

**THE MUTUAL FUNDS IN THE TURKISH FINANCIAL
MARKETS**

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THE MUTUAL FUNDS IN THE TURKISH FINANCIAL MARKETS

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ABSTRACT

THE MUTUAL FUNDS IN TURKISH FINANCIAL MARKETS

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This thesis analyzes the mutual funds in Turkish Financial Markets. First of all I tried to explain the general view of the mutual funds in Turkish Financial Markets , secondly I searched the historical development of mutual funds in Turkish Financial Markets , later I searched about types and properties of mutual funds. In the other section , I made comparisons with a mutual fund with the other investment instruments after this section , I searched about the situation of mutual funds in Turkish Financial Markets. In the other section , I explained risk and return of mutual funds in Turkish financial markets. In the last section , I made a conclusion about mutual funds in Turkish financial markets.

Approval of the Graduate School of Social Sciences

(Title and Name)
Director

I certify that this thesis satisfies all the requirements as a thesis for the degree of Master of Science.

(Title and Name)
Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Science.

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CHAPTER

1. INTRODUCTION

In the new globalized world, every political and economic fluctuation affects the stabilization of national and international markets. Because of this reason, different kinds of investment instruments and methods are developed to get the highest yield from these volatile markets. One of these investment instruments is mutual funds.

With the present state of development of money & capital and communication channels, it is very difficult for an investor to invest in a world where data flow has increased in huge amounts.

This caused people who are occupied with this matter to try to achieve the highest yield with the savings at money & capital markets. These people are experts and they spent their whole time for this job. Mutual funds are created from this thought.

The mutual funds are investment firms which collects money from the investors with application forms to make a portfolio that has securities in it.

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Mutual funds have been existing since 1920's at world financial markets. At the beginning, fund portfolios had share certificates in a big amount , but later the other investment instruments as bonds and bills took places in the mutual funds' portfolios.

The first mutual fund was founded in year 1924 in Boston city in United States. After this year mutual funds developed very fast and they reached an active magnitude whose worth was over 10 billions dollar all around the world.¹

¹ Dünyada ve Türkiye'de Yatırım Fonları- BAYRAM KONT-Faisal Finans Kurumu-Müfettiş Yardımcısı

Table 1. The Mutual Funds All Around the World.²(December 1999)

Countries	Active Magnitude	Number of Mutual Fund
UNITED STATES	6.846.339	7.791
FRANCE	700.836	6.439
ITALY	485.850	791
JAPAN	472.233	3.686
ENGLAND	326.571	1.620
THE OTHERS	1.538.740	23.443
TOTAL	10.370.569	43.770

A new period began with 24th of January 1980 decisions in Turkey. With this decisions, the new politics about economic liberalizations were began to be followed. In 1980's, were passed by making of market dynamics which were the indicators of the legal and institutional substructure. In year 1981, Capital Market Law whose number was 2499 was launched. After this, Capital Market Council (SPK) was founded; and after this İMKB was activated.

To increase the deepness and variations at financial markets, a law which was about “ the export of application forms of securities’ mutual funds and presentation to the public”.

This law was edited on Official Newspaper whose number was 19310 and dated on 12th of July,1986. After this, the first security mutual fund was activated in year 1987.

This notification was deleted with “Principals of Mutual Funds” on 31st of July, 1982. This was edited on Official Newspaper with the number 21301 and Serial VII No:2. Capital Market Council evaluated the notification again and new notification was launced on Official Newspaper with the number of 22852 on 19th of December,1996. Serial was VII No:10. This case helped to be completed of substructure of sector mostly.

Following years, sector was strengthened with the notifications which were about the change on Serial VII,No: 10 notification.³

² European Federation of Investment Funds and Companies, Investment Company Institute.

³ Dünyada ve Türkiye’de Yatırım Fonları- BAYRAM KONT-Faisal Finans Kurumu-Müfettiş Yardımcısı

Table 2: The Number of Mutual Funds and Portfolio Values⁴

Years	Fund Number			Fund Portfolio Value(million dollar)		
	Type A	Type B	Total	Type A	Type B	Total
1994	38	58	96	81	645	726
1995	43	68	111	74	435	509
1996	54	75	129	168	939	1.107
1997	82	91	173	339	590	929
1998	96	101	197	230	880	1.110
1999	111	104	215	525	1733	2.258
2000-9	141	119	260	953	2134	3.187

Table 3: The Shares of Market Founders⁵

Fund Founder	Total Value of Fund(Million \$)	Market Share(%)
Türkiye İş Bankası	833	26.33
Garanti Bankası	414	13.07
Ziraat Bankası	241	7.61
Koçbank	180	5.7
Yapı Kredi Bankası	123	3.88
Yapı Kredi Yat.Menk.Değ.	123	3.86
The Others	1.250	39.55
Total	3.164	100

Table 4: Total Portfolio Distribution of Type A and Type B Mutual Funds⁶

Asset Types	1997	1998	1999	2000-9
Share Certificate	15.1	8.5	13.6	16.2
Overnight Int.	56.4	56.1	60.1	67.3
Tre.Bond Gov. Bond	23.8	35.1	26.0	16.0
The Others	4.7	0.3	0.3	0.5
Total	100	100	100	100

⁴ SPK Aylık Bülten,Ekim 2000.⁵ SPK Aylık Bülten,Ekim 2000.⁶ SPK Aylık Bülten,Ekim 2000.

I gave some information about situation of mutual funds in Turkey and in other countries since their foundations. In this thesis, I searched for the mutual funds of big banks in Turkey and I made comparison of these funds among themselves and with the other investment instruments. My goal was to find out that the mutual funds were more profitable investment instruments than the other investment instruments and my other goal was to prove that mutual funds were less riskier funds than the other investment instruments.

2. THE GENERAL RESEARCH ABOUT MUTUAL FUNDS IN THE TURKISH FINANCIAL MARKETS

2.1 WHAT IS A MUTUAL FUND?

A mutual fund is a vehicle for the investors who want to make investment by investing in securities portfolio by an investment manager.⁷ In world capital markets, individual investors do not want to participate to the markets directly instead of it they prefer to join to the markets with the help of mutual funds, investment partnerships and professional portfolio management companies, because of this reason expert people must be at the management of foundations.⁸ They must be able to know market conditions to make investment instead of individual investors with their money. In Turkey, mutual fund sector can be described as a subaltern sector which activates in Turkish Finance Sector. Mutual fund product; can be founded by the banks those have certain conditions, intermediary foundations, insurance companies and retirement&help foundations with the other funds which are founded with the law of no.506.⁹

2.2 THE PURPOSE OF MUTUAL FUNDS:

As all around the world, in our country the alternatives of investment are increasing at a growing pace. In this case the mutual funds become more important because for an investor it takes more acknowledgements to choose the right investment type . To follow the economic developments day by day to increase the investment and if it is necessary, to change the type of investment strategy in case of bad results also, to follow the maturities of the values, to follow the processing of the bonds. These follow ups are very difficult for the average investor but the investment funds oblige these things. This advantage make mutual funds are very suitable investment instruments for the investors.

Investors of mutual funds have many alternatives for investment especially those who don't want to take higher risks. Mutual funds can be categorized according to their

⁷ http://www.indoexchange.com/bapepam/Mutual_Funds/data/reksa_02.htm#DEFINITION

⁸ Türkiye'de Yatırım Fonlarının Geliştirilmesi İçin Bir Uygulama Önerisi: Borsa Fonları(Exchange Traded Funds)

⁹ Türk Yatırım Fonu Sektörünün Rekabet Yapısı

investment composition (money market securities, capital market securities or a combination of both) which can give flexibility to investors, because each mutual fund has different risk and return. An mutual fund can be established for a certain purpose of investment, for example a mutual fund which only invests in a specific sector of industry (such as: manufacturing sector, property sector, consumer goods sector, etc).

What is said above can be summarized as below:

The portfolio of the mutual funds is directed by the professional managers. The risk can be minimized by diversification of securities in the portfolio , mutual funds create the tax advantage to the people and the companies. Some of mutual funds can easily be converted to cash in every time. All of **the increasing of the security and return payment of the stocks turn back to the investors** and lastly , investment funds are processed in IMKB government bond , treasury bond , overnight and stock markets .

2.3 HISTORICAL DEVELOPMENT OF MUTUAL FUNDS IN TURKISH FINANCIAL MARKETS

A new period began with the decision of 24th of January 1980 in Turkey. After this date, the strategy of “Liberalization” began to be followed in every sector of economy. The years between 1980 and 1990 passed by indicating the market dynamics which would be effective at the setting of new law and basic of them. Accordingly, after the year 1981 “Capital Market Law” was launched, Sermaye Piyasası Kurulu (SPK) was established in 1982 and then IMKB began to work in 1986. Another law was launched in 12.12.1986. This law was about “ The representation of transported values investment fund applicant documents to the people”. After this in 1987, first transported value investment fund began to work.¹⁰ If we look at generally although first mutual funds were launched in 1987, the big increase in the portfolio value was seen in 1993. Since 1993, almost every foundation to whom the opportunity of being the founder were given to the mutual funds. In 9th September of 1999 , portfolio value of the mutual funds was 1.461 million dollars ,so the

¹⁰ <http://www.yatirimyap.com/c/fonokul.asp?fono=5>

investment funds took the leadership among the foundational investors. On the other hand, even mutual funds were developed successfully , these funds were effected great deal by the challenging financial markets a result of propensity toit, mutual funds were unsuccessful among the developing countries about the case of the ratio type of saving. This case was happened as a result of the capital culture because this capital culture was new for Turkey.In addition to this, the debtment of the public wasn't giving any opportunity for any competition , another factor was the ratio of the profit of the investment funds as every economic foundation the high level of the profit of the mutual funds would effect the number and the increase in the portfolio volume of the mutual funds.¹¹

2.4 APPLICATION FORM

Application form is a form which provides the investor to be a partner of mutual fund portfolio. The application forms in mutual funds are like share stocks of the firms. The investors can be partners of the firms by buying the share stocks of these firms. Same thing is true for the mutual funds. Investors will be partners of the mutual fund portfolio by having these application forms but , there is a difference at this point. Stock holders have some rights at firm management because of the shares they have but, applicationform owners do not have the rights at firm management. The investors who bought application forms may require the physical delivery of the documents or they may want them from the management to be kept of by the mutual fund portfolio management.¹²

2.4.1 HOW ARE THE APPLICATION FORMS BOUGHT AND SOLD?

The founder of the mutual fund announces where the mutual funds can be bought and sold. Investors apply to these places for buying-selling of the mutual funds and they giveinstructions. In addition to this, with the help of the foundations which have deal with founder, ATM machines and internet banking provides the buying and selling of the

¹¹ BOOKS: SOYDEMİR,Selim 1986 A.B.D,” İsviçre,Kore ve Türk Hukuku’nda Yatırım Fonları ve Para Piyasası Fonlarının Türkiye’de Olabilirliği.SPK Yeterlik Etüdü,Kasım,Ankara.” ESER,Rüya 1996 University of Birmingham “ The Performance and Portfolio Behaviour of Mutual Funds in Turkey”

¹² http://www.fonbul.com/fon_rehberi.asp

application forms. Mutual funds application forms are bought and sold within certain hours in a day .¹³

2.4.2 PRICING METHOD FOR APPLICATION FORMS

The pricing method for type B liquid funds is **historical pricing**. Another method which is called **forward pricing** is used for the other mutual funds. Investors must apply to the locations where type B liquid funds are bought and sold. These locations are announced by the founder in the instruction. The prices for buying-selling of mutual funds are determined by internal regulations.

For selling some of type A funds, fund owner must give notice to the fund before 1 or 2 days(it can be more). This situation is called “application for selling announcement form”. The cash position of the mutual fund is arranged with this by the founder and the instructions are announced to the investors.¹⁴

The pricing method for funds except of type B liquid funds and type A funds is forward pricing . In this method, investors can apply until 12.00 while İMKB share stock market and security markets are open. Following the first calculation of share price is vital for the instruction of buying procedure of the mutual funds.

The instructions which are given after 12.00 were accepted as they are given after first share price was calculated and they are given the price of first calculation share price. The instructions are given the price of first calculated share price if they were sent while İMKB share stock market and security markets were closed.

The collection of the price of the application form is determined by the founder. The founder can add 20% additional margin at most to the selling price of the application form because, buying price is not known certainly. The latest margin must be applied to all investors equally.

¹³ http://www.fonbul.com/fon_rehberi.asp

¹⁴ http://www.fonbul.com/fon_rehberi.asp

The investors can sell their application forms until 12.00 while İMKB share stock market and security market are open. Selling instruction of application form is prepared according to the first calculation of the price of the share.

The instructions which were accepted after 12.00 are categorized as they are accepted after first price calculation. Share price which was found after following calculation is valid.

The instructions which were accepted while İMKB share stock market and security market are valid for the first calculation of share price.

The values of the application forms are paid following 1st or 2nd transaction day (These days are determined by the founder) if the return instruction is given until 12.00 while İMKB share stock market and security market are open. If the return instruction is given after 12.00, the values of the application forms are paid following 2nd or 3rd transaction day (These days are determined by the founder).

2.4.3 CALCULATION OF THE PRICES OF THE APPLICATION FORMS

The price of the application form is calculated by the founder everyday and this price is valid for the buying-selling of the application form for the following day. Following procedure is used for the calculation:

- 1) The portfolio value of the instruments are calculated according to their transactions on valuation day and their buying-selling prices in the stock markets.
- 2) The total value of the portfolio is found by adding the credits to the fund's portfolio value and deducting the debt from fund's portfolio value.
- 3) The unit application form price is found by dividing total fund value by number of share on valuation day.

EXAMPLE: If you want to invest 10 millions TL to a fund whose total value is 100.000 TL per application form, you can buy 100 units of application form. If total fund portfolio decreases to 90.000 TL per application form (because the value of the portfolio decreased) you still have 100 units of application form, but the total value of your investment becomes 9 millions TL. If the price of the application form becomes 110.000 TL then your

investment becomes 11 millions TL. (in this example, buying and selling commission is negligible.)

During the procedure of the processes above interest, dividend, buying-selling profit and daily value increases are registered to the fund as income so, this is reflected to the shareprice of the application form which of the day. The investor can get his or her share from the gain or loss of the fund if he or she leaves the fund.

