

4Q 2018 Outlook:

Charts That Got Us Thinking

How late in this cycle are we?



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Nanette has selected the charts in this presentation to offer “behind the scenes” insight into what may be driving the markets.

With more than 25 years of experience in the capital markets, Nanette has held a variety of roles spanning the major asset classes. As global investment strategist, she analyzes and interprets markets and investment opportunities for Hartford Funds’ sales organization, the financial advisor community, and major broker-dealers and distributors. She also advises Wellington Management’s institutional clients, including pension funds, insurance companies, endowments and foundations, and central banks, consulting on strategic asset-allocation issues to develop multi-asset investment solutions.

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Key Points

Some late-cycle dynamics are emerging, but global growth is still solid enough to support modestly higher inflation and interest rates.

I favor equities over bonds. Regionally, I prefer the US relative to Europe, Japan, and Emerging Markets (EM).

Within credit, I prefer bank loans over high yield and would consider avoiding more rate-sensitive sectors.

My differentiated views:

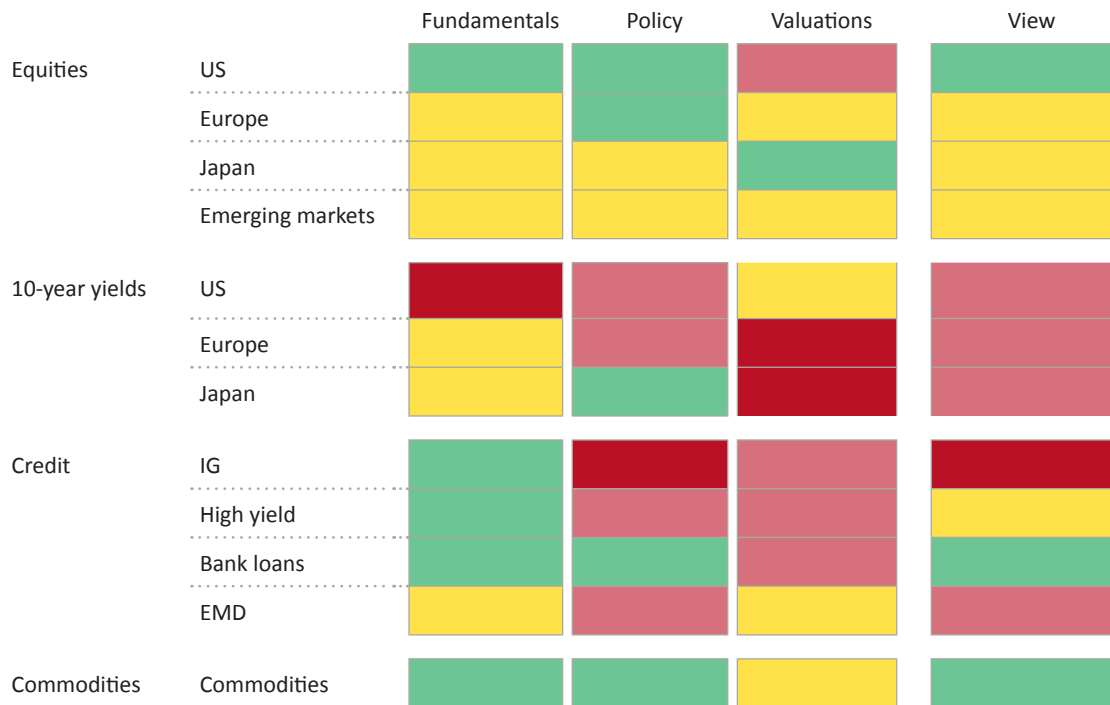
- I prefer US equities over international
 - Value-oriented equity sectors and smaller caps are attractive
 - Rising inflation and attractive valuations warrant commodities exposure
-

Risks: US policy shifting from tax reform to protectionism, unexpectedly sharp rise in inflation or interest rates, global populism, crowded trades.

Asset class	View	Change from previous quarter
Developed market equities	Moderately bullish	–
US	Moderately bullish	–
Europe	Neutral	–
Japan	Neutral	↓
Emerging market equities	Neutral	–
Commodities	Moderately bullish	–
10-year rates	Moderately bearish	–
US	Moderately bearish	–
Europe	Moderately bearish	↑
Japan	Moderately bearish	–
Credit	Moderately bearish	–
Investment-grade credit	Bearish	↓
High yield	Neutral	↑
Bank loans	Moderately bullish	–
Emerging market debt	Moderately bearish	–

I upgraded my views on European government bonds and high-yield bonds, and I downgraded my views on Japanese equities and investment-grade credit.

Multi-asset outlook process

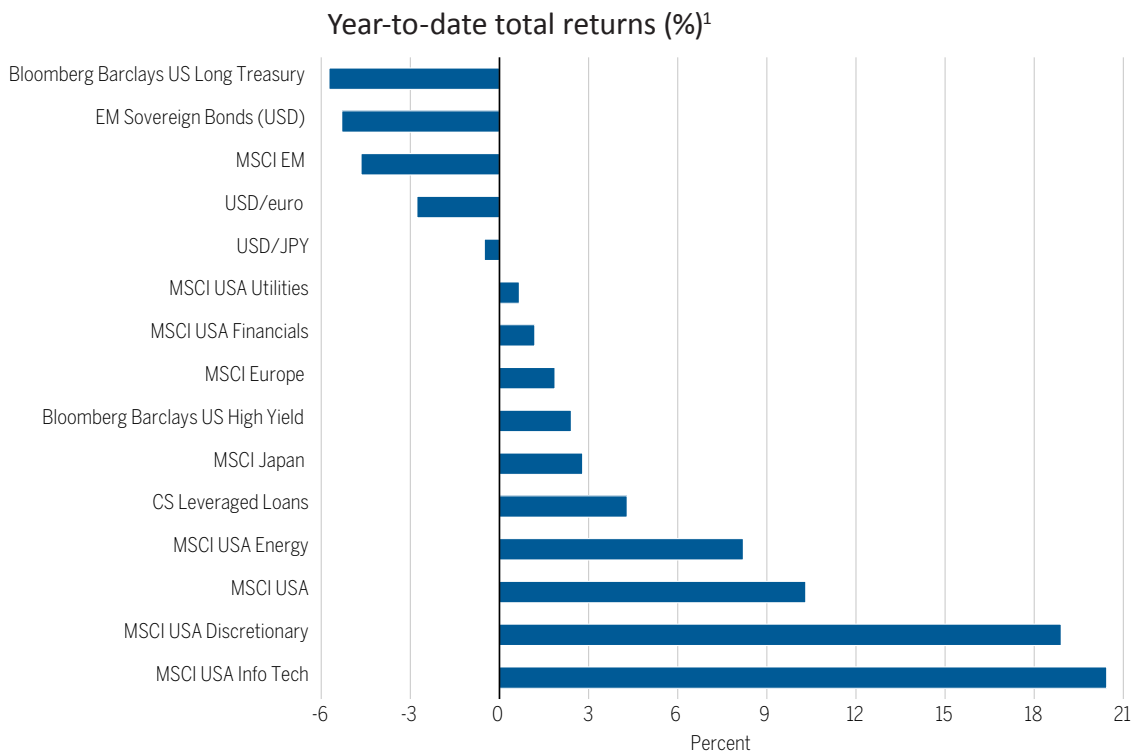


Legend



The main inputs to my process are economic fundamentals, monetary policy, and valuations.

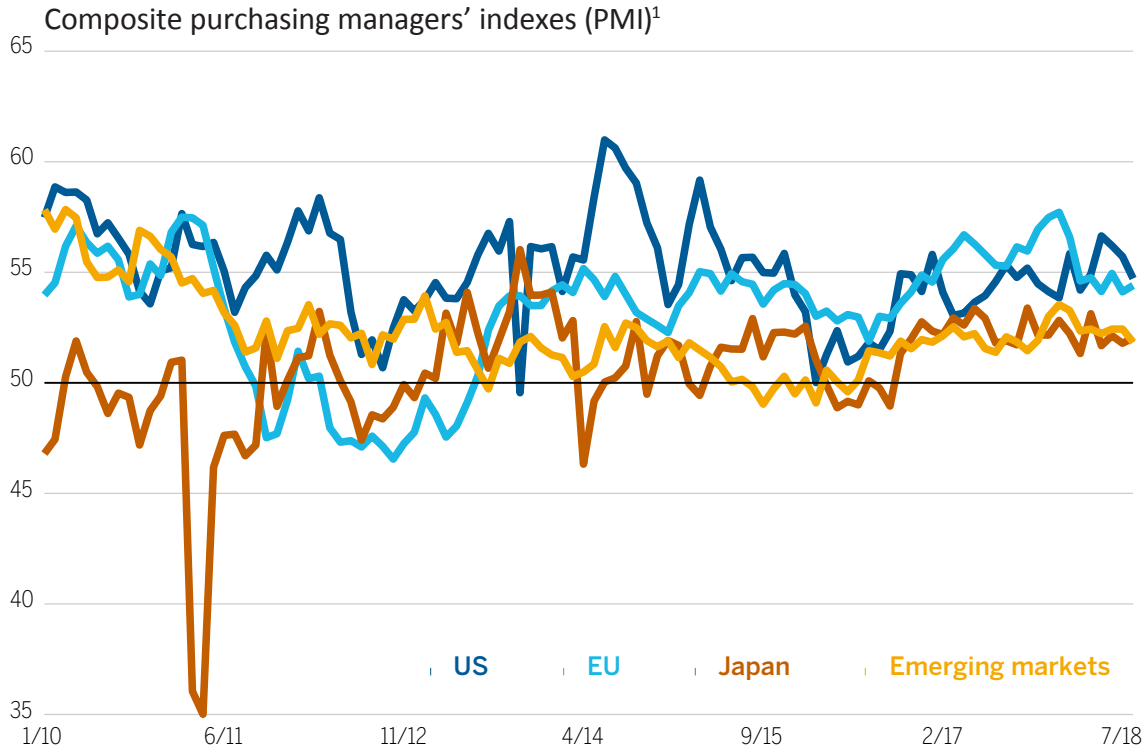
Wide dispersion year-to-date



Wide dispersion suggests that it's important to distinguish among asset classes and sectors.

All returns are in local currency unless otherwise stated. | ¹As of 13 September 2018 | JPM Emerging Markets Bond Index Plus was used to represent Emerging markets sovereign bonds (USD). | **Past performance is not a guarantee of future results. Indexes are unmanaged and not available for direct investment.** | Please see representative index definitions on page 62. | Sources: Bloomberg, Wellington Management

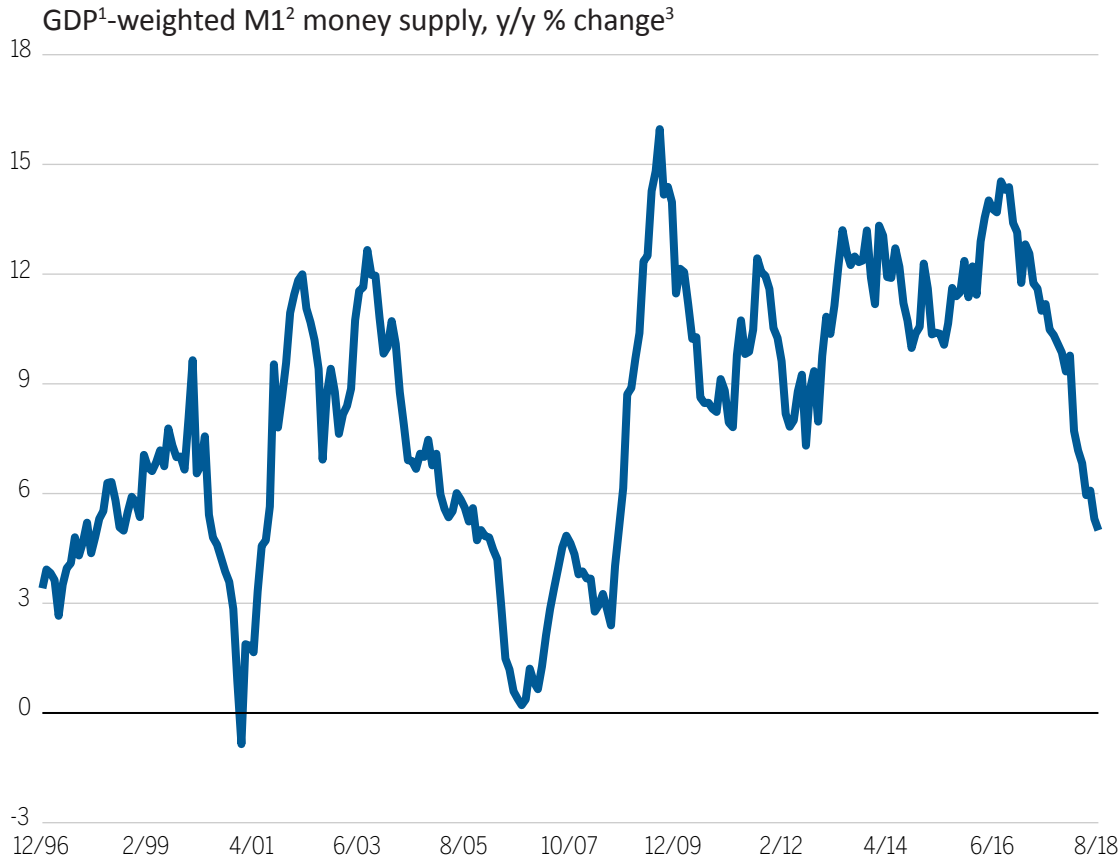
Global growth is solid



Growth is solid across regions as reflected in PMIs above 50. However, the pace of growth has slowed, especially in Europe.

¹Purchasing Managers Index (PMI) is an indicator of the economic health of the manufacturing sector. A reading above 50 signals economic expansion; below 50 signals contraction. | Sources: Haver, Markit, Wellington Management. | Chart data: January 2010 – August 2018

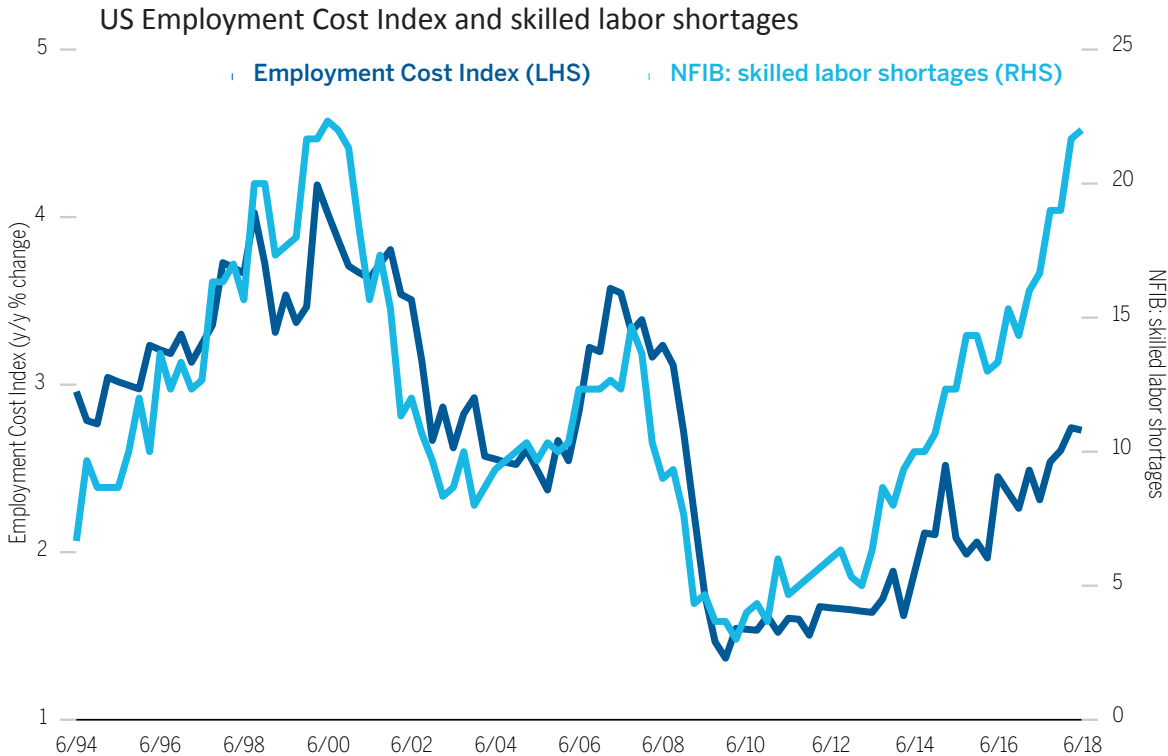
Global money supply is slowing



The decline in M1 is an indication that global liquidity is not as plentiful, which is likely to lead to a growth slowdown.

¹Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period. | ²M1 is the money supply that includes physical currency and coin, demand deposits, travelers checks, other checkable deposits and negotiable order of withdrawal (NOW) accounts. | ³includes US, Europe, Japan, and China | Sources: Bloomberg, Wellington Management | Chart data: December 1996 – August 2018

Tight US labor markets leading to higher wages



Skilled labor shortages as reported by small businesses is at an all-time high. Wages should rise as a result.

NFI: Skilled labor shortages is the % of respondents signaling that quality of labor is their single most important problem. | Sources: BLS, NFI, Haver | Chart data: June 1994 – June 2018

China is no longer a source of global deflation

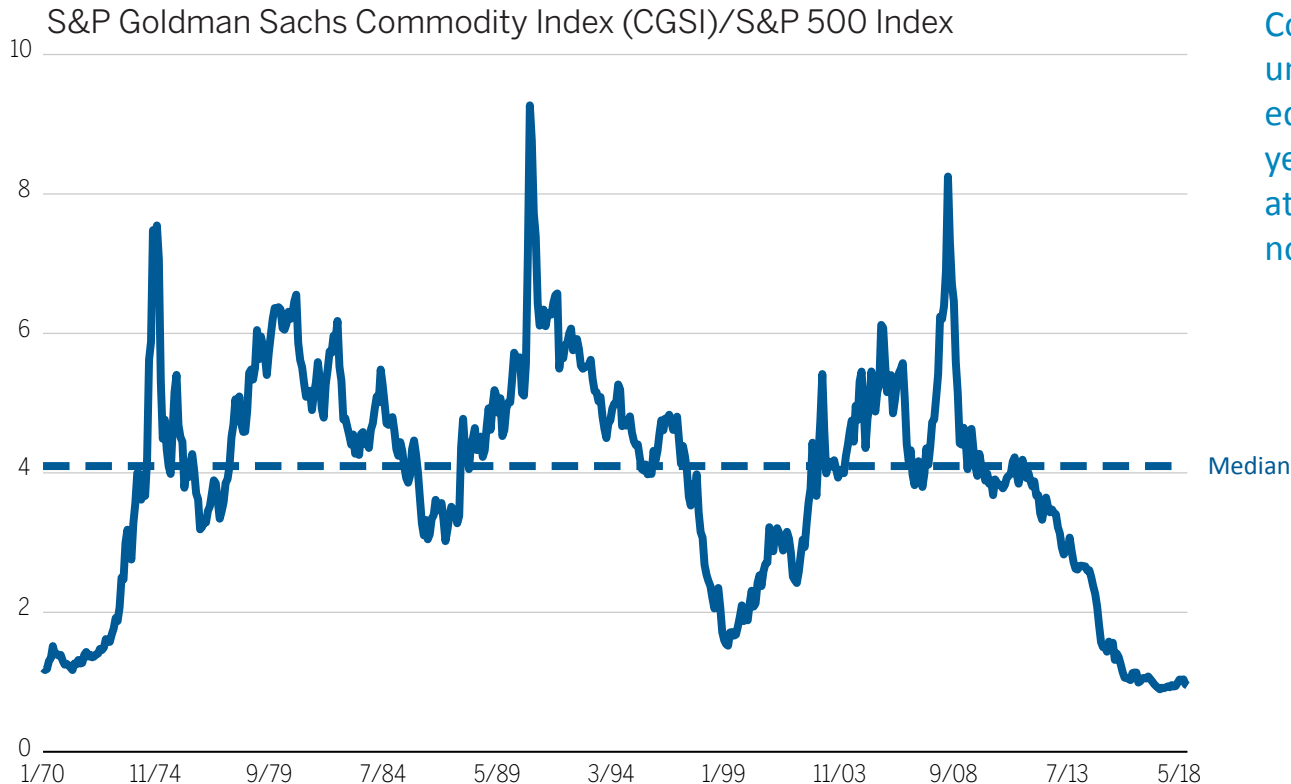


China's PPI is rising, which tends to lead to a rise in US CPI.

