

# Media Replay







Data Source: Google Finance, 1/18  
See back cover for index descriptions

NOT FDIC INSURED • MAY LOSE  
VALUE • NO BANK GUARANTEE



# Déjà News

## Crisis of Today...or Yesterday?

Today's headlines may seem scary—so scary that “playing it safe” and not losing your money may seem like the only rational strategy. However, these headlines aren't exactly “new” news. In the past few decades, we have seen repeating patterns of crises including unemployment, economic downturns, and national debt concerns.

Yet, despite all these crises, the Dow Jones Industrial Average rose from 900 points in 1972 to 23,327 in December 2018. In fact, long-term investors who stayed the course and did not lose sight of their financial goals have been rewarded.

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The news is here, there, and everywhere. In today's 24/7 news cycle, it's easy to get caught up in the “Crisis Du Jour.”

#### Mistakes .....8

What we hear in the media can impact how we invest, resulting in costly mistakes that impact our financial future.

#### Solutions .....16

Negative headlines and volatile markets can test the resolve of many investors. It's imperative to stay focused and not lose sight of long-term financial goals.

Please see back cover for source information.





# The Daily Media Storm

We're exposed to an abundance of news, particularly economic news, via more outlets than ever before. Sixty-eight percent of Americans now get their news on social media.<sup>1</sup> At times, it may feel overwhelming, as though we're caught in a media whirlwind.

This 24-hour news cycle provides an almost immediate record of what's happening throughout the world. Everyone loves a good story—the more dramatic or sensational, the better it sells.

However, this constant onslaught of news may make it difficult for people to digest this information or gain the appropriate perspective on what they read, see, and hear.

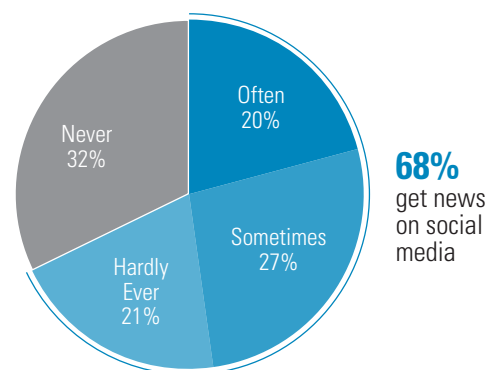
In reality, it's not all bad news—it's just that bad news can be easier to remember.

## How Much News Do We Consume?

You may be surprised to learn just how much time we devote to staying informed. For example, a Nielsen study revealed that people 38 and older watch **31,103** minutes of news a year.<sup>2</sup>

## Read All About It (on Social Media)<sup>1</sup>

% of US adults who get news on a social media platform



Percentages have been rounded and may not total 100%

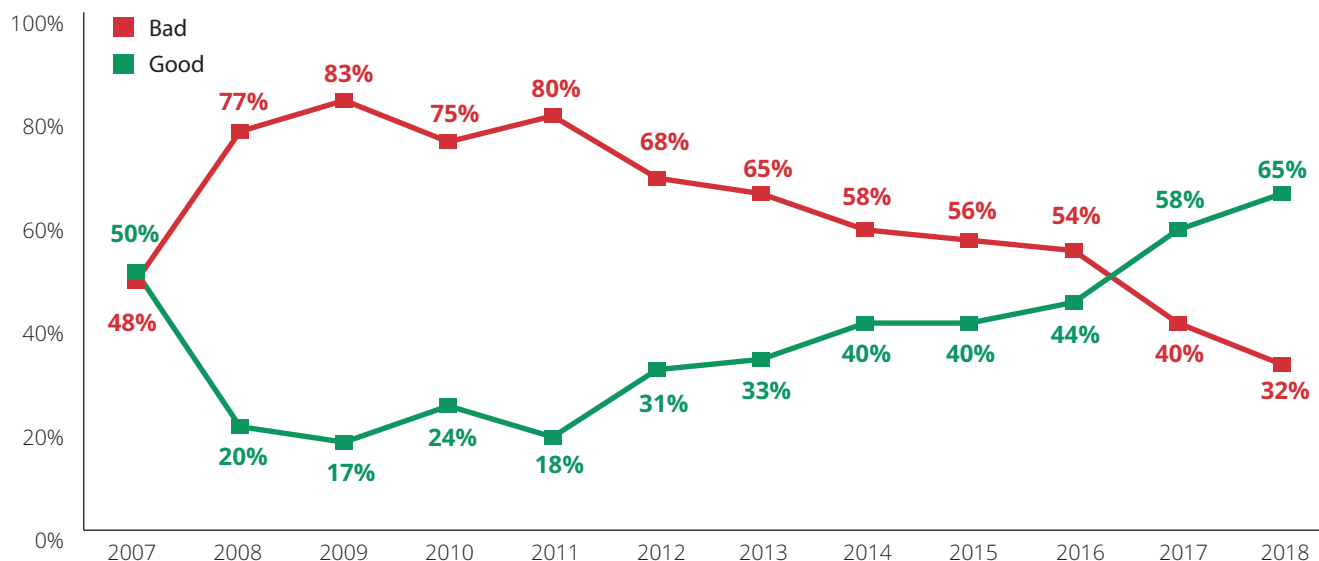
## We're Finally Starting to Feel Better About Our Economic Situation

We've been experiencing the longest bull market ever. And we're finally feeling better about the economy. Even though the S&P 500 Index more than tripled from its March 2009 low, news headlines consistently portrayed

this bull market as a slow-growth, jobless recovery. It's no wonder the negative perceptions about the economy persisted until March 2017.

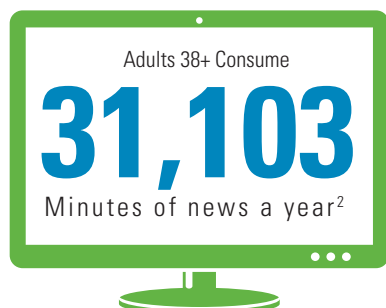
## Until a Few Years Ago, Americans Viewed Our Economy as Mostly Bad<sup>4</sup>

The current economic situation in our country is...



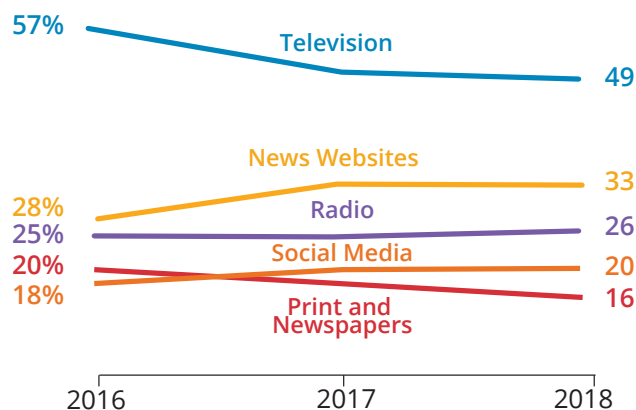
## We're Not Experiencing Information Overload

The MIT AgeLab informs us that the volume, velocity, and complexity of information we're receiving keeps increasing. Yet, a Pew Research study found that the majority of Americans like having lots of information. Only 20% of Americans feel overloaded with information.<sup>5</sup>



