



**Federal Retirement
Thrift Investment Board**

QUARTERLY VENDOR ASSESSMENT

Board Presentation: December 20, 2022

Prepared by:
Office of Planning and Risk (OPR)

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Accenture (ACN) Exchange: NYSE **Sector:** Technology **Industry:** Information Technology Services

Company Overview:

- Accenture provides management and technology consulting services and solutions. The company delivers a range of specialized capabilities and solutions to clients across all industries on a worldwide basis. Accenture operates a network of business provides consulting, technology, and outsourcing and alliances.

Strengths

- Global delivery model
- Strong workforce
- Leading with research and innovation

Challenges

- Organizational challenges due to size
- Primarily known as a consulting firm

Serviced Provided:

- Accenture Federal Services (AFS), a subsidiary of Accenture, provides Thrift Savings Plan (TSP) recordkeeping and defined contribution managed services to FRTIB that include operating and managing the associated resources (i.e., people, processes, and systems) required to deliver TSP retirement services.

Credit Ratings:

- Moody's: Aa3** – Stable grade – Has very strong capacity to meets its financial commitments.
- S&P: AA-** – Stable grade – Very strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances.

Cyber Security Ratings:

- BitSight Security Rating: 810** (an increase versus 800 in the prior quarter)
- Placement within the Business Services Industry Segment: Advanced (range of 740-900)**

Significant Events (July 2022 – September 2022):

- Accenture third quarter 2022 results reveal that revenues increased to \$16,159 million versus \$13,264 million in the prior year period. EBIT increased to \$2,603 million versus \$2,119 million in the prior year period.
- In September 2022, Accenture declared a quarterly cash dividend of \$1.12 per share of common stock which is payable on November 15, 2022.
- In July 2022, Accenture Federal Services (AFS) was awarded a \$199 million contract with U.S. Department of Homeland Security, Transportation Security Administration to provide IT services in support of the TSA's Secure Flight System.
- In September 2022, Accenture announced Ron Ash was appointed as the Chief Operating Officer and Elaine Beeman was appointed Chief Leadership Officer.

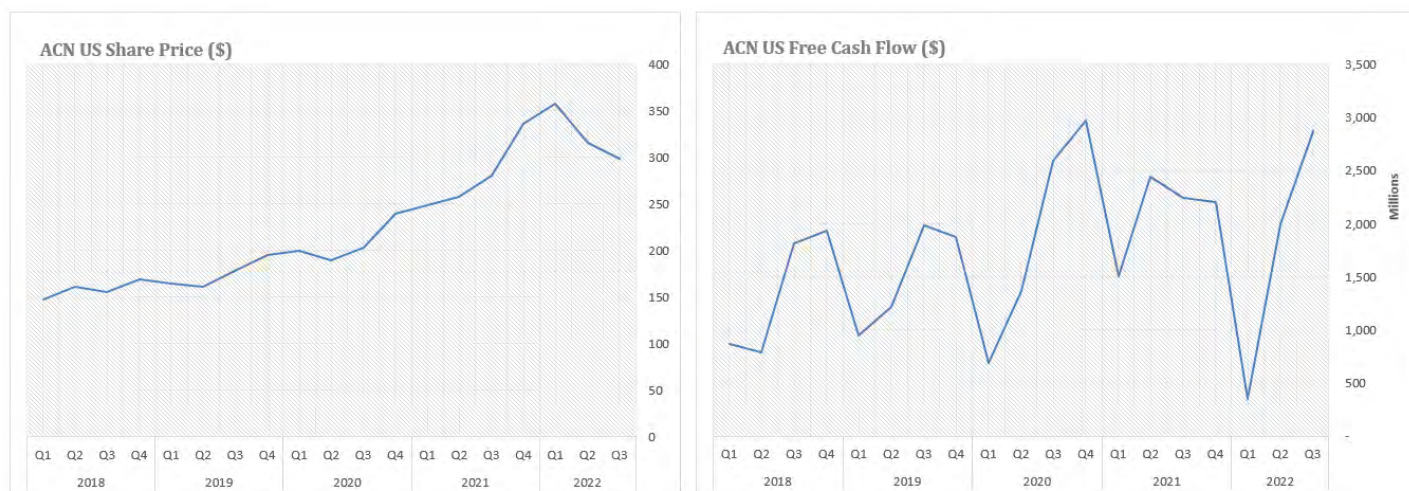
Subsequent Events (after September 2022):

- In October 2022, Accenture Federal Services (AFS) was awarded a \$650 million contract by Veterans Affairs Healthcare Innovation to deliver healthcare technology solutions.

