

**Annual Report and
Audited Financial Statements
for the year ended 31 December 2010**

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 registered under Part I of the Luxembourg Law of 20 December 2002 relating to undertakings for collective investment.

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 Cem Yalçinkaya
Chief Executive Officer
AK Asset Management
Istanbul

Directors

Mr Ertunç Tümen
Executive Vice President
AK Asset Management
Istanbul

Mr Mehmet Ali Ersari
Executive Vice President
AK Asset Management
Istanbul
(from 7 July 2010)

Mr Tuncer Mutlucan
Managing Director
Akbank NV
(until 5 July 2010)

Management Company

MDO Management Company
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

Citibank Privatkunden AG & Co. KGaA
Kasernenstrasse 10
40213 Düsseldorf, Germany

HSBC Trinkaus & Burkhardt AG
Koenigsallee 21/23
40212, Düsseldorf, 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 13 of the Law of 2002 regarding undertakings for collective investment. The Articles of Incorporation are 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.

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 to the Administrator and registrar and transfer agent functions to the Registrar and Transfer Agent.

The Management Company has been 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 and it is registered with the "Registre de Commerce et des Sociétés" under the RCS number B 128.627. The Articles of Incorporation of the Management Company are in process of being published in the Mémorial, Recueil des Sociétés et Associations, of Luxembourg. The Management Company is 100% owned by MDO Services S.A.

The objective of the Management Company is the collective portfolio management of undertakings of collective investments in accordance with chapter 13 of the law on undertakings of collective investment dated 20 December 2002.

As of 31 December 2010, its share capital amounted to EUR 1,085,470.00.

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

- Raiffeisen Capital Management Luxembourg SICAV
- Italfortune International Fund
- SWIP SICAV
- SWIP Islamic SICAV

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

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

Citibank International plc (Luxembourg Branch) has been appointed 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.

The Custodian 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 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 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 will 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 Fund.

AKBANK TURKISH SICAV

DIRECTORS' REPORT

Market Comment

2010 was filled with some of the most dynamic and complex economic trends and global market trends. The year passed with uncertainty and volatility throughout the global markets. Particularly, emerging markets diverged positively from developed markets due to several valid and critical reasons. Developed markets exhibited the weakest recovery while emerging markets enjoyed the strongest performance during 2010.

The Euro-zone debt crisis, the global currency war, China's economic rise, FED's quantitative easing monetarist policy were the most important issues that led the global markets through a year of risk, volatility, turmoil and uncertainty. Emerging markets were the best performers of the year 2010. The best returns in global markets performance did not occur in US markets, but in Brazil, India, Singapore and frontier markets in Africa and Middle East. The Dow, S&P and Nasdaq indexes realized gains of 11%, 13% and 19% respectively in 2010. US corporate performance was benefiting from two important factors. First, a lot of corporate performance was being driven by the restructuring of corporate debt in a cheap-credit environment, the benefits of which was then reported as bottom-line "profits". Secondly, corporations were benefiting from the flood of Federal bail-out money or cheap money policy by the Federal Reserve.

There were mounting anxieties in Global capital markets over the divergence between China's economic policies – specifically, its currency exchange rate policies — and the relationship that currency valuation damaged economic recovery in the rich Western economies. China has become the world's second largest economy and displaces Germany as the world's leading exporter. The World Bank says China will surpass US economic performance by 2020; others say 2030 and 2050 respectively. China's high demand for raw materials and heavy machinery; along with its price-efficient manufacturing base helped the rest of the world recover from the global recession – while the US and Euro-zone remained a drag on the global economy. The US and Europe complained that China gave its exporters an unfair competitive edge by keeping its currency artificially low.

