

**Date:** 2/22/2014

**Analyst Name:** Battson & Gruber

## CIF Stock Recommendation Report (Spring 2014)

**Company Name and Ticker:** Ameriprise Financial, Inc. (AMP)

### Section (A) Investment Summary

<b>Recommendation Buy:</b> <b>Yes</b> <b>No</b>		<b>Target Price:</b> \$122.83 (+15%)	<b>Stop-Loss Price:</b> \$96.13 (-10%)
<b>Sector:</b> Insurance/Wealth Management	<b>Industry:</b> Financial Services	<b>Market Cap (in Billions):</b> \$20.66B	<b># of Shrs. O/S (in Millions):</b> 194.54M
<b>Current Price:</b> \$106.81	<b>52 WK Hi:</b> \$116.82	<b>52 WK Low:</b> \$65.95	<b>EBO Valuation:</b> \$53.65
<b>Morningstar (MS) Fair Value Est.:</b> \$110.00	<b>MS FV Uncertainty:</b> High	<b>MS Consider Buying:</b> \$66.00	<b>MS Consider Selling:</b> \$170.50
<b>EPS (TTM):</b> \$6.51	<b>EPS (FY1):</b> \$7.92	<b>EPS (FY2):</b> \$9.03	<b>MS Star Rating:</b> ★ ★ ★
<b>Next Fiscal Yr. End Year:</b> 2014 <b>Month:</b> December	<b>Last Fiscal Qtr. End: Less Than 8 WK:</b> Yes	<b>If Less Than 8 WK, next Earnings Ann. Date:</b> 2.24.2014	<b>Analyst Consensus Recommendation:</b> 3.7 (Hold)
<b>Forward P/E:</b> 11.76	<b>Mean LT Growth:</b> 13.00%	<b>PEG:</b> 0.90	<b>Beta:</b> 1.97
<b>% Inst. Ownership:</b> 88.54%	<b>Inst. Ownership- Net Buy:</b> Yes	<b>Short Interest Ratio:</b> 3.90	<b>Short as % of Float:</b> 0.90
<b><u>Ratio Analysis</u></b>	<b><u>Company</u></b>	<b><u>Industry</u></b>	<b><u>Sector</u></b>
<b>P/E (TTM)</b>	15.7	20.8	13.39
<b>P/S (TTM)</b>	2	1.04	5.37
<b>P/B (MRQ)</b>	2.5	0.15	2.89
<b>P/CF (TTM)</b>	13	0.99	13.73
<b>Dividend Yield</b>	1.95	1.16	2.00
<b>Total Debt/Equity (MRQ)</b>	1.0	0.6	2.04
<b>Net Profit Margin (TTM)</b>	13	2.51	37.53
<b>ROA (TTM)</b>	1	1.2	3.21
<b>ROE (TTM)</b>	16.3	9.5	23.80

<p><b><u>Investment Thesis</u></b></p> <p>Ameriprise holds more than \$700B AUM and generates +\$1.2B in premium revenue. Traditionally, AMP was solely an insurance company, but the 2010 acquisition of Columbia Management increased assets twofold making it a serious contender in asset management.</p> <p><b>Pros</b></p> <ul style="list-style-type: none"> <li>• +11k franchise advisors— large scale, one of the largest</li> <li>• Equity cushion 18.5%</li> <li>• Low amount of Leverage (D/E=1.0)</li> <li>• Consistent AUM and mgmt. productivity growth</li> <li>• Net Income Growth (3yr. avg): 12.5; Ind avg.: 5.9</li> <li>• ROE TTM= 16.3</li> <li>• Rev. Growth (3yr.)= 8.9</li> <li>• Potentially large upside once AMP synergizes and creates a competitive business mix</li> </ul> <p><b>Cons</b></p> <ul style="list-style-type: none"> <li>• Legacy performance issues with 2010 acquisition</li> <li>• Control of customers in hands of ind. advisors—low asset stickiness</li> <li>• Super sensitive to capital markets</li> <li>• Scale is subject to earnings volatility</li> <li>• Push to asset mgmt.—need stronger brand image</li> <li>• Operating Margin % TTM= 17.4 (Ind. Avg.= 49)</li> <li>• Four most recent consensus earnings revisions following the release of Q4 Earnings Report were all "Down"</li> </ul> <p>If AMP continually fortifies its insurance and asset mgmt. business, most suitably through a balanced product mix, high 5 yr. growth and increased earnings will follow.</p>	<p><b><u>Company Profile:</u></b> Formally a part of American Express in 2005, AMP has become a major player in the US market asset management sector—AUM of \$700B as of 2013 Q3. Insurance still makes up half the revenue.</p> <p><b><u>Fundamental Valuation:</u></b> Using a 3 year abnormal growth rate the price was \$56.49. The implied prices gradually increase for 4 years until tapering off by 2021. The sensitivity analysis showed slight variation except in discount rate manipulation. With a lower beta, discount rate drops creating sharp increases in price.</p> <p><b><u>Relative Valuation:</u></b> Each valuation matrix produced a median value that was within the 52 week price range except for P/S TTM; P/S was significantly over 52wk. 4 of the 6 metrics indicated AMP is undervalued. P/CF data was skewed, though not as crucial as the other measurements.</p> <p><b><u>Revenue and Earnings Estimates:</u></b> Both revenue and earnings have increased in the past year; the majority of reports were positive historical surprises compared to estimates. No major changes in analysts' predictions in past three months.</p> <p><b><u>Analyst Recommendations:</u></b> Recommendations place AMP at 3.7 on 5 point scale: buy/hold/sell. Analysts are slightly bearish because of market speculation making life insurance commodities suffer. Albeit, some bulls claim that the insurance/wealth management business model is well diversified for unexpected market trends.</p> <p><b><u>Institutional Ownership:</u></b> Current Institutional ownership is at 1,045, or, 88.54%; this is a 34.66% increase from the previous quarter. The top ten institutions own 35.63% % total shares held. Wellington, the largest owner, employs a diversified, high alpha investment strategy—significant rebalance is not anticipated, nor is rapid selloff.</p> <p><b><u>Short Interest:</u></b> Amount of short interest low compared to competitors. Low as a percentage of float, suggesting the market is bullish.</p> <p><b><u>Stock Price Chart:</u></b> Consistently outperforms both financial sector and S&amp;P500, however underperforms as of late. Underperforms BX and outperforms BEN, likely due to pricing of stocks.</p>
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## Section (B) Company Profile

### (B-1) Profile

Ameriprise Financial, Inc. is a diversified financial services company principally in holdings, and engages in business primarily through its subsidiaries. Both catering to individual and institutional clients, AMP touts leadership in financial planning and a leading global financial institution with \$681 billion in assets (10-K). Ameriprise has considerable subsidiaries, albeit, the five operating segments underlying AMP are as such:

1. Advice & Wealth Management;

*This segment of the company provides financial planning and advice, and full-service brokerage and banking services using its network of around 9,700 financial advisors. There are a number of different products offered to clients under this segment.*

2. Asset Management;

*The asset management segment of Ameriprise Financial provides investment advice and products to clients.*

