

**Annual Report and
Audited Financial Statements
for the year ended 31 December 2011**

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 Luxembourg Law of 17 December 2010 relating to undertakings for collective investment.

R.C.S. Luxembourg B 138.732

AKBANK TURKISH SICAV

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AKBANK TURKISH SICAV

ORGANISATION OF THE SICAV

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

Registered Office

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

Board of Directors

Chairman

Mr Cem Yalçinkaya
Chief Executive Officer
AK Asset Management
Beşiktaş İstanbul, Turkey
(until 25 March 2011)

Mr S. Alp Keler
Chief Executive Officer
AK Asset Management
Beşiktaş İstanbul, Turkey
(from 18 April 2011)

Directors

Mr Ertunç Tümen
Executive Vice President
AK Asset Management
Beşiktaş İstanbul, Turkey
(until 25 March 2011)

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

Mr A. Göktürk Isikpinar
Executive Vice President
AK Asset Management
Beşiktaş İstanbul, Turkey
(from 18 April 2011)

Mr Argun Egmir
Senior Vice President
AK Asset Management
Beşiktaş İstanbul, Turkey
(from 18 April 2011)

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 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 İstanbul, Turkey

Independent Auditor

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

Legal Advisers in Luxembourg

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

Distributors in Germany

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

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

Paying Agent in Germany

Akbank N.V.
Zweigniederlassung Essen
Huyssenallee 3
45128, Essen, 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 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.

Since 1 July 2011, the SICAV is governed by the provisions of Part I of the Luxembourg Law of 17 December 2010 relating to undertakings for collective investment.

MANAGEMENT COMPANY

The Directors of the SICAV have 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 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 agent functions to the Registrar and Transfer Agent.

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 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 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 of collective investments in accordance with chapter 15 of the Law on undertakings of collective investment dated 17 December 2010.

As of 31 December 2011, its share capital amounted to EUR 1,085,470.00.

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 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 from the Management Company 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 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

MARKET COMMENT

2011 will be remembered as one of the worst performing years for the Turkish equity market. After the global crisis' starting year of 2008 when Turkish stock market dropped by 52%, Istanbul Stock Exchange (ISE) declined by 22% in local currency in 2011 which has been the second worst performance since 2002. On the other hand, interesting point is that since 2002 Turkish economy has reached one of the highest growth rate of 8-8.5% in 2011 which is the second highest growth rate for the period 2002 to 2011. ISE underperformed MSCI EM in terms of local currency by 2% and underperformed MSCI EM in terms of USD by 16% on a y-o-y basis. On the other hand, ISE100 underperformed MSCI EMEA by 14% in USD terms for the same period.

Investors tried to diversify away from western equity markets in 2011. As stock markets were hit by natural and geopolitical shocks - the Japanese earthquake and the subsequent nuclear disaster in March, the Arab Spring uprisings, and August's peak of US and Eurozone debt crises – investors began trying to move their portfolios out of danger.

One of the main reasons of ISE's underperformance was Central Bank of the Republic of Turkey's (CBT) unconventional monetary policy it launched a year ago. When it launched its unconventional policies, CBT wanted to achieve slower credit growth through higher reserve requirement ratios and weaker Turkish Lira (through a low policy rate and very volatile short-term market interest rates), with the targets of addressing the widening current account deficit problem and maintaining price stability. Since then, the run-rate of credit growth has slowed and the TRY's exchange rate has weakened, but inflation has been heading towards 10.4% from 6.4% at end-2010 and the current account deficit (CAD) is hovering around 10.0% of GDP, up from 6.4% of GDP in 2010. With this policy CBT could not hinder to alleviate portfolio outflows from the stock market during risk aversion period all through the year stemming mainly from EU debt crisis and CAD.