2.4.4 HOW ARE THE PRICE OF THE APPLICATION FORM LEARNT?

The unit share price of the application form is announced on the address of buying-selling of the papers every work day. In addition to this, investors can find the prices of the fund on economy pages of the newspapers but the prices belong one day before. Investors also can find the prices of the funds daily on web pages and from phoning of the founders of the fund. Weekly performances of the funds can be found on economy periodicals.¹⁵

2.5 FORMS OF MUTUAL FUNDS

a. Limited Liability Company

- * Legal form is a limited liability company
- * The sponsor must contribute at least 1% of the authorized capital
- * An investment manager acts as a manager of the mutual fund assets
- * A custodian bank acts as a custodian for the investment fund assets¹⁶

b. Contractual-Type

- * Legal form is a collective investment contract
- * The sponsor must contribute at least 1% of the unit shares as set up in a contract
- * An investment manager acts as a manager of investment fund assets
- * A custodian bank acts as a custodian and administrator of mutual fund assets¹⁷

¹⁵ http://www.fonbul.com/fon_rehberi.asp

¹⁶ http://www.indoexchange.com/bapepam/Mutual_Funds/data/reksa_02.htm#DEFINITION

¹⁷ http://www.indoexchange.com/bapepam/Mutual_Funds/data/reksa_02.htm#DEFINITION

2.5.1 MUTUAL FUNDS OPEN-END OR CLOSE-END

a. Open-end Mutual Fund with Limited Liability Company Type

- * Shares of the mutual fund are not listed in a stock exchange
- * Investors can redeem their shares to investment manager who uses mutual fund account as his own account.
- * The trading price of investment fund shares is based on the net asset value¹⁸

b. Close-end Mutual Fund with Limited Liability Company Type

- * Shares of the investment are usually listed on a stock exchange
- * Investors can not redeem their shares to mutual fund or to investment manager
- * Trading takes place in a stock exchange with a price at above (at premium) or below (at discount) net asset value.

c. Contractual Type Mutual Fund is Open-End Only

- * Units are not listed in a stock exchange
- * Investors can redeem their units to investment manager who uses mutual fund account as his own account
- * The trading price of mutual fund units is based on net asset value

2.5.2 TYPES OF MUTUAL FUNDS

The mutual funds can be in two types. These are type A and type B funds. 25 percent of portfolio of type A investment funds are originated from the Turkish firms' share certificates. There is no limitation like this in type B portfolio. The important difference for type A and B fund is tax advantage of type A funds.

¹⁸ http://www.indoexchange.com/bapepam/Mutual_Funds/data/reksa_02.htm#DEFINITION

In addition to these 2 types of type A and type B which are classified for taxation, there is another sort of mutual fund. The purpose of this sort is to form different kinds of funds which have different portfolios ; with this way , different investor preferences will be covered by forming different kinds of portfolios which have different funds.

Depending on carrying stocks and bonds in portfolio, 11 types of different mutual funds are described. These are: Bond Fund , Stock Fund , Sector Fund , Partnership Fund, Group Fund , Foreign Stocks and Bonds Fund , Gold and The Other Valuable Mines Fund , Variable Fund , Mixed Fund , Liquid Fund and Index Fund. ¹⁹According to the type of fund, investors have advantage in paying taxes. The sort of fund gives information about content of the portfolio shortly , it indicates the values in the funds.

The funds can be formed in the way described below:

At least, 51 percent of the portfolio, fund must be used continually in,

- 1) “ Bond Fund”, public or private sector to be got into the debt,
- 2) “Share Certificate Fund”, to the partnerships which were founded in Turkey.
- 3) “Sector Fund”, to be paid to the stocks and bonds of the partnerships which forms a certain sector (for example, cement or textile),
- 4) “Partnership Fund”, funds which are invested in stocks and bonds formed by the funds belongs to partnerships of the founder.
- 5) “Group Fund”, funds which are invested in stocks and bonds of a group (for example Koç Holding Company or Sabancı Holding Company.)
- 6) “Foreign Stocks and Bond Funds”, funds which are invested in stocks and bonds of foreign private and public sector.
- 7) “Gold and the Other Valuable Metals Fund”, funds which invest in gold and valuable metals that are processed in international stock exchanges and capital market instruments supported by valuable metals.

The whole part of the portfolio is paid to;

- 8) “Mixed Fund”, funds invested in stocks and bonds, debt promissory notes, gold

¹⁹ <http://www.bigpara.com/>

and the other valuable metals supported by at least two of the capital market instruments. The value which fund must not be less than 20 percent of the value of the fund portfolio.

- 9) “Liquid Fund”, funds which were formed by the capital market instruments whose maturity is less than 90 days.
- 10) “Variable Fund”, funds which can’t be joined to any other types upwards, The 80 percent of the portfolio must be in;
- 11) “Index Fund”, funds which are selected by sampling or whole of the stocks and bonds.

The percentage must be 90 percent between the Index value and the correlation coefficient(relation,parallelism) of the unit share value of the fund. The other funds which aren’t explained upwards can be formed only with the decisions of the committee and these funds must be indicated in internal regulations.²⁰

2.5.3 DESCRIPTION AND PROPERTIES OF MUTUAL FUNDS:

I tried to give the information about mutual funds shortly at the top but I will explain about mutual funds in details at this section.

As I said before mutual funds are classified in 2 types:

- Type A mutual funds
- Type B mutual funds

These funds will be discussed here in detail:

²⁰ ALICI, Aşkın 1998
Endeks Fonlar ve Türkiye’de Uygulanabilirliği.
SPK Yeterlik Etüdü, Temmuz, Ankara.
www.imkb.gov.tr

2.5.4 TYPE A MUTUAL FUNDS:

Type A mutual funds consist of share certificates. It means that the value of the portfolio of these funds must have 25 percent of the founded companies' share certificates.

Type A mutual funds have much more risk in comparison to type B mutual funds because, portfolio of these funds consists share certificates mostly.²¹ For example these funds can cause the investor earn money more at once, but another time these funds can cause the investor lose his or her money so, there is no certain profitability for these funds. Type A funds are in middle and long term risk categories, this means that type A funds' risk is very high.

Why do the investors choose type A mutual funds instead of share certificates? The answer is very easy, because there are approximately share certificates of 300 companies in stock exchange so, it will be difficult for the investors to select the right share certificates to buy. The most important thing; suitable investment timing will be very difficult to eliminate this factor, expert people who have the powerful research background will make decisions about type A mutual funds. As a result, they will diminish the probability of error.

Furthermore, if the investors choose share certificates instead of type A mutual fund, they will have to pay much more tax because after a certain level of earnings they have to pay taxes payment but if they choose type A mutual fund, they do not have to pay taxes. Another advantage concerns about buying and selling time of share certificates. If a person who buys share certificates wants to sell these in first 3 months he or she must declare this to the government but this is not valid for type A mutual funds.

An Investor can control his portfolio with the professional experts also the amount of money is not important for investment, investor can have little amount of money to invest in type A funds. An investor can evaluate his or her little saves with big scale of investor profile. An investor can buy or sell his or her funds whenever he or she wants. The investor is effected less with the strategy of long term investment strategy from the volatilities. The

²¹ http://www.kyd.org.tr/yatirim_fonlari_klavuzu/yfklavuzu9.asp

investor can diversify his or her investments with other investment instrument so, the investor can diversify the risk with type A mutual fund. Type A funds are independent from tax return. I can show you a graphic of type A funds is shown below:

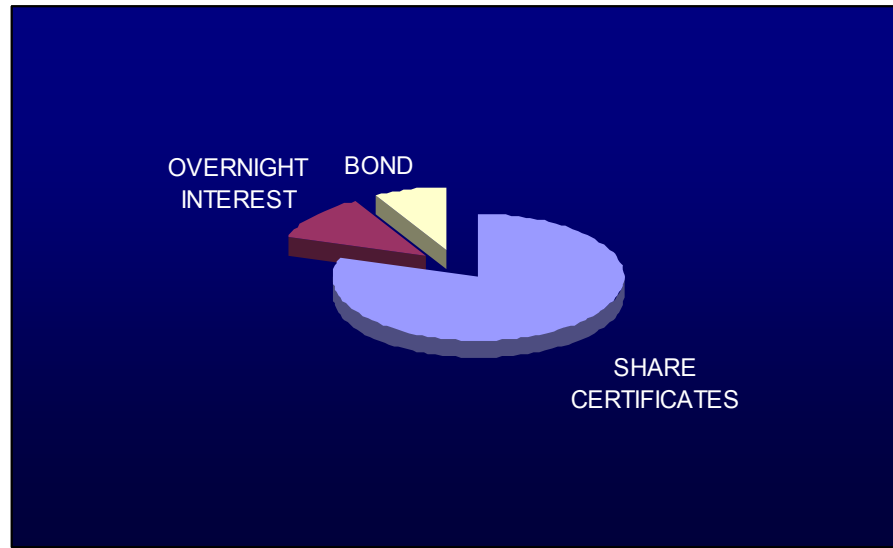


Figure -1 AKBANK TYPE A MUTUAL FUND (YEAR 2004)

As we can see from the Figure -1²², share certificates capture big share (70 %) for type A mutual fund portfolio. Secondly, overnight interest gets another share (20 %) for this type.

A mutual fund portfolio and, lastly bonds get the smallest share(10%) for this type A mutual fund portfolio. The main characteristic of type A mutual funds is to be in the high risky group between the other mutual funds.

Figure-1 indicates the risk of type A mutual funds because as we can see from the Figure-1, mostly share certificates take place in type A mutual funds' portfolio. Bonds and overnight interest are not so risky according to share certificates. However, type A mutual funds' profit can be more compared to the other mutual funds and investment

²² http://www.fonbul.com/fon_detay.asp

instruments because investors can earn more by assuming more risk but on the other hand, investors can lose more. Because of this reason, mutual funds must be managed with professional managers.

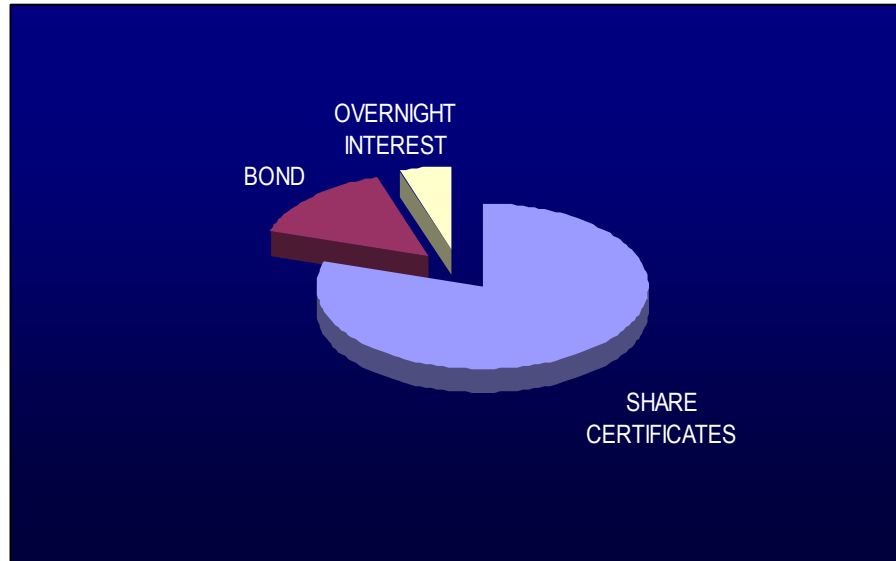


Figure -2 AKBANK TYPE A MUTUAL FUND (YEAR 2004)

As we can see from the Figure -2²³, again share certificates form the biggest part (80 %) of type A mutual fund portfolio secondly, bonds form another smaller part (15 %) of the portfolio and lastly, overnight interests form the last part(5%) of type A investment portfolio. Generally, type A mutual funds are preferred mostly by investors. In fact, they have a big risk rate according to the other mutual funds but even this big risk rate because of the big amount of earning, type A mutual funds are wanted by the investors also, bonds plays big role in type A mutual funds' portfolio. We can see this from Graphic -2.

The purpose of type A mutual funds is to have an earning according to index in long term because of this reason, share certificates must be processed to İMKB-100 index. In addition to this, the liquidity amount of these funds must be very high and financial structure of these funds must be very strong.²⁴

²³ http://www.fonbul.com/fon_detay.asp

²⁴ <http://www.yfas.com.tr/PdfGoster.jsp?id=6660>

According to the discussions above, type A mutual fund provides the investor to invest in long term because, Turkey has a very volatile financial market so, it will be a fault for an investor to use this type A mutual funds in short time. According to last years in Turkish Economy . Type A funds gives tax advantage to the investor.²⁵

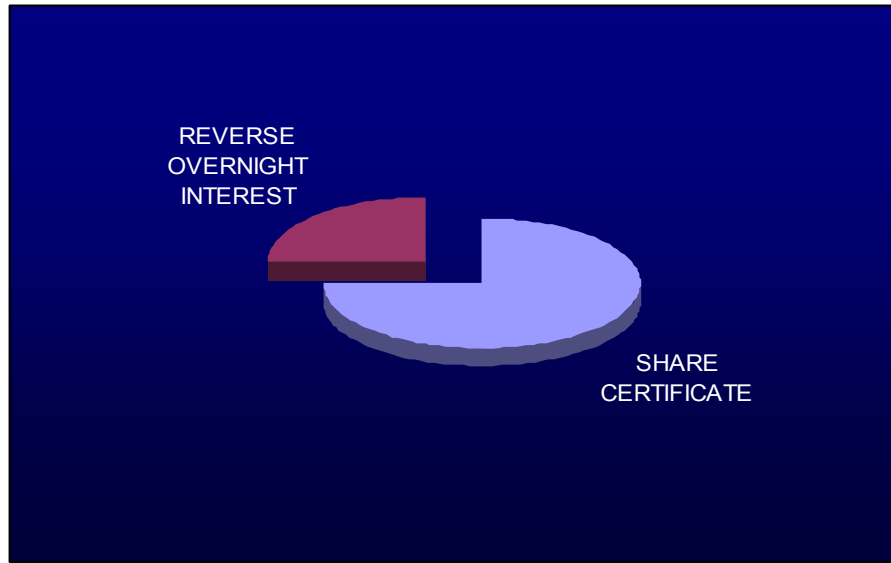


Figure -3 AKBANK TYPE A MUTUAL FUND (YEAR 2004)

As we can see from the FIGURE-3²⁶, type A mutual funds's portfolio can have share certificates and reverse overnight interest.

Share certificates have big amount (70 %) in the portfolio and reverse overnight interest has smaller share (30 %).

We can say from this figure that type A mutual funds are riskier mutual funds than the type B mutual funds because the amount of share certificates is much bigger than the other investment instruments. This makes type A mutual fund riskier because as the position of the share certificates in İMKB are not certain, one day investors of these shares can make a good profit but the other day investors can loose money, because of this reason, timing for buying and selling of type A mutual fund must be handled carefully. The shares in stock exchange market must be searched. Investors can get good profit by following the shares in details but also they can loose much if they can not follow the shares in stock

²⁵ <http://www.ataonline.com.tr/YatirimFonlari/default.asp?level=FAQ>

²⁶ <http://www.yfas.com.tr/Piyanar/YatirimFonlariAnaSayfa.yf?def=piyanar.yatirimfonlari.anasayfa>

exchange market. This makes this fund very risky.²⁷ Investors must make risk diversification for this situation. It means they must invest their money in different share certificates and different investment instruments not only one share certificate or one investment instrument.

2.5.5 TYPE B MUTUAL FUNDS:

These are the funds which are not in the same category with type A funds. The portfolios of these funds have less share certificates as compared to type A funds, some of them even do not have any share certificates.

Type B investment funds' portfolio has treasury bonds, government debenture bonds and overnight interests. In this portfolio, ratios of overnight interest and government debenture bonds can be changed according to the market conditions independently so that the investors have minimum risk and stable earning with this fund.²⁸

The investors who do not like taking risk must choose these kind of mutual funds, because these are the funds that never cause investors loose so, the risk level for these funds are so low almost negligent.

