

Fiduciary Duty Works Here

By Vincent Tonietto

It's a word that's withstood the test of time. "Fiducia," Latin for trust, has been part of the language since the 16th century. Today, it's part of our company's name and integral to the relationships we share with clients. We asked Vincent Tonietto, Vice President and Portfolio Manager, for his thoughts on fiduciary duty.

Q: For the last several years, we've seen a lot of discussion about fiduciary duty and the financial services industry. What are your thoughts?

Vincent Tonietto: The 2008 financial crisis sparked a spike in concern about protecting investor interests, further regulating financial advisors and the financial services industry. From our perspective, fiduciary duty is far from a new concept. In fact, it's deeply rooted in our culture, originating with the founding of our sister company Fiduciary Trust International in 1931.

Q: What does it mean?

Vincent Tonietto: At its most basic, fiduciary duty can be described as putting clients' interests first; acting with utmost good faith; providing full and fair disclosure of all material facts; not misleading clients; and exposing any conflicts of interest to clients.

Q: What are some daily examples of fiduciary duty in action?

Vincent Tonietto: It's important to recognize the specific nature of our fiduciary responsibilities. Looking at investment management, for instance, some clients ask that we act as discretionary portfolio managers, which means we're responsible for making day-to-day investment decisions. Every trade we make is done within the context of their Investment Policy Statement and, given

our fiduciary duty, with the clients' interests first.

Looking at trust and estate services, we help clients structure a range of instruments, often working with their professional advisory team. As an appointed trustee or co-trustee, Fiduciary Trust Canada's role can last for years, decades. As trust questions emerge and decisions need to be made, answers are guided by trust directions and fiduciary duty. For instance, let's say a beneficiary asks for additional funds from their trust. Answering yes or no can be challenging for the family member who's been appointed trustee. Their answer could seriously influence family relationships. As trustee, we act as a third party providing an unbiased opinion, bound by our fiduciary duty to interpret trust directions as closely as possible.

Fiduciary duty isn't a phrase we use every day. It's an everyday way of thinking and working. For instance, we emphasize full and transparent communication with our clients. That commitment is reflected in our quarterly statements, which clearly speak to performance and fees. I believe ensuring clients are well and clearly

informed is sometimes confused with overwhelming them with quantities of information. Our clients are busy people and I believe high-quality communication is important. They should feel comfortable asking any question, requesting any information they need. It's my job to effectively and efficiently help distill information so things are fully communicated. To succeed, the conversation has to move in both directions. That's part of building a long-term relationship with clients.

Q: How does that relate to fiduciary duty?

Vincent Tonietto: Fiducia translates to trust, which I believe is earned over time. You can officially employ your fiduciary duty, but I think there has to be a level of shared trust person to person. With that comes mutual confidence and respect. I believe that in asking us to help preserve, grow and transfer their wealth, clients are really asking us to help shape how life will unfold in the near term and for generations to come. That's important to remember always.

