

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

Financial statements

December 31, 2021 and 2020

(With Independent Auditors' Reports Thereon)
(Free Translation from Spanish Language Original)





Independent Auditors' Report
(Translation from Spanish language original)

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

(Thousand of Mexican pesos)

Opinion

We have audited the financial statements of Scotia Fondos, S. A. de C. V., Sociedad Operadora de Fondos de Inversión, Grupo Financiero Scotiabank Inverlat (“the Management Company”), which comprise the balance sheets including statements of investment portfolio valuation as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying financial statements of Scotia Fondos, S. A. de C. V., Sociedad Operadora de Fondos de Inversión, Grupo Financiero Scotiabank Inverlat, have been prepared, in all material respects, in accordance with the Accounting Criteria for Fund Management Companies in Mexico (the Accounting Criteria), issued by the National Banking and Securities Commission (the Commission).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report. We are independent of the Management Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Mexico, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(Continued)





Administration and investment funds distribution fees for \$1,838,952	
See notes 3(j) and 11 to the financial statements	
Key audit matter	How the key audit matter was addressed in our Audit
<p>Administration and investment funds distribution fees represent 99% of the total annual income of the Management Company in 2021. Income that are derived from these commissions is recorded as they accrue, according with the contracts and applying the percentages set up in the prospectuses of information to the investing public of each of the Investment Funds that the Management Company manage or distribute.</p> <p>We consider administration and investment funds distributions fee as a key audit matter, since they represent the most important account relative to the income statement, and therefore, its review involves the largest number of audit hours, where we assessed completeness, existence and accuracy.</p>	<p>Our audit procedures included, among others, recalculate the income from these commissions, based on the provisions of the administration and distribution contracts agreed with the investment funds and reported to the investing public in the corresponding prospectus, comparing the amount of the net assets used as the basis of calculation, for a sample of daily commissions and multiplying that base by the percentage of commission applicable to the series of shares subject to payment.</p>

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of the financial statements in accordance with the Accounting Criteria issued by the Commission, 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.

In preparing the financial statements, management is responsible for assessing the Management Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Management Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Management Company's financial reporting process.

(Continued)



Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Management Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Management Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

(Continued)



We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Cárdenas Dosal, S. C.



C.P.C. Ricardo Lara Uribe

Mexico City, March 18, 2022.



Scotia Fondos, S. A. de C. V.,
Sociedad Operadora de Fondos de Inversión,
Grupo Financiero Scotiabank Inverlat
Bosques de Ciruelos No. 120, Col. Bosque de las Lomas, Ciudad de México

Balance sheets

December 31, 2021 and 2020

(Thousands of Mexican pesos)

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

<u>Assets</u>	<u>2021</u>	<u>2020</u>	<u>Liabilities and Stockholders' Equity</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents (note 11)	\$ 20	97	Other accounts payable:		
Investment securities (notes 5 and 11):			Income tax payable (note 10)	\$ 6,810	14,449
Trading	710,673	462,689	Employee profit sharing (note 10)	2,962	-
Accounts receivable (notes 6 and 11)	202,486	179,339	Sundry creditors and other accounts payable (notes 8 and 11)	183,868	156,044
Permanent investments (note 7):			Total liabilities	193,640	170,493
Other permanent investments	61,873	58,873	Stockholders' equity (note 9):		
Deferred taxes, net (note 10)	3,088	2,018	Paid-in capital:		
Other assets			Capital stock	2,586	2,586
Deferred charges, prepaid expenses and intangibles	3,047	573	Earned capital:		
Other short and long-term assets (note 8)	-	19	Statutory reserves	517	517
	3,047	592	Retained earnings	529,989	309,925
			Remeasurements of defined employee benefits	(132)	23
			Net income	254,587	220,064
			Total stockholders' equity	784,961	530,529
			Commitments and contingencies (note 14)		
Total assets	\$ 981,187	703,608	Total liabilities and stockholders' equity	\$ 981,187	703,608

Memorandum accounts

	<u>2021</u>	<u>2020</u>
Other accounts	\$ 18,119	7,307
Assets in custody or administration (note 12)	312,644,321	333,166,928

See accompanying notes to financial statements.

"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 Mutual Funds, 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."

"As of December 31, 2021 and 2020, the minimum fixed and variable historical capital stock amount to \$1,000 in both years".

SIGNATURE

Luis Alberto Rico González
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>
www.cnbv.gob.mx/Paginas/default.aspx



Scotia Fondos, S. A. de C. V.,
 Sociedad Operadora de Fondos de Inversión,
 Grupo Financiero Scotiabank Inverlat
 Bosques de Ciruelos No. 120, Col. Bosque de las Lomas, Ciudad de México

Statements of income

Years ended December 31, 2021 and 2020

(Thousands of Mexican pesos)

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

	<u>2021</u>	<u>2020</u>
Fee and commission income (note 11)	\$ 1,849,793	1,694,551
Fee and commission expense (note 11)	<u>(1,349,314)</u>	<u>(1,294,514)</u>
Income from services	<u>500,479</u>	<u>400,037</u>
Unrealized gain (loss) on securities (note 5)	872	49
Net realized gain on securities (note 5)	<u>22,333</u>	<u>18,059</u>
Brokerage margin	<u>23,205</u>	<u>18,108</u>
Other operating income (expense), net	27	13
Administrative expenses (notes 11 and 14)	<u>(174,630)</u>	<u>(100,307)</u>
	<u>(151,398)</u>	<u>(82,186)</u>
Income before income taxes	<u>349,081</u>	<u>317,851</u>
Current income taxes (note 10)	(95,447)	(93,058)
Deferred income taxes, net (note 10)	<u>953</u>	<u>(4,729)</u>
	<u>(94,494)</u>	<u>(97,787)</u>
Net income	\$ <u>254,587</u>	<u>220,064</u>

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 Mutual Funds, 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 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 income were approved by the Board of Directors under the responsibility of the following officers."

SIGNATURE

 Luis Alberto Rico González
 General Director

SIGNATURE

 H. Valerio Bustos Quiroz
 Director of Group Accounting



Scotia Fondos, S. A. de C. V.,
Sociedad Operadora de Fondos de Inversión,
Grupo Financiero Scotiabank Inverlat
Bosques de Ciruelos No. 120, Col. Bosque de las Lomas, Ciudad de México

Statements of changes in stockholders' equity

Years ended December 31, 2021 and 2020

(Thousands of Mexican pesos)

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

	<u>Paid-in capital</u>		<u>Earned capital</u>			<u>Total stockholders' equity</u>
	<u>Capital stock</u>	<u>Statutory reserves</u>	<u>Retained earnings</u>	<u>Remeasurements of defined employee benefits</u>	<u>Net income</u>	
Balances as of December 31, 2019	2,586	517	104,589	21	205,336	313,049
Items related to stockholders' decisions:						
Appropriation of prior year's net income	-	-	205,336	-	(205,336)	-
Items related to comprehensive income:						
Remeasurements of defined employee benefits, net of deferred taxes	-	-	-	2	-	2
Net income	-	-	-	-	220,064	220,064
Balances as of December 31, 2020	\$ 2,586	517	309,925	23	220,064	533,115
Items related to stockholders' decisions:						
Appropriation of prior year's net income	-	-	220,064	-	(220,064)	-
Items related to comprehensive income:						
Remeasurements of defined employee benefits, net of deferred taxes and ESPS	-	-	-	(155)	-	(155)
Net income	-	-	-	-	254,587	254,587
Balances as of December 31, 2021	\$ <u>2,586</u>	<u>517</u>	<u>529,989</u>	<u>(132)</u>	<u>254,587</u>	<u>787,547</u>

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 Mutual Funds, 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."

SIGNATURE

Luis Alberto Rico González
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>
www.cnbv.gob.mx/Paginas/default.aspx



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Statements of investment portfolio valuation

December 31, 2021 and 2020

(Thousands of Mexican pesos, except otherwise indicated)

