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 131.98 EUR 144.33

Fund Size : EUR 38,373,657

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

Performance Figures		Fund ¹	Benchmark			
Since Inception ²	07.08.08 - 28.03.13	38.69%	33.93%			
2009	31.12.08 - 31.12.09	18.56%	17.55%			
2010	31.12.09 - 31.12.10	16.02%	15.54%			
2011	31.12.10 - 30.12.11	-11.18%	-12.11%			
2012	30.12.11 - 31.12.12	21.42%	20.52%			
YTD	31.12.12 - 28.03.13	2.65%	2.28%			
MTD	28.02.13 - 28.03.13	1.06%	0.92%			
1 Fund performance is gross of foce and does not reflect the deduction of investment management						

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

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

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Bonds	97.65%
Money Market	2.35%
Top holdings (%)	
TRT240914	23%
TRT150120	15%
TRT080317	11%
TRSKPTL61310	7%
TRSKCTF81318	6%
Risk Ratios (Annualized)	YTD Inception

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Risk Ratios (Annualized)	YTD	Since Inception	
Fund Volatility	7.47	12.78	
Benchmark Volatility	7.26	12.95	
Tracking Error	1.94	2.43	
Jensen's Alpha	1.29	1.27	
Sharpe	0.63	0.02	
Information Ratio	0.91	0.33	
Beta	0.99	0.97	

Market Overview

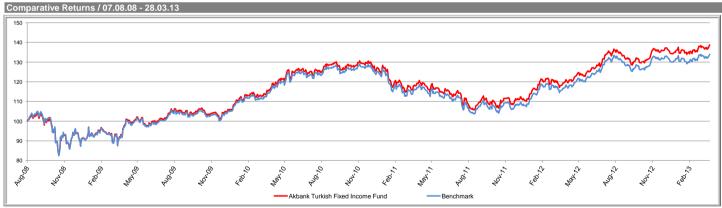
Turkish local currency bonds started March with sell off although inflation data surprised on downside; bringing YoY inflation to 7.03%. It can be explained by mostly technical factors if we look at the charts that gave clues about 2 and 10 yr bonds to bounce third time from 5.70% and 6.75% compound levels respectively

Referring to the BM bond , higher than expected IP data convinced market to believe that CBT won't rush to cut policy rate in order to bolster growth which is missing for couple of quarters. Coupled with rising US 10 yr yields due to increasing expectations of tapering off QE program earlier than expected, Turkey local 10 year bonds sold off around 50 bps in 2 weeks after the very low demand we saw in Treasury's 10 year bond issue. 10-2 yr spread widened further above 110 bps following the treasury auctions.

Through the third week of March long awaited Israel apology and commencing of Kurdish peace procedure changed the pricing fundamentals in financial markets. Expectations of solution to Kurdish problem even triggered S&P to upgrade Turkey's credit rating one notch below investment grade.

After CBT lowered upper band of interest rate corridor long end of the curve started the outperform short end, implying that financial market participants regarded this action as tightening. Through the end of the month 10-2 yr spread narrowed to 80 bps, where 10 yr and 2 year bonds ended months at 7.10% and 6.80% compound level respectively.

We are expecting long end of the curve to outperform short end in coming weeks due to our belief that bm bond has already priced in CBT's rate cut and Japan's QE initiation will pump money into EM markets where Turkey's long end bonds will benefit more than short end.



The graph represents gross of fees performance

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

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