The inflation outlook remains contingent on the exchange rate which, in turn, depends on the developments in Europe given Turkey's reliance on export demand and external financing from this region. Europe is Turkey's largest trading partner and Western European banks are Turkey's largest creditors. An early resolution of the Euro area's debt and banking sector problems would, however, support the lira, while an intensification of the financial crisis in Europe and possible outflows from emerging markets would increase the downward pressure on the lira unless Turkey's current account deficit starts to show signs of improvement by then. During late September, S&P's upgrade of the Turkish local currency rating by two notches to investment grade put the theme of Turkey becoming an investment-grade country back into focus. However, on 23 November, Fitch downgraded Turkey's rating outlook to 'stable' from 'positive' maintaining the rating at 'BB+', quoting that the inflation and current account deficit were the two main concerns. We also now believe that a sovereign rating upgrade has not been on the cards for some time. Double digit GDP growth in 1Q11, 8.8% in 2Q11 and 8.2% in 3Q11, on top of 9% in 2010, resulted in a surging CAD 10.5% for 2011 year end. Low funding quality of this record deficit caused sustainability to be questioned. The CBT achieved to diverge from other emerging countries and observed a timely depreciation in its currency between November 2010 and August 2011. By increasing RRRs significantly and keeping rates low via widening the interest rate corridor, it enforced banks to dispose securities, resulting in a 200bps rise in benchmark rates. Banking Regulatory and Supervision Agency (BRSA) stepped in after the elections and increased the provision requirements on consumer loans. All of which finally resulted in a significant increase in lending rates and a slowdown in loan disbursements. Giving more emphasis to global concerns and inflation, CBT changed course as of August 2011 and started to defend the currency, first using its reserves and then the more effective interest rate tool. Despite the elections, fiscal performance improved on a y-o-y basis and the budget deficit is expected to remain below 2% in 2011, while the ruling Justice and Development Party (AKP) got a strong mandate to rule the country for the third term. After registering a very strong 25% CAGR in net earnings during 1Q05-1Q11, the banking sector is expected to post 10% contraction in earnings in 2011, as an adverse effect of contracting NIMs. Non-bank earnings have held up well, despite the depreciation of the TRY and thanks to huge GDP growth. The currency basket (0.5\$+0.5€) against the TRY observed a peak of 2.20 in 3Q11 from 1.99 as of the end of 2Q11. With continuous earnings' downgrades to an expected 10% earnings decline for 2011,

AKBANK TURKISH SICAV

DIRECTORS' REPORT (continued)

with a significant amount of new supply at a time when foreign investors were sellers, and with the depreciation of the currency, MSCI Turkey has declined by about 50% from its peak in 4Q10.

All in all, at 8.0x 2012 earnings the market has been trading below its historic average of 8.5x and peak of 12x. Also P/B is about 1.4 which offers about 20% upside potential according to 5y average of 1.6. With only 2% GDP growth plugged in for 2012 and no further depreciation for the currency, earnings growth forecast of 13% is much better than the 8% contraction expected for 2011. Our base case scenario for 2012 for ISE offers about 17% upside that makes 74k levels for Istanbul Stock Exchange National-30 index. We believe current valuations are undemanding both historically and relative to 9.1x PE for the MSCI, and we believe 2012 will be a good year when looking at our compelling upside forecast going forward. On the other hand, we expect the prevailing weakening to continue into the first half of 2012 before the market strengthens again in response to positive developments on GDP after June with a stabilizing currency and declining inflation. Excluding geopolitical risks and EU debt crisis strengthening, ISE may not seem to differentiate from emerging markets which mostly bottomed a year ago.

SICAV Equities

We favoured financial sector rather than industrials in 1H 2011 since interest rates were at low levels (c. 6.5%-8.5%) and loan volumes were boosted. We also invested high dividend yield stocks in the first quarter. TTKOM and TUPRS were the stocks that we liked for high dividend yield. We tried to invest mostly mid-cap companies with high profitability and growth prospects during the great turnaround story of Turkish economy in 2010. CIMSA and TOASO were our main small cap picks. When growth peaked at 2H 2011; sectors which totally reflect domestic demand like automotive sector players were our focus. We increased our position in TOASO and FROTO. We positioned in ULKER due to restructuring plans and more transparency would create more value. We liked cement players like CIMSA since it has a favourable dividend yield and construction was one of the most favourite sectors in 2011 due to high growth and the major role of construction as a locomotive in the Turkish growth story. We also liked EKGYO due to low mortgage rates and high real estate demand. In short; in 1H 2011 we liked banking stocks. In contrast, we preferred industrials rather than financials in 2H 2011 especially after CBT's unorthodox policies launched in second half which could not hinder rising interest rates, inflation and CAD that shadowed banks' earning momentum.

