

**Annual Report and  
Audited Financial Statements**  
for the year ended 31 December 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 SICAV is organised as an investment company under Part I of the amended Luxembourg Law of 17 December 2010 relating to undertakings for collective investment.

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

R.C.S. Luxembourg B 138.732

**AKBANK**

# AKBANK TURKISH SICAV

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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 Göktürk Isikpinar  
Executive Vice President  
AK Asset Management  
Beşiktaş İstanbul, Turkey

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

### **Management Company**

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

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

Citibank 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  
Kasernenstrasse 10  
40213 Düsseldorf, Germany

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

Akbank AG  
Taunustor 1  
60310 Frankfurt am Main, Germany  
(since 19 October 2016)

### **Paying Agent in Germany**

Akbank N.V.  
Zweigniederlassung Essen  
Huysenallee 3  
45128 Essen, Germany  
(until 18 October 2016)

Akbank AG  
Taunustor 1  
60310 Frankfurt am Main, Germany  
(since 19 October 2016)

# **AKBANK TURKISH SICAV**

## **GENERAL INFORMATION**

### **THE SICAV**

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

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

### **MANAGEMENT COMPANY**

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

The Management Company has delegated the administration functions and registrar and transfer agent functions to Citibank Europe plc, Luxembourg Branch.

The Management Company was incorporated for an unlimited period of time under the laws of Luxembourg in the form of a société anonyme on 4 May 2007. Its registered office is located at 19, rue de Bitbourg L-1273 Luxembourg, Grand Duchy of Luxembourg and it is registered with the R.C.S. under number B 128.627. The Articles of Incorporation of the Management Company were published in the Mémorial on 16 December 2008. The Management Company is 100% owned by MDO Services S.A..

The objective of the Management Company is the collective portfolio management of undertakings for collective investment in accordance with chapter 15 of the amended Law on undertakings for collective investment dated 17 December 2010.

As of 31 December 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

## DIRECTORS' REPORT

Following the first Fed rate hike since 2006 and a relatively dovish stance from the Fed willing to pursue a gradual policy normalization pattern, emerging countries have managed to acquire interest once again. However, worries of a sharp slowdown in the Chinese economy and its effect on global growth weighed on the global markets at the beginning of the year, bringing a risk-off theme in play. Fund outflows from emerging markets lasted up until March, which then turned into inflows up to the US elections in November. Overall, 2016 was a strong year in terms of emerging market flows.

The first couple of months can be considered positive for Turkish assets; BIST100 started the year remarkably positive as it surged above 86,000 within the first 4 months. Benchmark rates dropped to 8.5%, while 10 year rates tested 9%.

At the same time the dominant theme in global markets was record low or negative interest rates. US 10 year rates have dropped to the all time low of 1.30s, while German 10 year rates hovered in negative territory from June until September. Oil was on the rise throughout the first quarter of 2016, with a 100% increase from 12 year lows of 27 to 55 \$/bl as the expectations towards a possible OPEC deal aiming for a production cut intensified. This fired up global inflation expectations and eventually a bounce back from historical lows in global interest rates.

2016 started to be a year driven by growing concerns on politics, as the Brexit referendum took place in June. Followed by the elections and referendums in other countries, rising scepticism on the European Union has gained ground. Political influence on the financial markets peaked in November, when Trump's victory caught markets by surprise. After the elections, record amounts of outflows were seen in emerging markets.

The second Fed rate hike came unsurprisingly, as it was fully priced in the markets. However, the fact that the rate hike forecast for the following year raised after a long time, from 2 to 3, was perceived as 'hawkish'. The expectations towards the new US government regarding fiscal policies and its effects on inflation and growth, led to continuation of the upward movement in interest rates and the dollar. Other than the Fed, both the ECB and the BOJ were not satisfactory in terms of additional accommodative policies. 'Tapering' claims regarding ECB sparked fears before the December meeting, where the ECB extended its asset purchase program although in decreasing amounts.

The dollar index rose above 100, reaching 14 year highs in December as EUR/USD tested below 1.04. Following the US elections, many emerging market forecast experienced high volatility and depreciation.

TRY depreciated around 16% against the dollar in the last quarter of 2016, closing the year at 3.5260.

After a 7 month simplification process of the interest rate policy, CBRT hiked both the policy rate and the upper band of its interest rate corridor. 2 year and 10 year rates once again surged above 11% and 11.5%, respectively. The BIST 100 has retracted back to 77,000 and closed the year with almost 11% increase.

Looking at domestic macro, growth was positive in the first half, however realized substantially below forecasts in Q3, with a contraction of 1.8% yoy. Leading growth indicators gave mixed signals as PMI remained under 50 while house, car and white goods sales improved along with a strong growth in consumer loans. Improvement in the current account deficit reversed in the second half with rising oil prices. 12 month cumulative deficit rose to \$33.8 bln.

