

SPDR® STRAITS TIMES INDEX ETF

Stock Code: ES3

Website: www.spdrs.com.sg

Semi-Annual Report 2017

1st July 2017 to 31st December 2017

STATE STREET
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Contents

	Page
MANAGER'S INVESTMENT REPORT	2
FINANCIAL STATEMENTS	
Statement of Total Return (UNAUDITED)	9
Statement of Financial Position (UNAUDITED)	10
Statement of Movements of Unitholders' Funds (UNAUDITED)	11
Statement of Portfolio (UNAUDITED)	12

SPDR® STRAITS TIMES INDEX ETF

Semi-Annual Report 2017

MANAGER'S INVESTMENT REPORT

Manager's Notes

About SPDR® STRAITS TIMES INDEX ETF

SPDR® STRAITS TIMES INDEX ETF (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 Singapore Exchange Securities Trading Limited ("SGX-ST") since 17th April 2002.

Details of the Fund

NAV per share (31st Dec 2017):	S\$3.4504
Net Assets Attributable to unitholders (31st Dec 2017):	S\$634.88 million
Fund Currency:	Singapore dollar
Listing Date on SGX-ST:	17th April 2002
Stock Code on SGX-ST:	ES3
Board Lot:	100 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 the Fund

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%.

MANAGER'S INVESTMENT REPORT *(Continued)*

Performance of the Scheme

	3-month	6-month	1-year	3-year	5-year	10-year	Annualised Since inception
From	30-Sep-17	30-Jun-17	31-Dec-16	31-Dec-14	31-Dec-12	31-Dec-07	11-Apr-02
To	31-Dec-17	31-Dec-17	31-Dec-17	31-Dec-17	31-Dec-17	31-Dec-17	31-Dec-17
Fund*	5.68	6.95	21.91	3.54	4.32	2.82	7.49
Fund**	5.68	5.42	18.11	0.33	1.28	-0.30	4.33
STI**	5.68	5.47	18.13	0.37	1.45	-0.23	4.36

* Includes dividends

** Excludes dividends

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 STI with dividends reinvested is not published.

Details of Top 10 Holdings of the Fund

As at 31st December 2017						
	Market Value/ Cost Fair Value		Percentage of total net assets value	Percentage of free-float adjusted share capital owned	Dividends received	Dividend Cover Ratio
	SGD	SGD	%	%	SGD	
DBS Group Holdings Limited	61,791,847	90,745,863	14.29	0.20	1,242,653	2.79
Oversea Chinese Banking Corporation	59,825,206	82,713,608	13.03	0.20	1,239,135	2.27
United Overseas Bank Limited	51,751,302	69,010,166	10.87	0.20	928,791	2.62
Singapore Telecommunication Limited	56,058,590	54,215,173	8.54	0.20	1,675,734	1.37
Jardine Matheson Holdings Limited	35,166,513	34,304,012	5.40	0.20	233,654	16.39
Hong Kong Land Holdings Limited	21,604,279	22,392,942	3.53	0.20	200,733	22.13
Keppel Corporation Limited	20,965,121	21,514,141	3.39	0.20	241,182	2.16
Global Logistic Properties Ltd	13,793,781	20,152,020	3.18	0.20	369,518	3.88
Jardine Strategic Holdings Limited	22,623,093	19,619,757	3.09	0.20	–	40.49
Thai Beverage PCL	14,456,653	18,435,251	2.90	0.20	–	2.05
	<u>358,036,385</u>	<u>433,102,933</u>				

MANAGER'S INVESTMENT REPORT *(Continued)*

Details of Top 10 Holdings of the Fund (Continued)

