KUVEYTTÜRK | Asset Management

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DISCRETIONARY PORTFOLIO MANAGEMENT (DPM)

PRIVATE INVESTMENT FUND

www.**kuveytturkportfoy**.com.tr


10
years

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About **Kuveyt Türk Asset Management**

Founded in 2015 as a 100% subsidiary of Kuveyt Türk Participation Bank.

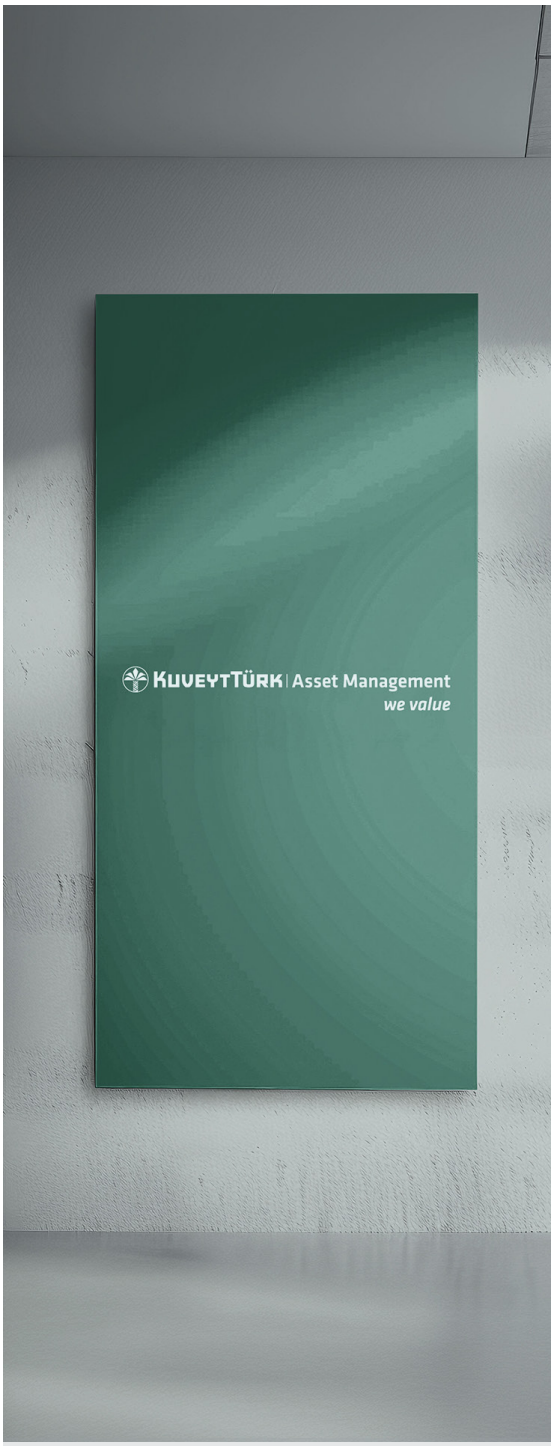
The largest participation-based portfolio management company in Türkiye, **ranking 6th globally, 2nd in Europe, and 1st in Türkiye**.

505 billion TRY (approx. 12 billion USD) in assets under management (as of **December 2025**)

(Mutual Funds, Private Pension Funds, DPM, Private Funds, VCIFs, REIFs)

Services fully compliant with interest-free finance principles.

We offer a comprehensive product range such as gold, domestic and international equities, sukuk, thematic funds, and customised solutions.



The Total Value of Assets Under Management is

505 Billion TRY



What is **Discretionary Portfolio Management (DPM)?**

It is a portfolio created with a customized strategy on behalf of the client and managed actively.

All decisions are made by Kuveyt Turk Asset Management managers, in full compliance with participation finance principles.

The portfolio is structured in accordance with the client's risk profile, maturity expectations, and return targets.

How Does the DPM Process Work?

Initial Meeting
A one-to-one meeting with the client is held to assess investment goals, maturity expectations, and risk profile.

Benchmark Setting
A benchmark is established in order to measure the performance of the portfolio. Examples of such benchmarks include the BIST Participation 50 Index or the CBRT policy rate plus 3%.

