

**BANORTE ASSET MANAGEMENT, INC.**

5075 Westheimer, Suite 975W Houston, TX 77056

**Part 2A of Form ADV: Firm Brochure****March 20, 2024**

This disclosure brochure provides information about the qualifications and business practices of Banorte Asset Management, Inc. (hereinafter sometimes referred to as “BAM” or the “Firm”), a Registered Investment Adviser. Registration does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, contact us at 713-980-4600 or [Compliance@banortesecurities.com](mailto:Compliance@banortesecurities.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“U.S. SEC”) 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](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The Firm’s CRD number is 290555.

## **Item 2 – Material Changes**

BAM is required in this Item to identify and discuss any material changes made to this Brochure since the last annual update, which was filed on March 30, 2023.

- Under “Brokerage Practices,” we:
  - Updated this item to reflect additional disclosures about BAM’s use of its affiliated broker-dealer.
- Under “Fees and Compensation,” we:
  - Updated this item to disclosure compensation derived from Sweep Money Market Fund balances in client accounts.
  - Updated this item to disclose that we may purchase bonds for client accounts that are issued by our ultimate parent company.
  - Updated this item to expand on the list of additional fees and expenses charged to clients.
  - Updated this item to reflect a new required minimum account size for “BAM Traditional” advisory services from \$300,000 to \$50,000.
- Under “Disciplinary Information,” we:
  - Updated BAM’s disciplinary history to include details of Banorte’s violation of Section 206(4) of the Advisers Act and Rule 206(4)-1(d)(6) (the “Amended Marketing Rule”).
- Under “Client Referrals and Other Compensation,” we:
  - Updated this item to clarify how we compensate our affiliated bank, Banco Mercantil del Norte, for referrals.

BAM encourages all current advisory customers and prospective customers to read this Brochure in its entirety and discuss any questions you may have with your IAR. If BAM makes any material changes to this Brochure, this Item will be revised to include a summary of the changes.

BAM, at any time, may update this Brochure and either send you a copy or offer to send you a copy (either by electronic means (email) or in hard copy form).

Obtain a copy of this Firm Brochure, in its most updated version, by contacting us at 713- 980-4600 or through e-mail, by contacting: [Compliance@banortesecurities.com](mailto:Compliance@banortesecurities.com).

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## **Item 4 – Advisory Business**

BAM is registered with the SEC as an investment adviser with its principal place of business located in Houston, Texas, USA. BAM 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).

- Banorte Securities Holdings International Inc., sole shareholder of applicant.  
In addition, the following information identifies publicly held subsidiaries that indirectly own 25% or more of the Firm:
- Casa de Bolsa Banorte S.A. de C.V., sole shareholder of AFIN INTERNATIONAL HOLDINGS, INC.
- Grupo Financiero Banorte, S.A.B. de C.V., sole shareholder of Casa de Bolsa Banorte S.A. de C.V.

BAM offers the following products and services to our clients:

### **ADVISORY SERVICES – PORTFOLIO MANAGEMENT**

The Firm provides continuous asset management of client assets.

Apart from the digital, discretionary account management provided through our BAM Digital division (see Wrap Fee Program Brochure in IARD), we manage our advisory accounts on both a discretionary and non-discretionary basis. Collectively, the non-discretionary and discretionary advisory accounts are referred to as "BAM Traditional." Account supervision for BAM Traditional accounts is guided by the client's stated objectives (i.e., growth, income, speculation, etc.).

**LIMITATIONS:** Individuals of BAM are registered as representatives of an affiliated broker-dealer and also as insurance agents. While this set of arrangements may connote that a conflict of interest could exist, strict procedures are in place to ensure that BAM's Investment Advisor Representatives ("IAR") always act in the best interest of their clients and place their interest above their own and that of the firms they represent.

### **AMOUNT OF MANAGED ASSETS**

As of December 31, 2023, we were managing \$89,706,289 of our clients' assets on a discretionary basis. As of December 31, 2023, we were managing \$127,856,034 of our clients' assets on a non-discretionary basis. As of December 31, 2023, we were managing \$217,562,323 of our client's assets on a discretionary and non-discretionary" basis.

### **INSURANCE POLICIES**

BAM is licensed as a life insurance agency with the State of Texas, and as such those persons licensed as insurance agents with BAM may offer clients life insurance products underwritten by those insurance companies with whom BAM has an agreement.

