

Akbank Turkish Equity Fund

Turkish Equity Fund invests in equities of Turkish companies which are listed on Istanbul Stock Exchange (ISE). The managers identify the fund's investment universe based on liquidity, corporate governance and valuation. We believe the Turkish market is under-researched and so offers numerous opportunities to exploit market inefficiencies. The focus of the fund is based on bottom-up stock selection which also takes account of the macro economy and the viability of current sectors trends in portfolio construction. The active top-down / bottom-up investment process used by the team is designed to capture opportunities across all market capitalisations while respecting rigorous risk controls.

Fund Information

| | | |
|---------------------------|------------------------------------|------------|
| NAV (Class I - Class A) : | EUR 109.91 | EUR 167.65 |
| Fund Size : | EUR 32,576,827 | |
| Launch Date : | 02 July 2008 | |
| Currency : | EUR | |
| Legal Status : | Luxembourg SICAV | |
| Reference Index : | 97% ISE100 + 3% KYD O/N Repo Gross | |

| Performance | | Fund ¹ | Benchmark |
|------------------------------|---------------------|-------------------|-----------|
| Since Inception ² | 25.07.08 - 31.12.13 | 17% | 16% |
| 2009 | 31.12.08 - 31.12.09 | 78% | 78% |
| 2010 | 31.12.09 - 31.12.10 | 31% | 30% |
| 2011 | 31.12.10 - 30.12.11 | -38% | -34% |
| 2012 | 30.12.11 - 31.12.12 | 61% | 63% |
| YTD | 31.12.12 - 31.12.13 | -29% | -33% |
| MTD | 29.11.13 - 31.12.13 | -16% | -17% |

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

² 25.07.2008 is the start date of active portfolio management for Institutional class share.

Investment Allocation (%)

| | |
|--------------|--------|
| Equities | 98.92% |
| Money Market | 1.08% |

Top 10 holdings (%)

| | | |
|----------------------------|----------|-------|
| HACI OMER SABANCI | SAHOL TI | 8.15% |
| T GARANTI BANKASI | GARAN TI | 7.58% |
| TURKIYE HALK BANKASI | HALKB TI | 6.99% |
| AKBANK | AKBNK TI | 6.60% |
| BIM BIRLESIK MAGAZALAR | BIMAS TI | 4.95% |
| T IS BANKASI SER'C'TRL1000 | ISCTR TI | 4.58% |
| TURKCELL ILETISIM | TCELL TI | 4.41% |
| INDEKS BILGISAYAR | INDES TI | 3.54% |
| TUPRAS T PETR RAF | TUPRS TS | 3.34% |
| YAPI KREDI BANKASI | YKBNK TI | 3.28% |

Risk Ratios (Annualized)

| | YTD | Since Inception |
|----------------------|-----|-----------------|
| Fund Volatility | 36% | 33% |
| Benchmark Volatility | 36% | 33% |
| Tracking Error | 6% | 5% |

Market Overview

While foreign investors have been expectedly in holiday, Turkish markets lived very busy days. December 17 became a new breaking day for the markets. At that day, the prosecutors, and the police forces started a corruption and bribe operation. The operations covered bureaucrats, constructors, a town Mayor in Istanbul, and sons of three ministers. The news have been perceived as a declaration of a power struggle in the government mechanism between the governing party and a strong religious group. The government claimed the operation as a coup venture against them. Meanwhile, another widespread operation has been paused.

These developments were called as a deep and new fragility factor against the political stability. Moreover, the corresponding steps taken by the government and the prosecutors gave way to concerns over the Rule of Democracy and Law.

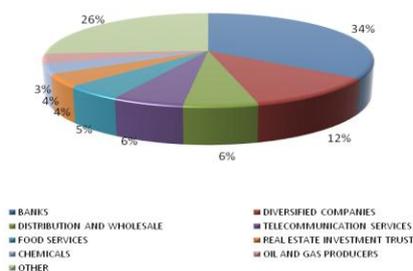
The investors are pricing Turkish assets in this new framework. At December 27, the BIST100 index hit 61,621 points to form a new bottom for more than two years. After hitting this dip, the market closed at 67,802 points for the year-end. Dependently, the monthly decline reached at 10.5 percent, and the yearly loss was a bit higher at 13.3 percent.

In this turmoil, we achieved to enlarge our alpha yield by 22 basis points in gross terms. So, our yearly alpha return attained the level of 145 basis points in gross terms. The Fund's return was negative 29.14 percent against the benchmark return of 30.59 percent for the year 2013.

The hard year ended with a hard month. But, it is good for us that we achieved positive alpha returns for the second year though last year and the preceding year had different market features. In 2012, there was a huge rally while last year we observed market losses after breaking new record levels. We depend our balanced strategy of tracking the index in a wide sampling method, and investing in meaningful portion of the portfolio (10-15% of the portfolio size) to small-and-medium cap names to enrich the expected returns.

| | YTD | Since Inception |
|-------------------|-------|-----------------|
| Jensen's Alpha | 1% | 1% |
| Sharpe | -1.00 | -0.10 |
| Information Ratio | 0.23 | 0.21 |
| Beta | 0.98 | 1.00 |

Sector Breakdown



Comparative Returns / 25.07.08 - 31.12.13



The graph represents gross of fees performance.

Administrative Information

| | | | |
|-----------------------------|----------------------|----------------|--|
| Fund Name : | Akbank Turkish SICAV | | |
| ISIN : | A Class | : LU0366551272 | |
| | I Class | : LU0366551439 | |
| | TRY Class | : LU0451096316 | |
| WKN : | A Class | : A0Q8MF | |
| | I Class | : A0Q8MH | |
| Minimum Subscription : | A Class | : EUR 50 | |
| | I Class | : EUR 5.000 | |
| | TRY Class | : TRY 100.000 | |
| Subscription/Redemption * : | : Daily | | |
| Management Fee : | A Class | : 1.50% p.a. | |
| | I Class | : 1.25% p.a. | |
| | TRY Class | : 1.50% p.a. | |

| | |
|-----------------------------|--|
| Registered Countries : | Luxembourg |
| | Germany |
| | The Netherlands |
| Registered Databases : | Bloomberg (AKTKEQI: LX; AKTKEQA: LX) |
| | Lipper |
| | Morningstar (Germany, Netherlands) |
| | Software-systems |
| Investment Manager : | Ak Asset Management Inc. |
| 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.

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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