

A large, dark blue circular graphic with a white border. Inside the circle is a grayscale image of a city skyline with a bar chart and a line graph overlaid, representing financial data. The graphic is positioned on the left side of the cover, partially overlapping the main title area.

ANNUAL REPORT

30 JUNE
2020

SMART INVESTMENT FOR A
BETTER FUTURE

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MANAGER'S REPORT

We are pleased to present on behalf of the Board of Directors ("the Board") of the Unit Trust of Samoa (Management) Ltd ("the Company"), the tenth annual report for the Unit Trust of Samoa ("the Trust").

Our duty as the Manager is to ensure that the operations of the Trust are carried out in compliance with all the relevant regulatory requirements that we are governed and guided by. The fiduciary responsibility for overseeing the integrity of the Manager's work is carried out by the Board. This year saw a shift in the governance of the Management Company with the increase in the composition of the Board from 3 to 5 members, following a review carried out by the Ministry of Public Enterprises (MPE) and approved by Cabinet. The Board at the start of the financial year comprised of – Afoa Asiata Kolone Vaai (Chairman), Magele Arthur Penn and Leasiosiofa'asisina Oscar Malielegaoi. The review proposed to cease having a Ministry of Finance (MoF) representative on the Board, which saw the exit of Leasiosiofa'asisina in February 2020. Thereafter, three new additional members were officially appointed and welcomed on to the Board in March 2020 – Toleafoa Douglas Creevey, Lauano Lauina Grace and Lutuiloa Vaiula Solomona. The three new Directors bring to the table a wide range of skills and experience from their respective fields. The new Board provides significant added value to the Management Company and the Trust. The Board is effective in upholding the principles of good corporate governance and best practices and ensure that decisions made are always in the best interest of the unitholders.

In addition to the Board of Directors, the Trustees for the Trust also provide an additional level of governance. This role is carried out by Tafa'ailagi Trustee Company Limited, whose two directors, Taito John Roache and Luana von Reiche-Roache ensure that decisions made by the Board protect the integrity of unitholders and guarantee the best possible returns. The endorsement from the Trustees is required for the final confirmation of any investment decision. The continuous support from the Trustees and their effectiveness and efficiency in providing well-informed decisions, helped with ensuring smooth operations of the Trust.

The UTOS Management Ltd's dedication to deliver the best service to unitholders is a priority with the ultimate commercial goal of providing high returns with a social objective in making sure inclusivity is achieved through increasing the number of unitholders. This financial year saw the economy being impacted by unprecedented health crises and the UTOS Management Limited had to adjust accordingly. The effects of the measles epidemic in November 2019, coupled with the on-going Covid-19 pandemic from March 2020 took a toll on the country's economy. The pandemic resulted in country wide restrictions in many activities in early March until late May. The UTOS office remained open for limited hours during this period with rationed staff numbers to ensure social distancing requirements were met. The staff worked on a weekly rotational basis between in office and working from home. Operating in this manner meant that service to the unitholders was uninterrupted and State of Emergency restrictions were well observed.

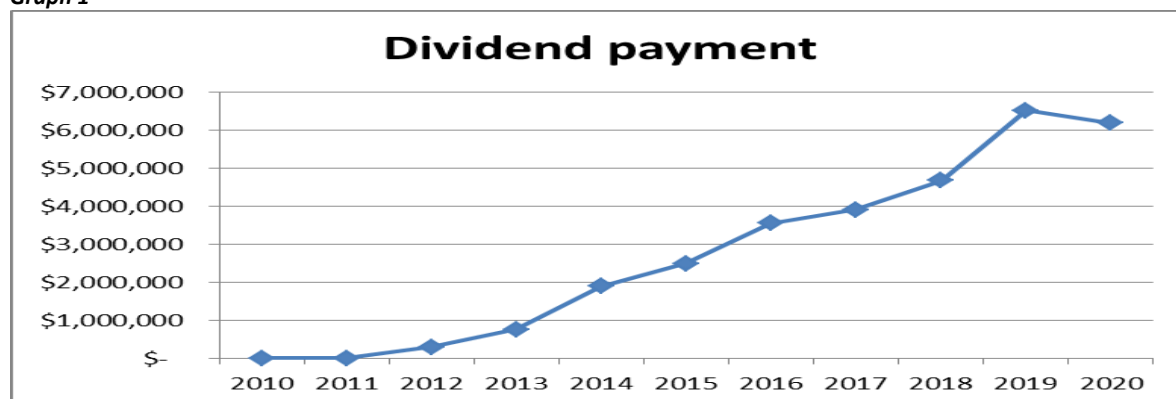
Due to the pandemic, the Board of Directors, the Trustees and the Management, felt it was in the best interest of unitholders to declare an interim dividend of \$2,926,615 (.04 sene per unit as at 30 December 2019) in May to assist with unitholders' who were affected by the loss of income during the State of Emergency. This was the first time ever an interim dividend was declared and paid out in the history of the UTOS.

The resilience of the Trust during the pandemic, was evident by its ability to declare a final dividend of \$3,266,835 (.04 sene per unit as at 30 June 2020) in June, bringing the total dividend pay out to

\$6,193,450 (.08 sene per unit) for the year ended 30 June 2020; a 5% drop if compared to \$6,519,155 dividend paid in prior year.

Despite the drop in dividend, the return on unit holders' investment remains high compared to local financial institutions. The total interim and final dividend distribution of .08 sene represents a 5.49% dividend return plus a 4.72% increase in unit value resulting in a 10.21% total return for unitholders for the year ended 30 June 2020. This is a drop of 1.62% if compared to 11.83% at year ended 30 June 2019.

The movement in total dividend payment for the last ten years is highlighted in **Graph 1**.

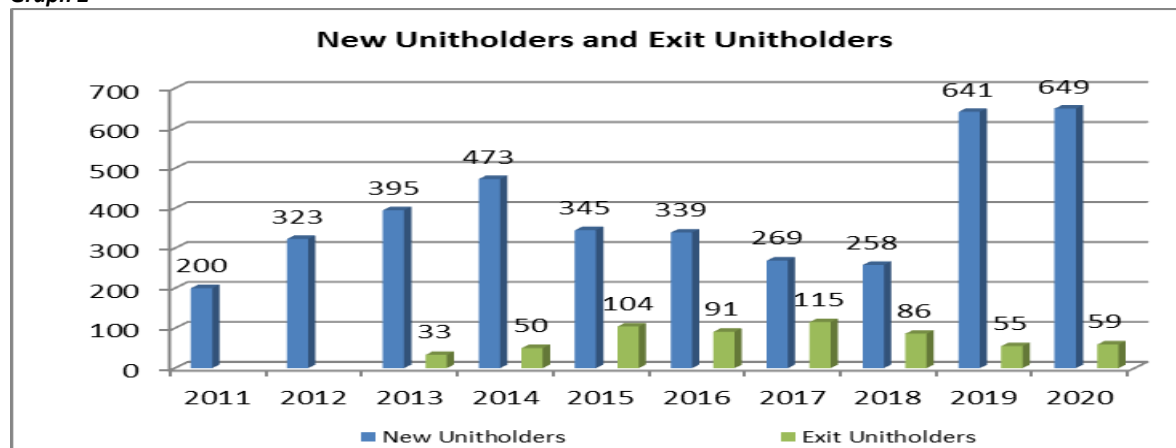


Unitholders:

The Unit Trust was unheard of in Samoa ten years ago; however, it is now a major player in the local and international financial markets. It is proving to be a popular choice for ordinary local investors to opt to for higher risk/return reward which makes unit trust investment a unique and rewarding experience.