## **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 **1.85%**.

The required minimum Account size for “BAM Traditional” advisory services under this Agreement is **\$50,000.00**. This account size may be negotiable under certain circumstances. Separately, the Wrap Fee account minimum account size **\$10,000.00** and pertains to the BAM Digital platform. More information regarding the Wrap Fee program can be found in Appendix 1.

The Adviser’s annual fee for investment management services shall be based on a flat fee percentage structure of the total amount of assets under management (“AUM”) held in the Account and computed based on the Net Liquidation Value (“NLV”) of the account applied daily on a 365 calendar days basis. The Net Liquidation Value of the Account for any given day is equal to the ending equity value of the Account on that day. This annual fee shall be prorated and paid quarterly, in arrears, based upon the AUM held in the Account on the last business day of the previous quarter. All fees may be collected by the Adviser from the amount of any contribution or transfer, from available cash in the Account(s), or from the liquidation of such assets held in the Account(s) as are necessary to pay such fees in full.

BAM’s advisory fees are negotiable.

### **GENERAL INFORMATION**

**Termination of the Advisory Relationship:** This Agreement will continue in effect until terminated by either party by written notice to the other (email notice will not suffice), which written notice must be signed by the terminating party. Termination of this Agreement by Client shall take effect no later than the seventh (7th) business day following receipt by Adviser of written notice of termination. Termination of this Agreement by Adviser of this Agreement shall take effect at least thirty (30) calendar days following receipt by Client of written notice of termination. Termination of this Agreement will not affect (i) the validity of any action previously taken by Adviser under this Agreement; (ii) liabilities or obligations of the parties from transactions initiated before termination of this Agreement; or (iii) Client’s obligation to pay advisory fees (prorated through the date of termination). Upon the termination of this Agreement, Adviser will have no obligation to recommend or take any action with regard to the securities, cash or other investments in the Account and will refund any unearned advisory fees.

**Mutual Fund Fees:** All fees paid to BAM 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 for mutual funds 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.

**Fixed Income Securities – Conflicts of Interest:** We may purchase bonds for client accounts that are issued by our ultimate parent company, that this is a conflict of interest, but we mitigate the conflict because we aren’t required to buy such bonds for client accounts. Regarding such bonds;

we believe they are high quality; and we don't charge different commissions or fees than we do for non-Banorte bonds.

**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 the Firm. Such fees may include the investment advisory fees of the independent advisors, 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. Please see the Wrap Fee Appendix 1 following this Firm Brochure.

**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). Examples of transaction fees include, but are not limited to ticket charges, paper fees, wire fees and Non-US foreign account fees. 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 advisors for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

**Additional Compensation:** Some of the investment managers and other service providers for BAM's advisory programs, such as the clearing firm, share with BSI in BSI's capacity as a broker-dealer in connection with your advisory account assets, a part of the revenue, such as 12b-1 fees, they earn on your assets, including on assets in a Sweep Money Market Fund vehicle for your assets. Although none of this revenue is shared with BAM, these payments to BSI, a BAM affiliate, create an incentive for BAM to select or recommend those investment managers and service providers for your advisory account assets and to encourage you to increase the amount of assets in your account.

## **INSURANCE POLICY FEES**

Fees that are assessed for the sale of insurance policies are generally those which are standard rates in the industry. All insurance agents of BAM are also the IARs who serve clients in a portfolio management capacity. As such, the offering of life insurance products is typically seen to be a complimentary service to clients, as opposed to the main line business of BAM, which is portfolio management.

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

BAM does not charge any performance-based fees.

### **Item 7 – Types of Clients**

BAM's client base is made up primarily of clients who reside in Latin America, the majority of whom are Mexican citizens.

These clients are typically individuals, high-net-worth individuals, trusts, estates, charitable organizations, corporations, and other business entities.



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

### **INVESTMENT STRATEGY OVERVIEW AND METHODS OF ANALYSIS**

BAM's investment strategy is summarized below and detailed in the governing documents as negotiated with each Client.

BAM seeks to produce superior, risk adjusted returns through the Portfolio Management Services for each of its clients by employing various investments including UCITs Open Ended Mutual Funds, UCITs Exchange Traded Funds (ETFs), corporate debt securities, U.S. government securities, ETNs, alternatives approved for international clients and structured notes.

