

**Part 2A of Form ADV: Firm Brochure**

**Item 1 – Cover Page**

**BANORTE ASSET MANAGEMENT, INC.**

5075 Westheimer, Suite 975W  
Houston, TX 77056

Telephone: 713-980-4600  
Email: [Compliance@banortesecurities.com](mailto:Compliance@banortesecurities.com)

Web Address (see Appendix 1 Wrap Fee Program):

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

**March 29, 2021**

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, contact us at 713-980-4600 or [Compliance@banortesecurities.com](mailto:Compliance@banortesecurities.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

## Item 2 – Material Changes

This Firm Brochure dated March 29, 2021, is our disclosure document. As required, the Firm must discuss material changes since the last annual update.

The firm has made the following material change since the March 30, 2020 annual update, and subsequent June 30<sup>th</sup> and July 31<sup>st</sup> filing of this Form ADV.

1. The firm has updated its section regarding Fees and Compensation in its Wrap Fee Program Brochure (Appendix 1 below), from the July 31, 2020 filing, to reflect the different fee levels depending on assets managed.
2. The firm has included as of its July 31st, 2020 filing, a Wrap Fee Appendix at the end of this Form ADV 2A Brochure - Appendix 1: **Wrap Fee Program Brochure**
3. The firm has installed three new principals in positions of management:
  - a. The firm's new Chief Financial Officer is Fernando Garza
  - b. The firm's new Product and Strategy Manager is Juan Medina
  - c. The firm's new Chief AML Officer is Luis Alejandro
4. The firm changed its principal place first, from New York, NY to its existing office in The Woodlands, Texas, in April, 2020, and in May, 2020 the firm changed its principal place of business from The Woodlands, Texas, to:

5075 Westheimer, Suite 975W  
Houston, TX 77056

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
Appendix 1 .....	Wrap Fee Program Brochure

## Item 4 – Advisory Business

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

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

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

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

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

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

### **PORTFOLIO MANAGEMENT**

Our firm provides 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, 2020, we were actively managing \$68,776,265 of clients' assets on both a discretionary and 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 **1.85%**.

A minimum of **\$50,000.00** 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 for mutual funds are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the

advisory services being provided.

**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. Please see the Wrap Fee Appendix 1 following this Firm Brochure.

**Additional Fees and Expenses:** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). 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 \$1,200 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 **\$ 50,000.00** 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](mailto:Compliance@banortesecurities.com), or by calling us at 713-980-4600.

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 Chief Investment Officer and a member of the office of Compliance.

### **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 is not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm, for its traditional investment management relationships. However, with respect to the Wrap Fee program for the BAM Digital investment product, BANORTE ASSET MANAGEMENT, INC. uses a solicitor to attract customers and, BANORTE ASSET MANAGEMENT, INC. has entered into a Solicitor Agreement with such solicitor. Banorte Asset Management has an agreement in place whereby it may pay the solicitor an ongoing fee that ranges from 5% to 30% of the fee it receives from the client (see the Wrap Fee Program APPENDIX).

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.**

**BANORTE ASSET MANAGEMENT, INC.**  
**It's on-line digital investment platform**  
**Also known as "BAM Digital"**

5075 Westheimer, Suite 975 W  
Houston, TX 77056

Telephone: 713-980-4600  
Email: [Compliance@banortesecurities.com](mailto:Compliance@banortesecurities.com)  
Web Address: <https://bam.globalinvest.us/>

**Part 2A of Form ADV, Appendix 1**

**Wrap Fee Program Brochure**

**March 29, 2021**

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Banorte Asset Management Inc. ("Banorte Asset Management", or the "Firm"), a registered investment adviser. If you have any questions about the contents of this brochure, please contact us at 713-980-4600 or [Compliance@banortesecurities.com](mailto:Compliance@banortesecurities.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Additional information about Banorte Asset Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 290555.

