

**Annual Report and  
Audited Financial Statements**  
for the year ended 31 December 2014

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**AKBANK TURKISH SICAV**

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AKBANK TURKISH SICAV (the "SICAV") is an investment company which offers investors a choice between several classes of shares (each a "Class") in a number of sub-funds (each a "Sub-Fund"). The Fund is organised as an investment company under Part I of the amended Luxembourg Law of 17 December 2010 relating to undertakings for collective investment.

*No subscription can be accepted on the basis of financial reports. Subscriptions are only valid if they are made on the basis of the last prospectus accompanied by the subscription form, the latest annual report and the latest semi-annual report if published thereafter.*

R.C.S. Luxembourg B 138.732

**AKBANK**

# AKBANK TURKISH SICAV

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# AKBANK TURKISH SICAV

## ORGANISATION OF THE SICAV

**AKBANK TURKISH SICAV**  
**R.C.S. Luxembourg B 138.732**

### **Registered Office**

31, Z.A. Bourmicht  
L-8070 Bertrange, Grand Duchy of Luxembourg

### **Board of Directors**

#### Chairman

Mr Şahin Alp Keler  
Chief Executive Officer  
AK Asset Management  
Beşiktaş İstanbul, Turkey

#### Directors

Mr Alaattin Göktürk Isikpinar  
Executive Vice President  
AK Asset Management  
Beşiktaş İstanbul, Turkey

Mr Argun Egmir  
Senior Vice President  
AK Asset Management  
Beşiktaş İstanbul, Turkey  
(until 2 January 2014)

Mr Mehmet Ali Ersari  
Executive Vice President  
AK Asset Management  
Beşiktaş İstanbul, Turkey

### **Management Company**

MDO Management Company S.A.  
19, rue de Bitbourg  
L-1273 Luxembourg, Grand Duchy of Luxembourg

### **Custodian, Administrator, Registrar and Transfer Agent, Domiciliary Agent and Listing Agent**

Citibank International Limited, Luxembourg Branch<sup>1</sup>  
31, Z.A. Bourmicht  
L-8070 Bertrange, Grand Duchy of Luxembourg

### **Investment Manager**

AK Asset Management Inc.  
Sabancı Center Akbank T.A.Ş.  
Hazine Binası  
Kat:1 34330 4. Levent  
Beşiktaş İstanbul, Turkey

### **Independent Auditor**

Ernst & Young S.A.  
7, rue Gabriel Lippmann  
Parc d'Activité Syrdall 2  
L-5365 Munsbach, Grand Duchy of Luxembourg

### **Legal Advisers in Luxembourg**

Elvinger, Hoss & Prussen  
2, place Winston Churchill  
L-1340 Luxembourg, Grand Duchy of Luxembourg

### **Distributors in Germany**

Targobank AG & Co. KGaA  
(previously Citibank Privatkunden AG & Co. KGaA)  
Kasernenstrasse 10  
40213 Düsseldorf, Germany

HSBC Trinkaus & Burkhardt AG  
Koenigsallee 21/23  
40212 Düsseldorf, Germany

### **Paying Agent in Germany**

Akbank N.V.  
Zweigniederlassung Essen  
Huysenallee 3  
45128 Essen, Germany

<sup>1</sup> Effective 31 October 2014, Citibank International plc (Luxembourg Branch) changed its name to Citibank International Limited, Luxembourg Branch.

# AKBANK TURKISH SICAV

## GENERAL INFORMATION

### THE SICAV

AKBANK TURKISH SICAV (the "SICAV") was incorporated as an open-ended investment company (société d'investissement à capital variable – SICAV) with multiple compartments on 21 May 2008. The duration of the SICAV is indefinite. The SICAV has designated a management company subject to chapter 15 of the amended Law of 17 December 2010 (previously chapter 13 of the Law of 2002) regarding undertakings for collective investment. The Articles of Incorporation were published in the Mémorial C, Recueil des Sociétés et Associations (the "Mémorial") on 9 June 2008. The Articles of Incorporation are on file with the Registre de Commerce et des Sociétés of Luxembourg (the "R.C.S.").

The SICAV is organised as an investment company under Part I of the amended Luxembourg Law of 17 December 2010 relating to undertakings for collective investment.