These funds have no risk but on the other hand, investors gain less with these funds as compared to type A funds.

Risk levels change according to the type of these funds for example type B liquid funds are appropriate for long term. Type B bond fund or type B variable fund are appropriate for short term because the investor has to follow these funds daily, these funds don't have share certificates in their portfolios. Type B funds gain or loose value according to the market developments of the instruments in the portfolio because of this reason the timing is not very vital for these funds in addition to this buying-selling time is important,

²⁷ <http://www.milligazete.com.tr/14032005/ekonomi.htm>- Ekonomi Konuşmaları-Necmettin Çakmak

²⁸ Kaynak:www.gpy.com.tr/downloads/GB_B_degisken.pdf+b+tipi+fon+grafik&hl=tr

because all of type B funds except liquid fund can not be bought whenever investors want to buy because of this reason , investors must give instructions to the bank for buying type B mutual fund.

Every bank has different daily timing for buying and selling type B mutual funds. Type B mutual funds supply stable gain for the investors which consist daily overnight interest short term bond and securities in it. These investors bear minimum risk . Another advantage of these funds is ; investors can increase their earnings with liquid funds by the help of the volatilities in the money and capital markets. The liquid funds supply particular cash flow to the investors.

The disadvantage of type B funds is about tax. Type B funds are not out of tax exempt because 10% of the portfolio is kept for the tax stoppage, but firms can pay their stoppages from the profit of type B interest , on the other hand if an investor does not choose type B funds, he or she has to pay tax according to the profit of bonds but this case is valid only if the amount of the profit exceeds a certain amount. One advantage for type B fund is no to make investors to loose if they are turned into cash before their maturities but bonds cause their investors loose if they are turned into cash before their maturities.

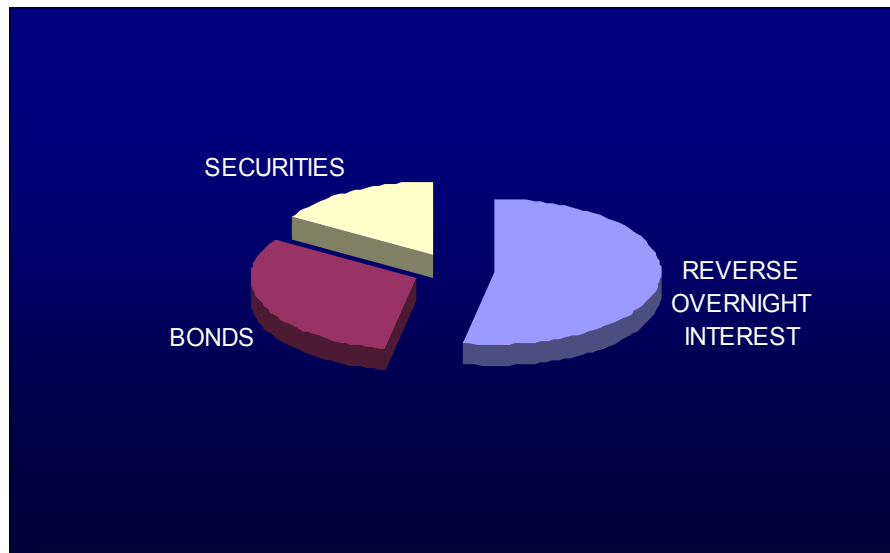


Figure -4 AKBANK TYPE B MUTUAL FUND (YEAR-2004)

As we see from the FIGURE-4²⁹, reverse overnight interest captures the most of the portfolio, secondly bonds take place in the portfolio and lastly, securities are another element of the portfolio because of bonds and securities non-risky position these type B mutual funds' risk level is so low but there is a risk about the prices of the bonds and securities because the prices of these instruments can decrease in the market.

According to type A mutual fund instruments the risk level is so low. Recent years, type B mutual funds became so popular among the investors, because Turkish investors want to be safe financially in Turkish economy.

Type B mutual Funds have no risk also people can buy and sell these funds in every hour of the day also, the volatilities in the stock market made these funds so popular because type B mutual funds are not effected much from the volatilities according to the type A funds.

Another advantage of type B funds is not to follow these funds very often because these funds don't have share certificates in their portfolios ,the investors do not have to buy and sell these funds very often to make profit.

The ratios of securities, bonds and reverse overnight interest can be different in type B mutual fund portfolio. There are the graphs about type B mutual funds below.

²⁹ http://www.kocanalist.com/about_us/ind_services/mutual_funds.asp

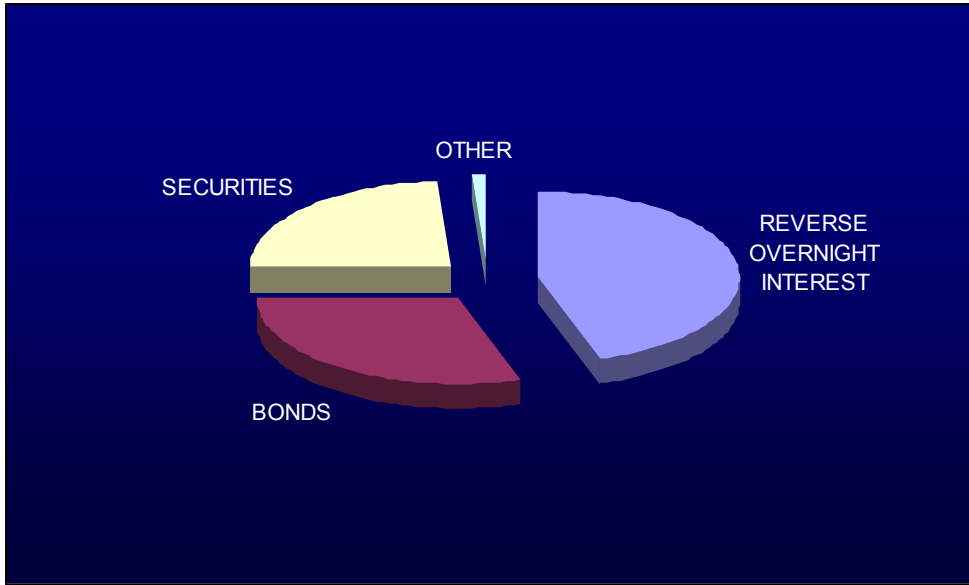


Figure -5 AKBANK TYPE B MUTUAL FUND (YEAR-2004)

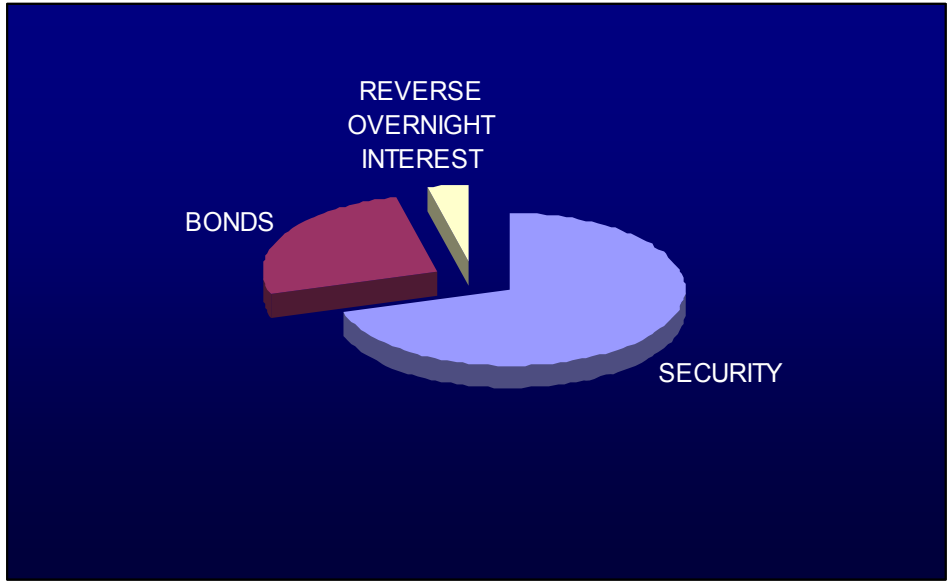


Figure -6 AKBANK TYPE B MUTUAL FUND (YEAR-2004)

As we can see from the FIGURE-5³⁰ and FIGURE-6³¹, the portfolio of type B investment funds can have different kind of investment instruments for example in FIGURE-5, the portfolio can have mostly securities or as in FIGURE-6 portfolio can have mixing of bonds, securities and reverse overnight interest. In fact, the characterization of type B funds does not change by changing the investment instruments because of this reason, there are different kinds of investment portfolio for type B funds in all of the banks in Turkey.

Type A and type B mutual funds are separated other funds group now I will inform you about these funds.

Type A mutual funds are separated to:

- 1- Variable Fund
- 2- Stock Fund
- 3- Mixed Fund
- 4- Sector Fund
- 5- Index Fund
- 6- Exclusive Fund
- 7- Participation Fund

2.6.1.1 VARIABLE FUND:

The portfolio of these funds must have at least 25 percent of stock shares. The other part of the portfolio may have different amounts of investment instruments (Securities, overnight interest) in other words there is no limitation about the number of investment instrument.

The purpose of variable fund is without producing any fluctuation to make high profit from the tendencies in IMKB. Following the investment strategy, this fund's portfolio has a dynamic and effective formation.³²

³⁰ http://www.fonbul.com/fon_detay.asp?FNO=116250&AT=1

³¹ http://www.fonbul.com/fon_detay.asp?FNO=116069&AT=1

According to the Target Yield Criteria(Benchmark), the portfolio of variable fund may have approximately 30 percent of IMKB-100 index, 60 percent 182 days bond index and 10 percent reverse overnight interest.³³

The criteria of this fund's portfolio is to benefit from the opportunity gains of stock shares while earning in mid-term and long term.

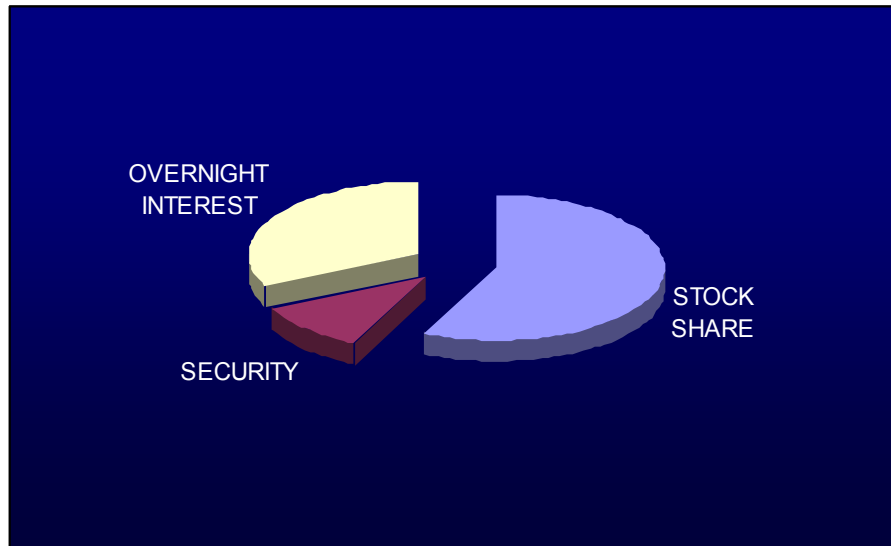


Figure -7 AKBANK TYPE A VARIABLE FUND (YEAR-2004)

We can see from the FIGURE-7³⁴ that the amount of stock shares has the biggest part. Because this fund's portfolio has mostly stock shares(65%). Secondly, overnight interest (25%) takes place, stock shares put this fund in risky position so, the risk level of this fund is high. Lastly, security(10%) is the last factor for this portfolio. The share of it is very less. The positions of the shares in IMKB effects this fund strongly, because of this reason day by day, portfolio must be checked but expert portfolio managers do this job instead of the investors. As we know type A mutual fund is a risky fund so, people who choose this fund get in a risky position, they know the situation about their risky positions but they want to gain more.

³² http://www.akportfoy.com.tr/yatirim_fonlari/pdf/Mayis_Aylik_Bulten_2004.pdf

³³ http://www.akportfoy.com.tr/yatirim_fonlari/pdf/Nisan_Aylik_Bulten_2004.pdf

³⁴ http://www.akportfoy.com.tr/yatirim_fonlari/pdf/Mayis_Aylik_Bulten_2004.pdf

If we think from the investor side, it will be very difficult to follow hundreds of stock shares day by day but with the help of the expert portfolio managers, investors' job get easier. Timing of buying and selling of the shares is so important for this fund because every time the values of the share stocks change.

If investors buy the share stocks directly, they have to pay a tax amount after a certain level profit but they don't pay any tax if they buy type A investment fund. The investor can buy more than one share stock with his or her money by investing in variable fund but, otherwise investor's money may not be enough to buy stock shares.

2.6.1.2 STOCK FUND

Stock fund is also type A mutual fund because, fund's portfolio has 25 percent of the share stocks. This fund's position is in high risky position. Generally, this fund addresses to the investors who wants to get risks. The investors can diversify their risks by buying different kinds of share stocks by doing this the risk level will not be gathered to the same share stock. The risk will be separated to the other share stocks if the Investor can success to diversify the risk between the stock shares, the profit will be high. The investors who want to invest in middle and long term must choose this fund.

This fund takes into consideration the potential development opportunities in medium and big scaled firms. In addition to this by different variations of portfolios, stock fund targets to have a profit above the Benchmark. The share stock portion is stabilized at %51-100, with the other portion, fund invest in stocks and bonds which have stable profit.³⁵

³⁵ http://www.akportfoy.com.tr/yatirim_fonlari/pdf/Mayis_Aylik_Bulten_2004.pdf

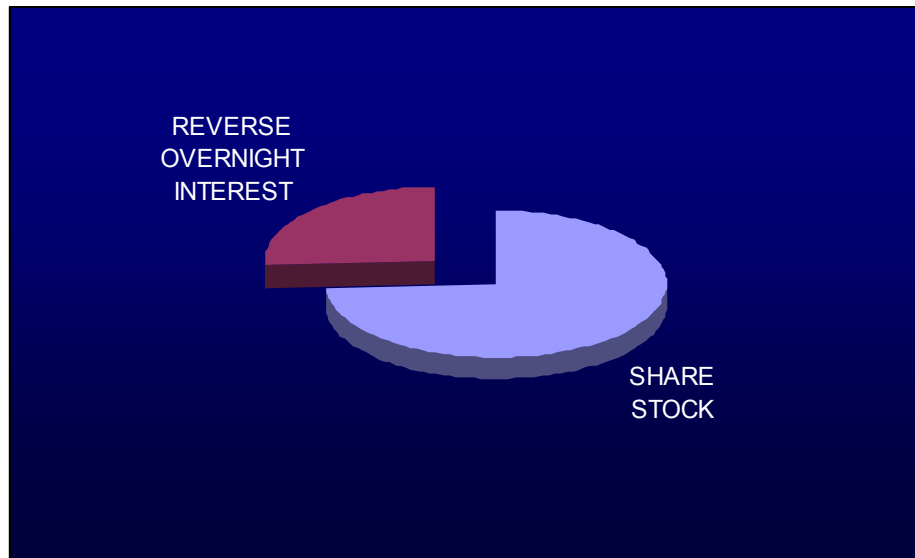


Figure -8 AKBANK TYPE A STOCK (YEAR-2004)

As we see from FIGURE-8³⁶, the big portion belongs to the stock shares. We can understand the risk level of this fund from FIGURE-8. Secondly, the reverse overnight interest gets the other portion of the portfolio.