With regard to accounts managed on a fully discretionary basis, clients are consulted with regard to a variety of unique factors characterized by their individual circumstance, needs and investment objectives. An Investment Policy Statement is put into place to lay the groundwork for portfolio construction and approach to markets for a given client's investment management arrangement.

BAM offers six (6) available models that can be utilized in varying percentage amounts with the goal of achieving desired investment objectives. The aforementioned six portfolio models are not exclusive, and clients are able to customize, in conjunction with their IAR, how they would like to have their portfolio account managed.

The six (6) model portfolios available are: (1) Ultra Short Duration portfolio, (2) the Conservative portfolio 80RF20RV, (3) the Growth Portfolio 20RF80RV (4) the Moderate Portfolio 60RF40RV (5) the Fixed Income Portfolio; and (6) Equity Portfolio. The Ultra Short Duration portfolio invests in government and corporate fixed income securities which are U.S. dollar denominated and which have readily available liquidity. The Conservative Portfolio is designed to generate modest returns with relatively low risk to principal. The Growth Portfolio is designed to maximize long-term potential growth of principal. The Fixed Income Portfolio is designed for investment in fixed income asset classes and the Equity Portfolio is designed to maximize long-term potential growth of principal through investments in the equity markets.

We also provide non-discretionary asset management services as agreed-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 a 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 BAM'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 BAM will be able to predict accurately these price movements.

**Inflation:** Were significant inflation to occur, the effect on BAM'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).

**Foreign Investment Risk** – Foreign investments face the potential of heightened illiquidity, greater price volatility and adverse effects of political, regulatory, tax, currency, economic or other macroeconomic developments.

**Availability of Suitable Investments:** While BAM 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.

**Margin Risk:** Clients who choose to borrow funds from the Broker-Dealer will receive the Margin Risk Disclosure Statement at the time they open their margin account. A Margin account involves higher risk due to the risk of leveraging. Some risks include, but are not limited to the following:

- You can lose more funds than You deposit into your Margin Account
- You are fully liable for the funds that You have borrowed
- The Broker-Dealer can force the sale of Securities and Other Property in Your Account without contacting you
- The Broker-Dealer can increase "house" maintenance margin requirements at any time without advance written notice
- You are not entitled to an extension of time to meet a margin maintenance call
- Short sales can result in unlimited liability.
- Interest rates on margin debit balance may vary.

**THE LIST OF RISK FACTORS ABOVE IS NOT INTENDED TO BE A COMPLETE LIST OR EXPLANATION OF ALL OF THE RISKS INVOLVED IN BAM'S METHODS OF ANALYSIS AND INVESTMENT STRATEGIES USED IN FORMULATING INVESTMENT ADVICE OR MANAGING ASSETS.**

### **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.

Referencing the SEC offer of settlement submitted by Banorte Asset Management, Inc., dated August 22, 2023, and subsequent SEC acceptance of (the "Offer"), dated September 11th. This matter involves failures by Banorte, a Registered Investment Adviser, to comply with amendments to Advisers Act Rule 206(4)-1 that the Commission adopted in December 2020 (the "Amended Marketing Rule"). After November 4, 2022, the compliance deadline for the Amended Marketing Rule (the "Relevant Period"), Banorte advertised hypothetical performance on its public website without adopting and implementing policies and procedures reasonably designed to ensure that the hypothetical performance was relevant to the likely financial situation and investment objectives of the intended audience. As a result, Banorte violated Section 206(4) of the Advisers Act and Rule 206(4)-1(d)(6) thereunder. THE MATTER IS NOW CLOSED AND WAS SETTLED ON 9/14/2023. BANORTE ASSET MANAGEMENT, INC. HAS ADOPTED REVISED POLICIES AND PROCEDURES RELATED TO MARKETING AND REMOVED HYPOTHETICAL PERFORMANCE ADVERTISING FROM THE FIRM'S WEBSITE.

## **Item 10 – Other Financial Industry Activities and Affiliations**

In addition to BAM being a Registered Investment Adviser, our affiliate, Banorte Securities International, Ltd. ("BSI"), is a FINRA registered 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. Additionally, IARs of BAM are also licensed to sell securities as Registered Representatives of BSI and are also licensed insurance agents with third party insurance companies. These individuals spend the majority of their professional time offering securities and insurance products through such affiliations. As a result of such sales activity, such individuals receive normal and customary compensation in the form of commissions and/or other compensation.

