

streetTRACKS®

streetTRACKS® Straits Times Index Fund

Stock Code: STI ETF

Website : www.streettracks.com.sg

Annual Report 2010

1st July 2009 to 30th June 2010

Contents

	Page
MANAGER'S INVESTMENT REPORT	2
REPORT OF THE TRUSTEE	5
STATEMENT BY THE MANAGER	6
AUDITORS' REPORT	7
FINANCIAL STATEMENTS	
Statement of Total Return	9
Balance Sheet	10
Portfolio Statement	11
Notes to the Financial Statements	15

streetTRACKS® Straits Times Index Fund

Annual Report 2010

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 (30 June 2010):	S\$2.887
Total assets (30 June 2010):	S\$205 million
Fund currency:	Singapore dollar
Listing date on SGX-ST:	17 April 2002
Stock code on SGX-ST:	STI ETF
Board lot:	1000 shares
Price:	Approximately 1/1000th of the STI
CPF usage:	Included in CPF Investment Scheme – Ordinary Account
Annual costs:	0.3%

Benefits of investing in 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

	3-month	6-month	1-year	3-Year	5-Year	Annualized since inception
From	31-Mar-10	31-Dec-09	30-Jun-09	30-Jun-07	30-Jun-05	17-Apr-02
To	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10
Fund*	-1.83%	-1.16%	24.61%	-3.84%	8.89%	9.28%
Fund**	-1.83%	-2.17%	21.49%	-7.22%	5.15%	5.95%
STI**	-1.80%	-2.14%	21.53%	-7.20%	5.09%	5.90%

* Includes dividends

** Excludes dividends

Notes:

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

MANAGER'S INVESTMENT REPORT (Continued)

Details of Top 10 Holdings of the Fund

As at 30 June 2010

	Cost SGD	Market value/ Fair value SGD	Percentage of total net assets %	Percentage of free-float adjusted share capital owned %	Dividends received SGD	Dividend cover ratio
Singapore Telecommunications Limited	18,522,859	19,367,409	9.45	0.0008	3,313,066	1.73
DBS Group Holdings Limited	13,633,061	18,786,065	9.16	0.0008	1,518,138	1.60
United Overseas Bank Limited	14,374,161	18,069,070	8.81	0.0008	1,105,028	1.98
Overseas Chinese Banking Corporation	13,509,066	17,275,436	8.43	0.0008	1,337,045	2.09
Wilmar International Limited	13,548,042	11,833,422	5.77	0.0008	225,100	5.20
Jardine Matheson Holdings Limited	7,581,073	10,180,561	4.97	0.0008	465,338	2.80
Hong Kong Land Holdings Limited	6,697,274	9,436,503	4.60	0.0008	638,219	4.56
Capitaland Limited	6,634,225	9,178,186	4.48	0.0008	262,144	2.36
Keppel Corporation Limited	6,574,134	8,204,795	4.00	0.0008	786,641	2.68
Singapore Airlines Limited	5,587,173	6,935,784	3.38	0.0008	381,782	1.51
	<u>106,661,068</u>	<u>129,267,231</u>				

As at 30 June 2009

	Cost SGD	Market value/ Fair value SGD	Percentage of total net assets %	Percentage of free-float adjusted share capital owned %	Dividends received SGD	Dividend cover ratio
Singapore Telecommunications Limited	63,045,936	74,705,826	11.97	0.31	2,904,922	1.73
DBS Group Holdings Limited	57,179,016	63,528,668	10.18	0.31	3,044,585	2.12
United Overseas Bank Limited	48,138,408	53,176,081	8.52	0.31	2,256,902	2.14
Overseas Chinese Banking Corporation	39,427,170	49,025,862	7.86	0.31	2,142,899	1.95
Capitaland Limited	29,358,786	37,081,865	5.94	0.32	720,530	4.25
Jardine Matheson Holdings Limited	30,265,854	31,752,715	5.09	0.32	608,819	1.43
Hong Kong Land Holdings Limited	24,881,084	27,229,943	4.36	0.32	1,068,869	N/A
Keppel Corporation Limited	15,549,311	25,766,297	4.13	0.32	1,354,216	1.97
Singapore Airlines Limited	22,452,647	24,778,684	3.97	0.31	1,955,199	2.24
Singapore Exchange Limited	10,148,798	23,883,119	3.83	0.31	1,318,475	1.18
	<u>340,447,010</u>	<u>410,929,060</u>				

