

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 134.50	EUR 205.87
Fund Size :	EUR 13,451,344	
Launch Date :	02 July 2008	
Currency :	EUR	
Legal Status :	Luxembourg SICAV	
Reference Index :	97% ISE100 + 3% KYD O/N Repo Gross	

Market Overview

ISE was the worst performer in May in all global markets. After a low performance in May against EM peers, MSCI Turkey gained 0.9% and outperformed the MSCI EM by 3.2% and MSCI EM EMEA by 2.5% in local currency in June. In USD terms, however, MSCI Turkey outperformed the MSCI EM and MSCI EM EMEA by 1.2% and 0.5%, respectively as the TL witnessed relatively higher depreciation. MSCI Turkey's performance is 10.7% and 11.6% lower than MSCI EM and MSCI EM EMEA, respectively in USD terms ytd. These figures are 3% and 4% lower than peers respectively in local currency ytd. Turkish equities were down 25% in USD terms since the highs in November.

Performance	SICAV Fund (Net)	Benchmark (Gross)
Since Inception* 25.07.08 - 30.06.11	31.66%	34.78%
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 - 30.06.11	-16.46%	-15.73%
MTD 31.05.11 - 30.06.11	-3.58%	-2.09%

Investment Allocation (%)

Equities	99.92%
Money Market	0.08%

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

Top 10 holdings (%)

T IS BANKASI	ISCTR TI	9.78%
T GARANTI BANKASI	GARAN TI	9.24%
HACI OMER SABANCI HOLDING	SAHOL TI	6.66%
TURKIYE VAKIFLAR BANKASI	VAKBN TI	4.48%
AKBANK	AKBNK TI	4.25%
TURKCELL	TCELL TI	3.99%
ASYA BANK	ASYAB TI	3.87%
ULKER	ULKER TI	3.71%
TAV HAVALIMANLARI HOLDING	TAVHL TI	3.60%
TURK TELEKOM	TTKOM TI	3.19%

Foreign ownership was at the lowest level in five years and valuations were at historical averages. Turkish equities' discount versus emerging peers based on P/E's narrowed down in June. Following its stronger performance in June, ISE-100 trades at 10x P/E'11 estimate and 9.1x P/E'12 estimate, with 14.3% and 10.4% discounts to EM peers, respectively. Despite the prolonged underperformance, sustained rally in Turkish equities is unlikely in the near term. The macro picture is likely to remain challenging since the widening CAD, poor quality of financing and concerns that current unorthodox policy is not enough to contain the CAD. In addition, the downward earnings revision cycle in banks should sustain on regulatory pressures. The sector trades at 8.2x P/E'12 and 1.35x P/BV'12 corresponding to 11% and 13% discounts with respect to EM banks. Also, the likelihood that monetary and fiscal policy in the US and EU is turning less supportive and valuations are still not sufficiently low relative to emerging peers for Turkey to catch up in the near term. The bear case against Turkey has been that policy has been too loose in the context of a current account deficit that was already too wide. This created downside risks on the currency and an upside risk on interest rates with the threat of a possible hard landing. The main concern has been the growing CAD that seems to be moving towards 9% of GDP. Also headline inflation is increasing while core inflation remains relatively low. On the other hand, the CBT kept policy rates low and raised reserve requirements significantly to discourage short-term capital inflows and fast credit expansion. The budget deficit is likely to come in lower than the 2.8% target due to stronger revenues on the fiscal side. The policy makers seem unwilling to take prudential measures against CAD expansion probably due to growth concerns especially stemming from external risks and imbalance.

All in all, equity market offers about 14% upside to our target level while investment grade story and underowned by foreign investors represent the upside risks. Foreign ownership at Turkish stocks is at historical lows of around 62.22%. There are opportunities and we are identifying potentials with our local expertise and bottom up approach.

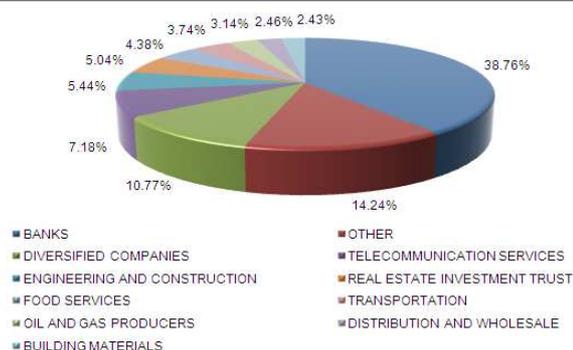
We expect better market sentiment in July somehow due to seasonality and relatively lower levels than EM peers. We expect ISE trade between 58k-65k levels in the upcoming month so banks will be on the focus.

Risk Ratios*	YTD	Since Inception
Fund Volatility	26.60	35.52
Benchmark Volatility	26.18	34.85
Tracking Error	3.90	5.45

* Annualised figures in %

	YTD	Since Inception
Jensen's Alpha	1.94	4.05
Sharpe	-1.28	0.21
Information Ratio	0.45	0.75
Beta	1.01	1.01

Sector Breakdown



Comparative Returns* / 25.07.08 - 30.06.11



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
Subscription/Redemption **	Daily	
Management Fee	1.75% yearly	

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.

** 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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