

A hand holding a black pen points to a line graph on a screen. The graph shows a jagged line representing volatility, with a dashed line indicating a trend. The background is a blurred image of a person's hand and the screen. A blue overlay box is positioned on the left side of the image, containing the title text.

# Volatility Resource Kit

# Stocks Have Bounced Back Quickly Once They Reach a Bottom

## 10 Worst S&P 500 Index Declines (1960-11/30/23)

Cause	Max Drawdown	# of Months To Hit Bottom	# of Months To Break Even	Returns (%) After Reaching Bottom		
				After 6 Months	After 1 Year	After 3 Years
Kennedy Slide/Flash Crash (1961-1962)	-27.97	6	14	20.45	32.66	16.65
Vietnam Worries (1968-1970)	-36.06	18	21	22.80	43.73	15.92
Nixon Shock (1973-1974)	-48.15	21	69	29.74	39.36	15.49
Rate Hikes to Fight Inflation (1980-1982)	-27.11	20	3	44.14	58.33	22.35
Black Monday (1987)	-33.51	3	20	19.26	22.78	13.69
Iraq Invaded Kuwait (1990)	-19.92	3	4	27.81	29.10	15.97
Dot-com Bubble Burst (2000-2002)	-49.15	31	56	11.49	33.73	15.47
Global Financial Crisis (2007-2009)	-56.78	17	49	52.75	68.57	26.54
COVID-19 Pandemic (2020)	-33.93	1	5	44.67	74.78	20.62
Inflation Returns (2022)	-25.30	9	--	15.48	22.06	--
<b>Average</b>	<b>-35.79</b>	<b>13</b>	<b>27</b>	<b>28.86</b>	<b>42.51</b>	<b>18.08</b>

**6 MONTHS**

AFTER HITTING A LOW, STOCKS HAVE RETURNED

**29%**  
ON AVERAGE

Past performance does not guarantee future results. Data shown is for the S&P 500 Price Index as of 11/30/23. A drawdown measures a peak-to-trough decline in the market. Returns for less than one year are not annualized. Indices are unmanaged and not available for direct investment. The **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. Data Sources: Morningstar and Hartford Funds, 12/23.

# Don't Let Single-Day Losses Obscure Potential Long-Term Results

## 10 Worst S&P 500 Index One-Day Declines (1981-2023)

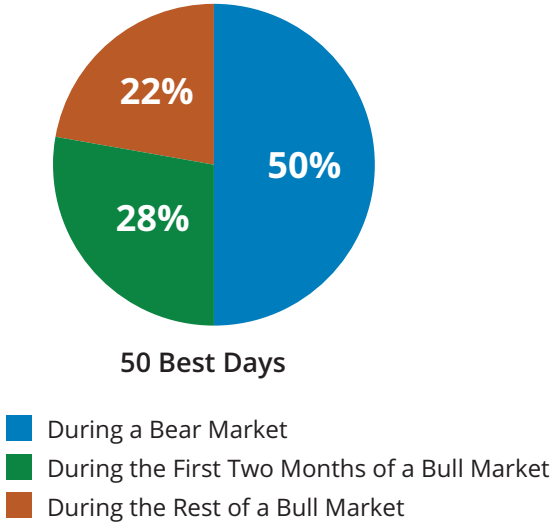
Date	Cause	One-Day Fall (%)	# Days To Reach Previous High	Annualized (%)		
				Return After 1 Year	Return After 3 Years	Return After 5 Years
1. October 19, 1987	Black Monday	20.47	264	23.19	11.59	13.03
2. March 16, 2020	COVID-19 Pandemic	11.98	19	66.07	18.41	?
3. March 12, 2020	COVID-19 Pandemic	9.51	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

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# Many of the Market's Best Days Happen During the Worst Times

