SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Financial Statements

December 31, 2014 and 2013

(With Statutory and Independent Auditors' Reports Thereon)

(Free Translation from Spanish Language Original)

Guillermo García-Naranjo Álvarez
Contador Público

Statutory Auditor Report
(Free Translation from Spanish Language Original)

The Stockholders
Scotia Fondos, S. A. de C. V.,
Sociedad Operadora de Sociedades de Inversión,
Grupo Financiero Scotiabank Inverlat:

In my capacity as Statutory Auditor of Scotia Fondos, S. A. de C. V., Sociedad Operadora de Sociedades de Inversión, Grupo Financiero Scotiabank Inverlat ("the Management Company"), I hereby submit my report on the reliability, fairness and sufficiency of the financial information furnished to you by the Board of Directors for the year ended December 31, 2014.

I have attended the stockholders' and board of directors' meetings to which I have been summoned, and I have obtained from the directors and management such information on the operations, documentation and accounting records as I considered necessary in the circumstance.

In my opinion, the accounting and reporting criteria and policies followed by the Management Company and considered by management in preparing the financial statements presented at this meeting, are adequate and sufficient, and were applied on a basis consistent with that of the preceding year. Therefore, such financial information is a fair, sufficient and reasonable representation of the financial position and investment portfolio valuation of Scotia Fondos, S. A. de C. V., Sociedad Operadora de Sociedades de Inversión, Grupo Financiero Scotiabank Inverlat as of December 31, 2014, and its results of its operation and cash flows, for the year then ended, in conformity with the accounting criteria issued by the National Banking and Securities Commission for fund management companies in Mexico.

Emphasis of Matter

Without qualifying my opinion, I draw attention to the following:

As described in note 14 to the financial statements and derived from the Financial Reform, during 2014 there were amendments to the Law for Fund Management Companies, now called the Mutual Fund Law, which enters into force on January 1, 2015.

(Continued)

The Mutual Fund Law now establishes that Investment Entities, in general, must be transformed into Mutual Funds and must have only one Founding Partner. Also, the Mutual Funds will not have stockholders' Board, Board of Directors or Statutory Auditor, therefore such functions will be conferred on the Founding Partner and a Fund Management Company as well as members of the Board of Directors of the Fund Management Company; in case Scotia Fondos, S. A. de C. V., Sociedad Operadora de Sociedades de Inversión, Grupo Financiero Scotiabank Inverlat will act as Funding Partner and Fund Management Company of the Mutual Funds listed in note 1 to the financial statements. The aforementioned amendments were filed with the National Banking and Securities Commission on July 10, 2014, thus at the date of this report, the Management Company is waiting for such approval.

Sincerely,

Guillermo García-Naranjo Álvarez
Statutory Auditor

Mexico City, February 20, 2015.

KPMG Cárdenas Dosal
Manuel Avila Camacho 176
Col. Reforma Social
11650 México, D.F.

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Independent Auditors' Report

(Free Translation from Spanish Language Original)

The Board of Directors and Stockholders
Scotia Fondos, S. A. de C. V.,
Sociedad Operadora de Sociedades de Inversión,
Grupo Financiero Scotiabank Inverlat:

We have audited the accompanying financial statements of Scotia Fondos, S. A. de C. V., Sociedad Operadora de Sociedades de Inversión, Grupo Financiero Scotiabank Inverlat ("the Management Company"), that comprise the balance sheets including statements of investment portfolio valuation as of December 31, 2014 and 2013, and the statements of income, changes in stockholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and presentation of the accompanying financial statements, in conformity with the accounting criteria established by the National Banking and Securities Commission ("the Commission") for management fund companies in Mexico, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion of the accompanying financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Management Company's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Management Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

(Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of Scotia Fondos, S. A. de C. V., Sociedad Operadora de Sociedades de Inversión, Grupo Financiero Scotiabank Inverlat for the years ended December 31, 2014 and 2013, have been prepared, in all material respects, in conformity with the accounting criteria established by the Commission for fund management companies in Mexico.

Emphasis of Matter

Without qualifying our opinion, I draw attention to the following:

As described in note 14 to the financial statements and derived from the Financial Reform, during 2014 there were amendments to the Law for Fund Management Companies, now called the Mutual Fund Law, which enters into force on January 1, 2015. The Mutual Fund Law now establishes that Investment Entities, in general, must be transformed into Mutual Funds and must have only one Founding Partner. Also, the Mutual Funds will not have stockholders' Board, Board of Directors or Statutory Auditor, therefore such functions will be conferred on the Founding Partner and a Fund Management Company as well as members of the Board of Directors of the Fund Management Company; in case Scotia Fondos, S. A. de C. V., Sociedad Operadora de Sociedades de Inversión, Grupo Financiero Scotiabank Inverlat will act as Funding Partner and Fund Management Company of the Mutual Funds listed in note 1 to the financial statements. The aforementioned amendments were filed with the National Banking and Securities Commission on July 10, 2014, thus at the date of this report, the Management Company is waiting for such approval.

KPMG CARDENAS DOSAL, S. C.

Mauricio Villanueva Cruz

February 20, 2015.

SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Balance Sheets

December 31, 2014 and 2013

(Thousands of Mexican pesos)

Assets	2014	2013	Liabilities and Stockholders' Equity	2014	2013
Cash and cash equivalents	$ 14	14	Accounts payable:		
			Income tax payable	$ 19,589	17,555
Investment securities (notes 4 and 10):			Sundry creditors and other		
Trading	218,012	148,911	accounts payable (note 7)	80,445	75,858
Accounts receivable (note 5)	108,677	99,681	Total liabilities	100,034	93,413
Permanent investments (notes 1 and 6)	11,434	10,411	Stockholders' equity (note 8):		
			Paid-in capital:		
Deferred taxes, net (note 9)	666	487	Capital stock	2,586	2,586
Other assets:			Earned capital:		
Deferred charges, prepaid expenses			Statutory reserves	517	517
and intangibles	13	27	Retained earnings	29,968	352
Other short and long term assets (note 7)	16	21	Net income	205,727	162,684
	29	48		236,212	163,553
			Total stockholders' equity	238,798	166,139
Total assets	$ 338,832	259,552	Total liabilities and stockholders' equity	$ 338,832	259,552

Memorandum accounts	2014	2013
Other accounts	$ 5,992	5,023
Assets in custody or administration (note 11)	160,241,466	148,241,826

See accompanying notes to financial statements.

"The historical capital stock as of December 31, 2014 and 2013 amounts to 2,000."

"These balance sheets were prepared in accordance with the accounting criteria applicable to the company, issued by the National Banking and Securities Commission, based on Article 76 of the Law for Fund Mangement Companies, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect all the transactions carried out by the company through the dates indicated above. Furthermore, the transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

"These balance sheets were approved by the Board of Directors under the responsibility of the following officers."