Luxembourg, 31 March 2017

The Board of Directors

## Independent Auditor's Report

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

We have audited the accompanying financial statements of AKBANK TURKISH SICAV and of each of its sub-funds (the "SICAV"), which comprise the statement of net assets and the schedule of investments and other net assets as at 31 December 2016 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 2016, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

*Other matter*

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

Ernst & Young  
Société anonyme  
Cabinet de révision agréé



Kerry Nichol

Luxembourg, 31 March 2017

# AKBANK TURKISH SICAV

## Statement of Net Assets as of 31 December 2016 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
<b>Assets</b>				
Investments in securities at cost		25,634,833	13,694,823	39,329,656
Unrealised depreciation		( 4,271,127)	( 314,342)	( 4,585,469)
Investments in securities at market value	2a	21,363,706	13,380,481	34,744,187
Cash		697,177	354,340	1,051,517
Interest receivable	2d	—	206,779	206,779
Receivable from securities sold		382,565	—	382,565
<b>Total assets</b>		<b>22,443,448</b>	<b>13,941,600</b>	<b>36,385,048</b>
<b>Liabilities</b>				
Accrued expenses		61,116	38,568	99,684
Payable for securities purchased		22,663	—	22,663
<b>Total liabilities</b>		<b>83,779</b>	<b>38,568</b>	<b>122,347</b>
<b>Net assets</b>		<b>22,359,669</b>	<b>13,903,032</b>	<b>36,262,701</b>
<b>Number of outstanding Shares</b>				
Class A Distribution EUR		8.43	19.59	
Class I Distribution EUR		218,886.48	122,998.68	
<b>Net Asset Value per Share</b>				
Class A Distribution EUR		154.86	122.54	
Class I Distribution EUR		102.15	113.01	
<b>Net Asset Value</b>				
Class A Distribution EUR		1,305	2,401	
Class I Distribution EUR		22,358,364	13,900,631	

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 2016 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
<b>Net assets at the beginning of the year</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	641,234	—	641,234
Interest income, net of withholding tax	2d	—	1,611,417	1,611,417
Other income		27	—	27
<b>Total income</b>		<b>641,261</b>	<b>1,611,417</b>	<b>2,252,678</b>
<b>Expenses</b>				
Investment management fee	3a	330,730	153,427	484,157
Management company fee	3b	9,691	8,731	18,422
Custodian fee	3c	49,659	32,964	82,623
Administrator, registrar and transfer agent fee	3d	55,974	56,065	112,039
Domiciliary agent fee	3e	2,691	2,691	5,382
Audit and legal fee		41,214	32,678	73,892
Taxe d'abonnement	4	2,568	2,052	4,620
Transaction costs	5	50,439	—	50,439
Other fees and expenses		27,911	28,095	56,006
<b>Total expenses</b>		<b>570,877</b>	<b>316,703</b>	<b>887,580</b>
<b>Net income from investments</b>		<b>70,384</b>	<b>1,294,714</b>	<b>1,365,098</b>
<b>Net realised loss on:</b>				
sales of investments in securities	2b	(2,434,213)	(2,480,077)	(4,914,290)
foreign exchange	2c	(24,425)	(48,398)	(72,823)
<b>Net change in unrealised appreciation on:</b>				
investments in securities		1,936,818	2,192,209	4,129,027
<b>Net change in net assets for the year resulting from operations</b>		<b>(451,436)</b>	<b>958,448</b>	<b>507,012</b>
Proceeds from subscriptions		10,856,886	5,869,500	16,726,386
Payments for redemptions		(19,678,304)	(26,427,305)	(46,105,609)
<b>Net payments from subscription and redemption activity</b>		<b>(8,821,418)</b>	<b>(20,557,805)</b>	<b>(29,379,223)</b>
<b>Net assets at the end of the year</b>		<b>22,359,669</b>	<b>13,903,032</b>	<b>36,262,701</b>

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

# AKBANK TURKISH SICAV

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

		AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income
<b>Net assets as of</b>	<b>31 December 2016</b>	22,359,669	13,903,032
	<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 31 December 2016</b>			
Class A Distribution EUR		154.86	122.54
Class I Distribution EUR		102.15	113.01
<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 31 December 2016</b>			
Class A Distribution EUR		8.43	19.59
Class I Distribution EUR		218,886.48	122,998.68
<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 31 December 2016

