

**Annual Report and
Audited Financial Statements**
for the year ended 31 December 2015

AKBANK TURKISH SICAV

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

TABLE OF CONTENTS

ORGANISATION OF THE SICAV	2
GENERAL INFORMATION	3
DIRECTORS' REPORT	5
INDEPENDENT AUDITOR'S REPORT	6
FINANCIAL STATEMENTS	
Statement of Net Assets	8
Statement of Operations and Changes in Net Assets	9
Net Assets Information	10
SCHEDULE OF INVESTMENTS AND OTHER NET ASSETS	
AKBANK TURKISH SICAV – Equities	11
AKBANK TURKISH SICAV – Fixed Income	13
INDUSTRIAL CLASSIFICATION	
AKBANK TURKISH SICAV – Equities	14
AKBANK TURKISH SICAV – Fixed Income	14
NOTES TO THE FINANCIAL STATEMENTS	15

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 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 Branch¹
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.
35E avenue John F. Kennedy
L-1855 Luxembourg, 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

¹ Effective 1 January 2016, Citibank International Limited, Luxembourg Branch has been merged into Citibank Europe plc and changed its name to Citibank Europe plc, 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 2015, 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

2015 could have been a promising year for Turkish assets considering the sharp decline in oil prices and the accommodative monetary policies of the ECB. Indeed, Turkish markets made a strong start to the year with the BIST 100 Index almost testing its historical high above 90,000. The benchmark government bond yield dropped below 7.0%.

Unfortunately, the loss of CBT's credibility put some pressure on government bond yields and Turkish Lira. Investors and analysts questioned the independence of the Central Bank and prevented Turkish assets to outperform peers in a relatively benign macro environment.

EM-DM growth differential, since the beginning of 2011, continued to restrain investors EM appetite. Global growth dynamics faced 2 major challenges to EM in 2015; China slowdown, and weak commodity demand. The loss of investors risk appetite caused sell-off in Emerging Markets in general, and commodity exporters (mainly Russia, Brazil and Malaysia) were the standout losers.

The weakening of the Chinese economy put pressure on Turkish assets. The BIST 100 Index briefly dropped below 70,000 in August when the selling pressure was the most severe. The benchmark government bond yield tested a multi – year high of 12.0%.

Turkish markets began to recover once the global markets calmed down. BIST 100 Index rallied above 84,000 briefly while the benchmark government bond yield eased below 10% and the USD/TRY exchange rate dropped below 2.80. This rally turned out to be a selling opportunity as Turkish and Russian war planes engaged in a skirmish which ended with the downing of a Russian plane. Turkish stock index gave back all of its gains in the last two months of the year and ended 2015 at 71,700 with an annual loss of 14.5%. Similarly, the benchmark government bond yield ended up at 11.0%.

The policy divergence between the ECB and the Fed was the most significant event in 2015. Fed hiked the interest rates by 25 bps for the first time since 2006. However, the forward guidance came much gradual than market expectations. ECB on the other hand continued its dovish stance, implementing aggressive monetary easing. The clear divergence resulted in global dollar appreciation. Similar to its emerging market peers, Turkish Lira lost 24.6% against USD and closed the year at 2.92.

Overall, the four major central banks (ECB, Fed, BoJ, BoE) continued their accommodative stance, partially offsetting China and global growth worries.

From a macro point of view, the current account deficit contracted in 2015. The decline in global energy prices, the currency depreciation and the collapse in imports helped current account deficit to narrow substantially. Yet the export performance remained weak as the geopolitical tension rose in middle-east. With TRY depreciating throughout 2015, inflation outlook worsened. Headline inflation ended at 8.81% YoY in 2015 while core inflation index ended the year at 9.51%. The growth dynamics remained weak due to the electoral headwind and credit growth remained subdued. Yet, the 2015 growth proved to be resilient ending the 3rd quarter at 4.0%.

Oil prices showed signs of recovery at the first half of 2015. However, an excess supply dominated the markets with Iran entering the arena and OPEC refusing to cut its production amount. Oil prices dropped down around 35% in 2015. With historically low oil prices, 12 – month cumulative the current account deficit is expected to drop to \$35 billion by the summer.

Turkey is expected to have a resilient growth prospect in 2016 similar to 2015 with a median GDP growth expectation of around 4.0%. With the budget deficit under control, the only problematic macro variable seems to be inflation which is under pressure from multiple sources including the recent minimum wage hike of 30% and rising food prices.