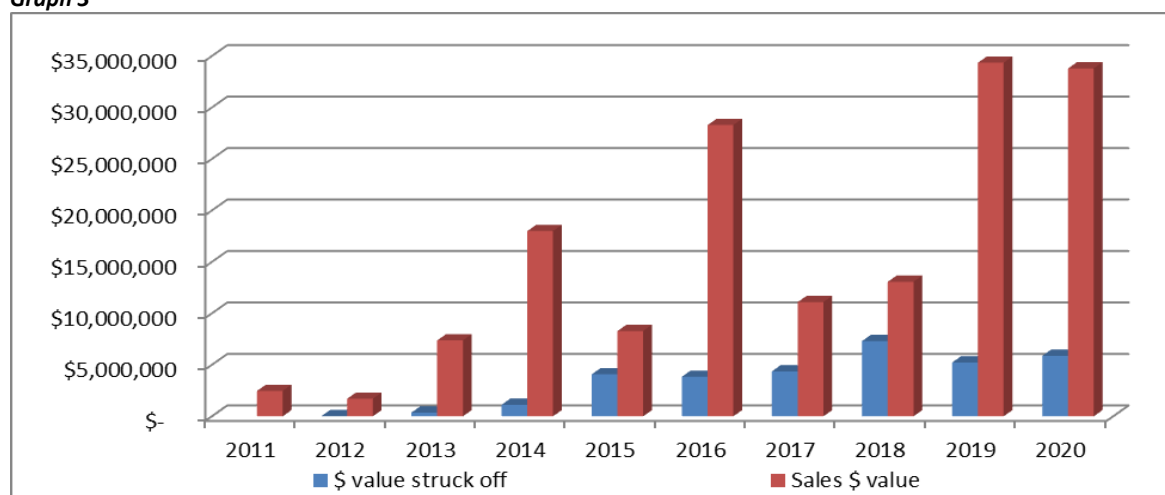
This is evident with over \$30 million received in sales for the last two years while repurchase remain below \$5 million in both years. Furthermore, the number of new unitholders continues to increase steadily from 641 in 2019 to 649 in 2020. The number of unitholders leaving the Trust Fund remained stable with 59 leaving in 2020 compared to 55 in 2019. The net effect of the movements resulted in a total number of active unitholders amounting to 3,299 as at 30th June 2020.

Graph 2 outlines the number of new unitholders and number of unitholders who left the Trust Fund.



Graph 3 displays the (\$) tala value of units sold and units repurchased in the last ten years.

Graph 3



Major Board Decisions:

The investment opportunities in Samoa remain scarce, but this has not hindered the efforts of the Board and Management to actively seek out lucrative opportunities in and outside of Samoa that will provide the required optimum returns for its unitholders.

During the year the final disbursement of \$5 million approved in Financial Year 2019 for Samoa Airways was paid out. A new equity investment, directly in ATH shares through the South Pacific Stock Exchange, ensures that the investment is liquid and easily be withdrawn in the event of a large demand from unitholders to withdraw their funds from the Trust.

All excess funds for investments in the pipeline continue to be placed in high yielding Term Deposit facility offered competitively from commercial banks. The fund continues to grow and becomes self-funded through unit sales. Plans have been in place to pay out its borrowings as they become matured. These borrowed funds were required during the early years of establishment of the Trust.

Security of its digital presence is also a priority and Management continues to ensure that its digital platforms are secure and the highest levels of cyber security measures are in place. This has been enhanced through partnering with Upguard, a global cyber security firm, to ensure security of the information is maintained at all times. Additionally, a replica of the server has also been placed in a remote location as part of a Disaster Recovery Plan to ensure that work can continue if the office location is inaccessible or compromised.

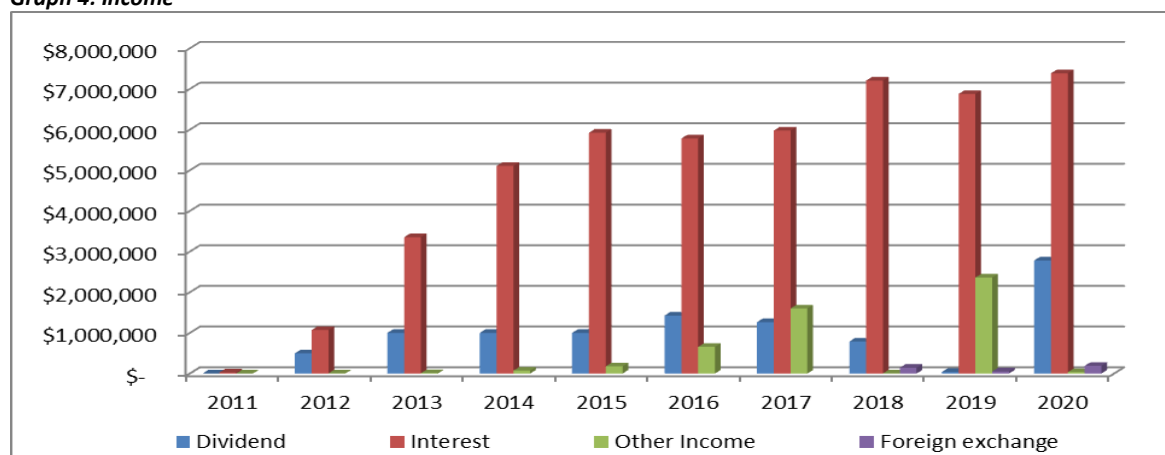
Financial Performance:

The Total Comprehensive Income dropped by 3% compared to the previous year. Regardless of this decline in Total Comprehensive Income, the Trust maintained its total return to unit holders for this financial year above 10% which is competitive compared to other financial institutions.

Total Income increased by \$1.0 million which is the net effect from the increase of \$2.7 million on dividend income and a \$0.50 million increase on interest income and these were offset by the significant drop on other income by \$2.3 million. The significant increase in dividend income relates to total dividends of \$2.10 million from Vodafone Samoa for their 2019 and 2020 financial years, \$0.30 million dividend from Unit Trust of Fiji, and the first dividend declared and recorded from the Samoa Submarine Cable Company equity investment which amounted to \$0.40 million.

Graph 4 highlights the trends in income for the past ten years.