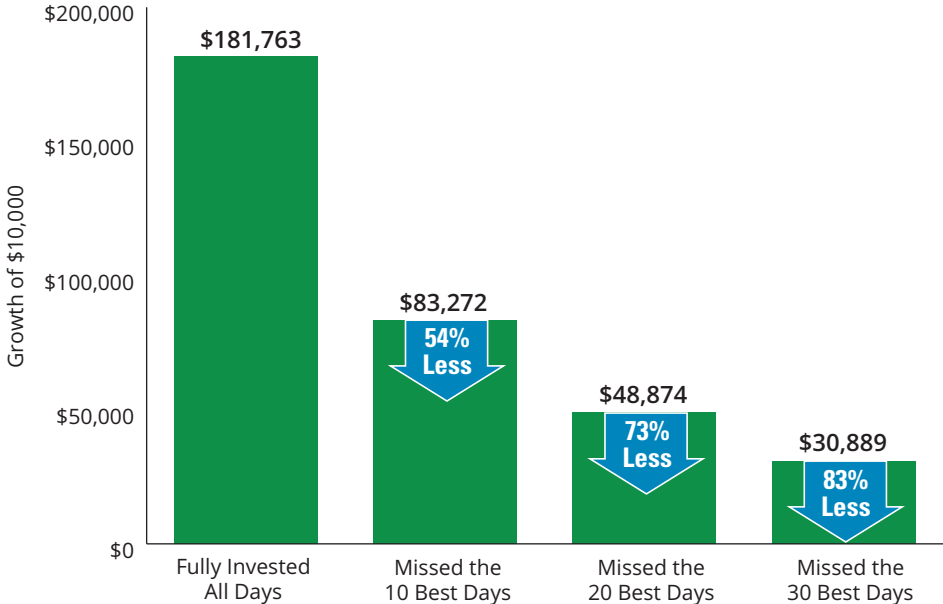
## Good Days Happen in Bad Markets

S&P 500 Index Best Days: 1994–2023



## Missing the Market's Best Days Has Been Costly

S&P 500 Index Average Annual Total Returns: 1994–2023



Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment. For illustrative purposes only. A bear market begins when the closing price for a stock index drops at least 20% from its most recent high. A new bull market begins when the closing price for a stock index gains 20% from its low. Data Sources: Ned Davis Research, Morningstar, and Hartford Funds, 1/24.

