

## Akbank Turkish Fixed Income Fund

Turkish Fixed Income Fund invests in sovereign and corporate debt securities issued in Turkey. The utilization of local know-how, active duration management, curve positioning and individual security selection helps to enhance the fund return and outperforms passive investing. The investment style of the fund is a combination of Top – Down & Spread Trader. The product is suitable for medium to long term investors with higher risk appetite. The risks related to movements in bond prices, resulting from interest-rate fluctuations and currency developments and to some extent changes in the quality of the corporate held portfolio. Selection of securities is conducted in line with the investment manager's risk management policies and guidelines.

### Fund Information

NAV (Class I - Class A)	:	EUR 122,29	EUR 133,30
Fund Size	:	EUR 36.698.648	
Launch Date	:	02 July 2008	
Currency	:	EUR	
Legal Status	:	Luxembourg SICAV	
Reference Index*	:	90% KYDABI + 10% KYD O/N Gross	

\* The benchmark has been updated as of 02/01/2012. KYDABI: KYD All Bond Index (www.tkyd.org.tr)

### Performance Figures

		Fund <sup>1</sup>	Benchmark
Since Inception <sup>2</sup>	07.08.08 - 31.12.14	25%	27%
2009	31.12.08 - 31.12.09	17%	18%
2010	31.12.09 - 31.12.10	15%	16%
2011	31.12.10 - 30.12.11	-12%	-12%
2012	30.12.11 - 31.12.12	21%	22%
2013	31.12.12 - 31.12.13	-20%	-21%
YTD	31.12.13 - 31.12.14	21%	22%
MTD	28.11.14 - 31.12.14	-3%	-2%

<sup>1</sup> Fund performance is gross of fees and does not reflect the deduction of investment management

<sup>2</sup> 07.08.2008 is the start date of active portfolio management for Institutional class share.

### Investment Allocation (%)

Bonds	97,41%
Money Market	2,59%

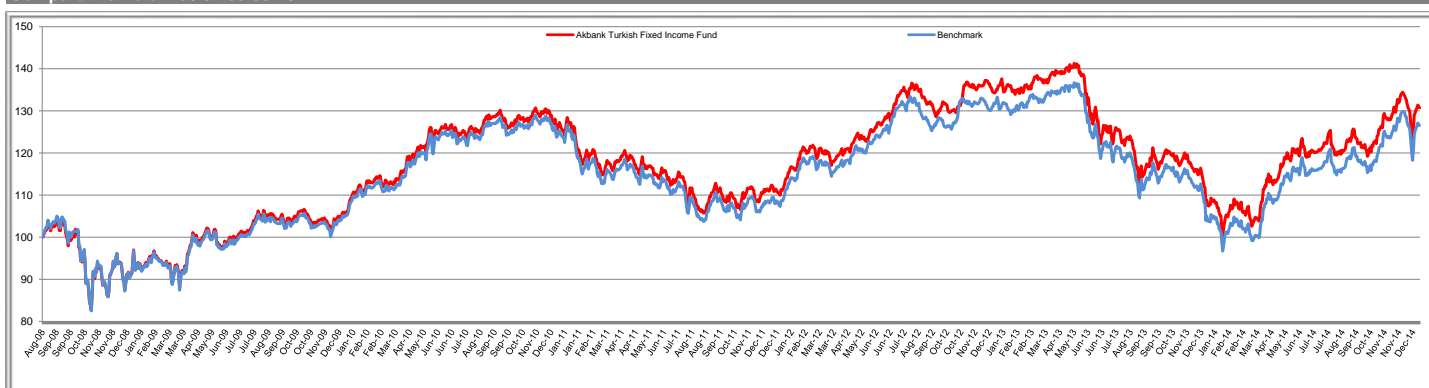
### Top holdings (%)

TRT240216T10	14,82%
TRT130515T11	12,83%
TRT100719T18	9,83%
TRT270923T11	7,94%
TRT140218T10	7,38%

### Risk Ratios (Annualized)

	YTD	Since Inception
Fund Volatility	14%	13%
Benchmark Volatility	13%	13%
Tracking Error	4%	3%
Jensen's Alpha	-1%	0%
Sharpe	1,04	-0,21
Information Ratio	-0,07	0,18
Beta	1,02	0,98

### Comparative Returns / 07.08.08 - 31.12.14



The graph represents gross of fees performance.