### MANAGEMENT COMPANY

The Board of Directors of the SICAV has appointed MDO Management Company S.A. as the Management Company of the SICAV (the "Management Company") to be responsible on a day-to-day basis, under supervision of the Board of Directors, for providing administration, marketing, investment management and advisory services in respect of all Sub-Funds. In respect of all Sub-Funds, the Management Company has delegated its investment management functions to AK Asset Management Inc..

The Management Company has delegated the administration functions and registrar and transfer agent functions to Citibank International Limited, Luxembourg Branch.

The Management Company was incorporated for an unlimited period of time under the laws of Luxembourg in the form of a société anonyme on 4 May 2007. Its registered office is located at 19, rue de Bitbourg L-1273 Luxembourg, Grand Duchy of Luxembourg and it is registered with the R.C.S. under number B 128.627. The Articles of Incorporation of the Management Company were published in the Mémorial on 16 December 2008. The Management Company is 100% owned by MDO Services S.A..

The objective of the Management Company is the collective portfolio management of undertakings for collective investment in accordance with chapter 15 of the amended Law on undertakings for collective investment dated 17 December 2010.

As of 31 December 2014, its share capital amounted to EUR 1,700,000.

The Management Company also acts as Management Company for several other investment funds.

### INVESTMENT MANAGER

The Management Company has appointed AK Asset Management Inc. as investment manager of the SICAV.

The Investment Manager was appointed pursuant to an Investment Management Agreement with the Management Company and the SICAV entered into as of 21 May 2008 (the "Investment Management Agreement") to provide day-to-day management of the SICAV's investments, subject to the overall supervision and responsibility of the Management Company.

According to the Investment Management Agreement, the Investment Manager may, with the prior approval of the Management Company, delegate to a third party all or a part of its management duties. Any new delegation shall be reflected in an updated Prospectus.

# **AKBANK TURKISH SICAV**

## **GENERAL INFORMATION (continued)**

### **CUSTODIAN, ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT, DOMICILIARY AGENT AND LISTING AGENT**

Citibank International Limited, Luxembourg Branch has been appointed by the Board of Directors as Custodian of all of the SICAV's assets, comprising securities, money market instruments, cash and other assets. It may entrust the physical custody of securities and other assets, mainly securities traded abroad, listed on a foreign stock market or accepted by clearing institutions for their transactions, to such institutions or to one or more of its banking correspondents.

Citibank International Limited, Luxembourg Branch has further accepted the appointment from the Management Company as Administrator, Registrar and Transfer Agent, Domiciliary Agent and Listing Agent to the Company. In such capacity, Citibank International Limited, Luxembourg Branch is responsible for calculating the Net Asset Values ("NAV") of the SICAV and its relevant Sub-Funds or Classes and maintaining the accounting records of the SICAV, handling and processing all subscription, redemption and switching orders, for keeping the register of Shareholders and for mailing and publicising statements, reports and notices to Shareholders and for listing the SICAV's shares (each a "Share") on the Luxembourg Stock Exchange.

### **REPORTS AND FINANCIAL STATEMENTS**

The financial year of the SICAV ends on 31 December in each year.

The audited financial statements and the unaudited semi-annual financial statements comprise financial statements of the SICAV expressed in Euro, being the reference currency of the SICAV, and financial information on each Sub-Fund expressed in the reference currency of each Sub-Fund.

Copies of the annual and semi-annual reports and financial statements may be obtained free of charge from the registered office of the SICAV.

# AKBANK TURKISH SICAV

## DIRECTORS' REPORT

2014 was a volatile year for Turkish markets. Having started the year with noise on the political front, Turkish markets were de-rated significantly both on an absolute and relative basis in 1Q14.

TRY 10 yr bonds started the year at 10,50% compound levels and rose up to 11,50% level prior to the municipal elections where the governing party succeed by a wide margin despite corruption probes. Without the political noise Turkey yields started to recover till late July, bouncing from below 9% levels and this caused equities to be re-rated to the pre-June 2013 levels relative to the MSCI EM valuation. The Presidential Elections in August did not change this picture when Mr Erdoğan was elected as the new President.

