



**SAMAAN TREE  
FUND**

# **SEMI-ANNUAL FINANCIAL STATEMENTS**

**AS AT JUNE 30, 2023**





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## SAMAAN TREE FUND

Management Discussion and Analysis for the Financial Year Ended June 30, 2023

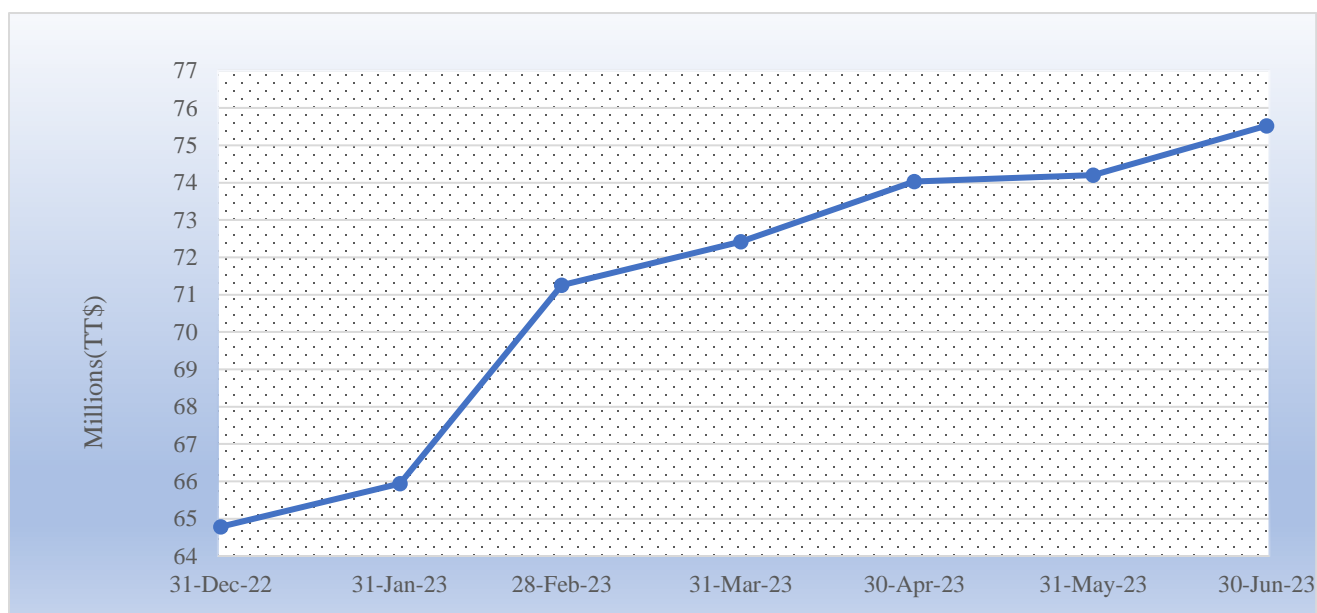
### **Fund Overview**

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, 2023, the Fund invested 98.65% of its assets in prime residential mortgages.

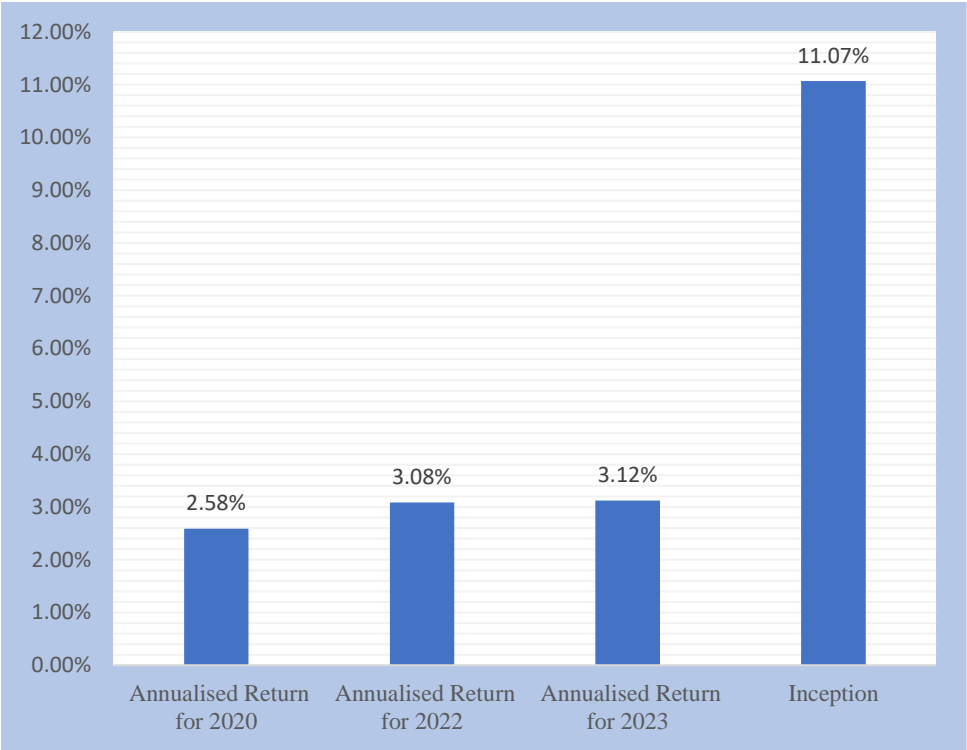
The Fund seeks a total return to unitholders, consistent with the preservation of capital and prudent investment management. The net assets attributable to unitholders increased year to date by 16.83%, improving from TT\$63.7M to TT\$74.5M. The Fund continues to increase its market share driven by the consistent performance of its mortgage portfolio and returns to investors.

