

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 appétite. 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

Currency

NAV (Class I - Class A) EUR 113.72 EUR 124.37

: EUR

Fund Size : EUR 11,598,958 Launch Date : 02 July 2008

Legal Status : Luxembourg SICAV . 100% KYDABI¹ Reference Index

1 KYD All Bond Index, www.tkyd.org.ti

Performance Figures		SICAV Fund	Benchmark
		(Net)	(Gross)
Since Inception*	07.08.08 - 29.04.11	8.98%	14.24%
2009	31.12.08 - 31.12.09	15.90%	17.55%
2010	31.12.09 - 31.12.10	13.34%	15.54%
YTD	31.12.10 - 29.04.11	-7.86%	-7.59%
MTD	31.03.11 - 29.04.11	-1.89%	-1.73%

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

Investment Allocation (%)	
Bonds	98.22%
Money Market	1.78%

Top holdings (%)	
TRT290114T18	26%
TRT090113T13	23%
TRT250412T11	9%
TRT070312T14	8%
TRT080812T26	7%

Risk Ratios*	YTD	Since Inception
Fund Volatility	11.15	14.82
Benchmark Volatility	11.23	15.08
Tracking Error	1.19	3.08
Jensen's Alpha	2.07	3.29
Sharpe	-2.29	-0.04
Information Ratio	2.03	1.12
Beta	0.99	0.96
*Annualised figures (%)		

Market Overview

In April, all asset classes rallied globally. The appreciation observed in EM assets was less striking then 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 on an absolute basis. As a result, Turkey managed to close some of the performance gap with its peers for a second straight month.

Turkish rates rallied in April. The benchmark 2 year bond yield started the month at 9.00%. Announcement of record low March inflation in the first week (came in lower than expected, at a record low of 3.99% y-o-y) helped to push the yield down to 8.85% by mid-April. On April 13th the new 2 year benchmark issue saw surprisingly strong foreign demand. The lack of sizeable local float in the new benchmark sent the yield down to 8.30% by the end of the month.

Turkish Lira was the only local asset class that did not peform well in April. Turkish Lira gained 1.6% against USD in April. Against EUR, however, the Lira lost 3.0%, ending the month with a 1.0% loss against EUR&USD basket. The main culprits behind this move were strong local corporate buying of USD's, especially towards month end, and CBRT's 100 bps hike of RRR on FX deposits in the last week of April. Against EUR, TRY should weaken further as EUR strength continues unabated. We predict EUR/TRY may test 2.20's in May.

We predict that Turkish rates will be range-bound in May with an upwards bias. We believe that April's inflation print may be the lowest we will see for a while, and CPI will inevitably turn higher in the coming months due to rising commodity prices. Also, TRY deposit rates at local banks have shot up sharply, which reduces the competitiveness of government bonds. Still, possible improvements in investors sentiment in the run-up to June elections and the investment grade story are likely to limit the downside. We believe that the benchmark bond yield may fluctuate between 8,25% - 8,80 % range in May. As of April, Akbank Turkish Fixed Income Fund's average duration is slightly over one year.

Comparative Returns* / 07.08.08 - 29.04.11



Administrative Information

Fund Name Akbank Turkish SICAV ISIN: A Class LU0366550621

TRY Class

A Class

I Class

A Class

I Class

Registered Countries

Luxembourg Germany The Netherlands

WKN:

LU0366550977 LU0451096159 A0Q8MB

A0Q8MD

FUR 50

Registered Databases

Bloomberg (AKTKFII:LX; AKTKFIA:LX)

Lipper

Morningstar (Germany, Netherlands)

Software-systems

Minimum Subscription:

I Class **EUR 5.000** TRY Class TRY 100.000 Investment Manager Administrator / Custodian Citibank International plc (Luxembourg Branch)

Ak Asset Management Inc.

Subscription/Redemption ** Daily Management Fee 1.25% yearly Independent Auditors Ernst & Young S.A.

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

^{**} 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