

FLOW OF FUNDS REPORT

TUYID Q2 2015

August, 2015

Dear Readers,

We hereby present the Flow of Funds Report for the second quarter of 2015. This Report provides details on the inflow and outflow of international funds, investment types, regions and top buyers/sellers on Borsa İstanbul and three peer markets, Russia, Poland and Hungary. You will also find detailed information that will help plan your roadshows.

We believe that the report will be important in shedding light on trends in flow of international funds, and will facilitate important analyses for investor relations professionals.

In Q2 investment in the four markets (Turkey, Russia, Poland and Hungary) was all positive. The largest inflows were recorded in Turkish equities with net purchases of \$783M; Russia was a close second with \$727M inflows. Poland and Hungary saw inflows of \$424M and \$175M, respectively. Value investors continued to support the market and were by far the largest buyers in Turkey. Growth investors reversed their selling in Q1 and were relatively flat in the quarter – they have been seeing buying WEU equities again in Q2 2015, a clear sign on “risk on” conditions in which they display a preference for developed not emerging markets. UK investors switched to positive in Q2 with North American investors also net buyers; other non-domestic support came from Scandinavia. Asia continued to be negative for the fourth consecutive quarter.

This Report was prepared by IPREO, in cooperation with TÜYİD, using IPREO’s database. We trust it will continue to provide an important insight for the market players and will be published quarterly for your attention.

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MD for Corporate/Data & Analytics for EMENA
Nick Arbuthnott

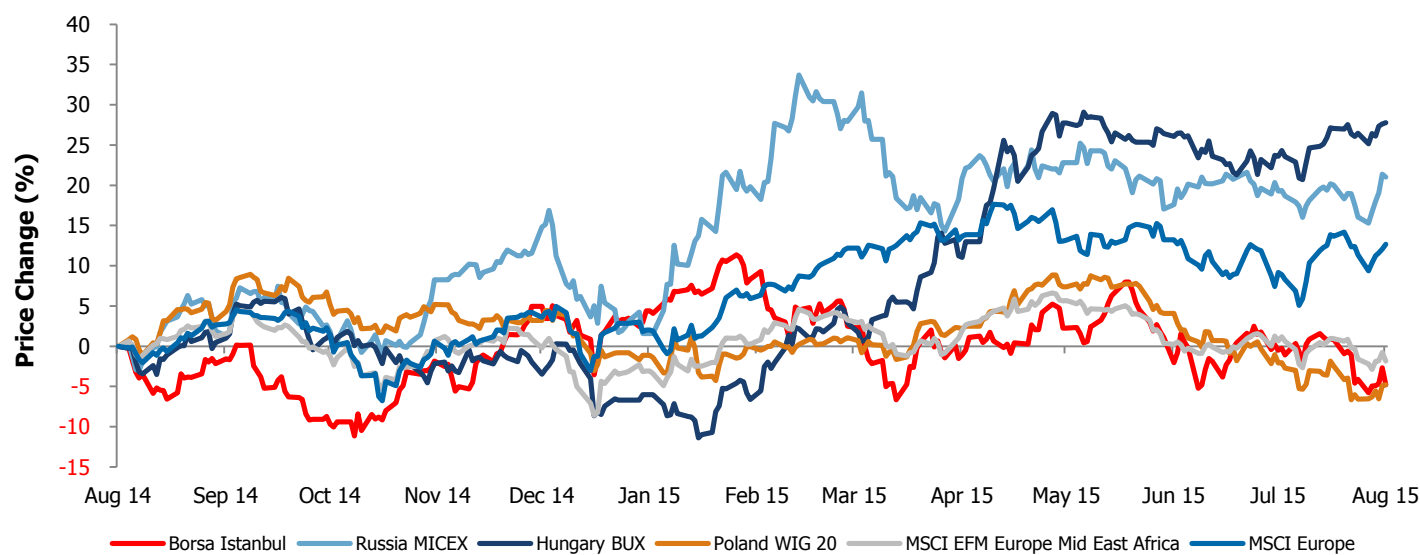
TÜYİD Turkish IR Society
Chairwoman
Özge Bulut Maraşlı

Acknowledgements: We express our gratitude to Nick Arbuthnott and Dominic Mattiucci from IPREO Global Markets Intelligence and TÜYİD member Işıl Bük for their contributions.