# There Are Always Reasons Not to Invest

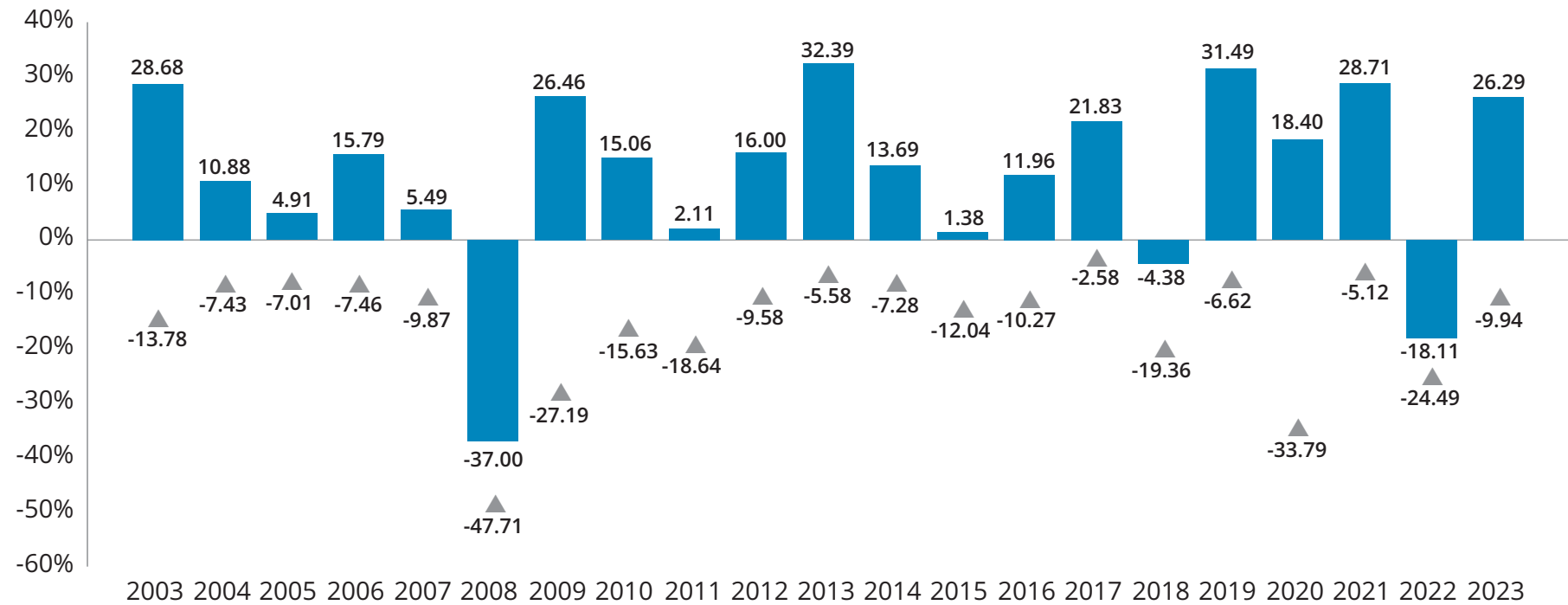
## Negative Events, S&P 500 Index Returns, and Growth of \$10,000 for Years Ending in 4 Since 1974

Year	Reasons Not to Invest	Stock Market Return for Calendar Year	Growth of \$10,000 Investment From Date in Column 1* to 12/31/23
1974	President Nixon resigns	-26.47%	\$2,012,758
	Oil crisis		
	Global recession deepens		
1984	78 US banks fail	6.27%	\$730,833
	Indira Gandhi assassinated		
	Widespread famine in Ethiopia		
1994	Rwanda genocide	1.32%	\$181,763
	US rate hikes sink the bond market		
	Aldrich Ames convicted of spying		
2004	290,000 people killed in tsunami	10.88%	\$63,637
	Abu Ghraib prisoner abuse		
	Civil war in Rwanda		
2014	Ebola outbreak	13.69%	\$31,149
	Deep racial divisions		
	Rise of ISIS		
2024	Contentious elections	???	???
	Israel-Hamas War		
	Russia-Ukraine War		

Past performance does not guarantee future results. \*Assumes an initial investment of \$10,000 in stocks beginning on January 1 of the date in column 1 through December 31, 2023, reinvestment of dividends and capital gains, and no taxes or transaction costs. Stocks are represented by the **S&P 500 Index**, which is a market capitalization-weighted price index composed of 500 widely held common stocks. Indices are unmanaged and not available for direct investment. For illustrative purposes only. Data Sources: Morningstar and Hartford Funds, 1/24.

# The S&P 500 Index Frequently Experienced Significant Dips

S&P 500 Index Annual Returns and Maximum Drawdowns (%) (2003-2023)