Stock fund strategy is effected from the macro economical factors. Specially, the positive news coming from The Europe Society and IMF can effect the share stocks in a positive way so, the trend goes upward for this fund. The good estimates about development of the economy increase in internal demand and refreshment of Industry production cause the share stocks increase, consequently this helps to the development of the stock fund beside this the bad events occurring around the world and negative political developments causes fallings in profitabilities of stock fund but on the other hand, the falls in the prices of the share stocks are good opportunities for the investors because, investors buy these share stocks in a cheaper way.

The investor can buy more than one share stock with his or her money by investing in stock fund but, otherwise the investor's money may not be enough to buy stock shares. The profit of stock fund is good at middle and long term maturity.

³⁶ http://www.akportfoy.com.tr/yatirim_fonlari/pdf/Nisan_Aylik_Bulten_2004.pdf

2.6.1.3 MIXED FUND

Mixed fund has different investment instruments in its portfolio. These instruments are reverse overnight interest, treasury bond, security and share stock. If we pay attention to this fund we see that there is a good risk diversification in this fund's portfolio.

Type A mixed fund has %30 IMKB-100 index, %40 bond index and %30 reverse overnight interest in its portfolio. This fund's purpose is address this portfolio (Benchmark) in mid-term and to make earning above this.

Generally, this fun's portfolio must have at least 2 basic investment instruments. Each of these instruments' share in the portfolio must be %20 and one of these instruments must be share stock. Another important point is %25 of the portfolio must be share stock otherwise we can't call this fund as "Mixed Fund".³⁷

Mixed fund is very appropriate for the investors who want to invest in share stock, treasury bond, security and overnight interest in balanced situation. The investors who chooses this fund target high profit in mid-term and long term.

As we see from GRAPH- 8³⁸, the big portion belongs to the stock shares. We can understand the risk level of this fund from GRAPH-8. Secondly, the reverse overnight interest gets the other portion of the portfolio.

Stock fund strategy is effected from the macro economical factors. Specially, the positive news coming from The Europe Society and IMF can effect the share stocks in a positive way so, the trend goes upward for this fund.

³⁷ <http://acikbas.home.icq.com/menu/yatfon/yatfon.html>

³⁸ http://www.akportfoy.com.tr/yatirim_fonlari/pdf/Nisan_Aylik_Bulten_2004.pdf

The good estimates about development of the economy increase in internal demand and refreshment of Industry production cause the share stocks increase, consequently this helps to the development of the stock fund beside this the bad events occurring around the world and negative political developments causes fallings in profitabilities of stock fund but on the other hand, the falls in the prices of the share stocks are good opportunities for the investors because, investors buy these share stocks in a cheaper way. The investor can buy more than one share stock with his or her money by investing in stock fund but, otherwise the investor's money may not be enough to buy stock shares. The profit of stock fund is good at middle and long term maturity.

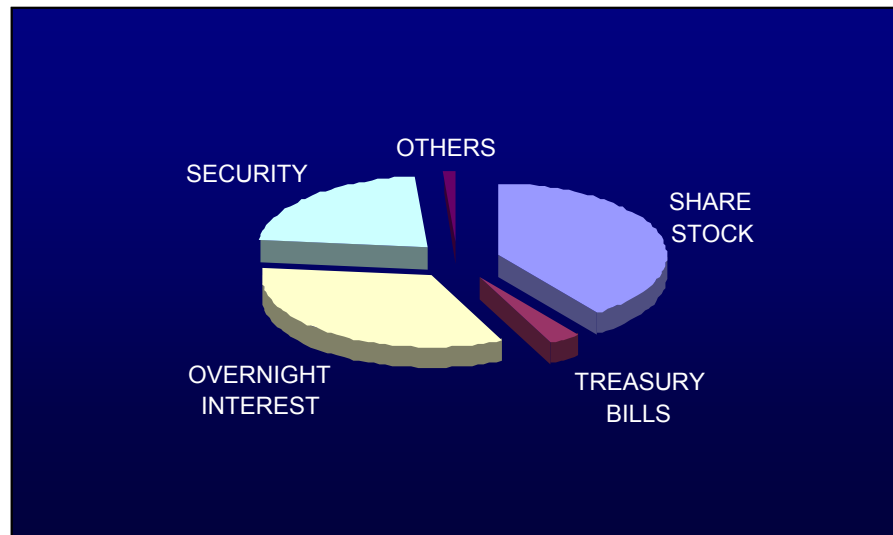


Figure -9 AKBANK TYPE A MIXED FUND (YEAR-2004)

We can see from FIGURE-9 that the portion of share stock is the biggest because, as we said before %25 of the portfolio must be share stock in mixed fund portfolio.

The investor can buy more than one share stock with his or her money by investing in mixed fund but, otherwise the investor's money may not be enough to buy stock shares.

Secondly, overnight interest takes place in mixed fund's portfolio. If an investment fund has overnight Interest in portfolio the investor will make a high profit because, overnight interest will be compared according to the whole investment in mixed fund's portfolio but, if the investor put his or her money directly to overnight interest then the profit will be low.

Thirdly, security is another element in the portfolio, investor gains a stable earning with this. Fourthly, treasury bond takes part in the portfolio. Treasury bond also supplies the investor a non-risky position and a stable profit. ³⁹

We can see from the FIGURE-9 that the portion of share stock is the biggest because, as we said before %25 of the portfolio must be share stock in mixed fund. The investor can buy more than one share stock with his or her money by investing in mixed fund but, otherwise the investor's money may not be enough to buy stock shares.

Secondly, overnight interest takes place in mixed fund's portfolio. If overnight interest takes place in an investment fund, the investor will make a high profit because, overnight interest will be compared according to the whole investment in mixed fund's portfolio but, if the investor put his or her money directly to overnight interest then the profit will be low. Thirdly, security is another element in the portfolio, investor gains a stable earning with this. Fourthly, treasury bond takes part in the portfolio. Treasury bond also supplies the investor a non-risky position and a stable profit.

³⁹ http://www.disportfoy.com/002_03.html

2.6.1.4 SECTOR FUND:

A type sector fund can be searched in 3 groups:

- 1) Type A manufacturing industry sector fund
- 2) Type A financial foundations sector fund
- 3) Type A technology sector fund

2.6.1.4.1 TYPE A MANUFACTURING INDUSTRY SECTOR FUND

The purpose of this fund for the investor is to invest in share stocks which are included in industry index processing in IMKB. Averagely, portfolio of type A manufacturing industry sector fund has %70 IMKB industry index and %30 reverse overnight interest as benchmark. This fund has a target profit which is more than the benchmark in mid-term.⁴⁰

This fund is in a high risky position because there are big portion of share stocks in the portfolio. The fund is for the people who wants to estimate their investments heavily in share stocks which are in IMKB industry index. Certainly, investors must know the basic market knowledge.

⁴⁰ http://www.akportfoy.com.tr/yatirim_fonlari/pdf/a_tipi_akbank_imalat.pdf

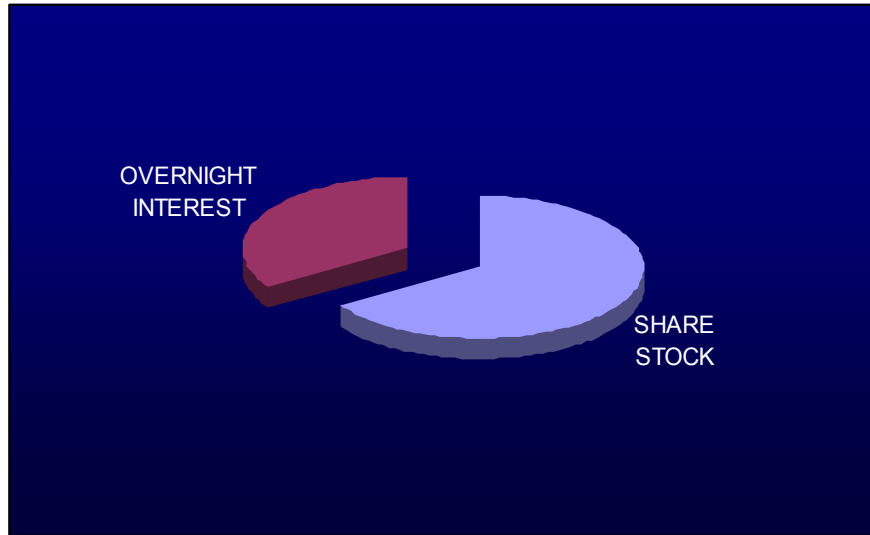


Figure -10 AKBANK TYPE A MANUFACTURING INDUSTRY SECTOR FUND (YEAR-2004)

As we see from FIGURE-10, the big portion belongs to share stocks. The investor must invest in this fund in long term (at least 6 months).⁴¹ Overnight interest is another investment instrument in the portfolio.

2.6.1.4.2 TYPE A FINANCIAL FOUNDATIONS SECTOR FUND

This fund is for investors who want to estimate their savings in insurance and holding company and bank share stocks in IMKB financial index in mid-term and long term.

The benchmark for this fund is %70 IMKB financial index and %30 reverse overnight interest. The target is to make more earnings than this portfolio in mid-term.

This fund is also in high risk group⁴², because it has a big portion of share stocks in the portfolio so, the investors must know the basic market structure to make more earnings with this fund.

⁴¹ http://www.akportfoy.com.tr/yatirim_fonlari/risk_ve_varlik.asp

⁴² http://www.akportfoy.com.tr/yatirim_fonlari/risk_ve_varlik.asp

In shortly, type A financial foundations sector fund is for the investors who has the good knowledge of the market. The investors can invest in different kinds of share stocks which belong to the banks, insurances and holding companies.

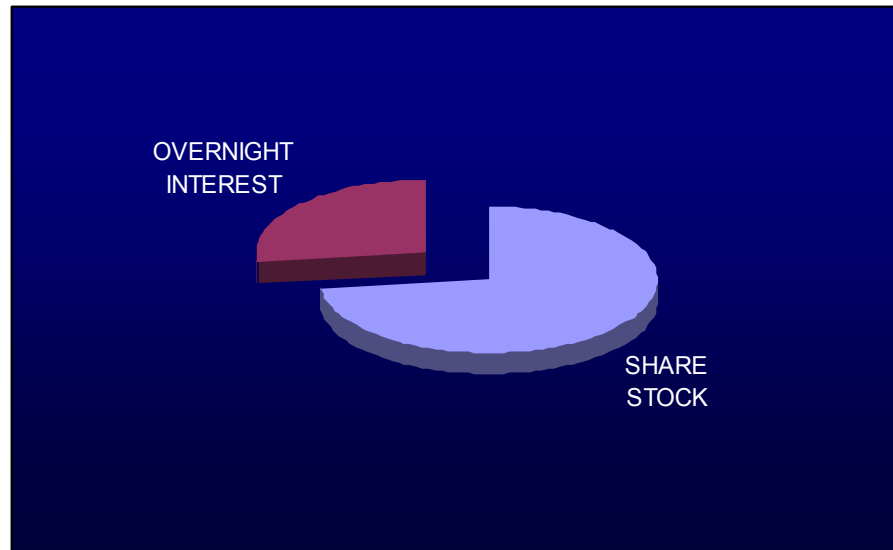


Figure -11 TYPE A FINANCIAL FOUNDATIONS SECTOR FUND (YEAR-2004)

2.6.1.4.3 TYPE A TECHNOLOGY SECTOR FUND

Technology sector fund is for the investors who want to invest in mid-term and long term. The portfolio has share stocks which belongs to IMKB. Share stocks are included to technology index. The portfolio has at least %51 technology sector share stocks. This fund also invests in share stocks in IMKB-100 index. This fund's portfolio must have at least %51 , at most %90 share stocks.

The Benchmark for this fund is to invest in mid-term for a portfolio which has %70 IMKB technology index and %30 reverse overnight interest. The main target is to pass the profit which is supplied by the portfolio.

Type A technology fund addresses to the people who want to estimate their savings in technology index share stocks which are in IMKB in midterm and long term. The people who want to invest in this fund must have the knowledge about the market. This fund is in high risk group.⁴³

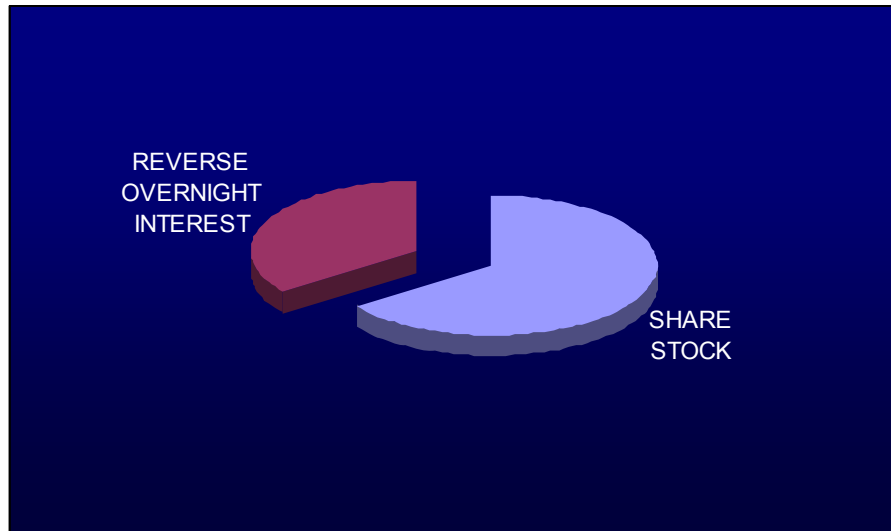


Figure -12 TYPE A TECHNOLOGY SECTOR FUND (YEAR-2004)

As we see from FIGURE-12 that the big portion belongs to the share stocks, this puts fund in a risky position. Secondly, another portion belongs to reverse overnight interest.

2.6.1.5 TYPE A INDEX FUND

Type A index fund's portfolio is for the investors who want to invest in the share stocks in IMKB. This fund is risky because whole portfolio is captured by share stocks this means that investors must be very careful about volatilities of share stocks and economic developments in Turkey.

The fund's purpose is to make a profit which is parallel to the share stocks in IMKB. This fund is the riskiest fund in A type investment funds.⁴⁴

⁴³ http://www.akportfoy.com.tr/yatirim_fonlari/risk_ve_varlik.asp
⁴⁴ http://www.akportfoy.com.tr/yatirim_fonlari/risk_ve_varlik.asp

The investor does not have to deal with all the shares that he got in this fund, the investor can be a partner to the all profit which is made by the all share stocks in this fund. The Benchmark for this fund is to invest in a portfolio which has % 90 IMKB stock shares index and %10 reverse overnight interest in mid-term. This fund's profit is very good at long term. The people who don't want to deal with all the share stocks one by one like buying and selling of the share stocks must choose this fund.

