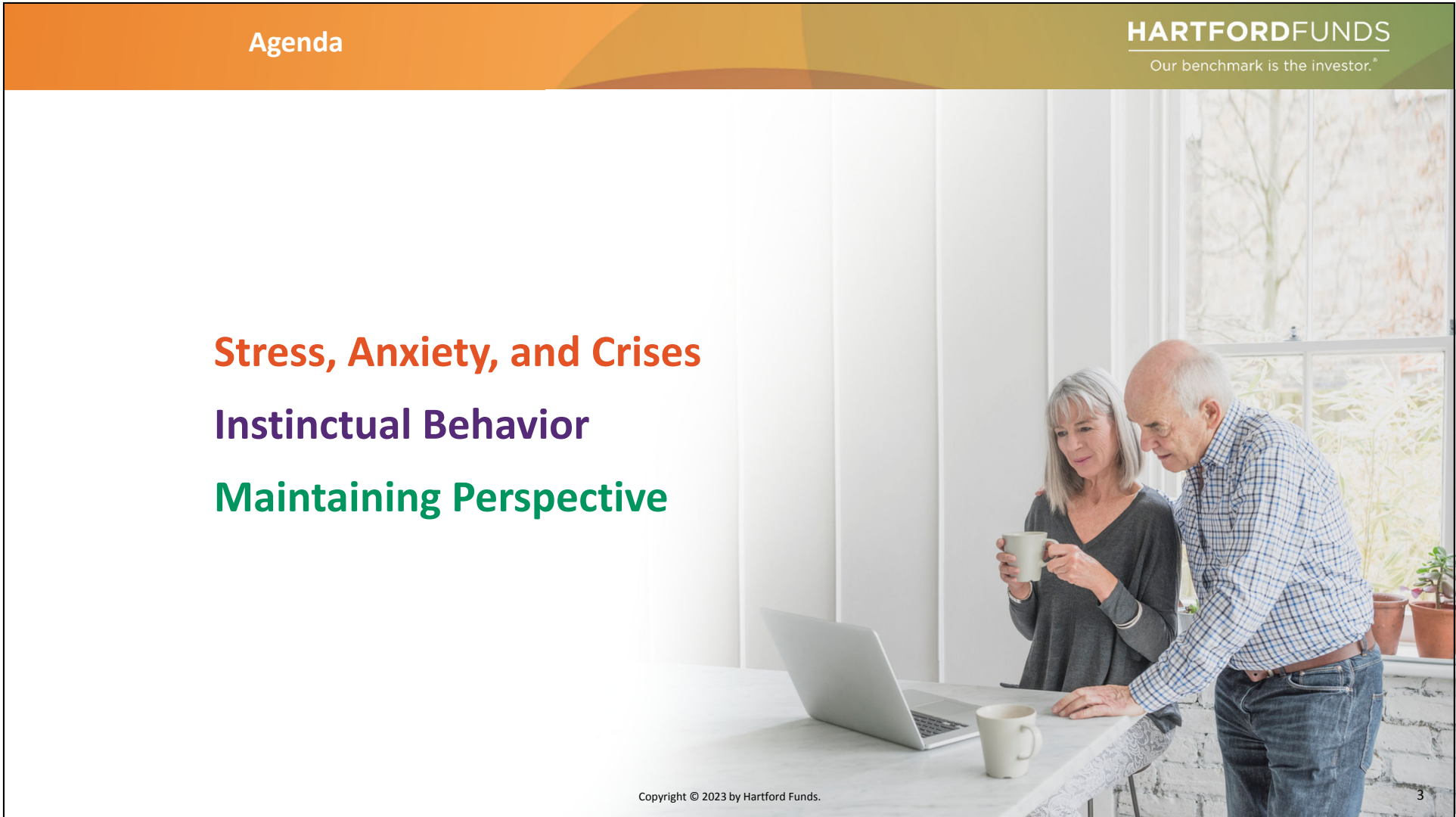


# Maintaining Perspective in Uncertain Times

- The MIT AgeLab is based within MIT's School of Engineering
- Challenges and opportunities of longevity
- Consumer behavior and decision-making
- Trends in demographics, technology, and lifestyles



**Stress, Anxiety, and Crises**  
**Instinctual Behavior**  
**Maintaining Perspective**





**Stress, Anxiety, and Crises**

- Stress:** Anything that disrupts homeostasis
- Fear:** Clear and present danger
- Anxiety:** Anticipation of a clear or present danger, whether real or not
- Crisis:** A stage in a sequence of events at which the trend of all future events depends

# Stress, Anxiety, and Crises

HARTFORDFUNDS

Our benchmark is the investor.\*

**CRISIS!**

**STOCKS PLUNGE 508 POINTS, A DROP OF 22.6%; 604 MILLION VOLUME NEARLY DOUBLES RECORD**  
The New York Times, October 29, 2008

