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Fidelis Capital CEO expects firm to double AUM to $2B next year

Firm's growth stems from folks looking for more individualized attention than big banks can provide, founding partner says

CEO Rick Simonetti expects Fidelis Capital Partners to reach $1 billion in assets under management by the end of the year and double to $2 billion by the end of 2024.

FIDELIS CAPITAL PARTNERS LLC

By Holden Wilen – Staff Writer, Dallas Business Journal
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Fidelis Capital Partners LLC has grown to roughly $850 million in assets under management as of the end of November, and CEO Rick Simonetti expects to be at $1 billion by the end of the year.

Not too bad for a firm that launched less than a year and a half ago. And Simonetti doesn't see the growth slowing down anytime soon. By the end of 2024, he expects Fidelis will have doubled its assets to $2 billion.

"You launch something like this and hope that it resonates with people. You hope that the clients that you love to serve choose you and the organization that you've built. And thus far, I think it has exceeded our expectations," Simonetti said.

Simonetti was part of a group of private bankers from Bank of America and Wells Fargo that started Fidelis last year. The advisor-owned wealth management firm, based in Dallas and Tampa, Florida, currently has 19 employees, including four in Dallas.

Fidelis announced in September it will add a Washington, D.C. office after it added a five-person team from Bank of America Private Bank who advised more than $4.5 billion in client assets.

"You're barely seeing the impact that they will have with their client moves, and they've got a very significant following," Simonetti said.

The firm is also just beginning to see the fruits of another fairly recent hire, Chris Gunster, who also joined Fidelis from Bank of America in September as partner and head of fixed income. Gunster has already spearheaded the launch of the first bond strategy at Fidelis as the firm looks to help clients take advantage of opportunities in the bond market.

Neale Ellis, a founding partner and co-chief investment officer for Fidelis located in Dallas, attributed at least part of the firm's early success to an ability to provide more individual attention to clients than they can get at a big bank. The firm focuses on helping clients generate returns on investments while minimizing the impacts of fees and taxes.

"Nothing against the big banks, but any big organization has an enormous number of stakeholders and they get pulled in lots of different directions," Ellis said. "Our main stakeholder is the client."

Soaring interest rates and the failures of Silicon Valley Bank, Signature Bank and First Republic Bank this past spring have also provided opportunities for Fidelis. Big banks are laying off employees and cutting costs because of the interest rate hikes implemented by the Federal Reserve. The bank failures earlier this year put a spotlight on risks that banks have on their balance sheets.

"Bank balance sheets are on people's minds like they haven't been much in the past, and that's actually playing a bit to our favor," Simonetti said. "We're not a bank, and we don't have that risk on our balance sheet. Banks are moving in exactly the opposite direction that we are. They are moving towards cost cutting, scalability, more clients per advisor and struggling with margin compression. We're in the position of saying we're actually offering more services for the same fee."

As a result, Simonetti said clients and prospects have become more willing to have conversations about moving their assets. Fidelis primarily serves ultra-high-net-worth individuals and family offices.

Simonetti also said he feels optimistic about the growth prospects for Fidelis because of the impending sunset of provisions from the Trump-era Tax Cuts and Jobs Act of 2017. Most of the provisions don't sunset until 2025. Clients have already started asking questions for estate planning purposes, Simonetti said.

"Clients will get more and more engaged in discussions and we will become more and more active in helping them put structures in place to take advantage of the use-it-or-lose-it exemptions that are in place today," Simonetti said.