

**Annual Report and  
Audited Financial Statements**  
for the year ended 31 December 2018

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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 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.

*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**

<b>ORGANISATION OF THE SICAV</b>	<b>2</b>
<b>GENERAL INFORMATION</b>	<b>3</b>
<b>DIRECTORS' REPORT</b>	<b>5</b>
<b>AUDIT REPORT</b>	<b>6</b>
<b>FINANCIAL STATEMENTS</b>	
Statement of Net Assets	<b>10</b>
Statement of Operations and Changes in Net Assets	<b>11</b>
Net Assets Information	<b>12</b>
<b>SCHEDULE OF INVESTMENTS AND OTHER NET ASSETS</b>	
AKBANK TURKISH SICAV – Equities	<b>13</b>
AKBANK TURKISH SICAV – Fixed Income	<b>15</b>
<b>INDUSTRIAL CLASSIFICATION</b>	
AKBANK TURKISH SICAV – Equities	<b>16</b>
AKBANK TURKISH SICAV – Fixed Income	<b>17</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	<b>18</b>
<b>UNAUDITED SUPPLEMENTARY INFORMATION</b>	<b>23</b>

# 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 Istanbul, Turkey  
(until 9 May 2018)

Mr Mehmet Ali Ersari  
Executive Vice President  
AK Asset Management  
Beşiktaş Istanbul, Turkey  
(since 9 May 2018)

#### Directors

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

Mr Mehmet Ali Ersari  
Executive Vice President  
AK Asset Management  
Beşiktaş Istanbul, Turkey  
(until 9 May 2018)

Mr Emrah Ayranci  
Executive Vice President  
AK Asset Management  
Beşiktaş Istanbul, Turkey  
(since 9 May 2018)

### **Management Company**

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

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

Citibank Europe plc, Luxembourg Branch  
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 Istanbul, Turkey

### **Auditor**

PricewaterhouseCoopers, Société coopérative  
2 rue Gerhard Mercator, B.P. 1443  
L-1014 Luxembourg, Grand Duchy of Luxembourg

### **Legal Advisers in Luxembourg**

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

### **Distributors in Germany**

Targobank AG & Co. KGaA  
Kasernenstrasse 10  
D-40213 Düsseldorf, Germany

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

Akbank AG  
Taunustor 1  
D-60310 Frankfurt am Main, Germany

### **Paying Agent in Germany**

Akbank AG  
Taunustor 1  
D-60310 Frankfurt am Main, Germany

# **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 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 Europe plc, 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 2018, its share capital amounted to EUR 2,450,000.

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)**

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

Citibank Europe plc, Luxembourg Branch has been appointed by the Board of Directors as Depositary 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 Europe plc, 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 Europe plc, 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

Global growth forecasts have been revised downward since February 2018. Negative economic data surprises in Eurozone and slowdown in China put pressure on growth figures. US macroeconomics, on the other hand, exhibited robust performance and supported the US dollar. US dollar index rose to 97 from 88. Fed continued its tightening and made 4 interest rate hike in 2018. US Treasury yield reached up to 3,25% which was the highest level since July 2011. However, after 9 years of US recovery, in October US recession worries flared up. US Treasury yield eases back from 7-year peak and equity markets tumbled, led by the US. MSCI World and S&P 500 indices decreased by 10% and %6, respectively. Thus, 2018 ended in a negative tone in the shadow of increasing growth concerns.

Global economic uncertainty index has also reached record high levels amid concerns over US-China trade war. Emerging markets equities and currencies plunged 17% and 11% in 2018, a year of soaring US rates and deteriorating risk appetite. Fed revised down its hike outlook for 2019 in its December meeting. Data flow in the US coupled with the losses in S&P 500 is forcing Fed's hand in its hike program, which could support EM assets in the medium term. Central banks' responses to the data flow will be closely observed as central bank policies are expected to have a greater impact on markets in the upcoming year. In 2019, investors should be cautious on global equities mostly on moderate growth expectations and rising corporate debt risks.

