## 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.

Market Overview

Fund Information	1						
NAV (Class I - Cla	ass A) : EUR 114.63	EUR 125.08					
Fund Size	: EUR 36,778,5	15					
Launch Date	: 02 July 2008						
Currency	: EUR						
Legal Status : Luxembourg SICAV							
Reference Index* <u>90% KYDABI + 10% KYD O/N Gross</u>							
* The benchmark has been updated as of 02/01/2012. KYDABI: KYD All Bond Index (www.tkyd.org.tr)							
Performance Fig	ures	Fund <sup>1</sup>	Benchmark				
Since Inception <sup>2</sup>	07.08.08 - 31.07.14	17%	18%				
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%				
VTD	31 12 13 - 31 07 14	13%	13%				

 2013
 31.12.12 - 31.12.13
 -20%
 -21%

 YTD
 31.12.13 - 31.07.14
 13%
 13%

 MTD
 30.06.14 - 31.07.14
 1%
 2%

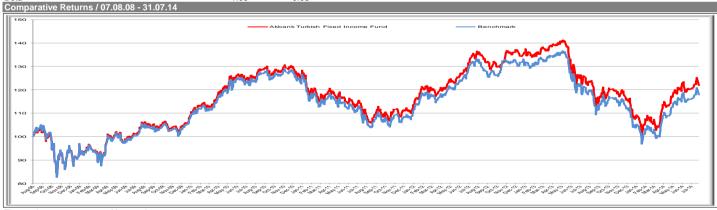
<sup>1</sup> Fund performance is gross of fees and does not reflect the deduction of investment managemen <sup>2</sup> 07.08.2008 is the start date of active portfolio management for Institutional class share.

Investment Allocation (%)		
Bonds		94.63%
Money Market		5.37%
Top holdings (%)		
TRT240216T10		22.01%
TRT270923T11		10.39%
TRT150120T16		9.20%
TRT070115T21		7.44%
TRT140218T10		7.07%
Risk Ratios (Annualized)	YTD	Since Inception
Fund Volatility	14%	13%
Benchmark Volatility	13%	13%
Tracking Error	4%	3%
Jensen's Alpha	-1%	1%
Sharpe	1.18	-0.28
Information Ratio	-0.02	0.20

The FED continued its tapering program by reducing the monthly purchases by \$ 10 bn, as expected. The 2nd quarter GDP growth was realized as 4%, beating the expectations of 3%, which caused the markets to believe in a slightly hawkish policy stance in the flowing meetings. The strong US fundamentals may force the President Yellen's dovish stance to eventually alter and be expected to trigger higher volatility within global 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 July, emerging markets moved negatively in their stocks, currencies and the rate markets in general.

On the domestic side, the CBT cut its policy rate from 8.75% to 8.25% because of the improvement in global liquidity conditions and the expectation of lower inflation in the coming months. The y-o-y inflation rate rose from 9.2% to 9.3% level, beating the market expectations. Accordingly, the yield curve shifted downward as the benchmark interest rate moved in a range bound of 8.20% and 8.50% throughout the month. Turkish Lira more or less traded in a range of 2.08 - 2.13 levels against the US Dollar Short-term rates and O/N reverse repo rates started to trade around the lower bound of the interest rate corridor. The Turkish Treasury successfully completed its domestic financing program in July and the total amount issued to the market was realized as TRY 8.2 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.

Sicav Fixed Income fund has duration close to its benchmark slightly tilted to hold short dated bonds rather than long end which will benefit it carry trade strategies continue.



## The graph represents gross of fees performance

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