Meanwhile, Federal Reserve accomplished its tapering operations without destroying global outlook. Though possible FED tightening cycle has been spoken of widely, FED was indecisive or patient to take such a step. Additional monetary easing steps came from China, Japan and Euro Zone, and helped ease monetary conditions. This environment continued to support the investor buying appetite for Turkish stocks.

We started 4Q14 with heightened geographical tension in Iraq and Syria led by ISIS expansion- in fact that was one of two main geopolitical concerns through the year, the other one was Ukraine, which caused the market to dive further in the first week of October. Agreeing with US-led coalition upon new approaches against ISIS, and the sharp decline in oil prices have been game changers for Turkish financial markets. Especially, oil price declines contributed massively to the risk perception and bond yields, which resulted in a strong re-rating of the equity market. The markets bought these expectations, and the stocks climbed to new year highs at the end of the year amid bond yields diving through low 8% levels.

In terms of the earnings trajectory, we started the year with a very weak outlook as worries associated with banks' earnings were heightened and weighed on the market. Although we observed compression in lending spreads as result of higher funding costs, a higher contribution of the CPI-linked bonds saved the day and led the NIM compression to be limited, especially in 1H14. Starting from 3Q14, along with the recovery in the net interest income, we observed that banks earnings had recovered and as of November, Turkish banks' net earnings declined by only 3% y/y (9M14: -6% y/y).

On the other hand, we observed a mixed picture in the non-banking universe. Despite the improvement in the operating performance, industrial companies' bottom lines were weak as a result of the TRY depreciation. Meanwhile, service sector companies saw pressure at the operating level, but their bottom line performance was much better than their operational performance.

Regarding the sector price performance, the banking sector was the main driver of the appreciation in the overall market and posted a 30% return in 2014, while industrial companies posted a performance in line with the BIST-100 of 26% and the service sector companies posted a 23% return.

Luxembourg, 3 April 2015

The Board of Directors

## Independent Auditor's Report

To the Shareholders of AKBANK TURKISH SICAV  
31, Z.A. Bourmicht  
L-8070 Bertrange  
Luxembourg

We have audited the accompanying financial statements of AKBANK TURKISH SICAV and of each of its sub-funds (the "SICAV"), which comprise the statement of net assets and the schedule of investments and other net assets as at 31 December 2014, and the statement of operations and changes in net assets for the year then ended, and a summary of significant accounting policies and other explanatory notes to the financial statements.

### *Responsibility of the Board of Directors of the SICAV for the financial statements*

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation and presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Responsibility of the "réviseur d'entreprises agréé"*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 judgement of the "réviseur d'entreprises agréé", 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 "réviseur d'entreprises agréé" 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, 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.

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of AKBANK TURKISH SICAV and of each of its sub-funds as of 31 December 2014, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

*Other matter*

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Kerry Nichol

Luxembourg, 14 April 2015



# AKBANK TURKISH SICAV

## Statement of Net Assets as of 31 December 2014 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
<b>Assets</b>				
Investments in securities at cost		37,739,306	33,733,552	71,472,858
Unrealised appreciation		4,777,596	2,014,695	6,792,291
Investments in securities at market value	2a	42,516,902	35,748,247	78,265,149
Cash		1,177,930	103,742	1,281,672
Interest receivable	2d	—	901,308	901,308
Receivable from securities sold		388,098	—	388,098
<b>Total assets</b>		<b>44,082,930</b>	<b>36,753,297</b>	<b>80,836,227</b>
<b>Liabilities</b>				
Accrued expenses		84,347	54,649	138,996
Redemptions payable		145,753	—	145,753
Payable for securities purchased		232,466	—	232,466
<b>Total liabilities</b>		<b>462,566</b>	<b>54,649</b>	<b>517,215</b>
<b>Net assets</b>		<b>43,620,364</b>	<b>36,698,648</b>	<b>80,319,012</b>
<b>Number of outstanding Shares</b>				
Class A Distribution EUR		5,372.20	8,574.35	
Class I Distribution EUR		296,386.48	290,748.68	
<b>Net Asset Value per Share</b>				
Class A Distribution EUR		217.88	133.30	
Class I Distribution EUR		143.22	122.29	
<b>Net Asset Value</b>				
Class A Distribution EUR		1,170,520	1,142,958	
Class I Distribution EUR		42,449,844	35,555,690	

