
TÜRKISFUND

SICAV

**Audited Annual Report
as of December 31, 2019**

R.C.S Luxembourg N°B- 61 596

No subscriptions may be accepted on the basis of the Annual or Semi-annual Reports. Subscriptions may only be made on the basis of the current Prospectus, to which the most recent Annual Report and, if available, the most recent Semi-annual Report are appended.

TÜRKISFUND

Management and Administration

Registered Office:

5, Allée Scheffer
L-2520 Luxembourg

Board of Directors:

Chairman:

Tevfik ERASLAN
General Manager
İŞ Portföy Yönetimi A.Ş.,
İS Kuleleri, Kule 1, Kat 7,
34330 4. Levent Istanbul - Turkey

Directors:

Elif CENGİZ
Executive Vice President
İŞ Portföy Yönetimi A.Ş.
İS Kuleleri, Kule 1, Kat 7
34330 4. Levent Istanbul - Turkey

Ünal Tolga ESGİN
General Manager
ISBANK AG Frankfurt
Zeil 123
D-60313 Frankfurt am Main

Hasan Cahit CINAR
(until January 11, 2019)
General Manager
ISBANK AG Frankfurt
Zeil 123
D-60313 Frankfurt am Main

Franz Hakan Elman
(since April 24, 2019)
Assistant General Manager
ISBANK AG Frankfurt
Zeil 123
D-60313 Frankfurt am Main

Management Company:

Luxcellence Management Company S.A.
5, Allée Scheffer
L-2520 Luxembourg

Investment Manager:

İŞ Portföy Yönetimi A.Ş.,
İS Kuleleri, Kule 1, Kat 7,
34330 4. Levent Istanbul - Turkey

Depository Bank:

CACEIS Bank, Luxembourg Branch
5, Allée Scheffer
L-2520 Luxembourg

Central Administration, Register and Transfer Agent:

CACEIS Bank, Luxembourg Branch
5, Allée Scheffer
L-2520 Luxembourg

Cabinet de révision agréé:

KPMG Luxembourg, Société Coopérative
39, Avenue John F. Kennedy
L-1855 Luxembourg

Distributor and Paying Agent in Germany:

ISBANK AG Frankfurt
Zeil 123
D-60313 Frankfurt am Main

Centralising Correspondent and Paying Agent in France:

ISBANK AG Paris Branch
(until March 31, 2019)
13, Place Kossuth
F-75009 Paris

TÜRKISFUND

Management and Administration
(continued)

Paying Agent in Sweden:

Skandinaviska Enskilda Banken AB
Sergels Torg 2,
SE-106 40 Stockholm

Distributing and paying Agent in Switzerland:

CACEIS Bank, Paris, succursale de Nyon/ Switzerland
Route de Signy 35
CH-1260 Nyon, Switzerland

Representative Agent in Switzerland:

CACEIS (Switzerland) SA
Route de Signy 35
CH-1260 Nyon, Switzerland

Distributor and Paying Agent in the Netherlands:

ISBANK AG Amsterdam Branch
WTC Strawinskylaan 841
Tower C Level 8
NL-1077 XX Amsterdam

Other Distributors:

Fund Channel
5, Allée Scheffer
L-2520 Luxembourg

Avanza Bank AB
Box 1399
SE-111 93 Stockholm

OMX Broker Services AB
NASDAQ OMX
Nordic Fund Market
SE-10578 Stockholm

MFEX Mutual Funds Exchange AB
Linnégatan 9-11
SE-11447 Stockholm

BHF-BANK AG
Bockenheimer Landstr. 10,
D-60323 Frankfurt am Main

Information for Shareholders

The Annual General Meeting of the SICAV's shareholders is held at the SICAV's registered office or at another place in Luxembourg each year at 11 a.m. on the first Tuesday in May. If this is a bank holiday in Luxembourg, the Annual General Meeting will be held on the next bank working day in Luxembourg.

Invitations to the Annual General Meeting are sent to the holders of registered shares by registered mail at the addresses entered in the register of shareholders at least 8 days before the Meeting. These invitations also include the agenda and indicate the time and place of the Meeting and the conditions of admission. In addition, they refer to the statutory requirements in Luxembourg with regard to voting majorities and the presence of a quorum.

The SICAV's fiscal year ends on December 31. The first Annual Report was prepared as of December 31, 1998.

The SICAV's first report was an unaudited Semi-annual Report as of June 30, 1998.

Audited annual reports are published within four months of the end of the fiscal year and unaudited semi-annual reports within two months of the end of the relevant period. These reports are sent to each registered shareholder at the address given in the register. Paper copies of the detailed and simplified prospectus, the annual and semi-annual reports and a list of changes to the investment portfolio are available free of charge from the SICAV's registered office as well as from the German paying and information agent.

Report of the Board of Directors

Global outlook in 2019

Global growth decelerated across the World on a gradual basis in 2019. In addition to the large developed economies like the U.S. or the Eurozone, there was a visible slowdown in developing countries like Brazil, China, Mexico and Russia. The loss of momentum was widespread among the countries and concentrated mainly in the manufacturing industry. Cyclical factors, retrenchment of fixed capital investment in stressed countries, dismal repercussions of U.S.-China trade wars on the overall investment appetite as well as the diminishing car production and sales all weighed on the global growth outlook. On the other hand, services sectors held relatively stronger, supporting the labor market and hence consumption expenditures at least up until late 2019. Weak growth performance pushed core inflation lower in developed countries, where inflation was already undershooting targets. Likewise, in many developing countries inflation generally surfaced below historic averages. Those countries suffering high exchange rate volatility decoupled from this general trend and experienced relatively higher inflation rates. Low commodity prices was a main factor contributing to the benign World inflation in 2019. In its October World Economic Outlook Report, IMF revised 2019 growth forecast 0.7ppt lower to 3%, which marked the lower point in the expansion cycle since 2010. World average inflation, meanwhile is projected to tick down to 3.5% in 2019 from 3.6% in 2018.