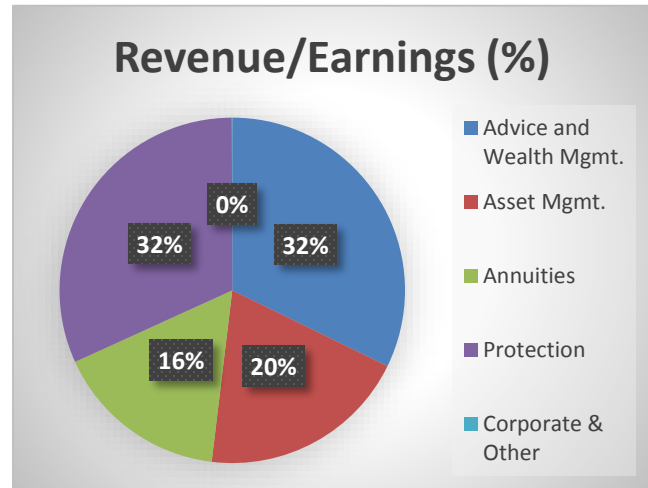
3. Annuities;

*This segment provides the brand RiverSource annuity products to clients. The fixed annuity products are issued through branded financial advisors while both affiliated and unaffiliated financial advisors disburse the variable annuity products.*

4. Protection; and

*The protection segment offers life and disability income and property-casualty insurance.*

5. Corporate & Other



In the United States it uses three main brands to conduct business: Ameriprise Financial, Columbia Management, and RiverSource. Threadneedle is an Ameriprise brand which handles international services. Threadneedle provides investment management for clients in Europe, the Middle East, and parts of Asia. Because it is a wholly owned subsidiary, currency rates are not an issue because funds are not repatriated to the United States portions of the company.

## **Business Model, Competition, Environment, and Strategy**

AMP continues to transition from a life insurer to an asset manager, albeit, this two-prong business model is conventional at an industry level. Thereby, this is a relatively safe and gradual entrance into a dual interest which ought to “generate recurring-fee income and reduce capital requirements in a low interest rate environment (Morningstar).”

Competition is a unique component of Ameriprise because of the afore mentioned transition into full-fledged asset management. Revenue is split 50% between insurance and AM. As the asset management portion of the company gains more market share, Ameriprise will have to simultaneously compete with established asset managers while still defending market share in the insurance business side of the company.

In terms of environment, the financial markets and economic conditions have a particularly heightened impact on both operating segments of AMP. Additionally, a beta of 1.97 leverages risk and return in these said environments. Market volatility also impacts sales of annuities and insurance products/packages. Heightened sensitivity to the market makes this an uncertain stock, but management always employed conservative investment strategies while still keeping the company well capitalized.











The largest implication of strategy is clearly the acquisition of Columbia Management in 2010 for +\$1B from Bank of America. Integrating this with the operations of the company will take time, but once synergized, 2x increase in assets will make Ameriprise a force to be reckoned with in the asset management sector. Stickiness of assets is of some concern given 80% of the agents are independent, but the addition of Columbia has pushed corporate strategy to seek more seasoned advisors. Ameriprise will set itself apart from the competition once a balanced business mix is achieved.

## **Current Events**

- I. Ameriprise Financial (NYSE:AMP) CEO William F. Truscott unloaded 48,361 shares of Ameriprise Financial stock in a transaction that occurred on Wednesday, February 19th. The stock was sold at an average price of \$108.63, for a total value of \$5,253,455.43. Following the transaction, the chief executive officer now directly owns 29,816 shares in the company, valued at approximately \$3,238,912. (Ticker Report)
- II. Ameriprise Financial (NYSE: AMP) will launch its latest national ad campaign, "Real Questions, Real Answers", on February 8 th during the Sochi Olympics. The new ads, featuring Academy Award winning actor Tommy Lee Jones in his third consecutive campaign with Ameriprise, highlight the firm's exclusive approach and reinforce the company's commitment to helping pre-retirees and retirees prepare for and feel more confident about all aspects of their financial future.(AMP Release)
- III. Ameriprise Financial Inc. AMP -0.43% said its earnings fell 24% in the fourth quarter as expenses increased, but operating earnings and revenue at the financial-services company

grew. The results beat Wall Street expectations. The company's advice and wealth-management has helped buoy operating earnings recently, as have contributions from its 2010 acquisition of Columbia Management. In the fourth quarter, Ameriprise Financial posted earnings of \$296 million, or \$1.47 a share, compared with from \$389 million, or \$1.80 a share, a year ago. Operating earnings, which exclude realized gains and losses, market impacts on variable annuity benefits and other items, jumped to \$1.87 a share from \$1.71. Revenue rose 10% to \$2.95 billion. (MarketWatch)

**(B-2) Revenue and Earnings History (Refer to the guidelines document for revenue and earnings data to be included)**

Revenue (in millions)					Earnings Per Share				
Periods	2011	2012	2013	Trend	Periods	2011	2012	2013	Trend
March	\$ 2,532	\$ 2,561	\$ 2,691		March	\$ 1.24	\$ 1.08	\$ 1.61	
June	\$ 2,623	\$ 2,514	\$ 2,749		June	\$ 1.28	\$ 1.01	\$ 1.57	
September	\$ 2,455	\$ 2,468	\$ 2,813		September	\$ 1.35	\$ 0.81	\$ 1.90	
December	\$ 2,582	\$ 2,674	\$ 2,888		December	\$ 1.03	\$ 1.85	\$ 1.47	
Total	\$ 10,192	\$ 10,217	\$ 10,932		Total	\$ 4.37	\$ 4.62	\$ 6.46	

Source: Ameriprise Financial, Inc. 10-K

**1) What are your observations on revenue? Was there a notable up- or down-trend, year-over-year? Was there seasonable pattern?**

Worth noting is a Q2 downturn in 2012 from 2011 year-over-year. Outside of that, Revenues have consistently gone up with the exception of Q2, but it picked up in 2013. Historically, 10-K release for AMP surface near the end of February. A discernable seasonal pattern is not apparent from the data present, but according to Morningstar, revenue increased 8% during the fourth quarter and 7% for the full year. The addition of wealth management has diversified the revenue base for AMP, especially when Columbia was acquired from Bank of America in 2010. Upward trends are only expected to continue.

**2) Likewise, what are your observations on earnings?**

Earnings per share took a sharp decline in 2012 Q1, Q2, & Q3, but bounced back in Q4. Q1-3 turned around in 2013, but inversely, Q4 took a .29 drop. In the 2013 year end AMP beat top line estimates only partially set back by operating expenses. Capital deployment and improvements in assets under management also led to the \$1.84 year-over-year increase into 2013.