Contract Signing
A Portfolio Management Agreement is a formal document that is signed between the client and Kuveyt Turk Asset Management to formalise the service.

Strategy Development
An investment strategy is prepared in full compliance with the principles of participation finance and is tailored to the client's risk profile and objectives.

Active Management
Portfolio managers adapt their portfolio allocation in response to market developments.

Regular Reporting
The client receives periodic reports (e.g. monthly or quarterly) detailing portfolio performance and transactions.

Performance Reconciliation at Period-End
At the end of the financial year, or as specified in the contract, the portfolio's return is compared to the relevant benchmark. In the event that returns exceed the benchmark, a performance fee is calculated and agreed upon with the client.

Management **Fee Structure**

This is the fixed annual service fee charged for the professional management of the portfolio.
(The management fee is applied as a specific percentage based on the size of the portfolio)

Example Process and Performance Fee Calculation

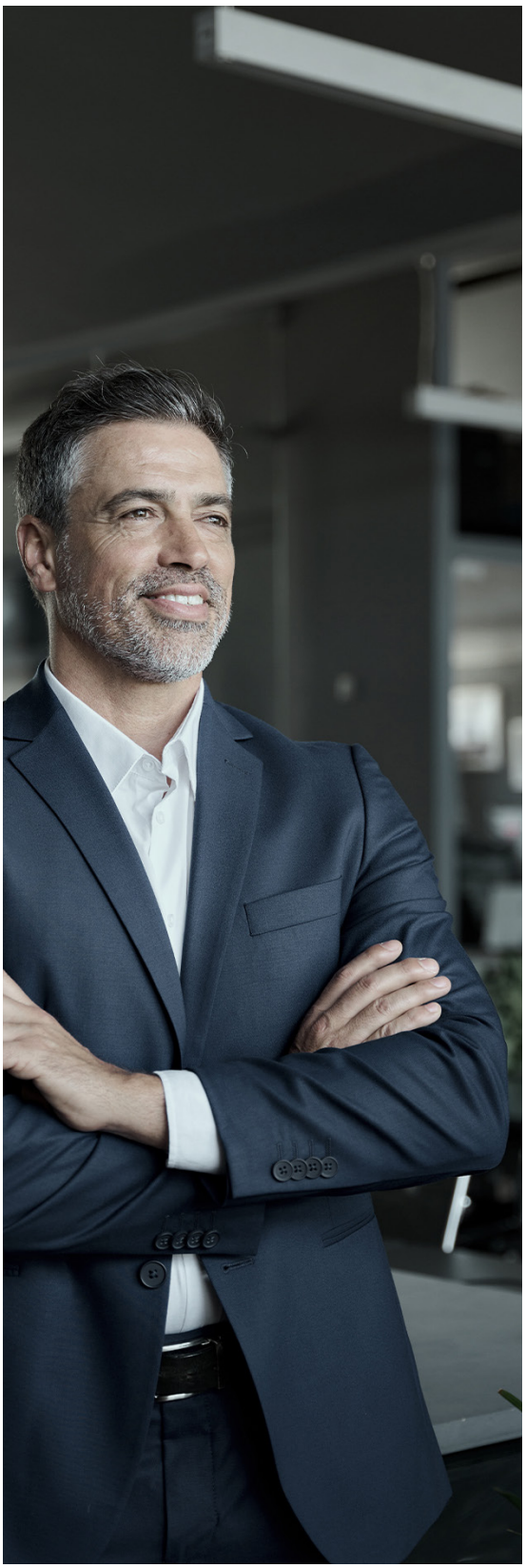
- **Portfolio Size** 100 Million TRY
- **Benchmark** 30% Annual Return
  (e.g., annual performance of the BIST Participation 50 Index)
- **Portfolio Return** 36% Annual Return

Processes

Benchmark Return: **30%** → **100M x 30% = 30M TRY Gain**
Portfolio Return: **36%** → **100M x 36% = 36M TRY Gain**
Excess Return over Benchmark: **36M TRY - 30M TRY = 6M TRY**
Performance Fee: **6M x 20% = 1,2 Million TRY**

In this example, the client earns 36M TRY in portfolio gains and pays 1.2M TRY as a performance fee to Kuveyt Turk Asset Management. The annual fixed management fee is also charged based on the portfolio size.