Risk Monitoring:
Risk Mitigation Strategy:

- In the unlikely event that Accenture becomes unable to fulfill their contractual requirements, FRTIB would begin the acquisition planning phase (including market research and analysis) for a follow-on award in program year three of the base period of performance.
- The program office will be proactive in conducting on-going market research as a mitigation strategy to ensure it is familiar with potential solutions that are available in the marketplace.

Given the current analysis of the vendor, we find no indication that Accenture is unable to fulfill its contractual obligations to FRTIB.

Accenture (ACN) Exchange: NYSE Sector: Technology Industry: Information Technology Services

Key Metrics
Supporting Analysis

	Q3	Q3	%	
(\$ In Millions, except ratios, yields)	2021	2022	Change	Direction
Solvency				
Debt to Equity Ratio	17.33	15.85	-9%	↑
Debt to Capital Ratio	14.77	13.68	-7%	↑
Interest Coverage Ratio	73.72	216.03	193%	↑
Enterprise Value	\$173,143	\$186,317	8%	↑
Liquidity				
Cash Ratio	0.67	0.41	-40%	↓
Current Ratio	1.42	1.27	-10%	↓
Quick Ratio	1.25	1.06	-15%	↓
Profitability				
Revenue	\$13,264	\$16,159	22%	↑
EBITDA	\$299	\$364	22%	↑
EBIT	\$2,119	\$2,603	23%	↑
ROA	14.97	15.03	0%	↑
ROE	32.69	32.55	0%	↓
ROIC	30.46	32.41	6%	↑
Operating Margin	15.97	16.11	1%	↑
Profit Margin	11.68	11.05	-5%	↓
Net Income	1549.43	1786.08	15%	↑
EPS	2.44	2.82	16%	↑

Credit Ratings:
Moody's: Aa3 Stable

S&P: AA- Stable

BlackRock, Inc. (BLK)**Exchange:** NYSE**Sector:** Financials**Industry:** Asset Management**Company Overview:**

- BlackRock, Inc. (BlackRock) is the world's largest publicly traded investment management firm with portfolio managers located around the world. BlackRock helps clients around the world with a range of products that include separate accounts, mutual funds, iShares® (exchange-traded funds), and other pooled investment vehicles.

Strengths

- Leading market position and reputation across asset management industry with a global customer base
- Strong earnings and cash flow generation capacity

Challenges

- Increasing price competition in the ETF market
- Potential regulatory changes in asset management business

Services Provided:

- BlackRock is the investment manager for the Thrift Savings Plan (TSP) C, F, S, and I Funds. BlackRock Institutional Trust Company, N.A. (BTC) contracts with JPMorgan Chase Bank, N.A. to provide custodial services.

Credit Ratings:

- Moody's: Aa3** – Stable grade – judged to be of the highest quality, subject to the lowest level of credit risk.
- S&P: AA-** – Stable grade – Very strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances.

Cyber Security Ratings:

- BitSight Security Rating: 780** (no change from the prior quarter)
- Placement within the Finance Industry Segment: Advanced (range 740-900)**

Significant Events (July 2022 – September 2022):

- BlackRock third quarter 2022 results revealed that revenues decreased to \$4,311 million versus \$5,050 million in the prior year. EBIT decreased to \$1,700 million versus \$2,305 million in the prior year period.
- In July 2022, BlackRock declared a quarterly cash dividend of \$4.88 per share of common stock which is payable on September 23, 2022.

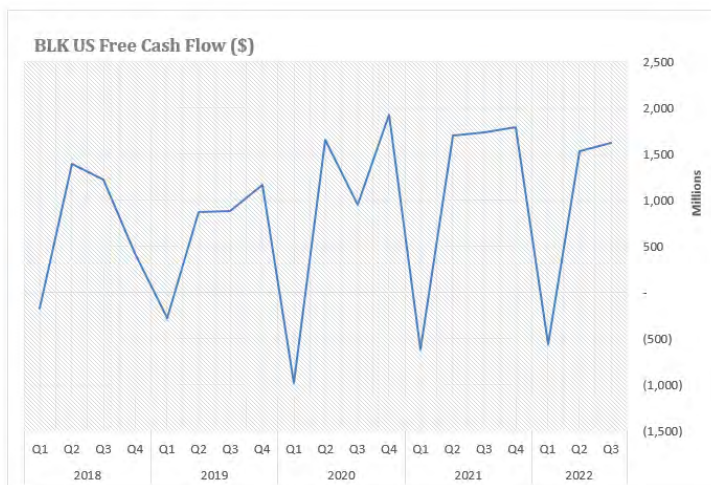
Subsequent Events (after September 2022):