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

# AKBANK TURKISH SICAV

## Statement of Operations and Changes in Net Assets for the year ended 31 December 2014 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
<b>Net assets at the beginning of the year</b>		<b>32,576,827</b>	<b>32,905,407</b>	<b>65,482,234</b>
<b>Income</b>				
Dividend income, net of withholding tax	2d	660,077	—	660,077
Interest income, net of withholding tax	2d	127	2,977,881	2,978,008
<b>Total income</b>		<b>660,204</b>	<b>2,977,881</b>	<b>3,638,085</b>
<b>Expenses</b>				
Investment management fees	3a	481,835	273,125	754,960
Management company fees	3b	17,866	16,430	34,296
Custodian fees	3c	57,556	43,205	100,761
Administrator, registrar and transfer agent fees	3d	56,412	56,955	113,367
Domiciliary agent fees	3e	2,500	2,500	5,000
Audit and legal fees		34,099	31,901	66,000
Taxe d'abonnement	4	4,681	4,592	9,273
Transaction costs	5	78,624	—	78,624
Other fees and expenses		26,731	30,388	57,119
<b>Total expenses</b>		<b>760,304</b>	<b>459,096</b>	<b>1,219,400</b>
<b>Net income / (loss) from investments</b>		<b>(100,100)</b>	<b>2,518,785</b>	<b>2,418,685</b>
<b>Net realised gain / (loss) on:</b>				
sales of investments in securities	2b	(841,751)	(3,227,007)	(4,068,758)
foreign exchange	2c	54,120	(70,166)	(16,046)
<b>Net change in unrealised appreciation on:</b>				
investments in securities		11,656,607	7,290,881	18,947,488
<b>Net change in net assets for the year resulting from operations</b>		<b>10,768,876</b>	<b>6,512,493</b>	<b>17,281,369</b>
Proceeds from subscriptions		19,912,700	9,385,114	29,297,814
Payments for redemptions		(19,638,039)	(12,104,366)	(31,742,405)
<b>Net proceeds / (payments) from subscription and redemption activity</b>		<b>274,661</b>	<b>(2,719,252)</b>	<b>(2,444,591)</b>
<b>Net assets at the end of the year</b>		<b>43,620,364</b>	<b>36,698,648</b>	<b>80,319,012</b>

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

# AKBANK TURKISH SICAV

## Net Assets Information as of 31 December 2014, 2013 and 2012

		AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income
<b>Net assets as of</b>	<b>31 December 2014</b>	43,620,364	36,698,648
	<b>31 December 2013</b>	32,576,827	32,905,407
	<b>31 December 2012</b>	46,620,665	37,474,058
<b>Net Asset Value per Share as of 31 December 2014</b>			
Class A Distribution EUR		217.88	133.30
Class I Distribution EUR		143.22	122.29
<b>Net Asset Value per Share as of 31 December 2013</b>			
Class A Distribution EUR		167.65	111.28
Class I Distribution EUR		109.91	101.81
<b>Net Asset Value per Share as of 31 December 2012</b>			
Class A Distribution EUR		240.51	140.89
Class I Distribution EUR		157.29	128.89
<b>Number of Shares outstanding as of 31 December 2014</b>			
Class A Distribution EUR		5,372.20	8,574.35
Class I Distribution EUR		296,386.48	290,748.68
<b>Number of Shares outstanding as of 31 December 2013</b>			
Class A Distribution EUR		8.00	29,699.35
Class I Distribution EUR		296,386.48	290,748.68
<b>Number of Shares outstanding as of 31 December 2012</b>			
Class A Distribution EUR		8.00	0.35
Class I Distribution EUR		296,386.48	290,748.68