"These balance sheets faithfully match with the balance sheets originals, which are properly signed and held by the Management Company"

SIGNATURE
Ernesto Diez Sánchez
General Director

SIGNATURE
H. Valerio Bustos Quiroz
Director of Group Accounting

http://www.scotiabank.com.mx/es-mx/Acerca-de-Scotiabank/Relacion-con-Inversionistas/Relaciones-con-Inversionistas/estados-financieros.aspx

SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Statements of Investment Portfolio Valuation

December 31, 2014 and 2013

(Thousands of Mexican pesos, except otherwise is indicated)

		Issuer	Series	Type of security	Valuation rate	Rating or marketability	Number of traded securities	Number of settled securities	Total securities of the issuance	Average unit acquisition cost (in pesos)	Total acquisition cost	Fair or accounting value per share (in pesos)	Total fair or accounting value	Days to maturity
	December 31, 2014													
%	**Trading securities:**													
	Investment in equity instruments													
	Investment funds investing in debt securities													
1.05	Scotia Gubernamental, S. A. de C. V. S I I D	SCOTIAG	C1	51	–	AAA/2	73,386,135	73,386,135	6,991,634,653	3.003350	$ 220,404	2.970749	$ 218,012	*
%	**Permanent investments:**													
	Investment funds investing in debt securities													
0.11	Fondo de Fondos Scotiabank de Mediano Plazo, S. A. de C. V. S I I D	SBANKMP	A	51	–	AAA/4	999,999	999,999	942,552,124	0.994589	$ 994	0.994589	$ 994	*
0.09	Scotia Gubernamental Plus, S. A. de C. V., S I I D	SCOTLPG	A	51	–	AAA/7	999,999	999,999	1,078,300,772	1.000000	1,000	1.000000	1,000	*
99.99	Scotia Solucion 4 S.A. de C.V., S I I D	SCOT-S4	A	51	–	AA/3	999,999	999,999	1,000,000	1.000000	1,000	1.029012	1,029	*
0.04	Scotia Real S.A. de C.V., S I I D	SCOT-TR	A	51	–	AAA/5	999,999	999,999	2,299,957,702	1.000966	1,001	1.000966	1,001	*
											3,995		4,024	
	Investment funds investing in equities													
0.08	Scotia Cartera Modelo S.A. de C.V., S I R V	SCOT-CM	A	52	–	–	999,999	999,999	1,317,626,438	1.000000	1,000	1.000000	1,000	*
0.68	Scotia Progresivo, S. A. de C. V., S I R V	SCOT-FX	A	52	–	–	62,500	62,500	9,195,569	18.571815	1,161	18.571815	1,161	*
1.89	Scotia Diversificado, S. A. de C. V., S I R V	SCOTEME	A	52	–	–	80,645	80,645	4,269,185	14.350296	1,157	14.350296	1,157	*
0.23	Scotia Global, S. A. de C. V., S I R V	SCOTGLO	A	52	–	–	999,999	999,999	435,317,709	1.000000	1,000	1.000000	1,000	*
3.15	Scotia Dinámico, S.A. de C.V., S I R V	SCOTQNT	A	52	–	–	999,999	999,999	31,753,080	1.044286	1,044	1.044286	1,044	*
0.43	Scotia Solucion 2 S.A. de C.V., S I R V	SCOT-FR	A	52	–	–	999,999	999,999	232,188,772	1.047596	1,048	1.047596	1,048	*
0.24	Scotia Solucion 3 S.A. de C.V., S I R V	SCOTEUR	A	52	–	–	999,999	999,999	422,207,940	1.000000	1,000	1.000000	1,000	*
											7,410		7,410	
											$ 11,405		$ 11,434	

(Continued)

SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Statements of Investment Portfolio Valuation, continued

December 31, 2014 and 2013

(Thousands of Mexican pesos, except otherwise is indicated)

		Issuer	Series	Type of security	Valuation rate	Rating or marketability	Number of traded securities	Number of settled securities	Total securities of the issuance	Average unit acquisition cost (in pesos)		Total acquisition cost	Fair or accounting value per share (in pesos)		Total fair or accounting value	Days to maturity
	December 31, 2013															
%	**Trading securities:**															
	Investment in equity instruments															
	Investment funds investing in debt securities															
0.78	Scotia Gubernamental, S. A. de C. V. S I I D	SCOTIAG	C1	51	–	AAA/2	50,985,650	50,985,650	6,572,157,800	2.918351	$	148,794	2.920636	$	148,911	*
%	**Permanent investments:**															
	Investment funds investing in debt securities															
3.64	Fondo de Fondos Scotiabank de Mediano Plazo, S. A. de C. V. S I I D	SBANKMP	A	51	–	AAA/4	999,999	999,999	27,490,366	1.000000	$	1,000	0.994589	$	994	*
0.13	Scotia Gubernamental Plus, S. A. de C. V., S I I D	SCOTLPG	A	51	–	AAA/7	999,999	999,999	777,942,749	1.000000		1,000	1.000000		1,000	*
100.00	Scotia Solucion 4 S.A. de C.V., S I I D	SCOT-S4	A	51	–	AA/3	999,999	999,999	1,000,000	1.000000		1,000	1.005724		1,006	*
0.21	Scotia Real S.A. de C.V., S I I D	SCOT-TR	A	51	–	AAA/6	999,999	999,999	486,055,048	1.000000		1,000	1.000966		1,001	*
												4,000			4,001	
	Investment funds investing in equities															
0.07	Scotia Cartera Modelo S.A. de C.V., S I R V	SCOT-CM	A	52	–	–	999,999	999,999	1,353,537,245	1.000000		1,000	1.000000		1,000	*
0.81	Scotia Progresivo, S. A. de C. V., S I R V	SCOT-FX	A	52	–	–	62,500	62,500	7,762,030	18.571815		1,161	18.571815		1,161	*
2.56	Scotia Diversificado, S. A. de C. V., S I R V	SCOTEME	A	52	–	–	80,645	80,645	3,150,852	14.350296		1,157	14.350296		1,157	*
0.21	Scotia Global, S. A. de C. V., S I R V	SCOTGLO	A	52	–	–	999,999	999,999	486,983,835	1.000000		1,000	1.000000		1,000	*
0.60	Scotia Dinamico, S.A. de C.V., S I R V	SCOTDIN	A	52	–	–	999,999	999,999	166,408,131	1.000000		1,000	1.044286		1,044	*
99.78	Scotia Solucion 2 S.A. de C.V., S I R V	SCOT-FR	A	52	–	–	999,999	999,999	1,002,175	1.000000		1,000	1.047596		1,048	*
												6,318			6,410	
	Totals:										$	10,318		$	10,411	

* Without maturity

See accompanying notes to financial statements.

"These statements of investment portfolio valuation were prepared in accordance with the accounting criteria applicable to the company, issued by the National Banking and Securities Commission based on Article 76 of the law for Fund Management Companies, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect the investments in assets made by the company for the years indicated above. Furthermore, the transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

"These statements of portfolio valuation were approved by the Board of Directors under the responsibility of the following officers."

"These statements of investment portfolio valuation faithfully match with the statements of investment portfolio valuation originals, which are properly signed and held by the Management Company."

SIGNATURE
Ernesto Diez Sánchez
General Director

SIGNATURE
H. Valerio Bustos Quiroz
Director of Group Accounting

SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Statements of Income

Years ended December 31, 2014 and 2013

(Thousands of Mexican pesos)

		2014	2013
Fee and commission income	$	1,035,128	938,058
Fee and commission expense		(702,357)	(677,979)
Income from services		332,771	260,079
Unrealized gain on securities (note 4)		75	86
Net realized gain on securities (note 4)		6,117	10,937
Brokerage margin		6,192	11,023
Other operating income (expense)		139	(1,136)
Administrative expenses		(48,541)	(41,339)
		(42,210)	(31,452)
Net operating income		290,561	228,627
Equity in the results of unconsolidable subsidiaries and associated companies (note 6)		23	38
Income before income taxes		290,584	228,665
Current income taxes (note 9)		(85,036)	(66,033)
Deferred income taxes, net (note 9)		179	52
		(84,857)	(65,981)
Net income	$	205,727	162,684

See accompanying notes to financial statements.

