



streetTRACKS®

Straits Times Index Fund  
annual report  
june 30, 2002

## MANAGER'S NOTES

### ABOUT streetTRACKS STRAITS TIMES INDEX FUND (streetTRACKS STI)

streetTRACKS STI, Singapore's first locally created exchange traded fund, is designed to track the performance of the Straits Times Index (STI). Shares of streetTRACKS STI were listed and traded on SGX-ST since 17 April 2002.

### DETAILS OF streetTRACKS STI

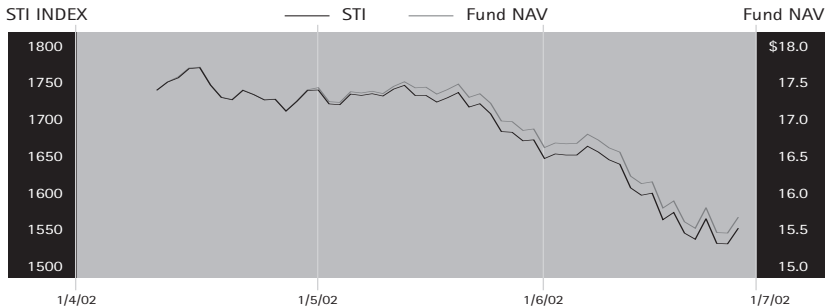
NAV per share (30 June 2002):	S\$15.68
Total assets (30 June 2002):	S\$39.2 million
Fund Currency:	Singapore dollar
Listing Date on SGX-ST:	17 April 2002
Stock Code on SGX-ST:	STI ETF 100
Board Lot:	100 shares
Price:	Approximately 1/100th of the STI
CPF Usage:	Included in CPF Investment Scheme - Ordinary Account
Annual Costs:	0.3%

### BENEFITS OF INVESTING IN streetTRACKS STI

streetTRACKS STI 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. streetTRACKS STI total annual fees, including management and trustee fees, are also low at 0.3%.

### PERFORMANCE



Source: State Street Global Advisors

Since inception, the Straits Times Index has gone through a period of decline. As at 30 June 2002, the index level of the Straits Times Index stood at 1,552.98. The NAV of streetTRACKS STI has tracked the index during this period - as at 30 June 2002, the NAV closed at \$15.68, of which \$15.55 represented the value of the securities portfolio and \$0.13 represented the value of dividends and other amounts accrued to streetTRACKS STI.

## DETAILS OF TOP 10 HOLDINGS OF THE FUND

As at 30 June 2002

	Cost SGD	Market Value/ Fair value SGD	Percentage of total net assets %	Percentage of share capital owned %	Dividends received SGD	Dividend cover ratio
United Overseas Bank Limited	7,796,070	6,768,186	17.27	0.04	99,767	2.91
DBS Group Holdings Limited	6,121,640	5,433,407	13.86	0.04	52,243	5.86
Oversea-Chinese Banking Corporation	4,552,476	3,908,222	9.97	0.04	32,516	4.49
Singapore Telecommunications Limited	3,391,594	2,923,051	7.46	0.04	0	1.55
Singapore Airlines Limited	2,982,635	2,826,545	7.21	0.04	0	4.15
Singapore Press Holdings Limited	3,261,746	2,764,826	7.05	0.04	5,025	1.73
Jardine Matheson Holdings Limited	1,481,508	1,444,516	3.69	0.04	0	1.12
Hongkong Land Holdings Limited	1,256,624	1,170,011	2.98	0.04	0	0.54
Singapore Technologies Engineering Limited	1,106,213	998,970	2.55	0.04	0	1.62
City Developments Limited	983,951	912,536	2.33	0.04	8,992	0.92

## OTHER INFORMATION

Exposure to derivatives – None

Investments in other unit trusts, mutual funds and collective investment schemes – None

Borrowings – None

Any material information that will adversely impact the valuation of the Fund – None

## 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.

The Manager has received soft dollar commissions from Salomon Smith Barney who has provided the service "Datastream". The broker will have executed trades on behalf the Manager and its Associates. As the Manager is a part of the State Street Group which approaches soft dollar arrangements 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.

