



streetTRACKS®

**Straits Times Index Fund  
Semi-Annual Report**

31 December 2008

# streetTRACKS® STRAITS TIMES INDEX FUND

## INTERIM FINANCIAL STATEMENTS (UNAUDITED)

*For the six months ended 31 December 2008*

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## MANAGER'S INVESTMENT REPORT

### MANAGER'S NOTES

#### *About 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 (31 Dec 2008):	S\$1.82
Total assets (31 Dec 2008):	S\$455.44 million
Fund Currency:	Singapore dollar
Listing Date on SGX-ST:	17 April 2002
Stock Code on SGX-ST:	STI ETF 100
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 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 of the Scheme*

Ending 31 Dec 2008	3-month	6-month	1-year (annualised)	3-Year (annualised)	5-Year (annualised)	Annualized Since inception
From	30-Sep-08	30-Jun-08	31-Dec-07	31-Dec-05	31-Dec-03	17-Apr-02
To	31-Dec-08	31-Dec-08	31-Dec-08	31-Dec-08	31-Dec-08	31-Dec-08
Fund	-24.12%	-38.52%	-46.87%	-5.86%	3.50%	3.44%
STI	-25.32%	-40.24%	-49.41%	-9.13%	-0.03%	-0.08%

#### *Notes:*

- 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.
- 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)*

### *Details of Top 10 Holdings of the Fund*

As at 31 Dec 2008

	Market Value/		Percentage of total net assets %	Percentage share capital owned %	Dividends received SGD	Dividend cover ratio
	Cost SGD	Fair Value SGD				
Singapore Telecommunication Limited	62,359,971	64,838,544	14.24	0.32	1,447,977	1.99
United Overseas Bank Limited	49,220,685	47,531,030	10.44	0.32	760,680	2.27
DBS Group Holdings Limited	59,294,139	46,012,128	10.10	0.32	1,489,648	2.17
Overseas-Chinese Banking Corporation	40,027,913	37,314,262	8.19	0.32	1,080,164	2.40
Singapore Airlines Limited	22,702,605	21,351,966	4.69	0.32	1,955,199	1.73
Jardine Matheson Holding Limited	30,567,029	21,133,826	4.64	0.32	0	4.55
CapitaLand Limited	24,630,304	21,027,052	4.62	0.32	0	6.56
Hong Kong Land Holdings Limited	24,831,395	19,166,908	4.21	0.32	482,228	9.52
Singapore Exchange Limited	9,465,418	17,158,244	3.77	0.32	1,076,538	1.18
Keppel Corporation Limited	15,184,535	16,408,968	3.60	0.32	547,069	1.12
	<b>338,283,994</b>	<b>311,942,928</b>				

As at 31 Dec 2007

	Market Value/		Percentage of total net assets %	Percentage share capital owned %	Dividends received SGD	Dividend cover ratio
	Cost SGD	Fair Value SGD				
Singapore Telecommunication Limited	48,874,062	94,317,443	11.70	0.33	3,771,286	82.68
United Overseas Bank Limited	51,941,708	80,496,195	9.99	0.33	1,142,599	48.12
DBS Group Holdings Limited	44,120,765	73,030,469	9.05	0.33	1,151,757	40.57
Overseas-Chinese Banking Corporation	39,403,920	64,636,914	8.01	0.33	1,078,696	36.10
Keppel Corporation Limited	8,834,570	47,643,146	5.91	0.33	317,820	10.07
Singapore Exchange Limited	6,835,759	47,345,745	5.87	0.33	1,052,264	90.42
CapitaLand Limited	10,957,317	31,892,618	3.96	0.33	0	31.30
Singapore Airlines Limited	18,186,979	30,621,197	3.80	0.33	1,929,332	58.49
Hong Kong Land Holdings Limited	12,784,579	29,518,548	3.66	0.33	253,782	11.97
Jardine Matheson Holding Limited	7,689,582	24,473,266	3.03	0.33	186,807	15.06
	<b>249,629,241</b>	<b>523,975,541</b>				

### *Amount of Subscription and Redemption*

For the 6 months ending Dec 31 2008

Subscription = 16,000,000 units SGD32,954,837

Redemption = 2,000,000 units SGD3,386,301

## MANAGER'S INVESTMENT REPORT *(continued)*

### *Other Information*

During the reporting period, the fund had no exposure to derivatives, 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 prospectus dated 4 April 2008. 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.