Graph 4: Income

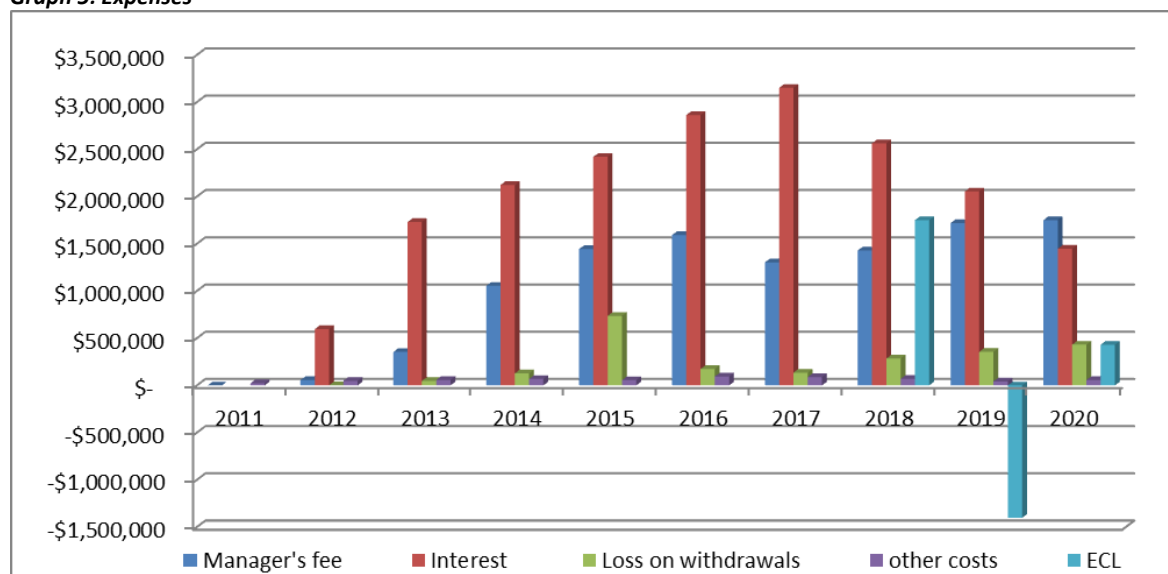


Total Expenditure increased significantly by \$1.3 million. The upsurge in expenditure was a direct impact of the \$1.4 million expected credit loss write back in 2019. Without the expected credit loss total expenditure reduced by 1% compared to the previous year. Interest expense continues to drop as the initial convertible and promissory notes are paid out as they reach maturity.

We are confident that Management is able to control costs and continue to find high yielding investments to further sustain this performance.

Graph 5 below highlights the trends of expenses for the trust over the last ten years.

Graph 5: Expenses

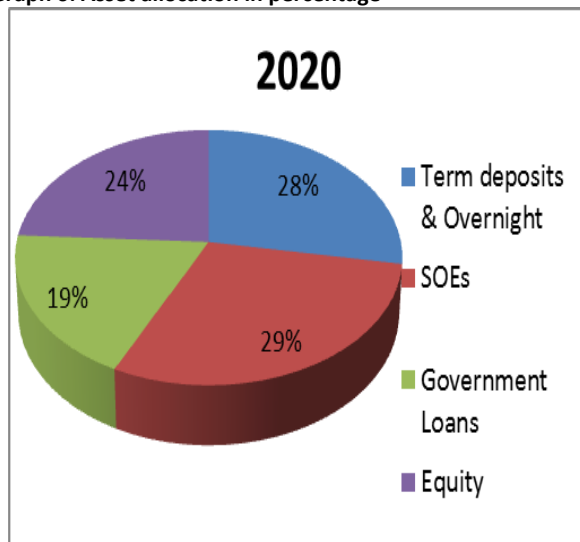


Unitholders' Fund increased significantly by 28% from \$98 million in 2019 to \$126 million this financial year. The number of units issued and fully paid as at 30 June 2020 is 81,670,883 recording a value of \$126,213,088 in Unitholder's Fund compared to 65,191,548 units valued at \$98,300,443 in the previous year.

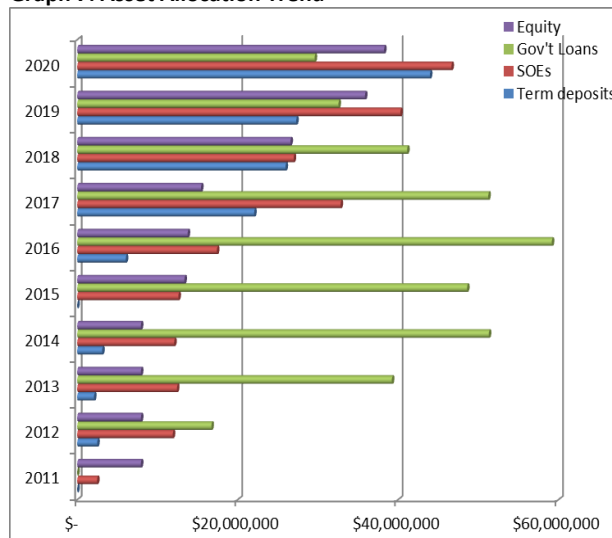
Total Assets increased by 12% or \$17 million compared to last year. The increase relates to the increasing number of units sold during the year as more people choose to invest in the Trust Funds. This trend indicates that the Trust is heading towards funding its investment portfolio from unitholders funds without relying on borrowed funds. The Manager ensures its asset allocation maintains an optimal balance between equity and lending to sustain its ability to report a high level of

return each year; while ensuring there is always enough cash on call to cater to unitholder redemptions. Graph 6 displays the asset allocation in percentage.

Graph 6: Asset allocation in percentage



Graph 7: Asset Allocation Trend



Graph 7 outlines the investment portfolio movement in the last ten years.

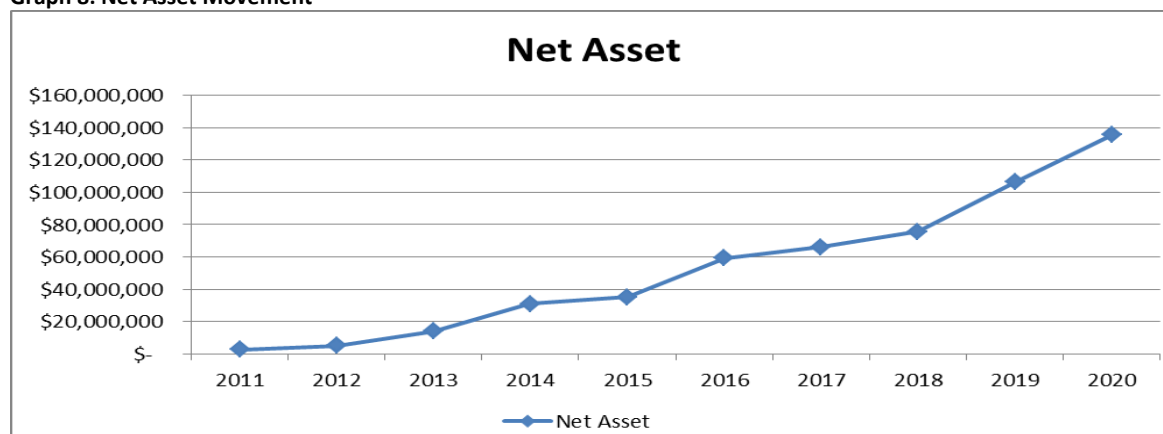
Total Liabilities dropped from \$41 million to \$28 million this financial year. Convertible and Promissory Notes are being paid out as and when they fall due, the remaining notes are due for payment over the next couple of financial years. With local opportunities far and few between an executive decisions is made to release some of the debt obligations so that we do not to have a large percentage of idle cash in the portfolio.

The repayment to Government for the transfer of Bluesky Samoa Share is being carried out monthly, and has been reduced from \$5.5 million to \$4.7 million as of 30 June 2020.

Total Net Assets increased to \$135 million this year compared to \$106 million reported in the last financial year. This is 28% increase which is driven by an increase in unitholder funds. The Trust continues to promote the benefits of investing with UTOS while disclosing the associated risks as an investment alternative for Samoans; and at the same time appraising potential opportunities.

Graph 9 depicts the significant movement in Net Asset in the last ten years from \$2.5 million in 2011 to \$135 million in 2020. This is a positive trend for the Trust.