**(B-3) Most Recent Quarterly Earnings Release**

Link to file:

<http://ir.ameriprise.com/Cache/1500056224.PDF?Y=&O=PDF&D=&fid=1500056224&T=&iid=113901>

- Fourth quarter 2013 net income per diluted share was \$1.47, operating EPS up 9 percent to \$1.87

- Full year 2013 net income per diluted share was \$6.46, operating EPS up 26 percent to \$7.05
- Fourth quarter 2013 return on equity excluding AOCI was 17.2 percent, operating ROE increased 350 bps to a record 19.7 percent
- Operating earnings from Advice and Wealth management and Asset Management were up 37 percent in the fourth quarter and 31 percent for the year



- 1) **When was the company's most recent earning release?**
  - a. Released February 4, 2014
- 2) **In that earnings report, was reported revenue a (1) beat, (2) match, or (3) miss from consensus estimate?**

24 percent year-over-year decline in profit for the fourth quarter, despite revenue growth. This is in part to low interest rates. Quarterly revenues topped analysts' expectations.
- 3) **Likewise, was reported earnings a (1) beat, (2) match, or (3) miss from consensus estimate?**

Quarterly Earnings Surprise History				
Fiscal Quarter End	Date Reported	Earnings Per Share*	Consensus EPS* Forecast	% Surprise
Dec-13	2/4/2014	1.87	1.82	2.75
Sep-13	10/29/2013	1.91	1.73	10.4
Jun-13	7/24/2013	1.69	1.62	4.32
Mar-13	4/22/2013	1.59	1.57	1.27

[Read more: http://www.nasdaq.com/symbol/amp/earnings-surprise#ixzz2u6DDt2oe](http://www.nasdaq.com/symbol/amp/earnings-surprise#ixzz2u6DDt2oe)

Reported earnings beat the consensus in each fiscal quarter of 2013.

- 4) **What did the management attribute the beat/miss to?**

According the chairmen and CEO, success is attributable to the leading growth in advisory and asset management businesses. Assets are up significantly, only compounded by an influx

of client net inflows and solid growth in advisory productivity. This strong performance even allowed a 130% return to shareholders from 2013 operating earnings.

**5) Did the management provide guidance about their current quarter and their outlook for the year? What were the key points of the guidance?**

Success in Q4 mainly focused on a 13% increase in total assets under management and administration and advisory productivity up 14%. Stickiness of assets is an ongoing concern, and with a company that has considerable scope, these increases are essential to compensate for a continually lost client base in pursuit of more favorable commodities and advice.

The report spoke sheepishly about their future outlook, much of this trepidation attributable to typical market uncertainty and competition from larger, more established wealth management firms.

**6) How did the stock react to that earnings release?**

Trading volume doubled to 625,623 the day after the release, and stock increased from \$103.54 to close at \$107.61 three days later.

**Section (C) Fundamental Valuation (EBO)**

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	AMP		PARAMETERS		FY1	FY2	Ltg									
2			EPS Forecasts		7.92	9.03	13.00%									
3			Total Equity		9092.00											
4			Preferred Stock		0.00											
5			Book Value (end of last fye)		9092.00											
6			Common Equity Shr. O/S		203.94											
7			Book value/share (last fye)		44.582											
8			30- Year T-Bond Rate		3.69%											
9			E(r <sub>m</sub> )		9.50%											
10			Beta		1.97											
11			Discount Rate		15.14%											
12			Dividend Payout Ratio (POR)		31.00%											
13			Next Fsc Year end		2014											
14			Current Fsc Mth (1 to 12)		2											
15			Target ROE (industry avg.)		3.31%											
16																
17			Year		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
18			Long-term EPS Growth Rate (Ltg)				0.1300	0.1300	0.1300	0.1300	0.1300					
19			Forecasted EPS		7.92	9.03	10.20	11.53	13.03	14.72	16.64					
20			Beg. of year BV/Shr		44.582	50.047	56.277	63.318	71.274	80.264	90.423					
21			Implied ROE			0.180	0.181	0.182	0.183	0.183	0.184					
22																
23			ROE (Beg. ROE, from EPS forecasts)		0.178	0.180	0.181	0.182	0.183	0.183	0.184	0.154	0.124	0.093	0.063	0.033
24			Abnormal ROE (ROE-k)		0.026	0.029	0.030	0.031	0.031	0.032	0.033	0.002	-0.028	-0.058	-0.088	-0.118
25			growth rate for B (1-POR)*(ROEt-1)		0.000	0.123	0.124	0.125	0.126	0.126	0.127	0.127	0.106	0.085	0.064	0.044
26			Compounded growth		1.000	1.123	1.262	1.420	1.599	1.800	2.028	2.286	2.528	2.744	2.921	3.049
27			growth*AROE		0.026	0.033	0.038	0.044	0.050	0.058	0.066	0.066	-0.070	-0.159	-0.257	-0.361
28			required rate (k)		0.151	0.151	0.151	0.151	0.151	0.151	0.151	0.151	0.151	0.151	0.151	0.151
29			Compound discount rate		1.151	1.326	1.526	1.757	2.023	2.329	2.682	3.088	3.555	4.094	4.713	5.427
30			div. payout rate (k)		0.310											
31			Add to P/B		0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.00	-0.02	-0.04	-0.05	-0.07
32			Cum P/B		1.02	1.05	1.07	1.10	1.12	1.15	1.17	1.17	1.15	1.11	1.06	0.99
33			Add: Perpetuity													
34			beyond current yr (Assume this yr's AROE forever)		0.15	0.16	0.16	0.16	0.16	0.16	0.16	0.01	-0.13	-0.26	-0.36	-0.44
35			Total P/B (P/B if we stop est. this period)		1.17	1.21	1.24	1.26	1.29	1.31	1.33	1.19	1.02	0.86	0.70	0.55
36			Implied price		53.65	55.31	56.49	57.65	58.78	59.90	60.99	54.17	46.77	39.23	31.97	25.36
37																
38			Check:													
39			Beg. BV/Shr		44.582	50.047	56.277	63.318	71.274	80.264	90.423	101.903	112.718	122.334	130.222	135.908
40			Implied EPS		7.920	9.030	10.204	11.530	13.029	14.723	16.637	18.674	20.936	23.433	26.240	29.499
41			Implied EPS growth			0.140	0.130	0.130	0.130	0.130	0.130	-0.058	-0.111	-0.180	-0.279	-0.454

EPS forecasts (FY1 & FY2): FY1: 7.92; FY2: 9.03

Long-term growth rate: 13.00%

\*\*\* Indicate next to the number if you made an adjustment to the consensus LTG estimate.

Justify at the bottom of this panel how you derive the adjusted value, if any \*\*\*

Book value /share (along with book value and number of shares outstanding):

Book value: 9092

# of shares outstanding: 207

Book value / share: 44.582

Dividend payout ratio: 31.00%

Next fiscal year end: 2014

Current fiscal month: 2

Target ROE: .67%

\*\*\* Indicate next to the number if you made an adjustment to the target ROE estimate.

Justify at the bottom of this panel how you derive the adjusted value, if any \*\*\*

Discount rate 15.14%

Input for discount rate:

Risk-free rate: 3.69%

Beta: 1.97

Market risk premium: 5.81%

## Output

Above normal growth period chosen: 3

\*\*\* Justify at the bottom of this panel your choice of abnormal growth period \*\*\*

EBO valuation (Implied price from the spreadsheet): \$56.49

- 1) Comment on the fundamental value obtained in relation to the stock's current price and its 52-week price range.

The EBO valuation indicates a stock price of \$53.65 at the end of the 2014 fiscal year. Currently, AMP sells at \$106.81. This price is \$10.01 under the 52 week high; the EBO valuation is \$14.61 below the 52 week low. Analysts predict that the price will fall to equilibrium, but current synergizing efforts at the corporate level will most likely bring the price above the valuation in less than two fiscal years.

- 2) What might be the "soft spots" of the inputs? And why?