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

	<u>Issuer</u>	<u>Series</u>	<u>Type of security</u>	<u>Valuation rate</u>	<u>Rating or marketability</u>	<u>Number of traded securities</u>	<u>Number of settled securities</u>	<u>Total securities of the issuance</u>	<u>Average unit acquisition cost (in pesos)</u>	<u>Total acquisition cost</u>	<u>Fair or accounting value per share (in pesos)</u>	<u>Total fair or accounting value</u>	<u>Days to maturity</u>	
December 31, 2021														
% Trading securities:														
Investment in net equity instruments														
Investment funds investing in debt securities														
100.00	Scotia Gubernamental S.A. de C.V., F I I C	SCOTIAG	M6	51	0	AAA/S2	181,155,821	181,155,821	181,155,821	3.922993	\$ 710,673	3.922993	\$ 710,673	-
% Permanent investments:														
Investment funds investing in debt securities														
3.940	Finde1, S.A. de C.V., F I I D	FINDE1	A	51	0	AAA/S3	1,000,000	1,000,000	1,051,006,075	2.438698	2,439	2,438,698	2,439	-
2.610	Scotia Deuda Corto Plazo, S.A. de C.V., F I I D	SBANKCP	A	51	0	AAA/S2	250,000	250,000	3,368,110,621	6.458115	1,615	6,458,115	1,615	-
1.610	Scotia Divisas Dólares, S.A. de C.V., F I I D	SBANKDL	A	51	0	AAA/S5	1,000,000	1,000,000	1,006,737,046	1.000000	1,000	1,000,000	1,000	-
1.610	Scotia Deuda Mediano Plazo Fondo de Fondos, S.A. de C.V., F I I D	SBANKMP	A	51	0	AAA/S4	1,000,000	1,000,000	999,391,611	0.994589	995	0,994,589	995	-
1.620	Scotia Deuda Tasa Real, S.A. de C.V., F I I D	SCOT-TR	A	51	0	AAA/S5	1,000,000	1,000,000	988,280,521	1.000966	1,001	1,000,966	1,001	-
3.400	Scotia Sama Deuda Gubernamental S.A. de C.V., F I I D	SCOT200	A	51	0	AAA/S4	1,000,000	1,000,000	61,175,541	2.101069	2,101	2,101,069	2,101	-
2.280	Scotia Deuda Corporativa Mediano Plazo, S.A. de C.V., S.A. de C.V., F I I D	SCOT110	A	51	0	AAA/PN/S4	1,000,000	1,000,000	1,588,834,212	1.411992	1,412	1,411,992	1,412	-
2.620	Scotia Disponibilidad, S.A. de C.V., F I I D	SCOT1A1	A	51	0	AAA/S2	1,000,021	1,000,021	15,913,969,135	1.619055	1,619	1,619,055	1,619	-
2.080	Scotia Deuda Mediano Plazo, S.A. de C.V., F I I D	SCOT1A2	A	51	0	AAA/S4	1,000,003	1,000,003	402,446,142	1.286423	1,286	1,286,423	1,286	-
4.560	Scotia Deuda Gubernamental Corto Plazo, S.A. de C.V., F I I D	SCOTIAG	A	51	0	AAA/S2	1,000,007	1,000,007	4,114,510,629	2.820140	2,820	2,820,140	2,820	-
2.250	Scotia Previsional de Liquidez Restringida, S.A. de C.V., F I I D	SCOTILP	A	51	0	AAA/PN/S5	1,000,014	1,000,014	279,618,629	1.390917	1,391	1,390,917	1,391	-
2.720	Scotia Plus, S.A. de C.V., F I I D	SCOTIMB	A	51	0	AAA/S6	1,000,000	1,000,000	836,290,298	1.686468	1,686	1,686,468	1,686	-
1.610	Scotia Gubernamental Plus S.a. de C.V., F I I D	SCOTLPG	A	51	0	AAA/S6	1,000,000	1,000,000	792,611,697	1.000000	1,000	1,000,000	1,000	-
1.670	Scotia Deuda Gubernamental Tasa Real, S.A. de C.V., F I I D	SCOTUDI	A	51	0	AAA/S6	1,000,000	1,000,000	484,552,960	1.030918	1,031	1,030,918	1,031	-
1.620	SCOTIA Deuda Corporativa Global Peso HEDGED, S.A. de C.V.	SCOTDGH	A	51	0		1,000,000	1,000,000	293,475,246	1.000000	1,000	1,000,000	1,000	-
										22.396		22.396		
Investment funds investing in equities														
1.90	Scotia Solución 6, S.A. de C.V., F I R V	FIRMA-E	A	52	0	0	1,000,000	1,000,000	393,827,372	1.000000	1,000	1,176,030	1,176	-
3.61	Scotia Perspectiva Crecimiento, S.A. de C.V., F I R V	SBANK50	A	52	0	0	1,000,013	1,000,013	1,247,028,550	2.234718	2,235	2,234,718	2,235	-
1.65	Scotia Objetivo 1 S.A. de C.V., F I R V	SCOT-22	A	52	0	0	1,000,000	1,000,000	189,095,091	1.000000	1,000	1,024,137	1,024	-
1.74	Scotia Objetivo 2 S.A. de C.V., F I R V	SCOT-29	A	52	0	0	1,000,000	1,000,000	390,529,333	1.000000	1,000	1,075,063	1,075	-
1.81	Scotia Objetivo 3 S.A. de C.V., F I R V	SCOT-36	A	52	0	0	1,000,000	1,000,000	386,967,909	1.000000	1,000	1,119,758	1,120	-
1.85	Scotia Objetivo 4 S.A. de C.V., F I R V	SCOT-43	A	52	0	0	1,000,000	1,000,000	368,412,099	1.000000	1,000	1,142,953	1,143	-
1.87	Scotia Objetivo 5 S.A. de C.V., F I R V	SCOT-50	A	52	0	0	1,000,000	1,000,000	313,215,159	1.000000	1,000	1,157,020	1,157	-
1.62	Scotia Sama Renta Variable, S.A. de C.V., F I R V	SCOT100	A	52	0	0	1,000,000	1,000,000	613,262,259	1.000000	1,000	1,000,000	1,000	-
1.69	Scotia Fibras, S.A. de C.V., F I R V	SCOT-FR	A	52	0	0	1,000,000	1,000,000	150,088,207	1.047596	1,048	1,047,596	1,048	-
1.88	Scotia Especializado Deuda Moneda Extranjera, S.A. de C.V., F I R V	SCOT-FX	A	52	0	0	62,501	62,501	68,345,726	18.571864	1,161	18,571,864	1,161	-
3.40	Scotia Acciones Mexico, S.A. de C.V., F I R V	SCOT-RV	A	52	0	0	729,928	729,928	315,021,218	2.886791	2,107	2,886,791	2,107	-
2.54	Scotia Especializado Deuda Dólares, S.A. de C.V., F I R V	SCOTDOL	A	52	0	0	980,393	980,393	2,217,217,012	1.600275	1,569	1,600,275	1,569	-
2.03	Diversificado S.A. de C.V., F I R V	FIRMA-D	A	52	0	0	80,646	80,646	26,486,488	14.346651	1,157	15,567,543	1,157	-
1.62	Scotia Acciones Europa, S.A. de C.V., F I R V	SCOTEUR	A	52	0	0	1,000,000	1,000,000	1,414,902,600	1.000000	1,000	1,000,000	1,000	-
1.62	Scotia Acciones Globales Volatilidad Controlada, S.A. de C.V., F I R V	SCOTGLO	A	52	0	0	1,000,000	1,000,000	1,878,654,551	1.000001	1,000	1,000,001	1,000	-
2.47	Scotia Perspectiva Patrimonial, S.A. de C.V., F I R V	SCOT112	A	52	0	0	1,000,000	1,000,000	1,058,891,911	1.525722	1,526	1,525,722	1,526	-
2.88	Scotia Perspectiva Balanceada, S.A. de C.V., F I R V	SCOT114	A	52	0	0	1,000,000	1,000,000	3,403,592,188	1.781064	1,781	1,781,064	1,781	-
11.99	Scotia Acciones Oportunidades Globales, S.A. de C.V., F I R V	SCOTGL+	A	52	0	0	1,000,000	1,000,000	387,169,590	7.418162	7,418	7,418,162	7,418	-
1.69	Scotia Balanceado Volatilidad Controlada, S.A. de C.V., F I R V	SCOTQNT	A	52	0	0	1,000,000	1,000,000	952,313,427	1.044286	1,044	1,044,286	1,044	-
4.19	Scotia Acciones Estados Unidos, S.A. de C.V., F I R V	SCOTUSA	A	52	0	0	370,371	370,371	825,831,111	6.995951	2,591	6,995,951	2,591	-
1.62	Scotia Estrategia 3, S.A. de C.V., F I R V	SCOT-03	A	52	0	0	1,000,000	1,000,000	1,616,828,144	1.000000	1,000	1,002,904	1,003	-
1.61	Scotia Estrategia 4, S.A. de C.V., F I R V	SCOT-04	A	52	0	0	1,000,000	1,000,000	1,000,000	1.000000	1,000	1,000,000	1,000	-
1.69	Scotia Estrategia 6, S.A. de C.V., F I R V	MG-INTL	A	52	0	0	1,000,000	1,000,000	1,130,559,648	1.000000	1,000	1,043,805	1,044	-
1.61	Scotia Especializado Deuda Dólares Plus, S.A. de C.V., F I R V	SCOTDL+	A	52	0	0	1,000,000	1,000,000	3,745,909,875	1.000000	1,000	1,006,629	1,000	-
1.61	Scotia Acciones Canadá, S.A. DE C.V.	SCOTCAN	A	52	0	0	1,000,000	1,000,000	407,785,194	1.000000	1,000	1,000,000	1,000	-
1.61	Scotia Especializado Deuda Internacional Peso HEDGED, S.A. de C.V.	SCOTDIH	A	52	0	0	1,000,000	1,000,000	603,466,588	1.000000	1,000	1,000,000	1,000	-
										38.637		39.477		
Totals:										\$ 61.033		\$ 61.873		

(Continued)



Scotia Fondos, S. A. de C. V.,
Sociedad Operadora de Fondos de Inversión,
Grupo Financiero Scotiabank Inverlat
Bosques de Ciruelos No. 120, Col. Bosque de las Lomas, Ciudad de México

Statements of investment portfolio valuation

December 31, 2021 and 2020

(Thousands of Mexican pesos, except otherwise indicated)

