

FLOW OF FUNDS REPORT

TUYID Q4 2014

February, 2015

Dear Readers,

This volume of the Flow of Funds Report, covering the last quarter of 2014, which provides important insight about the inflow and outflow of funds, as well as investment types, regions and top sellers and buyers and other important information related to Turkish market and international investments as well as key cities for road shows, is prepared for your attention.

We, as TÜYİD and IPREO, believe that the report will be an important guide to shed light on trends with regard to international flows, which will facilitate the investor relations professional's operations.

In comparison, In Q4 Russia saw largest outflows, where Poland saw biggest inflows ,where Turkey was largely flat. Growth and value investors switched from net buyers to net sellers of Turkey in Q3 and stayed that way in Q4. Index and GARP investors stayed net buyers one quarter longer, then sold in Q4 selling more heavily than growth or value investors in Q4. North American switched from net sellers to net buyers of Turkish equities in Q4, and Western European investors have been buyers since Q2 where UK investors have been negative for 2 quarters (much more heavily in Q4) and Scandinavian were sellers or flat all of 2014. Investors who were sceptical or taking profits in Q4 2014 have revised their opinions in 2015 and see that Turkey's prospects for the year are the best they have been for a considerable time.

This Report is 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.

IPREO
MD for Corporate/Data & Analytics for EMENA
Nick Arbuthnott

TÜYİD Turkish IR Society
Chairman
Abdullah Orkun Kaya

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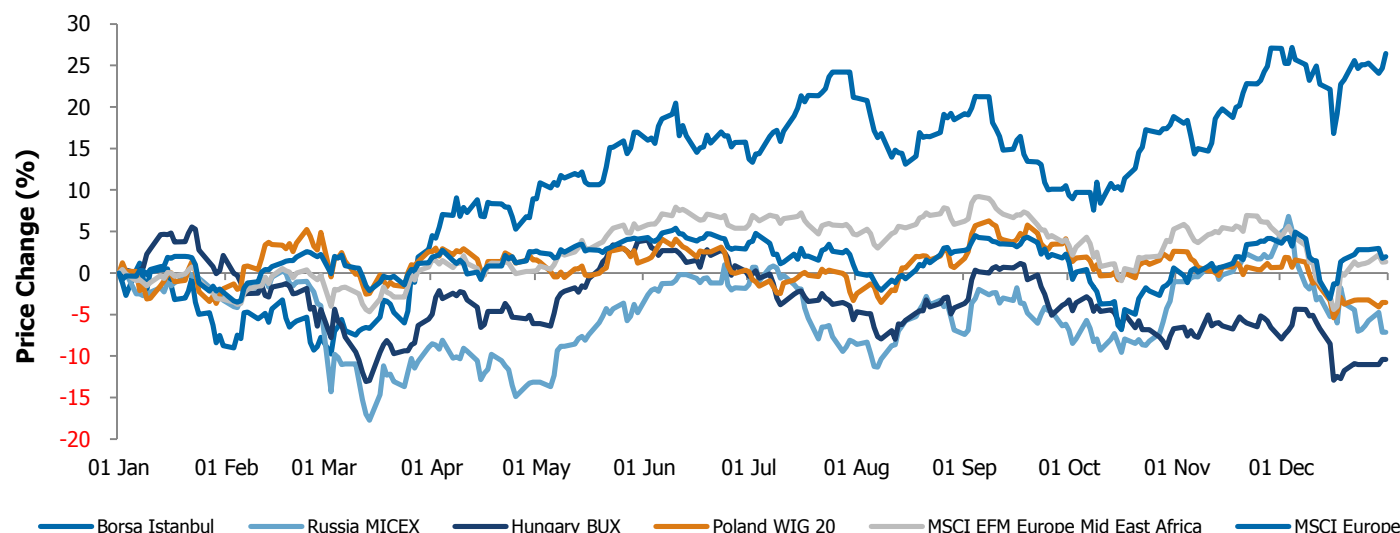
Price performance:

The BIST National 100 was the strongest performing index in the basket posting gains of 26.4% over the year. After a difficult year Russia separated itself from the performance of Brent Crude and returned a performance of -7.1%. Hungary was the worst performing index over the period with a return of -10.4%.

"Turkey and South Africa were also among a number of countries seen as significant beneficiaries of lower oil prices that could ease current account and inflation issues for energy importers."

