

Part 2A of Form ADV: *Firm Brochure*

Item 1 – Cover Page

BANORTE ASSET MANAGEMENT, INC.

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April 12, 2019

This brochure provides information about the qualifications and business practices of BANORTE ASSET MANAGEMENT, INC. If you have any questions about the contents of this brochure, please contact us at 212-484-5200 or Compliance@banortesecurities.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about BANORTE ASSET MANAGEMENT, INC. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 290555.

Item 2 – Material Changes

This Firm Brochure dated April 12, 2019, is our disclosure document. As required, the Firm must discuss material changes since the last annual update. On March 26, 2019, the U.S. Securities and Exchange Commission (“SEC”) granted the Firm’s application for registration.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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Item 4 – Advisory Business

BANORTE ASSET MANAGEMENT, INC. is a SEC-registered investment adviser with its principal place of business located in New York. BANORTE ASSET MANAGEMENT, INC. began conducting business in 2001.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- AFIN INTERNATIONAL HOLDINGS, INC., SOLE SHAREHOLDER OF APPLICANT

In addition, the following information identifies publicly held subsidiaries that indirectly own 25% or more of our firm:

- CASA DE BOLSA BANORTE SA DE CV, SOLE SHAREHOLDER OF AFIN INTERNATIONAL HOLDINGS, INC.
- GRUPO FINANCIERO BANORTE SA DE CV, SOLE SHAREHOLDER OF CASA DE BOLSA BANORTE SA DE CV

BANORTE ASSET MANAGEMENT, INC. offers the following advisory services to our clients:

PORTFOLIO MANAGEMENT

Our firm provides non-continuous asset management of client funds.

We manage these advisory accounts both on a discretionary and non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., growth, income, speculation).

LIMITATIONS: Individuals of BANORTE ASSET MANAGEMENT, INC. are registered as representatives of a broker-dealer and/or as insurance agents/brokers of various insurance companies, recommendations are limited to only those products offered through these companies.

AMOUNT OF MANAGED ASSETS

As of April 12, 2019, we were actively managing \$30,415,262 of clients' assets on a non-discretionary basis

Item 5 – Fees and Compensation

PORTFOLIO MANAGEMENT SERVICES FEES

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management and generally range from **0.85%** to 1.75

A minimum of **\$100,000.00** of assets under management is required for this service. This account size may be negotiable under certain circumstances.

Our fees are billed quarterly, at the end of each quarter based upon the average daily assets under management of the client's account at the end of the previous billing period. Fees will be debited from the account in accordance with the client authorization in the Client Services Agreement.

BANORTE ASSET MANAGEMENT, INC.'s advisory fees are negotiable.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of **30** days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

Mutual Fund Fees: All fees paid to BANORTE ASSET MANAGEMENT, INC. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be

charged to clients.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

Item 6 – Performance-Based Fees and Side-by-Side Management

BANORTE ASSET MANAGEMENT, INC. does not charge performance-based fees.

Item 7 – Types of Clients

BANORTE ASSET MANAGEMENT, INC. provides advisory services to High Net Worth Individuals and Corporations or other businesses not listed above.

For its services, a minimum of **\$100,000.00** of assets under management is required. This account size may be negotiable under certain circumstances

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

INVESTMENT STRATEGY OVERVIEW AND METHODS OF ANALYSIS

BANORTE ASSET MANAGEMENT, INC.'s investment strategy is summarized below and detailed in the governing documents as negotiated with each Client.

BANORTE ASSET MANAGEMENT, INC. seeks to produce superior, risk adjusted returns through the Portfolio Managements Services for each of its Clients by employing various investments including equities, fixed income, ETFs, mutual funds, etc. We provide both discretionary and non-discretionary asset management services as agree to in writing with a client and consistent with a client's investment objectives, risk tolerance, and time horizons, among other considerations. For non-discretionary accounts, strategies are discussed with the customer prior to order entry.

RISK OF LOSS

Risks for all forms of analysis: All analysis methods rely on the assumption that the companies whose securities that are purchased or sold, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that an analysis may be compromised by inaccurate or misleading information.

Investment and Trading Risks: All securities investments bear significant risk of capital loss. No guarantee or representation is made that the Clients' trading programs will be successful or that the Clients will not incur losses.

Investment Judgment; Market Risk: The profitability of a significant portion of the Adviser's investment program depends to a great extent upon correctly assessing the future course of the price movements of securities and other investments. There can be no assurance that the Adviser will be able to predict accurately these price movements.

Inflation: There has been an unusually low rate of inflation in the United States and most other developed economies for some time. At the same time, the central governments have been injecting unprecedented amounts of financial stimulus into these economies — historically a recurring cause of serious inflation. Were significant inflation to occur, the effect on the Adviser's strategy could be materially adverse — while unpredictable, stocks have traditionally been considered a form of "hedge" against inflation, but that is not always the case (particularly in the case of any individual stock).

