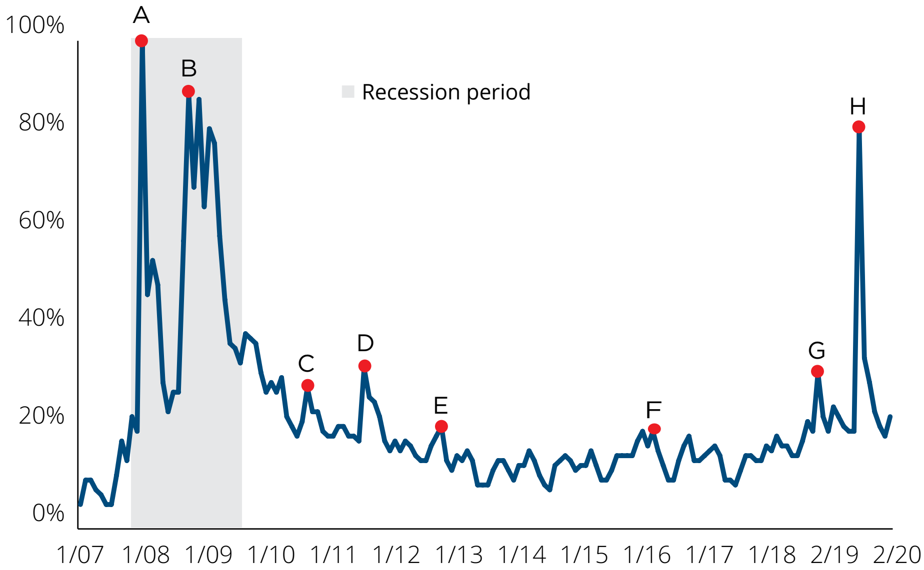
For illustrative purposes only. The performance shown is index performance and is not indicative of any Hartford Fund. Investors cannot invest directly in an index.

Did You Google It?

The term "recession" has been a popular search term over the past few years. Similar to CNBC viewership, the number of Google searches for "recession" increased during the turbulent time frame between 2008 and 2009.

Google Trends[7]

Results for the Search Term "Recession" in the US



A. 1/22/08 After the plunge in markets around the world, the Fed cuts interest rates by 0.75%—the largest single-day reduction in the Fed's history
B. 12/1/08 Dow plunges in response to a report that the economy is in recession
C. 9/20/10 Unemployment rises to 9.6%; 54,000 jobs lost
D. 8/5/11 Congress debates the federal debt limit. Standard & Poor's downgrades the US government's credit rating
E. 11/29/12 The US economy approaches possible fiscal cliff
F. 1/18/16 Oil prices fall below $28 a barrel from a record peak of $145 in 2008
G. 12/24/18 December stock market swoon reaches its peak on Christmas Eve as stocks experience their worst December ever
H. 8/1/19 President Trump announces 10% tariffs on $300 billion worth of Chinese imports, after two days of talks with no progress

Google Trends Methodology: Google Trends enables you to compare the world's interest in various internet topics; it shows how frequently topics have been searched on Google over time. The numbers on the graph reflect how many searches have been done for a particular term, relative to the total number of searches done on Google over time. They don't represent absolute search volume numbers, because the data is normalized and presented on a scale from 0-100. Each point on the graph is divided by the highest point, or 100. A rising line for a search term indicates a growth in the term's popularity.

MIT AGELAB
Life Tomorrow

The Anxiety Effect

Insights from Dr. Joseph Coughlin, Founder and Director of MIT AgeLab

The MIT AgeLab provides insights to Hartford Funds about consumer behavior and decision-making, and trends in demographics, technology, and lifestyle. These trends impact the way people do business with financial-services providers and how they use financial advice.

Investing Attention in the Negative

Anxious investors are more apt to devote their attention to information that is negative.

When faced with the choice between information that could potentially inspire optimism versus data that paints a dismal future, the anxious client will opt to focus on the latter.

If It's Not Clear, It Must be Bad

To further complicate matters, anxious investors process ambiguous information differently. Data that isn't crystal clear is more likely to be perceived as bad or even threatening, fueling their pessimism.

Risk Aversion: "Just Don't Lose It!"

Today's investor is more likely to say, "Just don't lose it!" rather than, "How do we grow it?"

An anxious investor's main objective is to reduce current risk—not plan ahead. Instead of making decisions based on long-term financial objectives, they will act upon how they feel in the moment.

