

First Quarter 2024

**HARTFORDFUNDS**

Our benchmark is the investor.®



# The Informed Investor

Helping investors make smarter investment decisions

## Key lessons from successful investors throughout history:

- Your behavior matters more than the market's behavior
- Patience is an undervalued investment virtue
- Historical perspective can help you stay calm when others are panicking

Discussing your ideas and concerns with a financial professional can help sharpen your thinking and potentially help you avoid costly mistakes

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## Economic Snapshot

**Unemployment Rate:** 3.7%

**Inflation Rate:** 3.3%

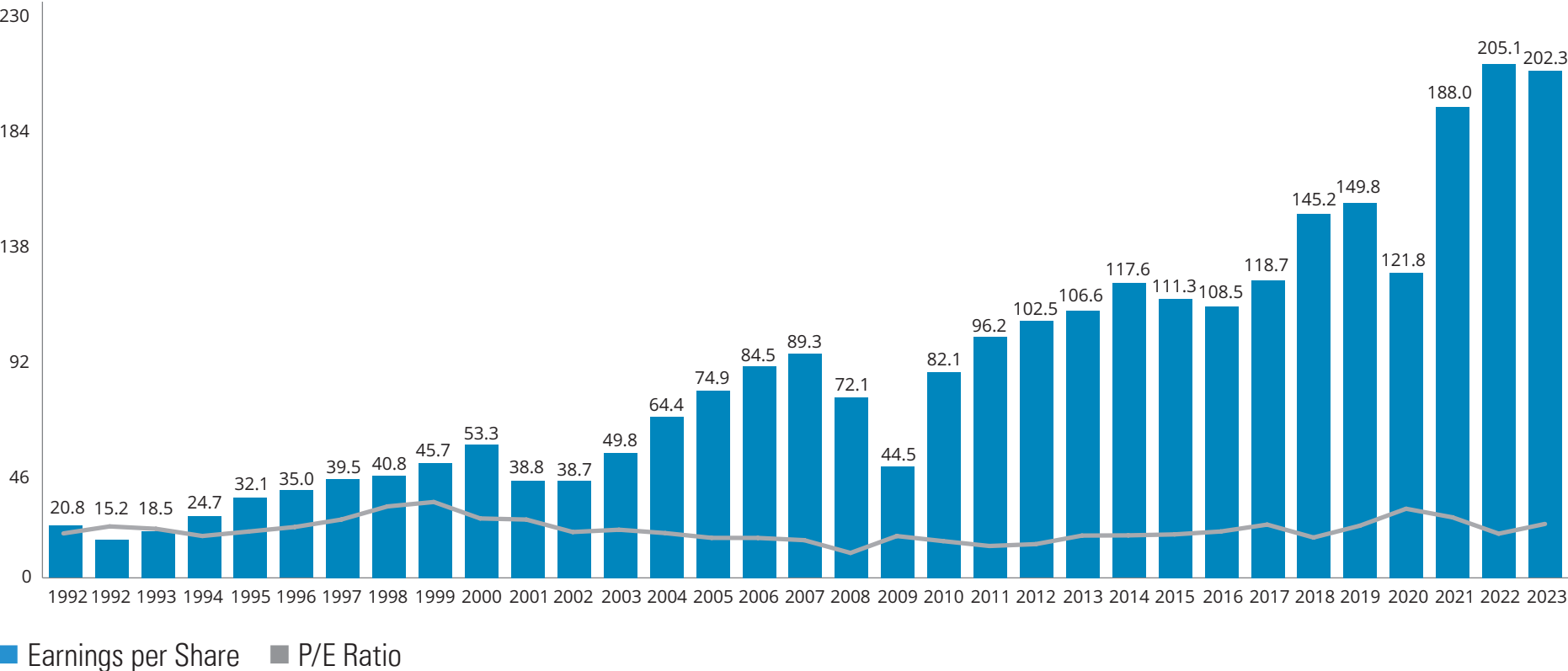
**10-Year Treasury Yield:** 3.9%

**12-Month CD Rate:** 5.32%

**Brent Crude Oil Price:** \$77.7 per barrel

# S&P 500 Index Earnings Are Near Record Highs

## S&P 500 Index Earnings (\$) and Price-to-Earnings (P/E) Ratio



Outlook

As of 12/31/23. Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment. Earnings per share is calculated as a company's profit divided by the outstanding shares of its common stock. The resulting number serves as an indicator of a company's profitability. P/E ratio is the ratio of the S&P 500 Index's price divided by earnings per share. Please see representative index definitions on page 20. Data Source: FactSet, 1/24.

# What's Happened After a Good Year in the Market?

## S&P 500 Index Calendar Year Returns (%)

Year	Return	Next Year
1933	54.0	-1.4
1954	52.6	31.6
1935	47.7	33.9
1928	43.6	-8.4
1958	43.4	12.0
1995	37.6	23.0
1927	37.5	43.6
1975	37.2	23.9
1945	36.4	-8.1
1936	33.9	-35.0
1997	33.4	28.6
1980	32.5	-4.9
2013	32.4	13.7
1985	31.7	18.7
1950	31.7	24.0
1989	31.7	-3.1
1955	31.6	6.6
2019	31.5	18.4
1938	31.1	-0.4

Year	Return	Next Year
1991	30.5	7.6
2021	28.7	-18.1
2003	28.7	10.9
1998	28.6	21.0
1961	26.9	-8.7
2009	26.5	15.1
2023	26.3	???
1943	25.9	19.8
1951	24.0	18.4
1967	24.0	11.1
1976	23.9	-7.2
1996	23.0	33.4
1963	22.8	16.5
1983	22.6	6.3
2017	21.8	-4.4
1982	21.5	22.6
1999	21.0	-9.1
1942	20.3	25.9