## Item 2 – Material Changes

This Wrap Fee Program Brochure provides information about the qualifications and business practices of Banorte Asset Management Inc. (“Banorte Asset Management”, or the “Firm”). The information in this Wrap Fee Program Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

You will receive a summary of any materials changes to this and subsequent Wrap Fee Program Brochure within 120 days of the close of our business’ fiscal year, which is December 31 of each year. We will provide you with a new Brochure as necessary on changes or new information, at any time, without charge. Currently, our Wrap Fee Program Brochure may be requested by contacting us at 713-980-4600 or [Compliance@banortesecurities.com](mailto:Compliance@banortesecurities.com).

Additional information about Banorte Asset Management, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm’s CRD number is 290555.

The firm has updated the section regarding Fees and Compensation in this Wrap Fee Program Brochure Appendix 1, from the July 31, 2020 initial filing, to reflect the different fee levels depending on assets managed.

### Item 3 – Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes	ii
Item 3 – Table of Contents	
Item 4 – Services, Fees and Compensation .....	25
Description of the advisory firm. ....	3
Description of the advisory services. ....	3
Wrap Fee Program Description.....	4
Item 5 – Account Requirements and Types of Clients .....	30
Item 6 – Portfolio Manager Selection and Evaluation.....	31
Performance-Based Fees and Side-By-Side Management.....	31
Methods of Analysis, Investment Strategies and Risk of Loss .....	31
Our Model Portfolios.....	31
Model Portfolios Construction Process .....	32
Investment Risk Disclosures.....	33
Voting Client Securities (i.e., Proxy Voting) .....	34
Item 7 – Client Information Provided to Portfolio Managers .....	35
Item 8 – Client Contact with Portfolio Managers.....	36
Item 9 – Additional Information.....	37
Disciplinary Information.....	37
Other Financial Industry Activities and Affiliations .....	37

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..... 37

Review of Accounts ..... 39

Client Referrals and Other Compensation..... 40

Financial Information ..... 40

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## **Item 4 – Services, Fees and Compensation**

### **A. Description of the advisory firm.**

Banorte Asset Management, Inc. (“Banorte Asset Management”) is a SEC-registered investment adviser with its principal place of business located in Houston, Texas. Banorte Asset Management 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 S.A. de C.V, sole shareholder of AFIN International Holdings, Inc.
- Grupo Financiero Banorte S.A. de C.V, sole shareholder of Casa de Bolsa Banorte S.A. de C.V.

### **B. Description of the advisory services.**

Banorte Asset Management in association with BCP Advisors LLC (d/b/a “BCP Global”), an Internet Advisor, provides investment advice to investors utilizing BCP Global’s proprietary online platform in order to advise clients on asset allocation for a fee. Details of non-discretionary advisory services offered to Non-Wrap Fee Program participants can be found in our form ADV Part 2A (the “Brochure”).

BCP Global will serve as the sub-advisor for the wrap fee program offered through the online advisory platform. BCP Global will generally be responsible for investment and portfolio management responsibilities and functions within the client’s account. As a fiduciary, Banorte Asset Management will maintain oversight of the investment management responsibilities performed by the sub-advisor and contracted third parties.

Banorte Asset Management will provide Clients with access to the BCP Global’s platform on a white label basis via its interactive website and mobile application. Clients use the site to select the portfolio in which they invest to create an investment plan and to achieve certain financial goals. Through a series of questions, the online platform identifies appropriate risk profiles, creates tailored portfolios and determined optimal times for portfolio rebalancing. Client accounts are managed on a discretionary basis. Clients’ portfolios are comprised of exchange traded funds (“ETFs”) and/or Undertakings for Collective Investment in Transferable Securities (“UCITS”). ETFs are investment funds made up of a collection of assets, such as stock and bonds that are traded like individual stocks. UCITS is a mutual fund based in the European Union and UCITS funds can be sold to any investor within the European Union under a harmonized regulatory regime. The tailored portfolios are designed

to automatically adjust according to clients' personal risk tolerance while remaining globally diversified. Additional information can be found below in Item 6 - Portfolio Manager Selection and Evaluation.

