

**Semi-annual Report and  
Unaudited Financial Statements**  
for the period from 1 January 2016 to 30 June 2016

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**AKBANK TURKISH SICAV**

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

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

R.C.S. Luxembourg B 138.732

**AKBANK**

# AKBANK TURKISH SICAV

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# AKBANK TURKISH SICAV

## ORGANISATION OF THE SICAV

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

### **Registered Office**

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

### **Board of Directors**

#### Chairman

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

#### Directors

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

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

### **Management Company**

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

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

Citibank 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 İstanbul, Turkey

### **Independent Auditor**

Ernst & Young S.A.  
35E avenue John F. Kennedy  
L-1855 Luxembourg, Grand Duchy of Luxembourg

### **Legal Advisers in Luxembourg**

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

### **Distributors in Germany**

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

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

### **Paying Agent in Germany**

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

# AKBANK TURKISH SICAV

## GENERAL INFORMATION

### THE SICAV

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

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

### MANAGEMENT COMPANY

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

The Management Company has delegated the administration functions and registrar and transfer agent functions to Citibank 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 30 June 2016, its share capital amounted to EUR 1,700,000.

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

### INVESTMENT MANAGER

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

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

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

# **AKBANK TURKISH SICAV**

## **GENERAL INFORMATION (continued)**

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

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

Citibank 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

## Statement of Net Assets as of 30 June 2016 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
<b>Assets</b>				
Investments in securities at cost		26,516,213	17,781,999	44,298,212
Unrealised appreciation / (depreciation)		( 2,092,315)	11,382	(2,080,933)
Investments in securities at market value	2a	24,423,898	17,793,381	42,217,279
Cash		1,064,471	2,194,516	3,258,987
Interest receivable	2d	—	488,972	488,972
<b>Total assets</b>		<b>25,488,369</b>	<b>20,476,869</b>	<b>45,965,238</b>
<b>Liabilities</b>				
Accrued expenses		54,857	36,810	91,667
Payable for securities purchased		55,303	—	55,303
<b>Total liabilities</b>		<b>110,160</b>	<b>36,810</b>	<b>146,970</b>
<b>Net assets</b>		<b>25,378,209</b>	<b>20,440,059</b>	<b>45,818,268</b>
<b>Number of outstanding Shares</b>				
Class A Distribution EUR		8.32	23.435.78	
Class I Distribution EUR		218,886.48	145,748.68	
<b>Net Asset Value per Share</b>				
Class A Distribution EUR		175.87	129.63	
Class I Distribution EUR		115.94	119.40	
<b>Net Asset Value</b>				
Class A Distribution EUR		1,463	3,037,916	
Class I Distribution EUR		25,376,745	17,402,143	

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 ended 30 June 2016 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
<b>Net assets at the beginning of the period</b>		<b>31,632,523</b>	<b>33,502,389</b>	<b>65,134,912</b>
<b>Income</b>				
Dividend income, net of withholding tax	2d	613,934	—	613,934
Interest income, net of withholding tax	2d	—	1,038,115	1,038,115
Other income		27	—	27
<b>Total income</b>		<b>613,961</b>	<b>1,038,115</b>	<b>1,652,076</b>
<b>Expenses</b>				
Investment management fee	3a	179,491	94,348	273,839
Management company fee	3b	5,718	5,008	10,726
Custodian fee	3c	25,694	18,247	43,941
Administrator, registrar and transfer agent fee	3d	27,915	27,932	55,847
Domiciliary agent fee	3e	1,243	1,243	2,486
Audit and legal fee		17,949	14,871	32,820
Taxe d'abonnement	4	1,399	1,343	2,742
Transaction costs	5	33,254	—	33,254
Other fees and expenses		13,884	13,547	27,431
<b>Total expenses</b>		<b>306,547</b>	<b>176,539</b>	<b>483,086</b>
<b>Net income from investments</b>		<b>307,414</b>	<b>861,576</b>	<b>1,168,990</b>
<b>Net realised gain / (loss) on:</b>				
sales of investments in securities	2b	(1,550,709)	(1,401,632)	(2,952,341)
foreign exchange	2c	13,372	(25,198)	(11,826)
<b>Net change in unrealised appreciation on:</b>				
investments in securities		4,115,630	2,517,933	6,633,563
<b>Net change in net assets for the period resulting from operations</b>		<b>2,885,707</b>	<b>1,952,679</b>	<b>4,838,386</b>
Proceeds from subscriptions		5,265,150	4,002,800	9,267,950
Payments for redemptions		(14,405,171)	(19,017,809)	(33,422,980)
<b>Net payments from subscription and redemption activity</b>		<b>(9,140,021)</b>	<b>(15,015,009)</b>	<b>(24,155,030)</b>
<b>Net assets at the end of the period</b>		<b>25,378,209</b>	<b>20,440,059</b>	<b>45,818,268</b>

