

**Annual Report and  
Audited Financial Statements**  
for the year ended 31 December 2019

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

#### Directors

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

Mr Emrah Ayranci  
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 2019, 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 2019, markets fluctuated due to global uncertainties and the slowdown in global growth. Inversion of the US yield curve and weak global growth data increased fears of recession in financial markets. In order to support the markets, central banks took several actions in 2019. Fed finished its hike cycle and cut policy rate for 3 times (75 bps). In addition to Fed, ECB cut its deposit rate and started a new QE program. With the supports from central banks, rising expectations for phase one deal between US-China and the resolutions for global uncertainties, equity markets rallied significantly in December. US S&P500 Index and German DAX increased roughly 30%. Moreover MSCI EM Index went up by 16%. While having volatility and the distortion of risk on sentiment, US dollar strengthened against DM and EM currencies. DXY hit 99 level and EM currencies depreciated by 1%. Even though the global economy recovered slightly in the last quarter, the expectations for global growth were still sluggish and global interest rates tested all time low levels. Global negative yield debt value hit all time high and US 10 years decreased from 2.7 to 1.4. In Europe, German 10 years yield declined from 0.25 to -0.25. Gold benefited from the risk off environment and surged by 18%.

Domestically, the expectations for Turkey's economic growth are getting more optimistic. Leading indicators such as industrial production, PMI and credit growth indicate that Turkey's growth will accelerate. Moreover, after 3 years YoY CPI hit the nadir at 8.5% and finished the year at 11.84%. CBRT cut the policy rate from 16.5% to 12% as appropriate to inflation data. Current account surplus hit all time high level at 5.4 billion US dollar in September. In addition to current account surplus, budget deficit was parallel to the expectation of New Economic Program. Turkish lira depreciated by 12% and 10 year Turkish yield decreased from 17% to 12% by courtesy of the CDS decline. The foreign ownership plunged to all time low levels in fixed income assets. Moreover, BIST100 Index increased by 25%. Regardless of recent gains, the equity market is still appealing for investors by the acceleration in economic activity, rate cuts and financial ratios.

Fixed income sub-fund performed well thanks to 25-30bps tightening in USD Sovereign Credit and the outperformance of financials in 2019. Short Term seniors traded at 100-135 bps wider than sovereigns while the spread was around 170-200 bps at the beginning of the last quarter. The seniors in Turkey traded at around +300-400 bps over sovereigns in 2018. SICAV fixed income fund performed well thanks to the slightly long duration in sovereigns and good diversification in financials universe.

Equity sub-fund achieved a higher return than its benchmark due to prudent stock selection bets and registered around 300 basis points positive alpha over its benchmark.

The spread of a novel corona virus known as Covid-19 has emerged in China in early 2020. World Health Organization (WHO) declared Covid-19 as a global emergency in late January and a global pandemic in the middle of March as the outbreak reaches most continents. Financial markets and economies have experienced an extraordinary event and this uncertainty results in a significant correction of almost all asset classes and high market volatility, as well as growing concerns about worldwide economic downturn. Policymakers have taken many fiscal and monetary actions to combat Covid-19. It is hard to assess the impact of the outbreak at this point. The only thing policymakers, economists, traders and investors do is monitoring the health statistics, medicine/vaccine developments, policy actions, market and economic outlook.

Luxembourg, 24 April 2020

The Board of Directors

The figures stated in this report are historical and not necessarily indicative of future performance.



## **Audit report**

To the Shareholders of  
**AKBANK TURKISH SICAV**

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## **Report on the audit of the financial statements**

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### **Our opinion**

In our opinion, the accompanying financial statements give a true and fair view of the financial position of AKBANK TURKISH SICAV (the “Fund”) and of each of its sub-funds as at 31 December 2019, 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 Fund’s financial statements comprise:

- the Statement of Net Assets as at 31 December 2019;
  - the Statement of Operations and Changes in Net Assets for the year then ended;
  - the Schedule of Investments and Other Net Assets as at 31 December 2019; 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 the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF 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 Fund 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 the EU Regulation No 537/2014.

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### **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.

