HARTFORDFUNDS

Our benchmark is the investor.®

Media Replay

Bear Holds Bull to a Standstill

The New York Times
June 1, 1960
Dow Jones: 624

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

The New York Times
July 9, 1978
Dow Jones: 817

There's No Way Out of this Unemployment Crunch

U.S. News & 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"

The 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

The New York Times
January 7, 2016
Dow Jones: 16,514

World Economy Shudders as Coronavirus Threatens Global Supply Chains

The Wall Street Journal
February 24, 2020
Dow Jones: 27,960

US Inflation Rate Accelerates to a 40-Year High of 7.5%

The Wall Street Journal
February 10, 2022
Dow Jones: 35,241

Data Source: Google Finance, 2/22
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 679 points in 1959 to over 35,000 in February 2022. In fact, long-term investors who stayed the course and did not lose sight of their financial goals have been rewarded.

Contents

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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. In 2021, more people got their news from digital devices than TVs.[1] At times, it may feel overwhelming, as though we're caught in a media whirlwind.

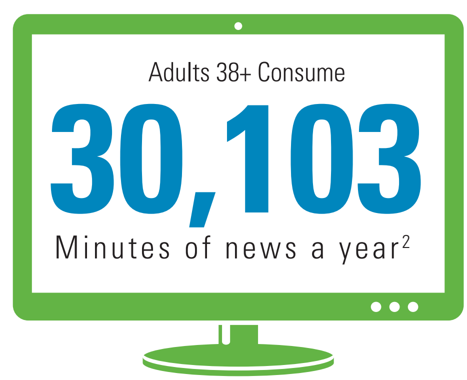
This 24-hour news cycle provides an almost immediate record of what's happening throughout the world. Everyone loves a good story—the more dramatic or sensational, the more it sells.

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 2018 Nielsen study revealed that people 38 and older watch **30,103** minutes of news a year.[2]

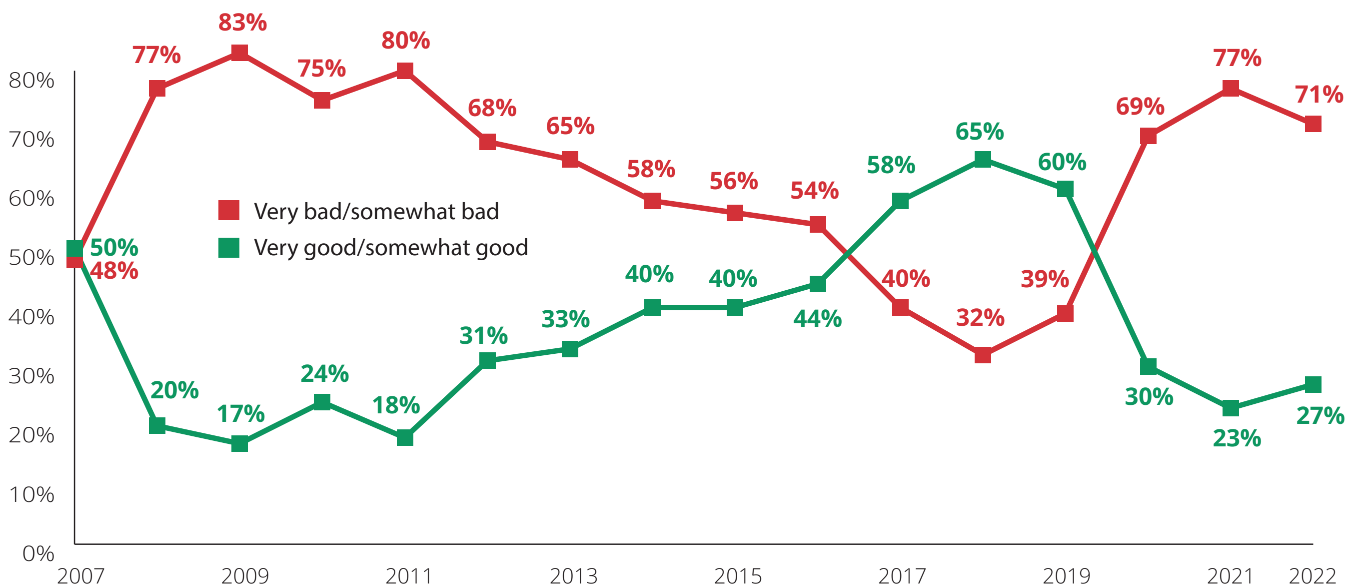


From 2009 to the beginning of 2020, we experienced the longest bull market ever.[3] Most Americans were feeling good about the economy but then the pandemic dampened our view of the economy.

The S&P 500 Index rebounded from a 34% drop in March 2020)to all-time highs in early January 2022. However, by mid-January 2022, as inflation came roaring back, 71% of Americans viewed the economy as either very bad or somewhat bad.[4]

Views of the Economy Have Turned Sharply Negative[4]

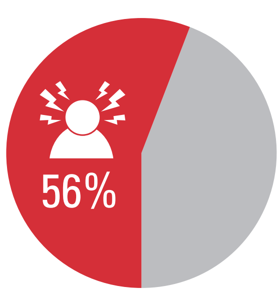
% who say that economic situation in the country is ...



Staying Informed Can Cause Anxiety[5]

A 2017 study found that people felt conflicted between their desire to stay informed about the news and their view of the media as a source of stress.

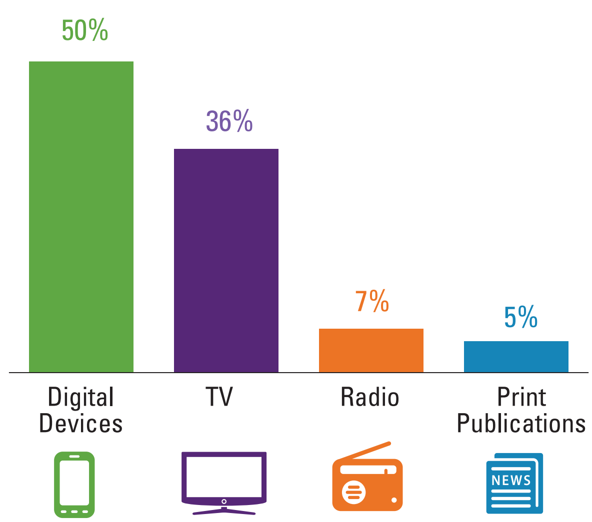
% of US adults that said following news regularly causes them stress[5]