## Gap Between TV and Online News Consumption Narrows<sup>6</sup>

% of US adults who often get news on each platform

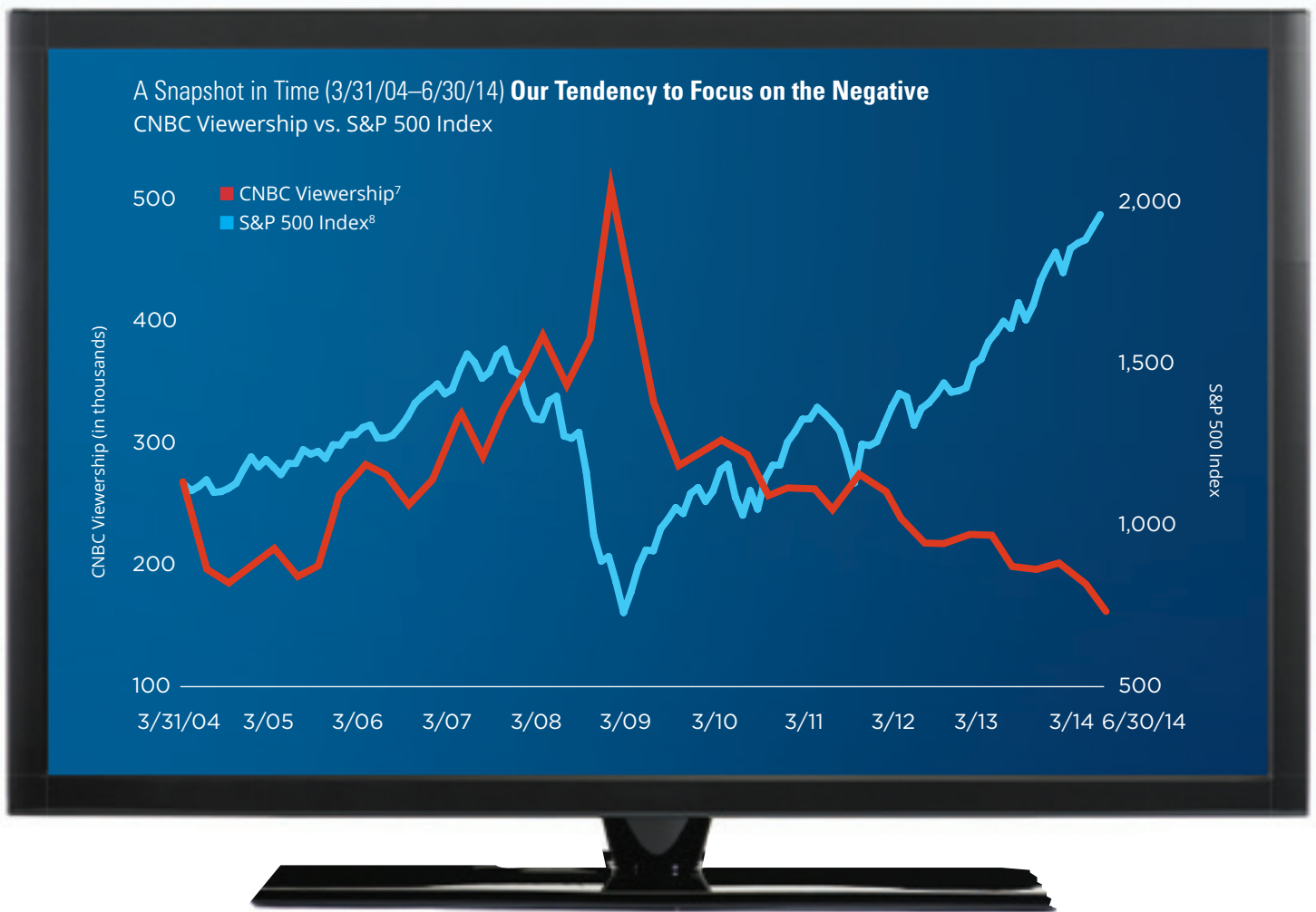


Television is still the most popular platform for news consumption—even though its use has declined since 2016

# Back in 2009, We Couldn't Look Away

Evolutionary psychologists and neuroscientists would argue that humans ordinarily seek out news of dramatic, negative events. These experts say that our brains evolved in a hunter-gatherer environment in which anything perceived as threatening had to be attended to

immediately for survival. Despite the fact that depressing headlines can make us feel uncomfortable, there appears to be a strong correlation between negative market performance and our curiosity about the news.



This is a study of CNBC viewership compared with S&P 500 performance. The blue line represents the S&P 500 Index and the red line represents CNBC viewership. Do you see a pattern? There's a correlation between poor market performance and CNBC ratings.

**On September 29, 2008, when the markets faced their worst single-session point drop since the crash of 1987, CNBC had its best ratings day ever.**

**See back cover for index descriptions.**

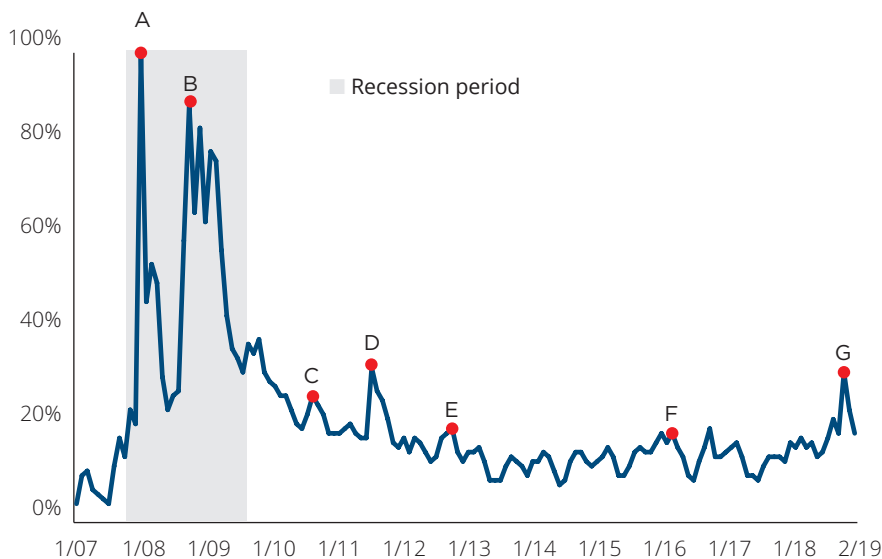
For illustrative purposes only. The performance shown is index performance and is not indicative of any Hartford Fund. Investors cannot invest directly in an index.

## Did You Google It?

The term “recession” has been a popular search term over the past few years. Similar to CNBC viewership, the number of Google searches for “recession” increased during the turbulent time frame between 2008 and 2009.

### Google Trends<sup>9</sup>

Results for the Search Term “Recession” in the U.S.



- A. 1/22/08 After the plunge in markets around the world, the Federal Reserve cuts interest rates by 0.75%—the largest single-day reduction in the Fed’s history
- B. 12/1/08 Dow plunges in response to a report that the economy is in recession
- C. 9/20/10 Unemployment rises to 9.6%; 54,000 jobs lost
- D. 8/5/11 Congress debates the federal debt limit. Standard & Poor’s downgrades the U.S. government’s credit rating
- E. 11/29/12 The US economy approaches possible fiscal cliff
- F. 1/18/16 Oil prices fall below \$28 a barrel from a record peak of \$145 in 2008
- G. 12/24/18 December stock market swoon reaches its peak on Christmas Eve as stocks experience their worst December ever

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.