BCP Global is responsible for maintaining the Algorithm used to analyzed information gathered from each client via a Questionnaire during the registration process. However, BCP Global does not override the Algorithm to provide alternative recommendations to any particular client, whether based on any additional criteria provided by the client, market and/or economic conditions, or otherwise. Clients should be aware that the Algorithm relies upon answers to questions relating to risk tolerance, investment objectives, and investment time horizon provided through the Questionnaire and that such answers serve as inputs to the Algorithm. The investment plan created through the online platform for each client is based solely upon the information provided by the client. As such, the suitability of the investment plan recommendations is limited by and relies on the accuracy and completeness of the information provided by the client. Clients are responsible for providing any changes to their financial situation or investment objectives by updating their responses on the interactive website.

### C. Wrap Fee Program Description

This Brochure relates to the Wrap Fee Program offered by Banorte Asset Management. In the wrap fee program, Banorte Asset Management bundles, or "wraps," investment advisory, brokerage, custody, clearance, settlement, and other administrative services together and charges a single fee.

A client that elects to contract the online advisory services available through Banorte Asset Management must enter into an advisory agreement with Banorte Asset Management, BCP Global and open a securities brokerage account and complete an account agreement with Interactive Brokers, a SEC registered broker dealer that provides execution, clearing, custody and other brokerage related services to clients within Banorte Asset Management's Wrap Program. Banorte Asset Management has engaged the services of BCP Global as a sub-advisor and is be responsible for maintaining and managing the Algorithm that determines the passive investment strategy chosen for each client.

#### **(i) Fees and Compensation**

Clients will pay an advisory fee charged monthly in arrears based on the below tiered fee structure of total amount of assets under management ("AUM") held in the client account and computed based on the Net Liquidation Value ("NLV") of the account applied daily on a 252 business days basis. The Net Liquidation Value of your account for any given day is equal to the ending equity value of the account on that day. Our tiered fee structure is as follows:

For the first \$ 100,000 = 1.85% per year,  
Then, from \$ 100,001 to \$ 200,000 = 1.75% per year,  
Then, from \$ 200,001 to \$ 300,000 = 1.50% per year,  
Then from \$ 300,001 to \$ 1 million = 1.25% per year,

And then, from \$ 1 million plus = 1.00 % per year.

Banorte Asset Management reserves the right to amend the Schedule of Fees upon prior written notice to the client and to negotiate, reduce or waive the advisory fee for certain clients for any period of time determined solely by Banorte Asset Management based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities. In addition, Banorte Asset Management may reduce or waive its fees for the accounts of some clients without notice to, or fee adjustment for, other clients.

(ii) Payment of advisory fees.

The client will pay the agreed advisory fee to the sub-adviser which, in turn, will share a portion of the fee collected to Banorte Asset Management. Except as provided below, the fees for each calendar shall be due and payable in arrears no later than the tenth business day of the immediately following calendar month. When services provided are for less than one calendar month, the fee will be prorated and the client shall pay any outstanding aggregate daily fees for the period from the day immediately following the last day of the last calendar month for which the client has paid, through the effective date of such withdrawal or termination, as of such effective date. Banorte Asset Management shall not be compensated based on capital gains upon or capital appreciation of any or all of client's assets covered by his/her agreement with the Adviser.

Pursuant to a signed agreement, the Clients are generally required to authorize Adviser and/or sub-adviser to instruct the custodian to debit all advisory fees directly from the account and to pay such advisory fee to sub-adviser. Monthly advisory fees debits will appear on client's account statements. Advisory fees will be payable, first, from free credit balances, if any, in the account, and second, from the liquidation or withdrawal by instruction of the sub-adviser to the custodian of client's share of money market funds, or balances in any money market account. The agreement the client signs serves as authorization for such liquidation or withdrawal. In the event, that such free credit balances or money market assets are insufficient to satisfy payment of these advisory fees, the client agrees that sub-adviser may instruct the custodian to liquidate account assets to satisfy the deficit.

(iii) Termination of the Agreement.

The Investment Advisory Agreement may be terminated by either party at any time by written notice. Such termination may take place without explanation, and be immediate if deemed necessary by management of the advisor. Termination of the Agreement will not affect (a) the validity of any actions previously taken by us under the Agreement; (b) liabilities or obligations of the parties from transactions initiated before termination of the Agreement; or (c) your obligation to pay the advisory fees (pro-rated through the date of termination).