Real GDP of Turkey grew by 7,2% and 5,3% in 1st and 2nd quarter. In this period, Turkey was one of the fastest growing countries across the world, surpassed even China and India. The growth rate of Turkey was well above the long-term averages and the potential output, which led to deterioration in the internal and external risk parameters. Turkey entered a rebalancing period after then and in 3rd quarter Turkey grew only by 1,6%. Leading economic indicators showed that economic activity also contracted in 4rd quarter. Inflation rose to 15-year high 25,24% in October because of over-heating economy and finished 2018 with an inflation of 20,3%, in line with the New Economic Program target of 20,5%. 12-month cumulative current account deficit stood 58,2 billion USD in May and has since followed a declining path, reaching 33.9 billion USD in November implying 4.3% of GDP.

In 2018, Turkish Lira depreciated around 40%. TL may remain range bound in 2019. Because there is a limited upside due to current account rebalancing and limited downside due to external vulnerabilities. 10-year bonds jumped 500 basis points. 2019 can be a positive for local bonds due to the falling inflation figures. On the other hand, BIST100 dropped by 22% and investors should also be cautious on local equities until positive news flow on debt restructuring and growth dynamics. High level of interest rates are also challenging for local equities.

Luxembourg, 11 April 2019

The Board of Directors

The figures stated in this report are historical and not necessarily indicative of future performance.



## **Audit report**

To the Shareholders of  
**AKBank Turkish SICAV**

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## Report on the audit of the financial statements

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### **Our opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AKBank Turkish SICAV and of each of its sub-funds (the "Fund") as at 31 December 2018, 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.

#### *What we have audited*

The Fund's financial statements comprise:

- the statement of net assets as at 31 December 2018;
- the schedule of investments and other assets as at 31 December 2018;
- the statement of operations and changes in net assets for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements" section of our report.

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

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.



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**Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, and include the most significant assessed risks of material misstatement, whether or not due to fraud. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Based on our understanding of the Fund and its activities, its control environment, our continuous assessment of the risk of material misstatement due to error or fraud and the results of our procedures, we have not identified any Key Audit Matters to be communicated to those charged with governance. In forming this judgement, we have considered in particular the following characteristics:

- The Fund invests substantially in investments with quoted prices in active markets. Such prices, readily observable, provide a reliable evidence of fair value;
- Substantially all of the Fund's investments are held in custody with its appointed depository bank reducing both the risk of misappropriation and risk of material misstatements at the level of the existence assertion;
- None of the Fund's assets, liabilities, revenues and expenses are subject to accounting estimates that are subject to significant estimation uncertainties;
- The Fund has not entered into complex transactions and/or transactions outside the normal course of business; and
- In performing the audit, we have not encountered any significant challenges in obtaining sufficient appropriate audit evidence or forming our opinion.

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**Other information**

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated in the annual report but does not include the financial statements and our audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**Responsibilities of the Board of Directors of the Fund for the financial statements**

The Board of Directors of the Fund is responsible for the preparation and fair presentation of the 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 Fund determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors of the Fund is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors of the Fund either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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### **Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the financial statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit 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 Fund's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Fund;
- conclude on the appropriateness of the Board of Directors of the Fund's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Fund to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

#### **Report on other legal and regulatory requirements**

We have been appointed as “Réviseur d’entreprises agréé” of the Fund by the Board of Directors of the Fund on 18 October 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 10 years.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 11 April 2019

A handwritten signature in black ink, appearing to read 'VA', with a large, sweeping flourish extending to the right.

Valérie Arnold

# AKBANK TURKISH SICAV

## Statement of Net Assets as of 31 December 2018 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
<b>Assets</b>				
Investments in securities at cost		23,537,830	13,395,286	36,933,116
Unrealised depreciation		(7,726,213)	(1,152,238)	( 8,878,451)
Investments in securities at market value	2a	15,811,617	12,243,048	28,054,665
Cash		398,346	293,950	692,296
Interest receivable	2d	—	196,127	196,127
<b>Total assets</b>		<b>16,209,963</b>	<b>12,733,125</b>	<b>28,943,088</b>
<b>Liabilities</b>				
Accrued expenses		56,656	35,040	91,696
Payable for securities purchased		4,927	—	4,927
<b>Total liabilities</b>		<b>61,583</b>	<b>35,040</b>	<b>96,623</b>
<b>Net assets</b>		<b>16,148,380</b>	<b>12,698,085</b>	<b>28,846,465</b>