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

	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, 2020														
% Trading securities:														
Investment in net equity instruments														
Investment funds investing in debt securities														
100.00	Scotia Gubernamental S.A. de C.V., F I I D	SCOTIAG	M6	51	-	AAA/S2	121,582,086	121,582,086	121,582,086	3.805567	\$ 462,689	3.805567	\$ 462,689	-
% Permanent investments:														
Investment funds investing in debt securities														
4.14	Finde1, S.A. de C.V., F I I D	FINDE1	A	51	-	AAA/S3	1,000,000	1,000,000	983,266,572	2.438698	\$	2,439	\$	2,439
2.74	Scotia Deuda Corto Plazo, S.A. de C.V., F I I D	SBANKCP	A	51	-	AAA/S2	250,000	250,000	3,653,479,510	6.458115	1,615	6,458,115	1,615	-
1.70	Scotia Divisas Dólares, S.A. de C.V., F I I D	SBANKDL	A	51	-	AAA/S5	1,000,000	1,000,000	1,263,533,529	1.000000	1,000	1,000,000	1,000	-
1.69	Scotia Deuda Mediano Plazo Fondo de Fondos, S.A. de C.V., F I I D	SBANKMP	A	51	-	AAA/S4	1,000,000	1,000,000	2,114,721,654	0.994589	995	0,994,589	995	-
1.70	Scotia Deuda Tasa Real, S.A. de C.V., F I I D	SCOT-TR	A	51	-	AAA/S5	1,000,000	1,000,000	887,864,994	1.000966	1,001	1,000,966	1,001	-
3.57	Scotia Sama Deuda Gubernamental S.A. de C.V., F I I D	SCOT200	A	51	-	AAA/S4	1,000,000	1,000,000	136,770,746	2.101069	2,101	2,101,069	2,101	-
2.40	Scotia Deuda Corporativa Mediano Plazo, S.A. de C.V., S.A. de C.V., F I I D	SCOT110	A	51	-	AAAFPN/S4	1,000,000	1,000,000	2,171,395,856	1.411992	1,412	1,411,992	1,412	-
2.75	Scotia Disponibilidad, S.A. de C.V., F I I D	SCOTI1A	A	51	-	AAA/S2	1,000,021	1,000,021	14,500,783,223	1.619055	1,619	1,619,055	1,619	-
2.19	Scotia Deuda Mediano Plazo, S.A. de C.V., F I I D	SCOTI2A	A	51	-	AAA/S4	1,000,003	1,000,003	611,243,006	1.286423	1,286	1,286,423	1,286	-
4.79	Scotia Deuda Gubernamental Corto Plazo, S.A. de C.V., F I I D	SCOTIAG	A	51	-	AAA/S2	1,000,007	1,000,007	6,877,573,510	2.820140	2,820	2,820,140	2,820	-
2.96	Scotia Previsional de Liquidez Restringida, S.A. de C.V., F I I D	SCOTILP	A	51	-	AAAFPN/S5	1,000,014	1,000,014	422,693,063	1.390917	1,391	1,390,917	1,391	-
2.86	Scotia Plus, S.A. de C.V., F I I D	SCOTIMB	A	51	-	AAA/S6	1,000,000	1,000,000	1,743,654,409	1.686468	1,686	1,686,468	1,686	-
1.70	Scotia Gubernamental Plus S.a. de C.V., F I I D	SCOTLPG	A	51	-	AAA/S6	1,000,000	1,000,000	1,732,678,517	1.000000	1,000	1,000,000	1,000	-
1.75	Scotia Deuda Gubernamental Tasa Real, S.A. de C.V., F I I D	SCOTUDI	A	51	-	AAA/S6	1,000,000	1,000,000	505,176,096	1.030918	1,031	1,030,918	1,031	-
										21,396		21,396		
Investment funds investing in equities														
2.00	Solución 6, S.A. de C.V., F I R V	FIRMA-E	A	52	-	-	1,000,000	1,000,000	320,655,950	1.000000	1,000	1,176,030	1,176	-
3.80	Scotia Perspectiva Crecimiento, S.A. de C.V., F I R V	SBANK50	A	52	-	-	1,000,013	1,000,013	2,048,160,051	2.234718	2,235	2,234,718	2,235	-
1.74	Scotia Objetivo 1 S.A. de C.V., F I R V	SCOT-22	A	52	-	-	1,000,000	1,000,000	107,592,138	1.000000	1,000	1,024,137	1,024	-
1.83	Scotia Objetivo 2 S.A. de C.V., F I R V	SCOT-29	A	52	-	-	1,000,000	1,000,000	135,184,456	1.000000	1,000	1,075,063	1,075	-
1.90	Scotia Objetivo 3 S.A. de C.V., F I R V	SCOT-36	A	52	-	-	1,000,000	1,000,000	172,238,067	1.000000	1,000	1,119,758	1,120	-
1.84	Scotia Objetivo 4 S.A. de C.V., F I R V	SCOT-43	A	52	-	-	1,000,000	1,000,000	197,083,716	1.000000	1,000	1,142,953	1,143	-
1.97	Scotia Objetivo 5 S.A. de C.V., F I R V	SCOT-50	A	52	-	-	1,000,000	1,000,000	213,018,149	1.000000	1,000	1,157,020	1,157	-
1.70	Scotia Sama Renta Variable, S.A. de C.V., F I R V	SCOT100	A	52	-	-	1,000,000	1,000,000	633,503,422	1.000000	1,000	1,000,000	1,000	-
1.78	Scotia Fibras, S.A. de C.V., F I R V	SCOT-FR	A	52	-	-	1,000,000	1,000,000	249,824,596	1.047596	1,048	1,047,596	1,048	-
1.97	Scotia Especializado Deuda Moneda Extranjera, S.A. de C.V., F I R V	SCOT-FX	A	52	-	-	62,501	62,501	116,834,619	18.571864	1,161	18,571,864	1,161	-
3.58	Scotia Acciones Mexico, S.A. de C.V., F I R V	SCOT-RV	A	52	-	-	729,928	729,928	440,457,945	2.886791	2,107	2,886,791	2,107	-
2.66	Scotia Especializado Deuda Dólares, S.A. de C.V., F I R V	SCOTDOL	A	52	-	-	980,393	980,393	3,486,784,365	1.600275	1,569	1,600,275	1,569	-
2.13	Diversificado S.A. de C.V., F I R V	FIRMA-D	A	52	-	-	80,646	80,646	30,252,271	14.346651	1,157	15,567,543	1,255	-
1.70	Scotia Acciones Europa, S.A. de C.V., F I R V	SCOTEUR	A	52	-	-	1,000,000	1,000,000	837,719,854	1.000000	1,000	1,000,000	1,000	-
1.70	Scotia Acciones Globales Volatilidad Controlada, S.A. de C.V., F I R V	SCOTGLO	A	52	-	-	1,000,000	1,000,000	1,396,258,660	1.000001	1,000	1,000,001	1,000	-
2.59	Scotia Perspectiva Patrimonial, S.A. de C.V., F I R V	SCOTH12	A	52	-	-	1,000,000	1,000,000	1,376,691,566	1.525722	1,526	1,525,722	1,526	-
3.03	Scotia Perspectiva Balanceada, S.A. de C.V., F I R V	SCOTH14	A	52	-	-	1,000,000	1,000,000	4,665,193,161	1.781064	1,781	1,781,064	1,781	-
12.90	Scotia Acciones Oportunidades Globales, S.A. de C.V., F I R V	SCOTGL+	A	52	-	-	1,000,000	1,000,000	134,440,854	7.418162	7,418	7,418,162	7,418	-
1.77	Scotia Balanceado Volatilidad Controlada, S.A. de C.V., F I R V	SCOTQNT	A	52	-	-	1,000,000	1,000,000	1,332,185,403	1.044286	1,044	1,044,286	1,044	-
4.40	Scotia Acciones Estados Unidos, S.A. de C.V., F I R V	SCOTUSA	A	52	-	-	370,371	370,371	625,364,595	6.995951	2,591	6,995,951	2,591	-
1.70	Scotia Estrategia 3, S.A. de C.V., F I R V	SCOT-03	A	52	-	-	1,000,000	1,000,000	1,997,445,238	1.000000	1,000	1,002,904	1,003	-
1.70	Scotia Estrategia 4, S.A. de C.V., F I R V	SCOT-04	A	52	-	-	1,000,000	1,000,000	1,000,000	1.000000	1,000	1,000,000	1,000	-
1.77	Scotia Estrategia 6, S.A. de C.V., F I R V	MGINTL	A	52	-	-	1,000,000	1,000,000	1,031,998,406	1.000000	1,000	1,043,805	1,044	-
1.70	Scotia Especializado Deuda Dólares Plus, S.A. de C.V., F I R V	SCOTDL+	A	52	-	-	1,000,000	1,000,000	4,777,199,894	1.000000	1,000	1,000,629	1,000	-
										36,637		37,477		
Totals:										\$ 58,033		\$ 58,873		

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 Mutual Funds, 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.