Sources: Bloomberg, Wellington Management | Chart data: December 2000 – August 2018. X-axis scale range is June 2002 to February 2020 due to China PPI data being forwarded 18 months. China PPI data is from December 2000 to August 2018 (i.e., first data point for China PPI represents December 2000 and final data point represents August 2018). US core CPI data is from June 2002 – August 2018.

¹Producer price index (PPI) is a price index that measures the average changes in prices received by domestic producers for their output.

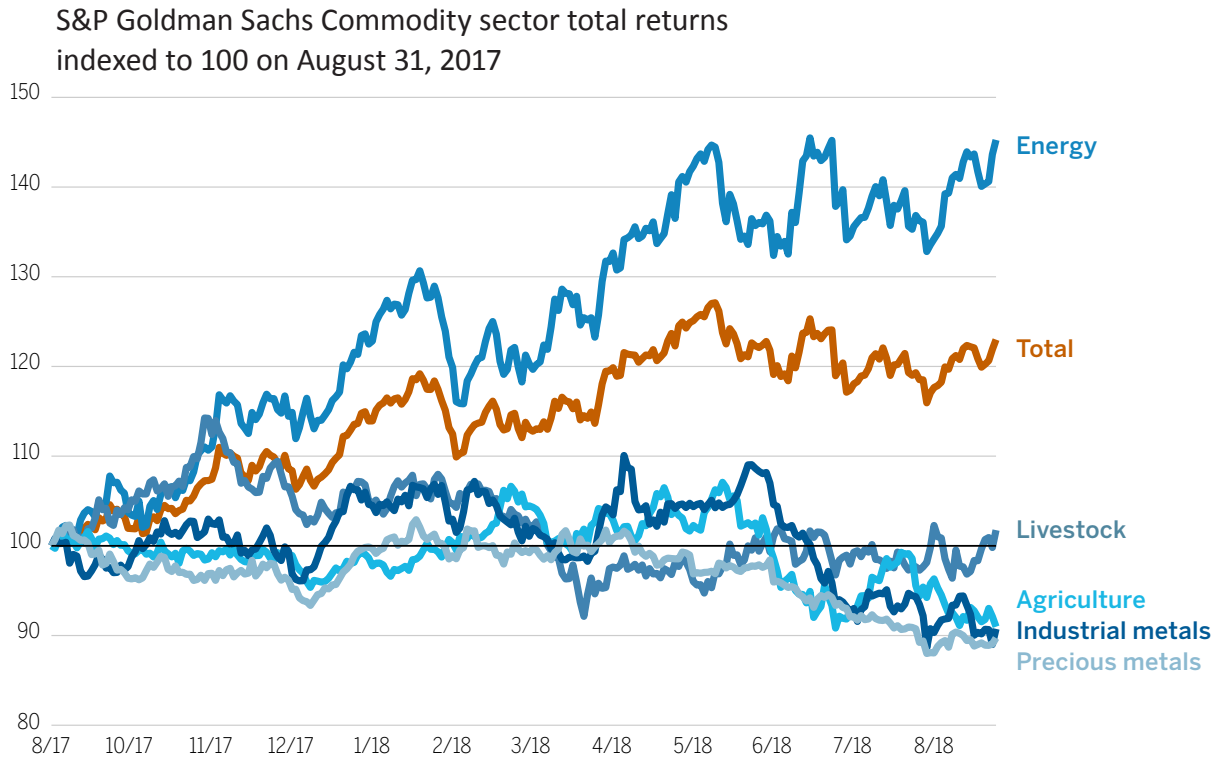
Commodities are at their cheapest relative to stocks since 1970s



Commodities have underperformed equities for years and are attractively priced now.

Past performance is not a guarantee of future results. Investors cannot directly invest in an index. | The chart compares the valuations of commodities relative to stocks. When the line is above the median value, commodities are expensive relative to stocks. When the line is below the median value, commodities are cheap relative to stocks. | Sources: Bloomberg, Wellington Management | Chart data: January 1970 – August 2018. Please see representative index definitions on page 62.

Commodities are not one market

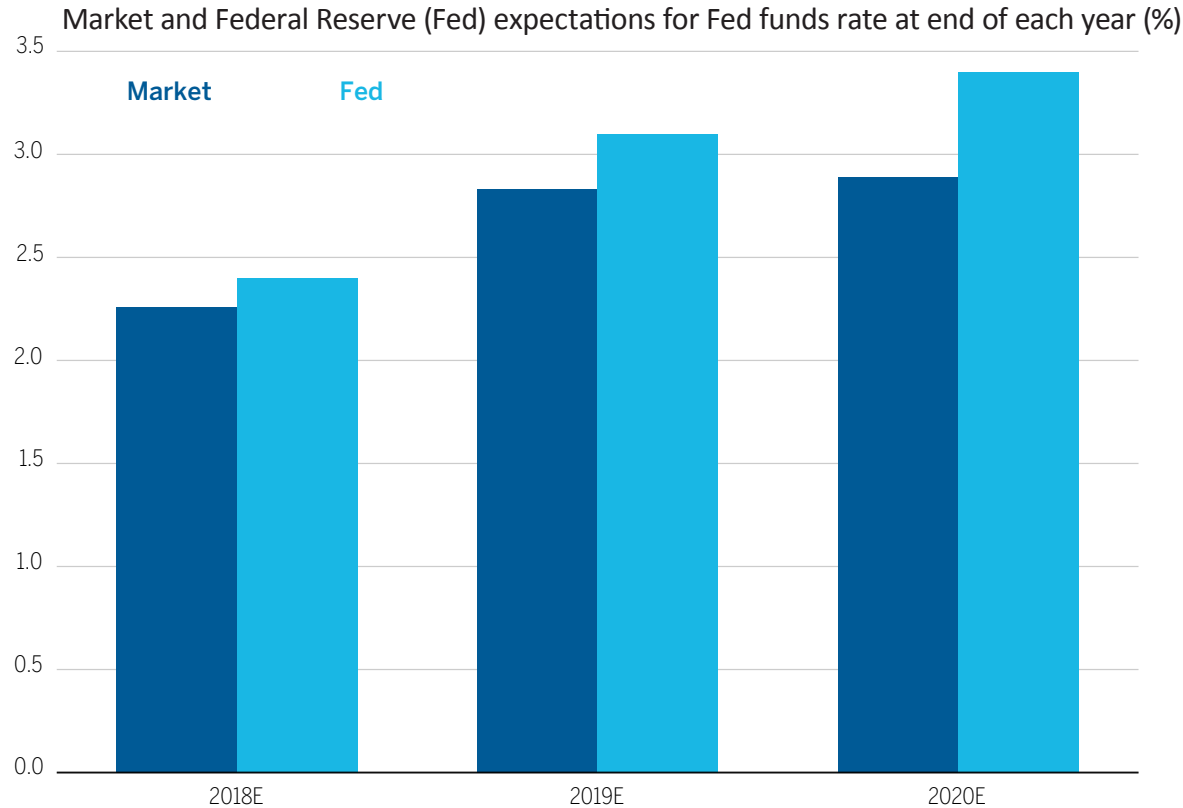


Energy has been the major driver of positive commodities returns this year.

Past performance is not a guarantee of results. Investors cannot directly invest in an index.

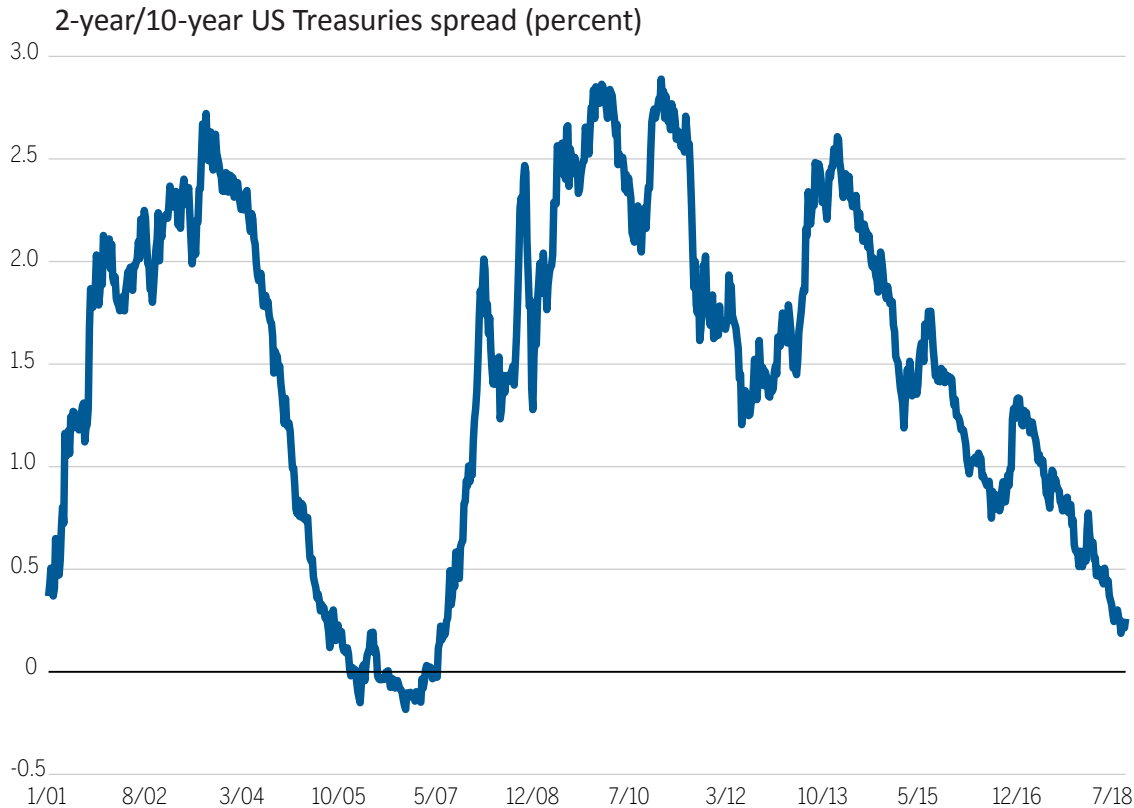
Sources: Bloomberg, GSCI | Chart data: August 31, 2017 – September 12, 2018

Market below Fed's rate expectations



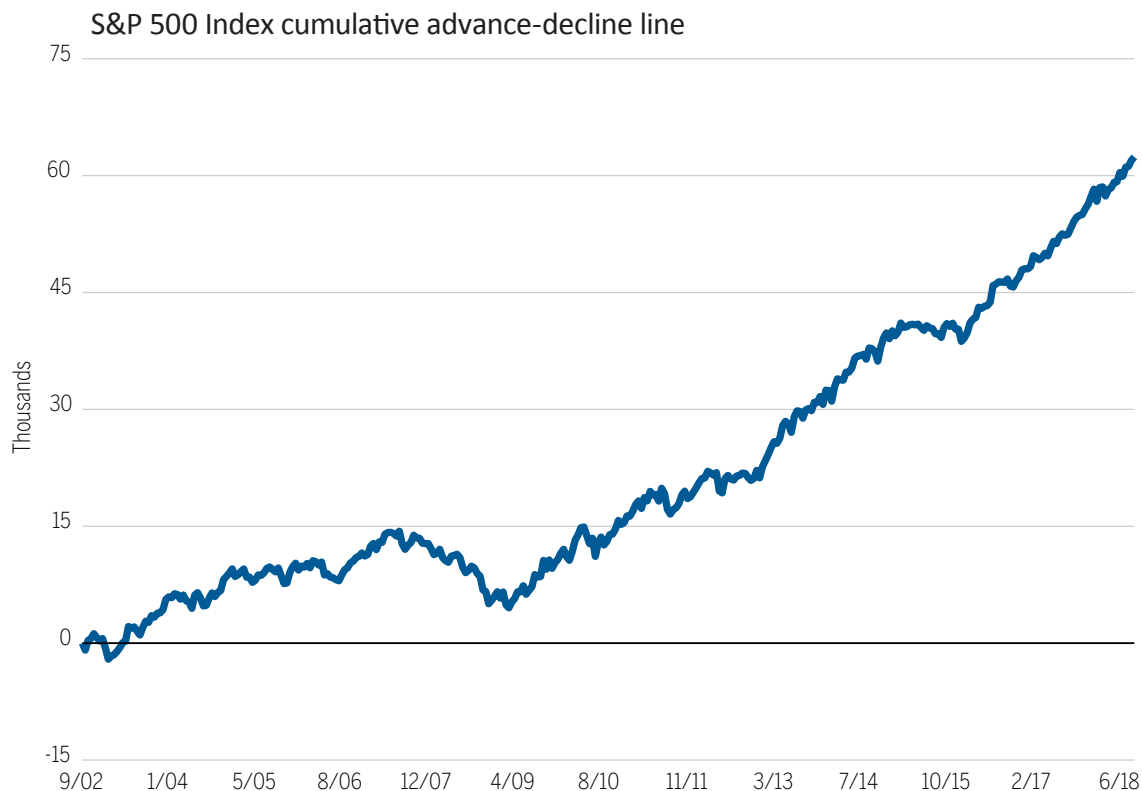
The market is nearly pricing in the Fed's forecast of the fed funds rate this year and next. I think there is more risk that long-end yields could rise.

Flatter yield curve points to better value at the short end



A flatter yield curve does not mean that recession is around the corner. It does suggest that better value is at the short end of the yield curve.

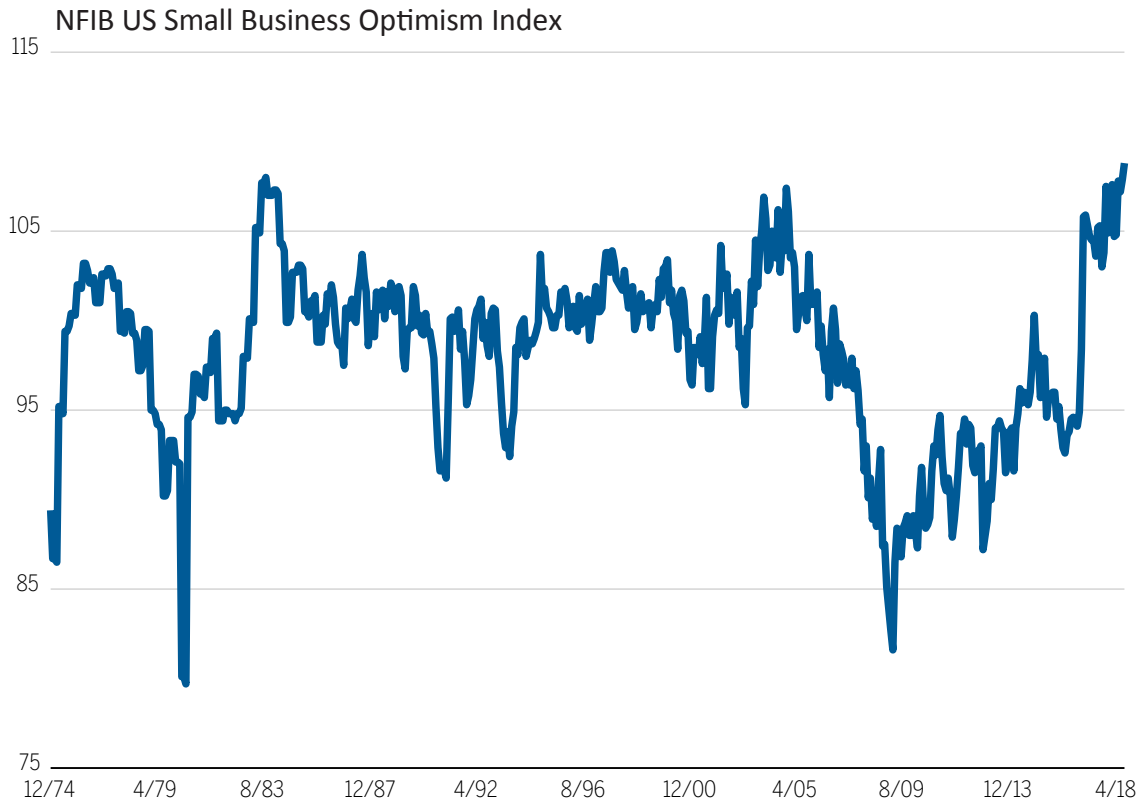
US stock market breadth is healthy



Contrary to some reports, a wide swath of stocks are going up relative to those going down.

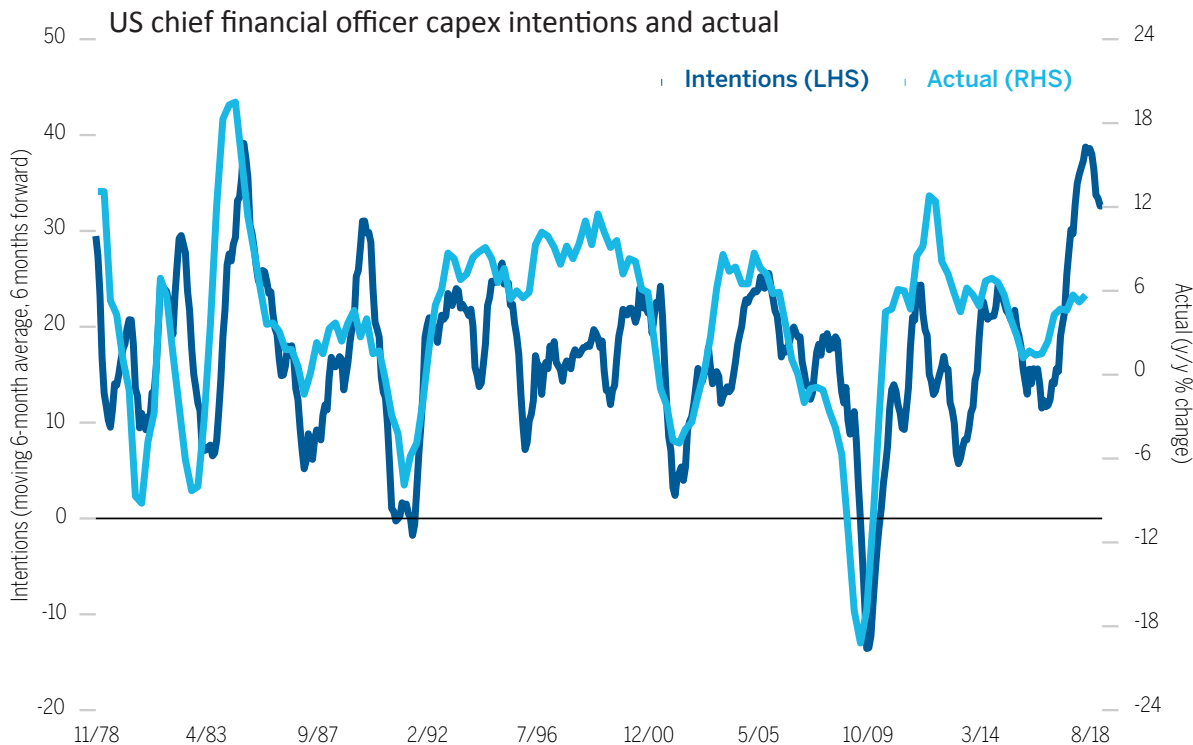
Past performance is not a guarantee of future results. Investors cannot invest directly in an index. The advance-decline line compares the number of stocks that closed higher against the number of stocks that closed lower than their previous day's closing prices. It is calculated by dividing the number of advancing shares by the number of declining shares. | Sources: Bloomberg | Chart data: September 23, 2002 – September 18, 2018. | Please see representative index definitions on page 62.