Templeton Emerging Markets Investment Trust (TEMIT) - 31st December 2014

<http://www.franklintempleton.co.uk/downloadsServlet?docid=h0iay8id>



Q4 Inflows and Outflows:

Even though Turkey was the best performing index, investment in Q4 was relatively flat with net sales of just \$53m – about 8% of the rate of net sales in Q3. The selling was largely driven by UK investors, the largest of them by far being Aberdeen Asset Managers, LTD (U.K.) which reduced its exposure to Turkey by \$522 m over the quarter, a very significant reduction being 25% of its published portfolio.

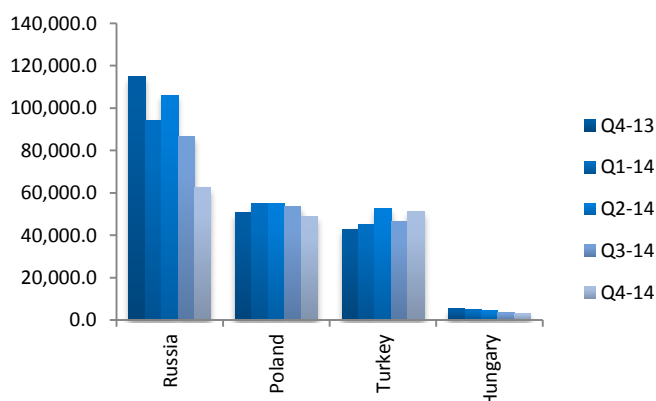
North American investors returned to positive investment with net purchases of \$316m (slightly less than the amount they had withdrawn in the previous quarter), with the aggressive growth investor William Blair & Co. making the largest contribution to this number with a net buy of \$207m. They were joined in the ranks of top 10 buyers by fellow aggressive growth investor Driehaus Capital Management.

"Turkey has benefited from positive fundamental tailwinds (earnings and falling oil prices) and has been a destination for EMEA funds that have reduced exposure to Russia. Though the currency has come under pressure recently, we expect Turkey to outperform its oil dependent counterparts and to continue to improve its "fragile" status. We also expect Turkey to benefit indirectly from any easing by the European Central Bank, as Europe is a key trading partner and a source of foreign direct investment. This improving relative outlook has lifted Turkish stocks in the past 12 months to a point that may suggest that much of the good news may already be priced in".

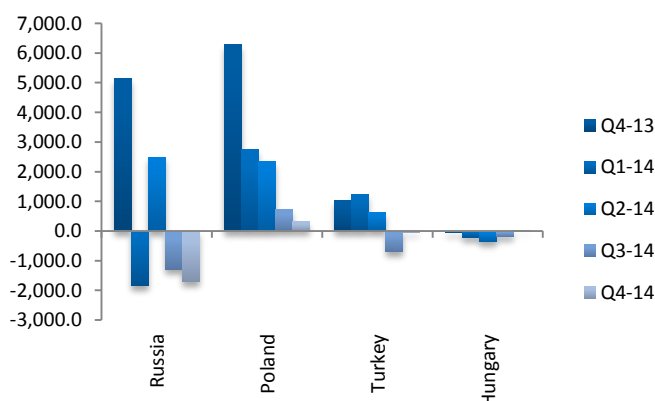
JPMorgan Funds - Turkey Equity Fund - 31st December 2014

[http://am.jpmorgan.co.uk/assetmanager/ourinvestmentrange/interactivefactsheet.aspx?FundID=14&ShareClassID=6293&FundName=JPM%2520Turkey%2520Equity%2520A%2520\(acc\)%2520-%2520EUR&FundType=Lux](http://am.jpmorgan.co.uk/assetmanager/ourinvestmentrange/interactivefactsheet.aspx?FundID=14&ShareClassID=6293&FundName=JPM%2520Turkey%2520Equity%2520A%2520(acc)%2520-%2520EUR&FundType=Lux)

Institutional Investment in Region (\$M Value)



Institutional Investment in Region (\$M Change)



Q4 – Investment by Investor Region:

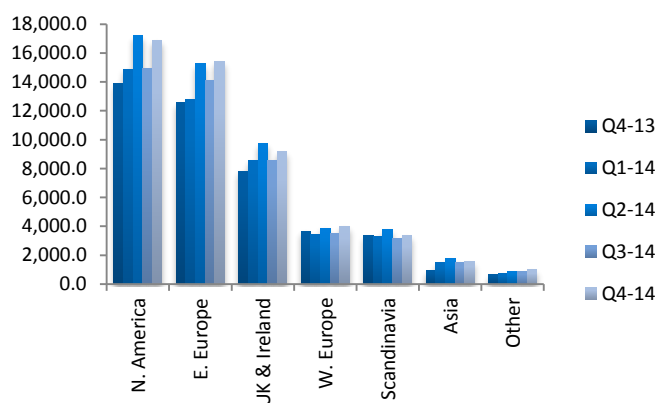
North America was the regional driver of Turkish equities in Q4 followed by Western Europe buying at half the North American rate. The problem is that selling by the UK and Scandinavia matched North American and Western European sales, with Aberdeen and First State Investment International driving UK selling, SKAGEN and East Capital the Scandinavian. But East Capital's position on Turkey has swung around to a more confident one in 2015; Marcus Svedberg, East Capital's chief economist, said on 11th February that "We believe Turkey has a chance to achieve the 5-5-5 goal (5% growth, inflation and current account deficit) in 2015 thanks to lower oil prices and more prudent monetary policies."

"One of the strongest markets during the month was Turkey, which should be one of the largest beneficiaries of weaker energy prices. Turkey is a large importer of oil and is expected to see a substantial improvement in its current-account deficit as a result of the lower oil price."

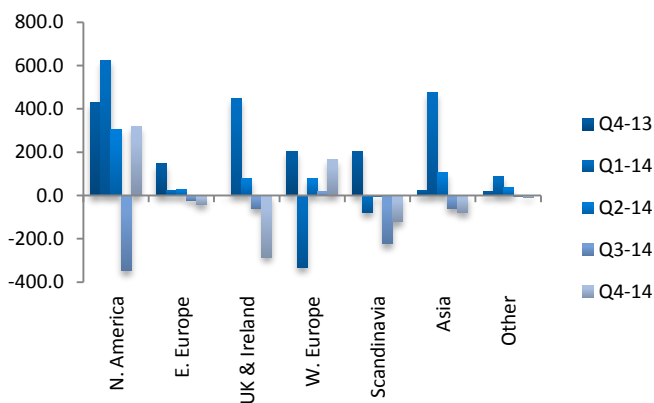
Threadneedle Global Emerging Markets Equity Fund, November 2014.

http://www.threadneedle.co.uk/media/5814662/en_gem_equity_fund.pdf

Institutional Investment by Region (\$M Value)



Institutional Investment by Region (\$M Change)



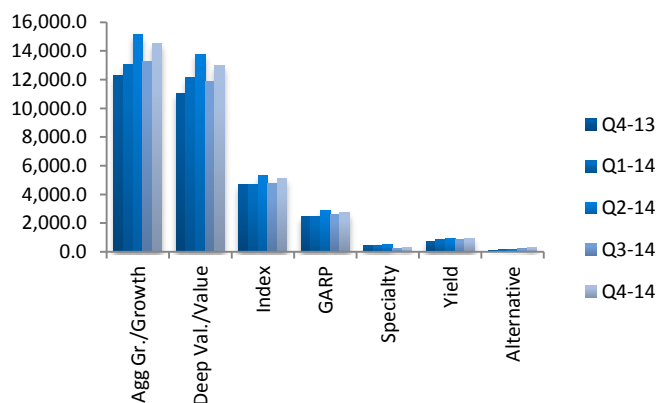
Q4 – Investment by Style:

Both growth and value investors reduced their exposure to Turkey, though selling much less than in the previous quarter. The simple fact is that until growth investors return Turkey will not see big inflows (and they last bought sizeably in Q2 2014). Growth interest remains concrete and encouraging led by Carmignac Gestion which has bounced back after seeing outflows of 10% of assets under management in H1 2014 and in Q4 was Turkey's largest growth buyer ahead of Fidelity International Ltd (UK), Fidelity Management & Research and BlackRock Investment Management UK.

