

THE MARMARA CAPITAL EQUITY FUND

(STOCK INTENSIVE FUND)

**(MARMARA CAPITAL PORTFÖY YÖNETİMİ A.Ş. HİSSE SENEDİ ŞEMSIYE FONU'NA BAĞLI
MARMARA CAPITAL PORTFÖY HİSSE SENEDİ FONU)**

Financial Statements and Independent Auditor's Report
As of 31 December 2019
(Translation of Independent Auditor's Report
Originally Issued in Turkish)

Contents	Number
Independent Audit's Report on Financial Statements	1-3
Statement of Financial Position	4
Statement of Profit or Loss and Other Comprehensive Income	5
Total Value/Net Asset Value Table	6
Cash Flows	7
Notes to the Financial Statements	8-26



(CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ISSUED ORIGINALLY IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the Board of The Marmara Capital Equity Fund (Marmara Capital Portföy Hisse Senedi Fonu)

A. Audit of the Financial Statements

1. Opinion

We have audited the accompanying financial statements of The Marmara Capital Equity Fund (Marmara Capital Portföy Hisse Senedi Fonu) (the "Fund"), which comprise the statement of financial position as of 31 December 2019, and the statement of profit or loss and other comprehensive income, statement of changes in total value/net asset value and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with Turkish Accounting Standards ("TASs") and the Communiqué on the Principles of the Financial Reporting of the Investment Funds (II-14.2) ('Communiqué') that was issued by the Capital Market Board ('CMB').

2. Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by the Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Fund in accordance with the standards issued by POA ("POA's Code Statements Code of Ethics for Auditors of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Key Audit Issues

We decided that there weren't any key audit issues that have to be reported in our report.

4. Founder's and Management's Responsibility for the Financial Statements

Marmara Capital Portfolio Management Stock Company ('Founder') is responsible for the preparation and fair presentation of the financial statements in accordance with Turkish Accounting Standards, and for such internal control as management 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 Founder is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those who are in charge of the management are responsible for overseeing the Fund's financial reporting process.

5. Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with standards on auditing issued by the CMB and Standards on Auditing issued by the POA. Misstatements can arise from fraud or error. They 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 standards on auditing accepted by POA and the Communiqué issued by the CMB, 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 management.
- Conclude on the appropriateness of management'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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the financial statements. We



are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Legal and Regulatory Requirements

1. Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code('TCC'); no significant matter has come to our attention that causes us to believe that for the period 1 January - 31 December 2019, the Fund's bookkeeping activities and financial statements are not in compliance with TCC and provisions of the internal regulation of sub-fund of the Fund in relation to financial reporting.
2. Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

A-1 Yeminli Mali Müşavirlik ve Bağımsız Denetim A.Ş.

İbrahim Tutar, Sworn-in CPA
Responsible Partner Lead Auditor

İstanbul, 2 March 2020

**MARMARA CAPITAL PORTFÖY HİSSE SENEDİ FONU
(STOCK INTENSIVE FUND)**

AUDITED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2019

(Amounts expressed in Turkish Lira (TL))

	Notes	Current Period 31 December 2019	Prior Period 31 December 2018
ASSETS			
Cash and Cash Equivalents	4	6.165.496	254.928
Cash and Cash Equivalents Held as Collateral		-	-
Clearing Receivables	5	-	317.700
Financial Assets	7	106.237.473	54.131.645
Total Assets (A)		112.402.969	54.704.273
LIABILITIES			
Clearing Payables	6	-	(167)
Other Payables	6	(173.584)	(92.065)
Payables to Related Parties		-	-
Total Liabilities (Total Value / Except Net Asset Value) (B)		(173.584)	(92.232)
Total Value/Net Asset Value (A-B)		112.229.385	54.612.041

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

**MARMARA CAPITAL PORTFÖY HİSSE SENEDİ FONU
(STOCK INTENSIVE FUND)**

**AUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD
BETWEEN 1 JANUARY-31 DECEMBER 2019**

(Amounts expressed in Turkish Lira (TL))

	Notes	Current Period 1 January - 31 December 2019	Prior Period 1 January - 31 December 2018
PROFIT OR LOSS SECTION			
Interest Income	11	210.191	317.435
Dividend Income	11	1.343.375	685.516
Realized Gains / Losses related to Financial Assets and Liabilities	11	8.289.424	9.131.688
Unrealized Gains/ Losses related to Financial Assets and Liabilities	11	34.269.317	(9.462.155)
Operating Income		44.112.307	672.484
Management Fees	8	(1.169.412)	(858.127)
Custody Fees	8	(61.686)	(45.380)
Audit Fees	8	(5.900)	(4.130)
Board (CMB) Fees	8	(15.153)	(10.481)
Commission and Other Transaction Fees	8	(48.551)	(54.128)
Other Operating Expense	8,12	(10.611)	(8.712)
Operating Expense		(1.311.313)	(980.958)
Operating Gains/Loss		42.800.994	(308.474)
Financing Expense		-	-
Net Profit/Loss for the Period (A)		42.800.994	(308.474)
OTHER COMPREHENSIVE INCOME SECTION			
Other Comprehensive Income (B)		-	-
INCREASE/DECREASE IN TOTAL VALUE/NET ASSET VALUE (A+B)		42.800.994	(308.474)