This affiliate relationship and the dual registration of IARs creates inherent conflicts. These conflicts are reviewed by internal management and compliance personnel to determine BAM's appropriate course of action. Those conflicts that cannot be mitigated Investment Advisory Services offered by Investment Adviser Representatives through BAM will be addressed through internal controls, including, but not limited to, upfront review processes, monitoring of transactional activity, and other internal controls. Conflicts will be disclosed to customers through a variety of disclosure documents, provided prior to or at the time an account is recommended. These disclosures include, for example, Form CRS and this brochure. IARs of BAM are dually registered as registered representatives with BSI. This may create a conflict where IARs may seek to maximize their compensation by mixing customer business between advisory accounts and brokerage products. As a result of this conflict, registered representatives/IARs may split investments between advisory accounts and brokerage accounts to earn higher compensation.

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

BAM has adopted a Code of Ethics which is distributed to all associated persons of BAM. The Code of Ethics generally prohibits any associated persons from acting in a manner that places their own interests or the interests of BAM ahead of a customer. This includes restrictions against associated persons using information about BAM's practices or recommendations for customer accounts for their own benefit; or taking advantage of investment opportunities that would otherwise be available for the Firm's Customers. Also, as a matter of business policy, the Firm wants to avoid even the appearance that the Firm, its employees, or others receive any improper benefit from information about customer trading or accounts or from our relationships with our customers or with the brokerage community. BAM will provide a copy of its Code of Ethics to any customer or prospective customer upon request.

The Firm believes that any conflict of interest that may be present would be very limited, BAM has implemented a personal trading policy that requires all associated persons to disclose any personal securities transactions in Reportable Securities to the firm, at least quarterly. In addition, all associated persons must report all personal trading accounts of the associated person or his/her immediate family members living in the same household that hold, or can hold, Securities, and holdings in all Reportable Securities, initially within 10 days of becoming an associated person and each year thereafter.

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](mailto:compliance@banortesecurities.com), or by calling us at 713-980-4600.

BAM and individuals associated with the Firm are prohibited from engaging in principal transactions.

BAM and individuals associated with the Firm are prohibited from engaging in agency cross transactions.

## **Item 12 – Brokerage Practices**

BAM does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

BAM uses its affiliate, BSI, to execute all trade recommendations for customers. BSI in turn has a transaction clearing and custody agreement with Pershing LLC division of Bank of New York, whereby BAM customer assets are custodied at Pershing LLC and trades executed through this entity. The business relationship with Pershing LLC provides BSI and BAM economic benefit that BAM would not receive if BAM did not use BSI and Pershing LLC for trade execution, clearing, settlement and/or custody. A customer may be able to reduce such costs by using an Adviser other than BAM. The customer should understand that BAM has an inherent conflict of interest by using BSI for trade execution since the charges levied by BSI in some instances may be greater than those of other broker-dealers. The conflicts of interest exist because the use of BSI conflicts with the customer's desire to effect all transactions at the lowest possible cost.

Should the client wish to direct brokerage transactions to a different outside broker or dealer, it would have to provide instructions and obtain approval from BAM.

### **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 a BAM member of the Products and Strategy department under the supervision of the Chief Investment Officer and a member of the office of Compliance.

#### **REPORTS:**

The Custodian sends periodic statements to the Client showing all disbursements for the Account, including the amount of the Adviser's fee. These statements are sent on a monthly basis when there has been activity in or disbursements from the Account; otherwise they are sent on a quarterly basis.

#### **Item 14 – Client Referrals and Other Compensation**

BAM has a general firm policy of not compensating unaffiliated third parties for referring potential clients to BAM for advisory services. However, BAM has a referral arrangement with its affiliated bank, Banco Mercantil del Norte (“Banco Mercantil”). As part of the arrangement, BAM periodically provides “non-cash” compensation to individual representatives of Banco Mercantil in the form of sales awards, trips, or other prizes. BAM believes its affiliation with Banco Mercantil is readily apparent to potential advisory client referrals, and such non-cash compensation provided to Banco Mercantil representatives is typically in small amounts.



### **Item 15 – Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that the Firm directs the broker-dealer to directly debit 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. The Custodian sends periodic statements to the Client showing all disbursements for the Account, including the amount of the Adviser's fee. These statements are sent on a monthly basis when there has been activity in or disbursements from the Account; otherwise, they are sent on a quarterly basis

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.