"These statements of income were prepared in accordance with the accounting criteria applicable to the company, issued by the National Banking and Securities Commission, based on Article 76 of the Law for Fund Management Companies, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect all the income and expenses arising from the transactions carried out by the compay during the periods indicated above. Furthermore, the transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

"These statements of income were approved by the Board of Directors under the responsibility of the following officers."

"These statements of income faithfully match with the statements of income originals, which are properly signed and held by the Management Company."

SIGNATURE	**SIGNATURE**
Ernesto Diez Sánchez	H. Valerio Bustos Quiroz
General Director	Director of Group Accounting

http://www.scotiabank.com.mx/es-mx/Acerca-de-Scotiabank/Relacion-con-Inversionistas/Relaciones-con-Inversionistas/estados-financieros.aspx

SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Statements of Changes in Stockholders' Equity

Years ended December 31, 2014 and 2013

(Thousands of Mexican pesos)

		Paid-in capital	Earned capital			
		Capital stock	**Statutory reserves**	**Retained earnings**	**Net income**	**Total stockholders equity**
Balances as of December 31, 2012	$	2,586	517	339,242	127,775	470,120
Item related to stockholders' decisions:						
Appropriation of prior year's net income		–	–	127,775	(127,775)	–
Dividens declared and paid (note 8c)		–	–	(466,665)	–	(466,665)
Item related to comprehensive income:						
Net income		–	–	–	162,684	162,684
Balances as of December 31, 2013		2,586	517	352	162,684	166,139
Item related to stockholders' decisions:						
Appropriation of prior year's net income		–	–	162,684	(162,684)	–
Dividens declared and paid (note 8c)		–	–	(133,068)	–	(133,068)
Item related to comprehensive income:						
Net income		–	–	–	205,727	205,727
Balances as of December 31, 2014	$	2,586	517	29,968	205,727	238,798

See accompanying notes to financial statements.

"These statements of changes in stockholders' equity were prepared in accordance with the accounting criteria applicable to the company, issued by the National Banking and Securities Commission, based on Article 76 of the Law for Fund Management Companies, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, they reflect all the entries of the stockholders' equity accounts arising from the transactions carried out by the company during the periods indicated above. Furthermore, the transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

"These statements of changes in stockholders' equity were approved by the Board of Directors under the responsibility of the following officers."

"These statements of changes faithfully match with the statements of changes originals, which are properly signed and held by the Management Company."

SIGNATURE
Ernesto Diez Sánchez
General Director

SIGNATURE
H. Valerio Bustos Quiroz
Director of Group Accounting

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SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Statements of Cash Flows

Years ended December 31, 2014 and 2013

(Thousands of Mexican pesos)

		2014	2013
Net income	$	205,727	162,684
Items not requiring (providing) cash flow:			
Current and deferred income taxes		84,857	65,981
Provisions		(27,705)	6,176
Equity in the results of unconsolidable subsidiaries and associated companies		(23)	(38)
Unrealized gain on securities		(75)	(86)
		57,054	72,033
Operating activities:			
Change in investment securities		(69,026)	303,935
Change in other operative assets		81,103	(11,155)
Change in other operative liabilities		(57,788)	405
Payments of income taxes		(83,002)	(58,237)
Net cash flows from operating activities		(128,713)	234,948
Net cash flows from investing activities, payments for acquisition of subsidiary and associated companies		(1,000)	(3,000)
Financing activities:			
Declared and paid dividends in cash and net cash flows from financing activities		(133,068)	(466,665)
Cash and cash equivalents at beginning of year		14	14
Cash and cash equivalents at end of year	$	14	14

See accompanying notes to financial statements.

"These statements of cash flows were prepared in accordance with the accounting criteria applicable to the company issued by the National Banking and Securities Commission based on Article 76 of the Law for Fund Management Companies, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, it reflects all the cash in flows and cash out flows relating to the transactions carried out by the company for the years noted above. Furthermore, these transactions were carried out and valued in accordance with sound practices and the applicable legal and administrative provisions."

"These statements of cash flows were approved by the Board of Directors under the responsibility of the following officers."

"These statements of cash flows faithfully match with the statements of cash flows originals, which are properly signed and held by the Management Company."

SIGNATURE
Ernesto Diez Sánchez
General Director

SIGNATURE
H. Valerio Bustos Quiroz
Director of Group Accounting

SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Notes to Financial Statements

December 31, 2014 and 2013

(Thousands of Mexican pesos)

These financial statements have been translated from the Spanish language original solely for the convenience of foreign/English-speaking readers.

(1) Description of business and significant transactions-

Scotia Fondos, S. A. de C. V. ("the Management Company") is a fund management company that began operating on December 5, 2001 and is engaged in providing administrative services, distribution, valuation, promotional and management services to the investment funds of Grupo Financiero Scotiabank Inverlat, S. A. de C. V. ("Scotiabank Mutual funds"), which holds 99.99% of its capital stock. The Management Company obtained 86% and 92% of its fee and commission income for 2014 and 2013, respectively from the Scotiabank Mutual funds, which are listed below (note 10):

Mutual funds investing in debt instruments:

- Scotia Disponibilidad, S. A. de C. V., (SCOTIA1) (2)
- Scotia Rendimiento, S. A. de C. V., (SCOTIA2) (2)
- Scotia Inversiones, S. A. de C. V., (SBANKCP) (2)
- Scotia Productivo, S. A. de C. V., (SCOTI10) (2)
- Scotia Plus, S. A. de C. V., (SCOTIMB) (2)
- Scotia Previsional de Liquidez Restringida, S. A. de C. V., (SCOTILP) (2)
- Scotia para no Contribuyentes, S. A. de C. V., (SCOTGMP) (2)
- Scotia Gubernamental, S. A. de C. V., (SCOTIAG) (2)
- Finde 1, S. A. de C. V., (FINDE1) (2)
- Scotia Gubernamental Plus, S. A. de C. V., (SCOTLPG) (1)
- Fondo de Fondos Scotiabank de Mediano Plazo, S. A. de C. V., (SBANKMP) (1)
- Scotia Solución 4, S. A. de C. V., (SCOT-S4) (1)
- Scotia Real, S. A. de C. V., (SCOT-TR) (1)

Mutual funds investing in equities:

- Scotia Patrimonial, S. A. de C. V., (SCOT-RV) (2)
- Scotia Indizado, S. A. de C. V., (SCOTIPC) (2)
- Scotia Estratégico, S. A. de C. V., (SCOTI12) (2)

(1) Company belonging to the Management Company
(2) Company belonging to the Scotiabank Inverlat

(Continued)

SCOTIA FONDOS, S. A. DE C. V.
Sociedad Operadora de Sociedades de Inversión
Grupo Financiero Scotiabank Inverlat

Notes to Financial Statements

(Thousands of Mexican pesos)

- Scotia Crecimiento, S. A. de C. V., (SCOTI14) (2)
- Scotia Internacional, S. A. de C. V., (SCOTUSA) (2)
- Scotia Progresivo, S. A. de C. V., (SCOT-FX) (1)
- Scotia Diversificado, S. A. de C. V., (SCOTEME) (1)
- Scotia Patrimonial Plus, S. A. de C. V., (SBANK50) (2)
- Scotia Inversiones Plus, S. A. de C. V., (SCOTDOL) (2)
- Scotia Global, S. A. de C. V., (SCOTGLO) (1)
- Scotia Cartera Modelo, S. A. de C. V., (SCOT-CM) (1)
- Scotia Dinámico, S. A. de C. V., (SCOTQNT) (1)
- Scotia Solución 2, S. A. de C. V., (SCOT-FR) (1)
- Scotia Solución 3, S. A. de C. V., (SCOTEUR) (1)

(1) Company belonging to the Management Company
(2) Company belonging to the Scotiabank Inverlat

The administrative services and share distribution services required by the mutual funds are provided as support and advice to the general director by related parties (note 10).