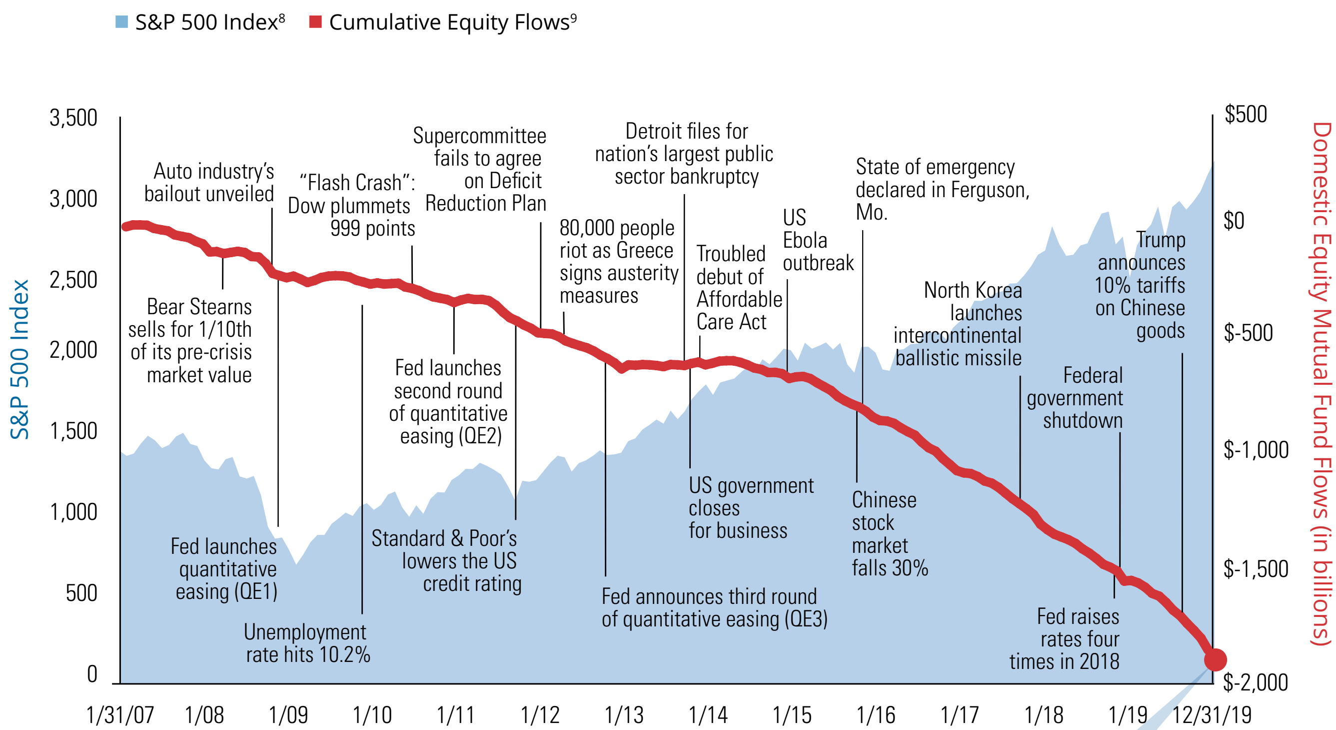
The Urge to Panic

When investors are exposed to a steady stream of gloomy news, they are likely to feel threatened and become concerned about their investments.

As a result of the financial crisis in 2008 and the subsequent Great Recession, many investors are more concerned with playing it safe and clinging to the money they already have than growing their money. Even today, investors are still fleeing their equity investments, despite the fact that the market has rebounded.

Have You Participated in the Rebound?

S&P 500 Index and Domestic Equity Mutual Fund Flows



Since the end of 2007 investors have been subject to an ongoing barrage of negative events and subsequent disturbing headlines. These negative headlines certainly underscored investors' desire for safe investments, despite the market quadrupling in value.

Investors withdrew **$1.9 Trillion**[9] from equity mutual funds between 1/31/07 – 12/31/19.

S&P 500 Index Return 3/9/09 – 12/31/19: **493%**[10]

See back cover for index descriptions.
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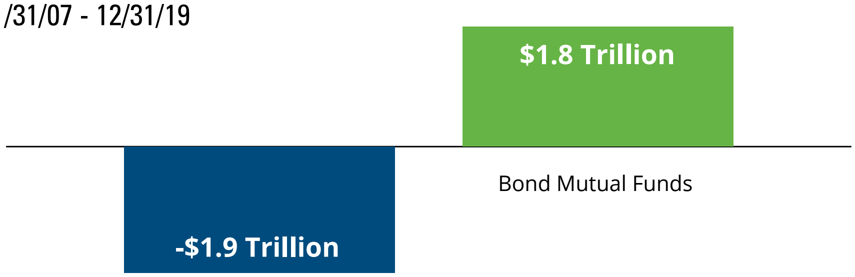
Where Did the Assets Go?

Investors have abandoned equity mutual funds with outflows of $1.9 trillion, while adding $1.8 trillion to bond mutual funds since 2007.[9]

Cumulative Asset Flows[9]

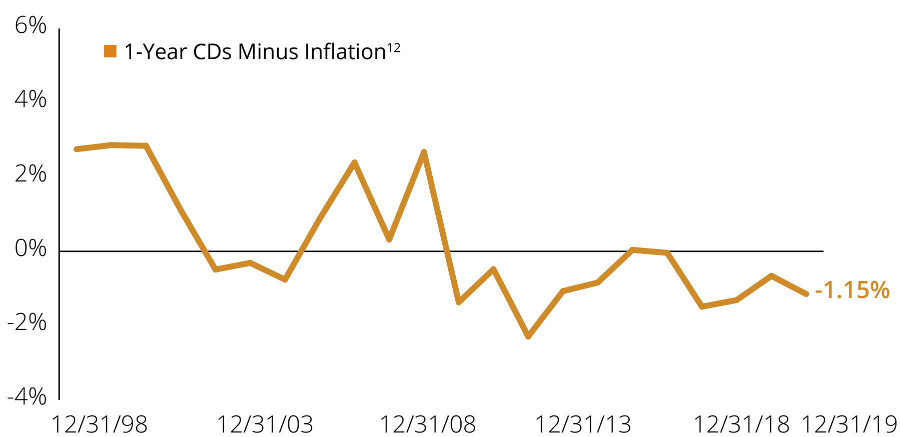
1/31/07 - 12/31/19



How "Safe" Is Cash?

Total assets in cash investments reached an astounding $13.3 trillion in 2019.[11] Cash investments may provide a sense of security because of their perceived benefit of principal stability. But when cash returns are adjusted for inflation, they can be less reassuring. The inflation-adjusted return of CDs has been negative for the past five years.

The Real Return of CDs



"How many times does the end of the world as we know it need to arrive before we realize that it's not the end of the world as we know it?"

—Michael Lewis
Best-selling author of "The Big Short"

CD rates based on Bankrate.com 1 Year CD National Average

Inflation rates are based on the Consumer Price Index (CPI), a measure of change in consumer prices as determined by the US Bureau of Labor Statistics. You cannot invest directly in the index.

Cash investments are subject to risk.

