

Akbank Turkish Equity Fund

Turkish Equity Fund invests in equities of Turkish companies which are listed on Borsa Istanbul (BIST). The managers identify the fund's investment universe based on liquidity, corporate governance and valuation. We believe the Turkish market is under-researched and so offers numerous opportunities to exploit market inefficiencies. The focus of the fund is based on bottom-up stock selection which also takes account of the macro economy and the viability of current sectors trends in portfolio construction. The active top-down / bottom-up investment process used by the team is designed to capture opportunities across all market capitalisations while respecting rigorous risk controls.

Fund Information

NAV (Class I - Class A) :	EUR 143,22	EUR 217,88
Fund Size :	EUR 43.620.364	
Launch Date :	02 July 2008	
Currency :	EUR	
Legal Status :	Luxembourg SICAV	
Reference Index :	97% ISE100 + 3% KYD O/N Repo Gross	

Market Overview

The fund achieved to generate return slightly higher than its benchmark return in gross terms. As Euro depreciated against Turkish lira by 4,4%, the annual benchmark return reached at 31,83%. The fund's gross return is 32,14%.

While passing the local elections period at the end of March, the political instability threat has remained behind. The governing party stand against corruption probe, and win a new victory in elections. The market recovered very rapidly in this period, and political stability perception corrected the investor sentiment. The presidential elections in August did not change this picture when Mr. Erdoğan was elected as new president.

Meanwhile, Federal Reserve accomplished its tapering operations without destroying global outlook. Though the discussions about possible FED tightening cycle has been spoken widely, FED was indecisive or patient to take such a step. Additional monetary easing steps came from China, Japan and Eurozone, and helped easier monetary conditions. This environment continued to support the investor buying appetite for Turkish stocks.

Oil price decline was the last but not least driver for Turkish markets. Oil price declines are useful for controlling inflation and current account deficit prospects, and new price environment is a possible motivator for growth potential. The markets bought these expectations, and the stocks climbed to new year highs at the end of the year.

We think, in this rallying year, achieving benchmark yield is successful result for us since many of our small-and-medium cap companies carried for longer-term expectations could not achieve to catch market return. Some frustrated us with their weaker financial or operational results. We balanced these negative surprises with positive selections, but could not exceed the market return with a margin. Entering in new year, we reshuffled some of our small-cap selections.

As the investor choice tends to ETFs according to EPFR data, our hybrid portfolio management style of tracking the benchmark index by 70% - 80% of portfolio ingredients, and taking 20% - 30% selection bets, of which 10% - 15% is composed of small-cap company stocks, could be a good alternative to invest in Turkish market.

Performance		Fund ¹	Benchmark
Since Inception ²	25.07.08 - 31.12.14	54%	57%
2009	31.12.08 - 31.12.09	78%	91%
2010	31.12.09 - 31.12.10	31%	27%
2011	31.12.10 - 30.12.11	-38%	-34%
2012	30.12.11 - 31.12.12	61%	57%
2013	31.12.12 - 31.12.12	-29%	-31%
YTD	31.12.13 - 31.12.14	32%	32%
MTD	28.11.14 - 31.12.14	-3%	-3%

¹ Fund performance is gross of fees and does not reflect the deduction of investment management
² 25.07.2008 is the start date of active portfolio management for Institutional class share.

Investment Allocation (%)

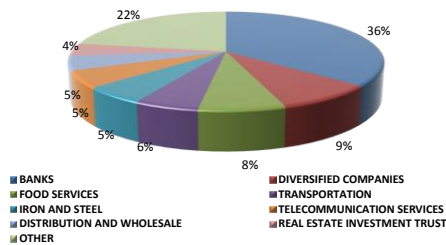
Equities	97,47%
Money Market	2,53%

Top 10 holdings (%)

T GARANTI BANKASI	GARAN TI	8,40%
T IS BANKASI SER'C	ISCTR TI	7,37%
AKBANK	AKBNK TI	7,05%
TURKIYE HALK BANKASI	HALKB TI	4,79%
BIM BIRLESIK MAGAZALAR AS	BIMAS TI	4,76%
TURKIYE VAKIFLAR BANKASI	VAKBN TI	4,75%
TURKCELL ILETISIM	TCCELL TI	4,35%
EREGLI DEMIR CELIK	EREGL TI	4,34%
TURK HAVA YOLLARI AO	THYAO TI	4,29%
EMLAK KONUT GAYRIMENKUL YA REIT	EKGYO TI	4,04%

Risk Ratios (Annualized)	YTD	Since Inception	YTD	Since Inception
Fund Volatility	27%	32%	1%	1%
Benchmark Volatility	28%	32%	0,92	-0,05
Tracking Error	4%	5%	0,09	0,12
			0,98	1,00

Sector Breakdown



Comparative Returns / 25.07.08 - 31.12.14



The graph represents gross of fees performance.

Administrative Information

Fund Name	: Akbank Turkish SICAV
ISIN :	A Class : LU0366551272 I Class : LU0366551439 TRY Class : LU0451096316
WKN :	A Class : A0Q8MF I Class : A0Q8MH
Minimum Subscription :	A Class : EUR 50 I Class : EUR 5.000 TRY Class : TRY 100.000
Subscription/Redemption *	: Daily
Management Fee	A Class : 1.50% p.a. I Class : 1.25% p.a. TRY Class : 1.50% p.a.

Registered Countries	: Luxembourg Germany The Netherlands
Registered Databases	: Bloomberg (AKTKEQI:LX; AKTKEQA:LX) Lipper Morningstar (Germany, Netherlands) Software-systems
Investment Manager	: Ak Asset Management Inc.
Administrator / Custodian	: Citibank International plc (Luxembourg Branch)
Independent Auditors	: Ernst & Young S.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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