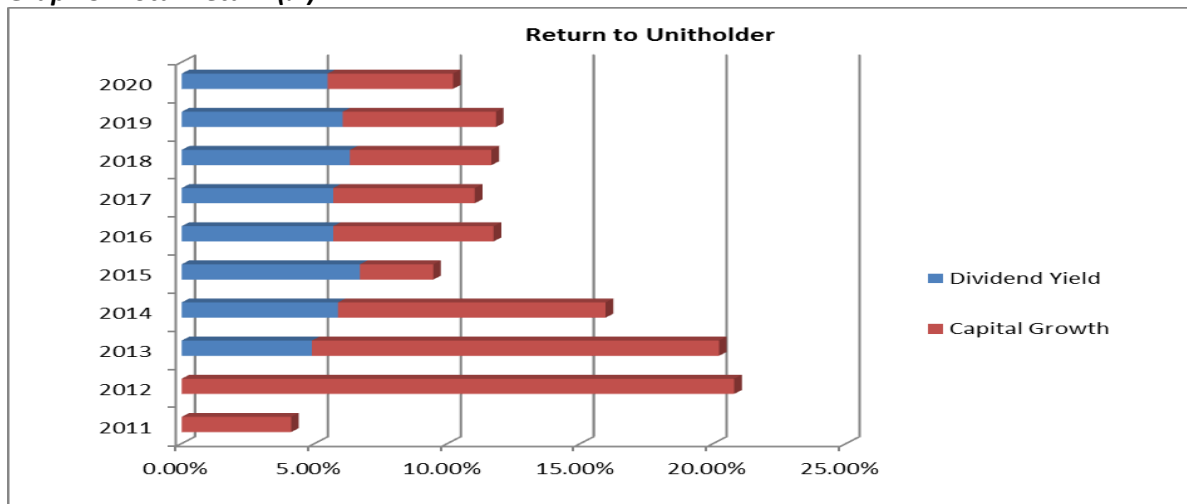
Graph 8: Net Asset Movement



Return on Unitholders' Investment remains competitive in the market compared to returns offered by similar local financial institutions despite the drop from 11.83% to 10.21% at year end. The increase of more than 16 million units from 2019 to 2020 is one contributing factor for the drop in total return on Unitholder's investment. The increase has widened the dividend distribution hence the drop from .10 sene per unit from 2019 to .08 sene in 2020. The 10.21% total return for the current financial year is representative of 5.49% dividend return, coupled with a 4.72% appreciation in the unit value, which is a slight drop by 1.62% if compared to the 11.83% for the previous financial year.

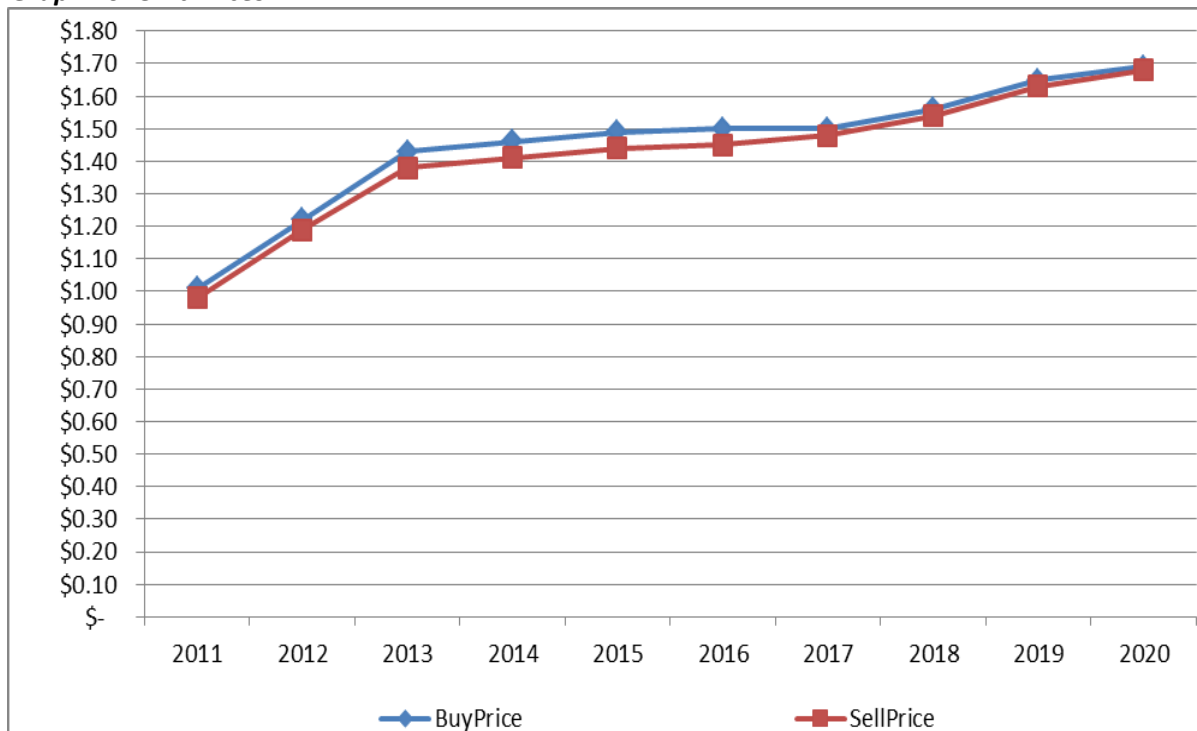
The total returns derived from unit investment in the last ten years of the Trust are shown in **Graph 9** below.

Graph 9: Total Return (%)



The historical growth in unit price in the last ten years is shown **Graph 10** below.

Graph 10: Unit Prices



Information Technology:

We continue to keep up with the ever-changing technology to ensure our unitholders are not left behind with the current trend in the finance industry. Digitizing our services will offer affordable, efficient, and convenient service to our unitholders near and far. The Covid-19 pandemic further enhanced the need to go digital so that unitholders can transact (deposit/withdraw) without physically coming to the UTOS office.

At our last AGM in early February 2020, we managed to use a LIVE virtual meeting platform to connect our unitholders from the Big Island of Savaii, and across the world to the main host in Apia. With the effects of the measles and Covid-19, where there is a cap placed on the number of attendees for gatherings and social distancing under State of Emergency (SOE) orders, being able to successfully host a virtual AGM for the first time was a great achievement. This ensures that AGMs for the unitholders will no longer be impacted by the pandemic or other restrictions.

The use of the M-Tala platform to link with the UTOS Mobile App for unitholders to transact is currently in progress. This will ensure unitholders have access at their fingertips, using their phone to withdraw and deposit funds into their investment.

We are mindful of the ever-increasing risks associated with the digital world, thus we remain vigilant with our security features through daily monitoring and assessment of system reports. We take pride in the level of security imposed on our system which is comparable to the levels of the top global financial institutions, and we are proud to say that we have one of the most secure systems locally. Within this period we managed to secure an agreement with UpGuard Company in the USA and Australia to use their Cyber Security platform to monitor and patch securities vulnerabilities. We have also enhanced our offsite backup by using the Government of Samoa's National Broadband Highway (SNBH) to back up our critical data to a different location at Motootua as part of our disaster recovery contingency plan.

Future Outlook:

With the current Covid-19 pandemic, the global economic environment is being put under tremendous pressure with many countries closing their borders to protect themselves from the spread of the Covid-19 virus.

These are challenging and unprecedented times for all countries including Samoa, with a drastic slowdown of the global economy with many sectors of the economy halted due to pandemic and the travel restrictions. Significant contractions are predicted for the local and regional economies especially for those who rely heavily on tourism.