SIGNATURE

Luis Alberto Rico González
General Director

SIGNATURE

H. Valerio Bustos Quiróz
Director of Group Accounting



Scotia Fondos, S. A. de C. V.,
Sociedad Operadora de Fondos de Inversión,
Grupo Financiero Scotiabank Inverlat
Bosques de Ciruelos No. 120, Col. Bosque de las Lomas, Ciudad de México

Statements of cash flows

Years ended December 31, 2021 and 2020

(Thousands of Mexican pesos)

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

	<u>2021</u>	<u>2020</u>
Net income	\$ 254,587	220,064
Items not requiring (providing) cash flow:		
Provisions	(22,724)	(23,861)
Current and deferred income taxes	94,494	97,787
Unrealized (gain) loss on securities	(872)	(49)
	<u>70,898</u>	<u>73,877</u>
Operating activities:		
Change in investment securities	(247,112)	(213,674)
Change in other operating assets	137,790	127,246
Change in other operating liabilities	(110,154)	(109,757)
Payments of income taxes	(103,086)	(97,670)
	<u>(322,562)</u>	<u>(293,855)</u>
Net cash flows from operating activities	<u>2,923</u>	<u>86</u>
Net cash flows from financing activities of dividends declared and paid in cash	<u>(3,000)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(77)	86
Cash and cash equivalents at beginning of year	<u>97</u>	<u>11</u>
Cash and cash equivalents at end of year	<u>\$ 20</u>	<u>97</u>

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 Mutual Funds, which are of a general and mandatory nature and have been applied on a consistent basis. Accordingly, it reflects all the cash inflows and cash outflows 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."

SIGNATURE

Luis Alberto Rico González
General Director

SIGNATURE

H. Valerio Bustos Quiroz
Director of Group Accounting



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

Notes to Financial Statements

Years ended December 31, 2021 and 2020

(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

Scotia Fondos, S. A. de C. V., Sociedad Operadora de Fondos de Inversión, Grupo Financiero Scotiabank Inverlat (“the Management Company”) is a fund management company constituted under the Mexican laws located in Bosques de Ciruelos No. 120, Col. Bosque de las Lomas, Mexico City, that began operations on December 5, 2001 and is engaged in providing administrative services, distribution, valuation, promotional and management services to the investment funds. The Management Company is a subsidiary of Grupo Financiero Scotiabank Inverlat, S.A. de C. V. (Grupo Financiero Scotiabank) with whom it performs some of the operations described in note 11 and who owns 99.99% of its capital stock.

In accordance with the Mutual Funds Law the Management Company acts as Founding Partner and Mutual Fund Management Company of the Scotiabank Mutual Funds, which are indicated below. In accordance with this law, the Mutual Funds do not have Stockholders’ Meetings, Board of Directors or Statutory Auditor, therefore such functions are conferred on the Founding Partner and the Management Company of Scotiabank Mutual Funds, as well as members of the Board of Directors of the Management Company.

The Management Company obtained 99% of its fee and commission income for 2021 and 2020, from the Scotiabank Mutual Funds, in which acts as Founding Partner and Management company and are listed below (note 11):

Mutual funds investing in debt instruments:

- Finde 1, S.A. de C.V., (FINDE1)
- Scotia Deuda Corto Plazo, S.A. de C.V., (SBANKCP) ⁽¹⁾ (previously Scotia Inversiones, S.A. de C.V.)
- Scotia Divisas Dólares, S.A. de C.V., (SBANKDL) ⁽²⁾
- Scotia Deuda Mediano Plazo Fondo de Fondos, S.A. de C.V., (SBANKMP) ⁽¹⁾ (previously Scotia Solución 11 S.A. de C.V.)
- Scotia Deuda Tasa Real, S.A. de C.V., (SCOT-TR) ⁽¹⁾ (previously Scotia Real, S.A. de C.V.)
- Scotia Sama Deuda Gubernamental, S.A. de C.V., (SCOT200) ⁽¹⁾ (previously Scotia Solución 8, S.A. de C.V.)
- Scotia Deuda Corporativa Mediano Plazo, S.A. de C.V., (SCOTI10) ⁽¹⁾ (previously Scotia Productivo, S.A. de C.V.)
- Scotia Disponibilidad, S.A. de C.V., (SCOTIA1)
- Scotia Deuda Mediano Plazo, S.A. de C.V., (SCOTIA2) ⁽¹⁾
- Scotia Deuda Gubernamental Corto Plazo, S.A. de C.V., (SCOTIAG) ⁽¹⁾ (previously Scotia Gubernamental, S.A. de C.V.)
- Scotia Previsional de Liquidez Restringida, S.A. de C.V., (SCOTILP)
- Scotia Deuda Largo Plazo Volatilidad Controlada, S.A. de C.V., (SCOTIMB) ⁽³⁾ (previously Scotia Plus, S.A. de C.V.)
- Scotia Gubernamental Largo Plazo, S.A. de C.V., (SCOTLPG) ⁽³⁾ (previously Scotia Gubernamental Plus, S.A. de C.V.)
- Scotia Deuda Gubernamental Tasa Real, S.A. de C.V., (SCOTUDI) ⁽¹⁾ (previously Scotia Solución 4, S.A. de C.V.)
- Scotia Deuda Corporativa Global Peso Hedged, S.A. de C.V., (SCOTDGH) ⁽²⁾

(1) Mutual funds with change in a name or ticker symbol in 2020.

(2) Mutual funds established in 2021.

(3) Mutual funds with change in a name or ticker symbol in 2021.

(Continued)



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

Notes to Financial Statements

Years ended December 31, 2021 and 2020

(Thousands of Mexican pesos)

Mutual funds investing in equities:

- Scotia Solucion 6, S.A. de C.V. (FIRMA-E)
- Scotia Perspectiva Crecimiento, S.A. de C.V., (SBANK50) ⁽²⁾
- Scotia Objetivo 1, S.A. de C.V., (SCOT-22)
- Scotia Objetivo 2, S.A. de C.V., (SCOT-29)
- Scotia Objetivo 3, S.A. de C.V., (SCOT-36)
- Scotia Objetivo 4, S.A. de C.V., (SCOT-43)
- Scotia Objetivo 5, S.A. de C.V., (SCOT-50)
- Scotia Sama Renta Variable, S.A. de C.V., (SCOT100) ⁽¹⁾ (previously Scotia Cartera Modelo, S.A. de C.V.)
- Scotia Fibras, S.A. de C.V., (SCOT-FR) ⁽²⁾
- Scotia Especializado Deuda Moneda Extranjera, S.A. de C.V., (SCOT-FX) ⁽²⁾
- Scotia Acciones Mexico, S.A. de C.V., (SCOT-RV) ⁽¹⁾ (previously Scotia Patrimonial, S.A. de C.V.)
- Scotia Especializado Deuda Dólares, S.A. de C.V., (SCOTDOL) ⁽²⁾
- Scotia Diversificado, S.A. de C.V. (FIRMA-D)
- Scotia Acciones Europa, S.A. de C.V., (SCOTEUR) ⁽²⁾
- Scotia Acciones Globales Volatilidad Controlada, S.A. de C.V., (SCOTGLO) ⁽²⁾
- Scotia Perspectiva Patrimonial, S.A. de C.V., (SCOTI12) ⁽²⁾
- Scotia Perspectiva Balanceada, S.A. de C.V., (SCOTI14) ⁽²⁾
- Scotia Acciones Oportunidades Globales, S.A. de C.V., (SCOTGL+) ⁽²⁾
- Scotia Balanceado Volatilidad Controlada, S.A. de C.V. (SCOTQNT) ⁽¹⁾ (previously Scotia Dinámico, S.A. de C.V.)
- Scotia Acciones Estados Unidos, S.A. de C.V., (SCOTUSA) ⁽²⁾
- Scotia Estrategia 3, S.A. de C.V., (SCOT-03)
- Scotia Estrategia 4, S.A. de C.V., (SCOT-04)
- Scotia Estrategia 6, S.A. de C.V., (MGINTL)
- Scotia Especializado Deuda Dólares Plus, S.A. de C.V., (SCOTDL+) ⁽²⁾
- Scotia Acciones Canadá, S.A. de C.V., (SCOTCAN) ⁽²⁾
- Scotia Especializado Deuda Internacional Peso Hedged, S.A. de C.V., (SCOTDIH) ⁽²⁾

(1) Mutual funds with change in a name or ticker symbol in 2020.

(2) Mutual funds constituted in 2021.

(3) Mutual funds with change in a name or ticker symbol in 2021.

Until June 30, 2021, the Management Company had only one employee, who was the General Director. Derived from the labor reform published in the Official Gazette of the Federation (DOF) on April 23, 2021, the Management Company received a transfer of employees on July 1, 2021, to whom all their benefits and seniority were respected, for this reason, it is subject to labor obligations as of that date and as of December 31, 2021 and 2020.

(Continued)



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

Notes to Financial Statements

(Thousands of Mexican pesos)

(2) Authorization and basis of presentation-

Authorization-

On March 18, 2022, Luis Alberto Rico González (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 Banking Commission) are empowered to modify the financial statements after issuance. The accompanying financial statements for 2021 will be submitted to the next Stockholders' Meeting for approval.

Basis of presentation-

(a) Statement of compliance

The accompanying financial statements of the Management Company were prepared based on the Accounting Criteria issued by the Banking Commission for fund management companies in Mexico (the Accounting Criteria). The Banking 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 Banking Commission will issue particular rules for specialized operations and in the absence of an express accounting criterion issued by the Banking 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 Banking Commission.

(b) Use of estimates and judgments

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. Actual results could differ from those estimates and assumptions.