# streetTRACKS® STRAITS TIMES INDEX FUND

## STATEMENT OF TOTAL RETURN

*For the six months ended 31 December 2008 (unaudited)*

	Notes	Six months ended 31 December 2008 S\$	Six months ended 31 December 2007 S\$
<b>Investment Income</b>			
Dividends		12,824,468	16,715,844
Interest		2,634	62,184
		<hr/>	<hr/>
		12,827,102	16,778,028
Less: Expenses	3	<hr/> (852,662)	<hr/> (1,238,268)
Net investment income before income tax		11,974,440	15,539,760
Less: Income tax	4	<hr/> (68,441)	<hr/> (845,259)
Net investment income after income tax		<hr/> 11,905,999	<hr/> 14,694,501
<b>Net gains or losses on value of investments during the year</b>			
Net realised (loss)/gain on investments sold		(5,855,416)	5,895,725
Net change in fair value of investments		(280,172,506)	(20,714,083)
Net realised (loss) on foreign exchange		(8,085)	(42,521)
Net unrealised (loss) on foreign exchange		<hr/> (898)	<hr/> (909)
Net loss on value of investments		<hr/> (286,036,905)	<hr/> (14,861,788)
Total return for the year		<hr/> (274,130,906)	<hr/> (167,287)

# streetTRACKS® STRAITS TIMES INDEX FUND

## BALANCE SHEET

*For the six months ended 31 December 2008 (unaudited)*

	Notes	As at 31 December 2008 S\$	As at 30 June 2008 S\$
<b>ASSETS</b>			
Portfolio of investments		441,576,080	698,863,292
Sales awaiting settlement		10,545,721	–
Net dividend receivables		1,456,945	210,056
Interest receivables		–	245
Cash and bank balances	5	12,316,578	15,710,544
<b>Total assets</b>		<b>465,895,324</b>	<b>714,784,137</b>
<b>LIABILITIES</b>			
Purchases awaiting settlement		10,086,837	–
Due to manager		371,819	565,099
Net assets attributable to unit holders	6	455,436,668	714,219,038
<b>Total liabilities</b>		<b>465,895,324</b>	<b>714,784,137</b>

# streetTRACKS® STRAITS TIMES INDEX FUND

## PORTFOLIO STATEMENT

As at 31 December 2008 (Unaudited)

### Primary – by Industry

	Holdings at 31 Dec 2008	Fair value at 31 Dec 2008 S\$	Percentage of total net assets attributable to unitholders at 31 Dec 2008 %
<b>Quoted</b>			
<b>EQUITIES</b>			
<b>Finance</b>			
DBS Group Holdings Limited	5,471,121	46,012,128	10.10
Oversea-Chinese Banking Corporation	7,477,808	37,314,262	8.19
Singapore Exchange Limited	3,384,269	17,158,244	3.77
United Overseas Bank Limited	3,684,576	47,531,030	10.44
		148,015,664	32.50
<b>Manufacturing</b>			
Fraser & Neave Limited	4,411,339	13,013,450	2.86
SembCorp Marine Limited	2,632,777	4,423,065	0.97
Singapore Press Holdings Limited	5,091,359	15,834,126	3.48
Golden Agri-Resources Limited	23,926,450	5,622,716	1.23
		38,893,357	8.54
<b>Properties</b>			
Yanlord Land Group	1,736,389	1,554,068	0.34
City Developments Limited	2,181,402	13,895,531	3.05
CapitaLand Limited	6,761,110	21,027,052	4.62
Capitalmall Trust *	3,983,936	6,294,619	1.38
Keppel Land Limited	1,145,063	1,935,156	0.42
Genting International Plc	12,316,779	5,542,551	1.22
Hong Kong Land Holdings Limited	5,394,426	19,166,908	4.21
		69,415,885	15.24