Financial markets were volatile in 2019 due to the deepening of protectionist trade policies, concerns over potential disruption of technology supply chains, Brexit uncertainties, geopolitical tensions and rapid changes in the developed countries central bank policies. Contrary to their plans to gradually normalize the monetary policy, Fed and ECB ended up cutting rates and expanding their balance sheets. Fed reduced policy rates by 75bps to 1.5-1.75% range, while the ECB cut the depo rate to -0.5% leading to softer financial conditions to withstand a mix of low growth and low inflation. Monetary policies were expansionary in many emerging markets, too, including Turkey. Portfolio inflows to emerging markets depicted a volatile pattern, with fixed income instruments enjoying the most attention and equities suffering outflows. Portfolio flows were selective country-wise as well. Countries with sensitive political agenda and inferior macroeconomic outlook lagged behind the overall inflows. The U.S. economy performed better than the rest of the World which led to a slight strengthening of the U.S. dollar, helped also by the need for safe assets amidst global economy policy uncertainties. Emerging market currencies also lost value against U.S. dollar. Approaching the year-end though, rising hopes for a trade deal between the U.S. and China, together with the signs of some revival in the manufacturing industry fueled expectations that the global economy is distancing itself from a recession and recovery would be possible in 2020. In due course, the elections in the U.K. led to a pro-Brexit Parliament and enhanced market confidence that the Brexit uncertainty will be resolved quickly. Accordingly, global risk appetite strengthened in November and December.

Turkish economy in 2019

External and internal imbalances that were exacerbated in the prior years started to improve in 2019, helped by lower economic growth and the lagged repercussions of the sharp currency depreciation in 2018. In addition, Central Bank's reserve policy, public financing strategy, macroprudential policies targeting credit growth, money market and foreign exchange regime regulations all helped to weather the negative consequences of the economic rebalancing and limit the slowdown in GDP growth. Accordingly, recession lasted shorter and more limited compared to the past, with expansion kicking in again shortly. Moreover, financial market indicators returned to levels last seen before August 2018, the date that marks the onset of the currency shock. Global developments also accelerated the improvement in the domestic investment backdrop.

Report of the Board of Directors (continued)

Turkey's year-over-year GDP growth entered into the negative territory in the last quarter of 2018 and remained negative during the first half of 2019. GDP declined by 1.9% in the first half of 2019, followed by 0.9% positive growth in the third quarter. The leading indicators such as confidence indices or foreign trade performance and loan growth all suggested that the growth rate accelerated sharply in the last quarter, bolstering the chances that the official 0.5% growth target for the year would be met or even surpassed. In seasonally adjusted terms, the sequential growth turned positive starting from the first quarter onwards, suggesting that the underlying revival had started much earlier in the year. In the first three quarters of the year, domestic demand contracted, while net exports made the sole positive contribution and prevented a deeper decline in GDP.

Fiscal policy was expansionary throughout the year 2019. On top of the acceleration in public expenditures, quasi-fiscal policies and regulations were used to stimulate the economy. Public banks increased ownership in the domestic debt market, while also boosted their loan growth ahead of the overall sector average. The banking sector regulations tried to cap the interest rates charged on deposits to below the monetary policy rate. 12 month rolling central government budget deficit to GDP ratio widened to 2.6% in as of November up by 0.7ppt vs. end-2018. The Central Bank's profit and retained earnings transfers to the budget reached a sizeable TRY 78bn in 2019. There was also TRY 8.6bn in proceeds from paid military service and the construction registration certificates, as well as TRY 16.5bn in debt restructuring in 2019. These one-off revenues added up to 2.4% of GDP, underlining the increased dependency on temporary revenue items. The Treasury's cash balances indicated that the accrual based central government budget deficit could go up to 2.9% by the end of the year in line with the revised official target.

The growth rotation to external demand from domestic demand, as well as the Turkish lira's real depreciation led to a sharp decline in external demand that went beyond expectations. The 12-month rolling current account balance advanced to a surplus of USD5.3bn as of September from USD27.1bn of deficit in 2018. However, as domestic demand gained steam in the second half of the year, the current account surplus started to decline and dropped to USD2.7bn in November. Economy's transition to current account surplus from current account deficit helped to alleviate external financing need. Net trade loans, FDI, deposits and net errors and omissions were the main channels of capital inflows, whereas banks and real sector net external debt service, portfolio outflows and the reserve build-up absorbed inflows.

