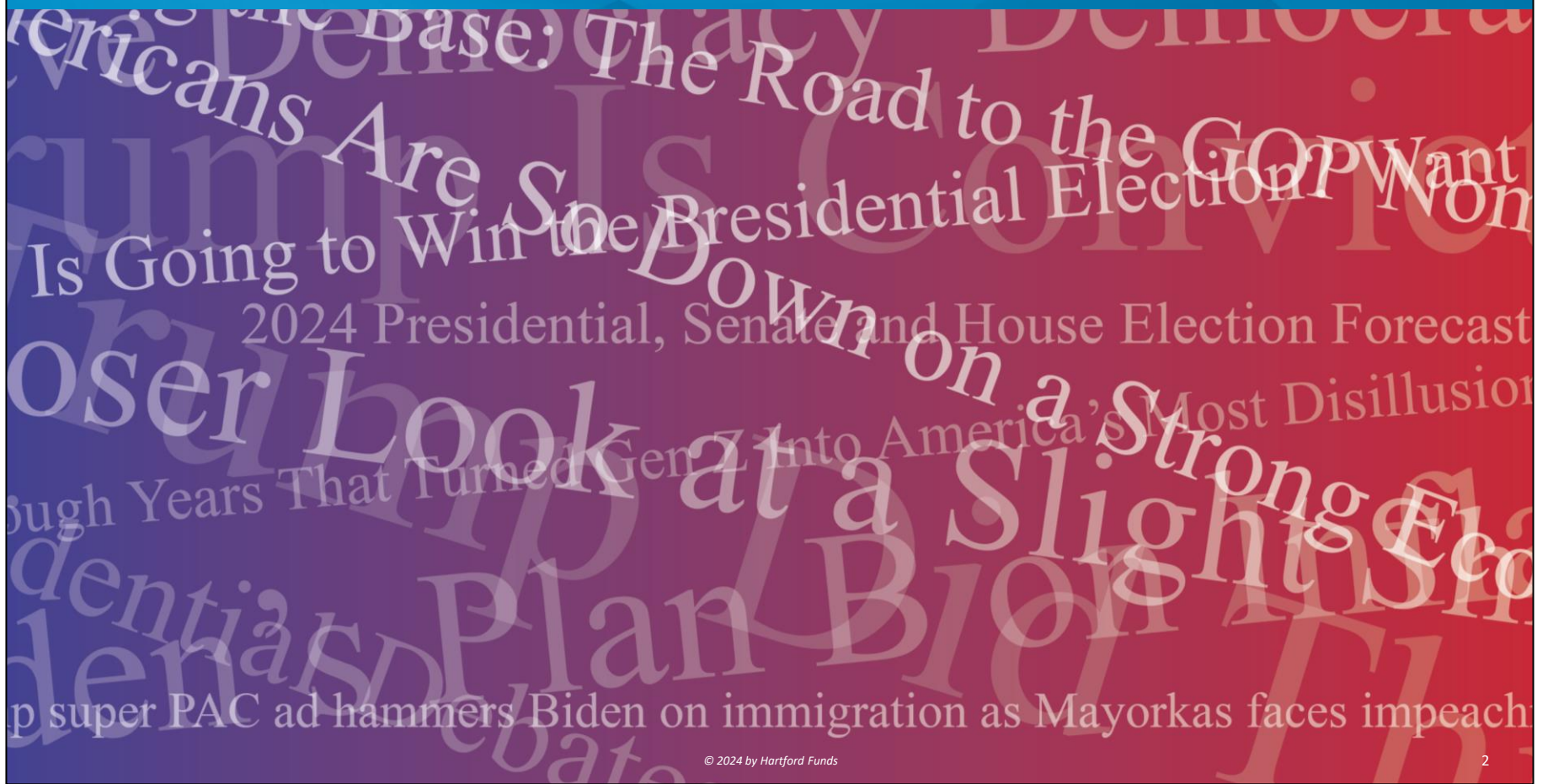


The Election and Your Portfolio

2024

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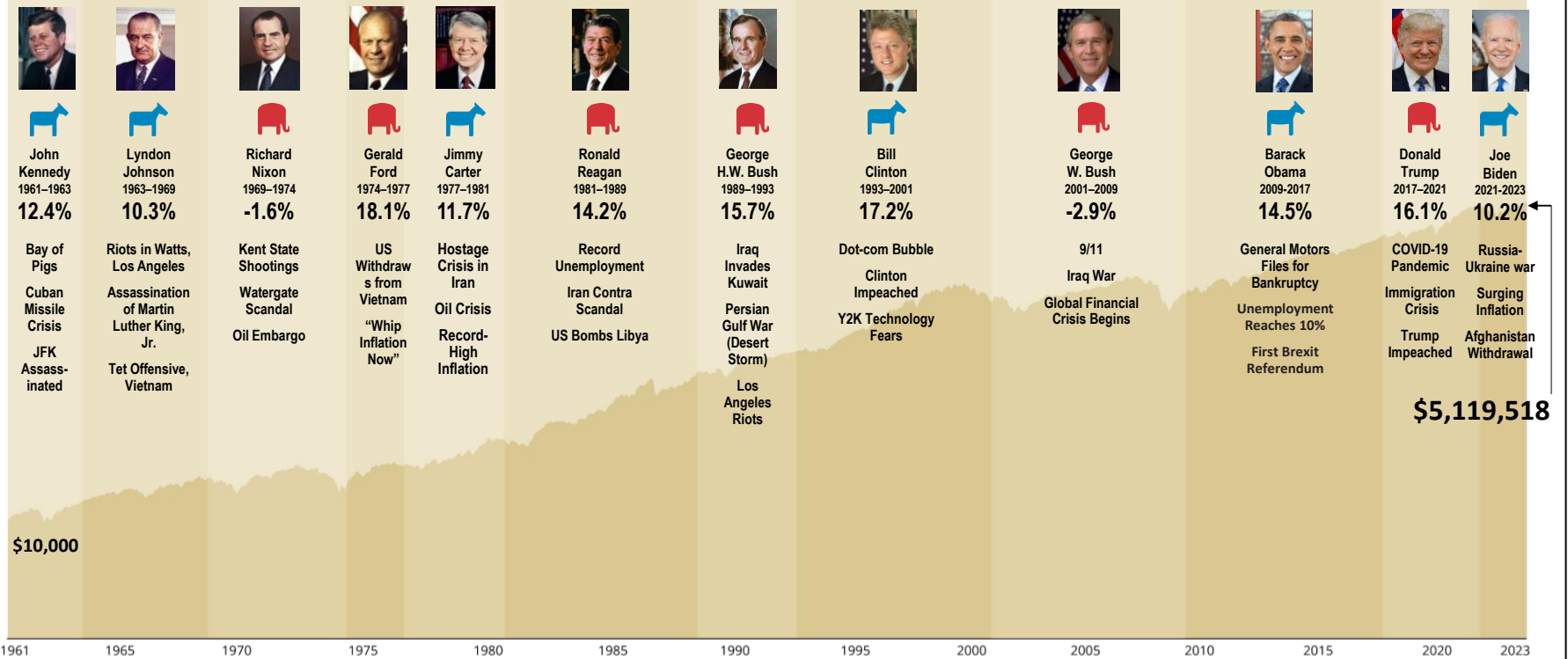
Good morning/afternoon everyone. My name is _____, and I'm a [insert title] with Hartford Funds. Thank you for taking time out of your schedule to attend our event on "The Election and Client Portfolios."



Discuss the ubiquitous nature of election news.

Don't Let Politics Derail Your Portfolio

A hypothetical \$10,000 investment in the S&P 500 Index in 1961 would have grown to more than \$5 million as of December 31, 2023.



