## **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**

2012

MTD

NAV (Class I - Class A) : EUR 130.70 EUR 142.91

 Fund Size
 : EUR 38,001,892

 Launch Date
 : 02 July 2008

 Currency
 : EUR

Legal Status : Luxembourg SICAV

Reference Index\* : 90% KYDABI + 10% KYD O/N Gross
\*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 - 28.02.13	37.24%	32.70%
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%

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

21.42%

1.70%

20.52%

1.35%

1.93%

30.12.11 - 31.12.12

31.12.12 - 28.02.13

31.01.13 - 28.02.13

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Investment Allocation (%)	
Bonds	95.67%
Money Market	4.33%
Top holdings (%)	
TRT240914	23%
TRT150120	15%
TRT080317	11%
TRSKPTL61310	7%
TRSKCTF81318	6%
	Since

Risk Ratios (Annualized)	YTD	Since Inception
Fund Volatility	8.06	12.87
Benchmark Volatility	7.69	13.03
Tracking Error	2.11	2.44
Jensen's Alpha	1.16	1.24
Sharpe	0.41	0.01
Information Ratio	0.80	0.32
Reta	1 01	0.97

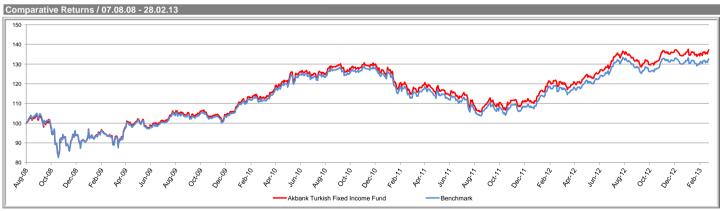
## Market Overview

Moody's comments which came at late January contained downbeat remarks towards second investment rating upgrade that brought long end bonds a sell off bringing 10-2 yr spread to 120 bps from 90 bps in one week. Moody's positive rating action conditioned to couple of fundamental changes which are not easy to attain in short term.

January inflation figure +1,65% mom vs. expected 1,10% brought REER above 120 that hinted for another short end of corridor to be cut. Coupled with rumors' about tapering QE earlier than anticipated, CBT's another rate cut expectations brought 10-2 yr spread to 135 bps. Prior to the government auctions we saw some foreign investor appetite in long that helped 10 yr zone to erase some of its underperformance. Although government auctions went well CBT unexpectedly lowered both lower and upper end of the corridor that took 10 yr to above 7% compound level.

Italy elections dented the market sentiment globally and US 10 years came down to 1,90% level that helped local long end bonds to outperform. Bernanke's testimony in late February helped US 10 yr vields to touch 1.85 level which in turn brought local 10 yrs to below 6.80%.

In the coming period we will be paying close attention to the CBT's guidance towards further policy actions. February inflation and January current account deficit figures will be closely watched.



The graph represents gross of fees performance

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

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

<sup>\*</sup> 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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