US small business optimism at historic levels



Small businesses report record-high business optimism probably as a result of lower taxes and regulation.

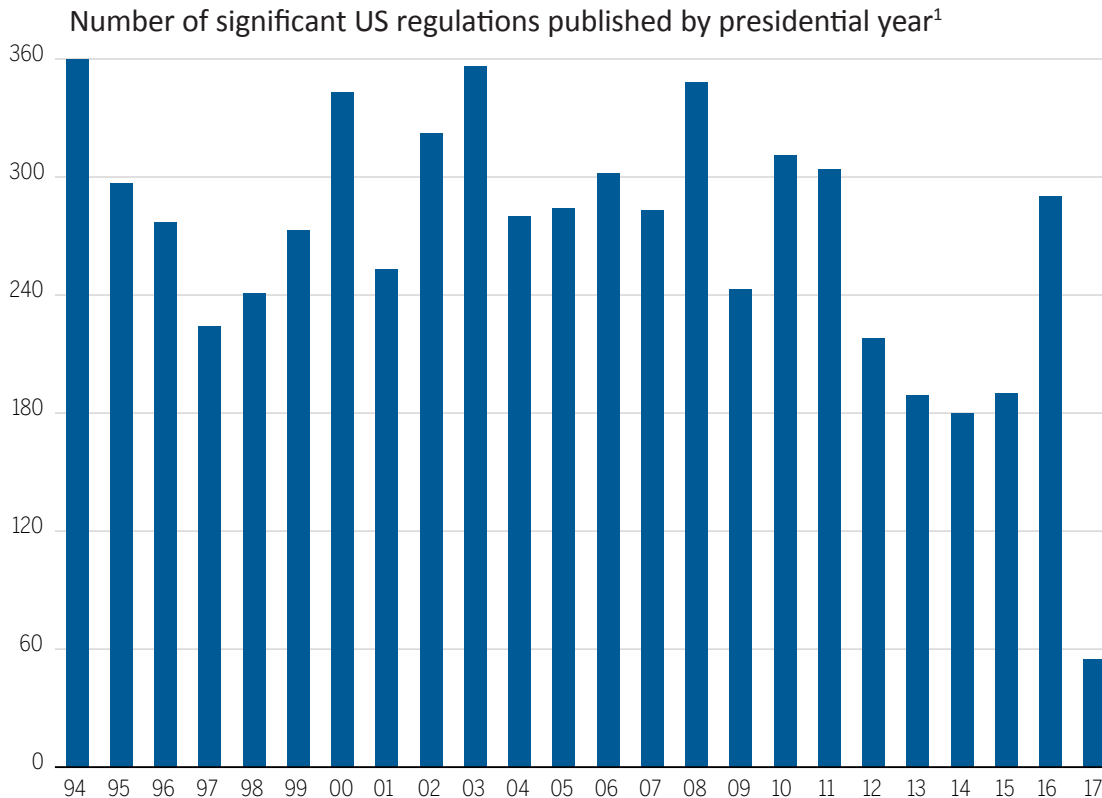
In US, capital expenditure (capex)¹ intentions leading capex spending



Companies are increasing capital expenditures, which are the key to higher productivity.

¹Capital expenditure are funds used by a company to acquire, upgrade, and maintain physical assets such as property, industrial buildings, or equipment. | Sources: Bloomberg, Philadelphia Fed, BEA, Wellington Management | Chart data: May 1978 – August 2018. X-axis scale range is November 1978 – February 2019 due to intentions being forwarded 6 months. Capex intention is the amount CFOs plan to spend on capital expenditures, and capex actual is the amount they actually spent on capital expenditures. Intentions data (monthly) is from May 1978 to August 2018 (i.e., first data point for intentions represents May 1978 and final data point represents August 2018). Actual data (quarterly) is from 4Q1978 to 2Q2018.

Deregulation is happening



Besides tax reform, the regulatory environment has loosened considerably. This has helped banks in particular.

¹Presidential year: February 1 – January 31 (i.e., 1994 represents February 1, 1993 – January 31, 1994). Significant regulations, as defined by Executive Order 12866, are those that may “create a serious inconsistency or otherwise interfere with an action taken or planned by another agency; materially alter the budgetary impact of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or raise novel legal or policy issues arising out of legal mandates, the President’s priorities, or the principles set forth in this Executive order.” | Source: The George Washington University Regulatory Studies Center www.regulatorystudies.columbian.gwu.edu | Chart data: 1994 – 2017

Higher rates can boost financials



Higher 10-year yields have tended to lift the performance of financials relative to the market. The current gap should narrow.

Past performance is not a guarantee of results. Investors cannot directly invest in an index.

Sources: Bloomberg, MSCI | Chart data: December 31, 2008 – September 19, 2018. | Please see representative index definitions on page 62.

European consumer confidence implies stronger retail sales



The European consumer is fine.

Sources: Haver, Wellington Management | Chart data: December 2000 – August 2018. X-axis scale range is March 2001 to November 2018 due to consumer confidence being forwarded 3 months. Consumer confidence data is from December 2005 to August 2018 (i.e., first data point for consumer confidence represents December 2000 and final data point represents July 2018). Retail sales data is from March 2001 – July 2018

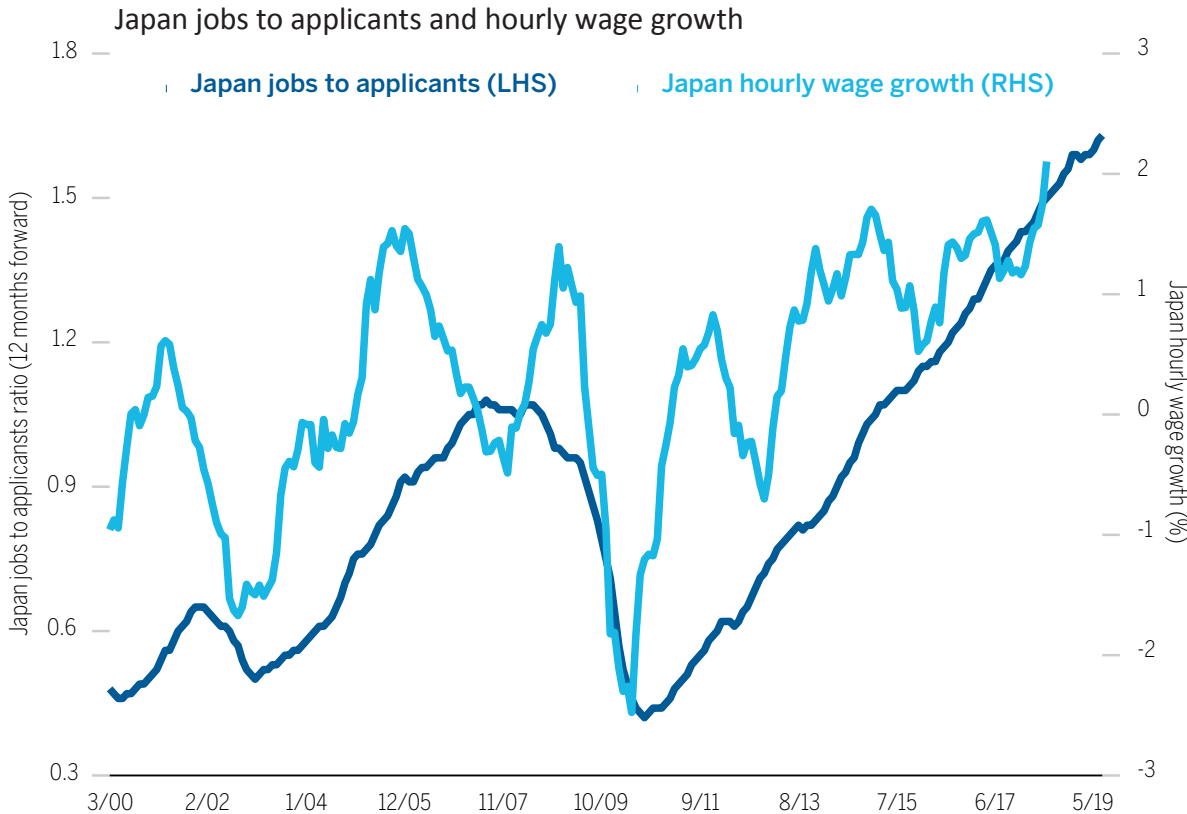
European manufacturing is slowing



The weak spot in Europe is manufacturing, probably induced in part by the turmoil in emerging markets.

Note: FMCI based on exchange rate and interest rates | Thin dark blue line represents 50 for the PMI (LHS) axis (> 50 represents expansion, < 50 represents contraction). Thin light blue line represents 0 for the FMCI (RHS) axis (< 0 represents loosening, > 0 represents tightening). | Sources: European Commission, Markit, Datastream, Wellington Management | Chart data: May 2001 – August 2018. X-axis scale range is January 2002 to March 2019 due to FMCI being forwarded 8 months. FMCI data is from May 2001 to July 2018 (i.e., first data point for FMCI represents May 2001 and final data point represents June 2018). PMI data is from January 2002 – August 2018

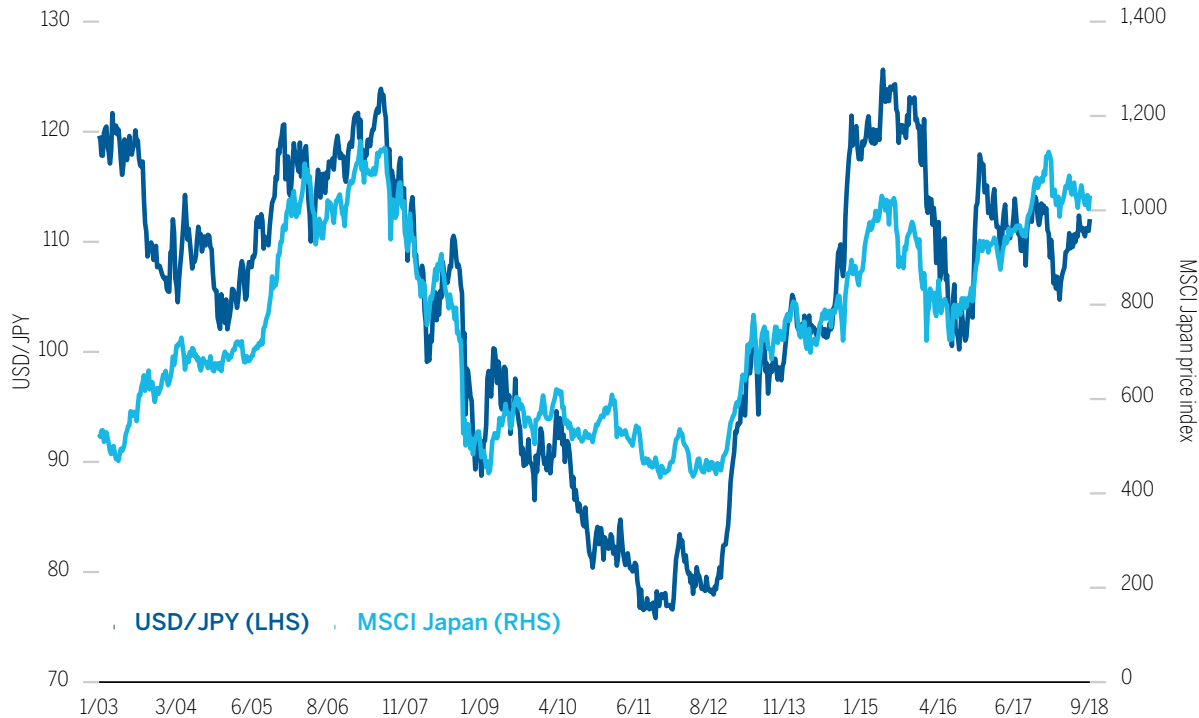
Japanese tight labor market supports wages and consumer



The Japanese consumer is okay, with a tight labor market lifting wages.

Source: Bloomberg. | Chart data: September 1998 – July 2018. X-axis scale range is March 2000 – July 2019 due to Japan jobs to applicants data being forward 12 months (i.e., first data point for Japan jobs to applicants represents March 1999 and final data point represents July 2018). Japan hourly wage growth data: March 2000 – June 2018.

Japanese equities depend on the yen



The Japanese equity market tends to rise when the yen falls and vice versa.

Past performance is not a guarantee of future results. Investors cannot invest directly in an index.

Source: Bloomberg | Chart data: January 3, 2003 – September 14, 2018 | Please see representative index definitions on page 62.

China's deleveraging campaign

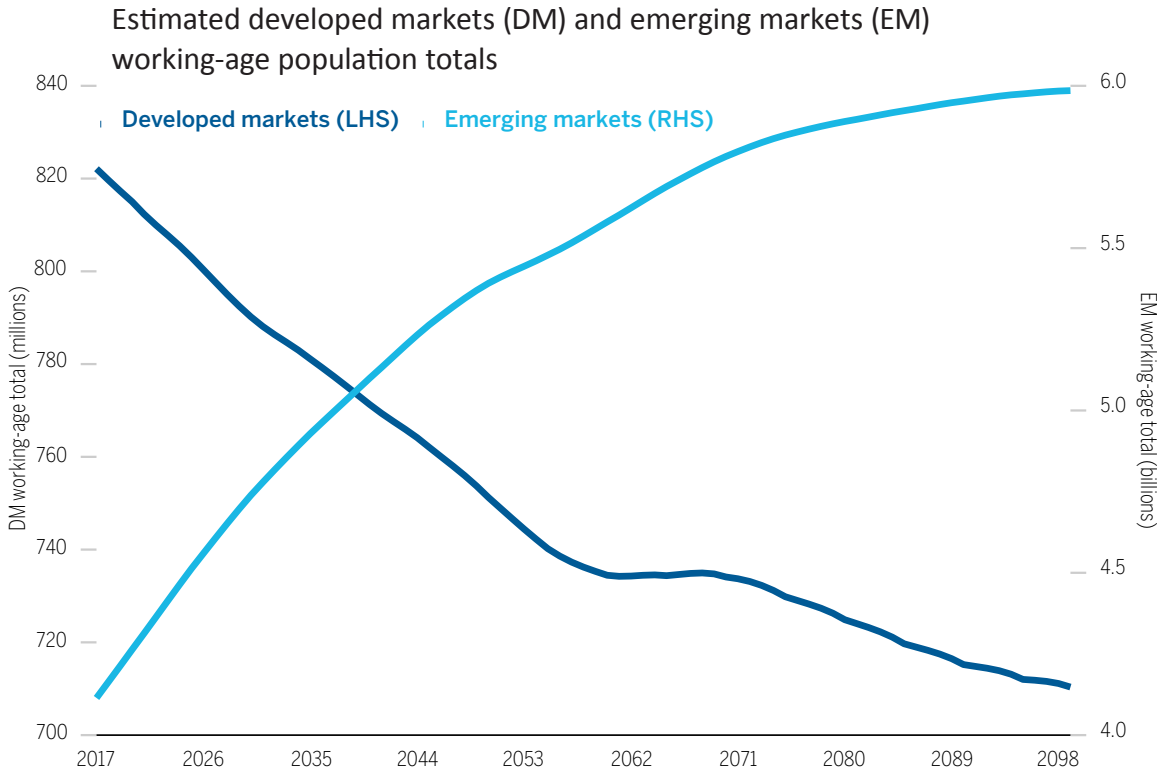


Deleveraging has been a primary mission of the Chinese government, which has led to emerging market (EM) underperformance in the past.

Past performance is not a guarantee of future results. Investors cannot invest directly in an index.

Sources: Bloomberg, Wellington Management | Chart data: China M1 (monthly) January 1996 – August 2018; MSCI EM/MSCI World (daily) January 1, 1996 – September 19, 2018 | Please see representative index definitions on page 62.

More workers point to stronger growth in EMs over the long run



The long-term demographic trends favor EM over the long term.

Valuations relatively attractive outside US

20-year percentile rankings

	US	Europe	Japan	EM
Trailing price-to-book ¹ (%)	85	38	39	18
Shiller P/E ratio ² (%)	85	53	30	NA

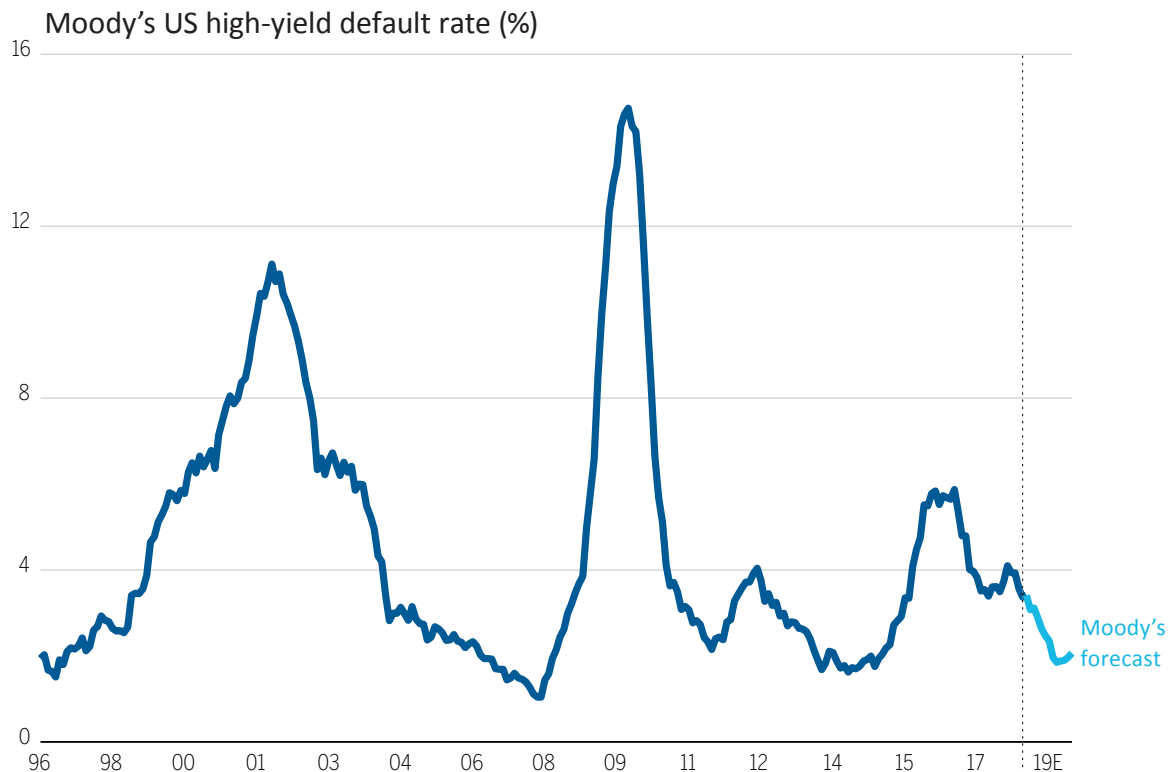
20-year percentile rankings

	US – Europe	US – Japan	US – EM
Trailing price-to-book (%)	92	85	81
Shiller P/E ratio (%)	93	99	NA

Valuations favor equities outside of the US on a long-term basis. Over the next 6-12 months though, rich US valuations can persist.