Our primary focus is on finding investment opportunities locally; however we will also keep an eye out for regional and international investment opportunities that may arise in the midst of the current economic crisis.

We are looking into the viability of commercial property development projects with Government SOEs. The execution of such projects with the involvement of the Trust is highly dependent on due diligence and feasibility studies to ensure these projects generate the required level of returns for the unitholders.

Our equity investments in the current environment are being monitored on a weekly basis, with Management Company representatives present at the governance level of the private companies that we invest in. We are mindful of the implications and volatility of such investments during this time, and it is our duty to ensure that proper exit strategies are in place. To that extent, we endeavour to move into equity holdings that are easily traded in overseas markets. Our equity investments remain closely monitored.

Our potential partnership with the Gambling Control Authority to be launched soon and the online access by all unitholders with internet connectivity to internet bank transfers are now available, and therefore, our unitholder numbers will definitely continue to rise. Plans are underway to finalise the M-tala app which will allow access through mobile phones for local and international unitholders; to top-up their investments with minimal cost.

A new product is in the pipeline for investors who are willing to take high risk high reward type of investment that will be made available in the near future.

Our staff members are highly competent and together with our pool of resources, we are confident that we possess the potential to manage new funds both locally and overseas to provide more investment alternatives for our people.

Acknowledgements:

We acknowledge the support of the Government of Samoa and State Owned Enterprises who have supported the Trust over the years and to the Tafailagi Trustee Company for the undivided support over the years.

We also acknowledge the Management and Staff of the Management Company for their dedication during the past financial year.

To the unitholders, we are grateful to you for considering UTOS as your preferred choice of investment for your financial planning and wealth creation. Your confidence and faith in our operations keeps the Trust going and we endeavour to provide you with the highest quality service that we have to offer.

Ma le fa'aaloalo tele,



Afoa Asiata Kolone Vaai
Chairman
Unit Trust of Samoa (Management) Ltd



Lutuiloa Vaiula Solomona
Director
Unit Trust of Samoa (Management) Ltd

TRUSTEES REPORT

It is with pleasure that we provide this report (in our role as Trustees of the Unit Trust of Samoa) to the Unit-holders as part of the 10th Annual Report covering the 2019/2020 financial year.

Under the Unit Trust Act 2008 (the “**Act**”) and Trust Deed, we are vested with the investments and other properties of the Unit Trust of Samoa, to hold in trust on behalf of the Unit-holders. This is the internal control mechanism which provides for a Trustee, acting on behalf of the Unit-holders, independently of the Management Company. This requirement is made to ensure that all relevant transactions and reports affecting Unit-holders’ funds are made in compliance with the provisions of the Master Trust Deed 2010, Amending Deed 2017 and the Act.

During the year we have worked closely with the Board of Directors, Chief Executive Officer and staff of the Management Company in accordance with the Trust Deed and the Act, and with policies we agreed to with the Management Company. We have ensured that the Management Company has followed the requirements for investing the Trust funds in compliance with the Central Bank of Samoa Prudential Guidelines for Unit Trusts.

We are satisfied that the Management Company is exercising the principles of accountability and transparency in its task of investing the Unit-holders’ funds.

Acknowledgements:

We join the Management Company in acknowledging the support from the Government of Samoa in promoting the investment portfolio of the Unit Trust among State Owned Enterprises (SOEs).

We extend our appreciation to the Chairman of the Management Company, his Board of Directors, Chief Executive Officer and staff, for their hard work and dedication during a trying year.

Our sincere thanks to all Unit-holders for their trust and confidence placed in our role as Trustees of their investments.

Sincerely,



Taito John Roache

Director

TAFAILAGI TRUSTEE COMPANY LTD



Luana von Reiche Roache

Director

TAFAILAGI TRUSTEE COMPANY LTD

UNIT TRUST OF SAMOA (TRUST)
CERTIFICATION BY TRUSTEE AND MANAGER
FOR THE YEAR ENDED 30 JUNE 2020

We certify that the attached financial statements for the Unit Trust of Samoa (Trust) comprising of the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Financial Statements for the financial year ended 30 June 2020:

- (a) give a true and fair view of the results of the Trust for year ended;
- (b) have been prepared in accordance with International Financial Reporting Standards;
- (c) all related party transactions have been adequately recorded in the books of the Trust;
- (d) at the date of this statement there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they fall due; and
- (e) Comply with the Public Finance Management Act 2001, Unit Trust Act 2008 and the Trust Deed.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the financial statements for issue on 09 September 2020 on behalf of the Directors of the Trustee Company and Manager, Unit Trust of Samoa (Management) Ltd.



Afoa Asiata Kolone Vaai
Manager

UTOS Management Company Ltd
Apia, Samoa

09 / 09 / 2020



Taito John Roache
Trustee

Unit Trust of Samoa (Trust)
Apia, Samoa

09 / 09 / 2020



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF THE UNIT TRUST OF SAMOA (TRUST)

Opinion

We have audited the financial statements of Unit Trust of Samoa (Trust), which comprise the statement of financial position as at 30 June 2020, the statement of financial performance, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Unit Trust of Samoa (Trust), as at 30 June 2020, its financial performance, changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards, Public Finance Management Act 2001, Unit Trust Act 2008 and the Trust Deed.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Trust in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Samoa, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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.

Valuation of Unlisted Equity Investments	
The key audit matter	How the matter was addressed in our audit
<p>The Trust has recognized gains on fair value for equity investments in the amount of \$1,272,735 in other comprehensive income.</p> <p>The revaluation of unlisted equity investments in accordance with IFRS 9 is considered to be a key audit matter due to the complexity of the exercise and significant judgement required in determining the valuation methods.</p>	<p>Our audit procedures in this area included among others:</p> <ul style="list-style-type: none">• Evaluating the management valuation reports about the appropriateness of the valuation methods applied, which includes discounted cash flow, capitalization rate, multiple based approach and asset based methods.• Evaluating the appropriateness of the assumptions applied to key inputs for the valuation methods used.• Evaluating the adequacy of the disclosure notes, including disclosures on key assumptions and judgements used.

Responsibilities of the Trustee's and Manager's for the Financial Statements

The Trustee and manager are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, Public Finance Management Act 2001, Unit Trust Act 2008 and the Trust Deed, 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, the Trust and manager are responsible for assessing the Trust'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 the Trustee and manager either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so. The Trustee and manager are responsible for overseeing the Trust's financial reporting process.

Auditor's 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 auditor's 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 International Standards on Auditing 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due 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 Trustee'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 Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Trust's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 identified during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosures 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.



Leota & Niumata
Chartered Accountants

Apia, Samoa
9th September 2020

UNIT TRUST OF SAMOA (TRUST)
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020.

	Notes	2020 \$	2019 \$
EQUITY			
Unitholder's Fund			
81,670,883 units fully paid (2019: 65,191,548)		126,213,088	98,300,443
Reserves	2	9,091,203	7,818,468
Retained earnings		174,143	95,158
		135,478,434	106,214,069
<i>Represented by:</i>			
ASSETS			
Cash and cash equivalents	3	15,712,799	16,771,813
Term deposits	4	30,000,000	19,000,000
Accrued income	5	552,599	311,129
Receivables	6	3,872,746	2,842,374
Available-for-sale financial assets Equity	7(a)	38,262,257	35,879,872
Available-for-sale financial assets Securities	7 (b)	75,930,288	72,517,463
		164,330,689	147,322,651
LIABILITIES			
Payables & Accruals	8	375,422	589,428
Dividend payable	9	3,266,835	6,519,155
Due to Government	10	4,740,000	5,530,000
Convertible & Promissory Notes	11	20,470,000	28,470,000
		28,852,257	41,108,583
NET ASSETS		135,478,434	106,214,069


Afoa Asiata Kolone Vaai
Manager


Taito John Roache
Trustee

The accompanying notes form an integral part of the above financial statement.