Many Americans Get News From Digital Devices

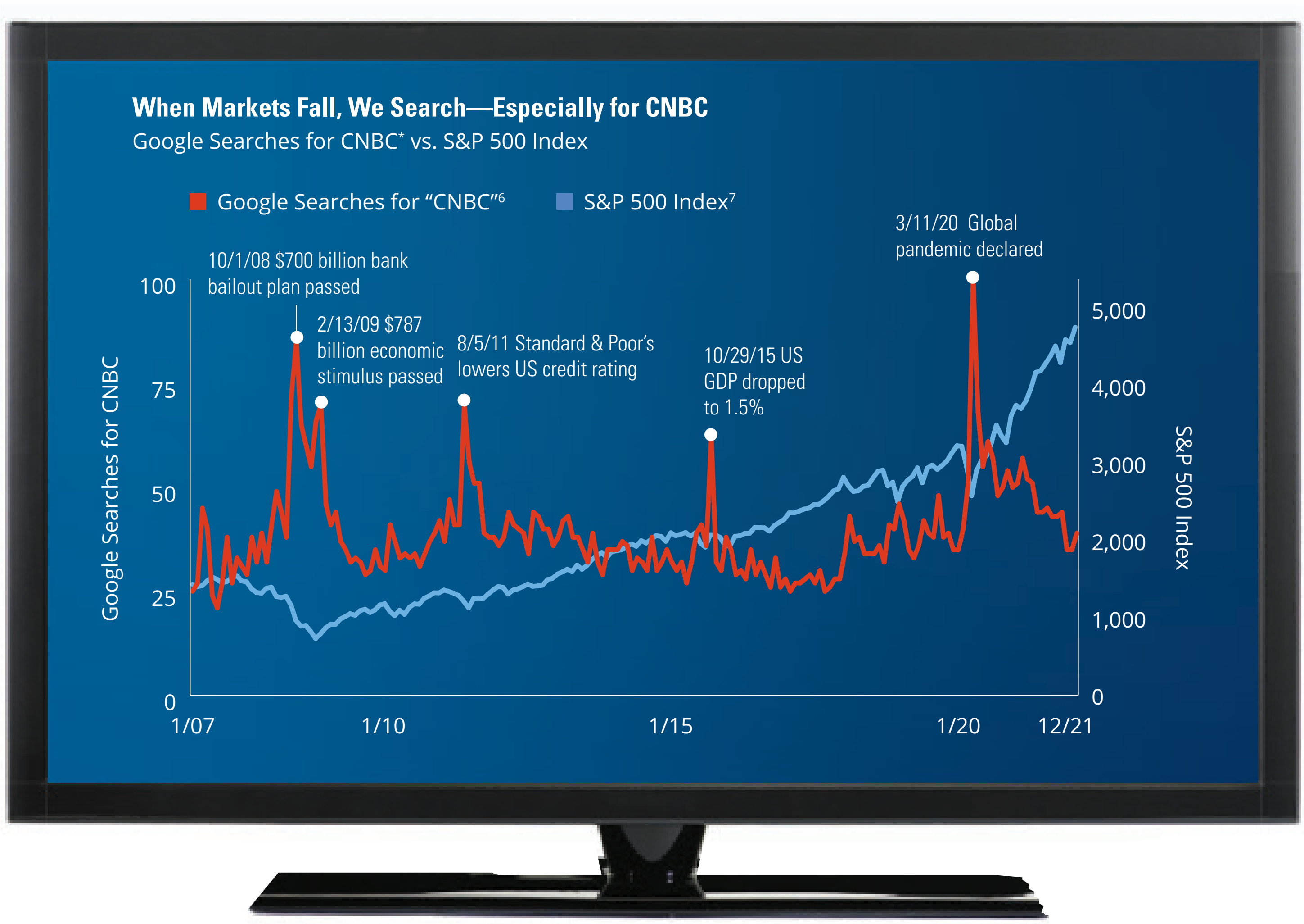
When asked which of these platforms they prefer to get news on, half of Americans say they prefer a digital device, more than those who prefer TV, radio or print.[1]

News Platform Preferences 2021



We Can'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 Google searches for "CNBC" compared with S&P 500 Index performance (see page 7 for Google search methodology). The blue line represents the S&P 500 Index and the red line represents Google searches. Do you see a pattern? There's a correlation between poor market performance and CNBC searches.

On March 31, 2020, Google searches for CNBC reached their highest level since 2008

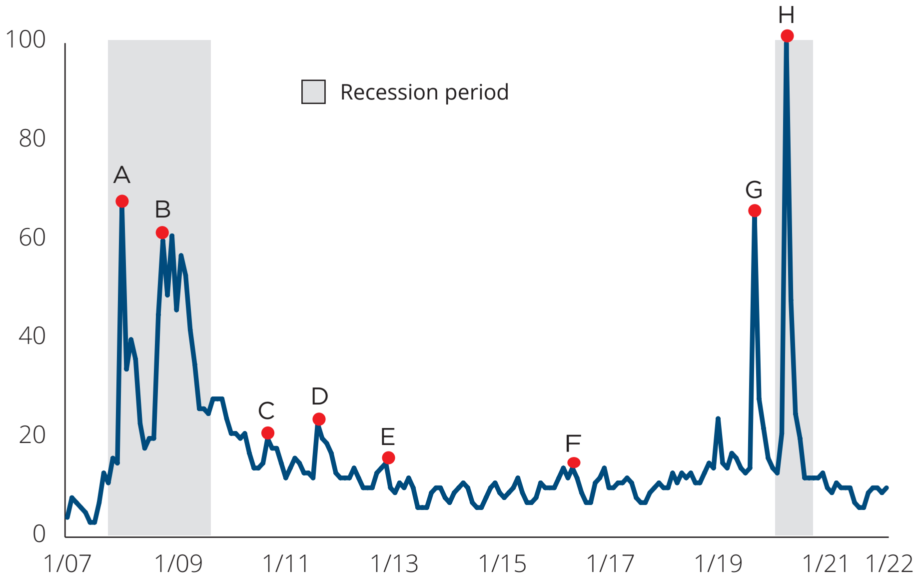
See back cover for index descriptions.
For illustrative purposes only. The performance shown is index performance and is not indicative of any Hartford Fund. Investors cannot invest directly in an index.

Did You Google It?