SICAV Fixed Income

Fixed income market was not immune to CBT's new policy framework which is intended to decrease CAD and manage capital inflows in order to correct macroeconomic imbalances. Benchmark bond which started the year at 7% compound level increased to 11.50% throughout the year and closed the year at 11% compound level. Increased reserve requirement ratios which imply higher funding needs for banks caused the yield curve to shift higher and invert substantially. The yield curve inverted up to 160 bps considering the 10-2 yr spread. CBT intended to cap USD/TRY increase by both increasing the blended funding rate for banks and directly intervening the FX market by selling reserves. Besides the increased funding requirements inflation helped the curve to shift higher and invert. Compared to 2010 CPI increased 10.45% in 2011 reflecting the repercussions of 22% decline in TRY.

Throughout the year corporate bond allocation in the fund has increased gradually reaching 13% in the year end. Compared to government bonds, corporate sector bonds offered considerably high yields at approximately 100 bps with 1 year maturity. As of 3Q2011, the fund increased its position in 3 yr maturity government bonds at a compound level of 9.5% and closed its position in 3 months reaching its target level of 8.5% compound level. Although from time to time fund's duration increased relative to its benchmark, it is appropriate to generalize that fund duration was shorter than its benchmark.

AKBANK TURKISH SICAV

DIRECTORS' REPORT (continued)

Corporate Governance Code

The Board of Directors confirms adherence to the Association of the Luxembourg Fund Industry (ALFI) Code of Conduct in the governance of the SICAV.

Luxembourg, 2 April 2012

The Board of Directors

REPORT OF THE INDEPENDENT AUDITOR

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 statement of investments and other net assets as at 31 December 2011, 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 2011, 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.

REPORT OF THE INDEPENDENT AUDITOR (continued)

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

K. NICHOL

Luxembourg, 2 April 2012

AKBANK TURKISH SICAV

Statement of Net Assets as of 31 December 2011 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
Assets				
Investments in securities at cost		31,553,327	31,869,904	63,423,231
Unrealised (depreciation)		(3,041,515)	(1,085,698)	(4,127,213)
Investments in securities at market value	2a	28,511,812	30,784,206	59,296,018
Cash		877,729	108,331	986,060
Interest receivable	2e	—	657,250	657,250
Receivable from securities sold		131,572	—	131,572
Formation expenses	2d	7,513	7,513	15,026
Total assets		29,528,626	31,557,300	61,085,926
Liabilities				
Accrued expenses		160,113	120,337	280,450
Payable for securities purchased		110,473	—	110,473
Total liabilities		270,586	120,337	390,923
Net assets		29,258,040	31,436,963	60,695,003
Number of outstanding shares				
Class A Distribution EUR		8.00	1,827.21	
Class I Distribution EUR		296,386.48	290,748.68	
Net Asset Value per share				
Class A Distribution EUR		151.17	117.41	
Class I Distribution EUR		98.71	107.39	
Net Asset Value				
Class A Distribution EUR		1,209.32	214,533.29	
Class I Distribution EUR		29,256,830.90	31,222,429.55	