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*PricewaterhouseCoopers, Société coopérative, 2 rue Gerhard Mercator, B.P. 1443, L-1014 Luxembourg  
T : +352 494848 1, F : +352 494848 2900, [www.pwc.lu](http://www.pwc.lu)*

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



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.

We have determined that there are no key audit matters to communicate in our report.

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**Other information**

The Board of Directors of the Fund is responsible for the other information. The other information comprises the information stated 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.

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**Responsibilities of the Board of Directors of the Fund for the financial statements**

The Board of Directors of the Fund 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 Fund 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 Fund is responsible for assessing the Fund's and each of its sub-funds' 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 Fund either intends to liquidate the Fund or close any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

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**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 Fund'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 Fund;
- conclude on the appropriateness of the Board of Directors of the Fund'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 Fund's or any of its sub-funds' 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 Fund or any of its sub-funds 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 communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 Fund by the Board of Directors of the Fund on 31 May 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 3 years.

PricewaterhouseCoopers, Société coopérative  
Represented by

Luxembourg, 24 April 2020

Valérie Arnold

# AKBANK TURKISH SICAV

## Statement of Net Assets as of 31 December 2019 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
<b>Assets</b>				
Investments in securities at cost		23,267,284	13,844,715	37,111,999
Unrealised appreciation / (depreciation)		(4,445,509)	251,261	( 4,194,248)
Investments in securities at market value	2a	18,821,775	14,095,976	32,917,751
Cash		315,335	228,196	543,531
Interest receivable	2d	—	222,764	222,764
<b>Total assets</b>		<b>19,137,110</b>	<b>14,546,936</b>	<b>33,684,046</b>
<b>Liabilities</b>				
Accrued expenses		54,918	33,012	87,930
<b>Total liabilities</b>		<b>54,918</b>	<b>33,012</b>	<b>87,930</b>
<b>Net assets</b>		<b>19,082,192</b>	<b>14,513,924</b>	<b>33,596,116</b>
<b>Number of outstanding Shares</b>				
Class A Distribution EUR		8.07	1.59	
Class I Distribution EUR		218,886.48	122,998.68	
<b>Net Asset Value per Share</b>				
Class A Distribution EUR		132.06	128.00	
Class I Distribution EUR		87.17	118.00	
<b>Net assets</b>				
Class A Distribution EUR		1,065	203	
Class I Distribution EUR		19,081,127	14,513,721	

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 2019 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
<b>Net assets at the beginning of the year</b>		<b>16,148,380</b>	<b>12,698,085</b>	<b>28,846,465</b>
<b>Income</b>				
Dividend income, net of withholding tax	2d	533,648	—	533,648
Interest income, net of withholding tax	2d	—	768,609	768,609
<b>Total income</b>		<b>533,648</b>	<b>768,609</b>	<b>1,302,257</b>
<b>Expenses</b>				
Investment management fee	3a	216,405	101,554	317,959
Management company fee	3b	9,495	5,755	15,250
Depositary fee	3c	38,208	25,569	63,777
Administrator, registrar and transfer agent fee	3d	55,538	55,588	111,126
Domiciliary agent fee	3e	2,514	2,514	5,028
Audit and legal fee		15,782	12,371	28,153
Regulatory fee		5,800	5,370	11,170
Taxe d'abonnement	4	1,742	1,356	3,098
Transaction costs	5	5,720	—	5,720
Other fees and expenses		21,906	21,356	43,262
<b>Total expenses</b>		<b>373,110</b>	<b>231,433</b>	<b>604,543</b>
<b>Net income from investments</b>		<b>160,538</b>	<b>537,176</b>	<b>697,714</b>
<b>Net realised gain/(loss) on:</b>				
sales of investments in securities	2b	(500,407)	(129,696)	(630,103)
foreign exchange	2c	(7,023)	4,860	(2,163)
<b>Net change in unrealised appreciation on:</b>				
investments in securities		3,280,704	1,403,499	4,684,203
<b>Net change in net assets for the year resulting from operations</b>		<b>2,933,812</b>	<b>1,815,839</b>	<b>4,749,651</b>
<b>Net assets at the end of the year</b>		<b>19,082,192</b>	<b>14,513,924</b>	<b>33,596,116</b>