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

**MARMARA CAPITAL PORTFÖY HİSSE SENEDİ FONU
(STOCK INTENSIVE FUND)**

AUDITED STATEMENT OF CHANGES IN TOTAL VALUE/NET ASSET VALUE AS OF 31 DECEMBER 2019

(Amounts expressed in Turkish Lira (TL))

	Notes	Current Period 1 January - 31 December 2019	Prior Period 1 January - 31 December 2018
As of 1 January Total Value/Net Asset Value (Beginning Of Period)		54.612.041	41.686.950
Increase/Decrease of Total Value/Net Asset Value		42.800.994	(308.474)
Proceeds From Redeemable Shares Issued (+)		30.801.484	16.941.852
Redemption of Redeemable Shares (-)		(15.985.134)	(3.708.287)
As of 31 December Total Value/Net Asset Value (End of Period)	9	112.229.385	54.612.041

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

**MARMARA CAPITAL PORTFÖY HİSSE SENEDİ FONU
(STOCK INTENSIVE FUND)**

AUDITED STATEMENT OF CASH FLOWS FOR THE PERIOD BETWEEN 1 JANUARY-31 DECEMBER 2019

(Amounts expressed in Turkish Lira (TL))

	Notes	Current Period 1 January - 31 December 2019	Prior Period 1 January - 31 December 2018
A. Cash Flow from Operating Activities		(8.907.416)	(15.003.533)
Net Profit/(Loss) For The Period		42.800.994	(308.474)
Adjustments of Net Profit/(Loss) Reconciliation		(35.612.693)	(10.318.970)
Adjustments of Interest Income/(Expenses)		-	(171.299)
Adjustments of Fair Value Gains/(Losses)		(34.269.318)	(9.462.155)
Adjustments of Profit/(Loss) Reconciliations		(1.343.375)	(685.516)
Change in Working Capital		(17.439.092)	(5.232.904)
Adjustment of Increase/(Decrease) in Receivables		317.700	308.260
Adjustment of Increase/(Decrease) in Payables		81.352	(456.031)
Adjustment of Other Increase/(Decrease) in Working Capital		(17.838.144)	(5.085.133)
Cash Flows from Operations		(10.250.791)	(15.860.348)
Dividend Received		1.343.375	685.516
Interest Income Collected		-	171.299
B. Cash Flows from Financing Activities		14.816.350	13.233.565
Proceed from Redeemable Shares Issued		30.801.484	17.895.066
Cash from Redemption of Redeemable Shares		(15.985.134)	(4.661.501)
Before The Effects of Foreign Currency Translation Net Increase/(Decrease) in Cash and Cash Equivalents (A+B)		5.908.934	(1.769.968)
C.The Effects of Foreign Currency Translation on Cash and Cash Equivalents		-	-
Net Increase/(Decrease) in Cash and Cash Equivalents		5.908.934	(1.769.968)
D. Cash and Cash Equivalents at the Beginning of the Period		254.755	2.024.723
Cash and Cash Equivalents at the End of Period (A+B+C+D)	4	6.163.689	254.755

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

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

1. Organization and Operations of the Fund

The Marmara Capital Equity Fund (Stock Intensive Fund) (Marmara Capital Portföy Hisse Senedi Fonu-Hisse Yoğun Fon) was registered to the Istanbul Trade Registry Office on the date of 04.08.2015 under registration number 234083 by Marmara Capital Portföy Yönetimi A.Ş. (Marmara Capital Portfolio Management Stock Company) in accordance with Articles 52 and 54 of the Capital Market Law No.6362. Marmara Capital Portföy Yönetimi A.Ş. Şemsiye Fonu was announced on Turkey Trade Registry Gazette No:8880 on the date of 10.08.2015. The prospectus about issuance of participation shares of Marmara Capital Portföy was approved by the Capital Markets Board on 01.10.2015 in accordance with its Law and Regulations. Sardis Menkul Değerler A.Ş. Type A Fund (Stock Intensive Fund) which was founded by Sardis Menkul Değerler A.Ş., has been transferred to Marmara Capital Portföy Yönetimi A.Ş. with the approval of the Capital Market Board.