#### D. Costs of the Program

Services provided through the Wrap Fee Program may cost clients more or less than purchasing these services separately. Several factors such as trading activity in the client's account, the cost of the services provided by third parties, or commissions charged for each transaction may affect the relative cost of the Wrap Fee program versus paying for such services solely based on a per transaction basis, such as commission and markup-markdown charges and paying a separate fee for advisory services. Fees paid for the wrap fee program may also be higher or lower than fees charged by other sponsors of comparable investment advisory programs.

#### E. Additional fees

Clients who participate in the Wrap Fee Program will not have to pay for transaction or trading fees separately from the advisory fee. However, clients are still responsible for all other account fees such as transition fees if the account is moved to another broker, or fund fees. Clients would be responsible for any other fees charged by other parties including Interactive Brokers

A client may incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions. These additional fees can include international transfer fees, administrative fees, settlement fees, custodial fees, fees attributable to alternative assets, reporting charges, fees charged by the independent managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerages accounts and securities transactions. Banorte Asset Management encourages clients to review all fees charged to fully understand the total amount of fees they will pay.

Clients who invest in ETFs pay ETF fees. An ETF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a client's portfolio performance or an index benchmark comparison. Expenses of an ETF may include management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer.

#### F. Compensation for Client Participation

Neither Banorte Asset Management, nor any representatives of Banorte Asset Management receive any additional compensation beyond advisory fees for the participation of client's in the Wrap Fee Program. Banorte Asset Management has selected BCP Global to offer its clients with an automated online portfolio management solution and thus, Banorte Asset Management receives a percentage of the fees collected by BCP Global. Therefore, Banorte Asset Management may have a financial incentive to recommend the wrap fee program to

clients over other programs or services. The wrap fee may cost the client more than what the person would receive if the client participated in other programs or paid separately for investment advice, brokerage, and other services.

### **Item 5 – Account Requirements and Types of Clients**

Banorte Asset Management provides investment advisory services to individuals and high net worth individual investors. Banorte Asset Management imposes a minimum account size of \$ 50,000 for its wrap fee accounts.

## **Item 6 – Portfolio Manager Selection and Evaluation**

Banorte Asset Management has selected BCP Global as sub-advisor, to provide investment advice to clients utilizing BCP Global's automated proprietary online portfolio management solution to manage tailored client portfolios. Based on the information provided by the client via the Questionnaire, including age, financial resources, and investment experience, goals and objectives, an investment portfolio is designed in order to meet the client's investment needs. The client will have the ability to switch among suitable portfolios offered at any time.

### **Performance-Based Fees and Side-By-Side Management**

Banorte Asset Management does not charge performance-based fees (i.e., advisory fees based on a share of the capital gains or capital appreciation of the assets of a client). Our compensation structure is discussed in detail in Item 4 above.

### **Methods of Analysis, Investment Strategies and Risk of Loss**

Based on the client's answers to the online Questionnaire at the opening of the account, the automated algorithms recommend suitable Model Portfolios. These Model Portfolios consist mainly of ETFs and UCITS funds that are considered suitable and recommended to each client depending on each client's risk profile, investment objectives and time horizon through the website and the application.

### **Model Portfolios**

The model portfolios are designed and managed by BlackRock's Model Portfolio Solutions. Each portfolio is designed to meet particular investment goals and objectives, taking into account the client's financial situation, circumstances, and risk tolerance.

Our investment strategies may include a long-term buy and hold strategy. Our investment philosophy is based on the tenets of the Modern Portfolio Theory. The investment strategy seeks to maximize returns at the same time that seeks to minimize risk by diversifying the portfolio among uncorrelated asset classes. The goal is to create an asset allocation that yields the highest possible return for the lowest amount of risk.

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

## Model Portfolios Construction Process

### *Variables*

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

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

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

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

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

### *Investment Vehicles*

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

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

The Model Portfolio only uses ETFs and UCITS ETFs that have a definite mandate to passively track benchmark indexes. This restricts the fund manager to simply replicate the performance of the benchmark they follow and ensures the same level of investment diversification as the benchmark itself.

