



Item 1 – Cover Page

BANORTE ASSET MANAGEMENT, INC.

Part 2A of Form ADV: Firm Brochure

November 13, 2024

This brochure provides information about the qualifications and business practices of **Banorte Asset Management, Inc.** (hereinafter sometimes referred to as “BAM,” “Banorte Wealth Advisors,” or the “Firm”), a Registered Investment Advisor. Registration does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at **713-980-4600** or compliance@banorteusa.com

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC), by any state securities authority, or any other regulatory body.

Additional information about Banorte Asset Management, Inc., doing business as Banorte Wealth Advisors, is available on the SEC’s website at www.adviserinfo.sec.gov. You may search this site using our **CRD number: 290555**.

Doing Business As: Banorte Wealth Advisors

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Item 2 – Material Changes

This section summarizes the material changes made to Part 2A of the Form ADV since the last update, which was filed on March 20, 2024. Please review this information carefully, as it includes important updates regarding our advisory services, fees, and other business practices.

Item 1: Cover Page

- Incorporation of DBA: The firm is now doing business as Banorte Wealth Advisors, which has been reflected throughout the brochure.

Item 4: Advisory Business

- Incorporation of DBA: References to Banorte Wealth Advisors have been added throughout.
- Expanded List of Securities for BAM Traditional: Now includes UCITS, open-ended funds, third-party investment models, structured notes, and similar instruments to offer more comprehensive asset class coverage.
- Discontinuation of Life Insurance Services: The firm is no longer licensed as a life insurance agency in Texas and has ceased offering life insurance products to clients.

Item 5: Fees and Compensation

- Fee Structure Update: BAM Tradition Discretionary accounts now operate under a tiered fee schedule, with a flat fee available on an exception basis.
- Minimum Account Size: Non-Discretionary minimum account size is now: \$1,500,000.
- Mutual Fund Fees: Clarification that only institutional share classes are offered to ensure the lowest cost structure, excluding any classes with 12b-1 fees or other distribution fees.
- Clarifications on Wrap Fee Programs: Additional details regarding BAM Digital's wrap fee structure have been included.
- General Updates: Clarified advisory fees, termination policies, and conflicts related to fixed income securities.

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

- Clarification: Clarification that BAM does not charge performance-based fees; all fees are based on AUM.

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

- Expansion to Seven Model Portfolios: The model portfolios have been increased from six to seven, offering more diverse fixed income, equity, and multi-asset strategies.
- Risk of Loss: Expanded details regarding market risk, inflation, foreign investments, and custody risk.

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

- Enhanced Compliance: Compliance with SEC Rule 204A-1 is now explicitly stated.

- Expanded Distribution and Training: Clarified the initial and annual distribution of the Code of Ethics, as well as acknowledgment and training requirements.

Item 12: Brokerage Practices

- Best Execution: Implementation of a Best Execution Committee or officer to oversee execution practices.
- Directed Brokerage Procedures: Initiated internal committee review required for client requests to use brokers other than BSI.
- Non-Participation in IPOs/SPOs: This is now disclosed for transparency.
- Principal Trading: Confirmed that BAM does not engage in principal transactions.

Item 14: Client Referrals and Other Compensation

- Clarified Referral Process: Referrals from BAM's affiliate, Banco Mercantil, are directed to dually registered representatives who may open advisory accounts if suitable.
- Non-Cash Compensation: Non-cash compensation to BAM's affiliate, Banco Mercantil's private bankers, is limited to \$1,000 annually, which covers their participation in Banorte Wealth Management's annual educational forum.

Item 15: Custody

- Prohibition of Physical Custody: New language explicitly prohibits BAM personnel from having signatory power or access to client funds.
- Inadvertent Custody Procedures: Procedures added for promptly returning any inadvertently received client assets.

Item 16: Investment Discretion

- Clarified Asset Types: Detailed the specific securities that may be used under discretionary management.

Item 17: Voting Client Securities

- Assistance with Proxy Matters: Language added to clarify that BAM may provide limited assistance upon request but does not assume voting responsibilities.

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@banorteusa.com .

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Item 4 – Advisory Business

BAM, doing business as Banorte Wealth Advisors, 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 (entities controlling 25% or more of the company):

- Banorte Securities Holdings International Inc. – Sole shareholder of BAM.

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, also operating as Banorte Wealth Advisors, offers the following products and services to our clients:

Advisory Services – Portfolio Management

The Firm provides continuous asset management of client assets. Our services are available through two main offerings: BAM Traditional and BAM Digital.

BAM Traditional

We manage client advisory accounts on both a discretionary and non-discretionary basis. Account supervision for BAM Traditional accounts is guided by the client's stated investment objectives (e.g., growth, income, speculation, etc.). We offer customized portfolio management services based on these objectives, using a variety of investment strategies and asset classes, including equities, SMAs, fixed income, ETFs, mutual funds, UCITS, open-ended funds, third-party investment models, structured notes, or similarly traded instruments ("Securities").

For further details regarding the BAM Traditional division, including fees and other terms, please refer to our Wrap Fee Program Brochure available in the IARD.

BAM Digital

For digital, discretionary account management, BAM retains BCP Advisors LLC, doing business as BCP Global ("the Sub-adviser"), an investment adviser registered under applicable securities laws. BCP Global manages all assets invested through the BAM Digital division's online advisory program. This program is offered as a white-label service using BCP Global's proprietary platform, including its portfolio management algorithms. The platform is accessible to clients via a website and mobile application.

For further details regarding the BAM Digital division, including fees and other terms, please refer to our Wrap Fee Program Brochure available in the IARD.

Limitations

BAM may offer or recommend bonds issued by our parent company, 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.

Individuals of BAM (or Banorte Wealth Advisors) are registered as representatives of an affiliated broker-dealer. While this set of arrangements may suggest that a conflict of interest could exist, strict procedures, including ongoing compliance monitoring, training, and adherence to fiduciary obligations, are in place to ensure that BAM's Investment Advisor Representatives ("IAR") act in the best interest of their clients and place the clients' interests above their own and that of the firms they represent.

Amount of Managed Assets

As of October 31, 2024, BAM managed the following client assets:

- **Discretionary:** \$155,162,674
- **Non-discretionary:** \$110,266,136
- **Total (discretionary and non-discretionary):** \$265,428,810

Item 5 – Fees and Compensation

Portfolio Management Services Fees

Our annual fees for Portfolio Management Services are based upon the assets under management (AUM). The fee structure varies depending on the type of advisory agreement:

BAM Traditional Discretionary agreements

Fees are charged on a tiered fee schedule based on the value of AUM. However, a flat fee percentage based on the total AUM is available on an exception basis.