Significant transactions 2014-

(a) Incorporation of mutual fund-

On February 26, 2014, the Management Company incorporated the mutual fund called "Scotia Solución 3", Sociedad Anónima de Capital Variable. The Management Company contributed in the capital stock for $1,000, such contribution is represented by Class "A" representative shares minimum fixed portion without right for withdrawal. Such mutual fund was presented to the general public on August 8, 2014, with ticker symbol SCOTEUR.

(b) Dividends decree-

As mentioned in note 8(c) on May 23, August 22 and November 21, 2014, dividends were decreed through resolutions of the Ordinary General Stockholders' Meetings for $80,000, $25,112 and $27,956, respectively, which were paid during 2014.

(Continued)

Significant transactions 2013-

(a) Incorporation of mutual funds-

On August 19, 2013, the Fund Management Company incorporated two debt securities mutual funds named “Scotia Solución 4”, Sociedad Anónima de Capital Variable and “Scotia Real”, Sociedad Anónima de Capital Variable. The Fund Management Company contributed $1,000 to each of the mutual funds. Such contributions are represented by Class “A” representative shares minimum fixed portion without right for withdrawal. Such mutual funds were introduced to the general public on October 15, 2013, with ticker symbol SCOT-S4 y SCOT-TR, respectively.

On October 3, 2013, the Fund Management Company incorporated a floating investment named mutual fund “Scotia Solución 2”, Sociedad Anónima de Capital Variable. The Fund Management Company contributed $1,000, such contribution is represented by Class “A” shares minimum fixed portion without right for withdrawal. Such mutual fund was introduced to the general public on November 20, 2013, with ticket symbol SCOT-FR.

(b) Dividends decree-

As mentioned in note 8(c) to the financial statements, on April 12, May 24, August 23 and November 13, 2013, dividends were decreed through resolutions of the Ordinary General Stockholders´ Meetings for $370,000, $19,333, $19,367 and $57,965, respectively, which were paid during 2013.

(2) Summary of significant accounting policies-

(a) Authorization and basis of presentation and disclosure-

On February 20, 2015, Ernesto Diez Sánchez (General Director of the Management Company) and H. Valerio Bustos Quiroz (Director of Group Accounting) authorized the issuance of the accompanying financial statements and related notes.

The stockholders and the National Banking and Securities Commission (the Commission) are empowered to modify the financial statements after issuance. The accompanying financial statements for 2014 will be submitted to the next Stockholders’ Meeting for approval.

(Continued)

The financial statements of the Management Company have been prepared based on the accounting criteria issued by the Commission for management fund companies in Mexico. The Commission is responsible for the inspection and supervision of management fund companies, as well as reviewing their financial information and other periodic information that the Management Company submits for review.

The accounting criteria provide that the Commission will issue particular rules for specialized operations and in the absence of an express accounting criterion issued by the Commission for management fund companies or for credit institutions, and in a wider context the Mexican Financial Reporting Standards (MFRS), the suppletory process as established by MFRS A-8 shall be applicable, and only when the International Financial Reporting Standards (IFRS) referred to by MFRS A-8 do not resolve the accounting treatment, the suppletory application of an accounting standard pertaining to other regulatory framework may be opted for, in the following order: U. S. Generally Accepted Accounting Principles (US GAAP), and then any other formal and recognized accounting standard, provided comply with the requirements of accounting criteria A-4 of the Commission.

The aforementioned financial statements are presented in the reporting currency (Mexican peso), which is the recording and the functional currencies.

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the valuation of investment securities, the realization of deferred tax assets, and the assets and liabilities related to employees' benefit obligations. Actual results could differ from those estimates and assumptions.

For purposes of disclosure in the notes to the financial statements, "pesos" or "$" means thousands of Mexican pesos.

Significant accounting policies applicable in the preparation of the financial statements are summarized in the following page.

(Continued)

(Thousands of Mexican pesos)

(b) Recognition of the effects of inflation-

The accompanying financial statements include the recognition of inflation based in Investment Units (Unidades de Inversión or UDIS) to December 31, 2007 according to the applicable accounting criteria.

The years ended December 31, 2014 and 2013 are considered as non inflationary economic environment (inflation accumulated over the three preceding years less than 26%), as established in MFRS B-10 "Effects of inflation"; consequently the effects of inflation on the Management Company's financial information are not recognized. Should be back in an inflationary environment, the cumulative effects of inflation not recognized in prior periods must be retrospectively recognized from the last period that the economic environment was considered as inflationary. The accumulated inflation rate of the three preceding years and inflation indices are as follows:

			Inflation	
December 31		**UDI**	**Annual**	**Accumulated**
2014	$	5.270368	4.18%	12.34%
2013		5.058731	3.78%	11.76%
2012		4.874624	3.91%	12.31%

(c) Cash and cash equivalents-

This caption includes cash and bank account balances in local currency. Cash and cash equivalents are accounted for at its nominal value.

(d) Investment securities-

Investment securities include shares issued by the funds, government securities and other securities, classified at the date of acquisition as trading securities.

(Continued)

Trading securities are those acquired with the intention of selling to get short-term gains arising from differences in prices resulting from its trading in the market. Securities at the time of acquisition are accounted for at fair value (which includes, where applicable, the discount or premium) which presumably corresponds to the price paid; transaction costs for the acquisition of securities are recognized in income on the same date. Subsequently, securities are valued at fair value provided by an independent price vendor; when the securities are sold, the result of buy/sell is determined by the difference between purchase price and the sale price and this concept must cancel the result of valuation that has been previously recognized in the income statement.

Interest earned from debt securities are determined based on the effective interest method and recognized in the year's income under the brokerage margin.

Dividends from equity securities are recognized in the year's income under the caption “Interest income” when the right to receive payment arise.

Valuation effects are recognized in the year's income within the caption “Unrealized gain on securities”. The purchase or sale results are presented under the caption “Net realized gain on securities".

(e) Accounts receivable-

Accounts receivable are evaluated by the Management Company to determine its estimated recovery value and, as required, to create the corresponding reserves. Accounts receivable are reserved and charged to income 90 days after their initial recording if they correspond to identified items and 60 days if the balances are unidentified, except for tax-related (VAT included) balances.

(f) Permanent investments-

Permanent investments where the Management Company has control or significant influence are valued using the equity method, which recognizes the participation in result and stockholders' equity of these entities using its financial statements at the same reporting period of the Management Company.

(Continued)

When a subsidiary, affiliates or joint venture become other permanent investment, the acquisition cost must be the value obtained from the equity method at the date of transition.

Dividends, if any, received from these investments are recognized in the statement of income under the caption “Other operating income (expense)”.

(g) Provisions-

Based on management’s estimates, the Management Company recognizes accruals for those present obligations in which it is probable the transfer of assets or the rendering of services and arises as a consequence of past events.

