

**Annual Report and
Audited Financial Statements**
for the year ended 31 December 2013

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

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AKBANK TURKISH SICAV

ORGANISATION OF THE SICAV

AKBANK TURKISH SICAV
R.C.S. Luxembourg B 138.732

Registered Office

31, Z.A. Bourmicht
L-8070 Bertrange, Grand Duchy of Luxembourg

Board of Directors

Chairman

Mr Şahin Alp Keler
Chief Executive Officer
AK Asset Management
Beşiktaş İstanbul, Turkey

Directors

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

Mr 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 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 Law on undertakings for collective investment dated 17 December 2010.

As of 31 December 2013, its share capital amounted to EUR 1,700,000.

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

INVESTMENT MANAGER

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

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

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

AKBANK TURKISH SICAV

GENERAL INFORMATION (continued)

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

Citibank 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

MARKET COMMENT

A difficult year ended while another one started. The difficulty came from politics which returned to the screen with all of its negative meanings.

Till the end of May, everything had gone well. The Japanese "Abenomics", the European stabilisation, and Mr Bernanke's asset purchase programme (=Q3) have been working for emerging market economies by pumping money and morale.

In the political arena, there was no significant trouble other than the Syrian civil war. Turkey was at the same front with the Western allies in the Syrian civil war, and the single-party government's power was at its peak.

In this positive environment, the big three rating agencies completed their upgrade for Turkish sovereign ratings to the investable country level. In those good days, Turkish stock markets have formed new historical highs day after day. In TL terms, the BIST100 index reached 93,179 as a close point record on May 22, the day when Mr Obama and Mr Erdoğan were in the Oval Office in the White House, and Moody's upgraded Turkey.

As every good story, this story also ended with envy, cabal, blood, and frustration. Widespread "Gezi Park" protests awakened the investors such that there was a disregardable political split in Turkey. The harsh suppression of the protests by the police destroyed the image of the government and Turkey, undermining the investor sentiment.

Meanwhile, dovish Mr Bernanke had surprised all of us with a new word and new world. He stated that the Federal Reserve should start to "taper" its asset purchase amount before the year-end. Most of the liquidity-driven emerging markets were hit by the taper rumours, and the valuations fell persistently.

In August, the market retreated to as low as 65,452 points measured by the BIST100 index. In three months period, the height of the correction reached at 30%.

In the continuing period, investors completed the discounting process of the tapering trade, and the escalation of the political battle faded down before December 17. In the last quarter, the market improved, with the 100-day moving average at 74,078 points on December 16, before the corruption operation, the operation called a juridical coup venture against the government by the Prime Minister.

On December 18, the FED started its long-talked tapering with USD 10 billion per month. During this decision, Turkey was in another political turbulence, called as an inner-state clash after the corruption operations. In this time, new bottom close of the BIST100 index formed at 63,885 points on December 27. After a short-run year-end rally, the equity market closed at 67,802 points. That meant an annual decline of 13.3 percent for the benchmark index.

Turkish financial interest rate markets performed very well in the first half of the year supported by ample liquidity in developed markets and improving country statistics. Government bond yields started 2013 at 6% and 7% compound levels respectively for 2 and 10 years and declined gradually to 5 percent level up until the investment grade upgrade. From then on the situation in domestic markets got messy and yields started to sell off in accordance with the TRY weakness. Sell off in bonds was meant to be the tactical trade resulting from buy the rumor-sell the fact tied to investment upgrade status.

Sadly, May 22 marked the end of hope for Turkish bonds to recover the losses caused by the famous speech given by Bernanke that roiled all the markets for the full 2013. Yields rose sharply and currencies depreciated in all emerging markets in accordance with the level of current account deficit figures. Turkey was the most vulnerable among the emerging market universe when it comes to funding needs. Coupled with economic reasons, public protests in Taksim at around late May has roiled the markets and both 2 and 10 year yields increased by around 400 bps reaching 10% compound levels.

AKBANK TURKISH SICAV

DIRECTORS' REPORT (continued)

In August, the markets marked a second turning point due to diminished expectations towards QE tapering related to weaker than expected US data. The FED's decision to not taper in September came as a surprise and EM markets which are affected worst started to recover. Yields have decreased by 200 bps in accordance with the global sentiment up until FED guided that financial stability is a concern where quantitative easing makes the situation complicated implying QE tapering is a necessity. The first tapering decision of USD 10 billion came in December from the FED, again putting upward pressure to emerging markets local bond yields.

Having missed both the inflation and current account deficit targets Turkey has suffered badly due to the FED's tapering decision. In the coming year expectations toward GDP growth is lowered substantially because of political turmoil and termination of QE purchases. Inflation forecast are revised upside because of high pass through caused by currency weakness. It is believed that the strong side of Turkey will be again its fiscal position and low debt to GDP levels.