BAM Traditional Non-Discretionary agreements

Fees are based on a flat fee percentage of the total AUM.

BAM Digital platform wrap fee program

Fees are charged on a tiered fee schedule based on the value of AUM.

The required minimum account size for BAM Traditional advisory services is as follows:

- **Discretionary agreements:** \$50,000.
- **Non-Discretionary agreements:** \$1,500,000.

In both cases, the minimum account size may be negotiable under certain circumstances. More information regarding the BAM Traditional Wrap Fee Program can be found in Appendix 1.

For the **BAM Digital platform wrap fee program**, the minimum account size is \$10,000. More information regarding the BAM Digital Wrap Fee program can be found in Appendix 1.

The Adviser's annual fee for investment management services is computed based on the Net Liquidation Value ("NLV") of the account, applied daily on a 365-day basis. The NLV of the account for any given day is equal to the ending equity value of the account on that day. This annual fee is 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 available cash in the Account(s), from contributions or transfers, or by liquidating assets held in the account(s) as necessary to pay such fees in full.

General Information

Termination of the Advisory Relationship

This Agreement will continue in effect until terminated by either party by written notice to the other, 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 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:

1. The validity of any action previously taken by Adviser under this Agreement;
2. Liabilities or obligations of the parties from transactions initiated before termination; or
3. The Client's obligation to pay advisory fees (prorated through the date of termination).

Upon termination of this Agreement, Adviser will have no obligation to recommend or take any action regarding the securities, cash, or other investments in the Account, and any

unearned advisory fees will be refunded.

Mutual Fund Fees

Since all BAM advisory accounts are structured as wrap fee accounts, the firm exclusively offers institutional share classes to clients, ensuring the lowest available cost structure for mutual fund investments. Under the wrap fee arrangement, brokerage, custodial services, and investment advisory services are bundled into a single fee. While nominal ticket charges may apply for transactions, the custodian charges only minimal fees for additional custodial services, providing clients with a cost-effective and transparent investment solution.

As a fiduciary, BAM prioritizes the best interests of its clients by avoiding higher-cost share classes and ensuring full transparency in the mutual fund share class selection process. BAM does not offer or recommend mutual fund share classes that involve 12b-1 fees or other compensation arrangements that may create a conflict of interest.

All fees paid to BAM for investment advisory services are separate from the internal fees and expenses charged by institutional mutual funds or ETFs to their shareholders. These fees are described in each fund's prospectus and typically include management fees and other fund expenses. Clients should carefully consider both institutional share class fees and BAM's advisory fees to understand the total fees paid.

Fixed Income Securities - Conflicts of Interest

We may purchase bonds for client accounts that are issued by our parent company. Although this represents a conflict of interest, we mitigate this by not requiring clients to purchase these bonds. We believe these bonds are high-quality, and we do not charge different fees or commissions compared to other non-Banorte bonds.

Wrap Fee Programs and Unified Managed Account Fees

Clients participating in Unified Managed Account programs may incur various program fees in addition to BAM's advisory fee. These fees can include the investment advisory fees of independent advisers, which may be part of a wrap fee arrangement. Under a wrap fee arrangement, clients pay a single fee that covers advisory, brokerage, and custodial services. Portfolio transactions are typically executed without additional commissions, though nominal ticket charges and custodial fees may apply. Clients should carefully consider whether the wrap fee arrangement is more cost-effective compared to the aggregate costs of obtaining these services separately. For more details on the BAM Digital Wrap Fee Program, please refer to Appendix 1 of this brochure

Additional Fees and Expenses

Clients are responsible for fees charged by custodians and broker-dealers, including but not limited to ticket charges, paper fees, wire fees, and non-U.S. foreign account fees. Please refer to Item 12 - Brokerage Practices for additional details.

Advisory Fees in General

Clients should note that similar advisory services may be available from other registered or unregistered investment advisers for lower fees.

Limited Prepayment of Fees

We do not require or solicit payment of fees in excess of \$1,200 more than six months in advance.

Compensation for Dual Roles and Conflicts of Interest

BAM's Investment Advisor Representative (IARs), who provide advisory services to clients, 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. IARs may receive commissions or other compensation based on the sale of securities and insurance products. This creates a conflict of interest because IARs have an incentive to recommend products that generate additional compensation for them, which may not always align with your best interests.

Additional Compensation

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.

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

BAM does not charge any performance-based fees. All advisory fees are based on assets under management (AUM) as outlined in Item 5 – Fees and Compensation. BAM's fee structure ensures transparency and avoids potential conflicts of interest that may arise from performance-based fee arrangements.

BAM also does not engage in side-by-side management. Side-by-side management typically refers to a situation where a firm manages both accounts that charge performance-based fees and those that do not, which may create a potential conflict of interest. Since BAM does not charge performance-based fees and does not manage accounts under such an arrangement, this conflict is avoided.

Item 7 – Types of Clients

BAM's client base primarily consists of clients residing in Latin America, with a significant portion being Mexican citizens. These clients typically include:

- Individuals
- High-net-worth individuals
- Trusts
- Estates
- Charitable organizations
- Corporations
- Other business entities

BAM's services are tailored to meet the needs of these clients, offering both discretionary and non-discretionary advisory services as well as access to institutional share classes of mutual funds.

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 customized portfolio management services based on these objectives, using a variety of investment strategies and asset classes, including equities, fixed income, ETFs, mutual funds, UCITS, open-ended funds, third-party investment models, structured notes, or similarly traded instruments ("Securities").

For **discretionary accounts**, clients are consulted to assess their individual circumstances, needs, and investment objectives. An Investment Policy Statement is developed to establish the groundwork for portfolio construction and investment strategy.

BAM offers seven (7) model portfolios that clients may use in varying percentage allocations to meet their investment goals. Clients may also customize their portfolios with their Investment Adviser Representative (IAR). The seven (7) model portfolios include:

Short Duration Portfolio

Diversified exposure to very short-term government and corporate bonds.

Fixed Income (100RF) Portfolio

Global Bonds with exposure to government, corporate and high yield securities

20RF/80RV Portfolio

Multi-Asset portfolios that seek to achieve optimal risk-adjusted returns over the long term by combining fixed income and equities.

40RF / 60RV Portfolio

Multi-Asset portfolios that seek to achieve optimal risk-adjusted returns over the long term by combining fixed income and equities.