### *Asset Allocation*

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



### *Monitoring and Rebalancing*

To keep portfolios in track with long-term goals, the Model Portfolios are monitored and regularly rebalanced back to their target mix in an effort to optimize returns for their intended level of risk.

### Investment Risk Disclosures

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

- *Market Risk:* Our clients are subject to market risks that will affect the value of their portfolios, including adverse issuer, political, regulatory, market or economic developments, as well as developments that have an impact on specific economic sectors, industries or segments of the market.
- *Margin Account Risk:* The use of margin is not suitable for all investors, since it increases leverage in your account and therefore its risk. Please see the Margin Disclosure Statement and the custodian's Margin Agreement for more information.
- *Investment Style or Class Risk:* Specific types of investments and investment classes tend to go through cycles of doing better, or worse, than the stock market in general. These periods have, in the past, lasted for as long as several years.
- *Growth Risk:* The risk of the lack of earnings increase or lack of dividend yield.
- *Mid-Cap Company Risk:* Mid-Cap companies may have narrower commercial markets, less liquidity and less financial resources than Large-Cap companies.
- *Small-Cap Company Risk:* Small-Cap companies may have narrower commercial markets, less liquidity and less financial resources than Mid-Cap or Large-Cap companies.
- *Sector Risk:* The risk of holding an investment in similar businesses or a single investment class, which could all be affected by the same economic or market conditions.
- *High-Yield Risk:* The risk that results from investments in below investment grade bonds, which have a greater risk of loss of money, are susceptible to rising interest rates, and have greater volatility.
- *Fixed Income Risk:* This risk arises if an issuer of a fixed income security is unable to meet its financial obligations or goes bankrupt.

- *Interest Rate Risk*: Investments may be adversely affected by changes in global interest rates.
- *Foreign Security Risk*: The risk of instability in currency exchange rates, political unrest, economic conditions, or foreign law changes.
- *Emerging Markets Risk*: Investing in emerging markets has great political uncertainty, dependence on foreign aid, and a limited number of buyers.
- *Concentration Risk*: Concentration risk results from maintaining exposure to issuers conducting business in a specific industry or related to a specific investment theme. The risk of concentrating investments in a particular industry or tied to a specific theme is that a portion of the client's portfolio will be more susceptible to the risks associated with that industry or theme.
- *Credit Risk*: Credit risk is the risk that an issuer or guarantor of a security or counterparty to a financial instrument may default on its payment obligations or experience a decline in credit quality.
- *Debt Instrument Risk*: Debt instruments may have varying levels of sensitivity to changes in interest rates, credit risk and other factors affecting debt securities. Typically, the value of outstanding debt instruments falls when interest rates rise. The value of debt instruments with longer maturities may fluctuate more in response to interest rate changes than those of instruments with shorter maturities.
- *Geographic Concentration Risk*: Investments in a particular geographic region may be particularly susceptible to political, diplomatic or economic conditions and regulatory requirements. Thus, investments that focus in a particular geographic region may be more volatile than a more geographically diversified fund.

#### Voting Client Securities (i.e., Proxy Voting)

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

### **Item 7 – Client Information Provided to Portfolio Managers**

Banorte Asset Management provides automated advisory services via the white-label website and mobile application developed and maintained by BCP Global. Through the website and mobile application, clients are required to complete an interactive questionnaire that gathers information including age, financial resources, investment experience, investment goals and objectives. The information provided by the client through the Questionnaire is used to provide investment recommendations. Consequently, Banorte Asset Management and BCP Global have access to clients' non-public personal information. Pursuant to applicable Federal and/or State Privacy Regulations, we maintain the confidentiality of this non-public information on each of our clients.

BCP Global's automated investment advisory services uses proprietary software to review the portfolios on a daily basis to ensure that client portfolio allocations are in line with recommended allocation. Clients have access to account details continuously through the website and mobile application, including current account balances and positions. We encourage clients to notify us if there have been any changes in their financial situation or investment objectives, or if they wish to impose any reasonable restrictions or modify any existing reasonable restrictions on the management of their account.

