

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 115,74	EUR 126,27
Fund Size	:	EUR 36.747.308	
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

Janet Yellen delivered a speech regarding the outlook of the US economy as well as the FED's potential policy actions at the Jackson Hole meeting towards the end of August. Additionally, the ECB President, Mario Draghi has given some hints that the markets inferred a policy action such as a rate-cut and asset backed securities purchases as soon as in their September meeting, as the Eurozone growth outlook continues to seem sluggish. This has created a market friendly environment especially for periphery and emerging markets. Although the FED is expected to end the asset purchases in October and then wait for some time to start raising interest rates, there is still no a fixed schedule in regards to the rate-hike process, which 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. In August, emerging markets moved neutral-to-positive in their stocks, currencies and the rate markets in general. The presidency elections resulted as expected in Turkey, and the Russian-Ukraine conflict continued to be a major source of downtrends.

On the domestic side, the CBT kept its policy rate constant at 8.25%, but lowered the upper band from 12.0% to 11.25%, in order to boost the credit growth. The y-o-y inflation rate rose from 9.3% to 9.5% level, beating the market expectations. Although there were fluctuations during the month, the yield curve shifted upward as the benchmark interest rate moved from 8.5% to 9.0% throughout the month and the curve flattened as much as 0 bps spread for 2 yr and 10 yr segments. Turkish Lira underperformed its peers and depreciated from 2.12 to 2.17 level against the US Dollar. 5 year Turkish CDS spreads fell slightly from 184 to 178 level, although underperforming its peers. The real effective exchange rate was announced to be 109.28, slightly lower than the prior month's reading of 109.84. The market currently prices no more rate cuts from the Central Bank in its next meetings due to the deteriorating inflation outlook; and the O/N reverse repo rates have been trading around the lower bound of the interest rate corridor. The Turkish Treasury successfully completed its domestic financing program in August and the total amount issued to the market was realized as TRY 8.6 bn, as expected. The Treasury continues to decrease its expected rollover ratio from 86% to 84% for 2014 as revealed before, supporting the rates market

Performance Figures

		Fund ¹	Benchmark
Since Inception ²	07.08.08 - 29.08.14	18%	19%
2009	31.12.08 - 31.12.09	17%	18%
2010	31.12.09 - 31.12.10	15%	16%
2011	31.12.10 - 30.12.11	-12%	-12%
2012	30.12.11 - 31.12.12	21%	22%
2013	31.12.12 - 31.12.13	-20%	-21%
YTD	31.12.13 - 29.08.14	14%	14%
MTD	31.07.14 - 29.08.14	-2%	-2%

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	95,14%
Money Market	4,86%

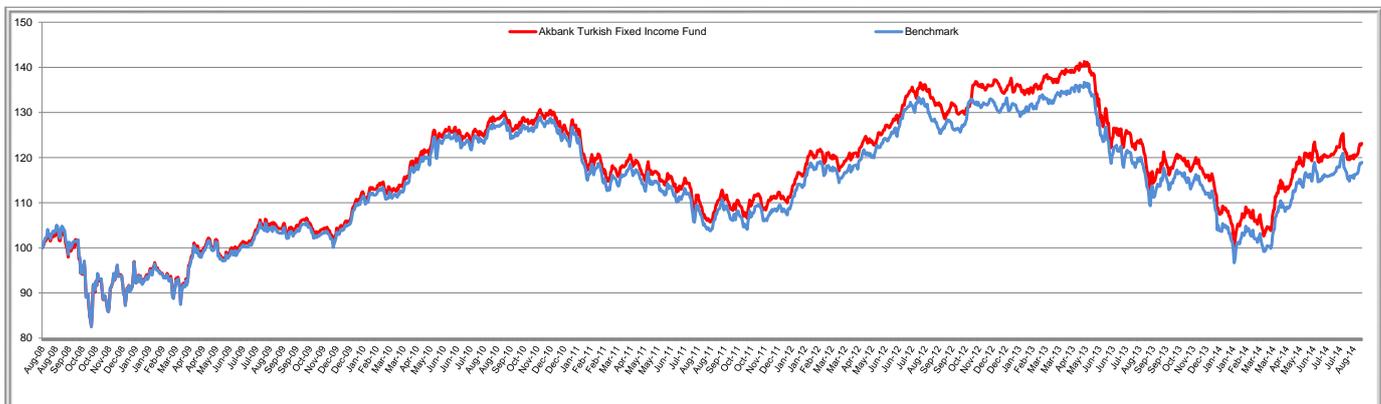
Top holdings (%)

TRT240216T10	22,08%
TRT270923T11	10,42%
TRT150120T16	9,24%
TRT070115T21	7,51%
TRT140218T10	7,09%

Risk Ratios (Annualized)

	YTD	Since Inception
Fund Volatility	14%	13%
Benchmark Volatility	13%	13%
Tracking Error	4%	3%
Jensen's Alpha	0%	1%
Sharpe	1,14	-0,27
Information Ratio	0,02	0,20
Beta	1,02	0,98

Comparative Returns / 07.08.08 - 29.08.14



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 *		Daily	Independent Auditors	:	Ernst & Young S.A.
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.

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