Disclaimer: The evaluations and the information in the Report, where you can find significant statistics about listed stocks in Borsa İstanbul, are prepared based on IPREO’s database. Investment information, comment and advices are not in the enclosure of investment consultancy and do not comprise information for buying and selling decisions in the capital markets. The data and the information in the Report cannot be guaranteed to be correct; the content can be changed without announcing. All the data are taken from the sources thought to be reliable. IPREO and TÜYİD cannot be taken responsible for the problems that might emerge out of using these sources.

Price performance:

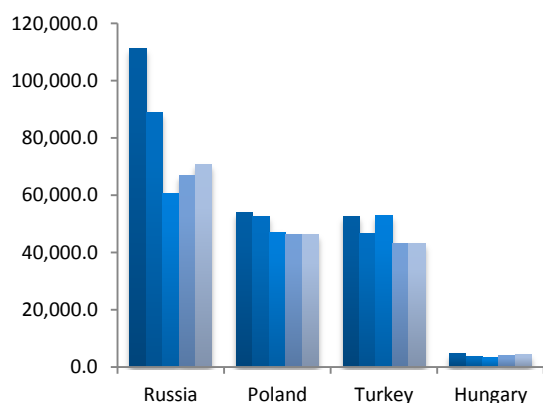
Over the twelve months to August 2015, the BIST 100 index fell 4.8% along with the Polish WIG20 (also -4.8%). Russia continued to distance itself from the price of oil with the Russian MICEX up 21.0%. The Hungary BUX recorded the largest increase in the basket with a return of 27.8% over the same period.



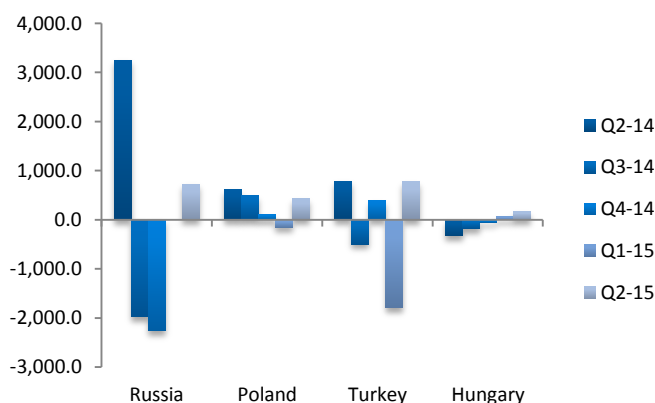
Q2 Inflows and Outflows:

Investors returned to Turkey in Q2 with net inflows of \$783M against net sales in the previous quarter of \$1.8B. Russia was close behind with net investment of \$727M after a relatively flat Q1 (+\$6M). Poland and Hungary also saw aggregated inflows of \$424M and \$175M respectively.

Institutional Investment in Region (\$M Value)



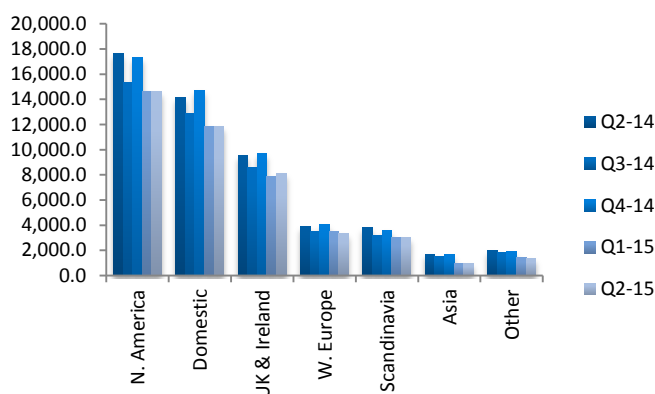
Institutional Investment in Region (\$M Change)