60RF/40RV Portfolio

Multi-Asset portfolios that seek to achieve optimal risk-adjusted returns over the long term by combining fixed income and equities.

80RF/20RV Portfolio

Multi-Asset portfolios that seek to achieve optimal risk-adjusted returns over the long term by combining fixed income and equities.

Equities (100RV) Portfolio

Global equities across a variety of sectors and styles.

BAM also offers **non-discretionary asset management services** as agreed upon in writing with the client. These services are consistent with the client's investment objectives, risk tolerance, and time horizon, among other considerations. For non-discretionary accounts, all strategies are discussed with the client before executing any orders.

Risk of Loss

BAM informs clients that all forms of analysis and investment strategies carry risk. No guarantee or representation is made that BAM's methods will result in successful trading programs or prevent capital loss. Key risks include:

Risks of Analysis

BAM's investment decisions rely on information provided by companies, rating agencies, and publicly available sources. Inaccurate or misleading information could compromise the analysis.

Investment and Trading Risks

All securities investments bear the risk of capital loss. There is no assurance that any trading strategy will result in profits or prevent losses.

Market Risk and Investment Judgment

BAM's profitability depends significantly on accurately predicting price movements in the market. There can be no assurance that BAM will always make correct predictions.

Inflation

Significant inflation may negatively affect BAM's strategies. While stocks are traditionally considered a hedge against inflation, this is not always the case.

Foreign Investment Risk

Foreign investments are subject to increased illiquidity, greater price volatility, and potential political, regulatory, tax, or currency risks.

Availability of Suitable Investments

While BAM believes there are currently attractive investment opportunities, there can be no assurance that these will remain available or continue to meet client investment criteria.

Custody Risk

When clients' assets are held by sub-custodians in certain non-U.S. jurisdictions, the primary custodian may not be responsible for any losses resulting from the misconduct, bankruptcy, or insolvency of the sub-custodian.

Margin Risk

Clients borrowing funds through a margin account should be aware of higher risks due to leveraging. Margin accounts can result in losing more funds than deposited and being fully liable for borrowed funds. Additional risks include:

- Forced sale of securities without client consent
- Broker-dealers increasing margin requirements without notice
- No guarantee of extension for margin maintenance calls
- Unlimited liability from short sales
- Variable interest rates on margin debit balances

THE LIST OF RISK FACTORS ABOVE IS NOT INTENDED TO BE A COMPLETE LIST OR EXPLANATION OF ALL 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.

On August 22, 2023, Banorte Asset Management, Inc. submitted an offer of settlement to the SEC in connection with a matter involving compliance with the Amended Marketing Rule under the Advisers Act (Rule 206(4)-1). The SEC accepted the settlement offer on September 11, 2023.

This matter concerned Banorte's failure, during the Relevant Period after November 4, 2022, to comply with the amendments to Rule 206(4)-1 by advertising 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.

This matter is now closed and was settled on September 14, 2023. Banorte Asset Management, Inc. has since adopted revised policies and procedures related to marketing and has removed all hypothetical performance advertising from its 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.

Investment Adviser Representatives (IARs) of BAM are also registered representatives of BSI and may be licensed insurance agents with third-party insurance companies. IARs spend the majority of their professional time offering securities and insurance products through these affiliations and receive compensation in the form of commissions and/or other compensation, such as fees or incentives for the sale of securities or insurance products.

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.

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 a proprietary product to you, BAM and our financial professionals do not receive additional compensation or other types of financial benefits.

BAM reviews these conflicts internally through management and compliance oversight. Internal controls, including upfront review processes, monitoring of transactional activity, and adherence to strict compliance standards, are used to address conflicts that cannot be mitigated. These conflicts are disclosed to clients through a variety of disclosure documents provided prior to or at the time an account is recommended, such as **Form CRS** and this Firm Brochure.

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

Banorte Asset Management, Inc. (“BAM”) has adopted a comprehensive Code of Ethics in accordance with SEC Rule 204A-1 under the Advisers Act. This Code sets high standards of business conduct, compliance with federal securities laws, and fiduciary principles. It is designed to prevent fraud, insider trading, and conflicts of interest, ensuring that all associated persons act in the best interests of BAM’s clients.

Key Provisions of the Code of Ethics

Fiduciary Principles

The Code of Ethics prohibits associated persons from placing their own interests or BAM’s interests ahead of the clients. It also restricts the use of information about BAM’s trading practices or client accounts for personal benefit or any advantage that would otherwise be available to the firm’s clients.

Personal Trading Policy

BAM requires all associated persons to disclose their personal securities transactions in Reportable Securities at least quarterly. Associated persons must also report all personal trading accounts of themselves and their immediate family members living in the same household that hold, or have the capacity to hold, securities. Initial holdings reports must be submitted within 10 days of becoming an associated person, and annual holdings reports are required thereafter.

Additionally, the Code mandates:

- Pre-approval for access persons’ investments in Initial Public Offerings (IPOs) and private placements.
- Quarterly monitoring of personal securities transactions by the Chief Compliance Officer (CCO) to ensure compliance with the Code.

Distribution, Acknowledgment, and Training

The Code of Ethics is distributed to all supervised persons upon onboarding and annually. Each associated person must sign an acknowledgment of receipt initially and annually. BAM provides initial and annual training to ensure that all supervised persons understand their responsibilities under the Code, including reporting and disclosure requirements.

Annual Review and Updates

BAM’s CCO conducts an annual review of the Code of Ethics to ensure its adequacy and alignment with current regulations and business practices. The Code is updated as needed in response to regulatory changes or business developments.

Prohibition of Certain Transactions

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

Recordkeeping

BAM maintains comprehensive records of the Code of Ethics, including:

- Acknowledgment forms

- Identification of access persons
- Initial and annual holdings reports
- Quarterly personal securities transactions reports
- Records of violations and sanctions

Client Access to the Code of Ethics

BAM offers to provide a copy of its Code of Ethics to any client or prospective client upon request. Clients may request a copy by emailing compliance@banorteusa.com or by calling 713-980-4600.

Commitment to Ethical Conduct

As a matter of policy, BAM is committed to avoiding even the appearance of improper benefit from client information or trading relationships. BAM's supervisory practices include controls to detect and prevent insider trading, conflicts of interest, and potential regulatory violations.