- In October 2022, BlackRock announced Martin Small was appointed as the Chief Financial Officer effective in March 2023.
- In November 2022, BlackRock declared a quarterly cash dividend of \$4.88 per share of common stock which is payable on December 23, 2022.

Risk Monitoring:

- Risk Mitigation Strategy:** In the unlikely event that BlackRock is unable to fulfill its contractual duties to the TSP, in the short-term State Street (who is the 2nd investment manager) would take over BlackRock's portfolio. A new RFP would be issued for a 2nd investment manager to manage a portion of each of the funds and mitigate this risk.

Given the current analysis of the vendor, we find no indication that BlackRock is unable to fulfill its contractual obligations to FRTIB.

BlackRock, Inc. (BLK)**Exchange:** NYSE**Sector:** Financials**Industry:** Asset Management

Key Metrics Supporting Analysis

	Q3	Q3	%	
(\$ In Millions, except ratios, yields)	2021	2022	Change	Direction
Solvency				
Debt to Equity Ratio	21.95	21.94	0%	↑
Debt to Capital Ratio	18.00	17.99	0%	↑
Interest Coverage Ratio	-	-	-	
Enterprise Value	\$130,074	\$85,318	-34%	↓
Liquidity				
Cash Ratio	-	-	-	
Current Ratio	-	-	-	
Quick Ratio	-	-	-	
Profitability				
Revenue	\$5,050	\$4,311	-15%	↓
EBITDA	\$299	\$364	22%	↑
EBIT	\$2,305	\$1,700	-26%	↓
ROA	3.47	3.90	12%	↑
ROE	16.43	15.04	-8%	↓
ROIC	13.08	10.81	-17%	↓
Operating Margin	45.64	39.43	-14%	↓
Profit Margin	33.29	32.61	-2%	↓
Net Income	1681.00	1406.00	-16%	↓
EPS	11.05	9.33	-16%	↓

Credit Ratings:

Moody's: Aa3 Stable
 S&P: AA- Stable

MetLife, Inc. (MET)**Exchange:** NYSE**Sector:** Financials**Industry:** Life Insurance**Company Overview:**

- MetLife, Inc. (MetLife) is a leading global provider of insurance, annuities, and employee benefit programs throughout the United States, Japan, Latin America, Asia, Europe, and the Middle East.

Strengths

- Market leader and well diversified in individual and group life insurance as well as commercial mortgage

Challenges

- MetLife business and results of operations are materially affected by conditions in the global capital markets and the overall economy

Services Provided:

- MetLife has been the annuity provider to the TSP since 1987. The Federal Employees Retirement System Act of 1986 (FERSA) requires the FRTIB to offer participants who separate from federal service the option of purchasing an annuity, using all or a portion of the participant's account balance.

Credit Ratings:

- Moody's: A3** – Investment grade – Judged to be upper- medium grade and is subject to low credit risk and has high ability to repay short-term debt.
- S&P: A-** – Investment grade – Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances.

Cyber Security Ratings:

- BitSight Security Rating: 790** (an increase versus 770 in the prior quarter)
- Placement within the Insurance Industry Segment: Advanced (range of 740-900)**

Significant Events (July 2022 – September 2022):

- MetLife third quarter 2022 results revealed that revenues increased to \$22,270 million versus \$16,905 million in the prior year period.
- In July 2022, MetLife declared a quarterly cash dividend of \$0.50 per share of common stock, payable September 14, 2022.

