

**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 120.12 EUR 131.17  
 Fund Size : EUR 35,163,393  
 Launch Date : 02 July 2008  
 Currency : EUR  
 Legal Status : Luxembourg SICAV  
 Reference Index : 100% KYDABI\*  
 \* KYD All Bond Index, www.tkyd.org.tr

**Market Overview**

Benchmark bond started May at 9,30% compound level but due to the higher than expected inflation print its yield rose to 9,60% level in a short period of time. Worse than expected economic indicators from euro area and market unfriendly election winners in Greece and France kept markets nervous and choppy. 10 yr bonds yield were relatively stable compared to shorter end. One of the tightest monetary policy among EM's in Turkey kept domestic bond yield curve inverted.

ECB's reluctance to lower policy rate or implement third round of LTRO hit markets hard and most of the asset classes realized big moves including EUR/USD and US 10 yr treasuries. In parallel to ECB Turkish Central Bank also didn't signal any easing sign further pushing the longer end of the curve lower. After the announcement of the MPC TR 10-2 yr yield difference increased to -40 from -15 bps.

Non-farm payroll number for US economy surprised global markets deeply. EUR/USD recovered from 1,2280 and rose to 1,25 level sharply and gold price increased approximately 4% which are signs of increasing easing expectations from FED is being priced. Parallel to these developments TR 10yr bond yields dropped substantially and inversion increased in local yield curve.

We are expecting a tight monetary policy in coming future despite easing signs around the world including main emerging market economies. CBT's pledge to reach inflation figure close to official target will help short end yield level remain elevated and long end to outperform. In line with expectations we are comfortable to overweight long end and underweight short end. In addition to yield curve twist trades, we are increasing corporate bond weight in our fund to earn alpha through FRD corporate bonds.

**Performance Figures**

		Fund <sup>1</sup>	Benchmark
Since Inception <sup>2</sup>	07.08.08 - 31.05.12	25.09%	22.44%
2009	31.12.08 - 31.12.09	18.56%	17.55%
2010	31.12.09 - 31.12.10	16.02%	15.54%
2011	31.12.10 - 30.12.11	-11.18%	-12.11%
YTD	30.12.11 - 31.05.12	12.41%	12.70%
MTD	30.04.12 - 31.05.12	1.68%	1.76%

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

<sup>2</sup> 07.08.2008 is the start date of active portfolio management for Institutional class share.

**Investment Allocation (%)**

Bonds	98.54%
Money Market	1.46%

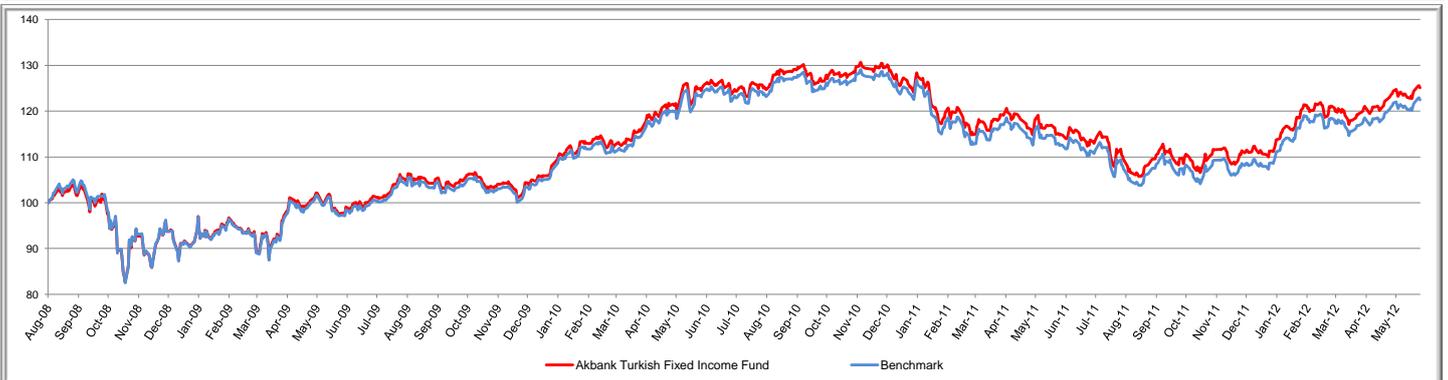
**Top holdings (%)**

TRT170713	14%
TRT071112	13%
TRT280813	13%
TRT100413	12%
TRT120122	7%

**Risk Ratios (Annualized)**

	YTD	Since Inception
Fund Volatility	8.51	13.69
Benchmark Volatility	8.46	13.89
Tracking Error	0.90	2.62
Jensen's Alpha	-1.00	0.51
Sharpe	2.94	-0.07
Information Ratio	-1.10	0.22
Beta	1.00	0.97

**Comparative Returns / 07.08.08 - 31.05.12**



The graph represents gross of fees performance.

**Administrative Information**

Fund Name	: Akbank Turkish SICAV	Registered Countries	: Luxembourg
ISIN :	A Class : LU0366550621 I Class : LU0366550977 TRY Class : LU0451096159		Germany The Netherlands
WKN :	A Class : A0Q8MB I Class : A0Q8MD	Registered Databases	: Bloomberg ( AKTKFII:LX; AKTKFIA:LX ) Lipper Morningstar (Germany, Netherlands)
Minimum Subscription :	A Class : EUR 50 I Class : EUR 5.000 TRY Class : TRY 100.000	Investment Manager	: Ak Asset Management Inc.
Subscription/Redemption * Management Fee	: Daily A Class : 1.00% p.a. I Class : 0.75% p.a. TRY Class : 0.75% p.a.	Administrator / Custodian	: Citibank International plc (Luxembourg Branch)
		Independent Auditors	: Ernst & Young S.A.

\* 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.

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