NEWSLETTER

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Source: Hartford Funds ©2022

10 Things You Can Do If You're Feeling Inflation's Pinch

We're facing the worst inflation in decades. Here's how you can lessen its impact on your wallet.

1 Budget Basics - If you don't have a budget, now's the time to make one. And if you already have one, it may be time to reexamine it. Do your spending habits align with your true priorities? Can you cut back anywhere?

2 Don't Fall Into a Debt Trap - When your bills are on the rise, you may want to reach for your credit card. Unfortunately, debt is going to get more expensive as the Federal Reserve raises rates in an effort to combat inflation. Prioritize paying off debt with the highest interest rates first.

3 Energy Efficiency - Making your home more energy-efficient can help keep your bills in check. Check windows and doors for leaks, make the switch to energy-saving light bulbs, and unplug chargers when not in use. Also, make sure to regularly clean and replace filters and consider investing in a programmable thermostat.

4 Save Some Green on Gas - When it comes to saving at the pump, start with your own habits-keep up with your car's maintenance, stick to the speed limit, and be strategic about trips. Use apps such as GasBuddy or AAA to find the cheapest price nearby or look for stations that offer a discount when you pay in cash. Many grocery-store loyalty programs and warehouse-club memberships award discounts as well.

5 Are You Still Watching? - Now is a great time to reevaluate streaming services, subscriptions, and memberships. Are you using them enough to justify the cost? Do the same thing with phone, internet, and insurance providers; you may be able to switch to a cheaper alternative or negotiate a cheaper rate.

6 Supermarket Savings - If you're looking to save on groceries, start by planning meals around what you already have. Use coupons, shop midweek when prices drop, compare prices, choose store brands, and stick to your list. Take advantage of sales on canned goods and frozen (or freezable) foods that keep for a while.

7 Shop Smart - Coupon websites offer discounts for many online purchases. Before buying new, check Craigslist, Facebook Marketplace, and thrift stores. Warehouse stores often have even more savings: great deals on auto purchases, insurance, HVAC systems, and home furnishings.

8 Save the Luxuries for Later - Many of us are itching to indulge in a vacation after two years of a pandemic, but it may be a good time to rethink it. Vacations, large purchases, and extra luxuries may need to take a back seat; if it's not immediately necessary, you may want to wait for a better price down the road.

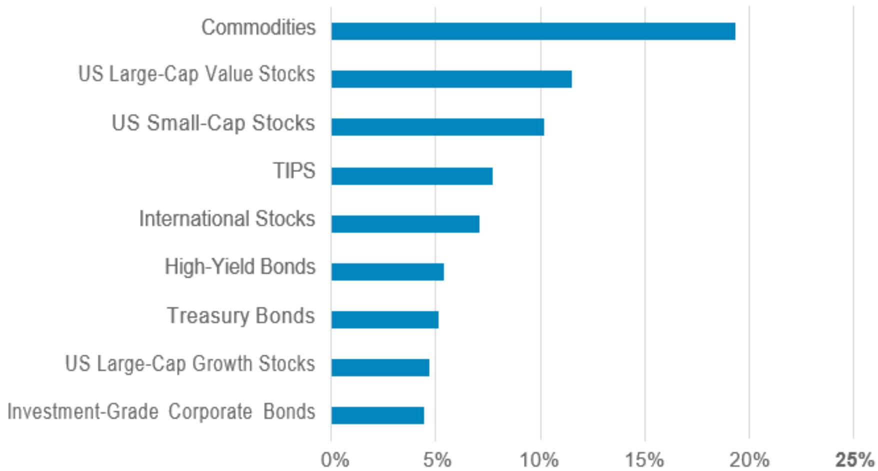
9 Don't Neglect Your Piggy Bank - You may be tempted to forsake putting a little money away each month, but it's important to have a safety net in place-because the unexpected is getting more expensive as well.

10 Put Your Money to Work - While your money may currently have less purchasing power, choosing investments with the potential to keep pace with inflation may be a wise strategy **(FIGURE 1).** Even if you can't afford to invest much now, the power of compounding can turn small amounts into large amounts over time. Keeping this perspective and playing the long game has historically paid off for investors.

FIGURE 1

Asset Classes That Benefited During Past Periods of Rising Inflation*

Average Returns During Eight Inflationary Periods Since 1970



Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment. See below for representative index definitions. For illustrative purposes only. Note: Historical data unavailable for some asset classes. Rising core CPI periods, which do not include food or energy prices, defined as increases of about 1% or more. Eight time periods shown in chart are 1973-1975, 1977-1980, 1983-1984, 1987-1991, 1999-2001, 2003-2006, 2010-2012, 2020-2021. Source: Hartford Funds as of 12/31/21.