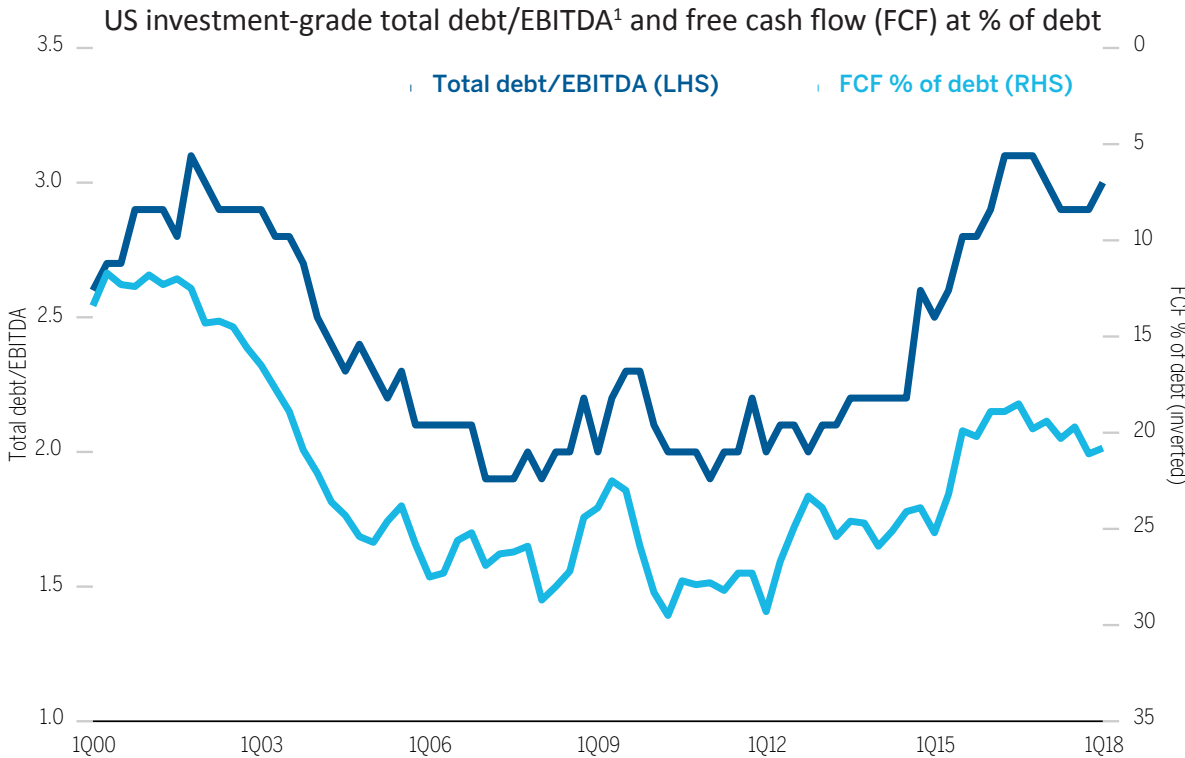
¹Price-to-book is the ratio of a stock's price to its book value per share. | ²Shiller P/E ratio is a valuation measure, generally applied to broad equity indices, that uses real per-share earnings over a 10-year period. | Sources: MSCI, Datastream, Wellington Management. | As of August 30, 2018.

Benign default environment



Defaults are low and falling. This is a good support for credit spreads.

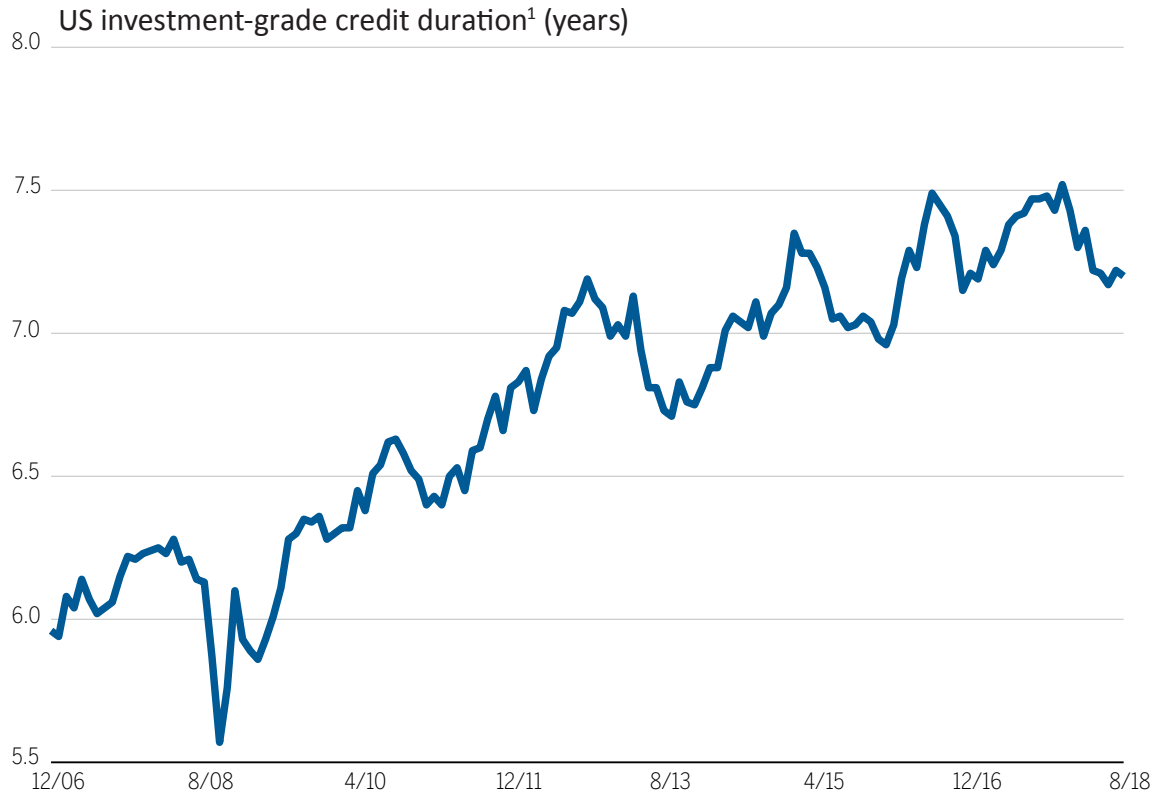
Investment-grade corporate leverage has gone up recently



Other fundamentals are concerning—leverage has been rising and free cash flow has been falling.

¹Earnings before interest, tax, depreciation and amortization (EBITDA) is a measure of a company's operating performance. Source: Capital IQ | Chart data: 1Q00 – 1Q18

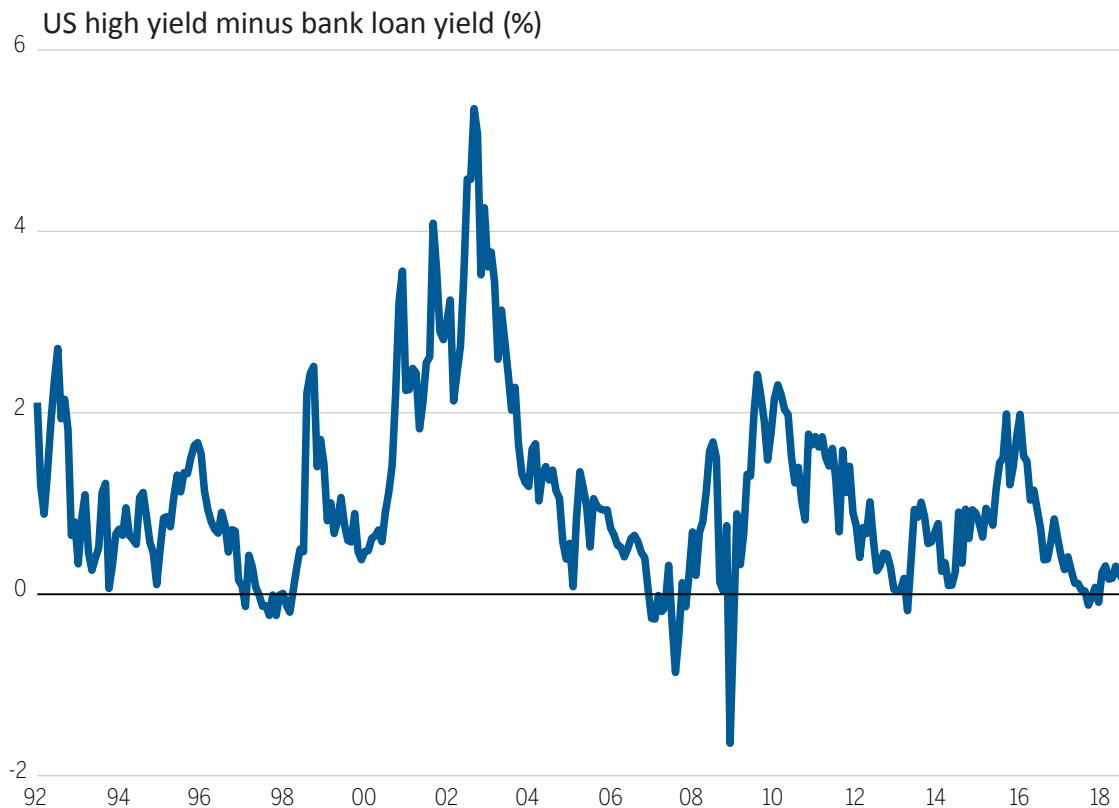
Higher rate sensitivity in corporate bonds



For total-return investors, higher US Treasury rates will challenge corporate returns given their long duration.

¹Duration is a measure of the sensitivity of an investment's price to nominal interest-rate movement. | Source: Bloomberg | December 2006 – August 2018

Bank loan valuations look attractive



Within credit, bank loans are attractive given their floating-rate structure, higher position in the capital structure, and superior recovery rate relative to high-yield bonds.

Past performance is not a guarantee of future results. Investors cannot invest directly in an index. For illustrative purposes only. | The chart shows the difference in yield for the Credit Suisse Leveraged Loan Index, which is designed to mirror the investible universe of the US dollar-denominated leveraged loan market, and the Bloomberg Barclays Corporate High Yield Index, which is an unmanaged broad-based market-value-weighted index that tracks the total return performance of non-investment grade, fixed-rate, publicly placed, dollar-denominated, and nonconvertible debt registered with the SEC. | Sources: Barclays, Credit Suisse, JPMorgan | Chart data: January 1992 – August 2018

Credit spreads are expensive

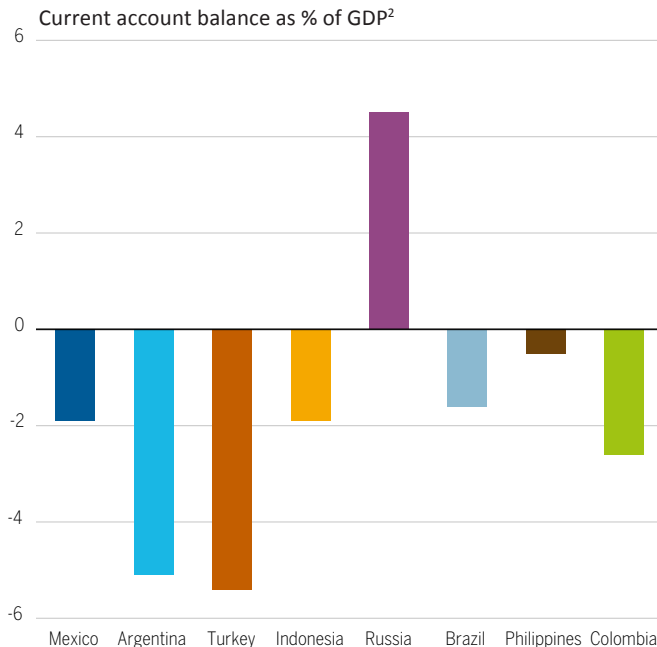
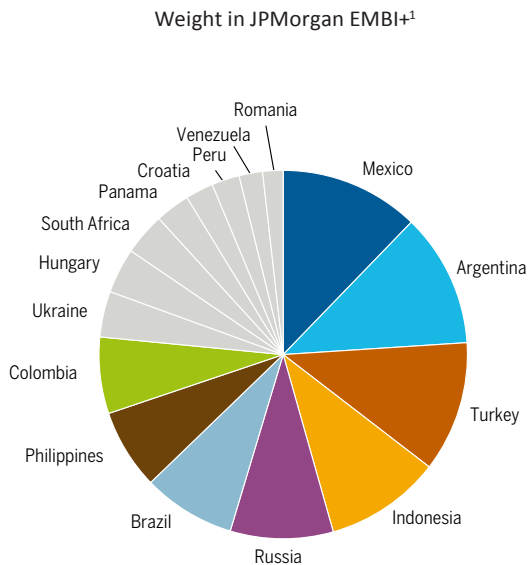
Option-adjusted spreads,¹ September 24, 2018

	Current	Percentile since inception (%)	Median	Low	Inception date
US corporates	106	45	111	51	June 30, 1989
US high yield	317	14	453	233	January 31, 1994
Emerging market debt	392	53	382	149	December 31, 1994

Valuations are richest in high-yield bonds, though positive structural changes could explain this. I find better value in short-duration assets such as bank loans.

¹Option-adjusted spread (OAS) is a measurement tool for evaluating yield differences between similar-maturity fixed-income products with different embedded options. | Sources: Barclays, Wellington Management

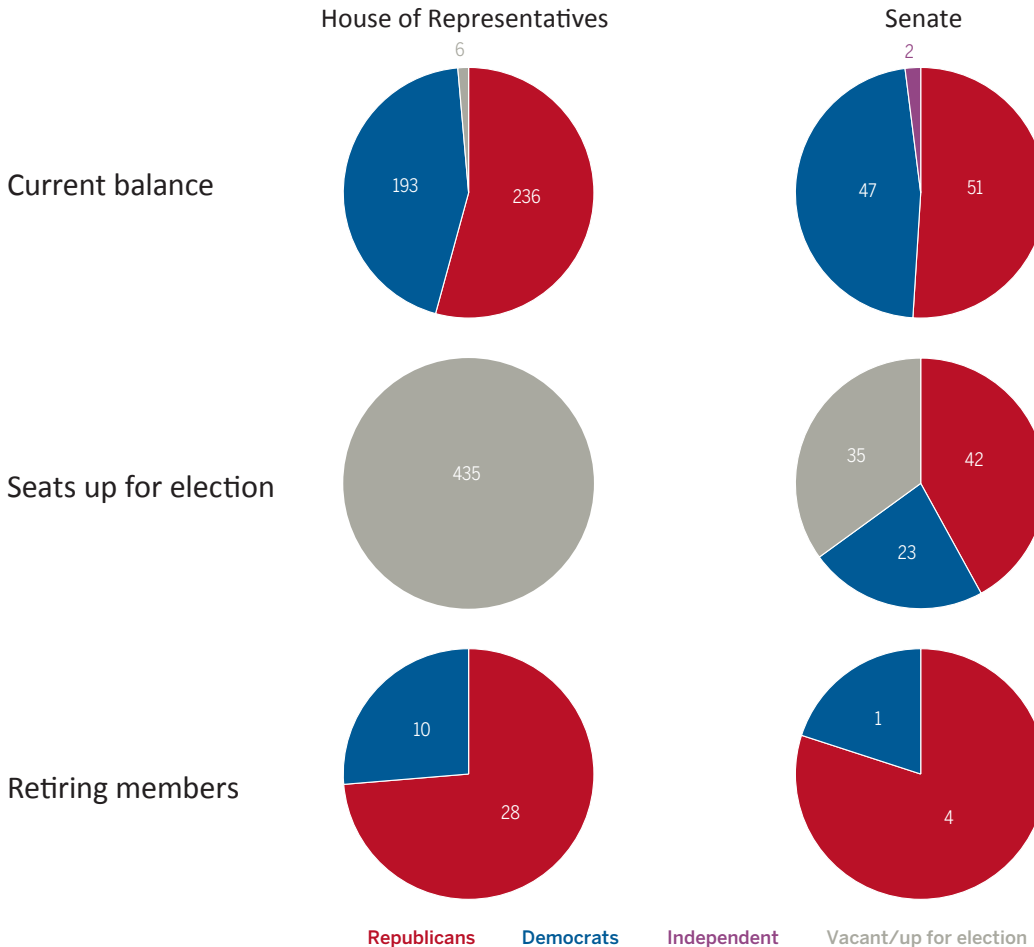
Many large EM debt issuers are still vulnerable



EM debt spreads are wide for a reason. Many of the countries that compose the index have large current-account deficits.

¹As of September 18, 2018 | ²IMF, World Economic Outlook (April 2018) | Sources: IMF, Factset | Please see representative index definitions on page 62.

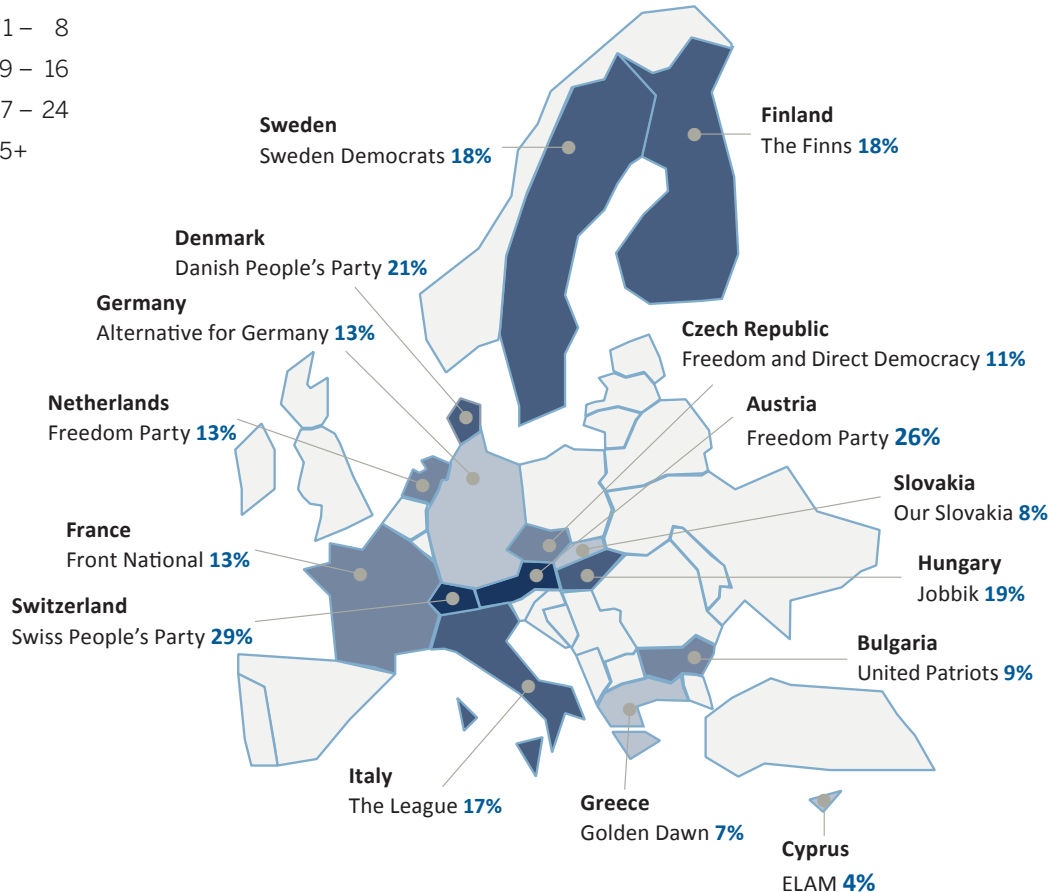
US mid-term election likely to split Congress



The consensus is that the US House of Representatives will flip to the Democrats and the Senate will preserve the GOP majority. Voter enthusiasm/turn-out will be key to the results.