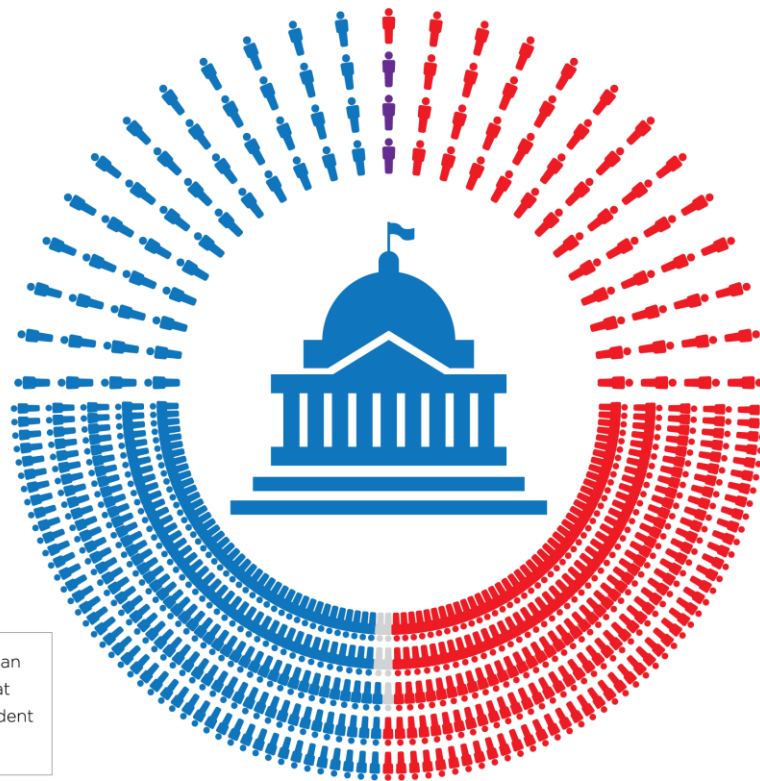
As of 12/31/23. Past performance does not guarantee future results. Data Source: Morningstar, 1/24. Investors cannot directly invest in indices

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Read slide

Makeup of Congress



Source: List of current members of the U.S. Congress, Ballotpedia, 4/24.

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Senate

Party	Members
Democratic	48
Republican	49
Independent	3
Total	100

House

Party	Members
Democratic	213
Republican	217
Vacancies	5
Total	435

Discuss slide.

House Flip?

2022 Republican-held US House districts won by President Joe Biden in 2020:

- All 435 House seats are up for election
- Republicans currently hold a slim majority

BIDEN MARGIN		BIDEN MARGIN	
Arizona's 1st	1.50%	North Carolina's 13th	1.70%
California's 22nd	12.90%	Nebraska's 2nd	6.30%
California's 27th	12.40%	New Mexico's 2nd	5.90%
California's 40th	1.90%	New York's 1st	0.20%
California's 45th	6.20%	New York's 22nd	7.50%
Illinois' 13th	11.20%	Ohio's 1st	8.50%
Michigan's 3rd	8.50%	Pennsylvania's 1st	4.60%

Source: US House districts represented by a Republican in 2022 and won by Joe Biden in 2020, Ballotpedia, 4/24.

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All 435 House seats are up for election. Interestingly, only about 40 of those are even competitive and only less than 25 are truly toss-up races. Think about that—only 25 seats out of 435 in the House of Representatives are truly toss-ups.

Currently, the House is controlled by a very slim Republican majority. The problem for the Republicans is that in 2022, they picked up 14 seats in districts that President Joe Biden won in 2020.

As a result, according to JT Taylor, with Senior Policy Analyst with Hedgeye Potomac Research, it's likely that in the November elections, all else given as it exists today, the House could flip from a Republican to a Democratic majority.

Senate Flip?

- 34 Senate seats up for election
- 23 are Democrats
- 11 are Republicans
- Democrats currently hold a slim majority*

* There are three independents who caucus with Democrats

Democrats will be defending three Senate seats in states won by former President Donald Trump during the 2020 presidential election:

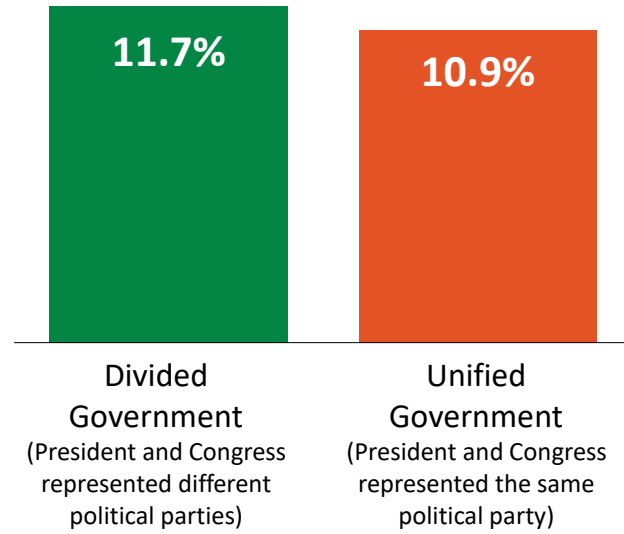
	TRUMP MARGIN
Montana	16.4%
Ohio	8.1%
West Virginia	38.9%

Source: States won by Donald Trump in 2020 with Democratic-held US Senate seats up for election in 2024, Ballotpedia, 4/24.

