



**WE'RE DEEPLY INVESTED.®**

**Federated.®**

**BOOZ ALLEN QUINLIVAN CONSULTING**



# PRESENTATION FLOW

CORPORATE OVERVIEW

PORTER'S 5 FORCES

SWOT ANALYSIS

STRATEGIES

QUESTIONS?

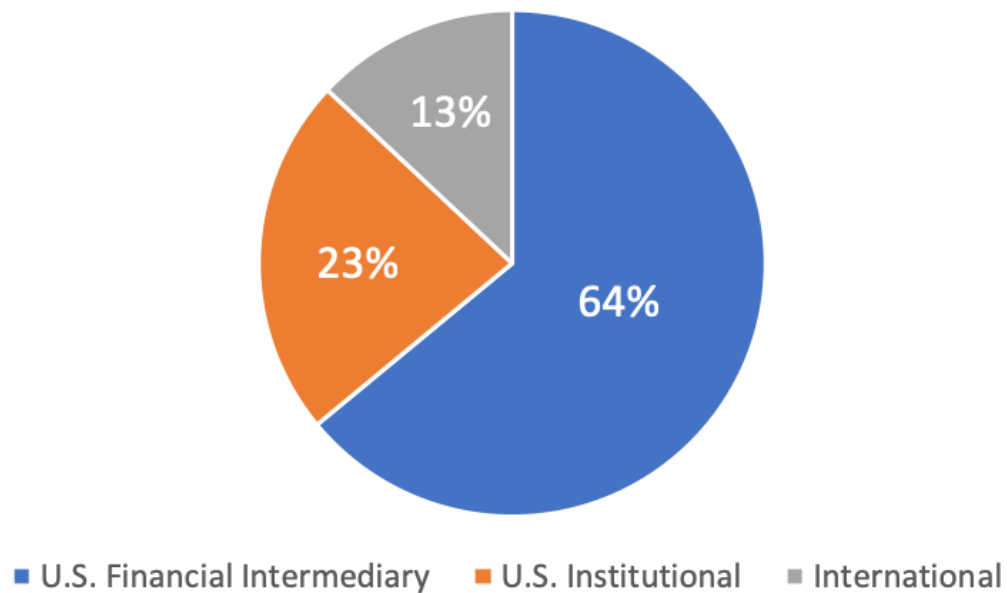
# CORPORATE OVERVIEW



- **CEO:** John Christopher Donahue
- **Sector:** Investment Advisers
- **Founded:** 1955 (incorporated 1957)
- **Global HQ:** Pittsburgh, PA
- **Description:** Provides investment management products and other related financial services
- **Strategy:** "Develop high quality actively and responsibly managed investment strategies and offer them through an extensive global network of financial intermediaries and institutions"
- 10,000 intermediary firms and other institutions