The industry in which the above companies conduct their business is shown in the Portfolio Statement in pages 11 to 13.

streetTRACKS® Straits Times Index Fund
Annual Report 2010

MANAGER'S INVESTMENT REPORT *(Continued)*

Amount of Subscription and Redemption

For the year ending June 30 2010

Subscription = 30,500,000 units SGD84,568,011

Redemption = 222,000,000 units SGD620,782,758

Other Information

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

Soft Dollar Practices

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

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

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

Information on the Manager

The Manager is State Street Global Advisors Singapore Limited, an indirect wholly-owned subsidiary of State Street Corporation. The Manager will remain manager of the Fund until terminated in accordance to the Fund's Trust Deed. The basis of the Manager's remuneration is set down in the Fund's prospectus dated 1 April 2010. As agreed between the Manager and the Trustee, the total combined management fees, trustee fees and other recurring expenses for the Fund are currently set at 0.3% per annum of its net asset value.

REPORT OF THE TRUSTEE

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

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

For and on behalf of the Trustee
DBS TRUSTEE LIMITED

JANE LIM
Director

20 September 2010

streetTRACKS® Straits Times Index Fund
Annual Report 2010

STATEMENT BY THE MANAGER

In the opinion of the Manager of streetTRACKS® Straits Times Index Fund, the accompanying financial statements set out on pages 9 to 24, comprising the Statement of Total Return, Balance Sheet, Portfolio Statement and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of streetTRACKS® Straits Times Index Fund as at 30 June 2010 and the total return for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. At the date of this statement, there are reasonable grounds to believe that streetTRACKS® Straits Times Index Fund will be able to meet its financial obligations as and when they materialise.

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

HON WING CHEUNG
Director

20 September 2010

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
streetTRACKS® STRAITS TIMES INDEX FUND**

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

We have audited the financial statements of streetTRACKS® Straits Times Index Fund set out on pages 9 to 24, which comprise the Balance Sheet and Portfolio Statement as at 30 June 2010, the Statement of Total Return for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Manager's Responsibility for the Financial Statements

The Manager of the Fund is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Fund's Manager, as well as evaluating the overall presentation of the financial statements.

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

streetTRACKS® Straits Times Index Fund
Annual Report 2010

**INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF
streetTRACKS® STRAITS TIMES INDEX FUND** *(Continued)*
(Constituted under a Trust Deed in the Republic of Singapore)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at 30 June 2010 and the total return for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Certified Public Accountants of Singapore.

PricewaterhouseCoopers LLP

Public Accountants and Certified Public Accountants

Singapore, 20 September 2010

STATEMENT OF TOTAL RETURN

For the financial year ended 30 June 2010

	Note	2010 S\$	2009 S\$
Investment Income			
Dividends		15,369,061	23,712,930
Interest		–	2,634
		<u>15,369,061</u>	<u>23,715,564</u>
Less: Expenses	3	<u>(1,693,290)</u>	<u>(1,601,155)</u>
Net investment income before income tax		13,675,771	22,114,409
Less: Taxation	4	<u>(92,639)</u>	<u>(119,872)</u>
Net investment income after income tax		<u>13,583,132</u>	<u>21,994,537</u>
Net gains or loss on value of investment			
Net realised gain/(loss) on investments		168,004,872	(5,644,102)
Net change in fair value of investments		(45,420,535)	(127,137,398)
Net realised loss on foreign exchange		(21,335)	(45,996)
Net unrealised gain/(loss) on foreign exchange		2,864	(678)
		<u>122,565,866</u>	<u>(132,828,174)</u>
Net gain/(loss) on value of investments		122,565,866	(132,828,174)
Total return/(deficit) for the financial year		<u>136,148,998</u>	<u>(110,833,637)</u>

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

streetTRACKS® Straits Times Index Fund
Annual Report 2010

BALANCE SHEET

For the financial year ended 30 June 2010

	Note	2010 S\$	2009 S\$
ASSETS			
Portfolio of investments		201,353,242	612,963,487
Sales awaiting settlement		201,410	–
Net dividend receivables		498,485	200,788
Cash and bank balances	5	<u>3,342,023</u>	<u>14,235,169</u>
Total assets		<u>205,395,160</u>	<u>627,399,444</u>
LIABILITIES			
Purchases awaiting settlement		221,364	2,595,642
Due to manager		169,945	775,793
Cash collateral payable		1,591	–
Net assets attributable to unitholders	6	<u>205,002,260</u>	<u>624,028,009</u>
Total liabilities		<u>205,395,160</u>	<u>627,399,444</u>