The ROE of the Turkish banking sector deteriorated in 2015 due to the heavy dependence of the sector on external credits. In particular, increased swap costs for hedging foreign exchange exposure eroded the profitability of Turkish banks. In 2016, under a less volatile exchange rate assumption, we expect the profitability of the banking sector to improve. As most Turkish industrial companies are short hard currencies, they should also have better earnings in 2016. In summary, barring black swan situations emanating from global markets, we expect Turkish equities to have a better year in 2016; possibly outperforming peers.

Luxembourg, 13 April 2016

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 2015, 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 2015, 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, 13 April 2016

AKBANK TURKISH SICAV

Statement of Net Assets as of 31 December 2015 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
Assets				
Investments in securities at cost		37,359,633	33,710,780	71,070,413
Unrealised depreciation		(6,207,945)	(2,506,551)	(8,714,496)
Investments in securities at market value	2a	31,151,688	31,204,229	62,355,917
Cash		893,101	1,058,938	1,952,039
Interest receivable	2d	—	955,389	955,389
Subscriptions receivable		—	337,600	337,600
Receivable from securities sold		347,908	—	347,908
Total assets		32,392,697	33,556,156	65,948,853
Liabilities				
Accrued expenses		68,165	53,767	121,932
Payable for securities purchased		692,009	—	692,009
Total liabilities		760,174	53,767	813,941
Net assets		31,632,523	33,502,389	65,134,912
Number of outstanding Shares				
Class A Distribution EUR		8.86	12,146.65	
Class I Distribution EUR		296,386.48	290,748.68	
Net Asset Value per Share				
Class A Distribution EUR		162.06	119.83	
Class I Distribution EUR		106.72	110.22	
Net Asset Value				
Class A Distribution EUR		1,436	1,455,592	
Class I Distribution EUR		31,631,087	32,046,797	

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 2015 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
Net assets at the beginning of the year		43,620,364	36,698,648	80,319,012
Income				
Dividend income, net of withholding tax	2d	1,087,416	—	1,087,416
Interest income, net of withholding tax	2d	197	2,929,980	2,930,177
Total income		1,087,613	2,929,980	4,017,593
Expenses				
Investment management fee	3a	470,660	264,000	734,660
Management company fee	3b	14,879	14,063	28,942
Custodian fee	3c	52,438	42,294	94,732
Administrator, registrar and transfer agent fee	3d	55,896	56,273	112,169
Domiciliary agent fee	3e	2,294	2,294	4,588
Audit and legal fee		36,056	37,122	73,178
Taxe d'abonnement	4	3,567	3,881	7,448
Transaction costs	5	34,827	—	34,827
Other fees and expenses		22,368	27,583	49,951
Total expenses		692,985	447,510	1,140,495
Net income from investments		394,628	2,482,470	2,877,098
Net realised gain / (loss) on:				
sales of investments in securities	2b	42,696	(1,526,789)	(1,484,093)
foreign exchange	2c	(129,079)	(22,643)	(151,722)
Net change in unrealised depreciation on:				
investments in securities		(10,985,541)	(4,521,246)	(15,506,787)
Net change in net assets for the year resulting from operations		(10,677,296)	(3,588,208)	(14,265,504)
Proceeds from subscriptions		4,751,968	8,187,000	12,938,968
Payments for redemptions		(6,062,513)	(7,795,051)	(13,857,564)
Net (payments) / proceeds from subscription and redemption activity		(1,310,545)	391,949	(918,596)
Net assets at the end of the year		31,632,523	33,502,389	65,134,912

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

AKBANK TURKISH SICAV

Net Assets Information as of 31 December 2015, 2014 and 2013

		AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income
Net assets as of	31 December 2015	31,632,523	33,502,389
	31 December 2014	43,620,364	36,698,648
	31 December 2013	32,576,827	32,905,407
Net Asset Value per Share as of 31 December 2015			
Class A Distribution EUR		162.06	119.83
Class I Distribution EUR		106.72	110.22
Net Asset Value per Share as of 31 December 2014			
Class A Distribution EUR		217.88	133.30
Class I Distribution EUR		143.22	122.29
Net Asset Value per Share as of 31 December 2013			
Class A Distribution EUR		167.65	111.28
Class I Distribution EUR		109.91	101.81
Number of Shares outstanding as of 31 December 2015			
Class A Distribution EUR		8.86	12,146.65
Class I Distribution EUR		296,386.48	290,748.68
Number of Shares outstanding as of 31 December 2014			
Class A Distribution EUR		5,372.20	8,574.35
Class I Distribution EUR		296,386.48	290,748.68
Number of Shares outstanding as of 31 December 2013			
Class A Distribution EUR		8.00	29,699.35
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 2015

