

# Hartford Schrodgers Intl Multi-Cp Val I SIDNX

A sprawling portfolio with some merit.

## Morningstar's Take SIDNX

**Morningstar Rating** ★★★★★

**Morningstar Analyst Rating** Bronze

### Morningstar Pillars

Process		Above Average
Performance	—	—
People		Average
Parent		Above Average
Price	—	—

### Role In Portfolio

Supporting Player

### Fund Performance

Year	Total Return (%)	+/- Category
YTD	10.66	1.33
2020	1.04	0.16
2019	18.57	0.77
2018	-15.41	0.04
2017	23.29	1.21

Data through 9-30-21

3-31-21 | by Nicholas Goralka

Despite Hartford Schrodgers International Multi-Cap Value's steady leadership and sound process, personnel turnover remains a cause for concern. It earns a Morningstar Analyst Rating of Bronze on its cheaper share classes, while the more expensive receive Neutral.

Team turnover undermines confidence in a fund with solid leadership. Justin Abercrombie heads up the quantitatively focused QEP investment group at Schrodgers and is the lead portfolio manager on all nine of its global strategies. Abercrombie set up the team in 1996 upon joining the firm and developed the quantitative process employed across the strategies. The underlying team totals around 20. It is the ongoing turnover among its lower ranks that gives reason for concern: Five people left from 2018-20, including a listed manager, following a longer-term pattern of significant churn. The team will need to stabilize to increase this strategy's appeal.

The strategy's quantitative approach uses enough of a fundamental overlay to differentiate it from its competitors. Initial screens target quality and valuation metrics and ignore momentum measures, unlike some other quant strategies. The team looks at different metrics for different industries, continually pushing to find new and effective ways to update the models. When assessing quality, the team members look at profitability, stability, management's ability, and financial strength.

The resulting value-oriented portfolio stands out for its breadth. The 800-stock portfolio has historically held meaningful positions across the market-cap spectrum in-line with its name, while most other foreign large-value strategies allocate their assets toward giants. Many of its sector weightings are close to those of the MSCI ACWI ex USA benchmark, but the managers aren't afraid to engage in minor sector or industry bets, such as the 4-percentage-point underweight in pharmaceuticals in the February 2021 portfolio. High turnover elevates trading costs, but this strategy is still worth a look for international value investors at the right price.

**Process Pillar** Above Average | Nicholas Goralka 03/31/2021

This strategy's robust quantitative approach merits an Above Average Process rating. Initial screens target quality and valuation metrics and ignore momentum measures, unlike some other quant strategies. The team looks at different metrics for different industries, continually pushing to find new and effective ways to update the models. Since 2018, for example, the team increased the strategy's governance considerations and increased the maximum initial position size to allow for more influential high-conviction holdings. More than 12,000 stocks are evaluated with the screens, and the strategy's assets are spread very broadly. Many stocks are allotted just 0.01%-0.05% of assets, though attribution shows

that those tiny positions have also added value over the strategy's history. Turnover is higher than the category median, averaging 85% over the last 10 years to the category's 53%.

When assessing quality, the team members look at profitability (primarily return on equity with other considerations depending on the industry), stability, management's ability, and financial strength after a stock passes through the initial screening. Although the portfolio turnover leads to above-average trading costs, the rigorous quantitative process still elevates the strategy above its average competitor.

The strategy's value-oriented portfolio has historically held meaningful positions across the market-cap spectrum, perhaps unsurprising given the breadth of its 800 holdings. Meanwhile, many other foreign large-value strategies allocate most of their assets toward giants, giving less attention to smaller companies. Despite its value tilt, the portfolio tends to own a lower percentage of stocks with Morningstar Economic Moat Ratings compared with its MSCI ACWI ex USA benchmark.

The fund's overall portfolio lands in the lower part of the large-value portion of the Morningstar Style Box, for its commitment to value has remained consistent despite the style's headwinds over the 2010s. Many of its sector weightings are close to those of the MSCI ACWI ex USA benchmark, but the strategy's value lean does occasionally result in some minor allocation discrepancies at sector or industry levels. For example, the February 2021 portfolio held a 9.5% position in the pharmaceuticals industry compared with the 5.3% of the benchmark. The strategy's country allocations can differ greatly from those of the category, especially its emerging-markets stake. It had roughly 22% of its assets invested in companies domiciled in emerging markets in the February 2021 portfolio (as defined by MSCI), triple the allocation of its median peer.