Founder of the Fund: Marmara Capital Portföy Yönetimi A.Ş.

Address of the founder of the Fund: Konaklar Mah. Akçam Cad. No:13/1, 34330 4. Levent-Beşiktaş/İstanbul

Fund's management company: Marmara Capital Portföy Yönetimi A.Ş.

Address of the Fund's management: Konaklar Mah. Akçam Cad. No:13/1, 34330 4. Levent-Beşiktaş/İstanbul

Custodian institution: T. Garanti Bankası A.Ş.

Address of the custodian institution: Levent Nispetiye Mah. Aytar Cad. No:2 34340 Beşiktaş/İstanbul

Fund's accounting and services unit: T. Garanti Bankası A.Ş.

Address of the Fund's accounting and service unit: Levent Nispetiye Mah. Aytar Cad. No:2 34340 Beşiktaş/İstanbul

Fund maturity and foundation date:

The fund has an unlimited time and it has been offered to the public on 2 January 2014.

Management of fund portfolio:

The founder is responsible for the protection and the management of the rights of fund holders, and the supervision of the management activities to be carried out in accordance with the law and the prospectus provisions. The founder is authorised to make savings on its funds and assets on behalf of his or the Fund's account and exercise the rights arising in accordance with the regulations and rules of procedure. Getting outside services, including portfolio management services during the execution of the Fund's operations, does not negate the responsibility of the founder.

Fund management fee:

The Fund accrues a management fee for the Founder for the purpose of the management and representation of the Fund allocation of infrastructure and personnel and accounting services on a daily basis by 0,0048% (zeropointzerofourtyeightpercent) and 1,752% annually (onepointsevenhundredandfiftytwopercent-including banking tax) of the total fund value and calculated within a week following the end of each month and paid to the Founder.

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

The maximum limit of total expenses of the Fund (included fund management fee) cannot exceed 3,65 % annually. As of the last business day of the 3, 6, 9 and 12- month period, the Founder is responsible to control whether the determined ratio of total annual fund expense is exceeded or not based on the periodically calculated daily average total fund value. If it is established that the determined ratios were exceeded, the Founder and the Portfolio Depositary are responsible of the exceeding amount to be returned to the fund within 5 business days. The corresponding amount is deducted from the total expenses in the calculation of the ratio of total expenses for the following year. Even if it remains within the limits of the total expense ratio of the Fund, expenditures which are not related to the Fund, cannot be accrued as expenses to the Fund or cannot be paid from the Fund's assets.

Audit fee:

In accordance with the decision according to the Capital Markets Board ("CMB") regulations, Law No. 9/1, registered on 6 January 2005, fund expenses are not charged to the fund founder, expenses are covered from the assets of the fund by accruing daily to the fund (including the custodian fee and audit fee) for private pension funds and mutual funds after 1 February 2005.

Approval of financial statements:

The financial statements approved by the Founder's Board and authorised for issuing on 2 March 2020. The Founder's Board has the authority to change the financial statements.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

2.1 Basis of Presentation

The financial statements have been prepared based on the historical cost basis except for fair value adjustments of financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2.2 Statement of Compliance

The attached financial statements are prepared in accordance with "the Capital Markets Board ("CMB") Accounting and Reporting Regulations" including the principles of CMB within the frame of the communique on "Principles of Financial Reporting for Investment Funds (II-14.2)" and Turkish Accounting Standards for the matters not legislated by the aforementioned regulations. Also the fair value measurements of assets in the Fund's portfolio is based on valuation principles in article 9.

In addition, financial statements and disclosures are presented in accordance with the format announced by the CMB on 30 December 2013.

2.3 Currency Used

The financial statements of the Fund are presented in the currency of the primary economic environment in which the Fund operates (its functional currency). The Fund's financial position and results of its operations, are expressed in TL which is the functional currency and presentation currency for the financial statements.

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.4 Preparation of Financial Statements in Hyperinflationary Periods

In accordance with the resolution numbered 11/367 dated 17 March 2005, the CMB stated that companies operating in Turkey which prepare their financial statements in accordance with the Turkish Accounting Standards effective from 1 January 2005 are not subject to inflation accounting. Based on that statement, TAS 29 "Financial Reporting in Hyperinflationary Economies" is not applied starting from 1 January 2005.

2.5 New and Revised Turkish Accounting Standards

Amendments in TAS's affecting the notes and amounts in the financial statements

None.