Greece and Ireland required emergency bailouts, raising fears that debt problems in the Euro-zone would continue to spread and destabilize Global Markets. European governments and the International Monetary Fund agree to a \$145 billion rescue of Greece in May and a \$90 billion bailout of Ireland in November. The bailouts required both countries to slash spending, triggering protests by workers. Investors feared that debt troubles would spread to Spain, Portugal and other countries, weakened the European Union and threatened the future of the euro as its common currency. At the heart of the issue, the Euro-zone had lost industrial and investment flows. Using exchange rates "as a policy weapon" to undercut other economies and boost a country's own exports would represent a very serious risk to the global recovery. The global economic recovery has shifted political power and global economic influence from the advanced Western economies, towards Asia and Latin America, whose economies have struggled through the global recession far better than the US, the Euro-zone, and Japan. Countries including China, India, Brazil, South Korea, Australia, Mexico, Argentina, Saudi Arabia, Turkey, South Africa and Indonesia have started to be mentioned together with the G8 (four of which are Western European countries and Japan, Canada, Russia and United States of America are the remaining four). The US tried to get the world to come down hard on China for its devalued currency.

As a result, many emerging economies and Western allies began calling for a diversified portfolio of international currencies as a replacement for the 'all-the-eggs-in-one-basket' status of the US dollar in 2010. Emerging markets enjoyed more sustainable double-digit returns in 2010 of 13.8% as measured by the MSCI Emerging Markets Index. MSCI reported that the Thailand and Peru indices were the best performing indices among emerging markets, showing returns of 49.9% and 47.8% for 2010 respectively.

AKBANK TURKISH SICAV

DIRECTORS' REPORT (continued)

On the other hand, the worst markets were the stars of the European debt crisis. Greece, Spain, Italy and Hungary hosted the worst performing equity markets of 2010.

Turkey had been a major beneficiary of the rally in global markets, thanks to the sharp cyclical economic recovery, high liquidity - FED's quantitative easing monetarist policy, very low interest rate environment, strong earning and growth momentum. Turkey was the most rapidly recovering economy among the OECD countries in 2010 due to strong public debt dynamics, strong banking sector and low household leverage despite its considerable exposure to the weak Europe. However, the spectacular growth performance was shadowed because of a deteriorating CAD which was heavily financed with short-term capital flows. Turkey saw one of the deepest economic contractions in Europe in 2009, industrial production and exports showed double-digit growth in 2010. This led the IMF to raise its 2010 growth forecast for Turkey from 5.2% to 7.8%. CAD widened 290% y-o-y in the first ten months of 2010 exceeding 6% of GDP. Deterioration in the quality of financing of the current account deficit was worrisome. High CAD was a product of Turkey's domestic growth strategy financed with external savings. Limited domestic savings, falling short of investments was the key reason behind higher CAD. To that end, the economy management designed a policy framework which was based on several issues like the avoidance of excessive borrowing both by the public and private sector, preference of longer maturities in all borrowings, choosing to borrow in TL instead of FX to reinforce financial stability in the face of large capital inflows. The Central Bank of the Republic of Turkey (CBRT) counterbalanced the expansionary impact of the move with an increase in reserve requirements of banks. Banking Regulation and Supervision Agency (BRSA) let CBRT with further tightening in credit standards. Turkey outperformed its emerging peers 5% in 2010, MSCI World index by 11.27% in USD terms, 12.07% in Euro terms and 11.66% in TL terms. Also, ISE outperformed MSCI EM index by 8.59% in USD terms, 4.79% in Euro terms, 4.21% in TL terms despite a drastic selling pressure in the last quarter of the year after ISE peaked at 5 cents level at 71600 in October 2010 due to worries on earning performance of banking stocks and losing earning momentum of especially banking sector after inflation surging and tightening signals of CBRT. The recent policy shift of the CBRT towards financial stability accelerated the sell-off in equities.

