

Maintaining Perspective in Uncertain Times

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Stress, Anxiety, and Crises
Instinctual Behavior
Maintaining Perspective





Stress, Anxiety, and Crises

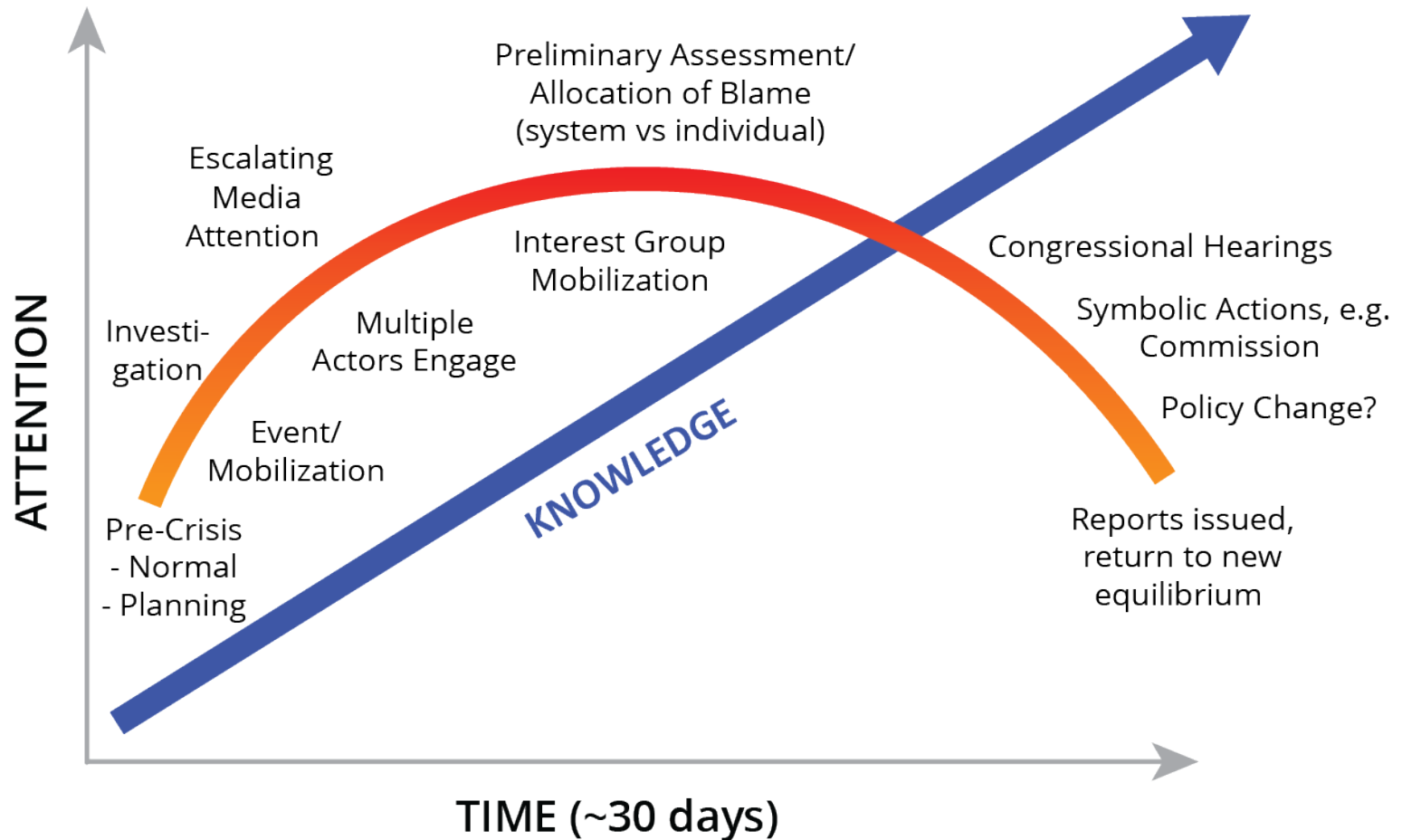
Stress: Anything that disrupts homeostasis

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

Issue Lifecycle



Source: MIT AgeLab, 2020

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.