	As at 31st December 2016					
	Market Value/ Cost Fair Value		Percentage of total net assets value	Percentage of free-float adjusted share capital owned	Dividends received	Dividend Cover Ratio
	SGD	SGD			SGD	
DBS Group Holdings Limited	59,617,053	64,115,534	12.16	0.20	1,138,501	2.93
Oversea Chinese Banking Corporation	61,055,083	60,489,883	11.48	0.20	1,246,719	2.62
Singapore Telecommunication Limited	54,299,842	54,798,359	10.40	0.20	1,667,589	1.39
United Overseas Bank Limited	48,136,188	51,356,143	9.74	0.20	895,912	2.15
Jardine Matheson Holdings Limited	35,042,239	33,839,639	6.42	0.20	–	8.19
Hong Kong Land Holdings Limited	21,484,330	22,062,645	4.18	0.20	201,707	8.95
Thai Beverage PCL	13,769,458	17,084,010	3.24	0.20	146,465	1.66
Keppel Corporation Limited	21,804,002	16,939,965	3.21	0.20	243,143	2.48
Capitaland Ltd	15,832,319	15,724,183	2.98	0.20	–	2.79
Wilmar International Limited	14,757,450	15,503,390	2.94	0.20	112,157	2.93
	<u>345,797,964</u>	<u>351,913,751</u>				

The industry in which the above companies conduct their business is shown in the Statement of Portfolio on pages 12 to 16.

MANAGER'S INVESTMENT REPORT *(Continued)*

Amount of Subscription and Redemption
For the period ended 31st December 2017

	Units	S\$
Subscription	8,500,000	28,532,462
Redemption	(4,500,000)	(15,655,672)

Other Information

During the period ended 31st December 2017, 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 STI) and did not hold any collateral. During the period ended 31st December 2017, the Fund had no borrowings, securities lending and repurchase transactions. 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.

During the period ended 31st December 2017, the Manager had not participated in any soft dollar arrangements in respect of any transactions for the account of the Fund.

MANAGER'S INVESTMENT REPORT *(Continued)*

Financial Ratios

	As at 31st December 2017	As at 31st December 2016
Expense ratio ¹	0.30 %	0.30 %
Portfolio turnover ratio ²	3.69 %	7.01 %

- 1 The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio at 31st December 2017 was based on total operating expenses of S\$1,798,114 (2016: S\$1,456,208) divided by the average net asset value of S\$599,666,549 (2016: S\$484,410,424) for the year. The total operating expenses do not include brokerage and other transaction costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on daily balances.
- 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. The calculation of the portfolio turnover ratio was based on the lower of the rebalancing purchases or sales, being sales of S\$22,824,243 (2016: purchases of S\$35,941,460), divided by the average daily net asset value of S\$618,146,349 (2016: S\$512,912,616) for the period.

Exposure to Financial Derivatives

The Fund had no exposure to derivatives for the period ended 31st December 2017.

MANAGER'S INVESTMENT REPORT *(Continued)*

Global Exposure to Financial Derivatives

The global exposure to financial derivatives is computed using the commitment approach which is calculated as the sum of:

- a) the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- b) the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- c) the sum of the values of cash collateral received pursuant to:
 - i) the reduction of exposure to counterparties of OTC financial derivatives; and
 - ii) EPM techniques relating to securities lending and repurchase transactions,
 and that are reinvested.

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 an indirect wholly-owned subsidiary of State Street Corporation. DBS Trustee Limited is a wholly owned subsidiary of DBS Group Holding Limited ("DBS").

State Street Bank and Trust Company ("SSB") is the custodian of the Fund and is a subsidiary of State Street Corporation.

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

	As at 31st December 2017 S\$	As at 30th June 2017 S\$
Bank balance held at SSB	10,710,197	11,274,073

MANAGER'S INVESTMENT REPORT *(Continued)*

Distribution

On 24th July 2017, the Fund declared a dividend distribution of S\$0.048 per unit in relation to the income received in the financial year ended 30th June 2017. This dividend distribution is made out of Singapore tax exempt (one-tier) dividends and other exempt income and income taxable at trustee level. The dividend totalling S\$8,736,000 was paid on 16th August 2017.

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

Event occurring after balance sheet date

On 26th January 2018, the Fund announced a dividend of S\$0.053 per unit totalling S\$9,752,000. The dividend will be paid on 20th February 2018.

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 21st September 2017. 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.