# streetTRACKS<sup>SM</sup> STRAITS TIMES INDEX FUND

*(Constituted under a Trust Deed in Singapore on 26 March 2002)*

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# AUDITORS' REPORT TO THE UNITHOLDERS OF streetTRACKS<sup>SM</sup> STRAITS TIMES INDEX FUND

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

We have audited the financial statements of streetTRACKS<sup>SM</sup> Straits Times Index Fund (the "Fund") for the financial period ended 30 June 2002 set out on pages 3 to 14. These financial statements are the responsibility of the Manager and the Trustee of the Fund. 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 plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Manager and the Trustee, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements are prepared on the basis of the stated accounting policies and notes, which are in accordance with the Trust Deed.

In our opinion, on the basis of the stated accounting policies and notes, the accompanying financial statements present fairly, in all material respects, the state of affairs of the Fund at 30 June 2002 and its return for the financial period ended on that date.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Singapore

# streetTRACKS<sup>SM</sup> STRAITS TIMES INDEX FUND

(Constituted under a Trust Deed in Singapore on 26 March 2002)

## STATEMENT OF TOTAL RETURN

For the financial period from 26 March 2002 to 30 June 2002

	Notes	2002 \$
INVESTMENT INCOME		
Dividends		409,344
Interest		<u>2</u>
		409,346
LESS: EXPENSES	3	<u>(25,281)</u>
NET INVESTMENT INCOME BEFORE INCOME TAX		384,065
LESS: INCOME TAX	4	<u>(84,441)</u>
NET INVESTMENT INCOME AFTER INCOME TAX		<u>299,624</u>
NET GAINS OR LOSSES ON VALUE OF INVESTMENTS		
Net realised losses on investments sold during the period		(1,021)
Net unrealised depreciation on investments for the period		(4,864,660)
Net losses on foreign exchange		<u>(230)</u>
NET LOSSES ON VALUE OF INVESTMENTS		<u>(4,865,911)</u>
TOTAL RETURN FOR THE PERIOD		<u>(4,566,287)</u>

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

For and on behalf of the Trustee  
DBS TRUSTEE LIMITED

CHEUNG HON WING  
*Director*

ONG YIM LYE  
*Director*

*The accompanying notes form an integral part of these financial statements.  
Auditors' Report - Page 2.*

# streetTRACKS<sup>SM</sup> STRAITS TIMES INDEX FUND

(Constituted under a Trust Deed in Singapore on 26 March 2002)

## BALANCE SHEET

As at 30 June 2002

	Notes	2002 \$
PORTFOLIO OF INVESTMENTS		38,869,567
NON-CURRENT ASSET		
Preliminary expenses at cost, less amortisation	5	199,920
CURRENT ASSETS		
Net dividend receivables		8,578
Cash and bank balances		<u>367,321</u>
		<u>375,899</u>
LESS		
CURRENT LIABILITIES		
Due to manager		<u>246,201</u>
		<u>246,201</u>
NET CURRENT ASSETS		<u>129,698</u>
NET ASSETS		<u>39,199,185</u>
UNITHOLDERS' FUNDS		<u>39,199,185</u>
UNITS IN ISSUE	6	<u>2,500,000</u>
		\$
NET ASSET VALUE PER UNIT		<u>15.68</u>

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

For and on behalf of the Trustee  
DBS TRUSTEE LIMITED

CHEUNG HON WING  
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Auditors' Report - Page 2.

# streetTRACKS<sup>SM</sup> STRAITS TIMES INDEX FUND

*(Constituted under a Trust Deed in Singapore on 26 March 2002)*

## STATEMENT OF MOVEMENTS IN UNITHOLDERS' FUNDS

*For the financial period from 26 March 2002 to 30 June 2002*

	Notes	2002 \$
OPERATIONS		
Net investment income after income tax		299,624
Net losses on investments		<u>(4,865,911)</u>
Net decrease in net assets resulting from operations		(4,566,287)
UNITHOLDERS' CONTRIBUTIONS		
Creation of units	7	<u>43,765,472</u>
TOTAL INCREASE IN NET ASSETS		<u>39,199,185</u>

*The accompanying notes form an integral part of these financial statements.  
Auditors' Report - Page 2.*

# streetTRACKS<sup>SM</sup> STRAITS TIMES INDEX FUND

(Constituted under a Trust Deed in Singapore on 26 March 2002)

## PORTFOLIO STATEMENT

As at 30 June 2002 (Primary)