SICAV Equities

All in all, as a Sicav Equity Fund, we had equity allocation between 90% and 100% of Sub-Fund's assets throughout the year 2010. During Euro-zone debt crisis broke out we had minimum 90% equity allocation which was an internal benchmark of the Sub-Fund. In the second half of 2010 with political stability after referendum with the expectation of high growth dynamics in Turkey and quantitative easing of FED and so surging of the capital inflows to emerging markets, our equity allocation increased to 97% levels. We tried to invest mostly mid-cap companies with high profitability and growth prospects during the great turnaround story of Turkish economy in 2010.

SICAV Fixed Income

Turkish rates performed well in 2010. Benchmark 2 year bond yield started the year around 9.0% and fell to 8.7% in April. Between April and May, EU sovereign debt problems took their toll on Turkish bonds and the 2 year bond yield reached a year high of 9.8% in May. Inflation also reached 10.2% in April, which was a 2010 high. From then on, rates gradually improved due to improving global risk appetite and Turkey's benign headline inflation, which finished the year at 6.4%. 2 year benchmark rate ended the year at 7.1%, which was an all time low. Note that the Central Bank cut the benchmark 1 week repo rate to an all time low of 6.5% in December, which also helped bring down the front end rates.

AKBANK TURKISH SICAV

DIRECTORS' REPORT (continued)

The lira started the year around 1.47's against USD and performed strongly until November 2010, hitting as low as 1.38's. The Central Bank's FX auctions and other unorthodox policy measures to drive hot money inflows weighed heavily against TRY in the last 2 months of 2010, pushing USD/TRY as high as 1.56's at the end of the year (TRY lost 4.8% against USD on the year). EUR/TRY had a similar picture, started the year around 2.14's, went as low as 1.90's, and rose as high as 2.00's by year end (TRY gained 3.6% against EUR on the year).

AKBANK TURKISH SICAV – Fixed Income invested 82% of its assets in fixed-income securities and 18% in time deposits. The Sub-Fund's average duration ranged between 1 – 2 years throughout the year. In 2010, we invested 4% of assets in corporate bonds in order to increase average portfolio yield. We also added some inflation linked bonds towards the middle of the year in order to ride the surge in inflation.

Luxembourg,
19 April 2011

The Board of Directors

REPORT OF THE INDEPENDENT AUDITOR

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 schedules of investments and other net assets as at 31 December 2010, 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.

REPORT OF THE INDEPENDENT AUDITOR (continued)

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 2010 and of the results of their operations and changes in their net assets for the year then ended in accordance with the 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

A handwritten signature in blue ink that reads 'K. Nichol'.

K. NICHOL

Luxembourg, 19 April 2011

AKBANK TURKISH SICAV

Statement of Net Assets as of 31 December 2010 (in EUR)

	Notes	AKBANK TURKISH SICAV - Equities	AKBANK TURKISH SICAV - Fixed Income	Combined
Assets				
Investments in securities at cost		13,261,182	10,365,752	23,626,934
Unrealised appreciation / (depreciation)		2,689,000	(342,064)	2,346,936
Investments in securities at market value	2a	15,950,182	10,023,688	25,973,870
Cash		170,374	2,166,730	2,337,104
Interest receivable	2e	-	441,323	441,323
Receivable from securities sold		77,335	-	77,335
Formation expenses	2d	12,499	12,499	24,998
Total assets		16,210,390	12,644,240	28,854,630
Liabilities				
Accrued expenses		91,430	55,360	146,790
Payable for securities purchased		13,478	-	13,478
Total liabilities		104,908	55,360	160,268
Net assets		16,105,482	12,588,880	28,694,362

Number of outstanding shares

Class A Distribution EUR	23.50	1,827.71
Class I Distribution EUR	100,000.00	100,000.00

Net Asset Value per share

Class A Distribution EUR	246.35	135.00
Class I Distribution EUR	161.00	123.42

Net Asset Value

Class A Distribution EUR	5,789.32	246,737.78
Class I Distribution EUR	16,099,692.76	12,342,142.23