**Performance Pillar** | Nicholas

Goralka 03/31/2021

This strategy's returns under lead manager Justin Abercrombie bested its MSCI ACWI ex USA benchmark and foreign large-value category over a grueling period for international equities. From his August 2006 start through February 2021, its annualized returns of only 4.9% still outclassed the benchmark's 2.3% and category's 2.6%. Further, it achieved these returns without taking outsize risk, resulting in superior risk-adjusted metrics as well. Over that period, the strategy outperformed in part by limiting the damages in market sell-offs, though some recent struggles during the drawdowns of 2018 and 2020 mean that the strategy's three- and five-year records don't look as impressive as its longer-dated metrics.

The strategy suffered stinging damages in the sell-off spurred by the coronavirus and the concurrent collapse of crude oil prices. From the index's Jan. 17, 2020, peak through March 23, 2020, the strategy lost 37% to the benchmark's 34% and category's 37%. While its large portfolio mitigated the impact of any one holding's decline in value, the strategy's value lean contributed to lower returns compared with its blend-oriented benchmark. Furthermore, an underweight in consumer staples and overweight in energy also proved costly over that period as investors sought defensive stocks and oil prices collapsed.

**People Pillar** ● Average | Nicholas

Goralka 03/31/2021

Despite steady leadership, nagging analyst turnover warrants an Average People rating.

Justin Abercrombie heads up the quantitatively focused QEP investment team at Schroders and is the lead portfolio manager on all nine global strategies run by the group. Abercrombie set up the team in 1996 upon joining the firm and developed its quantitative process. Stephen Langford, who has 20 years of experience and is a listed comanager on this fund, and co-head of research David Philpotts, who has 29 years of experience, join Abercrombie as listed managers. Fredrik Regland, who joined in 2015, leads research

alongside Stephen Langford, who was promoted to the role in 2018 but joined the team in 2003. Alongside maintenance, optimization, and execution, a key focus of the group is the ongoing effort to innovate and expand the models through research and development.

The underlying team totals around 20, including portfolio managers, research analysts, and developers with various roles. However, ongoing turnover among its lower ranks gives reason for concern: Five people left from 2018-20, including former comanager Michael O'Brien, who had been named on the strategy since 2016 (Daniel Woodbridge replaced him as manager in late 2020), following a longer-term pattern of significant analyst turnover. The team will need to stabilize to increase this strategy's appeal.

**Parent Pillar** ● Above Average | Elizabeth

Foos 12/21/2020

Hartford Funds has evolved over the past decade by hiring strong subadvisors, honing its product lineup, and improving some fee structures. These efforts support an Above Average Parent Pillar rating.

The firm maintains a long-standing relationship with well-respected subadvisor Wellington Management Company. Wellington has long run the firm's equity funds--over half of its \$116 billion in fund assets--and took the reins of Hartford Fund's fixed-income platform beginning in 2012. In 2016, Hartford Funds began offering strategic-beta exchange-traded funds with its acquisition of Lattice Strategies and partnered with U.K.-based Schroders to expand its investment platform further. The Schroders alliance added another strong subadvisor to Hartford's lineup, with expertise in non-U.S. strategies.

Hartford Funds mostly leaves day-to-day investment decisions to its well-equipped subadvisors and instead steers product development, risk oversight, and distribution for its strategies. In 2013, the firm reorganized and grew its product-management and distribution effort. Since then, leadership has added resources to its distribution and oversight teams, merged and

liquidated subpar offerings, introduced new strategies, evolved its strategic partnerships with MIT AgeLab and AARP, and lowered some fees. That said, fees are still not always best in class but have improved.

**Price Pillar** | Nicholas Goralka 03/31/2021

It's critical to evaluate expenses, as they come directly out of returns. The share class on this report levies a fee that ranks in its Morningstar category's second-cheapest quintile. Based on our assessment of the fund's People, Process and Parent pillars in the context of these fees, we think this share class will be able to deliver positive alpha relative to the category benchmark index, explaining its Morningstar Analyst Rating of Bronze.

Historical Performance (Class I) (%)	1 Year	3 Year	5 Year	10 Year	Since Inception
<b>Average Annual Total Returns</b> (as of 9/30/21)					
Hartford Schroders International Multi-Cap Value Fund I	30.10	5.05	6.43	7.15	5.06
MSCI ACWI ex USA Index	23.92	8.03	8.94	7.48	—
Morningstar Foreign Large Value Category Average	29.16	4.72	6.45	6.43	—

Expenses (%)\* (Class I) Net: 0.85 Gross: 0.85

**Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. For more current performance information to the most recent month ended, please visit hartfordfunds.com.**

Fund Inception: 8/30/06. Performance prior to 10/24/16 reflects the performance, fees, and expenses of the predecessor fund. Performance prior to the inception of a class reflects performance and operating expenses of another class(es) (excluding sales charges, as applicable). If applicable fees and expenses were reflected, performance would have differed. Since inception performance is calculated from 8/30/06. MSCI index performance is shown net of dividend withholding tax.