## The Anxiety Effect

Insights from Dr. Joseph Coughlin,  
Founder and Director of MIT AgeLab

The MIT AgeLab provides insights to Hartford Funds about consumer behavior and decision-making, and trends in demographics, technology, and lifestyle. These trends impact the way people do business with financial-services providers and how they use financial advice.

### Investing Attention in the Negative

Anxious investors are more apt to devote their attention to information that is negative.

When faced with the choice between information that could potentially inspire optimism versus data that paints a dismal future, the anxious client will opt to focus on the latter.

### If It’s Not Clear, It Must be Bad

To further complicate matters, anxious investors process ambiguous information differently. Data that isn’t crystal clear is more likely to be perceived as bad or even threatening, fueling their pessimism.

### Risk Aversion: “Just Don’t Lose It!”

Today’s investor is more likely to say, “Just don’t lose it!” rather than, “How do we grow it?”

An anxious investor’s main objective is to reduce current risk—not plan ahead. Instead of making decisions based on long-term financial objectives, they will act upon how they feel in the moment.

# The Urge to Panic

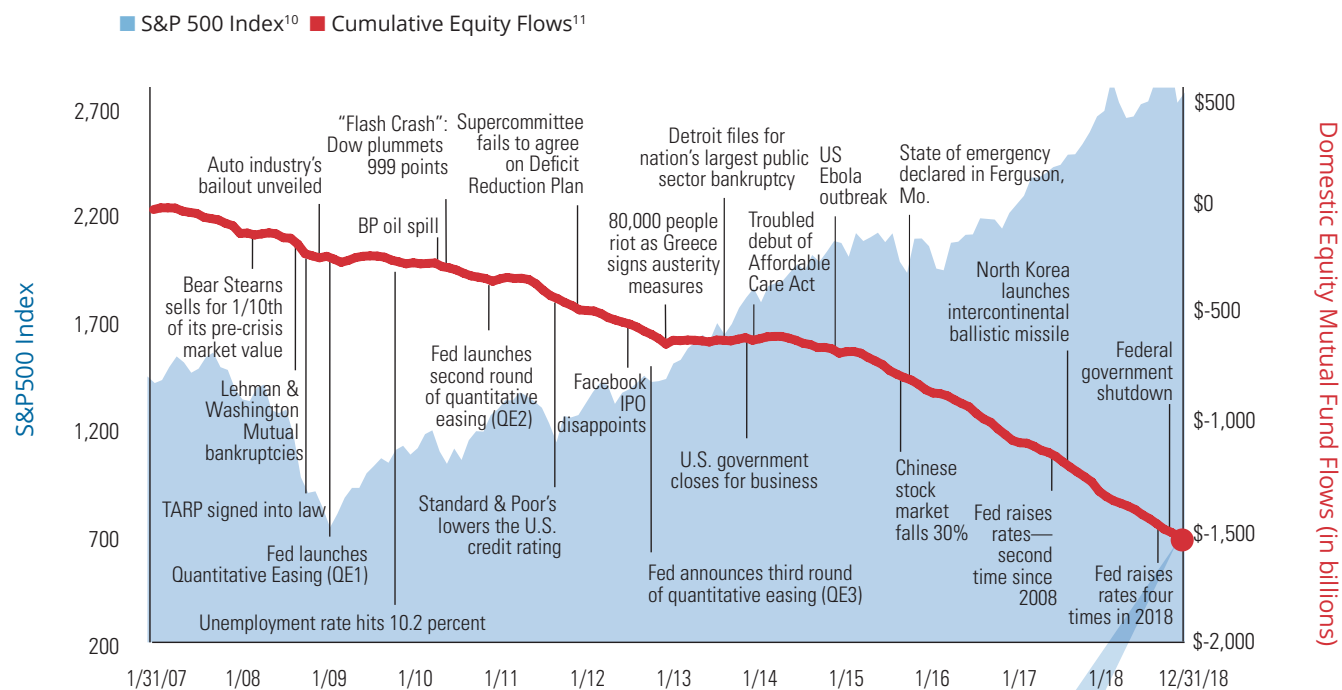
When investors are exposed to a steady stream of gloomy news, they are likely to feel threatened and become concerned about their investments.

As a result of the financial crisis in 2008 and the subsequent Great Recession, many investors are more

concerned with playing it safe and clinging to the money they already have than growing their money. Even today, investors are still fleeing their equity investments, despite the fact that the market has rebounded.

## Have You Participated in the Rebound?

### S&P 500 Index and Domestic Equity Mutual Fund Flows



Since the end of 2007 investors have been subject to an ongoing barrage of negative events and subsequent disturbing headlines. These negative headlines certainly underscored investors' desire for safe investments, despite the market quadrupling in value.

Investors withdrew **\$1.5 Trillion** from equity mutual funds between 1/31/07 – 12/31/18.

S&P 500 Return  
3/9/09 – 12/31/18: **351%**

See back cover for index descriptions.

**PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.**

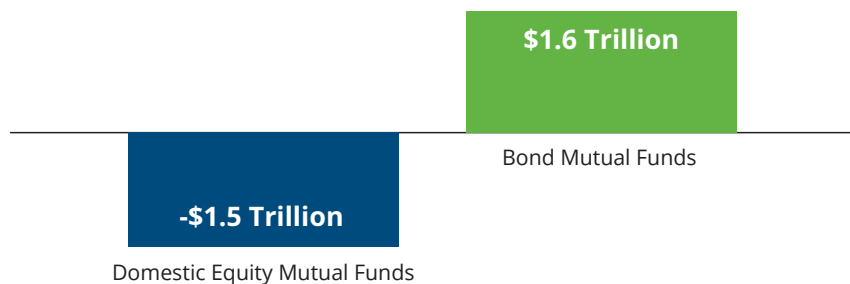
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Investors have abandoned equity mutual funds with outflows of \$1.5 trillion, while adding \$1.6 trillion to bond mutual funds since 2007.

## 1/31/07 - 12/31/18



Total assets in cash investments reached an astounding \$12.5 trillion in 2018.<sup>12</sup> Cash investments may provide a sense of security because of their perceived benefit of principal stability. But when cash returns are adjusted for inflation, they can be less reassuring. The inflation-adjusted return of CDs has been negative for more than seven years.

6-Month CDs Minus Inflation<sup>13</sup>

Date	6-Month CDs Minus Inflation (%)
12/31/88	3.5%
12/31/89	4.3%
12/31/90	1.8%
12/31/91	2.8%
12/31/92	0.5%
12/31/93	0.3%
12/31/94	2.2%
12/31/95	3.3%
12/31/96	2.0%
12/31/97	3.9%
12/31/98	2.5%
12/31/99	1.7%
12/31/00	2.5%
12/31/01	0.5%
12/31/02	-1.0%
12/31/03	-1.0%
12/31/04	-1.5%
12/31/05	0.0%
12/31/06	2.1%
12/31/07	0.1%
12/31/08	2.1%
12/31/09	-2.0%
12/31/10	-0.8%
12/31/11	-2.5%
12/31/12	-1.5%
12/31/13	-1.3%
12/31/14	-0.5%
12/31/15	-0.5%
12/31/16	-1.8%
12/31/17	-1.7%
12/31/18	-1.27%

CDs are insured by the FDIC, offer a fixed rate of return, and are generally designed for short-term savings needs. The principal value and investment return of investment securities (including mutual funds) are subject to risk, will fluctuate with changes in market conditions, are generally considered long-term investments, and are not suitable for all investors.