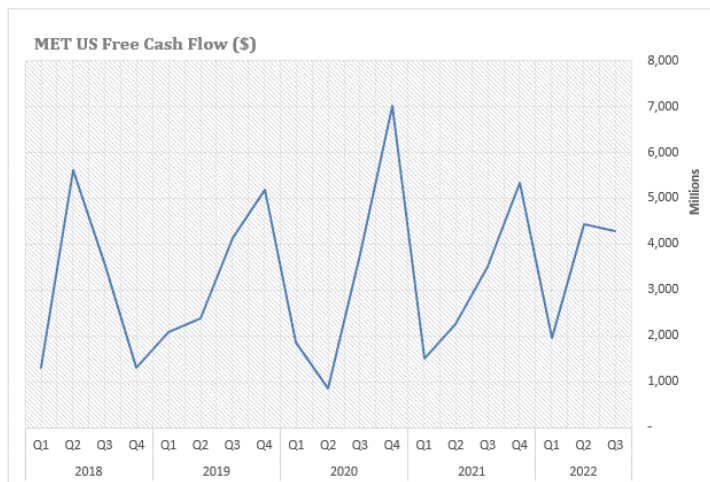
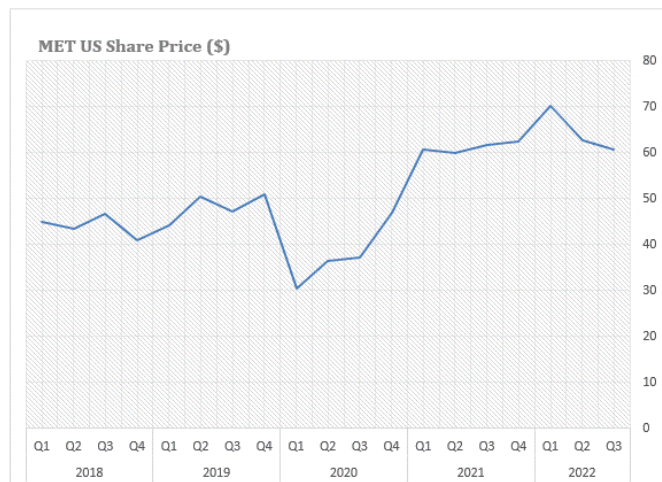
Subsequent Events (after September 2022):

- In October 2022, MetLife declared a quarterly cash dividend of \$0.50 per share of common stock, payable September 14, 2022.

Risk Monitoring:

- Risk Mitigation Strategy:** As a contingency measure in the unlikely event MetLife is unable to provide annuities as a distribution option for TSP participants, FRTIB could elect to not exercise options under the existing annuity contract, offer participants monthly payments until a new vendor is identified or identify an interim annuity vendor (via a non-competitive bid process).

Given the current analysis of the vendor, we find no indication that MetLife is unable to fulfill its contractual obligations to FRTIB.

MetLife, Inc. (MET)**Exchange:** NYSE**Sector:** Financials**Industry:** Life Insurance

Key Metrics

Supporting Analysis

	Q3	Q3	%	
(\$ In Millions, except ratios, yields)	2021	2022	Change	Direction
Solvency				
Debt to Equity Ratio	26.42	73.39	178%	↓
Debt to Capital Ratio	20.90	42.33	103%	↓
Interest Coverage Ratio	-	-	-	-
Enterprise Value	\$55,682	\$48,404	-13%	↓
Liquidity				
Cash Ratio	-	-	-	-
Current Ratio	-	-	-	-
Quick Ratio	-	-	-	-
Profitability				
Revenue	\$16,905	\$22,270	32%	↑
EBITDA	299.00	364.00	22%	↑
EBIT	-	-	-	-
ROA	0.71	0.34	-52%	↓
ROE	7.91	5.13	-35%	↓
ROIC	-0.93	-7.00	656%	↑
Operating Margin	13.50	2.95	-78%	↓
Profit Margin	9.37	1.77	-81%	↓
Net Income	1584.00	395.00	-75%	↓
EPS	1.78	0.42	-76%	↓

Credit Ratings:**Moody's:** A3

Stable

S&P: A-

Stable

Science Applications International Corp. (SAIC) Exchange: NYSE Sector: Technology Industry: IT Services

Company Overview:

- Science Applications International Corp. (SAIC) is a scientific, engineering, and technology applications company, serving the U.S. and foreign governments, and selected commercial customers.

Strengths

- Balanced distribution of revenue sources with more than 1,500 contracts and task orders
- Potential for SAIC to access \$25B in new market opportunities, for a total market of \$185B in government contracts

Challenges

- Decrease in sales and current customer base
- Spending reductions and pricing pressures for federal contracts.