FIXED INCOME

Akbank Turkish SICAV - Fixed Income started 2013 in a position at overweight in long end bonds with a duration longer than its benchmark. This position has generated a positive alpha in the first half of the year at around 80 bps. Through the first half of the year where 2 year yields have declined substantially we had some underperformance because we replaced short term fixed rate government bonds with variable rated corporate bonds which offer spread over government bonds.

After the investment grade decision in May the fund has started to underperform relative to its benchmark because of overweight position in long end bonds. Although we have covered some of the losses through the last two months of the year, corruption cases related to well known corporate names put downward pressure on corporate bonds. We managed to finish the year above the benchmark but short of the target.

EQUITY

During the year, the Turkish lira (TL) depreciated by 20.4 percent against the USD, and by 25.4 percent against the EUR. As TL fell down sharply, our benchmark declined by 30.59 percent. In gross terms, our return was negative 29.14 percent. And, our gross alpha yield was 1.45 percent. In net terms, we passed the benchmark with a slight margin of 47 basis points over the preceding year's satisfying return of 196 points.

As continuously reported in monthly reviews, we preserved our balanced strategy of investing in small-and-medium cap stocks with 10-15 percent weights of the portfolio. In such a dramatic year, it was clearly very hard not to be hit in market crashes, and by corporate failures.

We achieved positive alphas in consecutive two years in different market conditions. In the past year, there was an historical rally, and in 2013, the story was very mixed, as you read.

In the coming year, the stock market is seen to be very volatile. We project to preserve our cautious management style, aiming to yield positive alpha returns in every single year. You could call this style as a mixture of ETF style and long-only models. The balanced strategy depends on tracking the index by large names, shorting some of them, and picking some small-and-medium cap stocks to widen returns.

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, 2 April 2014

The Board of Directors

AKBANK TURKISH SICAV

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 2013, 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 2013, 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.

AKBANK TURKISH SICAV

INDEPENDENT AUDITOR'S REPORT (continued)

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

K. NICHOL

Luxembourg, 2 April 2014

AKBANK TURKISH SICAV

Statement of Net Assets as of 31 December 2013 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
Assets				
Investments in securities at cost		39,104,137	34,583,545	73,687,682
Unrealised depreciation		(6,879,011)	(5,276,186)	(12,155,197)
Investments in securities at market value	2a	32,225,126	29,307,359	61,532,485
Cash		805,072	2,370,241	3,175,313
Interest receivable	2e	—	485,875	485,875
Subscriptions receivable		—	788,093	788,093
Receivable from securities sold		243,588	—	243,588
Total assets		33,273,786	32,951,568	66,225,354
Liabilities				
Accrued expenses		70,093	46,161	116,254
Payable for securities purchased		626,866	—	626,866
Total liabilities		696,959	46,161	743,120
Net assets		32,576,827	32,905,407	65,482,234
Number of outstanding Shares				
Class A Distribution EUR		8.00	29,699.35	
Class I Distribution EUR		296,386.48	290,748.68	
Net Asset Value per Share				
Class A Distribution EUR		167.65	111.28	
Class I Distribution EUR		109.91	101.81	
Net Asset Value				
Class A Distribution EUR		1,341	3,305,026	
Class I Distribution EUR		32,575,486	29,600,381	

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 2013 (in EUR)

	Notes	AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income	Combined
Net assets at the beginning of the year		46,620,665	37,474,058	84,094,723
Income				
Dividend income, net of withholding tax	2e	927,266	—	927,266
Interest income, net of withholding tax	2e	—	2,910,730	2,910,730
Total income		927,266	2,910,730	3,837,996
Expenses				
Investment management fees	3a	554,008	268,083	822,091
Management company fees	3b	17,956	14,529	32,485
Custodian fees	3c	63,299	42,229	105,528
Administrator, registrar and transfer agent fees	3d	55,314	55,442	110,756
Domiciliary agent fees	3e	2,501	2,500	5,001
Audit and legal fees		19,948	15,380	35,328
Taxe d'abonnement	4	4,311	3,990	8,301
Transaction costs	5	117,215	—	117,215
Other fees and expenses		26,587	26,047	52,634
Total expenses		861,139	428,200	1,289,339
Net income from investments		66,127	2,482,530	2,548,657
Net realised gain / (loss) on:				
sales of investments in securities	2b	2,152,855	(5,093,822)	(2,940,967)
foreign exchange	2c	(169,658)	(214,051)	(383,709)
Net change in unrealised depreciation on:				
investments in securities		(16,274,435)	(5,310,005)	(21,584,440)
Net change in net assets for the year resulting from operations		(14,225,111)	(8,135,348)	(22,360,459)
Proceeds from subscriptions		53,087,980	4,356,474	57,444,454
Payments for redemptions		(52,906,707)	(789,777)	(53,696,484)
Net payments from subscription and redemption activity		181,273	3,566,697	3,747,970
Net assets at the end of the year		32,576,827	32,905,407	65,482,234