(h) Income taxes-

The income taxes payable for the year are determined in conformity with the tax provisions in effect.

Income taxes payable are presented as liability in the balance sheet; when the tax prepayments exceed the income tax payable, the difference corresponds to an account receivable.

Deferred income taxes are accounted for in accordance with the asset and liability method, which compares the accounting and tax values. Deferred income taxes (assets and liabilities) are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and in case of income tax, for tax loss carryforwards. Deferred income taxes assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income taxes assets and liabilities of a change in tax rates is recognized in income for the period enacted.

The asset or liability for deferred income taxes to be determined for deductible temporary differences is presented in the balance sheet.

(Continued)

(i) Employees' benefits-

The Management Company has a defined contribution pension plan in place; plan contributions are recognized directly in the statement of income as expenses under the caption "Administrative expenses" (see note 7).

Additionally, a defined benefit plan is in place covering the seniority premiums and compensation to which employees are entitled in accordance with the Federal Labor Law, and the life insurance for retirees.

For both plans, irrevocable trusts have been created in which the plan assets are managed, except for severance payments.

The net periodic cost of the defined benefit plans and the accrued seniority premiums benefits and severance payments other than restructure costs are recognized in expenses each year, based on computations prepared by independent actuaries according with actuarial procedures and principles generally accepted, and in accordance with MFRS D-3 "Employee benefits". The methodology to calculate the obligations is the projected unit credit method, considering the use of actuarial assumptions that reflect the present value, salaries increase and the probability of payment of such benefit.

At the date of adoption of MFRS D-3, items pending amortization and relating to past services are amortized over the lower of a maximum period of five years or the remaining average working life. Past services arising on a date subsequent to the coming into force of MFRS D-3 are amortized over the remaining average working life. Items pending amortization and relating to past services of termination benefits are immediately recognized in the income statement.

The balance of actuarial gains or losses at the beginning of each period that exceed 10% of the greater amount between the defined benefit obligation and the plan assets should be amortized considering the remaining average working life of the employees expected to be eligible for the plan benefits. Actuarial gains or losses of termination benefits are immediately recognized in the income statement.

(Continued)

(j) Revenue recognition-

Management Company's fees and commissions income corresponds mainly to the commissions for services rendered to the funds, which are recorded in the statement of income under the caption "Fee and commission income" when the services are provided.

Yields generated by deposits with financial institutions are recognized in the statement of income in accrual basis within the brokerage margin.

(k) Memorandum accounts-

Memorandum accounts relate mainly to the assets in custody or under management.

The client assets values in custody and under management are presented at fair value in the corresponding memorandum accounts, representing the maximum expected amount by which the Management Company would be required to respond to their customers.

(l) Contingencies-

Liabilities or important loss related with contingencies are recorded when is probable that their effects will be materialized and the reasonable elements exist for their quantification. If reasonable elements do not exist, qualitative disclosure is provided in the notes to the financial statements.

Revenues, income and contingent assets are recognized until there is absolute certainty of its realization.

(3) Accounting changes–

New 2014 MFRS and MFRS improvements-

The CINIF issued the following MFRS and MFRS Improvements, effective as from January 1, 2014, these MFRS and MFRS Improvements did not have important effect in the financial statements of the Management Company.

- MFRS C-11 *"Stockholders' equity"*

(Continued)

MFRS Improvements-

- MFRS C-5 *"Prepayments"*
- MFRS D-3 *"Employees' benefits"*

New 2013 MFRS and MFRS improvements-

The CINIF issued the following MFRS and Improvements to MFRS beginning January 1, 2013, these MFRS did not have significant effect in the Company's financial statements.

- MFRS B-12 "*Offsetting financial assets and financial liabilities*"
- MFRS C-14 *"Transfer and retirement of financial assets"*

MFRS Improvements-

- MFRS C-5 *"Prepayments"*
- Bulletin C-9 *"Liabilities, provisions, contingent assets and liabilities and commitments"*
- MFRS D-4 *"Income Taxes"*

(4) Investment securities-

As of December 31, 2014 and 2013, investment securities classified as trading securities amounts to $218,012 and $148,911, respectively (see detail in the statement of investment portfolio valuation).

Net realized gain on trading securities for the years ended December 31, 2014 and 2013 amounted to $6,117 and $10,937, respectively; unrealized gain on investment securities as of December 31, 2014 and 2013 amounted to $75 and $86, respectively. These amounts are included in the statement of income under the captions "Net realized gain on securities" and "Unrealized gain on securities", respectively.

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As of December 31, 2014 and 2013, the investment securities of the Management Company are shares of Scotia Gubernamental, S. A. de C. V., Sociedad de Inversión en Instrumentos de Deuda (SCOTIAG), which maintains a rating according to the Commission of short term and government securities with a term no longer than 365 days, same day of settlement for purchase and sales.

SCOTIAG was rated in 2014 and 2013, as AAA/2F by Fitch Ratings México, S. A. de C. V., such rating is “Outstanding” in terms of security of the fund, which is derived from the evaluation factors including: quality and diversification of the assets in portfolio, strengths, weakness of the management and the operation capacity (AAA) and (2) or “Low” in terms of sensibility to the market conditions.

(5) *Accounts receivable-*

As of December 31, 2014 and 2013, accounts receivable’s balances are as follows:

	2014	2013
Related parties	$ 76,933	75,643
Recoverable taxes	11,887	10,437
Other accounts receivable		
Co-distribution and management services	13,930	7,827
VAT pending to apply	5,344	5,248
Others	583	526
	$ 108,677	99,681

As of December 31, 2014 and 2013, there were not changes in current conditions of other accounts receivable, therefore there were not items considered by management as uncollectable or doubtful and no allowance was needed for these accounts.

(6) Permanent investments-

At December 31, 2014 and 2013, permanent investments include fixed capital of 11 mutual funds for $11,434 (10 mutual funds for $10,411 in 2013), which generated a result in the year of $23 ($38 in 2013).

(Continued)

(Thousands of Mexican pesos)

(7) *Employees' benefits-*

The Management Company has a defined contribution pension plan and post-retirement benefits plan available until March 31, 2006. This plan sets out pre-established contributions by the Management Company, which may be fully withdrawn by the employee upon retirement if at least 55 years old or partially on employment termination in accordance with specific rules for vesting rights. Additionally, contributions are made by employees, who will be entitled to withdraw those contributions upon employment termination.

For the years ended December 31, 2014 and 2013, the Management Company's contributions to the defined contribution plan charged amounted $360 and $340, respectively, recognized in the statement of income under the caption "Administrative expenses".

The cost, obligations and contributions to the fund relating to the defined benefits pension plan, seniority premiums and life insurance are determined based on computations prepared by independent actuaries as of December 31, 2014 and 2013.

