

## FIDUCIARY TRUST COMPANY

Fiduciary Trust Company, located at 175 Federal Street in Boston, stands as one of the city's oldest and finest financial institutions. Its origins date to the late nineteenth century, when Boston's emergence as a flourishing capital market led to the creation of trust companies to manage, enhance and preserve newly acquired wealth. Founded in 1885 by Robert H. Gardiner as the Gardiner Family Trust office, the business functions today much as it did then in its management and care of investment property, continuing in the tradition of preservation of family wealth for present and future generations.

Fiduciary's clients—some direct descendants of those originally served by the company—continue to benefit from the firm's straightforward objectives of gradual wealth accumulation in conjunction with capital preservation over time.

*The headquarters of Fiduciary Trust Company.*



*President and CEO Daniel A. Phillips.*

Firm professionals, serving as trustees, investment managers, executors and custodians, work as a unit to provide clients with specialized services, including financial planning, income and estate tax guidance and preparation, educational funding, family and charitable gifts, and the establishment and ongoing administration and review of trusts and estate plans. The founders' provision of investment and trust services as their sole objective continues to be honored at Fiduciary, which has resisted diversification despite industry trends.

Clients today benefit from business practices established over 100 years ago: Fiduciary professionals manage wealth vigilantly, and on an individual basis, for long-term investors with accumulated capital who wish to enhance and protect its use for their lifetime and secure its safe transfer to future generations. Toward this end, younger family members are brought into the estate planning process to prepare them for the responsibilities of inherited wealth. Professional advisors serving generations in one family strive to establish a responsible lifetime approach to the care and prudent use of wealth.

The company, which manages over \$10 billion in client assets,

has flourished under the management of Daniel A. Phillips, who has served as its chief executive since 1992. During his tenure as president, chief executive officer and director, Phillips has overseen a number of highly successful business innovations, including the company's growth as an employee-owned business following implementation in 1986 of an employee stock ownership plan. Phillips characterizes staff continuity and accumulated experience as positive consequences of the ownership plan: average length of service for investment officers is 15 years, with managing directors averaging 20 years of service. Company ownership by its own directors, officers and employees also generates an institutional independence, which affords safety from the mergers and consolidations that have become part of today's economic marketplace.

Phillips' signature contribution to firm management has been his singular championing of women in the workplace. A distant cousin of nineteenth century suffragette Susan B. Anthony, he has appointed seven women to Fiduciary's 25-member Board of Directors. One half of the firm's current staff members are women. The Boston Club, an association dedicated to increasing the number of women on corporate boards, applauds Phillips for "working ceaselessly on this mission." During their 25th anniversary in 2002, the organization presented him with a Special Award for Leadership in the Advancement of Women to Fiduciary. He characterizes his views in a February 8, 2002 article in the *Boston Business Journal*, stating that not only is support of women the right thing to do, it is good for business. Women account for more than half of the population, and their perspective on business decisions is valuable. Professional women have a strong advocate in Phillips, who also notes that much remains to be done in breaking down "the old-boy network."

Phillips also expresses pride in Fiduciary's commitment to community service, which has included local under-



*Officers and directors, left to right: Charles C. J. Platt, Jonathan R. Phillips, Susan R. Gunderson, Daniel A. Phillips, Charles R. Eddy, Douglas R. Smith-Petersen, Robert N. Karelitz and Robert G. Holdway.*

writing of public television station WGBH in Boston. Many employees provide pro bono service to various nonprofit community organizations, educational institutions, foundations and cultural institutions, including national organizations such as the United Way, the Y.W.C.A. and local organizations as diverse as the Paul Revere Memorial Association and the Christmas in the City Foundation. Employee commitment to such organizations is in keeping with the CEO's goal of offering employees an integrated balance that includes "their productive work, their immediate and extended families, and our shared responsibility to the communities in which we work and live." The company also places a high value on staff training, and over the past decade has offered education in many areas, including motivation, stress and time management, diversity, communication, technology, violence in the workplace and sexual harassment education.

Two-thousand one proved to be a very good year for Fiduciary and its clients, despite representing the second year of negative returns for the Standard &

Poor's 500 index. The company's policy of careful investment selection, measured investment diversification and individual portfolio supervision led again to an above average return for clients. Earnings per share for the year increased by 15 percent, and company revenues exceeded \$40 million for the first time in its history. The market value for a single stock share, while down 2 percent in 2001, showed a very strong market performance throughout the '90s, including an increase of 57 percent in 2000.

In the fall of 2001, Fiduciary adopted a new strategic plan for management. Its implementation would work in conjunc-

tion with the corporate governance model adopted by the company's Board of Directors in 1999, with an emphasis on the use and implementation of state-of-the-art computer technology for the benefit of both staff members and clients. Accordingly, 2001 saw an upgrade to Fiduciary's Internet website with the addition of the Private View program, which allows clients to view their accounts via the Internet. The company's LAN system was refined and enhanced, as was Global Plus, its computerized trust system.

Its 135 employees continue to be Fiduciary's greatest asset.

Service awards distributed during the 2001 company dinner included awards honoring 12 employees for 270 years of service. One award honored 35 years of service while three others honored employees retiring after 30 years. State-of-the-art technology enhances portfolio management, but it is best used with the values of, in Phillips' words, the "human judgment and interpersonal skills" that remain the cornerstone of Fiduciary's success.

*A meeting of the investment committee, left to right: Charles C. J. Platt, Paul G. Curtis, Douglas R. Smith-Petersen, Alicia F. Manning, Thomas A. DeMarco, Laura N. Rigsby and W. Douglas Burden.*