**Dow Jones crashes 508 points: City wipes £50bn off shares Wall Street's blackest hours**  
The Times, Tuesday October 29, 2008

**STOCKS SHRINK 10 BILLIONS**  
The Des Moines Register, Tuesday Morning, Oct. 29, 2008

**Stock Market Suffers Largest Loss as Dow Industrial Average Drops**  
The Washington Post, October 29, 2008

**Oil Closes Below \$50, Lowest Price Since May 2005**  
The New York Times, Nov. 20, 2008

**Russia-Ukraine War Russian Attacks Intensify in East, Ukraine Says**  
The New York Times, Nov. 20, 2008

**A Brooklyn I.C.U. Fighting for Each Life**  
The New York Times, Nov. 21, 2008

**Home Sales Fell Sharply in November**  
The New York Times, Nov. 21, 2008

**Italy May Let Antibodies Say Who Can Work**  
The New York Times, Nov. 21, 2008

**The Dot-Com Bubble Bursts**  
The New York Times, Dec. 24, 2000

**And You Thought 1931 Was Bad for the Market**  
The New York Times, Nov. 21, 2008

**Trump Urges Use of Drug Yet Unproven**  
The New York Times, Nov. 21, 2008

**Flattening the Coronavirus Curve**  
The Economist, Adapted from CDC / The Economist

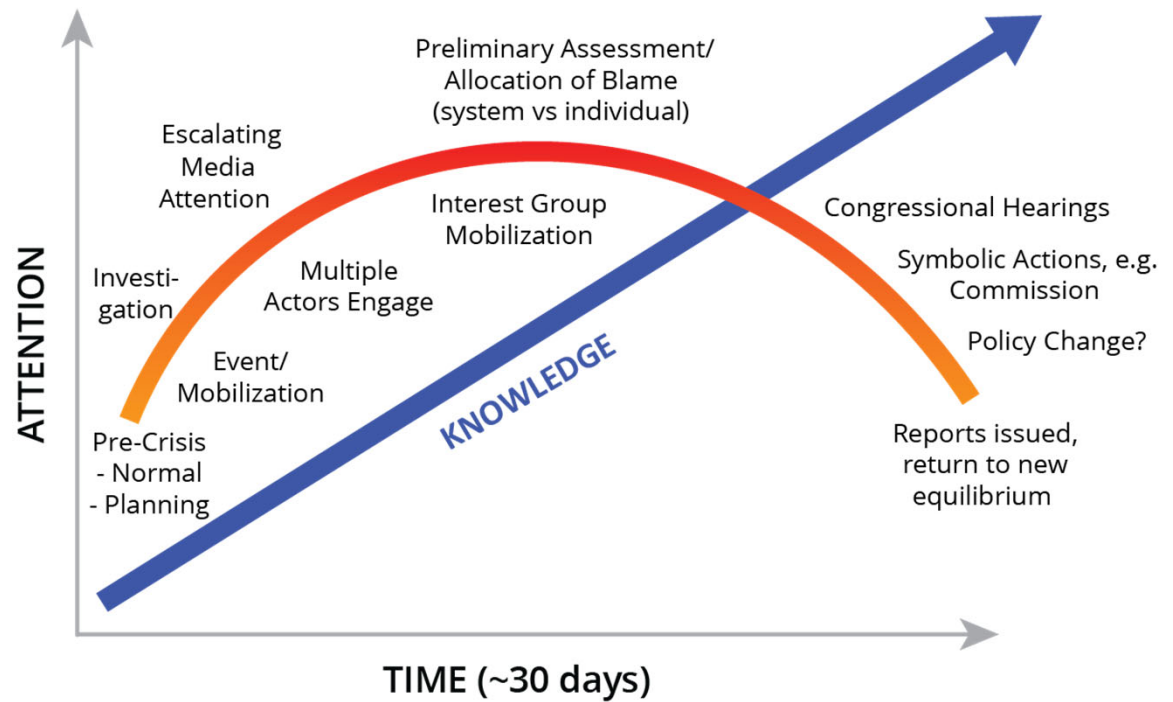
**Without Protective Measures**  
**With Protective Measures**

**Healthcare system capacity**

**Time since first case**

**Adapted from CDC / The Economist**

# Issue Lifecycle



Source: MIT AgeLab, 2020

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## Impact of Anxiety on Investor Perception

- **Meaninglessness**  
The system has lost any meaning; it no longer makes sense.
- **Normlessness**  
The rules are broken, or there are no longer any rules.
- **Powerlessness**  
There is little that I or anyone can do to impact/influence outcomes.

