The Times They Are A-Changin’

But are they?
Looking Back

Takeaways

Strategies Going Forward
Looking Back
3 Big Challenges of the ‘60s

- Rising Cold War tensions
- Mass protests for civil rights
- Opposition to US involvement in Vietnam

1960s at a Glance

- Inflation Rate: 2.3%
- Avg. CD rate: 5.5%
- Avg. Bond Return: 1.7%
- Avg. Stock Return: 7.8%
**Despite the Turmoil, Stocks More Than Doubled in the 1960s**  
Growth of $10,000 (1960–1969)

Past performance does not guarantee future results. For illustrative purposes only. The performance shown is index performance and is not indicative of any Hartford Fund. Indices are unmanaged and not available for direct investment. Unless otherwise noted, throughout this brochure “Stocks” are represented by the S&P 500 Index, “Bonds” are represented by the IA SBBI US Long Term Corporate Index, “50% Stocks 50% Bonds” is a blend of 50% S&P 500 Index and 50% IA SBBI US Long Term Corporate Index, and “Cash” is represented by the IA SBBI US 30 Day T-Bill Index. Source: Morningstar, 2/21. See last slide for index definitions and data sources for each decade’s stats at a glance.
3 Big Challenges of the ‘70s

- Skyrocketing gas prices
- Runaway inflation
- Watergate scandal

1970s at a Glance

<table>
<thead>
<tr>
<th>Measure</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation Rate</td>
<td>7.1%</td>
</tr>
<tr>
<td>Avg. CD rate</td>
<td>7.3%</td>
</tr>
<tr>
<td>Avg. Bond Return</td>
<td>6.2%</td>
</tr>
<tr>
<td>Avg. Stock Return</td>
<td>5.9%</td>
</tr>
</tbody>
</table>
Bonds Slightly Outperformed Stocks During the Stagnant 1970s
Growth of $10,000 (1970–1979)

Past performance does not guarantee future results. For illustrative purposes only. Source: Morningstar, 2/21.
3 Big Challenges of the ‘80s

- Recession and rampant inflation
- Continued Cold War tensions
- AIDS epidemic

1980s at a Glance

- Inflation Rate: 5.6%
- Avg. CD rate: 9.9%
- Avg. Bond Return: 13.0%
- Avg. Stock Return: 17.6%
1980s: “We Are Living in a Material World”

Despite Black Monday, Stocks Rose Fivefold in the 1980s
Growth of $10,000 (1980–1989)

Past performance does not guarantee future results. For illustrative purposes only. Source: Morningstar, 2/21.
3 Big Challenges of the ‘90s

- Gulf War
- Racial tension
- Y2k hysteria

1990s at a Glance

- Inflation Rate: 3.0%
- Avg. CD rate: 5.3%
- Avg. Bond Return: 8.4%
- Avg. Stock Return: 18.2%
Stocks Quintupled in 1990s, Far Surpassing Other Investments

Growth of $10,000 (1990–1999)

Past performance does not guarantee future results. For illustrative purposes only. Source: Morningstar, 2/21.
3 Big Challenges of the ‘00s

- Dot-com bubble bursts
- 9/11 terrorist attacks
- Global financial crisis

2000s at a Glance

Inflation Rate 2.6%
Avg. CD rate 3.2%
Avg. Bond Return 7.7%
Avg. Stock Return -1.0%
The Lost Decade for Stocks: Bonds Outpaced Stocks in the 2000s
Growth of $10,000 (2000–2009)

Past performance does not guarantee future results. For illustrative purposes only. Source: Morningstar, 2/21.
3 Big Challenges of the ‘10s

- Great Recession
- High unemployment: 9.6%
- Political polarization

2010s at a Glance

- Inflation Rate: 1.8%
- Avg. CD rate: 0.8%
- Avg. Bond Return: 8.0%
- Avg. Stock Return: 13.6%
2010s: “I Am Not Throwing Away My Shot”

Stocks Emerged on Top in the 2010s as the Longest Bull Market on Record Took Hold
Growth of $10,000 (2010–2019)

Past performance does not guarantee future results. For illustrative purposes only. Source: Morningstar, 2/21.
3 Big Challenges of the ‘20s

- COVID-19 pandemic
- Election year uncertainty
- Widespread protests
2020s: “Someday When We Aren’t Six Feet Apart”

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

Past performance does not guarantee future results. For illustrative purposes only. To capture the daily movements in bonds and cash, this chart uses the Bloomberg Barclays US Aggregate Bond Index to represent bonds and the Bloomberg Barclays US Treasury Bill 1–3 Month Index to represent cash. Source: Morningstar, 2/21.
Takeaways
A hypothetical $10,000 investment in the S&P 500 Index in 1961 would have grown to more than $3.8 million as of December 31, 2020.