Who is **DPM Suitable For?**



High Net Worth Individuals

Wealthy Families

Investors Who Have Particular Sensitivities Regarding Participation

Corporations Managing Institutional Cash for Corporate Entities

- Client Profiling & Suitability Assessment
- Contract & Client Onboarding
- Benchmarking & Strategy Setting
- Portfolio Construction & Management
- Monitoring & Reporting

Benefits of **DPM for the Client**

Customized Investment Strategy

Full Compliance with Ethical, Interest-Free Finance Principles

Active and Professional Management

Transparency and Regular Reporting

Risk Management and Diversification

Tax Advantage Potential
(for Long-Term Investments)

Time Efficiency

DPM - Historical Returns (USD-Based)

2023 Annully	**%6** Low Risk	**%8,5** Medium Risk	**%10** High Risk
2024 Annully	**%28** Low Risk	**%26** Medium Risk	**%30** High Risk
2025 Annully	**%16** Low Risk	**%18** Medium Risk	**%16** High Risk

Terms of Service and Fees for DPM

Minimum Portfolio
Generally recommended at 2 million USD and above, depending on portfolio characteristics.

Management Fee
0,5% – 0,75%

Performance Fee (if applicable)
20% of excess returns over the benchmark.

Liquidity
Portfolio exits can be made upon request.

Taxation
Gains are reflected in the client's account and evaluated including withholding tax.



Private Investment Funds for High-Value (1.3 Billion TRY and Above)

(as determined by the Capital Markets Board for 2026)

A Capital Markets Board (CMB)-approved fund structure established exclusively for certain investors.

Ideal for corporations, family offices, or high net worth individuals.

Fully customized investment strategy for each client.

Tax Advantage: For funds with at least 51% equity content, a 0% withholding tax may apply.

Enables wealth planning, tax optimization, and operational ease.

Setup Duration: On average, 3 months

Kuveyt Türk Asset Management manages the entire process end-to-end.

1

For Fund Application: Application to the Capital Markets Board (CMB)
(along with the articles of association and other required documents)

The CMB issues a decision within 2 months of the application.

2



Registration in the Trade Registry and publication in the Trade Registry Gazette

The unit sales process is completed within 6 business days.

3

> Tax office procedures
> Allocation of a 3-digit fund code
> Creation of the KAP (Public Disclosure Platform) page
> Opening of fund accounts

The overall process takes at least 2 weeks.

4



Commencement of Fund Unit Sales

Structures for Private Fund Establishment and Discretionary Portfolio Management



Case Study 1

Individual Client

DPM Service

Mehmet, a busy professional, wishes to invest a portfolio of approximately 3 million USD in compliance with interest-free finance principles but lacks the time to follow markets full-time.

He enters into a **DPM** agreement with Kuveyt Türk Asset Management, entrusting his assets to professionals. Kuveyt Türk Asset Management experts meet with Mehmet to define his risk and return expectations. He is determined to have a medium-to-long-term growth-oriented profile with moderate risk tolerance.

A customized strategy is developed: a portion of the portfolio is allocated to **equities** and **lease certificates**, while the remainder is invested in **gold and participation accounts.**

As markets fluctuate, portfolio managers take necessary steps based on investment committee decisions. For example, if a major opportunity arises in equities, the share of stocks in Mehmet's portfolio is increased. During periods of heightened risk, a more conservative stance is adopted. All decisions align with Mehmet's prior approval and predefined strategy. Mehmet receives quarterly reports summarizing his portfolio performance and has the option to consult with managers.

Outcome: Mehmet achieves returns aligned with his goals without experiencing daily market stress, thanks to the active management by a team of experts. Moreover, since every step of his investments is reported to him transparently, he feels fully in control. The performance-based fee structure of the DPM service also ensures that the Kuveyt Türk Asset Management team remains highly motivated to grow Mehmet's portfolio.