\* This is a scheme

# streetTRACKS® STRAITS TIMES INDEX FUND

## PORTFOLIO STATEMENT

As at 31 December 2008 (Unaudited) (continued)

Primary – by Industry (continued)

	Holdings at 31 Dec 2008	Fair value at 31 Dec 2008 S\$	Percentage of total net assets attributable to unitholders at 31 Dec 2008 %
<b>Quoted</b>			
<b>EQUITIES</b>			
<b>Multi-Industry</b>			
Keppel Corporation Limited	3,789,600	16,408,968	3.60
Jardine Matheson Holdings Limited	794,139	21,133,826	4.64
SembCorp Industries Limited	2,851,454	6,615,373	1.45
Singapore Technologies Engineering Limited	4,748,850	11,254,775	2.47
		<hr/>	
		55,412,942	12.16
		<hr/>	
<b>Commerce</b>			
Jardine Cycle & Carriage Limited	450,801	4,282,610	0.94
Jardine Strategic Holdings Limited	692,518	9,762,634	2.14
Noble Group Limited	3,099,613	3,161,605	0.69
Olam International Limited	4,102,131	4,717,451	1.04
Wilmar International Limited	4,078,212	11,337,429	2.49
		<hr/>	
		33,261,729	7.30
		<hr/>	
<b>Transportation/storage/ communication</b>			
Cosco Corporation (S) Limited	2,856,870	2,699,742	0.59
Neptune Orient Lines Limited	1,871,297	2,095,853	0.46
Singapore Airlines Limited	1,896,267	21,351,966	4.69
Singapore Telecommunications Limited	25,426,880	64,838,544	14.24
Starhub Limited	2,189,164	4,225,087	0.93
SIA Engineering Co	686,086	1,365,311	0.30
		<hr/>	
		96,576,503	21.21
		<hr/>	
Portfolio investments		441,576,080	96.95
Cash and other net assets		13,860,588	3.05
Net assets attributable to unitholders		<hr/>	
		455,436,668	100.00

# streetTRACKS® STRAITS TIMES INDEX FUND

## PORTFOLIO STATEMENT

As at 31 December 2008 (Unaudited) (continued)

Primary – by Industry (continued)

### Summary

	Percentage of total net assets attributable to unitholders at 31 Dec 2008 %	Percentage of total net assets attributable to unitholders at 30 June 2008 %
<b>QUOTED</b>		
Finance	32.50	31.90
Manufacturing	8.54	8.03
Properties	15.24	17.26
Multi-Industry	12.16	9.62
Commerce	7.30	12.95
Transportation/storage/communication	21.21	18.09
	<hr/>	<hr/>
Portfolio of investments	96.95	97.85
Cash and other net assets	3.05	2.15
	<hr/>	<hr/>
Net assets attributable to unit holders	100.00	100.00

# streetTRACKS® STRAITS TIMES INDEX FUND

## PORTFOLIO STATEMENT

*As at 31 December 2008 (Unaudited) (continued)*

### Secondary – By Geography

	Fair value at 31 Dec 2008 S\$	Percentage of total net assets attributable to unit holders at 31 Dec 2008 %	Percentage of total net assets attributable to unit holders at 30 June 2008 %
By Country of Incorporation			
Singapore	377,185,840	82.82	88.03
Bermuda	53,224,973	11.68	7.94
Thailand	-	-	1.11
Mauritius	5,622,716	1.23	-
United Kingdom	5,542,551	1.22	0.77
Portfolio of investments	441,576,080	96.95	97.85
Cash and other net assets	13,860,588	3.05	2.15
Net assets attributable to unitholders	455,436,668	100.00	100.00