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

PORTFOLIO STATEMENT

As at 30 June 2010

Primary – by Industry

	Holdings at 30 June 2010	Fair value at 30 June 2010 S\$	Percentage of total net assets attributable to unitholders at 30 June 2010 %
Quoted			
EQUITIES			
Finance			
DBS Group Holdings Limited	1,375,261	18,786,065	9.16
Oversea-Chinese Banking Corporation	1,956,448	17,275,436	8.43
Singapore Exchange Limited	859,199	6,340,889	3.09
United Overseas Bank Limited	926,619	18,069,070	8.81
		60,471,460	29.49
Manufacturing			
Fraser & Neave Limited	1,119,925	5,734,016	2.80
SembCorp Marine Limited	662,272	2,549,747	1.24
Singapore Press Holdings Limited	1,281,237	4,843,076	2.36
Golden Agri-Resources Limited	7,013,043	3,681,847	1.80
Golden Agri-Resources Limited WTS Call EXP 23JUL12	1,669,834	158,634	0.08
		16,967,320	8.28
Properties			
City Developments Limited	547,842	6,048,176	2.95
CapitaLand Limited	2,549,496	9,178,186	4.48
Capitallmall Trust*	1,904,086	3,503,518	1.71
Capitamalls Asia Limited	1,246,400	2,617,440	1.28
Genting International Plc	3,912,340	4,577,438	2.23
Hong Kong Land Holdings Limited	1,355,907	9,436,503	4.60
		35,361,261	17.25

* This is a collective investment scheme

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

streetTRACKS® Straits Times Index Fund
Annual Report 2010

PORTFOLIO STATEMENT *(Continued)*

As at 30 June 2010

Primary – by Industry *(Continued)*

	Holdings at 30 June 2010	Fair value at 30 June 2010 S\$	Percentage of total net assets attributable to unitholders at 30 June 2010 %
Quoted			
EQUITIES			
Multi-Industry			
Keppel Corporation Limited	965,270	8,204,795	4.00
Jardine Matheson Holdings Limited	207,309	10,180,561	4.97
SembCorp Industries Limited	716,949	2,917,982	1.42
Singapore Technologies Engineering Limited	1,207,045	3,971,178	1.94
		<u>25,274,516</u>	<u>12.33</u>
Commerce			
Jardine Cycle & Carriage Limited	114,696	3,429,410	1.67
Jardine Strategic Holdings Limited	177,204	5,155,919	2.52
Noble Group Limited	3,581,662	6,088,825	2.97
Olam International Limited	1,217,991	3,142,417	1.53
Wilmar International Limited	2,050,853	11,833,422	5.77
		<u>29,649,993</u>	<u>14.46</u>
Transportation/storage/communication			
Comfortdelgro Corporation (S) Limited	1,663,177	2,411,607	1.18
Neptune Orient Lines Limited	823,333	1,646,666	0.80
Singapore Airlines Limited	477,014	6,935,784	3.38
Singapore Telecommunications Limited	6,391,884	19,367,409	9.45
SMRT Corporation (S) Limited	609,394	1,346,761	0.66
Starhub Limited	550,244	1,232,546	0.60
SIA Engineering Co	172,844	687,919	0.34
		<u>33,628,692</u>	<u>16.41</u>
Portfolio investments		201,353,242	98.22
Cash and other net assets		<u>3,649,018</u>	<u>1.78</u>
Net assets attributable to unitholders		<u>205,002,260</u>	<u>100.00</u>

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

PORTFOLIO STATEMENT *(Continued)*

As at 30 June 2010

Primary – by Industry *(Continued)*

Summary

	Percentage of total net assets attributable to unitholders at 30 June 2010 %	Percentage of total net assets attributable to unitholders at 30 June 2009 %
QUOTED		
Finance	29.49	30.39
Manufacturing	8.28	8.09
Properties	17.25	16.23
Multi-Industry	12.33	12.43
Commerce	14.46	10.80
Transportation/storage/communication	16.41	20.28
	<hr/>	<hr/>
Portfolio of investments	98.22	98.22
Cash and other net assets	1.78	1.78
	<hr/>	<hr/>
Net assets attributable to unitholders	100.00	100.00
	<hr/> <hr/>	<hr/> <hr/>