Quantity	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing			
TRY Equities			
995,266	Akbank TAS*	2,103,065	6.65
1	Albaraka Turk Katilim Bankasi AS**	0	0.00
30,000	Alkim Alkali Kimya AS	126,595	0.40
1	Anadolu Cam Sanayii AS**	1	0.00
244,235	Anadolu Sigorta	122,474	0.39
0	Anel Elektrik Proje Taahhut ve Ticaret AS**	0	0.00
126,000	Arcelik AS	555,144	1.75
80,000	Aygaz AS	254,830	0.81
30,000	Bagfas Bandirma Gubre Fabrik	121,580	0.38
85,000	Bim Birlesik Magazalar AS	1,376,570	4.35
93,877	Bizim Toptan Satis Magazalari AS	378,973	1.20
848,079	Bolu Cimento Sanayii	1,425,615	4.51
35,103	Coca-Cola Icecek AS	411,173	1.30
1	Dogan Sirketler Grubu Holdings**	0	0.00
40,000	Dogus Otomotiv Servis Ve Doas	139,021	0.44
1,400,000	Emlak Konut Gayrimenkul Yatirim Ortakligi AS	1,147,996	3.63
450,000	Enka Insaat ve Sanayi AS	641,491	2.03
1,000,000	Eregli Demir Ve Celik Fabrikalari Tas	958,766	3.03
442,057	Haci Omer Sabanci Holding AS	1,154,375	3.65
0	Hurriyet Gazetecilik AS**	0	0.00
692,000	Indeks Bilgisayar Sistemleri Muhendislik Sanayi Ve Ticaret AS	1,372,763	4.34
300,001	Is Gayrimenkul Yatirim Ortakligi AS	166,523	0.53
0	Is Yatirim Menkul Degerler AS**	0	0.00
800,000	Kardemir Karabuk Demir	275,014	0.87
490,000	Koc Holding AS	1,689,099	5.34
180,000	Kordsa Global Endüstriyel Iplik ve Kord Bezi Sanayi ve Ticaret AS	266,814	0.84
1	Koza Altin Isletmeleri AS**	3	0.00
60,000	Migros Ticaret AS	330,206	1.04
1	Mutlu Yatirim Proje Ve Gayrimenkul Gelistirme AS**	9	0.00
16,000	Otokar Otobus Karoseri Sanayi AS	453,142	1.44
40,000	Pegasus Hava Tasimaciligi AS	221,525	0.70
300,000	Petkim Petrokimya Holding	434,284	1.38
781,196	Royal Hali Iplik Tekstil Mobilya	394,202	1.25
1	Sinpas Gayrimenkul Yatirim Ortakligi AS**	0	0.00
100,001	Soda Sanayii AS	133,408	0.42
182,170	TAT Konserve	318,292	1.01
60,000	Tav Havalimanlari Holding AS	344,209	1.09
319,001	Tekfen Holding AS	406,455	1.28
69,000	Tofas Turk Otomobil Fabrik	412,380	1.30
500,000	Trakya Cam Sanayi AS	285,422	0.90

*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 2015 (continued)

Quantity	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing (continued)			
TRY Equities (continued)			
69,000	Tupras-Turkiye Petrol Rafinerileri	1,514,597	4.78
630,000	Turk Hava Yollari	1,468,331	4.64
1	Turk Sise Ve Cam Fabrikalari AS**	1	0.00
100,000	Turk Telekomunikasyon AS	172,199	0.54
11,000	Turk Traktor ve Ziraat Makineleri AS	241,284	0.76
400,000	Turkcell Iletisim Hizmet AS	1,248,919	3.95
1,100,000	Turkiye Garanti Bankasi AS	2,470,082	7.81
375,000	Turkiye Halk Bankasi	1,228,813	3.88
1,350,000	Turkiye Is Bankasi	1,958,531	6.19
900,000	Turkiye Sinai Kalkinma Bankasi AS	431,445	1.36
675,000	Turkiye Vakiflar Bankasi Tao	815,345	2.58
55,000	Ulker Gida Sanayi ve Ticaret AS	305,291	0.97
129,880	Unye Cimento Sanayii Ve Ticaret AS	149,102	0.47
700,001	Yapi Ve Kredi Bankasi AS	726,329	2.30
Total Equities		31,151,688	98.48
Total Transferable securities and money market instruments admitted to an official exchange listing		31,151,688	98.48
Total Investments in securities		31,151,688	98.48
Other Net Assets		480,835	1.52
Total Net Assets		31,632,523	100.00