Serviced Provided:

- SAIC provides a broad range of IT support services under the Technology and Enterprise Support Services (TESS) and Agency Information Technology Services (AITS) contracts.

Credit Ratings:

- Moody's: Ba2** – Speculative grade – Has speculative elements and subject to high credit risk.
- S&P: BB+** – Adequate grade – Has capacity to meet financial commitments, but more subject to adverse economic conditions.

Cyber Security Ratings:

- BitSight Security Rating: 680** (an increase versus 670 in the prior quarter)
- Placement within the Technology Industry Segment: Intermediate (range of 640-730)**

Significant Events (July 2022 – September 2022):

- SAIC third quarter 2022 results reveal that revenues increased to \$1,898 million versus \$1,818 million in the prior year period. EBIT increased to \$114 million versus \$110 million in the prior year period.
- In August 2022, SAIC declared a quarterly cash dividend of \$0.37 per share of common stock, payable October 28, 2022.

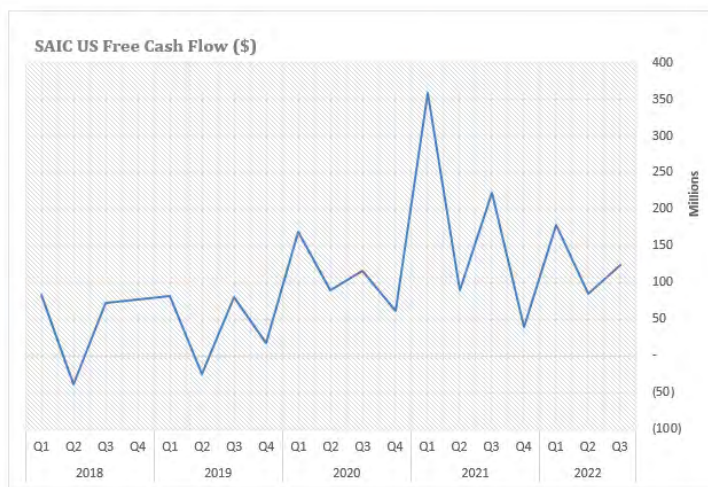
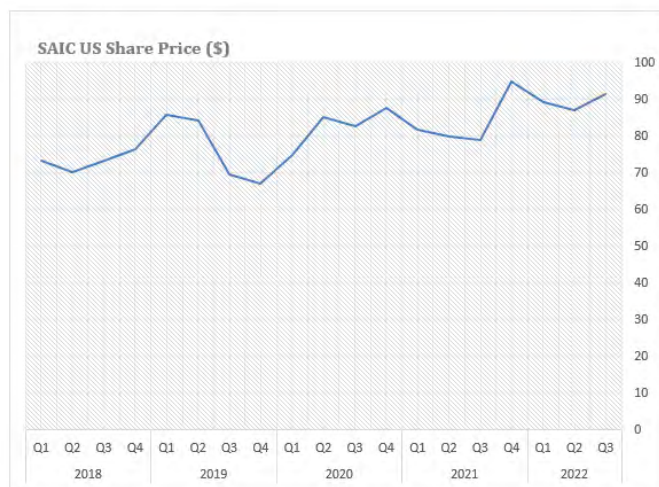
Subsequent Events (after September 2022):

- In November 2022, SAIC declared a quarterly cash dividend of \$0.37 per share of common stock, payable January 27, 2023.

Risk Monitoring:

- Risk Mitigation Strategy:* If SAIC were to become unavailable, the Agency would shift Government employees to perform critical operational functions in the short term. Concurrently, the agency would move quickly to establish an interim support capability while a long-term support contract was competed and negotiated.

Given the current analysis of the vendor, we find no indication that SAIC is unable to fulfill its contractual obligations to FRTIB.

Science Applications International Corp. (SAIC) Exchange: NYSE **Sector:** Technology **Industry:** IT Services

Key Metrics
Supporting Analysis

	Q3	Q3	%	
(\$ In Millions, except ratios, yields)	2021	2022	Change	Direction
Solvency				
Debt to Equity Ratio	167.95	155.14	-8%	↑
Debt to Capital Ratio	62.68	60.81	-3%	↑
Interest Coverage Ratio	3.44	4.38	28%	↑
Enterprise Value	\$6,794	\$7,531	11%	↑
Liquidity				
Cash Ratio	0.13	0.11	-16%	↓
Current Ratio	0.98	0.99	1%	↑
Quick Ratio	0.86	0.90	4%	↑
Profitability				
Revenue	\$1,818	\$1,898	4%	↑
EBITDA	\$299	\$364	22%	↑
EBIT	\$110	\$114	4%	↑
ROA	3.90	5.02	29%	↑
ROE	14.31	18.89	32%	↑
ROIC	8.17	9.08	11%	↑
Operating Margin	6.05	6.01	-1%	↓
Profit Margin	3.30	3.74	13%	↑
Net Income	60.00	71.00	18%	↑
EPS	1.03	1.24	20%	↑