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 2011 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
Net assets at the beginning of the year		16,105,482	12,588,880	28,694,362
Income				
Dividend income	2e	322,495	—	322,495
Interest income	2e	304	1,551,622	1,551,926
Total income		322,799	1,551,622	1,874,421
Expenses				
Investment management fee	3a	371,274	241,403	612,677
Management company fee	3b	9,492	9,425	18,917
Custodian fees	3c	58,068	31,825	89,893
Administrator, registrar and transfer agent fee	3d	55,066	55,026	110,092
Domiciliary agent fee	3e	2,493	2,494	4,987
Audit and legal fees		33,949	29,831	63,780
Taxe d'abonnement	4	2,276	2,209	4,485
Other fees and expenses		28,476	27,836	56,312
Total expenses		561,094	400,049	961,143
Net income / (loss) from investments		(238,295)	1,151,573	913,278
Net realised loss on:				
sales of investments in securities	2b	(823,963)	(1,432,080)	(2,256,043)
foreign exchange	2c	(49,594)	(127,617)	(177,211)
Net change in unrealised depreciation on:				
investments in securities		(5,730,515)	(743,634)	(6,474,149)
Net change in net assets for the year resulting from operations		(6,842,367)	(1,151,758)	(7,994,125)
Proceeds from subscriptions		20,009,998	20,009,999	40,019,997
Payments for redemptions		(15,073)	(10,158)	(25,231)
Net payments from subscription and redemption activity		19,994,925	19,999,841	39,994,766
Net assets at the end of the year		29,258,040	31,436,963	60,695,003

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

AKBANK TURKISH SICAV

Net Assets Information as of 31 December 2011, 2010 and 2009

		AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income
Net assets as of	31 December 2011	29,258,040	31,436,963
	31 December 2010	16,105,482	12,588,880
	31 December 2009	12,516,324	10,889,380
Net asset value per share as of 31 December 2011			
	Class A Distribution EUR	151.17	117.41
	Class I Distribution EUR	98.71	107.39
Net asset value per share as of 31 December 2010			
	Class A Distribution EUR	246.35	135.00
	Class I Distribution EUR	161.00	123.42
Net asset value per share as of 31 December 2009			
	Class A Distribution EUR	190.92	118.78
	Class I Distribution EUR	125.16	108.89
Number of shares outstanding as of 31 December 2011			
	Class A Distribution EUR	8.00	1,827.21
	Class I Distribution EUR	296,386.48	290,748.68
Number of shares outstanding as of 31 December 2010			
	Class A Distribution EUR	23.50	1,827.71
	Class I Distribution EUR	100,000.00	100,000.00
Number of shares outstanding as of 31 December 2009			
	Class A Distribution EUR	0.50	0.50
	Class I Distribution EUR	100,000.00	100,000.00