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

# AKBANK TURKISH SICAV

## Net Assets Information as of 31 December 2019, 2018 and 2017

		AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income
<b>Net assets as of</b>	<b>31 December 2019</b>	19,082,192	14,513,924
	<b>31 December 2018</b>	16,148,380	12,698,085
	<b>31 December 2017</b>	26,615,679	13,342,177
<b>Net Asset Value per Share as of 31 December 2019</b>			
Class A Distribution EUR		132.06	128.00
Class I Distribution EUR		87.17	118.00
<b>Net Asset Value per Share as of 31 December 2018</b>			
Class A Distribution EUR		111.77	111.82
Class I Distribution EUR		73.77	103.24
<b>Net Asset Value per Share as of 31 December 2017</b>			
Class A Distribution EUR		184.27	117.42
Class I Distribution EUR		121.59	108.46
<b>Number of Shares outstanding as of 31 December 2019</b>			
Class A Distribution EUR		8.07	1.59
Class I Distribution EUR		218,886.48	122,998.68
<b>Number of Shares outstanding as of 31 December 2018</b>			
Class A Distribution EUR		8.07	1.59
Class I Distribution EUR		218,886.48	122,998.68
<b>Number of Shares outstanding as of 31 December 2017</b>			
Class A Distribution EUR		8.07	19.59
Class I Distribution EUR		218,886.48	122,998.68

# AKBANK TURKISH SICAV

## AKBANK TURKISH SICAV – Equities

### Schedule of Investments and Other Net Assets (in EUR) as of 31 December 2019

Quantity	Description	Market Value	% NAV
<b>Transferable securities and money market instruments admitted to an official exchange listing</b>			
<b>TRY Equities</b>			
20,000	AG Anadolu Grubu Holding AS	53,354	0.28
1,312,001	Akbank TAS*	1,631,769	8.55
100,000	Aksa Akrilik Kimya Sanayii AS	207,288	1.09
75,000	Aksa Enerji Uretim AS	43,598	0.23
100,457	Aksigorta AS	92,197	0.48
97,330	Alarko Holding	88,450	0.46
1	Albaraka Turk Katilim Bankasi AS**	0	0.00
1	Anadolu Anonim Turk Sigorta Sirketi**	1	0.00
100,002	Anadolu Cam Sanayii AS	63,990	0.34
95,000	Anadolu Efes Biracilik ve Malt Sanayii AS	334,199	1.75
0	Anadolu Hayat Emeklilik AS**	0	0.00
0	Anel Elektrik Proje Taahhut ve Ticaret AS**	0	0.00
90,000	Arcelik AS	281,190	1.47
150,000	Aselsan Elektronik Sanayi ve Ticaret AS	461,440	2.42
45,000	Aygaz AS	86,520	0.45
175,000	Bim Birlesik Magazalar AS	1,232,310	6.46
81,000	Brisa Bridgestone Sabanci Sanayi ve Ticaret AS	115,099	0.60
25,000	Cimsa Cimento Sanayi ve Tica	33,834	0.18
35,000	Coca-Cola Icecek AS	208,609	1.09
400,001	Dogan Sirketler Grubu Holdings	109,953	0.58
800,000	Emlak Konut Gayrimenkul Yatirim Ortakligi AS	176,645	0.92
125,000	Enerjisa Enerji AS	138,379	0.73
310,001	Enka Insaat ve Sanayi AS	299,877	1.57
650,000	Eregli Demir ve Celik Fabrikalari TAS	882,624	4.62
27,500	Ford Otomotiv Sanayi AS	290,597	1.52
0	Gentas Genel Metal Sanayi ve Ticaret AS**	0	0.00
50,000	Gubre Fabrikalari TAS	66,843	0.35
500,001	Haci Omer Sabanci Holding AS	722,503	3.79
0	Hurriyet Gazetecilik AS**	0	0.00
151,663	Is Gayrimenkul Yatirim Ortakligi AS	39,639	0.21
0	Is Yatirim Menkul Degerler AS**	0	0.00
100,000	Iskenderun Demir ve Celik AS	120,467	0.63
800,000	Kardemir Karabuk Demir	319,644	1.68
275,000	Koc Holding AS	832,756	4.36
50,000	Kordsa Global Endüstriyel Iplik ve Kord Bezi Sanayi ve Ticaret AS	100,565	0.53