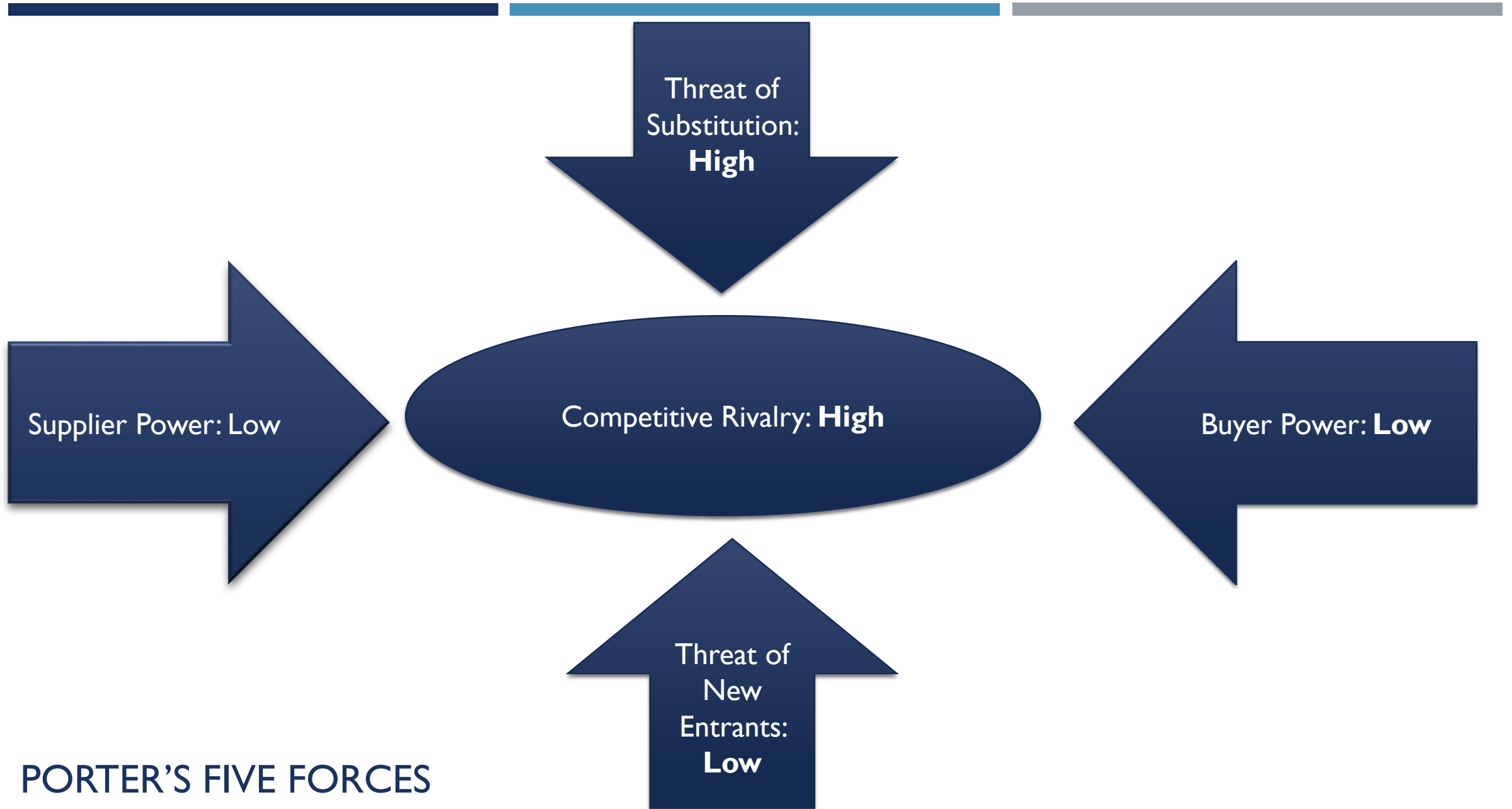
# CORPORATE OVERVIEW

Market Breakdown of Managed Assets



## 2018 Figures from 10-K

- Revenue: \$1,135,677,000
- Assets under management (AUM): \$459,860,000,000
  - 16% increase from 2017
- Net Income: \$220,000,000
- Earnings per Share: \$2.18



PORTER'S FIVE FORCES

Strengths	Weights
Brand Recognition	0.25
Distribution and Reach	0.15
Diversified Product Portfolio	0.15
Experience	0.100
Relationships	0.075
<b>Total</b>	<b>0.725</b>

Weaknesses	Weights
High Uncertainty Rating	0.025
Low Social Media Outreach and Engagement	0.25
<b>Total</b>	<b>0.275</b>

## INTERNAL FACTOR EVALUATION MATRIX

## Centers of Excellence

### Kaufmann Fund

\$3.2B growth equity assets at closing,  
\$13.6B at 9/30/19

**MDT  
ADVISERS**

\$6.7B quantitative equity assets at  
closing, \$5.9B at 9/30/19

*A Federated  
Advisory  
Company*

Federated **Clover**  
INVESTMENT ADVISORS

Clover Capital Mgmt. –  
Value equity style; \$2.1B  
at closing, \$1.4B at  
9/30/19

Prudent Bear - Alternative equity  
and fixed income products; \$1.0B  
assets at closing, \$142M at 9/30/19

**PRIME RATE**  
CAPITAL MANAGEMENT

London based Prime-  
Rate Capital  
Management – Money  
Market Assets – \$4.3B  
USD at closing, \$7.1B  
USD at 9/30/19

**HERMES**  
INVESTMENT MANAGEMENT

Acquired 60% of  
Hermes Fund  
Managers Limited,  
a London-based  
leading ESG  
franchise with  
\$46B of assets at  
closing, \$44.0B at  
9/30/19

**PNC**

Agreed to acquire  
approx. \$13.9B of  
assets from The PNC  
Financial Services  
Group, expected to  
close in Q4 2019. This  
includes a 6 person  
international equity  
team managing approx.  
\$1.6B out of Cleveland

2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019

## Roll-ups

Alliance Capital cash  
management business,  
\$19.0B money market  
assets at closing

**AllianceBernstein  
L.P.**

**Putnam Prime  
Money Market  
Fund**

\$12.0B institutional  
money market fund  
assets transitioned to  
Federated from  
Putnam Prime Money  
Market Fund

**SunTrust  
Bank**

Completed  
transition of \$14.0B  
in money market  
assets from  
SunTrust Bank,  
Inc.

