

**Annual Report and
Audited Financial Statements**
for the year ended 31 December 2012

AKBANK TURKISH SICAV

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

R.C.S. Luxembourg B 138.732

AKBANK

AKBANK TURKISH SICAV

TABLE OF CONTENTS

ORGANISATION OF THE SICAV	2
GENERAL INFORMATION	3
DIRECTORS' REPORT	5
INDEPENDENT AUDITOR'S REPORT	7
FINANCIAL STATEMENTS	
Statement of Net Assets	9
Statement of Operations and Changes in Net Assets	10
Net Assets Information	11
SCHEDULE OF INVESTMENTS AND OTHER NET ASSETS	
AKBANK TURKISH SICAV – Equities	12
AKBANK TURKISH SICAV – Fixed Income	14
INDUSTRIAL CLASSIFICATION	
AKBANK TURKISH SICAV – Equities	16
AKBANK TURKISH SICAV – Fixed Income	16
NOTES TO THE FINANCIAL STATEMENTS	17

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

Investment Manager

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

Independent Auditor

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

Legal Advisers in Luxembourg

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

Distributors in Germany

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

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

Paying Agent in Germany

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

AKBANK TURKISH SICAV

GENERAL INFORMATION

THE SICAV

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

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

MANAGEMENT COMPANY

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

The Management Company has delegated the administration functions and registrar and transfer agent functions to Citibank International 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 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 Law on undertakings for collective investment dated 17 December 2010.

As of 31 December 2012, its share capital amounted to EUR 1,185,470.

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

INVESTMENT MANAGER

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

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

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

AKBANK TURKISH SICAV

GENERAL INFORMATION (continued)

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

Citibank International plc (Luxembourg Branch) has been appointed 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 International 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 International 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

At the start of the year, the Eurozone worries were the main market themes, depressing the fundamental expectations. The investors have been asking how Turkey could achieve to grow under strained financial conditions.

As European Central Bank soothed the financial distress through the Long Term Refinancing Operations (LTRO) auctions, the negative sentiment over the world markets faded. European authorities achieved to limit the negative externalities that could arise from sovereign debt risks. Federal Reserve, meanwhile, widened the liquidity operations through new asset purchases, and declared that easier monetary policy period would be extended. Other countries also applied supportive monetary policies in the year. These liquidity opportunities allowed huge inflows to the stocks markets, including ISE.

The global environment also gave Turkey a chance to achieve soft landing. Decreasing current account deficit and inflation, and preventing a sudden stop, Turkish economy passed a successful "exam" in terms of financial stability and economic growth. This success was rewarded by an investment grade from Fitch rating agency. The historical step accelerated the inflows, and new investor groups entered in the markets, surging the valuations and the index values to new highs.

Unprecedented rally occurred in Turkish fixed income market in 2012, thanks to improving fundamentals that brought Turkey to investment grade by Fitch. Although early 2012 didn't show any prospect for TRY denominated bonds in Emerging Markets universe, European Central Bank's Long Term Refinancing Operation (LTRO) intervention which changed global sentiment totally, helped Turkish 2 year government bond yields to decline by 150 bps in the last 2 months of the year. In the meantime 10-2 year spread has reversed from -160 bps to +50 bps expressing market participants' increased expectation towards easing steps by the Central Bank of Turkey (CBT). Although CBT had a chance to ease aggressively by the help of bullish mood in all over the world, in order to bring credit growth in line with targets, CBT resumed its unorthodox tight policy.

CBT's tight monetary policy aimed at reducing Turkey's vulnerabilities by decreasing current account deficit and inflation; which are main obstacles against financial stability; has survived and brought current account deficit and inflation to 6.5% and 6.2% respectively. Although CBT has followed its tight policy mix for the full year, starting from early June CBT began to lower the funding rate closer to policy rate. CBT lowered its funding rate but at the same time increased Reserve Requirement ratios substantially.