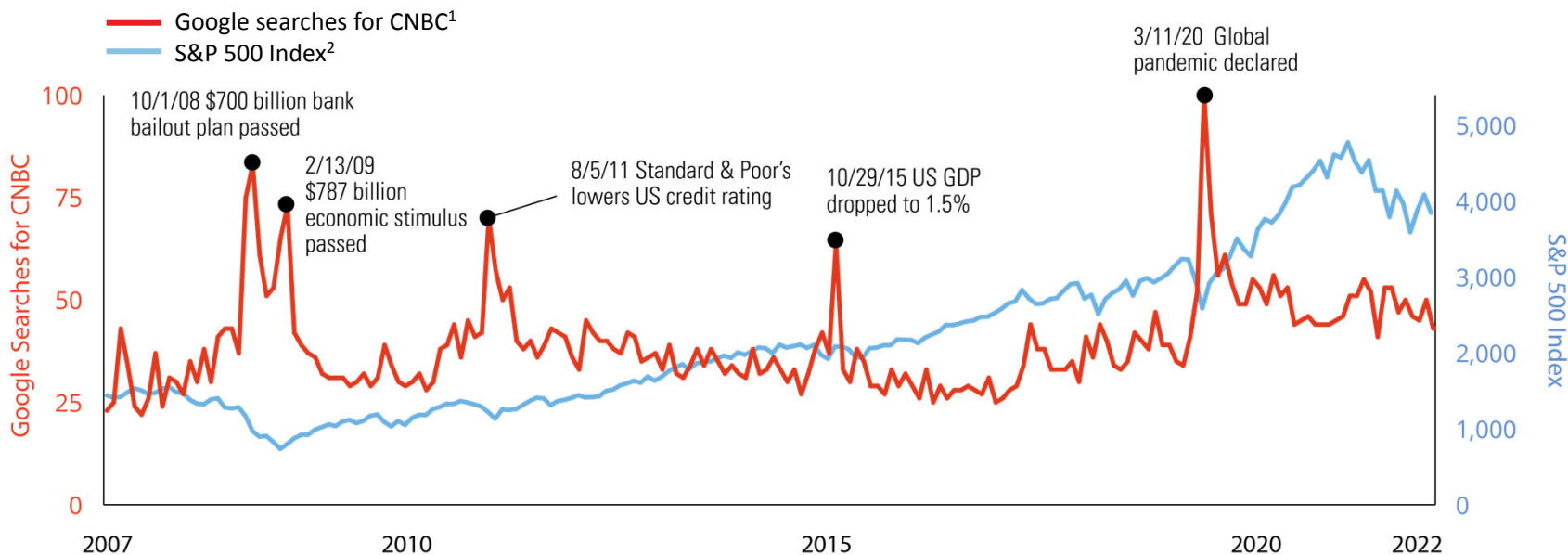




# Instinctual Behavior

# Investing Attention In The Negative

Google Searches for "CNBC" vs. S&P 500 Index



**PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.**

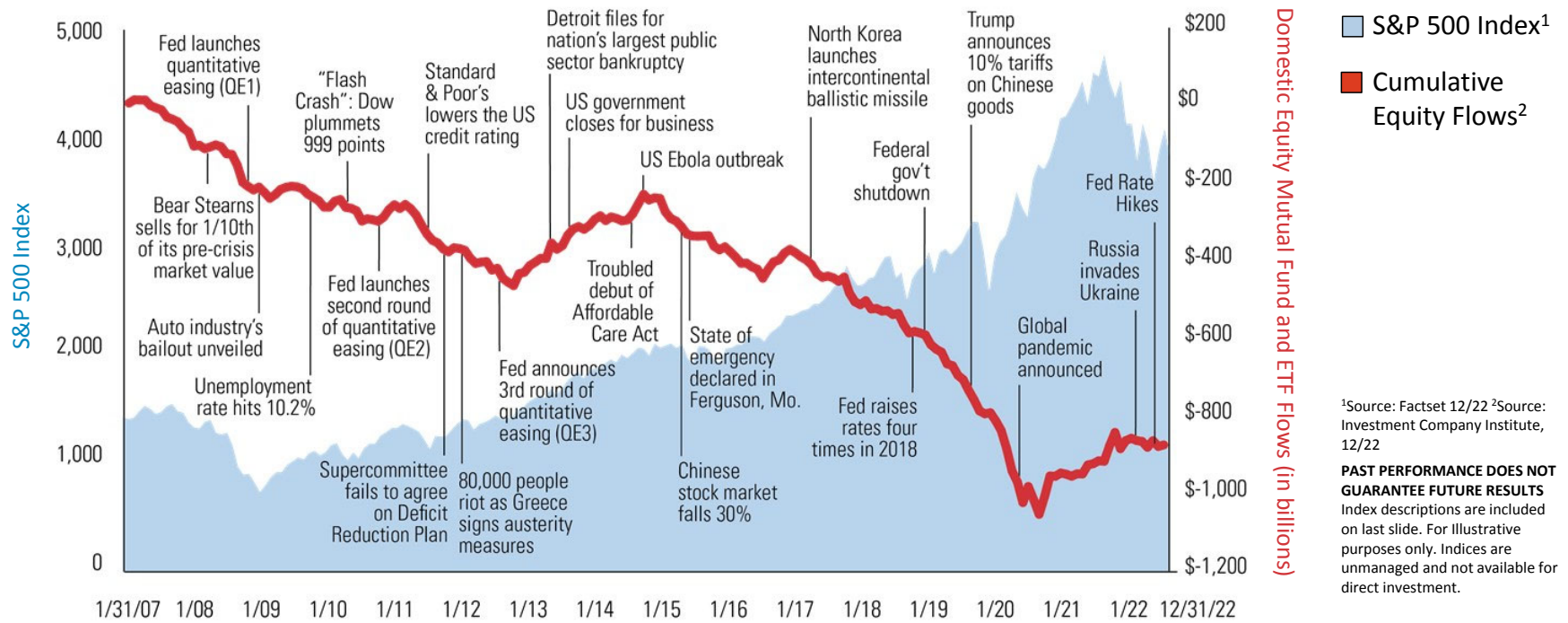
Index descriptions are included on last slide. For illustrative purposes only. Indices are unmanaged and not available for direct investment.

