Fiduciary Is a Duty, Not a Structure

The questions the label does not answer

KEY TAKEAWAYS

- The fiduciary standard for registered investment advisers is a real and continuing legal obligation, not a marketing term.
- What the standard does not describe is a firm's ownership model, its capital structure, or its planning philosophy.
- Ownership across the advisory industry has shifted substantially. In 2025, private equity backed 88 percent of RIA transactions tracked by Fidelity.
- Outside capital can strengthen a firm. It can fund succession, technology, and deeper specialist capability. It also introduces a set of expectations that did not exist before.
- In our view, the useful diligence questions for a family are structural: who owns the firm, how advisors are paid, and what happens to the relationship if the firm changes hands. Those questions apply to Pitcairn as much as to anyone else.

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There is a word that appears on nearly every wealth management website, pitch deck, and occasionally in television advertising. It carries the weight of legal obligation, ethical commitment, and professional integrity all in four syllables.

That word is *fiduciary*.

The word means something. It is worth understanding exactly what it means, and what it does not.

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What the Fiduciary Standard Actually Covers

Registered investment advisers owe their clients a fiduciary duty under the Investment Advisers Act of 1940. In its 2019 interpretive release, the SEC described that duty as comprising two components: a duty of care and a duty of loyalty. The adviser must act in the client's best interest and must not place its own interests ahead of the client's. The Commission characterized this as an obligation that applies to the entire adviser-client relationship rather than to any single transaction.

Broker-dealers operate under a different framework. Regulation Best Interest, adopted in 2019 and effective in 2020, requires a broker-dealer to act in a retail customer's best interest at the time a recommendation is made. Both frameworks are meaningful. They are not identical, and the difference is worth knowing.

None of this has weakened. The legal architecture is intact.

What has changed is the ownership environment in which advisors work.

The Ownership Shift

Consolidation in the advisory industry has accelerated. According to ECHELON Partners' 2025 RIA M&A Deal Report, published in February 2026, the wealth management industry recorded 466 announced transactions in 2025, an increase of 27.3 percent over the prior year's record.

Private capital is behind most of that activity. Fidelity's "A Year in Review: 2025 Mergers & Acquisitions," published February 18, 2026, tracked 276 completed RIA transactions in 2025 representing $796.4 billion in purchased assets. Fidelity reported that private equity backed 88 percent of those transactions, and that all 20 firms in its Leading 20 Acquirer Cohort were private-equity backed.

The resulting concentration is meaningful. AdvizorPro's analysis of Form ADV filings, published in September 2025, found that as of July 2025 private equity owned 3.7 percent of RIA firms with at least $100 million in assets under management, and that those firms controlled approximately 23 percent of the assets in that universe.

Each of those transactions introduces a new party with a view about the business. That is a structural fact, not an accusation.

What Outside Capital Can Do Well

It would be inaccurate to suggest that this consolidation is uniformly bad for families, and we do not believe it is.

> The fiduciary standard describes a duty. It does not describe an ownership model, a compensation structure, a service model, or a planning philosophy.

Capital solves real problems. A great many firms sell because the founder is approaching retirement and has no internal successor. For those firms, a well-chosen partner can be the difference between an orderly transition and a disorderly one. Fidelity's 2025 report describes acquirers increasingly buying capability rather than assets alone, expanding into tax planning, accounting, and ultra-high-net-worth services in order to build more complete advisory platforms. Those are capabilities clients benefit from.

The buyer market is also broadening rather than narrowing. Fidelity counted a record 102 buyers in 2025, including 37 first-time acquirers, and noted that some sponsors invest on a minority, non-controlling basis specifically to preserve the operating independence of the firms they back.

There are excellent advisors doing excellent work inside private equity backed firms. The question we think matters is not whether a firm has taken outside capital. It is whether the family understands what that capital expects, and over what timeframe.

What the Label Does Not Tell You

Here is where we think the fiduciary label gets asked to carry more weight than it can bear.

The standard describes a duty. It does not describe an ownership model, a compensation structure, a service model, or a planning philosophy. A firm can satisfy its fiduciary obligation in full and still be organized in a way that produces shorter meetings, larger client loads, or a different advisor every three years.

Consider what any growth mandate requires, whether it comes from an outside investor, a bank parent, or an ambitious founder. Pipelines expand. Client segmentation tightens around profitability. Advisors carry heavier books. The planning conversation, the kind that takes an hour to have and years of context to have well, competes for time against everything else.

None of that violates the fiduciary standard. In our view, that is precisely the point. Disclosure and alignment are related but not the same thing. A conflict that is documented is still a conflict, and every firm has them, including ours.

Why This Matters More for Multigenerational Families

For families with substantial and complex wealth, we believe the structural questions carry more weight than they might for an investor with simpler needs.

Generational planning depends on continuity and accumulated context. Decisions about estate structure, liquidity timing, family governance, and tax positioning are built on a shared understanding of a family that takes years to develop and cannot be reconstructed quickly after a transition. When the people change, the context often goes with them.

That is an argument for asking about continuity. It is not a claim that any particular ownership model produces better outcomes.

Where We Sit, and What That Costs

We should be transparent about our own position, because everything above applies to us.

Pitcairn is an SEC-registered investment adviser and owes its clients the same fiduciary duty as any other RIA. We are family-led and independently owned, founded by the Pitcairn family in 1923, and we have not sold the firm. We think that structure supports the kind of long-horizon work our Shared Single-Family Office® model is built around.

It also carries real trade-offs. An independent firm does not have the capital of a scaled national platform. It carries key-person risk and must solve its own succession internally. It may build technology more slowly than a firm with a sponsor writing checks for it. A family evaluating us should weigh those things, and our conflicts of interest are disclosed in our Form ADV Part 2A.

We are not arguing that our model is right for every family. We are arguing that families should ask the structural questions of every firm they consider, including this one.

The label is a starting point. The structure is what determines whether it holds up over decades.

The Questions Worth Asking

"Are you a fiduciary?" is a reasonable first question. In our view it is not a sufficient one, because the honest answer from a registered investment adviser is always yes. Here are four questions that go further:

Who owns this firm, and what do they expect in return? Ownership expectations vary widely. A sponsor with a defined liquidity horizon has different objectives from a permanently held family firm, and both are legitimate. Ask which one you are dealing with and what it implies.

How are advisors compensated, and what behavior does that compensation reward? Every model has embedded conflicts. Asset-based fees, flat fees, commissions, and revenue-sharing arrangements each incentivize something. The useful question is not whether conflicts exist but whether the firm can describe its own clearly and without defensiveness.

What happens to my relationship if the firm is acquired or recapitalized? Given the pace of transactions, this is a practical question rather than a hypothetical one. Ask about advisor retention terms, service model continuity, and what has actually happened to clients in prior transitions.

What does the firm's Form ADV disclose? Part 2A is public, free, and specific. It describes ownership, compensation, and conflicts of interest in the firm's own words. It is the most direct answer available to the first three questions.

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