	Market value at 30 June 2002 \$	Percentage of total net assets at 30 June 2002 %
<b>SINGAPORE - QUOTED EQUITIES</b>		
<b>BY INDUSTRY</b>		
<b>FINANCE</b>		
DBS Group Holdings Limited	5,433,407	13.86
Great Eastern Holdings Limited	619,742	1.58
Oversea-Chinese Banking Corporation	3,908,222	9.97
Singapore Exchange Limited	323,417	0.83
United Overseas Bank Limited	6,768,186	17.27
	<hr/>	
	17,052,974	43.51
<b>MANUFACTURING</b>		
Chartered Semiconductor Manufacturing Limited	598,093	1.53
Creative Technology Limited	276,289	0.70
Elec & Eltek International Company Limited	115,532	0.29
Fraser & Neave Limited	627,937	1.60
GES International Limited	54,582	0.14
SembCorp Marine Limited	245,297	0.63
Singapore Press Holdings Limited	2,764,826	7.05
ST Assembly Test Services Limited	221,827	0.57
Venture Corporation Limited	850,244	2.17
Want Want Holdings Limited	385,021	0.98
	<hr/>	
	6,139,648	15.66
<b>HOTELS/RESTAURANTS</b>		
Overseas Union Enterprise Limited	226,805	0.58
<b>PROPERTIES</b>		
CapitaLand Limited	537,322	1.37
City Developments Limited	912,536	2.33
HongKong Land Holdings Limited	1,170,011	2.98
Keppel Land Limited	193,730	0.49
Singapore Land Limited	168,487	0.43
United Overseas Land Limited	220,565	0.56
Wing Tai Holdings Limited	107,175	0.27
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	3,309,826	8.43
	<hr/>	

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# streetTRACKS<sup>SM</sup> STRAITS TIMES INDEX FUND

(Constituted under a Trust Deed in Singapore on 26 March 2002)

## PORTFOLIO STATEMENT

As at 30 June 2002 (Primary) (continued)

	Market value at 30 June 2002 \$	Percentage of total net assets at 30 June 2002 %
<b>SINGAPORE - QUOTED EQUITIES</b>		
<b>BY INDUSTRY</b>		
<b>MULTI-INDUSTRY</b>		
Hotel Properties Limited	794	0.00
Keppel Corporation Limited	884,510	2.26
NatSteel Limited	136,449	0.35
SembCorp Industries Limited	463,861	1.18
Singapore Technologies Engineering Limited	998,970	2.55
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	2,484,584	6.34
<b>SERVICES</b>		
Parkway Holdings Limited	149,363	0.38
<b>COMMERCE</b>		
Cycle & Carriage Limited	203,327	0.52
Dairy Farm International Holdings Limited	283,332	0.72
Jardine Matheson Holdings Limited	1,444,516	3.69
Jardine Strategic Holdings Limited	865,887	2.21
	<hr/>	
	2,797,062	7.14
<b>TRANSPORTATION/STORAGE/COMMUNICATION</b>		
Delgro Corp Limited	235,110	0.60
Neptune Orient Lines Limited	310,670	0.79
SembCorp Logistics Limited	188,000	0.48
Singapore Airlines Limited	2,826,545	7.21
Singapore Telecommunications Limited	2,923,051	7.46
SMRT Corporation Limited	140,596	0.36
Total Access Communication Public Company Limited	85,333	0.22
	<hr/>	
	6,709,305	17.12
<b>PORTFOLIO OF INVESTMENTS</b>		
	38,869,567	99.16
<b>CASH AND OTHER NET ASSETS</b>		
	<hr/>	
	329,618	0.84
<b>NET ASSETS</b>		
	<hr/>	
	39,199,185	100.00

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

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# streetTRACKS<sup>SM</sup> STRAITS TIMES INDEX FUND

(Constituted under a Trust Deed in Singapore on 26 March 2002)

## PORTFOLIO STATEMENT

As at 30 June 2002 (Primary) (continued)

	Market value at 30 June 2002 \$	Percentage of total net assets at 30 June 2002 %
<b>DISTRIBUTION OF INVESTMENTS</b>		
a) <i>By Country of Incorporation</i>		
Singapore	35,020,488	89.34
Hong Kong	3,763,746	9.60
Thailand	85,333	0.22
	<hr/>	
<b>PORTFOLIO OF INVESTMENTS</b>	<b>38,869,567</b>	<b>99.16</b>
	<hr/>	
b) <i>By Asset Class</i>		
Equities	38,869,567	99.16
Cash and other net assets	329,618	0.84
	<hr/>	
	<b>39,199,185</b>	<b>100.00</b>
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# streetTRACKS<sup>SM</sup> STRAITS TIMES INDEX FUND

