

# **Audited Financial Statements**

**for the period from 21 May 2008 (date of incorporation) to 31 December 2008**

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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 registered under Part I of the Luxembourg Law of 20 December 2002 relating to undertakings for collective investment.

**AKBANK**



# Akbank Turkish SICAV

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# 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 Cem Yalçinkaya  
Chief Executive Officer  
AK Asset Management  
Istanbul

### Directors

Mr Atıl Özus  
Chief Financial Officer  
Executive Vice President  
Akbank T.A.S.

Mr Ertunç Tümen  
Executive Vice President  
AK Asset Management  
Istanbul

Mr Tuncer Mutlucan  
Managing Director  
Akbank NV

## **Management Company**

MDO Management Company  
19, rue de Bitbourg  
L-1273 Luxembourg, Grand Duchy of Luxembourg  
(from 11 November 2008)

TDO Management Company S.A.  
5, allée Scheffer  
L-2520 Luxembourg, Grand Duchy of Luxembourg  
(until 10 November 2008)

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

Citibank International plc (Luxembourg Branch)  
31, Z.A. Bourmicht  
L-8070 Bertrange, Grand Duchy of Luxembourg

## **Investment Manager**

AK Asset Management Inc.  
Sabanci Center Akbank T.A.S.  
Hazine Binasi  
Kat:1 34330 4. Levent  
Besiktas Istanbul, Turkey

## **Independent Auditor**

Ernst & Young S.A.  
7, Parc d'activité Syrdall  
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

## **Distributor in Germany**

Citibank Privatkunden AG & Co. KGaA  
Kasernenstrasse 10  
40213 Düsseldorf, Germany

## 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 13 of the Law of 2002 regarding undertakings for collective investment. The Articles of Incorporation are 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.

### MANAGEMENT COMPANY

The Directors of the SICAV have appointed TDO Management Company S.A. as the Management Company of the SICAV to be responsible on a day-to-day basis, under supervision of the 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 to the Administrator and registrar and transfer functions to the Registrar and Transfer Agent.

As of 11 November 2008, the Management Company changed its name to MDO Management Company, a company created by the merger of the following two companies:

- 1) TDO Management Company S.A., a société anonyme incorporated and existing under the laws of the Grand Duchy of Luxembourg, having its registered office at 5, Allée Scheffer, L-2520 Luxembourg, registered with the Luxembourg Trade and Companies Register under number B 128.627;
- 2) Mercuria Management Company S.A., a société anonyme incorporated and existing under the laws of the Grand-Duchy of Luxembourg, having its registered office at 19, rue de Bitbourg, L-1273 Luxembourg-Hamm, registered with the Luxembourg Trade and Companies Register under number B 113.693;

Following this merger, all the contracts previously made by TDO Management Company were transferred to the new entity MDO Management Company that will be mentioned hereinafter in this prospectus.

MDO Management Company (the "Management Company") has been 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 and it is registered with the "Registre de Commerce et des Sociétés" under the RCS number B 128.627. The articles of incorporation of the Management Company are in process of being published in the Mémorial, Recueil des Sociétés et Associations, of Luxembourg. The Management Company is 100% owned by MDO Services S.A.

The object of the Management Company is the collective portfolio management of undertakings of collective investments in accordance with chapter 13 of the law on undertakings of collective investment dated 20 December 2002.

As of 31 December 2008, its share capital amounted EUR 1,085,470.00.

The Management Company also acts as Management Company for the following investment funds:

- Raiffeisen Capital Management Luxembourg SICAV
- Italfortune International Fund
- SWIP SICAV
- SWIP Islamic SICAV

## **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.

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

Citibank International plc (Luxembourg Branch) has been appointed 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.

The Custodian has further accepted the appointment as Administrator, Registrar and Transfer Agent, Domiciliary Agent and Listing Agent to the Company. In such capacity, Citibank International plc (Luxembourg Branch) is responsible for calculating the Net Asset Values 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 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 will 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 Fund.