Similar to CNBC viewership, the number of Google searches for "recession" increased during the turbulent time frame between 2008–2009, and 2020. When searches for recession are high, investor anxiety about losses is likely high also.

Google Trends[6]

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. 8/1/19 President Trump announces 10% tariffs on $300 billion worth of Chinese imports, after two days of talks with no progress

H. 3/11/20 The World Health Organization declares a global pandemic

*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 are 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 information 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. Information 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 to plan ahead. Instead of making decisions based on long-term financial objectives, they will act upon how they feel in the moment.

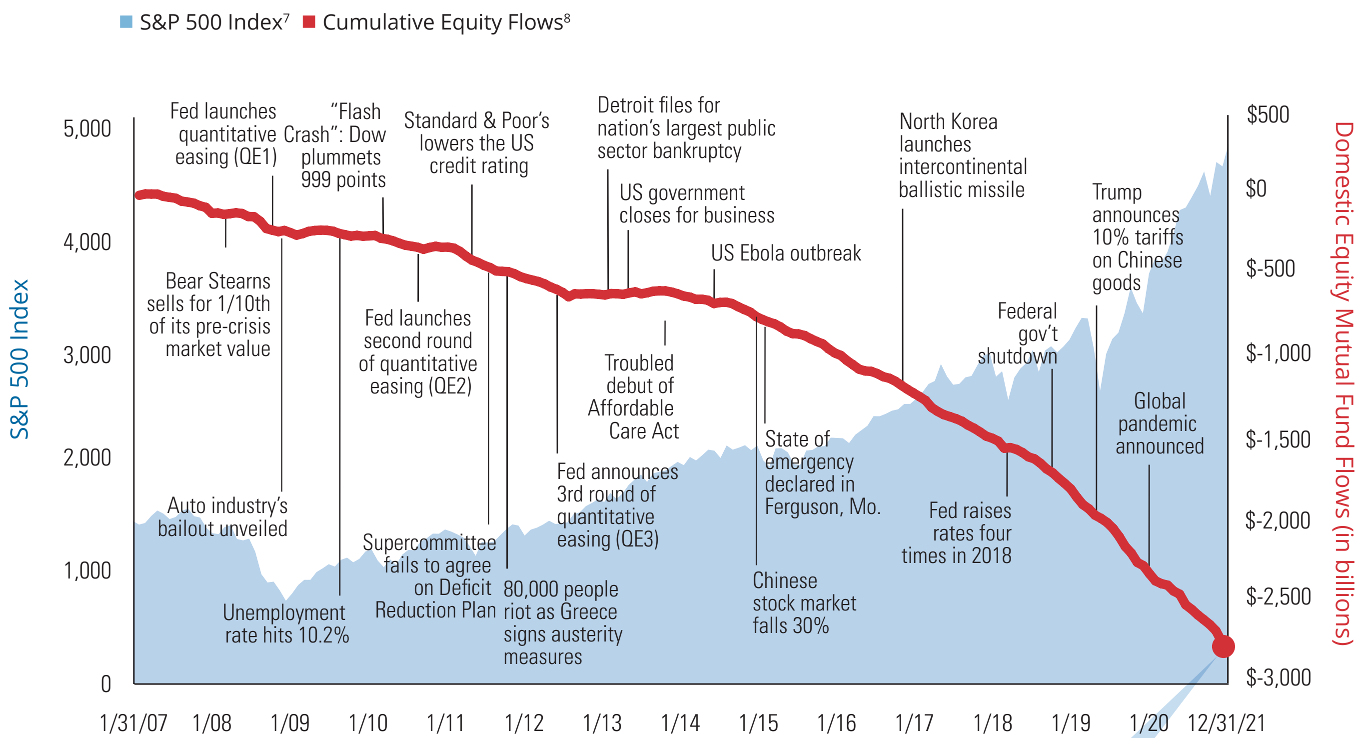
The Urge to Panic

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 global pandemic, many investors are more concerned with playing it safe and clinging to the money they already have instead of 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 disturbing headlines. The negative headlines certainly underscored investors' desire for safe investments, despite the market quadrupling in value.

Investors withdrew **$2.7 Trillion**[8] from equity mutual funds between 1/31/07 – 12/31/21.

S&P 500 Index Cumulative Return 3/9/09 – 12/31/21: **803%**[9]

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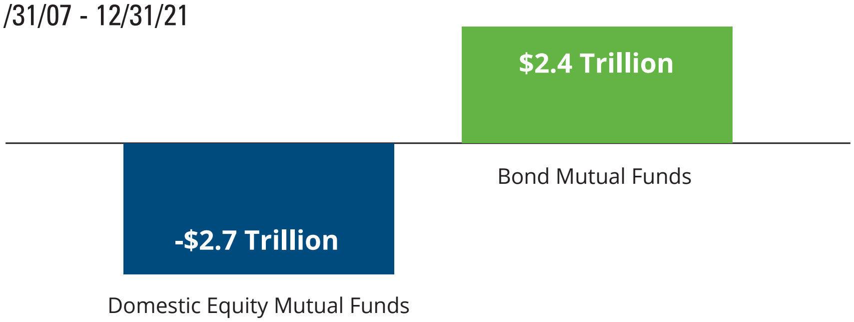
Where Did the Assets Go?

Investors have abandoned equity mutual funds with outflows of $2.7 trillion, while adding $2.4 trillion to bond mutual funds since 2007.[8]

Cumulative Asset Flows[8]

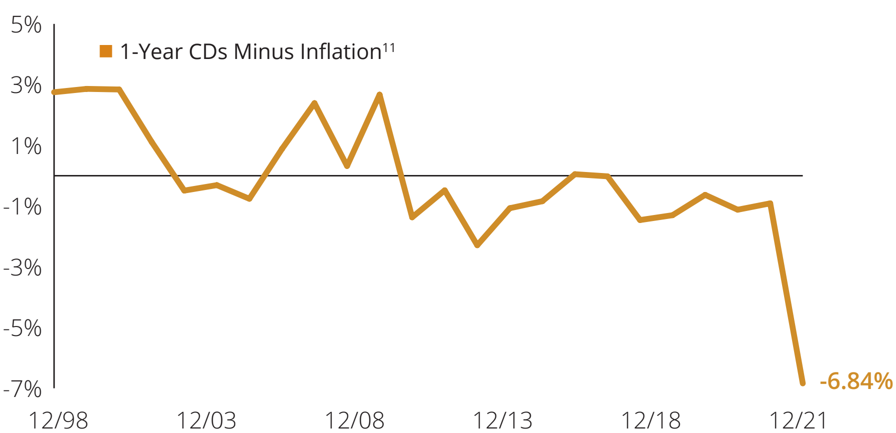
1/31/07 - 12/31/21



How "Safe" Is Cash?