# AKBANK TURKISH SICAV

## AKBANK TURKISH SICAV – Equities

### Schedule of Investments and Other Net Assets (in EUR) as of 31 December 2014

Quantity	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>			
<b>TRY Equities</b>			
1,004,736	Akbank TAS*	3,075,874	7.05
1	Albaraka Turk Katilim Bankasi AS**	0	0.00
47,261	Alkim Alkali Kimya AS	263,137	0.60
1	Anadolu Cam Sanayii AS**	1	0.00
30,567	Anadolu Efes Biracilik Ve Malt Sanayii AS	245,289	0.56
600,001	Anadolu Sigorta	301,189	0.69
0	Anel Elektrik Proje Taahhut ve Ticaret AS**	0	0.00
140,000	Arcelik AS	742,366	1.70
60,000	Aygaz AS	208,499	0.48
117,434	Bim Birlesik Magazalar AS	2,075,691	4.76
100,000	Bizim Toptan Satis Magazalari AS	675,200	1.55
17,240	Bolu Cimento Sanayii	33,276	0.08
35,149	Coca-Cola Icecek AS	627,485	1.44
1	Dogan Sirketler Grubu Holdings**	0	0.00
1,800,000	Emlak Konut Gayrimenkul Yatirim Ortakligi AS	1,762,589	4.04
700,000	Enka Insaat ve Sanayi AS	1,306,565	2.99
1,200,000	Eregli Demir Ve Celik Fabrikalari Tas	1,891,973	4.34
428,423	Haci Omer Sabanci Holding AS	1,537,224	3.52
0	Hurriyet Gazetecilik AS**	0	0.00
702,923	Indeks Bilgisayar Sistemleri Muhendislik Sanayi Ve Ticaret AS	1,416,385	3.25
1	Is Gayrimenkul Yatirim Ortakligi AS**	1	0.00
1	Is Yatirim Menkul Degerler AS**	0	0.00
700,000	Kardemir Karabuk Demir	507,284	1.16
391,410	Koc Holding AS	1,715,744	3.93
1	Koza Altin Isletmeleri AS**	4	0.00
100,000	Migros Ticaret AS	804,230	1.84
13,944	Mutlu Yatirim Proje Ve Gayrimenkul Gelistirme AS	103,021	0.24
50,000	Pegasus Hava Tasimaciligi AS	585,939	1.34
500,000	Petkim Petrokimya Holding	698,178	1.60
658,021	Royal Hali Iplik Tekstil Mobilya	665,280	1.53
1	Sinpas Gayrimenkul Yatirim Ortakligi AS**	0	0.00
332,609	Soda Sanayii AS	503,241	1.15
20,000	Tav Havalimanlari Holding AS	135,040	0.31
300,001	Tekfen Holding AS	614,045	1.41
75,000	Tofas Turk Otomobil Fabrik	422,884	0.97
0	Trakya Cam Sanayi AS**	0	0.00
70,000	Tupras-Turkiye Petrol Rafinerileri	1,368,428	3.14
550,000	Turk Hava Yollari	1,872,354	4.29
180,000	Turk Telekomunikasyon AS	462,600	1.06

\*related party entity

\*\*fractional shares

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

# AKBANK TURKISH SICAV

## AKBANK TURKISH SICAV – Equities

Schedule of Investments and Other Net Assets (in EUR)  
as of 31 December 2014 (continued)

Quantity	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing (continued)</b>			
<b>TRY Equities (continued)</b>			
5,000	Turk Traktor ve Ziraat Makineleri AS	135,835	0.31
375,000	Turkcell Iletisim Hizmet AS	1,895,685	4.35
1,100,000	Turkiye Garanti Bankasi AS	3,663,048	8.40
425,000	Turkiye Halk Bankasi	2,088,347	4.79
1,350,000	Turkiye Is Bankasi	3,216,568	7.37
650,000	Turkiye Sinai Kalkinma Bankasi AS	464,156	1.06
70,899	Turkiye Sise Ve Cam Fabrikalari AS	91,230	0.21
1,200,000	Turkiye Vakiflar Bankasi Tao	2,070,141	4.75
60,000	Ulker Biskuvi Sanayi	393,454	0.90
145,517	Unye Cimento Sanayii Ve Ticaret AS	287,043	0.66
920,011	Yapi Ve Kredi Bankasi AS	1,590,379	3.65
<b>Total Equities</b>		<b>42,516,902</b>	<b>97.47</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>		<b>42,516,902</b>	<b>97.47</b>
<b>Total Investments in securities</b>		<b>42,516,902</b>	<b>97.47</b>
<b>Other Net Assets</b>		<b>1,103,462</b>	<b>2.53</b>
<b>Total Net Assets</b>		<b>43,620,364</b>	<b>100.00</b>