Historical Perspective

## Strong Fixed-Income Returns After Negative Years

### Calendar Year Performance (%)

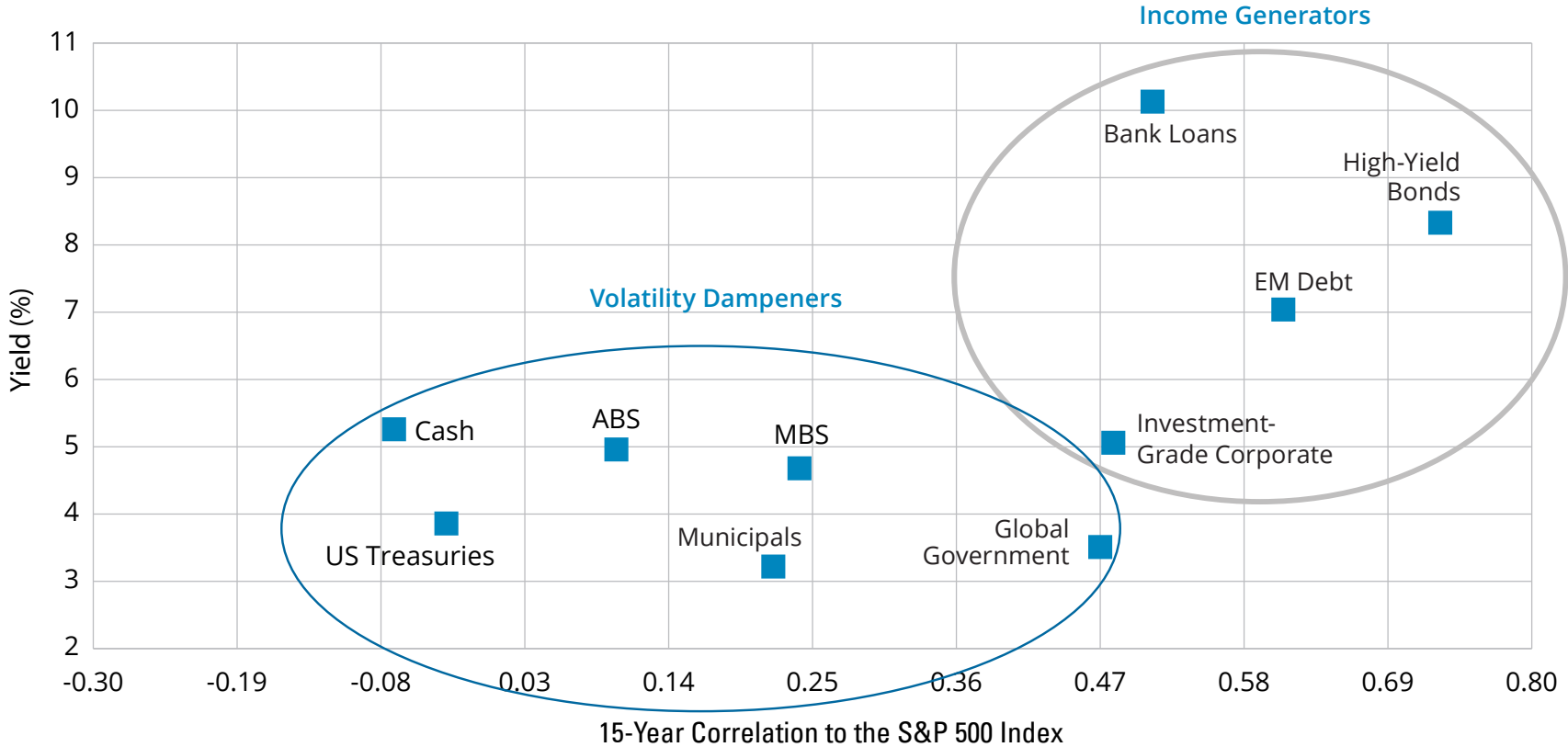
Year	Return	Year	Return	Year	Return	Year	Return	Year	Return	Year	Return
1926	5.38	1942	1.94	1958	-1.29	1974	5.69	1990	8.96	2007	6.97
1927	4.52	1943	2.81	1959	-0.39	1975	7.83	1991	16.00	2008	5.24
1928	0.92	1944	1.80	1960	11.76	1976	15.60	1992	7.40	2009	5.93
1929	6.01	1945	2.22	1961	1.85	1977	3.04	1993	9.75	2010	6.54
1930	6.72	1946	1.00	1962	5.56	1978	1.39	1994	-2.92	2011	7.84
1931	-2.32	1947	0.91	1963	1.64	1979	1.93	1995	18.47	2012	4.21
1932	8.81	1948	1.85	1964	4.04	1980	2.71	1996	3.63	2013	-2.02
1933	1.83	1949	2.32	1965	1.02	1981	6.25	1997	9.65	2014	5.97
1934	9.00	1950	0.70	1966	4.69	1982	32.62	1998	8.69	2015	0.55
1935	7.01	1951	0.36	1967	1.01	1983	8.36	1999	-0.82	2016	2.65
1936	3.06	1952	1.63	1968	4.54	1984	15.15	2000	11.63	2017	3.54
1937	1.56	1953	3.23	1969	-0.74	1985	22.10	2001	8.44	2018	0.01
1938	6.23	1954	2.68	1970	16.86	1986	15.26	2002	10.26	2019	8.72
1939	4.52	1955	-0.65	1971	8.72	1987	2.76	2003	4.10	2020	7.51
1940	2.96	1956	-0.42	1972	5.16	1988	7.89	2004	4.34	2021	-1.54
1941	0.49	1957	7.84	1973	4.61	1989	14.53	2005	2.43	2022	-13.01
								2006	4.33	2023	5.53

Historical Perspective

Past performance does not guarantee future results. Returns are for IA SBBI US Intermediate-Term Government Bond Index from 1926-1975 and the Bloomberg US Aggregate Bond Index from 1976-2023. Please see representative index definitions on page 20. Data Source: Morningstar, 1/24.