Rise of nationalism in Europe

% of votes won by nationalist party in most recent European national elections

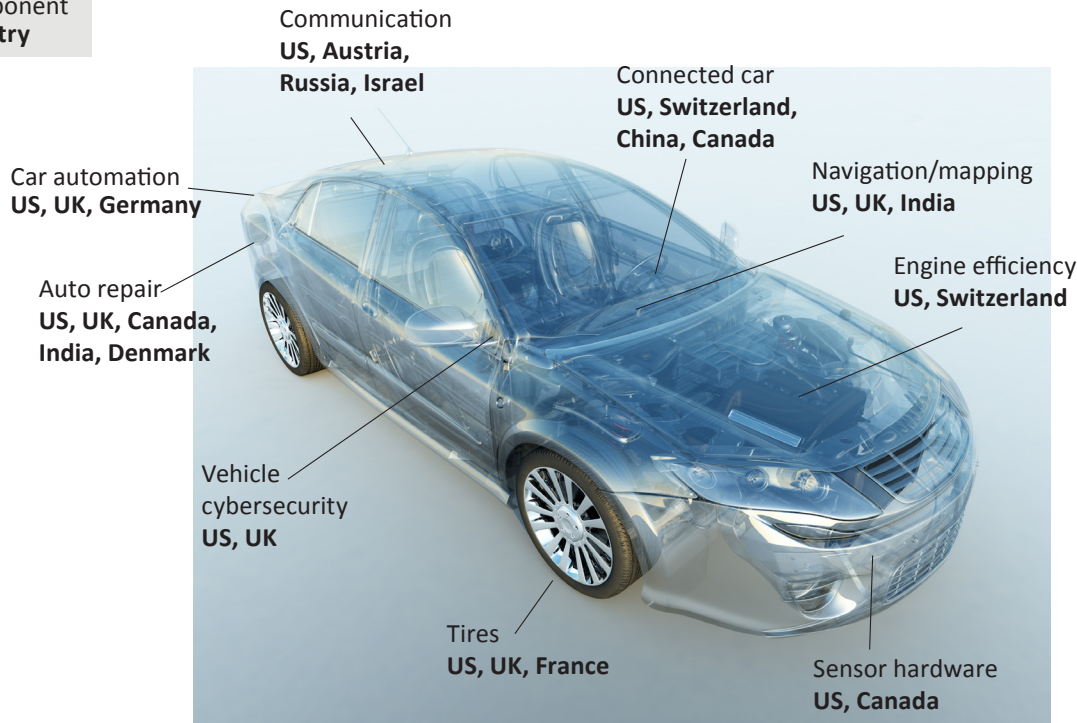


Nationalism is a global phenomenon. Nationalist parties have won a significant percentage of the vote in more than half the countries in the eurozone.

Manufacturing success depends on supply chain Automobiles

2018* select components and suppliers

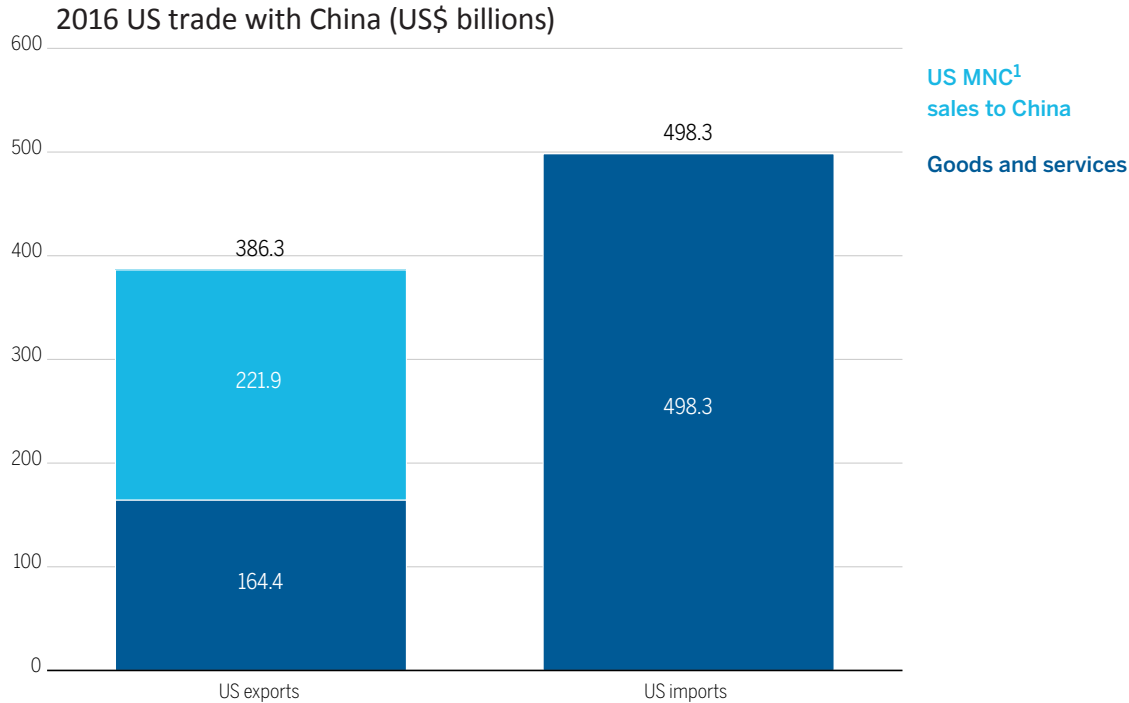
Component
Country



The direct impact of tariffs is manageable for the US economy. The indirect effects could be more harmful, including disrupting supply chains. In this example, more than half of the components of a car come from other countries that could be subject to tariffs.

*As of March 2018. | For illustrative purposes only. | Source: CB Insights.

China retaliation can go beyond trade



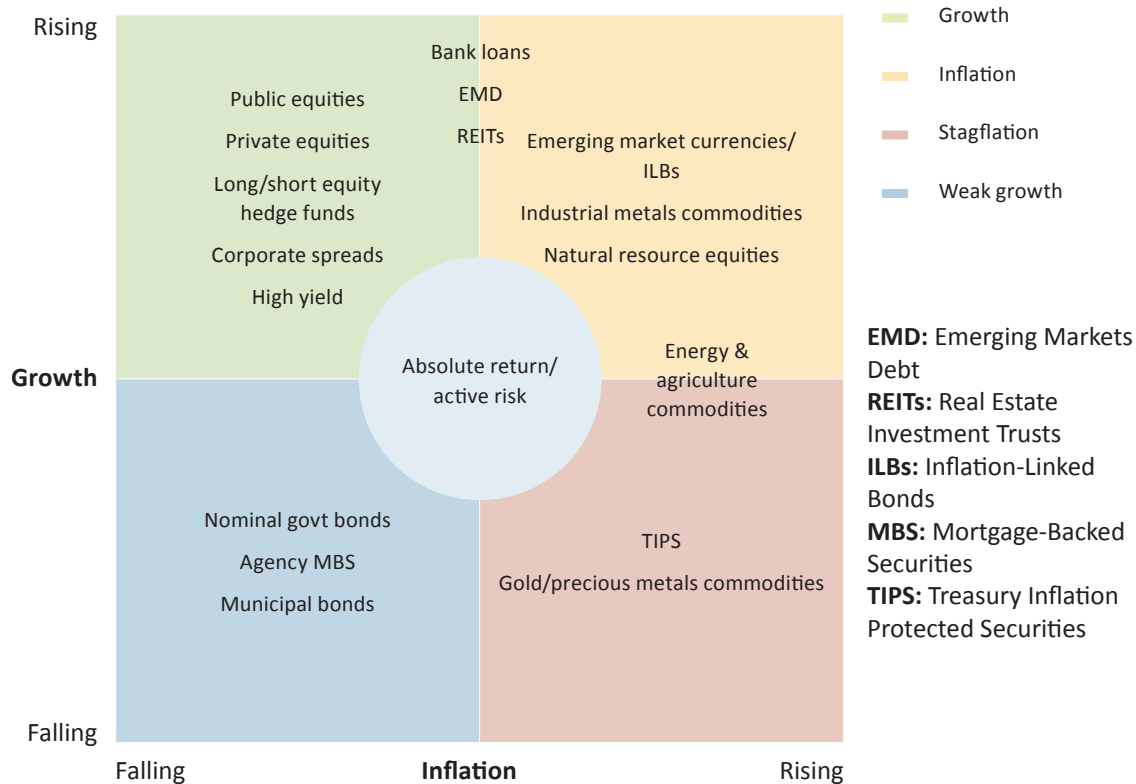
China exports much more to the US than the other way around. However, China can also retaliate via targeting multinational companies that have operations in China.

¹Multi-national company. | Data shown is the most recent available. | Sources: BEA, US Census Bureau.

Think Function, Not Form

Consider diversifying exposure across economic environments

Relative performance by economic environment



I continue to favor growth assets over weak-growth assets. I also envision rising inflation where investors tend to be underexposed in their portfolios. Weak-growth assets still play a role in portfolios.

The example presented is for illustrative purposes and reflects the current opinions of Wellington Management Global Multi-Asset StrategiesSM team as of the date appearing in this material only. This is based on historical assumptions and is not intended to be a prediction of how any asset class will perform in the future. | Economic environments are defined by year-over-year changes in GDP growth and inflation. Growth: + GDP growth, - inflation. Weak growth: - GDP growth, - inflation. Inflation: + GDP growth, + inflation. Stagflation: - GDP growth, + inflation.

Putting it all together

Some late-cycle dynamics are emerging, but global growth is still solid enough to support modestly higher inflation and interest rates.

I favor equities over bonds. Regionally, I prefer the US relative to Europe, Japan, and EM.

Within credit, I prefer bank loans over high yield and would consider avoiding more rate-sensitive sectors.

My differentiated views:

- I prefer US equities over international
 - Value-oriented equity sectors and smaller caps are attractive
 - Rising inflation and attractive valuations warrant commodities exposure
-

Risks: US policy shifting from tax reform to protectionism, unexpectedly sharp rise in inflation or interest rates, global populism, crowded trades.

Implementation Ideas

Economic Views

US Equities

- The US stands out as the strongest economy and will likely continue to benefit from the fiscal tailwinds of lower taxes and deregulation
- Value-oriented equity sectors and smaller-cap stocks are attractive

Hartford Funds Ideas

Hartford Equity Income Fund

A dividend-focused fund that seeks companies with above-average yields, below-average valuations, and the ability to sustain and/or grow dividends

Hartford Dividend and Growth Fund

A quality, dividend-focused fund that seeks to take advantage of the resilience of great franchises trading at attractive valuations

Hartford Schroders US Small Cap Opportunities Fund

Seeks companies with compelling business models, strong management teams, and attractive valuation levels

Implementation Ideas

Economic Views

Fixed Income

- The Fed will raise interest rates gradually
- Bank loans are more attractive than high-yield bonds

Hartford Funds Ideas

Hartford Floating Rate Fund & Hartford Floating Rate High Income Fund

Seek to provide high current income and long-term total return by investing primarily in bank loans

Commodities & Inflation Hedges

- Burgeoning inflation may pressure portfolios that are not adequately protected

Hartford Global Real Asset Fund

Seeks to provide long-term total returns that outpace inflation over a macroeconomic cycle through exposure to inflation-related equities, inflation-linked bonds, and commodities

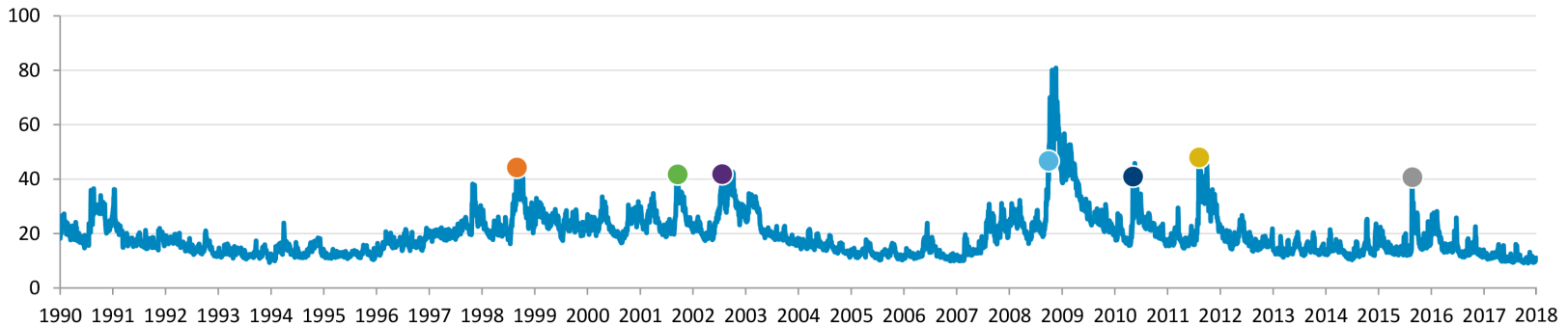
Hartford Inflation Plus Fund

Seeks a total return that exceeds the rate of inflation over an economic cycle

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Buying stocks when fear runs high has historically led to long-term gains

VIX¹ levels of 40 or higher indicate extremely high levels of fear



S&P 500 Index Returns When VIX >40 Since 1990

Date	1 Year	3 Year	5 Year	S&P 500 Percentage Daily Loss*	Event
8/31/1998	39.82	7.14	2.48	-6.80%	Russia's economic crisis
9/17/2001	-14.64	4.55	6.76	-4.92%	Trading resumes for the first time following the September 11 terrorist attacks
7/22/2002	22.73	16.64	15.43	-3.29%	Accounting scandals highlighted by bankruptcies at Enron and WorldCom
9/29/2008	-1.54	3.90	11.32	-8.81%	U.S. House of Representatives rejects a proposed \$700 billion bank bailout plan. Biggest single-day point loss for Dow Jones and S&P 500 in history.
5/7/2010	23.05	15.98	15.88	-1.53%	"Flash Crash" causes stocks to decline rapidly with no apparent reason. Dow Jones falls 999 points intraday before recovering.
8/8/2011	28.09	22.59	16.76	-6.66%	European debt crisis ; Standard & Poor's downgrades U.S. government debt from AAA to AA+ for the first time in history
8/24/2015	17.48	?	?	-3.94%	China currency devaluation sparks selloff

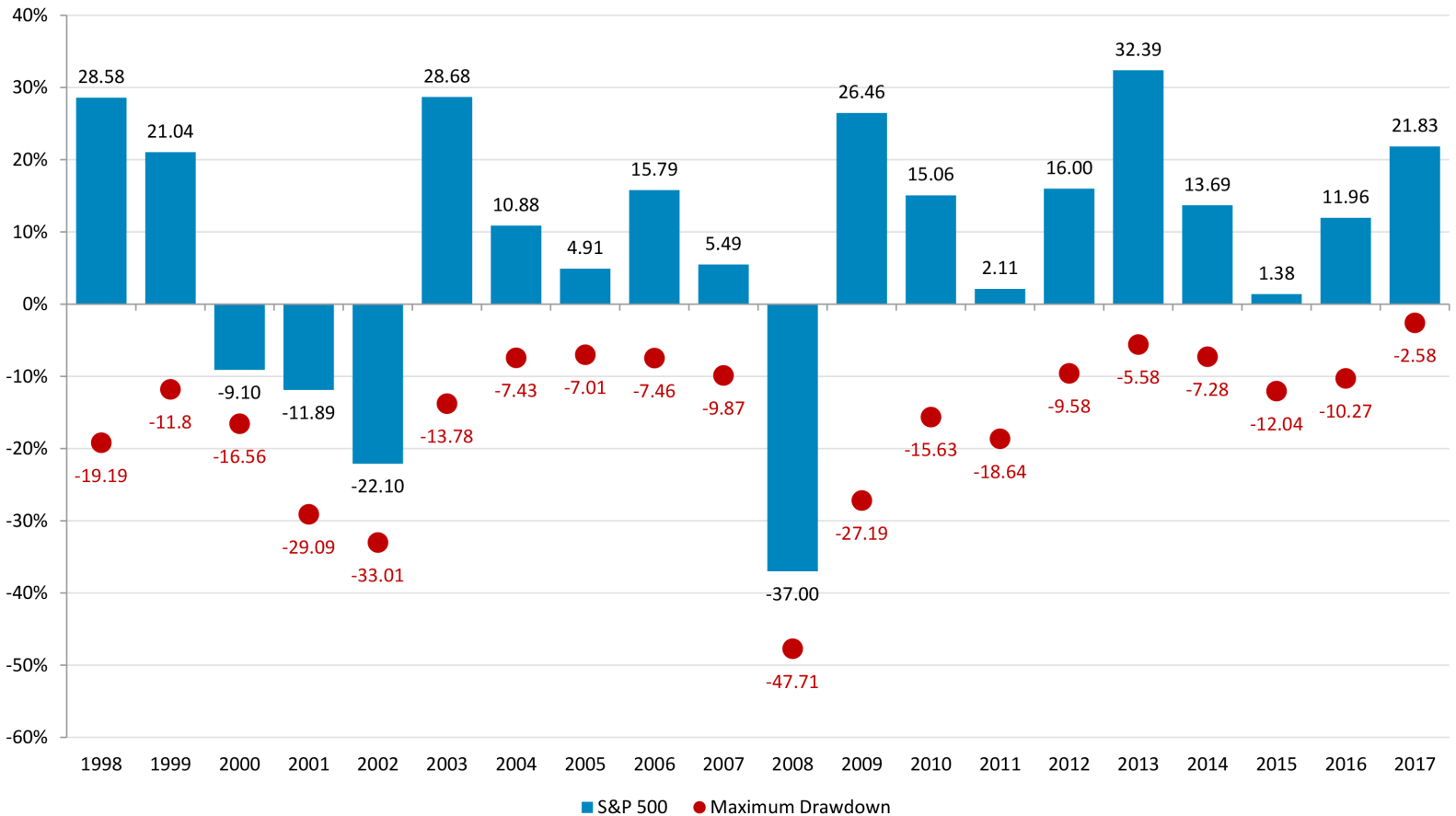
Assumes reinvestment of capital gains and dividends and no taxes. Past performance is not a guarantee of future returns.

¹ The Chicago Board Options Exchange (CBOE) Volatility Index (VIX) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices. VIX, commonly referred to as the "Fear Index," is the ticker symbol for the CBOE's Volatility Index and measures the market's expectation of 30-day volatility. VIX levels below 20 reflect complacency, while levels of 40 or higher reflect extremely high levels of volatility.

* This column shows the S&P 500 Index's one-day loss on the date shown in column 1.

Data Source: Morningstar, 1/18

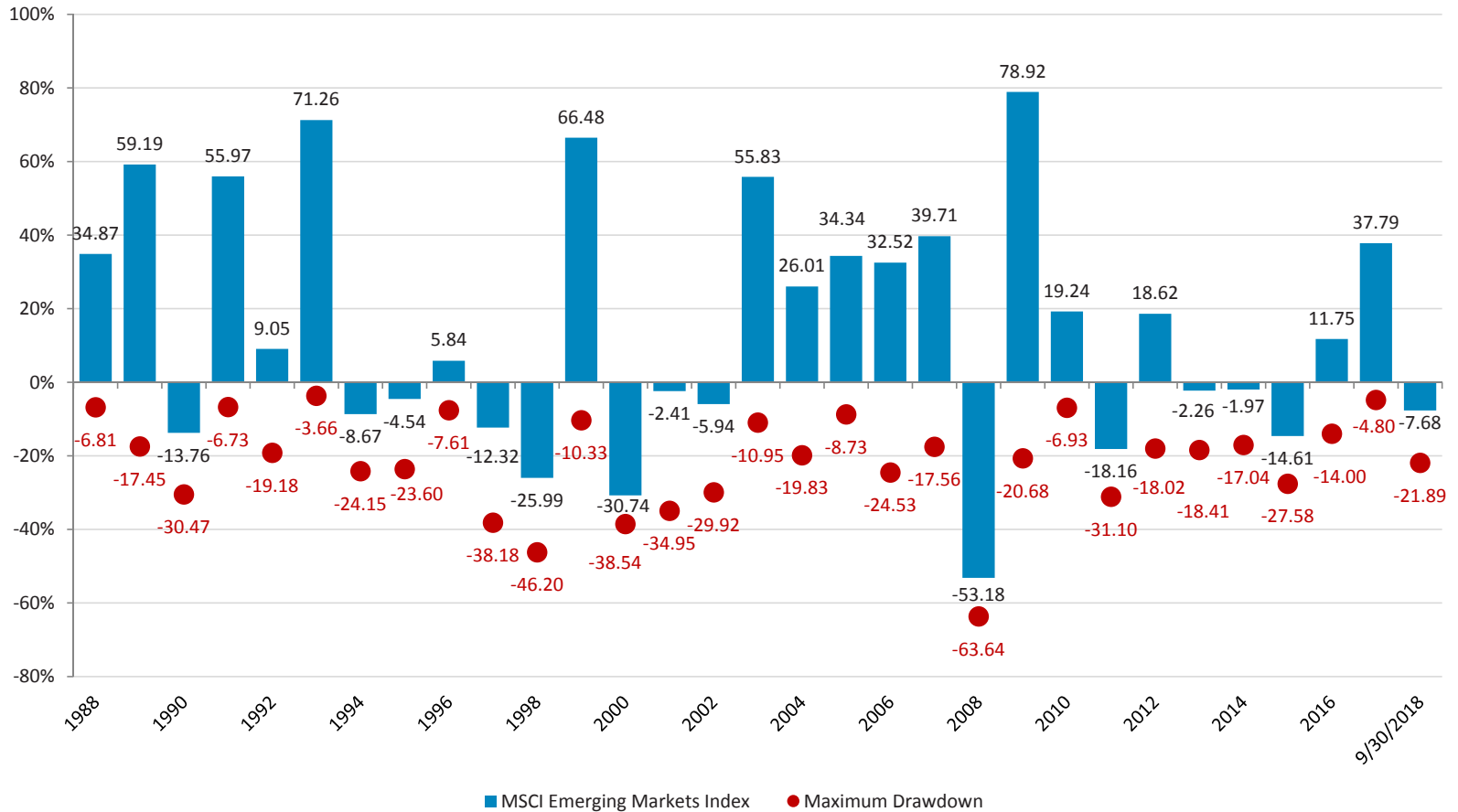
Intra-year dips in the S&P 500 Index happen frequently



Past performance is not a guarantee of future results. The performance shown is index performance and is not representative of any investment's performance. Investors cannot invest directly in an index. 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.