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

# AKBANK TURKISH SICAV

## AKBANK TURKISH SICAV – Fixed Income

### Schedule of Investments and Other Net Assets (in EUR) as of 31 December 2014

Nominal value	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>			
<b>TRY Supranationals, Governments and Local Public Authorities, Debt Instruments</b>			
2,000,000	Turkey (Govt of) 0.000% - 25/Mar/15	693,844	1.89
2,000,000	Turkey (Govt of) 0.000% - 15/Jul/15	676,628	1.84
13,500,000	Turkey (Govt of) 5.000% - 13/May/15	4,709,120	12.83
8,000,000	Turkey (Govt of) 6.300% - 14/Feb/18	2,709,283	7.38
2,000,000	Turkey (Govt of) 6.500% - 7/Jan/15	706,591	1.93
2,000,000	Turkey (Govt of) 7.100% - 8/Mar/23	669,551	1.82
2,000,000	Turkey (Govt of) 8.200% - 13/Jul/16	708,783	1.93
10,000,000	Turkey (Govt of) 8.500% - 10/Jul/19	3,605,779	9.83
6,000,000	Turkey (Govt of) 8.500% - 14/Sep/22	2,189,980	5.97
5,800,000	Turkey (Govt of) 8.800% - 14/Nov/18	2,111,855	5.75
7,800,000	Turkey (Govt of) 8.800% - 27/Sep/23	2,914,530	7.94
5,000,000	Turkey (Govt of) 9.000% - 27/Jan/16	1,778,586	4.85
6,000,000	Turkey (Govt of) 9.500% - 12/Jan/22	2,297,093	6.26
2,100,000	Turkey (Govt of) 10.000% - 17/Jun/15	746,538	2.03
500,000	Turkey (Govt of) 10.400% - 27/Mar/19	194,429	0.53
4,000,000	Turkey (Govt of) 10.400% - 20/Mar/24	1,643,811	4.48
5,000,000	Turkey (Govt of) 10.500% - 15/Jan/20	1,954,014	5.32
15,000,000	Turkey (Govt of) 10.700% - 24/Feb/16	5,437,832	14.83
<b>Total Supranationals, Governments and Local Public Authorities, Debt Instruments</b>		<b>35,748,247</b>	<b>97.41</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>		<b>35,748,247</b>	<b>97.41</b>
<b>Total Investments in securities</b>		<b>35,748,247</b>	<b>97.41</b>
<b>Other Net Assets</b>		<b>950,401</b>	<b>2.59</b>
<b>Total Net Assets</b>		<b>36,698,648</b>	<b>100.00</b>

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

# AKBANK TURKISH SICAV

## AKBANK TURKISH SICAV – Equities

### Industrial Classification as of 31 December 2014

	% of NAV
Banks	36.00
Diversified companies	8.87
Food services	7.50
Transportation	5.64
Iron and steel	5.50
Telecommunication services	5.41
Distribution and wholesale	4.79
Real estate investment trust	4.04
Chemicals	3.36
Engineering and construction	3.30
Oil and gas producers	3.14
Beverages	2.00
Home furnishings	1.70
Textiles	1.53
Financial services	1.06
Auto manufacturers	0.97
Building materials	0.73
Insurance	0.69
Oil and gas services	0.48
Machinery	0.31
Real estate	0.24
Household products	0.21
<b>Total Investment in securities</b>	<b>97.47</b>
<b>Other Net Assets</b>	<b>2.53</b>
<b>Total Net Assets</b>	<b>100.00</b>

## AKBANK TURKISH SICAV – Fixed Income

### Industrial Classification as of 31 December 2014

	% of NAV
Governments	97.41
<b>Total Investment in securities</b>	<b>97.41</b>
<b>Other Net Assets</b>	<b>2.59</b>
<b>Total Net Assets</b>	<b>100.00</b>

# **AKBANK TURKISH SICAV**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **as of 31 December 2014**

#### **1 – GENERAL INFORMATION**

The SICAV is an investment company which offers investors a choice between several Classes of Shares in a number of Sub-Funds.