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

streetTRACKS® Straits Times Index Fund
Annual Report 2010

PORTFOLIO STATEMENT *(Continued)*

As at 30 June 2010

Secondary – By Geography

	Fair value at 30 June 2010 S\$	Percentage of total net assets attributable to unitholders at 30 June 2010 %	Percentage of total net assets attributable to unitholders at 30 June 2009 %
By Country of Incorporation			
Singapore	162,073,515	79.06	81.09
Bermuda	30,861,808	15.05	14.08
Mauritius	3,840,481	1.88	1.73
United Kingdom	4,577,438	2.23	1.32
Portfolio of investments	201,353,242	98.22	98.22
Cash and other net assets	3,649,018	1.78	1.78
Net assets attributable to unitholders	205,002,260	100.00	100.00

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

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2010

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. The Straits Times Index ("STI") comprises 30 blue-chip companies on the SGX Mainboard ranked by market capitalization that pass the relevant investability screens. The index sponsor of the STI is FTSE International Limited ("FTSE").

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

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

(b) Recognition of income

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

As at 30 June 2010

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

(i) Initial recognition

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

(ii) Subsequent measurement

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

(iii) De-recognition

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

(d) Basis of valuation of investments

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

(e) Foreign currency translation

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

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

(f) Provisions

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

(g) Distribution

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

As at 30 June 2010

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

	2010	2009
	S\$	S\$
Singapore income tax	92,639	103,269
Foreign income tax	-	16,603
	92,639	119,872
	92,639	119,872

(a) The Fund is included in the CPF Investment Scheme and, therefore, the following income is exempted from tax in accordance with section 35(12) and (12A) of the Income Tax Act (Cap 134) of Singapore, subject to certain conditions, the following income are not taxable:

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

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

5. CASH AND BANK BALANCES

	2010	2009
	S\$	S\$
Cash and cash equivalents	3,342,023	14,235,169
	3,342,023	14,235,169
	3,342,023	14,235,169

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

streetTRACKS® Straits Times Index Fund
Annual Report 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 30 June 2010

6. NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	2010	2009
	S\$	S\$
At the beginning of the financial year	624,028,009	714,219,038
Operations		
Net investment income after income tax	13,583,132	21,994,537
Net gain/loss on investments	122,565,866	(132,828,174)
Change in net assets attributable to unitholders resulting from operations	136,148,998	(110,833,637)
Unitholders' contributions/(withdrawals)		
Creation of units	84,568,011	57,008,405
Cancellation of units	(620,782,758)	(9,470,797)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units	(536,214,747)	47,537,608
Distribution to unitholders (note 8)	(18,960,000)	(26,895,000)
Total decrease in net assets attributable to unitholders	(419,025,749)	(90,191,029)
At the end of the financial year	205,002,260	624,028,009
Units in issue (note 7)	71,000,000	262,500,000
	S\$	S\$
Net assets attributable to unitholders per unit	2.887	2.377

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

As at 30 June 2010

7. UNITS IN ISSUE

	2010	2009
	Units	Units
Units at beginning of the year	262,500,000	236,500,000
Units created	30,500,000	30,500,000
Units cancelled	(222,000,000)	(4,500,000)
	<hr/>	<hr/>
Units at end of the year	71,000,000	262,500,000
	<hr/> <hr/>	<hr/> <hr/>

8. DISTRIBUTION

On 24 July 2009, the Fund declared a final dividend distribution of S\$0.04 per unit in relation to the income received in the financial year ended 30 June 2009. This dividend distribution comprises S\$0.01 per unit made out of Singapore tax exempt dividends and S\$0.03 per unit made out of Singapore tax exempt one-tier dividends. The final dividend totalling S\$10,620,000 was paid on 11 August 2009.

On 18 January 2010, the Fund declared an interim dividend distribution of S\$0.03 per unit. This interim dividend comprises of S\$0.019 per unit made out of foreign tax exempt dividends and S\$0.011 per unit made out of Singapore tax exempt (one-tier) dividends. The dividend totalling S\$8,340,000 was paid on 2 February 2010.