The "soft spot" in this valuation would have to be the target ROE. An accurate target is essential in predicting Beg. BV/Sh and implied EPS growth because of the predictive



mathematic contingency. Comparable firms have a ROE between approximately 12-23%. The industry average is .62%, but the sector average is 23.80%. AMP has a ROE TTM of 16.3 which Morningstar analysts indicate is nearly twice the industry average. In the sensitivity analysis below, adjustments to ROE will be made to see how it impacts price.

### **Sensitivity Analysis**

- 3) Explain the input values used in sensitivity analysis. Compare the fundamental values obtained here in relation to the value from the base case**
- 4) Other observations worth noting**

**EBO valuation would be (you can include more than one scenario in each of the following):**

    \$58.78     if changing above normal growth period to     5 yrs      
    \$63.37     if changing growth rate from mean (consensus) to the highest estimate  
    27.9%      
    \$55.24     if changing growth rate from mean (consensus) to the lowest estimate  
    10.28%      
    \$85.73     if changing discount rate to     10%      
    \$56.49     if changing target ROE to     23.80%    

In the sensitivity analysis I changed the discount rate to 10% to counteract the seemingly high beta of 1.97. The MRP seemed reasonable, so the beta was the driving component of such a tough discount rate. Another target number that warranted a sensitivity analysis was the ROE. The industry average did not correlate with AMP, its comparable competition, or the sector. However, altering this figure had no material effect on the fundamental share price in the third year forecast chosen to evaluate.

## Section (D) Relative Valuation

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
1				<b>Cougar Investment Fund Relative Valuation Template</b>											
2				Please download and save this template to your own storage device											
3				You only need to input values to cells highlighted in "yellow"											
4				The rest of the spreadsheet is calculated automatically											
5				Please read "Stock Recommendation Guidelines" document carefully											
6															
7															
8															
9		AMP													
10															
11															
12															
13		Ticker	Name	Mkt Cap	Current Price	Mean FY2 Earnings Estimate (next fiscal year)	Forward P/E	Mean LT Growth Rate	PEG	P/B (MRQ)	ROE 5 yr ave	Value Ratio	P/S TTM	P/CF TTM	
14	1	BLK	BlackRock Inc	\$ 50,700.11	\$ 300.52	\$ 21.06	14.27	14.05%	1.02	1.90	10.89%	0.17	5.30	18.5	
15	2	BX	Blackstone Group LP	\$ 36,072.33	\$ 31.70	\$ 3.55	8.93	22.35%	0.40	3.15	11.89%	0.26	3.60	6.2	
16	3	BK	Bank of New York Mellon Corp	\$ 35,558.24	\$ 31.18	\$ 2.71	11.51	6.60%	1.74	1.00	6.11%	0.16	2.40		120.5
17	4	BEN	Franklin Resources Inc	\$ 33,346.48	\$ 52.54	\$ 4.15	12.66	15.67%	0.81	3.17	23.01%	0.14	4.10	16.1	
18															
19		AMP	Ameriprise Financial Inc	\$ 20,749.71	\$ 106.20	\$ 9.03	11.76	13.00%	0.90	2.50	16.33%	0.15	2.00	13	
20															
21			Implied Price based on:												
22	1	BLK	BlackRock Inc				\$128.86		\$119.23	\$80.71		\$121.03	\$281.43	\$151.13	
23	2	BX	Blackstone Group LP				\$80.63		\$46.90	\$133.81		\$183.78	\$191.16	\$50.65	
24	3	BK	Bank of New York Mellon Corp				\$103.89		\$204.64	\$42.48		\$113.53	\$127.44	\$0.00	
25	4	BEN	Franklin Resources Inc				\$114.32		\$94.84	\$134.66		\$95.57	\$217.71	\$131.52	
26															
27			High				\$128.86		\$204.64	\$134.66		\$183.78	\$281.43	\$151.13	
28			Low				\$80.63		\$46.90	\$42.48		\$95.57	\$127.44	\$0.00	
29			Median				\$109.11		\$107.03	\$107.26		\$117.28	\$204.44	\$91.09	

Kao, Glenda Wench:  
same as AOPL, I took  
ROE(TTM) instead of 5 yr.  
avg.

**BlackRock, Inc.:** BLK is an investment management firm. The company has a range of clients: retail, high net worth (HNW) and institutional investors. BLK has the highest market cap. amongst the comparables accompanied with the strongest P/S TTM.

**Blackstone Group, LP:** BX is the largest alternative investment firm in the world. It is especially noted for strong advisory and credit/hedge fund strategies; additionally, noted for leveraged buyouts.

**Bank of New York Mellon Corp.:** BK is the largest deposit bank in the world; \$1.4T in assets under management and \$27.7T under custody. The primary overlap between BYN Mellon and Ameriprise is wealth management.

**Franklin Resources, Inc.:** BEN is an American holding company with ~\$845B AUM. It is one of the largest asset management firms with over 25M private clients.

1) Discuss various valuation multiples of your stock and its peers. Comment if any of these stocks have multiples far off from the others and explain whether it makes sense.

The forward P/E's of each company are relatively similar; 14.27% is the highest with BlackRock Inc. with Ameriprise at 11.76%. AMP's forward P/E is slighter than its current which telegraphs earnings are expected to grow in the future. Having the second smallest growth rate also contributes to the lesser forward P/E.

The P/S ratio does not contain any outliers, but AMP has the weakest performance in this measurable; it is 1.6 below the industry average. Optimistically, a low P/S may be indicative of undervaluation, also, revenue spikes in Q4 may swing the P/S ratio into a lower standing. BX is right at the industry average where two others are almost 1.5x times greater.

The lower the PEG ratio, the more the stock may be undervalued given its earnings performance— BX, BEN, and AMP have below 1 PEGs. AMP and the growth expectations for earnings, especially in the next 5 years, make AMP an enticing stock to follow. If earnings will increase based on fees in wealth management, it will help AMP in a low interest environment in terms of counterbalancing insurance. BYN Mellon has an outlier of 1.74, but this is not to be stricken because its forward P/E and growth predictions are sound.

The P/CF had significant deviation ranging from 6.2-120.5. MYN Mellon with the highest ratio was omitted because of the nature of and scope of the business. MYN Mellon has an inordinate amount of cash flow by nature of its trillions of dollars in AUM and assets.

Five of the six valuation metrics gave implied prices that were above the current stock price. Two of the four were inside the 52 week range, while PEG and P/S were above the 52 week range.

- 2) Discuss the various implied prices of your stock derived from peers' ("Comparables") multiples. Compare these implied prices to current price and 52-week high and low. How different are the prices derived from the various valuation metrics? Note any valuation metrics that seem to yield outlier prices and explain whether it makes sense.**

With all these competitors operating in a wide array of segments it is difficult to pin-point a valuation metric that will be conclusive in isolation; albeit, P/B & P/S are generally a strong metric for the financial services industry.

The forward P/E supplied a median \$2.91 over the current price; the low was within the 52 week range and the upper limit outside the 52 week by \$12.07. The PEG median overshot the current price by only \$1.63 with the low estimate breaching the 52 week by over \$10 each. The high produced an outlier: \$87.85 above the 52 week high. However, in favorable conditions the P/E and growth rate could possibly escalate to a level that high, but unlikely based on buyer speculation of the stock. And lastly, the P/S estimates all overshot the 52 week high rendering this impertinent. No Morningstar analysis contradicts the above comments.

