

# Investment Overview

At Hemenway Trust Company, our investment approach is based on several over-arching principles.

- The first is to understand your objectives, financial needs and tolerance for risk. Our professionals have extensive experience working with complex, high net worth individuals and families, developing tailored investment strategies that meet their needs.
- Second, because we have no products to sell, we are free of constraints and aim to invest in the best opportunities available, whatever their source. We believe in diversification, but do not try to mimic a specific benchmark or index.
- Third, our investment horizon is long-term. We believe that the important trends in the economy develop over years and we have built a track record that has compounded impressive returns in a tax efficient manner.

## Equities

We build our equity portfolios both with individually selected common stocks and with carefully selected sub-managers. In our directly invested equity accounts, we focus on companies based in the United States and other developed countries. In appropriate cases, we will allocate a portion of client assets to a dedicated emerging market specialist.

We generally invest in growing companies with strong balance sheets, trading at attractive valuations. We favor companies that pay dividends and have increased their dividend as the company's earnings grow. We will invest in companies without a dividend if the company has demonstrated high returns on its reinvestment in its business. We also have the ability to tailor portfolios to reflect a client's commitment to socially responsible investments, including a focus on environmental, political or health and human services issues.

## Fixed Income

We view the fixed income portion of accounts as a source of steady income, liquidity and stability. In that light, we limit credit risk and invest in fixed income instruments issued by the

## At a Glance

- Our approach has stood the test of time; together with our affiliate, Hemenway & Barnes LLP, we have worked with many clients for multiple generations.
- \$7.7 billion – As of December 31, 2023, Hemenway Trust Company, together with Hemenway & Barnes LLP, had fiduciary responsibility for over \$7.7 billion of client assets.
- Our Managing Directors and Senior Vice Presidents average 25+ years of experience.

United States Treasury, highly rated companies, or states and local municipalities. Recently, we have shortened the duration of our bond portfolio given the marginal yield differential to take on duration risk. In larger accounts or where otherwise appropriate, we engage sub-managers to manage bond accounts that complement our core bond holdings. Those sub-managers will, at times, invest in high-yield bonds, and bonds issued by companies outside the United States.

## Other Asset Classes

In appropriate accounts, we invest in asset classes outside our core equity and bond portfolios. Those asset classes are intended to provide additional sources of return - these include: venture capital, private equity, real estate, hard assets and hedge funds. Exposure to these alternative assets is gained through direct investment, primary, and fund-of-fund vehicles, tailored to client needs and appetites.