The elements of the net periodic cost and the labor obligations for the years ended December 31, 2014 and 2013 are as following:

	Seniority Premiums			Life
2014	**Retirement**	**Termination**	**Total**	**insurance**
Service cost	$ 2	1	3	5
Financial cost	2	1	3	5
Return on plan assets	(1)	–	(1)	(2)
Amortization	2	–	2	3
Income recognition of actuarial gains generated in the year	–	(1)	(1)	–
Net periodic cost	$ 5	1	6	11

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		Seniority Premiums			Life
2013		**Retirement**	**Termination**	**Total**	**insurance**
Service cost	$	2	–	2	5
Financial cost		2	1	3	4
Return on plan assets		(1)	–	(1)	(1)
Amortization		2	–	2	3
Net periodic cost	$	5	1	6	11

The present value of benefit obligations of seniority premiums and life insurance for the years ended December 31, 2014 and 2013 are as follows:

		Seniority Premiums			Life
2014		**Retirement**	**Termination**	**Total**	**insurance**
Defined benefit obligations (DBO)	$	(32)	(10)	(42)	(82)
Plan assets at fair value		7	2	9	20
Financial situation of the fund		(25)	(8)	(33)	(62)
Past service for:					
Plan modifications		–	–	–	3
Cumulative actuarial gains		22	–	22	52
Projected asset (liability), net	$	(3)	(8)	(11)	(7)
2013					
DBO	$	(26)	(10)	(36)	(60)
Plan assets at fair value		7	3	10	22
Financial situation of the fund		(19)	(7)	(26)	(38)
Past service for:					
Plan modifications		–	–	–	3
Cumulative actuarial gains		21	–	21	39
Projected asset (liability), net	$	2	(7)	(5)	4

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A reconciliation of the projected asset (liability), net as of December 31, 2014 and 2013 is as follows:

		Seniority Premiums			Life
2014		**Retirement**	**Termination**	**Total**	**insurance**
Projected asset (liability), net at December 31, 2013	$	2	(7)	(5)	4
Net periodic cost		(5)	(2)	(7)	(11)
Income recognition of actuarial gains and losses generated in the year		–	1	1	–
Projected asset (liability), net at December 31, 2014	$	(3)	(8)	(11)	(7)
2013					
Projected asset (liability), net at December 31, 2012	$	2	(8)	(6)	4
Net periodic cost		(5)	(1)	(6)	(11)
Contributions to fund during 2013		5	1	6	11
Income recognition of actuarial gains and losses generated in the year		–	1	1	–
Projected asset (liability), net at December 31, 2013	$	2	(7)	(5)	4

Expected return on plan assets for the years 2014 and 2013, is $3 and $2, respectively.

During 2015, there is no expected contributions to the fund that covers labor obligations.

The present value of the statutory severance benefit obligations as of December 31, 2014 and 2013, are as follows:

		2014	2013
ABO, DBO and net projected liability	$	(381)	(363)

(Continued)

(Thousands of Mexican pesos)

The net cost (income) for the statutory severance for the years ended December 31, 2014 and 2013 amounted to $18 and $(48), respectively.

The nominal rates used in the actuarial projections for the years ended December 31, 2014 and 2013 are:

	2014	2013
Yield on plan assets	8.00%	7.75%
Discount rate	8.25%	8.75%
Rate of increase in compensation	5.00%	5.00%
Estimated inflation rate	4.00%	4.00%

The rate of expected return on plan assets was determined using the long-term expected return on the type of asset that conforms in the fund's portfolio of the Management Company.

The seniority premium assets are invested of fixed-yield instruments held in 60% and 40% of variable-yield instruments in a trust and managed by a Committee appointed by the Management Company.

At December 31, 2014, the amortization period of unrecognized defined benefits for seniority premium benefits, life insurance and statutory severance, are as follows:

	Seniority premiums		Life insurance	Severance indemnities
	Retirement	Termination	Retirement	Termination
Net actuarial loss	8.75	1	11.90	1

(8) Stockholders' equity-

Following is a description of the main characteristics of the accounts included in stockholders' equity:

(a) Structure of capital stock-

At December 31, 2014 and 2013, the capital stock is represented by 2,000,000 common shares, fully subscribed and paid, with a nominal value of one peso each, divided into 1,000,000 shares corresponding to the minimum fixed portion capital stock (Series "A") and 1,000,000 shares corresponding to the variable portion capital stock (Series "B"). The variable portion of capital stock may at no time exceed the minimum fixed capital not subject to withdrawal.

(Continued)

(Thousands of Mexican pesos)

(b) Restrictions on stockholders' equity-

Five percent of net income for the year must be appropriated to the statutory reserve, until it reaches 20% of the paid-in capital. At December 31, 2014, the Management Company had appropriated the total statutory reserve requirement, equal to 20% of its capital stock.

Stockholders' contributions and retained earnings are subject to income tax on the amounts distributed or refunded that exceed the amounts determined for tax purposes. At December 31, 2014 the capital contribution account (CUCA) and the tax basis retained earnings account (CUFIN) amount to $3,473 and $221,566, respectively.

The dividends paid to individuals and corporations resident abroad shall be subject to an additional tax of 10%, which is considered final and must be withheld by entities that distribute such dividends. The new rule solely applies to dividends payment for earnings generated beginning January 1, 2014.

(c) Dividends declared-

At December 31, 2014 and 2013, the Management Company declared and paid dividends as follows:

Declared Date	Declared amount	Payment date	Amount paid	Payment date	Amount paid
21-nov-14	$ 27,956	28-nov-14	$ 27,956	–	$ –
22-aug-14	25,112	29-aug-14	25,112	–	–
23-may-14	80,000	30-may-14	80,000	–	–
13-nov-13	57,965	–	–	21-nov-13	57,965
23-aug-13	19,367	–	–	30-aug-13	19,367
24-may-13	19,333	–	–	31-may-13	19,333
12-apr-13	370,000	–	–	23-apr-13	370,000
	$ 599,733		$ 133,068		$ 466,665

At December 31, 2014 there are no pending dividend payments.

(Continued)

(Thousands of Mexican pesos)

(9) Income taxes (IT)-

On December 11, 2013, a decree was published in the Official Gazette whereby several tax provisions were amended, supplemented and repealed, this decree became effective as of January 1st, 2014. In such decree the business flat tax law (Ley del Impuesto Empresarial a Tasa Única or IETU) and the income tax law (Ley de Impuesto Sobre la Renta or IT law) in effect as of December 31, 2013 were repealed, and a new IT law was enacted.

In accordance with the current tax legislation until December 31, 2013, companies must pay the tax greater between IT and IETU. If IETU was determined payable, the payment is considered final and not subject to recovery in subsequent years.

The new IT law, establish a 30% rate for 2014 and subsequent years. According to the IT and IETU laws, in effect as of to December 31, 2013, the IT and IETU rates in 2013 were of 30% and 17.5%, respectively.

	2014	2013
Current Tax	$ (85,036)	(66,095)
Cancellation 2012 tax provision	–	62
Deferred tax	179	52
	$ (84,857)	(65,981)

At December 31, 2014 and 2013, the deferred IT asset is analyzed below:

	2014	2013
Asset (liability):		
Accruals	$ 2,234	1,637
Prepaid expenses	(15)	(15)
	2,219	1,622
Rate	30%	30%
Deferred IT	$ 666	487

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The net favorable effect in the statement of income of deferred IT for the year ended December 31, 2014 and 2013 is analyzed below:

		2014	2013
Accruals	$	(179)	(48)
Prepaid expenses		–	(4)
Deferred IT in the statement of income	$	(179)	(52)

The following is an analysis of the effective tax rate for the fiscal years ended at December 31, 2014 and 2013:

			IT	
December 31, 2014		**Basis**	**Tax at 30%**	**Effective rate**
Income before income taxes	$	290,584	(87,175)	(30%)
Allocation to current tax:				
Adjustment for effects of inflation		(8,314)	2,494	1%
Accruals, net		785	(263)	-
Non-deductible expenses		234	(70)	-
Others, net		163	(49)	-
Current tax		283,452	(85,036)	(29%)
Allocation to deferred taxes:				
Deferred tax for accruals		(597)	179	–
Income tax	$	282,855	(84,857)	(29%)

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			IT	
		Base	**Tax at 30%**	**Effective rate**
December 31, 2013				
Income before income taxes	$	228,665	(68,600)	(30%)
Allocation to current tax:				
Adjustment for effects of inflation		(9,833)	2,950	1%
Accruals, net		161	(48)	–
Taxable income		113	(34)	–
Non-deductible expenses		1,235	(371)	–
Others, net		(25)	8	–
Current tax	$	220,316	(66,095)	(29%)
Allocation to deferred taxes:				
Prepaid expenses		(11)	4	–
Accruals		(161)	48	–
Deferred tax		(172)	52	–
Income tax	$	220,144	(66,043)	(29%)

Other considerations

In accordance with Mexican tax regulations currently in effect, the tax authorities may examine transactions carried out during the five years prior to the most recent income tax return filed.