With respect to the insurance side of Ameriprise, using the forward P/E and PEG ratios are the most assuring measurements of relative valuation. As mentioned earlier, the other worth analyzing is P/B based on its usefulness towards measuring financial stocks.

## Section (E) Revenue and Earnings Estimates

### Historical Surprises

#### HISTORICAL SURPRISES

Sales and Profit Figures in US Dollar (USD)  
Earnings and Dividend Figures in US Dollar (USD)

Estimates vs Actual	Estimate	Actual	Difference	Surprise %
<b>SALES (in millions)</b>				
Quarter Ending Dec-13	2,876.34	2,946.00	69.66	2.42
Quarter Ending Sep-13	2,782.50	2,813.00	30.50	1.10
Quarter Ending Jun-13	2,767.56	2,749.00	18.56	0.67
Quarter Ending Mar-13	2,722.77	2,691.00	31.77	1.17
Quarter Ending Dec-12	2,650.97	2,674.00	23.03	0.87
<b>Earnings (per share)</b>				
Quarter Ending Dec-13	1.81	1.87	0.06	3.47
Quarter Ending Sep-13	1.72	1.91	0.19	10.74
Quarter Ending Jun-13	1.62	1.69	0.07	4.39
Quarter Ending Mar-13	1.57	1.59	0.02	1.19
Quarter Ending Dec-12	1.47	1.71	0.24	16.33

Source: <http://www.reuters.com/>

Ameriprise has a consistent pattern of surprising the market with numbers that are different from analysts' estimates. Some surprises are more or less significant than others, however they are still present. The surprises are primarily positive for both revenue and earnings over the past five quarters. The only two exceptions are in revenue during the quarter ending June 2013, and the quarter ending March 2013, both were negative 0.67% and 1.17% respectively. The surprises for Earnings per share were more notable than revenue. Two outliers of these surprises include the quarter ending September 2013 with a positive surprise of 10.74%, and the quarter ending December 2012 with a positive surprise of 16.33%. This large surprise at the end of 2012 began an upward trend for AMP according to the 3-year price chart, which is expected with a larger earnings surprise like that.

## Consensus Estimate Analysis

### CONSENSUS ESTIMATES ANALYSIS

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

	# of Estimates	Mean	High	Low	1 Year Ago
<b>SALES (in millions)</b>					
Quarter Ending Mar-14	5	2,921.16	3,176.46	2,782.00	2,944.90
Quarter Ending Jun-14	5	2,985.09	3,202.17	2,875.48	3,007.96
Year Ending Dec-14	8	12,208.90	13,314.00	11,154.00	11,817.00
Year Ending Dec-15	7	13,162.00	14,352.00	12,425.00	12,775.90
<b>Earnings (per share)</b>					
Quarter Ending Mar-14	11	1.89	1.95	1.81	1.84
Quarter Ending Jun-14	11	1.96	2.00	1.91	1.90
Year Ending Dec-14	12	7.92	8.15	7.41	7.61
Year Ending Dec-15	11	9.03	9.50	8.50	8.65
LT Growth Rate (%)	1	13.00	13.00	13.00	13.35

Source: <http://www.reuters.com/>

The percent difference between the high estimate and the mean for revenue for the quarter ending March 2014 is 8.04%, for the same quarter the percent difference between the low estimate and the mean is -5.00%. For the quarter ending June 2014, the percent difference between the high estimate and the mean is 6.78%, with the percent difference between the low estimate and the mean is -3.81%. The percent difference between the high estimate and the consensus mean for year ending December 2014 is 8.30% with the low estimate percent difference is at -9.46%. For the year ending December 2015, the percent difference between the high estimate and the mean is 8.29% with the percent difference between the low estimate and the consensus mean is -5.93%.

The percent difference between the high estimate and the consensus mean for earnings for the quarter ending March 2014 is 3.08%, with the percent difference between the low estimate and mean for the same quarter at -4.42%. The quarter ending June 2014 has a high percent difference of 2.00% and a low percent difference of -2.62%. The earnings estimate percent difference between the high estimate and the consensus mean for the end of 2014 is 2.82% and the percent difference between the low estimate and the mean is -6.88%. Finally, the percent difference

between the high estimate and the mean for year ending December 2015 is 4.95% while the percent difference between the low estimate and the mean is -6.24%.

Comparing both revenue and earnings percent differences, it is obvious that the differences are more notable for revenue, and even more so for FY1. Although the divergent are less notable for earnings estimates, they are most notable for FY2 under earnings. For both revenue and earnings the divergent are more prominent during the current quarter.

The number of analysts providing LT growth rate estimates is significantly lower than the number of estimates provided for both revenue and earnings. Earnings have the highest number of estimates between revenue and LT. LT has only one analyst providing a growth rate estimate. Earnings have between 11-12 analysts providing estimates while revenue has between 5-8. The number of estimates provides a sense for the concentration of coverage for Ameriprise Financial.

## Consensus Estimates Trend

### CONSENSUS ESTIMATES TREND

Sales and Profit Figures in US Dollar (USD)

Earnings and Dividend Figures in US Dollar (USD)

	Current	1 Week Ago	1 Month Ago	2 Month Ago	1 Year Ago
<b>SALES (in millions)</b>					
Quarter Ending Mar-14	2,921.16	2,921.16	2,946.58	2,930.61	2,944.90
Quarter Ending Jun-14	2,985.09	2,985.09	2,989.72	2,973.36	3,007.96
Year Ending Dec-14	12,208.90	12,188.10	12,215.60	12,099.50	11,817.00
Year Ending Dec-15	13,162.00	13,142.30	13,054.90	12,822.00	12,775.90
<b>Earnings (per share)</b>					
Quarter Ending Mar-14	1.89	1.89	1.89	1.87	1.84
Quarter Ending Jun-14	1.96	1.96	1.96	1.94	1.90
Quarter Ending Dec-14	7.92	7.92	7.95	7.81	7.61
Quarter Ending Dec-15	9.03	9.03	9.08	8.98	8.65

Source: <http://www.reuters.com/>

While reviewing the recent trend of analysts' consensus estimate on revenue and earnings, estimates seem to stay pretty consistent for revenue. Earnings estimates are consistently trending up from one year ago in both near- and out-quarter as well as FY1 and FY2. The consensus

estimate trend is the greatest and most notable for earnings during both year ending 2014 and year ending 2015. The only quarter where the consensus estimates are trending down is during quarter ending June of 2014.

## Estimates Revisions Summary

### ESTIMATES REVISIONS SUMMARY

Number Of Revisions:	Last Week		Last 4 Weeks	
	Up	Down	Up	Down
<b>Revenue</b>				
Quarter Ending Mar-14	0	0	2	2
Quarter Ending Jun-14	0	0	2	2
Year Ending Dec-14	1	0	3	4
Year Ending Dec-15	1	0	2	3
<b>Earnings</b>				
Quarter Ending Mar-14	0	0	5	3
Quarter Ending Jun-14	0	0	6	2
Year Ending Dec-14	0	0	4	5
Year Ending Dec-15	0	0	2	4

Source: <http://www.reuters.com/>

For revenue in the last four weeks, there are two more analysts revising down than revising up, however within the last week there are zero revising down and two revising up for revenue. For earnings, there are more analysts revising up in the last four weeks than down, and there are zero for both up and down within the last week. There appears to be hardly any analysts revising this past week compared to the last four weeks for both revenue and earnings. This minimal movement within the last week shows analysts believe their estimates were correct, and it is less likely for there to be surprises in the near future.

