



STATEMENT  
OF  
FINANCIAL  
POSITION  
AS AT JUNE 30, 2021

## MORTGAGE PARTICIPATION FUND

Management Discussion and Analysis for the six months ended June 30, 2021

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### **Fund Overview**

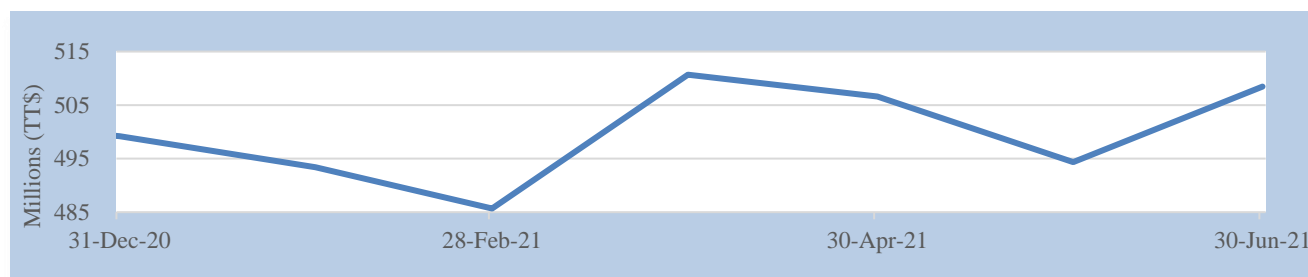
The Mortgage Participation Fund (MPF of Fund) is registered under Section 65 of the Securities Industry Act (SIA) 1995 as a Collective Investment Scheme. The MPF was registered as a Reporting Issuer with the Trinidad and Tobago Securities and Exchange Commission (TTSEC) on September 18, 2019.

The MPF has a Fixed Net Asset Value (NAV) per unit, interest is accrued daily and paid monthly. The Home Mortgage Bank (HMB) guarantees to each Holder that it shall pay the principal amounts invested together with any distributions paid and due to be paid at the dates such amounts become due. The interest rate is a variable rate that resets monthly.

The MPF is classified under the Income Fund segment of the mutual fund market. The Fund's asset composition (99.7% prime residential mortgages) and the HMB Guarantee reduces its risk profile and ensures investors will not be affected by changes within the macroeconomic environment. For the six month period ending June 30, 2021, there were no material changes to the investment objective or strategy of the Fund.

For the first six months of 2021 MPF investor balances increased by TT\$9.3M to close at TT\$508.5M. The following chart shows the MPF balances for the period December 31, 2020 to June 30, 2021:

**Figure 1 – MPF Balances December 2020 – June 2021**

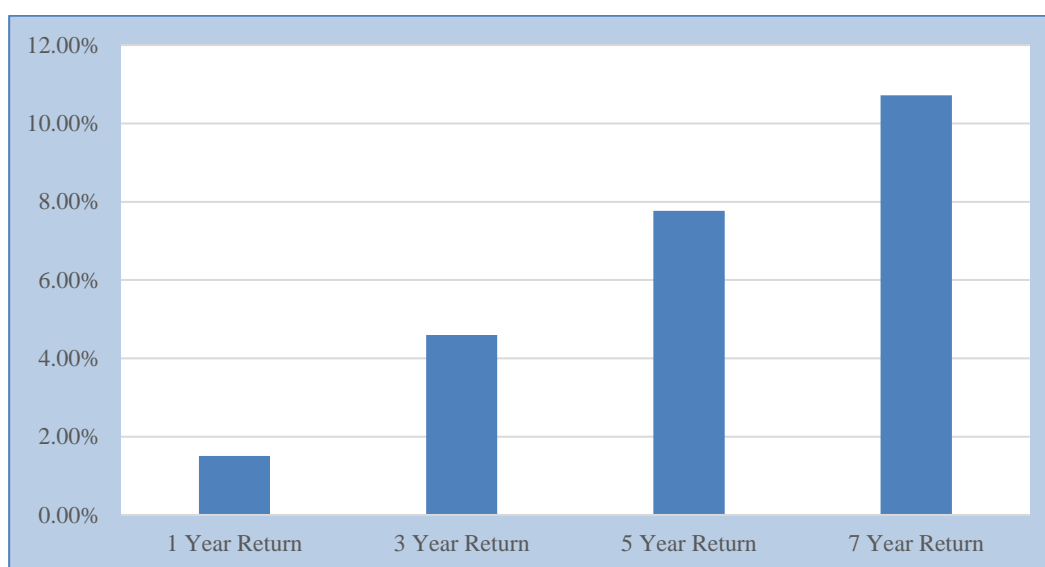


As at June 30, 2021, liquidity conditions remained accommodative with excess reserves measured at TT\$7.6B. However, this position declined by 40% from the start of the year based on domestic financing activities from the Government of Trinidad and Tobago.

The mutual fund market grew its assets under management by 3% to TT\$61.4B for the first half of 2021 based on strong liquidity conditions within the local market.