\*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 2019 (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>			
25,001	Koza Altin Isletmeleri AS	276,954	1.45
75,000	Koza Davetiye Imalat Ihracat ve Ithalat	112,882	0.59
17,500	Mavi Jeans - B	147,993	0.78
60,000	Migros Ticaret AS	219,905	1.15
30,000	MLP Saglik Hizmetleri AS	73,001	0.38
2,500	Otokar Otobus Karoseri Sanayi AS	60,496	0.32
25,000	Pegasus Hava Tasimaciligi AS	317,503	1.66
577,280	Petkim Petrokimya Holding	324,304	1.69
102,893	Sasa Polyester Sanayi AS	117,771	0.62
1	Sinpas Gayrimenkul Yatirim Ortakligi A**	0	0.00
300,002	Soda Sanayii AS	278,037	1.46
80,000	Tav Havalimanlari Holding AS	356,174	1.87
95,001	Tekfen Holding AS	280,404	1.47
60,000	Tofas Turk Otomobil Fabrik	239,913	1.26
231,895	Trakya Cam Sanayi AS	122,611	0.64
57,500	Tupras-Turkiye Petrol Rafinerileri	1,099,488	5.77
355,000	Turk Hava Yollari	763,066	4.00
393,904	Turk Sise ve Cam Fabrikalari AS	314,180	1.65
200,000	Turk Telekomunikasyon AS	220,506	1.16
5,000	Turk Traktor ve Ziraat Makineleri AS	40,894	0.21
530,000	Turkcell Iletisim Hizmetleri AS	1,108,974	5.81
1	Turker Proje Gayrimenkul ve Yatirim Gelistirme AS**	5	0.00
975,000	Turkiye Garanti Bankasi AS	1,641,741	8.61
750,000	Turkiye Is Bankasi	723,254	3.79
1,200,078	Turkiye Sinai Kalkinma Bankasi AS	216,314	1.13
400,000	Turkiye Vakiflar Bankasi TAO	319,644	1.68
1,000,000	Yapi ve Kredi Bankasi AS	372,517	1.95
35,000	Yatas Yatak ve Yorgan Sanayi ve Ticaret AS	38,904	0.20
<b>Total Equities</b>		<b>18,821,775</b>	<b>98.64</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>		<b>18,821,775</b>	<b>98.64</b>
<b>Total Investments in securities</b>		<b>18,821,775</b>	<b>98.64</b>
<b>Other Net Assets</b>		<b>260,417</b>	<b>1.36</b>
<b>Total Net Assets</b>		<b>19,082,192</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 2019

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	534,610	3.68
1,300,000	Turkey (Govt of) 3.250% - 23/Mar/23	1,115,142	7.68
800,000	Turkey (Govt of) 4.875% - 9/Oct/26	683,674	4.71
700,000	Turkey (Govt of) 4.875% - 16/Apr/43	516,120	3.56
1,000,000	Turkey (Govt of) 5.125% - 25/Mar/22	914,977	6.30
500,000	Turkey (Govt of) 5.750% - 22/Mar/24	457,227	3.15
750,000	Turkey (Govt of) 5.750% - 11/May/47	595,774	4.10
1,000,000	Turkey (Govt of) 6.000% - 25/Mar/27	907,868	6.26
800,000	Turkey (Govt of) 6.250% - 26/Sep/22	747,394	5.15
970,000	Turkey (Govt of) 6.625% - 17/Feb/45	854,439	5.89
1,500,000	Turkey (Govt of) 7.250% - 5/Mar/38	1,429,626	9.85
600,000	Turkey (Govt of) 7.375% - 5/Feb/25	587,560	4.05
570,000	Turkey (Govt of) 7.625% - 26/Apr/29	562,950	3.88
1,800,000	Turkey (Govt of) 8.000% - 14/Feb/34	1,843,351	12.70
<b>Total Supranationals, Governments and Local Public Authorities, Debt Instruments</b>		<b>11,750,712</b>	<b>80.96</b>
<b>USD Bonds</b>			
700,000	Akbank TAS 5.000% - 24/Oct/22*	629,816	4.34
700,000	Turkiye Sinai Kalkinma Bankasi AS 4.875% - 18/May/21	630,965	4.35
1,200,000	Turkiye Vakiflar Bankasi TAO 5.500% - 27/Oct/21	1,084,483	7.47
<b>Total Bonds</b>		<b>2,345,264</b>	<b>16.16</b>
<b>Total Transferable securities and money market instruments admitted to an official exchange listing</b>		<b>14,095,976</b>	<b>97.12</b>
<b>Total Investments in securities</b>		<b>14,095,976</b>	<b>97.12</b>
<b>Other Net Assets</b>		<b>417,948</b>	<b>2.88</b>
<b>Total Net Assets</b>		<b>14,513,924</b>	<b>100.00</b>