**Figure 1– STF Investor Balances for December 2022 – June 2023**



The Fund’s investment in prime residential mortgages allows for stability in asset values and consistent returns. Since its inception, the Fund has generated a total return of 11.07% and an annualised year-to-date return of 3.12% for 2023 (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

The value of assets under management within the mutual fund market for the first half of 2023 decreased by 0.02% to close at TT\$62.0B. Leading the decline were decreases in both Fixed Income Funds and Equity Funds by 0.31% and 1.28%, respectively. However, Fixed Income Funds continue to dominate the market, controlling 78.16% of all assets under management.

As at June 30, 2023, the financial system remained liquid, with commercial banks' excess reserves at the Central Bank of Trinidad and Tobago (CBTT) averaging TT\$7.0B daily. This is a marked increase in system liquidity from TT\$6.1B in December 2022.

For the six months to June 2023, the Government of Trinidad and Tobago (GOTT) one (1) year interest rate increased from 1.06% to 1.40%. This increase in interest rates was mainly due to a cohesive approach from global central banks by using sharp policy tightening measures to curb

inflationary pressures driven by the post-pandemic recovery, the Russia/Ukraine War and extreme weather events.

On a comparative basis, the STF has a spread of 1.72% to the benchmark rate (GOTT 1-Yr) and generates a competitive return within the Income Fund Market.

### **Financial Analysis**

For the six months ended June 30, 2023, the STF held TT\$81.8M in assets dominated by its portfolio of prime residential mortgages. The Fund generated TT\$2.28M in interest income and distributed TT\$1.07M in dividends to unitholders after deducting the applicable Fund expenses.

### **Outlook**

As per the World Economic Outlook (WEO) Update July 2023, global economic growth is expected to fall from 3.5% in 2022 to 3.0% in 2023 and 2024. The decline in growth is attributed to a weaker manufacturing sector, lower global demand, a tight labour market, the persistence of elevated inflation, the ongoing war in Ukraine and other geopolitical tensions.

Despite the global economic challenges, Standard & Poor's (S&P) affirmed Trinidad and Tobago's investment grade rating of BBB- in July 2023, and maintained its stable outlook. Furthermore, Moody's affirmed Trinidad and Tobago's rating at Ba2 and revised its outlook to positive from stable. These decisions were made because of energy price windfall gains and evidence of economic reforms that can materially reduce the economy's exposure to energy price cycles.

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.



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**Brent Mc Fee**

Chief Executive Officer (Ag)

HOME MORTGAGE BANK  
SAMAAN TREE FUND

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED

30 JUNE 2023

# HOME MORTGAGE BANK SAMAAAN TREE FUND

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	30-Jun-23 \$	30-Jun-22 \$	31-Dec-22 \$
<b>ASSETS</b>			
Mortgage assets (acquired under trust)	80,690,718	78,474,886	77,336,665
Cash at bank	<u>1,106,587</u>	<u>1,629,041</u>	<u>1,219,506</u>
<b>Total assets</b>	<u>81,797,305</u>	<u>80,103,927</u>	<u>78,556,171</u>
<b>LIABILITIES</b>			
Due to related party	6,628,664	7,667,289	14,166,777
Dividend payable	556,158	503,561	542,163
Other payables	<u>160,106</u>	<u>86,587</u>	<u>122,685</u>
<b>Total liabilities</b>	<u>7,344,928</u>	<u>8,257,437</u>	<u>14,831,625</u>
<b>EQUITY</b>			
Net assets attributable to unit holders	<u>74,452,377</u>	<u>71,846,490</u>	<u>63,724,546</u>
<b>Total equity</b>	<u>74,452,377</u>	<u>71,846,490</u>	<u>63,724,546</u>
<b>Total liabilities &amp; equity</b>	<u>81,797,305</u>	<u>80,103,927</u>	<u>78,556,171</u>