Availability of Suitable Investments: While the Adviser believes that there are currently available many attractive investments of the type in which the Clients currently invest, there can be no assurance that such investments will continue to be available for the

Clients' investment activities, or that available investments will meet the Clients' investment criteria.

Custody Risk: The Clients, prime brokers and their affiliates, and other primary custodians may, subject to the restrictions imposed by the Advisers Act, appoint sub-custodians in certain non-U.S. jurisdictions to hold the assets of the Client. The Clients' primary custodians may not be responsible for cash or assets held by sub-custodians in certain non-U.S. jurisdictions, or for any losses suffered by the Client as a result of the misconduct, bankruptcy or insolvency of any such sub-custodian.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN ADVISER'S METHODS OF ANALYSIS AND INVESTMENT STRATEGIES USED IN FORMULATING INVESTMENT ADVICE OR MANAGING ASSETS. PROSPECTIVE CLIENTS SHOULD CAREFULLY REVIEW THE RISKS DESCRIBED IN THE APPLICABLE GOVERNING DOCUMENTS.

Item 9 – Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

FIRM REGISTRATIONS:

In addition to BANORTE ASSET MANAGEMENT, INC. being a registered investment adviser, our affiliate, BANORTE-IXE SECURITIES INTERNATIONAL, LTD., is registered as a FINRA member broker-dealer. A list of affiliated broker-dealers is specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1, which can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

MANAGEMENT PERSONNEL REGISTRATIONS:

Management personnel of our firm are separately licensed as registered representatives of **BANORTE-IXE SECURITIES INTERNATIONAL, LTD.**, an **affiliated** FINRA member broker- dealer.

Clients should be aware that BANORTE ASSET MANAGEMENT, INC. and its management persons or employees do NOT receive additional compensation when making advisory recommendations. BANORTE ASSET MANAGEMENT, INC. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

BANORTE ASSET MANAGEMENT, INC. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

BANORTE ASSET MANAGEMENT, INC.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to Compliance@banortesecurities.com, or by calling us at 212-484-5200.

BANORTE ASSET MANAGEMENT, INC. and individuals associated with our firm are prohibited from engaging in principal transactions.

BANORTE ASSET MANAGEMENT, INC. and individuals associated with our firm are prohibited from engaging in agency cross transactions.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

Item 12 – Brokerage Practices

BANORTE ASSET MANAGEMENT, INC. does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

For discretionary accounts, BANORTE ASSET MANAGEMENT, INC. selects the broker-dealers and other financial intermediaries used to effect transactions on behalf of its Clients. BANORTE ASSET MANAGEMENT, INC. seeks to obtain “best execution” from these broker-dealers based on a variety of factors. In selecting broker-dealers to effect portfolio transactions, BANORTE ASSET MANAGEMENT, INC. may cause a Client to enter into arrangements pursuant to which the Client pays transaction costs in an amount greater than would be incurred if another broker-dealer were used. BANORTE ASSET MANAGEMENT, INC. is not required to solicit competitive bids or seek the lowest available commission or transaction costs. The transactions executed by a Client may be cleared through, and the Client’s investment instruments may be held by, a number of financial institutions BANORTE ASSET MANAGEMENT, INC. selects on terms negotiated with each such financial institution individually. Subject to the BANORTE ASSET MANAGEMENT, INC.’s agreement with each Client, BANORTE ASSET MANAGEMENT, INC. generally will use a variety of financial institutions both to take advantage of differing expertise and capabilities and to avoid, due to credit concerns, having all investment instruments concentrated at one firm. BANORTE ASSET MANAGEMENT, INC. does not consider the receipt of Client referrals when selecting broker-dealers to execute transactions.

Clients must include any limitations on discretionary authority in the written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

As a matter of policy and practice, BANORTE ASSET MANAGEMENT, INC. does not generally block client trades and, therefore, we implement client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, our clients may not receive volume discounts available to advisers who block client trades.

Item 13 – Review of Accounts

REVIEWS:

While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed on a trade date basis by reviewing applicable order tickets and again on a quarterly basis by reviewing customer account statements. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by the Compliance Officer.

REPORTS:

Monthly statements and confirmations of transactions are sent from the account's broker-dealer.

Item 14 – Client Referrals and Other Compensation

It is BANORTE ASSET MANAGEMENT, INC.'s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is BANORTE ASSET MANAGEMENT, INC.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 – Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm does not have actual or constructive custody of client accounts.

Item 16 – Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 – Voting Client Securities

We vote proxies for all client accounts; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account.

We will vote proxies in the best interests of its clients and in accordance with our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting us by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us at 212-484-5200.

Item 18 – Financial Information

BANORTE ASSET MANAGEMENT, INC. has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

BANORTE ASSET MANAGEMENT, INC. has not been the subject of a bankruptcy petition at any time during the past ten years.