Akbank Turkish Fixed Income Fund

Turkish Fixed Income Fund invests in sovereign and corporate debt securities issued in Turkey. The utilization of local know-how, active duration management, curve positioning and individual security selection helps to enhance the fund return and outperforms passive investing. The investment style of the fund is a combination of Top – Down & Spread Trader. The product is suitable for medium to long term investors with higher risk appétite. The risks related to movements in bond prices, resulting from interest-rate fluctuations and currency developments and to some extent changes in the quality of the corporate held portfolio. Selection of securities is conducted in line with the investment manager's risk management policies and guidelines.

Fund Information

NAV (Class I - Class A) : EUR 113,72 EUR 123,78

 Fund Size
 : EUR 36.318.743

 Launch Date
 : 02 July 2008

 Currency
 : FUR

Legal Status : Luxembourg SICAV

Reference Index* : 90% KYDABI + 10% KYD O/N Gross
*The benchmark has been updated as of 02/01/2012. KYDABI: KYD All Bond Index
(www.tkyd.org.tr)

Performance Figures		Fund ¹	Benchmark
Since Inception ²	07.08.08 - 31.07.15	17%	18%
2009	31.12.08 - 31.12.09	17%	18%
2010	31.12.09 - 31.12.10	15%	16%
2011	31.12.10 - 30.12.11	-12%	-12%
2012	30.12.11 - 31.12.12	21%	22%
2013	31.12.12 - 31.12.13	-20%	-21%
2014	31.12.13 - 31.12.14	21%	22%
YTD	31.12.13 - 31.07.15	-7%	-7%
MTD	30.06.15 - 31.07.15	-2%	-2%
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¹ Fund performance is gross of fees and does not reflect the deduction of investment management

² 07.08.2008 is the start date of active portfolio management for Institutional class share

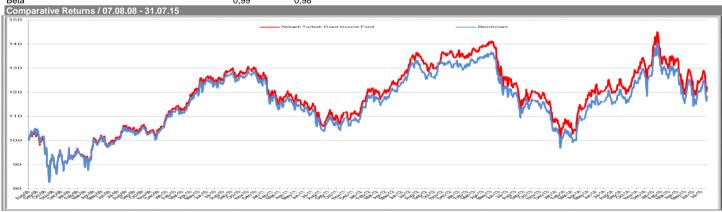
Investment Allocation (%)	
Bonds	93,58%
Money Market	6,42%
Top holdings (%)	
TRT270116T18	15,11%
TRT240216T10	13,44%
TRT150120T16	11,11%
TRT120122T17	8,94%
TRT1200325T12	7,33%

Risk Ratios (Annualized)	YTD	Since Inception
Fund Volatility	15%	14%
Benchmark Volatility	15%	13%
Tracking Error	0,04	0,03
Jensen's Alpha	0,00	0,00
Sharpe	-1,20	-0,30
Information Ratio	0,06	0,16
Beta	0,99	0,98

Market Overview

In July, the FED meeting was again one of the most important agenda items for the markets. Additionally, concerns about China economy and the tumbling in the Chinese Stock Exchange affected the EM markets negatively. As a result of this, the commodity prices crashed dramatically, especially for case of gold and oil prices which declined by around 6.5% and 18.5%, respectively. In the US, investors need to see if the inflation outlook will improve in the upcoming months in addition to the job market, but this is not a necessity for the FED to lift of the fed funds rate. FED governors have also been signaling September as a potential date to raise the rates. The Greek debt problem seems to be solved for the time being, yet that may be a hot issue on the table any time again. For the case of Turkey, the negotiations to form a coalition government have still been continuing and the deadline for it is mid-August. Additionally, some other domestic problems are also troublesome, and they may be affecting the progression of such negotiations. The decline in the yearly inflation has again been more visible, yet the core inflation is still at elevated levels. The CBRT presented the quarterly Inflation Report at the end of July, and the Governor Basci mentioned that they are considering simplifying their monetary policy soon by cancelling the interest rate corridor mechanism and switching to orthodox monetary policy. This may make the policy easier to understand for economists and investors, and increase the appeal of Turkish assets for foreign investors. In July, emerging markets moved negatively in their stocks, currencies and the rate markets in general.

On the domestic side, the CBT kept its policy rate constant at 7.5%, referring to the elevated food prices and the depreciation of the currency. The y-o-y inflation rate fell from 7.2% to 6.8%, due to the declining food prices as a result of the better weather conditions, yet it is still considerably higher than the CBRT's targets at 5%. Although the economic activity is sluggish as PMI, industrial production and similar data show, the recent data shows there is slight improvement in the economic activity. The yield curve's inversion slightly decreased as the 2 yr benchmark interest rate moved from 9.75% to 10.00% throughout the month, and 10 year bond rate rose from 9.40% to 9.60%. The CBRT keeps its funding policy as tight while staying reluctant to do any rate-hike. Turkish Lira outperformed some of its peers, and depreciated from 2.68 to 2.77 against the US Dollar, while oscillating around 2.80 level. 5 year Turkish CDS spreads rose from 225 to 235, outperforming some of its EM peers. The real effective exchange rate was announced to be 99.55; slightly higher than the prior month's reading of 98.29, which shows TL's weakness against its trade partners still continue. The O/N reverse repo rates have still been trading closer to the upper bound of the interest rate corridor, as the CBRT is aware of the weakness of the currency. The Turkish Treasury successfully completed its domestic financing program in July and the total amount issued to the market was realized as TRY 4.7bn.



The graph represents gross of fees performance

Administrative Information Registered Countries Luxembourg Fund Name Akbank Turkish SICAV ISIN: A Class LU0366550621 Germany I Class LU0366550977 The Netherlands Bloomberg (AKTKFII:LX; AKTKFIA:LX) TRY Class LU0451096159 Registered Databases WKN: A Class A0Q8MB Lipper I Class A008MD Morningstar (Germany, Netherlands) Minimum Subscription: A Class **EUR 50** Software-systems I Class EUR 5.000 Investment Manager Ak Asset Management Inc. TRY Class TRY 100.000 Administrator / Custodian Citibank International plc (Luxembourg Branch) Subscription/Redemption * Daily Independent Auditors Ernst & Young S.A. A Class 1 00% p.a. Management Fee I Class 0.75% p.a. 0.75% p.a. TRY Class

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^{*} 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.

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