The SICAV is designed to offer investors, within the same investment vehicle, a choice between several Sub-Funds, which are managed separately and are distinguished principally by their specific investment policy and/or by the currency in which they are denominated.

At the date of the present report, the SICAV issues Shares of the following two Sub-Funds for subscription:

- AKBANK TURKISH SICAV – Equities
- AKBANK TURKISH SICAV – Fixed Income

The following Share Classes are issued for both Sub-Funds:

- Class I Shares are available for subscription and are reserved to institutional investors. The minimum subscription amount is EUR 5,000 for this Class. There is no minimum holding amount for this Class, unless the Board of Directors resolves otherwise.
- Class A Shares are available to all investors. The minimum subscription and minimum holding amounts are EUR 50, unless the Board of Directors resolves otherwise.
- Class TL Shares are available for subscription to all investors. The reference currency for such Class TL Shares is the TRY. The minimum subscription amount is TRY 100,000 and the minimum holding and minimum subsequent subscription amounts are TRY 25,000, unless the Board of Directors resolves otherwise.

Class I, Class TL and Class A Shares are available as Distribution Shares and Accumulation Shares.

At the date of the present report, Class I – Distribution Shares and Class A – Distribution Shares are active.

#### **2 – SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Luxembourg generally accepted accounting principles applicable to investment funds. The following is a summary of significant accounting policies followed by the Sub-Funds.

##### **a) Valuation of investments in securities**

Securities listed on Regulated Markets, which operate regularly and are recognised and open to the public, are valued at the last available price; in the event that there should be several such markets, on the basis of the last available price of the main market for the relevant security. Should the last available price for a given security not truly reflect its fair market value, then that security is valued on the basis of the probable sales price which the Board of Directors deems it is prudent to assume.

Liquid assets and money market instruments are valued at nominal value plus any accrued interest.

Securities not listed on Regulated Markets, which operate regularly and are recognised and open to the public, are valued in good faith by the Board of Directors in accordance with such prudent valuation rules as the Board of Directors may determine and on the basis of the reasonably foreseeable sales prices, upon the advice of the relevant investment adviser/manager.



# **AKBANK TURKISH SICAV**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **as of 31 December 2014 (continued)**

#### **2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **a) Valuation of investments in securities (continued)**

In the event that extraordinary circumstances render such a valuation impracticable or inadequate, the Board of Directors may, at its discretion, prudently and in good faith follow other methods of valuation to be used if they consider that such method of valuation better reflects value and is in accordance with good accounting practice in order to achieve a fair valuation of the assets of the SICAV.

##### **b) Net realised gain/loss on sales of investment in securities**

Realised gains and losses comprise the profit or loss arising from disposal of securities during the year. The net realised gain or loss on sales of investments in securities is calculated on the basis of the average cost of the securities sold.

##### **c) Conversion of foreign currencies**

The value of assets denominated in a currency other than the reference currency of a Sub-Fund is determined by taking into account the rate of exchange prevailing at the time of determination of the NAV.

As of 31 December 2014, the main exchange rates are as follows:

1 EUR = 2.828793 TRY  
1.210050 USD

Transactions occurring during the year in currencies other than the base currency are translated at rates of exchange ruling at the transaction date.

##### **d) Income**

Dividends are credited to income on an “ex-dividend” basis, net of any irrecoverable withholding tax. Interest income is credited to income net of any irrecoverable withholding tax. It includes interest applied to bonds and interest applied to bank accounts and is accrued on a daily basis.

##### **e) Expenses**

Expenses are accounted for on an accrual basis. Expenses are charged to the Statement of Operations and Changes in Net Assets. Expenses arising on the disposal of investments are included within transaction costs described in Note 5 below.

##### **f) Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in Luxembourg requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported years. Actual results could differ from those estimates.

# **AKBANK TURKISH SICAV**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **as of 31 December 2014 (continued)**

#### **2 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **g) Dividend distribution**

In relation to the Distribution Shares, annual dividends are declared in respect of such Distribution Shares at the Annual General Meeting of Shareholders. In addition, the Board of Directors may declare interim dividends.

For the year ended 31 December 2014, no dividend has been declared.