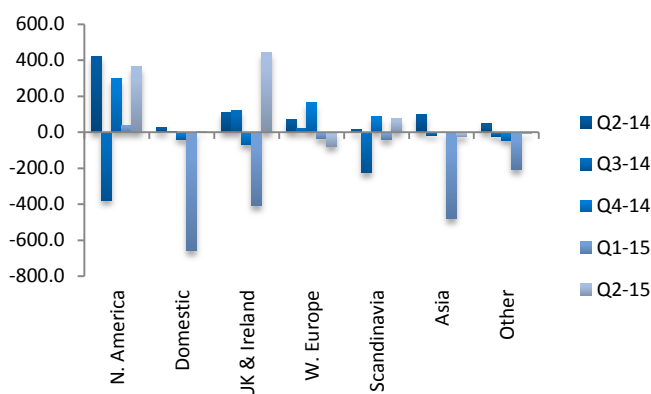
Q2 – Investment by Investor Region:

The main driving force behind the investment into Turkey came from UK based investors – after net sales in Q1 of \$407M they bought \$445M, with Mondrian Investment Partners, LTD the largest buyer from the region with net purchases of \$240M. This result of heavy UK investment reflects that for WEU, they overtook the US as top buyers. Aberdeen Asset Managers, LTD (U.K.), one of the largest sellers in Q1 renewed its interest in Turkey by increasing its position by \$28M. North American investors were the second largest regional buyers of the market with combined inflows of \$366M with Grantham Mayo Van Otterloo & Co., LLC (the second largest buyer in Q1) claiming the top spot with purchases of \$258M, effectively increasing its exposure by 54.5%. Lazard Asset Management, LLC (U.S.) – the largest buyer in Q1- reduced its position by \$54M making it the second largest seller (behind Thornburg Investment Management, Inc. who sold \$118M), though Lazard still remains the largest holder with \$1.7B in invested funds. Scandinavian investors returned to the market with investment of \$77M while W. European investors continued to sell with \$77M outflow. Asian investors continued to sell, though at a slower rate than the previous quarter.

Institutional Investment by Region (\$M Value)



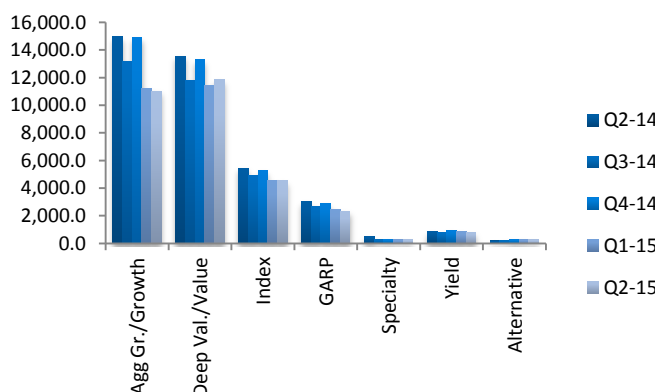
Institutional Investment by Region (\$M Change)



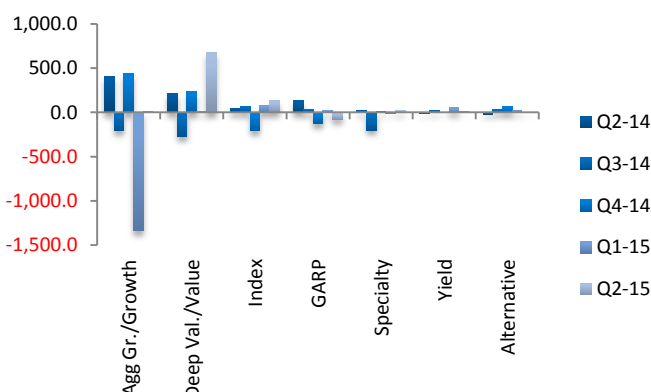
Q2 – Investment by Style:

Value/deep value investors offered the most support to the market with net increases of \$677M. Index investors were a distant second with net purchases of \$131M. Aggressive growth/growth investors returned to positive territory, albeit very slight, with net purchases of just \$8M – this was, however, on the back of major sales in Q1 to the tune of \$1.3B. While that is good news - at least growth investors were not heavy net sellers- (a) GARP investors swung from positive to negative to register net reductions of \$78M mainly down to Thornburg's sale of \$118M – excluding Thornburg this style of investor would also be positive on the market and (b) growth investors have shifted heavily into WEU equities in Q2 suggesting that they are in "risk on" mode. All other investment styles were net buyers: Specialty \$22M; Yield \$6.M and Alternative \$4M.