# Investors Need to Carefully Balance Income Potential With Risk and Diversification

### Fixed Income vs. Equity Correlation Chart (2008–2023)



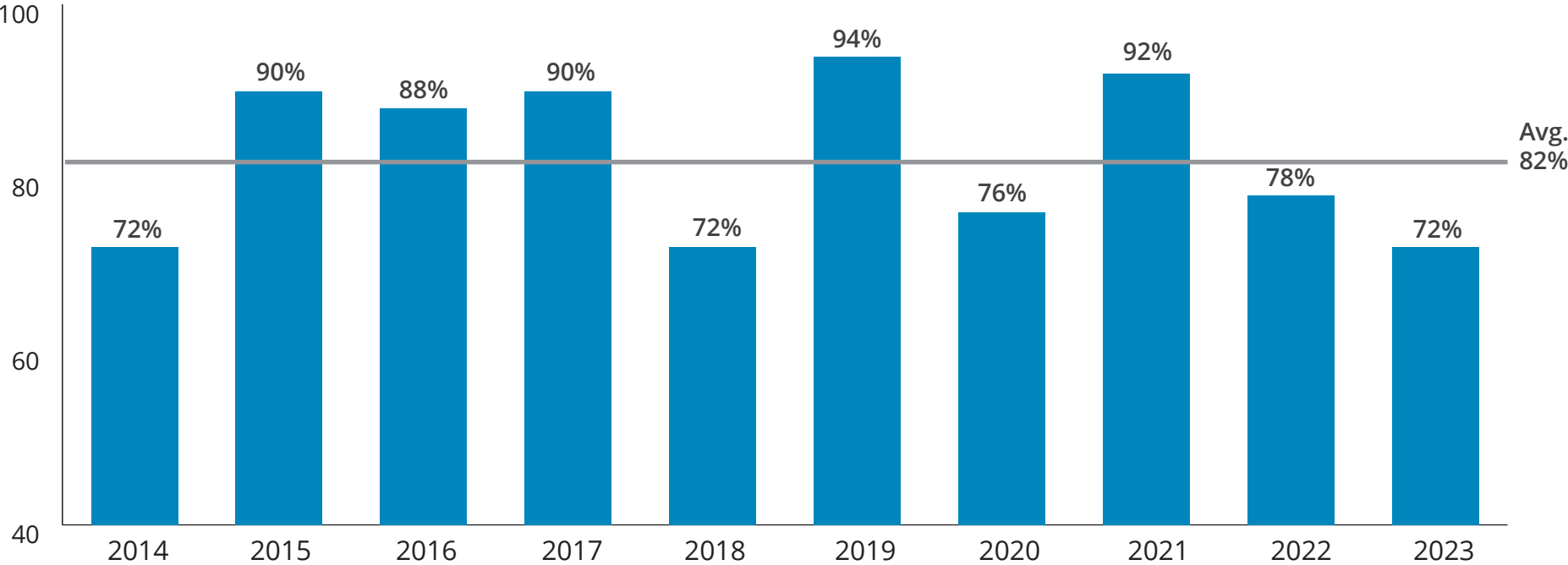
Historical Perspective

As of 12/31/23. **Past performance does not guarantee future results.** Asset classes are represented by: Cash: Bloomberg US Treasury Bill 1-3 Month Index; US Treasuries: Bloomberg US 7-10 Year Treasury Bond Index; MBS: Bloomberg US MBS Index; ABS: Bloomberg US Aggregate ABS Index; Global Government: Bloomberg Global Aggregate Bond Index; Municipals: Bloomberg Municipal Bond Index; Investment-Grade Corporate: Bloomberg US Corporate Bond Index; EM Debt: Bloomberg Emerging Markets Aggregate Bond Index; Bank Loans: Morningstar LSTA Leveraged Loan Index; High Yield Bond: Bloomberg Global High Yield Index. Yield is yield to maturity (i.e., the expected total return if a bond is held until maturity) for all indices except Municipals, which is Yield to Worst (i.e., the lowest possible yield on a bond without it defaulting). For illustrative purposes only. Please see representative index definitions on page 20. Diversification does not ensure a profit or protect against a loss in a declining market. Data Sources: Bloomberg, S&P Dow Jones, and Morningstar, 1/24.