The positive repercussion of slower economic growth on disinflation came with a lag as it took time for the exchange rate pass-through to fade away. Annual CPI inflation averaged to a relatively high 19% in the first half of the year before dropping to 15.7% in June. Downtrend gained pace in the second half as the annual inflation bottomed out at 8.55% in October and ended the year at 11.84%, a touch below the 12% official forecast. The annual core C inflation that excludes energy, gold, tobacco, alcoholic beverages and food dropped to 19,53% by the end of 2019 from 2018's 9,81%. Accordingly, the Central Bank started to cut policy rate in July and delivered a total of 12 pps easing, beating even the most dovish expectations in the market. In addition to rate cuts, the Central Bank introduced a new incentive mechanism to support loans, by reducing the reserve requirements for those banks that reach and maintain a relatively high loan growth rate. Accordingly, while decline in interest rates activated the pent-up demand, the new reserve requirement scheme supported supply side, eventually lifting the annual loan growth rate in exchange rate adjusted terms to 10,4% by the year-end from 1,8% in 2018.

The economy policy makers' new strategy to actively manage reserves helped to sustain exchange rate stability. Despite the sizeable interest rate cuts and the volatility in the global markets, Turkish lira's depreciation remained in line with the inflation rate. Turkey's quick recovery from recession and normalization of interest rates boosted stock market gains. Although the domestic debt roll-over ratio reached 133% due to the wider budget deficit, the state banks demand for debt instruments, the increase in FX-denominated debt issuance in the domestic markets and the lower funding rates paved the way for lower interest rates in the bond market.

Report of the Board of Directors (continued)

The expectations for 2020

The global growth is expected to enter into a deep recession in the first half of 2020 due to the COVID-19 shock. In its April 2020 World Economic Outlook Report, IMF revised its 2020 global growth forecast down by 6.4pps to 3% contraction. As the social distancing measures start being rolled back in the second half of the year, economy is anticipated to recover and hence there is risk of a weaker economic outcome should the COVID-19 outbreak necessitates longer lockdown of cities. In due course, the presidential elections in the U.S. in November, as well as the U.S. foreign policy preferences could lead to volatility in the global financial markets, while geopolitical developments may remain a critical factor in determining the investment sentiment in 2020. Interest rates are projected to remain low in developed countries and support economic growth together with various other supplementary measures. Although this is likely to create a favorable backdrop for high yielding emerging markets, portfolio inflows would be able to revive only if global risk appetite improves in tandem with the fading dismal repercussions of the health measures introduced against the pandemic. Accordingly, global growth outlook would play a critical role in shaping the global risk appetite. Oil prices plummeted sharply due to weak demand conditions and disputes among the oil producing countries regarding the oil supply cuts. Oil prices are assumed to range between USD 20 and USD 40 per barrel during the year, with risks tilted to the downside.

The COVID-19 outbreak is also taking its toll on the Turkish economy and a sharp GDP contraction could be expected in the second quarter of 2020. However, the health measures have been successful and unwinding of the social distancing measures is likely to prove fruitful in terms of the economic growth from third quarter onwards. The economy was on a strong footing prior to the outbreak and is expected to recover fast in the second half of the year. The government has been taking fiscal measures and the officially announced support including fiscal stimulus and credit packages has reached TRY200bn (3.8% of GDP) as of April. The central government budget deficit would be breaching the official 2.9% target in 2020 due to slower economy and the fiscal bill to combat the pandemic. The Central Bank cut interest rates by 325bps in the first four months of the year, while further easing is on the table. The Central Bank has also kicked in a bond buying program and extended liquidity provision to the banking system at more favorable terms. State banks have already been enthusiastic in widening their loan books to support the beleaguered firms amidst the pandemic related measures, while the BRSA introduced a new regulation to motivate banks to either extend loans or government borrowing instruments in their balance sheets. These steps are expected to be favorable in terms of keeping the interest rates on Turkish Lira debt instruments low despite the wider public financing requirement. Sharp decline in oil prices, as well as the subdued domestic demand conditions would be helpful in terms of lowering inflation. These two factors are likely to outweigh the dismal effect from higher exchange rate and inflation could fall to single digits this year. Low oil prices and weaker domestic demand would also lay the groundwork for a limited external deficit, yet the global recession and the COVID-19 outbreak are expected to hit hard exports and tourism. All in all, Turkey is unlikely to escape from a current deficit in 2020, albeit a limited one. Against this backdrop, Turkish lira is foreseen to have a volatile pattern in 2020, with depreciation pressures peaking in the first half, potentially followed by a relief in the second half of the year should the global risk appetite improve as in the base case scenarios. The interest rates could be aligned with inflation outlook and there could be a potential for recovery in the equity market in the second half of the year. Nevertheless, the pandemic has been creating a very uncertain environment for the economy and financial markets.

Due to the low level of assets in each sub-fund, the Board of Directors of the SICAV considers that it might be difficult to find new fund service providers and that the current situation does not allow the SICAV to operate in an economically efficient manner in the interest of the SICAV's investors.

So, by circular resolution dated March 24, 2020, the Board of Directors decided to convene an extraordinary general meeting of shareholders on May 19, 2020 to approve the voluntary dissolution and liquidation of the SICAV, and to appoint Deloitte Tax & Consulting S.à r.l. as liquidator.



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To the Shareholders of
TÜRKISFUND
5, Allée Scheffer
L-2520 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of TÜRKISFUND and each of its sub-funds ("the Fund"), which comprise the statement of net assets and the statement of investments as at 31 December 2019 and the statement of operations and changes in net assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of TÜRKISFUND and 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.

