

**Annual Report and
Audited Financial Statements**
for the year ended 31 December 2017

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 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 Istanbul, Turkey

Directors

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

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

Management Company

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

Depositary, Administrator, Registrar and Transfer Agent, Domiciliary Agent and Listing Agent

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

Investment Manager

AK Asset Management Inc.
Sabancı Center Akbank T.A.Ş.
Hazine Binası
Kat:1 34330 4. Levent
Beşiktaş Istanbul, Turkey

Auditor

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

Legal Advisers in Luxembourg

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

Distributors in Germany

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

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

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

Paying Agent in Germany

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

AKBANK TURKISH SICAV

GENERAL INFORMATION

THE SICAV

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

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

MANAGEMENT COMPANY

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

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

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

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

As of 31 December 2017, its share capital amounted to EUR 2,450,000.

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

INVESTMENT MANAGER

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

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

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

AKBANK TURKISH SICAV

GENERAL INFORMATION (continued)

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

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

Citibank Europe plc, Luxembourg Branch has further accepted the appointment from the Management Company as Administrator, Registrar and Transfer Agent, Domiciliary Agent and Listing Agent to the Company. In such capacity, Citibank Europe plc, Luxembourg Branch is responsible for calculating the Net Asset Values ("NAV") of the SICAV and its relevant Sub-Funds or Classes and maintaining the accounting records of the SICAV, handling and processing all subscription, redemption and switching orders, for keeping the register of Shareholders and for mailing and publicising statements, reports and notices to Shareholders and for listing the SICAV's shares (each a "Share") on the Luxembourg Stock Exchange.

REPORTS AND FINANCIAL STATEMENTS

The financial year of the SICAV ends on 31 December in each year.

The audited financial statements and the unaudited semi-annual financial statements comprise financial statements of the SICAV expressed in Euro, being the reference currency of the SICAV, and financial information on each Sub-Fund expressed in the reference currency of each Sub-Fund.

Copies of the annual and semi-annual reports and financial statements may be obtained free of charge from the registered office of the SICAV.

AKBANK TURKISH SICAV

DIRECTORS' REPORT

In the first half of 2017, political and geopolitical developments were the main drivers of global markets. Due to headlines such as elections in major Eurozone countries, Brexit timeline, debates around US-China relations and trade protectionism, global economic uncertainty index hit all-time highs at the beginning of 2017. Nevertheless, as most of the geo-political issues evolved into market friendly processes, uncertainty indices fell sharply. Election results in Netherlands, France and Germany eliminated the concerns, Brexit talks progressed and there have not been a major shift in US trade policies.

As political risks fade out, especially in the second half, synchronized global growth and strong risk appetite were the main themes that determined the market performances of 2017 as a whole. Variation of growth data among different regions declined; PMIs in US, Eurozone, Japan and China tested multi-year high levels. Together with the expectations on US tax reform, risk indicators such as VIX, Move Index, High Yield Spreads and CDSs fell to multi-year lows as stock market rally accelerated globally. Emerging Markets was one of the main beneficiaries of global risk appetite; capital flows to EM reached to 4-yr high levels. Thanks to cheap valuations and recovering macro risk parameters, EM assets rallied; JP EM Currency Index increased more than 7%, MSCI EM Equity Index rose 37%.

Turkey was one of the prominent economies in terms of growth outlook, thanks to government incentives and direct expenditures. After 3 strong quarters, 3Q growth reached to 11.1% YoY, one of the best figures globally. Turkish markets pulled capital flows; foreign share of Turkish government bonds increased by more than 1%. On the other hand, inflation figures overshadowed the data flow in the last quarter. Year-end headline inflation reached to 11.9% (14-yr highs) as core inflation holds above 12%. On the current account part, CAD/GDP figures are expected to be closed to 5%, remained to be weak compared to the rest of EM.