(Continued)



Scotia Fondos, S. A. de C. V.,
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Grupo Financiero Scotiabank Inverlat

Notes to Financial Statements

(Thousands of Mexican pesos)

Judgments and assumptions and estimation uncertainties

Information about judgments made in applying of accounting policies that have the most significant effect on the amounts recognized in the financial statements is described in the note 3 to the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the following note to the financial statements:

— Measurement of defined benefit obligations: key actuarial assumptions (see note 3i)

— Recognition of deferred tax assets: availability of future taxable profits against which tax losses to be amortized can be used (see note 3h)

(c) Functional and reporting currency

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

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

(3) Summary of significant accounting policies

The significant accounting policies which have been applied on a consistent basis in the preparation of the financial statements thereon, and have been applied consistently by the Management Company, are as follows:

(a) Recognition of the effects of inflation-

The accompanying financial statements were prepared in accordance with the Accounting Criteria, and include the recognition of the effects of inflation on the financial information through December 31, 2007, based in Investment Units (UDI for its acronym in Spanish), considering that the Management Company operates in non-inflationary economic environment.

The years ended December 31, 2021 and 2020 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.

(Continued)



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

Notes to Financial Statements

(Thousands of Mexican pesos, except UDI value)

Should the Management Company 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:

<u>December 31</u>	<u>UDI</u>	<u>Inflation</u>	
		<u>Annual</u>	<u>Accumulated</u>
2021	\$ 7.108233	7.61%	14.16%
2020	6.605597	3.23%	11.31%
2019	6.399018	2.77%	15.03%

(b) Cash and cash equivalents-

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

(c) Investment securities-

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

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 on purchase/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 as part of the brokerage margin.

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

(Continued)



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

Notes to Financial Statements

(Thousands of Mexican pesos)

(d) 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.

(e) Permanent investments-

Permanent investments in Class "A" shares of mutual funds are recorded initially at their acquisition cost and are valued at the net book value by the equity method that is equivalent to its fair value, which consists of recognizing the proportional part, after the purchase, the results of the year and other stockholders' equity accounts that report the financial statements of the issuing companies, under the caption Participation in subsidiaries unconsolidated and associated.

When a subsidiary, affiliates or joint venture become other permanent investment, given that the percentage of participation is diluted as a result of modifications in the proportion of participation resulting in not maintaining significant influence or control, the acquisition cost must be the fair value obtained from the equity method at the date of transition.

These investments are not consolidated, being that the administrative control exercised by the Management Company serves to a legal requirement to represent investment funds in legal acts that require.

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

(f) Other assets-

The other assets mainly include advance insurance payments and licenses to be amortized.

Advance payments are recognized for the equivalent of the amount paid, if the Management Company estimates that there will be a future economic benefit. Upon receipt of the services, the amount related to the advance payments made to recognize the service is recognized as an expense in results.

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(g) Provisions-

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

(h) Income taxes (IT) and employee profit sharing (ESPS)-

The IT payable and ESPS for the year are determined in accordance with the tax provisions and labor regulation in effect.

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

Deferred IT and ESPS are accounted for in accordance with the asset and liability method, which compares the accounting and tax values. Deferred IT and ESPS (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 for operating loss carryforwards. Deferred IT and ESPS 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 IT assets and liabilities of a change in tax rates is recognized in income for the period enacted.

The asset or liability for deferred IT to be determined for deductible or taxable temporary differences from the period, is presented in the balance sheet.

The deferred IT asset is periodically valued creating, where appropriate, valuation allowance for those temporary differences which might exist an uncertain recovery.

Current and deferred IT are presented and classified in the results of operations of the period, except those arising from a transaction that is recognized directly in Other Comprehensive Income (OCI) in a stockholders' equity caption.

(i) Employees' benefits-

Short-term direct benefits

Short-term direct employee benefits are recognized in income of the period in which the services rendered are accrued. A liability is recognized for the amount expected to be paid if the Management Company has a legal or assumed obligation to pay this amount as a result of past services provided and the obligation can be reasonably estimated.

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Long-term direct benefits

The Management Company's net obligation in relation to direct long-term benefits, and which the Management Company is expected to pay after twelve months of the most recent balance sheet date that is submitted, is the amount of future benefits that employees have earned in exchange for their service in the current and prior periods. This benefit is discounted to determine its present value. Remeasurements are recognized in results in the period in which they accrue.

Termination benefits

A liability for termination benefits and a cost or expense is recognized when the Management Company has no realistic alternative other than to meet payments or is unable to withdraw the offer of those benefits, or when it meets the conditions to recognize the cost of a restructuring, whichever comes first. If they are not expected to be settled within twelve months of the end of the annual financial year, then they are discounted.

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized in income as the related services are provided by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The Management Company's net obligation in relation to defined benefit plans for retirement pensions, post-retirement medical expenses, life insurance, the seniority premiums and legal compensation is calculated separately for each plan, estimating the amount of future benefits that employees have earned in the current and prior periods, and discounting this amount to its present value.

For all plans, irrevocable trusts have been created in which the assets of the funds are managed.

The obligations for defined benefit plans are calculated annually by actuaries using the projected unit credit method. When the calculation results in a potential asset for the Management Company, the recognized asset is limited to the present value of the economic benefits available in the form of future refunds of the plan or reductions in future contributions thereto. To calculate the present value of economic benefits, any minimum financing requirement should be considered.

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The labor cost of current service, which represents the periodic cost of employee benefits for having completed one more year of working life based on the benefit plans, is recognized in operating expenses. The Management Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of estimates of contributions and benefit payments.

Modifications to the plans that affect past service cost are recognized in income immediately in the year the modification occurs, with no possibility of deferral in subsequent years. Furthermore, the effects of events of liquidation or reduction of obligations in the period that significantly reduce future service cost and/or significantly reduce the eligible population for benefits, are recognized in income of the period.

Remeasurements (formerly actuarial gains and losses) resulting from differences between the projected and actual actuarial assumptions at the end of the period, are recognized when incurred as part of the comprehensive income within the caption "Remeasurements of defined employee benefits" and is subsequently recycled to the results of the period, based on the average remaining working life of the employees.

(j) Revenue recognition-

Management Company's income corresponds mainly to the earned fees and 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 investments 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.

Other memorandum accounts relate to accounts which the Management Company deems necessary to facilitate the accounting booking or control to comply with applicable legal provisions.

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(I) Contingencies-

Liabilities or important losses related with contingencies are recorded when it 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.

(4) Accounting changes-

Use of the closing trading day exchange rate for foreign currency transactions and foreign operations, replacing the FIX exchange rate.

On December 15, 2021, the "Resolution amending the general provisions applicable to credit institutions" of immediate application to its publication was published in the DOF, which establishes changes in accounting criterion A-2 "*Application of particular rules*" of Annex 6 "Accounting criteria", referring to the application exchange rate at the closing trading day published by the Central Bank on its webpage www.banxico.org.mx for the application of FRS B-15 "*Conversion of foreign currencies*".

Likewise, the accounting criterion B-4 "*Statement of cash flows*" is modified, which establishes the use of the closing trading day exchange rate to the closing date for the determination of profit or loss in changes caused by changes in the exchange rate that are not cash flows, as well as for the conversion of cash flows from a foreign operation and the conversion of balances or flows of cash in foreign currency.

The application of the exchange rate at the closing of the trading day did not result in material accounting changes in the consolidated financial statements.

FRS 2021

In December 2020, the CINIF issued the document called "Improvements to the FRS 2021", which contains specific modifications to FRS C-2 "Investments in financial instruments".

The adoption of this improvement to the FRS was applicable as of January 1, 2021 and its adoption did not generate significant effects on the financial statements.

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(5) Investment securities-

As of December 31, 2021 and 2020, investment securities classified as trading securities amount to \$710,673 and \$462,689, respectively (see detail in the Statement of Investment Portfolio Valuation).

Net realized gain on trading securities for the years ended December 31, 2021 and 2020 amounted to \$22,333 and \$18,059, respectively; unrealized gain (loss) on investment securities as of December 31, 2021 and 2020 amounted to \$872 and \$49, respectively. These amounts are included in the statement of income under the captions "Net realized gain on securities" and "Unrealized gain (loss) on securities", respectively.

As of December 31, 2021 and 2020, the investment securities of the Management Company are shares of Scotia Gubernamental, S. A. de C. V., Mutual funds investing in debt (SCOTIAG), which maintains a classification, according to the criteria established by the Banking Commission of short term governmental securities with a term no longer than 365 days, same day for settlement and trade.

SCOTIAG was rated in 2021 and 2020, as AA Af/S2, in both years, 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 (AA Af); and (S2) or "Low" in terms of sensitivity to the market conditions.

(6) Accounts receivable-

As of December 31, 2021 and 2020, accounts receivable's balances are as follows:

	2021	2020
Related parties (note 11)	\$ 189,349	172,812
Recoverable IT	6,243	5,474
Value added tax receivable	3,988	161
Co-distribution and management services	653	133
Medical service expenses debtors	1,381	-
Others	872	759
	\$ 202,486	179,339

As of December 31, 2021 and 2020, there were no changes in current conditions of other accounts receivable, therefore there were no items considered by management as uncollectable or doubtful and no allowance was needed for these accounts.

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(7) Permanent investments-

At December 31, 2021 and 2020, permanent investments include minimum fixed capital stock Class "A" of 41 mutual funds for \$61,873 in 2021 and 38 mutual funds for \$58,873 in 2020. (See details in statements of investment portfolio valuation)

In the year ended December 31, 2021, the Management Company contributed \$3,000 to the series "A" fixed minimum capital stock for the constitution of three new investment funds (\$1,000 each). The funds established were:

- SCOTDGH
- SCOTCAN
- SCOTDIH

(8) Employees' benefits-

The Management Company has a defined contribution retirement plan and a component of post-retirement benefits plan. Such 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.