### Number of outstanding Shares

Class A Distribution EUR	8.07	1.59
Class I Distribution EUR	218,886.48	122,998.68

### Net Asset Value per Share

Class A Distribution EUR	111.77	111.82
Class I Distribution EUR	73.77	103.24

### Net assets

Class A Distribution EUR	902	178
Class I Distribution EUR	16,147,478	12,697,907

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 2018 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
<b>Net assets at the beginning of the year</b>		<b>26,615,679</b>	<b>13,342,177</b>	<b>39,957,856</b>
<b>Income</b>				
Dividend income, net of withholding tax	2d	759,677	—	759,677
Interest income, net of withholding tax	2d	—	736,616	736,616
<b>Total income</b>		<b>759,677</b>	<b>736,616</b>	<b>1,496,293</b>
<b>Expenses</b>				
Investment management fee	3a	243,103	93,448	336,551
Management company fee	3b	8,446	5,991	14,437
Depositary fee	3c	43,656	25,300	68,956
Administrator, registrar and transfer agent fee	3d	54,976	55,066	110,042
Domiciliary agent fee	3e	2,493	2,493	4,986
Audit and legal fee		28,063	16,873	44,936
Regulatory fee		6,039	4,977	11,016
Taxe d'abonnement	4	1,932	1,281	3,213
Transaction costs	5	21,393	—	21,393
Other fees and expenses		21,557	20,093	41,650
<b>Total expenses</b>		<b>431,658</b>	<b>225,522</b>	<b>657,180</b>
<b>Net income from investments</b>		<b>328,019</b>	<b>511,094</b>	<b>839,113</b>
<b>Net realised gain/(loss) on:</b>				
sales of investments in securities	2b	(3,088,549)	(1,179,669)	(4,268,218)
foreign exchange	2c	(50,245)	12,137	(38,108)
<b>Net change in unrealised appreciation/(depreciation) on:</b>				
investments in securities		(7,656,524)	14,268	(7,642,256)
<b>Net change in net assets for the year resulting from operations</b>		<b>(10,467,299)</b>	<b>(642,170)</b>	<b>(11,109,469)</b>
Payments for redemptions		—	(1,922)	(1,922)
<b>Net payments from subscription and redemption activity</b>		<b>—</b>	<b>(1,922)</b>	<b>(1,922)</b>
<b>Net assets at the end of the year</b>		<b>16,148,380</b>	<b>12,698,085</b>	<b>28,846,465</b>

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

# AKBANK TURKISH SICAV

## Net Assets Information as of 31 December 2018, 2017 and 2016

		AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income
<b>Net assets as of</b>	<b>31 December 2018</b>		
	31 December 2017	16,148,380	12,698,085
	31 December 2016	26,615,679	13,342,177
		22,359,669	13,903,032
<b>Net Asset Value per Share as of 31 December 2018</b>			
Class A Distribution EUR		111.77	111.82
Class I Distribution EUR		73.77	103.24
<b>Net Asset Value per Share as of 31 December 2017</b>			
Class A Distribution EUR		184.27	117.42
Class I Distribution EUR		121.59	108.46
<b>Net Asset Value per Share as of 31 December 2016</b>			
Class A Distribution EUR		154.86	122.54
Class I Distribution EUR		102.15	113.01
<b>Number of Shares outstanding as of 31 December 2018</b>			
Class A Distribution EUR		8.07	1.59
Class I Distribution EUR		218,886.48	122,998.68
<b>Number of Shares outstanding as of 31 December 2017</b>			
Class A Distribution EUR		8.07	19.59
Class I Distribution EUR		218,886.48	122,998.68
<b>Number of Shares outstanding as of 31 December 2016</b>			
Class A Distribution EUR		8.43	19.59
Class I Distribution EUR		218,886.48	122,998.68

