

## 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 103.89	EUR 159.05
Fund Size	:	EUR 30,793,191	
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 - 29.08.11	1.70%	8.03%
2009	31.12.08 - 31.12.09	75.22%	78.39%
2010	31.12.09 - 31.12.10	28.64%	30.01%
YTD	31.12.10 - 29.08.11	-35.47%	-32.45%
MTD	29.07.11 - 29.08.11	-18.99%	-16.73%

## Investment Allocation (%)

Equities	99.93%
Money Market	0.07%

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

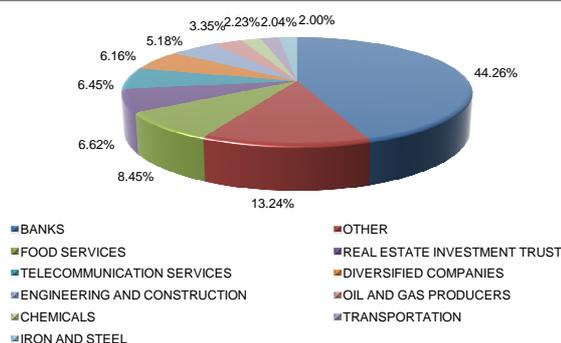
## Top 10 holdings (%)

T IS BANKASI	ISCTR TI	9.43%
T GARANTI BANKASI	GARAN TI	9.10%
TURKIYE VAKIFLAR BANKASI	VAKBN TI	6.84%
AKBANK	AKBNK TI	6.49%
HACI OMER SABANCI HOLDING	SAHOL TI	4.78%
BIM BILESIK MAGAZALAR	BIMAS TI	4.50%
TURKIYE HALK BANKASI	HALKB TI	4.37%
TAV HAVALIMANLARI HOLDING	TAVHL TI	3.93%
YAPI KREDI BANKASI	YKBNK TI	3.66%
IS GAYRIMENKUL YATIRIM	ISGYO TI	3.49%

Risk Ratios*	YTD	Since Inception
Fund Volatility	31.11	35.93
Benchmark Volatility	29.12	34.98
Tracking Error	5.18	5.61

\* 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

All EM countries suffered heavy negative returns in USD terms in August. ISE have sold off significantly YTD underperforming the MSCI EM index by 17% and by 3% in August as the overheating concerns have coupled with the questions on the Central Banks' unorthodox policies. ISE tested below 50k levels three times parallel to drastic fall in global markets. They were nervous due to worries on Eurozone and US double dip recession, which have moderated emerging inflation fears sharply. Where the global environment was fundamentally weakened, Turkey's overheating risk would wane, yet the risk of transition to that new reality could prove painful for TRY. Selloff in global equities continued on worries of a hard landing in US, sovereign debt crisis in Eurozone and funding difficulties of a European bank and global growth concerns. The lack of political willingness to resolve the crisis also weighs on investors' confidence. With such concerns, if and how corporate balance sheets could withstand such imbalances and which could defend profitability better. A comparison with 2008 has shown that most companies are in better shape today.

During the last crisis, industrials' EBITDAs were resilient but bottom lines contracted due to FX losses. Due to the 21% devaluation YTD and with further possible risks, a similar scenario is possible. Turkish industrials have been trading at 9.4x 2012E PE and banks at 6.7x, well off from the peaks in late 2010. Yet, they are still at more than 40% premium to 2009 crisis in terms of PEs. However, the last crisis has shown how resilient operating profits are. And this time balance sheets are stronger. Based on these we find the upsides and the risk/reward attractive on selected basis. Earnings visibility has declined but banks will be more beneficiary of CBT's easing bias, going forward. Banks have already started lowering their deposit rates, paving the way for an increase in NIM. Rising NPLs could be a potential risk that could have an impact on cost of risk. At least, there could be a limited decline in banking sector earnings given the support from dropping funding costs. So, we continue to favor banking sector against industrials in September.

Following a %15.4 (in USD terms) sell off in ISE previous month, valuation of Turkish equities has become more attractive. Turkish equities are attractively valued, trading on 9.2x 2011E and 8.1x 2012E earnings. In addition, P/B 2011 is 1.29 versus 1.17 2012E is below than MSCI EM P/B 2011 and 2012 ratios of 1.49 and 1.33, respectively. It is also worth to note that MSCI Turkey has underperformed MSCI EM by %25 yoy. We believe that Turkish equities should find a bottom relative to its GEM peers at around 49k levels. In September, we believe market will fluctuate around 49k-56k with deteriorating macro data and increasing QE3 expectations from FED in 20/21 September., if we have support from global policy makers market may test higher levels on the other hand with a policymakers unable to provide satisfying solutions to fulfill market expectations ISE may see new lows.

## Comparative Returns\* / 25.07.08 - 29.08.11