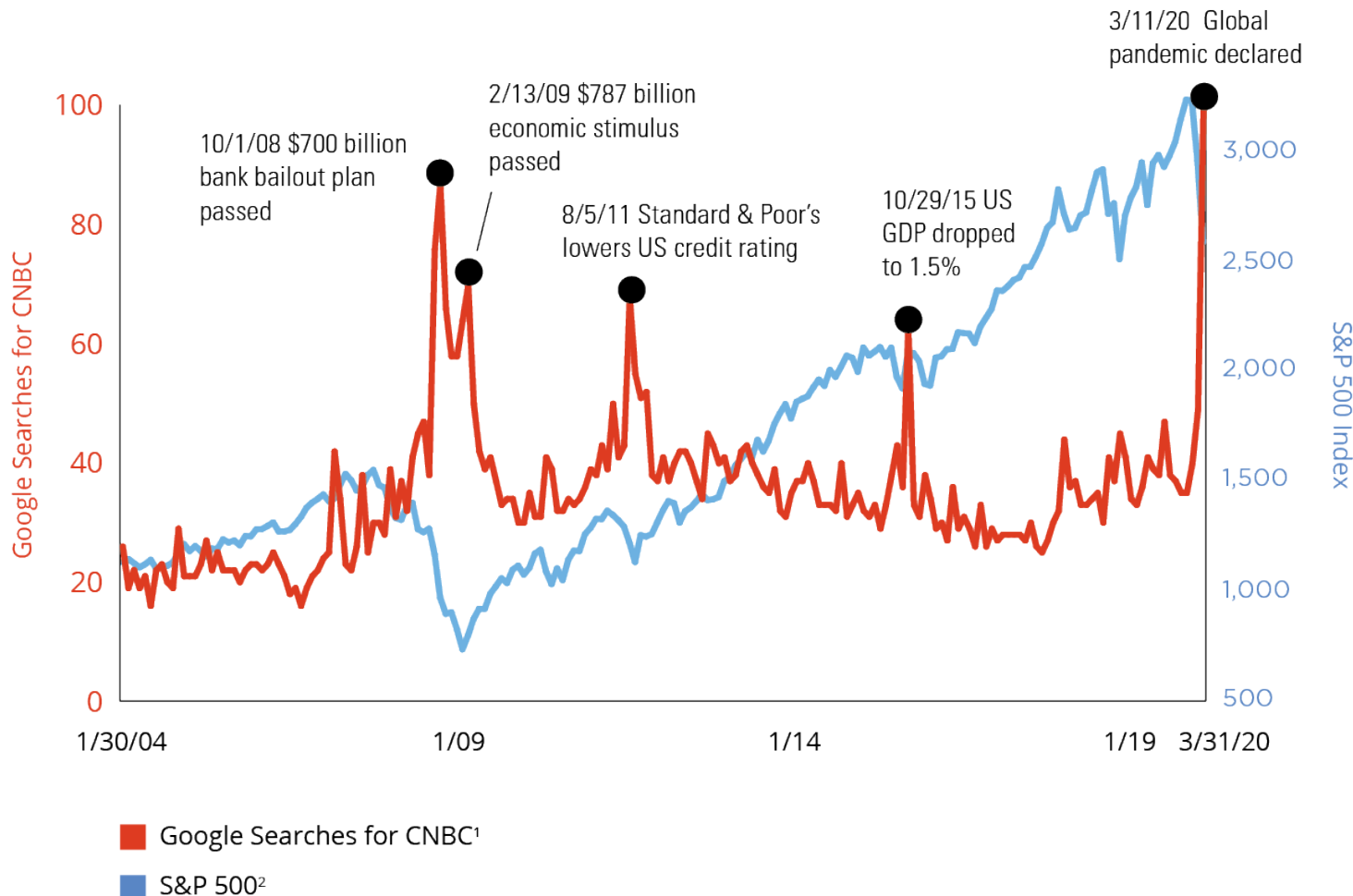


Instinctual Behavior



Investing Attention In The Negative

Google Searches for “CNBC” vs. S&P 500 Index



PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