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In accordance with the IT Law, corporations carrying out transactions with related parties, whether domestic or foreign, are subject to certain limitations and requirements as to the determination of prices, since such prices must be equivalent to those that would be used in arm's-length transactions.

(10) Related-party transactions and balances-

In the normal course of transactions, the Management Company undertakes related party transactions such as banking and administrative services, etc. In accordance with the Management Company's policies, all transactions derived from banking and administrative services with related parties are authorized by the Board of Directors and are in accordance with arm's length transaction principle, guarantee and conditions of sound practices.

Major transactions with related parties for the years ended December 31, 2014 and 2013, are shown below:

		2014	2013
Other related parties			
Revenues from:			
Fee and commission income	$	894,044	864,299
Expenses for:			
Co-distribution and administrative services	$	677,602	652,587
Financial advisory		25,810	25,455
Administrative fees		43	33

(Thousands of Mexican pesos)

Balances receivable from and payable to related parties as of December 31, 2014 and 2013 are as follows:

		2014	2013
Other related parties			
Receivable:			
Cash and cash equivalents	$	10	10
Investments securities		218,012	148,911
Other accounts receivable		76,933	83,480
Payable:			
Other accounts payable	$	58,429	57,484

For the years ended December 31, 2014 and 2013, there were no modifications to the actual conditions of the accounts receivable from and payable to related parties. Additionally, there were no items considered non-receivable or unlikely to collect, therefore no reserve was deemed.

For the year ended December 31, 2014 and 2013, the benefits granted to management amounted to $5,144 and $4,553, respectively.

(11) Memorandum accounts-

Assets in custody or administration

The transactions on behalf of third parties that the Management Company maintains at December 31, 2014 and 2013 are as follows:

		2014	2013
Customer banks (Short term investments)	$	3,112	3,174
Securities holdings (Investment securities)		80,124,982	74,096,286
Debt Instruments (Mutual funds)		69,178,827	63,271,834
Common instruments (Mutual funds)		10,934,545	10,870,532
	$	160,241,466	148,241,826

(Continued)

(12) Risk management (unaudited)-

The purpose of the comprehensive risk management function is to identify and measure risks, follow up on the impact that these risks may have on the operations and control their effects on income and shareholder value by applying the best mitigating strategies available, and the incorporation of the risk culture in daily transactions.

According to the disposition in terms of risk management issued by the Commission, the Board of Directors assumes responsibility over the Management Company risk management objectives, guidelines and policies. At least once a year, the Board of Directors should approve the policies and procedures as well as the limit structure for the various types of risk.

Pursuant to the policies in force, the Board of Directors entrusts the implementation of the risk policies and the setting of specific limits by risk factor as well as the implementation of the procedures designed to measure, manage and control risks to the Risk Management Committee and the Comprehensive Risk Management Unit (UAIR).

Furthermore, the Risk Management Committee delegates responsibility to the Asset-Liability Committee for monitoring compliance of policies and procedures concerning market and liquidity risks. In like manner, the UAIR has policies for reporting and correcting deviations from the specified limits, which it should report to the Risk Committee and the Board of Directors.

a) Discretionary risks

Market risk

The market risk is defined as the potential loss before the changes in risk factors that have impact on the valuation or expected results in investments or liabilities of mutual funds, such as market price, interest rates, exchange rate, price index fluctuations, among others.

(Continued)

The underlying market risk for the SCOTIAG Fund is determined using a methodology where the value at risk (VaR) is calculated through the variance-covariance (Var-Covar) parametric model, at a confidence level of 95%, a 1-year time window, and at a 1-day time horizon. A "Back Test" is performed for verifying the efficiency of the model used in measuring the VaR. This analysis is presented to the Risk Committee and the Board of the Fund Manager at least on a quarterly basis.

The UAIR has given punctual follow up to the circumstances presented in the market, influence on the VaR and presented excess in exposures with regard to the maximum authorized limit for the period from January 1 to December 31, 2014. During this specific period, the Board of Directors, Risk Committee, the General Director of the Management Company, Compliance and Internal Audit were notified that there have not been breaches to the VaR limits.

At December 31, 2014 and 2013, levels of market risk VaR of Management Company are 0.003% and 0.006% with respect to net asset, respectively.

For example, at December 2014, if the VaR value for 1 day is used with 95% confidence level in accordance with the net assets of 0.003% and consider that the mutual fund "SCOTIAG" has net assets of $19,481,041.7 at the same date, the maximum expected loss in 1 of 20 days of market operation (1/20=5%), could be higher or equal to $579.9, under normal conditions market.

Liquidity risk

The underlying liquidity risk for the SCOTIAG Fund is defined as the potential loss due to the advance or forced sale of assets at unusual discounts to meet payment obligations or because a position cannot be timely sold, acquired or covered by establishing an equivalent counter position. The liquidity risk is calculated using the purchase and sale positions, with a 6-month time window, and calculating the monthly average value in the case of stock and 90 days with daily observations for debt instruments. At December 31, 2014 and 2013, the liquidity risk was 0.022% and 0.018% with respect to net asset, respectively.

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For the liquidity risk result at December 31, 2014, the loss that might arise from the sale of a position at unusual discounts due to extraordinary market conditions (exogenous liquidity risk) of all issuances contained in the mutual fund SCOTIAG is 0.022% on net assets, that is $4,423.9.

Credit risk

Credit risk is defined as the potential loss due to default by an issuer or counterparty in transactions carried out by the fund management companies, including agreed real or personal guarantees, as well as any mitigation mechanism used by these investment companies. The SCOTIAG fund is comprised of government securities, therefore no credit risk arises.

b) Non-discretionary risks

Operational Risk-

The operational risk is a non-discretionary risk defined as the risk of loss resulting from internal control failure or deficiencies, errors in transaction processing or storage or in data transmission, as well as for adverse administrative or legal resolutions, frauds or theft, external events and includes, among others, the technological and legal risk.

The Management Company has put in place policies and procedures enabling it to implement an appropriate operational risk management process, which is described below.

Policies for operational risk non-discretionary management

These policies are intended for establishing the principles and management framework to identify, measure, monitor, limit, control and disseminate the operational risks inherent in the day-to-day activities and to promote a risk management culture throughout the Management Company.

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Manual for Operational Risk Data Gathering and Classification

These policies define the requirements for reporting the information that supports the measuring processes, as well as the scope of the data gathering process, the functions and responsibilities of the business units for gathering and reporting loss data, as its specific characteristics.