Total assets in cash investments reached an astounding $17.2 trillion in 2021.[10] 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 in the best interest of all investors.

See back cover for index descriptions.
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There's Always a Reason to Panic

Since 1960, we've had ten bear markets (averaging about one every six years), with an average decline of 34%. 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.

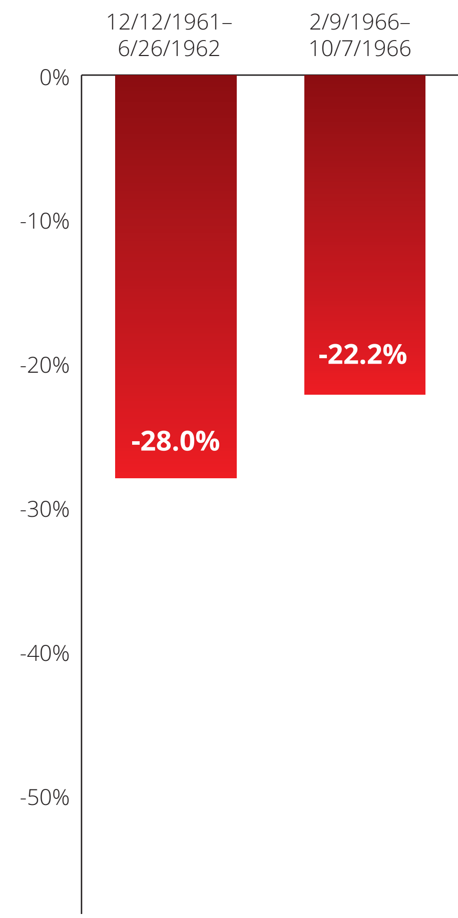
Despite these ten bear markets, the S&P 500 Index climbed from 59 on 12/31/59 to 3,756 on 12/31/21

Bear Markets

S&P 500 Index 1960–2021[12]

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

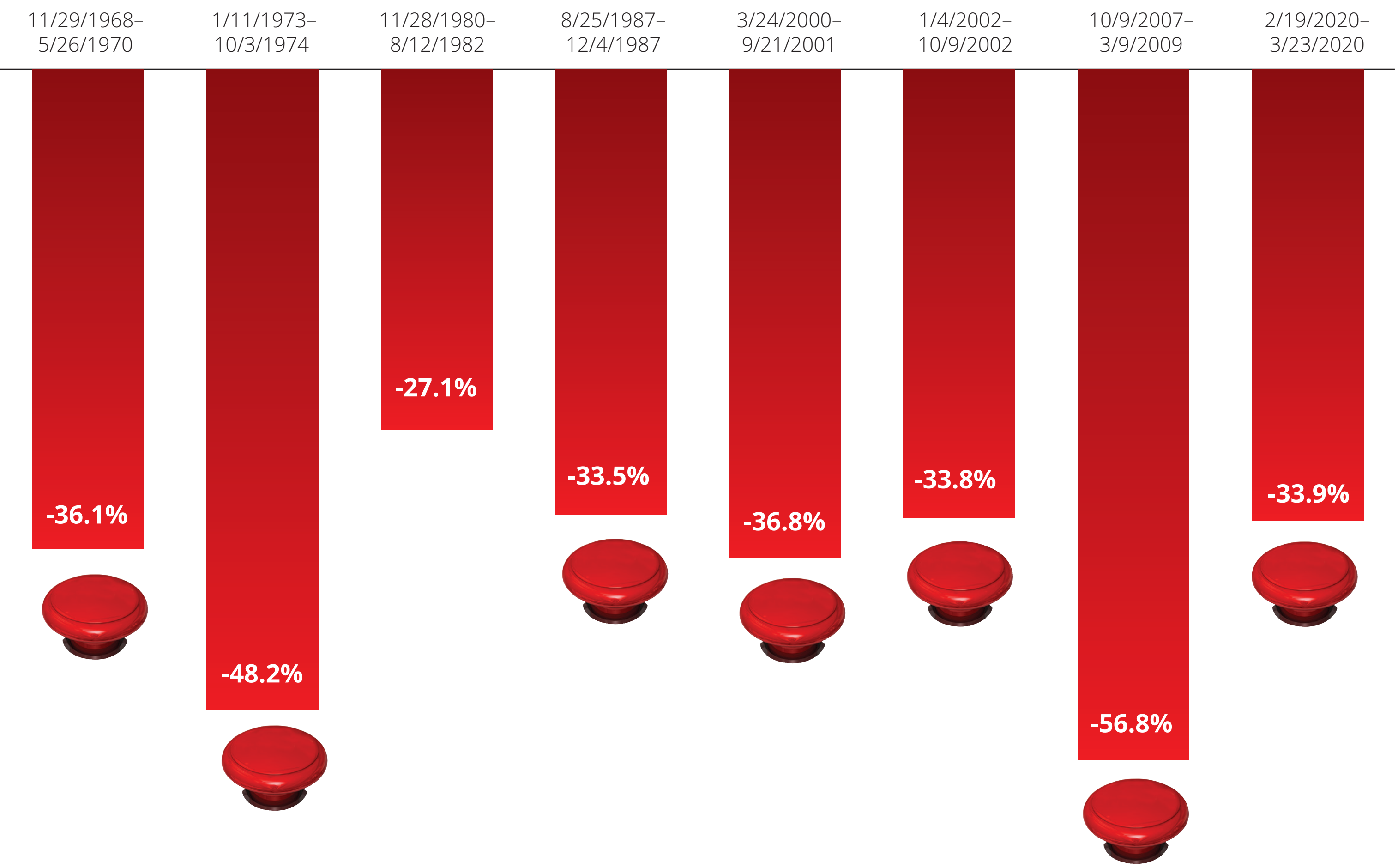
Panic: 30%
The panic buttons represent periods in which the market dropped at least 30%. This could be considered a tipping point for investors who aren't comfortable with significant market declines and instead choose to look for "safer" investment choices.



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 12 bear markets.



