

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 111.90	EUR 122.37
Fund Size :	EUR 11,413,450	
Launch Date :	02 July 2008	
Currency :	EUR	
Legal Status :	Luxembourg SICAV	
Reference Index :	100% KYDABI ¹	

¹ KYD All Bond Index, www.tkyd.org.tr

Performance Figures	SICAV Fund (Net)	Benchmark (Gross)
Since Inception* 07.08.08 - 31.05.11	7.24%	12.45%
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 - 31.05.11	-9.33%	-9.03%
MTD 29.04.11 - 31.05.11	-1.60%	-1.56%

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

Investment Allocation (%)

Bonds	98.46%
Money Market	1.54%

Top holdings (%)

TRT290114T18	26%
TRT090113T13	23%
TRT030811T14	12%
TRT070312T14	8%
TRT080812T26	7%

Risk Ratios*

	YTD	Since Inception
Fund Volatility	11.27	14.73
Benchmark Volatility	11.37	15.00
Tracking Error	1.13	3.04
Jensen's Alpha	2.04	1.80
Sharpe	-2.18	-0.09
Information Ratio	2.12	0.63
Beta	0.99	0.96

*Annualised figures (%)

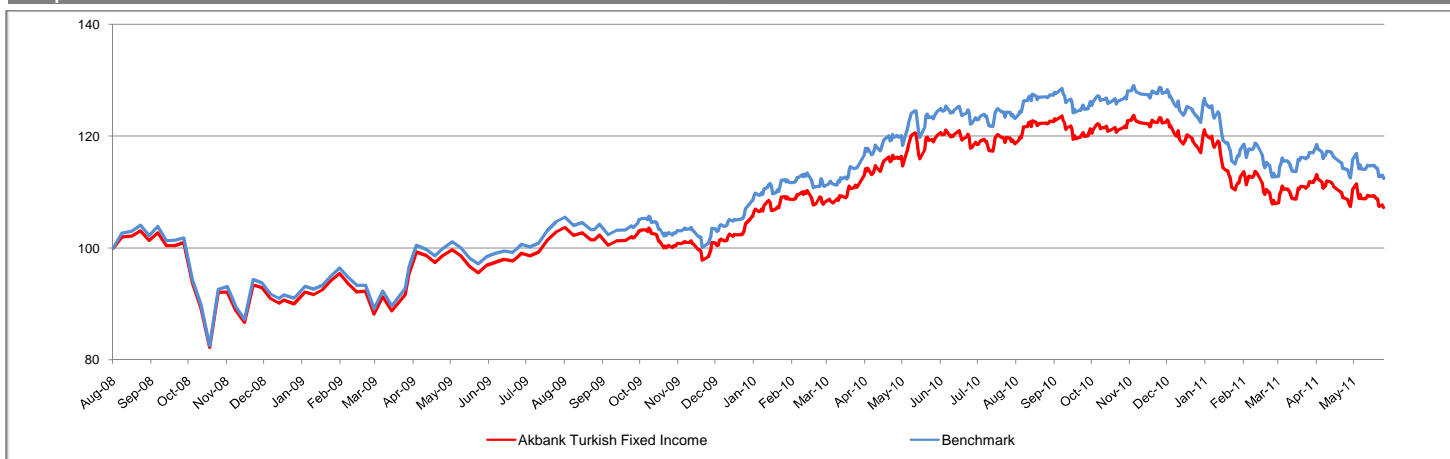
Market Overview

Economic growth concerns together with a less hawkish ECB action; caused investors to attack safe-haven investment instruments abroad. Interest rate instruments outperformed the equities in May. The 10-year US Treasury notes rallied from 3.30 % till 2.95 % level similar to 10-year German bonds. The FED is not expected to hike the rates before the second half of 2012 which motivates investors to buy the US rates. However, we did not see a similar pattern in the EM and Turkish interest rates as inflation is a serious concern in most of these countries.

Turkish bond rates severely rose in May as global investors were already positioned till 8.20 % in April and TRY performed weakly in comparison to its peers in the EM. While the Central Bank of Turkey (CBRT) did not hike the policy rate and global risk appetite declined; 2-year benchmark interest rate rose from 8.30 % to 9 %. The shape of the yield curve constantly changed in May but the main theme was flattening since investors expected the CBRT to take more serious measures; like hiking the rates. Although the growth rate of credits was slowing; it was not reflected on the current account deficit figures; that made TRY more vulnerable. Furthermore, CPI figure in May was 2.42%, which was more than widely expected; getting the y-o-y inflation to 7.17 %. Higher credit growth and inflation facts moved the TRY from 1.52 to 1.60 level. The basket level consisting of equally weighted EUR & USD also increased from 1.89 to 1.95 level. These levels are generally attractive for foreign investors to open new positions in Turkey; but the current account deficit has been the main concern for those who will buy the Turkish bonds.

As the parliamentary elections were to be held in June; the government and other institutions (like the BRSB and The Treasury) are expected to take steps in accordance with the actions of the CBRT. However, some market players expect the CBRT to hike the rates to make its unorthodox policy more effective. Considering the fact that the local banks will not generally long the Turkish rates and the credit growth to be a considerable concern, we do not see a significant rally in the Turkish bonds. We do not expect the rates to increase significantly either, since the bond auctions of the Treasury is light and also there is a considerable spread between the repo rates and the returns of bonds. Hence, it is almost ideal to expect the Turkish benchmark rate to move range-bound between 8.70–9.20% level in the following months. We rather recommend investors to long the middle of the curve against reverse repo transactions at 6-7%; the bank bonds and other real sector corporate bonds which offer significant spreads with respect to comparable Treasury bonds. We will construct the duration and the composition of Akbank Turkish Fixed Income Fund in line with our recommended investment instruments in the following period.

Comparative Returns* / 07.08.08 - 31.05.11



Administrative Information

Fund Name	: Akbank Turkish SICAV	Registered Countries	: Luxembourg
ISIN :	A Class : LU0366550621		: Germany
	I Class : LU0366550977		: The Netherlands
	TRY Class : LU0451096159	Registered Databases	: Bloomberg (AKTKFII:LX; AKTKFIA:LX)
WKN :	A Class : A0Q8MB		: Lipper
	I Class : A0Q8MD		: Morningstar (Germany, Netherlands)
Minimum Subscription :	A Class : EUR 50		: Software-systems
	I Class : EUR 5.000	Investment Manager	: Ak Asset Management Inc.
	TRY Class : TRY 100.000	Administrator / Custodian	: Citibank International plc (Luxembourg Branch)
Subscription/Redemption **	: 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.Levant Istanbul / Turkey

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

Website : www.akportfoy.com.tr/en