# The US Isn't Always Best

## Percentage of World's Top-50 Stocks That Are Non-US

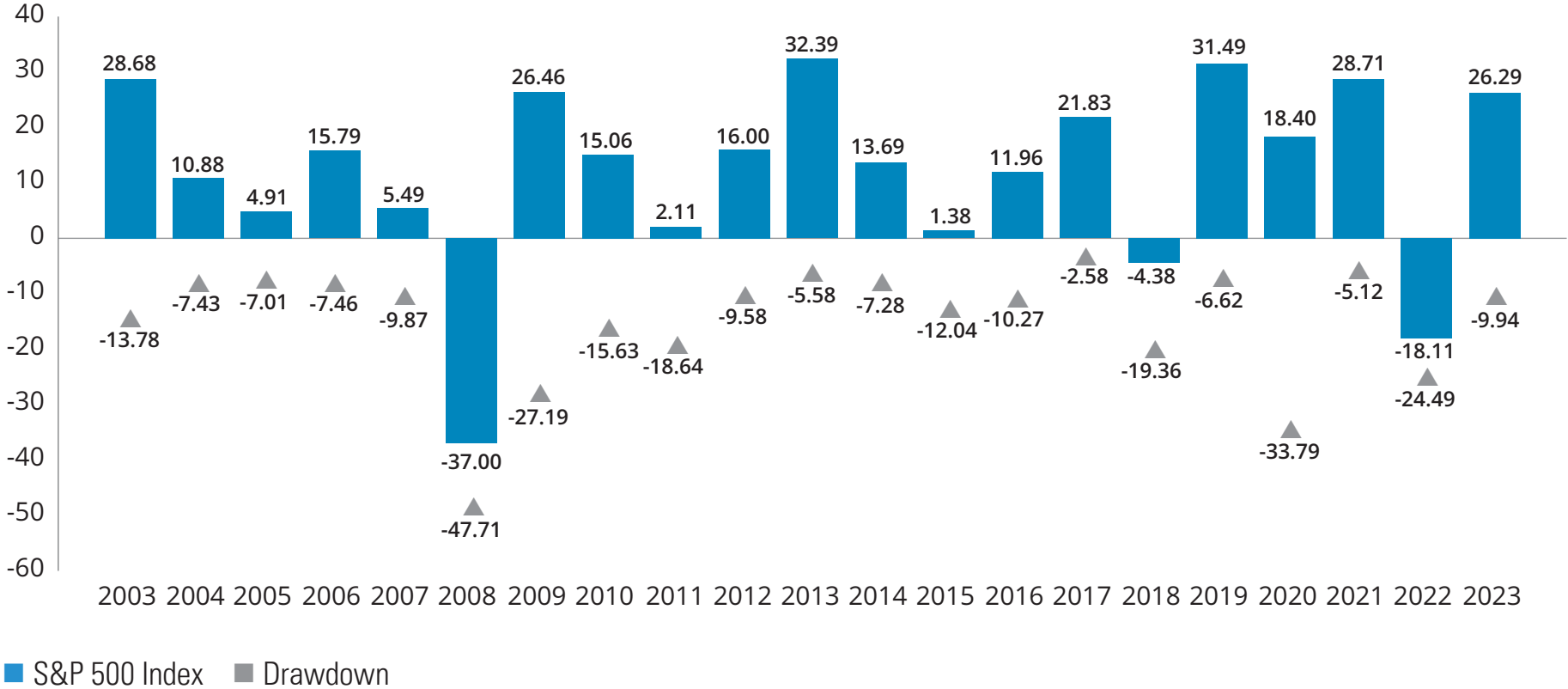


Historical Perspective

As of 12/31/23. Past performance does not guarantee future results. Based on the annual calendar-year returns of 50 highest-performing stocks of the MSCI ACWI Index. Please see representative index definitions on page 20. For illustrative purposes only. Data Source: FactSet, 1/24.

# Intra-Year Dips in US Stocks Happen Frequently

### S&P 500 Index Returns (%) and Maximum Drawdowns (%)

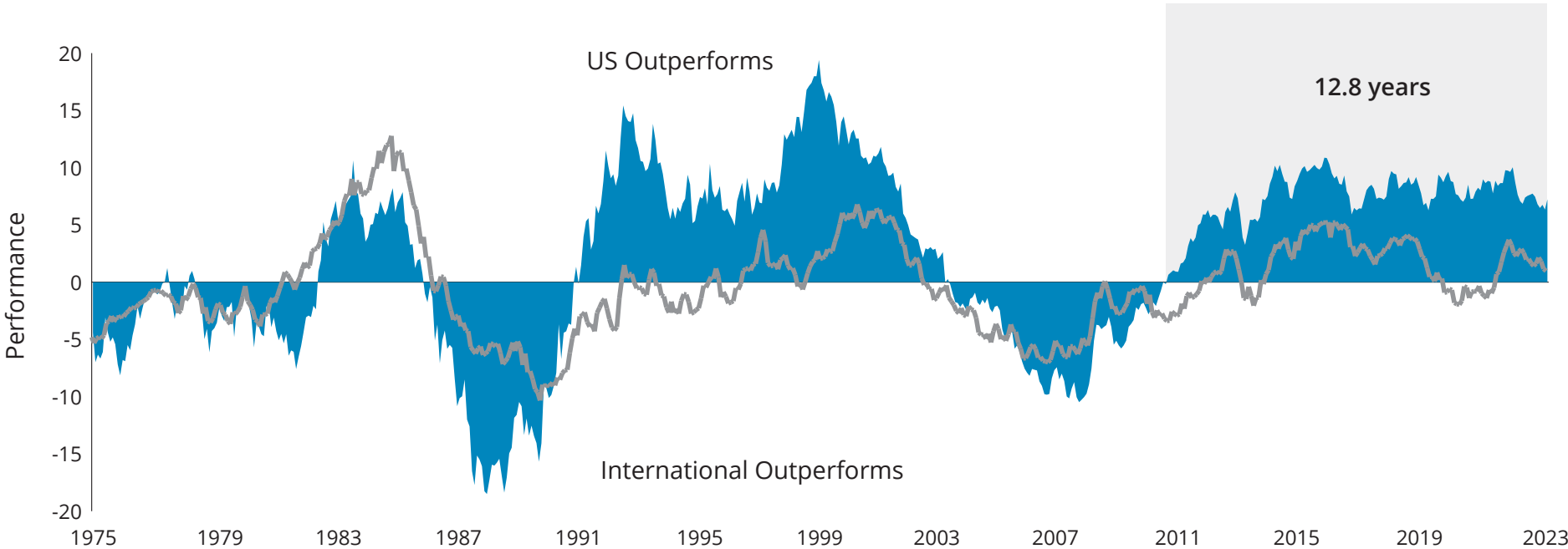


Historical Perspective

As of 12/31/23. Past performance does not guarantee future results. Assumes reinvestment of capital gains and dividends and no taxes. Drawdown refers to the largest market drop from peak to trough during the calendar year. Data Sources: Morningstar and Hartford Funds, 1/24.

