

## 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 127.49	EUR 139.45
Fund Size	:	EUR 37,067,490	
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 - 31.05.13	28.64%	29.48%
2009	31.12.08 - 31.12.09	17.34%	17.55%
2010	31.12.09 - 31.12.10	14.73%	15.54%
2011	31.12.10 - 30.12.11	-11.94%	-12.11%
2012	30.12.11 - 31.12.12	20.88%	22.08%
YTD	31.12.12 - 31.05.13	-0.80%	-2.37%
MTD	30.04.13 - 31.05.13	-3.76%	-3.80%

<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	99.74%
Money Market	0.26%

## Top holdings (%)

TRT150120	15%
TRT080323	14%
TRT080317	11%
TRSKPTL61419	7%
TRSKCTF81318	6%

## Risk Ratios (Annualized)

	YTD	Since Inception
Fund Volatility	8.32%	12.68%
Benchmark Volatility	8.05%	12.84%
Tracking Error	2.18%	2.43%
Jensen's Alpha	-1.57%	1.03%
Sharpe	-1.04	-0.06
Information Ratio	-0.48	0.24
Beta	1.00	1.00

## Market Overview

May was a month with full of surprises in both good and bad ways. Starting relatively calm in early days of May, inflows from foreign investors to domestic bond market continued due to increased hopes of credit rating upgrade expectations.

Benchmark bond which started May at 5,20 compound level decreased down to 5,0% prior to Central Banks policy meeting. Although 25 bps rate cut was already priced in, nobody suspected 50 bps rate cut was an action towards discouraging massive inflows that is expected to happen after Moody's rating upgrade which happened one day after policy meeting. Following the upgrade 2 year benchmark bond's yield declined to 4,70 % compound level intraday and we saw significant take profit action which indicated that rating upgrade is already priced in. In the global arena Bernanke's comments at Q&A part after the FED policy meeting brought QE tapering off discussions forward which also triggered broad based EM credit sell off. Turkey took the brunt of the sell off, 2 year and 10 year bonds saw 6,20 and 7,00 levels respectively which brought 10-2 year spread to 80 bps. Narrowing bond yields spread is an indication of Central Banks next action which will be widening the corridor and hiking policy rate. QE tapering off discussions brought TRY vs equal weight EUR and USD basket currency to depreciate around 4% and Central Bank of Turkey will not ignore deprecating TRY and rising bond yields.

We are expecting the Central Bank to widen corridor and increase average funding rate to stop currency depreciation. Economic data from US will play a crucial role in this period and all eyes will be the non farm payroll figure which will be released at first week of June.

## Comparative Returns / 07.08.08 - 31.05.13



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

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