

SPDR® STRAITS TIMES INDEX ETF

(Formerly known as streetTRACKS® Straits Times Index Fund)

Stock Code: STTF

Website: www.spdrs.com.sg

Annual Report 2011

1st July 2010 to 30th June 2011

Precise in a world that isn't.



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SPDR® STRAITS TIMES INDEX ETF

(Formerly known as streetTRACKS® Straits Times Index Fund)

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MANAGER'S INVESTMENT REPORT

For the financial year ended 30 June 2011

Manager's Notes

About SPDR® STRAITS TIMES INDEX ETF

SPDR® STRAITS TIMES INDEX ETF (formerly known as streetTRACKS® Straits Times Index Fund) (the "Fund") Singapore's first locally created exchange traded fund, is designed to track the performance of the Straits Times Index (STI). Shares of SPDR® STRAITS TIMES INDEX ETF were listed and traded on SGX-ST since 17 April 2002.

Details of SPDR® STRAITS TIMES INDEX ETF

NAV per share (30 June 2011):	S\$3.188
Total assets (30 June 2011):	S\$400.12 million
Fund currency:	Singapore dollar
Listing date on SGX-ST:	17 April 2002
Stock code on SGX-ST:	STI ETF
Board lot:	1000 shares
Price:	Approximately 1/1000th of the STI
CPF usage:	Included in CPF Investment Scheme – Ordinary Account
Annual costs:	0.3%

Benefits of investing in SPDR® STRAITS TIMES INDEX ETF

SPDR® STRAITS TIMES INDEX ETF offers investors the opportunity to gain diversified exposure to the leading companies in Singapore and participate in Singapore's long term growth potential in a single transaction, at relatively low cost.

Just like any share listed on SGX-ST, investors can buy and sell anytime during the trading day, on margin or sell short. Investors can also receive regular dividends. Unlike ordinary unit trusts, there are no sales charges upon purchase. Instead, investors pay brokerage commissions to buy or sell. SPDR® STRAITS TIMES INDEX ETF total annual fees, including management and trustee fees, are also low at 0.3%.

Performance of the Scheme

	3-month	6-month	1-year	3-year	5-year	Annualised since inception
From	31-Mar-11	31-Dec-10	30-Jun-10	30-Jun-08	30-Jun-06	11-Apr-02
To	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
Fund*	0.50%	-1.12%	12.42%	5.20%	8.61%	9.81%
Fund**	0.50%	-2.19%	10.10%	1.91%	5.08%	6.58%
STI**	0.47%	-2.18%	10.05%	1.92%	5.08%	6.53%

* Includes dividends

** Excludes dividends

Notes:

- (1) As stated in the financial statements, units are issued and redeemed through the creation and redemption of an Index Basket in accordance with the Fund's Trust Deed. The Fund does not, therefore, publish a bid price and the Fund's returns have been computed from Net Asset Values. The net distributions of the Fund have been included for the purposes of this return calculation.
- (2) The benchmark returns are stated on a price only basis and do not include dividends. The performance of the Straits Times Index with dividends reinvested is not published.

MANAGER'S INVESTMENT REPORT *(Continued)*

For the financial year ended 30 June 2011

Details of Top 10 Holdings of the Fund

As at 30 June 2011						
	Cost	Market value/ Fair value	Percentage of total net assets	Percentage of free-float adjusted share capital owned	Dividends received	Dividend cover ratio
	SGD	SGD	%	%	SGD	
DBS Group Holdings Limited	29,769,309	35,090,777	8.77	0.14	572,467	1.59
Singapore Telecommunications Limited	32,560,290	34,633,267	8.66	0.14	924,568	0.93
Overseas Chinese Banking Corporation Limited	27,995,721	32,396,291	8.10	0.14	651,211	2.18
United Overseas Bank Limited	27,771,386	31,738,509	7.93	0.14	832,925	2.80
Jardine Matheson Holdings Limited	16,878,319	25,419,267	6.35	0.14	310,115	4.14
Hong Kong Land Holdings Limited	16,197,787	21,006,661	5.25	0.14	283,054	13.16
Keppel Corporation Limited	15,714,867	20,432,753	5.11	0.14	533,349	2.41
Wilmar International Limited	21,136,651	19,081,930	4.77	0.14	146,195	5.02
Genting Singapore Plc	13,462,490	16,229,588	4.06	0.14	-	N/A
Noble Group Limited	12,551,244	13,085,680	3.27	0.14	115,683	4.02
	214,038,064	249,114,723				