### **Item 8 – Client Contact with Portfolio Managers**

Information regarding a client's portfolio holdings and tracking to goal is available to clients through the online platform. All Client contacts and communications regarding participation in Banorte Asset Management's wrap fee program or functionality of the Platform will occur through contact with Banorte Asset Management via email or telephone during business hours. Depending on basis for client contact in certain instances Client's may direct algorithm, account performance and other related questions to BCP Global.

Although, the mobile application and the website rely on the information provided by the client through the Questionnaire in order to provide investment recommendations, we have not placed any restrictions on your ability to contact and consult with BCP Global's portfolio managers.

## Item 9 – Additional Information

### A. Disciplinary Information and Industry Affiliations

- a. Disciplinary Information. We are obligated to disclose any disciplinary event that would be material to you when evaluating us to initiate or continue a Client/Adviser relationship with us. Banorte Asset Management does not have any legal, financial or other “disciplinary” item to report. Information regarding Banorte Asset Management’s affiliates may be found by reviewing the Client Relationship Summary. Please visit [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov) at any time to view Banorte Asset Management’s registration information and any applicable disciplinary action.
- b. Other Financial Industry Activities and Affiliations.
  - i. Broker Dealer registration. Banorte Asset Management maintains an affiliate broker dealer, Banorte-IXE Securities International, Ltd., CRD# 30648, registered with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority, Inc. (FINRA). Banorte Asset Management’s management or associated persons are separately registered as registered representative of Banorte-IXE Securities International, Ltd. Note that Banorte Asset Management will not utilize Banorte-IXE Securities International, Ltd. in administering/maintaining this wrap program.
  - ii. Sub-Advisory Agreements. Currently, Banorte has entered into an agreement with BCP Global as third-party sub-advisor with respect to clients serviced under its Wrap Fee Program. The selection of a sub-advisor or third-party manager poses a conflict of interest as there is an incentive to Banorte Asset Management in selecting a particular manager over another. In order to minimize this conflict, Banorte Asset Management seeks to make its sub-advisor selection in the best interest of its clients. Additionally, as per the firm’s policies and procedure, Banorte Asset Management conducts extensive due diligence on current and prospective managers through assessing overall credentials, performance, as well as engaging the assistance of independent third-party institutions, where deemed applicable. Banorte Asset Management will also notify each client of its arrangement with BCP Global through

related portfolio management agreement, applicable governing documents, and/or Brochure.

**B. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

The Code of Ethics adopted and implemented by us applies to our activities under the Investment Advisers Act of 1940 (as amended, the “Advisers Act”). All of our employees are deemed by the Advisers Act to be supervised persons<sup>1</sup> and are, therefore, subject to this Code of Ethics. In carrying out our daily affairs, we, and all of our employees, will act in a fair, lawful and ethical manner, in accordance with the rules and regulations imposed by our governing regulatory authority.

Banorte Asset Management has created a Code of Ethics, which establishes standards and procedures for the detection and prevention of certain conflicts of interest, including activities by which persons having knowledge of our investments and investment intentions might take advantage of that knowledge for their own benefit. Banorte Asset Management has in place Ethics Rules (the “Rules”), which are comprised of the Code of Ethics and Insider Trading policies and procedures. The Rules are designed to ensure that our personnel (i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties; (ii) to act in our clients’ best interest at all times; (iii) disclose all conflicts of interest; (iv) adhere to the highest standards of loyalty, candor and care in all matters relating to its clients; (v) conduct all personal trading consistent with the Rules and in such a manner as to mitigate any conflicts of interest or any abuse of their position of trust and responsibility; and (vi) not use any material non-public information in securities trading. The Rules also establish policies regarding other matters such as outside employment, the giving or receiving of gifts, and safeguarding portfolio holdings information.

Under the general prohibitions of the Rules, our personnel are prohibited from: 1) effecting securities transactions while in the possession of material, non-public information; 2) disclosing such information to others; 3) participating in fraudulent conduct involving securities held or to be acquired by any client; and 4) engaging in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of the Rules.