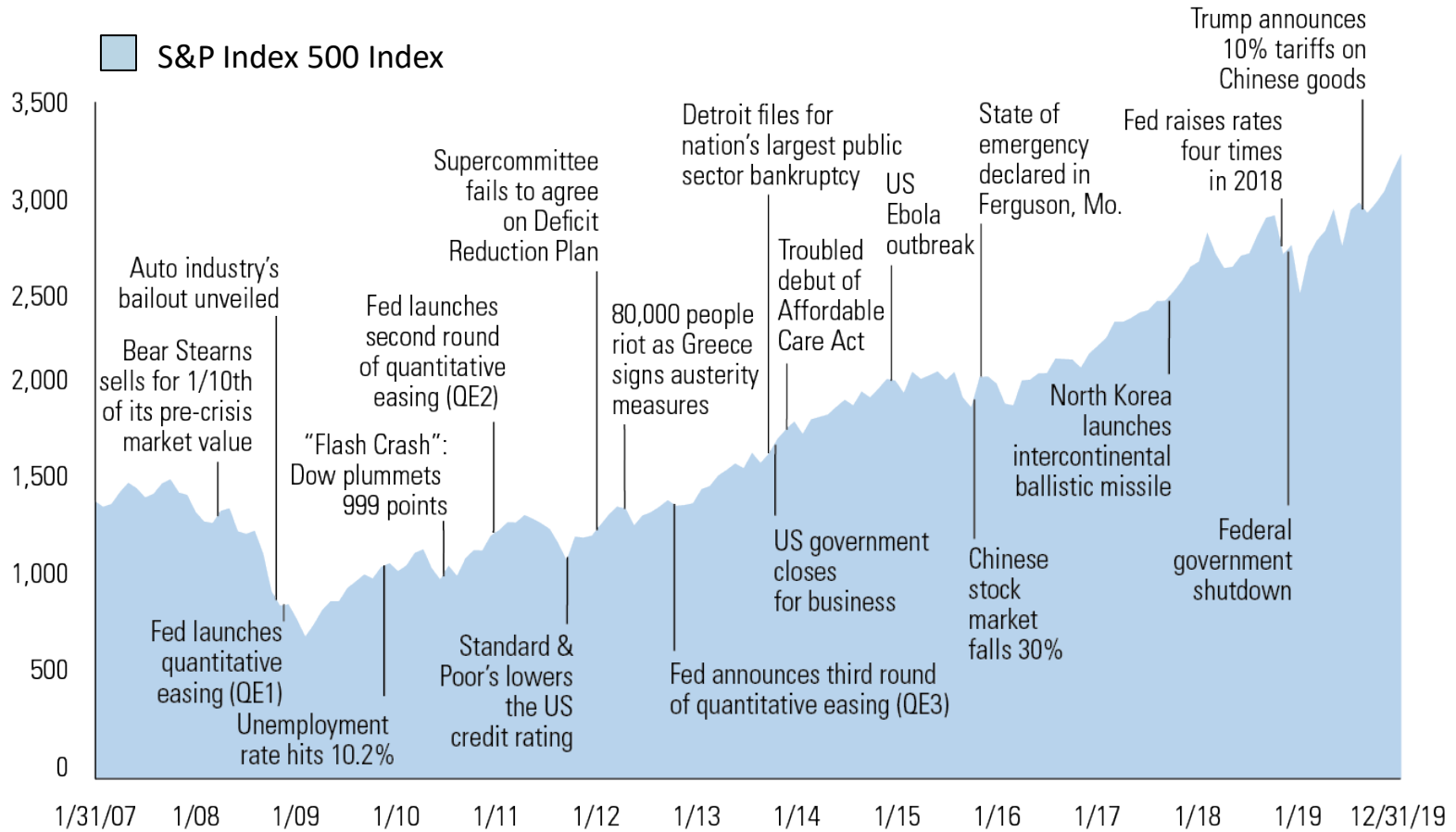
Index descriptions are included on last slide. For illustrative purposes only. Indices are unmanaged and not available for direct investment.

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.