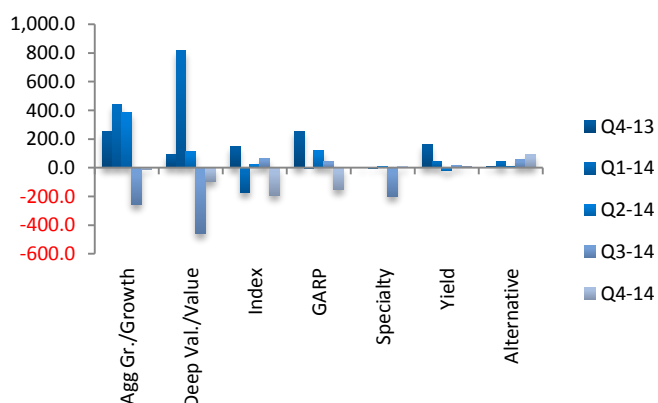
Of active investment styles it was GARP investors who made the biggest Q4 sales headed by Capital Research Global Investors, East Capital Asset Management Templeton Asset Management (Singapore.).

Index investment fell in the quarter turning from inflows of \$65m in Q3 to outflows of \$192m in Q4.

Institutional Investment by Style (\$M Value)



Institutional Investment by Style (\$M Value)

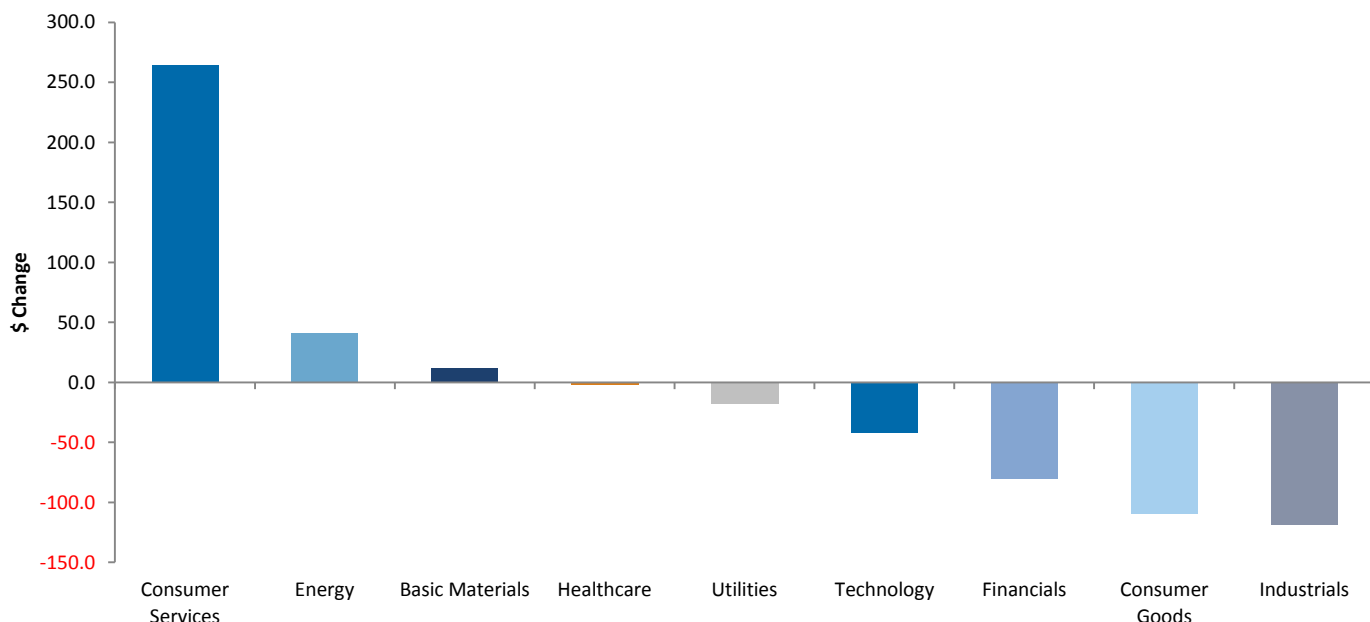


Top Holders, Buyers & Sellers: Q4-14

TOP HOLDERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Lazard Asset Management, LLC (U.S.)	United States	Value	Low	81,381.9	1,922.4	-21.9	2.4	-1.1
Norges Bank Investment Management (Norway)	Norway	Value	Low	511,792.6	1,461.5	0.0	0.3	0.0
Aberdeen Asset Managers, LTD (U.K.)	United Kingdom	Growth	Low	106,849.4	1,446.3	-521.6	1.4	-26.5
OppenheimerFunds, Inc	United States	Growth	Medium	148,722.3	1,356.4	-13.7	0.9	-1.0
Dodge & Cox	United States	Deep Value	Low	163,460.6	1,225.0	42.6	0.7	3.6
J.P. Morgan Asset Management (UK), LTD	United Kingdom	Growth	Medium	108,522.6	1,124.0	-20.3	1.0	-1.8
BlackRock Investment Management (U.K.), LTD	United Kingdom	Growth	Low	319,169.4	916.1	32.2	0.3	3.6
APG Asset Management N.V.	Netherlands	Yield	Low	156,266.5	774.8	0.0	0.5	0.0
Genesis Investment Management, LLP	United Kingdom	Growth	Low	22,378.8	650.1	0.4	2.9	0.1
BNP Paribas Investment Partners Japan, LTD	Japan	Growth	Low	905.7	582.0	0.0	64.3	0.0
				11,458.6		-502.3		
TOP BUYERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
William Blair & Company, LLC (Asset Management)	United States	Aggressive G	Medium	62,268.6	357.7	207.4	0.6	137.9
Carmignac Gestion	France	Growth	Medium	24,129.5	255.6	175.5	1.1	219.1
Pine River Capital Management, L.P.	United States	Alternative	Very High	5,786.1	182.3	99.5	3.2	120.3
Fidelity International Limited - FIL Investment Services (L	United Kingdom	Growth	Medium	82,888.5	267.1	64.0	0.3	31.5
Fidelity Management & Research Company	United States	Growth	Low	793,062.2	476.6	47.2	0.1	11.0