The Price of Panic

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

$10,000 Invested S&P 500 Index 12/31/59–12/31/21[12]

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

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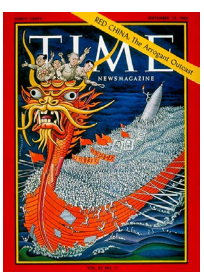
Market Drops of more than 30%

September 13, 1963

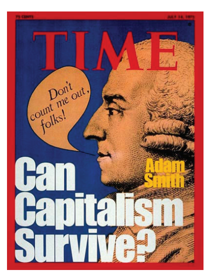


October 4, 1968

May 24, 1971

September 9, 1974

July 14, 1975



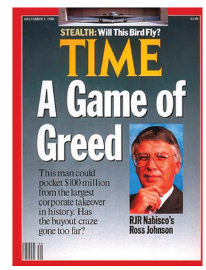
May 28,1979

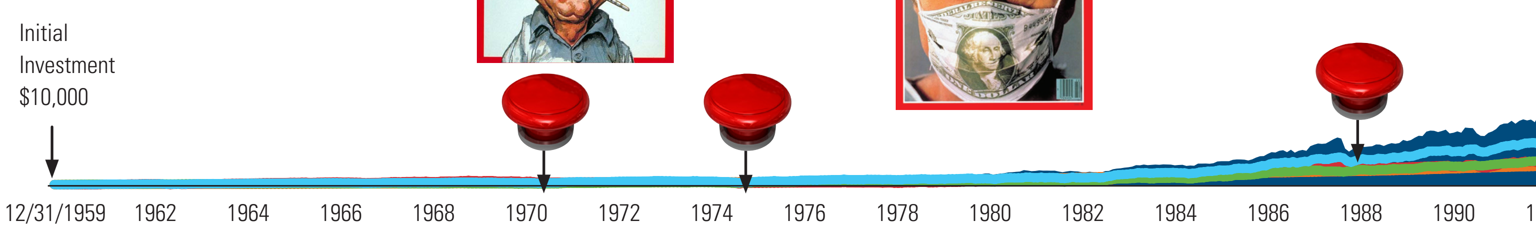
March 2, 1981

January 10,1983

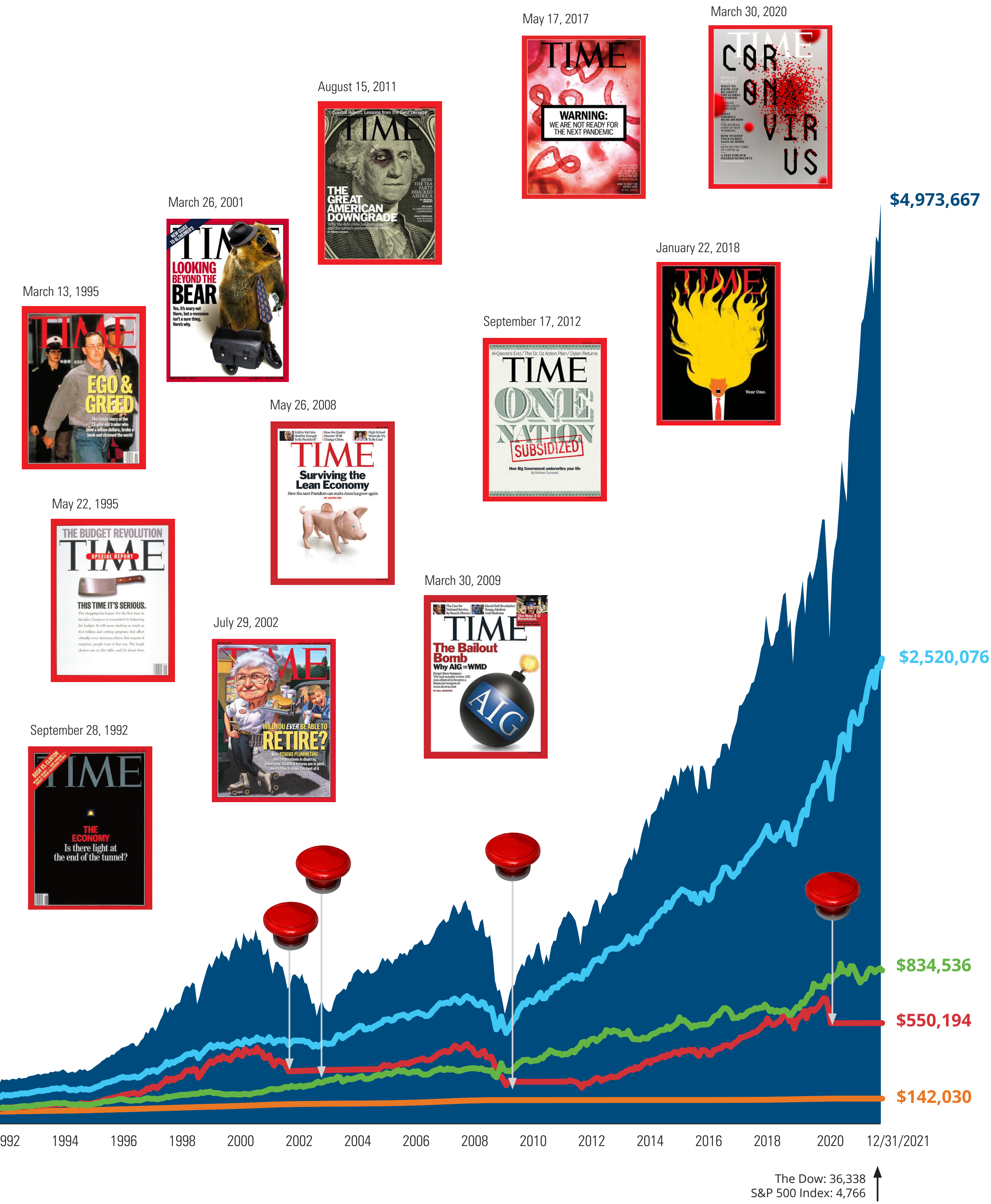
November 2, 1987

December 5, 1988





The Dow: 679
S&P 500 Index: 59

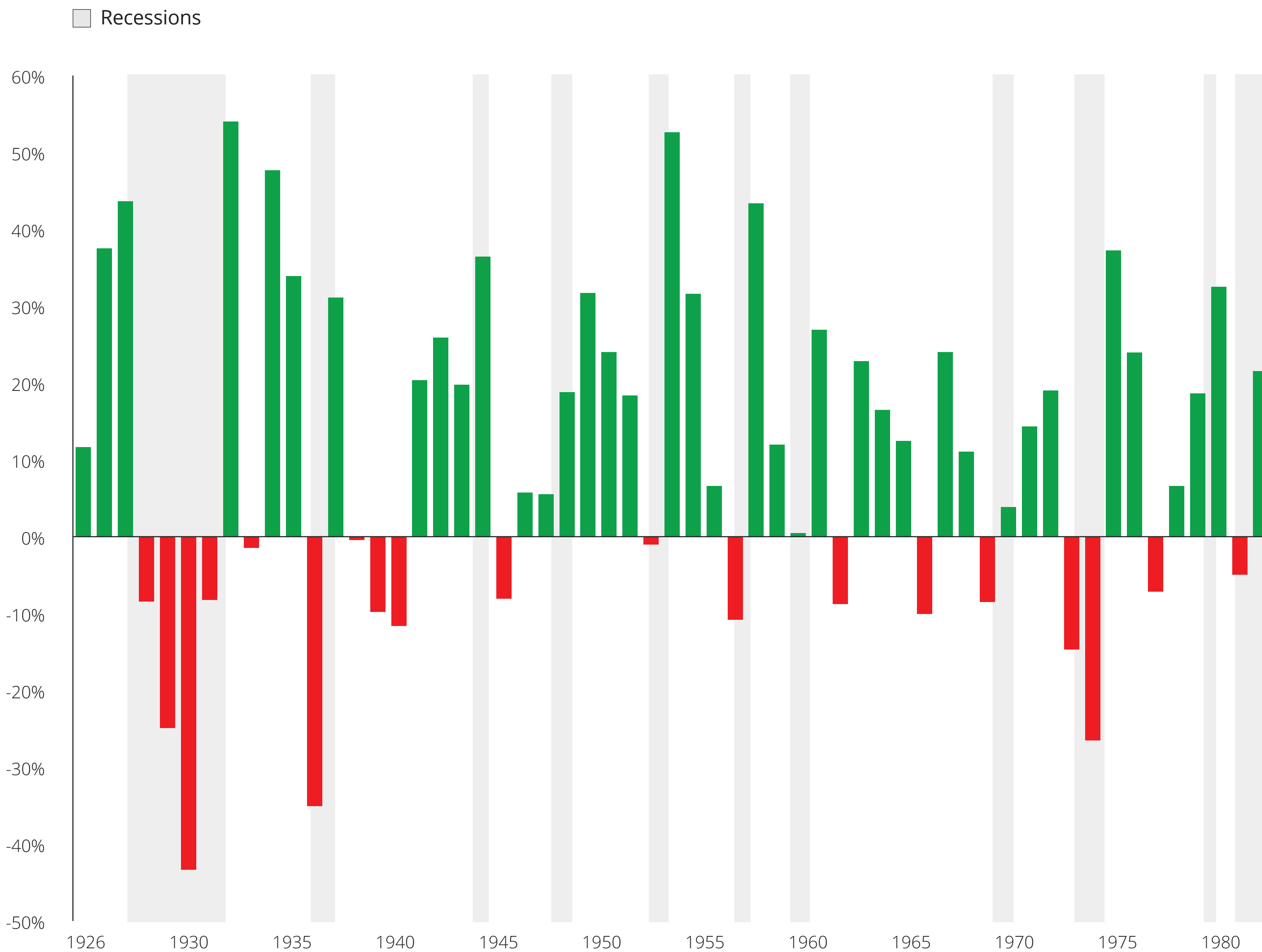

September 28, 1992
THE ECONOMY
Is there light at the end of the tunnel?
March 13, 1995
EGO & GREED
May 22, 1995
THE BUDGET REVOLUTION
