

SPDR® STRAITS TIMES INDEX ETF

Stock Code: ES3

Website: www.spdrs.com.sg

Semi-Annual Report 2014

1st July 2014 to 31st December 2014



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SPDR® STRAITS TIMES INDEX ETF

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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 17 April 2002.

Details of the Fund

NAV per share (31 Dec 2014):	\$3.4083
Net Assets Attributable to unitholders (31 Dec 2014):	\$436.3 million
Fund Currency:	Singapore dollar
Listing Date on SGX-ST:	17 April 2002
Stock Code on SGX-ST:	ES3
Board Lot:	1,000 shares
Price:	Approximately 1/1,000th 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%.

Performance of the Scheme

	3-month	6-month	1-year	3-year	5-year	10-year	Annualised Since inception
From	30-Sep-14	30-Jun-14	31-Dec-13	31-Dec-11	31-Dec-09	31-Dec-04	11-Apr-02
To	31-Dec-14	31-Dec-14	31-Dec-14	31-Dec-14	31-Dec-14	31-Dec-14	31-Dec-14
Fund*	2.71	4.78	9.17	11.19	5.62	8.13	8.44
Fund**	2.71	3.38	6.24	8.09	2.92	4.99	5.30
STI**	2.70	3.36	6.24	8.34	3.04	5.00	5.32

* 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 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 December 2014						
	Cost SGD	Market Value/ Fair Value SGD	Percentage of total net assets value %	Percentage of free-float adjusted share capital owned %	Dividends received SGD	Dividend Cover Ratio
DBS Group Holdings Limited	38,741,735	53,474,716	12.26	0.14	761,494	2.59
Oversea Chinese Banking Corporation	42,239,935	47,643,198	10.92	0.14	757,252	2.30
United Overseas Bank Limited	32,079,037	43,370,831	9.94	0.14	370,513	2.46
Singapore Telecommunication Limited	34,494,752	42,646,816	9.78	0.14	1,150,203	1.37
Jardine Matheson Holdings Limited	21,430,363	28,689,731	6.58	0.14	176,974	5.74
Keppel Corporation Limited	19,381,722	18,878,962	4.33	0.14	269,040	2.17
Hong Kong Land Holdings Limited	14,862,443	15,684,832	3.59	0.14	137,460	3.98
Jardine Strategic Holdings Limited	12,115,259	15,120,421	3.47	0.14	34,931	18.04
Capitaland Ltd	12,393,314	12,554,221	2.88	0.14	–	2.50
Global Logistic Properties Limited	10,559,945	11,122,507	2.55	0.14	211,817	3.99
	<u>238,298,506</u>	<u>289,186,235</u>				

As at 31 December 2013						
	Cost SGD	Market Value/ Fair Value SGD	Percentage of total net assets value %	Percentage of free-float adjusted share capital owned %	Dividends received SGD	Dividend Cover Ratio
DBS Group Holdings Limited	36,975,867	43,345,704	10.92	0.15	662,512	2.79
Oversea Chinese Banking Corporation	37,049,934	40,442,847	10.19	0.15	635,392	3.43
Singapore Telecommunication Limited	33,258,244	39,091,796	9.85	0.15	1,009,499	1.31
United Overseas Bank Limited	30,555,669	36,389,791	9.17	0.15	327,011	2.45
Keppel Corporation Limited	18,658,026	23,316,258	5.87	0.15	196,529	2.77
Jardine Matheson Holdings Limited	20,053,051	23,063,065	5.81	0.15	154,287	5.69
Jardine Strategic Holdings Limited	11,237,357	13,258,533	3.34	0.15	29,958	18.74
Genting Singapore PLC	15,503,926	13,219,338	3.33	0.15	–	5.57
Hong Kong Land Holdings Limited	14,423,457	12,826,626	3.23	0.15	125,728	4.24
Global Logistic Properties Limited	9,945,065	12,682,201	3.19	0.15	165,239	4.57
	<u>227,660,596</u>	<u>257,636,159</u>				

The industry in which the above companies conduct their business is shown in the Statement of Portfolio on pages 10 to 14.

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MANAGER'S INVESTMENT REPORT *(Continued)*

Amount of Subscription and Redemption

For the period ended 31 December 2014

	<i>Units</i>	<i>S\$</i>
Subscription	1,500,000	4,841,226
Redemption	(6,500,000)	(21,864,250)

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 did not hold any collateral. During the reporting period, 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.

MANAGER'S INVESTMENT REPORT *(Continued)*

Financial Ratios

	As at 31 December 2014	As at 31 December 2013
Expense ratio ¹	0.30 %	0.30 %
Portfolio turnover ratio ²	0.30 %	0.50 %

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 31 December 2014 was based on total operating expenses of S\$1,279,474 (2013: S\$1,131,705) divided by the average net asset value of S\$426,596,710 (2013: S\$377,320,905) 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 purchases of S\$1,297,804 (2013: sales of S\$1,935,692), divided by the average daily net asset value of S\$429,942,002 (2013: S\$384,248,277) for the period.