# US and International Stocks Have Traded Periods of Outperformance

### US Equity vs. International Equity 5-Year Monthly Rolling Returns (%)



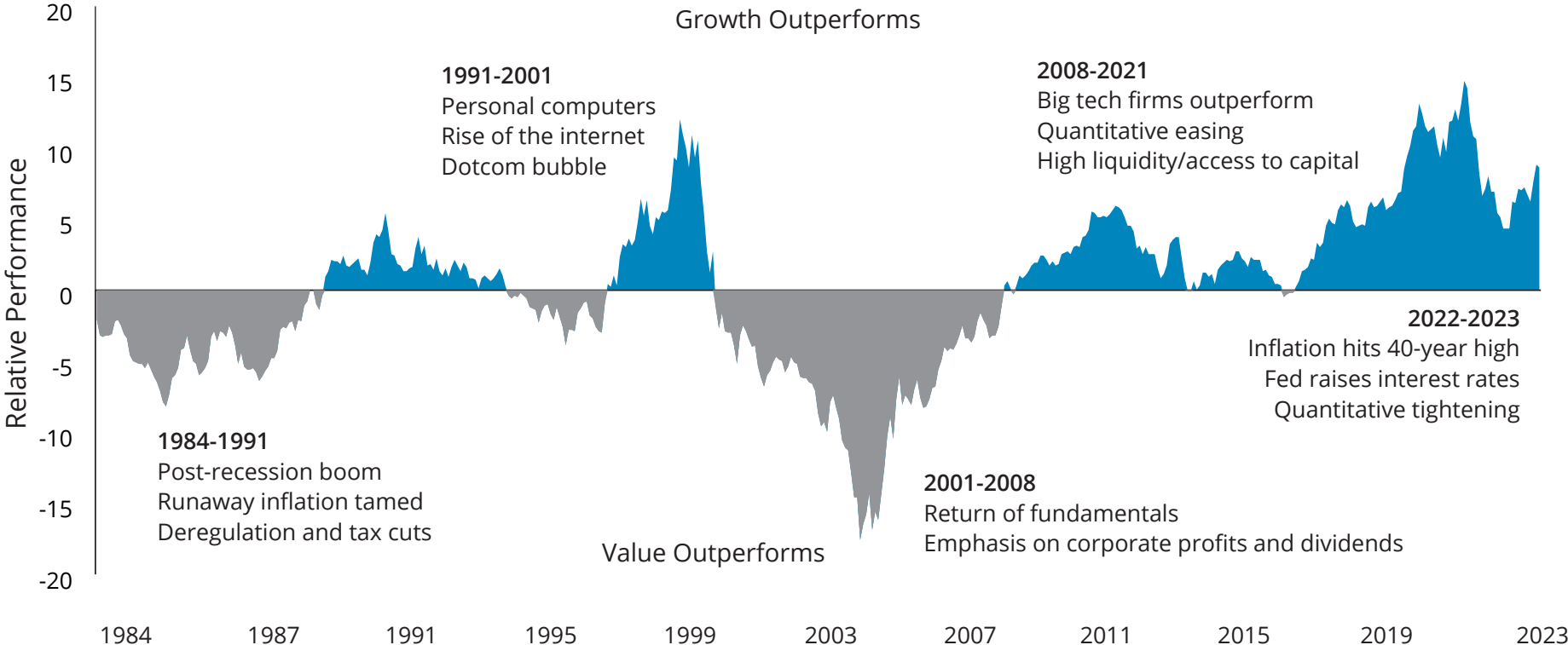
— US Dollar Index

Historical Perspective

As of 12/31/23. **Past performance does not guarantee future results.** The chart shows the S&P 500 Index's returns minus the MSCI World ex USA Index's returns. When the line is above 0, domestic stocks outperformed international stocks. When the line is below 0, international stocks outperformed domestic stocks. The performance shown above is index performance and is not representative of any Hartford Fund's performance. US equity is represented by the S&P 500 Index. International equity is represented by the MSCI World ex USA Index. For illustrative purposes only. Please see representative index definitions on page 20. Data Sources: Morningstar, Bloomberg, and Hartford Funds, 1/24.

# Growth and Value Stocks Have Traded Periods of Outperformance

Russell 1000 Growth Index vs. Russell 1000 Value Index 5-Year Monthly Rolling Returns (%)



Historical Perspective

As of 12/31/23. Past performance does not guarantee future results. The chart shows the values of the Russell 1000 Growth Index returns minus the Russell 1000 Value Index returns. When the line is above 0, growth stocks outperformed value stocks. When the line is below 0, value stocks outperformed growth stocks. The performance shown above is index performance and is not representative of any Hartford Fund's performance. Growth stocks are represented by the Russell 1000 Growth Index. Value stocks are represented by the Russell 1000 Value Index. Please see representative index definitions on page 20. For illustrative purposes only. Data Sources: Morningstar and Hartford Funds, 1/24.