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.

<sup>1</sup>Data Source: Google Trends, 12/22

<sup>2</sup>Data Source: Factset, 12/22

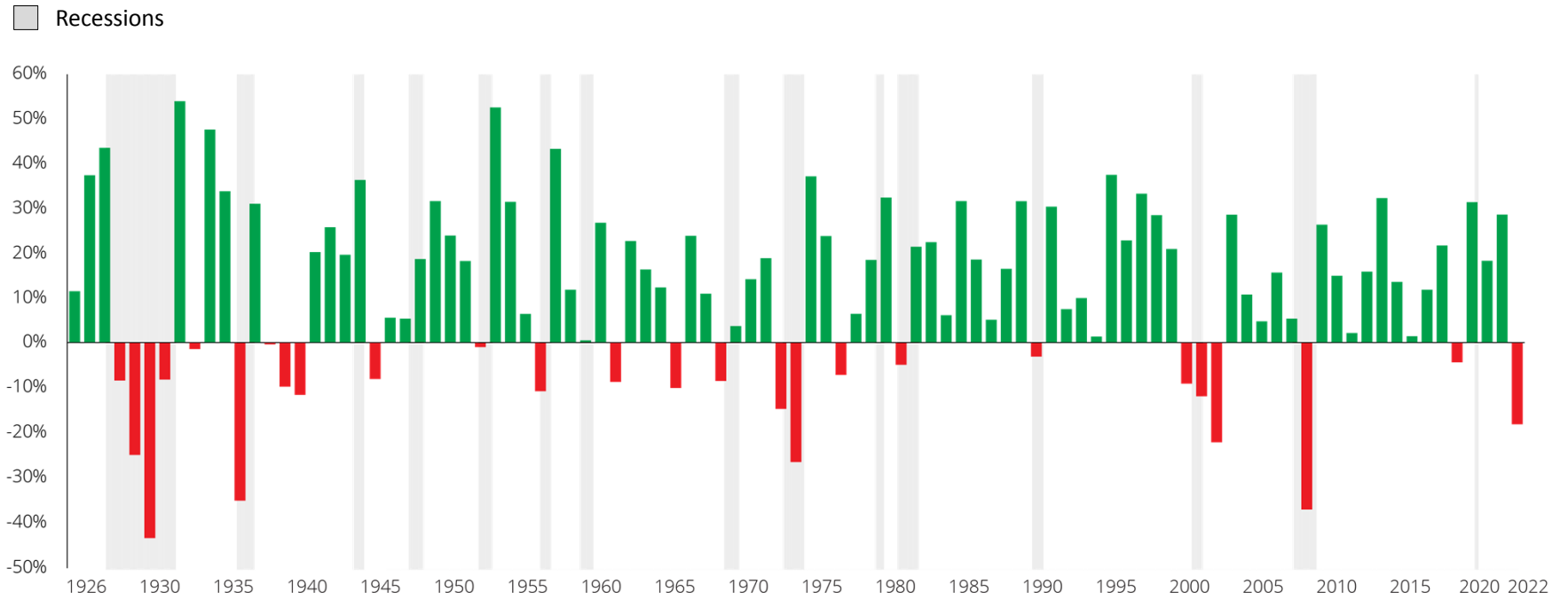
# It's Always Something



<sup>1</sup>Source: Factset 12/22 <sup>2</sup>Source: Investment Company Institute, 12/22  
**PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS**  
 Index descriptions are included on last slide. For illustrative purposes only. Indices are unmanaged and not available for direct investment.

# Loss Aversion: Is Fear of Loss Blinding You From Growth Opportunities?

Average Annual Returns—S&P 500 Index 1926–2022



PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. Source: Morningstar, 12/21. Indices are unmanaged and not available for direct investment.