Credit Ratings:

Moody's: Ba2	Stable
S&P: BB+	Stable

State Street Corporation (STT) Exchange: NYSE Sector: Finance Industry: Financial Services

Company Overview:

- State Street Corporation services institutional investors and manages financial assets worldwide. The company's products and services include custody, accounting, administration, daily pricing, international exchange services, cash management, financial asset management, securities lending, and investment advisory services.

Strengths

- Leading market position and reputation across asset management industry with a global customer base
- Strong earnings and cash flow generation capacity
- Major player in custody and securities lending

Challenges

- Increasing price competition in the ETF market
- Potential regulatory changes in asset management business

Serviced Provided:

- State Street Global Advisors Trust Company is the investment manager for the Thrift Savings Plan (TSP) C, F, and S Funds. The I Fund is pending at the current time. State Street Global Advisors Trust Company, N.A. (BTC) contracts with State Street Custody to provide custodial services.

Credit Ratings:

- Moody's:** – N/A
- S&P: A** – Stable grade – Has strong capacity to meet financial commitments.

Cyber Security Ratings:

- BitSight Security Rating: 690** (an increase versus 680 in the prior quarter)
- Placement within the Finance Industry Segment: Intermediate (range of 640-730)**

Significant Events (July 2022 – September 2022):

- State Street Corporation third quarter 2022 results reveal that revenues increased to \$3,400 million versus \$2,990 million in the prior year period.
- In July 2022, State Street Corporation declared a quarterly cash dividend of \$0.63 per share of common stock, payable October 13, 2022.
- In August 2022, State Street announced Brenda Tsai was appointed as the new Executive Vice President and Global Marketing Officer.

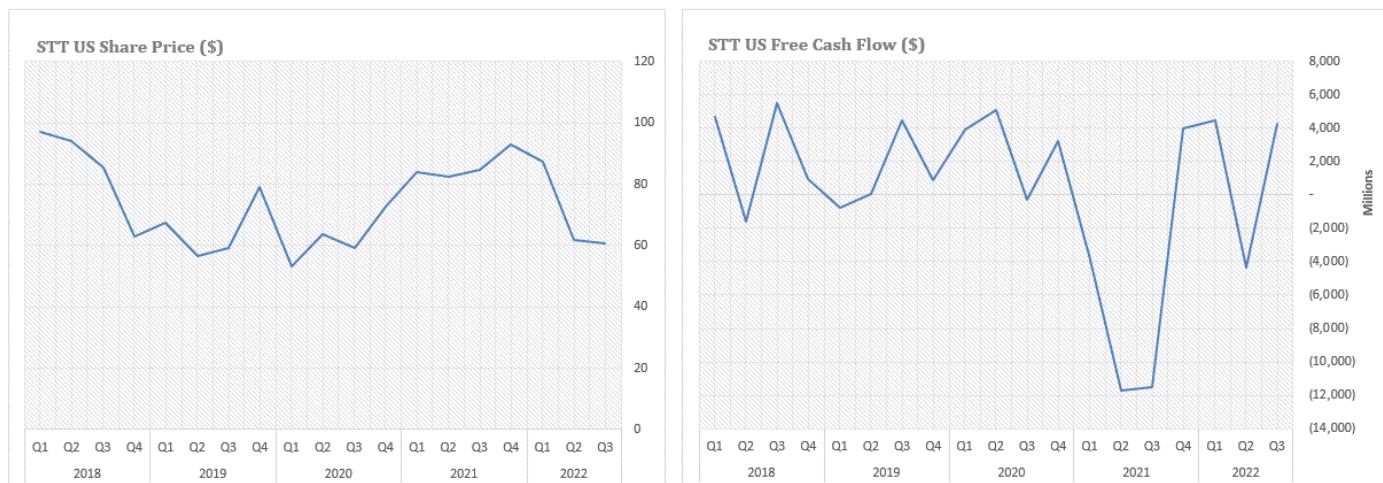
Subsequent Events (after September 2022):

- In November 2022, State Street announced they have terminated its proposed acquisition of Brown Brothers Harriman Investor Services, citing regulatory issues as reason for termination of deal.