¹Data Source: Google Trends, 3/20

²Data Source: Factset, 3/20

It's Always Something



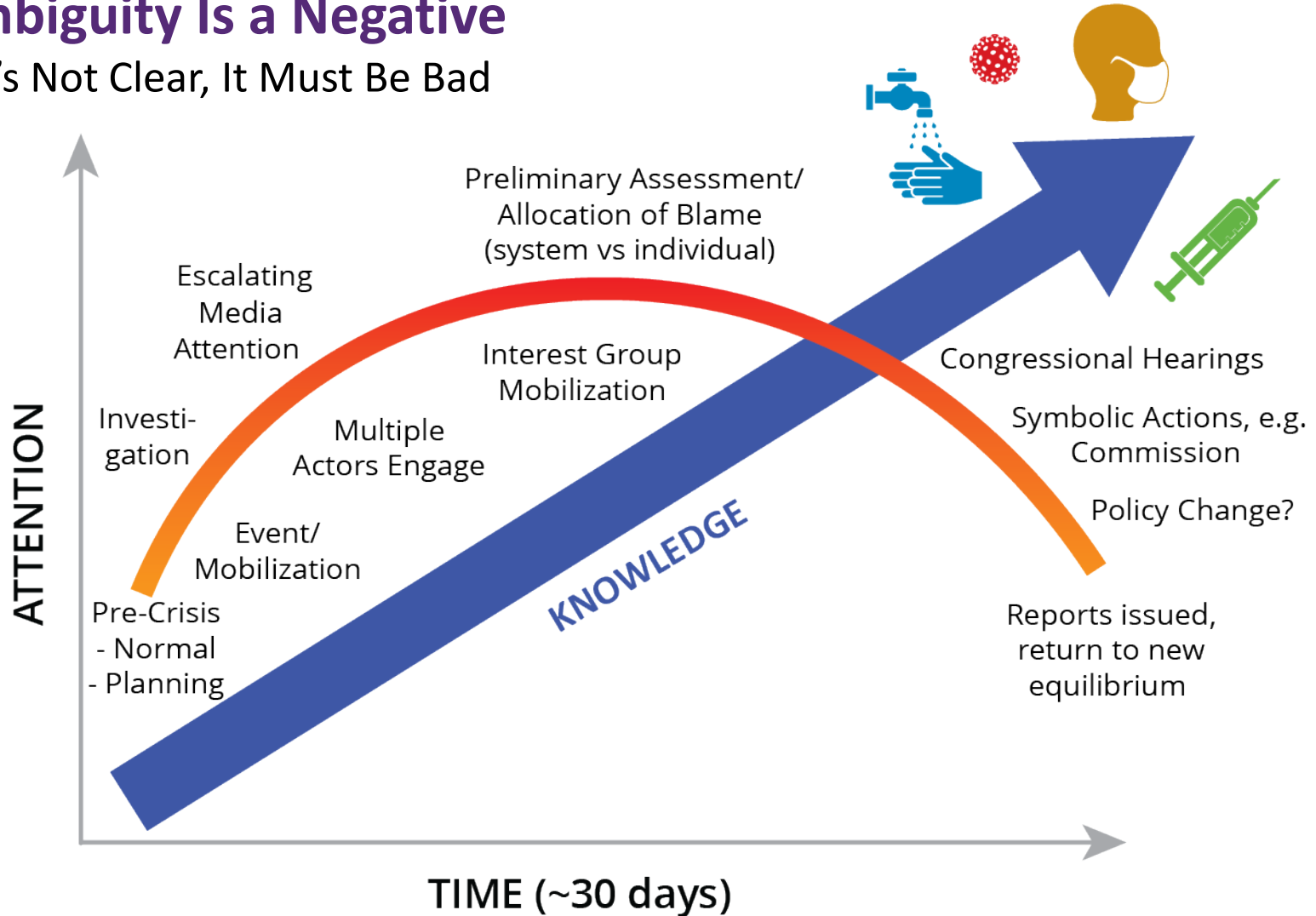
¹Source: Factset, 12/19,

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.