Exposure to Financial Derivatives

The Fund had no exposure to derivatives for the period ended 31 December 2014.

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.

MANAGER'S INVESTMENT REPORT *(Continued)*

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 31 December 2014 S\$	As at 30 June 2014 S\$
Bank balance held at SSB	6,888,028	7,476,249

Distribution

On 1 August 2014, the Fund declared a dividend distribution of S\$0.045 per unit in relation to the income received in the financial year ended 30 June 2014. This dividend distribution is made out of Singapore tax exempt (one-tier) dividends. The dividend totalling S\$5,962,500 was paid on 19 August 2014.

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.

Event occurring after balance sheet date

On 26 January 2015, the Fund announced a dividend of S\$0.048 per unit totalling S\$6,144,000. The dividend was paid on 17 February 2015.

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 26 September 2014. 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 31 December 2014 (Unaudited)

	Six months ended 31 December 2014 S\$	Six months ended 31 December 2013 S\$
Note		
Income		
Dividends	6,712,081	5,926,918
Interest	23	—
	<u>6,712,104</u>	<u>5,926,918</u>
Less: Expenses		
Management fees	650,233	580,883
Transaction costs	5,664	3,565
Other expenses	—	—
	<u>655,897</u>	<u>584,448</u>
Net Income	<u>6,056,207</u>	<u>5,342,470</u>
Net gains or losses on value of investments and financial derivatives		
Net gains on investments	14,607,045	1,850,033
Net gains/(losses) on financial derivatives	45,721	(8,399)
	<u>14,652,766</u>	<u>1,841,634</u>
Total return for the period before income tax	<u>20,708,973</u>	<u>7,184,104</u>
Less: Income tax	<u>(81,281)</u>	<u>(39,253)</u>
Total return for the period after income tax	<u><u>20,627,692</u></u>	<u><u>7,144,851</u></u>

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STATEMENT OF FINANCIAL POSITION

As at 31 December 2014 (Unaudited)

	As at 31 December 2014	As at 30 June 2014
<i>Note</i>	S\$	S\$
ASSETS		
Portfolio of investments	429,292,180	431,418,826
Receivables	743,586	61,278
Cash and bank balances	6,888,028	7,476,249
Total assets	436,923,794	438,956,353
LIABILITIES		
Payables	658,633	333,360
Total liabilities	658,633	333,360
EQUITY		
Net assets attributable to unitholders	436,265,161	438,622,993

STATEMENT OF MOVEMENTS OF UNITHOLDERS' FUNDS

For the six months ended 31 December 2014 (Unaudited)

	Six months ended 31 December 2014	For the Financial Year ended 30 June 2014
Note	S\$	S\$
Net assets attributable to unitholders at the beginning of the period	438,622,993	369,554,621
Operations		
Change in net assets attributable to unitholders resulting from operations	20,627,692	27,312,768
Unitholders' contributions/(withdrawals)		
Creation of units	4,841,226	59,145,817
Cancellation of units	(21,864,250)	(6,664,213)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(17,023,024)	52,481,604
Distributions	(5,962,500)	(10,726,000)
Total (decrease)/increase in net assets attributable to unitholders	(2,357,832)	69,068,372
Net assets attributable to unitholders at the end of the period	436,265,161	438,622,993

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STATEMENT OF PORTFOLIO

As at 31 December 2014 (Unaudited)

Primary – by Industry

	Holdings at 31 December 2014	Fair value at 31 December 2014 S\$	Percentage of total net assets attributable to unitholders at 31 December 2014 %
Quoted equities			
Aerospace & Defence			
Singapore Technologies Engineering	2,319,370	7,885,858	1.81
		<u>7,885,858</u>	<u>1.81</u>
Bank & Financial Services			
DBS Group Holdings Limited	2,595,860	53,474,716	12.26
Overseas Chinese Banking Corporation	4,554,799	47,643,198	10.92
United Overseas Bank Limited	1,768,073	43,370,831	9.94
Singapore Exchange Limited	1,230,879	9,613,165	2.20
		<u>154,101,910</u>	<u>35.32</u>
Beverages & Food Producers			
Thai Beverage PCL	14,639,318	10,101,129	2.32
		<u>10,101,129</u>	<u>2.32</u>
Food Producers			
Olam International Limited	723,065	1,460,591	0.33
Wilmar International Limited	3,145,060	10,189,994	2.34
Golden Agri-Resources Limited	9,605,511	4,418,535	1.01
		<u>16,069,120</u>	<u>3.68</u>
General Industrials			
Jardine Matheson Holdings Limited	356,328	28,689,731	6.58
Jardine Strategic Holdings Limited	334,684	15,120,421	3.47
Noble Group Limited	6,717,399	7,657,835	1.75
		<u>51,467,987</u>	<u>11.80</u>