#### **3 – FEES**

##### **a) Investment management fee**

As remuneration for its services, AK Asset Management Inc., acting as the Investment Manager, receives out of the assets of each Sub-Fund, a fee based upon the average total net assets of each Sub-Fund, payable monthly in arrears.

The fee rates applied to the Share Classes of each Sub-Fund are as follows:

- AKBANK TURKISH SICAV – Equities
  - o Class I Shares: 1.25%
  - o Class A Shares: 1.50%
  
- AKBANK TURKISH SICAV – Fixed Income
  - o Class I Shares: 0.75%
  - o Class A Shares: 1.00%

During the year, total fees to the Investment Manager amounted to EUR 754,960.

##### **b) Management company fee**

The Management Company receives out of the assets of each Sub-Fund a variable annual fee amounting to 0.04% for assets below EUR 100 million, 0.0375% for assets between EUR 100 million and EUR 250 million and 0.035% for assets above EUR 250 million with a minimum of EUR 7,500 per annum per Sub-Fund. These fees are based upon the average total net assets of each Sub-Fund, payable quarterly in arrears.

##### **c) Custodian fee**

The Custodian receives from the SICAV a fee of up to 7.25 basis points based upon the average total net assets of each Sub-Fund or a minimum of EUR 35,000 per annum, payable quarterly in arrears.

For performing investment compliance services, the Custodian receives an annual fee of EUR 10,000 from the SICAV per annum payable quarterly in arrears.

##### **d) Administrator, registrar and transfer agent fee**

The Administrator, for its fund accounting and administration functions, receives out of the assets of each Sub-Fund a fee of up to 0.04% or a minimum of EUR 40,000 per annum based upon the average total net assets of each Sub-Fund, and for its registrar and transfer agency functions a fee of a minimum of EUR 7,500 per annum, payable quarterly in arrears.

# **AKBANK TURKISH SICAV**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **as of 31 December 2014 (continued)**

#### **3 – FEES (continued)**

##### **e) Domiciliary agent fee**

The Domiciliary Agent receives out of the assets of each Sub-Fund a fee of up to EUR 5,000 per annum, payable quarterly in arrears.

#### **4 – TAXE D'ABONNEMENT**

Under current law and practice the SICAV is not liable to any Luxembourg taxes on income or capital gains, nor are dividends (if any) paid by the SICAV liable to any Luxembourg withholding tax. However, the Class A Shares are liable in Luxembourg to a taxe d'abonnement of 0.05% per annum of its net assets, such tax being payable quarterly and calculated on the NAV of the Class A Shares at the end of the relevant quarter. The reduced taxe d'abonnement rate of 0.01% per annum is applicable to Class I Shares which are exclusively held by institutional investors, the charge is calculated and becomes payable on the same terms. To the extent that the assets of the SICAV are invested in investment funds which are established in Luxembourg, no such tax is payable.

Interests, dividends and capital gains on securities may be subject to withholding or capital gain taxes in certain countries.

#### **5 – TRANSACTION COSTS**

For the year ended 31 December 2014, the SICAV incurred transaction costs related to the purchase and sale of financial instruments.

The total amount of transaction costs relates to brokerage fees.

#### **6 – CHANGES IN THE INVESTMENT PORTFOLIO**

The details of changes in the investment portfolio composition during the reporting year are available to the Shareholders at the registered offices of the Management Company.

#### **7 – TRANSACTIONS WITH RELATED PARTY ENTITIES**

AKBANK TURKISH SICAV – Equities has invested in a related party entity as of 31 December 2014 as disclosed in the Schedule of Investments and Other Net Assets. In addition, the Investment Manager to the SICAV is considered a related party and the fees paid by the SICAV for its services are disclosed in Note 3 a). These transactions have been carried out on an arm's length basis at market rates. During the year, no Directors fees were paid and no interests in Shares were held by the Directors in the SICAV.

#### **8 – GLOBAL EXPOSURE**

The Sub-Funds do not engage in financial derivatives instruments for the implementation of their investment policy.

After having independently assessed the SICAV's risk profile, the Management Company has judged the commitment approach to be an appropriate method for the calculation of the Global Exposure as per the current law and regulations.

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