STATEMENT OF TOTAL RETURN

For the six months ended 31st December 2017 (unaudited)

	Six months ended 31st December 2017	Six months ended 31st December 2016
Note	S\$	S\$
Income		
Dividends	10,274,883	10,478,634
Interest	233	30
	<u>10,275,116</u>	<u>10,478,664</u>
Less: Expenses		
Management fees	934,465	775,500
Transaction costs	42,485	98,285
	<u>976,950</u>	<u>873,785</u>
Net Income	<u>9,298,166</u>	<u>9,604,879</u>
Net gains or losses on value of investments and financial derivatives		
Net gains on investments	32,341,167	7,517,743
Net (losses)/gains on foreign exchange	(2,166)	6,709
	<u>32,339,001</u>	<u>7,524,452</u>
Total return for the period before income tax	<u>41,637,167</u>	<u>17,129,331</u>
Less: Income tax	<u>(141,665)</u>	<u>(159,425)</u>
Total return for the period after income tax	<u><u>41,495,502</u></u>	<u><u>16,969,906</u></u>

SPDR® STRAITS TIMES INDEX ETF
Semi-Annual Report 2017

STATEMENT OF FINANCIAL POSITION

As at 31st December 2017 (unaudited)

	As at 31st December 2017	As at 30th June 2017
Note	S\$	S\$
ASSETS		
Portfolio of investments	623,620,640	578,845,553
Receivables	1,032,670	–
Sales awaiting settlement	455,590	–
Cash and bank balances	10,710,197	11,274,835
Total assets	635,819,097	590,120,388
LIABILITIES		
Payables	942,865	880,448
Total liabilities	942,865	880,448
EQUITY		
Net assets attributable to unitholders	634,876,232	589,239,940

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the six months ended 31st December 2017 (unaudited)

	Six months ended 31st December 2017	For the Financial Year ended 30th June 2017
<i>Note</i>	S\$	S\$
Net assets attributable to unitholders at the beginning of the period	589,239,940	503,651,799
Operations		
Change in net assets attributable to unitholders resulting from operations	41,495,502	88,712,598
Unitholders' contributions/(withdrawals)		
Creation of units	28,532,462	67,091,631
Cancellation of units	(15,655,672)	(52,959,588)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	12,876,790	14,132,043
Distributions	(8,736,000)	(17,256,500)
Total increase in net assets attributable to unitholders	45,636,292	85,588,141
Net assets attributable to unitholders at the end of the period	634,876,232	589,239,940

SPDR® STRAITS TIMES INDEX ETF
Semi-Annual Report 2017

STATEMENT OF PORTFOLIO

As at 31st December 2017 (unaudited)

Primary – by Industry

	Holdings at 31st December 2017	Fair value at 31st December 2017 S\$	Percentage of total net assets attributable to unitholders at 31st December 2017 %
Quoted Equities			
Aerospace & Defence			
Singapore Technologies Engineering	3,111,662	10,144,018	1.60
		10,144,018	1.60
Bank & Financial Services			
DBS Group Holdings Limited	3,651,745	90,745,863	14.29
Overseas Chinese Banking Corporation	6,675,836	82,713,608	13.03
Singapore Exchange Limited	1,678,198	12,485,793	1.97
United Overseas Bank Limited	2,609,080	69,010,166	10.87
		254,955,430	40.16
Beverages & Food Producers			
Thai Beverage PCL	20,038,316	18,435,251	2.90
		18,435,251	2.90
Food Producers			
Golden Agri-Resources Limited	12,979,143	4,802,283	0.76
Wilmar International Limited	3,967,184	12,258,599	1.93
		17,060,882	2.69
General Industrials			
Jardine Matheson Holdings Limited	422,661	34,304,012	5.40
Jardine Strategic Holdings Limited	371,032	19,619,757	3.09
		53,923,769	8.49

STATEMENT OF PORTFOLIO *(Continued)*

As at 31st December 2017 (unaudited)

Primary – by Industry *(Continued)*

	Holdings at 31st December 2017	Fair value at 31st December 2017 S\$	Percentage of total net assets attributable to unitholders at 31st December 2017 %
Quoted Equities <i>(Continued)</i>			
General Retailers			
Jardine Cycle & Carriage Limited	202,515	8,236,285	1.30
		<u>8,236,285</u>	<u>1.30</u>
Industrial Engineering			
Yangzijiang Shipbuilding Holdings Limited	4,334,218	6,371,300	1.00
		<u>6,371,300</u>	<u>1.00</u>
Industrial Transportation			
Hutchison Port Holdings	10,298,100	5,709,679	0.90
SATS Limited	1,289,474	6,705,265	1.06
		<u>12,414,944</u>	<u>1.96</u>
Media			
Singapore Press Holdings	3,252,945	8,620,304	1.36
		<u>8,620,304</u>	<u>1.36</u>
Mobile Telecommunications			
Singapore Telecommunications Limited	15,186,323	54,215,173	8.54
Starhub Limited	1,185,851	3,379,675	0.53
		<u>57,594,848</u>	<u>9.07</u>