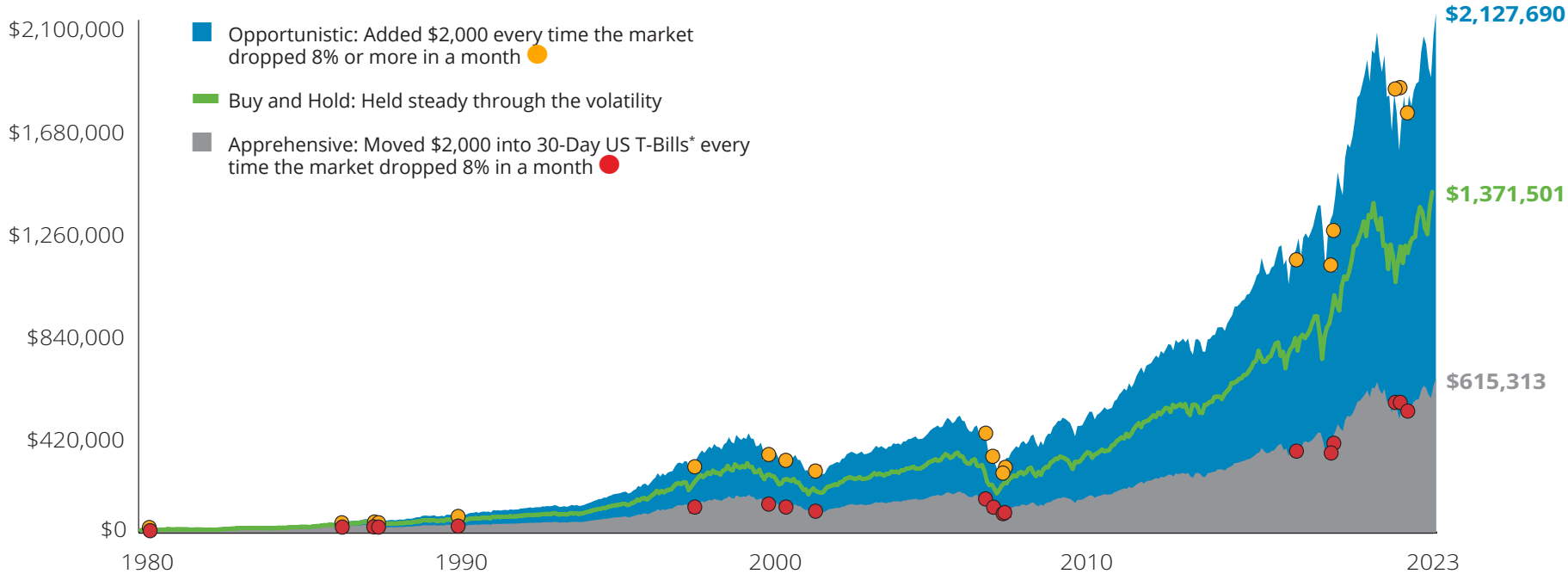


■ S&P 500 Index ▲ Index Drawdown

Past performance does not guarantee future results. Indices are unmanaged and not available for direct reinvestment. 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. Sources: Morningstar and Hartford Funds, 1/24.

# Being an Opportunistic Investor Has Historically Been Profitable

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

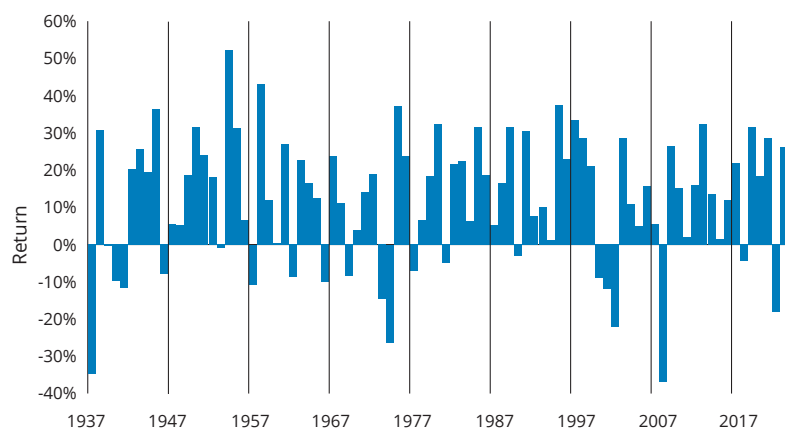


Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment. Assumes reinvestment of capital gains and dividends and no taxes. For illustrative purposes only. \*T-Bills are guaranteed as to the timely payment of principal and interest by the US government and generally have lower risk-and-return than bonds and equity. Equity investments are subject to market volatility and have greater risk than T-Bills and other cash investments. Data Sources: Thomson Reuters and Hartford Funds, 1/24.