(Constituted under a Trust Deed in Singapore on 26 March 2002)

## SUMMARY OF FINANCIAL HIGHLIGHTS

As at 30 June 2002 (Primary)

### PER UNIT DATA

	2002 \$
Net asset value at the end of the launch period	17.72
Income from investment operations	
Net investment income	0.12
Net realised and unrealised losses on investments	<u>(2.16)</u>
Total from investment operations	<u>(2.04)</u>
Net asset value at end of the period	<u>15.68</u>
Total Return	<u>(11.51%)</u>

### SUPPLEMENTAL DATA AND RATIOS

	2002
Net assets at end of period	\$39,199,185
Ratio of expenses to weighted average net assets <sup>#</sup>	0.25%
Ratio of net investment income to weighted average net assets <sup>#</sup>	2.97%
Portfolio turnover rate <sup>*</sup>	0.19%

\* In accordance with the Fund's Trust Deed, units are issued through a creation of an Index Basket. For each creation Unit (comprising 100,000 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.

# As the fund has been in existence for less than a year, the expenses and net investment income had to be annualised for the purpose of calculating the ratios.

# streetTRACKS<sup>SM</sup> STRAITS TIMES INDEX FUND

*(Constituted under a Trust Deed in Singapore on 26 March 2002)*

## SUMMARY OF FINANCIAL HIGHLIGHTS

*As at 30 June 2002 (Primary) (continued)*

	Market value at 30 June 2002 \$	Percentage of total net assets at 30 June 2002 %
<b>10 LARGEST HOLDINGS AT BALANCE SHEET DATE</b>		
United Overseas Bank Limited	6,768,186	17.27
DBS Group Holdings Limited	5,433,407	13.86
Oversea-Chinese Banking Corporation	3,908,222	9.97
Singapore Telecommunications Limited	2,923,051	7.46
Singapore Airlines Limited	2,826,545	7.21
Singapore Press Holdings Limited	2,764,826	7.05
Jardine Matheson Holdings Limited	1,444,516	3.69
Hongkong Land Holdings Limited	1,170,011	2.98
Singapore Technologies Engineering Limited	998,970	2.55
City Developments Limited	912,536	2.33
	<hr/>	
	29,150,270	74.37

# streetTRACKS<sup>SM</sup> STRAITS TIMES INDEX FUND

*(Constituted under a Trust Deed in Singapore on 26 March 2002)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial period from 26 March 2002 to 30 June 2002*

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

### 1. GENERAL

streetTRACKS<sup>SM</sup> Straits Times Index Fund (the "Fund") is a Singapore-domiciled fund constituted by a Trust Deed dated 26 March 2002 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.

### 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 market value.

#### *(b) Recognition of income*

Dividend income is taken up gross in the financial statements in the accounting period in which it is declared payable. Bank interest and other income are recognised on an accrual basis.

#### *(c) Investments*

Investments are stated at their market values prevailing at the date of the Balance Sheet. Market value is based on the last transacted price at that date. The difference between the market value and the original cost is transferred to the Statement of Total Return. Realised gains and losses on disposal of investments are computed on the basis of the difference between identified cost using FIFO and selling price and are taken up in the Statement of Total Return.

#### *(d) Foreign currencies*

Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange ruling at the date of the Balance Sheet. Transactions during the year are converted into Singapore dollars at the rates of exchange ruling on the transactions dates. Differences on exchange are included in the Statement of Total Return.

# streetTRACKS<sup>SM</sup> STRAITS TIMES INDEX FUND

(Constituted under a Trust Deed in Singapore on 26 March 2002)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 26 March 2002 to 30 June 2002 (continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Forward foreign exchange contracts and other financial instruments

Forward foreign exchange contracts and other financial instruments entered into for hedging purposes are valued at the forward rates prevailing at the date of the Balance Sheet.

Realised and unrealised gains and losses on forward foreign exchange contracts and other financial instruments are recognised in the Statement of Total Return.

#### (f) Preliminary expenses

Preliminary expenses are stated at cost and amortised on a straight-line basis over three accounting years starting from June 2002 through the Statement of Total Return.