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 2010 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
Net assets at the beginning of the year		12,516,324	10,889,380	23,405,704
Income				
Dividend income	2e	322,195	-	322,195
Interest income	2e	17,786	1,476,791	1,494,577
Total income		339,981	1,476,791	1,816,772
Expenses				
Investment management fee	3a	267,016	153,355	420,371
Management company fee	3b	7,500	7,500	15,000
Custodian fees	3c	47,634	30,985	78,619
Administrator, registrar and transfer agent fee	3d	50,284	50,265	100,549
Domiciliary agent fee	3e	2,489	2,489	4,978
Audit and legal fees		34,083	30,708	64,791
Taxe d'abonnement	4	1,559	1,293	2,852
Other fees and expenses		26,950	26,578	53,528
Total expenses		437,515	303,173	740,688
Net income / (loss) from investments		(97,534)	1,173,618	1,076,084
Net realised gain on:				
sales of investments in securities	2b	3,398,572	1,060,993	4,459,565
foreign exchange	2c	20,421	45,196	65,617
Net change in unrealised appreciation / (depreciation) on:				
investments in securities		261,738	(830,306)	(568,568)
Net change in net assets for the year resulting from operations		3,583,197	1,449,501	5,032,698
Proceeds from subscriptions		7,224	249,999	257,223
Payments for redemptions		(1,263)	-	(1,263)
Net payments from subscription and redemption activity		5,961	249,999	255,960
Net assets at the end of the year		16,105,482	12,588,880	28,694,362

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

AKBANK TURKISH SICAV

Net Assets Information as of 31 December 2010, 2009 and 2008

		AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income
Net assets as of	31 December 2010	16,105,482	12,588,880
	31 December 2009	12,516,324	10,889,380
	31 December 2008	7,143,490	9,395,208
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
Net asset value per share as of 31 December 2009			
Class A Distribution EUR		190.92	118.78
Class I Distribution EUR		125.16	108.89
Net asset value per share as of 31 December 2008			
Class A Distribution EUR		102.00	102.24
Class I Distribution EUR		71.43	93.95
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
Number of shares outstanding as of 31 December 2009			
Class A Distribution EUR		0.50	0.50
Class I Distribution EUR		100,000.00	100,000.00
Number of shares outstanding as of 31 December 2008			
Class A Distribution EUR		0.50	0.50
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 2010