# Stocks Can Become Less Volatile the Longer You Own Them

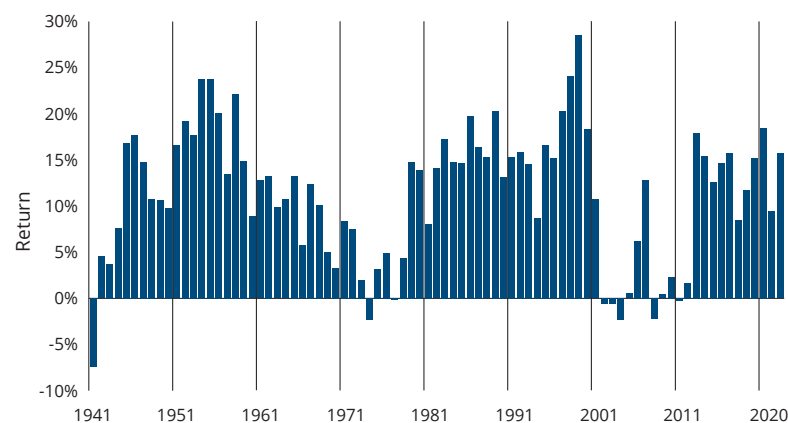
## One-Year Holding Periods (1937–2023)

Stocks were up 76% of the time—66 up periods, 21 down



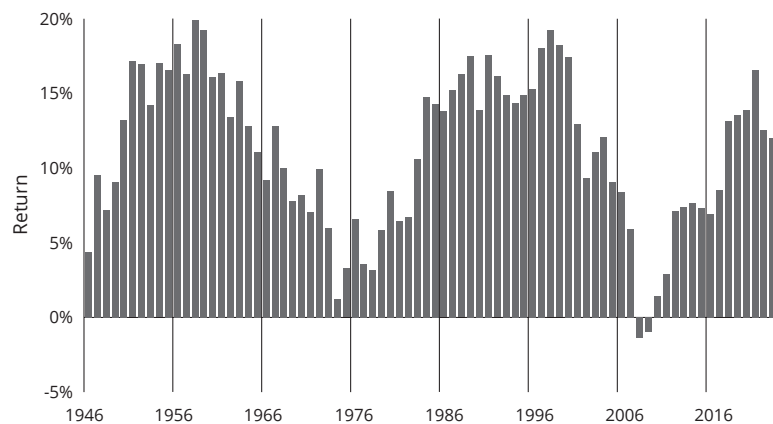
## Five-Year Holding Periods (1937–2023)

Stocks were up 90% of the time—75 up periods, 8 down



## Ten-Year Holding Periods (1937–2023)

Stocks were up 97% of the time—76 up periods, 2 down



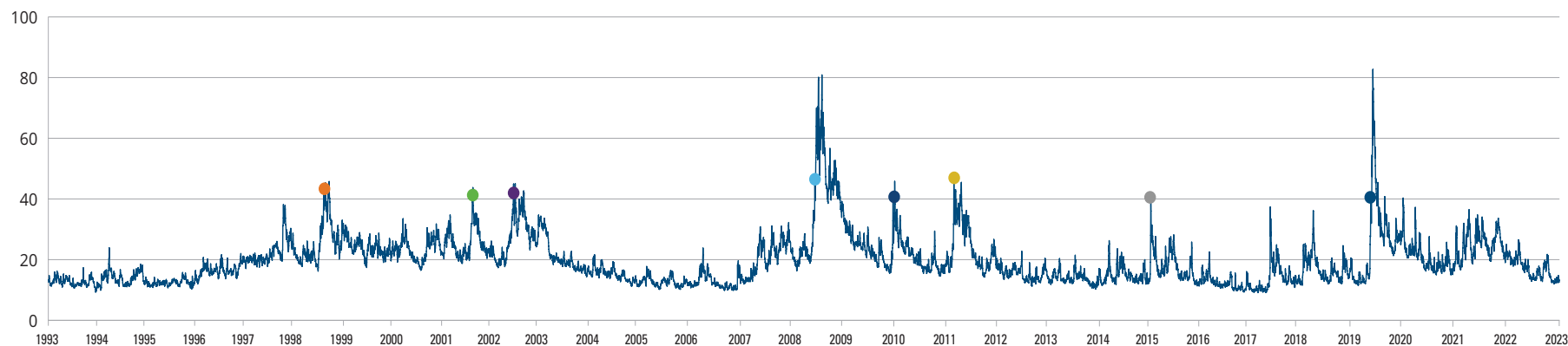
Past performance does not guarantee future results. Equities are represented by the S&P 500 Index. Data Sources: Morningstar and Hartford Funds, 2/24.