# streetTRACKS® STRAITS TIMES INDEX FUND

## NOTES TO THE FINANCIAL STATEMENTS

*For the six months ended 31 December 2008 (Unaudited)*

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

### 1. GENERAL

streetTRACKS® Straits Times Index Fund (the "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 Fifth Amending and Restating Deed dated 16 January 2008. 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. During the year, the Straits Times Index ("STI") was revamped and relaunched effective 10 Jan 2008. The revamped STI comprises 30 blue-chip companies on the SGX Mainboard ranked by market capitalisation as at 31 August 2007. In connection with this revamping exercise, the index sponsor of the STI has been changed to FTSE International Limited.

Base on the 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 Accountant of Singapore ("ICPAS").

# streetTRACKS® STRAITS TIMES INDEX FUND

## NOTES TO THE FINANCIAL STATEMENTS

*For the six months ended 31 December 2008 (Unaudited) (continued)*

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

*(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 recognised on a time proportion basis using the effective interest method.

*(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*

Purchase 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.

# streetTRACKS® STRAITS TIMES INDEX FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2008 (Unaudited) (continued)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) *Foreign currency translation (continued)*

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.

### 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. TAXATION

	Six months ended 31 December 2008 S\$	Six months ended 31 December 2007 S\$
Singapore income tax	51,837	845,259
Overseas income tax	16,604	-
	<hr/>	<hr/>
	68,441	845,259

# streetTRACKS® STRAITS TIMES INDEX FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2008 (Unaudited) (continued)

### 4. TAXATION (continued)

- (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) of the Income Tax Act:
- (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); and
  - (iii) dividends 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. BANK BALANCE

	As at 31 December 2008 S\$	As at 30 June 2008 S\$
Cash at bank and on hand	12,316,578	2,710,210
Short-term bank deposits	-	13,000,334
	<hr/> 12,316,578	<hr/> 15,710,544

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

Cash and cash equivalents are denominated in the following currencies.

	As at 31 December 2008 S\$	As at 30 June 2008 S\$
Singapore Dollar	12,316,578	15,710,544
United States Dollar	-	-
	<hr/> 12,316,578	<hr/> 15,710,544

# streetTRACKS® STRAITS TIMES INDEX FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2008 (Unaudited) (continued)

### 5. BANK BALANCE (continued)

Short-term bank deposits at the balance sheet date have an average maturity within 1 week (2007: 1 month) from the end of the financial year with the following weighted average effective interest rates:

	As at 31 December 2008 %	As at 30 June 2008 %
Singapore Dollar	-	0.69

### 6. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Six months ended 31 December 2008 S\$	For the Financial year ended 30 June 2008 S\$
At the beginning of the financial year	714,219,038	818,074,276
<b>Operations</b>		
Net investment income after income tax	11,905,999	26,669,073
Net loss on investments	(286,036,905)	(134,147,607)
Change in net assets attributable to unit holders resulting from operations	(274,130,906)	(107,478,534)
<b>Unit holders' contributions/(withdrawals)</b>		
Creation of units	32,954,837	28,593,296
Cancellation of units	(3,386,301)	-
Change in net assets attributable to unit holders resulting from net creation and cancellation of units	29,568,536	28,593,296
Distribution to unit holders	(14,220,000)	(24,970,000)
<b>Total (decrease) in net assets attributable to unit holders</b>	<b>(258,782,370)</b>	<b>(103,855,238)</b>
At the end of the financial year	455,436,668	714,219,038
Units in issue (note 7)	250,500,000	236,500,000
Net assets attributable to unit holders per unit	\$ 1.82	\$ 3.02

# streetTRACKS® STRAITS TIMES INDEX FUND

## NOTES TO THE FINANCIAL STATEMENTS

*For the six months ended 31 December 2008 (Unaudited) (continued)*

### 7. UNITS IN ISSUE

	Six months ended 31 December 2008 Units	Year ended 30 June 2008 Units
Units at beginning of the period	236,500,000	22,700,000
Stock-split	-	204,300,000
Unit created	16,000,000	9,500,000
Unit cancelled	(2,000,000)	-
	<hr/>	<hr/>
Units at end of the period	250,500,000	236,500,000