New and Revised TAS's applied with no material effect on the financial statements as of 2019

TFRS 16	<i>Rental Transactions</i>
Amendments to TFRS 15	<i>Revenue form the Contracts made with the Clients</i>
Amendments to TFRS 9	<i>Financial Instruments</i>
Amendments to TFRS 4	<i>Insurance Contracts</i>
Comments on TFRS 22	<i>Transactions denominated in foreign currencies and advance payments</i>
Amendments to TFRS 2	<i>Classification and measurement of the share-basis payment transactions</i>
Amendments to TAS 40	<i>Real Estates for Investment Purposes: Their Transfers</i>
TAS 28	<i>Changes of the Investments within the Subsidiaries and Participations (Amendment)</i>
TFRS 10 and TAS 28	<i>Asset sales or contributions of the investor enterprises to the Subsidiaries and Participations (Amendment)</i>
Comment on TFRS 23	<i>Comments on the Implementation of the Income Tax</i>

Improvements-the period of 2015-2017

- TFRS 3 on mergers of the companies and TFRS 11 on mutual agreements
- TAS 12 on income taxes
- TAS 23 on cost of the liabilities

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.5 New and Revised Turkish Accounting Standards (continued)

POA issued the Changes on the Plan, Downsizing and Implementation (Amendments in TAS 19)

Instruments with Negative Compensation with the Early Payment Scheme

The Standards Issued by the International Accounting Board but those not approved yet by the POA

- IFRS 17 -New Insurance Standards
- Definition of an Enterprise (Amendments in IFRS 3)
- Definition of materiality (amendments in IAS 1 and IAS 8)

The Company evaluates the effects of these standards, amendments and improvements on the financial statements.

2.6 Summary of Significant Accounting Policies

Financial Assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Investment instruments in accordance with the timeframe established by the market concerned a contract require delivery of the financial asset purchases or as a result of the sale of the related assets, are recognised on the transaction date or are derecognised.

Effective interest method:

The effective interest method is the method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at FVTPL.

Financial assets at FVTPL:

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term.

The purchase and sale financial assets at initial recognition as at fair value being used and in the period following the initial recognition are measured at fair value.

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.6 Summary of Significant Accounting Policies (continued)

Gain or losses from the sale and purchase of marketable securities are recognised in the statement of profit or loss and other comprehensive income within the account of "Realised Profit/ Loss related to Financial Assets and Liabilities". Unrealised gain and losses resulted from change in fair value of transferring assets are recognised in the statement of profit or loss and other comprehensive income within the account of "Unrealised Profit or Loss related to Financial Assets and Liabilities".

Interest Income:

Interest income from a financial assets is recognised on an accrual basis when it is probable that the economic benefits will flow to the Fund and the amount of income can be measured reliably. Interest income includes coupon interests taken from fixed-income securities, interest from reverse overnight (repo) transactions and Money Market Operations, interest from blocked accounts for derivative transactions.

Dividend Income:

Dividend income from stock investment is recorded when the fund has a right to receive dividend (as long as the fund will be able to measure the economic benefit and the revenue can be measured reliably).

Expenses

All expenses are recorded to the profit or loss statement and other comprehensive income statement on an accrual basis.

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Sale and repurchase agreements:

The overnight securities (sold to be back-"repo") are reflected in the financial statements and obligations to counterparties are recorded in repurchase agreements payables. Securities purchased under agreements to resell ("reverse repo"), the difference between sale and repurchase price based on the effective interest method portion corresponding to the period by adding to the cost of the reverse repos "reverse repurchase agreements" are recorded as receivables from reverse repo.

Cash and cash equivalents:

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.6 Summary of Significant Accounting Policies (continued)

Valuation Principles

(1) Value of the assets in the portfolio shall be determined in accordance with the principles below:

a) Assets purchased to the portfolio shall be recorded with their purchase prices. The purchase price of the assets in terms of foreign currency shall be found by way of multiplication of its value in foreign currency on the date of purchase, by the Central Bank of Republic of Turkey ("CBRT") selling rate of foreign exchange.

b) Starting from the purchase date, from among the assets in portfolio;

1) Those which are traded on the exchange, shall be valued by the weighted average prices or rates formed at the last session of the exchange on the valuation date. In so far, prices formed in the closing session and in cases where no price is formed at the closing session, weighted average prices formed in the last session at the exchange shall be used in valuation of the assets which are traded on the markets that have a closing session.

2) Those which are traded on the exchange however which are not subject to trading at the exchange on the date of valuation, shall be valued by the exchange price on the last trading date; debt securities, reverse repos and repos shall be valued over the internal rate of return on the last trading date.

3) Fund units shall be valued on the basis the latest prices announced as at the valuation date.