CDs are insured by the FDIC, offer a fixed rate of return, and are generally designed for short-term savings needs. The principal value and investment return of investment securities (including mutual funds) are subject to risk, will fluctuate with changes in market conditions, are generally considered long-term investments, and are not suitable for all investors.

See back cover for index descriptions.
PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

There's Always a Reason to Panic

Since 1973, we've had seven bear markets (about one every five years), with an average decline of 32%. A bear market is typically defined as a downturn of 20% or more in the stock market over at least a two-month period.

How an investor chooses to respond to this turmoil can dramatically affect his or her long-term performance.

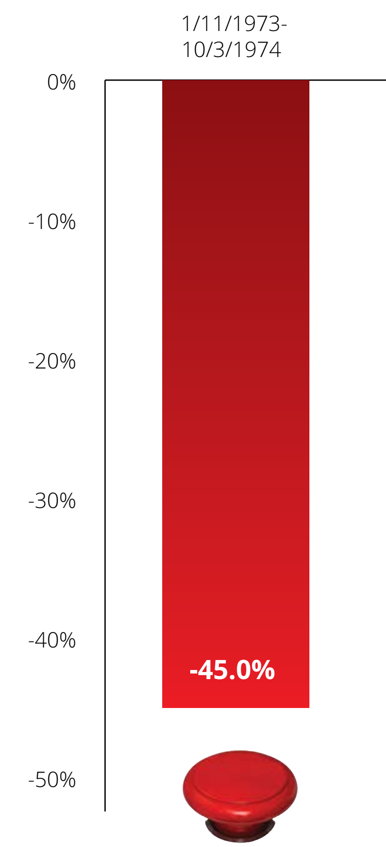
When the market is declining and the news is depressing, the urge to panic and "play it safe" can be intense.

Despite these seven bear markets, the S&P 500 Index climbed from 120 on 1/11/73 to 3,230 on 12/31/19

Bear Markets
S&P 500 Index 1973–2019[13]

Bear Markets
Downturn of 20% or more in the stock market over at least a two-month period

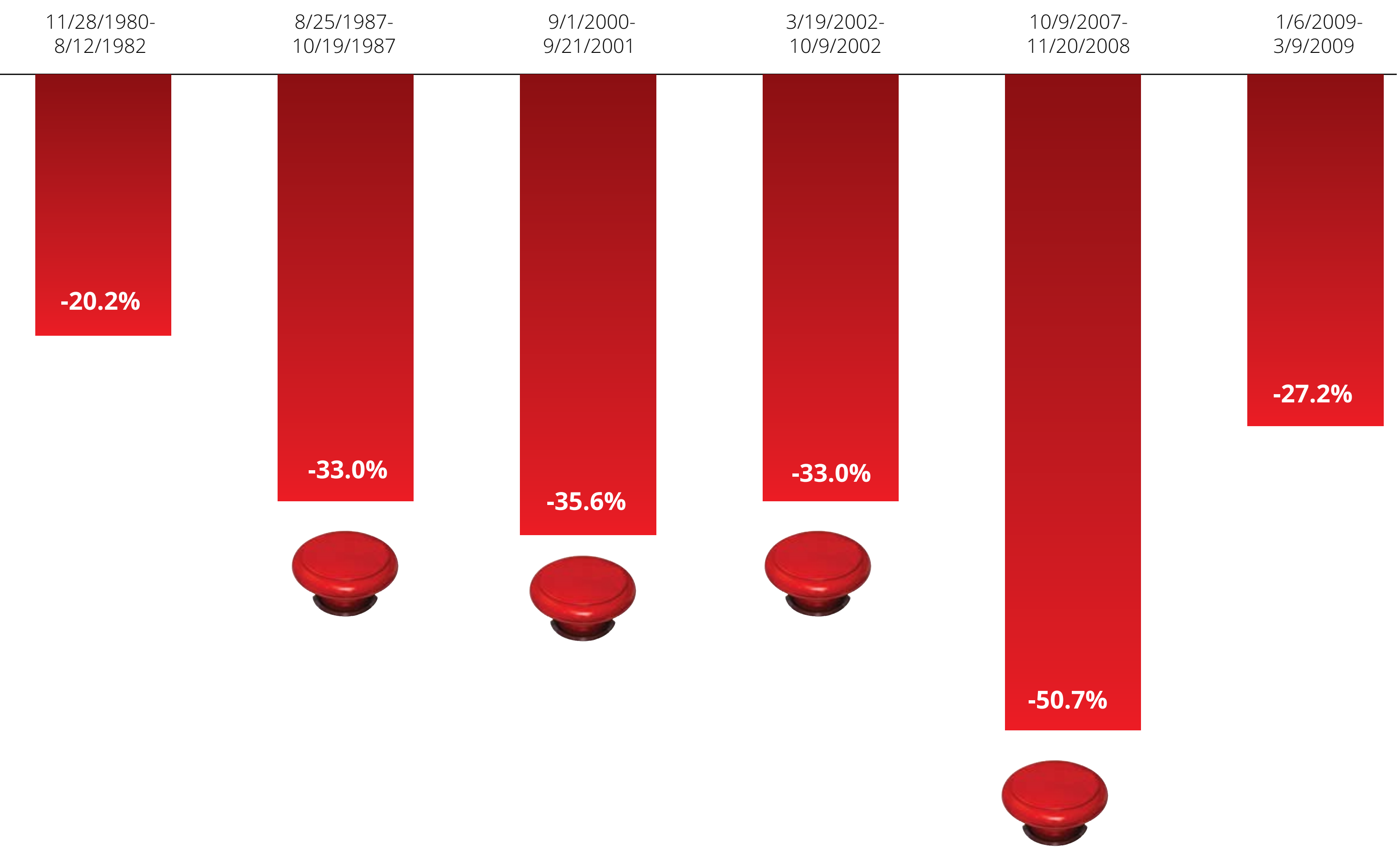
Panic: 30%
The panic buttons represent periods in which the market dropped at least 30%. This could be considered a tipping point for investors who aren't comfortable with significant market declines and instead choose to look for "safer" investment choices.