On 9 January 2008, each Unit of SGD34.30 was split into 10 units of SGD3.43 each. In addition, the following changes were made:

- (i) each lot of units traded on the Singapore exchange was increased from 100 units to 1,000 units; and
- (ii) each creation and redemption basket was increased changed from 100,000 units to 500,000 units.

### 8. DISTRIBUTION

For the six months ended 31 December 2008 the Fund has declared a dividend distribution of S\$0.06 per unit, totaling S\$14,220,000 which was paid on 4 August 2008. This dividend distribution comprises S\$0.0176 (net of 18% tax) per unit made out of Singapore taxable dividends and S\$0.0424 per unit made out of Singapore tax exempt one-tier dividends.

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.

## NOTES TO THE FINANCIAL STATEMENTS

*For the six months ended 31 December 2008 (Unaudited) (continued)*

### 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 31 December 2008, the Fund's market risk is affected by two main components: changes in actual market prices and foreign currency movements. If the Straits Times Index at 31 December 2008 had increased by 5% with all other variables held constant, this would have increased net assets attributable to unit holders by approximately 5% (2007: 5%). Conversely, if the Straits Times Index had decreased by 5%, this would have decreased net assets attributable to unit holders by approximately 5% (2007: 5%). If the spot exchange rate of Singapore dollars had appreciated 5% against the US dollars with all other variables held constant, this would have increased the net asset value of the fund by approximately 0.6%. Conversely, if the spot exchange rate of Singapore dollars had depreciated by 5% against the US dollars, this would have decreased the net asset value of the Fund by approximately 0.6%.

#### *Liquidity risk*

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

The Fund has the ability 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.

# streetTRACKS® STRAITS TIMES INDEX FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2008 (Unaudited) (continued)

### 9. FINANCIAL RISK MANAGEMENT (continued)

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

	31 December 2008		Total
	SGD	USD	
<b>Assets</b>			
Portfolio of investments	391,512,712	50,063,368	441,576,080
Cash and bank balances	12,316,578	-	12,316,578
Sales awaiting settlement	9,419,586	1,126,135	10,545,721
Net dividend & interest receivables	1,456,945	-	1,456,945
Interest receivable	-	-	-
<b>Total assets</b>	<b>414,705,821</b>	<b>51,189,503</b>	<b>465,895,324</b>
<b>Liabilities</b>			
Purchases awaiting settlement	10,086,837	-	10,086,837
Due to manager	371,819	-	371,819
Net assets attributable to unit holders	455,436,668	-	455,436,668
<b>Total liabilities</b>	<b>465,895,324</b>	<b>-</b>	<b>465,895,324</b>
	31 December 2007		Total
	SGD	USD	
<b>Assets</b>			
Portfolio of investments	715,945,863	73,701,049	789,646,912
Cash and bank balances	16,206,497	26	16,206,523
Sales awaiting settlement	-	-	-
Net dividend receivables	1,333,782	-	1,333,782
Interest receivables	50	-	50
<b>Total assets</b>	<b>733,486,192</b>	<b>73,701,075</b>	<b>807,187,267</b>
<b>Liabilities</b>			
Purchases awaiting settlement	-	-	-
Due to manager	630,278	-	630,278
Net assets attributable to unit holders	806,556,989	-	806,556,989
<b>Total liabilities</b>	<b>807,187,267</b>	<b>-</b>	<b>807,187,267</b>

## NOTES TO THE FINANCIAL STATEMENTS

*For the six months ended 31 December 2008 (Unaudited) (continued)*

### 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.

#### *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.

#### *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.

# streetTRACKS® STRAITS TIMES INDEX FUND

## NOTES TO THE FINANCIAL STATEMENTS

For the six months ended 31 December 2008 (Unaudited) (continued)

### 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 the Statement of Total Return 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:

	As at 31 December 2008 S\$	As at 30 June 2008 S\$
Bank balance held at SSB	12,316,578	2,710,210
Fixed deposit held at SSB	-	13,000,334
	<hr/>	<hr/>
	12,316,578	15,710,544

- (c) The following significant transaction took place during the financial year between the fund and the following related parties at terms agreed between the parties and within the provisions of the Trust Deed.