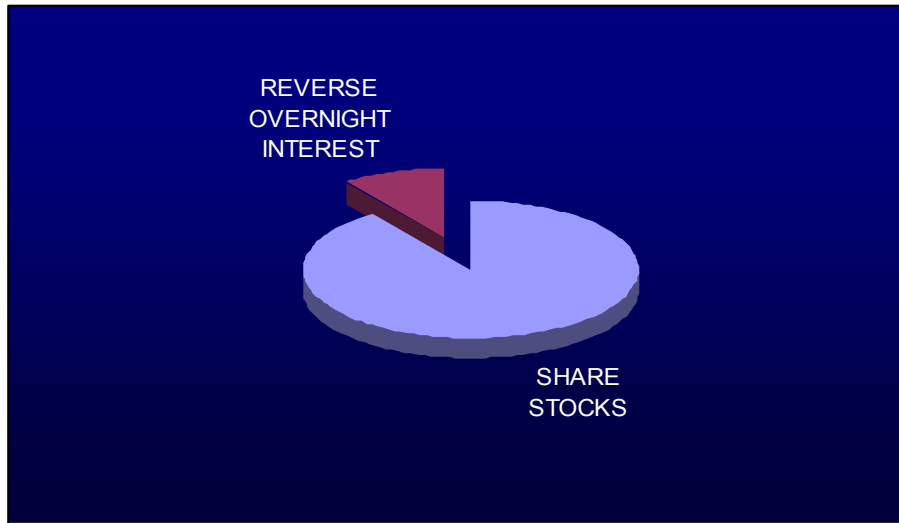


Figure -13 TYPE A INDEX FUND (YEAR-2004)

2.6.1.6 TYPE A EXECUTIVE FUND

Type A executive fund is a special fund whose participation forms are indicated and prepared for certain person or foundations.⁴⁵ During 5 years these groups did not except the investors from outside because of this reason this fund is called as “Closed End Funds”.

This fund is in risky group because, as I said before type A mutual funds portfolios must have %25 share stocks because of this reason investors had better choose this fund if they will invest in long term(at least 6 months).⁴⁶ The rates of the securities, bonds and overnight interest can be different in type A executive fund.

⁴⁵ http://www.akportfoy.com.tr/fon_okulu/sss.asp

⁴⁶ http://www.akportfoy.com.tr/yatirim_fonlari/risk_ve_varlik.asp



Figure -14 TYPE A EXECUTIVE FUND (YEAR-2004)

As we see from the FIGURE-14, type A executive fund is in high risk group since it has a large portion of share stocks in its portfolio. In this graph, the portion of securities are very less but the portion can change in other portfolios. The more share stocks, the more riskiness.

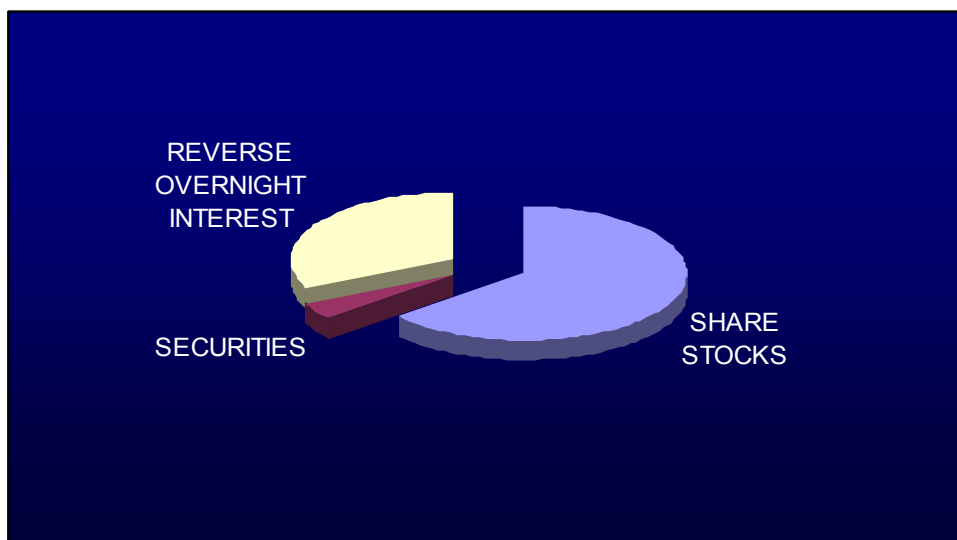


Figure -15 TYPE A EXECUTIVE FUND (YEAR-2004)

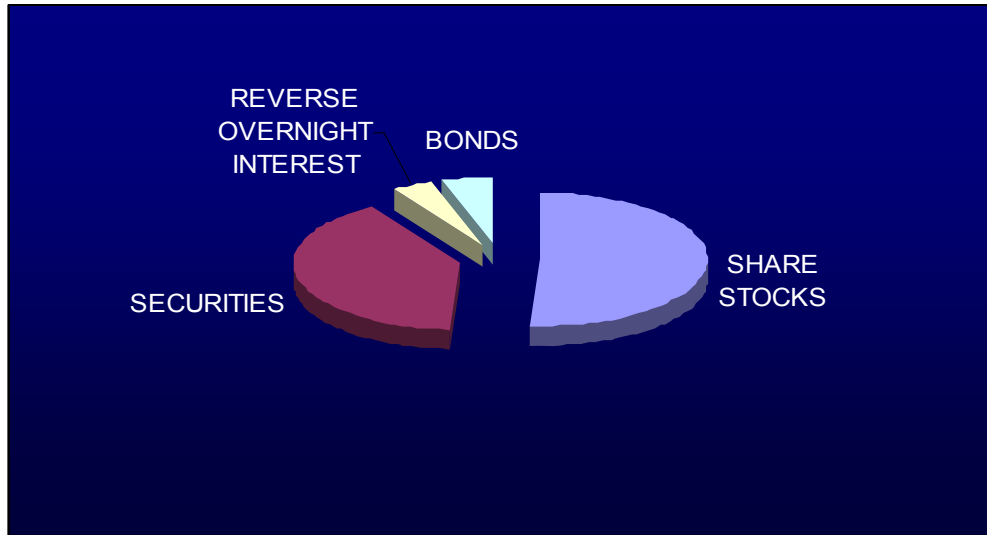


Figure -16 TYPE A EXECUTIVE FUND (YEAR-2004)

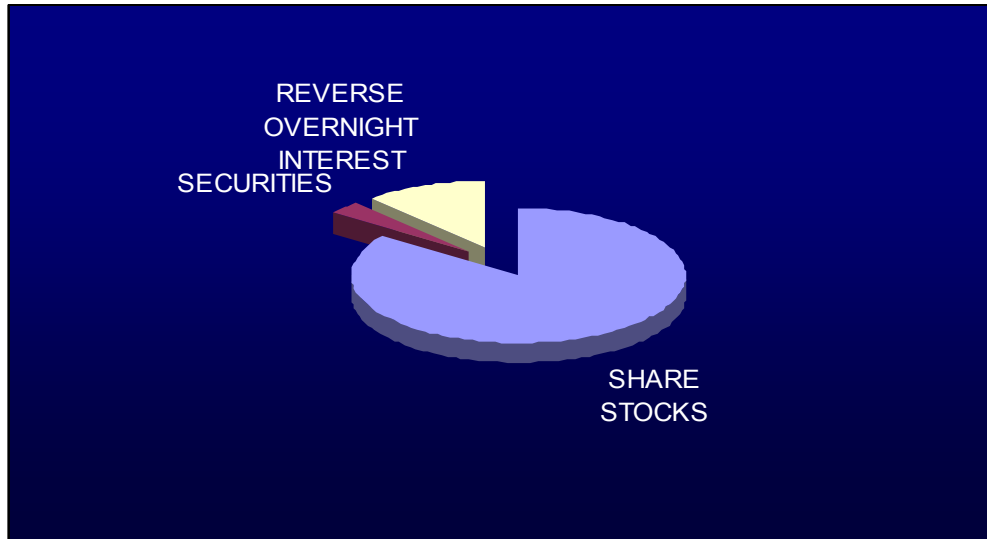


Figure -17 TYPE A EXECUTIVE FUND (YEAR-2004)

Generally, if we pay attention to the FIGURE-15, FIGURE-16 and FIGURE-17, the big portion belongs to the share stocks so, the investors must be very careful about the positions of the share stocks in Turkish exchange markets. The investors must generally prefer the holding companies' share stocks because the portfolio of A type executive fund's profit is very parallel to the holding companies' share stocks' profit.

The share stocks which are in this fund's portfolio are effected less from the volatilities in Turkish economy. In other word the ratio of the share stocks can be arranged according to the market conditions. We can say that A type executive funds make the investors gain a lot in the long-term.⁴⁷ Beside this, overnight interest is second important instrument because the investors can make investment by estimating their whole portfolios according to this overnight interest share. Bonds and securities are also important for the investors because they supply a stable profit for the investors also, they don't have any risk in the portfolio.

If we make a summarize; A type executive fund is in high risk group and has good profit in long term.

2.6.1.7 TYPE A PARTICIPATION FUND

The purpose of type A participation fund is to be estimated in the share stocks which belong to holding companies. In Turkey, there are so many companies in the big holding structure like Sabancı and Koç holding companies so, investing in these holding companies can be an advantage for the investors because these holding companies play an important role in Turkish economy. These companies are preferred by the investors because the process volume for the share stocks that belong these companies are very huge. Generally, share stocks belong to the technology companies of these holding companies.

In last years, technology companies made a big development in Turkish economy and these companies are Developing day by day. Beside this, holding companies have different kinds of companies which are in different kinds of the sectors. The benchmark for this fund is %70 of IMKB whole index and %30 of overnight interest in mid-term.⁴⁸ Type A participation fund's portfolio is a high risky portfolio because share stock ratio in the portfolio is big. The investors had better choose this fund for investing in long-term.⁴⁹

⁴⁷ http://www.akportfoy.com.tr/yatirim_fonlari/risk_ve_varlik.asp

⁴⁸ http://www.akportfoy.com.tr/yatirim_fonlari/pdf/Nisan_Aylik_Bulten_2004.pdf

⁴⁹ http://www.akportfoy.com.tr/yatirim_fonlari/risk_ve_varlik.asp

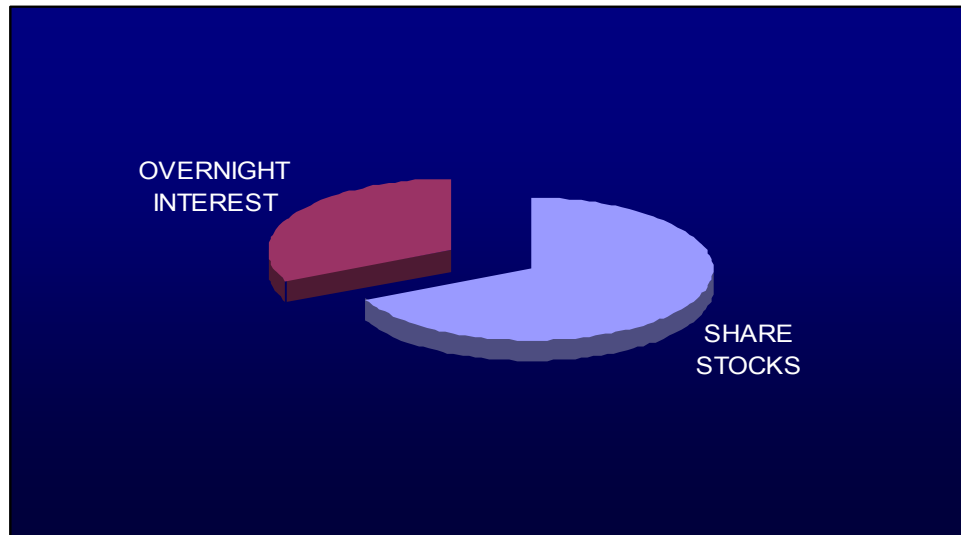


Figure -18 TYPE A PARTICIPATION FUND (YEAR-2004)

As we see from the FIGURE-18 that the portfolio has 2 types of investment instruments as share stocks and overnight interest. The big portion has share stocks. These share stocks belong to the companies in the holding companies. Second investment instrument is overnight interest. Investors has no risk with this factor in A type participation fund.

2.6.1.8 TYPE A GOLD AND THE OTHER VALUABLE MINES FUND

The portfolio of this fund has at least %51 of gold, the other valuable mines and capital market instruments that supports these values in national and international exchange markets.⁵⁰ This fund's portfolio has mostly share certificates and the rate of share certificates must be %25 in the portfolio.

This fund has also high risk level but this fund's portfolio has less risky position than the other type A mutual funds' portfolios because the other type A mutual funds portfolios have much more share certificates according to this type A gold and the other valuable mines fund.

⁵⁰ http://www.fonbul.com/fon_rehberi.asp

The purpose of this fund is to make a profit with the portfolio which has %51 of gold and the other valuable mines, %25 share stocks and %24 reverse overnight interest. The investors should choose this fund to make investment in the long-term.⁵¹

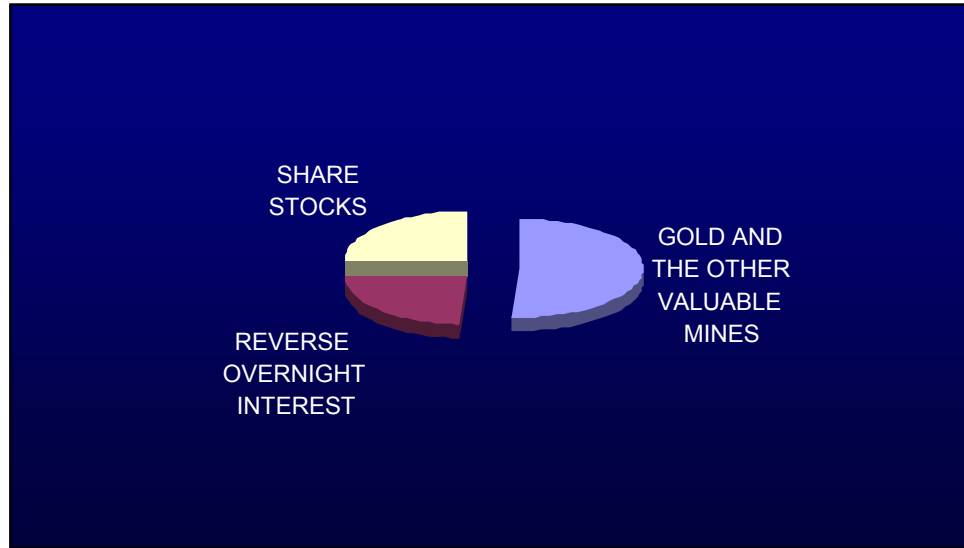


Figure -19 TYPE A GOLD AND THE OTHER VALUABLE MINES FUND (YEAR-2004)

As we see from FIGURE-19, the big portion has gold and the other valuable mines in this portfolio. Secondly, share stocks has another big portion and lastly, reverse overnight interest got the last portion in the portfolio. In exchange markets, gold has less volatilities according to the other investment instruments in type A mutual funds because of this reason, type A gold and the other valuable mines fund can be attractive for the investors.