For the years ended December 31, 2021 and 2020, the debit to year-end results related to Management Company's contributions to the defined contribution plan amounted to \$475 and \$207, respectively, recognized in the statement of income under the caption "Administrative expenses".

The cost, obligations and fund assets of defined benefit pension plans, seniority premium, post-retirement medical expenses, life insurance and legal indemnity, were determined based on calculations prepared by independent actuaries as of December 31, 2021 and 2020.

Cash flows-

During 2021 and 2020, the Management Company did not make contributions to the defined benefit fund.

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The elements of the net periodic cost and the labor obligations for the years ended December 31, 2021 and 2020 are as follows:

		Pension plan		Medical expenses		Seniority Premium		Legal compensation		Other post-retirement benefits	
		2021	2021	2021	2020	2021	2020	2021	2020		
Current service cost (CLSA)	\$	6	31	20	2	106	28	18	2		
Net interest on DBNL*		6	30	22	-	95	14	20	(2)		
Labor cost for improvements to the plan		-	-	291	-	-	-	-	-		
Cost for early settlement of obligations		-	-	-	-	680	-	-	-		
Cost for adjustment to the transferred liability		88	654	6	-	388	-	(76)	-		
Reclassifications of remeasurements of DBNA or (DBNL)* recognized in equity		-	-	-	-	(11)	(1)	(1)	(1)		
Cost defined benefits		100	715	339	2	1,258	41	(39)	(1)		
Initial recognition of DBNL or (DBNA)* remeasurements in OCI		-	-	1	1	(10)	(10)	(13)	(15)		
Remeasurements generated in the year		29	(83)	342	-	(35)	1	(78)	1		
Reclassifications of remeasurements recognized in equity of the year		-	-	-	-	11	(1)	1	1		
Ending balance of remeasurements of DBNA or (DBNL)*		29	(83)	343	1	(34)	(10)	(90)	(13)		
Beginning balance of DBNL or (DBNA) (liabilities) transferred to 7/1/2021		-	-	(4)	(2)	(214)	(173)	19	20		
Adjustment to transferred liability		(122)	(654)	(523)	-	(1,865)	-	(479)	-		
Net service cost		88	654	6	-	388	-	(76)	-		
Remeasurements in equity generated in the year		(100)	(715)	(339)	(2)	(1,268)	(42)	39	-		
Actual payments		(29)	83	(342)	-	35	1	78	(1)		
Ending balance of DBNL or (DBNA)*	\$	(163)	(632)	(1,202)	(4)	(1,656)	(214)	(419)	19		

* Defined benefits net liability (DBNL) or Defined benefits net asset (DBNA)

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The financial position of the defined benefit obligations as of December 31, 2021 and 2020 is as follows:

		Pension plan		Medical expenses		Seniority Premium		Legal compensation		Other Post-retirement benefits	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Defined benefit obligations (DBO)	\$	(163)	(632)	(1,202)	(4)	(1,656)	(214)	(443)	(4)		
Plan assets		-	-	-	-	-	-	24	23		
Financial Position of the obligation	\$	(163)	(632)	(1,202)	(4)	(1,656)	(214)	(419)	19		

The nominal rates used in actuarial projections for the years ended December 31, 2021 and 2020, are as follow:

	2021	2020
Return on plan assets	9.70%	8.50%
Discount rate	9.70%	8.50%
Rate of increase in compensation	4.50%	4.50%
Estimated inflation rate	3.50%	3.50%

The seniority premium fund assets consist of 60% fixed-yield instruments and 40% of variable-yield instruments, managed in a trust and overseen by a Committee appointed by the Management Company.

(9) 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, 2021 and 2020, 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.

(b) Dividends declared-

At December 31, 2021 and 2020 there are no dividend payments outstanding.

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(c) Restrictions on stockholders' equity-

5% 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, 2021 and 2020, 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 IT on the amounts distributed or refunded that exceed the amounts determined for tax purposes. At December 31, 2021 the capital contribution account (Cuenta de capital de aportación or CUCA not audited for its acronym in Spanish) and the tax basis retained earnings account (Cuenta de utilidad fiscal neta or CUFIN not audited for its acronym in Spanish) amount to \$4,672 y \$549,166, respectively.

Effective from January 1, 2014, the dividends paid to individuals and corporation 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.

(10) IT and ESPS-

IT Law effective as of January 1, 2014 imposes an IT rate of 30%. The determination of the ESPS caused was made in accordance with the limits established in the Federal Labor Law in force as of fiscal year 2021.

At December 31, 2021 and 2020, the expense for current IT and ESPS, is as follows:

		2021		2020
		IT	ESPS	IT
Caused	\$	(95,560)	2,962	(94,501)
Cancellation of provisions of previous years		113	-	1,443
Deferred		953	(87)	(4,729)
	\$	(94,494)	2,875	(97,787)

As of December 31, 2021 and 2020, deferred IT and ESPS assets are analyzed as follows:

		2021		2020
		IT	ESPS	IT
Asset (liability):				
Accruals		2,901	89	2,131
Prepaid expenses		(94)	(3)	(113)
Employee Profit Sharing		164	-	-
Remeasurements for employee defined benefits		30	1	-
Deferred	\$	3,001	87	2,018

The net favorable (unfavorable) IT effect in the statement of income for \$938 and \$(4,729) for the years ended at December 31, 2021 and 2020, respectively, relates mainly to accruals in both years. The favorable effect in stockholders' equity at December 31, 2021 and 2020 amounts to \$30 and \$4, respectively.

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An analysis of the effective tax rate for the fiscal years ended at December 31, 2021 and 2020, is shown as follows:

	Basis	Tax at 30%	Effective rate
December 31, 2021:			
Income before IT	\$ 349,081	(104,724)	(30%)
<u>Allocation to current IT:</u>			
Adjustment for effects of inflation, net	(47,496)	14,249	4%
Accruals, net	(1,709)	513	0%
Taxable income	6,991	(2,097)	(0%)
Non-deductible expenses	10,321	(3,096)	(1%)
Advance payments	63	(19)	(0%)
ESPS	545	(163)	(0)
Others, net	744	(223)	(0%)
Current IT	318,540	(95,560)	(27%)
<u>Allocation to deferred IT</u> <u>(Tax at 30%):</u>			
Advance payments	(63)	19	0%
ESPS	(545)	163	0%
Accruals	(2,566)	771	0%
Deferred IT	(3,174)	953	0%
IT	\$ 315,366	(94,607)	(27%)

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	Basis	Tax at 30%	Effective rate
December 31, 2020:			
Income before IT	\$ 317,851	(95,355)	(30%)
<u>Allocation to current IT:</u>			
Adjustment for effects of inflation, net	(11,836)	3,551	1%
Accruals, net	6,115	(1,835)	(1%)
Non-deductible expenses	709	(213)	-
Others, net	2,163	(649)	-
Current IT	315,002	(94,501)	(30%)
<u>Allocation to deferred income tax (Tax at 30%):</u>			
Advance payments	73	(22)	-
Accruals	15,689	(4,707)	(1%)
Deferred IT	15,762	(4,729)	(1%)
IT	\$ 330,764	(99,230)	(31%)

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As of December 31, 2020, the Management Company did not generate ESPS. Below is the analysis of the effective ESPS rate for the year ended December 31, 2021:

	Basis	ESPS At 10%	Effective rate
December 31, 2021:			
Income before IT	\$ 349,081	(34,908)	(10%)
<u>Allocation to current IT</u>			
Adjustment for effects of inflation, net	(47,496)	4,749	1%
Accruals, net	(1,709)	171	0%
Taxable income	6,991	(699)	(0%)
Non-deductible expenses	9,769	(977)	(0%)
Advance payments	63	(6)	(0%)
ESPS accrued and deferred	2,875	(287)	(0%)
Others, net	745	(74)	(0%)
Current IT	320,319	(32,031)	(9%)
<u>Affectations to deferred ESPS</u> <u>(determined at 0.925%):</u>			
Advance payments	314	(3)	0%
Accruals	(9,669)	90	0%
Deferred IT	(9,355)	87	0%
Total	\$ 310,964	(31,944)	(9%)

To carry out the determination of the ESPS caused, derived from the labor reform, it must be given compliance with the provisions of the Federal Labor Law (FLL) and the IT Law. Therefore, the following should be considered:

- a. The Management Company must apply 10% to the ESPS base tax profit, based on the provisions of the IT Law.
- b. The amount determined in the previous paragraph must be assigned to each employee based on the provisions of the FLL, however, the amount assigned to each employee may not exceed the greater of the following amounts: the equivalent of three months of the employee's current salary or the average ESPS received by the employee in the previous three years.
- c. If the ESPS determined in subparagraph (a) is greater than the sum of the ESPS allocated to each and every employee according to subparagraph (b), the latter must be considered the ESPS caused for the period. Based on the FLL, it is considered that the difference between the two amounts does not generate an obligation to pay either in the current or future periods.
- d. If the ESPS determined in subparagraph (a) is less than or equal to that determined in subparagraph (b), ESPS of subparagraph a must be the ESPS caused by the period.

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According to technical report 53, to determine the rate of the ESPS caused, the ESPS caused (FLL) must be divided by the ESPS determined at 10% of the tax profit; the quotient obtained must be multiplied by the legal ESPS rate of 10%, in order to obtain the ESPS caused.