Operational, legal and technological risk tolerance levels

This is an operational loss management tool that enables each of the Management Company's area to know the tolerance levels of losses applicable to each assumed loss event, and serves as an incentive for the improvement of the operational risk management process and the adoption of the necessary action to minimize the risk of future losses.

Key risk indicators

This process allows the Management Company to establish indicators from process variables, which behavior is related to the level of risk assumed. By tracking each indicator, trends are identified that allow for managing the indicator's values over time. Admissible thresholds are established for each of the selected indicators.

Operational Risk Assessment and Controls (ORAC)

The Management Company also has a structured methodology for evaluating operational risk and controls, which is applied to the entire structure, and through which inherent operational risks in their daily activities are identified, with the following objectives: (i) Evaluate inherent risk, the effectiveness of controls and residual risk and (ii) Establish mitigation of the risks identified.

The operating loss of the Management Company for the years ended December 31, 2014 and 2013, amounts to 3.4 (in 2 events) and $1,252 (in 5 events), respectively.

Legal risk

Legal risk is defined as the potential loss from the failure of the legal and administrative provisions, issuance of unfavorable administrative and judicial resolutions and application of sanctions.

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In order to have policies and procedures that seek proper implementation of agreements and contracts where the Management Company is involved, the policies set forth in the legal manual are followed, which allows security to the operations of the Management Company, safeguarding its interests, preventing and reducing risks and legal contingencies.

Estimate of legal risk losses model

The Management Company has a methodology for estimating expected and unexpected legal risk losses through for estimating probable losses arising from an adverse outcome of trials in process. Such methodology is based on the loss experience of previous years that is used for determining the likelihood of loss associated with the ongoing legal issues through a statistical severity and occurrence analysis.

At December 31, 2014 and 2013, the Management Company does not record contingencies legal risk.

Technological risk

Technological risk is defined as the potential loss associated with damage, interruption, modification or failure resulting from the use of hardware, software, systems, applications, networks and any other cannel for transmitting information in rendering services to the Management Company customers.

In order to attend to requirements of regulations in terms of technological risk, the Bank has technological risk management policies, which describe the guidelines and methodology for assessing technological risks. Furthermore, the Information Systems Department has policies, procedures and systems that contribute to compliance of the related requirements.

The technological risk methodology, which assesses vulnerabilities, considers the criticality of the information in terms of completeness, confidentiality, availability and continuity to identify the risks inherent in the technological applications and infrastructure, assess the controls in place and obtain the residual risk. As a result, the methodology sets forth a proposal of controls for mitigating the technological risk at an acceptable level.

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At December 31, 2014 and 2013, the Management Company does not register contingencies technological risk.

(13) Recently issued accounting standards-

The CINIF has issued the 2015 MFRS and Improvements MFRS, containing specific amendments to some existing MFRS. The management of the Management Company estimates that new MFRS and MFRS improvements will not generate significant impact on its financial position; related to MFRS D-3 "Employee benefits" (note 7), the effect of adopting the new standard will mainly involve recognize as part of other comprehensive income in stockholders' equity, the cumulative effect, at the date of the entry into force of the MFRS, actuarial gains and losses; and subsequently during the average remaining life of employees, this effect will be recognized as part of the results of each of the years.

MFRS C-3 "Accounts Receivable"- MFRS C-3 is effective for years beginning January 1, 2018, and is applicable retrospectively; however, early adoption is allowed as of January 1, 2016, provided that it takes place concurrently with the adoption of MFRS C-20 "Financial instruments receivables".

MFRS C-9 "Provisions, contingencies and commitments"- MFRS C-9 is effective for years beginning on or after January 1st, 2018, early adoption is allowed, provided that it takes place concurrently with the initial adoption of MFRS C-19 "Financial instruments payable". MFRS C-9 supersedes Bulletin C-9 "Liabilities, provisions, contingent assets and liabilities and commitments".

MFRS D-3 "Employee benefits"- MFRS D-3 is effective for years beginning on or after January 1st, 2016, with retrospective effect and early adoption is permitted as of January 1st, 2015. MFRS D-3 supersedes the provisions in MFRS D-3. Main changes include the following:

- **Direct benefits-** The classification of direct short-term benefits was modified and the recognition of deferred ESPS was ratified.

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- **Termination benefits-** The bases were modified for identifying when payments termination of a work relationship actually meet post-employment benefits or when they are termination benefits.

- **Post-employment benefits-** Among others, the following were modified: the accounting recognition of the multi-employer plans, government plans and plans of entities under common control; the recognition of the net defined benefit liability (asset); the bases for determining the actuarial hypothesis in the discount rate; the recognition Services Cost of Past Periods (SCCP) and of the Early Settlement of Obligations (ESO).

- **Remeasurements-** In recognizing post-employment benefits, the corridor approach is eliminated in the treatment of plan's profit and losses (PPL); therefore, they are recognized as accrued and recognized directly in Other Comprehensive Income ("ORI"), requiring their recycling to the period's net profit or loss under certain conditions.

- **Plan Assets Ceiling (PA) -** Identifies a plan asset ceiling and specifies which entity contributed funds do not qualify as such.

- **Recognition in profit or loss of PM, SR and gain or losses from Early Settlement of Oligations (ESO) -** In post-employment benefits, the totally of the Service Cost of Past Periods (SCPP) of Plan Modifications (PM), Staff Reductions (SR) and the gains or losses from Early Settlement of Obligations (ESO) are immediately recognized in profit or loss.

- **Discount rate-** Established that the discount rate of DBO is based on investment grade corporate bond rates (deep market) and, in their absebce, on government bonds rates.

- **Termination benefits-** Requires an analysis as to whether separation payments qualify as termination benefits or are actually post-employment benefits and notes that if the benefit is non-cumulative with no preexisting granting conditions, it is a termination benefit and, therefore, it should be recognized when the event occurs. However, if preexisting conditions are present, either contractually, by law or payment practices, it is deemed a cumulative benefit and should be recognized as a post-employment benefit

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2015 MFRS Improvements

Bulletin C-9 "Liabilities, provisions, contingent assets and liabilities and commitments"- Bulletin C-9 provides that foreign currency advance should be recognized at the exchange rate prevailing on the date of the transaction; that is, at the historical exchange rate. Such amounts should not be modified by subsequent exchange fluctuations between the functional currency and the foreign currency in which price of goods and services related to such advance payments are denominated. This improvements is effective for periods beginning on or after January 1, 2015 and the accounting changes that arise should be recognized retrospectively.

(14) Subsequent Event-

Amendments on the Mutual Funds Law

Derived from the Financial Reform, on January 10, 2014, amendments were published to the Law for Fund Management Companies, now called the Mutual Funds Law, which into force on January 1st, 2015. The main changes on this Law consist that Investment Companies, in general, must transform into Mutual Funds and must have only a Founding Partner. Also, the Mutual Funds will not have stockholders' Board, Board of Directors or Statutory Auditor, therefore such functions will be conferred on the Founding Partner and a Fund Management Company as well as members of the Board of Directors of the Fund Management Company; in case Scotia Fondos, S. A. de C. V., Sociedad Operadora de Sociedades de Inversión, Grupo Financiero Scotiabank Inverlat will act as Funding Partner and Fund Management Company of the Mutual Funds listed in note 1 to the financial statements. The aforementioned amendments were filed with the National Banking and Securities Commission on July 10, 2014, thus at the date of this report, the Management Company is waiting for such approval.