See back cover for index descriptions.

Investors are more likely to find the courage to re-enter the market after things quiet down. Unfortunately, by this time, they've already missed much of the recovery.

During a 40-year career and a 30-year retirement, you can expect to experience 14 bear markets.



The Price of Panic

Despite repeated, sometimes verbatim, predictions of dire global catastrophe or outrageous economic boom, the markets have been resilient to either hyped extreme.

$10,000 Invested S&P 500 Index 12/31/69–12/31/19[13]

- **Equity Investor** S&P 500 Index
- **Balanced Investor** 50% S&P 500 Index and 50% Bloomberg Barclays US Long Treasury Total Return Index
- **Bond Investor** Bloomberg Barclays US Long Treasury Total Return Index
- **Reactionary Investor** Invests in S&P 500; Moves 100% into 90-Day T-Bills each time the market drops 30%, and then moves 100% back into S&P 500 two years later.
- **Cash Investor** 90-Day T-Bills

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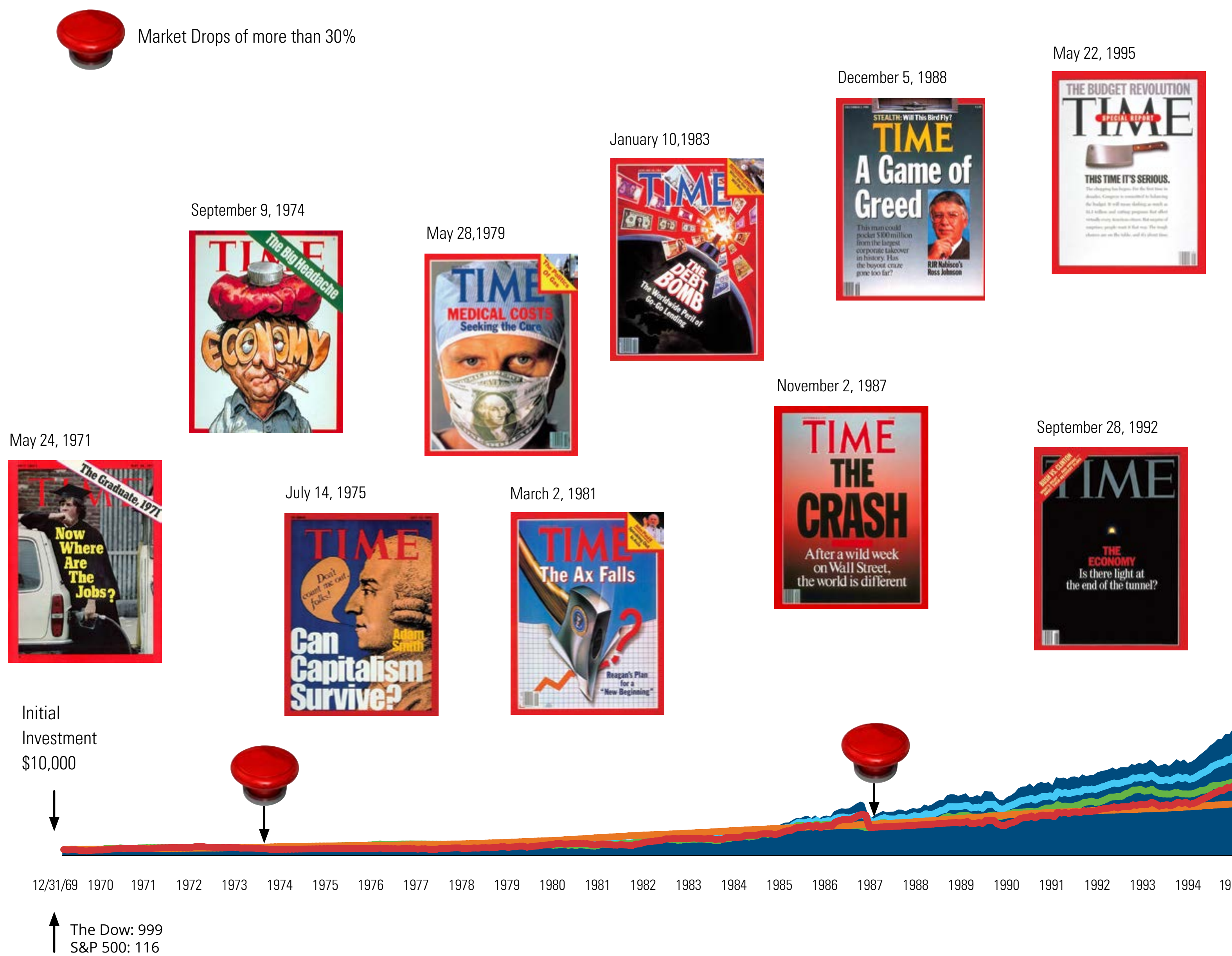
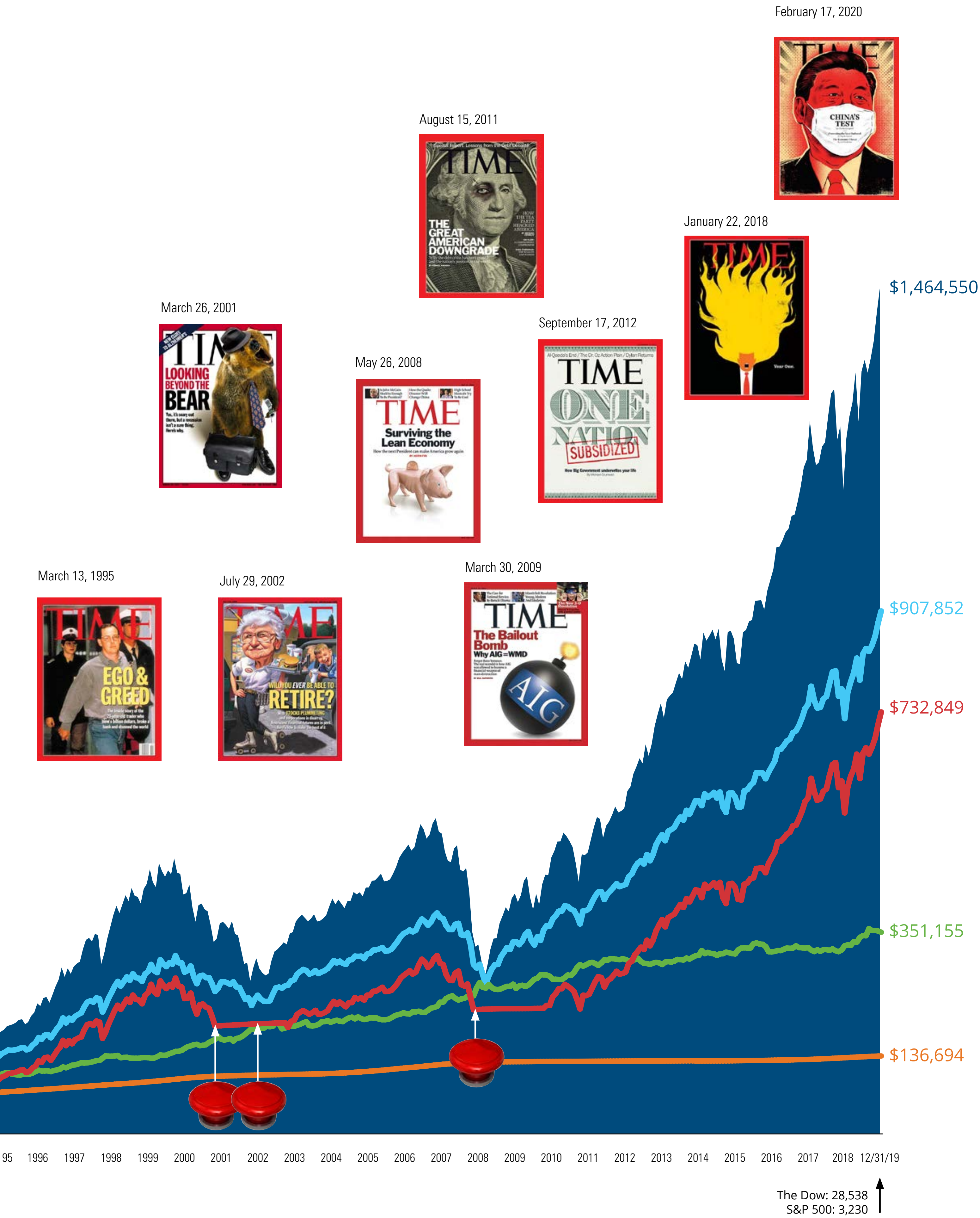