Dodge & Cox	United States	Deep Value	Low	163,460.6	1,225.0	42.6	0.7	3.6
Driehaus Capital Management, LLC	United States	Aggressive G	Very High	4,914.6	58.3	32.7	1.2	128.2
BlackRock Investment Management (U.K.), LTD	United Kingdom	Growth	Low	319,169.4	916.1	32.2	0.3	3.6
Grantham Mayo Van Otterloo & Co., LLC	United States	Value	Medium	73,846.7	459.3	26.6	0.6	6.1
Wellington Management Company, LLP	United States	Value	Medium	405,270.2	59.7	25.7	0.0	75.8
				4,257.8		753.5		
TOP SELLERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Aberdeen Asset Managers, LTD (U.K.)	United Kingdom	Growth	Low	106,849.4	1,446.3	-521.6	1.4	-26.5
Capital Research Global Investors (U.S.)	United States	GARP	Low	404,647.1	67.3	-73.8	0.0	-52.3
SKAGEN AS	Norway	Value	Medium	11,581.4	389.4	-67.2	3.4	-14.7
First State Investments International, LTD	United Kingdom	Growth	Medium	25,640.4	76.0	-38.5	0.3	-33.7
East Capital Asset Management AB	Sweden	GARP	Medium	1,241.7	267.9	-37.4	21.6	-12.2
Carmignac Gestion Luxembourg S.A. (UK)	United Kingdom	Growth	Very High	1,298.9	67.9	-34.4	5.2	-33.6
Templeton Asset Management (Singapore), LTD	Singapore	GARP	Medium	8,233.5	46.8	-32.8	0.6	-41.2
TEB Portföy Yönetimi AS	Turkey	Value	High	109.7	109.7	-31.9	100.0	-22.5
Brandes Investment Partners, L.P.	United States	Deep Value	Medium	15,763.8	115.5	-30.2	0.7	-20.7
Templeton Asset Management, LTD	Hong Kong	Growth	Low	22,658.2	265.0	-29.1	1.2	-9.9
				2,851.7		-896.9		

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 and the largest investment in Turkish equities with \$6b and \$4b invested respectively. Chicago was the top buying city in the quarter with inflows of \$244m with the bulk of this support originating from William Blair & Company, LLC (Asset Management) which bought \$207m over the period. William Blair, through its Emerging Markets Leaders Fund it increased weightings in Russia, Peru and Turkey while offsetting these increases with reductions in India, the UAE and Mexico.