Institutional Investment by Style (\$M Value)



Institutional Investment by Style (\$M Value)

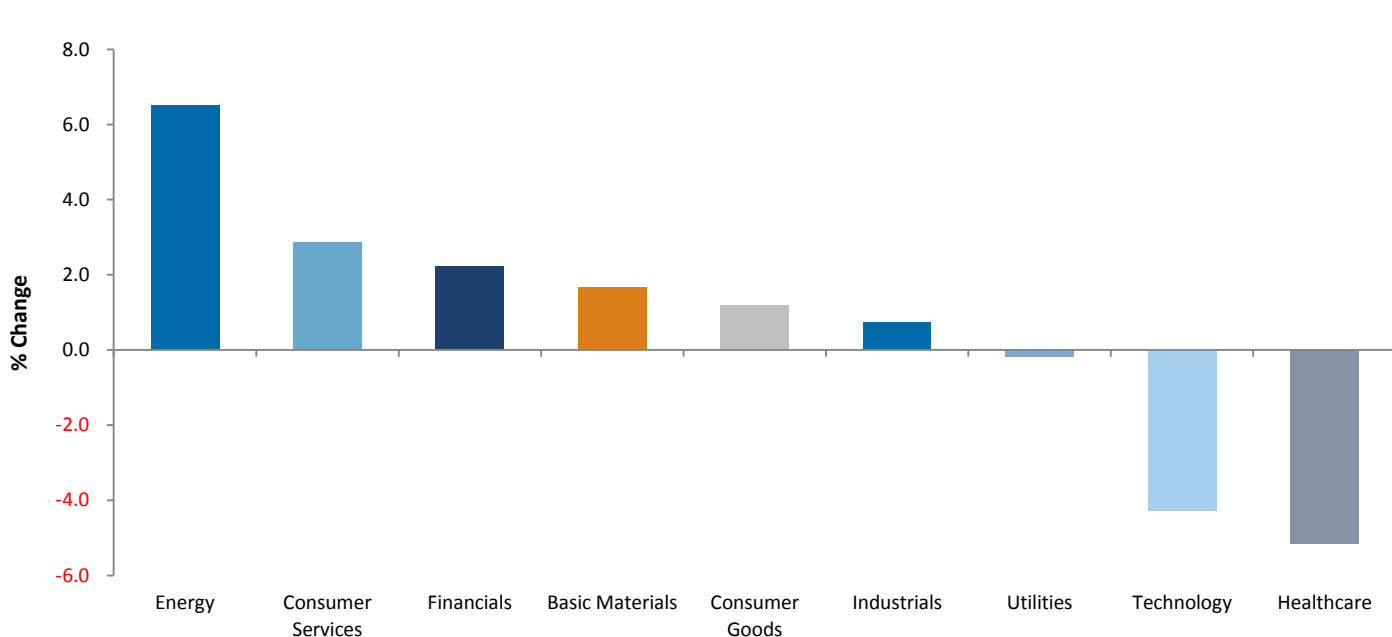


Top Holders, Buyers & Sellers: Q2-15

TOP HOLDERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Lazard Asset Management, LLC (U.S.)	United States	Value	Medium	81,229.0	1,735.7	-53.9	2.1	-3.0
Norges Bank Investment Management (Norway)	Norway	Value	Low	556,297.1	1,405.6	-0.1	0.3	-0.0
Aberdeen Asset Managers, LTD (U.K.)	United Kingdom	Growth	Low	126,386.7	1,343.0	27.5	1.1	2.1
Dodge & Cox	United States	Deep Value	Low	178,902.0	979.7	25.7	0.5	2.7
OppenheimerFunds, Inc	United States	Growth	Medium	148,015.5	871.2	27.4	0.6	3.3
Grantham Mayo Van Otterloo & Co., LLC	United States	Value	Medium	68,454.6	730.9	257.8	1.1	54.5
APG Asset Management N.V.	Netherlands	Yield	Low	148,551.1	713.4	0.0	0.5	0.0
J.P. Morgan Asset Management (UK), LTD	United Kingdom	Growth	Medium	102,913.4	694.3	-15.1	0.7	-2.1
BlackRock Investment Management (U.K.), LTD	United Kingdom	Growth	Low	334,303.8	647.0	14.0	0.2	2.2
Genesis Investment Management, LLP	United Kingdom	Growth	Low	22,795.2	630.6	0.3	2.8	0.1
				9,751.3	283.7			
TOP BUYERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Grantham Mayo Van Otterloo & Co., LLC	United States	Value	Medium	68,454.6	730.9	257.8	1.1	54.5
Mondrian Investment Partners, LTD	United Kingdom	Value	Low	24,794.2	352.7	239.8	1.4	212.2
Somerset Capital Management, LLP	United Kingdom	Value	Medium	3,032.1	214.0	59.2	7.1	38.2
SKAGEN AS	Norway	Value	Medium	11,431.0	416.0	56.2	3.6	15.6
Schroder Investment Management, LTD	United Kingdom	GARP	Medium	122,895.8	501.7	34.9	0.4	7.5
Fidelity Management & Research Company	United States	Growth	Low	846,268.5	389.2	34.7	0.0	9.8
Columbia Management Investment Advisers, LLC	United States	Value	Medium	164,402.4	73.4	27.9	0.0	61.4