Item 12 – Brokerage Practices

Soft Dollar Arrangements

BAM 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. (BAM) does not engage in formal or informal arrangements or commitments to utilize research, research-related products, or other services obtained from broker-dealers or third parties on a soft dollar commission basis. BAM is committed to transparency in its trading practices and upholding the highest fiduciary standards for its clients.

BAM uses its affiliate, Banorte Securities International Ltd. (BSI), to execute all trade recommendations for clients. BSI has a transaction clearing and custody agreement with Pershing LLC, a BNY company, where BAM client assets are custodied and trades are executed. This business relationship provides BSI and BAM with economic benefits that BAM would not receive if BAM did not use BSI and Pershing LLC for trade execution, clearing, settlement, and/or custody.

Clients should be aware that there is an inherent conflict of interest in BAM using BSI for trade execution because the charges levied by BSI may, in some cases, be greater than those of other broker-dealers. While BAM seeks best execution, the use of BSI for brokerage transactions may not always result in the lowest possible costs for clients. This conflict exists due to BAM's affiliation with BSI and the economic benefits derived from this arrangement.

Directed Brokerage

Clients may request to direct trades through broker-dealers other than BSI, subject to internal review and approval:

Committee Approval for Exceptions

Any client requests to direct trades through broker-dealers other than BSI must be reviewed and approved by an internal committee. These requests undergo detailed analysis to ensure compliance with regulatory requirements and best execution standards.

Ongoing Monitoring and Compliance Reviews

BAM's Chief Operating Officer (COO) and compliance teams continuously monitor all directed brokerage arrangements to ensure compliance with client agreements and regulatory obligations. Periodic compliance reviews are conducted to address any issues that may arise from directed brokerage practices.

Record Keeping

BAM maintains comprehensive records of all directed brokerage agreements, committee approvals, and related compliance reviews, in accordance with SEC record-keeping requirements.

Best Execution Practices

BAM is committed to ensuring best execution in client transactions. The firm has adopted procedures to implement its best execution policy, which is reviewed and updated, as necessary. Key elements of BAM's best execution practices include:

Best Execution Committee or Designee

BAM has established a Best Execution Committee or designated an officer to oversee the firm's trading practices. The committee or designee monitors broker-dealer services, execution capability, commission rates, and research, and ensures compliance with technological and regulatory developments.

Annual Best Execution Review

BAM conducts a comprehensive annual review of broker-dealer performance, focusing on execution quality, commission rates, and overall cost-effectiveness. Although BAM uses BSI exclusively, the firm ensures that BSI continues to meet best execution standards.

Ongoing Monitoring

BAM continuously monitors broker-dealer performance, considering factors such as execution speed, ability to handle large orders, and financial stability.

Documentation of Best Execution

BAM documents its best execution practices, including reviews and analyses, in a Best Execution File for internal and regulatory review.

Technology and Regulation

BAM assesses the technological capabilities of broker-dealers to ensure optimal results for client transactions and updates its practices as needed to comply with any new regulations, including the SEC's Regulation Best Execution.

Trading and Principal Trading Policies

Trading Policy

BAM does not participate in Initial Public Offerings (IPOs) or Secondary Public Offerings (SPOs). This policy of non-participation is disclosed to ensure transparency with clients and regulatory authorities.

Principal Trading

BAM does not engage in principal transactions. As a fiduciary, BAM adheres to the highest ethical standards and ensures that conflicts of interest related to principal trading are avoided, in compliance with the anti-fraud provisions under the Advisers Act.

Item 13 – Review of Accounts

Reviews

The underlying securities within Individual Portfolio Management Services accounts are continually monitored. These accounts are reviewed on a trade date basis through the review of applicable order tickets and again on a quarterly basis through the review of 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.

Account reviews are conducted by a member of BAM's Investment Solutions department, under the supervision of the Chief Investment Officer and a member of the Office of Compliance.

Reports

Clients receive periodic statements from the custodian, which include details on all disbursements, including the Adviser's fees. These statements are provided on a monthly basis when there has been activity in our disbursements from the account; otherwise, they are sent quarterly.

Additionally, clients may receive customized performance reports directly from BAM upon request. These reports provide a detailed overview of portfolio performance, asset allocation, and any relevant commentary on market conditions and investment strategy adjustments.

Client Communication and Updates

BAM maintains open communication with clients to ensure transparency and responsiveness. Clients are encouraged to schedule periodic review meetings (e.g., quarterly, or annually) with their Investment Adviser Representatives to discuss portfolio performance, market conditions, and any updates to their financial situation or objectives. These meetings can be conducted in person, by phone, or via virtual conferencing.

Item 14 – Client Referrals and Other Compensation

Client Referrals

BAM does not compensate 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). Referrals from Banco Mercantil are typically made by private bankers to Wealth Advisors at Banorte Wealth Management, who are dually registered as broker-dealer (BD) representatives and Investment Adviser Representatives (IARs). These referrals are not direct referrals to BAM but are made to Banorte Wealth Management Wealth Advisors. If it is determined to be in the best interest of the referred client, the Wealth Advisor may open an advisory account with BAM.

BAM ensures that clients understand this arrangement and provides the appropriate disclosures related to the referral process.

As part of the referral arrangement, non-cash compensation—such as invitations to Banorte Wealth Management’s 2-day educational forum—may be provided to Banco Mercantil’s private bankers. This non-cash compensation does not typically exceed \$1,000 during any 12-month period.

Other Compensation

BAM does not receive any other forms of compensation, such as soft-dollar benefits, from third parties in connection with providing investment advisory services to clients. As outlined in Item 12, BAM avoids conflicts of interest related to compensation and adheres to fiduciary standards in its business practices.

Item 15 – Custody

BAM does not accept or maintain custody of client assets beyond the authority to directly debit advisory fees from client accounts. As disclosed in Item 5 – Fees and Compensation, BAM’s billing process involves notifying the custodian of the fee amount to be deducted from client accounts. BAM does not hold, directly or indirectly, client funds or securities, except as related to direct debiting of fees.

Use of Qualified Custodians

All client funds and securities are maintained with qualified custodians, unaffiliated with BAM, as required by the SEC Custody Rule (Rule 206(4)-2). BAM ensures that qualified custodians send periodic account statements directly to clients, at least quarterly, which detail all disbursements, including advisory fees.

Prohibition of Physical Custody

BAM and its employees do not physically hold or accept custody of client funds or securities under any circumstances. BAM also prohibits:

- Employees from having signatory power over client accounts.
- Access to client accounts using clients’ personal credentials.
- Authority to unilaterally transfer funds from client accounts.

