

## Akbank Turkish SICAV - Fixed Income

The Sub-Fund's investment objective is to provide long term capital appreciation by investing in bonds and t-bills issued by the Turkish government or a regional or local authority or a private sector company in Turkey denominated in any currency. The Sub-Fund will invest at least 51% of its total assets in straight bonds, and a maximum of 49% of its total assets in money market instruments and liquid assets.

## Fund Information

NAV (Class I - Class A)	:	EUR 125.01	EUR 136.58
Fund Size	:	EUR 12,501,431	
Launch Date	:	02 July 2008	
Currency	:	EUR	
Legal Status	:	Luxembourg SICAV	
Reference Index	:	100% KYDABI <sup>1</sup>	

<sup>1</sup> KYD All Bond Index, www.kyd.org.tr

Performance Figures*		SICAV Fund (Net)	Benchmark (Gross)
Since Inception	07.08.08 - 30.07.10	19.80%	24.31%
2009	31.12.08 - 31.12.09	15.90%	17.55%
YTD	31.12.09 - 30.07.10	14.80%	16.19%
MTD	31.05.10 - 30.07.10	-0.02%	0.14%

## Investment Allocation (%)

Bonds	81.78%
Money Market	18.22%

\* 07.08.2008 is the start date of active portfolio management for Institutional class share.

## Top holdings (%)

TRT161111T14	22.10%
TRT280813T13	21.99%
TRT031110T10	15.19%
TRT081210T14	9.13%
TRT190111T13	7.55%

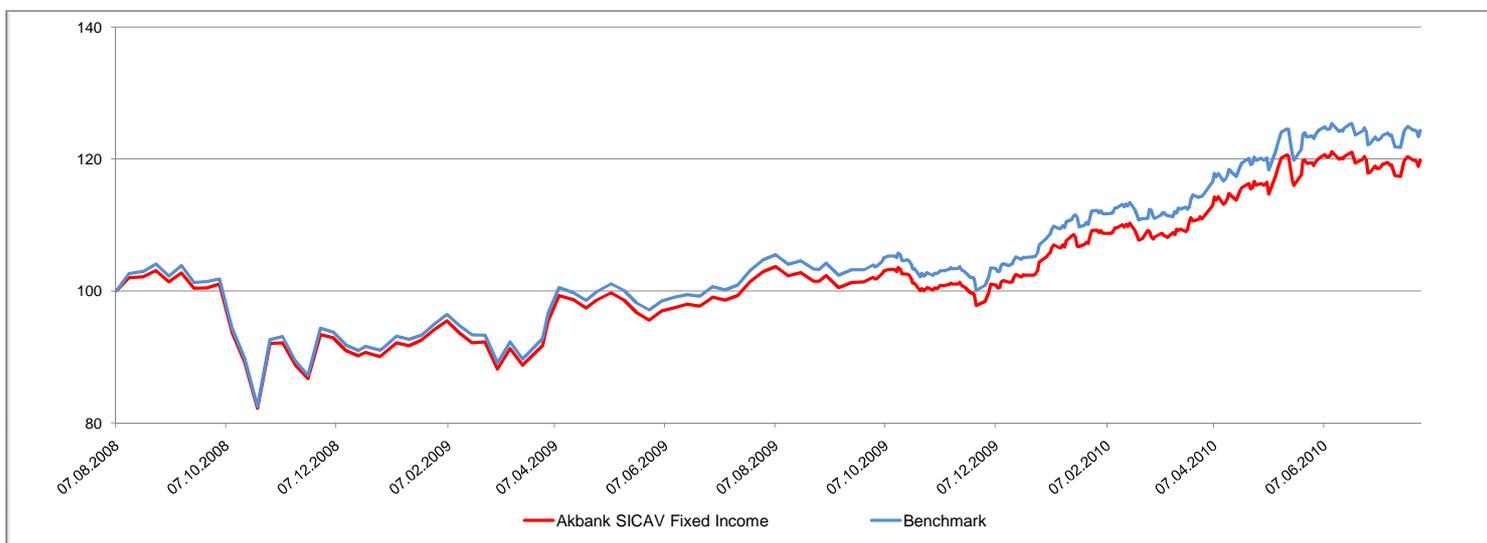
## Market Overview

The TRY appreciated about 5% against USD and 0.5% against EURO at the end of the month. Most European banks passing the stress tests and better than expected 2Q earnings reports in US and Europe, companies guiding for a positive outlook for the rest of the year, helped to lift the sentiment and risk appetite for equities across the world markets. The rally in the rate market, triggered by positive inflation outlook. Central Bank lowered its inflation estimate for 2010 down to 7.5% by 90 bps, postponing rate hike expectations to 2011. Market seems not concerned over the delay in the fiscal rule. Benchmark bond yield slid down 8.5% comp. and closed July at 8.29% comp. gaining about 50bps through the month due to new inflow from foreigners as a result of the resilient inflation outlook, suspended rate hikes probably in the Q2-2011. In addition, there were critical remarks by FED stating that quantitative easing and loose monetary policy would continue for a long time. This had a solid positive impact and inflow on EM currencies and Treasury bonds.

Our fundamental base scenario is that monetary conditions will remain supportive and the economy will continue to switch into a self-reinforcing recovery, which supports the uptrend in the stock market. Eventhough Europe and US are still struggling with low growth and high unemployment levels, Turkey as a rising star of global markets both in 2009 and 2010 is expected to grow by 6% this year and 5% next year with decreasing unemployment rate from 15% in 2009 to 13% in 2010. August is the reporting season for ISE listed companies. Thus, in the month ahead, markets' main focus will be on earnings reports. Banks constitute 59% of ISE 100 so their reports will be mainly on focus as they dominate ISE index.

Uptrend seems to lose pace after earning season finishes for a while but not totally end. Free fall is unlikely to start in Turkey- so called rising star not so close to investment grade so far- unless political risks before approaching referendum rise, global liquidity conditions worsen, exit strategies come to table, inflation worries dominate and FED statements become more hawkish which is not expected till the end of the year at least.

## Comparative Returns\* / 07.08.08 - 30.07.10



## Administrative Information

ISIN :	A Class : LU0366550621	Registered Countries :	Luxembourg
	I Class : LU0366550977		Germany
	TRY Class : LU0451096159		The Netherlands
WKN :	A Class : A0Q8MB	Registered Databases :	Bloomberg ( AKTKFII: LX; AKTKFIA: LX )
	I Class : A0Q8MD		Lipper
Minimum Subscription :	A Class : EUR 50		Morningstar (Germany, Netherlands)
	I Class : EUR 5,000		Software-systems
	TRY Class : TRY 100.000	Investment Manager :	Ak Asset Management Inc.
Subscription Frequency **	: Daily	Administrator / Custodian :	Citibank International plc (Luxembourg Branch)
Redemption Frequency **	: Daily	Independent Auditors :	Ernst & Young S.A.
Management Fee	: 1.25% yearly		

\*\* Redemption and subscription requests should be sent to the Registerer 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.

Ak Asset Management - Sabancı Center Hazine Binası 4. Levent Istanbul / Turkey

Phone: +90 212 385 27 00 - Fax: +90 212 319 24 69 - investor@akportfoy.com.tr

Website : www.akportfoy.com.tr/en