Aberdeen Asset Managers, LTD (U.K.)	United Kingdom	Growth	Low	126,386.7	1,343.0	27.5	1.1	2.1
OppenheimerFunds, Inc	United States	Growth	Medium	148,015.5	871.2	27.4	0.6	3.3
Dodge & Cox	United States	Deep Value	Low	178,902.0	979.7	25.7	0.5	2.7
				5,871.7	791.0			
TOP SELLERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Thornburg Investment Management, Inc.	United States	GARP	Medium	41,752.3	52.6	-118.4	0.1	-69.2
Lazard Asset Management, LLC (U.S.)	United States	Value	Medium	81,229.0	1,735.7	-53.9	2.1	-3.0
MFS Investment Management	United States	Value	Low	255,191.7	49.8	-53.2	0.0	-51.7
RAM Active Investments S.A.	Switzerland	Value	Very High	3,099.6	101.2	-41.4	3.3	-29.0
Templeton Asset Management, LTD	Hong Kong	Growth	Low	18,886.1	214.7	-39.8	1.1	-15.6
Goldman Sachs Asset Management International, LTD (U	United Kingdom	Growth	High	15,676.1	414.6	-20.6	2.6	-4.7
Driehaus Capital Management, LLC	United States	Aggressive G	Very High	5,126.5	30.8	-20.6	0.6	-40.1
Raiffeisen Kapitalanlagegesellschaft mbH	Austria	GARP	Medium	3,539.8	120.0	-19.6	3.4	-14.1
Scout Investments, Inc.	United States	Growth	High	8,402.4	78.7	-19.1	0.9	-19.5
Vontobel Asset Management, Inc. (U.S.)	United States	Growth	Medium	31,307.3	12.6	-16.9	0.0	-57.4
				2,810.6	-403.5			

Includes Investors with EUM greater than \$100M; Excludes Passive/Index Investors

Sector Inflows/Outflows:



Road show:

London and New York remain the top key cities for road show activities, having the most investors as well as the largest investment in Turkish equities with \$5.6B and \$3.2B, respectively. London was also the top buying city in the quarter with inflows of \$388M with the bulk of this support coming from Mondrian Investment Partners, LTD which increased its portfolio in the market by \$240M over the period.