UNIT TRUST OF SAMOA (TRUST)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
INCOME			
Dividends		2,780,834	38,370
Interest		7,384,456	6,875,670
Gain/(Loss) on Foreign Exchange		189,992	50,065
Other Income		34,474	2,361,559
Total Income		<u>10,389,755</u>	<u>9,325,665</u>
EXPENSES			
Advertising		16,162	4,421
Audit fee		23,000	23,000
Bank fees & charges		847	1,581
Catering & refreshments		1,965	1,742
Expected Credit Loss	6, 7(b)	430,657	(1,402,762)
Interest on convertible notes		1,447,462	2,053,833
Loss on unit withdrawals		431,410	355,088
Manager's fees	12	1,750,677	1,719,454
Printing & publications		13,140	10,700
Venue Hire		2,000	855
Total Expenses		<u>4,117,320</u>	<u>2,767,912</u>
Net Income from operation		<u>6,272,435</u>	<u>6,557,753</u>
Plus Other Comprehensive Income:			
Gain/(Loss) on Fair Value Equity Investment	7(a)	1,272,735	1,208,135
Total Comprehensive Income for the Year		<u><u>7,545,170</u></u>	<u><u>7,765,888</u></u>

The accompanying notes form an integral part of the above financial statement.

UNIT TRUST OF SAMOA (TRUST)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
Unitholders Fund		
Balance at beginning of the year	98,300,443	69,101,191
Subscriptions from Unitholders	33,794,822	34,428,313
Redemptions by Unitholders	(5,882,177)	(5,229,062)
Balance as at 30 June 2020	126,213,088	98,300,443
Retained Earnings		
Balance at beginning of the year	95,158	56,561
Add: Net profit for the year	6,272,435	6,557,753
Less:		
Interim dividend paid (.04 sene per unit)	(2,926,615)	-
Dividend payable (.04 sene per unit)	(3,266,835)	(6,519,155)
Dividend declared .08 sene per unit (2019: .10 sene)		
Balance as at 30 June 2020	174,143	95,158
Reserves		
Balance at beginning of the year	7,818,468	6,610,333
Plus: Other Comprehensive Income	1,272,735	1,208,135
Balance as at 30 June 2020	9,091,203	7,818,468
Total Equity	135,478,434	106,214,069

The accompanying notes form an integral part of the above financial statement.

UNIT TRUST OF SAMOA (TRUST)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was applied to:</i>			
Dividend paid		(9,445,925)	(2,815,221)
Operating expenses		(1,775,882)	(1,370,331)
<i>Net cash inflow/(outflow) from operating activities</i>		<u>(11,221,807)</u>	<u>(4,185,552)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was provided from:</i>			
Interest		4,286,540	6,746,766
Other		-	175,395
Dividends received		1,484,720	462,500
<i>Cash was applied to:</i>			
Movement in term deposits		(9,868,875)	(2,006,983)
Movement in Capital Notes		(1,633,641)	(6,140,492)
Investment in Unit Trust of Fiji		-	(8,000,000)
Investment in ATH		(620,391)	-
<i>Net cash (outflow)/inflow from investing activities</i>		<u>(6,351,647)</u>	<u>(8,762,814)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was applied to:</i>			
Due to Government		(790,000)	(790,000)
Movement Convertible & Promissory Notes		(8,123,750)	(18,000,000)
Subscriptions from Unit Holders		33,322,335	34,237,885
Redemption to Unit Holders		(6,428,662)	(4,664,528)
Interest on notes		(1,465,484)	(2,192,899)
<i>Net cash (outflow) inflow from financing activities</i>		<u>16,514,439</u>	<u>8,590,458</u>
NET INCREASE/(DECREASE) IN CASH		(1,059,014)	(4,357,908)
Cash at Bank at beginning of year		16,771,813	21,129,721
Cash and cash equivalents	3	<u><u>15,712,799</u></u>	<u><u>16,771,813</u></u>

The accompanying notes form an integral part of the above financial statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, and required by the Unit Trust Act 2008 and Trust Deed.

(b) Basis of preparation

The financial statements have been presented in Samoan tala, which is the Trust's functional currency, rounded to the nearest tala. The financial statements are prepared on the basis of fair value measurement of assets and measurement at amortized cost for liabilities except where otherwise stated.

(c) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Manager and Trustee to exercise its judgment in the process of applying the Trust's accounting policies and the reported amounts of assets, liabilities, income and expenses. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

(d) Financial assets

The classification and measurement of financial assets in accordance with the transition to IFRS 9 are

	IAS 39	IFRS 9
Financial Assets	Measurement Category	Measurement Category
Receivables	Amortised cost (loan and receivables)	Amortised cost
Investment Securities	Amortised cost (loan and receivables)	Amortised cost
Equities	Historical cost (unquoted equity)	FVOCI

The classification is dependent on the purpose for which the financial assets are acquired and the Manager determines the classification of financial asset at the time of the purchase and re-evaluates such designation at every report date.

(e) Available-for-sale financial assets

Available-for-sale financial assets are nonderivatives that are either designated in this category or not classified in any of the other categories. Purchases and sales of investments are recognised on trade-date, the date on which the Trust commits to purchase or sell the asset. Investments are initially recognised at cost through profit or loss at inception. Financial assets designated at cost through profit or loss at inception are those that are managed and their performance evaluated on fair value in accordance with the Trust's documented investment strategy. The Trust's policy for the Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Unlisted equities are valued annually by Management and by independent valuers approved by the Fund Manager and Trustee as per the Investment Policy.

The valuation takes into account the following methodologies:

1. Discounted Cash Flow (DCF)
2. Asset based approach
3. Capitalisation rate approach
4. Multiple based approach

The Trust recognises a loss allowance for expected credit losses (ECLs) on the following items:

- Financial assets measured at amortised cost (including cash and cash equivalents, deposits, and other receivables)

(e) Available-for-sale financial assets (continued)

Credit Losses and Impairment of Assets

- Investment Securities (comprises of capital notes to SOEs and Government of Samoa)

Financial assets measured at fair value including units in funds, and equity securities measured at FVOCI are not subject to the ECL assessment.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies

Loss allowances for trade receivables, other receivables and investment securities are measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Trust's historical credit loss experience, adjusted for factors that are specific to the debtors such as the collateral or security for the asset.

(f) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is possible that the economic benefits will flow to the Trust and the revenue can be reliably measured. Interest income is recognised on an accrual basis using the effective interest method. Dividend income for listed or quoted securities is recognised when a market announcement is made, for unlisted and private equity holdings, dividend is recognised when it is formally notified that dividend is declared and the right to receive dividends is established.

(g) Manager's remuneration

Under the terms of the Trust Deed, the Manager is entitled to receive manager's remuneration set by the Manager and can be change by agreement between the Manager and the Trustee. On the 21st November 2018 the Boards resolved to approve the reduction of the management fee rate from 2%p.a to 1.75%p.a. of Trusts net assets effective 1 January 2019. The Manager's fee was approved by the Board on 29 May 2019 to be reduced to 1.40%p.a from 1.75%p.a. effective July 2019.

