HARTFORDFUNDS
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# Fasten Your Seatbelts

Volatility is an ever-present part of investing.

There's an unspoken understanding when we step aboard an airplane. We pay a fare to travel from one location to another, trust that the pilot and the crew will do their jobs well, and walk away satisfied that we flew the friendly skies and got to our destination.

In many ways, the experience we have while eating those complimentary pretzels is similar to the one we have as investors. We invest our financial assets, work with a trusted financial professional to help grow our portfolios, and hopefully reach our financial goals.

Unfortunately, you don't have to strap yourself into an aircraft seat to experience turbulence.

## Highs and Lows

Investing in equities has always required riding out the ups and downs. The 24-hour cable-news cycle repeatedly declares heightened volatility to be the "new reality."

But in reality, volatility happens more frequently than many realize. In the last two decades, for example, the S&P 500 Index[1] has experienced intra-year declines in every calendar year—even when it ultimately produced positive year-end returns (**FIGURE 1**). Not every year managed to recover and notch a positive ending, but no year was immune to a period of negative performance.

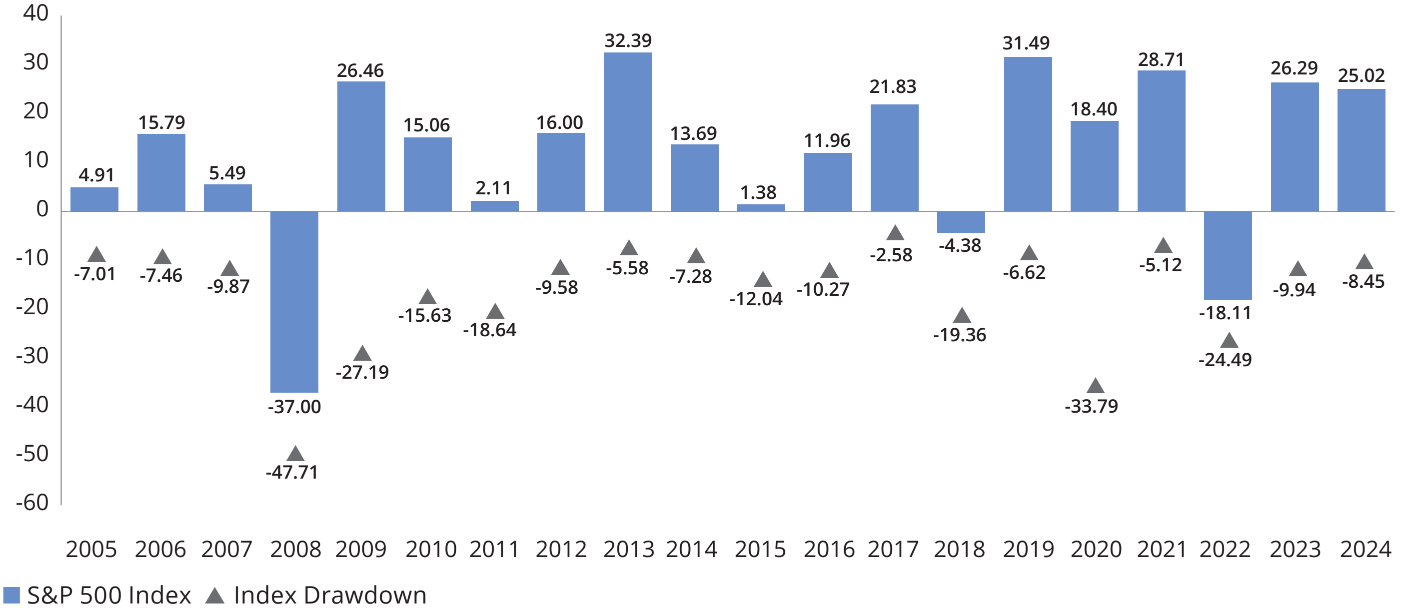
This seemingly unpredictable market cycle of gains and losses has investors asking, "How can we prepare for what comes next week, next month, or next year?" Plain and simple: develop a solid financial plan, stick with it, and resist the urge to panic.

## Key Points

- Investing in equities has always required riding out the ups and downs.
- The market has experienced intra-year dips, even in the years that it produced positive year-end returns.
- A properly diversified portfolio and a regular rebalancing strategy can help put you at ease.

FIGURE 1

**Intra-Year Dips in the S&P 500 Index Happen Frequently**




**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, 2/25.

## Now Boarding...

Just as those boarding a flight need to take heed and obey the rules and regulations of the flight, so, too, do investors when it comes to adhering to a financial plan. Haven't checked your plan out in a while? Maybe the time is right to review it with a financial professional. Together, you can reassess your investment situation and risk tolerance, starting with these steps:

1. **Consider a financial plan that features a diverse mix of equities and fixed-income investments.** This can help diversify your risk; although not risk-free, the use of fixed-income investments can help reduce the impact when equities fall.
2. **Consider setting up a rebalancing strategy to help keep you on the right track.** Pick a defined time frame with your professional to adjust your holdings. Having a rebalancing strategy can help safeguard you from being exposed to too much risk. It'll also help you adhere to your overall plan whenever volatility strikes.

**Talk to your financial professional about preparing your portfolio for volatility.**

[1] **S&P 500 Index** is a market capitalization-weighted price index composed of 500 widely held common stocks.

**Important Risks:** 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.