# AKBANK TURKISH SICAV

## AKBANK TURKISH SICAV – Equities

### Schedule of Investments and Other Net Assets (in EUR) as of 31 December 2018

Quantity	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>			
<b>TRY Equities</b>			
960,001	Akbank TAS*	1,089,766	6.74
80,000	Aksa Akrilik Kimya Sanayii AS	98,780	0.61
50,000	Aksa Enerji Uretim AS	22,488	0.14
115,000	Aksigorta AS	70,616	0.44
97,330	Alarko Holding	32,629	0.20
1	Albaraka Turk Katilim Bankasi AS**	0	0.00
20,000	Alkim Alkali Kimya AS	76,342	0.47
100,002	Anadolu Cam Sanayii AS	42,653	0.26
90,000	Anadolu Efes Biracilik Ve Malt Sanayii AS	305,900	1.90
0	Anadolu Hayat Emeklilik AS**	0	0.00
1	Anadolu Sigorta**	1	0.00
0	Anel Elektrik Proje Taahhut ve Ticaret AS**	0	0.00
145,000	Arcelik AS	372,997	2.31
150,000	Aselsan Elektronik Sanayi Ve Ticaret AS	594,970	3.68
15,000	Aygaz AS	28,404	0.18
80,000	Bim Birlesik Magazalar AS	1,133,845	7.02
81,000	Brisa Bridgestone Sabanci Sanayi Ve Ticaret AS	83,614	0.52
25,000	Cimsa Cimento Sanayi VE Tica	30,827	0.19
46,003	Coca-Cola Icecek AS	229,804	1.42
400,001	Dogan Sirketler Grubu Holdings	67,048	0.42
50,000	Dogus Otomotiv Servis Ve Doas	35,267	0.22
500,000	Emlak Konut Gayrimenkul Yatirim Ortakligi AS	126,131	0.78
200,000	Enerjisa Enerji AS	166,292	1.03
300,015	Enka Insaat ve Sanayi AS	223,560	1.38
720,000	Eregli Demir Ve Celik Fabrikalari Tas	849,588	5.26
25,000	Ford Otomotiv Sanayi AS	210,148	1.30
0	Gentas Genel Metal Sanayi ve Ticaret AS**	0	0.00
50,000	Gubre Fabrikalari Tas	24,894	0.15
500,001	Haci Omer Sabanci Holding AS	614,886	3.81
0	Hurriyet Gazetecilik AS**	0	0.00
151,663	Is Gayrimenkul Yatirim Ortakligi AS	26,680	0.17
400,000	Is Yatirim Menkul Degerler AS	136,089	0.85
75,000	Iskenderun Demir ve Celik AS	70,201	0.43
590,000	Kardemir Karabuk Demir	209,542	1.30
275,000	Koc Holding AS	640,318	3.96
50,000	Kordsa Global Endüstriyel Iplik ve Kord Bezi Sanayi ve Ticaret AS	78,500	0.49
25,001	Koza Altin Isletmeleri AS	208,701	1.29
55,000	Koza Davetiye Imalat Ihracat Ve Ithalat	66,451	0.41
3,996	Logo Yazilim Sanayi Ve Ticaret AS	17,442	0.11
17,500	Mavi Jeans - B	93,635	0.58