S&P 500 INDEX STATS (1926–2022)

POSITIVE

NEGATIVE

NUMBER OF POSITIVE YEARS:	71	NUMBER OF NEGATIVE YEARS:	26
PERCENTAGE OF POSITIVE YEARS:	73%	PERCENTAGE OF NEGATIVE YEARS:	27%
NUMBER OF YEARS WHEN GAINS WERE GREATER THAN 20%:	36	NUMBER OF YEARS WHEN LOSSES WERE GREATER THAN 20%:	6
AVERAGE ANNUAL RETURN: 10.12%			

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. Indices are unmanaged and not available for direct investment. Source: Morningstar, 12/22

# “I Can’t Take It Anymore!”

30%+ Drops In The S&P 500 Index 1960–2022



11/29/68-  
5/26/70

- Interest rates rose above 9%
- Vietnam War



1/11/73-  
10/3/74

- Middle East oil embargo
- Watergate scandal



8/25/87-  
12/4/87

- Black Monday: the Dow Jones Industrial Average dropped 22% in a single day



3/24/00-  
9/21/01

- Dot-com bubble
- Accounting scandals
- 9/11



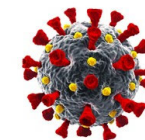
1/4/02-  
10/9/02

- WorldCom collapse
- Tyco executives indicted
- Ford closes five plants



10/9/07-  
3/9/09

- Housing bubble
- Financial crisis

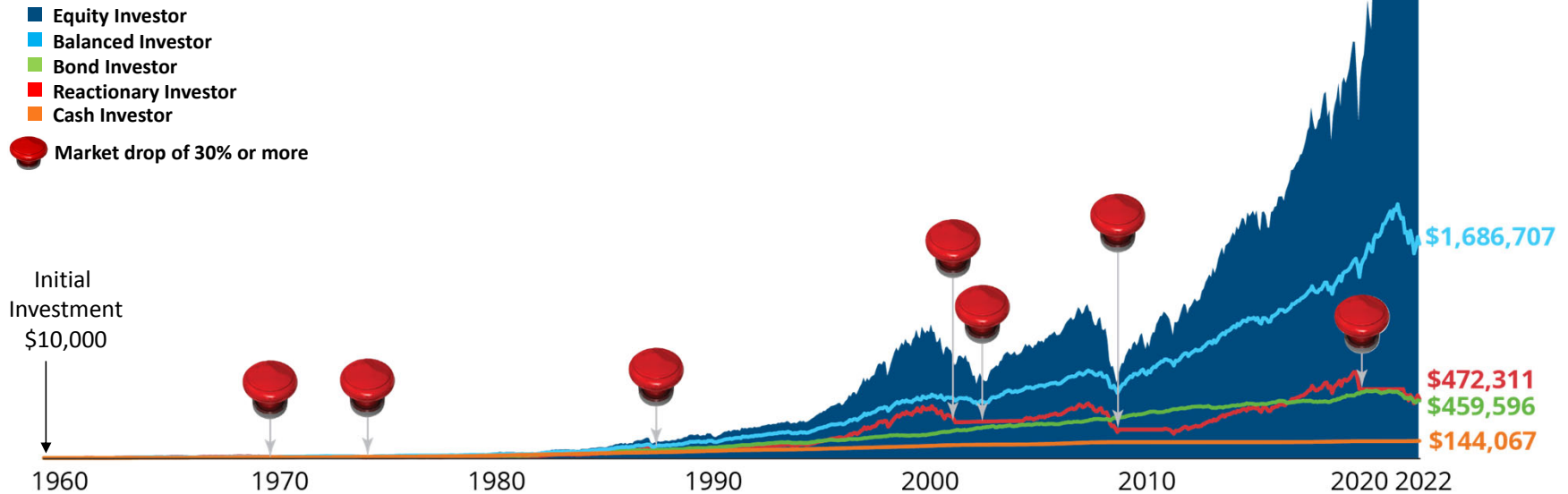


2/19/20-  
3/23/20

- Global pandemic

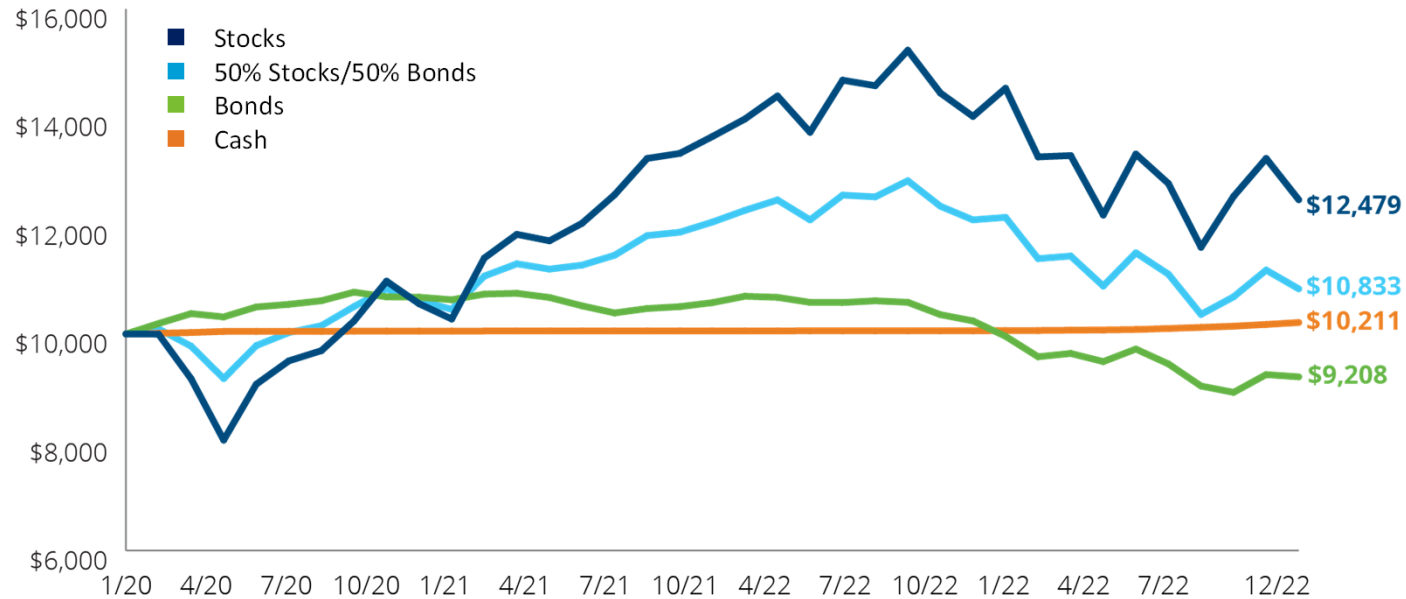
# The Price of Panic

\$10,000 Invested in S&P 500 Index 12/31/59–12/31/22



**PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.** **Equity** returns are represented by the S&P 500 Index. **Bond** returns are represented by 1926-1975: IA SBBIT Government index, 1976 – Present: Bloomberg US Aggregate Bond Index. **Reactionary** returns indicate the results of an investor who invested in S&P 500 Index, moved 100% into 30-Day T-Bills each time the market dropped 30% and then moved 100% back into S&P 500 Index two years later. **Balanced** returns are represented by 50% equity and 50% bonds. **Cash** returns are represented by 30-Day T-Bills. Data Source: Ned Davis Research and Morningstar, 12/22. For illustrative purposes only. Indices are unmanaged and not available for direct investment. Index descriptions are included on last slide. US Treasury securities are backed by the full faith and credit of the US Government. Equities and bonds are subject to risks and may not be suitable for all investors.