⁵¹ http://www.akportfoy.com.tr/yatirim_fonlari/risk_ve_varlik.asp

2.6.2 TYPE B MUTUAL FUNDS

Type B mutual funds are grouped like:

- 1) Variable Fund
- 2) Liquid Fund
- 3) Security-Bond Fund
- 4) Foreign Stocks and Bond Fund
- 5) Mixed Fund

2.6.2.1 TYPE B VARIABLE FUND:

These funds invest in securities as a result this fund supplies to the investors stable profit over the inflation. This fund is preferred by the investors because, this fund makes their investors gain stable profit for their investors in volatile market conditions while doing this, this fund invests in securities, bonds and overnight interest. The investors who want to invest in low risk level choose this fund because of this reason this fund invests in decreasing interest environment and increasing interest environment at the same time. The strategy of fund is investing in medium and short term bonds and securities which have variable interest rates. Bonds are very profitable and they are alternative to overnight interest and assets. Generally, fund invests in medium term bonds and variable interest securities whose maturity is approximately 1 year. Shortly, investors had better choose this fund to make investment in short term.

If we summarize that the investors can invest in reverse overnight interest and securities to have a stable profit above the inflation in short and medium term.⁵²

⁵² <http://www.kocportfoy.com.tr/pdf/2.pdf>

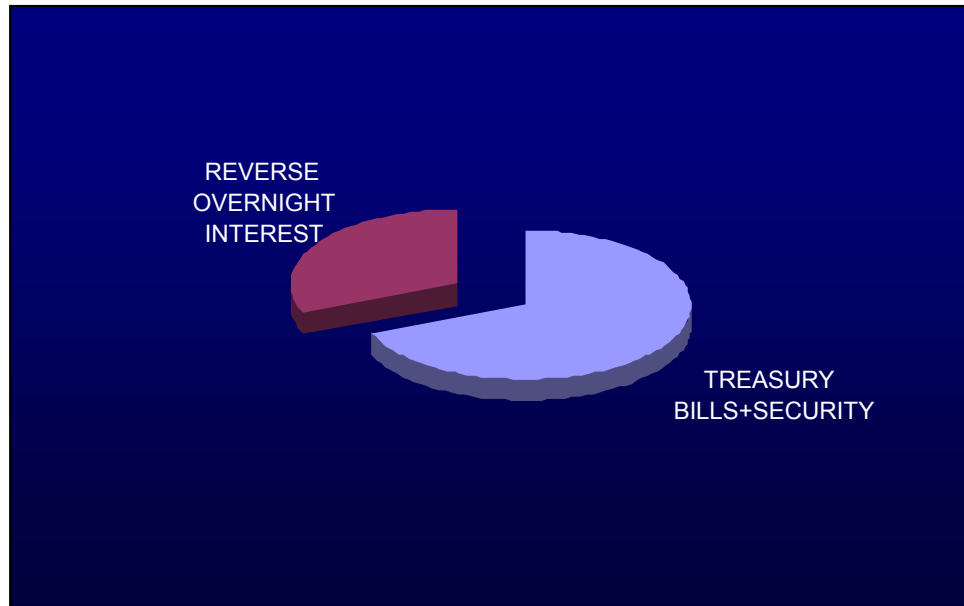


Figure -20 TYPE B VARIABLE FUND (YEAR-2004)

2.6.2.2 TYPE B LIQUID FUND

Type B mutual fund is preferred mostly by the investors because it has the advantage of being turned into cash easily. The purposes of this fund is protecting the savings from the corrosive effects of the inflation, making the investors gain parallel to the IMKB overnight interest rates, saving the capital value and having opportunity costs by money markets interest movements.

The benchmark of this fund is to have %100 of reverse overnight interest portfolio's profit. Type B liquid fund tries to have a profit parallel to this target.⁵³

Today, the investors want to feel themselves safe because of this reason, they want to protect their savings by the help of the cash management in short term. In fact, this fund is very charming for the investors because this fund's portfolio has minimum risk in its portfolio.

⁵³ http://www.akportfoy.com.tr/yatirim_fonlari/pdf/Nisan_Aylik_Bulten_2004.pdf

There is very little in some cases no share stocks in this fund's portfolio so, the volatilities in money markets don't effect this fund's portfolio in other words the risk rate is very less according to the type A funds.

The investors had better make investment in short term for this fund. One factor can effect to this fund that is interest. The interest volatilities can effect this fund's portfolio but with the help of the liquidity of fund will barricade this situation. We can say that this fund protects the investors from the uncertain conditions of the interest.

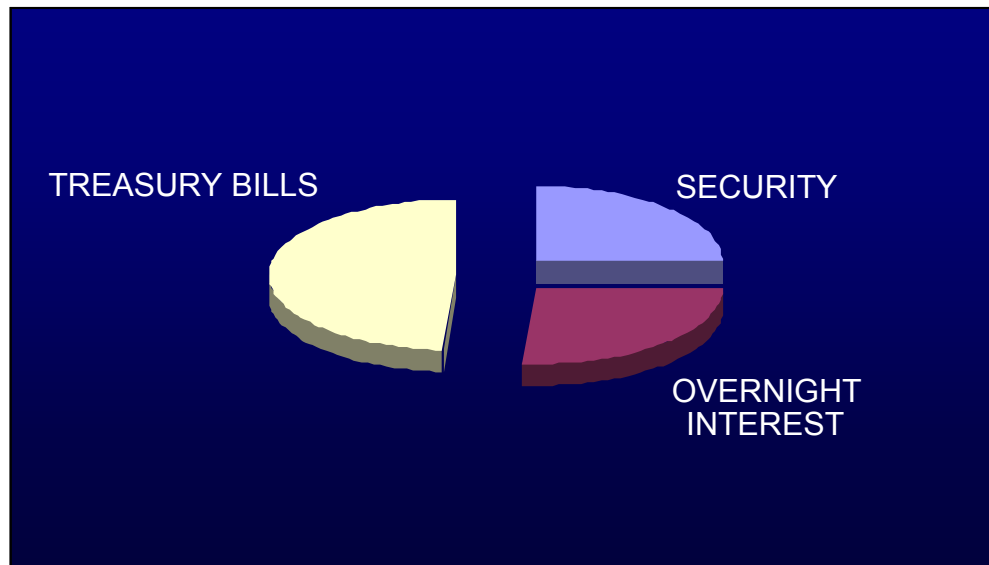


Figure -21 TYPE B LIQUID FUND (YEAR-2004)

As we see from the FIGURE-21 that treasury bonds have the big part in portfolio, this causes the low risk level in the portfolio secondly, overnight interest has another portion in the fund and lastly, security is the last investment instrument in the portfolio.

2.6.2.3 TYPE B SECURITY-BOND FUND

The purpose of type B security-bond fund is not to be effected from the high inflation rate and to have a stable and high profit while doing this this fund benefits from the profits of the mid-term and long-term maturity treasury bonds and securities. Type B security-bond fund was formed to produce regular and continuous income currents in the future.

Type B security-bond fund has a benchmark which has a criteria as %80 bond Index that is for 182 days and %20 reverse overnight interest which has an income in mid-term.⁵⁴ This fund should have be chosen by the investors to invest in long-term.⁵⁵ Another point is the investors must abstain from buying-selling of the funds in short-term to not to be effected from the volatilities. Type B security-bond fund must be invested in the long-term by the investors. This fund has a low risk level with its portfolio. Shortly we can say that investors can use type B security-bond fund to get high interest rates which belong to treasury bonds and securities in different maturities.

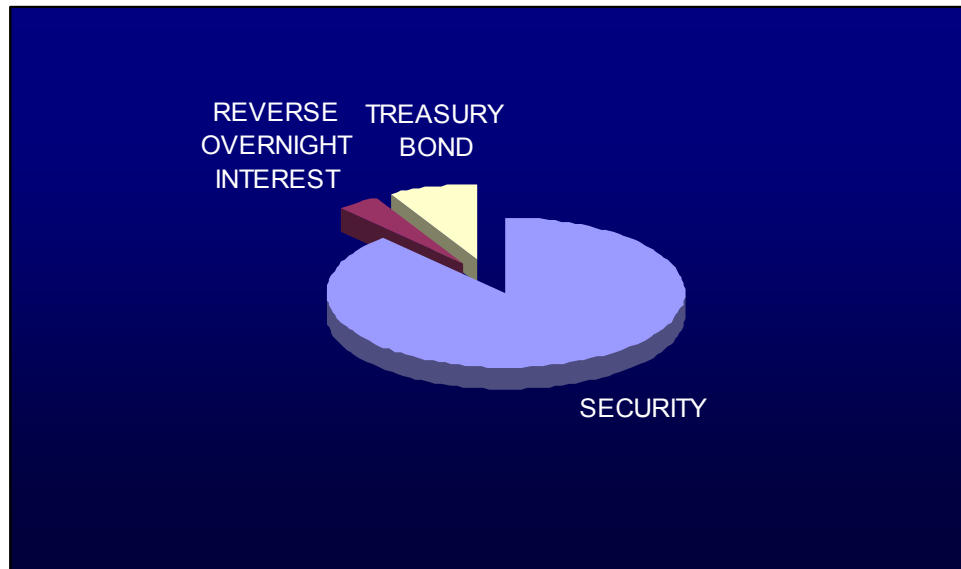


Figure -22 TYPE B SECURITY BOND FUND (YEAR-2004)

⁵⁴ http://www.akportfoy.com.tr/yatirim_fonlari/pdf/Nisan_Aylik_Bulten_2004.pdf
⁵⁵ http://www.akportfoy.com.tr/yatirim_fonlari/risk_ve_varlik.asp

As we can see from the FIGURE-22 that security has the biggest portion in the fund's portfolio, this also shows us the low risk level of the portfolio. Secondly, treasury bond has the other big portion in the portfolio. And lastly overnight interest has the last portion in the portfolio. The investment instruments have no risk for the investor.

Type B security-bond fund's portfolio must have %51 security or bonds. These bonds can be private sector bonds. There are some factors which effect to the bond-security prices. For example, high inflation rate, volatilities in exchange rates, liquidity risk in the market, uncertainties in the economy cause the increase in bond's interest but decrease its price, on the other hand, low inflation rate, regular increase in exchange rates, tranquility of liquidity, transparency of the economy cause the decrease in bond's interest, increase in price.⁵⁶

2.6.2.4 TYPE B FOREIGN STOCKS AND BONDS FUND

This fund's portfolio must have %51 stocks and bonds because of this reason, investors should have the information about stocks and bonds in foreign money markets because bonds are effected from the interest rates directly so, the economies all around the world differ from country to country. Every country's economy depends on different kind of conditions, while interest rates in one country increase, the other interest rates in the other country can decrease. The factors which cause interest rates go upward are high inflation rate, liquidity need ,uncertainties in the economy. The factors which cause the interest rates go down are low inflation rate, high liquidity amount in the markets, transparency of the economy. Bonds' interest rates go upwards if there is low inflation rate, high liquidity amount,transparency of the economy, the reverse of it causes bonds' interest rates go wn.

This fund's portfolio has low risk level. The investors should evaluate this fund in longterm. One advantage of this fund is that the others countries' economies are much better according to our country's economy it means that this situation effects to the Stocks and Bonds of these countries in a positive way. This puts these funds in an unrisky situation.

⁵⁶ <http://www.disyatirim.com.tr/urunlerimiz/sgmk.jsp>

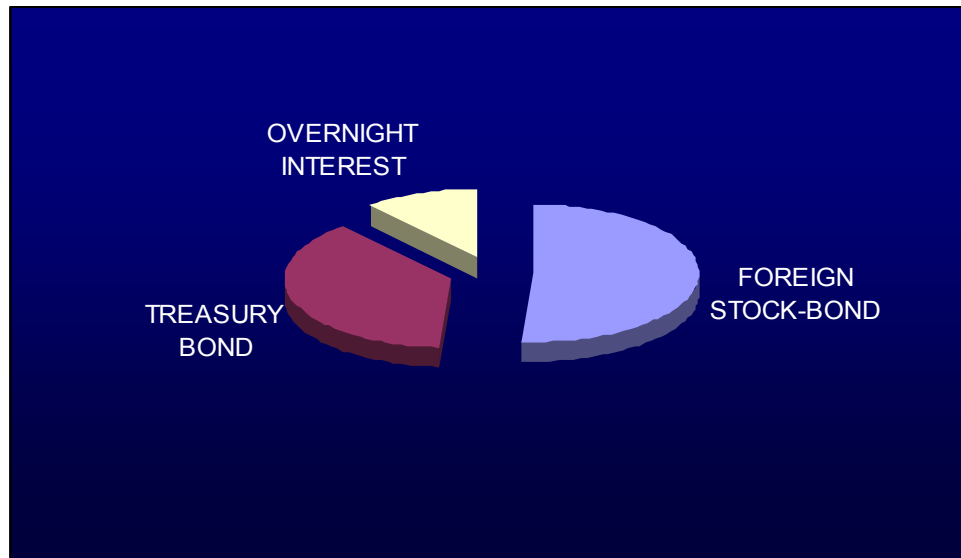


Figure -23 TYPE B FOREIGN STOCKS AND BONDS FUND (YEAR-2004)

As we see from the FIGURE-23, foreign stocks and bonds have the biggest part in the portfolio, secondly treasury bonds have the other part and last investment instrument is overnight interest.

2.6.2.5 TYPE B MIXED FUND

Type B mixed fund's portfolio must have at least 2 investment instruments. Each of these instruments must have %20 share in the portfolio. %20 share stock can also be added but this does not make this fund type A. The portfolio can have share stocks, gold and the other valuable mines and the other capital market instruments supporting to these.⁵⁷

Type B mixed fund's portfolio has a medium risk level. The investors had better choose this fund to make investment in mid-term. In fact, type B funds are low risky funds but type B mixed fund has share stocks in its portfolio, this makes this fund a little riskier than the other type B funds. Generally, %20 of the portfolio has foreign share stocks and at least %20 of the portfolio can be government securities. The other part of the portfolio can be eurobond, American treasury bond and gold.