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

# AKBANK TURKISH SICAV

## Net Assets Information as of 30 June 2016, 31 December 2015 and 31 December 2014

		AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income
<b>Net assets as of</b>	<b>30 June 2016</b>	25,378,209	20,440,059
	<b>31 December 2015</b>	31,632,523	33,502,389
	<b>31 December 2014</b>	43,620,364	36,698,648
<b>Net Asset Value per Share as of 30 June 2016</b>			
	Class A Distribution EUR	175.87	129.63
	Class I Distribution EUR	115.94	119.40
<b>Net Asset Value per Share as of 31 December 2015</b>			
	Class A Distribution EUR	162.06	119.83
	Class I Distribution EUR	106.72	110.22
<b>Net Asset Value per Share as of 31 December 2014</b>			
	Class A Distribution EUR	217.88	133.30
	Class I Distribution EUR	143.22	122.29
<b>Number of Shares outstanding as of 30 June 2016</b>			
	Class A Distribution EUR	8.32	23,435.78
	Class I Distribution EUR	218,886.48	145,748.68
<b>Number of Shares outstanding as of 31 December 2015</b>			
	Class A Distribution EUR	8.86	12,146.65
	Class I Distribution EUR	296,386.48	290,748.68
<b>Number of Shares outstanding as of 31 December 2014</b>			
	Class A Distribution EUR	5,372.20	8,574.35
	Class I Distribution EUR	296,386.48	290,748.68