4) Deposit accounts shall be valued by way of adding the interest accrued through using compound interest rate to the capital amount.

5) Those which are in terms of foreign exchange, shall be valued over the buying rate designated by the CBRT for the relevant foreign exchange.

6) Assets which have been granted as guarantee due to derivatives shall also be indicated in the portfolio value statement. These assets shall be valued within the framework of the principles in this Article by taking the type of the guarantee into consideration.

7) Over-the-counter repo and reverse repo contracts shall be valued in a way to reflect the market price correctly and by a reliable and verifiable method.

8) Those which are out of those mentioned under the subparagraphs numbered (1) to (7), shall be valued by taking the TAS/TFRS published by POA into consideration. The basis of valuation shall be decided upon in written form.

9) Decisions with regard to the methods set forth under the subparagraphs numbered (7) and (8) shall be taken by the Board of Directors of the founder.

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.6 Summary of Significant Accounting Policies (continued)

c) From among the assets which are within the portfolio of index funds; assets, which are within the scope of the index taken as basis, shall be valued within the framework of the principles used in calculation of the index, whereas the other assets shall be valued within the framework of the principles set forth under subparagraph (b).

(2) Other assets and liabilities of the fund shall be determined by taking the TAS/TFRS published by POA into consideration. In so far, liabilities of the fund in terms of foreign exchange shall be valued by multiplication with the selling rate of exchange designated by the CBRT for the relevant foreign exchange.

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Other Financial Liabilities:

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Netting

Financial assets and liabilities, right of legally enforceable, payable as net amount or possible to collect or with the acquisition of the fulfillment of the obligation realisation simultaneously if the net value can be shown on the balance sheet.

Foreign currency transactions

The results and financial position of the Fund are expressed in TL, which is the functional currency of the Fund, and the presentation currency for the financial statements.

In preparing the financial statements of the Fund, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign currency denominated transactions on translation into TL or exchange differences arising from monetary items expression of the related expense or income in

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

2.6 Summary of Significant Accounting Policies (continued)

profit or loss and other comprehensive income in the "Net Foreign Currency Translation Differences Income" account.

Related parties

In these financial statements, the founder of the Fund, parties having a capital relationship with the Founder and the companies giving services of portfolio management and brokerage are defined as the "related party".

Participation certificates

During the sale and purchase of share certificates, the value of each share is calculated by dividing the total fund value by the number of shares in circulation. The resources obtained through sale of share certificates are transferred to the share certificate account by taking into account the sale price whereas share certificates purchased back are deducted from such an account by taking into account the purchase price.

Share certificate transactions are notified on daily basis to the Central Registry Agency ("CRA") and shares are followed at the account of CRA based on each customer's identity information, account codes and fund information.

Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorised for issue.

The Fund adjusts the amounts recognised in its financial statements if adjusting events occur after the balance sheet date.

Tax

Portfolio management earnings of securities investment trusts and funds are exempt from corporate tax under Paragraph 1(d) of Article 5 Corporate Tax Law No: 5520, which was issued on 21 June 2006 as effective from 1 January 2006. The exemption also applies for pre-paid corporate tax.

In accordance with Paragraph (3) of Article 15 of the Law, irrespective of subject to any distribution, 15% of tax deduction is applied to the related portfolio management earnings of securities investment funds. The deduction rate is applied as nil upon the Council of Ministers' resolution no: 2009/14594.

Paragraph (8) of Article 34 of Corporate Tax Law allows securities investment funds to offset their tax amounts deducted in the process of portfolio management transactions as required in Article 15 against the corporate tax deduction to be applied within their own entities as required in Paragraph (3) of Article 15 of the Law, to the extent that taxes are paid to their respective tax administration by the tax authorities, and to refund their non-deductible taxes upon the application to be filed to the related tax authorities.

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

2 BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

Tax (Continued)

In accordance with the appended Law No: 5527 to Income Tax Law No: 193, which is applicable in between 1 January 2006 and 31 December 2020 as per Law No: 5281, and Paragraph of the Amended Provisional Article, proceeds and earnings of securities investment funds obtained from the trading of securities and other capital market instruments through banks and brokerage houses are not subject to any corporate tax as of 1 October 2006.

In accordance with Paragraphs (2) and (4) of the Provisional Article 67, no corporate tax or income tax is applied to the securities investment trusts and funds' earnings that are subject to deduction in accordance with this Article.

Statement of Cash Flow

In the statement of cash flows, cash flows are classified according to operating, investing and financing activities.

Cash flows from operating activities reflect cash flows generated from increase or decrease of value of portfolio of the Fund.

Cash flows from financing activities express sources of financial activities and payment schedules of the Fund.

