



**SAMAAN TREE
FUND**

SEMI-ANNUAL FINANCIAL STATEMENTS

AS AT JUNE 30, 2022



SAMAAN TREE FUND

Management Discussion and Analysis for the six months Ended June 30, 2022

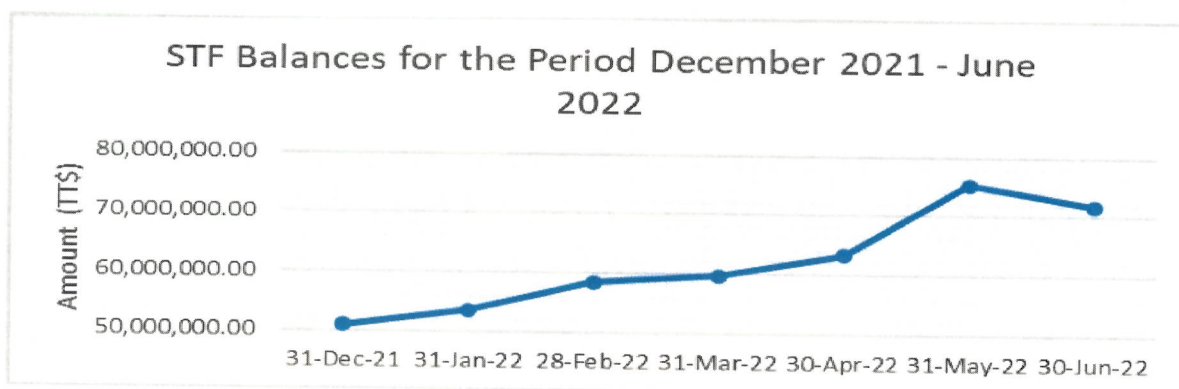
Fund Overview

The Samaan Tree Fund (STF or Fund) is registered under Section 62 (1) of the Securities Act (SA) 2012 as a Collective Investment Scheme. The STF was registered as a Reporting Issuer with the Trinidad and Tobago Securities and Exchange Commission (TTSEC) on September 18, 2019.

The Fund has a Floating Net Asset Value (NAV) per unit and dividends are paid quarterly. Its investment strategy is to be overweight in fixed-income securities and mortgages. As at June 30, 2022, the Fund invested 97.97% of its assets in prime residential mortgages.

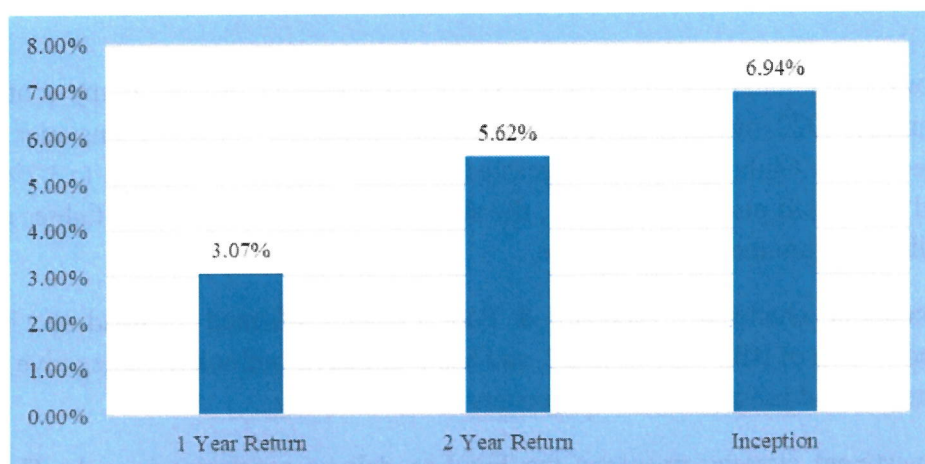
The Fund seeks a maximum total return to unitholders, consistent with preservation of capital and prudent investment management. The net assets attributable to unitholders increased year to date by 41.2%, improving from TT\$50.9M to TT\$71.8M. The Fund continues to increase its market share driven by the consistent performance of its mortgage portfolio and returns to investors.

Figure 1– STF Investor Balances for December 2021 – June 2022



The Fund's investment in prime residential mortgages allows for stability in asset values and the delivery of consistent returns. Since its inception, the Fund has generated a total return of 5.35% and an annualized return of 3.05% for 2021 (See Figure 1). Astute management of the Fund's residential mortgage portfolio continues to ensure that there is limited risk to unitholders.