	As at 31 December 2008 S\$	As at 30 June 2008 S\$
Interest income – SSB	2,634	75,652
	<hr/>	<hr/>

# streetTRACKS® STRAITS TIMES INDEX FUND

## NOTES TO THE FINANCIAL STATEMENTS

*For the six months ended 31 December 2008 (Unaudited) (continued)*

### 11. FINANCIAL RATIOS

	Six months ended 31 December 2008	Six months ended 31 December 2007
Ratio of expenses to average net assets <sup>1</sup>	0.30%	0.30%
Portfolio turnover rate <sup>2</sup>	9.28%	0.35%

<sup>1</sup> The expense ratio is computed in accordance with the revised IMAS<sup>1</sup> 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 unit holders are not included in the expense ratio.

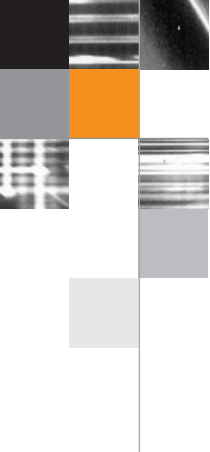
<sup>2</sup> The portfolio turnover ratio is calculated in accordance with the formula stated in the "Code on Collective Investment Schemes". In accordance with the Fund's Trust Deed, units are issued through a creation of an Index Basket. For each creation Unit (comprising 500,000 units), the Fund receives 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 20 Jan 2009, the Fund announced a dividend of S\$0.05 per unit. The dividend was paid on 6 Feb 2009.

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The Prospectus in respect of the offer of the units (the "Units") in the streetTRACKS' Straits Times Index Fund (the "Fund") is available and may be obtained upon request, subject to availability, from State Street Global Advisors Singapore Limited ("SSgA"). Investors should read the Prospectus before deciding whether to acquire Units in the Fund. The value of Units and the income from them may fall as well as rise. Units in the Fund 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. Past performance figures are not necessarily indicative of future performance of the Fund.

Investors have no right to request SSgA to redeem their Units while the Units are listed. It is intended that holders of Units may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited ("SGX-ST"). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The streetTRACKS' Straits Times Index Fund (the "Fund") is not in any way sponsored, endorsed, sold or promoted by SPH Data Services Pte Ltd or Singapore Press Holdings Ltd (collectively "SPH") or FTSE International Limited ("FTSE"). SPH and FTSE make no warranties or representations whatsoever, either expressly or impliedly, either as to the results to be obtained from the Straits Times Index ("STI") and/or the figure at which the STI stands at any particular time on any particular day or otherwise. SPH and FTSE do not warrant or represent or guarantee to any broker or holder of any units in the Fund sold or marketed by State Street Global Advisors Singapore Limited or any member of the public as to the accuracy or completeness of the STI and its computation or any related information. No warranties, representations or guarantees of any kind are made in relation to the STI or the Fund by FTSE or SPH. The units in the Fund are not issued, endorsed, sold or promoted by FTSE or SPH and neither FTSE nor SPH bear any liability in connection with the administration, marketing or trading of the units in the Fund. The STI is calculated by FTSE and neither FTSE nor SPH accept any liability (whether in negligence or otherwise) towards any person for any error in the STI and shall not be under any obligation to advise any person of any error therein. The compilation or composition of the STI or the constituent stocks and factors may be altered or changed by FTSE without notice. All intellectual property rights in the STI vest in SPH.

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.

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