

FLOW OF FUNDS REPORT

TUYID Q4 2015

February, 2016

Dear Readers,

This volume of the Flow of Funds Report, covering the fourth quarter of 2015, 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.

Comparing the four markets, sentiment was negative on all but one – Hungary, where investors increased their net exposure by \$249M. The largest outflows from the basket of markets were in Turkey with sales of \$541M followed by Russia with reductions of \$242M. Growth investors, the largest holders of Turkish equities, were relatively flat on the market with slight increases of just \$7M, while Value investors, the second most dominant style, decreased their exposure by \$472M.

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

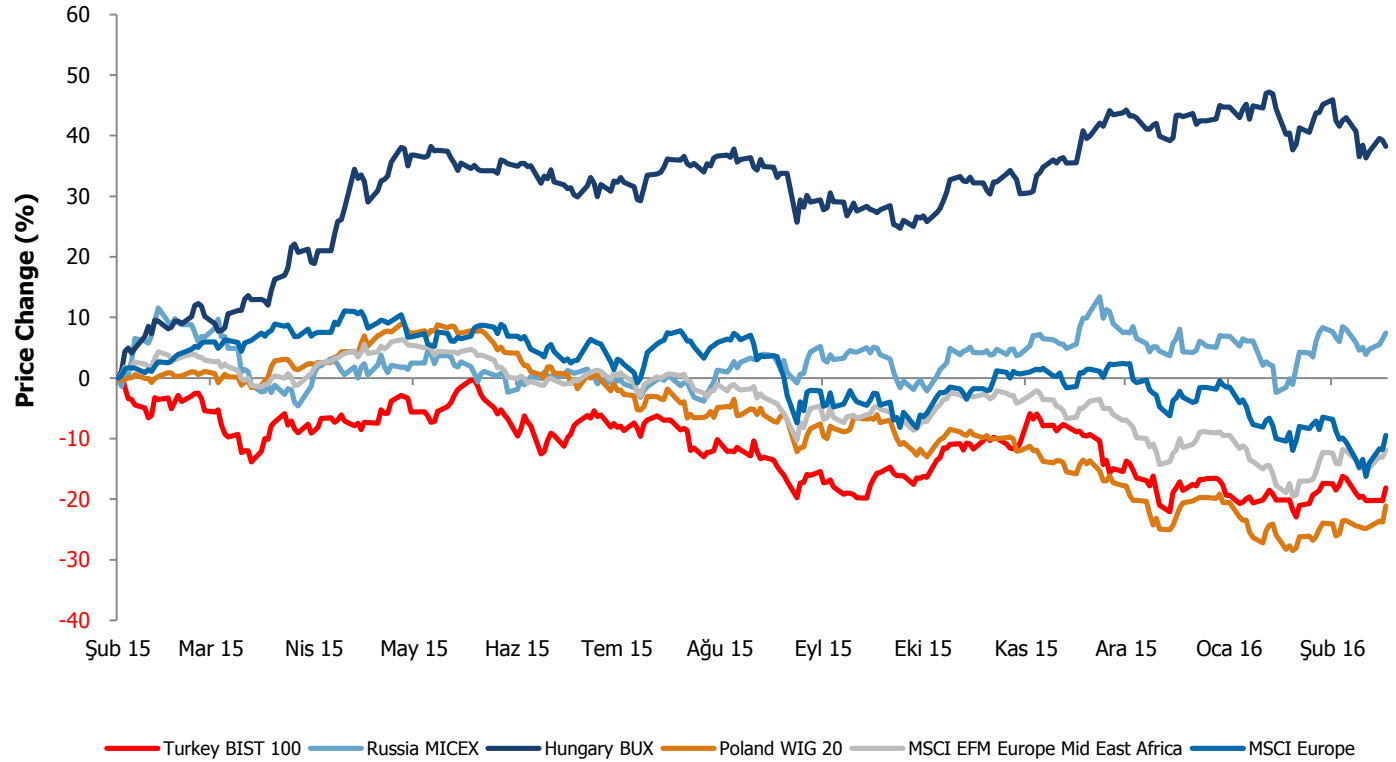
TÜYİD Turkish IR Society
Chairwoman
Özge Bulut Maraşlı

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

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Price performance:

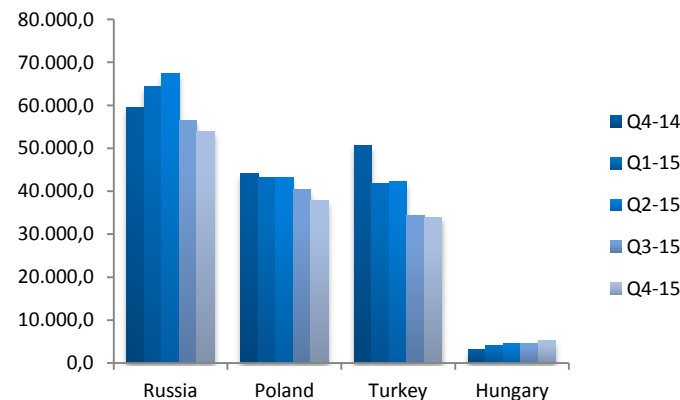
Over the twelve months to February 2016, the BIST National Index closed down at -18.15%, only the WIG 20 fell further at -21.06%; with the MSCI Europe and the MSCI EFM Europe Mid East Africa indices falling by -9.46% and -11.91% respectively. The Hungary BUX rose the most over the 12 months climbing by 38.21% with the Russia MICEX gaining 7.44%.



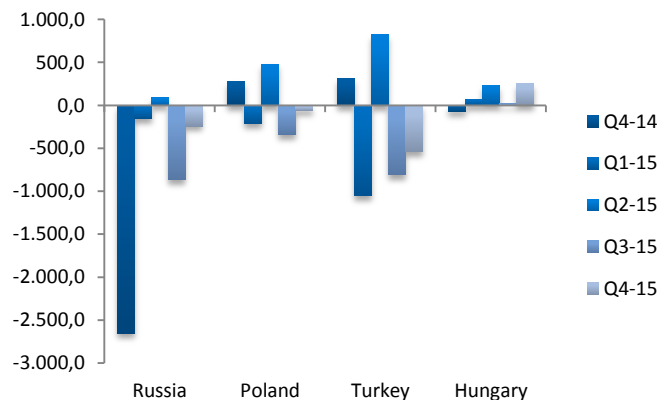
Q4 Inflows and Outflows:

The outflows seen in Q3 continued in Q4 with investors withdrawing a further \$541M. This sentiment was also consistent, though at a lesser extent, in Russia with net reductions of \$242M. Reductions in Poland were relatively small in comparison with net sales of \$59M. Hungarian equities saw the only inflows with purchases of \$249M.

Institutional Investment in Region (\$M Value)



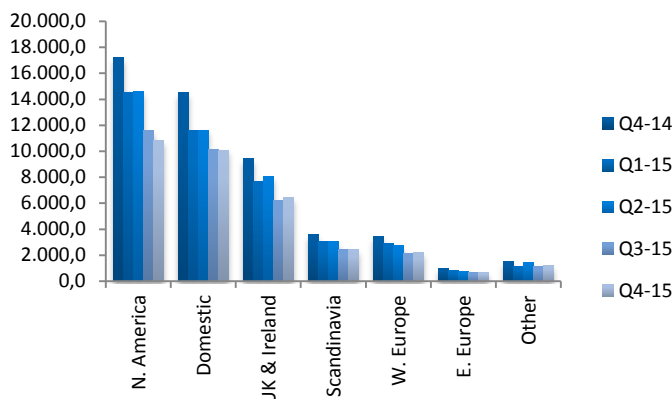
Institutional Investment in Region (\$M Change)



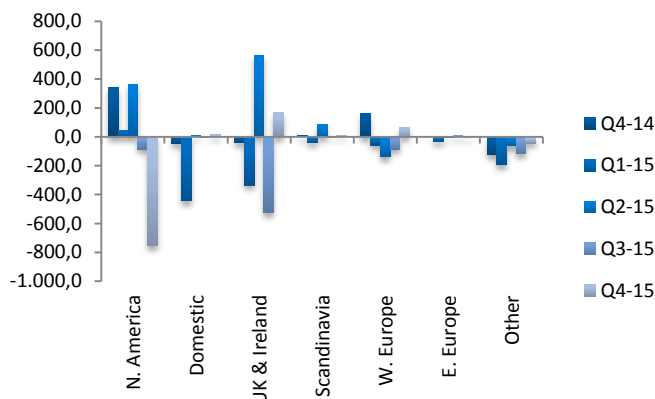
Q4 – Investment by Investor Region:

The driving force behind the net reductions in Turkish equities came from North American investors, which reduced their exposure by \$754M. This was largely led by Lazard Asset Management, LLC (U.S.) and Grantham Mayo Van Otterloo & Co., LLC which had sales of \$362M and \$115M respectively. Support for the market came from UK based investors with net purchases of \$170M, with Aberdeen Asset Managers, LTD (U.K.) reversing its recent selling trend by buying \$202M (making it the largest holder of Turkish equities). Western Europe based investors returned to the market with net increases of \$68M, while Asian investors continued to sell (\$39M).

Institutional Investment by Region (\$M Value)



Institutional Investment by Region (\$M Change)



Q4 – Investment by Style:

Value investors continued to reduce their exposure to Turkish equities with net sales of \$472M, while Growth investors (largest sellers in Q3) were relatively flat in the region with net increases of just \$7M. Index and GARP styles were also negative on the market with net sales of \$29M and \$72M respectively.

"Turkish equity market was under selling pressure which has been continuing since last month. There were a few issues which were underpinning the negative Turkish Market sentiment: Turkey-Russia conflict, Global EM low risk appetite, continuing global growth concerns and its consequences, and China-related worries. All these issues affected the market in a negative way."

BBVA Durbana Garanti Turkish Equity Fund - December 2015

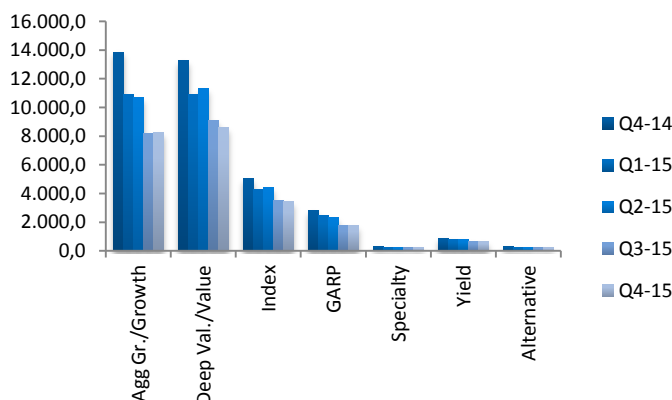
<http://www.garantiassestmanagement.com/Market-Commentary.html>

"In emerging Europe, Hungary outperformed its regional counterparts, as its currency held up well against the US dollar and GDP growth outpaced the Eurozone. The nation is expected to regain its investment-grade status in 2016. Gains were pared by Russia and Turkey, however. Along with the raft of international sanctions for its incursion into Ukraine, weak commodity prices and fiscal austerity driven by declining tax revenues deepened Russia's recession. Despite better-than-expected economic growth in Turkey, investors remained wary of domestic political uncertainty, as well as Russian sanctions in response to the downing of a warplane.

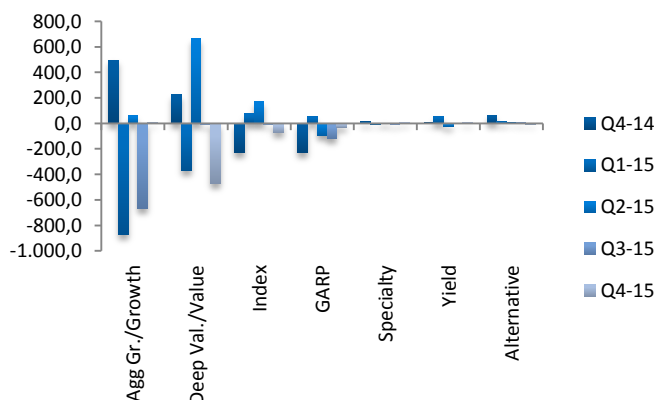
Aberdeen Emerging Markets Smaller Company Opportunities Fund, Inc. - December 2015

<http://www.aberdeen-asset.co.uk/doc.nsf/Lit/USCommentaryUSClosedETF>

Institutional Investment in Region (\$M Value)



Institutional Investment in Region (\$M Change)