2021	
ESPS assigned to workers based on law limits	2,962
ESPS 10%	<u>32,032</u>
Quotient	0.0925
ESPS Statutory rate	<u>10%</u>
ESPS rate caused	<u><u>0.92%</u></u>

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.

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.

(11) 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.

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Major transactions with related parties for the years ended December 31, 2021 and 2020, are as follows:

	2021	2020
Other related parties		
Revenues from:		
Fee and commission income	\$ 1,838,952	1,672,492
Expenses for:		
Co-distribution and administrative services	\$ 1,349,302	1,246,184
Financial advisory	52,811	43,244

The income from distribution services is calculated based on the corresponding service provision contracts.

Balances receivable from and payable to related parties as of December 31, 2021 and 2020 are shown as follows:

	2021	2020
Other related parties		
Receivable:		
Cash and cash equivalents	\$ 20	96
Investment securities	710,673	462,689
Accounts receivable	189,349	172,812
Payable:		
Other accounts payable	\$ 132,757	113,887

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For the years ended December 31, 2021 and 2020, there were no modifications to the actual conditions of the accounts receivable from and payable to related parties. Additionally, there were no items considered uncollectable or unlikely to collect, therefore no reserve was deemed necessary.

For the years ended December 31, 2021 and 2020, the benefits granted to key management personnel amounted to \$6,662 and \$5,519, respectively.

(12) Memorandum accounts-

Assets in custody and administration

The transactions on behalf of third parties that the Management Company maintains at December 31, 2021 and 2020 are as follows:

	2021	2020
Customer banks		
(Short term investments)	\$ 2,888	2,888
Securities position		
(Funds' investment securities)	155,473,727	165,721,654
Debt instruments		
(Mutual funds)	92,480,343	108,510,675
Common instruments		
(Mutual funds)	64,687,363	58,931,711
	\$ 312,644,321	333,166,928

(13) 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 dispositions in terms of risk management issued by the Banking 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.

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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, for its acronym in Spanish).

The UAIR has policies for reporting and monitoring 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.

The underlying market risk for the mutual funds 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 periodically to the Risk Committee and the Board of the Fund Manager.

The exposure, limits and averages for market risk of the funds are shown as follows:

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Fund	VaR (\$) as of December 31, 2021	VaR (%) as of December 31, 2021	Annual average	Actual limit
SCOTIAG	905	0.0056%	0.0035%	0.04%
SCOTIA1	1,072	0.0032%	0.0053%	0.06%
SBANKCP	900	0.0035%	0.0037%	0.08%
SBANKDL	13,526	1.0579%	1.0204%	3.50%
FINDE1	919	0.0252%	0.0268%	0.20%
SCOTIA2	235	0.0363%	0.0620%	0.20%
SCOTI10	962	0.0305%	0.0488%	0.40%
SBANKMP	1,851	0.1413%	0.1839%	0.40%
SCOT200	209	0.1271%	0.2213%	1.60%
SCOTILP	1,249	0.2364%	0.2837%	0.70%
SCOT-TR	3,855	0.2641%	0.2797%	1.05%
SCOTIMB	8,494	0.4575%	0.5556%	1.70%
SCOTI12	2,037	0.1122%	0.1272%	1.50%
SCOTI14	15,084	0.2268%	0.1968%	2.00%
SCOTUSA	356,867	2.0694%	1.5342%	4.60%
SCOTGL+	52,837	1.3753%	1.1592%	4.60%
SCOT-RV	15,401	1.5466%	1.5665%	3.55%
SCOTLPG	5,658	0.3732%	0.4325%	1.04%
SBANK50	9,471	0.3197%	0.2684%	2.50%
FIRMA-D	3,144	0.9114%	1.0289%	4.90%
SCOT-FX	18,617	0.8758%	1.0217%	3.00%
SCOTGLO	117,082	1.7878%	1.8247%	3.75%
SCOT100	14,475	1.6759%	1.9678%	4.00%
SCOTDOL	48,345	1.0000%	1.0863%	3.50%
SCOTQNT	15,842	1.0134%	1.0917%	3.00%
SCOT-FR	3,613	1.5211%	1.4221%	3.00%
SCOTEUR	43,629	1.5728%	1.4842%	5.00%
FIRMA-E	16,168	1.8190%	1.4457%	5.00%
SCOTUDI	7,289	0.6120%	0.6417%	1.70%
SCOT-22	184	0.0723%	0.2618%	0.55%
SCOT-29	2,242	0.4000%	0.5053%	0.90%
SCOT-36	3,830	0.6573%	0.7234%	1.20%
SCOT-43	5,358	0.9166%	0.8872%	1.45%
SCOT-50	5,658	1.1042%	1.0633%	2.10%
SCOT-04	0.44	0.0355%	0.0333%	3.30%
SCOT-03	17,829	0.9539%	1.0581%	4.00%
MG-INTL	27,722	1.5503%	1.2427%	5.64%
SCOTDL+	37,244	0.9571%	1.0106%	2.25%
SCOTCAN	4,160	1.1765%	1.1016%	9.72%
SCOTDGH	3,058	1.0362%	1.3506%	2.70%
SCOTDIH	372	0.0622%	0.0705%	3.30%

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Credit risk

Credit risk is defined as the potential loss due to the non-payment of an issuer or counterparty in the investments made by the mutual funds, including the real or personal guarantees granted to them, as well as any other mitigation mechanism used by the mutual funds. To estimate the credit risk of the portfolio, the rating of the private instruments included in the portfolio of mutual funds is considered, as well as the matrix of transition probabilities and the surcharges paid by the instruments.

The methodology used to determine the credit risk for investment funds, primarily seeks to evaluate potential losses due to credit events with the objective of establish risk tolerance limits and make timely decisions.

Credit risk monitoring excludes securities issued by the Federal Government with restricted circulation to the national territory, debt vehicles (indexes that replicate foreign government bonds), common shares and shares of other mutual funds, and counterparts in repurchase operations.

Fund	C.R. (\$) 31-dec-21	C.R. (%) 31-dic-21	C.R. (%) Maximum	C.R. (%) Minimum	Annual average	Actual limit
SCOTIA1	12,447	0.0375%	0.0758%	0.0341%	0.0572%	0.25%
SBANKCP	1,837	0.0070%	0.0099%	0.0037%	0.0066%	0.25%
FINDE1	1,912	0.0524%	0.1111%	0.0475%	0.0738%	2.40%
SCOTIA2	105	0.0162%	0.0445%	0.0151%	0.0255%	0.50%
SCOTI10	8,442	0.2680%	0.4145%	0.2160%	0.3193%	2.50%
SBANKMP	967	0.0738%	0.0739%	0.0298%	0.0489%	0.86%
SCOTILP	1,323	0.2505%	0.3960%	0.1849%	0.2706%	2.00%
SCOT-TR	2,843	0.1948%	0.2592%	0.1134%	0.1850%	3.50%
SCOTI12	592	0.0326%	0.0655%	0.0231%	0.0437%	0.54%
SCOTI14	1,251	0.0188%	0.0306%	0.0098%	0.0222%	0.49%
SBANK50	470	0.0158%	0.0161%	0.0042%	0.0104%	0.60%
SCOTQNT	143	0.0091%	0.0249%	0.0000%	0.0167%	0.22%
SCOT-22	76	0.0301%	0.0863%	0.0196%	0.0452%	0.61%
SCOT-29	27	0.0049%	0.0167%	0.0005%	0.0080%	0.18%
SCOT-36	18	0.0031%	0.0149%	0.0008%	0.0065%	0.10%
SCOT-43	12	0.0021%	0.0141%	0.0019%	0.0061%	0.15%
SCOT-50	5	0.0009%	0.0151%	0.0000%	0.0042%	0.18%
SCOT-04	1	0.0496%	0.1060%	0.0464%	0.0783%	0.40%
SCOT-03	60	0.0032%	0.0261%	0.0032%	0.0111%	1.57%

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Liquidity risk

The underlying liquidity risk for the mutual funds 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 methodology used to determine the liquidity risk for investment funds, seeks primarily to assess potential losses due to lack of posture and depth in the market in order to establish risk tolerance limits and make timely decisions. This is done considering spread and volatility to calculate the liquidity risk factor.