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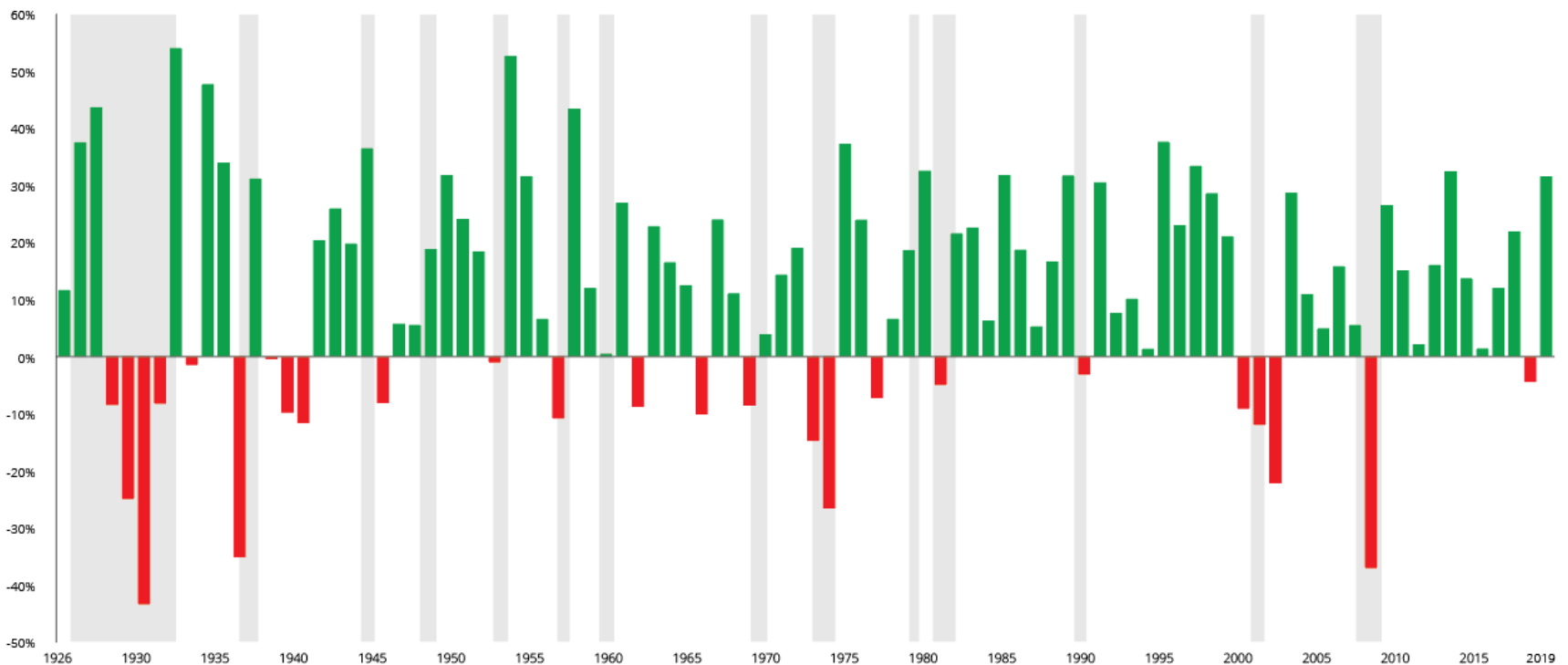
Ambiguity Is a Negative

If It's Not Clear, It Must Be Bad



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

Average Annual Returns—S&P 500 Index 1926–2019



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Data Source: Morningstar, 12/19. Indices are unmanaged and not available for direct investment.

S&P 500 INDEX STATS (1926–2019)

POSITIVE		NEGATIVE	
NUMBER OF POSITIVE YEARS:	69	NUMBER OF NEGATIVE YEARS:	25
PERCENTAGE OF POSITIVE YEARS:	73%	PERCENTAGE OF NEGATIVE YEARS:	27%
NUMBER OF YEARS WHEN GAINS WERE GREATER THAN 20%:	35	NUMBER OF YEARS WHEN LOSSES WERE GREATER THAN 20%:	6
AVERAGE ANNUAL RETURN: 10.20%			

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. Indices are unmanaged and not available for direct investment. Source: Morningstar, 12/19

“I Can’t Take It Anymore!”