Inadvertent Custody

If BAM inadvertently receives client funds or securities (e.g., a client sends a check to BAM), the funds or securities are returned to the client within three business days to prevent BAM from being deemed to have custody. BAM requires employees to notify the Chief Compliance Officer (CCO) immediately if client funds or securities are received.

Annual Reviews and Fee-Billing Controls

BAM conducts periodic reviews of its fee-billing procedures to ensure compliance with the Custody Rule. These reviews include:

- Sampling of client fee calculations for accuracy.
- Annual testing to ensure that fees are reasonable relative to assets under management.
- Segregation of duties among employees responsible for billing, processing, and reviewing client transactions.

Encouragement to Review Custodial Statements

BAM advises clients to carefully review custodial statements received from qualified custodians and to compare them with any reports provided by BAM. BAM’s reports will include a legend encouraging clients to conduct such comparisons to verify the accuracy of all transactions and fee deductions.

Digital Assets

BAM currently does not engage in the management of digital assets. However, BAM actively monitors regulatory developments related to digital assets and will establish specific custody procedures if it decides to include digital assets in its advisory services in the future.

Surprise Examinations

BAM is exempt from the surprise examination requirement of independent verification, as its only custody arises from the direct debiting of advisory fees. Should BAM's circumstances change, resulting in custody beyond fee debiting, BAM will promptly engage an independent public accountant to conduct a surprise exam, with results filed on Form ADV-E within 120 days.

Item 16 – Investment Discretion

“**BAM Traditional**” offers both discretionary and non-discretionary investment advisory services, with each service tailored to meet the client’s specific investment objectives.

Discretionary Investment Advisory Services

Under BAM’s discretionary investment advisory services, BAM is authorized to manage client assets without prior consultation with the client. This includes the authority to buy, sell, trade, and allocate all or a portion of the assets among various securities, including:

- UCIT ETFs, USA ETFs and open-ended funds
- Corporate debt securities
- U.S. government securities
- ETNs (Exchange-Traded Notes)
- Alternatives
- Structured notes
- Third-party investment models
- Separate Managed Accounts
- Similarly traded instruments (“Securities”).

These transactions are made in accordance with the client’s designated investment objectives, as set forth on Schedule B or as otherwise provided in writing by the client to BAM, subject to amendment from time to time.

Unless specifically restricted by the client in writing, BAM assumes full discretion over managing the assets. BAM is responsible for:

- Recommending and implementing an appropriate asset allocation
- Evaluating and selecting securities within each asset class
- Executing the investment strategy, including trading and rebalancing
- Monitoring asset performance and making changes as necessary to ensure alignment with client objectives

Non-Discretionary Investment Advisory Services

For non-discretionary investment advisory services, BAM is responsible for:

- Recommending an appropriate asset allocation
- Monitoring and evaluating the client’s assets to ensure alignment with the client’s chosen investment objectives
- Providing investment recommendations and maintaining ongoing communication regarding portfolio management

However, BAM cannot effect any transaction in the account without obtaining prior verbal or written consent from the client for each transaction. The client maintains ultimate control over all investment decisions in non-discretionary accounts, with BAM providing guidance and recommendations to support the client’s investment strategy.

Item 17 - Voting Client Securities

Banorte Asset Management, Inc. (“BAM”) does not accept or exercise authority to vote proxies on behalf of advisory clients. As a matter of policy and practice, BAM expressly disclaims any obligation to take action or render advice regarding the voting of proxies solicited by or with respect to securities held in client accounts. Clients retain full authority and responsibility for voting proxies related to securities in their accounts.

While BAM does not vote proxies, it may provide assistance or guidance to clients upon request. For instance, BAM may help clients understand proxy materials or offer context on the matters being voted upon. Any such assistance will be limited to educational support and will be documented to ensure compliance with BAM’s policy of maintaining no proxy voting authority.

Client Disclosures

BAM discloses its no-proxy-voting policy in this Form ADV Part 2A and any applicable Wrap Fee Program Brochure.

Advisory agreements explicitly state that clients are responsible for voting proxies.

Client onboarding documents further inform clients of their full responsibility for proxy voting.

Client Education

BAM may periodically inform clients about the importance of proxy voting as a shareholder right, emphasizing that clients maintain full responsibility for voting proxies related to their investments.

Item 18 – Financial Information

Banorte Asset Management, Inc. (“BAM”) has no additional financial circumstances to report that would be reasonably likely to impair its ability to meet contractual commitments to clients.

Advance Fee Collection

BAM does not require or solicit payment of fees in excess of \$1,200 per client, more than six months in advance of services rendered. As a result, BAM is not required to include a balance sheet or financial statement in this Brochure.

Bankruptcy Disclosure

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



Item 1 – Cover Page

BANORTE ASSET MANAGEMENT, INC.

Part 2A of Form ADV, Appendix 1 – Wrap Fee Program Brochure For BAM Digital

November 13, 2024

This Wrap Fee Program Brochure provides information about the qualifications and business practices of **Banorte Asset Management, Inc.** (hereinafter sometimes referred to as “BAM,” “Banorte Wealth Advisors,” or the “Firm”), a Registered Investment Advisor. Registration does not imply a certain level of skill or training. If you have any questions about the contents of this brochure, please contact us at **713-980-4600** or compliance@banorteusa.com

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“U.S. SEC”), by any state securities authority, or any other regulatory body.

Additional information about Banorte Asset Management, Inc., doing business as Banorte Wealth Advisors, is available on the SEC’s website at www.adviserinfo.sec.gov. You may search this site using our **CRD number: 290555**.

Doing Business As: Banorte Wealth Advisors
Operating an online digital investment platform known as “BAM Digital”

5075 Westheimer, Suite 975W
Houston, TX 77056

Phone: 713-980-4600
Email: compliance@banorteusa.com
Web Address: <https://bam.globalinvest.us/>

Item 2 – Material Changes

This section summarizes the material changes made to Part 2A of Form ADV, Appendix 1 – Wrap Fee Program Brochure for BAM Digital since the last update, which was filed on March 20, 2024. Please review this information carefully, as it includes important updates regarding our advisory services, fees, and other business practices.

Item 4: Services, Fees and Compensation

- Updated tiered fee schedule.

Item 5: Account Requirements and Types of Clients

- Added requirements, including no accounts for politically exposed persons (PEPs) or entities.