THIS TIME IT'S SERIOUS.
March 26, 2001
LOOKING BEYOND THE BEAR
July 29, 2002
WILL YOU EVER BE ABLE TO RETIRE?
May 26, 2008
Surviving the Lean Economy
March 30, 2009
The Bailout Bomb
Why AIG=WMD
August 15, 2011
THE GREAT AMERICAN DOWNGRADE
September 17, 2012
ONE NATION SUBSIDIZED
May 17, 2017
WARNING:
WE ARE NOT READY FOR THE NEXT PANDEMIC
January 22, 2018
Year One.
March 30, 2020
COR ON VIR US
$4,973,667
$2,520,076
$834,536
$550,194
$142,030
992
1994
1996
1998
2000
2002
2004
2006
2008
2010
2012
2014
2016
2018
2020
12/31/2021
The Dow: 36,338
S&P 500 Index: 4,766

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."[13]

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 1926–2021[9]



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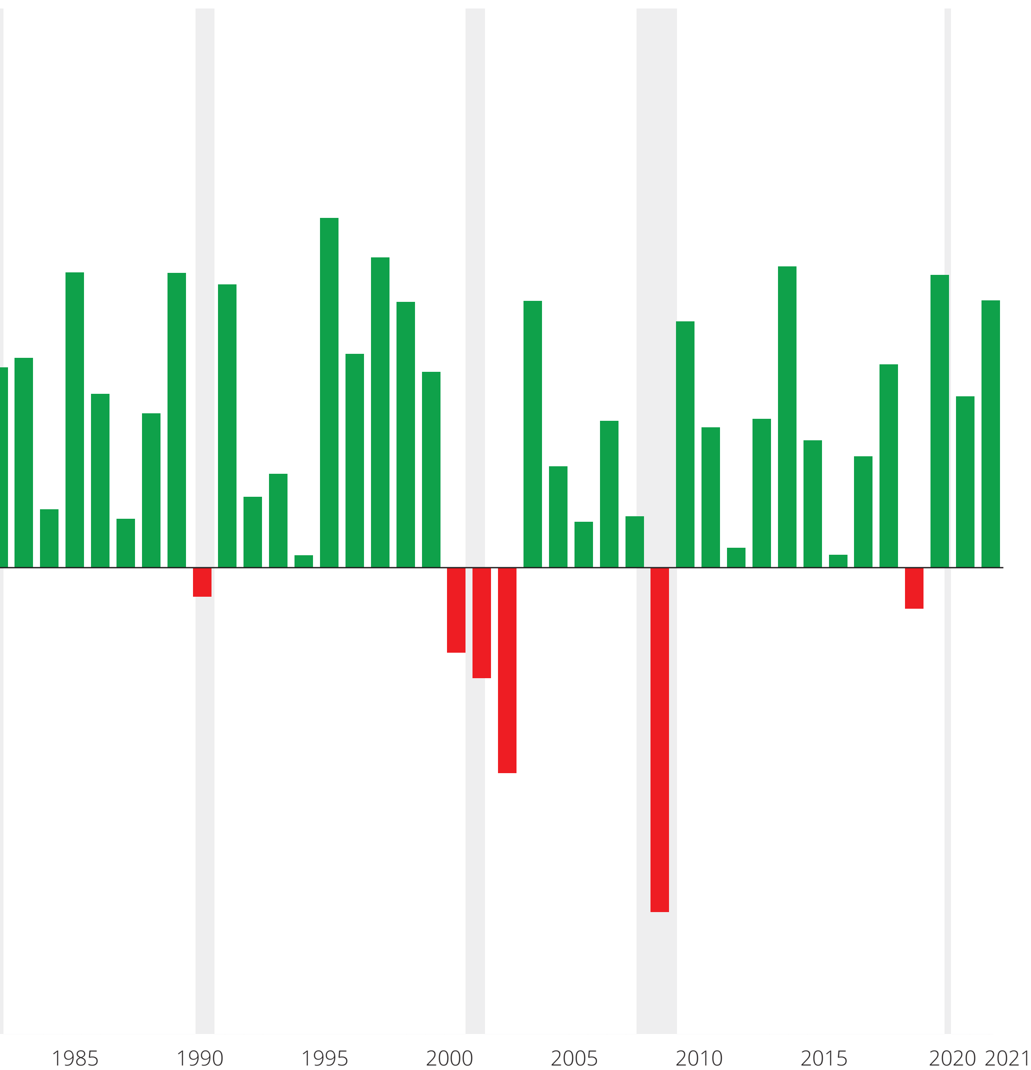
Unmanaged index returns do not reflect any fees, expenses or sales charges.