Basis for opinion

We conducted our audit in accordance with 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 Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the Audit of the Financial Statements » section of our report. We are also 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, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the Note 2.a to the financial statements which explains that due to the low level of assets in each sub-fund, the Board of Directors of the Fund considers that it might be difficult to find new fund service providers and that the current situation does not allow the Fund to operate in an economically efficient manner in the interest of the Fund's investors. Therefore in the Circular Resolution dated March 24, 2020, the Board of Directors decided to convene an Extraordinary General Meeting of shareholders on May 19, 2020 to approve the voluntary dissolution and liquidation of the Fund. As such the financial statements have been prepared on a non-going concern basis of accounting. Our opinion is not modified in respect of this matter.



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 report of “Réviseur d’Entreprises agréé” 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 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 this fact. We have nothing to report in this regard.

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 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 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 any of its sub-funds or to cease operations, or has no realistic alternative but to do so.

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 a report of “Réviseur d’Entreprises agréé” 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 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 Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism 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 report of the "Réviseur d'Entreprises agréé" 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 report of the "Réviseur d'Entreprises agréé".
- 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.

Luxembourg, 30 April 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé



Patrice Perichon

TÜRKISFUND

Statement of Net Assets as of December 31, 2019

		TÜRKISFUND EQUITIES	TÜRKISFUND BONDS	Total
	Note	EUR	EUR	EUR
ASSETS				
Transferable securities	(2b)	11.600.461,89	3.889.132,27	15.489.594,16
Bank Balances		411.836,36	235.896,69	647.733,05
Receivable on Subscriptions		517,63	224,88	742,51
Brokers receivable		141.189,48	0,00	141.189,48
Interest and Dividends receivable, net	(2e)	456,97	87.356,62	87.813,59
Other Assets		14.597,17	3.830,33	18.427,50
TOTAL ASSETS		12.169.059,50	4.216.440,79	16.385.500,29
LIABILITIES				
Management fees payable	(3a)	43.241,82	10.653,63	53.895,45
Payable on Redemptions		3.411,71	12.315,83	15.727,54
Liquidation fees payable	(12)	62.008,51	26.920,92	88.929,43
Expenses payable		11.580,56	8.924,85	20.505,41
TOTAL LIABILITIES		120.242,60	58.815,23	179.057,83
TOTAL NET ASSETS	(2a)	12.048.816,90	4.157.625,56	16.206.442,46
Net Asset Value per share				
Class A	(2a)	29,04	50,26	
Class I	(2a)	29,21	50,58	
Number of Shares outstanding				
Class A		40.553,396	18.484,247	
Class I		372.135,244	63.824,686	

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

TÜRKISFUND

Statement of Operations and Changes in Net Assets for the year ended December 31, 2019

		TÜRKISFUND EQUITIES	TÜRKISFUND BONDS	Total
	Note	EUR	EUR	EUR
NET ASSETS AT THE BEGINNING OF THE YEAR		14.997.167,45	9.682.262,91	24.679.430,36
INCOME				
Dividends from Investment Portfolio, net	(2)	400.605,26	40.828,43	441.433,69
Interest on Bonds, net	(2)	0,00	298.576,72	298.576,72
Other income		48.336,89	21.076,84	69.413,73
TOTAL INCOME		448.942,15	360.481,99	809.424,14
EXPENSES				
Management fees	(3a)	189.558,92	61.130,27	250.689,19
Depository fees		24.165,49	9.386,33	33.551,82
Management company fees	(3b)	22.735,13	7.324,45	30.059,58
Domiciliation, Administration, Liquidation fees	(12)	62.008,51	26.920,92	88.929,43
Accounting and Transfer agent fees		39.670,67	28.435,53	68.106,20
Subscription tax (Taxe d'Abonnement)	(5)	1.756,85	749,39	2.506,24
Transaction fees	(11)	21.314,96	757,47	22.072,43
Other expenses	(7)	118.939,07	58.091,23	177.030,30
TOTAL EXPENSES		480.149,60	192.795,59	672.945,19
NET INCOME FROM INVESTMENTS		-31.207,45	167.686,40	136.478,95
Net realised gain / loss on Sales of Investment Securities		1.405.053,41	-69.059,91	1.335.993,50
Net realised gain / loss on Foreign exchange transaction		-4.375.229,04	-1.510.578,44	-5.885.807,48
NET REALISED LOSS		-3.001.383,08	-1.411.951,95	-4.413.335,03
Movement in net unrealised depreciation on Investments		5.448.648,76	2.088.130,26	7.536.779,02
NET INCREASE IN NET ASSETS as a result of operations		2.447.265,68	676.178,31	3.123.443,99
CHANGE IN NET ASSETS				
Subscription of Shares		760.576,01	1.902.985,27	2.663.561,28
Redemption of Shares		-6.156.192,24	-8.103.800,93	-14.259.993,17
NET ASSETS AT THE END OF THE YEAR		12.048.816,90	4.157.625,56	16.206.442,46

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

TÜRKISFUND

Changes in the Number of Shares outstanding for the Year Ended December 31, 2019

	TÜRKISFUND EQUITIES	TÜRKISFUND BONDS
Class A		
Number of Shares outstanding at the beginning of the Year	131.599,910	163.590,194
Number of Shares issued	28.253,318	41.992,520
Number of Shares redeemed	-119.299,832	-187.098,467
Number of Shares outstanding at the end of the Year	40.553,396	18.484,247
Class I		
Number of Shares outstanding at the beginning of the Year	484.747,857	63.824,686
Number of Shares issued	0,000	0,000
Number of Shares redeemed	-112.612,613	0,000
Number of Shares outstanding at the end of the Year	372.135,244	63.824,686