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@banorteusa.com

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Item 4 – Services, Fees, and Compensation

BAM Digital Wrap Fee Program Description

The BAM Digital Wrap Fee Program is an online digital investment platform offered by Banorte Asset Management, Inc. (“BAM”), with sub-advisory services provided by BCP Advisors LLC, doing business as (“BCP Global”). The program bundles investment advisory, brokerage, custody, clearance, settlement, and other administrative services into a single, “wrap” fee, which is based on the value of assets under management.

About the Sub-Advisor: BCP Global

BCP Advisors LLC (“BCP Advisors”) is a limited liability company organized under the laws of the State of Florida on December 6, 2010. Since May 23, 2018, BCP Advisors has been registered as an Investment Adviser with the SEC. Registration of an investment adviser does not imply any level of skill or training. The company updated its business structure. BCP Advisors is wholly owned by BCP Global LLC (“BCP Global”), a Delaware limited liability company.

BCP Global is a sub-advisor to BAM and provides discretionary investment management for BAM Digital clients. For inquiries related to the BAM Digital platform, clients can contact BCP Global directly at (305) 415-0060. The firm’s CRD number is 157973, and more information is available on the SEC’s website at www.adviserinfo.sec.gov.

BCP Global’s Advisory Services on the BAM Digital Platform

BCP Global provides investment advisory services on a continuous and regular basis through the BAM Digital platform, using a virtual, technology-driven interaction model. These discretionary advisory services are offered through BCP Global’s proprietary online technology, accessible via the BAM Digital website and mobile application. This service is tailored based on client profiles and preferences, which are integrated into BCP Global’s platform.

Directed Brokerage and Arrangements with Interactive Brokers

Under the BAM Digital program, clients establish a discretionary investment management relationship with Banorte Asset Management, Inc. (BAM) and BCP Global. This arrangement requires clients to open a brokerage and custody account with Interactive Brokers, LLC (IBKR), a FINRA-registered broker-dealer.

IBKR acts as the custodian for all assets within BAM Digital accounts, ensuring secure custody, settlement, and administration of client assets. Clients must maintain a cash account at IBKR, where all assets will be held and managed as part of the wrap fee program.

While Banorte Asset Management, BCP Global, and IBKR are separate and unaffiliated entities, BAM and BCP Global have established a sub-advisory relationship to deliver online advisory services through the BAM Digital platform, in coordination with IBKR’s brokerage and custody services.

The terms of these relationships, including services, fees, and responsibilities, are specified in the agreements between BAM, BCP Global, and IBKR (collectively referred to as the “Agreements”).

Fees and Compensation

Banorte Asset Management, Inc. (BAM) authorizes BCP Global to charge clients for BAM Digital investment management services. Clients are charged an advisory fee on a monthly basis, billed in arrears, according to a tiered fee structure based on the total assets under management (AUM) in the client account. The fee is calculated daily, using the Net Liquidation Value (NLV) of the account, based on 252 business days per year. The NLV for each day equals the account's ending equity value for that day.

Tiered Fee Structure

Up to \$100,000	Maximum annual fee of 1.85% of the account's NLV
\$100,001 to \$200,000	Maximum annual fee of 1.75% of the account's NLV
\$200,001 to \$300,000	Maximum annual fee of 1.50% of the account's NLV
\$300,001 to \$1,000,000	Maximum annual fee of 1.25% of the account's NLV
\$1,000,001 and above	Maximum annual fee of 1.00% of the account's NLV

The fee applies incrementally across each tier. For example, an account with \$500,000 in AUM will have fees calculated as:

- 1.85% on the first \$100,000
- 1.75% on the next \$100,000
- 1.50% on the next \$100,00
- 1.25% on the remaining \$200,000

Fees are automatically deducted monthly from client accounts, whether cash or margin accounts, held by the custodian, Interactive Brokers. If services are provided for less than a full month, the fee will be prorated based on the number of business days in which services are provided.

Commissions for trade execution, charged by Interactive Brokers, are absorbed by BCP Global. Clients may authorize BAM to receive advisory fees directly from their accounts at Interactive Brokers. If this authorization is not granted, BAM will bill clients directly.

The Investment Advisory Agreement may be terminated by either party at any time with written notice. Termination does not affect:

1. The validity of actions taken before termination,
2. Liabilities or obligations from transactions initiated before termination, or
3. The client's obligation to pay advisory fees, which will be prorated up to the date of termination.

Item 5 – Account Requirements and Types of Clients

The minimum amount of assets to be invested in the Account is \$10,000.00. Should the market value of the Account fall below the stated minimum, Banorte Asset Management shall have the right to require that additional monies or securities be promptly deposited to bring the Account value up to the required minimum or to close the Account.

The BAM Digital platform only allows accounts to be opened by individuals. Accounts cannot be opened for entities (e.g., corporations, trusts, or other non-individual entities).

Additionally: Politically Exposed Persons (PEPs), including individuals associated with PEPs, are not permitted to open accounts on the platform.

Item 6 – Portfolio Manager Selection and Evaluation

Account Registration and Client Profile

Clients can open an account online via the BAM Digital website (<https://bam.globalinvest.us/>) or through the mobile application. The Sub-Adviser, BCP Global, manages client accounts within the BAM Digital platform by issuing trading instructions to Interactive Brokers (IBKR/Custodian) to align the account with the recommended asset allocation. This allocation is based on information provided by the client through the online questionnaire. Based on client responses, the platform uses an Algorithm to analyze the data and recommend a suitable portfolio designed to meet the client's investment needs. Clients can switch between suitable portfolios offered by BAM Digital at any time.

Algorithm-Driven Recommendations

BCP Global maintains the Algorithm but does not override it to provide alternative recommendations based on additional client information, market conditions, or other factors. The Algorithm relies exclusively on the client's responses to questions about risk tolerance, investment objectives, and investment time horizon provided in the Questionnaire.

Clients should be aware that:

- The Algorithm uses only the information captured in the Questionnaire to make recommendations.
- BCP Global does not consider additional client information outside the Questionnaire for portfolio selection.

Firm representatives qualified to do so are available to provide support services to clients as needed.

BlackRock's Role

While BlackRock provides model portfolios, it does not have the authority to place orders, execute transactions, or issue instructions to BCP Global regarding specific BAM Digital client accounts.

BCP Global is solely responsible for:

1. Determining the appropriateness and suitability of model portfolios and individual securities for each client.
2. Making discretionary decisions about which securities to buy and sell within each account.