\*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 2018 (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>			
75,000	Migros Ticaret AS	187,702	1.16
30,000	MLP Saglik Hizmetleri AS	52,626	0.33
2,500	Otokar Otobus Karoseri Sanayi AS	36,262	0.22
40,000	Pegasus Hava Tasimaciligi AS	151,755	0.94
361,500	Petkim Petrokimya Holding	298,774	1.86
75,001	Sasa Polyester Sanayi AS	100,698	0.62
250,000	Sekerbank	45,224	0.28
1	Sinpas Gayrimenkul Yatirim Ortakligi AS**	0	0.00
250,002	Soda Sanayii AS	294,168	1.82
60,000	Tav Havalimanlari Holding AS	234,005	1.45
100,001	Tekfen Holding AS	337,568	2.09
60,000	Tofas Turk Otomobil Fabrik	164,003	1.02
231,895	Trakya Cam Sanayi AS	113,917	0.71
55,000	Tupras-Turkiye Petrol Rafinerileri	1,072,523	6.64
290,000	Turk Hava Yollari	770,540	4.77
468,904	Turk Sise Ve Cam Fabrikalari AS	437,347	2.71
200,000	Turk Telekomunikasyon AS	128,786	0.80
5,000	Turk Traktor ve Ziraat Makineleri AS	27,964	0.17
375,000	Turkcell Iletisim Hizmet AS	746,824	4.62
1	Turker Proje Gayrimenkul ve Yatirim Gelistirme AS**	4	0.00
925,000	Turkiye Garanti Bankasi AS	1,221,971	7.56
800,000	Turkiye Is Bankasi	584,182	3.62
650,078	Turkiye Sinai Kalkinma Bankasi AS	83,073	0.51
400,000	Turkiye Vakiflar Bankasi Tao	258,235	1.60
30,000	Vestel Elektronik Sanayi	27,384	0.17
1,250,000	Yapi ve Kredi Bankasi AS	331,922	2.06
35,000	Yatas Yatak ve Yorgan Sanayi Ve Ticaret AS	25,151	0.16
<b>Total Equities</b>		<b>15,811,617</b>	<b>97.91</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>		<b>15,811,617</b>	<b>97.91</b>
<b>Total Investments in securities</b>		<b>15,811,617</b>	<b>97.91</b>
<b>Other Net Assets</b>		<b>336,763</b>	<b>2.09</b>
<b>Total Net Assets</b>		<b>16,148,380</b>	<b>100.00</b>

\*\*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 2018

Nominal value	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>			
<b>USD Supranationals, Governments and Local Public Authorities, Debt Instruments</b>			
600,000	Export Credit Bank of Turkey 5.375% - 24/Oct/23	479,995	3.78
2,300,000	Turkey (Govt of) 3.250% - 23/Mar/23	1,808,601	14.25
1,000,000	Turkey (Govt of) 5.125% - 25/Mar/22	854,315	6.73
2,000,000	Turkey (Govt of) 5.750% - 22/Mar/24	1,692,393	13.33
1,000,000	Turkey (Govt of) 6.000% - 25/Mar/27	824,158	6.49
1,400,000	Turkey (Govt of) 6.250% - 26/Sep/22	1,235,915	9.73
1,200,000	Turkey (Govt of) 7.375% - 5/Feb/25	1,083,720	8.53
1,800,000	Turkey (Govt of) 8.000% - 14/Feb/34	1,646,753	12.97
<b>Total Supranationals, Governments and Local Public Authorities, Debt Instruments</b>		<b>9,625,850</b>	<b>75.81</b>
<b>USD Bonds</b>			
700,000	Akbank TAS 5.000% - 24/Oct/22*	575,298	4.53
600,000	Turkiye Garanti Bankasi AS 6.250% - 20/Apr/21	523,154	4.12
700,000	Turkiye Sinai Kalkinma Bankasi AS 4.875% - 18/May/21	554,821	4.37
1,200,000	Turkiye Vakiflar Bankasi TAO 5.500% - 27/Oct/21	963,925	7.59
<b>Total Bonds</b>		<b>2,617,198</b>	<b>20.61</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>		<b>12,243,048</b>	<b>96.42</b>
<b>Total Investments in securities</b>		<b>12,243,048</b>	<b>96.42</b>
<b>Other Net Assets</b>		<b>455,037</b>	<b>3.58</b>
<b>Total Net Assets</b>		<b>12,698,085</b>	<b>100.00</b>

\*related party entity

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



# AKBANK TURKISH SICAV

## AKBANK TURKISH SICAV - Equities

### Industrial Classification as of 31 December 2018

	<b>% of NAV</b>
Banks	21.86
Diversified companies	10.28
Food services	8.18
Oil and gas producers	6.82
Iron and steel	6.56
Transportation	5.71
Telecommunication services	5.42
Chemicals	4.91
Aerospace and defence	3.68
Beverages	3.32
Engineering and construction	2.83
Household products	2.71
Auto manufacturers	2.54
Home furnishings	2.48
Financial services	1.79
Electrical utilities	1.37
Precious metals	1.29
Real estate investment trust	0.95
Miscellaneous machinery	0.71
Textiles	0.62
Apparel	0.58
Automobile parts and equipment	0.52
Plastics and Rubber	0.49
Insurance	0.44
Mining (non precious)	0.41
Healthcare services	0.33
Housewares	0.26
Retail	0.22
Building materials	0.19
Machinery	0.17
Furniture and bedding	0.16
Software	0.11
<b>Total Investment in securities</b>	<b>97.91</b>
<b>Other Net Assets</b>	<b>2.09</b>
<b>Total Net Assets</b>	<b>100.00</b>

