

## 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 98.71	EUR 151.17
Fund Size	:	EUR 29,258,040	
Launch Date	:	02 July 2008	
Currency	:	EUR	
Legal Status	:	Luxembourg SICAV	
Reference Index	:	97% ISE100 + 3% KYD O/N Repo Gross	

## Market Overview

ISE30 index declined by 6.6% in December. The retreat of ISE100 index was mildly smaller by 6%. In USD terms, the declines were 9.6% at ISE30 index, and 9% at ISE100 index. As seen from those figures, the main hit to the stock markets came from the TL devaluation, displaying the increased risk aversion. During the month, the benchmark bond yields rose from 10.40% to as high as 11.50%, closing the month slightly over 11% at 11.01%.

The CBT whose monetary policy inclination shifted from growth concerns to anti-inflationist stance was blamed by the market participants through the yield increases and TL depreciation. Under this financial stress, the bank stocks could not stand, pulling down the ISE banking index 8.2 percent in TL terms.

The relative underperformance of the ISE100 against MSCI EM index was 7.8 percent in USD terms. There was 2.6 percent underperformance against MSCI EMEA index. These figures showed the extent of domestic factors, or Turkey-only factors behind the underperformance.

If we ask what those factors are, we should focus on macroeconomic data flows. The developments on the current account deficit front, the cost and the volume of financing of the funding requirements of Turkey, and the price developments.

The growing concerns on Euro break-up, and the tensions in the Middle East region related with Iran and Syria, neighbouring Turkey prevented any year-end rising movement. Those concerns would continue to pressurize investment sentiment during the new year. Contrarily, any moderation in EuroZone debt crisis, and probable peaceful solutions in geopolitical problems in the Middle East region may surprisingly open a gate for a rally.

On valuation side, Bloomberg data says the P/E and P/B ratios for Turkish ISE100 index are 8x and 1.1x, respectively. According to Bloomberg data, compared with MSCI EM, Turkish ratios imply 14% discount on P/E counting, and 11% discount on P/B counting. Our bottom-up target Market Capitalization approach for the index is also represents 20% upside. 2012 EPS expectation for Turkish Equities is at 15% compared to GEM EPS expectation of 11.5%.

Performance	Fund <sup>1</sup>	Benchmark
Since Inception <sup>2</sup> 25.07.08 - 30.12.11	11.95%	5.75%
2009 31.12.08 - 31.12.09	83.23%	78.39%
2010 31.12.09 - 31.12.10	33.99%	30.01%
2011 31.12.10 - 30.12.11	-36.28%	-33.88%
MTD 30.11.11 - 30.12.11	-6.58%	-5.59%

<sup>1</sup> Fund performance is gross of fees and does not reflect the deduction of investment management fees, custodian fees or other expenses.

<sup>2</sup> 25.07.2008 is the start date of active portfolio management for Institutional class share.

## Investment Allocation (%)

Equities	97.45%
Money Market	2.55%

## Top 10 holdings (%)

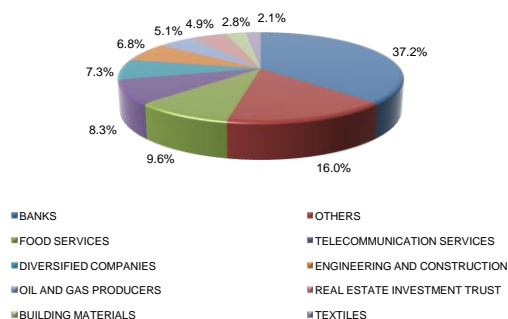
T GARANTI BANKASI	GARAN TI	8.99%
AKBANK	AKBNK TI	7.52%
T IS BANKASI	ISCTR TI	6.92%
TUPRAS	TUPRS TI	5.01%
HACI OMER SABANCI HOLDING	SAHOL TI	4.97%
TURKCELL ILETISIM	TCELL TI	4.81%
BIM BIRLESIK MAGAZALAR A.S.	BIMAS TI	4.76%
TURKIYE HALK BANKASI	HALKB TI	4.60%
EMLAK KONUT GAYRIMENKUL	EKGYO TI	4.08%
TURKIYE VAKIFLAR BANKASI	VAKBN TI	4.05%

## Risk Ratios (Annualized)

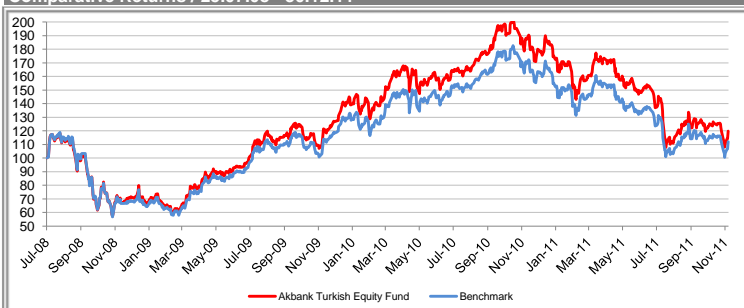
	YTD	Since Inception
Fund Volatility	31.10	35.48
Benchmark Volatility	29.85	34.63
Tracking Error	4.11	5.31

	YTD	Since Inception
Jensen's Alpha	-1.05	1.78
Sharpe	-1.38	-0.12
Information Ratio	-0.58	0.32
Beta	1.03	1.01

## Sector Breakdown



## Comparative Returns / 25.07.08 - 30.12.11



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 * Management Fee	TRY Class	: Daily
	A Class	: 1.75% p.a. ( 1.50% p.a. as of Feb 2012 )
	I Class	: 1.75% p.a. ( 1.25% p.a. as of Feb 2012 )
	TRY Class	: 1.75% p.a. ( 1.50% p.a. as of Feb 2012 )

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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