Most Invested				
Country / City	Total Equity Assets (\$M)	Value (\$M)	Activity (\$M)	# Firms
United Kingdom (London)	1,665,598.8	5,599.4	387.5	77
United States (New York)	2,191,854.6	3,180.7	-32.8	40
Norway (Oslo)	581,360.8	1,426.4	1.0	4
United States (Boston)	2,032,797.5	1,422.7	284.8	17
United Kingdom (Aberdeen)	126,386.7	1,343.0	27.5	1
United States (San Francisco)	319,253.0	1,049.2	18.6	5
Switzerland (Geneva)	82,467.5	731.9	-31.1	8
Netherlands (Amsterdam)	154,788.4	717.1	0.6	4
Sweden (Stockholm)	202,530.4	613.0	10.6	12
United States (Atlanta)	201,228.9	478.7	4.4	4
Singapore (Singapore)	129,334.6	424.9	26.1	11
Norway (Stavanger)	11,431.0	416.0	56.2	1
Germany (Frankfurt)	198,743.2	381.5	-7.6	10
France (Paris)	228,543.3	367.4	-1.2	15
Turkey (Istanbul)	389.4	358.6	-5.9	8
United States (Chicago)	159,918.3	338.1	-9.7	10
Bahamas (Nassau)	50,002.6	329.9	2.6	1
Qatar (Doha)	1,559.3	305.2	0.0	1
Poland (Warsaw)	19,917.4	281.3	0.0	22
Canada (Toronto)	511,295.0	240.4	5.9	17
Excludes Passive/Index Investors		20,005.3	737.5	270

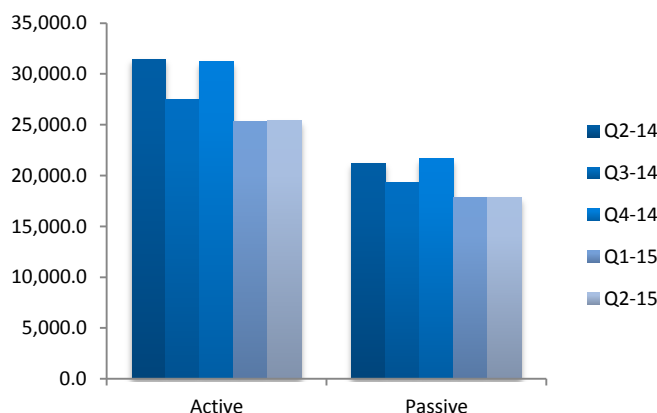
Most Investors				
Country / City	Total Equity Assets (\$M)	Value (\$M)	Activity (\$M)	# Firms
United Kingdom (London)	1,665,598.8	5,599.4	387.5	77
United States (New York)	2,191,854.6	3,180.7	-32.8	40
Poland (Warsaw)	19,917.4	281.3	0.0	22
United States (Boston)	2,032,797.5	1,422.7	284.8	17
Canada (Toronto)	511,295.0	240.4	5.9	17
Japan (Tokyo)	365,080.8	226.7	-0.7	17
France (Paris)	228,543.3	367.4	-1.2	15
South Korea (Seoul)	45,625.0	18.6	0.0	15
Sweden (Stockholm)	202,530.4	613.0	10.6	12
Singapore (Singapore)	129,334.6	424.9	26.1	11
Taiwan (Taipei)	17,208.6	18.1	-2.0	11
Germany (Frankfurt)	198,743.2	381.5	-7.6	10
United States (Chicago)	159,918.3	338.1	-9.7	10
Austria (Vienna)	9,632.6	225.9	-17.7	10
Finland (Helsinki)	12,342.0	60.6	-10.9	9
Switzerland (Geneva)	82,467.5	731.9	-31.1	8
Turkey (Istanbul)	389.4	358.6	-5.9	8
Denmark (Copenhagen)	74,338.2	239.7	12.6	8
United States (Los Angeles)	1,057,500.4	206.2	49.8	8
Switzerland (Zürich)	231,496.3	189.2	-5.9	8
Excludes Passive/Index Investors		15,125.0	651.9	335

Active vs. Passive investors:

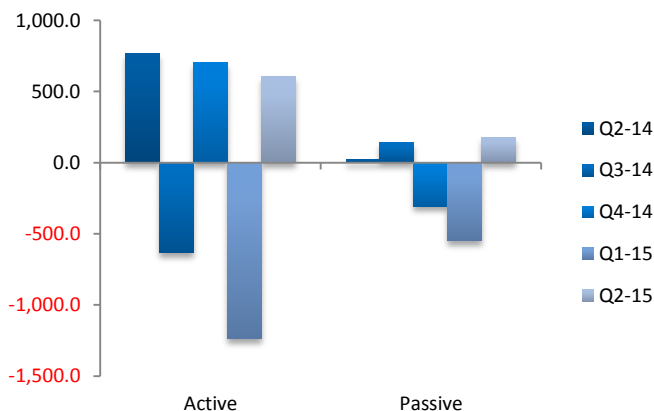
After a negative swing in Q1, active investors returned to positive territory increasing their overall exposure to the market with increases of \$603M – however they still have a lot of ground to make up after their \$1.2B disposals in the previous quarter.

