

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 appetite. 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 99.31	EUR 108.52
Fund Size	: EUR 32,303,069	
Launch Date	: 02 July 2008	
Currency	: EUR	
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.kyd.org.tr)

Performance Figures

		Fund ¹	Benchmark
Since Inception ²	07.08.08 - 31.01.14	0.69%	1.21%
2009	31.12.08 - 31.12.09	17.34%	17.55%
2010	31.12.09 - 31.12.10	14.73%	15.54%
2011	31.12.10 - 30.12.11	-11.94%	-12.11%
2012	30.12.11 - 31.12.12	20.88%	22.08%
2013	31.12.12 - 31.12.13	-20.45%	-21.48%
YTD	31.12.12 - 31.01.14	-2.40%	-2.82%
MTD	31.12.13 - 31.01.14	-2.40%	-2.82%

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	97.52%
Money Market	2.48%

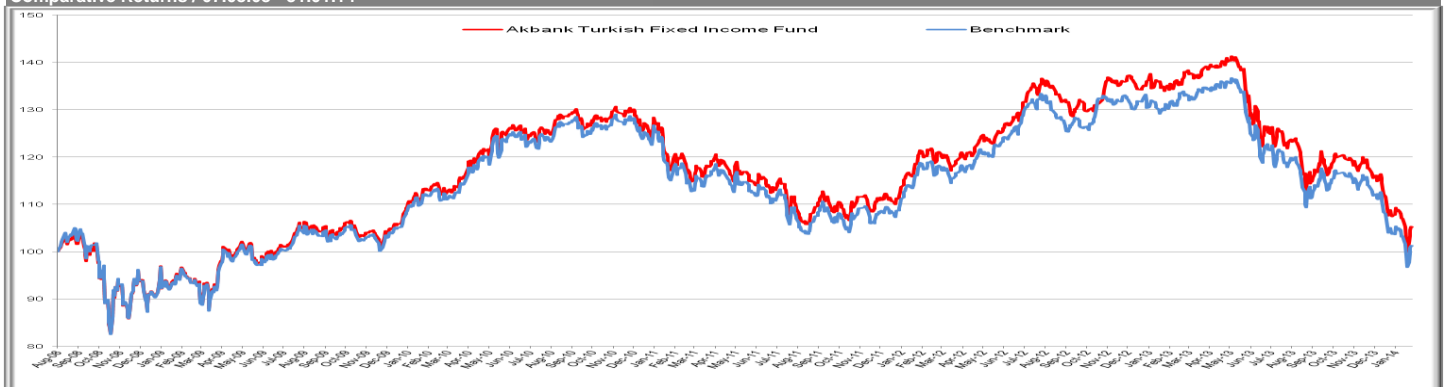
Top holdings (%)

TRT270923T11	12.17%
TRT200618T18	10.28%
TRT070115T21	8.69%
TRT140922T17	7.37%
TRT130515T11	7.10%

Risk Ratios (Annualized)

	YTD	Since Inception
Fund Volatility	18%	13%
Benchmark Volatility	17%	13%
Tracking Error	4%	3%
Jensen's Alpha	3%	1%
Sharpe	-1.79	-0.46
Information Ratio	0.89	0.25
Beta	0.98	0.98

Comparative Returns / 07.08.08 - 31.01.14



The graph represents gross of fees performance.

Administrative Information

Fund Name	: Akbank Turkish SICAV	Registered Countries	: Luxembourg
ISIN :	A Class : LU0366550621		Germany
	I Class : LU0366550977		The Netherlands
	TRY Class : LU0451096159	Registered Databases	: Bloomberg (AKTKFII:LX; AKTKFIA:LX)
WKN :	A Class : A0Q8MB		Lipper
	I Class : A0Q8MD		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 * Management Fee	: Daily	Independent Auditors	: Ernst & Young S.A.
	A Class : 1.00% p.a.		
	I Class : 0.75% p.a.		
	TRY Class : 0.75% p.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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Market Overview

Due to the unemployment rate of 6.7 %, the FED continued tapering by reducing the bond purchases by \$10 bn in January, as expected. Additionally, the market consensus has been structured such that the FED will continue decreasing asset purchases by \$10 bn in each of its meetings throughout 2014. During the month, emerging markets experienced negative returns on their currencies, stock markets and interest rate markets against the developed markets caused by a global risk-off theme. Under this theme, the political tension in Turkey starting from the middle of December has caused the country to underperform more severely. Although the tension has decreased recently, it may be expected to continue until the local elections at the end of March.

In this respect, The Turkish Lira depreciated harshly against the EUR+USD basket by rising from 2.58 to the historical high intraday levels of 2.83 during the month. Due to this fast depreciation, the Turkish Central Bank (CBRT) organized an extraordinary monetary policy meeting and increased the policy rate to 10% from 4.50%. After this rate hike, the Turkish Lira appreciated till 2.15 levels and then settled around 2.25 levels. Two year benchmark bond yield rose from 10.10 % at the end of December to 11.05 % throughout the month. 5 year Turkish CDS spreads also rose to 270 bps at the end of January from 244 bps. The real effective exchange rate fell from 106.9 to 101.2.

On the domestic side, the y-o-y inflation rate rose from 7.4 % to 7.8 % level. On the 28th of January, due to the radical depreciation of TRY, the CBRT monetary policy committee gathered extraordinarily and announced a substantial rate hike. It increased the 1 week repo rate to 10% from 4.5% and the upper band of the interest rate corridor to 12% from 7.75%. Due to this hike, the yield curve became inverted by more than 80 bps between the 2 year and the 10 year rates. This action affected the short-term bonds negatively; and long-term bonds positively. The Turkish Treasury successfully completed its domestic financing program and the total amount issued to the market was realized as TRY 6.9 bn as planned. Credit spreads were unchanged or slightly increased in January as the rates were rising; but the demand for floating rate instruments is also rising.

We have outperformed the benchmark index marginally due to short term weight deviations in the long end of the curve. Close to the month end we have closed our 2 year position in a good level where asw of this sector turned to be negative that we consider non-sense for long term.