1/11/73-10/3/74

- Middle East Oil Embargo
- Watergate



8/25/87-10/19/87

- Black Monday: The Dow Jones Industrial Average Dropped 22% in One day



9/1/00-9/21/01

- Dot Com Bubble
- Accounting Scandals
- 9/11



3/19/02-10/9/02

- WorldCom Collapse
- Tyco Executives Indicted
- Ford Closes Five Plants

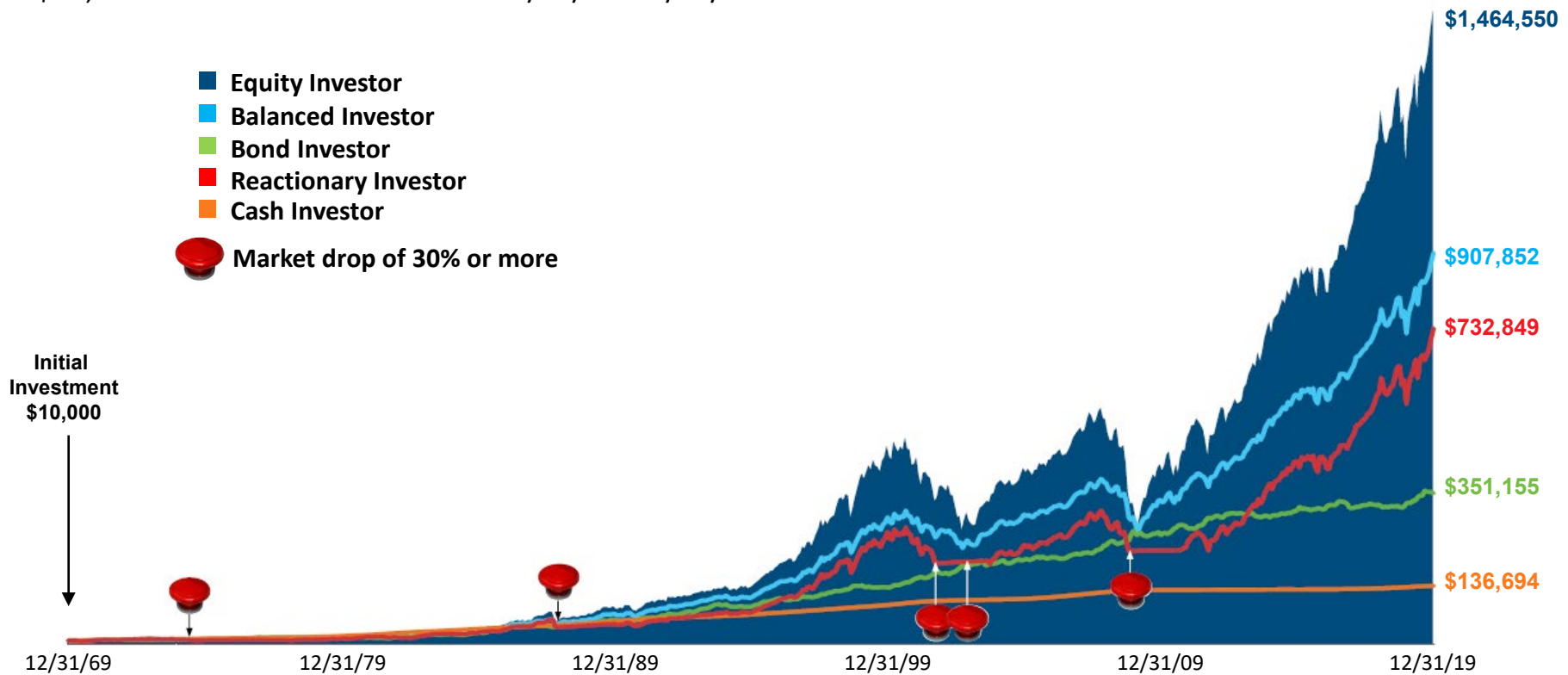


10/9/07-11/20/08

- Housing Bubble
- Financial Crisis

The Price of Panic

\$10,000 Invested in S&P 500 Index 12/31/69–12/31/19



PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. **Equity** returns are represented by the S&P 500® Index. **Bond** returns are represented by the Bloomberg Barclays Long-Term US Treasury Total Return Index. **Reactionary** returns indicate the results of an investor who invested in S&P 500, moved 100% into 90-Day T-Bills each time the market dropped 30% and then moved 100% back into S&P 500 two years later. **Balanced** returns are represented by 50% S&P 500 Index and 50% Bloomberg Barclays Long-Term US Treasury Total Return Index. **Cash** returns are represented by 90-Day T-Bills. Data Source: Ned Davis Research, 12/19. 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.

Balance Out Volatility With a Balanced Portfolio

Cumulative Returns

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	31.5%	8.7%	20.1%	“Why do I own bonds?”
2000–2019	224.2%	166.9%	222.9%	
Growth of \$100k	\$324,209	\$266,866	\$322,848	

Stocks represented by S&P 500 Index; Balanced Portfolio represented by 60% S&P 500 Index and 40% Bloomberg Barclays US Aggregate Bond Index; Bonds represented by 100% Bloomberg Barclays US Aggregate Bond Index

Past performance does not guarantee future results. For illustrative purposes only. Indices are unmanaged and not available for direct investment. Source: Morningstar and Hartford Funds, 1/20.