The Firm is deemed to have custody of client assets because it has the ability to have fees and other expenses deducted directly from a client's account, thus must meet the requirements listed under Rule 206(4)-2 of the Investment Advisers Act, however, the Firm is exempt from the surprise examination requirements of the Independent Verification.

## **Item 16 – Investment Discretion**

“BAM Traditional” offers both discretionary and non-discretionary investment advisory services.

Under our Discretionary investment advisory services, the Adviser is authorized, without prior consultation with the Client, to buy, sell, trade and allocate in and all or a portion of the Assets among various UCIT ETFs and open ended funds, corporate debt securities, U.S. government securities, ETNs, alternatives and structured notes in accordance with the Client’s designated investment objective(s), as set forth on Schedule B or as otherwise provided in writing by Client to Adviser, as the same may be amended from time to time. Unless the Client has advised the Adviser to the contrary, in writing, there are no restrictions that the Client has imposed upon the Adviser with respect to the management of the Assets. The Adviser will be responsible for recommending an appropriate asset allocation for the Assets; evaluating and selecting securities within each asset class; implementing the investment strategy through trading and rebalancing; and monitoring Asset performance and drift to make changes, as necessary.

Under our Non-Discretionary investment advisory services, the Adviser will be responsible for recommending an appropriate asset allocation for the Assets; investing or disposing of or holding securities in the Account with the Client’s consent; keeping the Client’s Assets under review in order to ensure that the Client’s Assets remain invested in a manner that is consistent with the Client’s chosen investment objectives; and monitoring performance of the Client’s Assets. The Adviser cannot effect any transaction in the Account without first obtaining prior verbal consent from the Client for any such transaction

### **Item 17 – Voting Client Securities**

BAM shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in the Accounts. The client expressly retains the authority and responsibility for, and BAM is expressly precluded from rendering any advice or taking any action with respect to, the voting of any such proxies.

### **Item 18 – Financial Information**

BAM has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

BAM has not been the subject of a bankruptcy petition at any time during the past ten years.

**BANORTE ASSET MANAGEMENT, INC.**

**It is on-line digital investment platform Also known as “BAM Digital.”**

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Web Address: <https://bam.globalinvest.us/>

**Part 2A of Form ADV, Appendix 1 – Wrap Fee Program Brochure**

**March 20, 2024**

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Banorte Asset Management Inc. (“Banorte Asset Management,” or the “Firm”), a Registered Investment Advisor. If you have any questions about the contents of this brochure, please contact us at 713-980-4600 or [compliance@banortesecurities.com](mailto: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.

Registration with the SEC or notice filing with any state securities authority does not imply a certain level of skill or training.

Additional information about Banorte Asset Management, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://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.

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### **Item 1 – BAM Digital Wrap Fee Program Description**

This Brochure relates to the wrap fee program offered by BCP Global, a sub advisor to Banorte Asset Management, Inc. In the wrap fee program, BCP Global bundles, or “wraps,” investment advisory, brokerage, custody, clearance, settlement, and other administrative services together and charges a single fee. The fee is based on the value of assets under management.

## **Item 2 – About the Sub Advisor**

BCP Advisors LLC doing business as BCP Global (“BCP Global”) is a limited liability company organized under the laws of the State of Florida on December 6, 2010. For any inquiries regarding the BAM Digital platform functionality, questions may be directed to BCP Global by calling (305) 415-0060. BCP Global, as sub-advisor for the management of the funds held in the BAM Digital platform. As a sub-advisor, BCP Global has been registered with the United States Securities and Exchange Commission (“SEC”) since May 23, 2018, and certain state securities authorities. The CRD number for the registration of BCP Global is 157973. Additional information is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



### **Item 3 – BCP Global Advisory Services to the BAM Digital Platform**

BCP Global provides the following types of investment advisory services for the BAM Digital platform:

On a continuous and regular basis, BCP Global provides discretionary investment advisory services to clients through virtual interaction over the Internet using a technology platform developed and maintained by the BCP Global firm. This service is based on the client profiles referred to the BAM Digital platform and that are entered into BCP Global's online technology platform through its website and mobile application, under the brand name "BAM Digital."

Our investment advisory services are provided through our interactive platform that may be accessed using our website and/or mobile application.