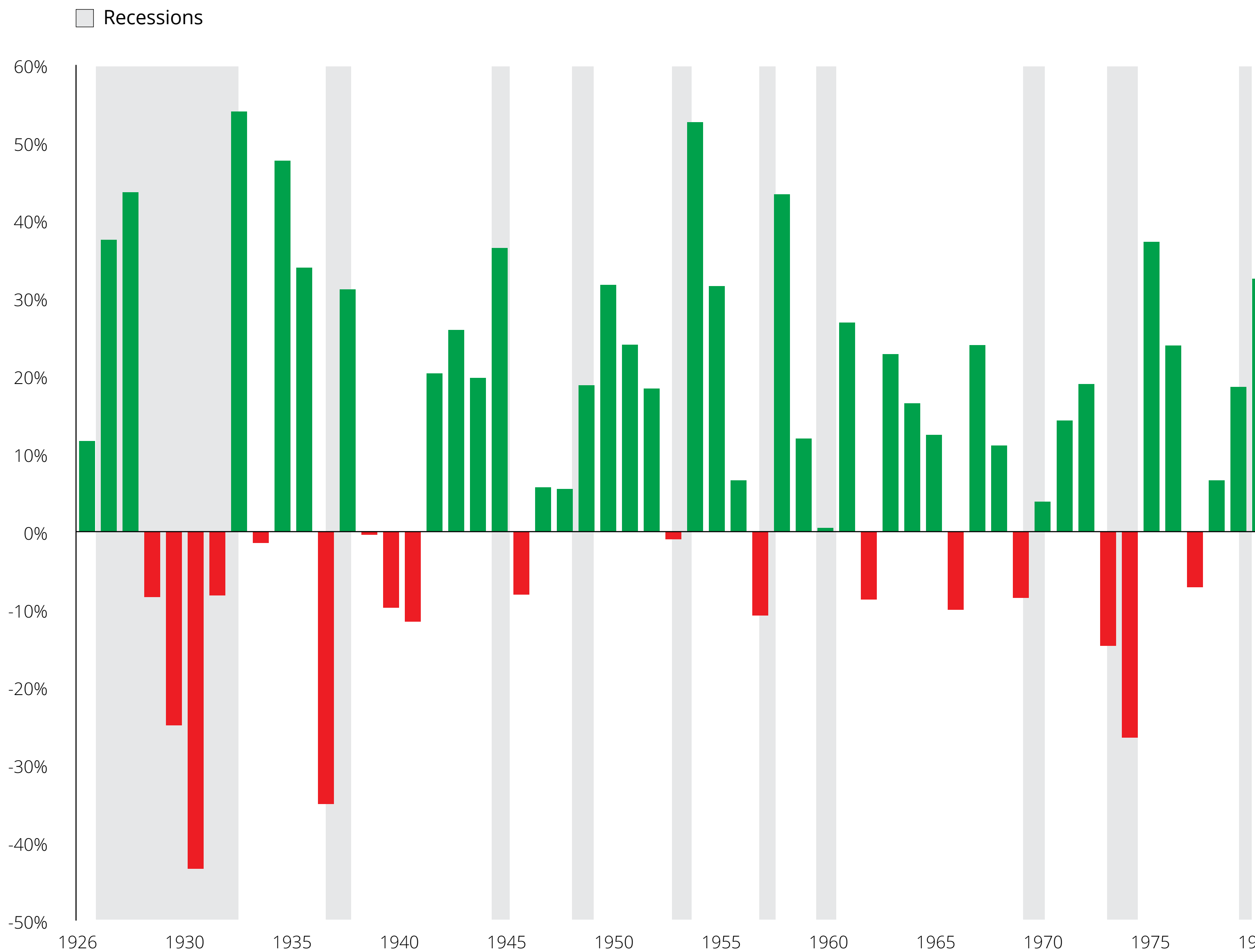

February 17, 2020
TIME
CHINA'S TEST
August 15, 2011
TIME
THE GREAT AMERICAN DOWNGRADE
January 22, 2018
TIME
March 26, 2001
LOOKING BEYOND THE BEAR
May 26, 2008
TIME
Surviving the Lean Economy
September 17, 2012
TIME
ONE NATION SUBSIDIZED
March 13, 1995
TIME
EGO & GREED
July 29, 2002
TIME
WILL YOU EVER BE ABLE TO RETIRE?
March 30, 2009
TIME
The Bailout Bomb
Why AIG=WMD
AIG
$1,464,550
$907,852
$732,849
$351,155
$136,694
95
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
12/31/19
The Dow: 28,538
S&P 500: 3,230

Is Fear of Loss Blinding You From Growth Op

