## 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 appétite. 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 114.00 EUR 123.98

Fund Size : EUR 33.146.473 Launch Date : 02 July 2008 · FUR Currency

Legal Status : Luxembourg SICAV

90% KYDABI + 10% KYD O/N Gross Reference Index\* \* The benchmark has been updated as of 02/01/2012, KYDABI; KYD All Bond Index (www.tkyd.org.tr)

Performance Figures		Fund <sup>1</sup>	Benchmark
Since Inception <sup>2</sup>	07.08.08 - 30.11.15	17%	19%
2009	31.12.08 - 31.12.09	17%	18%
2010	31.12.09 - 31.12.10	15%	16%
2011	31.12.10 - 30.12.11	-12%	-12%
2012	30.12.11 - 31.12.12	21%	22%
2013	31.12.12 - 31.12.13	-20%	-21%
2014	31.12.13 - 31.12.14	21%	22%
YTD	31.12.13 - 30.11.15	-6%	-6%
MTD	30.10.15 - 30.11.15	5%	5%

<sup>&</sup>lt;sup>1</sup> Fund performance is gross of fees and does not reflect the deduction of investment management

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

07.00.2000 to the start date of doubt portrolle management for methational stage chare.				
Investment Allocation (%)				
Bonds	97.94%			
Money Market	2.06%			
Top holdings (%)				
TRT240216T10	14.05%			
TRT150120T16	11.39%			
TRT270116T18	11.17%			
TRT120122T17	9.08%			
TRT200618T18	7.10%			

Risk Ratios (Annualized)	YTD	Since Inception		
Fund Volatility	16%	14%		
Benchmark Volatility	15%	14%		
Tracking Error	0.04	0.03		
Jensen's Alpha	0.01	0.00		
Sharpe	-1.14	-0.34		
Information Ratio	0.19	0.18		
Beta	1.00	0.98		
Comparative Returns / 07.08.08 - 30.11.15				

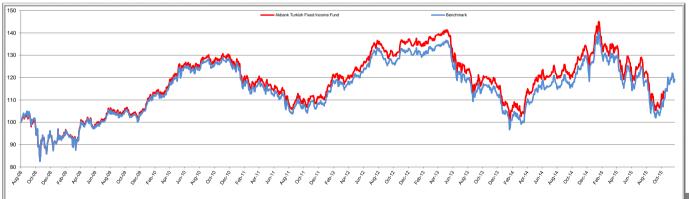
## Market Overview

With Fed's December rate hike almost fully priced in financial markets, investors now focus on the pace of the upcoming hikes in 2016. However, accommodative policies of ECB, BOJ and PBOC are expected to keep global monetary policy loose. And finally, the new period of negative interest rates in Europe will increase the global monetary policy divergence and trigger further USD appreciation. Throughout November, investors remained hesitant to add EM risk to their portfolios.

On the domestic front, Turkey's new government has outlined its new policy program, which promises fiscal discipline and reforms. Rise in geopolitical tension between Russia and Turkey will keep the headlines busy for a while. However, the economic sanctions on turkey in general will probably have a limited impact.

CBT kept its policy rate and interest rate corridor unchanged as expected. Turkey's inflation moved back above 8%. The increase was largely driven by food prices. Although the inflation outlook is not very pleasing, Turkish Central Bank (CBT) will keep its policy rate in its current levels, given the growth outlook is worrisome. We expect CBT to increase (normalize) its policy rate as a response to Fed rate hikes.

In November, we tried to maximize the return of the Turkish Lira Money Market by trying to include higher-return assets at relatively lower-risk levels to the fund. Short-term bond rates were attractive as the Central Bank of Turkey still keeps the market tight, and the inverted yield curve has provided good carry opportunities for the fund. As a result of this fact, we preferred to roll the maturing bonds with new short-maturity bond investments, and continued deposit investments and reverse repo agreements while respecting the minimum 50% bond allocation constraint. We also respected the diversification principle in the management of the fund by including different corporate bonds at various maturities. Additionally, we processed minimum amount of transactions considering the tradeoff between the cost of a trade and the potential return of that specific trade.



Akbank Turkish SICAV Fund Name Registered Countries Luxemboura LU0366550621 ISIN: A Class Germany I Class LU0366550977 The Netherlands Bloomberg (AKTKFII:LX; AKTKFIA:LX) TRY Class LU0451096159 Registered Databases WKN: A Class A0Q8MB Lipper Morningstar (Germany, Netherlands) I Class A008MD Minimum Subscription: A Class **EUR 50** Software-systems EUR 5.000 I Class Investment Manager Ak Asset Management Inc. TRY Class TRY 100.000 Administrator / Custodian Citibank International plc (Luxembourg Branch) Subscription/Redemption \* Daily Independent Auditors Ernst & Young S.A 1.00% p.a. A Class Management Fee I Class 0.75% p.a.

Ak Asset Management - Sabancı Center Hazine Binası 4.Levent İstanbul / Turkey

TRY Class

Phone:+90 212 385 27 00 - Fax:+90 212 319 24 69 - investor@akportfoy.com.tr Website : http://akportfoy.com.tr/en/node/sicav

<sup>0.75%</sup> p.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. 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.