

Control Your Destiny, for Clients' Sake



To offer the highest level of client service in his power, Leo Belmonte charted his own course to independence. The CEO of Security Financial Services & Investment Corp. tells the story of how he stepped up his game, and set his company apart as a truly independent source of holistic advice.

The Start of Something Different

As I was advancing in my career as an Advisor, one of the things that became more and more important to me was independence. Not just because I wanted to set my own schedule and manage my practice the way I felt it should be managed, but because it's such a powerful way to deliver unbiased, client-focused service.

Before taking ownership of Security Financial Services & Investment Corp., I worked as a wealth professional in the proprietary product model, the independent dealer model, and the Tier-1 broker model. I also trained and managed other Advisors, so taken together, I had deep exposure to various client service and compensation structures. I saw that if I wanted to establish a practice that was essentially a blank slate in terms of what it could provide to clients, I needed something different.

A wholesaler I was doing business with introduced me as a potential buyer to the husband and wife team running Security Financial at the time. They were already moving forward on a retirement transition plan with an interested party, but as luck would have it, the plan fell through, and I was next in line. It was a risky venture for me financially – the owners wanted a lot of capital up front, and it was a scramble to pull the resources together. But we got it done, and in 2004 I became the proud owner of my own MFDA firm.

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From \$75 Million to \$400 Million in Assets – One Client at a Time

Aside from the independence I was gaining – and my intention to pass the associated benefits along to clients – there were some significant constraints and risks I was *avoiding* by becoming my own boss. If I had been at a large dealer and the firm decided to trim its ranks, I would be exposed. If the firm had been under investigation for compliance violations, I would be exposed. If the firm had decided to merge or sell, I would be exposed. As an owner, suddenly all the risks that would have been out of my control were now – to a significant degree – *within* my control.

I set out to grow the business right from day 1, and at the time it was no small challenge. We started with just 5 Advisors and \$75 million in assets, and now 10 years later, there are 15 Advisors and 6 full-time employees helping manage close to \$400 million in assets.

It's not a massive book by any stretch – but one of the important trade-offs is that we're able to run Security Financial more like a family business. Every client feels special, and that relationship is paramount. There's just something about the culture of a small, independent shop that we're able to convey as a differentiator in our service model. For example – because we're not affiliated with any product provider, we're truly agnostic when it comes to investment selection. And we don't have any sales quotas. That's been an incredible draw for our Advisors, not having that additional pressure – it tends to foster a more collegial environment, and our clients feel it.

Keeping Up – and Getting Ahead

The landscape for investment dealers is drastically different than it was 10, even 5 years ago – for the biggest players right down to the smallest. Regulatory change has made the business much more challenging from a cost-efficiency perspective. It's all the ancillary functions we need to put in place to meet our obligations that are adding up. Revenue is growing and so is our advisor base, but expenses are increasing in lockstep.

It's part of my investment philosophy that as clients wait for their money to grow over the years, they'll get paid along the way.

Another major force shaping the industry is fee compression, and the introduction of lower-cost investment solutions such as ETFs. IIROC-licensed readers may have a tough time relating, but for an MFDA firm like ours, onboarding ETFs as a “standard” offering for our clients has not been easy, requiring an entire buildout of policies and procedures, proficiency training, new technology and more. I've been very proactive on this front over the years, reaching out to firms that I believed could help Security Financial establish a back-office system for ETF trading. We recently completed a pilot program with a securities business that saw the opportunity in providing those services, which makes Security Financial among the first MFDA firms to go “live” with full-fledged ETF trading and portfolio management capabilities.

While ramping up the ETF end of the practice, I've been able take advantage of investment solutions that offer our firm – and our clients – a cost-effective and suitable combination of both worlds: ETF-based mutual funds. One key fund that I'm using in client portfolios is [BMO Tactical Dividend ETF Fund](#). For larger accounts with more flexibility and clients in need of alternative income-producing strategies, I'm also using [BMO Global Asset Management's covered call mandates](#). Every investment solution in my clients' portfolios produces steady income, whether it's fixed income or equity income. It's part of my investment philosophy that as clients wait for their money to grow over the years, they get paid along the way.

When asked whether I would do it all over again if presented with the opportunity to own a dealer firm today, the answer is always 100% “yes.” The barriers to entry are high, and the challenges are significant – but so are the rewards. In my mind, it's an incredible way to control your destiny as a wealth professional, and to help shape your clients' future with great freedom and independence. After all, no matter what channel we operate in or the size of the practice, it's our clients who are responsible for our continued growth and success.

For more business building insight, or for tips on how ETF-based mutual funds can fit your practice, contact your [BMO Global Asset Management Regional Sales Representative](#).

**Leo Belmonte****CFP, FMA, FCSI, AMP, Chief Executive Officer, Security Financial Services & Investment Corp.**

Leo Belmonte is Director and Senior Trading Officer of Security Financial Services & Investment Corp. He is a Certified Financial Planner (CFP), Financial Management Advisor (FMA), and Fellow of the Canadian Securities Institute (FCSI). After graduating with a Bachelor of Arts and a Post-Diploma in Mortgage Brokering, Leo entered the financial services industry with Investors Group in 1996.

During his six-year tenure, Leo held title as consultant, field trainer, new consultant training instructor, and Associate Regional Director. He was instrumental in building a satellite office into a multi consultant, stand-alone branch, with a strong presence in southern Ontario.

Leo then progressed to an independent firm and improved upon his experience at a bank owned brokerage firm. Leo enjoys time with his family, traveling, and playing sports. He is a member of the Knights of Columbus, and the Catholic Businessman Network.

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