# Directors' Report

## **Market Comment**

In the last quarter of 2008- especially after the G20 meeting in November- major authorities counteracted the continuing deterioration of world financial markets by aggressive monetary and fiscal policy moves. In addition to providing ample liquidity to the banking system; the Federal Reserve lowered the policy rate to the target range of 0 to 0.25 percent and stated that it will perform quantitative easing by expanding its balance sheet through the purchases of mortgage-backed securities, agency debt and possibly longer-term US Treasury securities. European Central Bank, Bank of England, Bank of Japan and the central banks of major emerging economies also followed the Fed with sharp rate cuts, as the inflation rates have fallen down within the comfort zones.

Governments also have been taking intense fiscal action to balance the impact of the falling aggregate demand and to create new jobs to prevent the weakening of labor markets. Along with this global economic picture, Central Bank of Turkey (CBT) also cut the policy rate from 16.75% in August 2008 to 15% in December 2008 (13% in January 2009) and signaled its intention for further rate cuts. Although it might take some more time to see the effects of these policy moves on the real economy, local government yield curve-parallel with our expectations- responded very swiftly to these policy actions and the yield of the YTL-denominated benchmark bond decreased sharply from its level of 18.80% in August to 16.45% in the year end. The yields in the short end of the curve fell even more sharply in line with CBT's rate cuts.

As far as the Turkish equity market is concerned, analysts downgraded their earning estimates in Turkish companies, starting from the third quarter of 2008. Until now, 2009 earnings estimates have been downgraded by 30% in aggregate. The market is now trading at 5.1x trailing P/E multiple and 5.8x 2009 forward P/E multiple. We expect the downgrades on earnings estimates to bottom within the second half of 2009 and risky assets to start pricing a slow motion growth starting from the first quarter of 2010.

## **SICAV Fixed Income - Price Developments & Comments**

Taking into account the downward shift in the yield curve, triggered by disinflation fears and CBT's interest rate cuts, our fund registered attractive returns in YTL terms.

We believe that there is still significant room for further policy rate reductions and we expect CBT to continue reducing its policy rate to 12% in the first quarter of 2009, as long as the Fed is willing to continue with its quantitative easing policy.

## **SICAV Equities – Price Developments & Comments**

Within the third and fourth quarters of 2008, risky assets were hardly hit and ISE100 was not an exception. Although, there was a relief rally at the end of the year, the market fell by 31% overall, since the commencement of operations in July 2008. We constructed our portfolio in a relatively defensive stance and used limited allocation decisions in this period.

Luxembourg, 27 April 2009

The Directors

# Independent Auditor's Report

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

Following our appointment by the Extraordinary General Meeting of the Shareholders of 21 May 2008, 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 2008 and the statement of operations and changes in net assets for the period from 21 May 2008 (date of incorporation) to 31 December 2008, 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 of the financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## *Responsibility of the "Réviseur d'Entreprises"*

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 by the "Institut des Réviseurs d'Entreprises". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the judgement of the "Réviseur d'Entreprises", 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" 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 at 31 December 2008, and of the results of their operations and changes in their net assets for the period from 21 May 2008 (date of incorporation) to 31 December 2008 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  
Réviseur d'Entreprises