JT also thinks the Senate could flip from a Democratic majority to a Republican majority because Democrats will be defending three Senate seats in states won by former President Donald Trump during the 2020 presidential election.

Market Returns Have Been Better With Divided Government

Average Annual S&P 500 Index Returns (1937–2023)



Past performance does not guarantee future results.

Data Sources: Morningstar and Hartford Funds, 4/24; Party Divisions of the House of Representatives, 1789 to Present, History Art & Archives US House of Representatives, 2024; Party Division, US Senate, 2024

Investors cannot directly invest in indices

Read slide

Presidential Election Years Have Been Good for Investors

STOCKS HAD
A POSITIVE
RETURN IN

83%

OF PRESIDENTIAL
ELECTION YEARS



DURING PRESIDENTIAL
ELECTION YEARS, STOCKS
AVERAGED A GAIN OF

2.78% IN THE 1ST HALF
VS. 9.34% IN THE 2ND HALF



S&P 500 INDEX
AVERAGE ANNUAL
RETURNS

(1928-2023)

PRESIDENTIAL ELECTION YEARS | ALL YEARS
11.57% | 10.01%



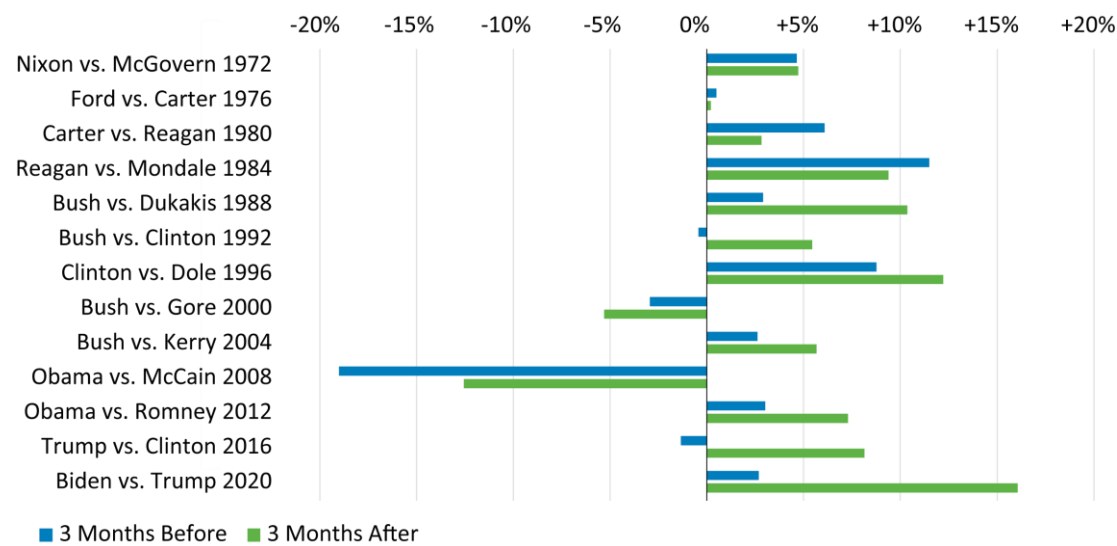
Based on elections since 1928 and the returns for the S&P 500. Past performance does not guarantee future results. Investors cannot directly invest in indices. For illustrative purposes only. Data Source: Morningstar, 3/24.

Discuss how market returns are more dependent on the outlook for the economy than on the outcome of an election.

Thinking of Changing Your Portfolio Because of the Election?

Market Performance Tends to Be Positive 3 Months Before and After Presidential Elections

S&P 500 Index (% Returns)



Going back to 1972, the stock market has averaged

★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★

1.5% GAIN
THREE MONTHS **BEFORE**
ELECTION DAY

5.0% GAIN
THREE MONTHS **AFTER**
ELECTION DAY

★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★

Past performance does not guarantee future results. For illustrative purposes only. Investors cannot directly invest in indices.
Data Source: Morningstar, 1/ 24.