Data Source: Morningstar, 1/18

Intra-year dips in emerging market equities happen frequently

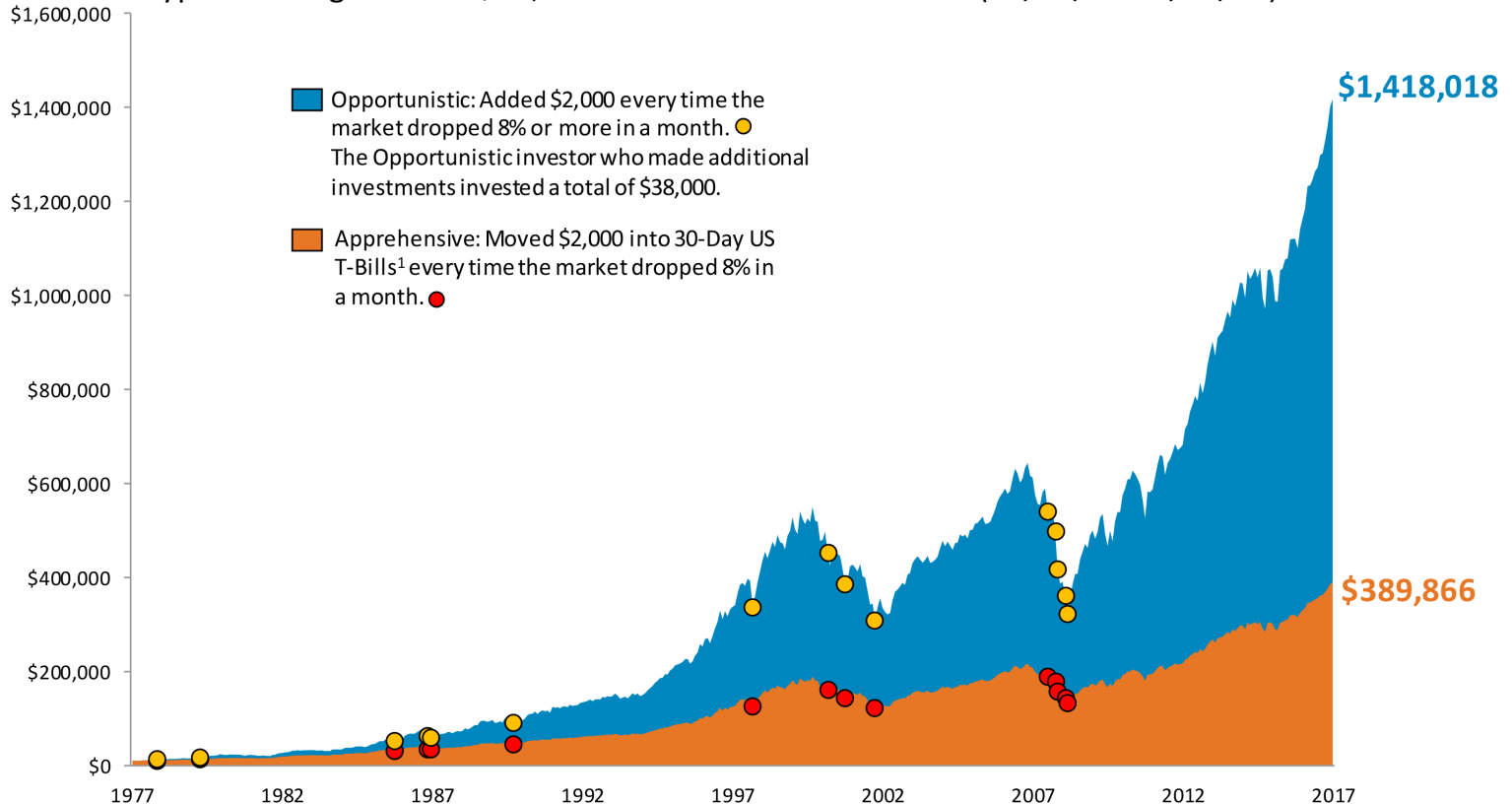


Past performance is not a guarantee of future results. The performance shown is index performance and is not representative of any investment's performance. Investors cannot invest directly in an index. Assumes reinvestment of capital gains and dividends and no taxes. Drawdown refers to the largest market drop from peak to trough during the calendar year.

Data Source: Bloomberg as of 10/15/2018

Are you an opportunistic or apprehensive investor?

Hypothetical growth of \$10,000 invested in S&P 500 Index (12/31/77-12/31/17)

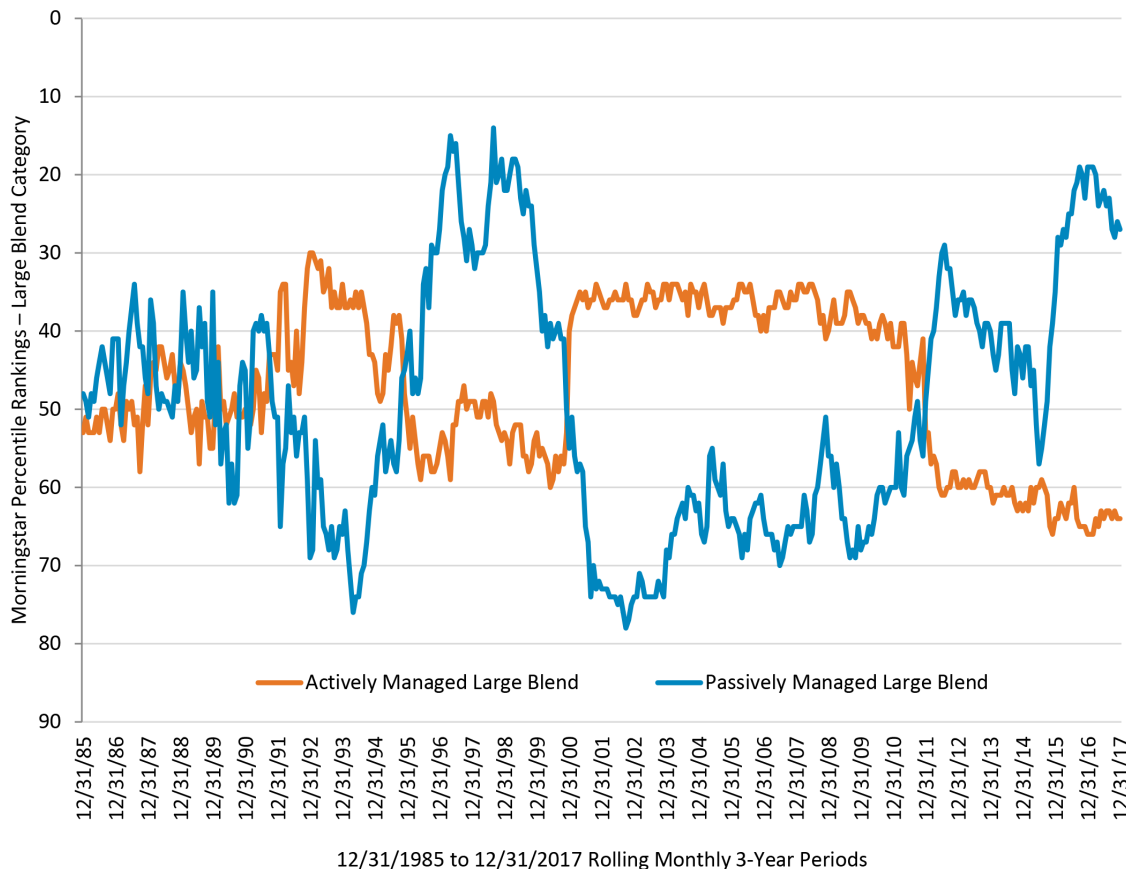


¹T-Bills are guaranteed as to the timely payment of principal and interest by the US Government and generally have lower risk-and-return than bonds and equity. Equity investments are subject to market volatility and have greater risk than T-Bills and other cash investments.

Past performance is not a guarantee of future results. The performance shown above is index performance and is not representative of any investment's performance. Indices are unmanaged and not available for direct investment. Assumes reinvestment of capital gains and dividends and no taxes.

Data Source: Thomson Reuters, 1/18.

The cyclical nature of active and passive investing



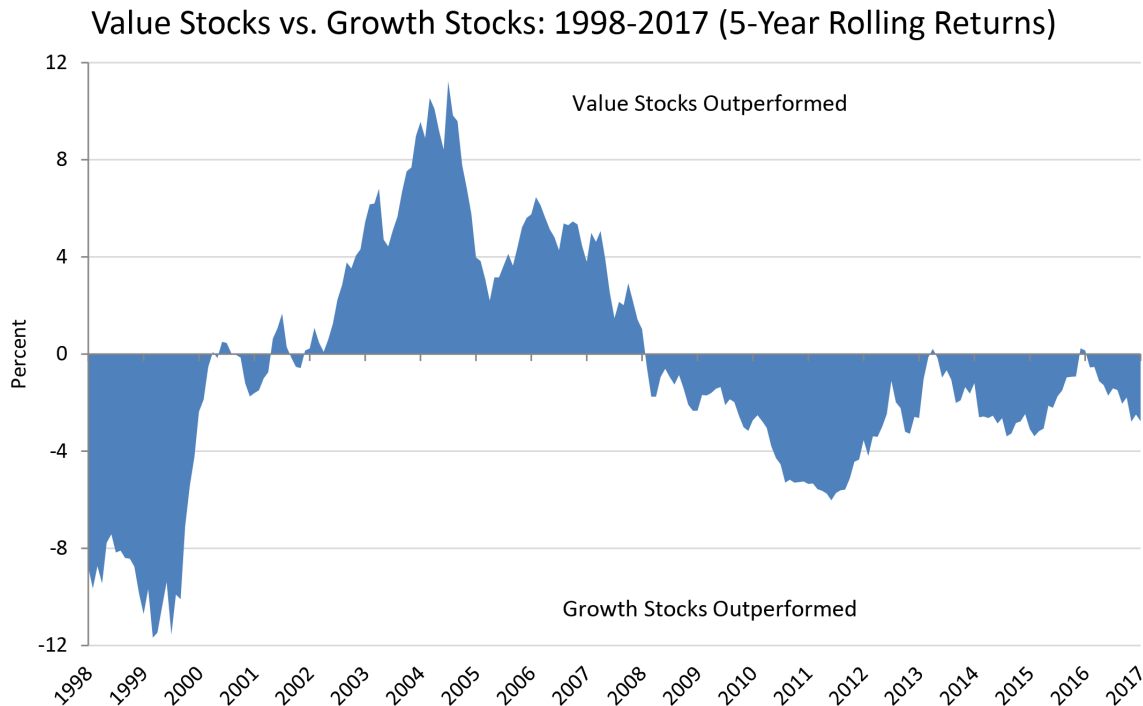
While passive investments have performed well in recent years, active large-blend funds outperformed their passive counterparts nine out of 10 times from 2000 to 2009.

Performance for the Morningstar Large Blend Category is net of fees. "Active Large Blend" is made up of funds from the Morningstar Large Blend category that are not index or enhanced index funds. "Passive Large Blend" is represented by the Morningstar S&P 500 Tracking Category.

Past performance is not indicative of future results. Indices are unmanaged and not available for direct investment.

Data Source: Morningstar, 1/18

Are value stocks poised to outperform growth stocks after a long period of underperformance?



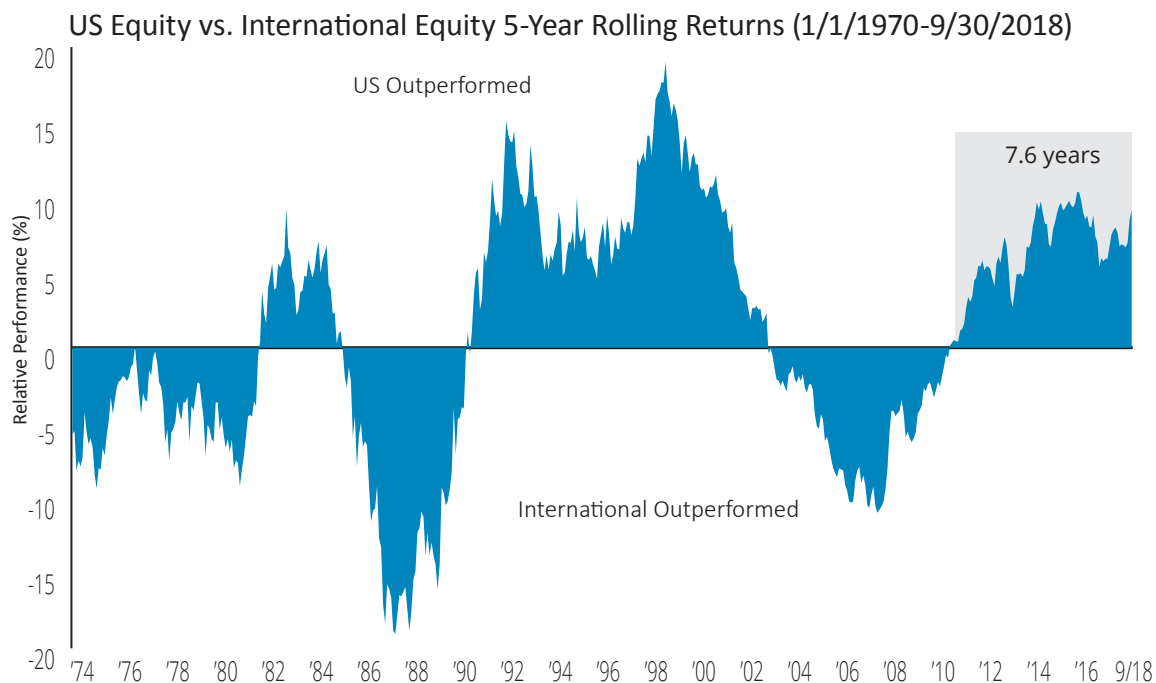
While growth stocks and value stocks historically alternate periods of outperformance, growth stocks have generally outperformed value stocks since January 2009.

Growth stocks are represented by S&P 500 Growth Index. Value stocks are represented by S&P 500 Value Index. The chart shows the values of the S&P 500 Value Index's returns minus the S&P 500 Growth Index's returns. When the line is above 0, value stocks outperformed growth stocks. When it is below 0, growth stocks outperformed value stocks.

Past performance is not a guarantee of future results. The performance shown above is index performance and is not representative of any investment's performance. Indices are unmanaged and not available for direct investment. For illustrative purposes only. Please see representative index definitions on page 62.

Source: Morningstar, 1/18

Are international stocks poised to outperform US stocks after a long period of underperformance?



The average performance cycle for US equities versus international equities has historically lasted 7.3 years. US equities have outperformed international equities over the past 7.6 years, indicating the cycle may be getting ready to turn.

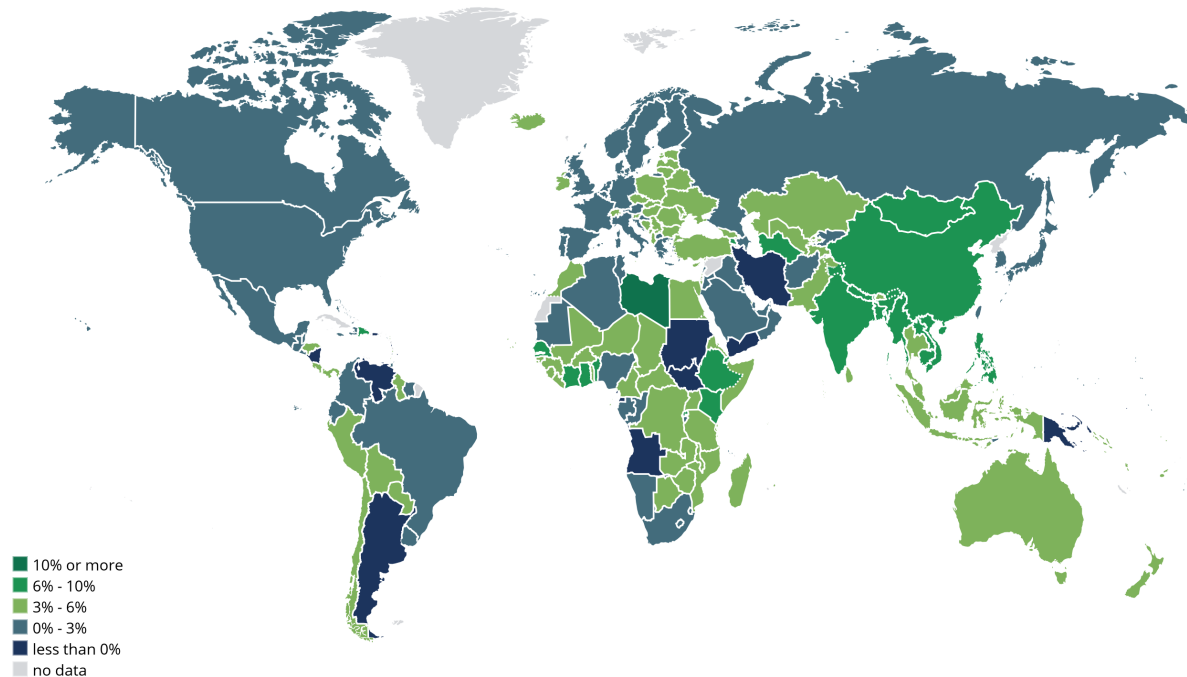
US Equity is represented by S&P 500 Index. International Equity is represented by MSCI World ex USA Index. The chart shows the values of the S&P 500 Index's returns minus the MSCI World ex USA Index's returns. When the line is above 0, domestic stocks outperformed international stocks. When it is below 0, international stocks outperformed domestic stocks.

Past performance is not a guarantee of future results. The performance shown above is index performance and is not representative of any investment's performance. Indices are unmanaged and not available for direct investment. For illustrative purposes only.

Source: Morningstar, 10/18

Growth is gaining momentum outside the US

Real GDP growth, annual percentage change, 2018



With buoyant financial markets and a long-awaited cyclical recovery in manufacturing under way, world growth is projected to rise, especially for developing economies.