As at 30 June 2010						
	Cost	Market value/ Fair value	Percentage of total net assets	Percentage of free-float adjusted share capital owned	Dividends received	Dividend cover ratio
	SGD	SGD	%	%	SGD	
Singapore Telecommunications Limited	18,522,859	19,367,409	9.45	0.08	3,313,066	1.73
DBS Group Holdings Limited	13,633,061	18,786,065	9.16	0.08	1,518,138	1.60
United Overseas Bank Limited	14,374,161	18,069,070	8.81	0.08	1,105,028	1.98
Overseas Chinese Banking Corporation Limited	13,509,066	17,275,436	8.43	0.08	1,337,045	2.09
Wilmar International Limited	13,548,042	11,833,422	5.77	0.08	225,100	5.20
Jardine Matheson Holdings Limited	7,581,073	10,180,561	4.97	0.08	465,338	2.80
Hong Kong Land Holdings Limited	6,697,274	9,436,503	4.60	0.08	638,219	4.56
Capitaland Limited	6,634,225	9,178,186	4.48	0.08	262,144	2.36
Keppel Corporation Limited	6,574,134	8,204,795	4.00	0.08	786,641	2.68
Singapore Airlines Limited	5,587,173	6,935,784	3.38	0.08	381,782	1.51
	106,661,068	129,267,231				

The industry in which the above companies conduct their business is shown in the Portfolio Statement on pages 11 to 14.

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MANAGER'S INVESTMENT REPORT *(Continued)*

For the financial year ended 30 June 2011

Amount of Subscription and Redemption

For the year ending 30 June 2011

Subscription = 56,500,000 units SGD180,494,298

Redemption = 2,000,000 units SGD6,239,021

Other Information

During the reporting period, the Fund had no exposure to other unit trusts, mutual funds and collective investment schemes (except for certain listed funds that are included in the Straits Times Index) and had no borrowings. There are no other material information that will adversely impact the valuation of the Fund.

Soft Dollar Practices

The Manager may receive soft dollar commissions/arrangements in respect of the Fund and is subject to the applicable regulatory and industry standards on soft dollars. The soft dollar commissions/arrangements which the Manager may for the time being receive or enter into include specific advice as to the advisability of dealing in or as to the value of any investments, research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis, and custodial service in relation to the investments managed for clients.

Brokers for the Fund are selected on the basis of the best available terms for execution. As the Manager is a part of the State Street Group which approaches soft dollar on a group wide basis, the benefits received by the Manager through soft dollars may or may not be directly related to the transactions performed for the Fund.

The goods and services received were for the benefit of the Fund. The trades were executed on best available terms, and there was no churning of trades.

Information on the Manager

The Manager is State Street Global Advisors Singapore Limited, an indirect wholly-owned subsidiary of State Street Corporation. The Manager will remain manager of the Fund until terminated in accordance to the Fund's Trust Deed. The basis of the Manager's remuneration is set down in the Fund's prospectus dated 31 March 2011. As agreed between the Manager and the Trustee, the total combined management fees, trustee fees and other recurring expenses for the Fund are currently set at 0.3% per annum of its net asset value.

REPORT OF THE TRUSTEE

For the financial year ended 30 June 2011

The Trustee is under a duty to take into custody and hold the assets of SPDR® STRAITS TIMES INDEX ETF (formerly known as streetTRACKS® Straits Times Index Fund) in trust for the unitholders. In accordance with the Securities and Futures Act (Cap.289), its subsidiary legislation and the Code on Collective Investment Schemes (collectively referred to as the “laws and regulations”), the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting period and report thereon to unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of the Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Certified Public Accountants of Singapore and the Trust Deed.