**Stocks Sold Off Early in 2020 Then Recovered in the Wake of the Pandemic**  
 Growth of \$10,000 (January 2020–December 2022)



**Past performance does not guarantee future results.** “Stocks” are represented by the S&P 500 Index, “Bonds” are represented by the Bloomberg US Aggregate Bond Index, “Cash” is represented by the Bloomberg US Treasury Bill 1–3 Month. For illustrative purposes only. Source: Morningstar, 12/22



## A Balanced Portfolio Can Help Balance Out Volatility

Years	Stocks	Bonds	Balanced (50% stocks/50% bonds)	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?"
2019-2022	64.1%	0.1%	30.1%	"Why do I own bonds?"
<b>Total Return 1/1/2000-12/31/22</b>	<b>304.6%</b>	<b>145.7%</b>	<b>249.7%</b>	
<b>Growth of \$100k</b>	<b>\$404,572</b>	<b>\$245,724</b>	<b>\$349,743</b>	
<b>Annualized Return</b>	<b>6.3%</b>	<b>4.0%</b>	<b>5.6%</b>	

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. The performance shown above is index performance shown for illustrative purposes only and is not representative of any Hartford Fund's performance. "Stocks" are represented by the S&P 500 Index, and "Bonds" are represented by the Bloomberg US Aggregate Bond Index. Indices are unmanaged and not available for direct investment. For illustrative purposes only. Source: Morningstar and Hartford Funds, 12/22.

# Maintaining Perspective



## 1. Seek Out the Positive

Companies Started During Recessions



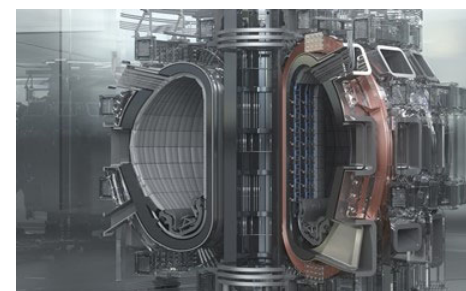
# The Headlines That Don't Get Much Attention



Magnetic Train (621 MPH)



3D-Printed Homes



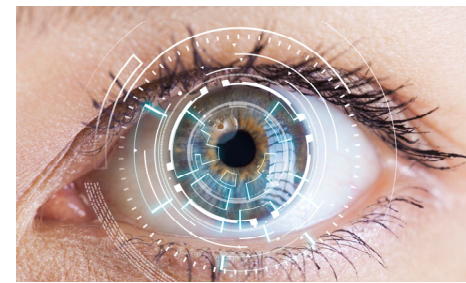
Limitless, Carbon-Free Energy—Without Nuclear Waste?