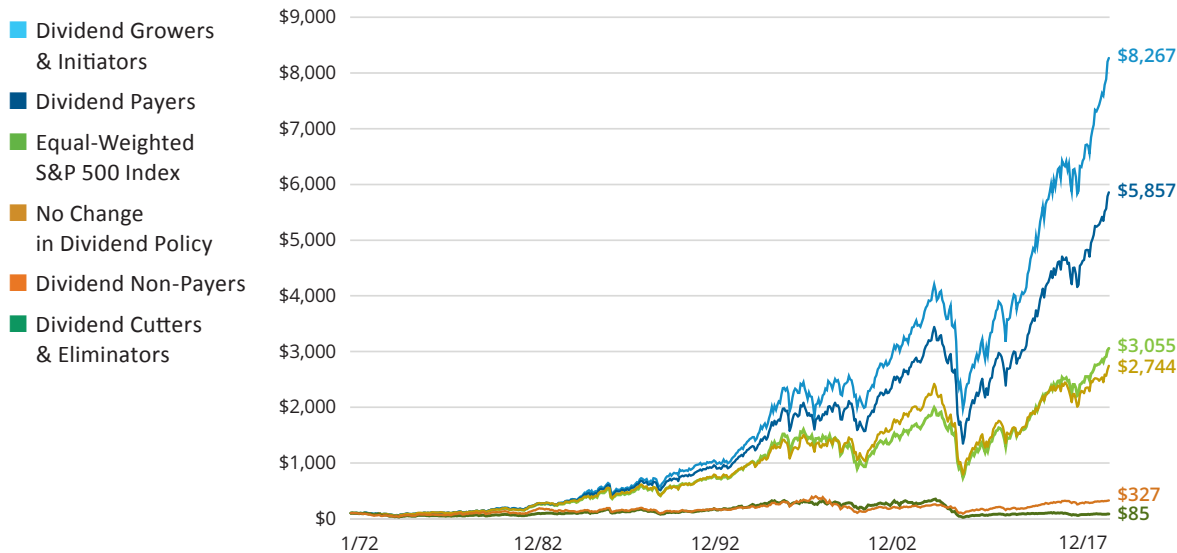
Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

Real GDP growth is a macroeconomic measure of the value of economic output adjusted for price changes (i.e., inflation or deflation).

Source: IMF, World Economic Outlook, 10/18

Dividend-paying stocks have significantly outperformed dividend non-payers in the long run

Returns for S&P 500 Index Stocks by Dividend Policy: Growth of \$100 (1/1972 - 12/2017)



Companies that grew or initiated a dividend have historically enjoyed a significant performance advantage.

Data source: Ned Davis Research, 1/18.

Past performance is no guarantee of future results. For illustrative purposes only. The graph is not representative of any Hartford Fund's performance, and does not take into account fees and charges associated with actual investments. Indices are unmanaged and not available for direct investment.

Dividend Growers & Initiators - Grew or initiated a dividend in the past 12 months

Dividend Payers - Paid a dividend in the past 12 months

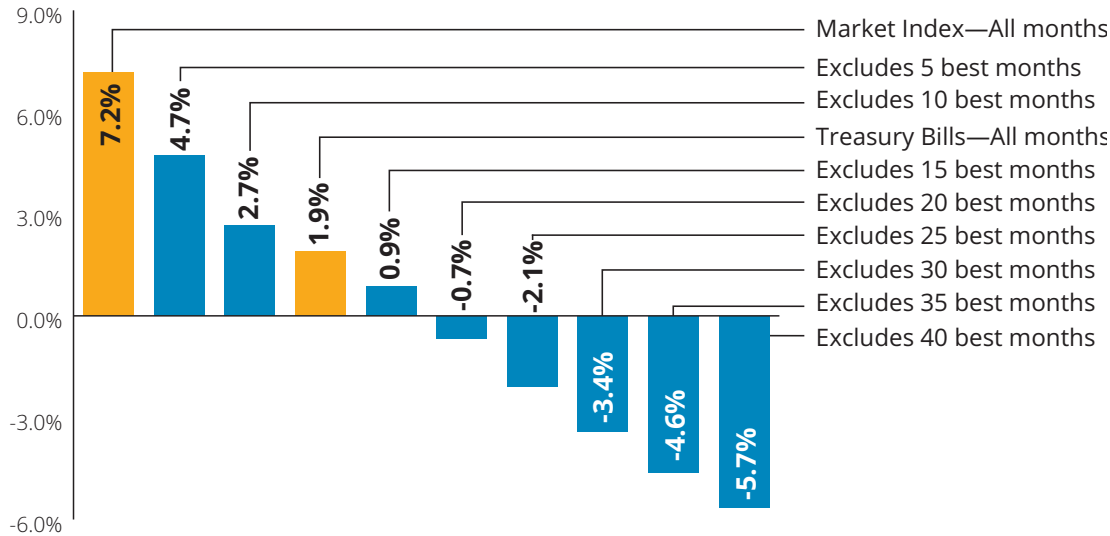
No Change - Maintained their dividend level in the past 12 months

Dividend Non-Payers - Did not pay a dividend in the past 12 months

Dividend Cutters & Eliminators - Lowered or eliminated their dividends in the past 12 months

Timing the market is impossible

Penalties of Missing the Market's Best Months
S&P 500 Index Average Annual Total Returns: 1998–2017



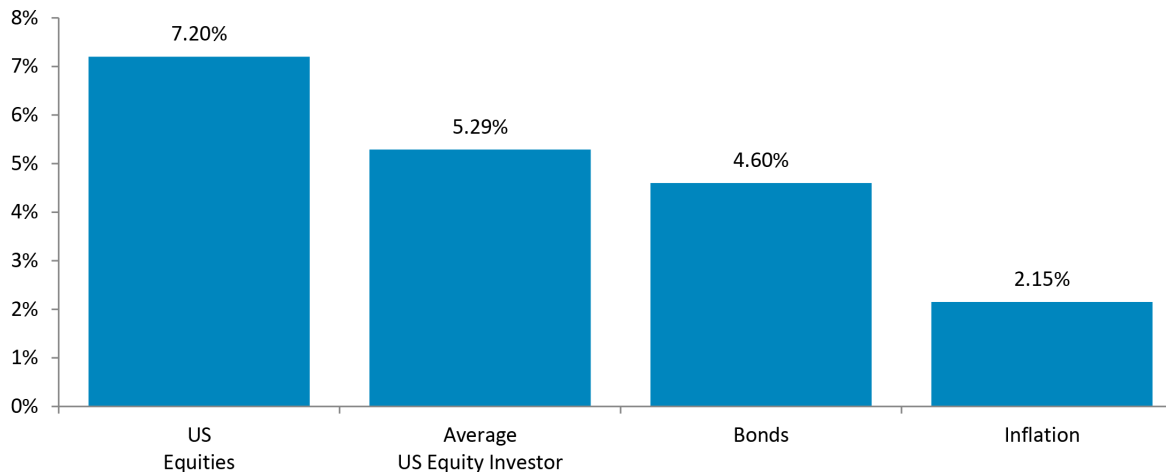
If you missed some of the market's best months over the past 30 years, you would have been better off buying lower-risk Treasury Bills.

Index past performance is not indicative of future results. For illustrative purposes only. The performance shown is index performance and is not indicative of any investment. Investors cannot invest directly in an index.

Data Source: Ned Davis Research, 2/18.

Asset class returns vs. the average investor

20-year annualized returns by asset class (1997 – 2017)



According to a study by Dalbar, the average US equity investor has dramatically underperformed the US equity market index by buying and selling at the wrong times.

For illustrative purposes only.

Past performance is not a guarantee of future returns. Indices are unmanaged and not available for direct investment.

US Equities: S&P 500 Index is a market capitalization-weighted price index composed of 500 widely held common stocks.

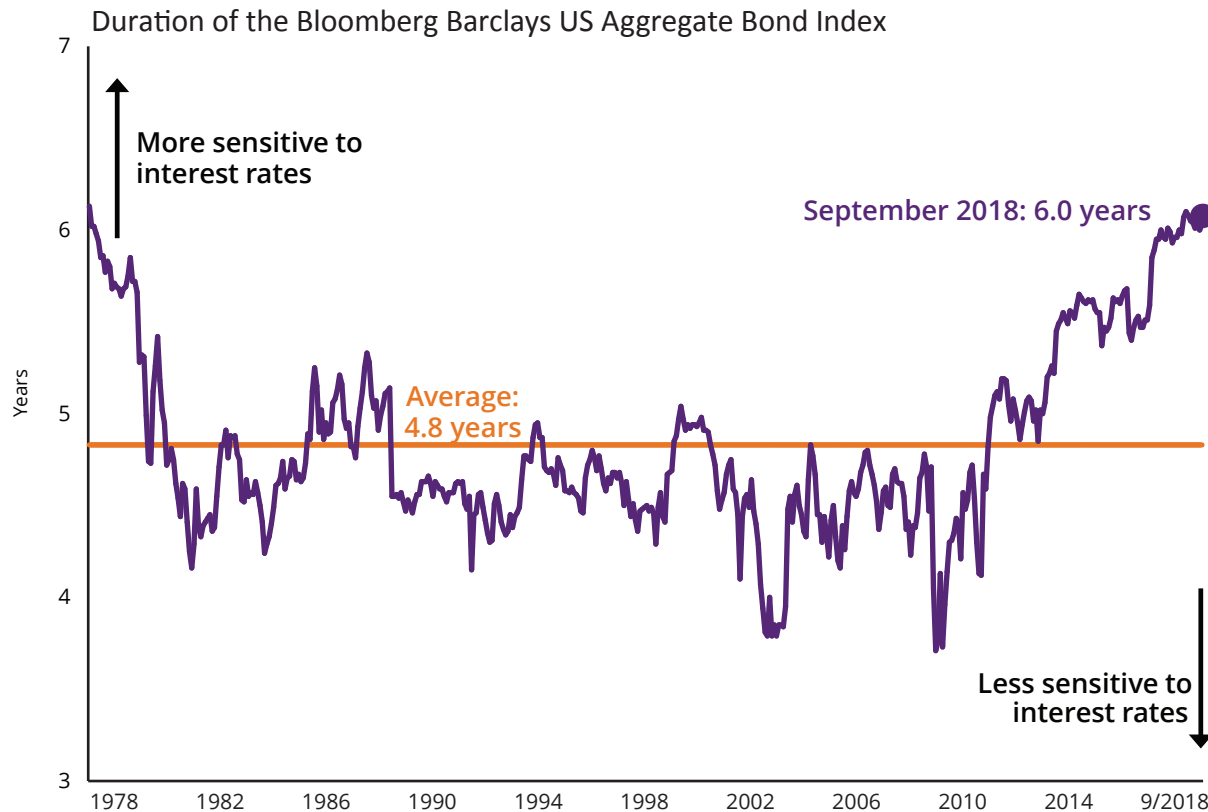
Bonds: Bloomberg Barclays U.S. Aggregate Bond Index is composed of securities from the Bloomberg Barclays Government/Credit Bond Index, Mortgage-Backed Securities Index, Asset-Backed Securities Index, and Commercial Mortgage-Backed Securities Index.

Inflation: CPI-All Urban Consumers is a measure of inflation that includes all urban households and urban places of 2,500 inhabitants or more. The index excludes rural consumers and the military and institutional population and represents the buying habits of approximately 80% of the U.S. population.

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 Bloomberg Barclays Index Products to compare mutual fund investor returns to an appropriate set of benchmarks. Covering the period ending December 31, 2017, 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.

Source: Dalbar, 2018.

Duration risk is rising: Are you prepared?



In June of 2017, the duration of the Bloomberg Barclays US Aggregate Bond Index exceeded six years for the first time since 1978. Fixed-income investors should consider evaluating the duration risk in their portfolios.

Effective duration is a measure of price sensitivity to interest rate changes.
Source: Barclays Live, 10/18. For illustrative purposes only.

Hypothetical impact of rising rates on fixed income

Price impact of a 1% rise/fall in interest rates

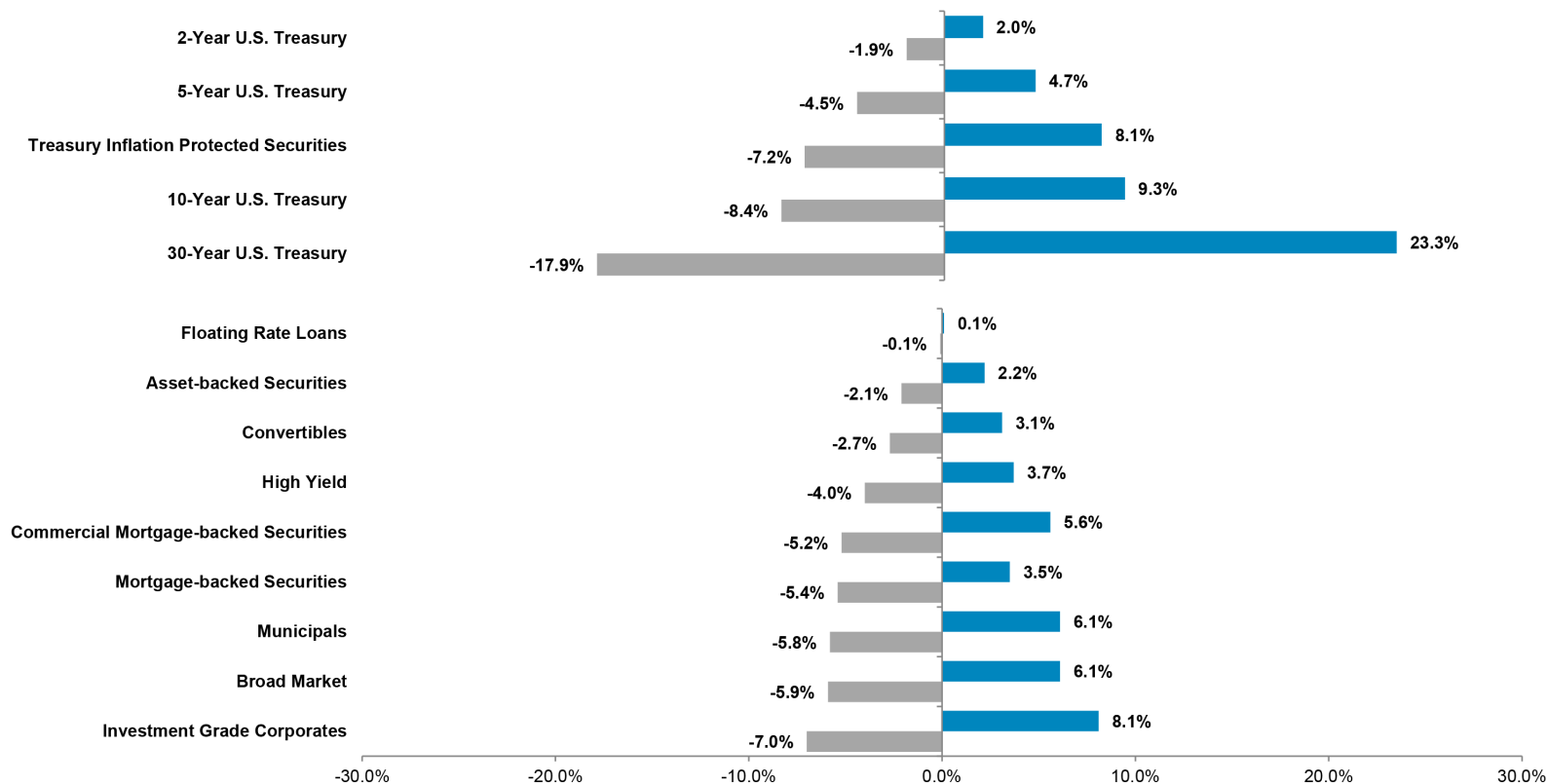


Chart is for illustrative purposes only. **Past performance is not a guarantee of future results.** The performance shown is index performance and is not representative of any investment's performance. Investors cannot invest directly in an index. For illustrative purposes only.

Source: Bloomberg Barclays, 1/18. Fixed income sectors shown above are provided by Barclays and are represented by the following Bloomberg Barclays indices – Broad Market: U.S. Aggregate Bond Index; Mortgage-backed securities: U.S. Aggregate Securitized - MBS Index; Investment Grade Corporates: U.S. Corporates; Municipals: Muni Bond 10-year Index; High Yield: US Corporate High Yield Bond Index; Floating Rate Loans: FRN (BBB); Convertibles: U.S. Convertibles Composite; Asset-backed securities: U.S. ABS Index; CMBS: U.S. CMBS Index. Please see representative index definitions on page 64. Change in price is calculated as $\text{New Price} = (\text{Price} + (\text{Price} * \text{-Duration} * \text{Change in Interest Rates})) + (0.5 * \text{Price} * \text{Convexity} * (\text{Change in Interest Rates})^2)$

Some asset classes have performed well in rising-rate periods

Rising Rate Period	Stocks	High Yield	US REITs	Bank Loans
6/2/05-6/12/07	13.36	9.10	19.17	7.18
3/17/08-6/13/08	6.11	5.75	9.03	3.70
12/18/08-4/5/10	26.27	58.47	33.06	33.46
10/6/10-2/8/11	14.87	5.66	8.83	5.33
9/22/11-10/27/11	10.30	2.69	12.09	0.25
12/19/11-3/19/12	16.23	6.65	13.92	3.27
7/25/12-12/31/13	28.01	10.02	3.65	7.63
1/30/15-6/10/15	5.00	2.37	-12.19	3.19
2/11/16-3/11/16	9.48	7.04	12.06	-0.56
7/5/16-3/13/17	14.58	8.73	-6.57	6.60
9/7/17-9/28/18	19.37	3.54	3.09	4.99
Average	14.87	10.91	8.74	6.82

We examined 11 rising-rate periods since 2005 (defined as a spike of 20% or more in the yield of the 10-Year Treasury), and these asset classes performed the best.

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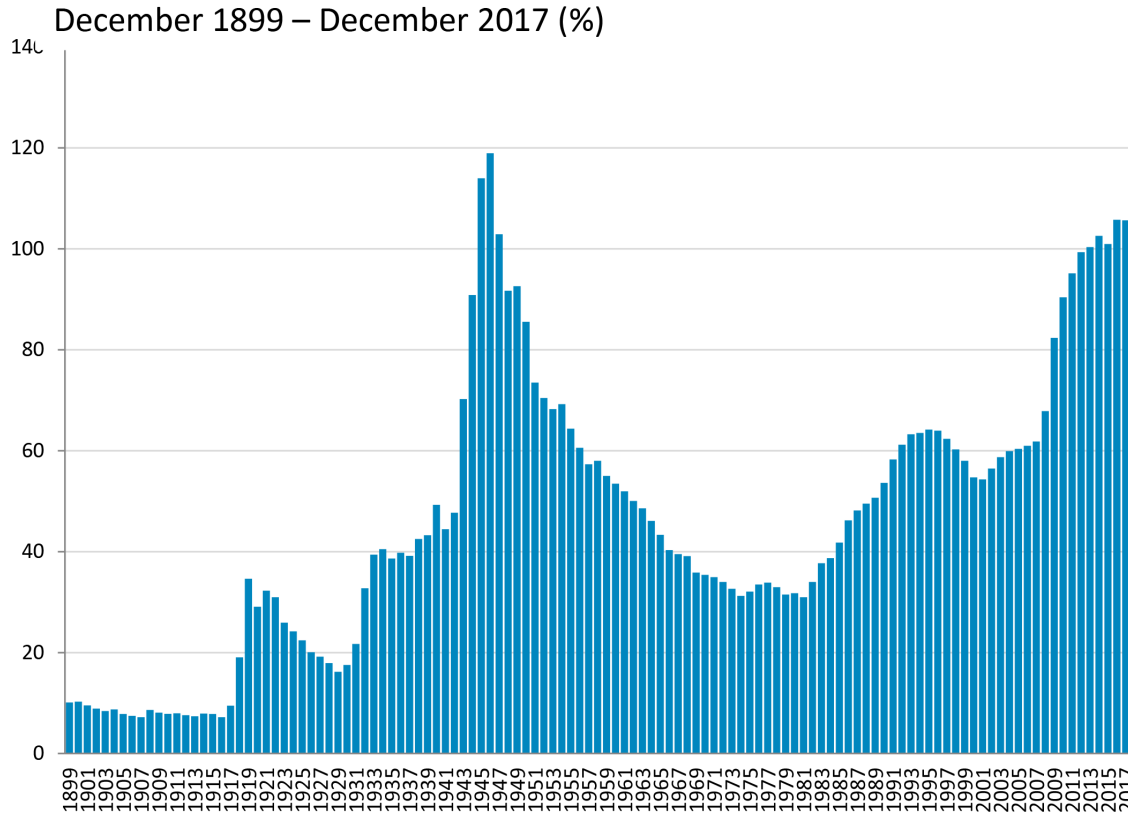
Data Source: Morningstar, 10/18.