Christoph Haas

Luxembourg, 27 April 2009

# Akbank Turkish SICAV

## Statement of Net Assets as of 31 December 2008 (in EUR)

	Notes	Akbank Turkish SICAV - Equities	Akbank Turkish SICAV - Fixed Income	Combined
<b>Assets</b>				
Investments in securities at cost		7,948,800	8,605,043	16,553,843
Unrealised depreciation		(2,254,383)	(462,642)	(2,717,025)
Investments in securities at market value	2a	5,694,417	8,142,401	13,836,818
Cash		1,475,822	1,181,159	2,656,981
Dividends and interest receivable		7,947	105,060	113,007
Formation expenses	2d	22,500	22,500	45,000
Other receivables		625	625	1,250
<b>Total assets</b>		<b>7,201,311</b>	<b>9,451,745</b>	<b>16,653,056</b>
<b>Liabilities</b>				
Accrued expenses		50,325	48,967	99,292
Other payables		7,496	7,570	15,066
<b>Total liabilities</b>		<b>57,821</b>	<b>56,537</b>	<b>114,358</b>
<b>Net assets</b>		<b>7,143,490</b>	<b>9,395,208</b>	<b>16,538,698</b>
<b>Number of outstanding shares</b>				
Class A Distribution EUR		0.50	0.50	
Class I Distribution EUR		100,000.00	100,000.00	
<b>Net Asset Value per share</b>				
Class A Distribution EUR		102.00	102.24	
Class I Distribution EUR		71.43	93.95	
<b>Net Asset Value</b>				
Class A Distribution EUR		51	51	
Class I Distribution EUR		7,143,439	9,395,157	

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

# Akbank Turkish SICAV

## Statement of Operations and Changes in Net Assets

for the period from 21 May 2008 (date of incorporation) to 31 December 2008 (in EUR)

	Notes	Akbank Turkish SICAV - Equities	Akbank Turkish SICAV - Fixed Income	Combined
<b>Net assets at the beginning of the period</b>		-	-	-
<b>Income</b>				
Interest Income	2e	113,200	645,396	758,596
<b>Total income</b>		<b>113,200</b>	<b>645,396</b>	<b>758,596</b>
<b>Expenses</b>				
Investment Management fee	3a	79,676	62,183	141,859
Management Company fee	3b	5,034	5,034	10,068
Custody fees	3c	12,253	13,076	25,329
Administrator, Registrar and Transfert Agent fees	3d	12,637	12,637	25,274
Domiciliary agent fee	3e	2,500	2,500	5,000
Audit and legal fees		17,331	18,110	35,441
Taxe d'abonnement	4	352	469	821
Other fees and expenses		18,674	15,487	34,161
<b>Total expenses</b>		<b>148,457</b>	<b>129,496</b>	<b>277,953</b>
<b>Net income / (loss) from investments</b>		<b>(35,257)</b>	<b>515,900</b>	<b>480,643</b>
<b>Net realised loss on:</b>				
sales of investments in securities	2b	(259,794)	(440,038)	(699,832)
foreign exchange	2c	(307,126)	(218,062)	(525,188)
<b>Net change in unrealised depreciation on:</b>				
investments in securities		(2,254,383)	(462,642)	(2,717,025)
<b>Net change in net assets for the period resulting from operations</b>		<b>(2,856,560)</b>	<b>(604,842)</b>	<b>(3,461,402)</b>
Proceeds from subscriptions		10,000,050	10,000,050	20,000,100
Payments for redemptions		-	-	-
<b>Net payments from subscription and redemption activity</b>		<b>10,000,050</b>	<b>10,000,050</b>	<b>20,000,100</b>
<b>Net assets at the end of the period</b>		<b>7,143,490</b>	<b>9,395,208</b>	<b>16,538,698</b>