Model Portfolios Construction Process

Variables in Optimization

The construction of BAM Digital Model Portfolios is driven by three key variables: Return, Risk, and Efficiency. The process includes:

- **Systematic Approach:** Portfolios are created through a proprietary optimization process that translates investor goals into diversified asset allocations.
- **Discretionary Evaluation:** Risks and opportunities across asset classes are assessed to identify attractive investments.

- **Cost-Effective Selection:** Portfolios focus on selecting cost-efficient and high-quality holdings.
- **Continuous Monitoring:** A dedicated team actively monitors portfolios to adapt quickly to changing market conditions.

Investment Vehicles

The BAM Digital Model Portfolios are built to achieve global diversification using a range of uncorrelated asset classes, represented exclusively by Undertakings for Collective Investment in Transferable Securities (UCITS) Exchange-Traded Funds (ETFs). The UCITS ETFs are regularly reviewed to ensure they provide optimal liquidity, tracking accuracy, and tax efficiency.

- **UCITS ETFs:** These funds generally track an index or a basket of stocks, bonds, or other assets. They trade like stocks but are designed to mirror the performance of specific benchmarks, such as the Dow Jones Industrial Average or the S&P 500.
- BAM Digital Model Portfolios exclusively utilize passive UCITS ETFs that aim to replicate their benchmarks, ensuring consistent diversification and alignment with the intended asset class exposure.

Asset Allocation

The asset allocation process, led by BlackRock's Model Portfolio Solutions, involves a comprehensive analysis of each asset class. The goal is to create an optimal mix that maximizes returns while minimizing risk, respecting the client's risk tolerance. The portfolios aim to achieve a balance of Return, Risk, and Cost.

Portfolio Offerings and Asset Allocation

The BAM Digital platform offers six (6) model portfolios designed to meet various investment objectives:

1. Ultra Short Duration Portfolio
2. Fixed Income Portfolio
3. Conservative Portfolio
4. Moderate Portfolio
5. Growth Portfolio
6. Equity Portfolio

BCP Global oversees the BAM Digital platform, but Banorte Asset Management, Inc. collaborates with BlackRock's Model Portfolio Solutions. BlackRock is responsible for selecting a balanced mix of Undertakings for Collective Investment in Transferable Securities (UCITS) for each portfolio. UCITS are mutual funds regulated under a unified European framework, offering global diversification and liquidity for investors.

Monthly Rebalancing and Portfolio Adjustments

Each month, BlackRock provides updated asset allocations for the model portfolios, detailing the appropriate balance of UCITS. BCP Global uses this information to execute necessary transactions via Interactive Brokers, ensuring that each portfolio remains aligned with the specified allocation mix. This approach helps optimize returns relative to the desired level of risk. For more information about the available portfolios, please visit:

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

Item 7 – Client Information Provided to Portfolio Managers

The mobile application and website use the information provided by clients through the Questionnaire to generate personalized investment recommendations. In addition to this data, we may access non-public personal information to provide additional support to clients of the wrap fee program.

In compliance with applicable privacy regulations, we maintain the confidentiality of all client information. Our portfolio managers are available to assist clients as needed, ensuring that sensitive data is protected at all times.

To determine suitable investment strategies, we gather and review relevant financial information and assess each client’s financial situation, risk tolerance, and short- and long-term investment objectives. We encourage clients to inform us of any changes in their financial situation, investment goals, or any requests to establish or modify restrictions on account management.

Item 8 - Client Contact with Portfolio Managers

While the mobile application and website primarily use information from the Questionnaire to provide investment recommendations, there are no restrictions on clients' ability to contact and consult with either Customer Support or Investment Advisor Representatives. Clients are encouraged to reach out directly for assistance or consultation whenever needed.



Item 1 – Cover Page

BANORTE ASSET MANAGEMENT, INC.

Part 2A of Form ADV: Firm Brochure For BAM Traditional Discretionary and Non-Discretionary Accounts

November 13, 2024

This Wrap Fee Program Brochure provides information about the qualifications and business practices of **Banorte Asset Management, Inc.** (hereinafter referred to as “BAM” or “Banorte Wealth Advisors”). If you have any questions about the contents of this brochure, please contact us at **713-980-4600** or compliance@banorteusa.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC), by any state securities authority, or any other regulatory body. Additional information about BAM is available on the SEC’s website at www.adviserinfo.sec.gov. Search for BAM using our **CRD number: 290555**.

Doing Business As: Banorte Wealth Advisors

5075 Westheimer, Suite 975W
Houston, TX 77056

Phone: 713-980-4600
Email: compliance@banorteusa.com

Item 2 – Material Changes

This section summarizes the material changes made to Part 2A of the Form ADV, Appendix 1 – Wrap Fee Program Brochure for BAM Traditional Discretionary and Non-Discretionary Accounts since the last update, which was filed on March 20, 2024. Please review this information carefully, as it includes important updates regarding our advisory services, fees, and other business practices.

Item 1: Cover Page

- Incorporation of DBA: The firm is now doing business as Banorte Wealth Advisors, which has been reflected throughout the brochure.

Item 4: Services, Fees, and Compensation

- Incorporation of DBA: The firm is now doing business as Banorte Wealth Advisors, which has been reflected throughout the brochure.
- Discontinuation of Life Insurance Services: The firm is no longer licensed as a life insurance agency in Texas and has ceased offering life insurance products to clients.
- Updated Fee Structure: Changes have been made to the tiered fee structure for discretionary accounts and to the flat fee for non-discretionary accounts.

Item 6: Portfolio Manager Selection and Evaluation

- Expanded Portfolio Offerings: The number of model portfolios has increased from six to seven, each designed to meet different client objectives.

Item 9 – Additional Information – Conflicts of Interest

- Proprietary Bonds: Disclosure that 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.
- IAR Dually registered: Disclosure that Investment Adviser Representatives (IARs) of BAM are also registered representatives of BSI and may be licensed insurance agents with third-party insurance companies.

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@banorteusa.com.

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Item 4 – Services, Fees, and Compensation

Overview Of BAM Traditional Wrap Fee Program

BAM, doing business as Banorte Wealth Advisors, 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.

The **BAM Traditional Wrap Fee Program** offers two distinct services:

Discretionary Investment Management

BAM has the authority to make investment decisions and execute trades without prior client consent, based on the client's objectives.

Non-Discretionary Investment Management

BAM provides recommendations, but all trades require client approval.

Both programs are provided as part of a bundled fee that covers investment management, trade execution, custody, and other administrative services. BAM's affiliated broker, Banorte Securities International, Ltd. (BSI), serves as the executing broker, and Pershing LLC acts as the custodian.