**Item 4 – Directed Brokerage and arrangement with Sub Advisor, BCP Global**

Each BAM Digital client enters into a discretionary investment management agreement with both Banorte Asset Management, Inc. as Advisor, and BCP Global as sub advisor. BCP Global has an arrangement with Interactive Brokers, LLC (“Interactive Brokers” or “custodian”), a FINRA registered broker dealer, who serves as the custodian of client assets. Clients will open a cash account at Interactive Brokers to maintain their assets.

### **Item 5 – BAM Digital Model Portfolios**

Within the BAM Digital platform six (6) portfolios are made available to clients. BCP Global manages the platform but Banorte Asset Management, Inc. has entered into an agreement with BlackRock's Model Portfolio Solutions ("BlackRock") whereby Blackrock selects an appropriate balance of Undertakings for Collective Investment in Transferable Securities ("UCITS"), for each portfolio. UCITS are mutual funds registered in Europe under a unified regulatory framework that can be sold to investors worldwide. Consequently, we believe they provide excellent diversification and liquidity. There are six portfolios that are available through the BAM Digital platform: (1) The Ultra Short Duration portfolio, (2) The Fixed Income portfolio, (3) The Conservative portfolio, (4) The Moderate portfolio, (5) The Growth portfolio, and the (6) The Equity portfolio. More information about these portfolios can be found at:

<https://bam.globalinvest.us/portfolios>.

On a monthly basis, Blackrock communicates the appropriate balance allocation of UCITS to BCP Global for the purpose of effecting the necessary transactions, through InterActive Brokers, in order to bring each of the portfolio models into balance with the required allocation mix stipulated by Blackrock.

## **Item 6 – BAM Digital Account Opening Process**

To open an account, each client enters personal information, including age, financial resources, and investment experience, goals, and objectives into our automated digital platform via an interactive questionnaire (“Questionnaire”) presented on the platform as part of the registration process. Based on the information provided by the client via the Questionnaire, the automated digital platform uses an “Algorithm” to analyze such information. With this information, we will recommend a portfolio that is designed to meet the client’s investment needs. The client will have the ability to switch among suitable portfolios we offer at any time.

BCP Global is responsible for maintaining the Algorithm. However, BCP Global does not override the Algorithm to provide alternative recommendations to any particular client, whether based on any additional criteria provided by the client, market and/or economic conditions, or otherwise. Clients should be aware that the Algorithm relies upon their answers to questions relating to their risk tolerance, investment objectives, and investment time horizon provided through the Questionnaire, and that such answers serve as inputs to the Algorithm.

Clients should also understand that BCP Global does not utilize the entirety of all information provided by the client in providing investment recommendations. BCP Global does not consider any additional information about the client not covered in the Questionnaire in making recommendations.

Furthermore, although the BAM Digital platform relies on the information provided by the client through the Questionnaire in order to provide investment recommendations, representatives of the Firm who are qualified to do so will be available to provide support services on our behalf.

Blackrock does not have the authority to place orders for the execution of transactions or to give instructions to BCP Global with respect to any particular BAM Digital clients’ assets. As such, it shall be the sole responsibility of BCP Global to:

- Determine whether a Model Portfolio and each security included therein initially is and remains appropriate and suitable for a client; and
- Make discretionary determinations as to the securities to be bought and sold for each account.

### **Item 7 – Fees and Compensation**

Banorte Asset Management, Inc. allows BCP to charge clients for its BAM Digital investment management services based on a percentage of the market value of the Assets Under Management (“AUM”) in each account. The tiered fee structure is shown below:

- For the first \$100,000, the client pays an annual fee up to 1.85% of the AUM.
- Then, from \$100,001 to \$500,000, the client pays an annual fee up to 1.65% of the AUM.
- Then, from \$500,001 to \$1,000,000, the client pays an annual fee up to 1.25% of the AUM.
- Then, from \$1,000,001 and up, the client pays an annual fee up to 1.10% of the AUM.

Note that the calculation of the fees varies depending on the type of account that the Client maintains at Interactive Brokers. BCP Global encourages Clients to carefully review the calculation of advisory fees. The advisory fee is automatically calculated by Interactive Brokers. The calculation is made daily based on the ending market value (“EMV”) of the assets managed by the Advisor the previous month. To make the daily calculation Interactive Brokers applies the annual tiered rate to the EMV and then divides it by 252 business days for the year. The fee charged is the sum of the daily fee calculations at the end of the month.