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

# Akbank Turkish SICAV - Equities

Schedule of Investment and Other Net Assets (in EUR)  
as of 31 December 2008

Quantity/ Nominal Value	Description	Market value	% of NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>			
<b>TRY Equities</b>			
300,000	Akbank TAS*	668,362	9.36
110,000	Aksigorta AS	146,630	2.05
20,000	Arcelik	19,203	0.27
120,000	Asya Katilim Bankasi AS	64,879	0.91
125,000	Dogan Sirketler Grubu Holdings	60,008	0.84
57,000	Dogan Yayin Holding	17,534	0.25
170,000	Eregli Demir ve Celik Fabrikalari TAS	326,444	4.57
155,000	Haci Omer Sabanci Holding AS	252,850	3.54
162,876	Hurriyet Gazetecilik AS	49,344	0.69
228,000	Kardemir Karabuk Demir - D	53,133	0.74
252,363	KOC Holding AS	308,170	4.31
25,000	Petkim Petrokimya Holding	53,833	0.75
50,000	Tofas Turk Otomobil Fabrik	26,800	0.38
40,000	Tupras Turkiye Petrol Rafine	302,021	4.23
101,400	Turk Hava Yollari	269,386	3.77
100,000	Turk Sise ve Cam Fabrikalari AS	50,803	0.71
205,000	Turk Telekomunikasyon AS	332,503	4.65
149,500	Turkcell Iletisim Hizmet AS	609,694	8.54
550,000	Turkiye Garanti Bankasi AS	666,497	9.33
100,000	Turkiye Halk Bankasi	214,398	3.00
325,000	Turkiye Is Bankasi	621,055	8.69
159,000	Turkiye Sinai Kalkinma Bankasi AS	68,179	0.95
300,000	Turkiye Vakiflar Bankasi Tao	163,595	2.29
340,000	Yapi ve Kredi Bankasi	332,783	4.66
	<b>Total Equities</b>	<b>5,678,104</b>	<b>79.48</b>
<b>TRY Funds</b>			
50,000	Is Gayrimenkul Yatirim Ortakligi AS	16,313	0.23
	<b>Total Funds</b>	<b>16,313</b>	<b>0.23</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>		<b>5,694,417</b>	<b>79.71</b>
<b>Total Investment in securities</b>		<b>5,694,417</b>	<b>79.71</b>
<b>Other Net Assets</b>		<b>1,449,073</b>	<b>20.29</b>
<b>Total Net Assets</b>		<b>7,143,490</b>	<b>100.00</b>

\* Related party entity

# Akbank Turkish SICAV - Fixed Income

## Schedule of Investment and Other Net Assets (in EUR) as of 31 December 2008

Quantity/ Nominal Value	Description	Market value	% of 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>			
1,900,000	Turkey (Govt of) 0.000% 6/May/2009	839,946	8.94
1,200,000	Turkey (Govt of) 0.000% 15/Jul/2009	514,812	5.48
500,000	Turkey (Govt of) 0.000% 5/Aug/2009	212,620	2.26
1,700,000	Turkey (Govt of) 0.000% 7/Oct/2009	703,866	7.49
700,000	Turkey (Govt of) 0.000% 18/Nov/2009	284,778	3.03
1,300,000	Turkey (Govt of) 0.000% 13/Jan/2010	517,402	5.51
2,200,000	Turkey (Govt of) 0.000% 14/Apr/2010	841,758	8.96
1,200,000	Turkey (Govt of) 14.000% 19/Jan/2011	535,333	5.70
500,000	Turkey (Govt of) 14.000% 26/Sep/2012	216,612	2.31
900,000	Turkey (Govt of) 15.000% 10/Feb/2010	415,489	4.42
1,000,000	Turkey (Govt of) 16.000% 7/Mar/2012	459,189	4.89
100,000	Turkey (Govt of) 16.000% 28/Aug/2013	45,676	0.49
5,900,000	Turkey (Govt of) Tsy Bill 0.000% 24/Jun/2009	2,554,920	27.19
<b>Total Supranationals, Governments and Local Public Authorities, Debt Instruments</b>		<b>8,142,401</b>	<b>86.67</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>		<b>8,142,401</b>	<b>86.67</b>
<b>Total Investments in securities</b>		<b>8,142,401</b>	<b>86.67</b>
<b>Other Net Assets</b>		<b>1,252,807</b>	<b>13.33</b>
<b>Total Net Assets</b>		<b>9,395,208</b>	<b>100.00</b>

## Akbank Turkish SICAV - Equities

Industrial Classification  
as of 31 December 2008

	<b>% of NAV</b>
Banks	38.24
Telecommunication services	13.19
Diversified companies	8.69
Iron and steel	5.31
Oil and gas producers	4.23
Transportation	3.77
Insurance	2.05
Financial services	0.95
Chemicals	0.75
Household products	0.71
Publishing and printing	0.69
Auto manufacturers	0.38
Home furnishings	0.27
Broadcasting, radio and television	0.25
Real estate investment trust	0.23
<b>Total Investments in securities</b>	<b>79.71</b>
<b>Other Net Assets</b>	<b>20.29</b>
<b>Total Net Assets</b>	<b>100.00</b>

## Akbank Turkish SICAV - Fixed Income

Industrial Classification  
as of 31 December 2008

Government Bonds	86.67
<b>Total Investments in securities</b>	<b>86.67</b>
<b>Other Net Assets</b>	<b>13.33</b>
<b>Total Net Assets</b>	<b>100.00</b>

## **Notes to the Financial Statements**

### **1 – GENERAL INFORMATION**

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 registered under Part I of the Luxembourg Law of 20 December 2002 relating to undertakings for collective investment.