Fees and Compensation

Discretionary Accounts

Fees are based on a tiered fee structure as follows:

\$0 - \$500,000	1.35%
\$500,001 - \$1,000,000	1.20%
\$1,000,001 - \$2,000,000	1.10%
\$2,000,001+	1.00%

The fee applies incrementally across each tier. For example, an account with \$1,200,000 in AUM will have fees calculated as:

- 1.35% on the first \$500,000
- 1.20% on the next \$500,000
- 1.10% on the remaining \$200,000

A flat fee percentage based on the total AUM is available on an exception basis.

Non-Discretionary Accounts

A flat fee percentage based on the total of AUM applies, calculated quarterly based on the account's Net Liquidation Value (NLV) at the end of the quarter.

Additional Fees

No separate commissions are charged by BSI, but nominal ticket charges and other custodial fees may apply.

Item 5 – Account Requirements and Types of Clients

BAM's client base primarily consists of clients residing in Latin America, with a significant portion being Mexican citizens. These clients typically include:

- Individuals
- High-net-worth individuals
- Trusts
- Estates
- Charitable organizations
- Corporations
- Other business entities

BAM's services are tailored to meet the needs of these clients, offering both discretionary and non-discretionary advisory services as well as access to institutional share classes of mutual funds.

Account Requirements

- Discretionary Accounts: Minimum investment of \$50,000.
- Non-Discretionary Accounts: Minimum investment of \$1,500,000.

Item 6 – Portfolio Manager Selection and Evaluation

Discretionary Portfolios

Under BAM’s discretionary investment advisory services, BAM is authorized to manage client assets without prior consultation with the client. This includes the authority to buy, sell, trade, and allocate all or a portion of the assets among various securities, including:

- UCIT ETFs, USA ETFs and open-ended funds
- Corporate debt securities
- U.S. government securities
- ETNs (Exchange-Traded Notes)
- Alternatives
- Structured notes
- Third-party investment models
- Separate Managed Accounts
- Similarly traded instruments (“Securities”).

These transactions are made in accordance with the client’s designated investment objectives, as set forth on Schedule B or as otherwise provided in writing by the client to BAM, subject to amendment from time to time.

Unless specifically restricted by the client in writing, BAM assumes full discretion over managing the assets. BAM is responsible for:

- Recommending and implementing an appropriate asset allocation
- Evaluating and selecting securities within each asset class
- Executing the investment strategy, including trading and rebalancing
- Monitoring asset performance and making changes as necessary to ensure alignment with client objectives

Non-Discretionary Portfolios

BAM manages portfolios on a non-discretionary basis, where clients have the final say on all investment decisions. These portfolios may include a variety of securities, such as:

- UCIT ETFs, USA ETFs and open-ended funds
- Corporate debt securities
- U.S. government securities
- ETNs (Exchange-Traded Notes)
- Alternatives
- Structured notes
- Third-party investment models
- Separate Managed Accounts
- Similarly traded instruments (“Securities”).

For non-discretionary investment advisory services, BAM is responsible for:

- Recommending an appropriate asset allocation
- Monitoring and evaluating the client’s assets to ensure alignment with the client’s chosen investment objectives
- Providing investment recommendations and maintaining ongoing communication

regarding portfolio management

However, BAM cannot effect any transaction in the account without obtaining prior verbal or written consent from the client for each transaction. The client maintains ultimate control over all investment decisions in non-discretionary accounts, with BAM providing guidance and recommendations to support the client's investment strategy.

Item 7 – Client Information Provided to Portfolio Managers

To ensure that client portfolios are managed in alignment with each client’s unique financial objectives, risk tolerance, and investment preferences, Banorte Asset Management, Inc. (“BAM”) collects and reviews detailed information at the onset of the advisory relationship and on an ongoing basis as needed.

Information Collection and Review Process

Initial Information Gathering

During account opening, clients provide essential information, including age, financial situation, investment experience, goals, objectives, and risk tolerance. This information is gathered through comprehensive client questionnaires and discussions with Investment Advisor Representatives (IARs) to ensure an accurate understanding of the client’s profile.

Ongoing Updates

Clients are encouraged to inform BAM of any significant changes in their financial situation, investment objectives, or any specific preferences or restrictions they wish to impose. Clients can update their information at any time by contacting their IAR.

Periodic Reviews

BAM conducts periodic reviews of client accounts to confirm that the investment strategy and asset allocation remain aligned with the client’s current financial profile and objectives. Clients may also receive outreach from BAM representatives to review and confirm account settings and objectives, especially during periods of market volatility or as part of an annual review process.

Use of Client Information in Portfolio Management

Discretionary Accounts

For clients in the discretionary program, BAM uses the collected information to make investment decisions on behalf of the client, aiming to meet the stated objectives while adhering to any restrictions. Portfolio managers may adjust allocations and rebalance as needed to respond to market conditions or changes in the client’s profile.

Non-Discretionary Accounts

In non-discretionary accounts, BAM uses the client’s information to provide tailored investment recommendations. Each recommendation is reviewed to ensure consistency with the client’s objectives, and BAM requires client approval before implementing any trade or adjustment. Clients may also request specific types of securities or asset classes, provided they are suitable and consistent with BAM’s investment approach.

BAM is committed to maintaining the confidentiality of all non-public personal information received from clients. All information provided to BAM’s portfolio managers is handled in accordance with applicable privacy regulations, and BAM’s Privacy Policy is available to clients upon request.

Item 8 - Client Contact with Portfolio Managers

Clients can contact Investment Advisor Representatives (IARs) to discuss any changes to their financial situation, goals, or restrictions. BAM encourages regular communication to ensure appropriate portfolio management.

Item 9 – Additional Information – Conflicts of Interest

Investment Adviser Representatives (IARs) of BAM are also registered representatives of BSI and may be licensed insurance agents with third-party insurance companies. IARs spend the majority of their professional time offering securities and insurance products through these affiliations and receive compensation in the form of commissions and/or other compensation, such as fees or incentives for the sale of securities or insurance products.

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.

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 a proprietary product to you, BAM and our financial professionals do not receive additional compensation or other types of financial benefits.

BAM reviews these conflicts internally through management and compliance oversight. Internal controls, including upfront review processes, monitoring of transactional activity, and adherence to strict compliance standards, are used to address conflicts that cannot be mitigated. These conflicts are disclosed to clients through a variety of disclosure documents provided prior to or at the time an account is recommended, such as Form CRS and this Firm Brochure.