Below is the most recent Market Update we sent out via email.
For those who missed reading it, we've included it here.

WE ARE NOW OFFICIALLY IN A BEAR MARKET

The market declined 20% from its all-time high, which is the definition of a bear market. Most people have lived through one or multiple bear markets and none of them are pleasant, but mercifully they all come to an end. More importantly, they all have been followed by strong bull markets that have gone on to reach new highs. We believe, as long as our capitalistic system is in place, this pattern will continue.

There are a number of factors that have contributed to this market downturn. These include bad monetary policy by the Fed (creating too much money) and bad fiscal policy from the government (spending too much money). These bad policies laid the foundation for the powerful inflationary situation that we are experiencing. And now, the Fed feels forced to raise interest rates and cut back on the money supply in order to fight the inflation monster. An unfortunate byproduct is a declining stock market and possibly a recession.

Not having a crystal ball, we were not able to foresee the timing or severity of the impact of the Fed's reaction to these ill-advised policies. However, we have taken the following steps: Introduced inflation hedges, added an energy ETF, eliminated most of the growth-type investments, added value-type investments, and increased the cash allocation. We feel these steps will soften the impact of the "bear'' and yet leave us in a position to participate when the inevitable upturn begins. There is reason for some optimism. It has been reported that some of the large institutional management firms are beginning to shop for bargains.

We are prepared to take further steps as we deem to be appropriate.

***Commodities** are represented by the Bloomberg Commodity Total Return Index, an index composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. **High Yield Bonds** are represented by the Bloomberg US Corporate High Yield Total Return Index, 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. International Stocks are represented by the MSCI World ex USA Index, a free float-adjusted market-capitalization index that captures large- and mid-cap representation across developed-markets countries excluding the United States. MSCI performance is shown net of dividend withholding tax.**Investment-Grade (IG) Corporate Bonds** are represented by the Bloomberg US Corporate Index, a market-weighted index of investment-grade corporate fixed-rate debt issues with maturities of one year or more. Treasury Bonds are represented by the Bloomberg US Treasury Index, an unmanaged index of prices of US Treasury bonds with maturities of one to 30 years. **US Large- Cap Value Stocks** are represented by the top 30% of the top 1000 US stocks based on a value score that equally weights multiple valuation metrics to arrive at an aggregated valuation metric. Valuation metrics include: Earnings Yield, Operating Cash Flow/Enterprise Value (EV), EBITDA (earnings before interest, taxes, depreciation, and amortization)/EV, Sales/EV, Dividend Yield, and Equity Yield. **US Large-Cap Growth Stocks** are represented by the top 30% of the top 1ODO US Stocks based on 50% year-over-year total earnings growth and 50% year-over-year revenue growth. **US Small Cap Stocks** are represented by the US universe of small-cap stocks as identified by US stocks between the 85th and 98th percentiles of market cap. **TIPS** are represented by the Bloomberg US Treasury Inflation-Linked Bond Index (Series L), which measures the performance of the US Treasury Inflation-Protected Securities (TIPS) market. **Important Risks:**Investing involves risk, including the possible loss of principal. • Investments in the commodities market may increase liquidity risk, volatility, and risk of loss if adverse developments occur. • Small-cap securities can have greater risks, including liquidity risk, and volatility than large-cap securities. • Different investment styles may go in and out of favor, which may cause a fund to underperform the broader stock market. • Foreign investments may be more volatile and less liquid than US investments and are subject to the risk of currency fluctuations and adverse political, economic and regulatory developments.• Fixed-income security risks include credit, liquidity, call, duration, and interest-rate risk. As interest rates rise, bond prices generally fall.• 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.• Obligations of US Government agencies are supported by varying degrees of credit but are generally not backed by the full faith and credit of the US Government. • Investments in high-yield ("junk") bonds involve greater risk of price volatility, illiquidity, and default than higher-rated debt securities. "Bloomberg®" and any Bloomberg Index are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the indices (collectively, "Bloomberg") and have been licensed for use for certain purposes by Hartford Funds. Bloomberg is not affiliated with Hartford Funds, and Bloomberg does not approve, endorse, review, or recommend any Hartford Funds product. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to Hartford Fund products. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy,completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent. Hartford Funds Distributors, LLC, Member FINRA. CCWP117_0422 228663