—Michael Lewis  
Best-selling author of  
"The Big Short"

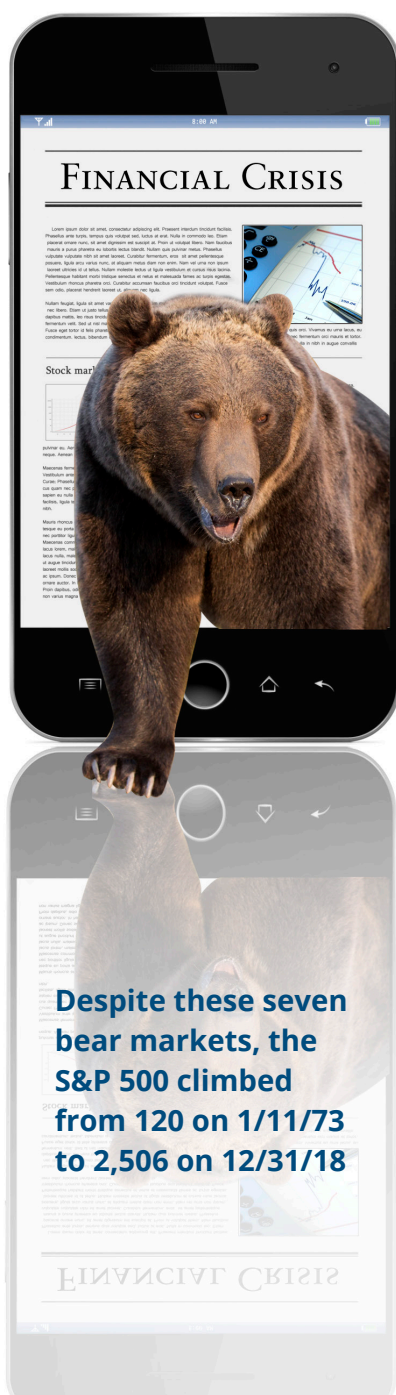
**See back cover for index descriptions.  
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GUARANTEE FUTURE RESULTS.**

# There's Always a Reason to Panic

Since 1973, we've had seven bear markets (about one every five years), with an average decline of 32%. A bear market is typically defined as a downturn of 20% or more in the stock market over at least a two-month period.

How an investor chooses to respond to this turmoil can dramatically affect his or her long-term performance.

When the market is declining and the news is depressing, the urge to panic and "play it safe" can be intense.



## Bear Markets

S&P 500 1973–2018<sup>14</sup>



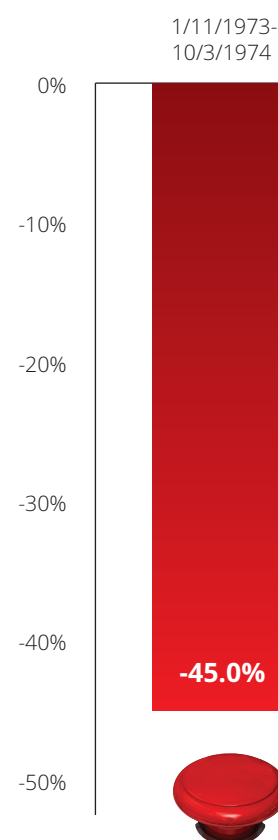
### Bear Markets

Downturn of 20% or more in the stock market over at least a two-month period



### Panic: 30%

The panic buttons represent periods in which the market dropped at least 30%. This could be considered a tipping point for investors who aren't comfortable with significant market declines and instead choose to look for "safer" investment choices.

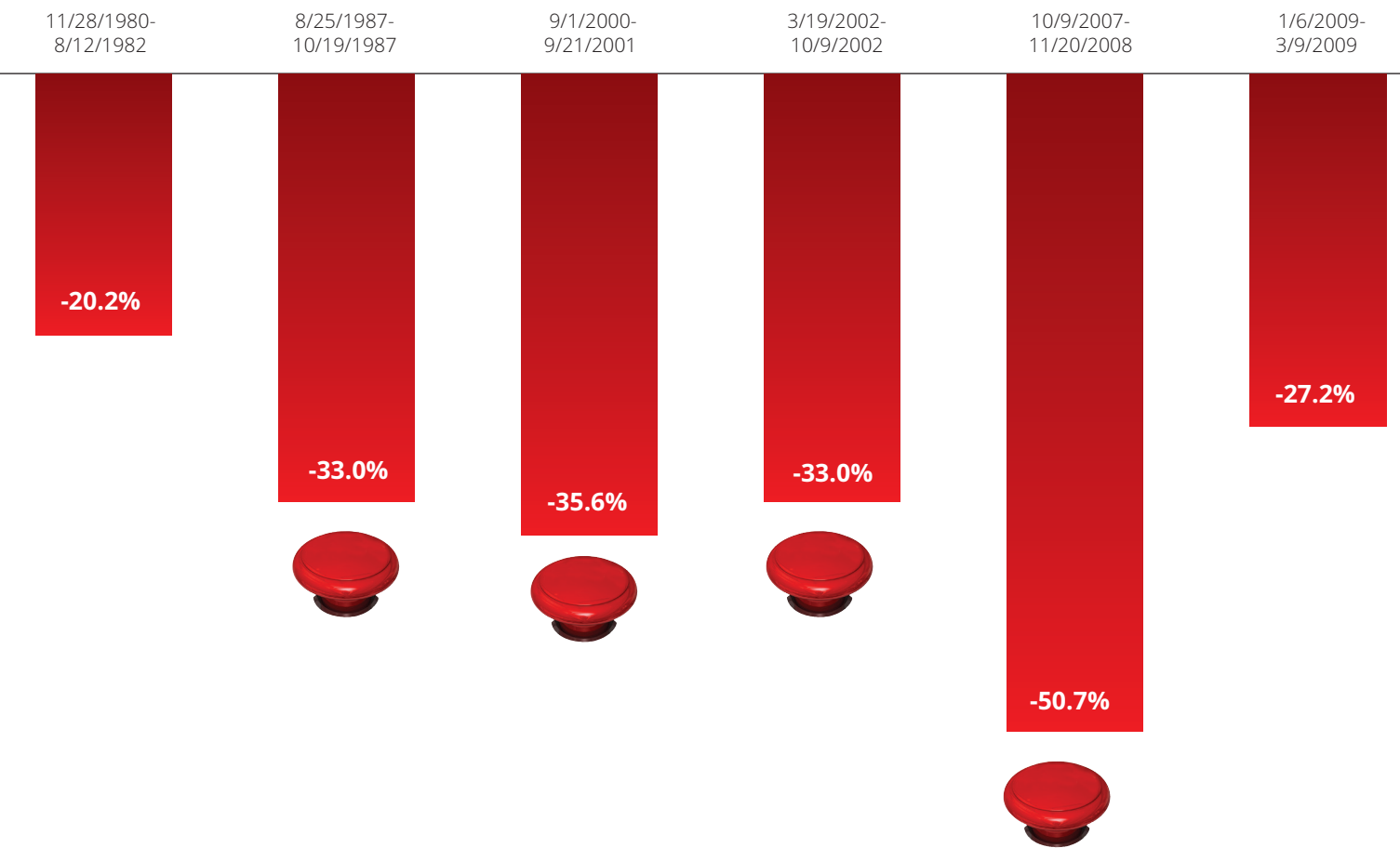


See back cover for index descriptions.