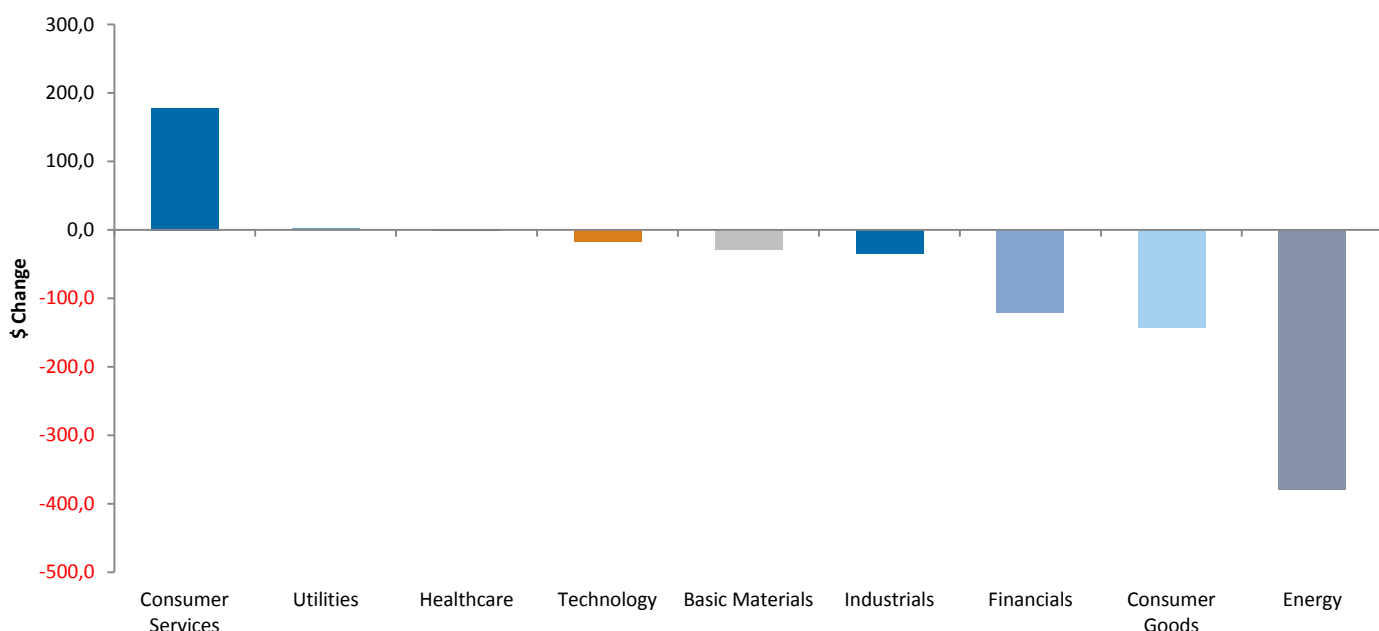


Top Holders, Buyers & Sellers: Q3-15

TOP HOLDERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Aberdeen Asset Managers, LTD (U.K.)	United Kingdom	Growth	Low	99,501.2	1,263.7	201.7	1.3	19.0
Norges Bank Investment Management (Norway)	Norway	Value	Low	521,428.6	1,151.6	0.0	0.2	0.0
Lazard Asset Management, LLC (U.S.)	United States	Value	Medium	71,136.3	977.7	-362.4	1.4	-27.0
Dodge & Cox	United States	Deep Value	Low	152,628.1	749.5	1.5	0.5	0.2
OppenheimerFunds, Inc	United States	Growth	Medium	139,023.1	634.1	-8.9	0.5	-1.4
Genesis Investment Management, LLP	United Kingdom	Growth	Low	20,919.3	556.6	-0.9	2.7	-0.2
APG Asset Management N.V.	Netherlands	Yield	Low	120,619.7	554.5	0.0	0.5	0.0
Grantham Mayo Van Otterloo & Co., LLC	United States	Value	Medium	55,689.3	468.7	-115.0	0.8	-19.7
BlackRock Investment Management (U.K.), LTD	United Kingdom	Growth	Low	308,406.2	435.3	17.9	0.1	4.3
J.P. Morgan Asset Management (UK), LTD	United Kingdom	Growth	Medium	101,174.4	399.6	-8.4	0.4	-2.1
				7,191.1	-274.6			
TOP BUYERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Aberdeen Asset Managers, LTD (U.K.)	United Kingdom	Growth	Low	99,501.2	1,263.7	201.7	1.3	19.0
MFS Investment Management	United States	Value	Low	236,008.2	91.6	38.7	0.0	73.0
Robeco Institutional Asset Management B.V.	Netherlands	Value	Medium	26,224.7	193.4	36.1	0.7	23.0
Westwood International Advisors, Inc.	Canada	Value	Medium	1,098.9	68.8	25.5	6.3	58.7
Raiffeisen Kapitalanlagegesellschaft mbH	Austria	GARP	Medium	3,021.8	109.2	20.2	3.6	22.8
BlackRock Investment Management (U.K.), LTD	United Kingdom	Growth	Low	308,406.2	435.3	17.9	0.1	4.3
Capital Guardian Trust Company (U.S.)	United States	Growth	Medium	24,963.2	108.0	14.6	0.4	15.7
Lazard Asset Management, LTD (U.K.)	United Kingdom	Value	Medium	9,143.4	58.7	14.4	0.6	32.6
Origin Asset Management, LLP	United Kingdom	Value	High	2,304.6	22.1	14.0	1.0	170.6
Deutsche Asset & Wealth Management Investment Gmb Germany		Value	Medium	62,189.6	152.6	12.6	0.2	9.0
				2,503.3	395.7			
TOP SELLERS	Country	Style	Turnover	Equity Assets (\$M)	Value (\$M)	Change (\$M)	% Portfolio	% Portfolio Chg
Lazard Asset Management, LLC (U.S.)	United States	Value	Medium	71,136.3	977.7	-362.4	1.4	-27.0