2.7 Significant Accounting Estimates and Assumptions

The Fund did not use significant accounting judgements, estimates and assumptions in the preparation of the financial statements.

2.8. Changes in Accounting Estimates and Errors

If the changes in accounting estimates related to only one period, changes are applied in the current period but if the changes in estimates related to future periods, change are applied both in the current and following period prospectively. There are not any significant changes in accounting estimates of the fund in the current period. Identified significant accounting errors are adjusted retrospectively and prior years' financial statements are restated accordingly. There are not any changes in financial statements of fund in the current year.

2.9 Changes in Accounting Policies

Changes in accounting policy are applied retrospectively and the prior financial statements are restated accordingly. The fund has not changed its accounting policies in the current year.

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

3. REPORTING WITH RESPECT TO THE SEGMENTS

Since main and only activity of the Fund is to manage a portfolio and it only serves in Turkey, no segment reporting is presented as of 31 December 2019.

4. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	31 December 2019	31 December 2018
Other Liquid Assets	9.689	6.754
<i>Demand Deposits</i>	9.689	6.754
Stock Money Market	6.155.807	248.173
Amount of Cash and Cash Equivalents in the Statement of Financial Position	6.165.496	254.928
Interest Accruals	(1.807)	(173)
Amount of Cash and Cash Equivalents in the Cash Flow Statements	6.163.689	254.755

5. CLEARING RECEIVABLES

Clearing Receivables	31 December 2019	31 December 2018
Receivables from Institution	-	317.700
Total	-	317.700

6. OTHER RECEIVABLES AND PAYABLES

Other Payables (A)	31 December 2019	31 December 2018
Provisions	-	-
Audit Fee	(5.900)	(4.130)
CMB registration Fee Payable	(5.611)	(2.731)
Brokerage Commission	(1.764)	(191)
Stock Money Market Transaction Cost	(11)	(11)
Portfolio Storage Costs	(7.334)	(3.889)
Total	(20.620)	(10.952)

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

6. OTHER RECEIVABLES AND PAYABLES (continued)

Related Party Disclosures/ Payables to Related Party (B)	31 December 2019	31 December 2018
Related party payables for management commission	(152.964)	(81.113)
Total	(152.964)	(81.113)

Clearing Payables (C)	31 December 2019	31 December 2018
Receivables from Institution- T1	-	(167)
Receivables from Institution- T2	-	(-)
Total	-	(167)
Grand Total (A+B+C)	(173.584)	(92.232)

Provisions, Contingents Assets And Liabilities

The Fund's securities are held by İstanbul Takas ve Saklama Bankası A.Ş. and the former application of "umbrella insurance" which covers Takasbank and Stock Exchange members is ceased to exist. Instead, a new insurance system is applied where Takasbank is covered with all securities of the Fund. The Fund has no individual insurance policy. Its insurance policy covers Takasbank and Merkezi Kayıt Kuruluşu A.Ş. ("MKK") and any related breach of trust, fraud, theft, relocation risks, financial loss, loss and custody risks.

The foreign financial assets are kept in custody under Takasbank in accordance with the agreements signed. During the sale, purchase and safekeeping phase of the foreign financial assets, the communication is performed via swift, fax and telex. The expenses and fees related with the safekeeping of assets are varied in accordance with the different financial assets of different countries. Custodians send their documentation monthly.

7. FINANCIAL ASSETS

	31 December 2019	31 December 2018
Stocks	106.237.473	54.131.645
End of Period	106.237.473	54.131.645

Financial Assets that fair value differences reflected to profit/loss	31 December 2019		
	Nominal Value	Cost Value	Market Value
Stocks	29.699.619	79.464.398	106.237.473
Total	29.699.619	79.464.398	106.237.473

Financial Assets that fair value differences reflected to profit/loss	31 December 2018		
	Nominal Value	Cost Value	Market Value
Stocks	30.529.515	61.626.254	54.131.645
Total	30.529.515	61.626.254	54.131.645

The Fund does not have other assets and liabilities as of the balance sheet date. (31.12.2018: None).