portunities?

Since 1926, the S&P 500 Index has had 71 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."[14]

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.

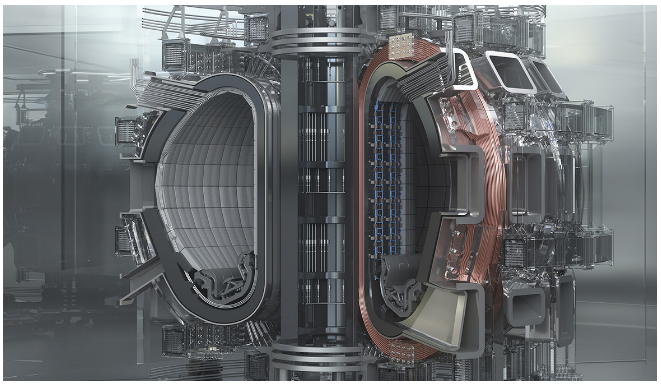


S&P 500 Index Stats

Number of positive years:	71
Number of negative years:	25
Percentage of positive years:	74%
Percentage of negative years:	26%
Average Annual Return:	10.46%
Number of years when gains were greater than 20%:	36
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.



Nuclear Fusion Energy Breakthrough

In an experiment, UK-based JET laboratory created a small amount of energy by squeezing together two forms of hydrogen. If nuclear fusion can be successfully recreated on Earth it holds out the potential of virtually unlimited supplies of low-carbon, low-radiation energy.

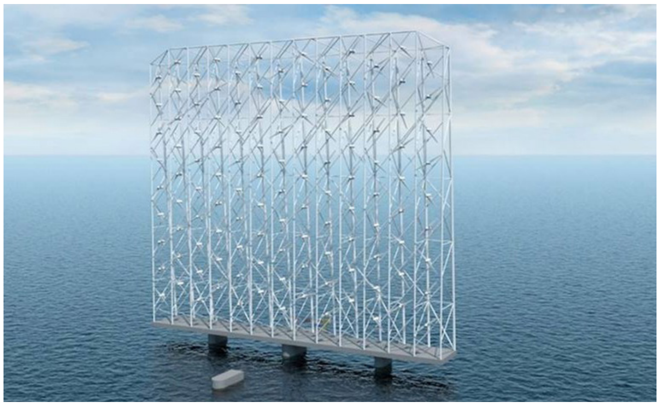
Plastic Two Times Stronger Than Steel

A team of MIT scientists developed a new form of plastic that's two times stronger than steel under load tests. The material has implications for everything from how we build the gadgets we hold in our hands to the buildings we live in.

Welcome to the Metaverse

The metaverse describes software and hardware that allow users to work, shop, hang out, and more in virtual 3-D spaces. Tech companies are betting that gadgets that transport their users into enhanced or imaginary worlds will open up the biggest new market in software since Apple introduced the touchscreen smartphone in 2007.

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

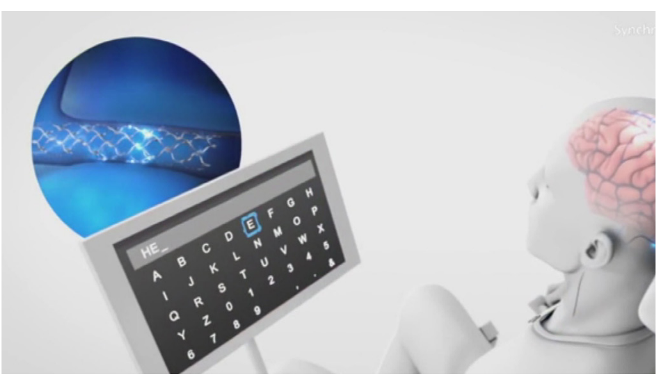


Stacked Wind Turbines

Norwegian company Wind Catching Systems is developing a roughly 1,000-foot-tall structure consisting of 126 small turbines stacked and arranged together. The unit can produce up to five times more energy using one-fifth the space of typical offshore wind farms.

Health Monitoring Lightbulb

The Sengled Smart Health Monitoring Light can monitor your breathing, sleep, heart rate, and movement. The bulb can monitor all your health metrics at home, without needing to wear any health tracking kit.