For the six months to June 2021, the one (1) year benchmark rate increased by 0.31% to 0.53% based on the reduced level of excess reserves held at the Central Bank of Trinidad and Tobago. The interest rate offered on the MPF as at June 30, 2020, is 1.50% per annum which provides a competitive return within the Income Fund Market. The following graph shows the MPF's cumulative return over the past seven (7) years:

**Figure 2 – MPF Cumulative Return Years 1 - 7**



An investor holding funds in the MPF and reinvesting their proceeds monthly would have generated a cumulative return for the past seven (7) year period of 10.72%.

### **Financial Analysis**

Mortgage assets acquired under trust increased by 2.10% for the six months ending June 30, 2021, to \$506.8M. This was driven by a net increase in unitholder participation. For the period ending June 30, 2021, the mortgage portfolio generated TT\$13.6M in interest income and distributed TT\$3.7M to unitholders.

## **Outlook**

As per the World Economic Outlook Update July 2021, the global economy is expected to grow by 6.0% in 2021 driven by the return to pre-pandemic activities within advanced economies. As per the S&P credit rating review the Trinidad and Tobago economy is projected to decline by 1% in 2021, recovering to 3.9% growth in 2022.

The MPF continues to maintain a portfolio of prime residential mortgages. The performance of the Fund's assets and the strength of the Guarantor (Home Mortgage Bank) ensures the Fund's risk profile remains low and offers an opportunity for continued growth in 2021.



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**Brent Mc Fee**

Chief Executive Officer (Ag)

## HOME MORTGAGE BANK MORTGAGE PARTICIPATION FUND

### STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 21

	Jun-21	Jun-20	Dec-20
	\$	\$	\$
<b>ASSETS</b>			
Mortgage assets (acquired under trust)	506,839,621	491,511,600	496,540,498
Cash at bank	1,670,850	2,685,906	2,663,717
<b>Total assets</b>	<b>508,510,471</b>	<b>494,197,506</b>	<b>499,204,215</b>
<b>LIABILITIES</b>			
Other payables	35,013	36,587	37,309
<b>EQUITY</b>			
Net assets attributable to unit holders	508,475,458	494,160,919	499,166,906
<b>Total liabilities and equity</b>	<b>508,510,471</b>	<b>494,197,506</b>	<b>499,204,215</b>

## HOME MORTGAGE BANK MORTGAGE PARTICIPATION FUND

### STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2021

	Jun-21	Jun-20	Dec-20
	\$	\$	\$
<b>Income</b>			
Interest income calculated using the effective interest method	13,584,006	14,079,557	28,193,737
<b>Operating expenses</b>			
Audit fees	28,125	28,125	56,250
Management fees	3,131,372	3,078,094	6,203,708
Trustee fees	250,510	246,248	496,297
Mortgage risk guarantee fee	6,472,103	7,066,995	14,011,628
Unit holders' interest cost	3,695,220	3,655,370	7,416,175
Other operating expenses	6,675	4,727	9,679
<b>Total operating expenses</b>	<b>13,584,006</b>	<b>14,079,557</b>	<b>28,193,737</b>
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>

## HOME MORTGAGE BANK MORTGAGE PARTICIPATION FUND

### STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS FOR THE PERIOD ENDED 30 JUNE 2021

	<b>Jun-21</b>	<b>Jun-20</b>	<b>Dec-20</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at begining of period</b>	499,166,906	483,245,623	483,245,623
<i>Contributions and redemptions by unit holders</i>			
Subscriptions	74,919,761	36,310,341	110,053,937
Net interest re-invested by unit holders	3,495,279	3,430,285	6,971,436
Redemptions	(69,106,488)	(28,825,330)	(101,104,089)
<b>Balance at end of period</b>	<b>508,475,458</b>	<b>494,160,918</b>	<b>499,166,906</b>

## HOME MORTGAGE BANK MORTGAGE PARTICIPATION FUND

### STATEMENT OF CASH FLOWS

	<b>Jun-21</b>	<b>Dec-20</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Net profit before taxation	-	-
Adjustments for:		
Decrease in other payables	(2,296)	(3,725)
<b>Net cash used in operating activities</b>	<u>(2,296)</u>	<u>(3,725)</u>
<b>Cash flows from investing activities</b>		
(Purchase)/Sale of mortgage assets	(10,299,123)	(15,053,554)
<b>Net cash (used in)/generated from investing activities</b>	<u>(10,299,123)</u>	<u>(15,053,554)</u>
<b>Cash flows from financing activities</b>		
Subscriptions and interest re-invested	78,415,040	117,025,372
Redemptions	(69,106,488)	(101,104,089)
<b>Net cash flows generated from/(used in) financing activities</b>	<u>9,308,552</u>	<u>15,921,283</u>
<b>Net decrease in cash and cash equivalents</b>	(992,866)	864,004
<b>Cash and cash equivalents at the beginning of the period</b>	<u>2,663,716</u>	<u>1,799,712</u>
<b>Cash and cash equivalents at the end of the period</b>	<u><u>1,670,850</u></u>	<u><u>2,663,716</u></u>
<b>Represented by:</b>		
Cash and cash equivalents	<u><u>1,670,850</u></u>	<u><u>2,663,716</u></u>





INVESTMENTS | MORTGAGES