Case Study 2

Corporate Client Private Investment Fund

The ABC Family manages generational wealth, holding around 1 billion TRY in cash and securities. They seek a bespoke investment structure with tax efficiency. After consulting with Kuveyt Türk Asset Management, they opt to establish a **Private Investment Fund**. Following CMB approval, the "ABC Family Private Investment Fund" is established with 100% of fund shares owned by the family. Investment strategy is jointly defined: 60% in **equities** aligned with **BIST Participation Index**, 30% in **sukuk**, and 10% in gold. This allocation offers a balanced mix of growth potential and regular income.

After the fund is established, its investment strategy is finalized in consultation with the ABC Family. When a significant market development occurs, portfolio managers meet with the family to discuss potential strategy adjustments (e.g., reducing the equity ratio during periods of economic volatility). Thanks to the fund's structure, the ABC Family also benefits from a tax advantage: since more than 51% of the fund is allocated to equities, the gains earned throughout the year are exempt from taxation. This provides the family with substantial annual tax savings and the opportunity to enhance compound returns.

Outcome: The ABC Family professionally manages all of its investments through a single account within this bespoke fund structure. This reduces operational burden (no need to track each asset separately) while ensuring their assets grow within a secure and regulation-compliant framework. With the expertise of Kuveyt Türk Asset Management, the family team is able to focus on strategic matters rather than day-to-day management.





Case Study 3
Foreign Currency-Based Sukuk-Oriented Private Fund

XYZ Foreign Trade Inc. wishes to invest its foreign currency income earned from export activities in a structure that complies with interest-free finance principles, provides regular returns, and is optimized for tax efficiency. The company currently holds 30 million USD in cash. Previously, it managed these assets by directly investing in overseas sukuk. However, due to income tax liabilities reaching up to 40%, the company realized that a significant portion of its net return was being lost.

Following detailed consultations with Kuveyt Türk Asset Management, the decision was made to establish a foreign currency-based **Private Investment Fund**. With approval from the Capital Markets Board (CMB), the "XYZ Foreign Trade Private Investment Fund" was created and structured specifically to meet the company's needs.The fund's investment strategy, formulated with the company's approval, is as follows:

100% of the portfolio is allocated to USD-denominated **lease certificates (sukuk)** issued by high-credit-rated institutions. The average gross annual return of these sukuk is approximately **6%**.

Tax Advantage and Net Return (Yearly) Analysis Including Management Fee



Criterion	Direct Sukuk Investment	Private Fund Sukuk Investment
Investment Amount	30.000.000 USD	30.000.000 USD
Gross Annual Return	1.800.000 USD	1.800.000 USD
Management Fee	None	0,40% → 120.000 USD
Tax	40% → 720.000 USD	17,5% Withholding* → 315.000 USD
Net Return	**1.080.000 USD**	**1.365.000 USD**

Result: Discretionary Portfolio Management (DPM) individual client, an additional **285.000 USD annually** through the private fund structure.

* The withholding tax rate stated herein is provided for informational purposes only and may be subject to change in accordance with the latest legal regulations and tax legislation issued by the Republic of Türkiye Ministry of Treasury and Finance.



Achievements

Tax Advantage
A tax advantage is achieved by applying a 17.5% withholding tax instead of the standard 40% income tax.

Operational Ease
Entire portfolio is managed in one account, with transparent reporting and CMB oversight.

Legal and Administrative Assurance
Simplified accounting and tax declaration due to corporate segregation.

Participation Finance Compliance
All investments are selected and monitored according to participation finance principles.

Conclusion

XYZ Foreign Trade Inc. has achieved **higher net returns**, **tax optimization**, and **operational simplicity** through the foreign currency-based private fund structure. Its investments are now managed under a Capital Markets Board-approved, professionally operated, and institutional framework. Thanks to Kuveyt Türk Asset Management's expertise, company management is now able to focus on strategic goals instead of daily transactions.

Disclaimer Notification
The information contained herein has been prepared by Kuveyt Türk Asset Management Inc. using market data. Past performance of the funds is not indicative of future results. The information provided is intended solely for informational purposes and should not be considered as investment advice. The data and opinions presented herein are based on personal views. Investment decisions made based on this information may not yield results in line with your expectations. Kuveyt Türk Asset Management Inc. cannot be held responsible for any outcomes arising from such decisions.

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10
years

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