⁵⁷ <http://www.ataonline.com.tr/YatirimFonlari/default.asp?level=FAQ>

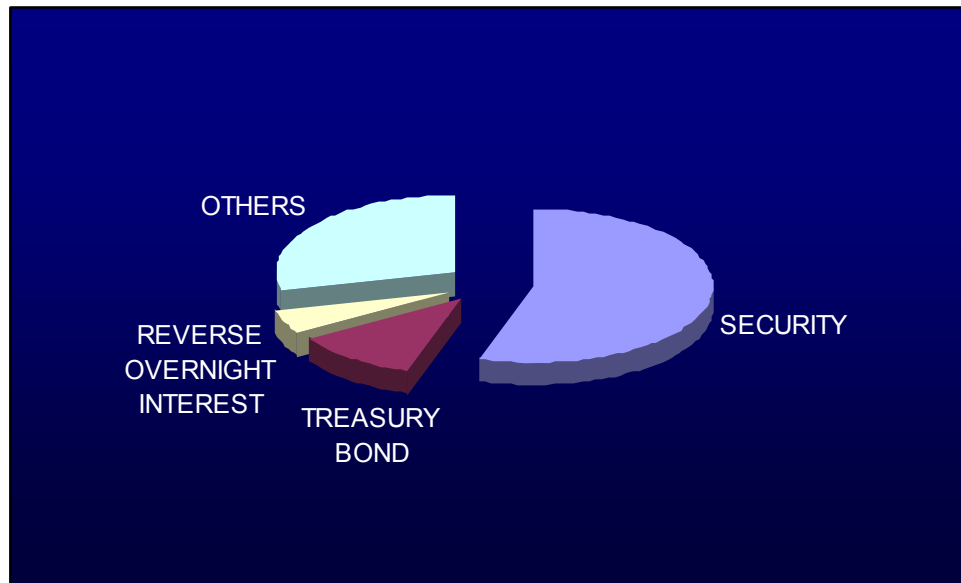


Figure -24 TYPE B MIXED FUND FIGURE-24 (YEAR-2004)

As we can see from the FIGURE-24, the biggest portion belongs to security second investment instrument, the other investment instruments can be share stocks, gold and the other valuable mines, eurobond, American treasury bond. thirdly, treasury bond captures remaining section in the portfolio. Lastly, reverse overnight interest is another investment instrument in type B mixed fund.

3- THE COMPARISON OF MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS

I will search Akbank type A and type B mutual funds for comparing between each other and other investment instruments in this section. First, I am starting with type A mutual funds. In this chapter, all data are selected from year-2004.

I chose year 2004 for this search because we can know more new things about mutual fund as soonest year-2004. Also, year by year new mutual funds occur in bank's investment portfolios. The limits are disappeared between financial markets. Year-2004 was very positive for the capital markets. IMKB index and interests were in a good situation since the growth in economy, partnership to EU and new economic program with IMF. Because of increase in IMKB index and decreasing of interest rates caused in a positive manner for type A funds invested in share stocks and type B security-bond funds in middle-long term.

3.1 AKBANK MUTUAL FUNDS

3.1.1 TYPE A VARIABLE FUND

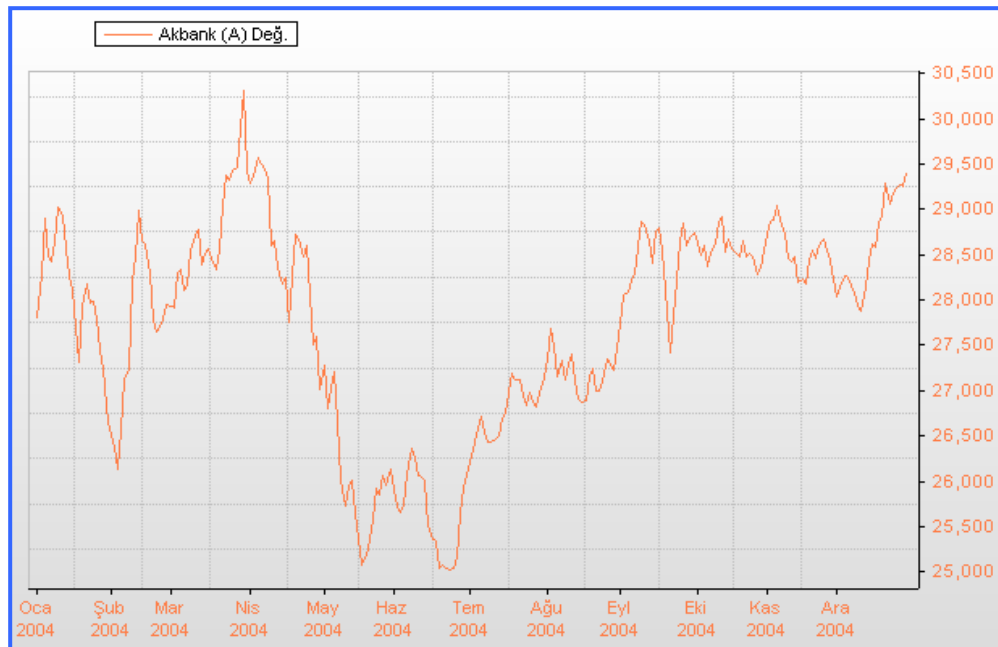


Figure -25 AKBANK TYPE A VARIABLE FUND (YEAR-2004)

In Figure -25⁵⁸ we can see the price differences of type A variable fund in year 2004. The lowest price is 25.000 TL at the end of June and the highest price is 30.250 TL at the end of the March.

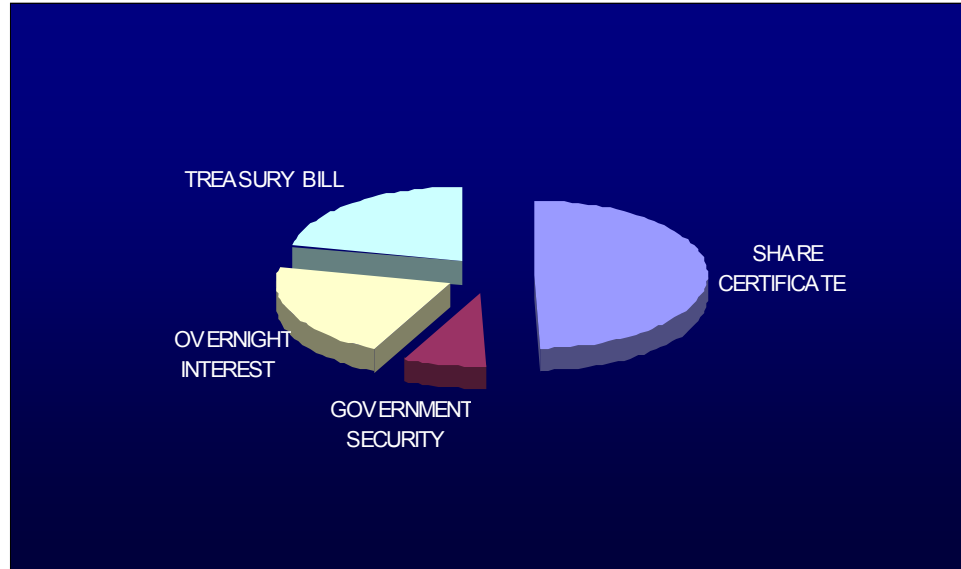


Figure 26 AKBANK TYPE A VARIABLE FUND(YEAR-2004)

3.1.2 TYPE A STOCK FUND



Figure -27⁵⁹ TYPE A STOCK FUND'S PRICE ACCORDING TO THE DAYS OF YEAR 2004 (YEAR-2004)

⁵⁸ http://www.fonbul.com/fon_grafik_karsilastir.asp
⁵⁹ http://www.fonbul.com/fon_grafik_karsilastir.asp

In FIGURE-27 we can see the price differences of type A stock fund in year 2004. The lowest price is 0.34 YTL in first 6 months of the year and the highest price is 0.4475 YTL at the end of the year.

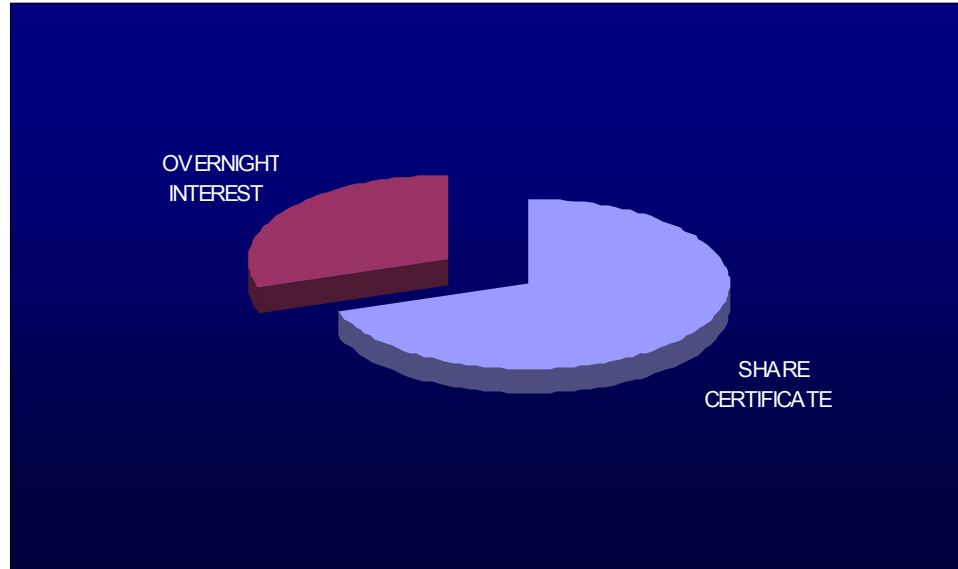


Figure- 28 TYPE A STOCK FUND (YEAR-2004)

3.1.3 TYPE A PARTICIPATION FUND



Figure -29⁶⁰ THE GRAPH OF TYPE A PARTICIPATION FUND'S PRICE ACCORDING TO THE DAYS OF YEAR-2004

⁶⁰ http://www.fonbul.com/fon_grafik_karsilastir.asp

In FIGURE-29, we can see the price differences of participation fund according to year-2004. The highest price is 0.026 YTL in December and the lowest price is 0.018 YTL in May.

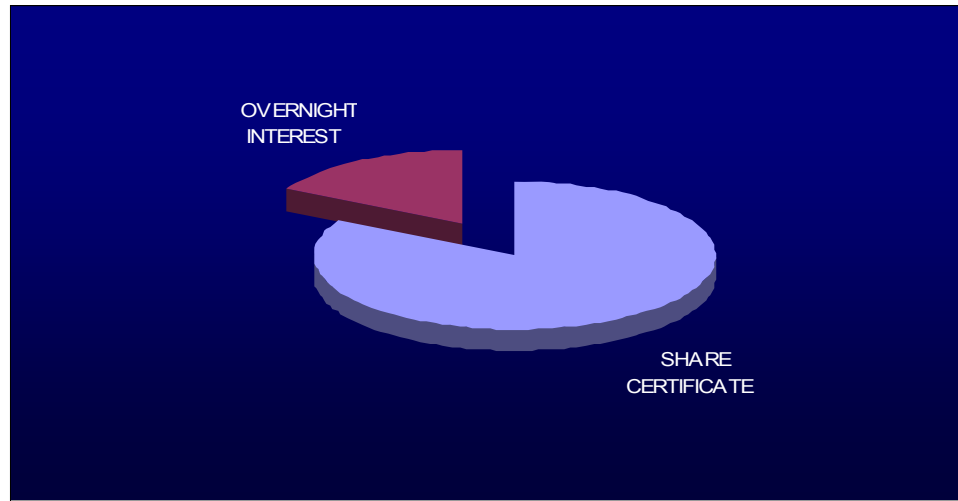


Figure 30- AKBANK TYPE A PARTICIPATION FUND(YEAR-2004)

3.1.4 TYPE A MIXED FUND



Figure -31⁶¹ THE GRAPH OF TYPE A MIXED FUND'S PRICE ACCORDING TO THE DAYS OF YEAR-2004 (YEAR-2004)

⁶¹ http://www.fonbul.com/fon_grafik_karsilastir.asp

In FIGURE-30, we can see the price differences of Akbank type A mixed fund in year 2004. The lowest price of this fund is 0.027 YTL at the end of the May. The highest price is 0.034 YTL at the end of December.

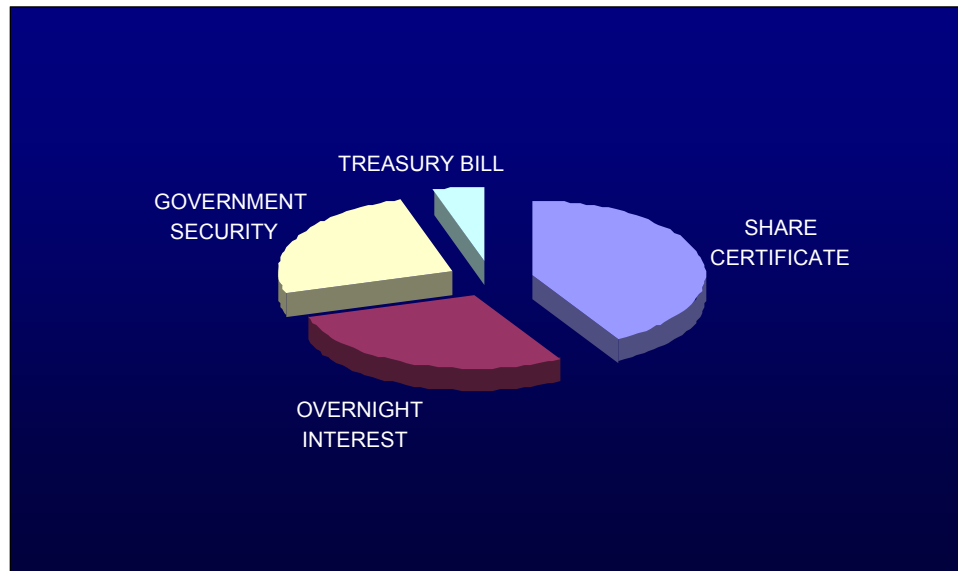


Figure-32 AKBANK TYPE A MIXED FUND (YEAR-2004)

3.1.5 TYPE A TECHNOLOGY SECTOR FUND



Figure -33⁶² THE GRAPH OF TYPE A TECHNOLOGY SECTOR FUND'S PRICE ACCORDING TO THE DAYS OF YEAR-2004

⁶² http://www.fonbul.com/fon_grafik_karsilastir.asp

In FIGURE-32, we can see the price differences according to the Year-2004. The lowest price is 0.014 YTL at the end of the June. The highest price is 0.018 YTL in November.

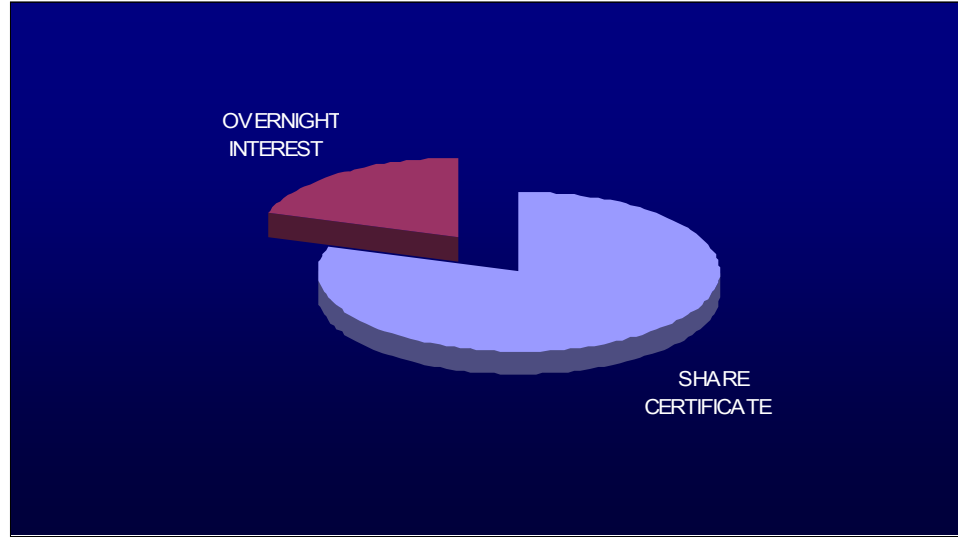


Figure-34 AKBANK TYPE A TECHNOLOGY SECTOR FUND(YEAR-2004)

3.1.6 TYPE A MANUFACTURING SECTOR



Figure -35⁶³ THE GRAPH OF TYPE A MANUFACTURING SECTOR FUND'S PRICES ACCORDING TO THE DAYS OF YEAR-2004

⁶³ http://www.fonbul.com/fon_grafik_karsilastir.asp

We can see from FIGURE-34 that the highest price is 0.02 YTL in April , and the lowest price is 0.017 YTL in June.