FIXED INCOME

CBT's relatively dovish policy actions has helped 2 year bonds to outperform 10 year bonds substantially and 10-2 year spread widened up to 100 bps from June to early November. Main event that brought government bonds yields to record lowest levels which came on the 5th of November, was Turkey's upgrade to investment rating by Fitch. The entire curve came down by approximately 100 bps but this time 10 year bonds outperformed 2 years by 30 bps.

In early 2012 we remained bearish even after the LTRO's by keeping our duration short so our performance was lower than the benchmark for the first half of the year. Starting from early May we increased our exposure to long end bonds and this move gave an edge over our benchmark. In 2012 we also increased our corporate bond allocation to 40% which was in line with our expectations towards optimistic credit outlook in financial sector; that helped us very much to outperform our benchmark.

AKBANK TURKISH SICAV

DIRECTORS' REPORT (continued)

EQUITY

The Turkish stock market, measured by the benchmark ISE-100 index, rose by 58.5% in Euro terms in 2012,

In rallying year, we preserved our balanced strategy. This balanced strategy depends on tracking the index by large names, shorting some of them, and picking some small-and-medium cap stocks to generate alpha. We also preferred dividend paying names in stock selection process. Benefitting from our enhanced stock selection process in the house, the strategy would be more structured, we think.

As a result, while the benchmark return was 57.38%, our gross return reached 59.35% providing a satisfying alpha return of 196 basis points.

Corporate Governance Code

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

Luxembourg, 23 March 2013

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 2012, 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 2012, 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, 23 March 2013

AKBANK TURKISH SICAV

Statement of Net Assets as of 31 December 2012 (in EUR)

	Notes	AKBANK TURKISH SICAV - Equities	AKBANK TURKISH SICAV - Fixed Income	Combined
Assets				
Investments in securities at cost		36,824,030	36,669,724	73,493,754
Unrealised appreciation		9,395,424	33,819	9,429,243
Investments in securities at market value	2a	46,219,454	36,703,543	82,922,997
Cash		819,156	48,252	867,408
Interest receivable	2e	—	782,653	782,653
Receivable from securities sold		1,234,765	—	1,234,765
Formation expenses	2d	2,499	2,499	4,998
Total assets		48,275,974	37,536,947	85,812,921
Liabilities				
Bank overdraft		—	7,786	7,786
Accrued expenses		88,035	55,103	143,138
Payable for securities purchased		1,567,174	—	1,567,174
Total liabilities		1,655,209	62,889	1,718,098
Net assets		46,620,665	37,474,058	84,094,723
Number of outstanding Shares				
Class A Distribution EUR		8.00	0.35	
Class I Distribution EUR		296,386.48	290,748.68	
Net Asset Value per Share				
Class A Distribution EUR		240.51	140.89	
Class I Distribution EUR		157.29	128.89	
Net Asset Value				
Class A Distribution EUR		1,924	49	
Class I Distribution EUR		46,618,741	37,474,009	

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 2012 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
Net assets at the beginning of the year		29,258,040	31,436,963	60,695,003
Income				
Dividend income, net of withholding tax	2e	596,758	—	596,758
Interest income, net of withholding tax	2e	—	3,853,581	3,853,581
Total income		596,758	3,853,581	4,450,339
Expenses				
Investment management fees	3a	484,091	288,389	772,480
Management company fees	3b	15,530	14,295	29,825
Custodian fees	3c	66,674	43,349	110,023
Administrator, registrar and transfer agent fees	3d	55,524	55,494	111,018
Domiciliary agent fees	3e	2,510	2,510	5,020
Audit and legal fees	4	54,070	44,893	98,963
Taxe d'abonnement	5	4,078	3,654	7,732
Transaction costs		138,402	25	138,427
Other fees and expenses		33,226	34,883	68,109
Total expenses		854,105	467,492	1,321,597
Net income / (loss) from investments		(257,347)	3,386,089	3,128,742
Net realised gain on:				
sales of investments in securities	2b	5,124,528	1,767,936	6,892,464
foreign exchange	2c	58,564	22,784	81,348
Net change in unrealised appreciation on:				
investments in securities		12,436,939	1,119,517	13,556,456
Net change in net assets for the year resulting from operations		17,362,684	6,296,326	23,659,010
Proceeds from subscriptions		124,684,344	180,238,064	304,902,408
Payments for redemptions		(124,664,403)	(180,487,295)	(305,161,698)
Net payments from subscription and redemption activity		(59)	(259,231)	(259,290)
Net assets at the end of the year		46,620,665	37,474,058	84,094,723

