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 104.94 FUR 114 62

Fund Size : EUR 35.054.764 Launch Date : 02 July 2008 : EUR Currency

Legal Status : Luxembourg SICAV

. 90% KYDABI + 10% KYD O/N Gross Reference Index*

* 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 - 31.03.14	7%	7%
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 - 31.03.14	3%	3%
MTD	28.02.14 - 31.03.14	5%	5%
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Fund performance is gross of fees and does not reflect the deduction of investment manage

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

Investment Allocation (%)	
Bonds	95.75%
Money Market	4.25%
Top holdings (%)	
TRT060814T18	11.60%
TRT270923T11	10.76%
TRT150120T16	9.89%
TRT240216T10	8.75%
TRT140218T10	8.52%

Risk Ratios (Annualized)	YTD	Since Inception
Fund Volatility	16%	13%
Benchmark Volatility	15%	13%
Tracking Error	4%	3%
Jensen's Alpha	3%	1%
Sharpe	0.45	-0.38
Information Ratio	0.82	0.26
Beta	1.03	0.98

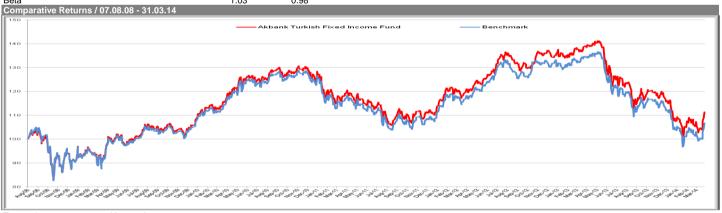
Market Overview

Due to the unemployment rate of 6.7 %, the FED continued tapering by reducing the bond purchases by \$10 bn in March, as expected. Additionally, the market consensus has been structured such that the FED will continue decreasing asset purchases by \$10 bn in each of its meetings throughout 2014. However, due to cold weather in the US, economic data continued to weaken somewhat in March which, for now, has not created a question mark about the tapering of FED. In addition, the crisis between Russia and Western countries continued to support global riskoff theme in the markets. However, emerging markets experienced slightly positive returns on their currencies, stock markets and interest rate markets against the developed markets. One another reason behind this was the more than expected dovish sentiment in the FED minutes. The political tension in Turkey starting from the middle of December has continued until the week of elections on 30th March. As the current government has won a high percentage of the votes. Turkish markets gained well at the last week of March in accordance with the decreasing tension.

After CBRT hiked the policy rate at the end of January, the Turkish Lira continued to outperform its peers in March, as well. Throughout March, the Turkish Lira settled in the range of 2.15-2.20 levels against the US Dollar. Two year benchmark bond yield dropped from 11.20 % at the end of February to 10.80 % throughout the month. 5 year Turkish CDS spreads decreased to 200 bps at the end of March from 240 bps. The real effective exchange rate slightly rose from 102.08 to

On the domestic side, the y-o-y inflation rate rose from 7.9 % to 8.4 % level. The yield curve stayed inverted during March due to tight monetary policy of the CBRT, but the level of inversion decrease comperatively. Short-term rates and O/N Reverse Repo rates continued to be attractive for nondomestic investors. The Turkish Treasury successfully completed its domestic financing program in March and the total amount issued to the market was realized as TRY 10 bn as planned. Credit spreads were unchanged or slightly increased in March; but the demand for floating rate instruments was also high.

We tactically tried to adjust the duration of the Akbank Turkish Fixed Income Fund throughout March and succeeded to produce alpha. We have continued liquidating the corporate bonds in our portfolio that we had started before, in response to market jitter about fx related risks on their balance sheets. We will continue to trade on 10 year government bond sector of the yield curve in pursuit of producing alpha where volatility rises.



The graph represents gross of fees performance

e Information Fund Name Akbank Turkish SICAV Registered Countries Luxembourg ISIN LU0366550621 A Class I Class LU0366550977 The Netherlands Bloomberg (AKTKFII:LX; AKTKFIA:LX) LU0451096159 TRY Class Registered Databases WKN · A0Q8MB A Class Lipper A0Q8MD I Class Morningstar (Germany, Netherlands) Minimum Subscription: A Class EUR 50 Software-systems EUR 5.000 TRY 100.000 Investment Manager I Class Ak Asset Management Inc. **TRY Class** 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.

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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^{*} 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