The client shall pay BCP Global in arrears for services provided under the contract during each calendar month.

Clients agree that all fees are deducted monthly from their accounts regardless of the type of account (cash and/or margin) held by the custodian. When services provided are for less than one calendar month, the fee will be prorated based upon the number of business days services were provided within the month.

Commissions charged by Interactive Brokers for trade execution will be absorbed by BCP Global. You may grant us authority to receive our advisory fees from your account at Interactive Brokers. Alternatively, in cases where this arrangement is not in place, we will bill you directly for our services.

The Investment Advisory Agreement may be terminated by either party at any time by written notice. Termination of the Agreement will not affect (a) the validity of any actions previously taken by us under the Agreement; (b) liabilities or obligations of the parties from transactions initiated before termination of the Agreement; or (c) your obligation to pay the advisory fees (pro-rated through the date of termination).

### **Item 8 – Account Requirements and Types of Clients for BAM Digital**

BAM Digital provides investment advisory services to individuals only. BAM Digital requires its clients to maintain a minimum account size of \$10,000.

## **Item 9 – Methods of Analysis, Investment Strategies and Risk of Loss in BAM Digital**

Based on the client's answers to the online Questionnaire at the opening of the account, our automated algorithms recommend suitable Model Portfolios that meet each client's risk tolerance, investment objectives, and investment time horizon.

Most of our model portfolios are designed and managed by BlackRock's Model Portfolio Solutions. Each portfolio is designed to meet particular investment goals and objectives, considering the client's financial situation, circumstances, and risk tolerance.

Our investment philosophy is based on the tenets of the Modern Portfolio Theory. The investment strategy seeks to maximize returns at the same time as it seeks to minimize risk by diversifying the portfolio among uncorrelated asset classes. The goal is to create an asset allocation that yields the highest possible return for the lowest amount of risk.

The purpose of these BAM Digital model portfolios is to deliver efficiency, transparency, and cost effectiveness. The selected UCITS ETFs that are part of the Model Portfolios are designed to meet specific goals, such as global diversification, tactical exposures, and tax efficiency. The BCP Global implementation procedure guides each individual investor on how to invest in the most appropriate vehicle for their profile. The vehicle selection process is primarily driven by exposure, efficiency, and cost, leveraging more than 300 UCITS ETFs.

## **Item 10 – Model Portfolios Construction Process**

### **VARIABLES**

The variables in the systematic optimization process are Return-Risk-Efficiency.

**Systematic** – by translating investor outcomes into well-diversified allocations through a proprietary optimization process.

**Discretion** – when evaluating risks and opportunities associated with attractively priced asset classes.

**Construction** – through identifying cost-effective and efficient holdings and selecting them for constructing the portfolio.

**Monitor** – a team of professionals are constantly monitoring the portfolio to quickly adapt to changing market conditions.

### **INVESTMENT VEHICLES**

In order to create globally diversified portfolios, the BAM Digital Model Portfolios use across-the board uncorrelated asset-classes. In order to accomplish this, it only uses UCITS ETFs. Regularly, the universe of UCITS ETFs in the BAM Digital Model Portfolios are reviewed to identify those that are most appropriate to represent each of the asset classes. The Model Portfolios include the UCITS ETFs that offer market liquidity, minimize tracking error and are tax efficient.

A UCITS ETF is a security that usually tracks a basket of stocks, bonds, or assets like an index fund, but trades like a stock on a stock exchange. They are managed with the intention of closely tracking their benchmarks, such as Dow Jones Industrial Average or the S&P 500.

The BAM Digital Model Portfolios only use UCITS ETFs that have a definite mandate to passively track benchmark indexes. This restricts the fund manager from simply replicating the performance of the benchmark they follow and ensures the same level of investment diversification as the benchmark itself.

### **ASSET ALLOCATION**

Based on the systematic investment process and after an in-depth analysis of each asset class, BlackRock determines the optimal mix for your portfolio to generate a return at the lowest risk. The objective is to create an asset allocation that produces the maximum possible return while respecting your particular risk tolerance. Translating investor outcomes and restrictions into globally well-diversified allocations:

Return – Risk – Cost.