Solar-Powered Car



A Robot That Can Do Housework?



Predicting Health Problems With Routine Eye Scans

## 2. Have a Plan

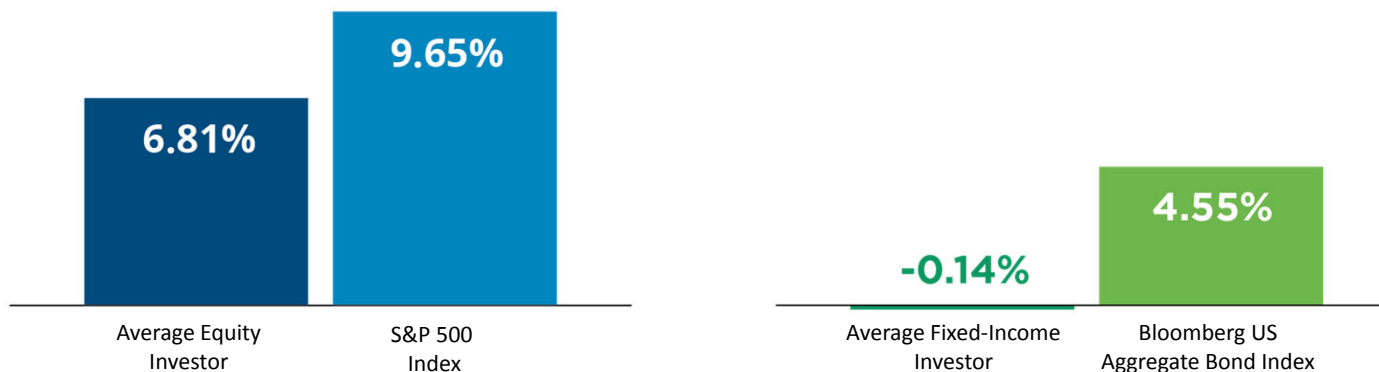
Annual Returns of Asset Classes (2008-2028)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Bonds	5.24	Mid-Cap Growth 46.29	Small-Cap Growth 29.09	Bonds 7.84	Mid-Cap Value 18.51	Small-Cap Growth 43.30	Mid-Cap Value 14.75	Large-Cap Growth 5.67	Small-Cap Value 31.74	Large-Cap Growth 30.21	Cash 1.82	Large-Cap Growth 36.39	Large-Cap Growth 38.49	Mid-Cap Value 28.34	Cash 1.52
Cash	1.77	Large-Cap Growth 37.21	Mid-Cap Growth 26.38	Large-Cap Growth 2.64	Small-Cap Value 18.05	Mid-Cap Growth 35.74	Large-Cap Value 13.45	Bonds 0.55	Mid-Cap Value 20.00	Int'l 25.62	Bonds 0.01	Mid-Cap Growth 35.47	Mid-Cap Growth 35.59	Small-Cap Value 28.27	Large-Cap Value -7.54
Small-Cap Value	-28.92	Small-Cap Growth 34.47	Mid-Cap Value 24.75	Large-Cap Value 0.39	Int'l 17.90	Small-Cap Value 34.52	Large-Cap Growth 13.05	Cash 0.03	Large-Cap Value 17.34	Mid-Cap Growth 25.27	Large-Cap Growth -1.51	Small-Cap Growth 28.48	Small-Cap Growth 34.63	Large-Cap Growth 27.60	Mid-Cap Value -12.03
Diversified Portfolio	-33.45	Mid-Cap Value 34.21	Small-Cap Value 24.50	Cash 0.07	Large-Cap Value 17.51	Large-Cap Growth 33.48	Mid-Cap Growth 11.90	Mid-Cap Growth -0.20	Diversified Portfolio 12.21	Small-Cap Growth 22.17	Mid-Cap Growth -4.75	Mid-Cap Value 27.06	Diversified Portfolio 18.11	Large-Cap Value 25.16	Bonds -13.01
Large-Cap Value	-36.85	Int'l 32.46	Diversified Portfolio 19.13	Diversified Portfolio -1.15	Mid-Cap Growth 15.81	Mid-Cap Value 33.46	Diversified Portfolio 8.05	Int'l -0.39	Small-Cap Growth 11.32	Diversified Portfolio 17.48	Diversified Portfolio -7.57	Large-Cap Value 26.54	Int'l 8.28	Diversified Portfolio 16.79	Int'l -14.01
Large-Cap Growth	-38.44	Diversified Portfolio 29.07	Large-Cap Growth 16.71	Mid-Cap Value -1.38	Diversified Portfolio 15.31	Large-Cap Value 32.53	Bonds 5.97	Small-Cap Growth -1.38	Mid-Cap Growth 7.33	Large-Cap Value 13.66	Large-Cap Value -8.27	Diversified Portfolio 25.90	Bonds 7.51	Mid-Cap Growth 12.73	Small-Cap Value -14.48
Mid-Cap Value	-38.44	Small-Cap Value 20.58	Large-Cap Value 15.51	Mid-Cap Growth -1.65	Large-Cap Growth 15.26	Diversified Portfolio 28.84	Small-Cap Growth 5.60	Diversified Portfolio -1.40	Large-Cap Growth 7.08	Mid-Cap Value 13.34	Small-Cap Growth -9.31	Int'l 22.66	Mid-Cap Value 4.96	Int'l 11.78	Diversified Portfolio -17.92
Small-Cap Growth	-38.54	Large-Cap Value 19.69	Int'l 8.21	Small-Cap Growth -2.91	Small-Cap Growth 14.59	Int'l 23.29	Small-Cap Value 4.22	Large-Cap Value -3.83	Bonds 2.65	Small-Cap Value 7.84	Mid-Cap Value -12.29	Small-Cap Value 22.39	Small-Cap Value 4.63	Small-Cap Growth 2.83	Small-Cap Growth -26.36
Int'l	-43.06	Bonds 5.93	Bonds 6.54	Small-Cap Value -5.50	Bonds 4.21	Cash 0.05	Cash 0.02	Mid-Cap Value -4.78	Int'l 1.51	Bonds 3.54	Small-Cap Value -12.86	Bonds 8.72	Large-Cap Value 2.80	Cash 0.04	Mid-Cap Growth -26.72
Mid-Cap Growth	-44.32	Cash 0.15	Cash 0.13	Int'l -11.73	Cash 0.08	Bonds -2.02	Int'l -4.48	Small-Cap Value -7.47	Cash 0.26	Cash 0.82	Int'l -13.36	Cash 2.21	Cash 0.54	Bonds -1.54	Large-Cap Growth -29.14