Strong local growth indicators and global stock market rally boosted local equities; BIST100 Index rose 48%. Though Turkish equities became one of the best performers across the world, TL continued to depreciate, declined by more than 7%. Rising inflation and increasing government debt roll-over ratio lead the yield pick-up. 2-year benchmark rate jumped by almost 300 bps, tested post-crisis highs.

By the end of 2017, rising commodity prices and global interest rates started to influence global markets. The developments foster equity positive-bond negative market environment globally.

Luxembourg, 6 April 2018

The Board of Directors

To the Shareholders of
AKBANK TURKISH SICAV

Report on the audit of the financial statements

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AKBANK TURKISH SICAV and of each of its sub-funds (the "SICAV") as at 31 December 2017, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

What we have audited

The SICAV's financial statements comprise:

- the statement of net assets as at 31 December 2017;
 - the schedule of investments and other net assets as at 31 December 2017;
 - the statement of operations and changes in net assets for the year then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
-

Basis for opinion

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

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

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

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

We have not provided any non-audit services to the SICAV during the period from 01 January 2017 to 31 December 2017.

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*Cabinet de révision agréé. Expert-comptable (autorisation gouvernementale n°10028256)
R.C.S. Luxembourg B 65 477 - TVA LU25482518*

AKBANK TURKISH SICAV

AUDIT REPORT (continued)

Key audit matters

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

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

- The SICAV invests substantially in investments with quoted prices in active markets. Such prices, readily observable, provide a reliable evidence of fair value;
- Substantially all of the SICAV's investments are held in custody with its appointed depositary bank reducing both the risk of misappropriation and risk of material misstatements at the level of the existence assertion;
- None of the SICAV's assets, liabilities, revenues and expenses are subject to accounting estimates that are subject to significant estimation uncertainties; and
- The SICAV has not entered into complex transactions and/or transactions outside the normal course of business.

Other information

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

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

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

Responsibilities of the Board of Directors of the SICAV and those charged with governance for the financial statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the SICAV's financial reporting process.

AKBANK TURKISH SICAV

AUDIT REPORT (continued)

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

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

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

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

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

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

AKBANK TURKISH SICAV

AUDIT REPORT (continued)

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

Report on other legal and regulatory requirements

We have been appointed as “Réviseur d’entreprises agréé” of the SICAV by the General Meeting of the Shareholders of the SICAV on 26 May 2017 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 10 years.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 6 April 2018

Valérie Arnold

AKBANK TURKISH SICAV

Statement of Net Assets as of 31 December 2017 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
Assets				
Investments in securities at cost		25,912,006	14,113,633	40,025,639
Unrealised depreciation		(69,689)	(1,166,506)	(1,236,195)
Investments in securities at market value	2a	25,842,317	12,947,127	38,789,444
Cash		812,012	221,749	1,033,761
Interest receivable	2d	—	204,769	204,769
Receivable from securities sold		91,059	—	91,059
Total assets		26,745,388	13,373,645	40,119,033
Liabilities				
Accrued expenses		65,032	31,468	96,500
Payable for securities purchased		64,677	—	64,677
Total liabilities		129,709	31,468	161,177
Net assets		26,615,679	13,342,177	39,957,856
Number of outstanding Shares				
Class A Distribution EUR		8.07	19.59	
Class I Distribution EUR		218,886.48	122,998.68	
Net Asset Value per Share				
Class A Distribution EUR		184.27	117.42	
Class I Distribution EUR		121.59	108.46	
Net assets				
Class A Distribution EUR		1,487	2,300	
Class I Distribution EUR		26,614,192	13,339,877	