### Consensus Earnings Revisions

Revision Date	Revision Type	Revision Up/Down	Current	Previous	% Change	# of Analysts Reporting
2/17/14	Down	4/5	\$1.89	\$1.89	-0.05	11
2/07/14	Down	4/5	\$1.89	\$1.90	-0.58	12

2/06/14	Down	3/3	\$1.90	\$1.90	-0.26	11
2/05/14	Down	4/2	\$1.90	\$1.91	-0.11	11
1/24/13	Up	6/0	\$1.91	\$1.90	+0.21	11
1/23/13	Up	5/0	\$1.90	\$1.89	+0.48	11
1/20/13	Up	4/0	\$1.89	\$1.89	+0.11	11

Source: <http://www.cnbc.com/>

Ameriprise Financials' last earnings reporting date was February 4<sup>th</sup>, 2014 and its next earnings reporting date is in late April 2014. Revisions around the recent release date of February 4<sup>th</sup>, 2014 were clustered, and were reported on February 5<sup>th</sup>, 6<sup>th</sup>, and 7<sup>th</sup>, the three days following the release date as well as on January 20<sup>th</sup>, 23<sup>rd</sup> and 24<sup>th</sup>, which were all the week before the release date. Before the release all three estimates were up, while immediately following the release all three were down. None of the revisions over the past month were over 10%, the highest being a negative 0.58% and the lowest being a negative 0.05% change.

## Section (F) Analysts' Recommendations

### Analyst Recommendations and Revisions

#### ANALYST RECOMMENDATIONS AND REVISIONS

1-5 Linear Scale	Current	1 Month Ago	2 Month Ago	3 Month Ago
(1) BUY	2	2	2	2
(2) OUTPERFORM	3	3	3	3
(3) HOLD	6	7	7	7
(4) UNDERPERFORM	0	0	0	0
(5) SELL	0	0	0	0
No Opinion	0	0	0	0
Mean Rating	2.36	2.42	2.42	2.42

Source: <http://www.reuters.com/>

The trend of analyst recommendations over the last three months has stayed the same. The mean rating of the current recommendations sits at 2.36 while the one-month, two month and three month all have the same mean rating of 2.42. This current mean of 2.36 is mediocre, meaning it is closer to outperforming than holding, however it is still a very average rating. Ameriprise Financial received three out of the five possible ratings over the past three months, they were 1, 2, and 3, and with the majority being 3.



Bullish analysts from Morningstar pay attention to the recent acquisition of Columbia Asset Management and take into consideration how it doubled the company's assets under management. The analysts also observe that Ameriprise Financials' advisory and wealth management segment has one of the top retention rates in the industry. Ameriprise consistently receives steady cash flows from its insurance operations and asset management business. On the other side of the spectrum, bearish analysts believe the life insurance business is suffering within the industry, and that Ameriprise has too much devotion to mortgage-backed and asset-backed securities. Morningstar also states that bearish analysts consider Ameriprise to be spread too thin with all of its independent advisors, making the company in a weak position to competitors.

Morningstar analysts believe the company's most recent fourth-quarter results show a very positive future for Ameriprise. They acknowledge the hindrance its insurance operations have on the business, however the company does plan to expand its asset management business, which will decrease that hindrance. Overall the Morningstar analysts are on target with the analyst recommendations and revisions chart from Reuters because they are expecting a benefit for the company in the near future, which is reflected in the chart as well.

## Section (G) Institutional Ownership

AMP				
Ownership Activity	# of Holders	% Beg. Holders	Shares	% Shares
Shares Outstanding			194,535,493	100.00%
# of Holders/Total Shares Held/% Shares	753	108.35%	168,681,726	86.71%
# New Positions	89	12.81%		
# Closed Positions	31	4.46%		
# Increased Positions	294	42.30%		
# Decreased Positions	318	45.76%		
Beg. Total Inst. Positions	695	100.00%	170,909,940	87.86%
# Net Buyers/3 Mo. Net Chg	-24	48.04%	-2,228,214	-1.15%
Ownership Information	% Outstanding			
% Institutional Ownership	92.74			
Top 10 Institutions % Ownership	34.42%			
Mutual Fund % Ownership	46.71%			
5%/Insider Ownership	0.39%			
Float %	100.00%			
> 5% Ownership				
Holder Name	% Change	% Outstanding	Report Date	
Wellington Management Company, LLP	-6.49%	5.74%	12/31/13	
Fidelity Management and Research Company	14.24%	5.70%	12/31/13	
Vanguard Group, Inc.	0.87%	4.84%	12/31/13	
State Street Corp	0.08%	4.50%	12/31/13	

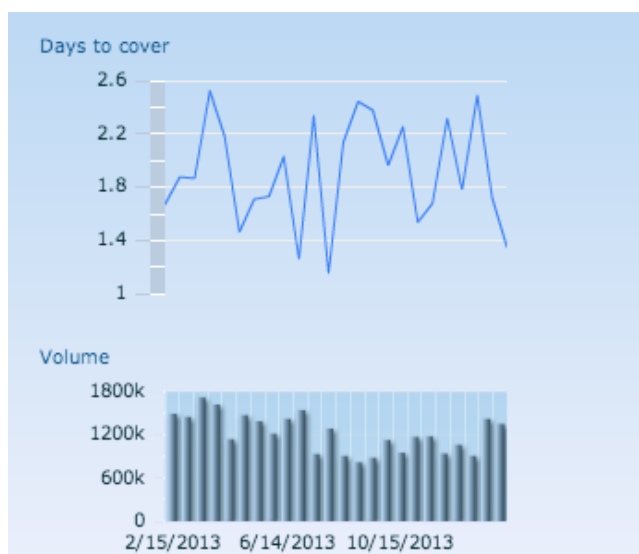
Institutions on a net basis, over the past 3 months, have decreased the number of shares by 2,228,214, which is a -1.15% change. This is not considered a substantial change because it is such a small percentage of the overall 194,535,493 current shares outstanding. AMP has a 92.74% institutional ownership, which is very sizable, and the nearly 50% of that ownership (46.71%) comes from mutual fund ownership, while close to 35% (34.42%) comes from the top 10 institutions.

Institutions with >5% ownership make up 20.78% of Ameriprises' ownership. The top institution, in terms of ownership, is Wellington Management Company with 5.74%, according to the latest report; they decreased their ownership by 6.49%. The next two top institutions with ownership are also mutual funds, both Fidelity Management and Research Company and Vanguard Group have the four top mutual funds for Ameriprise Financial, this is reflected in the near 50% mutual fund ownership of AMP discussed earlier.