AKBANK TURKISH SICAV

AKBANK TURKISH SICAV – Equities

Schedule of Investments and Other Net Assets (in EUR) as of 31 December 2011

Quantity	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing			
TRY Equities			
895,855	Akbank TAS*	2,199,731	7.51
62,943	Akfen Holding AS	182,281	0.62
326,900	Aksa Akrilik Kimya Sanayii AS	589,349	2.01
478,490	Aksa Enerji Uretim AS	546,470	1.87
250,000	Albaraka Turk Katilim Bankasi AS	160,094	0.55
355,204	Anadolu Cam Sanayii AS	382,487	1.31
10,000	Anadolu Efes Biracilik ve Malt Sanayii AS	92,997	0.32
1	Anadolu Sigorta	0	0.00
900,050	Anel Elektrik Proje Taahhut Anele Ti	701,190	2.40
135,931	Arcelik AS	339,317	1.16
152,322	Aselsan Elektronik Sanayi ve Ticaret AS	509,462	1.74
400,000	Asya Katilim Bankasi AS	259,413	0.89
65,000	Bim Birlesik Magazalar AS	1,391,901	4.76
30,000	Bizim Toptan Satis Magazalari AS	230,046	0.79
256,087	Cimsa Cimento Sanayi ve Tica	787,579	2.69
6,000	DO & Company Restaurants & Catering AG	155,403	0.53
1	Dogan Sirketler Grubu Holdings	0	0.00
258,256	Enka Insaat ve Sanayi AS	431,886	1.48
100,001	Eregli Demir ve Celik Fabrikalari TAS	133,786	0.46
659,839	Haci Omer Sabanci Holding AS	1,453,338	4.97
1	Hurriyet Gazetecilik AS	0	0.00
1	Is Yatirim Menkul Degerler AS	0	0.00
1,000,001	Kardemir Karabuk Demir Celik Sanayi ve Ticaret AS	309,992	1.06
52,701	Koza Altin Isletmeleri AS	539,542	1.84
90,125	Migros Ticaret AS	465,019	1.59
191,823	Petkim Petrokimya Holding AS	154,135	0.53
248,088	Tav Havalimanlari Holding AS	815,597	2.78
200,001	Tekfen Holding AS	435,621	1.49
275,000	Trakya Cam Sanayi AS	273,689	0.94
89,871	Tupras Turkiye Petrol Rafine	1,466,273	5.01
678,190	Turk Hava Yollari	586,439	2.00
1	Turk Sise ve Cam Fabrikalari AS	1	0.00
338,673	Turk Telekomunikasyon AS	969,735	3.31
388,216	Turkcell Iletisim Hizmet AS	1,406,118	4.81
1,092,500	Turkiye Garanti Bankasi AS	2,629,111	8.98
333,000	Turkiye Halk Bankasi AS	1,344,667	4.60
1,500,000	Turkiye Is Bankasi	2,025,138	6.92
608,965	Turkiye Sinai Kalkinma Bankasi AS	454,547	1.55
1,184,413	Turkiye Vakiflar Bankasi Tao	1,183,599	4.05
324,337	Ulker Gida Sanayi ve Ticaret AS	714,374	2.44
734,203	Yapi ve Kredi Bankasi AS	805,571	2.75
Total Equities		27,125,898	92.71

*related party entity

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 2011 (continued)

Quantity	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing			
TRY Funds			
1,500,000	Emlak Konut Gayrimenkul Yatı Ekyo Ti	1,193,057	4.08
472,825	Is Gayrimenkul Yatirim Ortakligi AS	192,857	0.66
1	Sinpas Gayrimenkul Yatirim Ortakligi AS	0	0.00
Total Funds		1,385,914	4.74
Total Transferable securities and money market instruments admitted to an official exchange listing		28,511,812	97.45
Total Investments in securities		28,511,812	97.45
Other Net Assets		746,228	2.55
Total Net Assets		29,258,040	100.00

AKBANK TURKISH SICAV

AKBANK TURKISH SICAV – Fixed Income

Schedule of Investments and Other Net Assets (in EUR) as of 31 December 2011

Quantity/ 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			
18,000,000	Turkey Government Bond 0.000% - 20/Feb/2013	6,514,532	20.72
12,500,000	Turkey Government Bond 0.000% - 17/Jul/2013	4,337,221	13.80
1,000,000	Turkey Government Bond 3.216% - 6/Jan/2021	426,105	1.36
10,000,000	Turkey Government Bond 9.000% - 27/Jan/2016	3,901,399	12.41
6,000,000	Turkey Government Bond 10.000% - 9/Jan/2013	2,427,718	7.72
300,000	Turkey Government Bond 10.000% - 10/Apr/2013	121,386	0.39
100,000	Turkey Government Bond 11.000% - 6/Aug/2014	40,992	0.13
1,000,000	Turkey Government Bond 14.000% - 26/Sep/2012	416,040	1.32
17,000,000	Turkey Government Bond 16.000% - 28/Aug/2013	7,457,524	23.71
2,000,000	Turkey Government Bond FRN - 24/Jan/2018	803,521	2.56
Total Supranationals, Governments and Local Public Authorities, Debt Instruments		26,446,438	84.12
TRY Bonds			
3,000,000	Is Finansal Kiralama AS 0.000% - 28/Sep/2012*	1,123,297	3.57
1,000,000	Turkiye Is Bankasi 0.000% - 7/Nov/2012	371,997	1.18
3,000,000	Yapi ve Kredi Bankasi AS 8.864% - 12/Oct/2012*	1,201,562	3.83
1,000,000	Crediwest Faktoring Hizmetleri AS FRN - 28/May/2013*	409,106	1.30
1,000,000	Lider Faktoring Hizmetleri AS FRN - 8/Jun/2012 ^Δ	407,883	1.30
2,000,000	Ronesans Gayrimenkul Yatirim AS FRN - 25/Jul/2013*	823,923	2.62
Total Bonds		4,337,768	13.80
Total Transferable securities and money market instruments admitted to an official exchange listing		30,784,206	97.92
Total Investments in securities		30,784,206	97.92
Other Net Assets		652,757	2.08
Total Net Assets		31,436,963	100.00