Investors are more likely to find the courage to re-enter the market after things quiet down. Unfortunately, by this time, they've already missed much of the recovery.

During a 40-year career and a 30-year retirement, you can expect to experience 14 bear markets.



## Concerns of Today... or Yesterday?

Over the last 40+ years, the U.S. economy has seen multiple crises, scandals, and market downturns. In fact, the concerns of today are issues that we have wrestled with in the past.



### Economic Meltdown

Recessions, rampant unemployment, and waning consumer confidence can make it difficult to stay focused during economic downturns.



### So Long, Retirement

Investors are concerned about their prospects for retirement and having enough money to enjoy retirement.



### Working 9 to 5?

High unemployment and a tough job market for new college graduates are prevalent themes.



### The System Is Broken

Out-of-control healthcare costs, Wall Street scandals and crashes, and flawed government programs cause us to long for solutions.



### Debt, Debt, and More Debt

Americans are concerned about high levels of debt—both personal and national.

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Unmanaged index returns do not reflect any fees, expenses or sales charges.

U.S. Treasury securities are backed by the full faith and credit of the U.S. Government. Equities and bonds are subject to risks and may not be suitable for all investors.

# The Price of Panic

Despite repeated, sometimes verbatim, predictions of dire global catastrophe or outrageous economic boom, the markets have been resilient to either hyped extreme.

**\$10,000 Invested** S&P 500 Index 1/31/73–12/31/18<sup>14</sup>

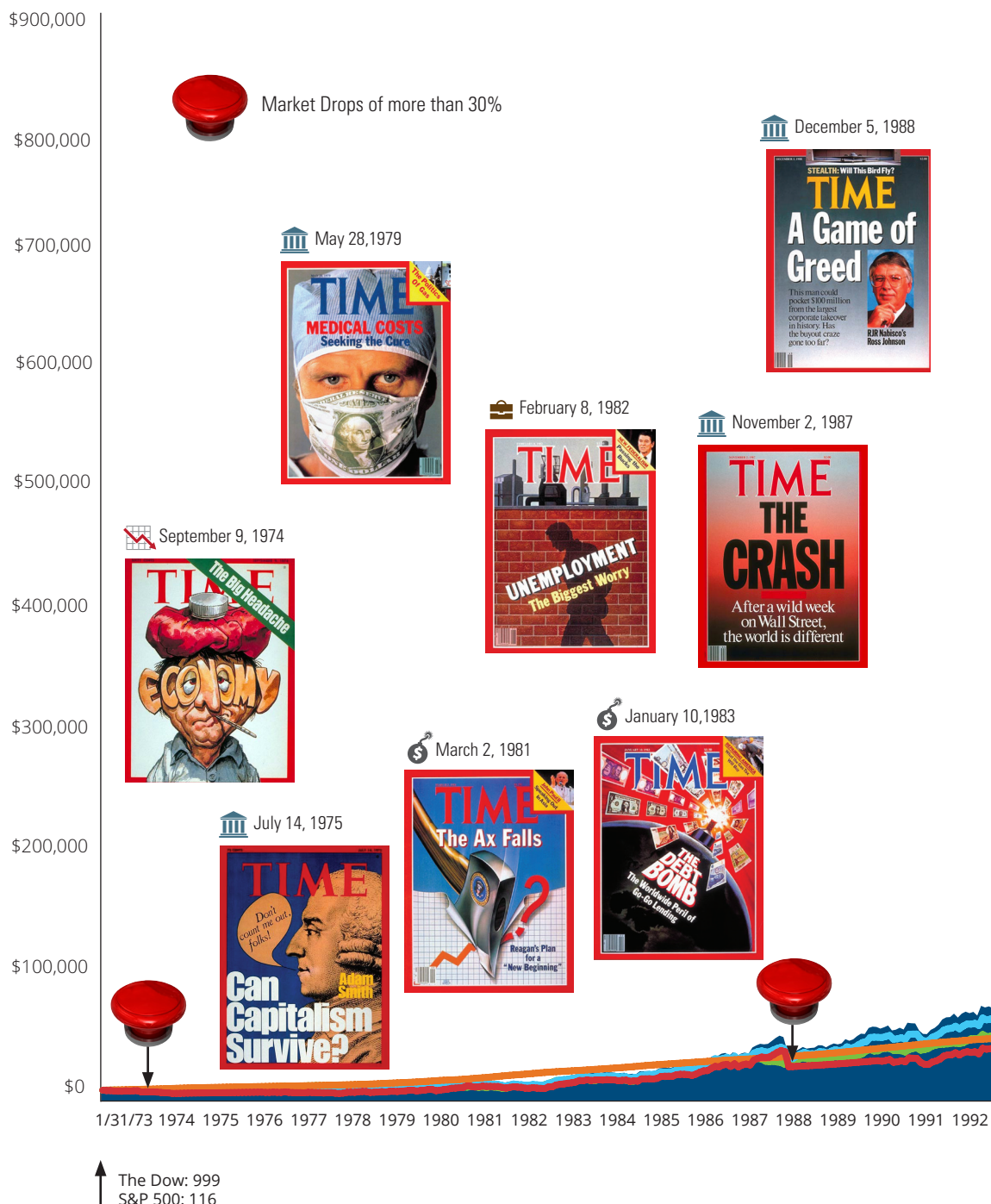
■ **Equity Investor** S&P 500 Index

■ **Balanced Investor** 50% S&P 500 Index and 50% Bloomberg Barclays US Long Treasury Total Return Index

■ **Bond Investor** Bloomberg Barclays US Long Treasury Total Return Index

■ **Reactionary Investor** Invests in S&P 500; Moves 100% into 90-Day T-Bills each time the market drops 30%, and then moves 100% back into S&P 500 two years later.