## **Section (H) Short Interest**

### **Ameriprise Financial (AMP)**

<b>Settlement Date</b>	<b>Short Interest</b>	<b>Avg. Daily Shr. Vol.</b>	<b># of Days to Cover</b>
1/31/14	1,820,645	1,347,613	1.351015
1/15/14	2,445,498	1,420,124	1.722031
12/31/13	2,259,160	906,204	2.492993
12/13/13	1,882,080	1,057,480	1.779778
11/29/13	2,173,389	937,659	2.317888
11/15/13	1,971,548	1,174,342	1.678853
10/31/13	1,797,032	1,169,208	1.536965
10/15/13	2,139,701	949,372	2.253807
9/30/13	2,208,848	1,124,348	1.964559
9/13/13	2,087,123	877,472	2.378564
8/30/13	1,992,702	815,706	2.442917
8/15/13	1,937,351	906,163	2.137972
7/31/13	1,476,813	1,284,945	1.14932
7/15/13	2,178,306	931,209	2.339224
6/28/13	1,941,653	1,542,397	1.258854
6/14/13	2,880,121	1,419,433	2.029064
5/31/13	2,095,565	1,211,315	1.729992
5/15/13	2,372,858	1,389,076	1.708228
4/30/13	2,151,330	1,472,471	1.461034
4/15/13	2,475,255	1,134,630	2.181553
3/28/13	4,092,044	1,622,395	2.522224
3/15/13	3,197,707	1,714,055	1.86558
2/28/13	2,721,109	1,448,772	1.878218
2/15/13	2,490,657	1,489,771	1.671839



Source: <http://www.nasdaq.com/>

## Blackstone Group (BX)

Settlement Date	Short Interest	Avg. Daily Shr. Vol.	# of Days to Cover
1/31/14	6,662,865	6,305,801	1.056625
1/15/14	8,811,633	4,221,268	2.087437
12/31/13	8,052,049	3,893,130	2.068271
12/13/13	7,001,396	3,961,996	1.767139
11/29/13	5,394,590	3,560,653	1.515056
11/15/13	5,428,139	4,634,884	1.171149
10/31/13	5,754,576	6,009,001	1
10/15/13	8,981,638	5,557,630	1.616091
9/30/13	9,491,981	5,350,528	1.774027
9/13/13	7,978,303	2,914,580	2.737377
8/30/13	7,920,556	2,643,961	2.995716
8/15/13	8,412,396	6,709,160	1.253867
7/31/13	8,269,390	5,468,762	1.512114
7/15/13	7,079,203	4,143,370	1.708562
6/28/13	8,398,474	5,098,781	1.647153
6/14/13	7,903,388	4,796,487	1.647745
5/31/13	7,955,408	5,819,027	1.367137
5/15/13	9,360,397	5,549,507	1.686708
4/30/13	8,529,295	4,867,423	1.752323
4/15/13	9,793,906	4,290,692	2.282594
3/28/13	8,832,954	4,299,157	2.054578
3/15/13	10,595,390	6,051,975	1.750733

2/28/13	8,427,006	5,387,311	1.564232
2/15/13	8,243,131	6,172,289	1.335506

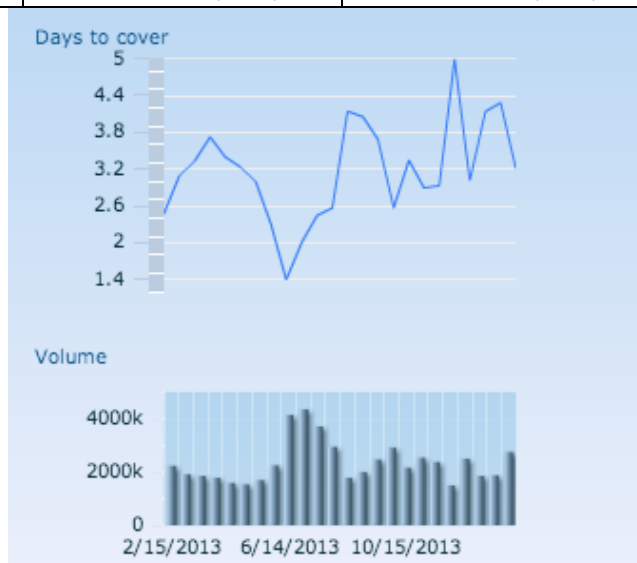


Source: <http://www.nasdaq.com/>

### Franklin Resources (BEN)

Settlement Date	Short Interest	Avg. Daily Shr. Vol.	# of Days to Cover
1/31/14	8,775,636	2,739,482	3.203392
1/15/14	7,996,527	1,869,518	4.27732
12/31/13	7,697,971	1,859,638	4.1395
12/13/13	7,531,725	2,506,232	3.005199
11/29/13	7,454,928	1,492,886	4.993635
11/15/13	6,963,783	2,373,693	2.933734
10/31/13	7,309,678	2,528,396	2.891034
10/15/13	7,195,745	2,151,365	3.344735
9/30/13	7,455,213	2,908,432	2.56331
9/13/13	9,041,125	2,453,833	3.684491
8/30/13	8,084,694	1,993,246	4.056044
8/15/13	7,375,549	1,780,105	4.143322
7/31/13	7,560,313	2,948,144	2.564431
7/15/13	9,082,227	3,718,147	2.442676
6/28/13	8,742,393	4,361,848	2.004286
6/14/13	5,776,179	4,146,976	1.392865
5/31/13	5,147,048	2,239,592	2.298208
5/15/13	5,062,097	1,690,829	2.993856
4/30/13	4,969,016	1,538,624	3.22952

4/15/13	5,365,610	1,579,742	3.396511
3/28/13	6,637,393	1,784,903	3.71863
3/15/13	6,186,372	1,861,289	3.323703
2/28/13	5,888,871	1,908,242	3.086019
2/15/13	5,514,555	2,231,078	2.471699



Source: <http://www.nasdaq.com/>

### Ameriprise Financial (AMP)

<b>Avg Vol (3 month)</b>	<b>Avg Vol (10 day)</b>	<b>Shares Outstanding</b>	<b>Float</b>
1,188,990	1,111,510	192.10M	190.34M
<b>Shares Short (Most recent date)</b>	<b>Short Ratio (Most recent date)</b>	<b>Short % of Float (Most recent date)</b>	<b>Shares Short (2 weeks prior)</b>
1.82M	1.30	0.90%	2.45M

Source: <http://finance.yahoo.com/>

### Blackstone Group L.P. (BX)

<b>Avg Vol (3 month)</b>	<b>Avg Vol (10 day)</b>	<b>Shares Outstanding</b>	<b>Float</b>
4,615,890	5,013,890	564.78M	475.46M

<b>Shares Short (Most recent date)</b>	<b>Short Ratio (Most recent date)</b>	<b>Short % of Float (Most recent date)</b>	<b>Shares Short (2 weeks prior)</b>
6.66M	1.30	1.20%	8.81M

Source: <http://finance.yahoo.com/>

### **Franklin Resources (BEN)**

<b>Avg Vol (3 month)</b>	<b>Avg Vol (10 day)</b>	<b>Shares Outstanding</b>	<b>Float</b>
2,302,470	2,918,170	630.84M	398.06M
<b>Shares Short (Most recent date)</b>	<b>Short Ratio (Most recent date)</b>	<b>Short % of Float (Most recent date)</b>	<b>Shares Short (2 weeks prior)</b>
8.78M	3.90	2.20%	8.00M

Source: <http://finance.yahoo.com/>

Ameriprise Financials' last earnings reporting date was February 4<sup>th</sup>, 2014 and its next earnings reporting date is in late April 2014. For Ameriprise Financial, the market sentiment based on short interest statistics has remained relatively the same according to the recent trend reported in NASDAQ's short interest table, with an average close to 2 days to cover which is more bullish than bearish. The most recent date reported has a short ratio of 1.30, giving the stock a bullish signal as well. Comparing Ameriprise Financial (AMP) to Blackstone Group (BX) and Franklin Resources (BEN), AMP has similar short interest statistics to BX; both reported a recent short interest ratio of 1.30 and have close to 2 days to cover on average, over the last year of data. However, AMP has a significantly less amount of short interest coming in between mainly 1 and 3 million while BX has between 8 and 10 million. This is where BEN and BX are similar, as BEN has a similar amount of short interest, in millions. BEN has a more bearish standing according to both NASDAQ and Reuters, with a recent short ratio of 3.90 and reporting several short interest ratios between 3-5 over the past year. This shows how BEN has a higher short interest ratio, which can be taken as a bearish signal for the stock.