## Top-10 Stock Market Drops and Recoveries

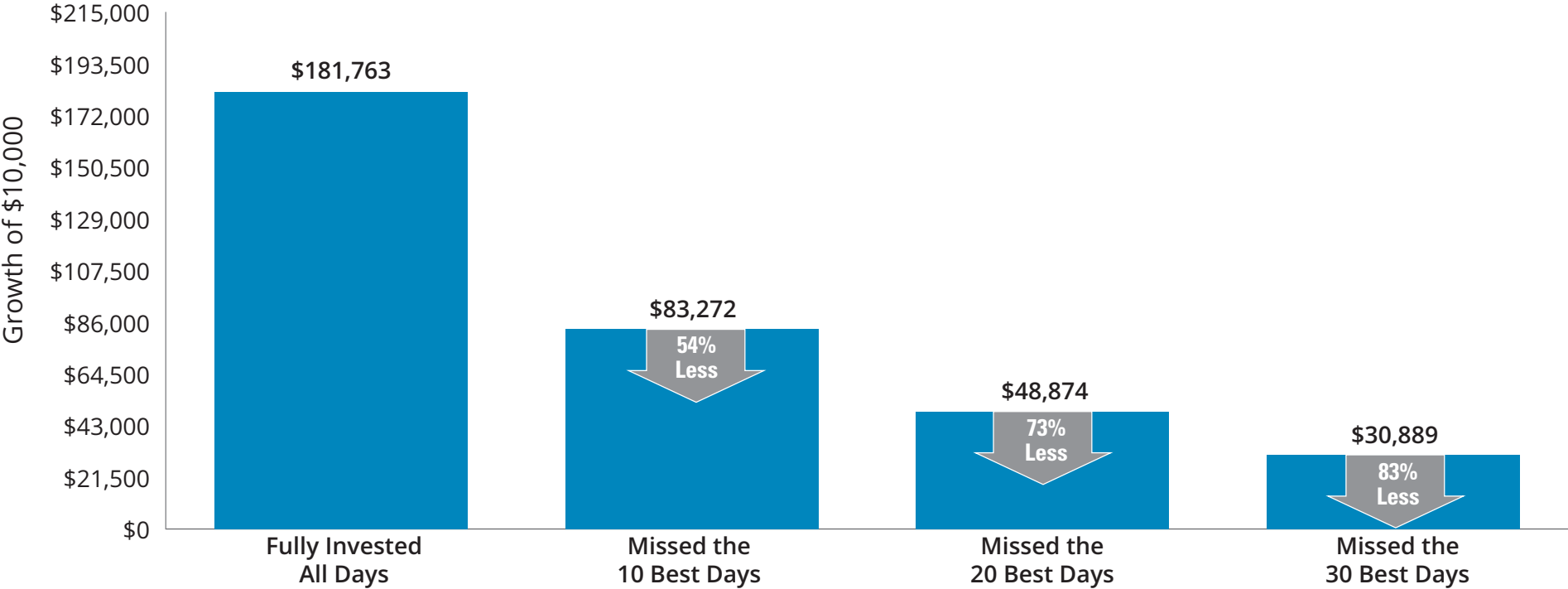
### 10 Worst Single-Day Percentage Declines for US Stocks (1980–2023)

Date	Cause	One-Day Return (%)	# Days To Reach Previous High	Annualized (%)		
				Return After 1 Year	Return After 3 Years	Return After 5 Years
1. October 19, 1987	Black Monday	-20.47	264	23.19	11.59	13.03
2. March 16, 2020	COVID-19 Pandemic	-11.98	19	66.07	18.41	?
3. March 12, 2020	COVID-19 Pandemic	-9.51	20	58.96	15.91	?
4. October 15, 2008	Global Financial Crisis	-9.03	15	20.79	10.50	13.34
5. December 1, 2008	Global Financial Crisis	-8.93	6	35.85	15.11	17.22
6. September 29, 2008	Global Financial Crisis	-8.79	410	-4.14	1.60	8.87
7. October 26, 1987	Black Monday 2.0	-8.28	5	23.59	10.20	12.92
8. October 9, 2008	Global Financial Crisis	-7.62	3	17.76	8.30	12.73
9. March 9, 2020	COVID-19 Pandemic	-7.60	57	41.10	12.58	?
10. October 27, 1997	Asian Financial Crisis	-6.87	8	21.48	16.30	0.47

Past performance does not guarantee future results. Data shown is for the S&P 500 Price Index as of 12/31/23 and does not include the reinvestment of dividend payments. Please see representative index definitions on page 20. Data Sources: Morningstar, Ned Davis Research, and Hartford Funds, 1/24.

# Missing the Market's Best Days Has Been Costly

S&P 500 Index Growth of \$10,000 (1994–2023)



Historical Perspective

As of 12/31/23. Past performance does not guarantee future results. For illustrative purposes only. Data Sources: Ned Davis Research, Morningstar, and Hartford Funds, 1/24.

## S&P 500 Index Bull Markets by the Numbers

- Since 1928, there have been 27 bull markets
- Average gain: 114.9%
- Average length: 992 days or 2.7 years
- Longest bull: 1987–2000 (582% gain); second longest; 2009–2020 (400% gain)
- The first half of a bull has outperformed the second half 74% of the time (20 out of 27 bulls) by an average of 9%
- The average gain during the first month of a new bull market: 13.6%
  - During the first 3 months: 25.3%
  - During the first 6 months: 27.4%

## Bear Markets Are a Normal Part of Investing

### S&P 500 Index Declines of 20% or More (1928-2023)

Start and End Date	% Price Decline	Length in Days
9/7/29 - 11/13/29	-44.67	67
4/10/30 - 12/16/30	-44.29	250
2/24/31 - 6/2/31	-32.86	98
6/27/31 - 10/5/31	-43.10	100
11/9/31 - 6/1/32	-61.81	205
9/7/32 - 2/27/33	-40.60	173
7/18/33 - 10/21/33	-29.75	95
2/6/34 - 3/14/35	-31.81	401
3/6/37 - 3/31/38	-54.50	390
11/9/38 - 4/8/39	-26.18	150
10/25/39 - 6/10/40	-31.95	229
11/9/40 - 4/28/42	-34.47	535
5/29/46 - 5/17/47	-28.78	353
6/15/48 - 6/13/49	-20.57	363

Start and End Date	% Price Decline	Length in Days
8/2/56 - 10/22/57	-21.63	446
12/12/61 - 6/26/62	-27.97	196
2/9/66 - 10/7/66	-22.18	240
11/29/68 - 5/26/70	-36.06	543
1/11/73 - 10/3/74	-48.20	630
11/28/80 - 8/12/82	-27.11	622
8/25/87 - 12/4/87	-33.51	101
3/24/00 - 9/21/01	-36.77	546
1/4/02 - 10/9/02	-33.75	278
10/9/07 - 11/20/08	-51.93	408
1/6/09 - 3/9/09	-27.62	62
2/19/20 - 3/23/20	-33.92	33
1/3/2022 - 10/12/22	-25.43	282
Average	-35.24	289