■ **Cash Investor** 90-Day T-Bills



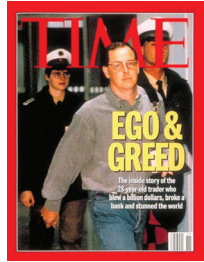


August 15, 2011

January 22, 2018

May 26, 2008

March 13, 1995



October 19, 2009

February 2, 2015



March 20, 1995



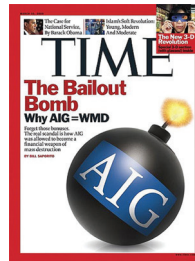
March 26, 2001



September 17, 2012



March 30, 2009



January 13, 1992



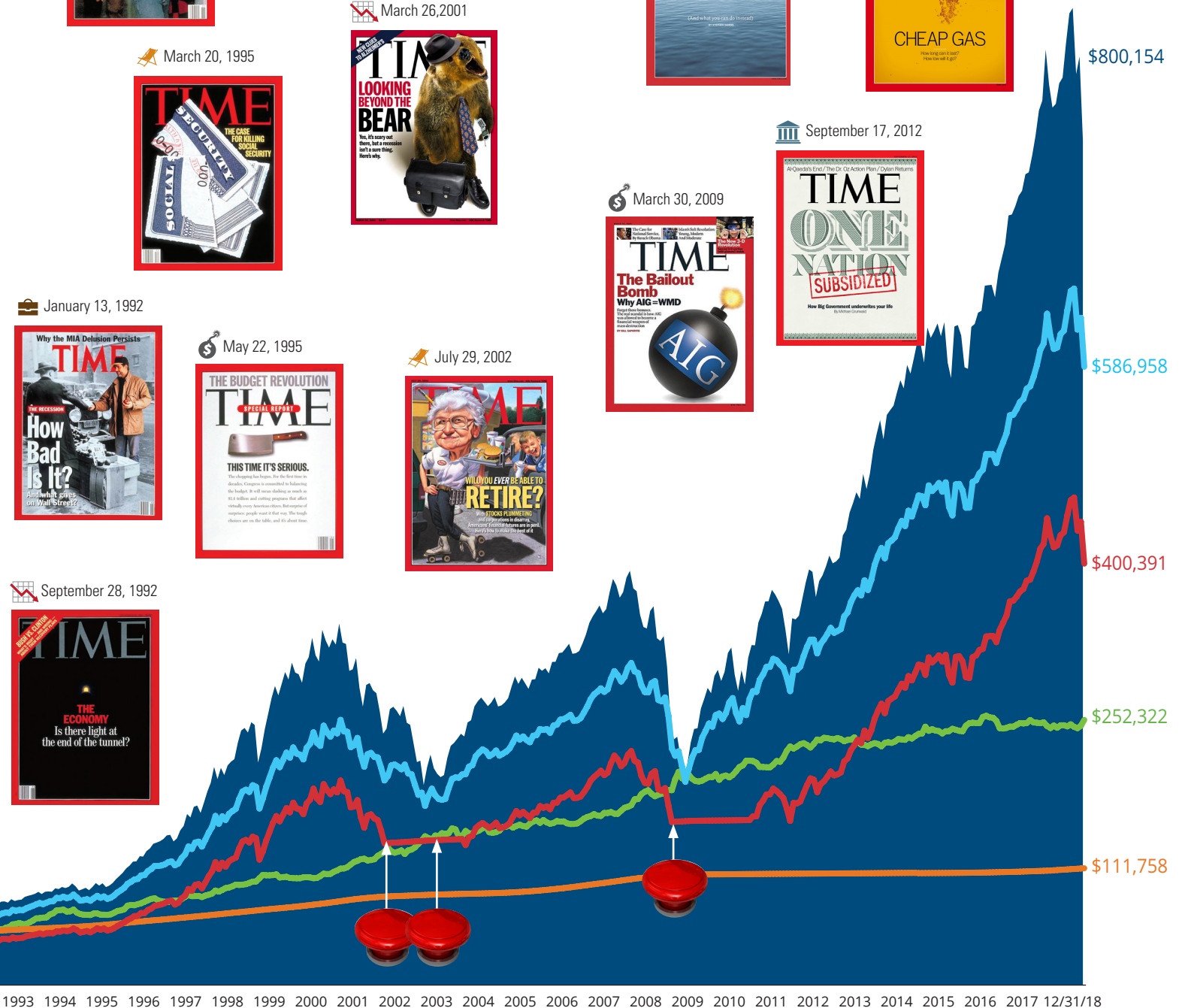
May 22, 1995



July 29, 2002



September 28, 1992



The Dow: 23,327  
S&P 500: 2,506

# Is Fear of Loss Blinding You From Growth Op

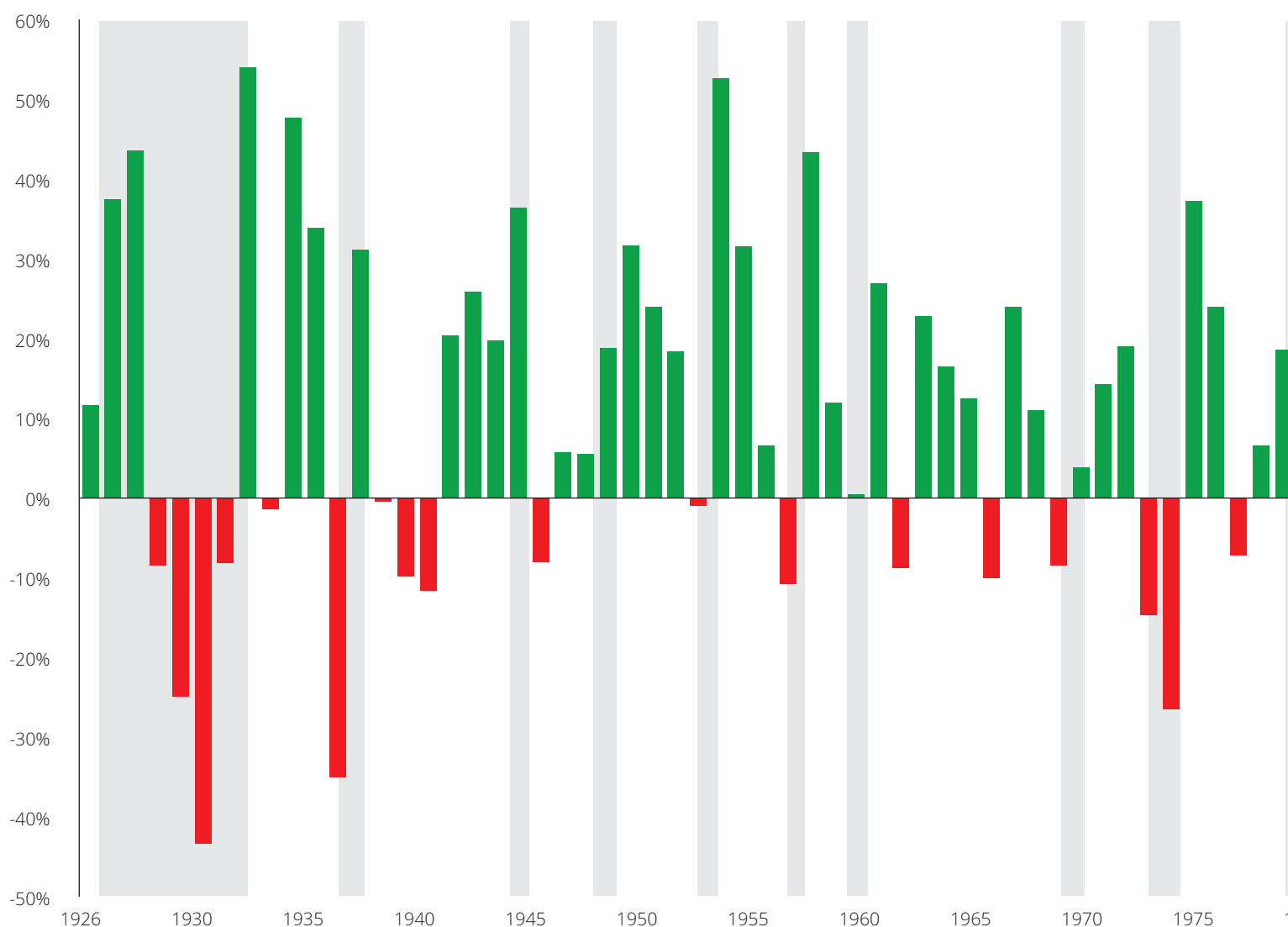
The theory of “loss aversion” suggests that people strongly prefer avoiding losses to acquiring gains. Todd Feldman, assistant finance professor at San Francisco State University, states that “loss-averse investors are investors more impacted by losses than gains. For example, when loss-averse investors experience losses, they may sell as

the stock market is plummeting. When the stock market starts to rebound, it takes the loss-averse investor a long time to re-enter the market after experiencing significant losses.”<sup>15</sup>

This fear of loss in the down years can cause investors to overlook the potential for growth in the positive years.