Considering the Q3 earnings report release date of October 30, 2013 for Ameriprise Financial, the short interest ratio reported on October 15, 2013 was 2.25807 with short interest of 2,139,701, and the day after the release it dropped to 1.536965 with short interest of 1,797,032. This drop shows AMP to be more attractive as a short sell than before the earnings report date was released. The stock chart for AMP shows a small dip and increase in volume around the date of the earnings report release, however it steadied out and continued to climb again afterwards.

Similar to AMP, BX had a Q3 earnings report release date of October 17, 2013. Just before the release short interest was at 8,981,638 with a short interest ratio of 1.616091, just after the release on October 31, 2013, short interest dropped over 3,000,000 to 5,754,576 with a short interest ratio of just 1. This is another notable decrease in values, comparable to AMP both before and after the earnings report. Comparing AMP and BX to BEN, whose Q1 earnings release date was January 30, 2014, short interest rose from 7,996,527 to 8,775,636 and the short interest ratio for the stock fell from 4.27732 to 3.293392. It is clear that because BEN has a higher ratio, it will take longer to buy back the borrowed shares for a short sell which effects traders and investors choices on whether to take a short position or not.

## Section (I) Stock Charts

### AMP 3-Month Price Chart comparing AMP/S&P500/Financial Sector



Source: <http://www.reuters.com/>

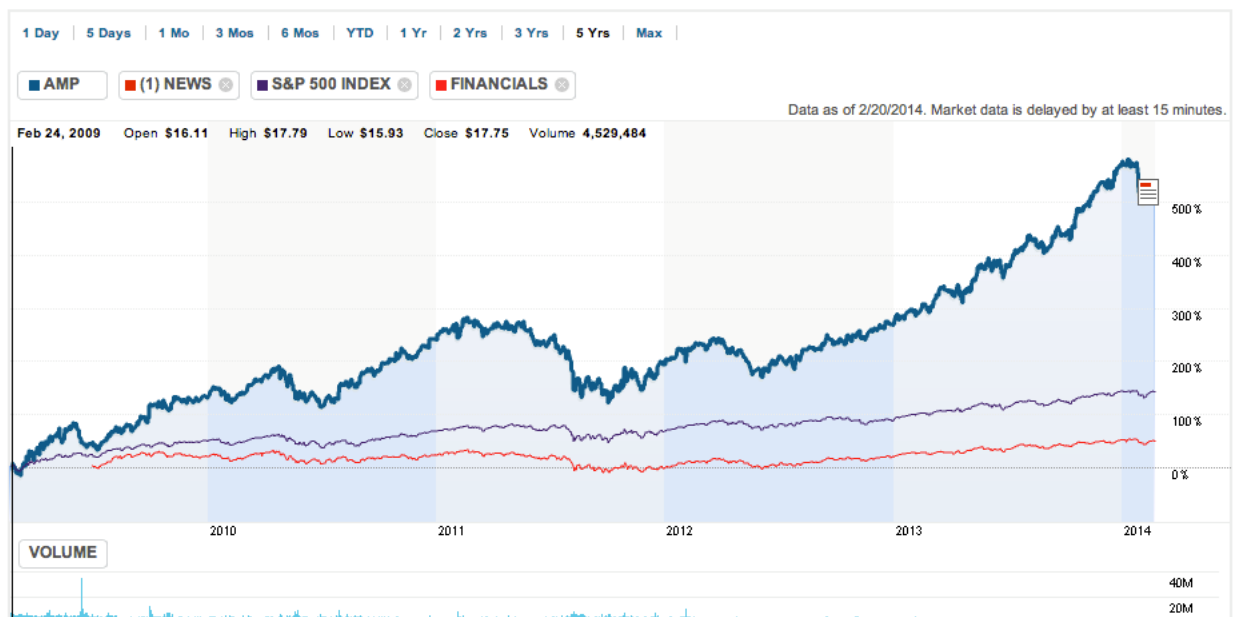


## AMP 1-Year Price Chart comparing AMP/S&P500/Financial Sector



Source: <http://www.reuters.com/>

## AMP 5-Year Price Chart comparing AMP/S&P500/Financial Sector



Source: <http://www.reuters.com/>

Ameriprise Financial heavily outperformed both the S&P 500 and the financial sector from mid-December to mid-January. The large drop at the end of January and beginning of February 2014 was due to the selloff in emerging market currencies, which spurred central banks to raise their

interest rates, and in turn send the S&P 500 down 3.6%. This selloff affected the financial sector drastically, however AMP fell nearly 10% in 12 days and is currently recovering from the drop. The 1-year price chart shows how AMP consistently outperformed both the sector and the S&P 500. The company performed similar to the S&P 500 and the sector from the beginning of March to the beginning of May 2013, then it pulled away and continually climbed to outperform both throughout the rest of the year and into 2014.

Assets under management for Ameriprise hit an all-time high of \$771 billion in their fourth quarter, showing why the stock continued to grow throughout January 2014. When observing the 5-year stock chart, there is an observable spike in volume on June 12, 2009. On this date, Ameriprise Financial announced it was going to issue \$900 million in new common stock to help support growth and obtain advantage of potential acquisitions. Throughout the rest of the five years, AMP is observed to begin steady growth in mid 2012 and reach an all time high towards the end of 2013. The drop around year-end 2011 reflects the poor year the overall market had throughout 2011, beginning and ending right where it started regardless of high hopes for business and returns for the year.

#### (I-4) Technical Indicators

##### AMP 6-Month 10- and 50-day Moving Average Price Chart



Source: <http://finance.yahoo.com/>

## AMP 2-Year 50- and 200-day Moving Average Price Chart



Source: <http://finance.yahoo.com/>

According to the 6-month moving average chart, the market appears to be quite strong since the 50-day moving average is in an uptrend for the entirety of the period. The bearish crossover that occurs at the end of January 2014 corresponds with the selloff in emerging market currencies, however you can see the 10-day moving average begin to rise again in the beginning of February, which gives hope for a bullish cross over the 50-day moving average in the near future. The 2-year stock chart comparing a 50-day moving average and 200-day moving average only shows one crossover in mid-2012. This created a buy signal towards September 2012 when the 50-day MA moved back above the 200-day MA, after this the 50-day average stayed above the 200-day for the remainder of the two-year price chart. The technical indicators and the fundamental analysis are supportive of one another because they show the stock growing consistently.

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