

## 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 128.25	EUR 196.32
Fund Size	:	EUR 12,826,702	
Launch Date	:	02 July 2008	
Currency	:	EUR	
Legal Status	:	Luxembourg SICAV	
Reference Index	:	97% ISE100 + 3% KYD O/N Repo Gross	

Performance		SICAV Fund (Net)	Benchmark (Gross)
Since Inception*	25.07.08 - 29.07.11	25.55%	29.74%
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 - 29.07.11	-20.34%	-18.89%
MTD	30.06.11 - 29.07.11	-4.64%	-3.74%

## Investment Allocation (%)

Equities	99.46%
Money Market	0.54%

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

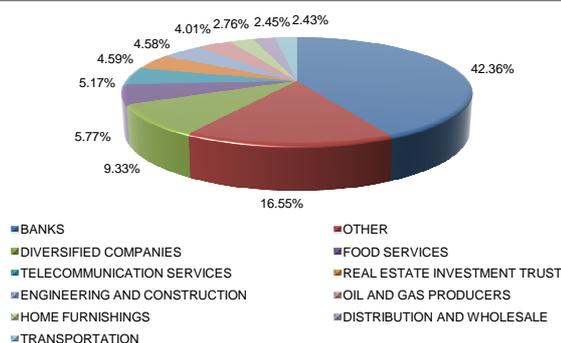
## Top 10 holdings (%)

T IS BANKASI	ISCTR TI	9.29%
T GARANTI BANKASI	GARAN TI	8.87%
AKBANK	AKBNK TI	6.08%
HACI OMER SABANCI HOLDING	SAHOL TI	5.98%
TURKIYE VAKIFLAR BANKASI	VAKBN TI	5.35%
TURKIYE HALK BANKASI	HALKB TI	4.41%
TUPRAS	TUPRS TI	3.99%
ASYA BANK	ASYAB TI	3.75%
IS GAYRIMENKUL YATIRIM	ISGYO TI	3.48%
ULKER	ULKER TI	3.41%

Risk Ratios*	YTD	Since Inception	5	YTD	Since Inception
Fund Volatility	26.55	35.30	Jensen's Alpha	1.67	3.77
Benchmark Volatility	25.78	34.58	Sharpe	-1.35	0.15
Tracking Error	4.37	5.48	Information Ratio	0.24	0.69
			Beta	1.02	1.01

\* Annualised figures in %

## Sector Breakdown



## 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

\*\* 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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## Market Overview

ISE performed quite similar to emerging markets in terms of local currency in July. MSCI Turkey was down 0.8% whereas MSCI EM and MSCI EMEA fell 1% in terms of local currency. The main problem continued with the currency recently. The widening CAD, which is about to set to reach 10% of GDP this year, and the Central Bank's continued dovishness don't show a comfortable outlook for the currency. Moreover, locals' diminished eagerness to sell FX further blocks lira dynamics. Also, deterioration in the quality of external financing doesn't allow investors to be constructive about TRY in the near term. In addition to this weakness, some of the credit agencies' (S&P and Fitch) warning about CAD widening, quality of external financing and possibly hard landing scenarios negatively affected ISE performance in terms of USD. ISE declined %5.7 in terms of USD in July. MSCI EM and MSCI EMEA outperformed MSCI Turkey by 4% in July. MSCI Turkey was down 5% where as MSCI EM and MSCI EMEA were down 1% in terms of USD.

TCMB's latest inflation report was similar to the message given at an earlier meeting with economists where it signalled a possible loosening of monetary policy if global growth decelerate further. Central Bank is now even more dovish and signalled that a further rise in core inflation can be overlooked; and CBT has signalled further discontent with the level of the Lira and signalled it had the tools to manage it to a more preferable level. Economic data have shown some sign of moderation in Turkey, such as some of the real-sector leading indicators and weekly lending growth rates which would hinder ISE's outperformance. The trade deficit and annual credit trends are still running high and in post-Ramadan period in the last quarter re-acceleration of domestic demand is likely. On the other hand, in global market outlook increase in debt ceiling debates in US influenced global risk appetite all over the month.

The theme of August will be earnings announcements since all listed companies will post their Q2-11 financials during this month. We positioned mostly in banks in July even we added up banking exposure. We favor banks over industrials in the rest of the year. We expect slower growth in the rest of 2011 and TRY depreciation to create some pressure over the margins for industrials. On the other hand, banks should post improving profitability since credit margins are higher in H2-11 where as liabilities are already priced in the H1-11. We expect low trading volume in ISE in August due to Ramadan effect. ISE PE 2012 Estimate is 9.2 which is 9.51 that offers only 3% upside in terms of P/E ratio. ISE 100 2012 Estimate P/B is 1.35 while 2012 Estimate P/B of MSCI EM is 1.49. ISE 100 offers about 10% upside in terms of P/B ratio. All in all, despite squeezed valuations about historical averages in ISE we are quite pre-cautiously optimistic about ISE particularly for banks expecting to trade between 60k-65k in August.

## Comparative Returns\* / 25.07.08 - 29.07.11

