

The Power of a Diversified Bond Portfolio

How sector diversification has helped investors manage risk and enhance returns.

Annual Returns of Fixed-Income Sectors Represented by Indices

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Avg. Annual Return For All Periods
Best	16.76 EM Debt	7.44 High Yield	8.72 Municipal Bonds	3.76 Municipal Bonds	17.13 High Yield	15.21 EM Debt	1.82 Cash	14.54 Corporate Bonds	10.11 Global Sovereigns	5.26 High Yield	1.52 Cash	13.44 High Yield	8.95 Bank Loans	19.26 EM Debt	6.39 High Yield
	15.78 High Yield	5.29 Bank Loans	7.46 Corporate Bonds	1.18 US Gov't Bonds	10.16 Bank Loans	7.50 High Yield	1.60 Short Duration	14.32 High Yield	9.89 Corporate Bonds	5.20 Bank Loans	-0.77 Bank Loans	13.32 Bank Loans	8.19 High Yield	8.62 High Yield	5.35 Bank Loans
	9.82 Corporate Bonds	0.64 Short Duration	2.52 US Gov't Bonds	0.65 Short Duration	9.94 EM Debt	7.49 Global Sovereigns	1.43 US Gov't Bonds	13.47 EM Debt	7.05 High Yield	0.96 Municipal Bonds	-3.69 Short Duration	12.70 EM Debt	5.32 Cash	8.36 Diversified Portfolio	3.65 Corporate Bonds
	9.66 Bank Loans	0.05 Cash	2.46 High Yield	0.03 Cash	6.11 Corporate Bonds	6.42 Corporate Bonds	1.41 Municipal Bonds	9.23 Diversified Portfolio	5.94 Diversified Portfolio	0.04 Cash	-6.57 Municipal Bonds	8.52 Corporate Bonds	4.36 Short Duration	7.77 Corporate Bonds	3.02 Diversified Portfolio
	7.79 Diversified Portfolio	-0.57 Diversified Portfolio	2.17 Diversified Portfolio	-0.68 Corporate Bonds	5.89 Diversified Portfolio	6.07 Diversified Portfolio	0.44 Bank Loans	8.64 Bank Loans	5.73 US Gov't Bonds	-0.47 Short Duration	-7.73 US Gov't Bonds	8.48 Diversified Portfolio	2.56 Diversified Portfolio	7.55 Global Sovereigns	3.02 Municipal Bonds
	5.70 Municipal Bonds	-1.25 US Gov't Bonds	1.60 Bank Loans	-0.69 Bank Loans	1.60 Global Sovereigns	5.83 Municipal Bonds	-0.84 Global Sovereigns	7.70 Municipal Bonds	5.62 Municipal Bonds	-0.94 Diversified Portfolio	-9.46 Diversified Portfolio	5.78 Municipal Bonds	2.44 US Gov't Bonds	6.50 US Gov't Bonds	2.24 EM Debt
	1.73 US Gov't Bonds	-1.53 Corporate Bonds	0.77 Short Duration	-2.34 Diversified Portfolio	1.28 Short Duration	4.12 Bank Loans	-0.85 Diversified Portfolio	5.90 Global Sovereigns	3.33 Short Duration	-1.04 Corporate Bonds	-11.18 High Yield	5.19 Global Sovereigns	2.13 Corporate Bonds	5.92 Municipal Bonds	1.76 Short Duration
	1.65 Global Sovereigns	-2.17 Municipal Bonds	0.02 Cash	-3.57 Global Sovereigns	1.05 US Gov't Bonds	1.14 US Gov't Bonds	-2.08 High Yield	5.20 US Gov't Bonds	3.12 Bank Loans	-1.69 US Gov't Bonds	-11.69 EM Debt	5.14 Cash	-0.33 Municipal Bonds	5.90 Bank Loans	1.61 US Gov't Bonds
	1.26 Short Duration	-4.00 Global Sovereigns	-0.48 Global Sovereigns	-4.43 High Yield	0.26 Cash	0.84 Short Duration	-2.51 Corporate Bonds	4.03 Short Duration	2.69 EM Debt	-6.97 Global Sovereigns	-15.76 Corporate Bonds	4.61 Short Duration	-2.38 EM Debt	5.35 Short Duration	1.58 Cash
Worst	0.08 Cash	-8.98 EM Debt	-5.72 EM Debt	-14.92 EM Debt	-0.12 Municipal Bonds	0.82 Cash	-6.21 EM Debt	2.21 Cash	0.54 Cash	-8.75 EM Debt	-18.26 Global Sovereigns	4.30 US Gov't Bonds	-2.87 Global Sovereigns	4.29 Cash	0.18 Global Sovereigns