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

AKBANK TURKISH SICAV

Net Assets Information as of 31 December 2012, 2011 and 2010

		AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income
Net assets as of	31 December 2012	46,620,665	37,474,058
	31 December 2011	29,268,040	31,436,963
	31 December 2010	16,105,482	12,588,880
Net Asset Value per Share as of 31 December 2012			
	Class A Distribution EUR	240.51	140.89
	Class I Distribution EUR	157.29	128.89
Net Asset Value per Share as of 31 December 2011			
	Class A Distribution EUR	151.17	117.41
	Class I Distribution EUR	98.71	107.39
Net Asset Value per Share as of 31 December 2010			
	Class A Distribution EUR	246.35	135.00
	Class I Distribution EUR	161.00	123.42
Number of Shares outstanding as of 31 December 2012			
	Class A Distribution EUR	8.00	0.35
	Class I Distribution EUR	296,386.48	290,748.68
Number of Shares outstanding as of 31 December 2011			
	Class A Distribution EUR	8.00	1,827.21
	Class I Distribution EUR	296,386.48	290,748.68
Number of Shares outstanding as of 31 December 2010			
	Class A Distribution EUR	23.50	1,827.71
	Class I Distribution EUR	100,000.00	100,000.00

AKBANK TURKISH SICAV

AKBANK TURKISH SICAV – Equities

Schedule of Investments and Other Net Assets (in EUR) as of 31 December 2012

Quantity	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing			
TRY Equities			
900,001	Akbank TAS*	3,365,990	7.22
125,000	Akfen Holding AS	494,061	1.06
1	Albaraka Turk Katılım Bankasi AS	0	0.00
1	Anadolu Cam Sanayi AS	1	0.00
140,000	Anadolu Efes Biraçılık ve Malt Sanayi AS	1,529,145	3.28
1	Anadolu Sigorta	0	0.00
1,249,013	Anei Elektrik Proje Taahhut ve Ticaret TI	1,130,666	2.43
57,000	Bim Birlesik Magazalar AS	2,113,623	4.54
1	Dogan Sirketler Grubu Holdings	0	0.00
209,193	Dogus Otomotiv Servis ve Doas	762,819	1.63
1	Enka Insaat ve Sanayi AS	1	0.00
850,001	Eregli Demir ve Celik Fabrikalari TAS	885,060	1.90
280,666	Gunes Sigorta TI	267,193	0.57
700,001	Haci Omer Sabanci Holding AS	2,915,491	6.26
819,749	Indeks Bilgisayar Sistemleri Muhendislik Sanayi ve Ticaret AS	1,494,602	3.21
1	Is Yatirim Menkul Degerler AS	0	0.00
1,500,001	Kardemir Karabuk Demir Sanayi ve Ticaret AS	803,248	1.72
300,000	Koc Holding AS	1,180,646	2.53
545	Koza Altin Isletmeleri AS	9,954	0.02
70,000	Migros Ticaret AS	639,623	1.37
700,000	Mutlu Aku ve Malzemeieri Sanayi AS	1,761,194	3.78
582,734	Soda Sanayi AS	599,339	1.29
275,972	Tekfen Holding AS	849,163	1.82
90,000	Tupras Turkiye Petrol Rafine	1,969,868	4.23
8,875	Turcas Petrol AS	12,259	0.03
186,474	Turk Ekonomi Bankasi AS	161,672	0.35
500,000	Turk Hava Yollari	1,330,245	2.85
1	Turk Sise ve Cam Fabrikalari AS	1	0.00
300,000	Turk Telekomunikasyon AS	882,297	1.89
325,000	Turkcell Iletisim Hizmet AS	1,595,338	3.42
975,000	Turkiye Garanti Bankasi AS	3,837,099	8.22
500,000	Turkiye Halk Bankasi AS	3,718,737	7.97
1,350,000	Turkiye Is Bankasi	3,545,763	7.61
1,810,000	Turkiye Sinal Kalkinma Bankasi AS	1,761,577	3.78
1,000,000	Turkiye Vakiflar Bankasi Tao	1,959,243	4.20
900,001	Yapi ve Kredi Bankasi AS	1,988,995	4.27
Total Equities		43,564,913	93.45