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

AKBANK TURKISH SICAV

Net Assets Information as of 31 December 2013, 2012 and 2011

		AKBANK TURKISH SICAV – Equities	AKBANK TURKISH SICAV – Fixed Income
Net assets as of	31 December 2013	32,576,827	32,905,407
	31 December 2012	46,620,665	37,474,058
	31 December 2011	29,258,040	31,436,963
Net Asset Value per Share as of 31 December 2013			
	Class A Distribution EUR	167.65	111.28
	Class I Distribution EUR	109.91	101.81
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
Number of Shares outstanding as of 31 December 2013			
	Class A Distribution EUR	8.00	29,699.35
	Class I Distribution EUR	296,386.48	290,748.68
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

AKBANK TURKISH SICAV

AKBANK TURKISH SICAV – Equities

Schedule of Investments and Other Net Assets (in EUR) as of 31 December 2013

Quantity	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing			
TRY Equities			
950,001	Akbank TAS *	2,149,958	6.60
25,900	Akcansa Cimento AS	103,232	0.32
540,000	Alarko Holding	851,808	2.61
1	Albaraka Turk Katilim Bankasi AS **	0	0.00
60,000	Alkim Alkali Kimya AS	292,853	0.90
1	Anadolu Cam Sanayii AS **	1	0.00
105,000	Anadolu Efes Biracilik Ve Malt Sanayii AS	824,600	2.53
696,237	Anadolu Sigorta	312,781	0.96
0	Anel Elektrik Proje Taahhut ve Ticaret AS **	0	0.00
130,000	Arcelik AS	533,520	1.64
110,000	BIM Birlesik Magazalar AS	1,612,552	4.95
105,000	Bizim Toptan Satis Magazalari AS	838,787	2.57
1	Dogan Sirketler Grubu Holdings **	0	0.00
90,000	Dogus Otomotiv Servis Ve Doas	203,680	0.62
1,500,000	Emlak Konut Gayrimenkul Yatirim Ortakligi AS	1,064,000	3.27
275,000	Enka Insaat ve Sanayi AS	559,192	1.72
950,000	Eregli Demir ve Celik Fabrikalari TAS	827,893	2.54
83,038	Ford Otomotiv Sanayi AS	636,699	1.95
150,000	Gubre Fabrikalari Tas	139,840	0.43
910,001	Haci Omer Sabanci Holding AS	2,655,746	8.16
0	Hurriyet Gazetecilik AS **	0	0.00
833,000	Indeks Bilgisayar Sistemleri Muhendislik Sanayi Ve Ticaret AS	1,153,613	3.55
600,000	Is Gayrimenkul Yatirim Ortakligi AS	283,734	0.87
1	Is Yatirim Menkul Degerler AS **	0	0.00
500,001	Kardemir Karabuk Demir	179,023	0.55
315,000	KOC Holding AS	936,320	2.87
1	Koza Altin Isletmeleri AS **	5	0.00
31,944	Mutlu Yatirim Proje Ve Gayrimenkul Gelistirme AS	221,732	0.68
800,000	Petkim Petrokimya Holding	737,707	2.26
559,387	Royal Hali Iplik Tekstil Mobilya	614,083	1.89
1	Sinpas Gayrimenkul Yatirim Ortakligi AS **	0	0.00
1	Soda Sanayii AS **	0	0.00
100,001	Tekfen Holding AS	169,228	0.52
0	Trakya Cam Sanayi AS **	0	0.00
75,000	Tupras-Turkiye Petrol Rafinerileri	1,086,800	3.34
200,000	Turcas Petroculuk AS	168,213	0.52
826,787	Turk Ekonomi Bankasi AS	614,395	1.89
400,000	Turk Hava Yollari	870,116	2.67
1	Turk Sise ve Cam Fabrikalari AS **	1	0.00

*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 2013 (continued)

Quantity	Description	Market Value	% NAV
Transferable securities and money market instruments admitted to an official exchange listing (continued)			
TRY Equities (continued)			
250,000	Turk Telekomunikasyon AS	503,289	1.54
5,000	Turk Traktor ve Ziraat Makineleri AS	103,867	0.32
375,000	Turkcell Iletisim Hizmet AS	1,437,667	4.42
1,050,000	Turkiye Garanti Bankasi AS	2,468,481	7.57
555,000	Turkiye Halk Bankasi	2,277,720	6.99
950,000	Turkiye Is Bankasi	1,492,134	4.58
1,386,289	Turkiye Sinai Kalkinma Bankasi AS	856,911	2.63
700,000	Turkiye Vakiflar Bankasi Tao	903,218	2.77
234,295	Unye Cimento Sanayii Ve Ticaret AS	471,672	1.44
850,001	Yapi ve Kredi Bankasi AS	1,068,055	3.28
Total Equities		32,225,126	98.92
Total Transferable securities and money market instruments admitted to an official exchange listing		32,225,126	98.92
Total Investments in securities		32,225,126	98.92
Other Net Assets		351,701	1.08
Total Net Assets		32,576,827	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 2013

