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 121.20 EUR 132.16

Fund Size : EUR 40.895.163 : 02 July 2008 Launch Date : 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 - 31.10.14	24%	25%
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 - 31.10.14	20%	20%
MTD	30.09.14 - 31.10.14	8%	8%

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

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

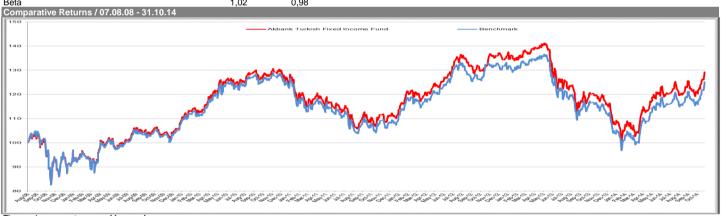
Investment Allocation (%)	
Bonds	93,40%
Money Market	6,60%
Top holdings (%)	
TRT240216T10	15,37%
TRT130515T11	11,67%
TRT270923T11	9,80%
TRT100719T18	7,99%
TRT140218T10	6,64%

Risk Ratios (Annualized)	YTD	Since Inception
Fund Volatility	13%	13%
Benchmark Volatility	12%	13%
Tracking Error	3%	3%
Jensen's Alpha	-1%	0%
Sharpe	1,33	-0,21
Information Ratio	-0,08	0,18
Beta	1.02	0.98

Market Overview

The FOMC meeting at the end of October and also the minutes of the previous FOMC meeting in September were the most important factors of the market agenda. The minutes showed investors that the Committee members were also interested in the strength of the US Dollar as well as the growth outlook in other countries such as that of Eurozone and Japan, on top of the US growth. This has created an EM-friendly market sentiment during the month and asset classes rallied across the board. The FOMC meeting itself though finalized the asset purchases by reducing the amount by a final 15 bn USD, and accordingly the probability of the first rate hike in mid-2015, measured by the forward rates, increased due to the slightly hawkish tone of the statement. In the US, the first GDP projection for Q3 was realized to be 3.5%, beating the market expectations at 3.0%; however the detail of this number showed that most of the growth came from national defence and public spending, but not from consumption. Although the US Dollar strength theme decelerated for a while, it then reappeared more viably and as a result of this; Gold, Oil, EUR/USD, and commodities in general lost sizable values. Yet, the concerns are still more inclined towards the inflation outlook (specifically the 'wage inflation') in the US, meaning that the FED is expected to provide its accommodative monetary mechanism for a considerable amount of time, at least until the first half of 2015. One day after the FED ended the QE3, the Bank of Japan announced that it will increase the asset purchases by around one third, and the JGB duration by 3 years to 7-10 year range, over and above increasing the real estate and ETF purchases by three-folds. All in all, BoJ and ECB act like a counter-balancing forces while the FED is about to tighten in 2015. In October, emerging markets moved positively in their stocks, currencies and the rate markets in general.

On the domestic side, the CBT kept its policy rate constant at 8.25%, and the upper band at 11.25%. The y-o-y inflation rate rose from 8.9% to 9.0 % level, slightly higher than the market expectations. Although there were some fluctuations, the yield curve shifted downward as the benchmark interest rate moved from 10.0% to 8.5% throughout the month and the curve steepened as a result of the appreciating currency and the end of the deterioration in the inflation outlook. Turkish Lira outperformed its peers and appreciated from 2.3 to 2.2 level against the US Dollar. 5 year Turkish CDS spreads fell from 205 to 172 level, outperforming all of its EM peers. The real effective exchange rate was announced to be 110.43, marginally higher than the prior month's reading of 109.27, which shows the pressure on the currency. The market currently prices no more rate cuts from the Central Bank until the inflation outlook improves significantly; and the O/N reverse repo rates have been trading around the upper bound of the interest rate corridor. The Turkish Treasury successfully completed its domestic financing program in October and the total amount issued to the market was realized as TRY 9.2 billion, slightly higher than expected.



The graph represents gross of fees performance

rative 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 I Class Investment Manager Ak Asset Management Inc. **TRY Class** Administrator / Custodian Citibank International plc (Luxembourg Branch) Subscription/Redemption * Daily Independent Auditors Ernst & Young S.A. 1.00% p.a. Management Fee A Class 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.

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

^{*} 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