Grantham Mayo Van Otterloo & Co., LLC	United States	Value	Medium	55,689.3	468.7	-115.0	0.8	-19.7
William Blair & Company, LLC (Investment Management)	United States	Aggressive G	Medium	48,350.2	103.5	-80.0	0.2	-43.6
Scout Investments, Inc.	United States	Growth	High	5,586.8	1.0	-45.0	0.0	-97.8
Fidelity Management & Research Company	United States	Growth	Low	803,574.6	247.0	-35.9	0.0	-12.7
Goldman Sachs Asset Management International, LTD (U	United Kingdom	Growth	Medium	14,409.4	267.1	-27.4	1.9	-9.3
NFI Investment Group, LLC	United States	Deep Value	Medium	19,071.2	16.0	-26.9	0.1	-62.7
The Boston Company Asset Management, LLC	United States	Value	Medium	18,895.3	25.8	-26.3	0.1	-50.4
Templeton Asset Management, LTD	Hong Kong	Growth	Low	12,210.4	34.2	-25.1	0.3	-42.3
Pictet Asset Management, LTD	United Kingdom	Growth	Medium	8,957.2	82.2	-19.6	0.9	-19.3
				2,223.2	-763.6			

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 \$4.0B and \$2.1B invested respectively. The bulk of the sales came from NY (mainly Lazard) and Boston – Grantham Mayo Van Otterloo & Co., LLC (as mentioned earlier) as well as Fidelity Management & Research Company which sold \$36M (a net reduction of 12.7%).

Most Invested				
Country / City	Total Equity Assets (\$M)	Value (\$M)	Activity (\$M)	# Firms
United Kingdom (London)	1,537,096.4	4,034.6	-34.8	76
United States (New York)	2,192,040.2	2,146.5	-384.7	33
United Kingdom (Aberdeen)	99,501.2	1,263.7	201.7	1
Norway (Oslo)	544,649.3	1,169.5	0.4	4
United States (Boston)	1,959,208.2	950.1	-132.9	18
United States (San Francisco)	287,145.0	801.9	2.2	7
Netherlands (Amsterdam)	125,931.6	556.2	-0.2	4
Sweden (Stockholm)	190,681.3	494.9	0.7	12
United States (Atlanta)	192,138.0	380.3	-2.2	3
Turkey (Istanbul)	387.1	374.4	5.1	9
Singapore (Singapore)	113,817.2	353.4	-15.0	13
United States (Los Angeles)	992,493.1	332.9	8.0	8
Norway (Stavanger)	9,199.7	303.0	-6.7	1
Germany (Frankfurt)	240,210.3	302.6	27.6	12
France (Paris)	197,532.5	242.2	-0.5	12
Bahamas (Nassau)	42,683.2	227.0	-14.1	1
Poland (Warsaw)	15,548.5	213.1	0.0	21
Denmark (Copenhagen)	73,071.2	212.9	-1.7	7
Austria (Vienna)	8,869.0	196.1	22.5	10
Netherlands (Rotterdam)	26,224.7	193.4	36.1	1
Excludes Passive/Index Investors		14,748.4	-288.6	255