STATEMENT OF PORTFOLIO *(Continued)*

As at 31 December 2014 (Unaudited)

Primary – by Industry *(Continued)*

	Holdings at 31 December 2014	Fair value at 31 December 2014 S\$	Percentage of total net assets attributable to unitholders at 31 December 2014 %
Quoted equities <i>(Continued)</i>			
General Retailers			
Jardine Cycle & Carriage Limited	149,521	6,369,595	1.46
		<u>6,369,595</u>	<u>1.46</u>
Industrial Transportation			
Hutchison Port Holdings	7,578,446	6,907,678	1.58
SIA Engineering Co Ltd	332,407	1,402,758	0.32
		<u>8,310,436</u>	<u>1.90</u>
Media			
Singapore Press Holdings	2,380,165	10,020,495	2.30
		<u>10,020,495</u>	<u>2.30</u>
Mobile Telecommunications			
Singapore Telecommunications Limited	10,935,081	42,646,816	9.78
Starhub Limited	872,897	3,622,523	0.83
		<u>46,269,339</u>	<u>10.61</u>
Oil Equipment Services & Distribution			
Keppel Corporation Limited	2,133,216	18,878,962	4.33
SembCorp Industries Limited	1,337,522	5,951,973	1.36
Sembcorp Marine Limited	1,244,035	4,055,554	0.93
		<u>28,892,489</u>	<u>6.62</u>

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STATEMENT OF PORTFOLIO *(Continued)*

As at 31 December 2014 (Unaudited)

Primary – by Industry *(Continued)*

	Holdings at 31 December 2014	Fair value at 31 December 2014 S\$	Percentage of total net assets attributable to unitholders at 31 December 2014 %
Quoted equities <i>(Continued)</i>			
Real Estate Investments			
Ascendas Real Estate Investment	2,951,817	7,025,324	1.61
CapitaLand Ltd	3,792,816	12,554,221	2.88
City Developments Limited	883,915	9,077,807	2.08
Global Logistic Properties Limited	4,484,882	11,122,507	2.55
Hong Kong Land Holdings Limited	1,756,428	15,684,832	3.59
Capitalmall Trust Reit NPV*	3,889,211	7,933,990	1.82
		<u>63,398,681</u>	<u>14.53</u>
Travel & Leisure			
ComfortDelGro Corporation Limited	3,008,644	7,822,474	1.79
Singapore Airlines Limited	756,144	8,771,270	2.01
Genting Singapore PLC	9,090,182	9,817,397	2.25
		<u>26,411,141</u>	<u>6.05</u>
Portfolio of investments		429,292,180	98.40
Cash and other net assets		<u>6,972,981</u>	<u>1.60</u>
Net assets attributable to unitholders		<u><u>436,265,161</u></u>	<u><u>100.00</u></u>

* This is a collective investment scheme

STATEMENT OF PORTFOLIO *(Continued)*

As at 31 December 2014 (Unaudited)

Primary – by Industry *(Continued)*

Summary

	Percentage of total net assets attributable to unitholders at 31 December 2014 %	Percentage of total net assets attributable to unitholders at 31 December 2013 %
Quoted equities		
Aerospace & Defence	1.81	2.26
Bank & Financial Services	35.32	32.48
Beverages & Food Producers	2.32	1.95
Food Producers	3.68	4.74
General Industrials	11.80	10.66
General Retailers	1.46	1.32
Industrial Transportation	1.90	1.99
Media	2.30	2.41
Mobile Telecommunications	10.61	10.77
Oil Equipment Services & Distribution	6.62	9.02
Real Estate Investments	14.53	14.13
Travel & Leisure	6.05	6.74
Portfolio of investments	98.40	98.47
Cash and other net assets	1.60	1.53
Net assets attributable to unitholders	100.00	100.00

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STATEMENT OF PORTFOLIO *(Continued)*

As at 31 December 2014 (Unaudited)

Secondary – by Geography

	Fair value at 31 December 2014 S\$	Percentage of total net assets attributable to unitholders at 31 December 2014 %	Percentage of total net assets attributable to unitholders at 31 December 2013 %
Quoted equities			
By Country of Incorporation			
Singapore	337,802,300	77.43	78.01
Bermuda	67,152,819	15.39	13.89
Mauritius	4,418,535	1.01	1.29
Thailand	10,101,129	2.32	1.95
United Kingdom	9,817,397	2.25	3.33
Portfolio of investments	429,292,180	98.40	98.47
Cash and other net assets	6,972,981	1.60	1.53
Net assets attributable to unitholders	436,265,161	100.00	100.00

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