Stocks are represented by the S&P 500 Index, which is a market-cap-weighted price index composed of 500 widely held common stocks.

Bank loans are represented by the Credit Suisse Leveraged Loan Index, which is designed to mirror the investible universe of the US dollar-denominated leveraged loan market.

US REITs are represented by the MSCI US REIT Index, which is a free -float market-cap-weighted benchmark comprised of equity REIT securities that belong to the MSCI US Investable Market 2500 Index. **High-yield bonds** are represented by the Bloomberg Barclays US Corporate High Yield Index, which is an unmanaged, broad-based market-value-weighted index that tracks the total return performance of non-investment grade, fixed-rate, publicly placed, dollar-denominated and nonconvertible debt registered with the Securities and Exchange Commission.

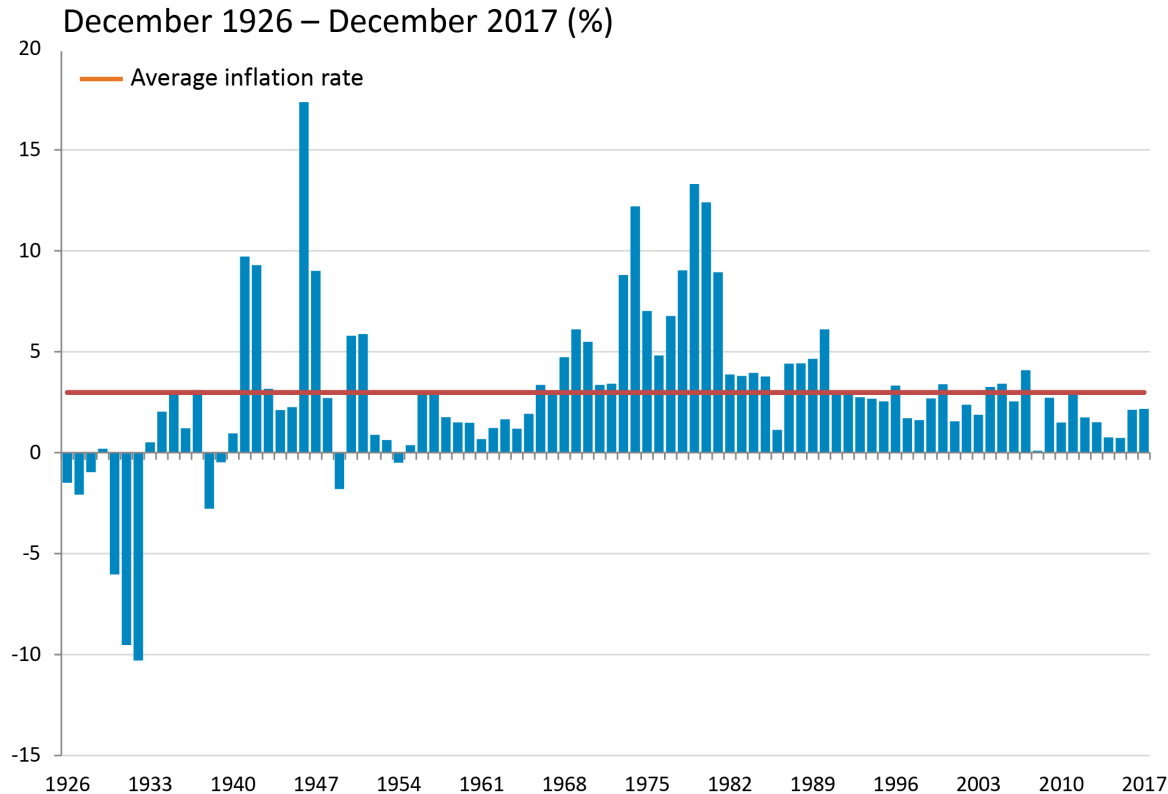
US debt to GDP levels are approaching record highs



US debt to Gross Domestic Product (GDP) levels in the US are approaching levels not seen since the 1940s. Some economists believe high levels of US debt to GDP could trigger high levels of inflation like it did in the 1940s.

Gross Domestic Product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period. | Source: usgovernmentspending.com

Annual inflation is below its historical average but rising



At the end of 2017, the US inflation rate was 2.2%—significantly higher than the 0.7% for year-end 2015 but still below its long-term average of 3%. Investors concerned about rising inflation should consider the benefits of owning inflation hedges that can help offset the damaging effects of inflation.

Source: Morningstar

Tax-equivalent yields¹

(as of 9/30/18)

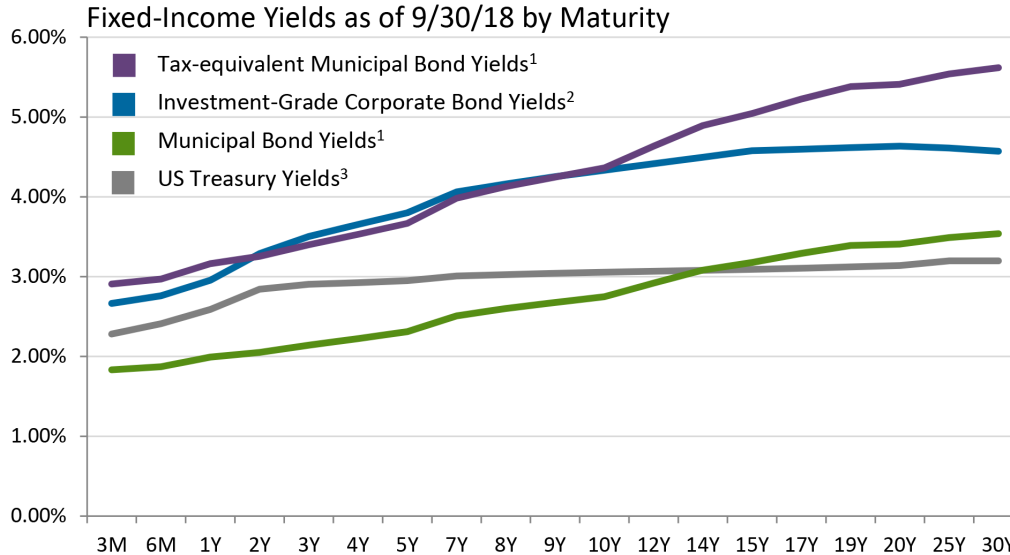
Maturity	Treasury	Agency	Corporate A-rated	AAA-rated Municipal	Tax-equivalent yield at top tax brackets		
					37%	35%	32%
1-Yr	2.59	2.60	2.96	1.99	3.16	3.06	2.93
2-Yr	2.84	2.86	3.29	2.05	3.26	3.16	3.02
3-Yr	2.90	2.93	3.50	2.14	3.40	3.29	3.15
4-Yr	2.92	2.99	3.65	2.22	3.53	3.42	3.27
5-Yr	2.95	3.05	3.80	2.31	3.67	3.56	3.40
7-Yr	3.01	3.17	4.06	2.51	3.98	3.86	3.69
10-Yr	3.06	3.31	4.33	2.75	4.36	4.23	4.04
15-Yr	3.09	3.40	4.58	3.18	5.04	4.89	4.67
20-Yr	3.14	3.49	4.64	3.41	5.41	5.24	5.01
30-Yr	3.20	3.63	4.57	3.54	5.62	5.44	5.20

¹The tax-equivalent yield is the pretax yield that a taxable bond needs to possess for its yield to be equal to that of a tax-free municipal bond. According to Standard & Poor's bond rating methodology, AAA and AA bonds are considered high credit quality, and AA and BBB bonds have medium credit quality. Any bonds rated below BBB are considered below-investment-grade bonds.

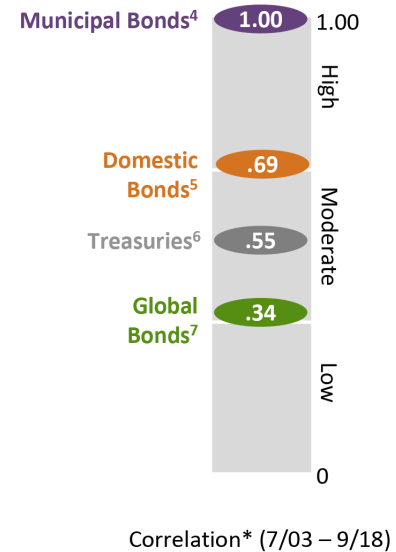
Source: Bloomberg

Municipal bond yields look attractive

Municipal bonds look attractive relative to other high-quality sectors *before* factoring in the tax advantages



Municipal bonds may also help diversify a taxable portfolio



*Correlation is a statistical measure of how two investments move in relation to each other. A correlation of 1.0 indicates the investments have historically moved in the same direction; a correlation of -1.0 means the investments have historically moved in opposite directions; and a correlation of 0 indicates no historical relationship in the movement of the investments.

Tax-equivalent yields are based on 39.6% federal income tax rate. **Past performance is not a guarantee of future results.** The performance shown above is index performance and is not representative of any investment’s performance. This chart is for illustrative purposes. Investors cannot invest directly in an index. Data Source: Bloomberg, 10/18.

¹The municipal curve is populated with US municipal general obligations with an average rating of AA+ for Moody’s and S&P.

²The Bloomberg Valuation Service (BVAL) curve is populated with US dollar-denominated senior-unsecured fixed-rate bonds issued by domestic companies with a BBG rating of investment grade.

³The US Treasury curve is comprised of U.S. dollar-denominated US Treasury active securities.

⁴Municipal Bonds are represented by the Bloomberg Barclays Municipal Bond Index, which covers the US dollar-denominated long term tax exempt bond market.

⁵ The Bloomberg Barclays US Aggregate Bond Index is an index comprised of government securities, mortgage-backed securities, asset-backed securities, and corporate securities to simulate the universe of bonds in the market.

⁶ The Bloomberg Barclays US Treasury Index is an unmanaged index of public obligations of the US Treasury with a remaining maturity of one year or more.

⁷ Bloomberg Barclays Global Aggregate ex-USD Bond Index provides a broad-based measure of the international investment-grade bond market hedged against the US dollar.

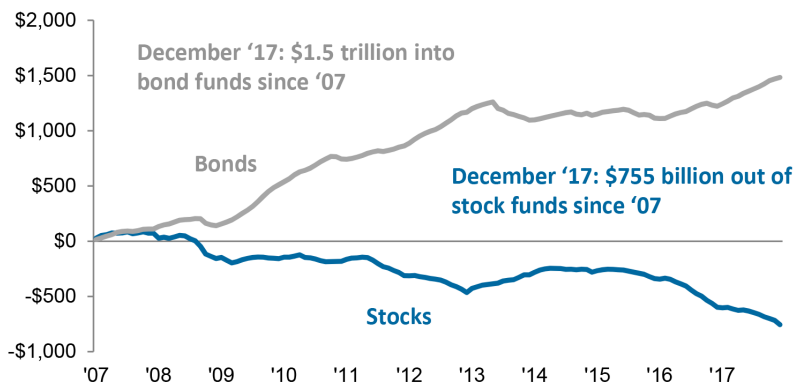
Fund flows

Mutual Fund Flows

Billions, USD	AUM	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Domestic Equity	7,482	(236)	(235)	(170)	(60)	18	(159)	(133)	(81)	(28)	(149)	(68)	(3)	17	100	120	(25)	57	258	176
World Equity	2,824	77	(23)	94	85	141	7	4	57	30	(67)	142	151	107	72	24	(4)	(23)	58	11
Taxable Bond	3,402	234	84	(40)	16	(12)	256	129	221	301	22	100	44	21	0	40	125	76	(36)	7
Tax-exempt Bond	665	26	23	15	28	(58)	50	(12)	12	70	8	11	15	5	(15)	(7)	17	12	(14)	(12)
Hybrid	1,526	(34)	(46)	(21)	29	74	46	40	36	20	(26)	40	20	43	53	39	8	7	(37)	(13)
Money Market	2,847	107	(30)	21	6	15	(0)	(124)	(525)	(539)	637	654	245	62	(157)	(263)	(46)	375	159	194

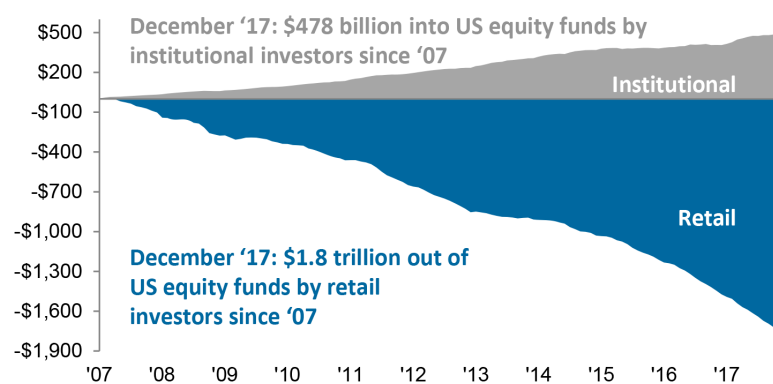
Cumulative flows into global stock & bond funds

Billions, USD (excludes ETFs)



Cumulative flows into US equity funds

Billions, USD (excludes ETFs)



TOP: Data includes flows through December 2017 and excludes ETFs. BOTTOM: Data includes flow through December 2017 and excludes ETFs. ICI data subject to periodic revisions. World equity flows are inclusive of emerging market, global equity and regional equity flows. Hybrid flows include asset allocation, balanced fund, flexible portfolio and mixed income flows. Data as of 12/31/17. | Source: Investment Company Institute.

Index Definitions:

Bloomberg Barclays US High Yield Corporate Bond Index is an unmanaged broad-based market-value weighted index that tracks the total return performance of non-investment grade, fixed-rate publicly placed, dollar-denominated and nonconvertible debt registered with the Securities and Exchange Commission.

Bloomberg Barclays US Aggregate Bond Index is composed of securities from the Barclays Government/Credit Bond Index, Mortgage-Backed Securities Index, Asset-Backed Securities Index, and Commercial Mortgage-Backed Securities Index.

Bloomberg Barclays US Corporate Index is a market-weighted index of investment-grade corporate fixed-rate debt issues with maturities of one year or more.

Bloomberg Barclays US Long Treasury Index measures US dollar-denominated, fixed-rate, nominal debt issued by the US Treasury. Treasury bills are excluded by the maturity constraint, but are part of a separate Short Treasury Index.

Bloomberg Barclays US MBS Fixed Rate Index measures the performance of investment grade fixed-rate mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Bloomberg Barclays Municipal Bond 10-year Index is a sub-index of the Barclays Municipal Bond Index. It is a rules-based market value-weighted index of bonds with maturities of 10 years engineered for the tax-exempt bond market.

Bloomberg Barclays US FRN (BBB) is a subset of the US Floating-Rate Note (FRN) Index, which measures the performance of USD denominated, investment-grade, floating-rate notes across corporate and government-related sector.

Bloomberg Barclays U.S. Convertibles Composite includes all four major classes of USD equity-linked securities including: convertible cash coupon bonds, zero-coupon bonds, preferred convertibles with fixed par amounts and mandatory equity-linked securities.

Bloomberg Barclays U.S. Fixed-Rate Asset-Backed Securities (ABS) Index covers fixed-rate ABS with the following collateral types: credit cards, autos, home equity loans and stranded-cost utility (rate reduction bonds).

Bloomberg Barclays U.S. CMBS Index measures the market of conduit and fusion Commercial Mortgage-Backed Securities deals with a minimum current deal size of \$300 million.

Core PCE price Index is the less volatile measure of the PCE price index which excludes the more volatile and seasonal food and energy prices.

Credit Suisse (CS) Leveraged Loan Index is designed to mirror the investible universe of the United States dollar-denominated leveraged loan market.

JP Morgan GBI Emerging Markets Global Diversified Index is a comprehensive global, local emerging-markets index, and consists of liquid, fixed-rate, domestic-currency government bonds.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of 21 emerging market country indices.

MSCI Japan Index is a free-float adjusted market-capitalization index designed to measure large- and mid-cap Japanese equity market performance.

MSCI USA Materials Index is designed to capture the large and mid cap segments of the US equity universe. All securities in the index are classified in the Materials sector as per the Global Industry Classification Standard (GICS®).

MSCI USA Consumer Discretionary Index is designed to capture the large and mid cap segments of the US equity universe.

MSCI Europe Index is a free-float adjusted market-capitalization-weighted index designed to measure the equity market performance of the developed markets in Europe: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.

MSCI USA Financials Index is designed to measure the performance of the large and mid cap segments of the US equity universe. All securities in the index are classified in the Financials sector in the Global Industry Classification Standard (GICS®).

MSCI USA Energy Index is designed to capture the large and mid cap segments of the US equity universe. All securities in the index are classified in the Energy sector in the Global Industry Classification Standard (GICS®); USD (trade weighted) is a proxy for the US dollar.

MSCI USA Information Technology Index is designed to capture the large and mid cap segments of the US equity universe. All securities in the index are classified in the Information Technology sector as per the Global Industry Classification Standard (GICS®).

MSCI USA Index is designed to measure the performance of the large and mid cap segments of the US market. With 627 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US.

MSCI World ex USA Index captures large and mid cap representation across developed market countries, excluding the US.

Russell 1000 Index measures the performance of the large-cap segment of the US equity universe.

Russell 2000 Index measures the performance of the small-cap segment of the US equity universe.

S&P GSCI Commodity Index consists of 24 commodity futures on physical commodities across five sectors: energy, agriculture, livestock, industrial metals, and precious metals.

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

S&P 500 Growth Index is a subset of the S&P 500 Index. It includes full market-capitalization weightings in the most growth-oriented third of the S&P 500 Index, and a half market-cap stake in the stocks within the S&P 500 Index that have both value and growth characteristics.

S&P 500 Value Index is a subset of the S&P 500 Index. It includes full market-capitalization weightings in the most value-oriented third of the S&P 500 Index, and a half market-cap stake in the stocks within the S&P 500 Index that have both value and growth characteristics.

Important Risks: Investing involves risk, including the possible loss of principal. • 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 and economic developments. These risks may be greater for investments in emerging markets. • Small- and mid-cap securities can have greater risks and volatility than large-cap securities. • Commodity investments are subject to additional risks.

- Fixed income security risks include credit, liquidity, call, duration, and interest-rate risk. As interest rates rise, bond prices generally fall.
- Investments in high-yield (“junk”) bonds involve greater risk of price volatility, illiquidity, and default than higher-rated debt securities.

The value of inflation-protected securities (IPS) generally fluctuates with changes in real interest rates, and the market for IPS may be less developed or liquid, and more volatile, than other securities markets. • 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. • Loans can be difficult to value and highly illiquid; they are also subject to nonpayment, collateral, bankruptcy, default, extension, prepayment and insolvency risks.

The Floating Rate Fund and the Floating Rate High Income Fund should not be considered an alternative to CDs or money market funds. This Fund is for investors who are looking to complement their traditional fixed-income investments.

The views expressed here are those of Nanette Abuhoff Jacobson. They should not be construed as investment advice. They are based on available information and are subject to change without notice. Portfolio positioning is at the discretion of the individual portfolio management teams; individual portfolio management teams and different fund sub-advisers may hold different views and may make different investment decisions for different clients or portfolios. This material and/or its contents are current as of the time of writing and may not be reproduced or distributed in whole or in part, for any purpose, without the express written consent of Wellington Management or Hartford Funds.

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HARTFORDFUNDS

Our benchmark is the investor.®

At Hartford Funds, your investment satisfaction is our measure of success. That's why we use an approach we call human-centric investing that considers not only how the economy and stock market impact your investments, but also how societal influences, generational differences, and your stage of life shape you as an investor.

Instead of cookie-cutter recommendations and generic goals, we think you deserve personalized advice from a financial advisor who understands your financial situation and can build a financial plan tailored to your needs.

Delivering strong performance is always our top priority. But the numbers on the page are only half the story. The true test is whether or not an investment is performing to your expectations.

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