The theory of "loss aversion" suggests that people strongly prefer avoiding losses to acquiring gains. Todd Feldman, assistant finance professor at San Francisco State University, states that "loss-averse investors are investors more impacted by losses than gains. For example, when loss-averse investors experience losses, they may sell as the stock market is plummeting. When the stock market starts to rebound, it takes the loss-averse investor a long time to re-enter the market after experiencing significant losses."[14]

This fear of loss in the down years can cause investors to overlook the potential for growth in the positive years.

Average Annual Returns: S&P 500 Index 1926–2019[10]



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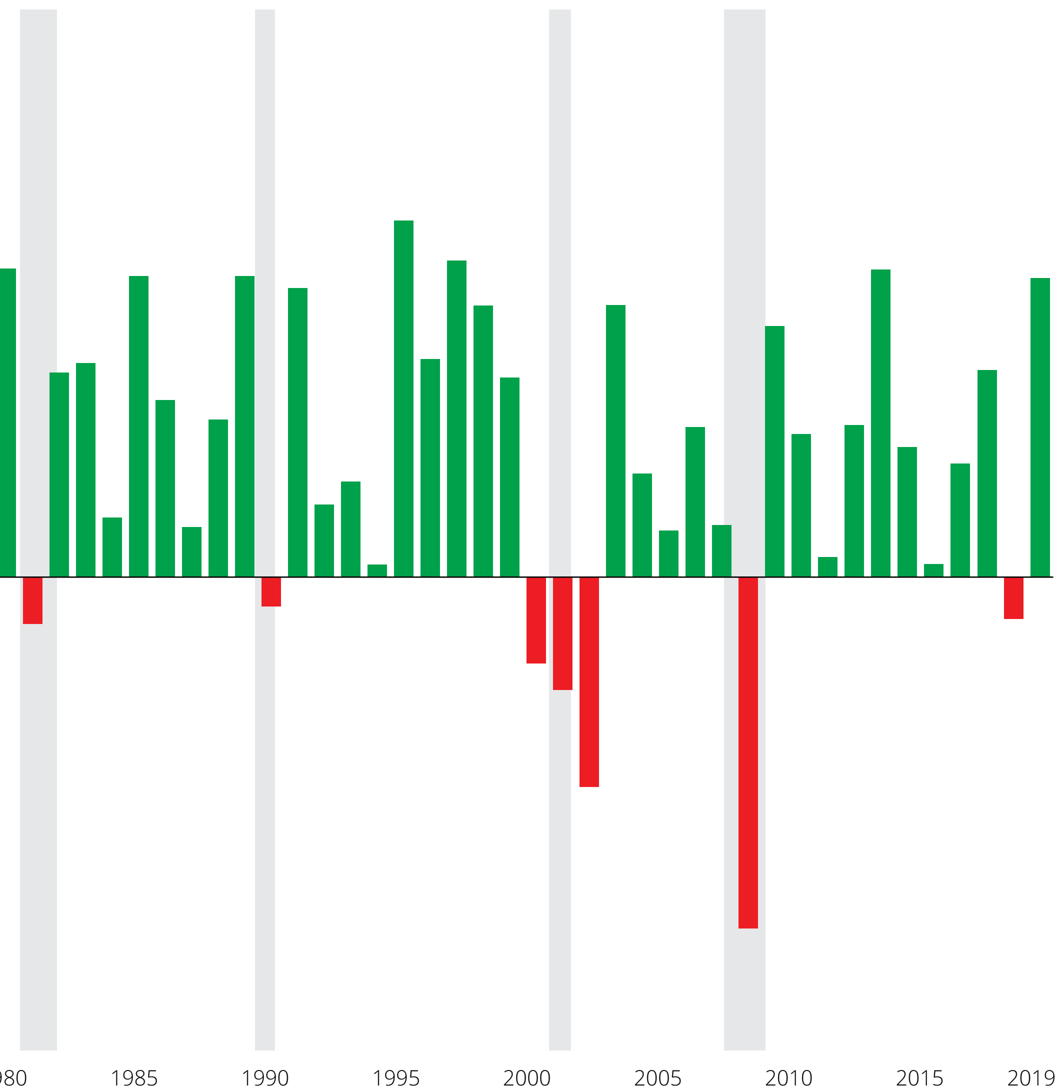
portunities?