SPDR® STRAITS TIMES INDEX ETF
Semi-Annual Report 2017

STATEMENT OF PORTFOLIO *(Continued)*

As at 31st December 2017 (unaudited)

Primary – by Industry *(Continued)*

	Holdings at 31st December 2017	Fair value at 31st December 2017 S\$	Percentage of total net assets attributable to unitholders at 31st December 2017 %
Quoted Equities <i>(Continued)</i>			
Oil Equipment Services & Distribution			
Keppel Corporation Limited	2,927,094	21,514,141	3.39
SembCorp Industries Limited	1,852,118	5,611,918	0.88
		<u>27,126,059</u>	<u>4.27</u>
Real Estate Investments			
Ascendas Real Estate Investment Trust*	4,849,274	13,190,025	2.08
CapitaLand Commercial Trust	4,777,607	9,220,782	1.45
CapitaLand Limited	5,136,258	18,130,991	2.86
CapitaLand Mall Trust Reit NPV*	4,706,647	10,025,158	1.58
City Developments Ltd	957,865	11,963,734	1.88
Global Logistic Properties Ltd	5,979,828	20,152,020	3.18
Hongkong Land Holdings Ltd	2,380,850	22,392,942	3.53
UOL Group Limited	1,001,178	8,880,449	1.40
		<u>113,956,101</u>	<u>17.96</u>
Travel & Leisure			
ComfortDelGro Corporation Limited	4,174,148	8,264,813	1.30
Genting Singapore PLC	11,796,671	15,453,639	2.43
Singapore Airlines Limited	1,036,832	11,062,997	1.74
		<u>34,781,449</u>	<u>5.47</u>
Portfolio of investments		623,620,640	98.23
Cash and other net assets		<u>11,255,592</u>	<u>1.77</u>
Net assets attributable to unitholders		<u>634,876,232</u>	<u>100.00</u>

* This is a collective investment scheme

STATEMENT OF PORTFOLIO *(Continued)*

As at 31st December 2017 (unaudited)

Primary – by Industry *(Continued)*

Summary

	Percentage of total net assets attributable to unitholders at 31st December 2017 %	Percentage of total net assets attributable to unitholders at 31st December 2016 %
Quoted Equities		
Aerospace & Defence	1.60	1.95
Bank & Financial Services	40.16	35.68
Beverages & Food Producers	2.90	3.24
Food Producers	2.69	4.02
General Industrials	8.49	6.42
General Retailers	1.30	1.78
Industrial Engineering	1.00	0.66
Industrial Transportation	1.96	2.73
Media	1.36	2.19
Mobile Telecommunications	9.07	11.04
Oil Equipment Services & Distribution	4.27	4.20
Real Estate Investments	17.96	17.88
Travel & Leisure	5.47	5.99
Portfolio of investments	98.23	97.78
Cash and other net assets	1.77	2.22
Net assets attributable to unitholders	100.00	100.00

SPDR® STRAITS TIMES INDEX ETF
Semi-Annual Report 2017

STATEMENT OF PORTFOLIO *(Continued)*

As at 31st December 2017 (unaudited)

Secondary – by Geography

	Fair value at 31st December 2017 S\$	Percentage of total net assets attributable to unitholders at 31st December 2017 %	Percentage of total net assets attributable to unitholders at 31st December 2016 %
Quoted Equities			
By Country of Incorporation			
Singapore	485,063,966	76.41	80.75
Bermuda	99,865,501	15.73	10.60
Mauritius	4,802,283	0.76	1.08
Thailand	18,435,251	2.90	3.24
United Kingdom	15,453,639	2.43	2.11
Portfolio of investments	623,620,640	98.23	97.78
Cash and other net assets	11,255,592	1.77	2.22
Net assets attributable to unitholders	634,876,232	100.00	100.00