Statistics

	TÜRKISFUND EQUITIES	TÜRKISFUND BONDS
	EUR	EUR
TOTAL NET ASSETS		
December 31, 2019	12.048.816,90	4.157.625,56
December 31, 2018	14.997.167,45	9.682.262,91
December 31, 2017	23.862.379,79	5.015.076,42

Net Asset Value per Share at the end of the Year

December 31, 2019			
	Class A	29,04	50,26
	Class I	29,21	50,58
December 31, 2018			
	Class A	24,23	42,50
	Class I	24,36	42,76
December 31, 2017			
	Class A	42,85	59,61
	Class I	43,07	59,96

Subsequent to December 31, 2019, the Board of Directors of the SICAV made an evaluation and concluded that the low level of assets in each sub-fund, does not allow the SICAV to operate in an economically efficient manner in the interest of the SICAV's investors. Accordingly, the Board of Directors of the SICAV decided by circular resolution dated March 24, 2020 to convene an extraordinary general meeting of shareholders on May 19, 2020 to approve the voluntary dissolution and liquidation of the SICAV, and to appoint Deloitte Tax & Consulting S.à r.l. as liquidator, following confirmation by the CSSF that they had no objection to his appointment.

As at December 31, 2019, a provision of EUR 88.929,43 to cover estimated liquidation costs was booked.

The Net Asset Value initially published, and without liquidation fees, as at December 31, 2019 is as follows:

		TÜRKISFUND EQUITIES	TÜRKISFUND BONDS
		EUR	EUR
TOTAL NET ASSETS		12.110.825,41	4.184.546,48
Represented by:			
	Class A	29,19	50,59
	Class I	29,36	50,91

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

TÜRKISFUND

TÜRKISFUND EQUITIES

Statement of Investments
as of December 31, 2019
(Amounts in EUR)

Description	Nominal/ quantity	Currency	Cost price	Market Value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in an other regulated market					
Shares					
Turkey					
AKBANK	918.569,00	TRY	1.205.053,67	1.140.942,56	9,47
AKSA	44.020,00	TRY	62.611,31	91.127,78	0,76
ALKIM ALKALI KIMYA	78.230,00	TRY	321.808,14	447.585,16	3,71
ANADOLU EFES BIRACILIK VE MALT SANAYI	40.000,00	TRY	129.656,20	140.529,84	1,17
ANADOLU HAYAT SIGORTA A.S	425.732,00	TRY	377.939,68	443.856,68	3,68
ANADOLU SIGORTA BEARER	540.644,00	TRY	371.045,89	377.936,61	3,14
ARCELİK	56.120,00	TRY	208.181,23	175.106,66	1,45
ASELSAN AS	70.441,00	TRY	254.741,41	216.409,90	1,80
BANVIT BANDIRMA VITAM INLI	67.353,00	TRY	151.904,86	190.049,79	1,58
BİM BİRLEŞİK MAGAZALAR	53.460,00	TRY	360.428,89	375.957,04	3,12
EMLAK KONUT REİT	350.000,00	TRY	76.312,19	77.180,40	0,64
EREĞLİ DEMİR VE ÇELİK	425.410,00	TRY	544.019,69	576.896,34	4,79
HACI ÖMER SABANCI HOLDING AS	388.950,00	TRY	626.699,18	561.294,14	4,66
İS YATIRIM ORTAKLIĞI	1,00	TRY	0,62	0,29	0,00
KARDEMİR KARABÜK -SHS- -D-	244.433,00	TRY	155.121,62	97.535,59	0,81
KOC HOLDING AS -B-	104.170,00	TRY	372.770,38	315.032,13	2,61
KOZA ALTIN	12.270,00	TRY	142.617,67	135.746,38	1,13
MAVİ GİYİM SANAYİ VE TİCARET A.Ş.	11.342,00	TRY	67.655,81	95.789,90	0,80
MİGROS TİCARET A.Ş.	16.865,00	TRY	58.173,46	61.730,22	0,51
PEGASUS HAVA TAŞ	9.934,00	TRY	69.420,33	125.996,77	1,05
PETKİM PETROKİMYA HOLDING AS	407.899,00	TRY	318.761,15	228.847,36	1,90
SODA SANAYİİ	90.900,00	TRY	88.579,61	84.133,84	0,70
TAV HAVALİMALLARI HOLDING AS	41.415,00	TRY	157.791,88	184.143,98	1,53
TEKFEN HOLDING AS	61.945,00	TRY	221.147,51	182.595,67	1,52
TOFAŞ TÜRK OTOMOBİL FABRİKASI AS	83.642,00	TRY	251.676,06	334.005,89	2,77
TUPRAS TÜRKİYE PETROL RAFİNELERİ	29.410,00	TRY	543.878,60	561.623,26	4,66
TÜRK HAVA YOLLARI AÖ	316.990,00	TRY	692.561,22	680.466,67	5,65
TÜRK SİS CAM	258.821,00	TRY	260.883,31	206.165,36	1,71
TÜRK TELEKOM	188.070,00	TRY	138.831,61	207.079,57	1,72
TÜRKCELL İLETİŞİM HİZMET	390.295,00	TRY	843.158,55	815.578,49	6,77
TÜRKİYE GARANTİ BANKASI AS (NAMEN-AKT)	673.119,00	TRY	1.199.409,70	1.131.928,83	9,39
TÜRKİYE HALK BANKA -SHS-	316.886,00	TRY	764.482,61	281.889,83	2,34
TÜRKİYE SİNAYİ KALK	1.046.702,00	TRY	121.184,98	188.419,55	1,56
TÜRKİYE VAKIFLAR BANKASI TAO	588.820,00	TRY	497.289,75	469.911,25	3,90
YAPI VE KREDİ BANKASI AS	1.067.044,00	TRY	449.437,55	396.968,16	3,29
Total - Shares			12.105.236,32	11.600.461,89	96,28
Total - Transferable securities admitted to an official stock exchange listing and/or dealt in an other regulated market			12.105.236,32	11.600.461,89	96,28
TOTAL INVESTMENT PORTFOLIO			12.105.236,32	11.600.461,89	96,28