Discuss how presidential election years have been good for investors, and how elections can create uncertainty, but sitting on the sidelines could be a costly mistake.

The White House and Your House

Presidential Priorities: The Next **4 Years**



Your Priorities: The Next **40 Years**



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Presidential Priorities: The Next 4 Years

We all expect presidential candidates to discuss certain issues. Their positions on these issues create the platform on which they run. Topics range from domestic to international concerns, and the candidates' views often determine how people vote.

Your Priorities: The Next 40 Years

Presidential candidates have a four-year vision. We the people, on the other hand, need to plan for the next 40+ years. Planning your finances for retirement is crucial to ensure you can enjoy those golden years with financial security.

Next Steps

1. Get election insights at our Politics Resource Center: hartfordfunds.com/politics
2. Remember: A financial professional can help you build a portfolio that's right for you regardless of what's happening in Washington, D.C.

HARTFORDFUNDS
Our benchmark is the investor.®

Client Conversations

10 Things You Should Know About Politics and Investing

Donkeys, elephants, bears, and bulls: Why who is in the White House or Congress may matter less than you think.

The frenzy surrounding US election cycles often causes investors concern about how their portfolios will fare under a Democratic or Republican administration. Perceptions, including beliefs about which political party will be better for investors, may overshadow their investment strategies. But a long-term look at the performance of the S&P 500 Index can help investors maintain perspective. Here are 10 reasons to consider staying the course during the next election.

- 1 It takes a village:** The president is one of many factors that influence the market, and other influences may be stronger. Macroeconomic (macro) factors, such as interest rates, inflation, economic outlook, policy changes, and wars may have more impact than who resides in the White House.
- 2 Profits can be prophets:** Yes, politics and policies can impact the stock market, but business profitability is a strong gauge that shouldn't be ignored. Increased demand for goods and services boosts company profits and, ultimately, stock prices. Look to profitability to foreshadow what's to come in the market.
- 3 The Fed:** The US Federal Reserve (Fed) controls interest rates. Interest rates are another key underlying factor, so watching what the Fed does will provide important information. When the Fed lowers rates, it makes it easier for companies to borrow and expand, which may help boost stock prices in the long run.
- 4 Innovation is an influencer:** Researchers found that the tech giant Apple was more of a force in the market than the White House. Today, Apple's iOS-app economy supports more than 2.4 million jobs in the US and facilitated \$1.1 trillion in commerce worldwide in 2022.¹
- 5 It's not party time:** Past performance in the market when a particular political party is in power doesn't mean the same results will occur the next time that party is at the helm. In fact, this is one of the most common misconceptions about politics and the market. Stocks have done well in the long term with a mix of Democratic and Republican administrations (see page 2).
- 6 Diversification is a powerful tool:** Rather than trying to time the market around an election or political party, a diversified portfolio can help you build long-term wealth regardless of who's in the White House or Congress.
- 7 You play a role:** When big events such as an election take place, they don't automatically trigger market changes. Rather, the way investors react to the big news and the actions they take (or don't take) can set in motion a sea of change. So it's important to evaluate whether a new president or a party change in Congress will really cause dramatic market changes, or if other macro factors are more likely to influence the course.
- 8 Policy changes take time:** Proposed legislation must pass through the US House of Representatives, the US Senate, and be signed by the president to become law—a process that can take up to a year. A lot happens in the market in a year.
- 9 History speaks:** Election cycles, especially recent ones, are fraught with misperceptions, personal biases, and bad information. Dire predictions that a candidate's policies will negatively impact a particular sector often prove to be wrong. The Affordable Care Act was expected to harm the healthcare sector, and healthcare stocks sold off as a result. In reality, the healthcare law created a new set of winners and losers within the sector on which astute investors were able to capitalize.
- 10 Prudent investing is a healthy habit:** Decisions made during election cycles can be driven by emotion rather than facts. Your financial professional can help you tune out the noise and make decisions that align with your financial goals so you're better positioned for long-term success.

CCWP_059

S&P 500 Index is a market capitalization-weighted price index composed of 500 widely held common stocks. Indices are unmanaged and not available for direct investment.

Important Risks: Investing involves risk, including the possible loss of principal.

JT Taylor is affiliated with Hedgeye Potomac Research. Hedgeye Potomac Research is not an affiliate or subsidiary of Hartford Funds.

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