To the best of the knowledge of the Trustee, the Manager has, in all material respects, managed SPDR® STRAITS TIMES INDEX ETF during the period covered by these financial statements, set out on pages 9 to 24, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee
DBS TRUSTEE LIMITED

JANE LIM
Director

23 September 2011

SPDR® STRAITS TIMES INDEX ETF

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STATEMENT BY THE MANAGER

For the financial year ended 30 June 2011

In the opinion of the Manager of SPDR® STRAITS TIMES INDEX ETF (formerly known as streetTRACKS® Straits Times Index Fund), the accompanying financial statements set out on pages 9 to 24, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of SPDR® STRAITS TIMES INDEX ETF as at 30 June 2011 and the total return for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. At the date of this statement, there are reasonable grounds to believe that SPDR® STRAITS TIMES INDEX ETF will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager
STATE STREET GLOBAL ADVISORS
SINGAPORE LIMITED

HON WING CHEUNG

Director

23 September 2011

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
SPDR® STRAITS TIMES INDEX ETF**

*(Formerly known as streetTRACKS® Straits Times Index Fund)
(Constituted under a Trust Deed in the Republic of Singapore)*

We have audited the accompanying financial statements of SPDR® STRAITS TIMES INDEX ETF (formerly known as streetTRACKS® Straits Times Index Fund) set out on pages 9 to 24, which comprise the Balance Sheet and Portfolio Statement as at 30 June 2011, the Statement of Total Return for the year then ended, and a summary of significant accounting policies and other explanatory information.

Manager's Responsibility for the Financial Statements

The Fund's Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore, and for such internal controls as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Fund's Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF SPDR® STRAITS TIMES INDEX ETF *(Continued)*

(Formerly known as streetTRACKS® Straits Times Index Fund)

(Constituted under a Trust Deed in the Republic of Singapore)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2011 and the total return for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

PricewaterhouseCoopers LLP

Public Accountants and Certified Public Accountants

Singapore, 23 September 2011

STATEMENT OF TOTAL RETURN

For the financial year ended 30 June 2011

	Note	2011 S\$	2010 S\$
Investment Income			
Dividends		7,627,020	13,369,061
Interest		—	—
		<u>7,627,020</u>	<u>13,369,061</u>
Less: Expenses	3	<u>(764,676)</u>	<u>(1,693,290)</u>
Net investment income before income tax		6,862,344	13,675,771
Less: income tax	4	<u>(34,279)</u>	<u>(92,639)</u>
Net investment income after income tax		<u>6,828,065</u>	<u>13,583,132</u>
Net gain or loss on value of investments			
Net realised gain on investments		3,047,071	168,004,872
Net change in fair value of investments		15,557,500	(45,420,535)
Net realised loss on foreign exchange		(24,964)	(21,335)
Net unrealised (loss)/gain on foreign exchange		<u>(3,444)</u>	<u>2,864</u>
Net gain on value of investments		<u>18,576,163</u>	<u>122,565,866</u>
Total return for the financial year		<u><u>25,404,228</u></u>	<u><u>136,148,998</u></u>

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

SPDR® STRAITS TIMES INDEX ETF

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BALANCE SHEET

For the financial year ended 30 June 2011

	Note	2011 S\$	2010 S\$
ASSETS			
Portfolio of investments		392,078,098	201,353,242
Sales awaiting settlement		–	201,410
Net dividend receivables		192,197	498,485
Cash and bank balances	5	8,137,867	3,342,023
Total assets		400,408,162	205,395,160
LIABILITIES			
Purchases awaiting settlement		–	221,364
Due to manager		291,397	169,945
Cash collateral payable		–	1,591
Net assets attributable to unitholders	6	400,116,765	205,002,260
Total liabilities		400,408,162	205,395,160

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

PORTFOLIO STATEMENT

As at 30 June 2011

Primary – by Industry

	Holdings at 30 June 2011	Fair value at 30 June 2011 S\$	Percentage of total net assets attributable to unitholders at 30 June 2011 %
Quoted			
EQUITIES			
Finance			
DBS Group Holdings Limited	2,393,641	35,090,777	8.77
Oversea-Chinese Banking Corporation Limited	3,464,844	32,396,291	8.10
Singapore Exchange Limited	1,478,434	11,132,608	2.78
United Overseas Bank Limited	1,617,661	31,738,509	7.93
		110,358,185	27.58
Manufacturing			
Fraser & Neave Limited	1,926,751	11,155,888	2.79
SembCorp Marine Limited	1,156,020	6,126,906	1.53
Singapore Press Holdings Limited	2,202,119	8,544,222	2.14
Golden Agri-Resources Limited	12,206,654	8,300,525	2.07
Golden Agri-Resources Limited WTS Call EXP 23JUL12	1,669,834	267,173	0.07
		34,394,714	8.60
Properties			
City Developments Limited	943,424	9,773,873	2.44
CapitaLand Limited	4,385,370	12,717,573	3.18
Capitalmall Trust*	3,288,622	6,149,723	1.54
Capitallands Asia Limited	2,158,047	3,172,329	0.79
Genting Singapore Plc	8,409,113	16,229,588	4.06
Global Logistic Properties	2,543,455	5,214,083	1.30
Hong Kong Land Holdings Limited	2,408,960	21,006,661	5.25
		74,263,830	18.56