\*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 2019

	<b>% of NAV</b>
Banks	24.58
Diversified companies	10.48
Food services	7.61
Telecommunication services	6.97
Iron and steel	6.30
Oil and gas producers	6.22
Transportation	5.66
Chemicals	4.59
Engineering and construction	3.44
Auto manufacturers	3.10
Beverages	2.84
Aerospace and defence	2.42
Financial services	1.76
Household products	1.65
Home furnishings	1.47
Precious metals	1.45
Electrical utilities	1.42
Real estate investment trust	1.13
Apparel	0.78
Miscellaneous machinery	0.64
Textiles	0.62
Automobile parts and equipment	0.60
Mining (non precious)	0.59
Plastics and Rubber	0.53
Insurance	0.48
Healthcare services	0.38
Housewares	0.34
Machinery	0.21
Furniture and bedding	0.20
Building materials	0.18
<b>Total Investment in securities</b>	<b>98.64</b>
<b>Other Net Assets</b>	<b>1.36</b>
<b>Total Net Assets</b>	<b>100.00</b>

# AKBANK TURKISH SICAV

## AKBANK TURKISH SICAV - Fixed Income

### Industrial Classification as of 31 December 2019

	% of NAV
Governments	80.96
Banks	16.16
<b>Total Investment in securities</b>	<b>97.12</b>
<b>Other Net Assets</b>	<b>2.88</b>
<b>Total Net Assets</b>	<b>100.00</b>

# **AKBANK TURKISH SICAV**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **as of 31 December 2019**

#### **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 under the going concern basis of accounting. The following is a summary of significant accounting policies followed by the Sub-Funds.

The financial statements are presented on the basis of the last official NAV of the financial year which was calculated as of 30 December 2019. The Valuation differences between 30 December 2019 and 31 December 2019 are below the materiality threshold (set as respectively 1% for AKBANK TURKISH SICAV – Equities and 0.5% for AKBANK TURKISH SICAV – Fixed Income of the net asset value as at 31 December 2019).

##### **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 2019 (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 2019, the main exchange rates are as follows:

1 EUR = 6.657417 TRY  
1.120350 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 2019 (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 2019, 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 317,959.

##### **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 2019 (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 2019, 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. They are also available at the distributors in Germany for German Shareholders.

#### **7 – TRANSACTIONS WITH RELATED PARTY ENTITIES**

AKBANK TURKISH SICAV – Equities has invested in a related party entity as of 31 December 2019 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 2019 (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.

#### **9 – SUBSEQUENT EVENTS**

The spread of a novel corona virus known as Covid-19 has emerged in China in early 2020. World Health Organization (WHO) declared Covid-19 as a global emergency in late January and a global pandemic in the middle of March as the outbreak reaches most continents. Financial markets and economies have experienced an extraordinary event and this uncertainty results in a significant correction of almost all asset classes and high market volatility, as well as growing concerns about worldwide economic downturn. Policymakers have taken many fiscal and monetary actions to combat Covid-19. It is hard to assess the impact of the outbreak at this point. The only thing policymakers, economists, traders and investors do is monitoring the health statistics, medicine/vaccine developments, policy actions, market and economic outlook.

# 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 2019, 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 staff, 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 2019 (as of that date, the management company had a headcount of 63 employees), the total fixed and variable remuneration paid by the management company to its employees amounted to EUR 4,752,158 and to EUR 1,180,144 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 3,232,370. 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 current version of the remuneration policy was updated and approved by the board of directors in the course of the financial year ended 31 December 2019, the current version being dated July 2019.