# Buying Stocks When Fear Runs High Has Historically Been Profitable

**Chicago Board of Options Exchange (CBOE) Volatility Index (VIX) Levels of 40 or Higher Indicate Extremely High Levels of Fear (1993-2023)**



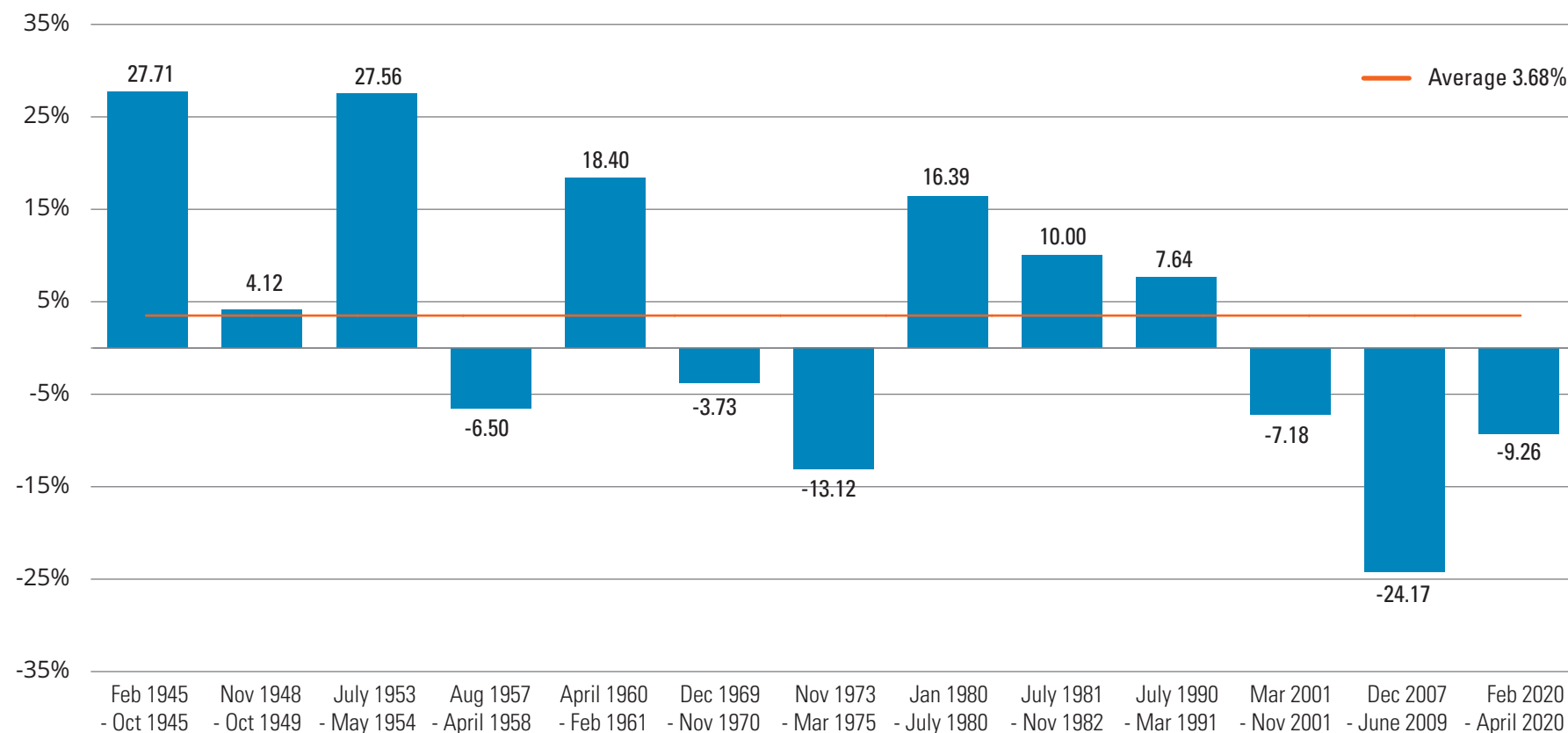
**S&P 500 Index Returns (%) When VIX >40 Since 1993**