Quantity	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>			
<b>TRY Equities</b>			
900,001	Akbank TAS*	1,896,942	8.48
1	Albaraka Turk Katilim Bankasi AS**	0	0.00
1	Anadolu Cam Sanayii AS**	1	0.00
27,660	Anadolu Efes Biracilik Ve Malt Sanayii AS	131,434	0.59
0	Anadolu Hayat Emeklilik AS**	1	0.00
1	Anadolu Sigorta**	0	0.00
0	Anel Elektrik Proje Taahhut ve Ticaret AS**	0	0.00
76,500	Arcelik AS	437,121	1.96
35,000	Aygaz AS	113,485	0.51
20,000	Bagfas Bandirma Gubre Fabrik	53,205	0.24
95,000	Bim Birlesik Magazalar AS	1,254,654	5.62
150,000	Bolu Cimento Sanayii	252,684	1.13
45,000	Cimsa Cimento Sanayi VE Tica	191,513	0.86
50,003	Coca-Cola Icecek AS	446,097	1.99
1	Dogan Sirketler Grubu Holdings**	0	0.00
40,000	Dogus Otomotiv Servis Ve Doas	94,658	0.42
200,000	Ege Seramik Sanayi Ve Ticaret AS	166,029	0.74
950,000	Emlak Konut Gayrimenkul Yatirim Ortakligi AS	765,595	3.42
200,001	Enka Insaat ve Sanayi AS	290,013	1.30
600,000	Eregli Demir Ve Celik Fabrikalari Tas	831,226	3.72
40,000	Ford Otomotiv Sanayi AS	329,687	1.47
300,000	Gentas Genel Metal Sanayi ve Ticaret AS	126,139	0.56
95,000	Gubre Fabrikalari Tas	112,151	0.50
470,001	Haci Omer Sabanci Holding AS	1,159,108	5.18
0	Hurriyet Gazetecilik AS**	0	0.00
500,004	Is Gayrimenkul Yatirim Ortakligi AS	210,234	0.94
0	Is Yatirim Menkul Degerler AS**	0	0.00
700,000	Kardemir Karabuk Demir	216,970	0.97
300,000	Koc Holding AS	1,115,847	4.99
52,500	Kordsa Global Endüstriyel Iplik ve Kord Bezi Sanayi ve Ticaret AS	91,411	0.41
1	Koza Altin Isletmeleri AS**	3	0.00
35,000	Migros Ticaret AS	165,841	0.74
70,000	ODAS Elektrik Uretim ve Sanayi Ticaret AS	159,426	0.71
400,000	Petkim Petrokimya Holding	398,901	1.78
200,000	Sekerbank	63,609	0.29
1	Sinpas Gayrimenkul Yatirim Ortakligi AS**	0	0.00
150,001	Soda Sanayii AS	213,872	0.96
95,000	Tav Havalimanlari Holding AS	359,241	1.60
150,001	Tekfen Holding AS	261,175	1.17
65,000	Tofas Turk Otomobil Fabrik	431,677	1.94

\*related party entity

\*\*fractional shares

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

# AKBANK TURKISH SICAV

## AKBANK TURKISH SICAV – Equities

Schedule of Investments and Other Net Assets (in EUR)  
as of 31 December 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>			
350,000	Trakya Cam Sanayi AS	267,911	1.20
53,500	Tupras-Turkiye Petrol Rafinerileri	1,020,198	4.56
375,000	Turk Hava Yollari	506,376	2.26
1	Turk Sise Ve Cam Fabrikalari AS	1	0.00
250,000	Turk Telekomunikasyon AS	355,777	1.59
13,000	Turk Traktor ve Ziraat Makineleri AS	262,790	1.18
550,000	Turkcell Iletisim Hizmet AS	1,445,346	6.47
1	Turker Proje Gayrimenkul ve Yatirim Gelistirme AS**	7	0.00
1,000,000	Turkiye Garanti Bankasi AS	2,053,807	9.20
320,000	Turkiye Halk Bankasi	805,566	3.60
700,000	Turkiye Is Bankasi	977,310	4.37
750,001	Turkiye Sinai Kalkinma Bankasi AS	285,026	1.27
400,000	Turkiye Vakiflar Bankasi Tao	468,979	2.10
10,000	Ulker Gida Sanayi ve Ticaret AS	43,556	0.19
20,000	Unye Cimento Sanayii Ve Ticaret AS	22,640	0.10
550,001	Yapi ve Kredi Bankasi AS	508,466	2.27
<b>Total Equities</b>		<b>21,363,706</b>	<b>95.55</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>		<b>21,363,706</b>	<b>95.55</b>
<b>Total Investments in securities</b>		<b>21,363,706</b>	<b>95.55</b>
<b>Other Net Assets</b>		<b>995,963</b>	<b>4.45</b>
<b>Total Net Assets</b>		<b>22,359,669</b>	<b>100.00</b>