**fractional shares

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 2015

Nominal value	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing			
TRY Supranationals, Governments and Local Public Authorities, Debt Instruments			
1,500,000	Turkey (Govt of) 4.016% - 20/Feb/19	568,066	1.70
4,000,000	Turkey (Govt of) 6.300% - 14/Feb/18	1,160,296	3.46
8,000,000	Turkey (Govt of) 7.400% - 5/Feb/20	2,261,930	6.75
9,600,000	Turkey (Govt of) 8.000% - 12/Mar/25	2,591,695	7.74
2,000,000	Turkey (Govt of) 8.200% - 13/Jul/16	623,166	1.86
8,000,000	Turkey (Govt of) 8.300% - 20/Jun/18	2,396,914	7.15
5,000,000	Turkey (Govt of) 8.500% - 14/Sep/22	1,423,956	4.25
2,600,000	Turkey (Govt of) 8.800% - 14/Nov/18	783,097	2.34
6,300,000	Turkey (Govt of) 8.800% - 27/Sep/23	1,802,132	5.38
5,000,000	Turkey (Govt of) 9.000% - 27/Jan/16	1,574,552	4.70
6,000,000	Turkey (Govt of) 9.000% - 24/Jul/24	1,729,563	5.16
5,500,000	Turkey (Govt of) 9.400% - 8/Jul/20	1,658,720	4.95
7,000,000	Turkey (Govt of) 9.500% - 12/Jan/22	2,105,579	6.28
4,000,000	Turkey (Govt of) 9.600% - 14/Jun/17	1,245,134	3.72
500,000	Turkey (Govt of) 10.400% - 27/Mar/19	156,272	0.47
5,000,000	Turkey (Govt of) 10.400% - 20/Mar/24	1,561,148	4.66
13,000,000	Turkey (Govt of) 10.500% - 15/Jan/20	4,093,833	12.22
11,000,000	Turkey (Govt of) 10.700% - 24/Feb/16	3,468,176	10.35
Total Supranationals, Governments and Local Public Authorities, Debt Instruments		31,204,229	93.14
Total Transferable securities and money market instruments admitted to an official exchange listing		31,204,229	93.14
Total Investments in securities		31,204,229	93.14
Other Net Assets		2,298,160	6.86
Total Net Assets		33,502,389	100.00

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

AKBANK TURKISH SICAV

AKBANK TURKISH SICAV - Equities

Industrial Classification as of 31 December 2015

	% of NAV
Banks	29.41
Diversified companies	10.27
Food services	7.37
Oil and gas producers	5.59
Distribution and wholesale	5.54
Transportation	5.34
Building materials	4.98
Telecommunication services	4.49
Real estate investment trust	4.16
Iron and steel	3.90
Engineering and construction	3.12
Auto manufacturers	2.74
Chemicals	2.58
Home furnishings	1.75
Financial services	1.36
Beverages	1.30
Textiles	1.25
Miscellaneous machinery	0.90
Plastics and Rubber	0.84
Machinery	0.76
Retail	0.44
Insurance	0.39
Total Investment in securities	98.48
Other Net Assets	1.52
Total Net Assets	100.00

AKBANK TURKISH SICAV - Fixed Income

Industrial Classification as of 31 December 2015

	% of NAV
Governments	93.14
Total Investment in securities	93.14
Other Net Assets	6.86
Total Net Assets	100.00

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2015

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 A and Class TL 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 2015 (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 2015, the main exchange rates are as follows:

1 EUR = 3.170744 TRY
1.086300 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 2015 (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 2015, 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 734,660.

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 2015 (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 2015, 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 2015 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.

AKBANK