Date	1 Year	3 Year	5 Year	S&P 500 Daily Loss*	Event
8/31/1998	39.82	7.14	2.48	-6.80	Russia's economic crisis
9/17/2001	-14.64	4.55	6.76	-4.89	Trading resumes for the first time following the September 11 terrorist attacks
7/22/2002	22.73	16.64	15.43	-3.29	Accounting scandals highlighted by bankruptcies at Enron and WorldCom
9/29/2008	-1.54	3.90	11.32	-8.79	US House of Representatives rejects a proposed \$700 billion bank bailout plan
5/7/2010	23.05	15.98	15.88	-1.53	"Flash Crash" causes stocks to decline rapidly with no apparent reason. Dow Jones Industrial Average falls 999 points intraday before recovering.
8/8/2011	28.09	22.59	16.76	-6.65	European debt crisis and S&P downgrades US government debt from AAA to AA+ for the first time in history
8/24/2015	17.48	17.34	14.94	-3.94	China currency devaluation sparks selloff
2/28/2020	31.29	12.15	?	-0.81	COVID-19 outbreak induces fear-based selling

As of 12/31/23. Past performance does not guarantee future results. Assumes reinvestment of capital gains and dividends and no taxes. Indices are unmanaged and not available for direct investment. \*This column shows the S&P 500 Index's one-day loss on the date shown in column 1. VIX, commonly referred to as the "Fear Index," is the ticker symbol for the Chicago Board Options Exchange (Cboe) Volatility Index and measures the market's expectation of 30-day volatility. VIX levels below 20 reflect complacency, while levels of 40 or higher reflect extremely high levels of volatility. Data Sources: Hartford Funds, Morningstar, and Factset, 1/24.

# Stocks Posted Positive Returns During Recessions More Often Than Not

**S&P 500 Index Performance During Recessions (1945-2023)**



Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment. For illustrative purposes only Data sources: Morningstar, Ned Davis Research, and Hartford Funds, 1/24.

# Bonds Helped Counterbalance Stocks in a Diversified Portfolio

## Cumulative Returns for Stocks vs. Bonds

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	107.2%	5.6%	50.8%	"Why do I own bonds?"
<b>2000-2023</b>	<b>410.9%</b>	<b>159.3%</b>	<b>305.4%</b>	
<b>Growth of \$100k</b>	<b>\$510,924</b>	<b>\$259,310</b>	<b>\$405,382</b>	

Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment. Stocks are represented by the 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. Bloomberg US Aggregate Bond Index is composed of securities that cover the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. For illustrative purposes only. Data sources: Morningstar, Ned Davis Research, and Hartford Funds, 1/24.

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 a declining market.

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