* This is a collective investment scheme

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

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PORTFOLIO STATEMENT (Continued)

As at 30 June 2011

Primary – by Industry (Continued)

	Holdings at 30 June 2011	Fair value at 30 June 2011 S\$	Percentage of total net assets attributable to unitholders at 30 June 2011 %
Quoted			
EQUITIES			
Multi-Industry			
Keppel Corporation Limited	1,847,446	20,432,753	5.11
Jardine Matheson Holdings Limited	363,094	25,419,267	6.35
SembCorp Industries Limited	1,238,995	6,182,585	1.54
Singapore Technologies Engineering Limited	2,106,192	6,318,576	1.58
		<hr/>	
		58,353,181	14.58
Commerce			
Jardine Cycle & Carriage Limited	197,583	8,472,359	2.12
Jardine Strategic Holdings Limited	305,431	11,478,989	2.87
Noble Group Limited	6,642,477	13,085,680	3.27
Olam International Limited	2,212,149	5,994,924	1.50
Wilmar International Limited	3,527,159	19,081,930	4.77
		<hr/>	
		58,113,882	14.53
Transportation/storage/communication			
Comfortdelgro Corporation (S) Limited	2,902,048	4,207,970	1.05
Neptune Orient Lines Limited	1,422,367	2,161,998	0.54
Singapore Airlines Limited	819,944	11,626,806	2.90
Singapore Telecommunications Limited	10,994,688	34,633,267	8.66
Starhub Limited	951,366	2,644,797	0.66
SIA Engineering Co	304,025	1,319,468	0.33
		<hr/>	
		56,594,306	14.14
Portfolio investments		392,078,098	97.99
Cash and other net assets		8,038,667	2.01
		<hr/>	
Net assets attributable to unitholders		400,116,765	100.00

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

SPDR® STRAITS TIMES INDEX ETF
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PORTFOLIO STATEMENT *(Continued)*

As at 30 June 2011

Primary – by Industry *(Continued)*

Summary

	Percentage of total net assets attributable to unitholders at 30 June 2011	Percentage of total net assets attributable to unitholders at 30 June 2010
	%	%
QUOTED		
Finance	27.58	29.49
Manufacturing	8.60	8.28
Properties	18.56	17.25
Multi-Industry	14.58	12.33
Commerce	14.53	14.46
Transportation/storage/communication	14.14	16.41
	97.99	98.22
Portfolio of investments		
Cash and other net assets	2.01	1.78
	100.00	100.00
Net assets attributable to unitholders	100.00	100.00

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

SPDR® STRAITS TIMES INDEX ETF

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PORTFOLIO STATEMENT (Continued)

As at 30 June 2011

Secondary – by Geography

	Fair value at 30 June 2011 S\$	Percentage of total net assets attributable to unitholders at 30 June 2011 %	Percentage of total net assets attributable to unitholders at 30 June 2010 %
By Country of Incorporation			
Singapore	296,290,215	74.05	79.06
Bermuda	70,990,597	17.74	15.05
Mauritius	8,567,698	2.14	1.88
United Kingdom	16,229,588	4.06	2.23
Portfolio of investments	392,078,098	97.99	98.22
Cash and other net assets	8,038,667	2.01	1.78
Net assets attributable to unitholders	400,116,765	100.00	100.00

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

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2011

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

SPDR® STRAITS TIMES INDEX ETF (the "Fund") (formerly known as streetTRACKS® Straits Times Index Fund) is a Singapore-domiciled fund constituted by a Trust Deed dated 26 March 2002 (the "Original Deed"). The Original Deed as modified by subsequent supplemental deeds (the "Supplemental Deeds") is amended and restated by a Sixth Amending and Restating Deed dated 31 March 2011. The Deed is between State Street Global Advisors Singapore Limited and DBS Trustee Limited. The Deed is governed by the laws of the Republic of Singapore. The Fund is also listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and is included under the Central Provident Fund ("CPF") Investment Scheme.