Historical  
Perspective



## A Balanced Portfolio Can Help Balance Out Volatility

### Cumulative Returns for Stocks, Bonds, and a Balanced Portfolio (2000–2023)

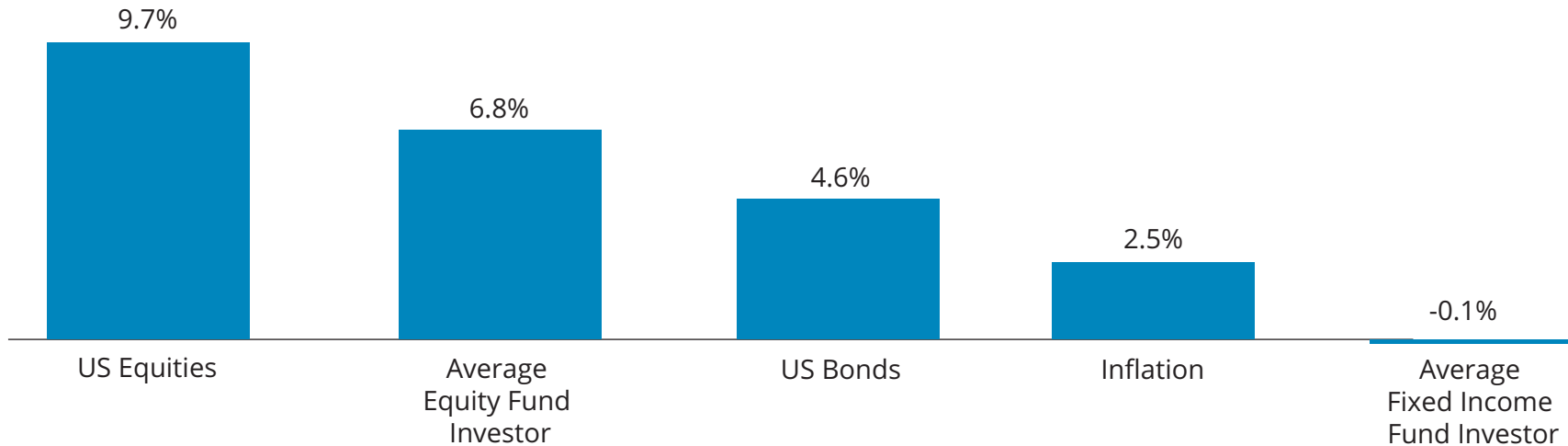
Years	Stocks	Bonds	Balanced	Investor Mindset
2000-2002	-37.6%	33.5%	-6.4%	"Why do I own stocks?"
2003-2007	82.9%	24.2%	51.8%	"Why do I own bonds?"
2008	-37.0%	5.2%	-15.9%	"Why do I own stocks?"
2009-2017	258.8%	40.7%	129.8%	"Why do I own bonds?"
2018	-4.4%	0.0%	-2.2%	"Why do I own stocks?"
2019-2023	64.1%	0.1%	50.8%	"Why do I own bonds?"
Total return 2000-2023	410.9%	159.3%	305.4%	
Growth of \$100,000	<b>\$510,924</b>	<b>\$259,310</b>	<b>\$405,382</b>	

Historical  
Perspective

As of 12/31/23. Past performance does not guarantee future results. Stocks are represented by S&P 500 Index. Bonds are represented by the Bloomberg US Aggregate Bond Index. Balanced Portfolio is represented by 50% S&P 500 Index and 50% Bloomberg US Aggregate Bond Index. For illustrative purposes only. Data Sources: Morningstar and Hartford Funds, 1/24.

## Buying and Selling at the Wrong Times Could Be Costly

### 30-year Annualized Returns by Asset Class (%) (1992–2022)



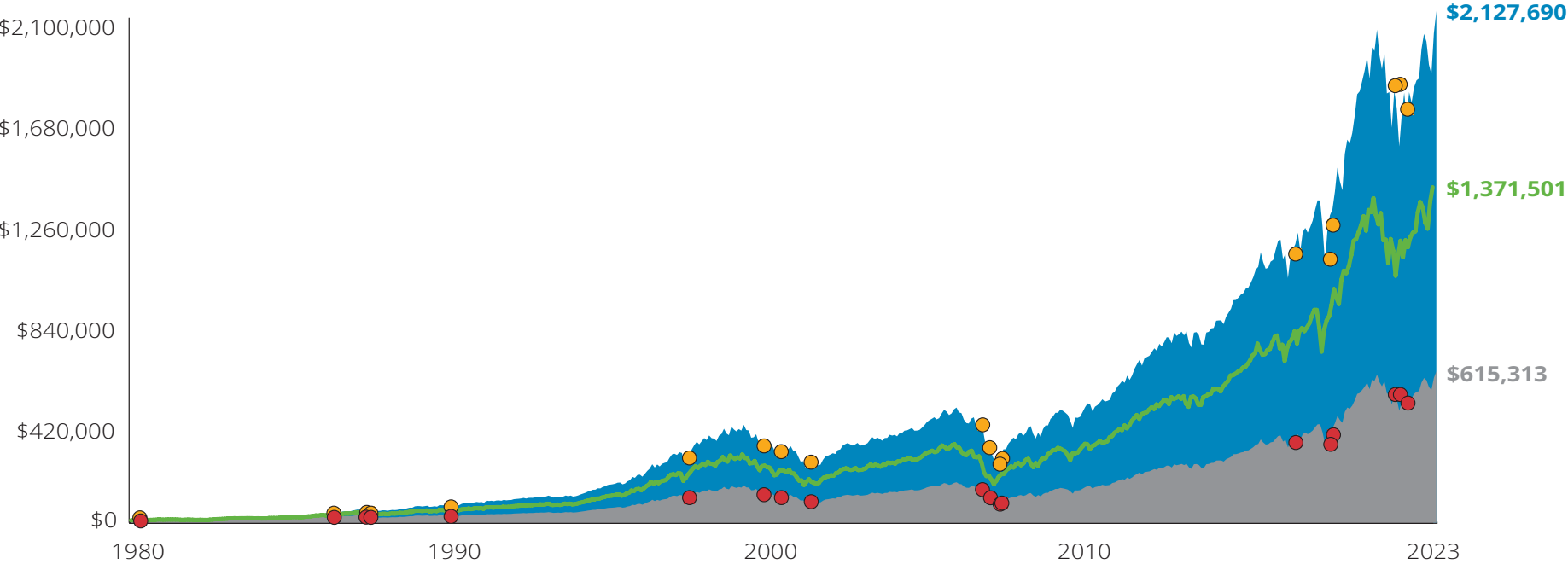
As of 12/31/22. Most recent data available. Performance data for indices represents a lump sum investment in 1/1/92–12/31/22 with no withdrawals. US Equities are represented by the S&P 500 Index. US Bonds are represented by the Bloomberg US Aggregate Bond Index. Index performance is not indicative of any Hartford fund’s performance.