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 2017 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
Net assets at the beginning of the year		22,359,669	13,903,032	36,262,701
Income				
Dividend income, net of withholding tax	2d	718,747	—	718,747
Interest income, net of withholding tax	2d	—	731,827	731,827
Total income		718,747	731,827	1,450,574
Expenses				
Investment management fee	3a	317,221	103,360	420,581
Management company fee	3b	7,584	4,498	12,082
Depositary fee	3c	46,481	23,266	69,747
Administrator, registrar and transfer agent fee	3d	55,306	55,196	110,502
Domiciliary agent fee	3e	2,501	2,501	5,002
Audit and legal fee		41,319	22,500	63,819
Taxe d'abonnement	4	2,581	1,371	3,952
Transaction costs	5	35,410	—	35,410
Other fees and expenses		27,848	23,508	51,356
Total expenses		536,251	236,200	772,451
Net income from investments		182,496	495,627	678,123
Net realised loss on:				
sales of investments in securities	2b	(81,862)	(173,363)	(255,225)
foreign exchange	2c	(45,991)	(30,956)	(76,947)
Net change in unrealised appreciation/(depreciation) on:				
investments in securities		4,201,438	(852,164)	3,349,274
Net change in net assets for the year resulting from operations		4,256,081	(560,856)	3,695,225
Proceeds from subscriptions		660	120	780
Payments for redemptions		(731)	(119)	(850)
Net payments from subscription and redemption activity		(71)	1	(70)
Net assets at the end of the year		26,615,679	13,342,177	39,957,856

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

AKBANK TURKISH SICAV

Net Assets Information as of 31 December 2017, 2016 and 2015

		AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income
Net assets as of	31 December 2017		
	31 December 2016		
	31 December 2015		
		26,615,679	13,342,177
		22,359,669	13,903,032
		31,632,523	33,502,389
Net Asset Value per Share as of 31 December 2017			
	Class A Distribution EUR	184.27	117.42
	Class I Distribution EUR	121.59	108.46
Net Asset Value per Share as of 31 December 2016			
	Class A Distribution EUR	154.86	122.54
	Class I Distribution EUR	102.15	113.01
Net Asset Value per Share as of 31 December 2015			
	Class A Distribution EUR	162.06	119.83
	Class I Distribution EUR	106.72	110.22
Number of Shares outstanding as of 31 December 2017			
	Class A Distribution EUR	8.07	19.59
	Class I Distribution EUR	218,886.48	122,998.68
Number of Shares outstanding as of 31 December 2016			
	Class A Distribution EUR	8.43	19.59
	Class I Distribution EUR	218,886.48	122,998.68
Number of Shares outstanding as of 31 December 2015			
	Class A Distribution EUR	8.86	12,146.65
	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 2017

Quantity	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing			
TRY Equities			
15,000	Adana Cimento Sanayii TAS	19,767	0.07
1,000,001	Akbank TAS*	2,163,433	8.13
50,000	Aksa Akrilik Kimya Sanayii AS	141,117	0.53
1	Albaraka Turk Katilim Bankasi AS**	0	0.00
2	Anadolu Cam Sanayii AS**	1	0.00
150,000	Anadolu Efes Biracilik Ve Malt Sanayii AS	797,285	3.00
30,000	Anadolu Hayat Emeklilik AS	54,361	0.20
1	Anadolu Sigorta**	1	0.00
0	Anel Elektrik Proje Taahhut ve Ticaret AS**	0	0.00
85,000	Arcelik AS	401,762	1.51
80,000	Aygaz AS	282,366	1.06
140,000	Bagfas Bandirma Gubre Fabrik	322,867	1.21
72,500	Bim Birlesik Magazalar AS	1,243,644	4.67
130,000	Bolu Cimento Sanayii	153,615	0.58
37,003	Coca-Cola Icecek AS	278,115	1.04
1	Dogan Sirketler Grubu Holdings**	0	0.00
250,000	Ege Seramik Sanayi Ve Ticaret AS	252,583	0.95
1,100,000	Emlak Konut Gayrimenkul Yatirim Ortakligi AS	678,900	2.55
200,001	Enka Insaat ve Sanayi AS	264,884	1.00
800,000	Eregli Demir Ve Celik Fabrikalari Tas	1,760,616	6.62
800,000	Gentas Genel Metal Sanayi ve Ticaret AS	295,193	1.11
100,000	Gubre Fabrikalari Tas	92,907	0.35
500,001	Haci Omer Sabanci Holding AS	1,221,187	4.58
0	Hurriyet Gazetecilik AS**	0	0.00
537,504	Is Gayrimenkul Yatirim Ortakligi AS	160,557	0.60
0	Is Yatirim Menkul Degerler AS**	0	0.00
100,000	Kardemir Karabuk Demir	70,504	0.26
100,000	Klimasan Klima Sanayi Ve	128,488	0.48
300,000	Koc Holding AS	1,217,672	4.58
10,001	Koza Altin Isletmeleri AS	83,907	0.32
3,996	Logo Yazilim Sanayi Ve Ticaret AS	51,563	0.19
20,000	Mavi Jeans - B	254,780	0.96
60,000	Migros Ticaret AS	363,193	1.36
350,000	Petkim Petrokimya Holding	597,306	2.25
1	Sinpas Gayrimenkul Yatirim Ortakligi AS**	0	0.00
180,001	Soda Sanayii AS	199,256	0.75
50,000	TAT Konserve	58,314	0.22
60,000	Tav Havalimanlari Holding AS	295,984	1.11
1	Tekfen Holding AS**	4	0.00
100,000	Teknosa Ic ve Dis Ticaret AS	113,113	0.42