The investment objective of the Fund is to replicate as closely as possible, before expenses, the performance of the Straits Times Index. The Straits Times Index ("STI") comprises 30 blue-chip companies on the SGX Main Board ranked by market capitalisation that pass the relevant investability screens. The index sponsor of the STI is FTSE International Limited ("FTSE").

Based on FTSE's international methodology, these companies have been included based on the following criteria:

1. Free Float. The free float of a listed company must be greater than 15%. The definition of "free float" includes portfolio investments, nominee holdings and holdings by investment companies.
2. Liquidity. A stock must trade with a median daily turnover value of at least 0.05% of the value of its free float-adjusted shares in issue for at least 10 out of the last 12 months.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements, expressed in Singapore dollars, are prepared in accordance with the historical cost convention, modified by the revaluation of investments at fair value, and in accordance with the Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Certified Public Accountants of Singapore ("ICPAS").

(b) Recognition of income

Dividend income is recorded gross in the financial statements in the accounting period in which the security is quoted ex-dividend. Bank interest and other income are recognized on a time proportion basis using the effective interest method.

SPDR® STRAITS TIMES INDEX ETF

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 30 June 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) *Financial assets at fair value through profit or loss*

Investments are classified as financial assets at fair value through profit or loss.

(i) *Initial recognition*

Purchases of investments are recognized on trade date. Investments are recorded at fair value on initial recognition.

(ii) *Subsequent measurement*

Investments are subsequently carried at fair value. Net change in fair value on investments are included in the Statement of Total Return in the period which they arise.

(iii) *De-recognition*

Investments are de-recognized on the trade date of disposal. The resultant realized gains and losses on the sales of investments are computed on the basis of the difference between the first-in-first-out cost and selling price net of transaction costs, and taken up in the Statement of Total Return.

(d) *Basis of valuation of investments*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price for these investments held by the Fund is the current market quoted bid price.

(e) *Foreign currency translation*

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements are presented in Singapore dollars, which is the Fund's functional and presentation currency.

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange prevailing at the date of the balance sheet date. Transactions in foreign currencies during the period are translated into Singapore dollars at the rates of exchange prevailing at transaction dates. All exchange gains or losses are recognized in the Statement of Total Return.

(f) *Provisions*

Provisions are recognized when the Fund has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

(g) *Distribution*

The Manager shall have the absolute discretion to determine whether a distribution is to be made. In the event that the Manager determines that a distribution will be made, an amount required to effect such a distribution shall be transferred to a distribution account for payment on distribution date. This amount shall not be treated as part of the property of the Fund. Distributions are accrued on ex-dividend date.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

As at 30 June 2011

3. EXPENSES

As agreed between the Manager and the Trustee, the total combined management, trustee and other fees for the Fund are set at 0.3% per annum of its net asset value.

4. INCOME TAX

	2011	2010
	S\$	S\$
Singapore income tax	34,279	92,639

(a) The Fund is included in the CPF Investment Scheme and, therefore, the following income is exempted from tax in accordance with section 35(12) and (12A) of the Income Tax Act (Cap 134) of Singapore, subject to certain conditions.

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which tax has been deducted under section 45 of the Income Tax (Act);
- (iii) dividends derived from outside Singapore and received in Singapore;
- (iv) gains or profits derived from foreign exchange transactions; and
- (v) distribution from foreign unit trusts derived from outside Singapore and received in Singapore.

(b) The Singapore income tax represents tax deducted at source for Singapore sourced dividends. The foreign income tax represents tax deducted at source on dividends derived from outside Singapore and received in Singapore.

5. CASH AND BANK BALANCES

	2011	2010
	S\$	S\$
Cash and cash equivalents	8,137,867	3,342,023

The carrying amounts of cash and cash equivalents approximate their fair value.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 30 June 2011

6. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	2011	2010
	S\$	S\$
At the beginning of the financial year	205,002,260	624,028,009
Operations		
Net investment income after income tax	6,828,065	13,583,132
Net gain/loss on investments	18,576,163	122,565,866
Change in net assets attributable to unitholders resulting from operations	25,404,228	136,148,998
Unitholders' contributions/(withdrawals)		
Creation of units	180,494,298	84,568,011
Cancellation of units	(6,239,021)	(620,782,758)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	174,255,277	(536,214,747)
Distribution to unitholders (note 8)	(4,545,000)	(18,960,000)
Total decrease in net assets attributable to unitholders	195,114,505	(419,025,749)
At the end of the financial year	400,116,765	205,002,260
Units in issue (note 7)	125,500,000	71,000,000
	S\$	S\$
Net assets attributable to unitholders per unit	3.188	2.887