### 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

	2002
	\$
Singapore income tax (note a)	82,314
Overseas income tax (note b)	<u>2,127</u>
Total income tax	<u>84,441</u>

(a) The Fund is included in the CPF Investment Scheme and its income is not taxable in Singapore except for tax deducted at source from Singapore sourced dividends.

(b) The overseas taxation represents tax withheld on foreign sourced dividends.

# streetTRACKS<sup>SM</sup> STRAITS TIMES INDEX FUND

(Constituted under a Trust Deed in Singapore on 26 March 2002)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial period from 26 March 2002 to 30 June 2002 (continued)

### 5. PRELIMINARY EXPENSES

	2002 \$
Preliminary expenses incurred during the financial period	205,632
Less: Amortisation during the period	<u>(5,712)</u>
At 30 June 2002	<u>199,920</u>

The amortisation during the period is included as part of the expenses as set out in note 3.

### 6. UNITS IN ISSUE

	2002
Units created	<u>2,500,000</u>

There were no cancellation of units for the financial period from 26 March 2002 to 30 June 2002.

### 7. CREATION OF UNITS

Included in the creation of units balance is an income equalization amount of \$26,758 which represents the amount imputed in the issue price or redemption proceeds (as the case may be) of the units issued or redeemed. This amount comprises the net undistributed dividends and other income received and held or receivable by the Fund up to the date of the issue or redemption.

### 8. 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 is a subsidiary of State Street Corporation. DBS Trustee Limited is a subsidiary of The Development Bank of Singapore Limited. Management and trustee fees paid or payable by the Fund are shown in the Statement of Total Return and on terms set out in the Trust Deed.
- (b) As at the end of the financial period, the cash balance of the Fund is held by its custodian bank which maintained a current account with The Development Bank of Singapore Limited as follows:

	2002 \$
Bank balance	<u>367,321</u>

# streetTRACKS<sup>SM</sup> STRAITS TIMES INDEX FUND

*(Constituted under a Trust Deed in Singapore on 26 March 2002)*

## NOTES TO THE FINANCIAL STATEMENTS

*For the financial period from 26 March 2002 to 30 June 2002 (continued)*

### 9. COMPARATIVE FIGURES

No comparative figures have been presented for the Fund as this is the first set of financial statements since constitution.

The offer of the units (the "Units") in the streetTRACKS Straits Times Index Fund (the "Fund") will be made in, or accompanied by a copy of the prospectus. Any person wishing to acquire the Units will need to buy through their broker or deal in the manner as set out in the prospectus. The value of the Units and the income from them may fall as well as rise. Past performance figures are not necessarily indicative of future performance of the Fund. Investors should note that they will not usually be able to directly redeem Units while the Fund is listed. They may only redeem Units through a broker or dealer who has entered into a participating dealer agreement with State Street Global Advisors Singapore Limited ("SSgA") in the manner as set out in the prospectus. Units are not obligations of, deposits in, or guaranteed by, SSgA or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. The listing of the Units does not guarantee a liquid market for the units. The Units are not in any way sponsored, endorsed, sold, or promoted by SPH Data Services Pte Ltd or Singapore Press Holdings Ltd (collectively, the "Index Sponsor"), and the Index Sponsor bears no liability in connection with the administration, marketing or trading of the Units. No warranty or representation or guarantee of any kind whatsoever relating to the Straits Times Index (the "STI") or the Units is given by the Index Sponsor. The Index Sponsor is entitled to all intellectual property rights in the STI. Each of Singapore Exchange Securities Trading Limited, its subsidiaries, related corporations, and holding company, and their respective directors or employees, and any other party involved in, or related to, making or compiling the STI (together, the "Relevant Persons") makes no guarantee, warranty, representation or undertaking, express or implied, as to the accuracy, correctness, timeliness, completeness, originality, satisfactory quality, merchantability or fitness for any particular purpose of any of the values of the STI, the indicative optimum portfolio value of the Units, or any information or data included in or referable to such values, investing in the Units involves risks, which in any case, are disclaimed by the Relevant Persons and described more fully in the Prospectus. The Units are also subject to the terms and conditions (and disclaimers by the Relevant Persons) set out in the Trust Deed constituting the Units.



STATE STREET GLOBAL ADVISORS



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*For Everything You Invest In™*