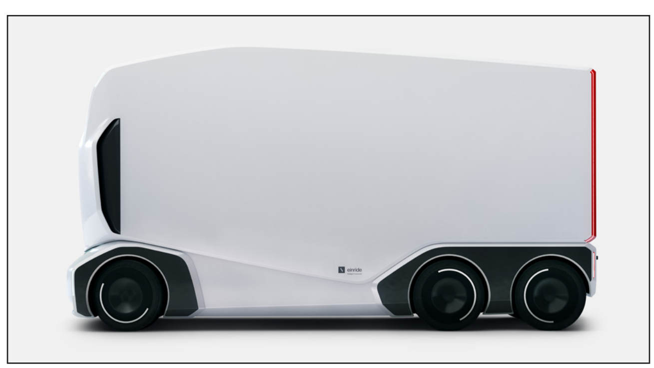
Controlling Devices With Thoughts

Synchron's Stentrode device that aims to give patients with paralysis the ability to control digital devices with their thoughts. It's been cleared by the FDA to begin a clinical trial with human participants.

The device is implanted into the motor cortex of the brain. Once implanted, it translates brain activity into a standardized digital language to allow users to complete tasks on external devices, including texting, emailing, online shopping, and perhaps driving.

Electric, Self-Driving Trucking

The Einride Pod is an electric, zero-emissions, self-driving truck. It can provide a clean, safe and efficient way to ship. Einride plans to introduce a US-version of its pod which has been adapted to suit American road conditions and regulations. Einride also has trucks that are driven by drivers using joysticks from remote locations.



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

The repeating patterns of crisis-reporting 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.

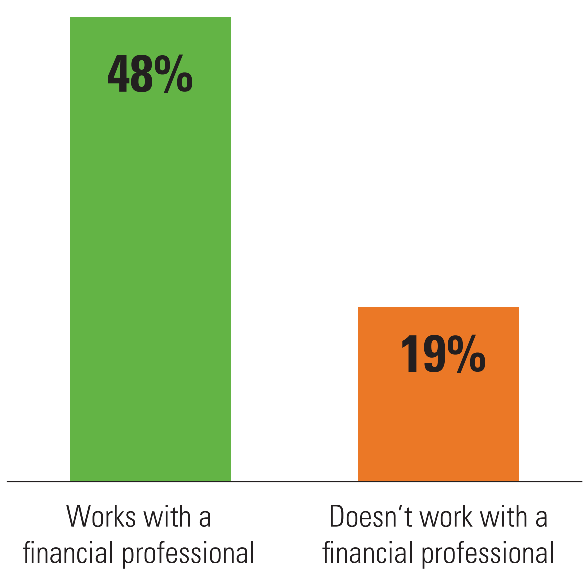
The investment world can be complex, with multiple asset classes within equities and fixed income, as well as a wide variety of investment vehicles and choices. Plus, history shows that asset classes move in and out of favor over time. You could have a better chance of reaching your financial goals if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

1 Don't Go It Alone

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

Your financial professional 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 financial professionals 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

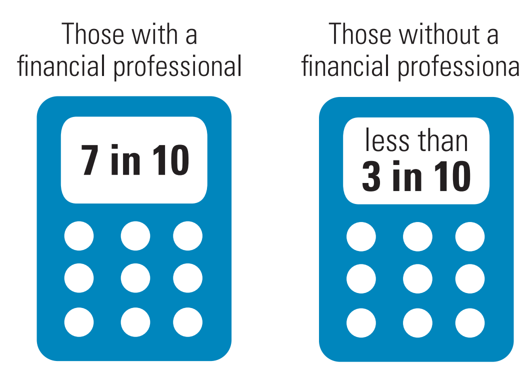
What are the necessary components of a financial plan?

- 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 professional can help you design a plan to fit your goals and preferences.

Boomers Who Worked With an Financial Professional 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

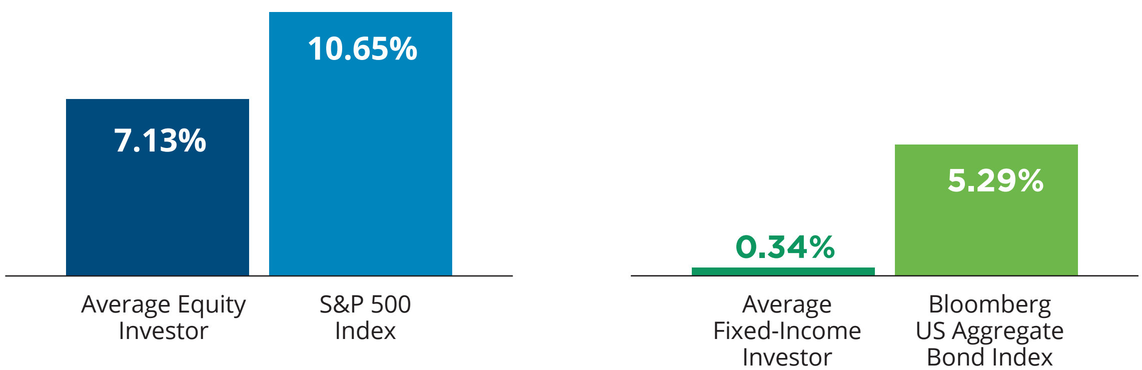


3 Long-Term Behavior

Over the past 30 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[17]
Average Annual Returns for the 30-Year Period Ending 12/31/2021



Past performance does not guarantee future results. Performance data for indices represents a lump-sum investment in January 1992 to December 2021 with no withdrawals. Indices are unmanaged, unavailable for direct investment, and do not reflect fees, expenses, or sales charges.

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 Bloomberg Index Products to compare mutual fund investor returns to an appropriate set of benchmarks. Covering the period from January 1, 1992 to December 31, 2021, 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.

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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.

We've had lots of volatility since 2008, especially in 2020 when the Dow dropped and rose over 1,000 points in a day eight times.

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 2021 you would have watched the Dow Jones Industrial Average rise to 36,338 and return an average of 17.7% annually.[18] How unfortunate for those on the sidelines.

Investing involves risk, including the possible loss of principal. Fixed income security risks include credit, liquidity, call, duration, and interest-rate risk. As interest rates rise, bond prices generally fall. Diversification does not ensure a profit or protect against a loss in declining market.

Index Descriptions

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 US Aggregate Bond Index is composed of securities that covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.

IA SBBI US LT Corp The index measures the performance of US dollar-denominated bonds issued in the US investment-grade bond market including US and non-US corporate securities that have at least ten years to maturity and a credit rating of AAA/AA.

IA SBBI US 30 Day TBill The index measures the performance of a single issue of outstanding Treasury Bill which matures closest to, but not beyond, one month from the rebalancing date. The issue is purchased at the beginning of the month and held for a full month; at the end of the month that issue is sold and rolled into a newly selected issue. The index is calculated by Morningstar and the raw data is from WSJ.

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