**Past performance does not guarantee future results.** Investors cannot directly invest in an index. The historical performance of each index cited in this material is provided to illustrate market trends; it does not represent the performance of any particular investment product. Indices do not include payment of any expenses, fees, or sales charges which would lower performance results. See Index definitions on slide 27.

# Individual Investors Have Underperformed

Average Annual Returns for the 30-Year Period Ended 12/31/2022



Data Source: DALBAR’s Annual Quantitative Analysis of Investor Behavior (QAIB), 2023. Performance data for indices represents a lump sum investment in January 1993 to December 2022 with no withdrawals. Stocks are represented by the S&P 500 Index. Bonds are represented by the Bloomberg US Aggregate Bond Index. **Past performance does not guarantee future results.** Performance data for indices represents a lump-sum investment in January 1993 to December 2022 with no withdrawals. Indices are unmanaged, unavailable for direct investment, and do not reflect fees, expenses, or sales charges. See last slide 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’s Index Products to compare mutual fund investor returns to an appropriate set of benchmarks. Covering the period from January 1, 1993, to December 31, 2022, 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.

## Stress, Anxiety, and Crises

Crises Have a Lifecycle

## Instinctual Behavior

The Price of Panic

## Maintaining Perspective

Don't Go It Alone



“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”



## **Next steps**

1. Realize America's recovery record
2. Schedule a call with your financial professional
3. Discuss your portfolio asset allocation

**Index Descriptions:**

**Bloomberg U.S. Treasury Bill (1-3 Months) Index** tracks the performance of all outstanding 0-3 month outstanding Treasury Bills issued by the US government.

**Bloomberg U.S. Aggregate Bond Index** is comprised of government securities, mortgage-backed securities, asset-backed securities, and corporate securities to simulate the universe of bonds in the market.

**IA SBBI IT Government Index** The index measures the performance of a single issue of outstanding US Treasury note with a maturity term of around 5.5 years.

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

**The MSCI EAFE Index (Europe, Australasia, Far East)** is a free float-adjusted capitalization index that is designed to measure developed market equity performance and excludes the US and Canada.

**Russell 2000 Growth Index** measures the performance of the small-cap growth segment of the US equity universe. It includes those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 2000 Value Index** measures the performance of small-cap value segment of the US equity universe. It includes those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.

**Russell Midcap Growth Index** measures the performance of the mid-cap growth segment of the US equity universe. It includes those Russell Midcap Index companies with higher price-to-book ratios and higher forecasted growth values.

**Russell Midcap Value Index** measures the performance of the mid-cap value segment of the US equity universe. It includes those Russell Midcap Index companies with lower price-to-book ratios and lower forecasted growth values.

**Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the US equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000 Value Index** measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower expected growth values.

**S&P 500 Index** is an unmanaged list of 500 widely held U.S. common stocks frequently used as a measure of U.S. stock market performance.

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