

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 136.53 | EUR 208.42 |
| Fund Size : | EUR 41,778,552 | |
| 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 - 31.10.13 | 44.74% | 43.87% |
| 2009 | 31.12.08 - 31.12.09 | 78.26% | 78.39% |
| 2010 | 31.12.09 - 31.12.10 | 30.82% | 30.01% |
| 2011 | 31.12.10 - 30.12.11 | -37.66% | -33.88% |
| 2012 | 30.12.11 - 31.12.12 | 61.22% | 63.17% |
| YTD | 31.12.12 - 31.10.13 | -12.36% | -16.62% |
| MTD | 30.09.13 - 31.10.13 | 5.39% | 5.24% |

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 | 95.77% |
| Money Market | 4.23% |

Top 10 holdings (%)

| | | |
|--------------------------|----------|-------|
| TURKIYE HALK BANKASI | HALKB TI | 8.60% |
| T GARANTI BANKASI | GARAN TI | 7.73% |
| AKBANK | AKBNK TI | 7.26% |
| HACI OMER SABANCI | SAHOL TI | 7.08% |
| T IS BANKASI | ISCTR TI | 6.80% |
| YAPI KREDI BANKASI | YKBNK TI | 4.26% |
| TURKCELL ILETISIM | TCELL TI | 3.88% |
| BIM BIRLESIK MAGAZALAR | BIMAS TI | 3.52% |
| TURKIYE VAKIFLAR BANKASI | VAKBN TI | 3.48% |
| TUPRAS(T PETR RAF) | TUPRS TI | 3.18% |

| Risk Ratios (Annualized) | YTD | Since Inception |
|--------------------------|-----|-----------------|
| Fund Volatility | 35% | 33% |
| Benchmark Volatility | 36% | 32% |
| Tracking Error | 7% | 5% |

Market Overview

There were 6 days of market holidays in October. The short-lived October formed a short-lived rising trend in Turkish stock market. The benchmark index, the BIST-100 index, increased by 4.2 percent in TL terms while the return in Euro terms reached at 5.2 percent. The FED tapering discussions were the main determinant of market moves. The market moves were parallel to market sentiment related with FED tapering expectations. When the market participants believe that the US Federal Open Market Committee (FOMC) could start tapering in the Purchase Program in near term, we see sell-offs in the markets.

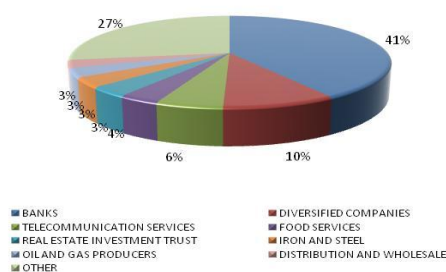
In October, the US government shutdown was commented as an excuse for a postponement in tapering, and the market hiked. The FOMC statement in the last trading day of October, however, faded the optimism about any longer delay in tapering. The declaration was concluded as the FOMC members agree on the decrease in the purchase amount, and the timing could be in coming first, second or latest third meeting. So, the market gave back its October returns in the first week of November. We think any solid tapering decision was priced in the stock market, and any additional selling pressure could be limited. Technical indicators which we examined say 70,000ish levels could be a bottom of any negative scenario. The fundamentals measured by P/E ratio also implies the same levels for the index. According to Bloomberg consensus figures, currently, the BIST100 index P/E ratio for 2014 is 9.6x compared with 10.4x of MSCI EM index. In any major sell-offs, the ratio will decline under 9x. Therefore, we believe, the market is somewhat defensive.

In domestic front, we are interested in the inflation and current account deficit data in order to measure the fragility of the financial stability. Inflation is rising before any plateau formation, and current account deficit is stabilizing after TL depreciation. This observation also supports our view that the sell-off pressure could not be destructive under any new normal condition. We should underline the importance of the results of local elections to be held on March-end. The longer term political scenarios would be written after the local elections, and Turkish financial future could be affected by any scenarios.

In such an environment, we are not so excited about the market movements. It comes us that the market would move in a trading band of plus and minus ten percent of current levels for a foreseeable future. Under these assumptions, we continue to focus on picking small-and-medium cap names. In last two months, we benefited from these picks. In September, MUTLU generated serious returns, and in October, MUTGG gifted us good yields. We study on new such names to pick, and as you experienced, we tries to preserve this investment strategy for that portfolio.

| | YTD | Since Inception |
|-------------------|-------|-----------------|
| Jensen's Alpha | 2% | 1% |
| Sharpe | -0.60 | 0.04 |
| Information Ratio | 0.38 | 0.24 |
| Beta | 0.98 | 1.01 |

Sector Breakdown



Comparative Returns / 25.07.08 - 31.10.13



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:IX; AKTKEQA:IX) |
| | 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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