## Average Annual Returns: S&P 500 Index 1926–2018<sup>16</sup>

Recessions



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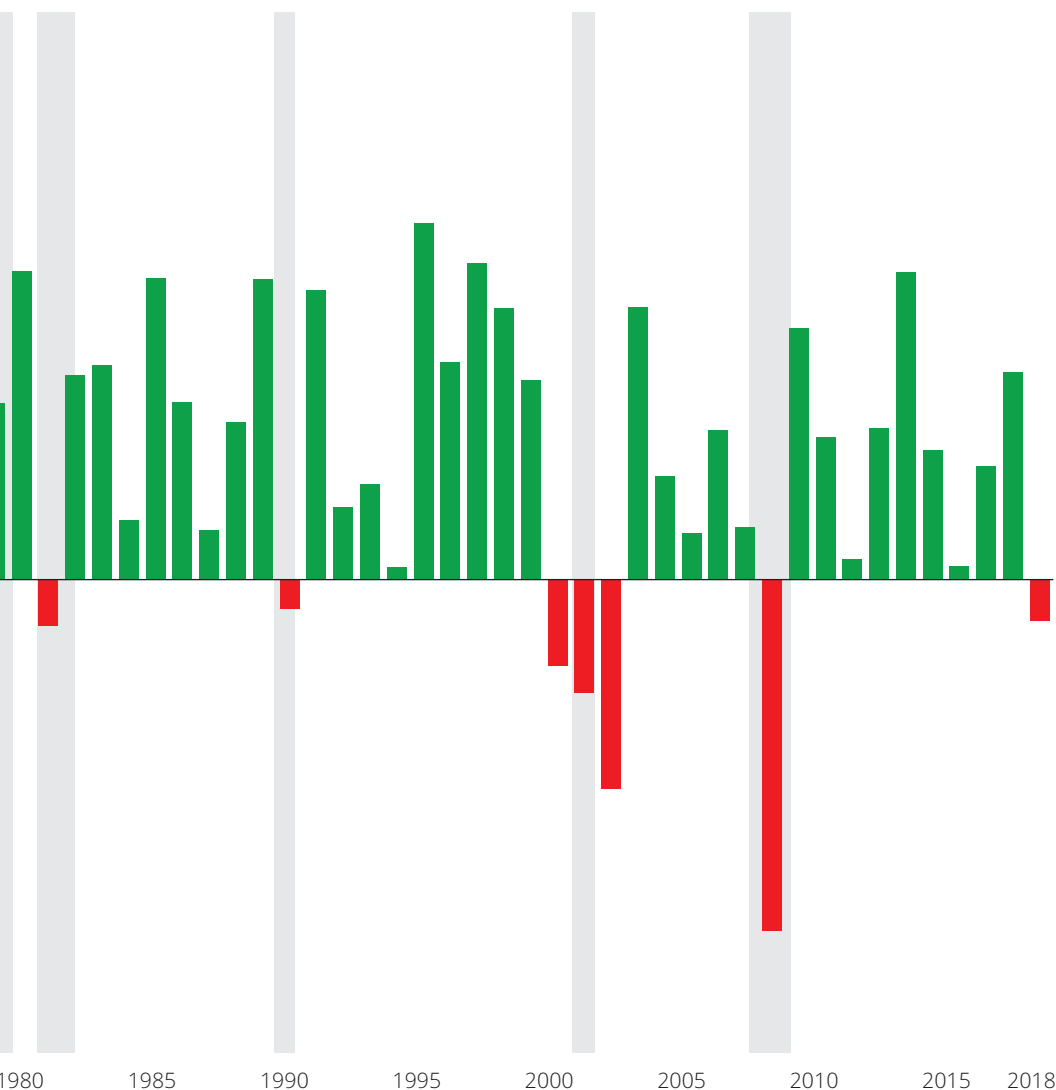


# portunities?

Since 1926, the S&P 500 has had 68 positive years—nearly three times the number of negative years.

Many investors also tend to put more emphasis on recent market conditions when making decisions about the future. This is known as “recency bias.”<sup>15</sup>

An investor prone to recency bias who experiences a financial crisis would forecast a continued decline in stock prices and overlook the market’s “up” years.



## S&P 500 Index Stats

Number of positive years:	68
Number of negative years:	25
Percentage of positive years:	73%
Percentage of negative years:	27%
Average Annual Return:	9.99%
Number of years when gains were greater than 20%:	34
Number of years when losses were greater than 20%:	6

# Headlines You'll Probably Never See

While the media may be trumpeting the “Crisis Du Jour,” chances are there are positive news stories that just aren't getting much media attention. The future trends shown here could positively impact the economy, despite their lack of coverage in the media.

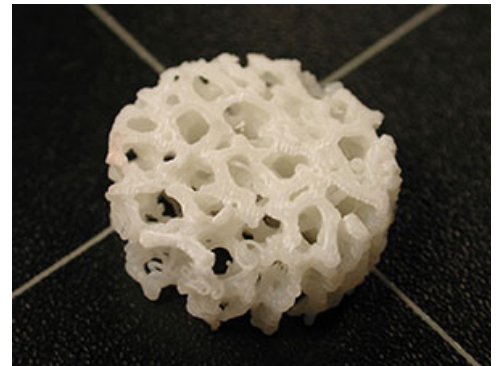


## Vegan Shrimp

Companies are growing algae and turning it into food such as protein bars and vegan shrimp. This technology may help solve the global food dilemma.

## 3D Printed Bones

The University of Arizona College of Medicine—Tucson has printed 3D bones frames that can replace large broken or missing bones. The printed bone frames are filled with calcium and adult stem cells. After they're implanted, bone grows around the frame. Pilot studies found that the complete bone formation was completed in three months.



## “Alexa, Mow the Lawn”

Amazon's partners are building Alexa into all sorts of crazy gadgets where you wouldn't expect to find a smart assistant, including ovens, dishwashers, pet bowls, and lawn mowers.

## Virtual Caregivers

Addison is the a virtual reality caregiver created by electronic caregiver. She's a voice-based assistant that appears on 15-inch monitors throughout a home with features that include medication management, care plan adherence, social experiences, and emergency response. She even monitors vitals via Bluetooth devices. Clinical trials are underway.



## Fixing Plane Engines Remotely

Japanese engine mechanics used Microsoft's HoloLens glasses to connect remotely to a headset-wearing Rolls Royce engineer in another location, who virtually teleports to Japan to virtually assist with repairs.

## The Future of Transportation

Waymo and Magna plan to build thousands of self-driving cars at a factory in southeast Michigan, including autonomous versions of the all-electric Jaguar I-PACE and Chrysler Pacifica Hybrid minivan.