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

As at 30 June 2011

7. UNITS IN ISSUE

	2011	2010
	Units	<i>Units</i>
Units at beginning of the year	71,000,000	262,500,000
Units created	56,500,000	30,500,000
Units cancelled	(2,000,000)	(222,000,000)
	125,500,000	71,000,000
Units at end of the year	125,500,000	71,000,000

8. DISTRIBUTION

On 26 July 2010, the Fund declared a final dividend distribution of S\$0.03 per unit in relation to the income received in the financial year ended 30 June 2010. This dividend distribution comprises S\$0.0115 per unit made out of Foreign tax exempt dividends and S\$0.0185 per unit made out of Singapore tax exempt (one-tier) dividends. The final dividend totalling S\$2,130,000 was paid on 11 August 2010.

On 25 January 2011, the Fund declared an interim dividend distribution of S\$0.035 per unit. This interim dividend is made out of Singapore tax exempt (one-tier) dividends. The dividend totalling S\$2,415,000 was paid on 11 February 2011.

It is anticipated that distributions will be made twice a year and that the amount of the distribution will approximately the yield on the Straits Times Index.

SPDR® STRAITS TIMES INDEX ETF

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NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

As at 30 June 2011

9. FINANCIAL RISK MANAGEMENT

The Manager continually monitors the Fund's exposure to risk and appropriate procedures are in place to manage the risks.

Market risk

Market risk is the risk of potential adverse changes to the value of financial instruments and/or their derivatives because of changes in market conditions like interest and currency rate movements and volatility in commodity or security prices. The Manager manages the Fund's exposure to market risk through the use of risk management strategies that evaluate the effect of cash instruments and/or derivative contracts.

At 30 June 2011, the Fund's market risk is affected by changes in actual market prices of the securities held by the fund. If the Straits Times Index at 30 June 2011 had increased by 4.50% (2010: 10%) with all other variables held constant in the next 12 months, this would have increased net assets attributable to unitholders by approximately 4.50% (2010: 10%). Conversely, if the Straits Times Index had decreased by 4.50% (2010: 10%) during the same period, this would have decreased net assets attributable to unitholders by 4.50% (2010: 10%).

If the spot exchange rate of US dollars had appreciated 1.50% (2010: 3.00%) against the Singapore dollars with all other variables held constant in the next 12 months, this would have increased the net asset value of the fund by approximately 0.22% (2010: 0.37%). Conversely, if the spot exchange rate of US dollars had depreciated by 1.50% (2010: 3.00%) against the Singapore dollars, this would have decreased the net asset value of the fund by approximately 0.22% (2010: 0.37%) for the same period.

Interest rate risk

The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 30 June 2011

9. FINANCIAL RISK MANAGEMENT (Continued)

Market price risk

Although the Fund is listed on the Singapore Exchange, the trading price of the Units may differ to some degree from the Units' net asset value. The Value of the Units will generally fluctuate with changes in the market value of the Index Shares. The market price of the Units will generally fluctuate in accordance with changes in the Value of the Units, as well as supply of and demand for Units of the Fund on the Singapore Exchange. It is impossible to predict whether Units will trade at, above or below their Value at any given time. Price differences may be due, in large part, to the fact that supply and demand forces at work in the secondary market for Units will be closely related to, but not identical to, the same forces influencing the market prices of the Index Shares. However, given that the Units can be created and redeemed in Creation and Redemption Unit sizes by Participating Dealers, as applicable, it is not anticipated that large discounts or premiums will be sustained.

Liquidity risk

The Fund's liquidity risk arises mainly from redemptions of units, which are redeemable at the holders' option. It may seek to invest its assets in financial instruments that are traded in an active market which is easily realizable and/or financial instruments where the issuer stands ready to unwind.

The Fund is allowed to borrow in the short term for the purpose of meeting redemptions and short term bridging requirements.

To ensure continuity of funding, dedicated personnel are responsible for ensuring that sufficient cash resources and liquid assets are available to meet liabilities as and when they fall due.

The Manager may from time to time employ derivatives to implement a portfolio strategy to reduce risk or for the purpose of efficient portfolio management.