Since 1926, the S&P 500 Index has had 69 positive years—nearly three times the number of negative years.

Many investors also tend to put more emphasis on recent market conditions when making decisions about the future. This is known as “recency bias.”[15]

An investor prone to recency bias who experiences a financial crisis would forecast a continued decline in stock prices and overlook the market’s “up” years.



S&P 500 Index Stats

Number of positive years:	69
Number of negative years:	25
Percentage of positive years:	73%
Percentage of negative years:	27%
Average Annual Return:	10.20%
Number of years when gains were greater than 20%:	35
Number of years when losses were greater than 20%:	6

Headlines You'll Probably Never See

While the media may be trumpeting the "Crisis Du Jour," chances are there are positive news stories that just aren't getting much media attention. The future trends shown here could positively impact the economy, despite their lack of coverage in the media.

MedWand

MedWand puts 10 medical devices in the palm of your hands. For example, it can take your temperature, measure blood oxygen levels, and listen to your heart and lungs. Your doctor can examine you through a computer no matter where you are in the world.

A Mood Ring for Your Dog

The device monitors, records, and analyzes your dog's emotional states, using an algorithm based on how a dogs' heart rate spikes when they're stressed or anxious. The LED light on the device displays messages in real time about your dog such as relaxed, nervous, interested, and stressed.

No, It's Not a Transformer

The Guardian XO exoskeleton can help employees lift much heavier loads easier than they normally would. The battery-powered wearable robot can help you safely lift up to 200 pounds.

Chair on Wheels

Segway's S-Pod (concept) is a two-wheeled self-balancing vechicle that can hit speeds of up to 24 miles per hour. It's outfitted with smart safety features like automatic braking on turns and exterior lights that double as turn signals.

An Inkjet Printer for Your Face

The Opte handheld printer searches for dark spots on your skin and deposits tiny droplets of a facial serum with pigment to treat or cover them.

Screen Protector That Kills Germs

New screen protectors from OtterBox and Corning will have EPA-registered antimicrobial technology infused into the glass that will keep you and bacteria far away from each other as you text. It kills up to 99.99% of common microbes found on display surfaces.

Hartford Mutual Funds may or may not be invested in the companies referenced herein; however, no particular endorsement of any product or service is being made.

Getting Your Portfolio off the "Media-Go-Round"

The repeating patterns of crises in the media can make it easy for investors to get mired in the present and lose sight of their long-term financial goals. Sensational breaking news stories coupled with uncertainty in the market can test the resolve of even the most seasoned long-term investors.

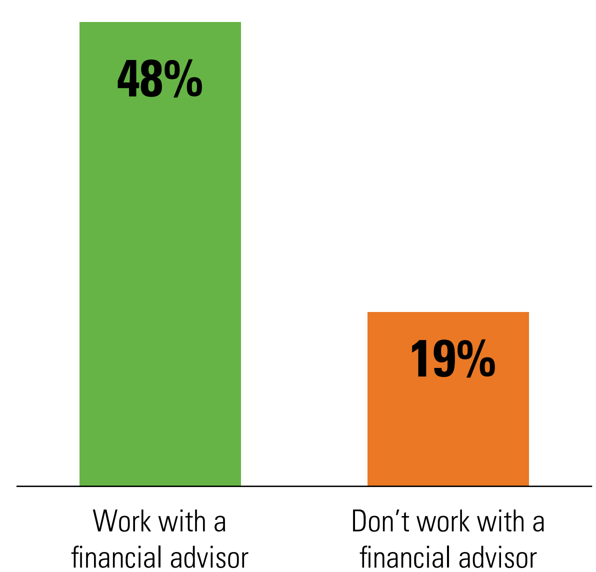
The investment world can be complex, with multiple asset classes within equities and fixed income, as well as a wide variety of investment vehicles and choices. Plus, history shows that asset classes move in and out of favor over time. You could have a better chance of reaching your financial goals if you choose a diversified strategy and work with a financial advisor.

1 Don't Go It Alone

Although many investors are tempted to "go it alone," working with a trusted financial advisor can help you sort through what you see and hear in the news and distinguish between valuable information and media noise.

Your financial advisor has the expertise required to help you set financial goals, establish an investment plan, and provide guidance during all types of economic and market environments. Plus, investors who work with advisors are more confident that their money will last in retirement than those who don't.

Confident Retirement Savings Will Last Until Age 90[16]



2 Start with a Plan

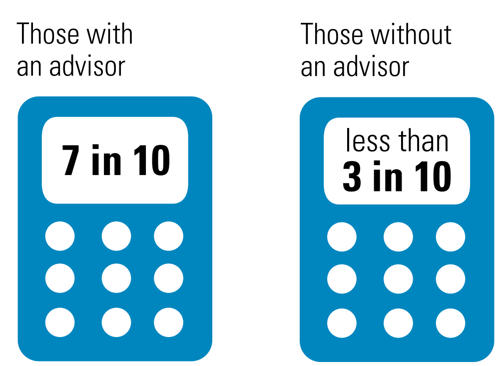
What are the necessary components of a comprehensive financial plan?

- Investment time horizon of five years or longer
- Specific dollar amount and target date for each financial goal
- Realistic assumed rate of return for your investments
- Income distribution plan that lasts for life
- Estate planning to ensure maximum wealth transfer to your heirs

Your financial advisor can help you design a plan to fit your goals and preferences.

