

## Akbank Turkish Equity Fund

Turkish Equity Fund invests in equities of Turkish companies which are listed on Istanbul Stock Exchange (ISE). The managers identify the fund's investment universe based on liquidity, corporate governance and valuation. We believe the Turkish market is under-researched and so offers numerous opportunities to exploit market inefficiencies. The focus of the fund is based on bottom-up stock selection which also takes account of the macro economy and the viability of current sectors trends in portfolio construction. The active top-down / bottom-up investment process used by the team is designed to capture opportunities across all market capitalisations while respecting rigorous risk controls.

## Fund Information

NAV (Class I - Class A)	:	EUR 154.77	EUR 236.88
Fund Size	:	EUR 15,479,207	
Launch Date	:	02 July 2008	
Currency	:	EUR	
Legal Status	:	Luxembourg SICAV	
Reference Index	:	97% ISE100 + 3% KYD O/N Repo Gross	

## Market Overview

In April, all asset classes rallied globally. The appreciation observed in EM assets was less striking than their DM counterparts. Fears of over-valuation and central bank tightening took their toll on the EM realm on a relative basis. Although it is a part of the emerging world, Turkey managed to benefit against this unfavorable backdrop and local assets rallied, both on a relative basis compared to peers and an absolute basis. As a result, Turkey managed to close some of the performance gap with its peers for a second straight month.

Turkish equity market rallied strongly in April. In fact, ISE-100 Index was the best performer among emerging market indices we monitor. Industrials carried the index upwards as their earnings growth momentum improved. Banks were flat on the month because of the expectations of adverse effects on NIM's due to RRR hikes. MSCI Turkey Index rallied 9.1% on the month, while MSCI Emerging Markets added 2.8% and MSCI East Europe gained 2.8%.

ISE trading with 11x forward PE, in line with GEM. EPS growth for 12 months was declining and stabilized around 5%. Recent measures to cap loan growth at 20-25% by CBT will have negative impact on earnings of around 5% while squeezing the margins. However we believe expectations of NIM decline are already priced in. Recently announced 1Q11 financials indicate performance better than expected in-line with our expectations. We prefer banks that are more exposed to retail and SME segment, have higher returns on local currency lending, strong liquidity, less reliant on government securities for interest income, potential of fee income generation, better NPL prospects and better cost management. Turkish Banks are trading at 2011E 1.56x P/BV and 10.3x P/E, 10% relative discount to EM average. We focus on industrials that offer strong upside and high dividend yield. Domestic consumption is the main driver of the economy. Currently, we like cyclical. Consumer related plays in autos, glass, cement, consumer durables, retail and real estates.

We believe Equity Market offers 7% upside to our target level while investment grade story (investment grade countries trade with 12.5X forward looking PE) and a possible pre-election rally represent the upside risks. There are selective opportunities and we are identifying potentials with our local expertise and bottom up approach. Turkey is under owned by foreign investors. Foreign holdings at Turkish stocks are at historical lows of around 62%, GEM Funds' Turkey exposure is at historical lows of 2.5% and EM European Funds' Turkey allocation is at historical averages. This also represents an upside risk.

Performance		SICAV Fund (Net)	Benchmark (Gross)
Since Inception*	25.07.08 - 29.04.11	51.51%	53.63%
2009	31.12.08 - 31.12.09	75.21%	78.39%
2010	31.12.09 - 31.12.10	28.63%	30.01%
YTD	31.12.10 - 29.04.11	-3.87%	-3.95%
MTD	31.03.11 - 29.04.11	4.83%	4.27%

## Investment Allocation (%)

Equities	99.40%
Money Market	0.60%

\* 25.07.2008 is the start date of active portfolio management for Institutional class share.

## Top 10 holdings (%)

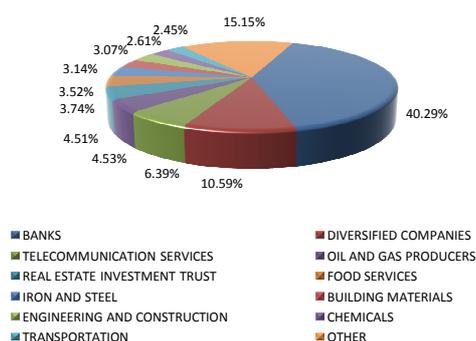
T IS BANKASI	ISCTR TI	9.21%
T GARANTI BANKASI	GARAN TI	8.98%
HACI OMER SABANCI HOLDING	SAHOL TI	7.22%
ASYA BANK	ASYAB TI	5.47%
TURKIYE VAKIFLAR BANKASI	VAKBN TI	5.29%
TUPRAS	TUPRS TI	4.53%
TURK TELEKOM	TTKOM TI	4.33%
AKBANK	AKBNK TI	4.07%
ULKER	ULKER TI	3.37%
TEKFEN HOLDING	TKFEN TI	3.19%

Risk Ratios*	YTD	Since Inception
Fund Volatility	27.59	36.04
Benchmark Volatility	26.99	35.34
Tracking Error	4.14	5.55

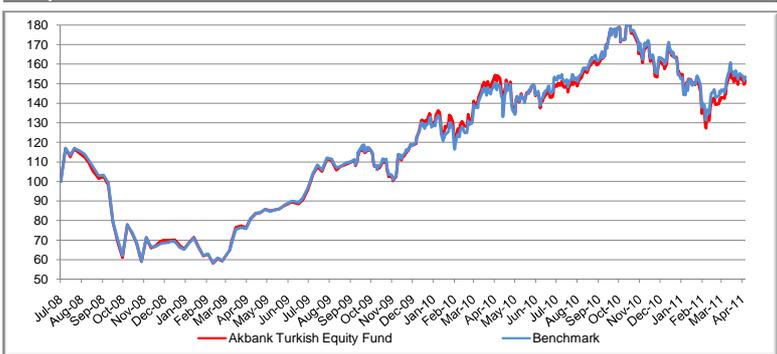
\* Annualised figures in %

	YTD	Since Inception
Jensen's Alpha	4.87	4.71
Sharpe	-0.49	0.39
Information Ratio	1.13	0.86
Beta	1.01	1.01

## Sector Breakdown



## Comparative Returns\* / 25.07.08 - 29.04.11



## Administrative Information

Fund Name	:	Akbank Turkish SICAV
ISIN :	A Class	LU0366551272
	I Class	LU0366551439
	TRY Class	LU0451096316
WKN :	A Class	A0Q8MF
	I Class	A0Q8MH
Minimum Subscription :	A Class	EUR 50
	I Class	EUR 5.000
	TRY Class	TRY 100.000

Registered Countries	:	Luxembourg Germany The Netherlands
Registered Databases	:	Bloomberg ( AKTKEQI:LX; AKTKEQA:LX ) Lipper Morningstar (Germany, Netherlands) Software-systems
Investment Manager	:	Ak Asset Management Inc.
Administrator / Custodian	:	Citibank International plc (Luxembourg Branch)
Independent Auditors	:	Ernst & Young S.A.

Subscription/Redemption \*\*

Management Fee : 1.75% 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.

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