*related party entity

AKBANK TURKISH SICAV

AKBANK TURKISH SICAV – Equities

Schedule of Investments and Other Net Assets (in EUR) as of 31 December 2012 (continued)

Quantity	Description	Market Value	% NAV
Transferable securities and money market Instruments admitted to an official exchange listing			
TRY Funds			
800,000	Emlak Konut Gayrimenkul Yatirim Ortak AS	1,060,796	2.28
2,500,001	Is Gayrimenkul Yatirim Ortakligi AS	1,593,745	3.41
1	Sinpas Gayrimenkul Yatirim Ortakligi AS	0	-
Total Funds		2,654,541	5.69
Total Transferable securities and money market instruments admitted to an official exchange listing		46,219,454	99.14
Total Investments in securities		46,219,454	99.14
Other Net Assets		401,211	0.86
Total Net Assets		46,620,665	100.00

AKBANK TURKISH SICAV

AKBANK TURKISH SICAV – Fixed Income

Schedule of Investments and Other Net Assets (in EUR) as of 31 December 2012

Nominal value	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing			
TRY Supranationals, Governments and Local Public Authorities, Debt Instruments			
1,700,000	Turkey Government Bond 9.000% - 5/Mar/14	745,906	1.99
3,000,000	Turkey Government Bond 9.500% - 12/Jan/22	1,526,807	4.07
8,200,000	Turkey Government Bond 10.000% - 4/Dec/13	3,606,091	9.62
2,100,000	Turkey Government Bond 10.000% - 17/Jun/15	967,467	2.58
7,800,000	Turkey Government Bond 10.500% - 15/Jan/20	4,064,175	10.85
100,000	Turkey Government Bond 11.000% - 6/Aug/14	45,475	0.12
5,000,000	Turkey Government Bond 9.000% - 8/Mar/17	2,325,910	6.21
20,100,000	Turkey Government Bond 7.500% - 24/Sep/14	8,736,384	23.31
Total Supranationals, Governments and Local Public Authorities, Debt Instruments		22,018,215	58.75
TRY Bonds			
1,300,000	Akfen Holding AS 12.836% - 7/Mar/14	569,349	1.52
4,000,000	Aktif Yatırım Bankası 0.000% - 2/May/13	1,641,625	4.38
1,850,000	Altinyıldız Mensucat ve Konfeksiyon Fabrikaları AS 0.000% - 2/Oct/13	736,321	1.96
900,000	Eko Factoring AS FRN - 24/Jul/14	393,974	1.05
2,000,000	Garanti Leasing FRN - 8/May/14	849,997	2.27
6,000,000	Kapital Fact Hizmet FRN - 24/Jun/14	2,562,740	6.84
4,000,000	Lider Faktoring Hizmetleri AS FRN - 8/May/14	1,727,534	4.61
2,000,000	Ronesans Gayrimenkul Yatırım AS FRN - 25/Jul/13	856,032	2.28
Total Bonds		9,337,572	24.91
Total Transferable securities and money market instruments admitted to an official exchange listing		31,355,787	83.66
Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities			
TRY Bonds			
5,500,000	Koc Tüketici Finansman AS 14.347% - 26/Aug/13	2,402,941	6.42
2,900,000	Seker Finansal Kiralama AS FRN - 10/Jun/14	1,244,821	3.32
Total Bonds		3,647,762	9.74
Total Transferable securities and money market instruments dealt in on another regulated market and recently issued transferable securities		3,647,762	9.74