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			
3,000,000	Turkey (Govt of) 4.500% - 11/Feb/15	1,366,042	4.15
4,000,000	Turkey (Govt of) 5.000% - 13/May/15	1,268,694	3.86
8,900,000	Turkey (Govt of) 6.500% - 7/Jan/15	2,916,036	8.86
12,000,000	Turkey (Govt of) 7.100% - 8/Mar/23	3,323,734	10.10
18,000,000	Turkey (Govt of) 8.300% - 20/Jun/18	5,690,882	17.29
4,000,000	Turkey (Govt of) 8.500% - 14/Sep/22	1,221,405	3.71
5,000,000	Turkey (Govt of) 9.000% - 27/Jan/16	1,656,800	5.04
4,500,000	Turkey (Govt of) 9.000% - 8/Mar/17	1,475,920	4.49
2,000,000	Turkey (Govt of) 9.500% - 12/Jan/22	651,911	1.98
2,100,000	Turkey (Govt of) 10.000% - 17/Jun/15	710,043	2.16
100,000	Turkey (Govt of) 11.000% - 6/Aug/14	34,056	0.10
Total Supranationals, Governments and Local Public Authorities, Debt Instruments		20,315,523	61.74
TRY Bonds			
2,100,000	Altinyildiz Mensucat Ve FRN - 23/Sep/15	712,880	2.17
900,000	Eko Factoring AS FRN - 24/Jul/14	304,973	0.93
6,000,000	Kapital Fact Hizmet FRN - 24/Jun/14	2,031,450	6.17
4,000,000	Lider Faktoring Hizmetleri AS FRN - 8/May/14	1,355,313	4.12
3,800,000	Limak Yatirim Enerji FRN - 19/Feb/15	1,283,684	3.90
5,800,000	Medical Park Saglik Hizmetleri AS FRN - 26/Feb/15	1,957,153	5.95
3,000,000	Nurol Yatirim Bankasi FRN - 22/Jan/15	1,010,294	3.07
1,000,000	Ronesans Holding FRN - 18/Dec/15	336,089	1.02
Total Bonds		8,991,836	27.33
Total Transferable securities and money market instruments admitted to an official exchange listing		29,307,359	89.07
Total Investments in securities		29,307,359	89.07
Other Net Assets		3,598,048	10.93
Total Net Assets		32,905,407	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 2013

	% of NAV
Banks	34.36
Diversified companies	11.55
Distribution and wholesale	6.12
Telecommunication services	5.96
Food services	4.95
Real estate investment trust	4.14
Chemicals	3.59
Oil and gas producers	3.34
Iron and steel	3.09
Transportation	2.67
Financial services	2.63
Electrical utilities	2.61
Beverages	2.53
Auto manufacturers	1.95
Textiles	1.89
Building materials	1.76
Engineering and construction	1.72
Home furnishings	1.64
Retail	1.14
Insurance	0.96
Machinery	0.32
Total Investment in securities	98.92
Other Net Assets	1.08
Total Net Assets	100.00

AKBANK TURKISH SICAV - Fixed Income

Industrial Classification as of 31 December 2013

	% of NAV
Governments	61.74
Financial services	14.29
Healthcare services	5.95
Investment companies	3.90
Textiles	2.17
Diversified companies	1.02
Total Investment in securities	89.07
Other Net Assets	10.93
Total Net Assets	100.00

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2013

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 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 TRY 100,000 and the minimum holding and minimum subsequent subscription amounts are 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 2013 (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 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 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 2013, the main exchange rates are as follows:

1 EUR = 2.960526 TRY
1.377950 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 within transaction costs described in Note 5 below.

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2013 (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 2013, 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 822,091.

b) Management Company Fee

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

c) Custodian Fee

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

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

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2013 (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. 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 2013, 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 2013 as disclosed in the Schedule of Investments and Other Net Assets. In addition, the Investment Manager to the SICAV is considered a related party and the fees paid by the SICAV for its services are disclosed in Note 3 a). These transactions have been carried out on an arm's length basis at market rates. During the year, no Directors fees were paid and no interests in Shares were held by the Directors in the SICAV.

AKBANK TURKISH SICAV

NOTES TO THE FINANCIAL STATEMENTS

as of 31 December 2013 (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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