**Trustmark Investment  
Advisors**

Completed reorganization of  
\$929M from Trustmark  
Investment Advisors into  
Federated equity, fixed income  
and money market funds

**Fifth Third Bank**

Reorganized \$4.4B in assets from  
Fifth Third money market funds into  
Federated money market funds

**Reich & Tang**

Completed the  
transition of  
~\$4.0B in  
assets from  
Reich & Tang's  
domestic and  
offshore money  
market funds

**Horizon  
Advisors**

Completed the transition of  
\$435M in fixed income &  
equity assets from Horizon  
Advisors

**Huntington Asset  
Advisors**

Completed transition of  
\$932M in money market  
assets from Huntington Asset  
Advisors, Inc.

- 1996 to 2014: 23 transactions totaling \$12.6B  
assets at closing transitioned to Federated  
from banks and other fund sponsors

# FEDERATED INVESTORS ACQUISITIONS AND ALLIANCES

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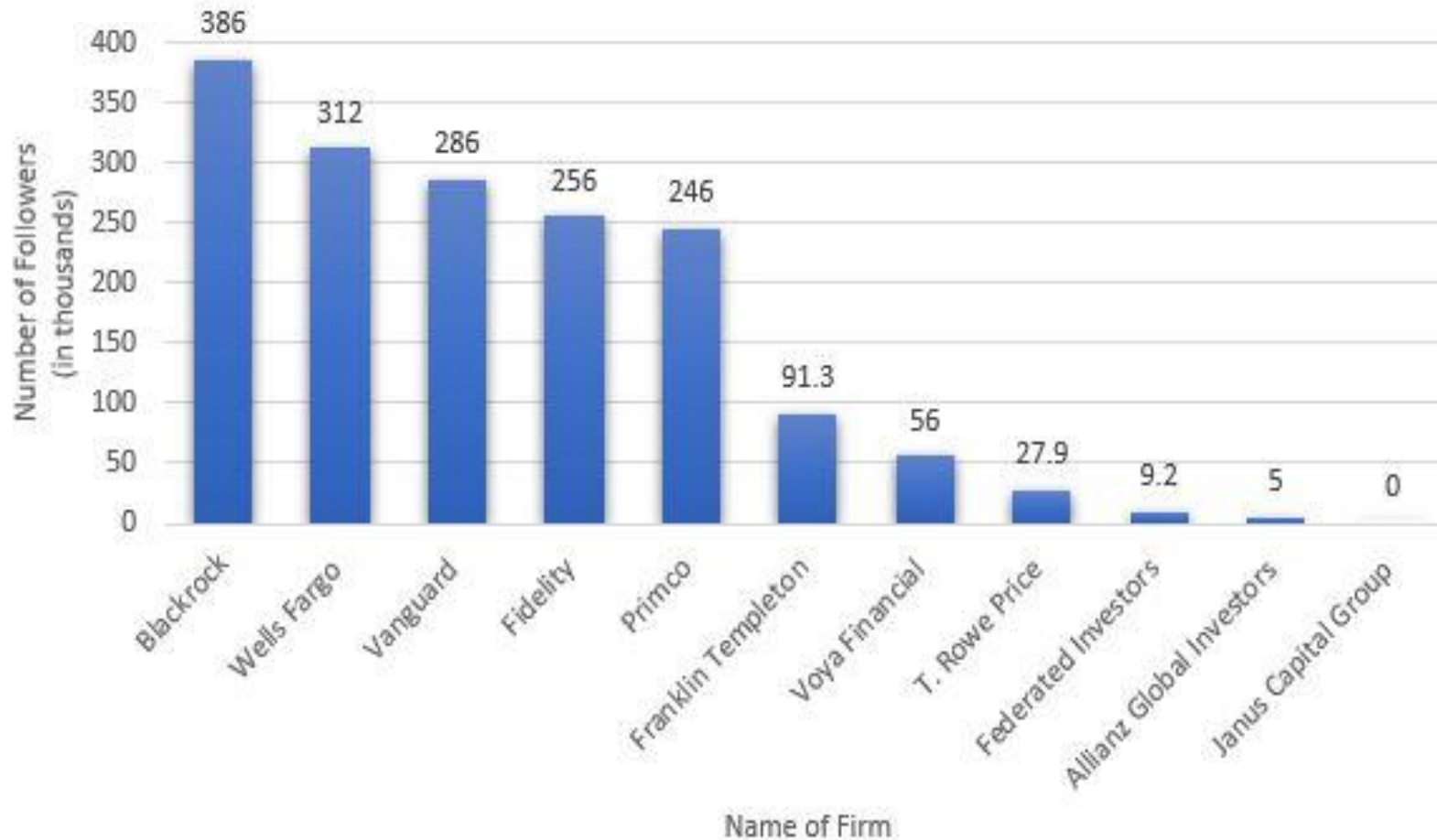
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## INTERNAL FACTOR EVALUATION MATRIX