Maintaining Perspective



1. Seek Out the Positive

Companies Started During Recessions

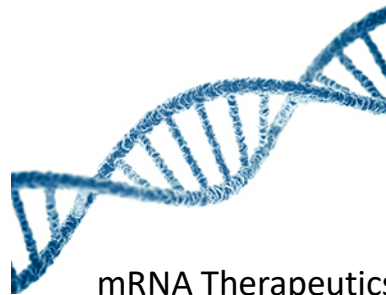


1. Seek Out the Positive (continued)

The Headlines That Don't Get Much Attention



UberCopter



mRNA Therapeutics
and Vaccines



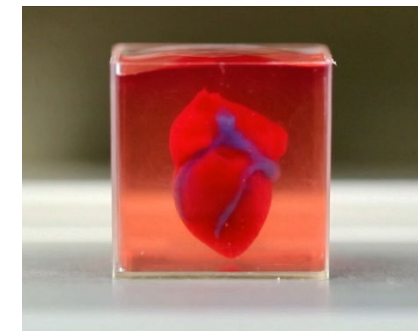
Antimicrobial
Screen
Protector



10 Medical Devices in the
Palm of Your Hand



AI-Powered Hand



3D-Printed Heart

2. Have a Plan

Annual Returns of Asset Classes (2005-2019)

Best
↑
↓
Worst

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Int'l	14.02	26.86	Large-Cap Growth 11.81	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
Mid-Cap Value	12.65	Small-Cap Value 23.48	Int'l 11.63	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	12.10	Large-Cap Value 22.25	Mid-Cap Growth 11.43	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
Diversified Portfolio	7.82	Mid-Cap Value 20.22	Small-Cap Growth 7.05	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
Large-Cap Value	7.05	Diversified Portfolio 16.25	Bonds 6.97	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
Large-Cap Growth	5.26	Small-Cap Growth 13.35	Cash 4.78	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
Small-Cap Value	4.71	Mid-Cap Growth 10.66	Diversified Portfolio 4.58	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
Small-Cap Growth	4.15	Large-Cap Growth 9.07	Large-Cap Value -0.17	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
Cash	3.00	Cash 4.80	Mid-Cap Value -1.42	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
Bonds	2.43	Bonds 4.33	Small-Cap Value -9.78	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

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. Indices are unmanaged and do not represent the performance of a specific fund. You cannot invest directly in the indices.

