There Are Always Reasons Not to Invest

WHETHER THE HEADLINE COMES FROM A NEWSPAPER OR A PUSH NOTIFICATION, there will always be negative news that will make investors wary. Looking back over the past 50 years, despite many reasons not to invest, staying the course ended up being profitable.

The table below outlines standout news events from each year ending in zero in the last half-century. Even though the reasons not to invest were compelling, disciplined investors who tuned out the noise and stayed invested in stocks were rewarded in the long term.

Staying Invested Despite Negative News

1970 Reasons not to invest	Stock Returns in 1970	Growth of $10,000: 1970-2019
US invades Cambodia Vietnam War protests escalate US recession	3.9%	$1,530,989

1980 Reasons not to invest	Stock Returns in 1980	Growth of $10,000: 1980-2019
Inflation is rampant: 13.5% Iranian hostage crisis Cold War tensions	32.5%	$867,369

1990 Reasons not to invest	Stock Returns in 1990	Growth of $10,000: 1990-2019
First Iraq War US recession Lingering Cold War tensions	-3.1%	$172,731

2000 Reasons not to invest	Stock Returns in 2000	Growth of $10,000: 2000-2019
Dot-com bubble bursts Energy prices spike Bush vs. Gore election and recount	-9.1%	$32,421

Sources: Morningstar and Hartford Funds, 2/20. This table assumes an initial investment of $10,000 in stocks (represented by the S&P 500 Index) at the beginning of the period (January 1) and held through the end of the referenced period (December 31). Results will vary for other time periods and investment strategies. Assumes reinvestment of dividends and capital gains and no taxes or transaction costs. The S&P 500 Index is a market capitalization-weighted price index composed of 500 widely held common stocks. **Past performance does not guarantee future results.** The index is unmanaged and not available for direct investment. For illustrative purposes only.

2010 Reasons not to invest	Stock Returns in 2010	Growth of $10,000: 2010-2019
Lingering fears from the Great Recession	15.1%	$35,666
Unemployment rate: 9.6%		
Uncertainty about healthcare reform		

2020 Reasons not to invest	Stock Returns in 2020	Growth of $10,000: 2020
Coronavirus outbreak	???	???
Election year uncertainty		
Tensions in the Middle East		

Investing is a long-term endeavor. There will be trying years such as 2008 when the S&P 500 Index dropped 37%, which turned a $10,000 investment at the start of the year into $6,300 by the end of the year.[1] Nevertheless, history suggests that participating in the market has paid off over time.

Your financial advisor can help you create a plan so you can be a confident and disciplined investor.

[1] Data Sources: Morningstar and Hartford Funds, 2/20.

Investing involves risk, including the possible loss of principal. Individual investor's circumstances may vary. Before investing, consider your personal goals, risk tolerance, and time horizon. While diversification does not ensure a profit or protect against a loss in a declining market, it may be prudent to diversify among equity and fixed-income investments.

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CCWP046_0220 215976