### **MONITORING AND REBALANCING**

To keep portfolios on track with long-term goals, the Model Portfolios are monitored and regularly rebalanced back to their target mix in an effort to optimize returns for their intended level of risk. The Portfolios are rebalanced at least once per year but will be rebalanced more frequently if market conditions and the weight of holdings of a given portfolio merit rebalancing.



## **Item 11 – Investment Risk Disclosures**

The risks below are disclosed in a good faith effort to inform current and prospective clients of issues that could adversely affect the value of a portfolio. The disclosure below does not attempt to convey that the risks disclosed are the only risks present when investing. Future circumstances may present additional risks to any investment portfolio. There are inherent risks involved for each investment strategy or method of analysis we use and the particular type of security we recommend. Investing in securities involves risk of loss which you should be prepared to bear.

**Market Risk** – Our clients are subject to market risks that will affect the value of their portfolios, including adverse issuer, political, regulatory, market or economic developments, as well as developments that have an impact on specific economic sectors, industries, or segments of the market.

**Investment Style or Class Risk** – Specific types of investments and investment classes tend to go through cycles of doing better, or worse, than the stock market in general. These periods have, in the past, lasted for as long as several years.

**Growth Risk** – The risk of lack of earnings increases or lack of dividend yield.

**Mid-Cap Company Risk** – Mid-Cap companies may have narrower commercial markets, less liquidity, and less financial resources than Large-Cap companies.

**Small-Cap Company Risk** – Small-Cap companies may have narrower commercial markets, less liquidity, and less financial resources than Mid-Cap or Large-Cap companies.

**Sector Risk** – The risk of holding an investment in similar businesses or a single investment class, which could all be affected by the same economic or market conditions.

**High-Yield Risk** – The risk that results from investments in below investment grade bonds, which have a greater risk of loss of money, are susceptible to rising interest rates, and have greater volatility.

**Fixed Income Risk** – This risk arises if an issuer of a fixed income security is unable to meet its financial obligations or goes bankrupt.

**Interest Rate Risk** – Investments may be adversely affected by changes in global interest rates.

**Foreign Security Risk** – The risk of instability in currency exchange rates, political unrest, economic conditions, or foreign law changes.

**Emerging Markets Risk** – Investing in emerging markets has great political uncertainty, dependence on foreign aid, and a limited number of buyers.

**Concentration Risk** – Concentration risk results from maintaining exposure to issuers conducting business in a specific industry or related to a specific investment theme. The risk of concentrating investments in a particular industry or tied to a specific theme is that a portion of the client's portfolio will be more susceptible to the risks associated with that industry or theme.

**Credit Risk** – Credit risk is the risk that an issuer or guarantor of a security or counterparty to a financial instrument may default on its payment obligations or experience a decline in credit quality.

**Debt Instrument Risk** – Debt instruments may have varying levels of sensitivity to changes in interest rates, credit risk and other factors affecting debt securities. Typically, the value of outstanding debt instruments falls when interest rates rise. The value of debt instruments with longer maturities may fluctuate more in response to interest rate changes than those of instruments with shorter maturities.

**Geographic Concentration Risk** – Investments in a particular geographic region may be particularly susceptible to political, diplomatic, or economic conditions and regulatory requirements. Thus, investments that focus on a particular geographic region may be more volatile than a more geographically diversified fund.

### **Item 12 – Voting Client Securities (i.e., Proxy Voting)**

We do not have, nor will we accept authorization to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients should contact their custodian or a transfer agent with questions about a particular solicitation.

### **Item 13 – Client Information Provided to Portfolio Managers**

The mobile application and the website rely on the information provided by the client through the Questionnaire in order to provide investment recommendations. However, we also have access to clients' non-public personal information, as our portfolio managers remain available to provide support to clients of the wrap fee program described above. Pursuant to applicable Privacy Regulations, we maintain the confidentiality of this non-public information on each of our clients.

We must obtain pertinent information and review your financial situation and investment profile, including your risk tolerance, to determine and set the appropriate short and long- term investment goals and objectives. We encourage you to notify us if there have been any changes in your financial situation or investment objectives, or if you wish to impose any reasonable restrictions or modify any existing reasonable restrictions on the management of your account.

**Item 14 – Client Contact with Customer Support and Investment Advisor  
Representatives**

Although, the mobile application and the website rely on the information provided by the client through the Questionnaire in order to provide investment recommendations, we have not placed any restrictions on your ability to contact and consult with Customer Support or Investment Advisor Representatives.