

The New Hampshire Trust Company

Asset Management & Trust Services

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Keene, New Hampshire

Welcome to the latest edition of our company newsletter. We will soon be celebrating our six-year anniversary, and we continue to experience strong growth. If you have a potential need for local wealth and asset management services, feel free to give us a call. We'd be delighted to meet with you, confidentially, to discuss your unique financial goals and objectives.

Our services include:

- ◆ Wealth Management
- ◆ Asset Allocation
- ◆ Retirement Planning
- ◆ Estate Planning Coordination
- ◆ Trust Planning
- ◆ Tax Planning



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The Road Ahead

Gregory M. McConahey, Portfolio Manager & Co-President

One of Yogi Berra's famous lines is, "When you get to the fork in the road, take it." The fork in the road the Federal Reserve has taken is to provide liquidity to the banking system and thereby help the weakening U.S. economy avoid a severe downturn.



The Fed's historically aggressive January 1.25% reduction in rates will take time to truly impact the economy. In response to this action, the fork in the road global investors have taken is to increase their selling of the U.S. dollar and bid up commodities, most of which are dollar denominated, thereby accelerating already upwardly trending inflation measurements. The commodity price increase is further exacerbated by increasing global demand for energy, grains and both precious and strategic metals. "Main Street" has been well aware of increasing prices for some time, and now the Bureau of Labor Statistics most recently released Producer Price Index for Finished Goods showed an increase of 7.4% for the

12 months ended January 2008. This level of increase has not been registered since the early 1980's.

Is the U.S. entering a period of sustained inflation à la the 1970's or a prolonged period of no growth ala Japan since the late 1980's? No one knows the answer to this question. To be sure, the U.S. faces a difficult period ahead, but we remain confident in the resiliency of the U.S. economy and enterprising nature of its workforce.

The fork in the road we will continue to take for our clients is one that is consistent with their objectives and risk tolerance. We continue to favor equities of multinational companies that continue to benefit from international demand for goods and services, from infrastructure to telecommunications. The growing affluence of many countries also benefits consumer product companies. Recent dislocations in the bond market have presented opportunities in municipal bonds. Inflation protected securities may play a greater role in fixed income portfolios. In this dynamic environment we must constantly assess ways to preserve and grow our clients' assets.

We welcome the opportunity to review our outlook and your portfolio in greater detail at your convenience.

Local Success Stories

Mike Rafferty, Certified Financial Planner & Co-President



As we approach our sixth anniversary, we think back to the early days when we were just getting started. We had a vision, and of course a business plan. We had a strong desire to offer first-rate personal trust and investment management services. Fortunately, we also had some devoted believers in the form of talented and caring attorneys, accountants and insurance agents who had previously worked with our team of employee-owners. We will be forever grateful to those professionals for introducing us to many of their longstanding clients.

We are also especially thankful to our clients who we have had the pleasure to serve over the past several years. The New Hampshire Trust Company now manages over \$110,000,000 for our clients. As we look forward to what the future holds, we realize it's equally important to look back and understand how and why we have come this far.

We often have prospects ask us what we do, and we dutifully list all of the services we can provide and how we deliver those services locally. But, to be truthful, when we first meet with someone new, we really don't know exactly what we might be able to do for those individuals. Although there may be some common themes, everyone we meet has a different story and unique family circumstances. They have different goals, different ways they like to communicate, different levels of wealth and complexity and certainly different family dynamics. It takes time, expertise, patience and a willingness to engage in thought provoking discussions to truly understand what financial strategies will work best for our clients. It also takes input from other professionals.



We take great pride in developing strong bonds and open lines of communication with our clients, and although your circumstances are probably different, we'd like to share some real life stories, which highlight the possibilities when a strong relationship is in place.

A current client came to us from a local attorney who had attempted to refer us previously but the timing had not been good. It was a familiar story to us. The existing trustee was not communicating on a regular basis. When there was communication, the client did not feel like he was being heard. At the same time the service levels were falling, he was notified that his fees were being increased, and there was yet another change in the staff that was servicing his account. It

was time to make a change, and, fortunately, we were given the opportunity to work with this individual.

Over the course of the last four plus years, there have been numerous face-to-face meetings to discuss investments - the client has always enjoyed studying and discussing the market. There has been a complete review of the existing estate planning documents and a family meeting was held with our client, his four children, his accountant and his attorney and our staff. With guidance from the client, an agenda was created and a punch list of items to follow up on was provided to each participant. Since that time, numerous planning issues have been addressed.



In another situation, the client came to us from a local accountant. She was a widow with fairly significant wealth and very little experience with investments. She had been placing most of her funds in Certificates of Deposit. She is retired and quite energetic and active. Her accountant explained to her that she really needed to consider professional management for her assets given her excellent health and the longevity in her family. We have helped her to build a diversified and growth oriented portfolio that also produces current income to meet her expenses. Through a series of face-to-face meetings and excellent questions from her, she has developed a better understanding of the economy, interest rates and the stock market. Her estate planning documents have been reviewed and appropriate changes are in the works.

Finally, a very successful, local businessperson came to us from an accountant who knew our firm and staff very well. The client and his wife are very busy and travel frequently. We meet with them at their convenience—typically once or twice per year to review their various accounts, performance and the outlook for the economy. We also talk directly to their accountant (with our client's permission) every December to discuss the investments from a tax perspective. We have also had discussions about the eventual sale of the business, retirement planning, estate planning and the client's children.

Three very different scenarios but a common theme. It takes time, expertise and a willingness to ask questions to provide the appropriate services and recommendations to our clients. We will continue to strive towards this end as we move forward.