

Form CRS - Client Relationship Summary

Banorte Asset Management, Inc.

November 14, 2024

Item 1. Introduction

Banorte Asset Management, Inc. ("BAM"), also doing business as Banorte Wealth Advisors, is registered with the U.S. Securities and Exchange Commission (SEC) as an investment adviser. Please note that investment advisory services differ from brokerage services, and it's important to understand these distinctions when selecting a provider. Free and simple tools are available for you to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

Item 2. Relationship and Services

What investment services and advice can you provide me?

Description of Service: BAM offers investment advisory accounts to retail investors through two service programs: BAM Traditional and BAM Digital. Investment advisory accounts under BAM Traditional can be managed on either a discretionary or non-discretionary basis by our Investment Advisor Representatives (IARs). BAM Digital accounts, however, are managed on a discretionary basis via a technology platform developed by our sub-advisor, BCP Global. BAM Traditional advisory accounts are offered under a bundled "wrap" fee structure, which includes investment management, trade execution, custody, and other administrative services in a single fee. For BAM Digital, we provide an online investment platform managed in collaboration with our sub-advisor BCP Advisors LLC, (doing business as BCP Global). This program also follows a wrap fee structure that consolidates fees for investment advisory, brokerage, custody, clearance, settlement, and other administrative services, based on the total value of assets under management.

Monitoring: For BAM Traditional accounts, we conduct periodic monitoring of your account(s) to ensure alignment with your stated investment strategy and any specific constraints. For BAM Digital accounts, we focus on monitoring the sub-advisor's platform for due diligence and oversight, ensuring the effective administration of clients' accounts.

Investment Authority: For BAM Traditional discretionary accounts, BAM executes transactions without prior approval, while in non-discretionary accounts, we require client consent for each transaction. Our engagement will continue until you notify us, otherwise in writing. BAM Digital accounts are managed with limited discretionary authority through our online platform.

Limited Investment Offerings: For BAM Traditional advisory accounts, available investments include mutual funds, ETFs, stocks, bonds, SMAs, Structured Notes and Third-party investments models. These offerings allow clients to access a broad range of asset classes and investment strategies designed to meet diverse portfolio needs. In contrast, our BAM Digital advisory accounts primarily focus on UCITS. While BAM offers a variety of core investment products, certain complex or high risk products such as variable annuities and leveraged instruments are not included within our program.

Account Minimums and Other Requirements: Traditional accounts, the minimum investment is \$50,000 (discretionary) and \$1,500,000 (non-discretionary), with BAM Digital requiring a \$10,000 minimum. Minimums may be negotiable based on client-specific factors.

Additional Information: For additional information, please see our Form ADV Part 2A and Appendix 1 (with special emphasis on Items 4 and 7). Please click [here](#) to find BAM's Brochure

Questions You May Want to Ask

1. Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?
2. How will you choose investments to recommend to me?
3. What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?

Item 3. Fees, Costs, Conflicts and Standard of Conduct

A. What Fees Will I Pay?

Description of Principal Fees and Costs: Our fees vary based on account size and are typically charged as a percentage of assets under management. For BAM Traditional accounts, fees are charged quarterly, while BAM Digital accounts incur monthly fees. All BAM accounts participate in wrap-fee programs, which bundle advisory, transaction, and custodial costs into a single fee.

Dual Registration and Potential Conflicts of Interest: Investment Adviser Representatives (IARs) of BAM are also registered representatives of our affiliated broker-dealer, Banorte Securities International Ltd. (BSI) and may be licensed insurance agents with third-party insurance companies. This affiliate relationship and the dual registration of IARs create inherent conflicts of interest. Specifically, IARs may have an incentive to maximize their compensation by recommending brokerage or insurance products alongside advisory services. This may result in splitting client investments between advisory accounts and brokerage accounts to earn higher compensation.

Wrap Account Potential Conflicts of Interest: All BAM accounts participate in wrap-fee programs. Fees associated with the wrap fee program will include the advisory fee and most of the costs for the execution of securities transactions and custody of these assets, and therefore are higher than the advisory fees for non-wrap programs. A wrap fee presents a conflict because it creates an incentive for BAM and third-party money managers to minimize the trades in your advisory account to reduce the portion of the wrap fee used to cover transaction costs.

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Other Potential Conflicts of Interest: Since the amount you pay depends upon the value of your account, we acknowledge that this creates an incentive for us to encourage you to increase the size of your relationship with us. In addition, in some cases, BAM receives more compensation when its representatives provide advisory services to clients than when they solely provide brokerage services, as they receive a portion of the advisory fees deducted from client accounts on a regular and continuous basis.

More information about these advisory fees is available on the [Form ADV Part 2A Firm Brochure](#), specifically Item 5 for BAM, which is available at <https://www.banortewealthmanagement.com/downloads/?lang=en>.

Additional Information

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. For additional information go to <https://www.banortewealthmanagement.com/downloads/?lang=en>.

Questions You May Want to Ask

1. 2024

B. What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here is an example to help you understand what this means.

Since BAM is paid based on the assets in your advisory account, the more assets there are in your account, the more you will pay in fees, so BAM has an incentive to encourage you to increase the assets in your advisory account. Here are additional examples of incentives created by certain payments BAM receives.

