

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 106.71	EUR 116.67
Fund Size	: EUR 31,238,011	
Launch Date	: 02 July 2008	
Currency	: EUR	
Legal Status	: Luxembourg SICAV	
Reference Index	: 100% KYDABI*	

* KYD All Bond Index, www.tkyd.org.tr

Performance Figures		Fund ¹	Benchmark
Since Inception ²	07.08.08 - 31.10.11	14.32%	7.70%
2009	31.12.08 - 31.12.09	19.94%	17.55%
2010	31.12.09 - 31.12.10	17.29%	15.54%
YTD	31.12.10 - 31.10.11	-11.08%	-12.88%
MTD	30.09.11 - 31.10.11	0.77%	0.29%

¹ Fund performance is gross of fees and does not reflect the deduction of investment management fees, custodian fees or other expenses.

² 07.08.2008 is the start date of active portfolio management for Institutional class share.

Investment Allocation (%)

Bonds	99.65%
Money Market	0.35%

Top holdings (%)

TRT280813T13	24%
TRT200213T25	21%
TRT071112T14	18%
TRT090113T13	8%
TRT250412T11	6%

Risk Ratios (Annualized)

	YTD	Since Inception
Fund Volatility	11.77	14.44
Benchmark Volatility	11.66	14.64
Tracking Error	1.15	2.87
Jensen's Alpha	2.20	1.73
Sharpe	-1.67	-0.23
Information Ratio	1.82	0.66
Beta	1.00	0.97

Market Overview

October started with concerns that slow recovery in advanced economies can't be explained by the one time events such as earthquake in Japan or oil supply shocks. Deteriorating outlook coupled with the peripheral debt problems of the Euro area, October started with a total risk-off. Throughout the month global growth outperformed and progress on the European debt seems far better than the extremely pessimistic expectations. USD weakened as DXY traded below 75 levels where EUR traded above 1.40 levels through the end of the month. Volatility declined as VIX closed the month below 30 levels.

Emerging market currencies mostly gained with the weakening USD although there is not a solid solution to contagion of debt problem. Turkish Lira basket (50% USD, 50% EUR) appreciated in October, trading below 2.12 levels where the month started above 2.20. On the other hand high levels of risk perception doesn't support long term financial flows to emerging markets yet.

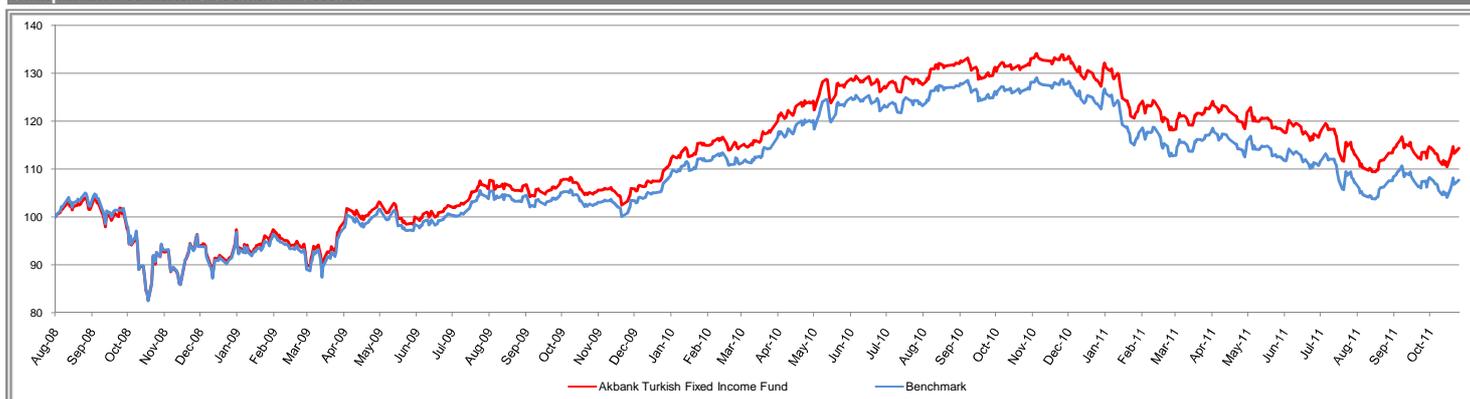
Central Bank of the Republic of Turkey (CBRT) changed its absolute dovish stance for strengthening the fast depreciating Turkish Lira. At the start of the month, CBRT directly intervened in the market by selling USD, which is explained as dispelling the negative effects of the FX volatility for financial stability. CBRT changed the upper bound of the liquidity corridor from 9% to 12.5% and raised the market maker liquidity facility from 8% to 12%. Reserve requirement adjustments provided more Turkish Lira and FX liquidity to the market. On the other hand, CBRT kept the policy rate (weekly repo auction rate) same at 5.75% level. New policy adjustments gave the CBRT more power to control the short term interest rates for supporting Turkish Lira, on the other hand created volatility and shifted the rates higher. Turkish Lira yield curve became inverted with the volatility in short term interest rates and liquidity conditions. Benchmark bond traded above 10% levels.

CBRT's last policy arrangements provided the market with a relatively stronger Turkish Lira which is positive for the inflation outlook, on the other hand volatility in short term interest rates and liquidity conditions distorting the borrowing conditions of the treasury is negative for the fiscal outlook. Sustainability of the new policy mix is going to be limited with the fiscal compensations.

New policy mix is designed to attract more short term inflows for keeping the Turkish Lira stronger when global outlook deteriorates. We are expecting normalization in the volatility of short term interest rates and liquidity conditions with the improving global outlook. However recent maneuvers of the CBRT increased the volatility meaningfully and we are not expecting the benchmark government bond to trade below 9% levels in middle term.

This month we are planning to increase our exposure in the mid-long end of the curve, specifically 5 year, where volatility is lower. 2-year and 5-year Treasury Auctions will likely present an opportunity to step up the fund's duration. Turkish Lira can be expected to trade stronger than emerging market peers with the CBRT's intervention bias. □

Comparative Returns / 07.08.08 - 31.10.11



The graph represents gross of fees performance.

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	Investment Manager	: Ak Asset Management Inc.
	: I Class : EUR 5.000	Administrator / Custodian	: Citibank International plc (Luxembourg Branch)
	: TRY Class : TRY 100.000	Independent Auditors	: Ernst & Young S.A.
Subscription/Redemption * Management Fee	: Daily		
	: A Class : 1.25% p.a. (1.00% p.a. as of 2012)		
	: I Class : 1.25% p.a. (0.75% p.a. as of 2012)		
	: TRY Class : 1.25% p.a. (1.00% p.a. as of 2012)		

* Redemption and subscription requests should be sent to the Registrar 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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