Fund	L.R. (\$) 31-dec-21	L.R. (%) 31-dic-21	Annual average	Actual limit
SCOTIAG	2,962	0.0183%	0.0151%	0.05%
SCOTIA1	4,442	0.0134%	0.0199%	0.10%
SBANKCP	3,226	0.0124%	0.0170%	0.10%
SBANKDL	16,013	1.2525%	1.3008%	6.09%
FINDE1	2,324	0.0637%	0.0754%	0.35%
SCOTIA2	569	0.0881%	0.1238%	0.25%
SCOTI10	3,454	0.1096%	0.1243%	0.50%
SBANKMP	3,610	0.2755%	0.2402%	0.86%
SCOT200	272	0.1113%	0.2486%	0.32%
SCOTILP	3,468	0.6566%	0.5908%	0.75%
SCOT-TR	10,997	0.7534%	0.7603%	1.00%
SCOTIMB	10,942	0.5894%	0.5743%	1.00%
SCOTI12	1,807	0.0995%	0.1846%	4.61%
SCOTI14	13,745	0.2067%	0.2971%	8.62%
SCOTUSA	11,969	0.0694%	0.0837%	1.50%
SCOTGL+	5,022	0.1307%	0.1488%	1.50%
SCOT-RV	2,192	0.2202%	0.2552%	1.50%
SCOTLPG	8,951	0.5904%	0.4994%	1.00%
SBANK50	5,070	0.1711%	0.3293%	11.72%
FIRMA-D	861	0.2495%	0.3399%	3.50%
SCOT-FX	8,850	0.4163%	0.3279%	2.00%
SCOTGLO	7,145	0.1091%	0.2055%	2.50%
SCOT100	1,246	0.1443%	0.3462%	3.00%
SCOTDOL	6,072	0.1256%	0.1188%	2.00%
SCOTQNT	2,369	0.1515%	0.2002%	3.00%
SCOT-FR	1,033	0.4349%	0.4535%	2.10%
SCOTEUR	6,155	0.2219%	0.2432%	4.00%
FIRMA-E	1,078	0.1213%	0.3186%	3.50%
SCOTUDI	16,990	1.4264%	1.4533%	1.82%
SCOT-22	561	0.2210%	0.4054%	0.60%
SCOT-29	3,220	0.5746%	0.5970%	0.70%
SCOT-36	2,839	0.4871%	0.5154%	1.00%
SCOT-43	2,229	0.3813%	0.4330%	1.10%
SCOT-50	1,555	0.3036%	0.3799%	1.30%
SCOT-04	1	0.0417%	0.0511%	0.87%
SCOT-03	5,046	0.2700%	0.2136%	3.11%
MG-INTL	2,330	0.1303%	0.1948%	2.42%
SCOTDL+	5,695	0.1464%	0.5054%	3.10%
SCOTCAN	2,348	0.6642%	0.4493%	0.58%
SCOTDGH	1,075	0.3643%	0.5189%	1.35%
SCOTDIH	1,065	0.1782%	0.2487%	0.52%

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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 as follows:

Policies for non-discretionary risks 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.

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.

The Management Company did not have operating losses for the year 2021.

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.

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Operational Risk Assessment

The Management Company has a structured methodology for evaluating operational risk, which allows it to identify, evaluate and mitigate the risks inherent in its processes and its business activity that applies to its entire structure. The evaluation is based on the identification of the inherent operational risk, the evaluation of the effectiveness of the controls of such risks, a level of residual risk is determined and used to establish mitigation actions on the identified risks.

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.

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.

Fines and penalties

The fines and penalties of the mutual funds administered by the Management Company, originated by unauthorized operations or by exceeding the investment limits established by the Commission or contemplated in the prospectuses of information to the investing public, will be attributable to the Management Company, with the purpose to protect the interests of investors by not affecting the assets of the mutual funds.

As of December 31, 2021, there were no fines. As of December 31, 2020, fines in the amount of \$29 are identified.

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 channel for transmitting information in rendering services to the Management Company customers.

To manage technological risk, the Management Company has the Risk Management Policy Technological and Cybersecurity that describes the policies and general principles to manage and monitor the risks associated with Information Technology and Cybersecurity.

At December 31, 2021 and 2020, the Management Company has not recorded technological risk contingencies.

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(14) Commitments and contingencies-

The Management Company has entered into service agreements with related parties, under which these companies provide advisory, distribution, custody and asset management services necessary for the Management Company's operations. These agreements are for an undefined period. Total payments under these agreements, reported in the statement of income under the caption "Fee and commission expense" and "Administrative expenses", were \$1,402,113 and \$1,337,745 for the years ended December 31, 2021 and 2020, respectively.

The Management Company has the commitments as Founding Partner and Mutual Fund Management Company mentioned in note 1.

In the normal course of the operations, the Management Company is involved in some claims and trials, which are not expected to have an important negative effect in the future financial situation and in the results of its operations. In such cases that represent a probable loss or make a cash outflow, the Management Company has made necessary provisions.

(15) Regulatory pronouncements recently issued-

In November 9, 2020, the Ministry of Finance and Public Credit announced through the Official Gazette various resolutions amending the resolutions that modify the general provisions applicable to the management fund companies and to the people that provide services to them, published in the Official Gazette on January 4, 2019 and November 15, 2018; These amendments consider the entry into force on January 1, 2022, of the FRS, issued by the CINIF and referred to in paragraph 3 of Criterion A-2 "Application of particular rules" of Annex 6 that is modified by this instrument.

Below is a summary of the FRS adopted:

FRS B-17 "Determination of fair value"- must be applied in determining the fair value. This NIF establishes the valuation and disclosure standards in the determination of the fair value, in its initial and subsequent recognition, if the fair value is required or permitted by other particular FRS. Where applicable, changes in valuation or disclosure should be recognized prospectively. This FRS must be applied, except for what is established in the particular criteria defined in the Single Circular of Banks.

Some specific details for investment fund operating companies are:

Entities may not classify as Level 1 the updated prices for valuation that they determine through the use of internal valuation models.

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Additionally, they must disclose:

- The type of virtual asset and/or financial instrument to which an internal valuation model is applicable.
- When the volume or level of activity has decreased significantly, they must explain the adjustments that, if applicable, have been applied to the updated price for valuation.

Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the financial statements as a whole.

FRS C-2 “Investment in financial instruments”- The Accounting Criteria issued by the Banking Commission “Investments in securities” (B-2) is repealed and it is established that FRS C-2 must be applied, in terms of the application of the regulations related to the registration, valuation and presentation in the financial statements of its investments in financial instruments as follows:

- The classification of financial instruments eliminates the concept of intention to acquire and use an investment in a financial instrument to determine its classification and instead adopts the business model of managing investments in financial instruments to obtain cash flows. With this change, the categories of held-to-maturity and available-for-sale instruments are eliminated. They must determine the business model they will use to manage their investments, classifying them in one of the following three categories: Negotiable financial instruments (IFN), Financial instruments to collect or sell (IFCV), or Financial instruments to collect principal and interest (IFCPI).
- Establishes the valuation of investments in financial instruments also according to the business model, indicating that each model will have its own item in the statement of comprehensive income.
- Adopts the principle that all financial instruments are valued on initial recognition at fair value.

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- The valuation results that are recognized before the investment is redeemed or sold will be unrealized and, consequently, will not be subject to capitalization or distribution of dividends among its shareholders, until they are made in cash.
- The Investment Fund Operators, for the identification and recognition of adjustments for impairment, must adhere to the provisions of FRS C-2 "Investment in financial instruments", issued by the CINIF.

In the application of FRS C-2, the Banking Commission establishes the following considerations:

- The exception to irrevocably designate, in its initial recognition, a financial instrument to collect or sell, to be subsequently valued at its fair value with effects on the net result referred to in paragraph 32.6 of the FRS C-2, will not be applicable to entities.
- Expected credit losses due to impairment of investments in financial instruments as indicated in section 45 of FRS C-2 must be determined in accordance with the provisions of NIF C-16. In this regard, although the Banking Commission does not establish specific methodologies for its determination, it would be expected that the expected credit losses due to the deterioration of securities issued by a counterparty, be consistent with the deterioration determined for loans granted to the same counterparty.

Reclassifications

- Entities that carry out reclassifications of their investments in financial instruments under section 44 of FRS C-2, must report this fact in writing to the Banking Commission within 10 business days following its determination, detailing the change in the business model that justifies them. Said change must be authorized by the Bank's Risk Committee.

The Investment Fund Operating Companies must consider the Updated Price for Valuation provided by the Price Provider they have hired, for the following:

- a) Securities registered in the Registry or authorized, registered or regulated in markets recognized by the Banking Commission through general provisions.
- b) Derivative Financial Instruments that are listed on national derivatives exchanges or that belong to markets recognized by the Central Bank.
- c) Underlying assets and other financial instruments that are part of the Structured Transactions or Derivative Packages, in the case of Securities or financial instruments provided for in a) and b).

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Management recognized the initial effect of the entry into force of this standard, which it considers immaterial for the purposes of the financial statements as a whole.

- **FRS C-9 “Provisions, Contingencies and Commitments”**- It leaves without effect Bulletin C-9 “Liabilities, provisions, contingent assets and liabilities and commitments”, its scope is reduced by relocating the subject related to the accounting treatment of financial liabilities in the FRS C-19 “Financial instruments payable” and the definition of liability is modified, eliminating the qualifier “virtually unavoidable” and including the term “probable”.
- **FRS D-1 “Revenue from contracts with customers”**- The main characteristics issued for this NIF are shown below:
 - The transfer of control as basis for the opportunity of revenue recognition is established.
 - The identification of the obligations to be fulfilled in a contract is required.
 - It indicates that the transaction amount between obligations to fulfill must be assigned based on independent sales prices.
 - The concept “conditional account receivable” is introduced.
 - The recognition of collection rights is required.
 - Requirements and guidance on how to value the variable consideration and other aspects, upon valuing the income are established.

Annex 6 establishes the acknowledgment in accordance with the provisions of this FRS for the following:

- Income derived from custody or administration services (B-9 Custody and Administration of assets).
- **FRS D-2 “Costs for contracts with customers”**- The primary change is the separation of the standard related to the recognition of revenues from contracts with customers, from the standard corresponding to the recognition of costs for contracts with customers.

Management recognized the initial effect of the entry into force of these standards, which it considers immaterial for the purposes of the financial statements as a whole.