These financial statements have been approved for issue by the Trustee on August 11, 2023 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 2023

	30-Jun-23	30-Jun-22	31-Dec-22
	\$	\$	\$
<b>Income</b>			
<b>Net interest income</b>	<u>2,280,128</u>	<u>1,871,117</u>	<u>4,171,849</u>
<b>Operating expenses</b>			
Trustee fee	35,570	30,899	67,700
Investment management fee	754,508	625,477	1,314,960
Fund administration fee	177,847	154,493	338,500
Distribution fee	177,847	154,493	338,500
Audit fees	36,545	33,223	73,090
Service charges	23,571	(48,239)	16,223
Unit holders' interest cost	<u>1,074,240</u>	<u>920,771</u>	<u>2,022,876</u>
Total operating expenses	<u>2,280,128</u>	<u>1,871,117</u>	<u>4,171,849</u>
<b>Profit for the period</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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



# HOME MORTGAGE BANK SAMAAAN TREE FUND

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNIT HOLDERS FOR THE SIX MONTHS ENDED 30 JUNE 2023

	<b>30-Jun-23</b>	<b>30-Jun-22</b>	<b>31-Dec-22</b>
	\$	\$	\$
<b>Balance as at beginning of period</b>	63,724,546	50,872,219	50,872,219
Subscriptions	13,756,524	26,964,172	38,783,550
Net interest re-invested by unit holders	987,205	823,521	1,849,022
Redemptions	<u>(4,015,898)</u>	<u>(6,813,422)</u>	<u>(27,780,245)</u>
<b>Balance as at end of period</b>	<u>74,452,377</u>	<u>71,846,490</u>	<u>63,724,546</u>

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

## HOME MORTGAGE BANK SAMAAAN TREE FUND

STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	30-Jun-23 \$	30-Jun-22 \$	31-Dec-22 \$
<b>Cash flows from operating activities</b>			
Profit for the period	-	-	-
Adjustments for:			
(Decrease)/increase in due to related party	(7,538,113)	(3,101,401)	3,398,086
Increase in dividend payable	13,995	85,493	124,095
Increase in other payables	<u>37,420</u>	<u>31,102</u>	<u>67,200</u>
<b>Net cash flows (used in)/generated from operating activities</b>	<u>(7,486,698)</u>	<u>(2,984,806)</u>	<u>3,589,381</u>
<b>Cash flows from investing activities</b>			
Purchase of mortgage assets	(33,297,094)	(28,465,131)	(73,368,660)
Sale of mortgage assets	<u>29,943,042</u>	<u>10,396,559</u>	<u>56,438,309</u>
<b>Net cash flows used in investing activities</b>	<u>(3,354,052)</u>	<u>(18,068,572)</u>	<u>(16,930,351)</u>
<b>Cash flows from financing activities</b>			
Subscriptions and interest re-invested	14,743,729	27,787,692	40,632,572
Redemptions	<u>(4,015,898)</u>	<u>(6,813,422)</u>	<u>(27,780,245)</u>
<b>Net cash flows generated from financing activities</b>	<u>10,727,831</u>	<u>20,974,270</u>	<u>12,852,327</u>
Net decrease in cash at bank	(112,919)	(79,108)	(488,643)
Cash at bank at the beginning of the period	<u>1,219,506</u>	<u>1,708,149</u>	<u>1,708,149</u>
Cash at bank at the end of the period	<u>1,106,587</u>	<u>1,629,041</u>	<u>1,219,506</u>
Represented by:			
Cash at bank	<u>1,106,587</u>	<u>1,629,041</u>	<u>1,219,506</u>

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

# HOME MORTGAGE BANK SAMAAAN TREE FUND

## NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

### 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 2<sup>nd</sup> 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 2022

HOME MORTGAGE BANK SAMAAN TREE FUND

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023  
(Continued)

**3. Approval of Interim Consolidated Financial Statements**

The interim consolidated financial statements were approved for issue by the Trustee on August 11, 2023.



INVESTMENTS | MORTGAGES