### Administrative Information

Fund Name	:	Akbank Turkish SICAV	Registered Countries	:	Luxembourg Germany
ISIN :	A Class	LU0366550621			The Netherlands
	I Class	LU0366550977			Bloomberg ( AKTKFII:LX; AKTKFIA:LX )
	TRY Class	LU0451096159	Registered Databases	:	Lipper
WKN :	A Class	A0Q8MB			Morningstar (Germany, Netherlands)
	I Class	A0Q8MD			Software-systems
Minimum Subscription :	A Class	EUR 50	Investment Manager	:	Ak Asset Management Inc.
	I Class	EUR 5.000	Administrator / Custodian	:	Citibank International plc (Luxembourg Branch)
	TRY Class	TRY 100.000	Independent Auditors	:	Ernst & Young S.A.
Subscription/Redemption * Management Fee	Daily				
	A Class	1.00% p.a.			
	I Class	0.75% p.a.			
	TRY Class	0.75% p.a.			

\* Redemption and subscription requests should be sent to the Registrar and the Transfer Agent no later than 1:00PM (Luxembourg time) on the valuation day.

This is neither an offer to sell or a solicitation to invest. This material is for your private information only and we are not soliciting any action based upon it.

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### Market Overview

December has been a month when the decline in oil prices has been a major item of the agenda again. In fact, this decline has come to such a point where idiosyncratic risks started to occur, as was the case in Russia. The Russian currency, Ruble, depreciated severely - around 25% - just in two days - and the Central Bank of Russia (CBR) had to raise the interest rates from 10.5% to 17% at the beginning of the month. This affected almost all EM currencies and rates, and the rate hike by the CBR was not initially an effective solution as the currency still looks vulnerable to attacks and the oil prices are down around 50% since June. Another major item was the FOMC meeting in the middle of the month where the market participants looked for hints for rate hike outlook and further policy actions through the projections and Mrs. Yellen's press conference. It looks like the market is now more focused on the pace of the hikes from the FED rather than the timing of the first hike (lift-off). In the US, the GDP projection for Q3 was updated to be 5.0%, beating the market expectations and the job market still looks strong. Yet, the concerns in the US are still more inclined towards the inflation outlook (specifically the 'wage inflation'), meaning that the FED is expected to provide its accommodative monetary at least until the first half of 2015. A third item of the month was the potential QE action from the ECB who is expected to announce purchasing government bonds towards the end of January. On the whole, ECB, BoJ and PBoC act like counter-balancing forces while the FED is about to tighten in 2015. In December, emerging markets moved slightly negatively in their stocks, currencies and the rate markets in general.

On the domestic side, the CBT kept its policy rate constant at 8.25%, and the upper band at 11.25%, referring to the inflationary concerns. The y-o-y inflation rate dropped from 9.2% to 8.2 %, considerably lower than the market expectations. The yield curve shifted upward as the benchmark interest rate moved from 7.5% to 8.0% throughout the month and the steepness of the curve has more or less stayed the same. Although most of the market players expect the CBRT to cut the rates towards the end of Q1 due to declining inflation outlook, some think that it should not be on the table as it would make the currency more fragile. Turkish Lira underperformed some of its peers, and depreciated from 2.2 to 2.3 against the US Dollar. 5 year Turkish CDS spreads rose from 162 to 183, underperforming most of its EM peers. The real effective exchange rate was announced to be 112.80; slower than the prior month's reading of 114.11, which shows TL's weakness compared to its trade partners. The O/N reverse repo rates have been trading closer to the upper bound of the interest rate corridor, as the CBRT is aware of the weakness of the currency. The Turkish Treasury successfully completed its domestic financing program in December and the total amount issued to the market was realized as TRY 1bn.