# AKBANK TURKISH SICAV

## AKBANK TURKISH SICAV – Equities

### Schedule of Investments and Other Net Assets (in EUR) as of 30 June 2016

Quantity	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>			
<b>TRY Equities</b>			
870,001	Akbank TAS*	2,241,240	8.82
30,000	Aksa Akrilik Kimya Sanayii AS	72,213	0.28
1	Albaraka Turk Katilim Bankasi AS**	0	0.00
1	Anadolu Cam Sanayii AS**	1	0.00
31,463	Anadolu Hayat Emeklilik AS	49,736	0.20
1	Anadolu Sigorta**	0	0.00
0	Anel Elektrik Proje Taahhut ve Ticaret AS**	0	0.00
70,000	Arcelik AS	414,779	1.63
85,000	Aselsan Elektronik Sanayi Ve Ticaret AS	250,633	0.99
25,000	Aygaz AS	87,488	0.34
25,000	Bagfas Bandirma Gubre Fabrik	92,262	0.36
85,000	Bim Birllesik Magazalar AS	1,491,295	5.88
175,000	Bolu Cimento Sanayii	301,827	1.19
10,000	Celebi Hava Servisi	72,745	0.29
40,000	Cimsa Cimento Sanayi VE Tica	189,689	0.75
30,003	Coca-Cola Icecek AS	329,828	1.30
21,000	Datagate Bilgisayar Malzemeleri Tas	111,682	0.44
1	Dogan Sirketler Grubu Holdings**	0	0.00
30,000	Dogus Otomotiv Servis Ve Doas	99,540	0.39
50,000	Ege Seramik Sanayi Ve Ticaret AS	62,604	0.25
700,000	Emlak Konut Gayrimenkul Yatirim Ortakligi AS	626,661	2.47
300,001	Enka Insaat ve Sanayi AS	412,245	1.63
900,000	Eregli Demir Ve Celik Fabrikalari Tas	1,143,767	4.51
30,000	Ford Otomotiv Sanayi AS	287,350	1.13
100,000	Gubre Fabrikalari Tas	178,107	0.70
425,001	Haci Omer Sabanci Holding AS	1,253,168	4.94
0	Hurriyet Gazetecilik AS**	0	0.00
150,000	Indeks Bilgisayar Sistemleri Muhendislik Sanayi Ve Ticaret AS	375,621	1.48
341,824	Is Gayrimenkul Yatirim Ortakligi AS	179,755	0.71
0	Is Yatirim Menkul Degerler AS**	0	0.00
550,000	Kardemir Karabuk Demir	220,364	0.87
260,000	Koc Holding AS	1,067,766	4.21
50,000	Kordsa Global Endüstriyel Iplik ve Kord Bezi Sanayi ve Ticaret AS	94,688	0.37
1	Koza Altin Isletmeleri AS**	3	0.00
45,000	Migros Ticaret AS	233,120	0.92
3,000	Otokar Otobus Karoseri Sanayi AS	91,088	0.36
40,000	Pegasus Hava Tasimaciligi AS	169,906	0.67
300,000	Petkim Petrokimya Holding	360,597	1.43
1	Sinpas Gayrimenkul Yatirim Ortakligi AS**	0	0.00
200,001	Soda Sanayii AS	284,847	1.12

\*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 30 June 2016 (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>			
100,000	Tav Havalimanlari Holding AS	385,951	1.52
1	Tekfen Holding AS**	2	0.00
46,000	Tofas Turk Otomobil Fabrik	340,388	1.34
350,000	Trakya Cam Sanayi AS	249,788	0.98
60,000	Tupras-Turkiye Petrol Rafinerileri	1,197,293	4.72
450,000	Turk Hava Yollari	805,708	3.17
220,000	Turk Telekomunikasyon AS	416,627	1.64
11,000	Turk Traktor ve Ziraat Makineleri AS	289,228	1.14
410,000	Turkcell Iletisim Hizmet AS	1,356,524	5.35
1	Turker Proje Gayrimenkul Ve Yatirim Gelistirme AS**	9	0.00
1,000,000	Turkiye Garanti Bankasi AS	2,372,675	9.34
370,000	Turkiye Halk Bankasi	989,073	3.90
800,000	Turkiye Is Bankasi	1,141,889	4.50
702,858	Turkiye Sinai Kalkinma Bankasi AS	292,609	1.15
200,001	Turkiye Sise Ve Cam Fabrikalari AS	222,243	0.88
375,000	Turkiye Vakiflar Bankasi Tao	529,391	2.09
65,000	Ulker Gida Sanayi ve Ticaret AS	427,269	1.68
450,001	Yapi Ve Kredi Bankasi AS	560,616	2.21
<b>Total Equities</b>		<b>24,423,898</b>	<b>96.24</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>		<b>24,423,898</b>	<b>96.24</b>
<b>Total Investments in securities</b>		<b>24,423,898</b>	<b>96.24</b>
<b>Other Net Assets</b>		<b>954,311</b>	<b>3.76</b>
<b>Total Net Assets</b>		<b>25,378,209</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 30 June 2016