Passive investors, after two consecutive quarters of net selling, increased their aggregated portfolios by \$180M, which was largely led by The Vanguard Group, Inc. increasing its market exposure by \$56M, out of total North American passive purchasing of \$1295M.

Active vs Passive (\$M Value)



Active vs Passive (\$M Change)



Institutional Investment Styles

Aggressive Growth – Investors in this category invest in companies that have very high revenue, EPS growth rates and multiples relative to the overall market. These companies usually do not pay any dividends and are at the early stages of growth. Aggressive Growth investors exhibit a higher portfolio turnover than other styles of investors.

Alternative – Primarily used to classify hedge funds that use various strategies that fall outside the traditional investment strategies that can be categorized as the above. A catch-all for lightly regulated investment vehicles that have the ability to "go-anywhere" and invest long or short in any type of security – equity, debt, commodity, options, currency, etc. Hedge funds seek to earn above market returns for their clients while at the same time controlling risk factors. Hedge funds have grown in prominence over the years as their returns net of fees (typically 2% management, 20% incentive) have outperformed mutual fund and pension managers performance. Recently, many hedge funds have gained notoriety as "activists" demanding change (leadership or strategic) at companies in North America, Europe and Asia.

Asset Allocation – Asset allocation managers allocate their investments among stocks, bonds, and cash equivalents, among others. It is primarily dictated by the various needs of clients and used by many smaller firms and banks.

Deep Value – Investors in this category employ an extreme style of value investing where they invest in companies with very low valuations versus their own historic valuation, and in relation to the overall market. Usually the companies or the industries they are in have been out of favour in the marketplace for an extended period of time.

GARP – These institutions seek to add growth stocks to their portfolios, but will not pay a premium price to obtain the securities. Thus, investors of this type are categorized as GARP, or "growth at a reasonable price," investors. Investors utilizing this investment approach will use methodologies and indicators favoured by both growth and value investors, but neither of the aforementioned styles dominates the process.

Growth – These institutions place the greatest emphasis in their selection process on the growth prospects of a company's earnings. Growth investors prefer companies where bottom line growth will average at least 15% annually and are willing to pay above market average multiples for a stock. At the first sign of an earnings slow-down, however, growth investors are often the quickest to sell.

Index – These institutions strive to match the performance of an equity index such as the MSCI EAFE Index or the S&P 500 Index, while at the same time keeping trading costs at a minimum. An institution accomplishes this by holding the stocks that comprise the index in its portfolio at the same proportion as the index. Indexing is a passive style of investing; stocks are bought and sold based upon their inclusion in an index and not on their fundamentals. Please note, index investors are not familiar with the companies in which they have made investments and are therefore considered investor relations immune.

Other – This style is applied to companies that are not investment firms, such as public companies.

Private Equity – This style is applied to firms that are private equity investors and their public equity holdings are the result of pre-IPO holdings.

Specialty – Applied to firms with investment strategies that cannot be categorized due to the specific nature of their focus. Industry or sector specific focus is the most common example of a Specialty investor.

Value – Value-oriented institutions prefer stocks that are trading at undervalued levels relative to some valuation such as a stock's intrinsic value or a company's free cash flow. Value investors tend to have longer-term investment horizons than their growth counterparts as they wait for the convergence of value and price.

Venture Capital – This style is applied to firms that are venture capital investors and their public equity holdings are the result of pre-IPO holdings.

Yield – Yield investors are sensitive to a high dividend yield and invest in companies with yield levels very high compared to the market yield, and have a history of paying and increasing dividends over time.

Orientation

Active – Indicates that the final investment decision making process at an institution is enacted by a portfolio manager or analyst. While computer screening models may be used in the investment process they are not utilized to make the final investment decision.

Passive – This category primarily captures index and quantitative investors. These investors utilize computer models to define an investable universe and make final portfolio decisions. Investor relations officers cannot influence these investment decisions.