# SOCIAL MEDIA OUTREACH COMPARISON

Twitter Followers



Threats	Weights
Decompression of Prices	0.10
Lower US Interest Rates	0.10
Shifts in Consumer Tastes	0.025
Shrinking Population	0.025
Volatility due to Unexpected World Events	0.05
<b>Total</b>	<b>0.300</b>

Opportunities	Weights
Expansion into Emerging Countries	0.175
Big Data Industry Growth	0.125
Retirement of Baby Boomers	0.125
Social Media Platform Expansion	0.125
Employee Displacement (Effect from Brexit)	0.10
Growth of Private Equity Fund	0.05
<b>Total</b>	<b>0.700</b>

# EXTERNAL FACTOR EVALUATION MATRIX

# STRATEGIES



**Increase appearance, followers  
and engagement on social media**



**Establish bases in emerging  
markets**



## STRATEGY: SOCIAL MEDIA & TV BROADCASTING



### Instagram & Twitter

Instagram: Blue-Ocean Strategy  
Twitter: Less filtering than Facebook and allows multiplicity of accounts



### Advocate corporate social responsibility and career opportunities

Charitable donations (e.g. rain forest in South America)  
Hermes' motto: Outcomes Beyond Performance



### Implementation: Social Media Employee Advocacy Program

Successful for IBM, Dell, Intel, Best Buy  
Low cost  
Recognition for employees brings higher employee engagement

# HERMES: OUTCOMES BEYOND PERFORMANCE



- London based investment management firm with speciality on corporate social responsibility and stewardship
  - Subsidiary of Federated Investors - acquired 60% of Hermes Investment Management
- Outcomes that go far beyond the financials and consider the impact investment decisions have on society
- Examples:
  - Better working conditions
  - Reducing carbon emission
  - Driving sustainability goals
  - Improving corporate conduct



# MOZAMBIQUE COUNTRY PROFILE



GDP: \$14.46B



Population: 29,496M



Currency: Metical



Top Industries:

Agriculture  
Manufacturing  
Services Industry

# STRATEGY: EMERGING MARKETS



- Mozambique
  - GDP growth: 5.5% in 2020 from 2019 2.1% due to government projects
  - IMF praised the country's efforts to address corruption in government.
    - Hermes: "Outcomes Beyond Performance"
  - Active management is more efficient in emerging markets than passive management

# MEXICO COUNTRY PROFILE



GDP: \$1.15 Trillion



Population: 126.191 Million



Currency: Pesos



Top Industries:

Automotive  
Food & Beverage  
Oil



# STRATEGY: EMERGING MARKETS



## Mexico

Mexico's economy is expected to grow next year  
1.5%

Decreasing interest rates and inflation will stay  
steady around 3%

Current stagnant economy

Low entry costs



## USMCA

Mexico is pushing for the deal to be signed  
Relocated money from other projects to ensure  
that labor rights will be met

Approved by House Democrats on Tuesday  
On course for likely ratification by Congress in  
2020

# SINGAPORE COUNTRY PROFILE



GDP: \$323.9 Billion



Population: 5.612M



Currency: Singapore Dollar



Top Industries:

Financial Services  
Biotechnology  
Tourism

## STRATEGY: EXPANSION



### Singapore

- By 2025, CLSA forecasts that the country will overtake Switzerland and handle nearly one third of the world's agri-commodity trade

### Favorable Demographics

- Singapore has the third highest income per capita in the world, the largest concentration of millionaires, and one of the lowest unemployment rates among developed countries.

### Free, Open Economy

- Singapore is widely considered to be one of the easiest countries in the world to conduct business, with very favorable tax rates, low corruption, a skilled workforce, and advanced infrastructure.



Booz Allen Quinlivan Consulting

THANK YOU!