Foreign currency risk

Due to the nature of the Fund business activities and the nature of its financial assets and financial liabilities, there is minimal foreign exchange risk to the Fund.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 30 June 2011

9. FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (Continued)

Due to the nature of the Fund business activities and the nature of its financial assets and financial liabilities, there is minimal foreign exchange risk to the Fund.

The table below summarises the Fund's exposure to currency risk.

	30 June 2011 USD
Assets	
Portfolio of investments	57,904,917
Cash and bank balances	–
Net dividend receivables	192,197
	<hr/>
Total assets	58,097,114
	<hr/> <hr/>
Liabilities	
Due to manager	–
Net assets attributable to unitholders	–
	<hr/>
Total liabilities	–
	<hr/>
Net currency exposure	58,097,114
	<hr/> <hr/>
	30 June 2010 USD
Assets	
Portfolio of investments	24,772,983
Cash and bank balances	–
Sales awaiting settlement	–
Net dividend receivables	115,841
	<hr/>
Total assets	24,888,824
	<hr/> <hr/>
Liabilities	
Purchases awaiting settlement	13,898
Due to manager	–
Cash collateral payable	–
Net assets attributable to unitholders	–
	<hr/>
Total liabilities	13,898
	<hr/>
Net currency exposure	24,874,926
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 30 June 2011

9. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due, including transactions with counterparties such as issuers, brokers, participating dealers, custodians and banks.

Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any. The Manager has in place procedures for proper credit screening and monitoring of credit risk.

Credit risk also arises from cash and cash equivalents held with financial institutions. The table below summarises the credit ratings of banks in which the Fund's assets are held as at 30 June 2011 and 2010.

	Amount S\$	Credit rating	Source of credit rating
As at 30 June 2011			
Bank			
State Street Bank and Trust Company	8,137,867	B	Moody's
As at 30 June 2010			
Bank			
State Street Bank and Trust Company	3,342,023	B	Moody's

In addition, all investments are held in custody with State Street Bank and Trust Company, whose credit rating assigned by Moody's at 30 June 2011 is B (2010: B). The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

Capital risk

The Fund's capital is solely provided by unitholders. The Fund strives to invest the subscriptions of redeemable participating units in investments that meet the Fund's investment objectives while maintaining sufficient liquidity to meet unitholder redemptions.

SPDR® STRAITS TIMES INDEX ETF

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 30 June 2011

10. RELATED PARTY DISCLOSURES

- (a) The Manager and the Trustee of the Fund are State Street Global Advisors Singapore Limited and DBS Trustee Limited, respectively. State Street Global Advisors Singapore Limited is a subsidiary of State Street Corporation. DBS Trustee Limited is a wholly owned subsidiary of DBS Group Holding Ltd. ("DBS"). Management and trustee fees paid or payable by the Fund are shown in note 3 and on terms set out in the Trust Deed.

The Manager has appointed State Street Bank and Trust Company ("SSB") as the custodian of the Fund. SSB is a subsidiary of State Street Corporation.

- (b) The cash balance of the Fund is held in current accounts as follows:

	2011	2010
	S\$	S\$
Bank balance held at SSB	8,137,867	3,342,023

11. FINANCIAL RATIOS

	2011	2010
	S\$	S\$
Expense ratio ¹	0.30%	0.30%
Portfolio turnover ratio ²	2.65%	6.78%

¹ The expense ratio is computed in accordance with the revised IMAS' guidelines on disclosure of expense ratios dated 25 May 2005. Brokerage and other transaction costs, interest expense, foreign exchange gains/losses, tax deducted at source or arising on income received and dividends paid to unitholders are not included in the expense ratio.

² The portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes". In accordance with the Fund's Trust Deed, units are issued through a creation of an Index Basket. For each creation Unit (comprising 500,000 units), the Fund receives an Index Basket consisting of constituent shares plus or minus a cash payment as determined by the Manager on a daily basis. For the purpose of computation of the portfolio turnover rate, the value of the Index Baskets received is not considered as part of purchases.

12. EVENT OCCURRING AFTER BALANCE SHEET DATE

On 25 July 2011, the Fund announced a final dividend of S\$0.045 per unit totalling 5,647,500. The final dividend was paid on 10 August 2011.

13. CHANGE OF THE NAME OF THE FUND

With effect from 31 March 2011, the name of the Fund was changed from "streetTRACKS® Straits Times Index Fund" to "SPDR® STRAITS TIMES INDEX ETF".