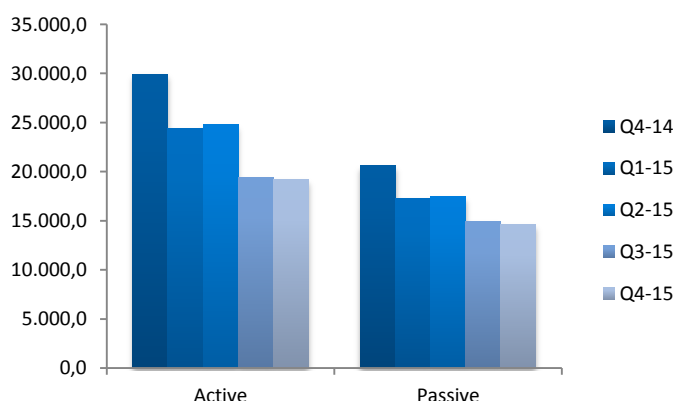
Most Investors				
Country / City	Total Equity Assets (\$M)	Value (\$M)	Activity (\$M)	# Firms
United Kingdom (London)	1,537,096.4	4,034.6	-34.8	76
United States (New York)	2,192,040.2	2,146.5	-384.7	33
Poland (Warsaw)	15,548.5	213.1	0.0	21
United States (Boston)	1,959,208.2	950.1	-132.9	18
Japan (Tokyo)	361,503.2	103.5	-5.3	16
Canada (Toronto)	408,296.6	181.4	13.7	15
South Korea (Seoul)	36,144.8	10.9	0.0	14
Singapore (Singapore)	113,817.2	353.4	-15.0	13
Germany (Frankfurt)	240,210.3	302.6	27.6	12
Sweden (Stockholm)	190,681.3	494.9	0.7	12
France (Paris)	197,532.5	242.2	-0.5	12
United States (Chicago)	147,782.4	165.5	-83.1	12
Austria (Vienna)	8,869.0	196.1	22.5	10
Taiwan (Taipei)	11,419.4	13.5	1.5	10
Finland (Helsinki)	12,689.8	70.7	8.7	9
Turkey (Istanbul)	387.1	374.4	5.1	9
United States (Los Angeles)	992,493.1	332.9	8.0	8
United Kingdom (Edinburgh)	245,791.2	142.5	-8.3	8
United States (San Francisco)	287,145.0	801.9	2.2	7
Denmark (Copenhagen)	73,071.2	212.9	-1.7	7
Excludes Passive/Index Investors		11,343.5	-576.4	324

Active vs. Passive investors:

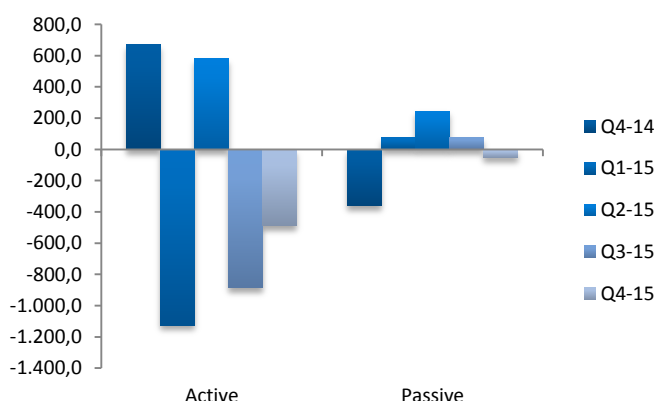
Active investors continued to divest from Turkey, though at a lesser rate than they did in the previous quarter, with sales of \$488M, while their passive counterparts withdrew a combined \$53M.

At the end of Q4-14 the active:passive split was 59% to 41% - at the end of Q4-15 this split had narrowed to 57% active and 43% passive.

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.