\*Expenses as shown in the Fund's most recent prospectus.

## Morningstar Rating™ (Class I)

For the Foreign Large Value Category based on Risk-Adjusted Returns as of 9/30/21

	Overall	3 Year	5 Year	10 Year
Star Rating	★★★★	★★★	★★★	★★★★
# of Funds in Category	317	317	269	180

## Top Ten Holdings (%) (as of 9/30/21)

Royal Dutch Shell plc	1.48	Unilever plc	1.25
AstraZeneca plc	1.27	Novartis AG	1.24
Roche Holding AG	1.27	Astellas Pharma, Inc.	1.07
Sanofi	1.27	KDDI Corp.	1.02
GlaxoSmithKline plc	1.25	Nippon Telegraph & Telephone Corp.	0.95
		<b>% of Portfolio</b>	<b>12.07</b>

The Morningstar Rating™ for funds, or "star rating", is calculated for funds and separate accounts with at least a 3-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. Star rating based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance (without adjusting for any sales load, if applicable), placing more emphasis on downward variations and rewarding consistent performance. 5 stars are assigned to the top 10%, 4 stars to the next 22.5%, 3 stars to the next 35%, 2 stars to the next 22.5%, and 1 star to the bottom 10%. Overall Morningstar Rating is derived from a weighted average of the performance figures associated with its 3-, 5-, and 10-year (if applicable) Morningstar Rating metrics. Other share classes may have different ratings.

Morningstar awarded the Class I share of the Fund a Bronze rating on 3/31/21. The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, which consists of various Morningstar, Inc. subsidiaries ("Manager Research Group"). In the US, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the US Securities and Exchange Commission. The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The Manager Research Group uses this five-pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark over the long term on a risk adjusted basis. They consider quantitative and qualitative factors in their research and weights will vary.

The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months.

The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the Manager Research Group's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

For more detailed information about Morningstar's Rating for Funds and Analyst Rating, including their methodology, please go to [global.morningstar.com/managerdisclosures](http://global.morningstar.com/managerdisclosures).

©2021 Morningstar, Inc. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

The views and opinions expressed within this report are those of Morningstar and are subject to change based on market, economic, and other conditions. All information referenced herein is as of 3/31/21 unless otherwise noted. There is no guarantee that the Fund will continue to hold any security listed in the Top Ten Holdings or referenced within this report. Holdings are subject to change. Percentages may be rounded. For the Fund's most recent publicly available list of holdings, please visit [hartfordfunds.com](http://hartfordfunds.com).

Effective 7/22/20, Daniel Woodbridge was added as one of the Fund's portfolio managers. As of 8/14/20, Michael O'Brien no longer serves as one of the Fund's portfolio managers.

Indices are unmanaged and not available for direct investment. The MSCI ACWI ex USA Index captures large and mid cap representation across developed markets (excluding the US) and emerging markets countries. 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.

**Important Risks:** Investing involves risk, including the possible loss of principal. Security prices fluctuate in value depending on general market and economic conditions and the prospects of individual companies. • Foreign investments may be more volatile and less liquid than U.S. investments and are subject to the risk of currency fluctuations and adverse political, economic, and regulatory developments. These risks may be greater for investments in emerging markets or if the Fund focuses in a particular geographic region or country. • Small- and mid-cap securities can have greater risks and volatility than large-cap securities. • Different investment styles may go in and out favor, which may cause the Fund to underperform the broader stock market. • The Fund may have high portfolio turnover, which could increase its transaction costs and an investor's tax liability. • Integration of environmental, social, and/or governance (ESG) factors into the investment process may not work as intended.

**Investors should carefully consider a fund's investment objectives, risks, charges and expenses. This and other important information is contained in the fund's prospectus and summary prospectus, which can be obtained by visiting [hartfordfunds.com](http://hartfordfunds.com). Please read it carefully before investing.**

Mutual funds are distributed by Hartford Funds Distributors, LLC (HFD), Member FINRA. Advisory services are provided by Hartford Funds Management Company, LLC (HFMC). Certain funds are sub-advised by Schroder Investment Management North America Inc. Schroder Investment Management North America Ltd. serves as a secondary sub-adviser to certain funds. HFD and HFMC are not affiliated with any sub-adviser.

226175 MFAR209\_1121