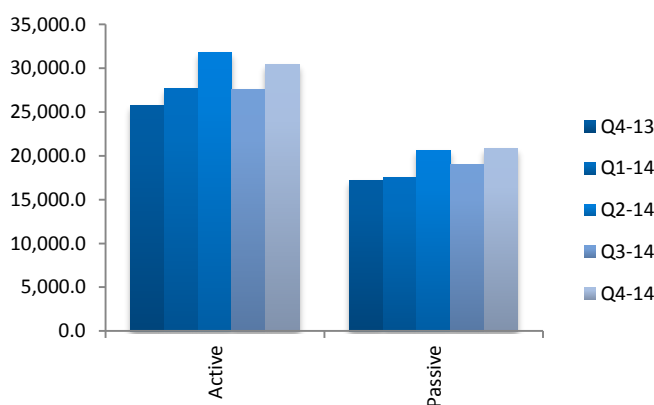
Most Invested				
Country / City	Total Equity Assets (\$M)	Value (\$M)	Activity (\$M)	# Firms
United Kingdom (London)	1,560,634.2	6,227.8	39.7	72
United States (New York)	2,045,989.5	3,963.4	-32.2	37
Norway (Oslo)	536,205.4	1,483.4	6.3	4
United Kingdom (Aberdeen)	106,849.4	1,446.3	-521.6	1
United States (San Francisco)	324,975.1	1,324.0	52.7	6
United States (Boston)	1,895,885.9	1,270.2	87.9	15
Netherlands (Amsterdam)	163,533.3	777.2	-0.6	2
Sweden (Stockholm)	189,930.9	774.7	-52.5	12
Switzerland (Geneva)	73,842.7	762.2	0.9	8
Japan (Tokyo)	336,739.1	760.5	-0.6	19
France (Paris)	202,999.2	603.7	173.7	14
United States (Atlanta)	195,560.8	484.4	7.1	2
Turkey (Istanbul)	486.7	482.2	-21.6	8
United States (Chicago)	220,057.6	469.6	244.3	12
Qatar (Doha)	1,610.9	451.1	0.0	1
Singapore (Singapore)	123,960.3	450.5	-49.3	10
Bahamas (Nassau)	50,504.8	449.9	0.8	1
Germany (Frankfurt)	185,484.7	397.0	-22.0	9
Norway (Stavanger)	11,583.7	389.4	-67.2	2
United Kingdom (Edinburgh)	296,688.7	355.1	5.8	8
<i>Excludes Passive/Index Investors</i>		23,322.7	-148.2	244

Most Investors				
Country / City	Total Equity Assets (\$M)	Value (\$M)	Activity (\$M)	# Firms
United Kingdom (London)	1,560,634.2	6,227.8	39.7	72
United States (New York)	2,045,989.5	3,963.4	-32.2	37
Japan (Tokyo)	336,739.1	760.5	-0.6	19
Poland (Warsaw)	13,912.8	354.8	0.0	18
Canada (Toronto)	476,211.0	263.4	12.8	18
South Korea (Seoul)	47,231.0	24.8	0.0	16
United States (Boston)	1,895,885.9	1,270.2	87.9	15
France (Paris)	202,999.2	603.7	173.7	14
Sweden (Stockholm)	189,930.9	774.7	-52.5	12
United States (Chicago)	220,057.6	469.6	244.3	12
Austria (Vienna)	10,372.1	350.9	-10.3	11
Singapore (Singapore)	123,960.3	450.5	-49.3	10
Taiwan (Taipei)	15,128.8	23.9	-2.2	10
Germany (Frankfurt)	185,484.7	397.0	-22.0	9
Switzerland (Geneva)	73,842.7	762.2	0.9	8
Turkey (Istanbul)	486.7	482.2	-21.6	8
United Kingdom (Edinburgh)	296,688.7	355.1	5.8	8
Finland (Helsinki)	11,706.1	104.6	-4.8	8
Luxembourg (Luxembourg)	12,268.9	47.7	20.2	8
Hong Kong (HK)	69,935.8	315.7	-26.4	7
<i>Excludes Passive/Index Investors</i>		18,002.6	363.5	321

Active vs. Passive investors:

Active investors returned to positive territory with inflows of \$167m after reductions of \$869m in Q3. However, the top ten active buyers (+\$754m) were outstripped by the top ten active sellers which registered disposals of \$897m over the same period. Passive investors decreased their positions by \$220m over the quarter with BlackRock's passive arms in San Francisco and London reducing their positions by \$107m and \$121m respectively.

Active vs Passive (\$M Value)



Active vs Passive (\$M Change)

