

Part 2A of Form ADV: *Firm Brochure*

Item 1 – Cover Page

BANORTE ASSET MANAGEMENT, INC.

1330 Lake Robbins, Suite 410
The Woodlands, TX 77380

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April 6, 2020

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 6, 2020, 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.

The firm has made material changes in three ways since the March 26, 2019 application approval and filing of this Form ADV.

1. The firm has recorded assets under management of \$ \$44,197,421 as of December 31, 2019; and
2. The firm is installing new two new principals in positions of management:
 - a. The firm’s new Chief Operations Officer is Jorge E. Ibarra; and
 - b. The firm’s new Chief Compliance Officer is William Cathriner II
3. The firm changed its principal place of business from New York, to:

1330 Lake Robbins, Suite 410

The Woodlands, TX 77380

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.

Item 3 – Table of Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Table of Contents	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	5
Item 6 – Performance-Based Fees and Side-by-Side Management	7
Item 7 – Types of Clients.....	8
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss	9
Item 9 – Disciplinary Information	11
Item 10 – Other Financial Industry Activities and Affiliations	12
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	13
Item 12 – Brokerage Practices	14
Item 13 – Review of Accounts.....	15
Item 14 – Client Referrals and Other Compensation.....	16
Item 15 – Custody	17
Item 16 –Allocation Policy	18
Item 17 – Voting Client Securities	19
Item 18 – Financial Information	20

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 MANAGMENT

Our firm provides continuous asset management of client funds.

We manage these advisory accounts on a 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 December 31, 2019, we were actively managing \$44,197,421 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 a percentage of the value (market value or fair market value in the absence of market value) of the average daily assets held within the client's account during each calendar quarter. The market value is determined by the custodian. Fees will be debited from the account in accordance with the client authorization to deduct Advisory Fees in the Investment Advisory Agreement.

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

GENERAL INFORMATION

Termination of the Advisory Relationship: The Agreement may be terminated by Adviser upon thirty (30) days' prior written notice to Client and may be terminated by Client upon written notice to Adviser; provided, however, that in the event that Client terminates this Agreement, Adviser shall have up to seven (7) business days to effect the termination. Without limiting the foregoing, upon written notice to Adviser within five (5) business days of entering into this Agreement, Client shall have the right of termination without penalty or payment of fees. Upon termination of any account, any prepaid, unearned fees will be promptly refunded.

If terminated by Client, termination of this Agreement shall take effect no later than on the seventh (7th) business day following receipt by Adviser of written notice of termination. If terminated by Adviser, termination of this Agreement shall take effect at least thirty (30) calendar days after written notice of termination is sent to Client. Notice of termination to Client shall be deemed to be delivered one (1) business day following the date on which Adviser mailed such notice to Client's last known address as identified in Adviser's records.

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.

Additional Compensation: Adviser or an affiliate of Adviser may be entitled to such other fees that are customarily charged for maintenance of certain investment accounts, such as 12b-1 fees.

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 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.

Margin Risk: Clients who chose 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 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.

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.

BANORTE ASSET MANAGEMENT, INC.'s policy is to direct brokerage transactions to its affiliate, Banorte-lxe Securities International, Ltd. 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 BANORTE ASSET MANAGEMENT.

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 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 – Allocation Policy

Banorte Asset Management will aggregate client orders to purchase or sell and investment when appropriate and where doing so is likely to result in a better overall price. The Company will allocate trades to clients on an equitable basis to each account.

Item 17 – Voting Client Securities

BANORTE ASSET MANAGEMENT, INC. 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. Client expressly retains the authority and responsibility for, and Adviser is expressly precluded from rendering any advice or taking any action with respect to, the voting of any such proxies.

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.