Figure 2 – STF Cumulative Returns



*Fund launch date February 20, 2020

As at June 30, 2022, the financial system remained liquid with commercial banks' excess reserves at the Central Bank of Trinidad and Tobago (CBTT) averaging TT\$4.6B daily. This, however, is a marked decline in system liquidity from TT\$6.6B in December 2021.

The value of assets under management within the mutual fund for the first half of 2022 decreased by 2.2% to close at TT\$61.7B. Fixed Income Funds continued to dominate the market controlling 65.9% of all assets under management. Both Balanced and Equity Funds decrease by 5.0% and 6.6% respectively.

For the six months to June 2022, the one (1) year benchmark rate increased by 0.37% to 0.98%. This increase is mainly due to global inflationary pressure caused by supply chain disruptions, strong consumer demand and negative spillovers from the Russia/Ukraine war.

On a comparative basis, the STF has a spread of 2.02% to the benchmark rate and generates a competitive return within the Income Fund Market.

Financial Analysis

For the six months ending June 30, 2022, the STF held TT\$80.1M in assets dominated by its portfolio of prime residential mortgages. The Fund generated TT\$1.87M in interest income and distributed TT\$921K in dividends to unitholders after deducting the applicable Fund expenses.

Outlook

As per the World Economic Outlook Update July 2022, the international economy contracted in the second quarter of 2022, owing to downturns in China and Russia, while US consumer spending undershot expectations. Global growth is forecasted to decline from 6.1% in 2021 to 3.2% in 2022 due to reduced household purchasing power, the slowing of China's economy, tighter monetary policy and spillovers from the war in Ukraine.

Despite the economic challenges, Standard & Poor's (S&P) affirmed Trinidad and Tobago's investment grade rating of BBB- in July 2022, and has changed its outlook from negative to stable, in light of the recent and prospective developments in the economy.

The STF's investment strategy positions the Fund to deliver consistent growth. The Fund's primary asset is residential mortgages and the underlying collateral (residential homes) ensures that there is consistency in cash flows and stability in the asset values.



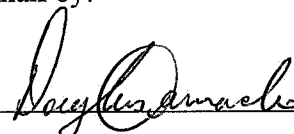
Brent Mc Fee
Chief Executive Officer (Ag)

HOME MORTGAGE BANK
SAMAAN TREE FUND

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	30-June-22 \$	30-June-21 \$	31-December 21 \$
ASSETS			
Mortgage assets (acquired under trust)	78,474,886	54,699,057	60,406,314
Cash at bank	<u>1,629,041</u>	<u>262,236</u>	<u>1,708,149</u>
Total assets	<u>80,103,927</u>	<u>54,961,293</u>	<u>62,114,463</u>
LIABILITIES			
Due to related party	7,667,289	9,421,995	10,768,690
Dividend payable	503,561	-	418,068
Other payables	<u>86,587</u>	<u>29,552</u>	<u>55,486</u>
Total liabilities	<u>8,257,437</u>	<u>9,451,547</u>	<u>11,242,244</u>
EQUITY			
Net assets attributable to unit holders	71,846,490	45,509,746	50,872,219
Total equity	<u>71,846,490</u>	<u>45,509,746</u>	<u>50,872,219</u>
Total liabilities & equity	<u>80,103,927</u>	<u>54,961,293</u>	<u>62,114,463</u>

These financial statements have been approved for issue by the Trustee on 29 July 2022 and signed on its behalf by:

Trustee  _____

Trustee  _____

The accompanying notes are an integral part of these financial statements.

HOME MORTGAGE BANK
SAMAAN TREE FUND

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022
(Expressed in Trinidad and Tobago dollars)

	30-June-22	30-June-21	31-December 21
	\$	\$	\$
Income			
Net interest income	<u>1,871,117</u>	<u>1,028,677</u>	<u>2,685,735</u>
Operating expenses			
Trustee fee	30,899	16,150	43,148
Investment management fee	625,477	308,375	786,654
Fund administration fee	154,493	92,436	227,429
Distribution fee	154,493	92,436	227,429
Audit fees	33,223	-	66,445
Service charges	(48,239)	44,964	54,238
Unit holders' interest cost	<u>920,771</u>	<u>474,316</u>	<u>1,280,392</u>
Total operating expenses	<u>1,871,117</u>	<u>1,028,677</u>	<u>2,685,735</u>
Profit for the period	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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HOME MORTGAGE BANK
SAMAAN TREE FUND

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS
FOR THE SIX MONTHS ENDED 30 JUNE 2022
(Expressed in Trinidad and Tobago dollars)

	30-June-22 \$	30-June-21 \$	31-December 21 \$
Balance as at beginning of period	50,872,219	19,710,743	19,710,743
Subscriptions	26,964,172	26,628,580	41,870,028
Net interest re-invested by unit holders	823,521	474,316	848,146
Redemptions	<u>(6,813,422)</u>	<u>(1,303,893)</u>	<u>(11,556,698)</u>
Balance as at end of period	<u>71,846,490</u>	<u>45,509,746</u>	<u>50,872,219</u>

The accompanying notes are an integral part of these financial statements.