Boomers Who Worked With an Advisor Were More Likely to Calculate Savings Needed for Retirement[16]

Percentage of Baby Boomers who have calculated the savings they will need to live comfortably in retirement



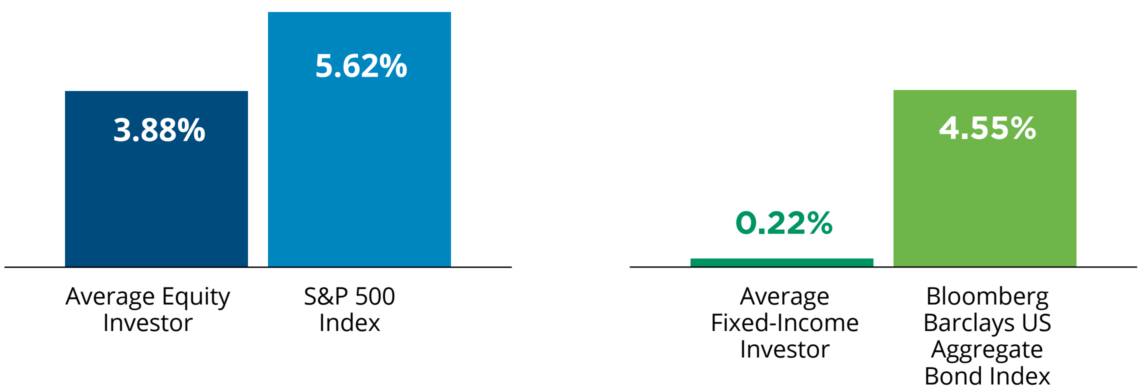
3 Long-Term Behavior

Over the past 20 years, we've witnessed repeating patterns of market volatility. This has led many investors to move their investments onto the sidelines in a flight to safety or to make decisions in an attempt to time the market.

Short investment holding periods are the primary reason why investors have underperformed the market.

Individual Investors Have Underperformed Market Indices

20-Year Returns for Period Ending 12/31/18[17]



Performance data for indices represents a lump sum investment in January 1999 to December 2018 with no withdrawals. Stocks are represented by the S&P 500 Index. Bonds are represented by the Bloomberg Barclays US Aggregate Bond Index. Indices are unmanaged, unavailable for direct investment, and do not reflect fees, expenses, or sales charges.

Unmanaged index returns do not reflect any fees, expenses, or sales charges.

Index performance is not indicative of any Hartford fund.

See back cover for index descriptions.

Dalbar's Quantitative Analysis of Investor Behavior Methodology - Dalbar's Quantitative Analysis of Investor Behavior uses data from the Investment Company Institute (ICI), Standard & Poor's, and Barclays Index Products to compare mutual fund investor returns to an appropriate set of benchmarks. Covering the period from January 1, 1999 to December 31, 2018, the study utilizes mutual fund sales, redemptions and exchanges each month as the measure of investor behavior. These behaviors reflect the "average investor." Based on this behavior, the analysis calculates the "average investor return" for various periods. These results are then compared to the returns of respective indices.

Average equity investor and average bond investor performance results are calculated using data supplied by the Investment Company Institute. Investor returns are represented by the change in total mutual fund assets after excluding sales, redemptions, and exchanges. This method of calculation captures realized and unrealized capital gains, dividends, interest, trading costs, sales charges, fees, expenses, and any other costs. After calculating investor returns in dollar terms, two percentages are calculated for the period examined: total investor return rate and annualized investor return rate. Total investor return rate is determined by calculating the investor return dollars as a percentage of the net of the sales, redemptions, and exchanges for each period.

John Diehl
Senior Vice President
Applied Insights Team
Hartford Funds

Perspectives from The Great Recession

On September 29, 2008, the Dow Jones Industrial Average dropped 777 points, in the midst of the financial crisis. The next day the headlines read "Worst Day Ever for the Dow." While this was true based on how many points the Dow dropped, the day barely made the top 20 worst days on a percentage basis.

On September 30, the very next day, the Dow was up 485 points. Do you remember reading the headline, "Dow Has Third Best Day Ever?" Probably not. It wasn't written because negative news is what sells.

Many people don't realize that March 2020 will be the eleventh anniversary of the bull market. Had you been able to ignore the media hype since the Dow's low of 6,547 on March 9, 2009 and focus clearly on market returns, by the end of 2019 you would have watched the Dow Jones Industrial Average more than triple and rise an average of 17.9% annually[18]. How unfortunate for those on the sidelines.

Index Descriptions

Indices are unmanaged, and unavailable for direct investment, and do not represent the performance of any Hartford Funds.

Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

S&P 500 Index is a market capitalization-weighted price index composed of 500 widely held common stocks.

Bloomberg Barclays US Aggregate Bond Index is composed of securities from the Bloomberg Barclays Government/Credit Bond Index, Mortgage-Backed Securities Index, Asset-Backed Securities Index, and Commercial Mortgage-Backed Securities Index.

Bloomberg Barclays US Treasury Long Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury with 10 years or more to maturity.

Additional Information Regarding Bloomberg Barclays Indices Source: Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

1 Source: *Americans Are Wary of the Role Social Media Sites Play in Delivering the News*, Pew Research Center, 10/2/19
2 Source: *Millennials on Millennials: TV and Digital News Consumption*, Nielsen, 2018.
3 Source: *Stocks are at an all-time high. Here's what stopped the last 12 bull runs*, CNN, 4/23/19
4 Data Source: *Most Americans Say the Current Economy Is Helping the Rich, Hurting the Poor and Middle Class*, Pew Research Center, 12/11/19
5 Source: Nielsen Media Research/Zero Hedge, June 2014
6 Source: Factset, 6/30/14
7 Source: Google Trends, 2/20
8 Source: Factset, 12/19
9 Source: Investment Company Institute, 12/19
10 Source: Morningstar, 12/19.
11 Source: Board of Governors of the Federal Reserve System (US), 2019
12 Source: Bloomberg, Bankrate.com 1-Year CDs National Average, 12/19
13 Source: Ned Davis Research, 12/19
14 Source: The Journal of Investing, Summer 2012
15 Source: *How "Recency Bias" Can Make You a Lazy Investor*, Medium, 9/6/19
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