Past performance does not guarantee future results. Source: Datastream Refinitiv, Robert Shiller dataset, and Schroders, 7/31/33-12/31/20. Real (adjusted for inflation) total return from first year in office to 7/31 of final year in office to exclude the election effect.
Takeaway: Resist the Urge to Panic

The Price of Panic
$10,000 Investment (1960–2020)

*Reactionary Investor invests in the S&P 500 Index, moves 100% into 30-Day Treasury bills the month after the market drops 30% (noted by the red panic buttons), then moves 100% back into the S&P 500 Index two years later. 
Past performance does not guarantee future results. For illustrative purposes only. The performance shown is index performance and is not indicative of any Hartford Fund. Data Sources: Morningstar and Hartford Funds, 2/21.
**Takeaway: Bonds Complement Stocks**

**Risk-and-Reward Trade Off for Different Asset Classes**

<table>
<thead>
<tr>
<th></th>
<th>Stocks</th>
<th>50% Stocks/50% Bonds</th>
<th>Bonds</th>
<th>Cash</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Annual Total Returns (%) as of 12/31/20</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 Year</td>
<td>18.40</td>
<td>16.90</td>
<td>15.40</td>
<td>0.44</td>
</tr>
<tr>
<td>5 Year</td>
<td>15.22</td>
<td>12.41</td>
<td>9.57</td>
<td>1.07</td>
</tr>
<tr>
<td>10 Year</td>
<td>13.88</td>
<td>11.30</td>
<td>8.32</td>
<td>0.55</td>
</tr>
<tr>
<td>20 Year</td>
<td>7.47</td>
<td>8.24</td>
<td>7.96</td>
<td>1.36</td>
</tr>
<tr>
<td><strong>1-Year Return (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Best</td>
<td>61.18</td>
<td>51.95</td>
<td>46.74</td>
<td>15.20</td>
</tr>
<tr>
<td>Worst</td>
<td>-43.32</td>
<td>-25.84</td>
<td>-18.16</td>
<td>0.01</td>
</tr>
<tr>
<td>% Positive</td>
<td>79%</td>
<td>83%</td>
<td>80%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>5-Year Return (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Best</td>
<td>29.63</td>
<td>24.57</td>
<td>23.92</td>
<td>11.13</td>
</tr>
<tr>
<td>Worst</td>
<td>-6.63</td>
<td>-1.48</td>
<td>-2.31</td>
<td>0.03</td>
</tr>
<tr>
<td>% Positive</td>
<td>91%</td>
<td>99%</td>
<td>96%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>10-Year Return (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Best</td>
<td>19.49</td>
<td>17.50</td>
<td>16.94</td>
<td>9.20</td>
</tr>
<tr>
<td>Worst</td>
<td>-3.43</td>
<td>1.22</td>
<td>1.21</td>
<td>0.27</td>
</tr>
<tr>
<td>% Positive</td>
<td>96%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td><strong>20-Year Return (%)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Best</td>
<td>18.26</td>
<td>15.13</td>
<td>12.66</td>
<td>7.73</td>
</tr>
<tr>
<td>Worst</td>
<td>4.79</td>
<td>4.99</td>
<td>2.53</td>
<td>1.36</td>
</tr>
<tr>
<td>% Positive</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Past performance does not guarantee future results.* % Positive in the chart refers to the percentage of time each asset class had a positive return for the time period shown. For illustrative purposes only. Data Sources: Morningstar and Hartford Funds, 2/21.
Strategy: Stay Invested to Avoid Missing the Market’s Best Days

Good Days Happen in Bad Markets
S&P 500 Index Best Days: 1990–2020

- During a Bear Market: 22%
- During the First Two Months of a Bull Market: 28%
- During the Rest of a Bull Market: 50%