- Large-Cap Growth stocks and ■ Large-Cap Value stocks are represented by the Russell 1000 Growth and Russell 1000 Value indices, respectively
- Mid-Cap Growth stocks and ■ Mid-Cap Value stocks are represented by the Russell Midcap Growth and Russell Midcap Value indices, respectively.
- Small-Cap Growth stocks and ■ Small-Cap Value stocks are represented by the Russell 2000 Growth and Russell 2000 Value indices, respectively.
- International (Int'l) stocks are represented by the MSCI EAFE Index.
- Bonds are represented by the Bloomberg Barclays US Aggregate Bond Index.
- Cash Investments are represented by the Bloomberg Barclays U.S. Treasury Bill (1-3 Months) Index. Three-month Treasury Bills are short-term securities issued by the U.S. government that are generally considered to be risk-free.
- Diversified Portfolio is represented by an equal portion (12.5% each) of the previously listed indices, excluding Cash Investments.

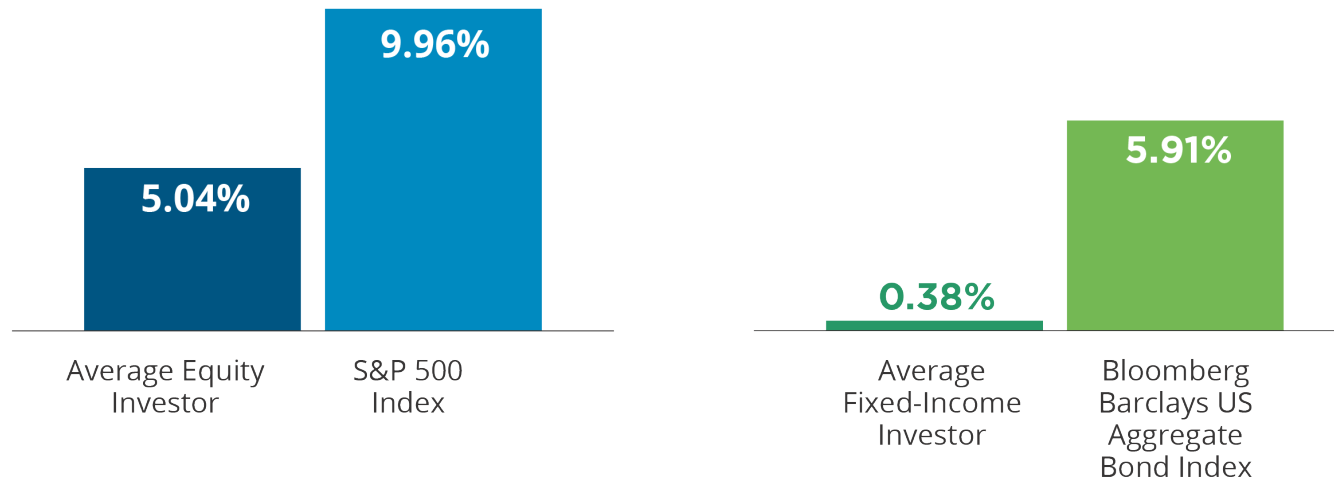
Data Source: Morningstar and Hartford Funds, 1/20.

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.

3. Don't Go It Alone

Individual Investors Have Underperformed Market Indices

30-Year Returns for Period Ending 12/31/19



Data Source: DALBAR's Annual Quantitative Analysis of Investor Behavior (QAIB), 2019. Performance data for indices represents a lump sum investment in January 2000 to December 2019 with no withdrawals. Stocks are represented by the S&P 500 Index. Bonds are represented by the Bloomberg Barclays US Aggregate Bond Index. Indices are unmanaged, unavailable for direct investment, and do not reflect fees, expenses, or sales charges.

Unmanaged index returns do not reflect any fees, expenses or sales charges. Index performance is not indicative of any Hartford fund. See last slide for index descriptions.

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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 Barclays Index Products to compare mutual fund investor returns to an appropriate set of benchmarks. Covering the period from January 1, 2000, to December 31, 2019, 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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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”



Index Descriptions:

Bloomberg Barclays 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 Barclays 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.

Bloomberg Barclays Long Term US Treasury Total Return Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury with 10 years or more to maturity.

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.

Additional Information Regarding Bloomberg Barclays Indices Source: Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively “Bloomberg”). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, “Barclays”), used under license. Bloomberg or Bloomberg’s licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

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