Nominal value	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>			
<b>TRY Supranationals, Governments and Local Public Authorities, Debt Instruments</b>			
3,000,000	Turkey (Govt of) 6.300% - 14/Feb/18	907,595	4.44
6,000,000	Turkey (Govt of) 7.400% - 5/Feb/20	1,801,104	8.81
600,000	Turkey (Govt of) 8.000% - 12/Mar/25	176,260	0.86
7,000,000	Turkey (Govt of) 8.200% - 16/Nov/16	2,189,261	10.71
3,000,000	Turkey (Govt of) 8.300% - 20/Jun/18	933,654	4.57
2,600,000	Turkey (Govt of) 8.800% - 14/Nov/18	816,084	3.99
2,300,000	Turkey (Govt of) 8.800% - 27/Sep/23	712,381	3.49
13,500,000	Turkey (Govt of) 9.000% - 24/Jul/24	4,222,570	20.66
5,500,000	Turkey (Govt of) 9.400% - 8/Jul/20	1,754,308	8.58
7,000,000	Turkey (Govt of) 9.500% - 12/Jan/22	2,246,997	10.99
5,000,000	Turkey (Govt of) FRN - 20/Apr/22	1,525,961	7.47
500,000	Turkey (Govt of) 10.400% - 27/Mar/19	162,887	0.80
1,000,000	Turkey (Govt of) 10.600% - 11/Feb/26	344,319	1.68
<b>Total Supranationals, Governments and Local Public Authorities, Debt Instruments</b>		<b>17,793,381</b>	<b>87.05</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>		<b>17,793,381</b>	<b>87.05</b>
<b>Total Investments in securities</b>		<b>17,793,381</b>	<b>87.05</b>
<b>Other Net Assets</b>		<b>2,646,678</b>	<b>12.95</b>
<b>Total Net Assets</b>		<b>20,440,059</b>	<b>100.00</b>

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

# AKBANK TURKISH SICAV

## AKBANK TURKISH SICAV – Equities

### Industrial Classification as of 30 June 2016

	% of NAV
Banks	30.86
Diversified companies	9.15
Food services	8.48
Telecommunication services	6.99
Iron and steel	5.38
Oil and gas producers	5.06
Transportation	4.13
Chemicals	3.89
Real estate investment trust	3.18
Engineering and construction	3.15
Auto manufacturers	2.83
Building materials	1.94
Home furnishings	1.88
Distribution and wholesale	1.48
Beverages	1.30
Financial services	1.15
Machinery	1.14
Aerospace and defence	0.99
Miscellaneous machinery	0.98
Household products	0.88
Stores	0.44
Retail	0.39
Plastics and Rubber	0.37
Insurance	0.20
<b>Total Investment in securities</b>	<b>96.24</b>
<b>Other Net Assets</b>	<b>3.76</b>
<b>Total Net Assets</b>	<b>100.00</b>

## AKBANK TURKISH SICAV – Fixed Income

### Industrial Classification as of 30 June 2016

	% of NAV
Governments	87.05
<b>Total Investment in securities</b>	<b>87.05</b>
<b>Other Net Assets</b>	<b>12.95</b>
<b>Total Net Assets</b>	<b>100.00</b>

# **AKBANK TURKISH SICAV**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **as of 30 June 2016**

#### **1 – GENERAL INFORMATION**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# **AKBANK TURKISH SICAV**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **as of 30 June 2016 (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 period. 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 30 June 2016, the main exchange rates are as follows:

1 EUR = 3.194708 TRY  
1.110950 USD

Transactions occurring during the period 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 periods. Actual results could differ from those estimates.

# AKBANK TURKISH SICAV

## NOTES TO THE FINANCIAL STATEMENTS

### as of 30 June 2016 (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 period ended 30 June 2016, 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 period, total fees to the Investment Manager amounted to EUR 273,839.

##### b) Management company fee

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

##### c) Custodian fee

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

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

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

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

# **AKBANK TURKISH SICAV**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **as of 30 June 2016 (continued)**

#### **3 – FEES (continued)**

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

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

#### **4 – TAXE D'ABONNEMENT**

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

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

#### **5 – TRANSACTION COSTS**

For the period ended 30 June 2016, 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 period 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 30 June 2016 as disclosed in the Schedule of Investments and Other Net Assets. In addition, the Investment Manager to the SICAV is considered a related party and the fees paid by the SICAV for its services are disclosed in Note 3 a). These transactions have been carried out on an arm's length basis at market rates. During the period, no Directors fees were paid and no interests in Shares were held by the Directors in the SICAV.

#### **8 – GLOBAL EXPOSURE**

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

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

AKBANK