Our personnel are required to conduct their personal investment activities in a manner that we believe is not detrimental to our advisory clients. The policy requires all Access Persons<sup>2</sup> to report all personal transactions in securities not otherwise exempt under the

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<sup>1</sup> Supervised person means any partner, officer, director (or other person occupying a similar status or performing similar functions), or employee of an investment adviser, or other person who provides investment advice on behalf of the investment adviser and is subject to the supervision and control of the investment adviser.

<sup>2</sup> Access person means any of your supervised persons who has access to nonpublic information regarding any clients’ purchase or sale of securities, or nonpublic information regarding the portfolio holdings of any

policy. All reportable transactions are reviewed for compliance with the Code of Ethics. The Ethics Rules are available to you and prospective clients upon request. In the event that you request a copy of our Code of Ethics, we will furnish to you a copy within a reasonable period of time at your current address of record.

It is our policy not to permit related persons (or certain of their relatives) to trade in a manner that takes advantage of price movements that may be caused by clients' transactions.

Banorte Asset Management agrees that all non-public records, information, and data relating to the business of the third-party investment adviser (including, without limitation, any and all non-public, personal information regarding clients) that are exchanged or negotiated pursuant to the Sub-Advisory Agreement or in carrying out the Agreement are, and shall remain, confidential.

### C. Review of Accounts

Investment positions are monitored daily and accounts are reviewed by a manager at least once a month. Additional reviews may be triggered by changes in an account holder's personal, tax, or financial status.

Each client receives individual attention, and guidelines are established according to the client's objectives and financial situation. Clients are asked at least once a year if their financial situation has changed.

Quarterly reviews are made to verify adherence to investment guidelines. The asset allocation, your tolerance for risk, the investment horizon, and the kind of investments that the account will have are established by the investment guidelines.

Market appreciation or depreciation may cause an account to be out of balance with the established guidelines. When this happens, it is our policy to bring the account back into balance within the next two quarterly review cycles. Other deviations from guidelines may be caused by deposits or withdrawals. Accounts that are out of balance due to deposits or withdrawals will be rebalanced before the next quarterly review.

The investment guidelines may be changed by the client at any time.

Clients will receive written account statements directly from the custodian. From time to time, and at least annually we may prepare and present an analysis of your account. This analysis contains a summary of the asset allocation, a consolidated grouping of the types of investments and the different asset classes compared as a percent to the total, graphs, charts, and may contain other analyses, such as a calendar of expected income from fixed

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reportable fund, or who is involved in making securities recommendations to clients, or who has access to such recommendations that are nonpublic. If providing investment advice is your primary business, all of your directors, officers and partners are presumed to be access persons.

income securities where appropriate, total income, total withdrawals, and fees charged. This written report is prepared frequently for internal use. However, it may be shared with you at least once a year during the annual review.

The analysis is a manually prepared spreadsheet, and as such, may contain errors or omissions. You are advised of this with the following legend included at the bottom of every page of the analysis:

*“This analysis has been prepared manually from information obtained from other sources and may contain errors and omissions. This is not an account statement, nor should it be construed as representing an account statement. Your only official record of assets is the account statements provided by the custodian, broker/dealer, mutual fund or other money managers, as appropriate. Any discrepancy should be reported to us as soon as possible.”*

The reasoning behind this disclaimer is for you to get used to reviewing your statements and to use this analysis as we do – as a tool.

#### D. Client Referrals and Other Compensation

Banorte Asset Management does not receive an economic benefit from a non-client for providing investment advice or other advisory services to our clients. However, we use solicitors to attract customers and enter into a Solicitor Agreement with each solicitor. Banorte Asset Management has an agreement in place whereby it may pay the solicitor an ongoing fee that ranges from 5% to 30% of the fee we receive from the client.

#### E. Financial Information

Banorte Asset Management has no financial condition that is reasonably likely to impair our ability to meet contractual commitments to you given that we do not have discretionary authority or custody of client funds or securities or require or solicit prepayment of more than \$1,200 in fees per client and six months or more in advance. In addition, we are not currently, nor at any time in the past ten years been the subject of a bankruptcy petition.