50 Best Days

For illustrative purposes only. Data sources: Ned Davis Research, Morningstar, and Hartford Funds, 2/21.
Strategy: Stay Invested to Avoid Missing the Market’s Best Days

Missing the Market’s Best Days Has Been Costly
S&P 500 Index Average Annual Total Returns: 1990–2020

Past performance does not guarantee future results. For illustrative purposes only. Data Sources: Ned Davis Research, Morningstar, and Hartford Funds, 2/21.
Strategy: Invest Regularly to Build Wealth Systematically

All 3 Stock Investors Significantly Outperformed a Cash Investor

Past performance does not guarantee future results. For illustrative purposes only. Data Sources: Morningstar and Hartford Funds, 2/21. Systematic investing neither assures a profit nor protects against a loss. Because systematic investing involves continuous investing regardless of fluctuating price levels, you should carefully consider your financial ability to continue investing through periods of fluctuating prices.
Bonds Counterbalance Stocks in a Portfolio
Cumulative Returns on a $100,000 Initial Investment (2000–2020)

<table>
<thead>
<tr>
<th>Years</th>
<th>Stocks</th>
<th>Bonds</th>
<th>Balanced</th>
<th>Investor Mindset</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-2002</td>
<td>-37.6%</td>
<td>33.5%</td>
<td>-6.4%</td>
<td>“Why do I own stocks?”</td>
</tr>
<tr>
<td>2003-2007</td>
<td>82.9%</td>
<td>24.2%</td>
<td>51.8%</td>
<td>“Why do I own bonds?”</td>
</tr>
<tr>
<td>2008</td>
<td>-37.0%</td>
<td>5.2%</td>
<td>-15.9%</td>
<td>“Why do I own stocks?”</td>
</tr>
<tr>
<td>2009-2017</td>
<td>258.8%</td>
<td>40.7%</td>
<td>129.8%</td>
<td>“Why do I own bonds?”</td>
</tr>
<tr>
<td>2018</td>
<td>-4.4%</td>
<td>0.0%</td>
<td>-2.2%</td>
<td>“Why do I own stocks?”</td>
</tr>
<tr>
<td>2019-2020</td>
<td>55.7%</td>
<td>16.9%</td>
<td>35.7%</td>
<td>“Why do I own bonds?”</td>
</tr>
<tr>
<td>2000-2020</td>
<td>283.9%</td>
<td>186.9%</td>
<td>246.7%</td>
<td></td>
</tr>
</tbody>
</table>

Bonds are represented by the Bloomberg Barclays US Aggregate Bond Index. Balanced portfolio is represented by a 50% stock/50% bond allocation.

Past performance does not guarantee future results. For illustrative purposes only. Source: Morningstar and Hartford Funds, 2/21.
“The present now will later be past.”
—Bob Dylan
**Bloomberg Barclays US Aggregate Bond Index** is composed of securities from the Bloomberg Barclays Government/Credit Bond Index, Mortgage-Backed Securities Index, Asset-Backed Securities Index, and Commercial Mortgage-Backed Securities Index.

**Bloomberg Barclays 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.

**Bonds** are represented by the IA SBBI US Long-Term Corporate Index, which measures the performance of US dollar-denominated bonds issued in the US investment-grade bond market, including US and non-US corporate securities that have at least 10 years to maturity and a credit rating of AAA/AA.

**Cash** is represented by IA SBBI US 30 Day T-Bill Index, which tracks 30-day Treasury bills.

**CD rates** are based on 3-Month CD rates from the Federal Reserve Bank of St. Louis. Data begins June of 1964.

**Inflation rate** is from the US Department of Labor via FactSet.

**Stocks** are represented by the S&P 500 Index, which is a market capitalization-weighted price index composed of 500 widely held common stocks, using data calculated by Ibbotson Associates.

**Treasury bills** are a short-term U.S. government debt obligation backed by the Treasury Department with a maturity of one year or less.

Data sources for each decade’s stats at a glance: Inflation—US Department of Labor via FactSet; Avg. CD Rate—Federal Reserve Bank of St. Louis; Avg. Bond Return and Avg. Stock Return—Morningstar.

**Disclosure**

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. • U.S. Treasury securities are backed by the full faith and credit of the U.S. government as to the timely payment of principal and interest. • Diversification does not ensure a profit or protect against a loss in a declining market.

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