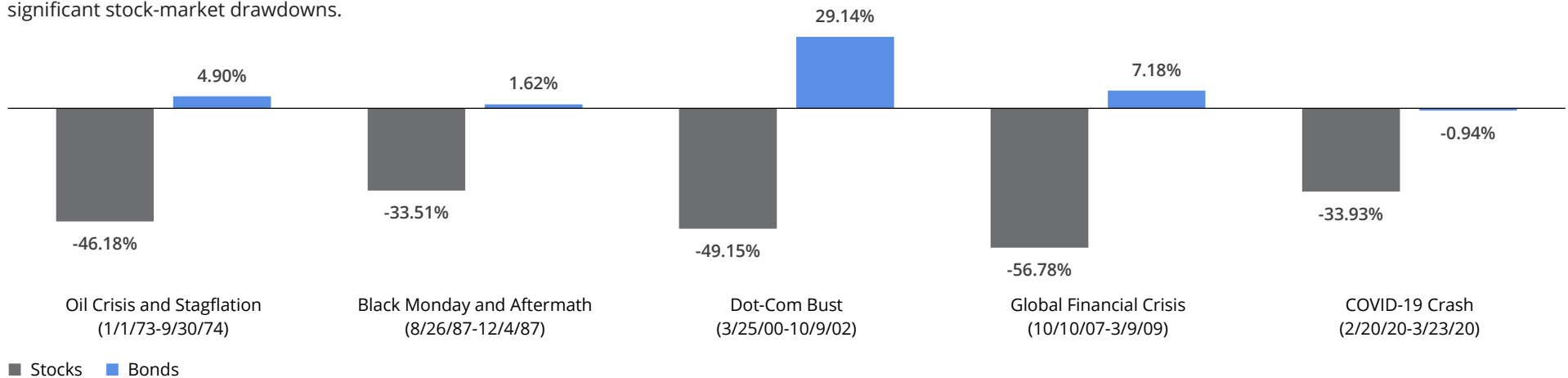
SECTOR	REPRESENTED BY
EM Debt	JPM GBI-EM Global Diversified Index
High Yield	Bloomberg US HY 2% Issuer Capped Index
Corporate Bonds	Bloomberg US Corp Bond Index
Bank Loans	Morningstar LSTA US Leveraged Loan Index
Diversified Portfolio	Equal portion of each index, excluding cash

SECTOR	REPRESENTED BY
Municipal Bonds	Bloomberg 10-Year Municipal Bond Index
US Government Bonds	Bloomberg US Intermediate Government Index
Global Sovereigns	FTSE WGBI USD Index
Short Duration	Bloomberg 1-3 Year US Government/Credit Index
Cash	Bloomberg US Treasury Bill 1-3 Month Index

As of 12/31/25. Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment, and do not represent the performance of any Hartford Funds product. See page 2 for index definitions. Source: Morningstar, 6/26.

Bonds Helped Counterbalance Stocks in Turbulent Markets

Markets could experience significant volatility as they digest what AI and innovation mean for different companies. Owning bonds has helped reduce the impact of significant stock-market drawdowns.



As of 12/31/25. **Past performance does not guarantee future results.** For illustrative purposes only. Time periods are based on data from Ned Davis Research. **Stocks** are represented by the S&P 500 Index—a market capitalization-weighted price index composed of 500 widely held common stocks. **Bonds** are represented by the IA SBBI LT Government Index, which measures the performance of a single outstanding U.S. Treasury note with a maturity term of approximately 5.5 years, until 1975, and thereafter by the Bloomberg U.S. Aggregate Bond Index, which is composed of securities covering the U.S. investment-grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. Source: Morningstar, 2/26.

Bank Loans are represented the Morningstar LSTA US Leveraged Loan Index, which is a market-value-weighted index that is designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads, and interest payments.

Cash is represented by the Bloomberg 1-3 Month US Treasury Bill Index tracks the market for treasury bills with 1 to 2.9999 months to maturity issued by the US government.

Corporate Bonds are represented by the Bloomberg US Corporate Bond Index, which measures the investment-grade, fixed-rate, taxable corporate bond market. The index includes US dollar-denominated securities that are publicly issued by industrial, utility, and financial issuers.

Diversified Portfolio is represented by an equal portion of the indices on page 1, excluding cash.

EM Debt is represented by the JP Morgan GBI EM Global Diversified Index, which is a comprehensive global, local emerging-markets index, and consists of liquid, fixed-rate, domestic-currency government bonds.

Global Sovereign Bonds are represented by the FTSE World Government Bond Index (WGBI), which measures the performance of fixed-rate, local-currency, investment-grade sovereign bonds from over 20 countries.

High-Yield Bonds are represented by the Bloomberg US Corporate High Yield 2% Issuer Capped Index, which is a market-value-weighted benchmark for USD-denominated, non-investment-grade fixed-rate corporate bonds that restricts any single issuer from representing more than 2% of the Index.

Municipal Bonds are represented by the Bloomberg 10-Year Municipal Bond Index, which is the 10-year (8-12) component of the Bloomberg Municipal Bond Index.

Short-Duration Bonds are represented by the Bloomberg 1-3 Year Gov't/Credit Bond Index, which is comprised of the US Gov't/Credit component of the Bloomberg US Aggregate Bond Index.

US Government Bonds are represented by the Bloomberg US Intermediate Government Index, which is an unmanaged index reflecting performance of the intermediate-term government bond market.

Index provider notices may be found at hartfordfunds.com/index-notices.

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. • Municipal securities may be adversely impacted by state/local, political, economic, or market conditions. Investors may be subject to the federal alternative minimum tax as well as state and local income taxes. Capital gains, if any, are taxable. • Investments in high-yield ("junk") bonds involve greater risk of price volatility, illiquidity, and default than higher-rated debt securities. 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. • Foreign investments may be more volatile and less liquid than U.S. investments and are subject to the risk of currency fluctuations and adverse political, economic and regulatory developments. These risks may be greater, and include additional risks, for investments in emerging markets.

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