Risk Monitoring:

- Risk Mitigation Strategy:** In the unlikely event that State Street Global Advisors is unable to continue to fulfill its contractual duties to the TSP, the FRTIB would re-compete the business currently with them and would shift assets to BlackRock in the meantime.

Given the current analysis of the vendor, we find no indication that State Street Global Advisors is unable to fulfill its contractual obligations to FRTIB.

State Street Corporation (STT) Exchange: NYSE Sector: Finance Industry: Financial Services

**Key Metrics
Supporting Analysis**

	Q3	Q3	%	
(\$ In Millions, except ratios, yields)	2021	2022	Change	Direction
Solvency				
Debt to Equity Ratio	51.86	71.58	38%	↓
Debt to Capital Ratio	34.15	41.72	22%	↓
Interest Coverage Ratio	-	-	-	
Enterprise Value	\$40,063	\$36,946	-8%	↓
Liquidity				
Cash Ratio	-	-	-	
Current Ratio	-	-	-	
Quick Ratio	-	-	-	
Profitability				
Revenue	\$2,990	\$3,400	14%	↑
EBITDA	299.00	364.00	22%	↑
EBIT	-	-	-	
ROA	0.85	0.87	3%	↑
ROE	10.06	10.73	7%	↑
ROIC	5.61	6.40	14%	↑
Operating Margin	29.30	28.69	-2%	↓
Profit Margin	23.88	23.32	-2%	↓
Net Income	714.00	690.00	-3%	↓
EPS	1.99	1.82	-9%	↓

Credit Ratings:
Moody's: N/A

Stable

S&P: A

Stable

Glossary of Terms

Cash Ratio: A liquidity ratio that measures a company's ability to pay short-term obligations.	Operating margin: A measurement the proportion of revenue left over after paying the variable costs of production. It is an important indicator of efficiency and profitability
Current Ratio: A liquidity ratio that measures a company's ability to pay short-term obligations.	Profit Margin: A ratio of profitability calculated as net income divided by revenues, or net profits divided by sales. It measures how much out of every dollar of sales a company actually keeps in earnings.
Debt/Capital: A measurement of a company's financial leverage, calculated as the company's debt divided by its total capital; Debt includes all short-term and long-term obligations; Total capital includes the company's debt and shareholders' equity, which includes common stock, preferred stock, minority interest and net debt.	Quick Ratio: A solvency metric to determine a firm's ability to pay down current liabilities with its cash, short term equivalents, and accounts receivables.
Debt/Equity: A measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity; It indicates what proportion of equity and debt the company is using to finance its assets.	Return on Asset (ROA): An indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings.
Earnings per share (EPS): The amount of income that "belongs" to each share of common stock. An important tool for investors, EPS is often used in determining the value of a stock.	Return on Equity: A measurement a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.
EBIT: An indicator of a company's profitability, calculated as revenue minus expenses, excluding tax and interest; EBIT is also referred to as "operating earnings", "operating profit" and "operating income."	Return on Invested Capital (ROIC): A calculation used to assess a company's efficiency at allocating the capital under its control to profitable investments.
EBITDA: An indicator of a company's financial performance; EBITDA is essentially net income with interest, taxes, depreciation, and amortization added back to it, and can be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.	Revenue: The amount of money that a company receives during a specific period, including discounts and deductions for returned merchandise; It is the "top line" or "gross income" figure from which costs are subtracted to determine net income.
Enterprise Value: An economic measure reflecting the market value of a whole business; It is a sum of claims of all claimants: creditors (secured and unsecured) and equity holders (preferred and common).	Security Rating: A BitSight Security Rating describes a company's cybersecurity posture, serves as a measure of their risk, and transforms how companies manage security risk by using a data-driven, outside-in approach to rate a company's security effectiveness. A company's rating is presented as a number between 250 and 900.
Interest Coverage Ratio: A ratio used to determine how easily a company can pay interest on outstanding debt; The interest coverage ratio is calculated by dividing a company's earnings before interest and taxes (EBIT) of one period by the company's interest expenses of the same period.	