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

TÜRKISFUND

TÜRKISFUND BONDS

Statement of Investments

as of December 31, 2019

(Amounts in EUR)

Description	Nominal/ quantity	Currency	Cost price	Market Value	% of net assets
Transferable securities admitted to an official stock exchange listing and/or dealt in an other regulated market					
Shares					
Turkey					
AKBANK	40.000,00	TRY	53.973,85	49.683,48	1,19
ANADOLU HAYAT SIGORTA A.S	133.718,00	TRY	160.899,43	139.410,77	3,35
IS YATIRIM ORTAKLIGI	1.200.000,00	TRY	610.394,86	342.023,94	8,23
TURKIYE GARANTI BANKASI AS (NAMEN-AKT)	50.000,00	TRY	69.735,24	84.080,89	2,02
Total - Shares			895.003,38	615.199,08	14,79
Bonds					
Turkey					
REPUBLIC OF TURKEY 0.0 19-20 10/06U	300.000,00	TRY	43.086,59	42.886,88	1,03
TURKEY 0.00 19-20 16/09U	500.000,00	TRY	62.599,90	68.887,07	1,66
TURKEY 11.00 17-27 24/02S	1.100.000,00	TRY	242.604,26	158.731,21	3,82
TURKEY 8.00 15-25 12/03S	1.500.000,00	TRY	244.861,00	193.426,91	4,65
TURKEY 11.00 17-22 02/03S	100.000,00	TRY	25.695,94	14.917,50	0,36
TURKEY 10.40 14-24 20/03S	600.000,00	TRY	80.905,06	86.812,42	2,09
TURKEY 7.10 13-23 08/03A	1.000.000,00	TRY	160.664,18	132.648,29	3,19
TURKEY 8.80 13-23 27/09S	500.000,00	TRY	101.073,49	68.852,57	1,66
TURKEY 9.00 14-24 24/07S	1.400.000,00	TRY	380.551,25	189.690,53	4,56
TURKEY 9.50 12-22 12/01S	2.000.000,00	TRY	260.859,12	290.861,36	7,00
TURKEY 10.70 16-21 17/02S	1.500.000,00	TRY	228.404,91	224.457,71	5,40
TURKEY 9.20 16-21 29/03S	800.000,00	TRY	139.313,77	116.305,54	2,80
TURKEY GOVT 0.00 19-20 13/05U	230.000,00	TRY	31.515,46	32.878,90	0,79
TURKEY GOVT 7.40 15-20 05/02S	3.300.000,00	TRY	561.190,18	494.702,98	11,90
TURQUIE 12.4 18-28 21/03S	1.000.000,00	TRY	131.738,93	153.400,74	3,69
TURQUIE 16.2 18-23 20/06S	2.000.000,00	TRY	322.360,31	339.743,79	8,17
TURQUIE (REPU OF) 10.6 16-26 11/02S	1.000.000,00	TRY	146.173,09	141.519,16	3,40
TURQUIE (REPU OF) 9.40 15-20 08/07S	3.500.000,00	TRY	559.258,60	523.209,63	12,58
Total - Bonds			3.722.856,04	3.273.933,19	78,75
Total - Transferable securities admitted to an official stock exchange listing and/or dealt in an other regulated market			4.617.859,42	3.889.132,27	93,54
TOTAL INVESTMENT PORTFOLIO			4.617.859,42	3.889.132,27	92,94

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

TÜRKISFUND

Notes to the Annual Report as of December 31, 2019

NOTE 1 – GENERAL

TÜRKISFUND (the "SICAV") is an investment company that was established as a public company (société anonyme) under the laws of the Grand Duchy of Luxembourg and qualifies as a SICAV (société d'investissement à capital variable). The SICAV was incorporated in Luxembourg on November 19, 1997 for an unlimited period, with an initial capital of DM 70.000,00. It is governed by Part I of the Act dated December 17, 2010 relating to Undertakings for Collective Investment.

The Articles of Incorporation of the SICAV were published in the Mémorial, Recueil des Sociétés et Associations (official gazette) of Luxembourg on December 18, 1997. The SICAV is entered in the Luxembourg commercial register under number B-61 596.

By circular resolution, the board of directors decided to appoint "Luxcellence management company S.A." as management company of the SICAV.

Shares are currently offered in the following sub-funds, which each pursue their own investment objectives and strategies:

- TÜRKISFUND EQUITIES
- TÜRKISFUND BONDS

Two share classes are currently available, A class for retail investors and I class for institutional investors.

The objective of the TÜRKISFUND EQUITIES sub-fund is to invest mainly in equities issued by Turkish issuers and in equities expressed in Turkish Lira.