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

8. EXPENSES BY NATURE**Operating Expense:**

	31 December 2019	31 December 2018
Management Fees	(1.169.412)	(858.127)
Custody Fees	(61.686)	(45.380)
Audit Fees	(5.900)	(4.130)
Board (CMB) Fees	(15.153)	(10.481)
Commission and Other Transaction Fees	(48.551)	(54.128)
Other Operating Expenses	(10.611)	(8.712)
Total	(1.311.313)	(980.958)

9. TOTAL VALUE/NET ASSET VALUE AND INCREASE/(DECREASE) IN TOTAL VALUE/NET ASSET VALUE

Unit Fund Value	31 December 2019	31 December 2018
Total Fund Value (TL)	112.229.385	54.612.041
Number of Shares in Circulation (Unit)	3.620.189.018	3.066.091.167
Unit Fund Value (TL)	0,031001	0,017812

Movement of Participation Certificates	31 December 2019 (Unit)	31 December 2018 (Unit)
Opening Balance as number of unit	3.066.091.167	2.340.981.700
Number of the Units Sold in this Period	881.924.450	915.778.923
Number of the Units Repurchased in this Period	(327.826.599)	(190.669.456)
Total	3.620.189.018	3.066.091.167

10. RECONCILIATION OF TOTAL VALUE/NET ASSET VALUE IN PRICE REPORT AND STATEMENT OF FINANCIAL POSITION

	31 December 2019	31 December 2018
Total value/Net asset value in statement of financial position	106.237.473	54.131.645
Total value/Net asset value in price report	106.237.473	54.131.645
Difference	-	-

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

11. OPERATING INCOMES

Interest Income	1 January- 31 December 2019	1 January- 31 December 2018
Takasbank (Custodybank) derivatives exchange accretion interest	-	171.299
Interest income on money market operations	210.191	146.136
Total	210.191	317.435
Dividend Income		
Stocks	1.343.375	685.516
Total	1.343.375	685.516
<i>Realized Gains/(Losses) Related to Financial Assets and Liabilities</i>		
Gains on Sale of Marketable Securities	738.689	1.288.660
Realized value increment	7.550.735	3.913.318
Gains on Future Contracts	-	3.929.710
Total	8.289.424	9.131.688
<i>Unrealized Gains/(Losses) Related to Financial Assets and Liabilities</i>		
Increase/(Decrease) in value of Marketable Securities	34.269.317	(9.462.155)
Total	34.269.317	(9.462.155)
Final Total	44.112.307	672.484

12. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

Other Income

None. (31.12.2018: None.)

Other Expenses

Other expenses amount to TL10.611 as of 31.12.2019. These expenses are TL1.056-Taxes and Funds, TL1.593-Notice Expenses, TL292- Notary Expenses and TL7.670-Other Expenses. (31.12.2018: TL8.712).

Finance Expenses

None. (31.12.2018: None.)

Analysis of Other Comprehensive Income Items

None. (31.12.2018: None.)

Effects of Exchange Rate Change

None. (31.12.2018: None.)

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

13. DERIVATIVE INSTRUMENTS

None. (31.12.2018: None.)

14. FINANCIAL INSTRUMENTS

Financial Risk Factors

The Fund is exposed to market risk (fair value interest rate risk) due to the nature of its operations. Market risk is fluctuations which occur at interest rates, the value of securities or other financial contracts and may negatively affect the fund. The Fund is managed by portfolio managers concerning limits and strategies of portfolio management

Interest Rate Risk

Interest rate risk is defined as the negative effect due to the fluctuations which occur at interest rates, over the value of securities that are sensitive to interest rates. There are not any liabilities sensitive to the interest rates.

Common Stock Price Risk

The Fund is also exposed the common stock price risk, that occurs due to the fluctuations at the prices of stocks in the portfolio of the Fund. As of 31 December 2019, in accordance with the Company's analysis, in case of having 1 percent increase or decrease in common stock prices that are transacted in Borsa İstanbul (BIST) having all other variables held constant, profit before tax figure for the year 2019 would decrease or increase by TL1.062.375 (2018: 541.316)

	31 December 2019	31 December 2018
Stock Price Increase/(Decrease)	Effect on Income/Decrease	Effect on Income/Decrease
%1	1.062.375	541.316
(%1)	(1.062.375)	(541.316)

Currency risk

Foreign currency denominated transactions give rise to foreign exchange risk. The Fund does not have foreign currency denominated transactions as of 31 December 2019.

Liquidity Risk

Liquidity risk arises from funding long-term assets with short-term sources. Due to the nature of the Fund's operations, almost the entire assets of the Fund are composed of cash and cash equivalents and financial investments.