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 – Fixed Income (launched on 3 July 2008)
- AKBANK TURKISH SICAV – Equities (launched on 3 July 2008)

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 Euro 5,000.00 for this Class whereas there is no minimum holding amount for this Class, unless the Directors resolve otherwise.
- Class A Shares are available to all investors. The minimum subscription and minimum holding amounts are of Euro 50.00 unless the Directors resolve otherwise.

Both Class I Shares 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 Directors deem 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 reasonable foreseeable sales prices, upon the advice of the relevant investment adviser / manager.

In the event that extraordinary circumstances render such a valuation impracticable or inadequate, the Directors may, at their 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 Fund.

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

Realised gains and losses comprise the profit or loss arising from disposal of securities during the period. The net realised gains or loss on sales of investment 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 Net Asset Value.

As at 31<sup>st</sup> December 2008, the main exchange rate is as follow:  
1 EUR = 2.145543 TRY

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

#### **d) Formation expenses**

The formation expenses represent the costs of establishing the SICAV and its sub-funds. The costs of establishing the SICAV amounted to approximately Euro 50,000. Where further sub-funds are created in the future, these sub-funds will bear, in principle, their own formation expenses. The formation costs are amortised on a straight line basis over 5 years from the date on which the SICAV/sub-funds commenced business.

#### **e) Income**

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

#### **f) Expenses**

Expenses are accounted for on an accrual basis. Expenses are charged to the Statement of Operations and Changes in Net Assets except for the expenses incurred on the acquisition of an investment which are included within the cost of that investment. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

#### **g) Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in Luxembourg requires management to make estimate 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.



### **3 – FEES**

#### **a) Investment Management Fee**

As remuneration for its services, AK Asset Management Inc., acting as the Investment Manager, receives quarterly out of the assets of each sub-fund a fee at the annual rate of 1.75% for Akbank Turkish SICAV – Equities and 1.25% for Akbank Turkish SICAV – Fixed Income, based upon the average total net assets of each sub-fund, payable quarterly in arrears.

#### **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 a fee up to 1.25 basis point based upon the average total net assets of each sub-fund or a minimum of EUR 35,000 from the SICAV per annum (EUR 20,000 for the first 12 months from launch), payable quarterly in arrears.

For performing investment compliance services, the Custodian receives an annual fee of EUR 10,000 per sub-fund per annum (EUR 2,500 for the first 12 months from launch), payable quarterly in arrears.

#### **d) Administrator, Registrar and Transfer Agent Fee**

The Administrator, Registrar and Transfer Agent receives a fee up to 0.04% based upon the average total net assets of each sub-fund or a minimum of EUR 40,000 per sub-fund per annum (EUR 20,000 for the first 12 months from launch), payable quarterly in arrears.

#### **e) Domiciliary Agent Fee**

The Domiciliary Agent receives a fee of EUR 5,000 per annum from the SICAV, payable out of the net assets of each sub-fund, 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 is 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 Net Asset Value of the class A 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. To the extent that the assets of the SICAV are invested in investment funds which are established in Luxembourg, no such tax is payable.

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

## **5 – 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.

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

Akbank Turkish SICAV – Equities has invested in a related party entity as at 31 December 2008, and both sub-funds, Akbank Turkish SICAV – Equities and Akbank Turkish SICAV – Fixed Income have entered into deposits with a related party entity as at 31 December 2008. These transactions have been carried out on an arm's length basis at market rates.

**AKBANK**