*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 2017 (continued)

Quantity	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing (continued)			
TRY Equities (continued)			
66,000	Tofas Turk Otomobil Fabrik	478,661	1.79
210,753	Trakya Cam Sanayi AS	213,857	0.80
55,000	Tupras-Turkiye Petrol Rafinerileri	1,467,729	5.52
275,000	Turk Hava Yollari	947,682	3.56
493,904	Turk Sise Ve Cam Fabrikalari AS	509,856	1.92
350,000	Turk Telekomunikasyon AS	495,063	1.86
7,000	Turk Traktor ve Ziraat Makineleri AS	116,847	0.44
500,000	Turkcell Iletisim Hizmet AS	1,699,997	6.39
1	Turker Proje Gayrimenkul ve Yatirim Gelistirme AS**	6	0.00
980,000	Turkiye Garanti Bankasi AS	2,307,426	8.67
330,000	Turkiye Halk Bankasi	781,339	2.94
750,000	Turkiye Is Bankasi	1,148,156	4.31
600,032	Turkiye Sinai Kalkinma Bankasi AS	189,777	0.71
350,000	Turkiye Vakiflar Bankasi Tao	520,432	1.96
70,000	Ulker Gida Sanayi ve Ticaret AS	302,419	1.14
40,000	Vestel Beyaz Esya Sanayi ve Ticaret AS	84,077	0.32
50,000	Vestel Elektronik Sanayi	83,133	0.31
500,001	Yapi ve Kredi Bankasi AS	476,615	1.79
Total Equities		25,842,317	97.09
Total Transferable securities and money market instruments admitted to an official exchange listing		25,842,317	97.09
Total Investments in securities		25,842,317	97.09
Other Net Assets		773,362	2.91
Total Net Assets		26,615,679	100.00

**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 2017

Nominal value	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing			
USD Supranationals, Governments and Local Public Authorities, Debt Instruments			
600,000	Export Credit Bank of Turkey 5.375% - 24/Oct/23	506,537	3.80
1,500,000	Turkey (Govt of) 3.250% - 23/Mar/23	1,188,227	8.91
1,000,000	Turkey (Govt of) 5.125% - 25/Mar/22	865,810	6.49
2,000,000	Turkey (Govt of) 5.750% - 22/Mar/24	1,768,371	13.25
1,000,000	Turkey (Govt of) 6.250% - 26/Sep/22	906,410	6.79
1,200,000	Turkey (Govt of) 7.375% - 5/Feb/25	1,155,281	8.66
1,800,000	Turkey (Govt of) 8.000% - 14/Feb/34	1,853,713	13.89
Total Supranationals, Governments and Local Public Authorities, Debt Instruments		8,244,349	61.79
USD Bonds			
700,000	Akbank TAS 5.000% - 24/Oct/22*	589,410	4.42
600,000	Turkiye Garanti Bankasi AS 6.250% - 20/Apr/21	529,233	3.97
1,200,000	Turkiye Halk Bankasi AS 4.750% - 11/Feb/21	958,066	7.18
1,000,000	Turkiye Is Bankasi 7.850% - 10/Dec/23	888,311	6.66
700,000	Turkiye Sinai Kalkinma Bankasi AS 4.875% - 18/May/21	578,999	4.34
1,300,000	Yapi Ve Kredi Bankasi AS 8.500% - 9/Mar/26	1,158,759	8.68
Total Bonds		4,702,778	35.25
Total Transferable securities and money market instruments admitted to an official exchange listing		12,947,127	97.04
Total Investments in securities		12,947,127	97.04
Other Net Assets		395,050	2.96
Total Net Assets		13,342,177	100.00