Quantity	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing			
TRY Equities			
162,353	Ak Enerji Elektrik Uretim	283,872	1.76
294,667	Akbank TAS *	1,224,540	7.60
26,000	Akfen Holding AS	157,412	0.98
154,168	Albaraka Turk Katilim Bankasi AS	201,610	1.25
79,742	Alkim Alkali Kimya AS	288,897	1.79
120,000	Anadolu Cam Sanayii AS	191,801	1.19
1	Anadolu Sigorta	1	0.00
37,210	Anel Elektrik Proje Taahhut Anele Ti	43,975	0.27
30,000	Arcelik AS	113,337	0.70
94,997	Aselsan Elektronik Sanayi ve Ticaret AS	379,133	2.35
38,933	Asya Katilim Bankasi AS	53,554	0.33
1,500	Bagfas Bandirma Gubre Fabrik	120,239	0.75
25,834	Cimsa Cimento Sanayi ve Tica	125,126	0.78
1	Dogan Sirketler Grubu Holdings	0	0.00
150,000	Eis Eczacibasi Ilac ve Sinai ve Finansal Yatirimlar Sanayi Ve Ticaret AS	181,629	1.13
133,327	Enka Insaat ve Sanayi AS	371,958	2.31
100,001	Eregli Demir ve Celik Fabrikalari TAS	247,017	1.53
29,501	Ford Otomotiv Sanayi AS	186,467	1.16
15,000	Gubre Fabrikalari TAS	124,598	0.77
274,556	Haci Omer Sabanci Holding AS	957,453	5.95
230,000	Hektas Ticaret	173,783	1.08
1	Hurriyet Gazetecilik AS	0	0.00
30,640	Is Yatirim Menkul Degerler AS	38,733	0.24
1,000,501	Kardemir Karabuk Demir Celik Sanayi ve Ticaret AS	368,287	2.29
44,792	Koza Altin Isletmeleri AS	446,909	2.78
56,520	Petkim Petrokimya Holding AS	65,153	0.41
65,639	Tat Konserve	136,705	0.85
75,747	Tav Havalimanlari Holding AS	274,424	1.70
145,001	Tekfen Holding AS	453,689	2.82
25,000	Tofas Turk Otomobil Fabrikasi AS	96,385	0.60
66,761	Trakya Cam Sanayi AS	102,827	0.64
30,000	Tupras Turkiye Petrol Rafine	560,871	3.48
170,000	Turk Hava Yollari	444,629	2.76
200,001	Turk Sise ve Cam Fabrikalari AS	263,484	1.64
40,936	Turk Telekomunikasyon AS	128,876	0.80
15,000	Turk Traktor ve Ziraat Makineleri AS	170,732	1.06
139,900	Turkcell Iletisim Hizmet AS	714,867	4.44
387,500	Turkiye Garanti Bankasi AS	1,467,685	9.11
55,000	Turkiye Halk Bankasi AS	348,971	2.17
466,919	Turkiye Is Bankasi	1,243,825	7.72
165,606	Turkiye Sinai Kalkinma Bankasi AS	209,349	1.30
307,000	Turkiye Vakiflar Bankasi Tao	581,393	3.61
220,000	Ulker Biskuvi Sanayi AS	586,058	3.64
279,203	Yapi ve Kredi Bankasi AS	657,220	4.08
		14,787,474	91.82
	Total Equities	14,787,474	91.82

* Related party entity

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 2010 – (continued)

Quantity	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing			
TRY Funds			
700,000	Emlak Konut Gayrimenkul Yatı Ekyo Ti	671,303	4.17
340,100	Is Gayrimenkul Yatirim Ortakligi AS	289,917	1.80
200,001	Sinpas Gayrimenkul Yatirim Ortakligi AS	201,488	1.25
		1,162,708	7.22
Total Funds		1,162,708	7.22
Total Transferable securities and money market instruments admitted to an official exchange listing		15,950,182	99.04
Total Investments in securities		15,950,182	99.04
Other Net Assets		155,300	0.96
Total Net Assets		16,105,482	100.00

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 2010

Quantity/ 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			
100,000	Turkey Government Bond 0.000% - 11/May/2011	47,353	0.38
1,400,000	Turkey Government Bond 0.000% - 25/Jan/2012	632,468	5.02
300,000	Turkey Government Bond 10.000% - 10/Apr/2013	153,804	1.22
4,100,000	Turkey Government Bond 11.000% - 6/Aug/2014	2,199,289	17.47
6,900,000	Turkey Government Bond 14.000% - 19/Jan/2011	3,352,375	26.63
1,000,000	Turkey Government Bond 14.000% - 26/Sep/2012	538,592	4.28
4,900,000	Turkey Government Bond 16.000% - 7/Mar/2012	2,610,620	20.74
		9,534,501	75.74
Total Supranationals, Governments and Local Public Authorities, Debt Instruments		9,534,501	75.74
TRY Bonds			
1,000,000	Lider Faktoring Hizmetleri AS FRN - 8/Jun/2012	489,187	3.89
		489,187	3.89
Total Bonds		489,187	3.89
Total Transferable securities and money market instruments admitted to an official exchange listing		10,023,688	79.63
Total Investments in securities		10,023,688	79.63
Other Net Assets		2,565,192	20.37
Total Net Assets		12,588,880	100.00

