

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 112,48	EUR 122,68
Fund Size	:	EUR 35.707.804	
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.kyd.org.tr)

Market Overview

The Federal Open Market Committee (FOMC) meeting in September was the most important factor of the market agenda. Although the policy statement was not changed considerably, the Economic Projections tables showed how much more the Committee is hawkish. The projections expect lower GDP growth rates and sooner interest rate hikes, on average. The US Dollar strength theme appeared to be more viable and as a result of this; Gold, Oil, EUR/USD, and commodities in general lost sizable values. The TLTRO amount (slightly higher than 80 billion Euros) demanded from the ECB in September was lower than the market expectations. The FED is expected to end the asset purchases in October and then wait for some time to start raising interest rates, and the projected rate-hike process mainly causes turbulence in the markets. Yet, the concerns are still more inclined towards the inflation outlook (specifically the 'wage inflation'), meaning that the FED is expected to provide its accommodative monetary mechanism for a long time, at least until the first half of 2015. In September, emerging markets moved negatively in their stocks, currencies and the rate markets in general. The already existed problems in the Middle East and the Russian-Ukraine conflict continued to be another major source of downtrends.

On the domestic side, the CBT kept its policy rate constant at 8.25%, and the upper band at 11.25%, unlike its recent cuts over the past months. The real effective exchange rate was announced to be 107.65, sizeably lower than the prior month's reading of 109.84, which shows the pressure on the currency. The market currently prices no more rate cuts from the Central Bank in its next meetings due to the deteriorating inflation outlook and the currency disinflation; and the O/N reverse repo rates have no more been trading around the lower bound of the interest rate corridor. The Turkish Treasury successfully completed its domestic financing program in September and the total amount issued to the market was realized as TRY 7.8 billion, slightly higher than expected.

Performance Figures

		Fund ¹	Benchmark
Since Inception ²	07.08.08 - 30.09.14	15%	16%
2009	31.12.08 - 31.12.09	17%	18%
2010	31.12.09 - 31.12.10	15%	16%
2011	31.12.10 - 31.12.11	-12%	-12%
2012	30.12.11 - 31.12.12	21%	22%
2013	31.12.12 - 31.12.13	-20%	-21%
YTD	31.12.13 - 30.09.14	11%	11%
MTD	29.08.14 - 30.09.14	-3%	-3%

¹ Fund performance is gross of fees and does not reflect the deduction of investment management

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

Investment Allocation (%)

Bonds	98,22%
Money Market	1,78%

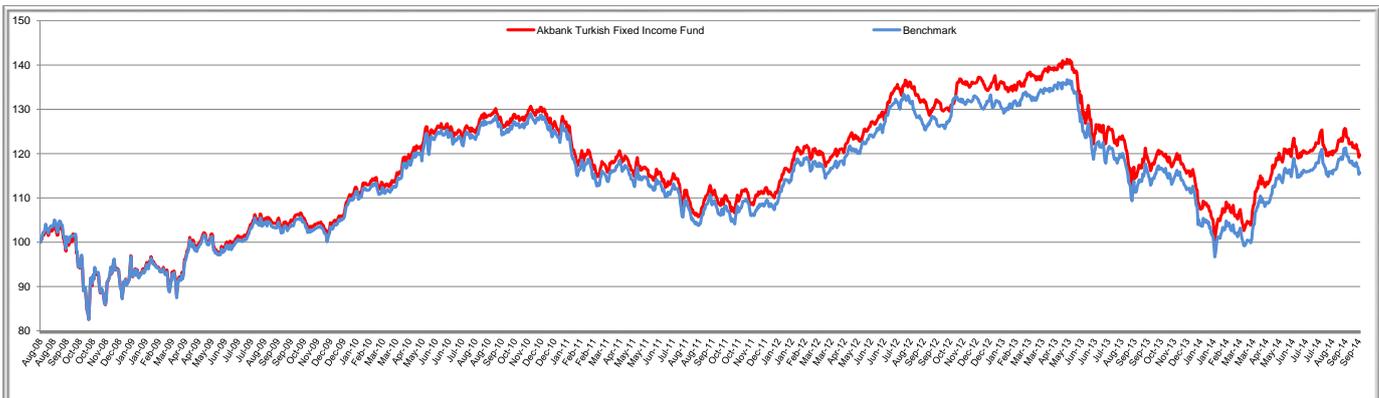
Top holdings (%)

TRT240216T10	18,22%
TRT130515T11	12,77%
TRT270923T11	10,08%
TRT140218T10	7,06%
TRT250315T19	6,98%

Risk Ratios (Annualized)

	YTD	Since Inception
Fund Volatility	13%	13%
Benchmark Volatility	12%	13%
Tracking Error	3%	3%
Jensen's Alpha	0%	0%
Sharpe	0,61	-0,31
Information Ratio	0,00	0,20
Beta	1,02	0,98

Comparative Returns / 07.08.08 - 30.09.14



Administrative information

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

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

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