# AKBANK TURKISH SICAV

## AKBANK TURKISH SICAV - Fixed Income

### Industrial Classification as of 31 December 2018

	% of NAV
Governments	75.81
Banks	20.61
<b>Total Investment in securities</b>	<b>96.42</b>
<b>Other Net Assets</b>	<b>3.58</b>
<b>Total Net Assets</b>	<b>100.00</b>

# **AKBANK TURKISH SICAV**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **as of 31 December 2018**

#### **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.

The financial statements are presented on the basis of the last official NAV of the financial year which was calculated as of 28 December 2018. The Valuation differences between 28 December 2018 and 31 December 2018 are below the materiality threshold (set as respectively 1% for AKBANK TURKISH SICAV – Equities and 0.5% for AKBANK TURKISH SICAV – Fixed Income of the net asset value as at 31 December 2018).

##### **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 2018 (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 2018, the main exchange rates are as follows:

1 EUR = 6.025515 TRY  
1.143450 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 2018 (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 2018, 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 336,551.

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

The Management Company receives out of the assets of each Sub-Fund a fee of up to 0.04% or 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) Depositary fee**

The Depositary receives from the SICAV a fee of up to 2 basis points based upon the total net assets of each Sub-Fund or a minimum of EUR 22,800 (including VAT) per Sub-Fund per annum, payable monthly in arrears.

The Depositary also receives from the SICAV the following fee based upon the total net assets of each Sub-Fund per annum, payable monthly in arrears:

- AKBANK TURKISH SICAV – Equities: 6 basis points
- AKBANK TURKISH SICAV – Fixed Income: 0.8 basis points

# **AKBANK TURKISH SICAV**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **as of 31 December 2018 (continued)**

#### **3 – FEES (continued)**

##### **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.

##### **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 tax 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 2018, 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 free of charge to the Shareholders at the registered offices of the Management Company. They are also available at the distributors in Germany for German Shareholders.

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

AKBANK TURKISH SICAV – Equities has invested in a related party entity as of 31 December 2018 as disclosed in the Schedule of Investments and Other Net Assets. In addition, the Investment Manager to the SICAV is considered as 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.

# **AKBANK TURKISH SICAV**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **as of 31 December 2018 (continued)**

#### **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 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 TURKISH SICAV

## UNAUDITED SUPPLEMENTARY INFORMATION

### **European Regulation (EU) 2015/2365 on the transparency of financial transactions in securities and reuse of collateral (Securities Financing Transactions Regulation or SFTR)**

During the year ended 31 December 2018, the SICAV did not enter into transactions within the scope of the SFTR.

### **Remuneration disclosure**

The Management Company has adopted a remuneration policy pursuant to applicable laws and regulations with the objective to ensure that its remuneration structure is in line with its interests and those of the collective investment schemes it manages and to prevent risk-taking which is inconsistent with the risk profiles, rules or articles of incorporation or management regulations of the collective investment schemes it manages.

Details of the remuneration policy of the Management Company, including the persons in charge of determining the fixed and variable remunerations of staffs, a description of the key remuneration elements and an overview of how remuneration is determined, is available at <http://www.mdo-manco.com/about-us/legal-documents>.

With respect to the financial year ended 31 December 2018 (as of that date, the Management Company had a headcount of 62 employees), the total fixed and variable remuneration paid by the Management Company to its employees amounted to EUR 4,299,568.98 and to EUR 977,673.25 respectively. The total remuneration paid by the Management Company to senior management and members of its staff whose actions have a material impact on the risk profile of the collective investment schemes managed amounted to EUR 2,857,356.02. The remuneration committee of the Management Company has reviewed the implementation of the remuneration policy and has not identified any deficiency in that respect. Moreover, the current version of the remuneration policy was not updated in the course of the financial year ended 31 December 2018.