(h) Trustee's fee

A review of the Trustee fee was done by Management and the Board approved on the 31 January 2018 for the Trustee fee to be paid by the Management Company. The Trustee currently receives a fee of \$30,000 per annum plus 0.5% of the Trust comprehensive profit.

(i) Income tax

Under the Income Tax Amendment Act 2013, Part A (1)(v) the income of the Unit Trust of Samoa, the Unit Trust (Management) Limited or any other subsidiary of the Unit Trust of Samoa; is not subject to income

(j) Vagst

The Trust main activity relates to financial services which is exempt supply. Where applicable expenses are recognised inclusive of vagst, and revenue such as interest and dividend are exempt from vagst.

(k) Cash and cash equivalents

Cash and cash equivalents comprises of cash balances at bank and excludes any term deposits regardless of maturity period.

(l) Other receivables and accrued income

Other receivables include receivable amounts for sale of units by the "Management Ltd" plus dividend receivables, and accrued interest on term deposits.

UNIT TRUST OF SAMOA (TRUST)
Notes to the financial statements
For the year ended 30 June 2020

(m) Payables

Payables are recognised for amounts to be paid in the future for goods and services recorded, whether or not billed to the Trust and include outstanding settlements on the purchase of investment. Payables are stated at cost as they are expected to be settled within next twelve months.

(n) Borrowings

As per Trust deed, borrowing by the Trust shall not exceed 75% of the value of its assets. Currently, total borrowing is 15% of the value of its assets.

(o) Unitholder's Funds

Unitholders' funds are classified as equity instruments.

(p) Translation of Foreign Currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

(q) Comparative information

Comparative information has been restated where necessary to achieve consistency in disclosure with current financial year amounts.

2. RESERVES

Reserves consists of the movements in fair value of equity investments classified as fair value through comprehensive income that are not available for distribution to unit holders until realized.

Dividend income on these equity investments are recognize as revenue in the profit and loss.

3. CASH AND CASH EQUIVALENTS

	2020	2019
<i>Cash at bank</i>	\$	\$
Bank of South Pacific	1,737,836	8,462,477
National Bank Samoa	43	342
National Bank Samoa (overnight)	13,974,920	8,308,994
Total cash and cash equivalents	<u>15,712,799</u>	<u>16,771,813</u>

4. TERM DEPOSITS

Maturity periods:

3 Months	-	5,000,000
6 Months	18,000,000	5,000,000
12 Months	12,000,000	9,000,000
Total term deposits	<u>30,000,000</u>	<u>19,000,000</u>

The above short term deposits are invested at an average rate of 5% with the commercial banks.

5. ACCRUED INCOME

Accrued interest on term deposit	552,599	311,129
Total accrued income	<u>552,599</u>	<u>311,129</u>

UNIT TRUST OF SAMOA (TRUST)
Notes to the financial statements
For the year ended 30 June 2020

6. RECEIVABLES

	2020	2019
	\$	\$
Receivable from Bluesky Samoa - Amper	2,326,105	2,326,105
Receivable from Management Company	662,945	190,428
Dividend Receivable from Bluesky Pacific Holdings	325,841	325,841
Bluesky Samoa dividend	1,000,000	-
	<u>4,314,891</u>	<u>2,842,374</u>
Deduct Provision Expected Credit Loss	(442,145)	-
Total receivables	<u>3,872,746</u>	<u>2,842,374</u>

7. AVAILABLE - FOR - SALE FINANCIAL ASSETS

Financial Assets Held at Fair Value through Other Comprehensive Income

(a) Unlisted Equities

Bluesky Samoa - 25% shareholding	14,339,611	13,826,075
Bluesky Pacific Holdings Ltd - 30% shareholding	8,741,226	8,588,266
Samoa Submarine Cable Company 20%	5,699,005	4,400,840
Unit Trust of Fiji (3,199,407 units)	8,868,873	9,064,692
ATH (251,064 units)	613,542	-
Available for Sale Financial Assets - Equity	<u>38,262,257</u>	<u>35,879,872</u>

Determining Fair Values

The trust measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price in active market for an identical instrument.

Level 2: The Board has approved policy for unlisted equities to be revalued annually by Management and every three years by an independent valuer. The Trust determines fair values for unlisted equity investments using valuation techniques as outlined in note 1(e). Some or all of the significant inputs these valuations use may not be observable in the market, and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ both observable and unobservable inputs as well as key assumptions require a higher degree of judgement and estimation of fair value by Manager and Independent Valuer.

The table below analyses financial assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categorized:

	Level 1	Level 2	Total	Total
Opening balance	9,064,692	26,815,181	35,879,873	26,583,301
Additional investments	919,658	-	919,658	8,038,370
Gain/(Loss) on FV revaluation	(625,367)	1,898,102	1,272,735	1,208,135
Foreign exchange gain	123,433	66,558	189,991	50,065
Balance at year end	<u>9,482,416</u>	<u>28,779,841</u>	<u>38,262,257</u>	<u>35,879,872</u>

(b) Investment Securities

State Owned Enterprises (SOEs)	46,659,982	40,288,441
Government of Samoa	29,605,621	32,575,825
	<u>76,265,603</u>	<u>72,864,266</u>
Deduct Provision Expected Credit Loss	(335,315)	(346,803)
Available for Sale Financial Assets - Securities	<u>75,930,288</u>	<u>72,517,463</u>

UNIT TRUST OF SAMOA (TRUST)
Notes to the financial statements
For the year ended 30 June 2020

7. AVAILABLE - FOR - SALE FINANCIAL ASSETS (continued)

(b) Investment Securities

Current	7,635,772	12,379,392
Non - Current	68,629,831	60,484,874
Total Gross Investment Securities	76,265,603	72,864,266
Movement per Provision Expected Credit Loss		
Opening balance	(346,803)	(1,749,565)
Movement in provision during the year	11,488	1,402,762
Closing balance	(335,315)	(346,803)

8. PAYABLES & ACCRUALS

Audit fee	13,800	13,800
Interest on Convertible Notes	150,673	225,611
Other payables & accruals	210,949	350,017
Total payables and accruals	375,422	589,428

9. DIVIDEND PAYABLE

Dividend payable	3,266,835	6,519,155
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Final dividend was declared for unitholders as per Trust board meeting on the 26th June 2020 for the financial year ended 30 June 2020.

10. DUE TO GOVERNMENT

Government Advance		
Current	790,000	790,000
Non - Current	3,950,000	4,740,000
	4,740,000	5,530,000

The balance is owed to Government for the 25% of Bluesky Samoa shares. The repayment commenced on the 1st July 2016 until it is fully paid.

11. CONVERTIBLE AND PROMISSORY NOTES

Convertible Notes	13,000,000	21,000,000
Promissory Notes	7,470,000	7,470,000
Total Convertible & Promissory notes	20,470,000	28,470,000

These represents a major source of funding for the Trust and are in effect a form of loan, with fixed term and interest rate. The convertible notes includes an equity conversion feature for the note holder to convert into units.

12. RELATED PARTY DISCLOSURES

Manager

The Manager of the Trust is the Unit Trust of Samoa (Management) Limited.