The objective of the TÜRKISFUND BONDS sub-fund is to invest mainly in Turkish bonds.

NOTE 2 – SUMMARY OF KEY ACCOUNTING POLICIES

The annual financial statements were prepared in accordance with the generally accepted accounting principles for investment funds in Luxembourg. The key accounting policies can be summarized as follows:

a) Determination of net asset value

The net asset value per share is calculated by dividing the total net asset value of the relevant sub-fund, i.e. the value of the sub-fund's assets less its liabilities, by the total number of shares of the relevant sub-fund then outstanding.

It should be noted that the financial statements reflect the Net Asset Values calculated and published as of December 31, 2019 based on the last available prices on the stock exchange as at December 30, 2019. If the closing prices as of December 31, 2019 (the last available for the December 31, 2019 year-end) had been used to value the investments of the Sub-Funds, the net asset values of those would have been different from those shown in these financial statements:

- TÜRKISFUND EQUITIES, a decrease in the NAV by -0,32% would have been observed.
- TÜRKISFUND BONDS, a decrease in the NAV by -0,30% would have been observed

The reference currency for the SICAV is the EUR.

Due to the low level of assets in each sub-fund, the Board of Directors of the SICAV considers that it might be difficult to find new fund service providers and that the current situation does not allow the SICAV to operate in an economically efficient manner in the interest of the SICAV's investors.

So, by circular resolution dated March 24, 2020, the Board of Directors decided to convene an extraordinary general meeting of shareholders on May 19, 2020 to approve the voluntary dissolution and liquidation of the SICAV, and to appoint Deloitte Tax & Consulting S.à r.l. as liquidator.

Notes to the Annual Report (continued) as of December 31, 2019

NOTE 2 – SUMMARY OF KEY ACCOUNTING POLICIES (continued)

Therefore the use of the going concern basis of accounting is no longer appropriate for the preparation of these financial statements and the board of directors has accordingly changed to a liquidation basis of accounting. This change requires that the assets are valued at their liquidating value and that provisions be included in the accounts to cover all anticipated liquidation costs. The total impact of this change in accounting basis is the inclusion of a provision of EUR 88.929,43 to cover estimated liquidation costs.

b) Valuation of investments

The value of each security listed or traded on any stock exchange is the last known price or the official average price on the exchange which is normally the principal market for the security in question.

Securities traded on another regulated market are valued in a manner as near as possible to that described in the paragraph above.

In the event that the securities held in a portfolio on the valuation date are not listed or traded on an exchange or another regulated market, or if no price quotation is available, or if the price as determined pursuant to the last two paragraphs does not reflect the fair market value of the relevant securities in the opinion of the Board of Directors, the value of these securities will be determined on the basis of the sale price, determined prudently and in good faith, that may reasonably be expected.

c) Foreign currency translation

Assets and liabilities denominated in currencies other than the EUR are translated at the exchange rates prevailing at the end of the reporting year. Transactions in foreign currencies are translated into EUR at the exchange rates prevailing at the transaction date.

Exchange rates as of December 31, 2019:

1 TRY= 0,1500105 EUR

d) Net realized gain/loss on sales of investments

The gains or losses realized on sales of investments are calculated on the basis of the average cost price of investments sold.

e) Treatment of dividends and interest

Dividends are recognised on the date on which the Units/Shares concerned are quoted "ex-dividend", net of withholding tax. Interest is calculated prorata temporis and recognised net of withholding tax.

f) Income related to zero coupon

Income related to zero coupon bonds is recognised as unrealised gain until maturity and as realised gain when reimbursed.

Notes to the Annual Report (continued) as of December 31, 2019

NOTE 3 – MANAGEMENT FEE

The Management Fees include:

a) The Investment Management fee

As remuneration for its investment management services, the Investment Manager receives a quarterly remuneration at the annual rate of :

- 1.50% of the average net asset value of the sub-fund TÜRKISFUND EQUITIES;
- 1% of the average net asset value of the sub-fund TÜRKISFUND BONDS.

A part of such Investment Management Fee might be reallocated to the Distributors by the Investment Manager.

b) The Management Company fee

In consideration of its collective portfolio management services, the Management Company is entitled to receive a Management Company Fee at an annual rate of up to 0.20% of the net assets of the SICAV, with a minimum annual fixed fee of EUR 30.000 at the SICAV's level.

NOTE 4 – DISTRIBUTOR FEES

In addition to the fees payable to the Distributors out of the management fees, the distributor receives a sales fee of up to 5% of the net asset value per share of the relevant sub-fund, which it may deduct directly from the subscription monies.

NOTE 5 – SUBSCRIPTION TAX

Under current law, the SICAV is not subject to income tax in Luxembourg, nor are the dividends paid by the SICAV subject to withholding tax for investors resident in Luxembourg. However, the SICAV must pay a subscription tax (taxe d'abonnement) on its net asset value in Luxembourg amounting to 0.05% p.a. for Class A shares and 0.01% p.a. for Class I shares.

This tax is calculated and payable each quarter on the basis of the net asset values of all the sub-funds at the end of the respective quarter.

No subscription tax is due on assets held by the SICAV in other UCITSs (undertakings for collective investment in transferable securities) already subject to a taxe d'abonnement in Luxembourg.

NOTE 6 – DEPOSITARY AND ADMINISTRATION FEES

The SICAV will pay out of the assets of the relevant sub-fund all expenses incurred by it, which include fees and expenses payable to the Depositary, the Administrator and other Service Providers.