**Average Equity Fund Investor and Average Fixed Income Fund 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.

**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 1/1/92–12/31/22, 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.

# Buying Stocks After Big Market Drops Has Historically Been Profitable

### S&P 500 Index Hypothetical Growth of \$10,000 (1980–2023)



- Opportunistic: Added \$2,000 every time the market dropped 8% or more in a month ●
- Apprehensive: Moved \$2,000 into 30-Day US T-Bills every time the market dropped 8% in a month ●
- Buy and Hold: Held steady through the volatility

As of 12/31/23. Past performance does not guarantee future results. Assumes reinvestment of capital gains and dividends and no taxes. Data Sources: Thomson Reuters and Hartford Funds, 1/24.

## Asset Class and Index Definitions

**Bloomberg Emerging Markets Aggregate Bond Index** is a hard-currency emerging-markets debt benchmark that includes USD-denominated debt from sovereign, quasi-sovereign, and corporate EM issuers.

**Bloomberg Global Aggregate Bond Index** is a multi-currency benchmark that includes Treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging-markets issuers.

**Bloomberg Global High Yield Index** is a multi-currency measure of the global high-yield debt market.

**Bloomberg Municipal Bond Index** is an unmanaged index that is considered representative of the broad market for investment-grade, tax-exempt bonds with a maturity of at least one year.

**Bloomberg US Treasury 10+ Year Index** measures the performance of public obligations of the US Treasury with maturities of 10 years and greater, including securities roll up to the US Aggregate, US Universal, and Global Aggregate Indices.

**Bloomberg US Treasury 1-3 Year Index** measures the performance of US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. It is the subset of the US Treasury Index includes bonds with maturities of 1 to 3 years.

**Bloomberg US Treasury 5-7 Year Index** measures the performance of US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. It is the subset of the US Treasury Index includes bonds with maturities of 5 to 7 years.

**Bloomberg US 7-10 Year Treasury Bond Index** measures the performance of the US Government bond market and includes public obligations of the US Treasury with a maturity of between seven and up to (but not including) 10 years.

**Bloomberg US Aggregate ABS Index** is a component of the Bloomberg US Aggregate Index and has three subsectors: credit and charge cards, autos, and utilities.

**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.

**Bloomberg US Corporate Index** measures the investment-grade, fixed-rate, taxable corporate-bond market.

**Bloomberg US MBS Index** tracks fixed-rate agency mortgage-backed passthrough securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

**Bloomberg US Treasury Bill 1-3 Month Index** is designed to measure the performance of public obligations of the US Treasury that have a remaining maturity of greater than or equal to 1 month and less than 3 months.

**IA SBBI US 30-Day T-Bill 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.

**IA SBBI US Intermediate-Term Government Bond Index** measures the performance of five-year maturity US Treasury Bonds.

**Morningstar LSTA Leveraged Loan Index** is a market-value-weighted index that is designed to measure the performance of the US leveraged-loan market based upon market weightings, spreads, and interest payments.

**MSCI ACWI Index** is a free float-adjusted market-capitalization index that measures equity market performance in the global developed and emerging markets, consisting of developed and emerging-market country indices.

**MSCI World ex USA Index** is a free float-adjusted market capitalization index that captures large- and mid-cap representation across developed markets countries—excluding the US.

**Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the US equity universe.

**Russell 1000 Value Index** measures the performance of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

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

**S&P 500 Price Index** is a market capitalization-weighted price index composed of 500 widely held common stocks, and does not include the reinvestment of dividend payments.

**Important Risks:** Investing involves risk, including the possible loss of principal. • Foreign investments may be more volatile and less liquid than US investments and are subject to the risk of currency fluctuations and adverse political, economic, and regulatory developments. These risks may be greater, and include additional risks, for investments in emerging markets or if a fund focuses in a particular geographic region or country. • Fixed-income security risks include credit, liquidity, call, duration, event and interest-rate risk. As interest rates rise, bond prices generally fall. • Investments in high-yield (“junk”) bonds involve greater risk of price volatility, illiquidity, and default than higher-rated debt securities. • Municipal securities may be adversely impacted by state/local, political, economic, or market conditions. Investors may be subject to the federal Alternative Minimum Tax as well as state and local income taxes. Capital gains, if any, are taxable. • Bank loans can be difficult to value and less liquid than other types of debt instruments; they are also subject to nonpayment, collateral, bankruptcy, default, extension, prepayment, and insolvency risks. • US Treasury securities are backed by the full faith and credit of the US government as to the timely payment of principal and interest.

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