Non-Derivative financial liabilities distribution in accordance with the contract period and remaining maturities as of 31 December 2019 are as follows:

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

14. FINANCIAL INSTRUMENTS (continued)**31 December 2019**

<u>Contractual Maturities</u>	<u>Carrying Amount</u>	<u>Total cash outflow in accordance with contracts (I+II+III+IV)</u>	<u>Less than 3 months(I)</u>	<u>3-12 Mon ths (II)</u>	<u>1-5 Year s (III)</u>	<u>More than 5 years (IV)</u>
Non-derivative financial instruments						
Clearing Payables	-	-	-	-	-	-
Other Payables	173.584	173.584	173.584	-	-	-
Total Liabilities	173.584	173.584	173.584	-	-	-

31 December 2018

<u>Contractual Maturities</u>	<u>Carrying Amount</u>	<u>Total cash outflow in accordance with contracts (I+II+III+IV)</u>	<u>Less than 3 months(I)</u>	<u>3-12 Mon ths (II)</u>	<u>1-5 Year s (III)</u>	<u>More than 5 years (IV)</u>
Non-derivative financial instruments						
Clearing Payables	-	-	-	-	-	-
Other Payables	(92.232)	(92.232)	(92.232)	-	-	-
Total Liabilities	(92.232)	(92.232)	(92.232)	-	-	-

Credit Risk

Since the Fund does not have any borrowings, there is no risk that counterparty will default on its contractual obligations. As of 31 December 2019, and 31 December 2018, the Fund's assets exposed to credit risk are presented in the below table:

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

14. FINANCIAL INSTRUMENTS (Continued)

Credit Risk of financial instruments as of 31 December 2019

	Receivables							
	Receivables		Other Receivables		Cash and Cash Equivalents			Other*
	Related Parties	Third Parties	Related Parties	Third Parties	Financial Assets**	Bank Deposit	Clearing Receivables	
31 December 2019								
Maximum credit risk as of balance sheet date (A+B+C+D+E)	-	-	-	-	106.237.473	9.689	-	6.155.807
-The part of maximum risk under guarantee with collateral, etc.	-	-	-	-	-	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired	-	-	-	-	106.237.473	9.689	-	6.155.807
B. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-
C. Carried value of impaired assets	-	-	-	-	-	-	-	-
D. Offbalance sheet items with credit risk	-	-	-	-	-	-	-	-

(*) It includes money market operation payables and Cash and Cash Equivalents Held as Collateral.

(**) Stocks are not included because stocks have market risk.

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

14. FINANCIAL INSTRUMENTS (Continued)**Credit Risk of financial instruments as of 31 December 2018**

	Receivables							
	Receivables		Other Receivables		Cash and Cash Equivalents			Other*
	Related Parties	Third Parties	Related Parties	Third Parties	Financial Assets**	Bank Deposit	Clearing Receivables	
31 December 2018								
Maximum credit risk as of balance sheet date (A+B+C+D+E)	-	317.700	-	-	54.131.645	6.754	-	248.173
-The part of maximum risk under guarantee with collateral, etc.	-	-	-	-	-	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired	-	317.700	-	-	54.131.645	6.754	-	248.173
B. Carrying value of financial assets that are past due but not impaired	-	-	-	-	-	-	-	-
C. Carried value of impaired assets	-	-	-	-	-	-	-	-
D. Offbalance sheet items with credit risk	-	-	-	-	-	-	-	-

(*) It includes money market operation payables.

(**) Stocks are not included because stocks have market risk.

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

14. FINANCIAL INSTRUMENTS (Continued)

Fair Value of Financial Instruments

Fair value is an amount at which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction.

The Fund determined estimated fair value of financial instruments by using available market information and appropriate valuation methodologies.

It is anticipated that book values of cash and cash equivalents clearing receivables and other receivables approximate their fair value due to their short-term nature and probable losses would be an insignificant amount.

It has taken market prices in determination of the fair value of financial assets at fair value through profit or loss.

Due to their short-term nature, the fair value of monetary liabilities is considered as approximating their carrying values.

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions; and
- Level 3: the fair value of the financial assets and financial liabilities are determined where there is no observable market data.

The Fund's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

	31 December 2019			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Trading Financial Assets - Stocks	106.237.473	-	-	-
Total Financial Assets	106.237.473	-	-	-

	31 December 2018			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Trading Financial Assets - Stocks	54.131.645	-	-	-
Total Financial Assets	54.131.645	-	-	-

MARMARA CAPITAL PORTFOLIO STOCK FUND (STOCK INTENSIVE FUND)

Notes to The Financial Statements For The Year Ended 31 December 2019
(Amounts expressed in Turkish Lira (TL)).

15. DISCLOSURES RELATED TO STATEMENT OF CASH FLOWS

Please see Note 4.

16. DISCLOSURES RELATED TO STATEMENT OF CHANGE IN TOTAL VALUE/NET ASSET VALUE

Please see Note 9.

17. DISCLOSURE OF OTHER MATTERS THAT MAY AFFECT FINANCIAL STATEMENTS SIGNIFICANTLY OR IS NECESSARY FOR FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND COMPREHENSIBLE

None

18. EVENTS AFTER THE REPORTING PERIOD

None.