AKBANK TURKISH SICAV

AKBANK TURKISH SICAV – Fixed Income

Schedule of Investments and Other Net Assets (in EUR)
as of 31 December 2012 (continued)

Nominal value	Description	Market Value	% NAV
	Other transferable securities and money market instruments		
	TRY Bonds		
4,000,000	Bankpozitif Kredi ve Kalkinma Bankasi AS 8.077% - 23/May/14	1,699,994	4.54
	Total Bonds	1,699,994	4.54
	Total Other transferable securities and money market instruments	1,699,994	4.54
	Total Investments in securities	36,703,543	97.94
	Other Net Assets	770,515	2.06
	Total Net Assets	37,474,058	100.00

AKBANK TURKISH SICAV

AKBANK TURKISH SICAV - Equities

Industrial Classification as of 31 December 2012

	% of NAV
Banks	39.84
Diversified companies	11.67
Food services	5.91
Real estate investment trust	5.69
Telecommunication services	5.31
Oil and gas producers	4.23
Financial services	3.78
Electrical equipment	3.78
Iron and steel	3.62
Beverages	3.28
Distribution and wholesale	3.21
Transportation	2.85
Engineering and construction	2.43
Retail	1.66
Chemicals	1.29
Insurance	0.57
Other	0.02
Total Investment in securities	99.14
Other Net Assets	0.86
Total Net Assets	100.00

AKBANK TURKISH SICAV - Fixed Income

Industrial Classification as of 31 December 2012

	% of NAV
Governments	58.75
Financial services	28.89
Banks	4.54
Real estate	2.28
Textiles	1.96
Diversified companies	1.52
Total Investment in securities	97.94
Other Net Assets	2.06
Total Net Assets	100.00

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2012

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 Directors resolve otherwise.
- Class A Shares are available to all investors. The minimum subscription and minimum holding amounts are of EUR 50, unless the Directors resolve 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 of TRY 100,000 and the minimum holding and minimum subsequent subscription amounts are of TRY 25,000, unless the Directors resolve otherwise.

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

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

2 – SIGNIFICANT ACCOUNTING POLICIES

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

a) Valuation of investments in securities

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

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

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

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2012 (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 Directors may, at their discretion, prudently and in good faith follow other methods of valuation to be used if they consider that such method of valuation better reflects value and is in accordance with good accounting practice in order to achieve a fair valuation of the assets of the SICAV.

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

Realised gains and losses comprise the profit or loss arising from disposal of securities during the year. The net realised gain or loss on sales of investment in securities is calculated on the basis of the average cost of the securities sold.

c) Conversion of foreign currencies

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

As of 31 December 2012, the main exchange rates are as follows:

1 EUR = 2.352950 TRY
1.318400 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) Formation expenses

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

e) Income

Dividends are credited to income on an "ex-dividend" basis, net of any irrecoverable withholding tax. Interest income 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.

f) 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 in Note 5 below.

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2012 (continued)

2 – SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Use of estimates

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

h) 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 Directors may declare interim dividends.

For the year ended 31 December 2012, no dividend has been paid.

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. This fee was payable quarterly in arrears until 30 September 2012. It is paid monthly in arrears since 1 October 2012.

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%

b) Management Company Fee

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

c) Custodian Fee

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

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

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2012 (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 taxe d'abonnement rate of 0.01% per annum is applicable to Class I Shares which are exclusively held by institutional investors. To the extent that the assets of the SICAV are invested in investment funds which are established in Luxembourg, no such tax is payable.

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

5 – TRANSACTION COSTS

For the year ended 31 December 2012, the SICAV incurred transaction costs related to the purchase and sale of financial instruments (securities and derivatives).

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 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 2012 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 2012 (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 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.

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