\*\*fractional shares

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

# AKBANK TURKISH SICAV

## AKBANK TURKISH SICAV – Fixed Income

### Schedule of Investments and Other Net Assets (in EUR) as of 31 December 2016

Nominal value	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>			
<b>USD Supranationals, Governments and Local Public Authorities, Debt Instruments</b>			
600,000	Export Credit Bank of Turkey 5.375% - 24/Oct/23	527,613	3.79
1,000,000	Turkey (Govt of) 5.125% - 25/Mar/22	941,574	6.77
2,000,000	Turkey (Govt of) 5.750% - 22/Mar/24	1,904,480	13.70
2,500,000	Turkey (Govt of) 6.250% - 26/Sep/22	2,469,483	17.76
1,200,000	Turkey (Govt of) 7.375% - 5/Feb/25	1,250,770	9.00
<b>Total Supranationals, Governments and Local Public Authorities, Debt Instruments</b>		<b>7,093,920</b>	<b>51.02</b>
<b>USD Bonds</b>			
700,000	Akbank TAS 5.000% - 24/Oct/22	625,504	4.50
600,000	Turkiye Garanti Bankasi AS 6.250% - 20/Apr/21	579,521	4.17
1,200,000	Turkiye Halk Bankasi AS 4.750% - 11/Feb/21	1,063,759	7.65
1,000,000	Turkiye Is Bankasi 7.850% - 10/Dec/23	983,645	7.08
700,000	Turkiye Sinai Kalkinma Bankasi AS 4.875% - 18/May/21	623,015	4.48
1,300,000	Turkiye Vakiflar Bankasi TAO 6.000% - 1/Nov/22	1,144,703	8.23
1,300,000	Yapi Ve Kredi Bankasi AS 8.500% - 9/Mar/26	1,266,414	9.11
<b>Total Bonds</b>		<b>6,286,561</b>	<b>45.22</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>		<b>13,380,481</b>	<b>96.24</b>
<b>Total Investments in securities</b>		<b>13,380,481</b>	<b>96.24</b>
<b>Other Net Assets</b>		<b>522,551</b>	<b>3.76</b>
<b>Total Net Assets</b>		<b>13,903,032</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 31 December 2016

	% of NAV
Banks	30.31
Diversified companies	11.34
Telecommunication services	8.06
Food services	6.55
Oil and gas producers	5.07
Iron and steel	4.69
Real estate investment trust	4.36
Chemicals	3.48
Auto manufacturers	3.41
Engineering and construction	2.90
Home furnishings	2.70
Beverages	2.58
Transportation	2.26
Building materials	2.09
Financial services	1.27
Miscellaneous machinery	1.20
Machinery	1.18
Electrical utilities	0.71
Furniture and bedding	0.56
Retail	0.42
Plastics and Rubber	0.41
<b>Total Investment in securities</b>	<b>95.55</b>
<b>Other Net Assets</b>	<b>4.45</b>
<b>Total Net Assets</b>	<b>100.00</b>

## AKBANK TURKISH SICAV - Fixed Income

### Industrial Classification as of 31 December 2016

	% of NAV
Governments	51.02
Banks	45.22
<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**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **as of 31 December 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 31 December 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 year. The net realised gain or loss on sales of investments in securities is calculated on the basis of the average cost of the securities sold.

##### **c) Conversion of foreign currencies**

The value of assets denominated in a currency other than the reference currency of a Sub-Fund is determined by taking into account the rate of exchange prevailing at the time of determination of the NAV.

As of 31 December 2016, the main exchange rates are as follows:

1 EUR = 3.710185 TRY  
1.054750 USD

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

##### **d) Income**

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

##### **e) Expenses**

Expenses are accounted for on an accrual basis. Expenses are charged to the Statement of Operations and Changes in Net Assets. Expenses arising on the disposal of investments are included within transaction costs described in Note 5 below.

##### **f) Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in Luxembourg requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported years. Actual results could differ from those estimates.

# AKBANK TURKISH SICAV

## NOTES TO THE FINANCIAL STATEMENTS

### as of 31 December 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 year ended 31 December 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 year, total fees to the Investment Manager amounted to EUR 484,157.

##### b) Management company fee

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

##### c) Custodian fee

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

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

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

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

# **AKBANK TURKISH SICAV**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **as of 31 December 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 year ended 31 December 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 year are available free of charge 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 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 year, no Directors fees were paid and no interests in Shares were held by the Directors in the SICAV.

#### **8 – GLOBAL EXPOSURE**

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

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

# **AKBANK TURKISH SICAV**

## **UNAUDITED SUPPLEMENTARY INFORMATION**

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

During the year ended 31 December 2016, the SICAV did not enter into transactions within the scope of the SFTR.

### **Remuneration disclosure**

Details of the remuneration policy of the management company, including the persons in charge of determining the fixed and variable remunerations of staffs, a description of the key remuneration elements and an overview of how remuneration is determined, is available at <http://www.mdo-manco.com/about-us/legal-documents>. The detail of the total fixed and variable remuneration paid by the management company to its staff is available upon request to the shareholders of the fund at the registered office of the management company.

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