

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 109.72	EUR 168.00
Fund Size	: EUR 32,521,108	
Launch Date	: 02 July 2008	
Currency	: EUR	
Legal Status	: Luxembourg SICAV	
Reference Index	: 97% ISE100 + 3% KYD O/N Repo Gross	

Performance		Fund ¹	Benchmark
Since Inception ²	25.07.08 - 31.10.11	24.01%	14.91%
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 - 31.10.11	-29.41%	-28.16%
MTD	30.09.11 - 31.10.11	-3.94%	-4.51%

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	98.67%
Money Market	1.33%

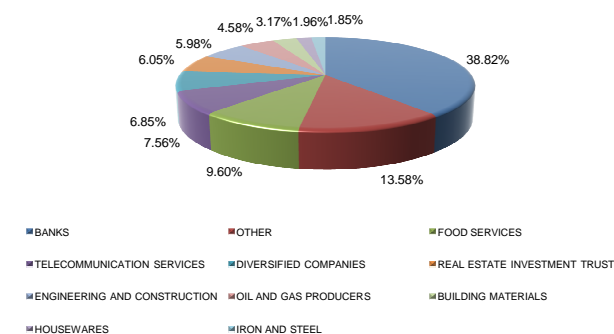
Top 10 holdings (%)

T IS BANKASI	ISCTR TI	8.43%
T GARANTI BANKASI	GARAN TI	7.74%
AKBANK	VAKBN TI	6.43%
BIM BIRLESIK MAGAZALAR A.S.	BIMAS TI	5.20%
TURKIYE VAKIFLAR BANKASI	VAKBN TI	5.04%
HACI OMER SABANCI HOLDING	SAHOL TI	4.62%
TURKIYE HALK BANKASI	HALKB TI	4.54%
TUPRAS	TUPRS TI	4.50%
TURKCELL ILETISIM	TCELL TI	4.23%
EMLAK KONUT GAYRIMENKUL	EKGYO TI	3.68%

Risk Ratios (Annualized)

	YTD	Since Inception
Fund Volatility	31.25	35.70
Benchmark Volatility	29.85	34.83
Tracking Error	4.31	5.40

Sector Breakdown



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 A Class : 1.75% p.a. (1.50% p.a. as of 2012) I Class : 1.75% p.a. (1.25% p.a. as of 2012) TRY Class : 1.75% p.a. (1.50% p.a. as of 2012)

Market Overview

Market environment has turned more challenging for Turkish equities especially for Turkish banks after CBT's recent actions. ISE drastically underperformed all global markets in terms of both local currency and USD. ISE100 underperformed MSCI EM by 19.1% in local currency and 14.4% in USD terms. MSCI Turkey underperformed MSCI EMEA by 18.8% in local currency and 14.1% in USD terms. After this underperformance, 2012E X PE of ISE diverged from that of PE 2012 estimate multiple of MSCI EM. 2012E X PE of ISE has become 8.39 while 2012E X PE of MSCI EM is at 9.5 levels after 20% outperformance in October. In addition, P/B of ISE100 is 1.2 which is 10% lower than that of MSCI EM which trade around 1.32 P/B level.

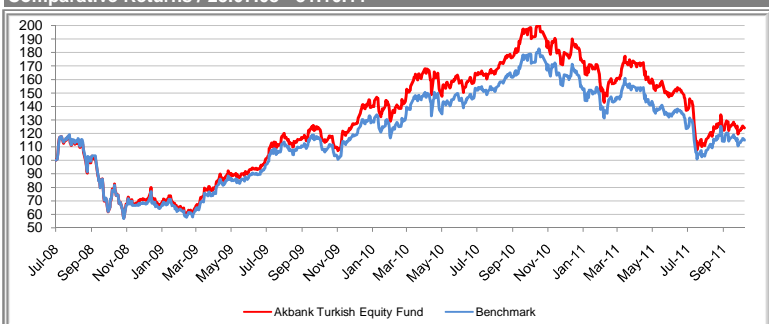
Banks constitute about 50% of all ISE coverage and recent CBT actions particularly hit Turkish banks' profitability and created a clear sign of increasing cost pressure and volatility. The CBRT announced a different monetary policy, designed to support the lira, restrain inflation and curb domestic demand. This policy tightening reverses some key aspects of their early easing policy. The rapid change of policy, the huge width of the interest rate corridor between the 5.5% 1-week repo rate and the 12.5% O/N rate, and the CBRT's daily ability to change market rates introduces significant uncertainty and volatility in interest rate policy. Also, the possibility of a policy rate hike in the future has also increased. Turkish banks are trading at 7.4x 2012E PE and 1.3x 2011E PB vs EEMEA average of 7.8x and 1.5x and global emerging markets average of 9.8x and 1.5x, respectively. Turkish valuations are well within their normal historic range despite CBT policy uncertainty at home and still not resolved EU debt crisis. Looking at the banking sector, we expect that high and volatile rates could bring 2012 earnings forecasts significantly lower. Fluctuating money market rates, changing FX v TRY reserve requirements, potential changes in the required reserve ratio, make forecasting more difficult than normal.

The Central Bank seems determined to squeeze liquidity in money markets in the short-term to keep effective borrowing cost near 12% in order to support Turkish lira and to tame inflationary expectations. The move, if persisted, will have a negative impact on economic growth. The new monetary policy stance is negative for the equity market and is likely to hit banking sector in particular. We could see further downside in the sector. On the other hand, in the EU debt crisis subject European leaders reached a broad agreement on a blockbuster package to stem the continent's crisis. The package includes a four to five fold increase in the eurozone bailout package, 50% "voluntary" haircut on Greece's debt, boosting the capital buffer of European banks by €106bn. As a first reaction, global equities welcomed the eurozone deal with a sharp rally in Wall Street and Asian bourses. However, no details have been announced yet regarding the financing of the package apart from some reports that China would invest in Europe's bailout fund. We cannot see investors having enough comfort and security to get long Turkish stocks in the short term. We worry that foreign outflows on the back of the reversal in monetary policy will drive underperformance under EU debt crisis uncertainty.

We bet on defensive players in this period like telecoms and retails which are more likely to have less hit by global market sell-off and decreasing domestic growth perspective after the CBT action reversal. We have reduced the weight of banks in our portfolio, expecting ISE 100 to trade between 50k- 58k levels in November.

	YTD	Since Inception
Jensen's Alpha	0.08	2.5
Sharpe	-1.30	-0.02
Information Ratio	-0.33	0.46
Beta	1.04	1.01

Comparative Returns / 25.07.08 - 31.10.11



The graph represents gross of fees performance.

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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