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

AKBANK TURKISH SICAV

AKBANK TURKISH SICAV – Equities

Industrial Classification
as of 31 December 2010

	% of NAV
Banks	35.88
Diversified companies	9.74
Real estate investment trust	7.22
Telecommunication services	5.24
Chemicals	4.80
Food services	4.49
Engineering and construction	4.29
Iron and steel	3.82
Oil and gas producers	3.48
Precious metals	2.77
Transportation	2.76
Aerospace and defence	2.35
Auto manufacturers	1.76
Electrical utilities	1.76
Household products	1.64
Financial services	1.54
Housewares	1.19
Pharmaceuticals	1.13
Machinery	1.06
Building materials	0.78
Home furnishings	0.70
Miscellaneous machinery	0.64
Total Investments in securities	99.04
Other Net Assets	0.96
Total Net Assets	100.00

AKBANK TURKISH SICAV – Fixed Income

Industrial Classification
as of 31 December 2010

	% of NAV
Governments	75.74
Financial services	3.89
Total Investments in securities	79.63
Other Net Assets	20.37
Total Net Assets	100.00

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2010

1 – GENERAL INFORMATION

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 registered under Part I of the Luxembourg Law of 20 December 2002 relating to undertakings for collective investment.

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 Euro 5,000.00 for this Class whereas 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 Euro 50.00 unless the Directors resolve otherwise.
- Class TL Shares are available for subscription to all investors. The reference currency for such Class TL Shares will be the TRY. The minimum subscription amount is of TRY 100,000.00 and the minimum holding and minimum subsequent subscription amounts are of TRY 25,000.00, 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.

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 Fund.

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2010

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 Net Asset Value.

As of 31 December 2010, the main exchange rate is as follows:

1 EUR = 2.064644 TRY

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 Euro 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 includes interest applied to bonds and interest applied to bank accounts. It 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 except for the expenses incurred on the acquisition of an investment which are included within the cost of that investment. Expenses arising on the disposal of investments are deducted from the disposal proceeds.

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.

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2010

3 – FEES

a) Investment Management Fee

As remuneration for its services, AK Asset Management Inc., acting as the Investment Manager, receives quarterly out of the assets of each Sub-Fund a fee at the annual rate of 1.75% for AKBANK TURKISH SICAV – Equities and 1.25% for AKBANK TURKISH SICAV – Fixed Income, based upon the average total net assets of each Sub-Fund, payable quarterly in arrears.

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 (EUR 30,000 for the 12 months following the first 12 months from launch), payable quarterly in arrears.

For performing investment compliance services, the Custodian receives an annual fee of EUR 10,000 from the SICAV per annum (EUR 5,000 for the 12 months following the first 12 months from launch) payable quarterly in arrears.

d) Administrator, Registrar and Transfer Agent Fee

The Administrator, for its fund accounting and administration functions, receives out of the assets of each Sub-Fund a fee of up to 0.04% or a minimum of EUR 40,000 per annum (EUR 30,000 for the 12 months following the first 12 months from launch) 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.

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2010

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 Net Asset Value 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.

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

5 – 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.

6 – TRANSACTIONS WITH RELATED PARTY ENTITIES

AKBANK TURKISH SICAV – Equities has invested in a related party entity as of 31 December 2010 as disclosed in the Schedule of Investments. During the year, AKBANK TURKISH SICAV – Fixed Income has entered into deposits with AKBANK N.V., a related party entity, and as of 31 December 2010, it had deposits totalling EUR 2,091,884 held with AKBANK N.V.. 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 Director fees were paid and no interests in shares were held by the Directors in the SICAV.

7 – IMPORTANT EVENTS

Mr Tuncer Mutlucan has resigned from the Board of Directors on 5 July 2010 and Mr Mehmet Ali Ersari has been elected as director as from 7 July 2010.

8 – SUBSEQUENT EVENTS

Mr Cem Yalçınkaya and Mr Ertunç Tümen have resigned on 25 March 2011 from the Board of Directors of the SICAV respectively as Chairman of the Company and Director.

AKBANK