

Akbank Turkish Equity Fund

Turkish Equity Fund invests in equities of Turkish companies which are listed on Istanbul Stock Exchange (ISE). 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 114.72	EUR 175.63
Fund Size	: EUR 34,002,049	
Launch Date	: 02 July 2008	
Currency	: EUR	
Legal Status	: Luxembourg SICAV	
Reference Index	: 97% ISE100 + 3% KYD O/N Repo Gross	

Market Overview

The markets have turned more positive on Turkish equities in September. ISE100 outperformed MSCI EM by 22% in local currency and %12 in USD terms. MSCI Turkey outperformed MSCI EMEA by %23 in local currency and %24 in USD terms. Currently, Turkey trades with 9X 2012E PE parallel to 8.5x 2012E PE of EM average. Turkish Equities with 1.25X P/B is also trading parallel to EM averages. After the sharp market selloff post the mid-July surprise rate cut, sentiment towards commodity importing Turkey has improved notably in this lower growth & less inflationary global environment.

We believe Turkish banks are fairly valued. We believe banks were positively effected by the Central Bank support for Turkish Lira, better margin outlook and the recent upgrades of investment houses from underweight to neutral. Most of ISE's performance gap with peers has been closed during last month. Rising concerns on economic growth, weak labor market and fiscal deadlock in US, escalating sovereign debt problems in EU and the start of easing bias by a number of EM central banks rendered the proactive easing stance of CBT, launched at the beginning of August, more credible and restored confidence for CBT. Improving earning expectations for Turkish banks and finally, S&P's upgrade of Turkey's local currency rating have promoted bullish mood further. One of the main reasons behind ISE 100 outperformance recently, was the shift in expectations from overheating to a slowdown, which therefore has somewhat shelved current account deficit (CAD) concerns in the short run. Turkish banks, with their proven track record, have and can again deliver growth in volumes and revenues while preserving a relatively sound asset quality even during times of down cycles. On the back of such expectations, Turkish banks have outperformed GEM peers since mid-August and the valuation gap has narrowed. At 7.8x 2012E PE and 1.25x PB, the banks are still attractive but the recent outperformance calls for us to be more selective. So, some more decoupling of ISE might continue. Globally lower growth and low interest rates are likely to support CBT's monetary easing bias and might cause a soft-landing for Turkey, where GDP will slowdown from %7 to %2.5 next year, while CAD/GDP ratio will decrease from %9.6 to %8 with a moderate inflation outlook and continued sound fiscal balances. This will deliver healthy environment for earnings growth both for the banks and industrials since loss in TL's value reduce. A likely sovereign rating upgrade in foreign currency by the S&P within a year would further reduce the risk premium of Turkish markets. Empirical data suggests that stock markets perform well on an absolute and relative basis, starting a year ago before the country's first investment grade. On the other hand, lack of political will in managing the problems in Greece might spark a domino effect in (Spain,Italy) several EU members and a tough melt-down in Europe banking system, which will probably affect Turkey - EU trade, credit and confidence channels. Turkey, with its large external imbalances, would suffer from an inevitable GDP contraction and a major sell-off in its financial markets along with the currency.

Relatively speaking, Turkish equities are not attractively valued, trading on 9x2012E earnings, not cheap against 8.5x MSCI EM earning multiples. We believe that Turkish equities should find a bottom relative to its GEM peers at around 55k levels. In October, we believe market will fluctuate around 55k-62k highlighting on political attitude of EU members against EU debt crisis, third quarter financial statement expectations, ECB meeting in first week of October, medium term fiscal programme in Turkey and rating agencies disclosure about rating upgrades. We continue to favor banking against industrials but on a selective basis after recent outperformance.

Performance	Fund ¹	Benchmark	
Since Inception ²	25.07.08 - 30.09.11	29.06%	20.33%
2009	31.12.08 - 31.12.09	83.23%	78.39%
2010	31.12.09 - 31.12.10	33.99%	30.01%
YTD	31.12.10 - 30.09.11	-26.54%	-24.77%
MTD	29.08.11 - 30.09.11	10.57%	11.38%

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

Investment Allocation (%)

Equities	98.75%
Money Market	1.25%

Top 10 holdings (%)

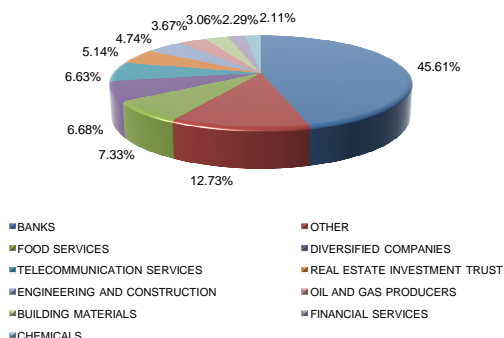
T IS BANKASI	ISCTR TI	9.40%
T GARANTI BANKASI	GARAN TI	8.68%
TURKIYE VAKIFLAR BANKASI	VAKBN TI	7.08%
AKBANK	AKBNK TI	6.80%
TURKIYE HALK BANKASI	HALKB TI	4.98%
HACI OMER SABANCI HOLDING	SAHOL TI	4.67%
BIM BILESIK MAGAZALAR	BIMAS TI	4.07%
TUPRAS	TUPRS TI	3.62%
YAPI KREDI BANKASI	YKBNK TI	3.57%
ASYA KATILIM BANKASI	ASYAB TI	3.49%

Risk Ratios (Annualized)

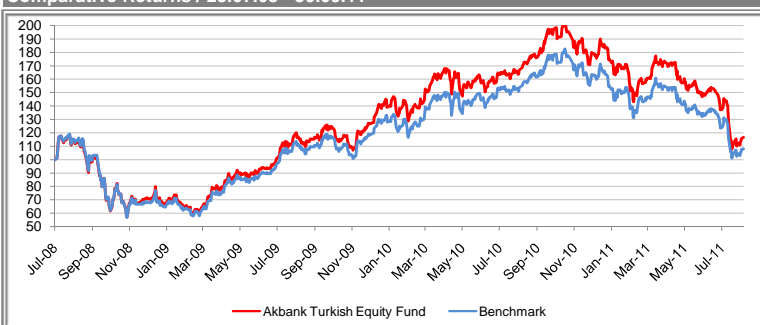
	YTD	Since Inception
Fund Volatility	32.05	35.97
Benchmark Volatility	30.33	35.05
Tracking Error	4.95	5.55

	YTD	Since Inception
Jensen's Alpha	-0.43	2.38
Sharpe	-1.26	0.02
Information Ratio	-0.43	0.42
Beta	1.04	1.01

Sector Breakdown



Comparative Returns / 25.07.08 - 30.09.11



The graph represents gross of fees performance. TER (for Class I) is capped at 1.5% starting from 2012. The average TER since inception is 2.8% due to start up costs.

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 * Management Fee	: Daily : 1.75% yearly

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 Registerer 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.