# Getting Your Portfolio off the “Media-Go-Round”

The repeating patterns of crises in the media can make it easy for investors to get mired in the present and lose sight of their long-term financial goals. Sensational breaking news stories coupled with uncertainty in the market can test the resolve of even the most seasoned long-term investors.

The investment world can be complex, with multiple asset classes within equities and fixed income, as well as a wide variety of investment vehicles and choices. Plus, history shows that asset classes move in and out of favor over time. You could have a better chance of reaching your financial goals if you choose a diversified strategy and work with a financial advisor.

## 1 Don't Go It Alone

Although many investors are tempted to “go it alone,” working with a trusted financial advisor can help you sort through what you see and hear in the news and distinguish between valuable information and media noise.

Your financial advisor has the expertise required to help you set financial goals, establish an investment plan, and provide guidance during all types of economic and market environments.

### Boomers with Advisors Are More Likely to Have Saved \$100,000 for Retirement<sup>17</sup>

79% of those who work with financial professionals have saved at least \$100,000 for retirement



### Versus

48% who don't work with an advisor



## 2 Start with a Plan

What are the necessary components of a comprehensive financial plan?

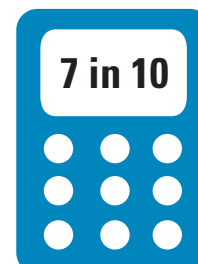
- Investment time horizon of five years or longer
- Specific dollar amount and target date for each financial goal
- Realistic assumed rate of return for your investments
- Income distribution plan that lasts for life
- Estate planning to ensure maximum wealth transfer to your heirs

Your financial advisor can help you design a plan to fit your goals and preferences.

### Boomers Who Worked With an Advisor Were More Likely to Calculate Savings Needed for Retirement<sup>18</sup>

Percentage of Baby Boomers who have calculated the savings they will need to live comfortably in retirement

Those with  
an advisor



Those without  
an advisor



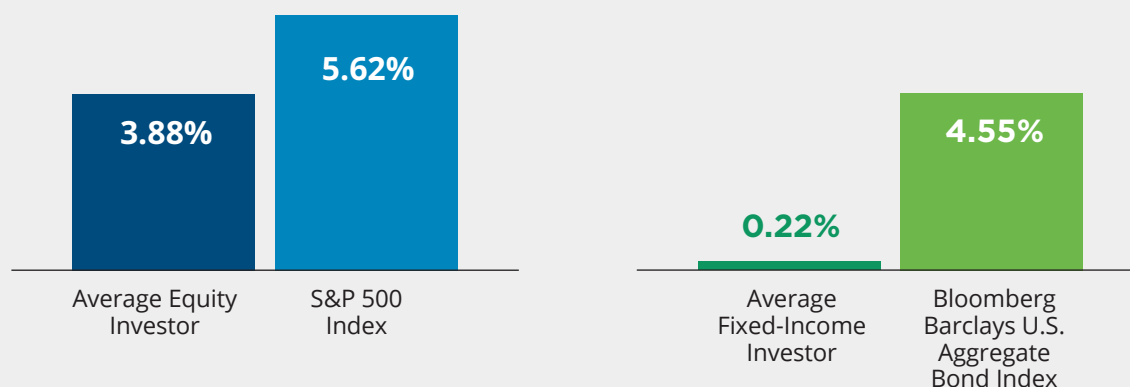
### 3 Long-Term Behavior

Over the past 20 years, we've witnessed repeating patterns of market volatility. This has led many investors to move their investments onto the sidelines in a flight to safety or to make decisions in an attempt to time the market.

Short investment holding periods are the primary reason why investors have underperformed the market.

#### Individual Investors Have Underperformed Market Indices

20-Year Returns for Period Ending 12/31/18<sup>19</sup>



Performance data for indices represents a lump sum investment in January 1999 to December 2018 with no withdrawals. Stocks are represented by the S&P 500 Index. Bonds are represented by the Bloomberg Barclays U.S. 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 back cover for index descriptions.**

**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, 1999, to December 31, 2018, 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.



**John Diehl**  
Senior Vice President  
Strategic Markets  
Hartford Funds

## Perspectives from The Great Recession

On September 29, 2008, the Dow Jones Industrial Average dropped 777 points, in the midst of the financial crisis. The next day the headlines read “Worst Day Ever for the Dow.” While this was true based on how many points the Dow dropped, the day barely made the top 20 worst days on a percentage basis.

On September 30, the very next day, the Dow was up 485 points. Do you remember reading the headline, “Dow Has Third Best Day Ever?” Probably not. It wasn’t written because negative news is what sells.

Many people do not realize that in March 2019 we’ll pass the tenth anniversary of the bull market. Had you been able to ignore the media hype since the Dow’s low of 6,547 on March 9, 2009 and focus clearly on market returns, by the end of 2018 you would have watched the Dow Jones Industrial Average more than triple and rise an average of 16.6% annually. How unfortunate for those on the sidelines.

### Index Descriptions

Indices are unmanaged, and unavailable for direct investment and do not represent the performance of any Hartford Funds.

**Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq.

**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.

**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 US Long Treasury Total Return Index** includes all publicly issued, U.S. Treasury securities that have a remaining maturity of 10 or more years, are rated investment grade, and have \$250 million or more of outstanding face value.

<sup>1</sup> Data Source: *News Use Across Social Media Platforms 2018*, Pew Research Center, 9/10/18. Most recent data available used.

<sup>2</sup> Data Source: *Millennials on Millennials: TV and Digital News Consumption*, Nielsen, 2018.

<sup>3</sup> Data Source: *3,453 days later, the US bull market becomes the longest on record*, CNBC, 8/22/18

<sup>4</sup> Data Source: *A Decade After the Financial Crisis, Economic Confidence Rebounds in Many Countries*, Pew Research Center, 9/18/18

<sup>5</sup> Data Source: *Information Overload*, Pew Research Center, 12/7/16. Most recent data available used.

<sup>6</sup> Data Source: *Social media outpaces print newspapers in the U.S. as a news source*, Pew Research Center, 12/10/18

<sup>7</sup> Data Source: Nielsen Media Research/Zero Hedge, June 2014. Most recent data available used.

<sup>8</sup> Data Source: Yahoo Finance, 6/30/14. Most recent data available used.

<sup>9</sup> Data Source: Google Trends, 2/19

<sup>10</sup> Data Source: Yahoo Finance, 12/18

<sup>11</sup> Data Source: Investment Company Institute, 2/19

<sup>12</sup> Data Source: Board of Governors of the Federal Reserve System (US), 2018

<sup>13</sup> Data Source: Bankrate.com 6-Month CD National Average, 12/18

<sup>14</sup> Data Source: Ned Davis Research, 2/19

<sup>15</sup> Source: *The Journal of Investing*, Summer 2012. Most recent data available used.

<sup>16</sup> Data Source: Morningstar, 12/18.

<sup>17</sup> *Boomer Expectations for Retirement 2018*, Insured Retirement Institute (IRI), 2018

<sup>18</sup> *Boomer Expectations for Retirement 2015*, Insured Retirement Institute (IRI), 2015. Most recent data available.

<sup>19</sup> Data Source: DALBAR’s Annual Quantitative Analysis of Investor Behavior (QAIB), 2018

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