HOME MORTGAGE BANK
SAMAAN TREE FUND

STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022
(Expressed in Trinidad and Tobago dollars)

	30-June-22 \$	30-June-21 \$	31-December 21 \$
Cash flows from operating activities			
Profit for the period	-	-	-
Adjustments for:			
(Decrease)/increase in due to related party	(3,101,401)	3,845,032	5,191,727
Increase in dividend payable	85,493	-	418,068
Increase in other payables	<u>31,102</u>	<u>2,661</u>	<u>28,595</u>
Net cash flows (used in)/generated from operating activities	<u>(2,984,806)</u>	<u>3,847,693</u>	<u>5,638,390</u>
Cash flows from investing activities			
Purchase of mortgage assets	(28,465,131)	(43,111,745)	(56,096,066)
Sale of mortgage assets	<u>10,396,559</u>	<u>13,471,761</u>	<u>20,748,825</u>
Net cash flows used in investing activities	<u>(18,068,572)</u>	<u>(29,639,984)</u>	<u>(35,347,241)</u>
Cash flows from financing activities			
Subscriptions and interest re-invested	27,787,692	27,102,897	42,718,174
Redemptions	<u>(6,813,422)</u>	<u>(1,303,893)</u>	<u>(11,556,698)</u>
Net cash flows generated from financing activities	<u>20,974,270</u>	<u>25,799,004</u>	<u>31,161,476</u>
Net (decrease)/increase in cash at bank	(79,108)	6,711	1,452,625
Cash at bank at the beginning of the period	<u>1,708,149</u>	<u>255,524</u>	<u>255,524</u>
Cash at bank at the end of the period	<u><u>1,629,041</u></u>	<u><u>262,236</u></u>	<u><u>1,708,149</u></u>
Represented by:			
Cash at bank	<u><u>1,629,041</u></u>	<u><u>262,236</u></u>	<u><u>1,708,149</u></u>

The accompanying notes are an integral part of the financial statements.

HOME MORTGAGE BANK
SAMAAN TREE FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022
(Expressed in Trinidad and Tobago dollars)

1. Description of the fund

The following brief description of the Home Mortgage Bank Samaan Tree Fund (“the Fund”) is provided for general information purposes only. Reference should be made to the Trust Deed and Prospectus of the Fund for more complete information.

General information

The Fund was established as an open-ended mutual fund. An open-ended fund is one in which the amount of Participations, which may be issued by the Fund, is unlimited. The Fund was established by Home Mortgage Bank (“the Bank”) under the Declaration of Trust (“the Trust Deed”) dated 4 December 2019 and commenced operation on 20 February 2020. The Trust Deed is governed by the laws of the Republic of Trinidad and Tobago.

The principal activity of the Fund is to seek a high total investment return with safety of capital by investing primarily in a portfolio of mortgages secured by properties, which have either been identified and separated in the books of the Bank or purchased from approved Mortgage lenders and such other securities as permitted under the terms of the Trust Deed.

The address of its registered office is 2nd Floor NIBTT Building, 14-19 Queen’s Park East, Port of Spain, Trinidad, W.I.

The Fund, on 4 December 2019, appointed Trinidad and Tobago Mortgage Finance Company Limited (“the Trustee”) as Trustee of the Fund.

2. Significant accounting policies

(a) Basis of preparation

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting.

(b) Changes in accounting policies

The accounting policies adopted in the preparation of these financial statements are consistent with those followed in the preparation of the Fund’s financial statements for the year ended 31 December 2021

HOME MORTGAGE BANK
SAMAAN TREE FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

(Continued)

(Expressed in Trinidad and Tobago dollars)

3. Approval of Interim Consolidated Financial Statements

The interim consolidated financial statements were approved for issue by the Board of Directors on 29 July 2022.



INVESTMENTS | MORTGAGES