NOTE 7 – OTHER EXPENSES

Other expenses mainly consist in compliance fees, registration fees, risk management fees, Var Transfer agent fees, CSSF fees and expenses reports.

NOTE 8 – MISCELLANEOUS

A list of changes to the investment portfolio during the year under review is available on request from the SICAV's registered office and the paying agents.

TÜRKISFUND

Notes to the Annual Report (continued)
as of December 31, 2019

NOTE 9 – TOTAL EXPENSE RATIO (TER)

	TÜRKISFUND EQUITIES		TÜRKISFUND BONDS	
	CLASS A	CLASS I	CLASS A	CLASS I
TER 2008	2,69%	2,68%	2,47%	2,38%
TER 2009	2,39%	2,34%	2,27%	2,23%
TER 2010	2,09%	1,96%	2,04%	2,02%
TER 2011	2,43%	2,37%	2,09%	2,04%
TER 2012	2,43%	2,39%	2,09%	1,96%
TER 2013	2,46%	2,45%	2,46%	2,44%
TER 2014	2,62%	2,59%	2,60%	2,53%
TER 2015	2,71%	2,69%	2,81%	2,78%
TER 2016	2,63%	2,59%	2,46%	2,44%
TER 2017	2,39%	2,38%	2,67%	2,65%
TER 2018	3,03%	2,99%	3,28%	3,22%
TER 2019	2,79%	2,86%	3,29%	3,70%

Unit class A is designed exclusively for retail investors.

Unit class I is designed exclusively for institutional investors.

NOTE 10 – REPO AND REVERSE REPO TRANSACTIONS

Reverse repo transactions represent borrowings that are guaranteed by the underlying asset, which remains exposed to market risk. Repos are comparable with guaranteed loans. In this case, the Sub-Fund is not subject to the risk of the underlying asset losing value. Repos and reverse repos are recognized as borrowings or loans in the amount of the cash received or paid. Income and expenses from repos and reverse repos are reported in the annual financial statements. There were no repo or reverse repo opened in the fund during the year.

NOTE 11 – TRANSACTION FEES

The transaction fees are composed of the broker fees and Caceis fees on the purchases and sales of investments for the year ended December 31, 2019.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent to December 31, 2019, the Board of Directors of the SICAV made an evaluation and concluded that the low level of assets in each sub-fund, does not allow the SICAV to operate in an economically efficient manner in the interest of the SICAV's investors. Accordingly, the Board of Directors of the SICAV decided by circular resolution dated March 24, 2020 to convene an extraordinary general meeting of shareholders on May 19, 2020 to approve the voluntary dissolution and liquidation of the SICAV, and to appoint Deloitte Tax & Consulting S.à r.l. as liquidator, following confirmation by the CSSF that they had no objection to his appointment.

As at December 31, 2019, a provision of EUR 88.929,43 to cover estimated liquidation costs was booked.

The Covid-19 pandemic had a negative impact on financial markets all over the World. Developing countries are also negatively affected by the pandemic, including Turkey, due to capital outflows and resulting local currency depreciation. Turkisfund is a country specific fund investing in Turkish Markets and consequently is affected by the developments in that country. Thanks to tough measures taken in the fight against the pandemic, the increase in the number of cases in Turkey remains behind many countries. With this aspect, the country is expected to normalize more quickly in terms of economic conditions.

TÜRKISFUND

Global exposure calculation method (unaudited information)

THE COMMITMENT APPROACH

The following sub-funds use the commitment approach in order to monitor and measure the global exposure:

- TÜRKISFUND EQUITIES
- TÜRKISFUND BONDS

THE REMUNERATION POLICY

The Management Company has established and applies a remuneration policy and practices that are consistent with, and promote, sound and effective risk management and that does not encourage risk taking which is inconsistent with the risk profiles, rules, prospectus or the Articles nor impair compliance with the Management Company's obligation to act in the best interest of the SICAV.

The Management Company is required to make quantitative disclosures of remuneration. These disclosures are made in line with the Management Company's interpretation of currently available regulatory guidance in relation to quantitative remuneration disclosures.

As regulatory practice evolves the Management Company may consider it appropriate to make changes to the way in which quantitative remuneration disclosures are calculated and in case such changes are made, this may result in disclosures in relation to the Fund not being comparable to the disclosures made in the prior year, or in relation to other Funds for which Luxcellence Management Company acts as Management Company.

Methodology

The figures disclosed are a sum of each individual's portion of remuneration attributable to the SICAV according to an objective apportionment methodology which acknowledges the multiple-service nature of the Management Company. Accordingly the figures are not representative of any individual's actual remuneration or their remuneration structure.

Quantitative Disclosure:

The total amount of such remuneration paid in respect of the financial year ending 31 December 2019 by the Management Company to its staff (i.e. 29 beneficiaries as of 31/12/2019) and in relation to the activity taken for this Fund is 10K EUR which is comprised of a fixed remuneration of 9K EUR and a variable remuneration of 1K EUR.

The amount of the aggregate remuneration awarded by the Management Company, which has been attributed to their senior management in relation to the Fund was 3,7K EUR (7 beneficiaries as of 31/12/2019).

SECURITIES FINANCING TRANSACTIONS AND OF REUSE REGULATION ("SFTR") (unaudited information)

The SICAV does not use any instruments falling into the scope of SFTR.