

# The Investor's Investor

An Interview with John M. Dowd, Chief Executive Officer, Fiduciary Trust International

**EDITORS' NOTE** John Dowd is Chief Executive Officer of Fiduciary Trust International (FTI), a global wealth manager and wholly owned subsidiary of Franklin Templeton, specializing in strategic wealth planning, investment management, trust and estate services, and tax and custody services. A 30-year veteran of the wealth management industry, Dowd oversaw the Northeast region for Wells Fargo Wealth Management prior to joining FTI in 2016. He also spent almost 20 years with Bank of New York in various roles, including Chief Trust Officer and Head of Wealth Management. In 2020, under Dowd's leadership, Fiduciary Trust International made two acquisitions for the first time in 18 years – Athena Capital Advisors and Pennsylvania Trust Company. Dowd earned a bachelor's degree in history from Guilford College and an MBA from Columbia Business School.



John M. Dowd

**FIRM BRIEF** Fiduciary Trust International ([fiduciarytrust.com](http://fiduciarytrust.com)), a global wealth management firm headquartered in New York, has served individuals, families, endowments, and foundations since 1931. With more than \$94 billion in assets under management and administration as of June 30, 2023, the firm specializes in strategic wealth planning, investment management, and trust and estate services, as well as tax and custody services.

**Would you highlight the history of Fiduciary Trust International and how the firm has evolved?**

Fiduciary Trust International was founded in 1931 by a group of eminent New Yorkers who felt the banks and trust companies of that era had too many conflicts inherent in their business models. Firms at that time often sold clients securities from their own inventories, lent out their client securities without the client benefiting, and generally took advantage of the lax atmosphere prior to the founding of the SEC in 1934 to enrich themselves. Our founders, including Pierre Jay, the first Chairman of the New York Fed, wanted to create a specialized trust company that focused on a “fiduciary” standard. This is also nine years before the Investment Advisers Act of 1940 that codified much of the required advisory standards. Fiduciary was always at its core “the investor’s investor” – and as such, we established the first in-house research department of any trust company and we were an early adopter of international investing. Today we are a global wealth management company with 15 offices across the United States and we serve clients across the globe. We are still very proud of the mission behind our founding in 1931, and we maintain practices and policies on perceived conflicts of interest that other firms don't.

**How do you describe Fiduciary Trust International's culture and values?**

Fiduciary is very much a client-centric firm. We are fortunate to have many of the original families that started with us in 1931 as clients, and we achieved a 99 percent client retention

rate this past year. We achieved that thanks to the fantastic people we hire and the deep technical skills they bring to their roles. We celebrate technical skills over sales skills because we believe if you do the right thing in an expert way for your client, business will follow. We also very much believe in a team mentality, and goals are most often set at the team level versus the individual level. All that comes together in what I call a “flat organization” where important client decisions are pushed out locally to the regional teams.

**What have been the keys to Fiduciary Trust International's growth and how do you define the FTI difference?**

We have experienced dramatic growth over the past five years, essentially doubling in size in terms of assets under management as well as in client-facing employees. Part of that is organic growth driven by the addition of new services to meet client demand – such as financial planning, greater usage of alternative assets in client portfolios, and more services for family offices and endowments. And part of the growth has been driven by the acquisitions we made of Athena Capital Advisors and Pennsylvania Trust Company – both in 2020. The capabilities and the talent we gained through these acquisitions have made a tremendous impact.

The Fiduciary Trust International difference is a very important distinction. I think it truly comes down to the ability of a client's team to work as an ensemble – each advisor has different skills, but they all work together to achieve the client's most important goals. And success for us is knowing when our families and institutions achieve their goals.

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**What are your views on the state of the wealth industry, and will you discuss industry trends?**

The wealth industry continues to be a highly attractive industry given the population growth of high-net-worth individuals, its fee-based nature, and high client retention. The industry, however, is requiring a higher amount of ongoing investment to compete – in technology via interactive tools for advisors and clients, in people, and in operations to produce greater scale. The result is that there has been an acquisition boom in this space over the last few years. Firms have had to either merge or be acquired if they are under a certain size, and their path to high growth numbers has slowed down. But because there is still so much opportunity out there, new firms continue to enter the industry either as a result of advisor teams breaking away from the larger wire-house firms, or through investments coming from private equity.

**How is technology impacting the way Fiduciary Trust International operates?**

I always say that every firm now is a technology company – you just have to decide what type of tech company you are. Tech is impacting us in so many different positive ways, whether it’s giving our clients real-time access to their accounts via our client portal on any device, or helping our advisors build bespoke presentations for clients using the wealth of thought leadership content we generate. Clients have also embraced a way of interacting with us that is truly hybrid – part of it is physically interactive via in-person meetings and Zoom, and part of the interaction is what I would call

DIY – do it yourself. Advisors and clients can even take it upon themselves to check back on a transaction from years ago – we hold 25 years of archived statements on our app. I want our advisors to anticipate and provide the information our clients need, but the firms of today have to also provide an ability for the client to interact with you on their schedule and in the manner they choose.

**How critical is it for Fiduciary Trust International to build a diverse and inclusive workforce?**

It is very important for us to have both a very diverse and inclusive workforce. Diversity is fundamentally key in any investment firm, precisely because you need various points of view to come to the right decision, and people of different backgrounds, of different genders, and of different cultures all contribute to that input. Our clients and prospects also look a lot like society as a whole – and they want to see a reflection of themselves in their team. Regarding inclusion, no firm can operate at its best unless its people can bring their authentic selves to work and feel appreciated as well as acknowledged as an important part of the team. We are also in such a competitive business, and nobody has all the answers sewn up – so being able to participate in crowdsourcing of diverse ideas and firm strategy is important for all employees.

**What do you see as the keys to effective leadership and how do you describe your management style?**

Effective leadership at the executive level really comes down to having the right mix of the strategic and the tactical. The strategic is

important to ensure your firm has the right plan for the future, and that you are constantly monitoring changing client demand, regulatory updates, technology advancements, and your competition to ensure success. The tactical is ensuring your engine room is running effectively and achieving the needs of your clients and helping your advisors do their best work. I enjoy these two key parts of my role, and would really hate spending all of my time on one and not the other. On a personal level, I believe my employees appreciate my consistency and unflappability – in 35 years of doing this, very little is totally new. It is also important to remain approachable, and to not be afraid to show your people you can make a mistake and recover. And, make sure you keep a sense of humor.

**What are your priorities for Fiduciary Trust International as you look to the future?**

My goal since I became CEO seven years ago was to make sure that Fiduciary Trust International exemplifies the gold standard in wealth management on a global basis. We have made strong progress in terms of our offering, new offices and talent, and technology while maintaining the team service that our clients have depended upon since our founding. Going forward, I see us leveraging technology as well as behavioral science to better illustrate pathways that keep our clients on track for superior outcomes. I also get very excited about the contribution artificial intelligence could lend to the planning process – in particular, the democratization of private assets through blockchain technology and tokenization. ●

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