The directors of the management company are:

- a) Afoa Asiata Kolone Vaai
- b) Leasiosiofa'asisina Oscar Malielegaoi (ended February 2020)
- c) Magele Arthur Penn
- d) Toleafoa Douglas Creevey (commenced March 2020)
- e) Lauano Lauina Grace (commenced March 2020)
- f) Lutuiloa Vaiula Solomona (commenced March 2020)

12. RELATED PARTY DISCLOSURES (continued)

Manager's fees

Under the terms of the Trust Deed, the Manager is entitled to receive manager's remuneration approved by both the Trustee and the Manager. On the 21st November 2018 the Board resolved to approve the reduction of the Management Fee rate from 2%p.a to 1.75%p.a. of Trusts net assets effective 1 January 2019. The Board resolved to approve the reduction of the Manager's fee from 1.75% to 1.40% on 29 May 2019 effective 1st July 2019.

Trustee

The current Trustee of the Trust is "Tafailagi Trustee Company Ltd".

The present directors of the Trustee Company are:

- a) Taito John Roache
- b) Luana Roache

Trustee's fee

The board approved on the 31 January 2018 for the Trustee to receive \$30,000 per annum and .5% of the Trust comprehensive profit and for the Management Company to pay the Trustee's fee.

All transactions with related parties are conducted on normal commercial terms and conditions.

	2020	2019
	\$	\$
Major Transactions with related parties		
Managers fees	1,750,677	1,719,454
Board Management & Staff - Unit balances	100,780	38,228
Owing by Related Parties		
Net amount due from/(to)Managers	451,996	(159,152)

13. FINANCIAL RISK MANAGEMENT

The Trust's activities expose it to a variety of financial risks: market risk (including interest rate risk, credit risk, performance risk and price risk), liquidity risk and operational risk. The Trust's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Trust's focuses on the unpredictability of financial markets financial performance. The Manager has the overall responsibility for the establishment and oversight of the Trust's risk management framework. The Trust's risk management policies are established to identify and analyse the risks faced by the Trust, to be set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities.

Market risk

i) Interest rate

This is the risk borne by interest bearing assets such as term deposits and capital notes due to the changes in interest rates. Through its investment policy the Trust aims to balance its portfolio through short term deposits, capital notes and medium to long term Government bonds. At the reporting date the interest rate profile of the Trust's interest-bearing financial instruments was:

Capital Notes	46,659,982	40,288,442
Government of Samoa loan	29,605,621	32,575,825
Term deposits	30,000,000	19,000,000
Total Gross	106,265,603	91,864,267

UNIT TRUST OF SAMOA (TRUST)
Notes to the financial statements
For the year ended 30 June 2020

13. FINANCIAL RISK MANAGEMENT (continued)

ii) Credit risk

This refers to the risk of losing investment funds due to companies, banks and financial institutions the Trust has deposits with and providing short term capital notes defaulting on their repayments of interest and principal. For deposits with banks and financial institutions, only reputable parties with known sound financial standing are accepted. The Trust minimizes credit risk by conducting thorough due diligence on any investments it makes, using the Government General Guarantee capped at 50 million SAT.

The total expenditure of credit risk in the Trust's portfolio is as follows:

	2020	2019
	\$	\$
Capital Notes	46,659,982	40,288,442
Government of Samoa loan	29,605,621	32,575,825
Cash and term deposits at bank	45,712,799	35,771,813
Listed and unlisted equities	38,262,257	35,879,872
Total Gross	<u>160,240,659</u>	<u>144,515,952</u>

The Trust only issues Capital Notes to State Owned Enterprises.

iii) Performance risk

This risk relates to the performance of the investment in which the Trust has invested. The return on a particular investment such as a share is affected by the performance of the issuer of the investment. Different investments tend to perform differently under the same operating environment. Therefore the Trust at all times will try to have different types of investments in its portfolio.

(iv) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due. The Trust aims to maintain a buffer fund in liquid assets at all times to meet expected normal redemptions. Under the Trust Deed, the manager, with the concurrence of the Trustee, may suspend the redemption of units for such time as may be necessary to realise sufficient liquid funds to meet any unusual redemption requests. The table below analyses the Trust's financial assets into relevant maturity groupings based on the remaining period at the balance date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	No Specific	Less than 6	Between 6	
	Maturity	months	months & 1	
As at 30 June 2020			year	Total
Cash & Cash equivalents		15,712,799		15,712,799
Term Deposits		18,000,000	12,000,000	30,000,000
Investment Securities	29,605,621		46,659,982	76,265,603
Unlisted equities	38,262,257			38,262,257
	<u>67,867,878</u>	<u>33,712,799</u>	<u>58,659,982</u>	<u>160,240,659</u>
	No		Between 6	
	Specific	Less than	months &	
As at 30 June 2019	Maturity	6 months	1 year	Total
Cash & Cash equivalents		16,771,813		16,771,813
Term Deposits		5,000,000	14,000,000	19,000,000
Investment Securities	32,575,825		40,288,442	72,864,267
Unlisted equities	35,879,872			35,879,872
	<u>68,455,697</u>	<u>21,771,813</u>	<u>54,288,442</u>	<u>144,515,952</u>

13. FINANCIAL RISK MANAGEMENT (continued)

(v) Operational risk

i) Data risk

This is the risk of losing information including unit holder account details even though there is dual system storage of a hard copy filing system and electronic database. The Manager ensures confidentiality and security of all unit holders information. The Trust has developed a Unit Registry System to store information. Daily backups of electronic information are being done by the Management and Staff.

ii) Legal risk

Legal risks refer to the risk of being legally non compliant due to changes in Government and Regulators current policies and regulations. All processes and applications are endorsed by the Attorney General's Office including Prospectus and the Trust Deed.

iii) Operational risk

Operational risk is defined as the risk arising from the Trust's and its related entities business functions and from the practical implementation of the Manager's strategy for growing the Trust. The Manager has developed a three year strategic plan and annual key performance indicators to ensure performance of the Trust. The Manager also conducts third party due diligence on new investments before recommending any investment to Trustees.

14. CONTINGENT LIABILITIES

The Trustee and the Manager are not aware of any contingent liabilities at year end. (2019:SAT\$Nil)

15. CAPITAL COMMITMENTS

Cabinet as per FK (17)25 dated 12 July 2017 approved the construction of a new office building for the Samoa High Commission Office Wellington New Zealand estimated \$25,375,000 and the funding of this project to be provided by UTOS. As at 30 June 2020 the full amount of this project is undrawn.

16. GENERAL INFORMATION

Date of Formation

The trust was established on the 9th July 2010.

Unit Trust of Samoa ("the Trust") is a unit trust incorporated and domiciled in Samoa. The address of its registered office and principal place of business is Level 3 of the Development Bank of Samoa Building, Apia.

Principal activity

The trust is an investment vehicle that allows investors monies to be pooled with other unitholders' monies that in return are re-issued with units and become unit holders in the unit trust. The pooled funds in the trust are then invested by the Unit Trust of Samoa (Management) Ltd, the fund manager in accordance with the investment guidelines contained in the prospectus and investment policy manual.

The financial statements were authorised for issue by the Trustees and Managers on 9 September 2020.

GENERAL INFORMATION

Head Office Location

Level 3 Development Bank Building
Savalalo, Apia
SAMOA

Contact

Telephone: +685 29916 / 26949

Email: info@utos.ws

For more information

Website: www.utos.ws

Facebook: Unit Trust of Samoa

Auditor

Leota Niumata Chartered Accountants
Nia Mall, Saleufi, Apia

Trustee

Tafailagi Trustee Company Ltd, Poinsettia Building,
Motootua