*related party entity

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

AKBANK TURKISH SICAV

AKBANK TURKISH SICAV - Equities

Industrial Classification as of 31 December 2017

	% of NAV
Banks	27.80
Diversified companies	9.16
Telecommunication services	8.25
Food services	7.39
Iron and Steel	6.88
Oil and gas producers	6.58
Chemicals	5.09
Beverages	4.04
Transportation	3.56
Real estate investment trust	3.15
Home furnishings	2.77
Auto manufacturers	2.11
Engineering and construction	2.11
Household products	1.92
Building materials	1.13
Furniture and bedding	1.11
Apparel	0.96
Miscellaneous machinery	0.80
Financial services	0.71
Machinery	0.44
Retail	0.42
Precious metals	0.32
Insurance	0.20
Software	0.19
Total Investment in securities	97.09
Other Net Assets	2.91
Total Net Assets	100.00

AKBANK TURKISH SICAV - Fixed Income

Industrial Classification as of 31 December 2017

	% of NAV
Governments	61.79
Banks	35.25
Total Investment in securities	97.04
Other Net Assets	2.96
Total Net Assets	100.00

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2017

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 2017 (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 2017, the main exchange rates are as follows:

1 EUR = 4.552952 TRY
1.200800 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 2017 (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 2017, 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 420,581.

b) Management company fee

The Management Company receives out of the assets of each Sub-Fund a fee of up to 0.04% or a minimum of EUR 7,500 per annum per Sub-Fund. These fees are based upon the average total net assets of each Sub-Fund, payable quarterly in arrears.

c) Depositary fee

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

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

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

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2017 (continued)

3 – FEES (continued)

d) Administrator, registrar and transfer agent fee

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

e) Domiciliary agent fee

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

4 – TAXE D'ABONNEMENT

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

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

5 – TRANSACTION COSTS

For the year ended 31 December 2017, 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 2017 as disclosed in the Schedule of Investments and Other Net Assets. In addition, the Investment Manager to the SICAV is considered as a related party and the fees paid by the SICAV for its services are disclosed in Note 3 a). These transactions have been carried out on an arm's length basis at market rates. During the year, no Directors fees were paid and no interests in Shares were held by the Directors in the SICAV.

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2017 (continued)

8 – GLOBAL EXPOSURE

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

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

AKBANK TURKISH SICAV

UNAUDITED SUPPLEMENTARY INFORMATION

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

During the year ended 31 December 2017, the SICAV did not enter into transactions within the scope of the SFTR.

Remuneration disclosure

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

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

With respect to the financial year ended 31 December 2017 (as of that date, the Management Company had a headcount of 57 employees), the total fixed and variable remuneration paid by the Management Company to its employees amounted to EUR 3,966,032 and to EUR 775,776 respectively. The total remuneration paid by the Management Company to senior management and members of its staff whose actions have a material impact on the risk profile of the collective investment schemes managed amounted to EUR 2,683,915. The remuneration committee of the Management Company has reviewed the implementation of the remuneration policy and has not identified any deficiency in that respect. Moreover, the remuneration policy updates performed in the course of the financial year ended 31 December 2017 were not material in nature and mainly related to organisational changes.