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 109.41 EUR 119.70

 Fund Size
 : EUR 31,812,734

 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 ¹	Benchmark
Since Inception ²	07.08.08 - 29.08.13	10.59%	12.31%
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 - 29.08.13	-14.71%	-15.32%
MTD	31.07.13 - 29.08.13	-5.96%	-5.34%
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¹ Fund performance is gross of fees and does not reflect the deduction of investment management fees crystodian fees or other expenses

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

Investment Allocation (%)				
Bonds	98.56%			
Money Market	1.44%			
Top holdings (%)				
TRT110913T11	15%			
TRT080323T10	13%			
TRT150120T16	8%			
TRSKPTL61419	7%			
TRT070115T13	6%			
	Since			

Risk Ratios (Annualized)	YTD	Since Inception
Fund Volatility	12.77%	13.00%
Benchmark Volatility	11.66%	13.02%
Tracking Error	4.56%	2.82%
Jensen's Alpha	-0.23%	0.93%
Sharpe	-2.20	-0.32
Information Ratio	-0.08	0.20
Beta	1.02	0.98

Market Overview

In August, volatilities, especially in the emerging markets currencies, continued to increase due to the expectations that FED will taper monthly bond purchases more agrresively than previously anticipated. Moreover, with the effect of positive production data coming from Euro Economies and housing data from USA continued to cause emerging market currencies to decline in value against greenback. To intervene to their currencies weak outlook, Central Banks of countries like India, Indonesia and Brasil announced substantial amounts of foreign currency sales auctions and currency swap programs.

As for the domestic markets, Turkish Lira(TL) continued to perform worse than the other emerging market currencies. Despite the 50 bps interest rate hike at the top of the interest rate corridor by Central Bank of Turkey, depreciation of Turkish lira didn't come to an end. In spite of expectations for more drastic rate hikes, Central Bank underlined that there will be no change in interest rates for the foreseeable amount of time which resulted in the rate volatility to tranform exchange rate volatility. Daily foreign currency sales could not stop Dollar/Lira rate to all time high level of 2.07.

In september, We expect the volatilities in markets to remain high until FED's monetary policy meeting on the 17-18th September and foreign capital to continue to escape from emerging markets which may result in domestic equity and rates markets keep on performing badly.



The graph represents gross of fees performance

Administrative Information Fund Name Akbank Turkish SICAV Registered Countries Luxemboura ISIN: A Class LU0366550621 Germany LU0366550977 The Netherlands I Class LU0451096159 A0Q8MB TRY Class Registered Databases Bloomberg (AKTKFII:LX; AKTKFIA:LX) WKN: A Class Lipper A0Q8MD Morningstar (Germany, Netherlands) I Class EUR 50 Minimum Subscription: A Class Software-systems EUR 5.000 Ak Asset Management Inc. I Class Investment Manager **TRY Class** TRY 100.000 Administrator / Custodian Citibank International plc (Luxembourg Branch) Subscription/Redemption 3 Daily Independent Auditors Ernst & Young S.A. A Class 1.00% p.a. Management Fee I Class 0.75% p.a. TRY Class 0.75% p.a.

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^{*} 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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