Proprietary Products: BAM may offer or recommend bonds issued by our parent company, Grupo Financiero Banorte S.A.B. de C.V. located in Mexico, as part of our advisory services when appropriate for your financial goals. While we are not involved in the underwriting or issuance of these bonds, and we only recommend them when they align with your investment objectives, this affiliation may create a conflict of interest. When we offer or recommend you a proprietary product, BAM and our financial professionals do not receive additional compensation or other types of financial benefits.

Revenue Sharing: Certain service providers for BAM's advisory programs, such as clearing firms and custodians, may share part of the revenue, such as sweep in a money market fund, they earn from client assets with BAM's affiliated broker-dealer, Banorte Securities International Ltd. (BSI). Although BAM does not receive this revenue, this arrangement creates an incentive for BAM to select or recommend these providers for client advisory accounts and encourage clients to increase account assets.

Questions You May Want to Ask

1. How might your conflicts of interest affect me, and how will you address them?

C. How do your financial professionals make money?

BAM's financial professions receive a portion of the ongoing investment advisory fees you pay us based on assets in your account. Advisory fees BAM receives generally vary based on the investment advisory program selected, the amount of assets in the program, and the advisory fee you negotiated with your financial professional. The portion of the fees BAM pays to their financial professionals also varies among financial professionals depending on the financial professional's performance. These compensation arrangements create conflicts of interest between you as a customer and your financial professional.

In the case of certain investment funds, the issuer or the sponsor provides financial professionals associated with BAM other forms of compensation, including business entertainment, expense reimbursement for travel associated with educational or similar business meetings, financial assistance in covering the cost of marketing and sales events. The receipt of these payments presents a conflict because it creates an incentive for financial professionals to recommend those investments or funds whose issuers or sponsors offer these forms of compensation.

Item 4. Disciplinary History

Do you or your financial professionals have a legal or disciplinary history?

Yes. Please visit [Investor.gov/CRS](https://www.investor.gov/crs) for a free and simple search tool to research us and our financial professionals.

Questions You May Want to Ask

1. As a financial professional, do you have any disciplinary history? For what type of conduct?

Item 5. Additional Information

For additional information regarding BAM's investment advisory services, please visit:

<https://www.banortewealthmanagement.com/downloads/?lang=en>. You may also request an up-to-date copy of this Form CRS Customer Relationship Summary by calling 713-980-4600 or e-mailing compliance@banorteusa.com.

Questions You May Want to Ask

1. Who is my primary contact person? Is he or she a representative of an investment adviser or broker-dealer? Who can I talk to if I have concerns about how this person is treating me?

Banorte Asset Management, Inc.

November 14, 2024

Banorte Asset Management, Inc. (BAM) has updated its Form CRS. Below is a summary of material changes since the prior filing on December 5, 2023. Clients should review the full Form CRS for complete details on BAM's services, fees, conflicts of interest, and other relevant information.

Material Changes Overview

Refocused Scope to Cover Only BAM's Investment Advisory Services

The updated Form CRS exclusively addresses BAM's SEC-registered investment advisory services, removing any reference to its affiliated broker-dealer, Banorte Securities International, Ltd. (BSI). This reduces the Form CRS length from four pages to two pages, focusing solely on BAM's services.

Expanded Details on BAM Advisory Programs (Item 2)

The updated Form CRS exclusively addresses BAM's SEC-registered investment advisory services, removing any reference to its affiliated broker-dealer, Banorte Securities International, Ltd. (BSI). This reduces the Form CRS length from four pages to two pages, focusing solely on BAM's services.

Clarification on Limited Investment Offerings (Item 2)

BAM Traditional accounts now detail a broader range of investment options, including mutual funds, ETFs, stocks, bonds, separately managed accounts (SMAs), structured notes, and third-party investment models. BAM Digital focuses on UCITS (Undertakings for Collective Investment in Transferable Securities). High-risk products, such as variable annuities and leveraged instruments, remain excluded from both programs.

Dual Registration and Insurance Affiliation (Item 3)

The updated Form CRS clarifies that BAM's Investment Adviser Representatives (IARs) are also registered representatives of BSI and may be licensed insurance agents. This dual registration creates potential conflicts of interest, as IARs may earn additional compensation for recommending brokerage or insurance products. This could incentivize IARs to recommend a split between advisory and brokerage accounts to maximize compensation.

Proprietary Products and Potential Conflicts of Interest (Item 3)

The updated document provides more transparency on conflicts of interest related to proprietary product recommendations, disclosing that BAM may recommend bonds issued by its parent company, Grupo Financiero Banorte S.A.B. de C.V. Although BAM does not receive additional compensation for these recommendations, the affiliation with the issuer could still influence investment recommendations.

Revenue Sharing Arrangements (Item 3)

The updated Form CRS expands disclosures on revenue-sharing arrangements in BAM's advisory programs. These arrangements involve BAM's affiliate BSI receiving shared revenue from custodians and clearing firms. While BAM does not directly receive these funds, this arrangement may incentivize recommendations for certain service providers.

Contact Information and Access to Updated Forms (Item 5)

Updated contact information, including website and email details, are provided for clients to access BAM's most recent Form CRS and obtain further assistance.

Additional Information

For more information, please visit BAM's website at <https://www.banortewealthmanagement.com/downloads/?lang=en> or contact us directly at 713-980-4600 or via email at compliance@banorteusa.com.