*illiquid securities

^Δ priced at last available price on 13 December 2011

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

AKBANK TURKISH SICAV

AKBANK TURKISH SICAV – Equities

Industrial Classification
as of 31 December 2011

	% of NAV
Banks	36.25
Food services	9.32
Telecommunication services	8.12
Diversified companies	7.08
Engineering and construction	6.66
Oil and gas producers	5.01
Real estate investment trust	4.74
Building materials	2.69
Chemicals	2.54
Transportation	2.00
Electrical utilities	1.87
Precious metals	1.84
Aerospace and defence	1.74
Financial services	1.55
Iron and steel	1.52
Housewares	1.31
Home furnishings	1.16
Miscellaneous machinery	0.94
Distribution and wholesale	0.79
Beverages	0.32
Total Investments in securities	97.45
Other Net Assets	2.55
Total Net Assets	100.00

AKBANK TURKISH SICAV – Fixed Income

Industrial Classification
as of 31 December 2011

	% of NAV
Governments	84.12
Financial services	6.17
Banks	5.01
Real estate	2.62
Total Investments in securities	97.92
Other Net Assets	2.08
Total Net Assets	100.00

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2011

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 SICAV was incorporated on 21 May 2008. Since 1 July 2011, the SICAV is organised as an investment company under Part I of the Luxembourg Law of 17 December 2010 (previously 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 – 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 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.
- Class TL Shares are available for subscription to all investors. The reference currency for such Class TL Shares will be the TRY. The minimum subscription amount is of TRY 100,000.00 and the minimum holding and minimum subsequent subscription amounts are of TRY 25,000.00, unless the Directors resolve otherwise.

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

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

The last valuation point for the year under review was at 30 December 2011. The figures presented in the financial statements are at that date.

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.

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2011 (continued)

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 SICAV.

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 year. The net realised gain 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 of 31 December 2011, the main exchange rate is as follows:

1 EUR = 2.451685 TRY

Transactions occurring during the year 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 displayed in Note 5 below.

g) 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 2011 (continued)

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 of up to 7.25 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, 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.

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 Net Asset Value 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. 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.

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2011 (continued)

5 – TRANSACTION COSTS

For the year ended 31 December 2011, the SICAV incurred transaction costs related to the purchase or sale of financial instruments (securities and derivatives) as follows:

- AKBANK TURKISH SICAV – Equities: EUR 95,591
- AKBANK TURKISH SICAV – Fixed Income: EUR 4,878

The total amount of transaction costs relates to brokerage fees and is included in the Statement of Operations and Changes in Net Assets under the heading 'Net realised loss on sales of investments in securities' and 'Net change in unrealised depreciation on investments in securities'.

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 2011 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 Director 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.

9 – IMPORTANT EVENTS

Mr Cem Yalçinkaya resigned on 25 March 2011 as chairman of the Board of Directors and Mr S. Alp Keler has been elected as chairman of the Board of Directors as from 18 April 2011.

Mr Ertuğ Tümen resigned on 25 March 2011 as director of the Board of Directors of the Company.

Mr A. Göktürk Isikpinar and Mr Argun Egmir have been elected as directors of the Board of Directors of the Company as from 18 April 2011.

A new prospectus has been issued in December 2011.