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 *(Continued)*

As at 30 June 2010

9. FINANCIAL RISK MANAGEMENT

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

Market risk

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

At 30 June 2010, the Fund's market risk is affected by changes in actual market prices of the securities held by the Fund. If the Straits Times Index at 30 June 2010 had increased by 10% (2009: 5%) with all other variables held constant in the next 12 months, this would have increased net assets attributable to unitholders by approximately 10% (2009: 5%). Conversely, if the Straits Times Index had decreased by 10% (2009: 5%) during the same period, this would have decreased net assets attributable to unitholders.

If the spot exchange rate of Singapore dollars had appreciated 3.0% (2009: 1.3%) against the US dollars with all other variables held constant in the next 12 months, this would have increased the net asset value of the Fund by approximately 0.37% (2009: 0.16%). Conversely, if the spot exchange rate of Singapore dollars had depreciated by 3.0% (2009: 1.3%) against the US dollars, this would have decreased the net asset value of the Fund by approximately 0.37% (2009: 0.16%) for the same period.

Interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

As at 30 June 2010

9. FINANCIAL RISK MANAGEMENT *(Continued)*

Market price risk

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

Liquidity risk

The Fund's liquidity risk arises mainly from redemptions of units. 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 is allowed to borrow in the short term for the purpose of meeting redemptions and short term bridging requirements.

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

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

Foreign currency risk

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

streetTRACKS® Straits Times Index Fund
Annual Report 2010

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 30 June 2010

9. FINANCIAL RISK MANAGEMENT (Continued)

Foreign currency risk (Continued)

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

	30 June 2010		Total
	SGD	USD	
Assets			
Portfolio of investments	176,580,259	24,772,983	201,353,242
Cash and bank balances	3,342,023	–	3,342,023
Sales awaiting settlement	201,410	–	201,410
Net dividend receivables	382,644	115,841	498,485
	<u>180,506,336</u>	<u>24,888,824</u>	<u>205,395,160</u>

Liabilities			
Purchases awaiting settlement	207,466	13,898	221,364
Due to manager	169,945	–	169,945
Cash collateral payable	1,591	–	1,591
Net assets attributable to unitholders	205,002,260	–	205,002,260
	<u>205,381,262</u>	<u>13,898</u>	<u>205,395,160</u>

	30 June 2009		Total
	SGD	USD	
Assets			
Portfolio of investments	539,177,882	73,785,605	612,963,487
Cash and bank balances	14,235,169	–	14,235,169
Sales awaiting settlement	–	–	–
Net dividend receivables	–	200,788	200,788
	<u>553,413,051</u>	<u>73,986,393</u>	<u>627,399,444</u>

Liabilities			
Purchases awaiting settlement	2,595,642	–	2,595,642
Due to manager	775,793	–	775,793
Net assets attributable to unitholders	624,028,009	–	624,028,009
	<u>627,399,444</u>	<u>–</u>	<u>627,399,444</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 30 June 2010

9. FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

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

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

Credit risk also arises from cash and cash equivalents held with financial institutions. The table below summarises the credit ratings of banks in which the Fund's assets are held as at 30 June 2010 and 2009.

	Amount S\$	Credit rating	Source of credit rating
As at 30 June 2010			
Bank			
State Street Bank & Trust Co	3,342,023	B	Moody's
As at 30 June 2009			
Bank			
State Street Bank & Trust Co	14,235,169	B	Moody's

In addition, all investments are held in custody with State Street Bank & Trust Co., whose credit rating assigned by Moody's at 30 June 2010 is B (2009: B). The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

Capital risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 30 June 2010

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:

	2010	2009
	S\$	S\$
Bank balance held at SSB	3,342,023	14,235,169

- (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.

	2010	2009
	S\$	S\$
Interest income – SSB	–	2,634

11. FINANCIAL RATIOS

	2010	2009
Expense ratio ¹	0.30%	0.30%
Portfolio turnover ratio ²	6.78%	13.89%

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

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

12. EVENT OCCURRING AFTER BALANCE SHEET DATE

On 26 July 2010, the Fund announced a final dividend of \$0.03 per unit totalling \$2,130,000. The final dividend was paid on 11 August 2010.

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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