

## A Long-Term View

## Built on Performance

**An Interview with Jill T. McGruder,  
President, IFS Financial Services, Inc. and Senior Vice President and  
Chief Marketing Officer, Western & Southern Financial Group**

**An Interview with Maribeth S. Rahe,  
President and Chief Executive Officer,  
Fort Washington Investment Advisors, Inc.**

**COMPANY BRIEF** *With a heritage dating to 1888, Western & Southern Financial Group (westernsouthern.com) is a Cincinnati-based Fortune 500 diversified family of financial services companies. Western & Southern maintains very strong financial strength ratings from independent rating agencies.*



Jill T. McGruder

**EDITORS' NOTE** *In addition to her current post, Jill McGruder also serves as President and Chief Executive Officer of Integrity Life Insurance Company, National Life Insurance Company, IFS Financial Services, Inc., and Touchstone Investments, Western & Southern's mutual fund subsidiary.*

### **What is the history and heritage of IFS Financial Services and how has the organization evolved over the years?**

IFS was formed in 1991 to distribute Western & Southern annuities through banks. The first year we generated \$1 million in annuity sales. By 1999, we ranked 10th nationally for fixed annuity sales through banks, a position we maintain today. Last year, IFS sales of annuity and life products through banks exceeded \$850 million.

In 1994, the IFS team developed and launched the Touchstone mutual funds, a diversified family of sub-advised funds sold through broker dealers, registered investment advisors, and institutions. As of December 2015, Touchstone had \$19 billion in assets under management and generated \$4.7 billion in gross sales. Touchstone's organic growth has been supplemented with four acquisitions since inception – the Countrywide Funds in 1999, the Constellation Funds in 2006, the Old Mutual Funds in early 2012, and the Fifth Third Funds in the fall of 2012.

Another milestone in IFS's history was Western & Southern's acquisition of the Integrity companies in 2000. Integrity brought scale to our variable annuity business (a product line launched by IFS in 1995), expanded our broker dealer business, and added independent advisor distribution. In 2006, the Integrity companies were integrated into the Western & Southern Cincinnati campus from Louisville, Kentucky. Sales through Integrity distribution exceeded \$845 million in 2015.

Today, the companies under the IFS umbrella are responsible for \$35 billion of assets owned or managed by Western & Southern. IFS is a case study in taking a long-term view to execute organic and structural growth.

### **How critical is IFS Financial Services in driving growth for Western & Southern Financial Group?**

In 2015, the businesses of IFS generated nearly \$200 million in operating gain, 47 percent of Western & Southern's total operating gain. In addition, the life insurance and annuity businesses of IFS generated \$1.7 billion in premium, 56 percent of the company's total premium, with the Touchstone mutual fund business generating another \$4.7 billion in gross sales. The products and services offered by IFS businesses are expected to fuel continued growth as consumer demand for retirement savings and investment solutions continues to grow.

### **How has the role of the chief marketing officer evolved and what makes an effective CMO today?**

Created in the first quarter of this year, the purpose of the office is to centralize and expedite delivery of capabilities that will fuel customer growth and retention for all enterprise businesses. The creation of a new Center of Excellence for Digital and Marketing will allow all business units to move more quickly and efficiently in rolling out successful digital strategies. ●



Maribeth S. Rahe

**EDITORS' NOTE** *Prior to joining Fort Washington, Maribeth Rahe was President and a board member of the United States Trust Company of New York. Additionally, she has served as Vice Chair of the board of The Harris Bank in Chicago and has held various positions at JPMorgan in London and New York. A native of Chicago, Rahe is a graduate of Bowling Green State University in Bowling Green, Ohio, where she recently received an honorary Ph.D. in Business. She was also a Ph.D. candidate at The Ohio State University in Columbus, Ohio, and earned her Master of Business Administration in International Management with honors from Thunderbird School of Global Management in Glendale, Arizona.*

### **When you look at the heritage and history of Fort Washington Investment Advisors, how has the business evolved?**

Fort Washington was created as an SEC-registered investment advisor in 1990. Prior to that, it was the investment management division of parent company Western & Southern Financial Group. It managed money for Western & Southern and its affiliates. When our current Chairman, President, and Chief Executive Officer took the helm, he spun out the investment management division into a separate company to create Fort Washington Investment Advisors.

The purpose was to ensure that what we did, we did well. He knew if we were able to create a firm to manage money for third-party clients as well as the parent company and its affiliates, and be competitive, we would have better investment results for the parent company and its affiliates. That was the whole intent, and here we are 26 years later. It has worked.

### **What is the scope of the company today?**

Fort Washington has over \$46 billion of assets under management. Today, we are now not only strong locally but we are one of the largest money managers in the region. Over 50 percent of our clients are now national, and we now have international clients as well. We manage over \$11 billion for third parties.

### **How hard is it to differentiate in this field?**

We built this firm based on what we believe are our competencies, and we are always trying to build extensions of what we do well; we are not trying to be all things to all people. We also try to pick investment strategies that are distinguished and differentiated because there is no shortage of competition in the world of investment management, and performance is key.

Western & Southern has been the initial investor in most of Fort Washington's strategies. Once we build a track record in a new strategy for three years, we often take those strategies to our third-party clients. That is how we have built the business over the years.

### **What are the advantages of being based in Cincinnati?**

I've always worked in big money centers, and I'll admit I was worried about coming to Cincinnati because of recruiting of talent but I've been pleasantly surprised.

One of the great things about Cincinnati is that people move here or live here because they want to. We are still home to many major multinational corporations, which attract talent, and we are always looking to recruit great talent. ●