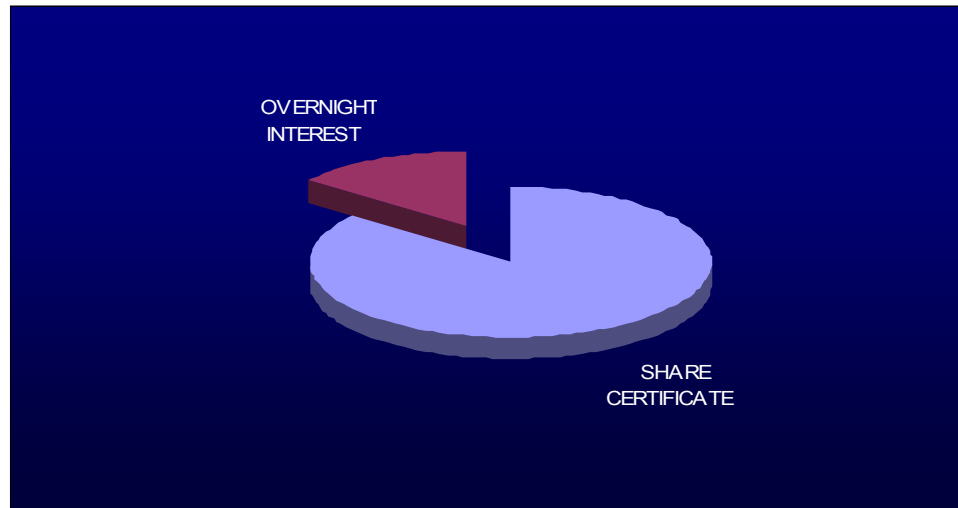


Figure -36 AKBANK TYPE A MANUFACTURING SECTOR FUND(YEAR-2004)

3.1.7 TYPE B VARIABLE FUND



Figure -37⁶⁴ THE PRICE DIFFERENCES OF TYPE B VARIABLE FUND ACCORDING TO YEAR- 2004

⁶⁴ http://www.fonbul.com/fon_grafik_karsilastir.asp

We can see the price differences of Akbank type B variable fund(B Tipi Değişken Fon) in Year-2004. The lowest price is 0.028 YTL in January. The highest price is 0.0355 YTL.

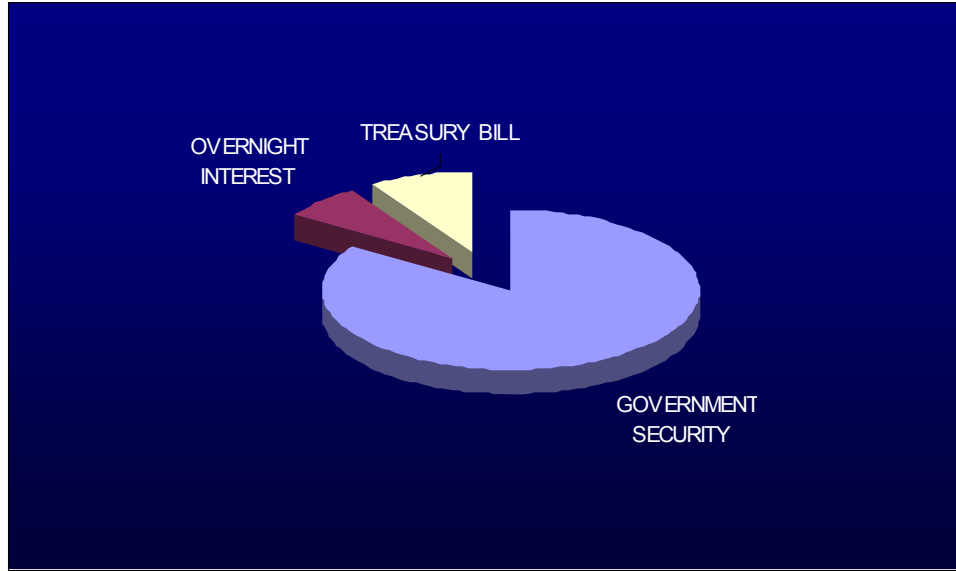


Figure-38 AKBANK TYPE B VARIABLE FUND(YEAR-2004)

3.1.8 TYPE B SECURITY FUND

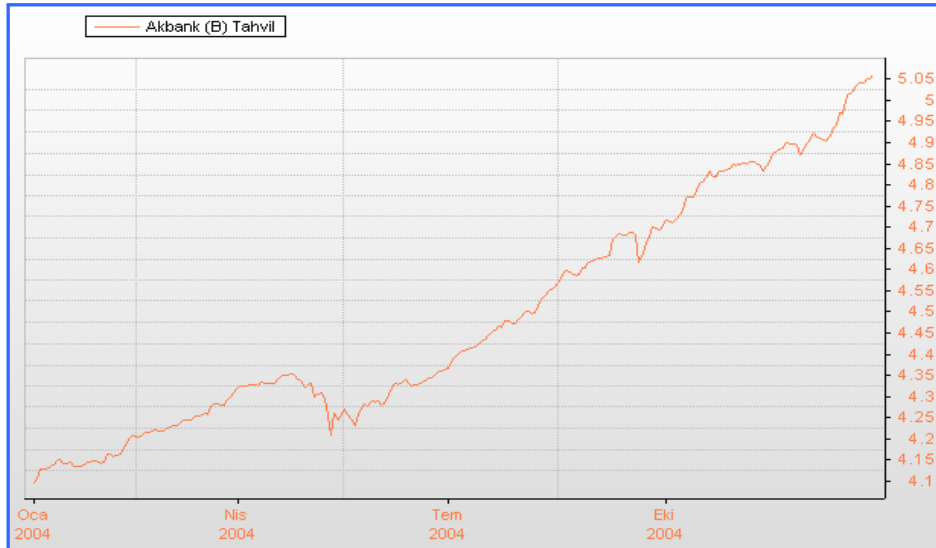


Figure -39⁶⁵ THE GRAPH OF TYPE B SECURITY FUND'S PRICE ACCORDING TO THE YEAR- 2004

⁶⁵ http://www.fonbul.com/fon_grafik_karsilastir.asp

The beginning price is 4.1 YTL and the ending price in 2004 is 5.05 YTL for type B stocks-bonds fund.

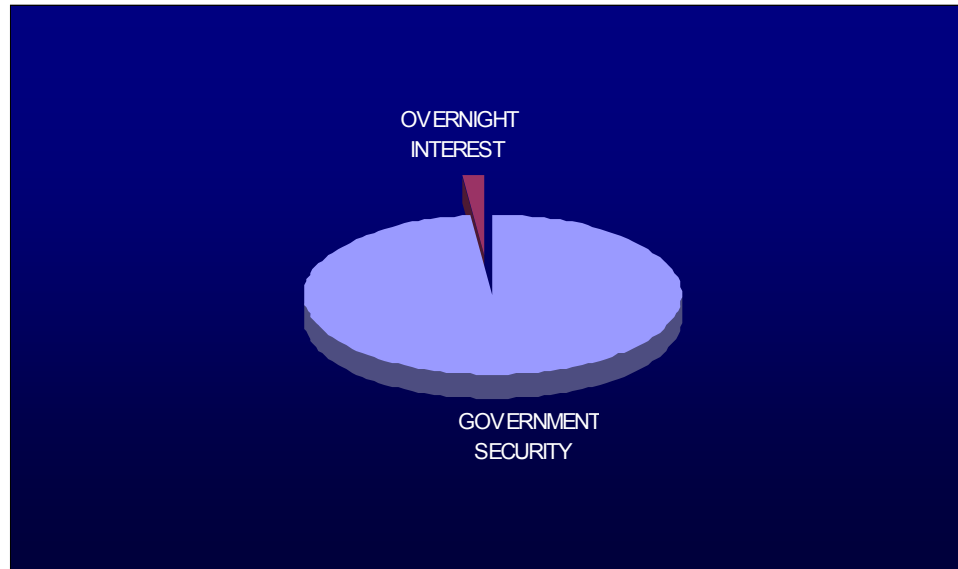


Figure-40 AKBANK TYPE B SECURITY FUND(YEAR-2004)

3.1.9 TYPE B LIQUID FUND

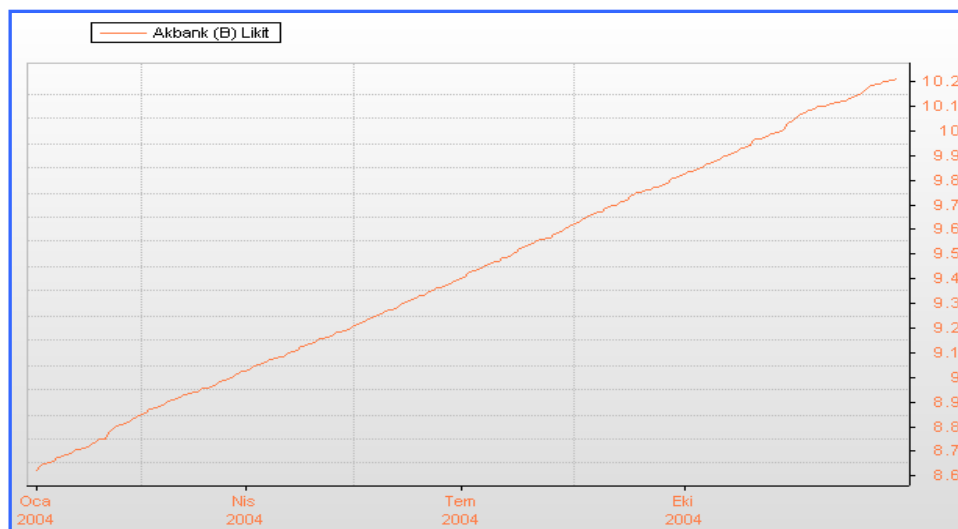


Figure -41⁶⁶ THE PRICE DIFFERENCES OF TYPE B LIQUID FUND ACCORDING TO THE DAYS OF YEAR-2004

⁶⁶ http://www.fonbul.com/fon_grafik_karsilastir.asp

As we can see from the FIGURE-39 , the highest price for type B liquid fund in year-2004 is 10.2 YTL and the lowest price is 8.6 YTL.

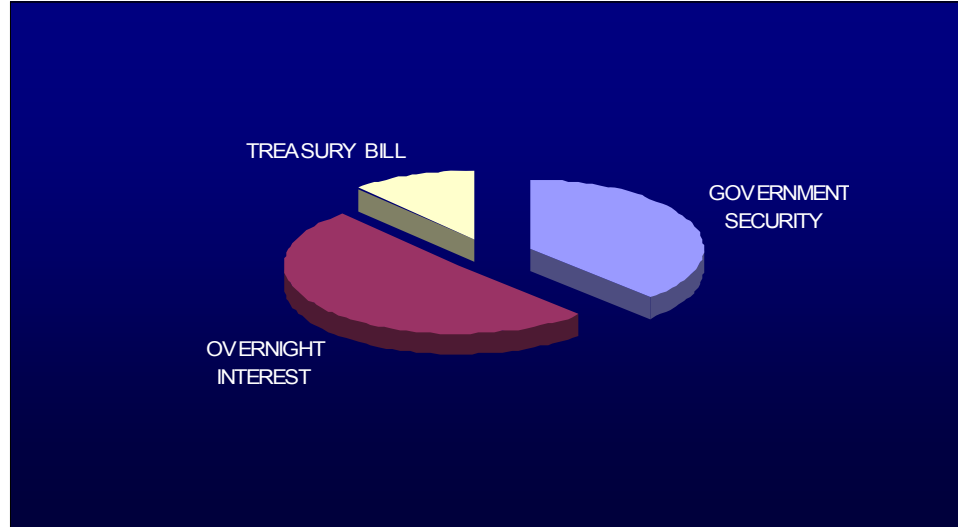


Figure-42 AKBANK TYPE B LIQUID FUND (YEAR-2004)

3.2 GARANTİ BANK MUTUAL FUNDS

3.2.1 TYPE A VARIABLE FUND



Figure-43⁶⁷ THE PRICE DIFFERENCES OF TYPE A VARIABLE FUND ACCORDING TO THE DAYS OF YEAR-2004

⁶⁷ http://www.fonbul.com/fon_grafik_karsilastir.asp

As we can see from the FIGURE-41 , the highest price for type A variable fund in year-2004 is 19,5 YTL and the lowest price is 14 YTL.

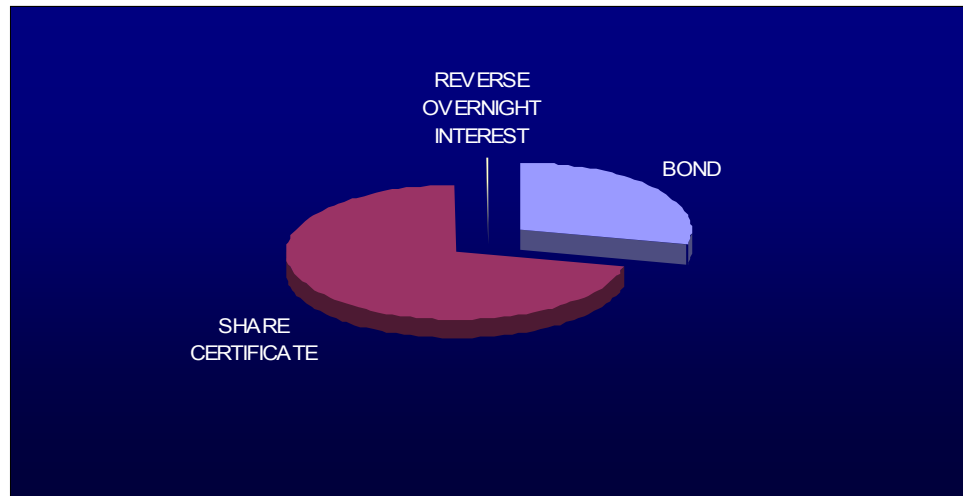


Figure-44 GARANTİ TYPE A VARIABLE FUND

3.2.2 TYPE A MIXED FUND



Figure-45⁶⁸ THE PRICE DIFFERENCES OF TYPE A MIXED FUND ACCORDING

⁶⁸ http://www.fonbul.com/fon_grafik_karsilastir.asp

TO THE DAYS OF YEAR-2004

As we can see from the FIGURE-43 , the highest price for type A mixed fund in year-2004 is 14,6 YTL and the lowest price is 11,1 YTL.

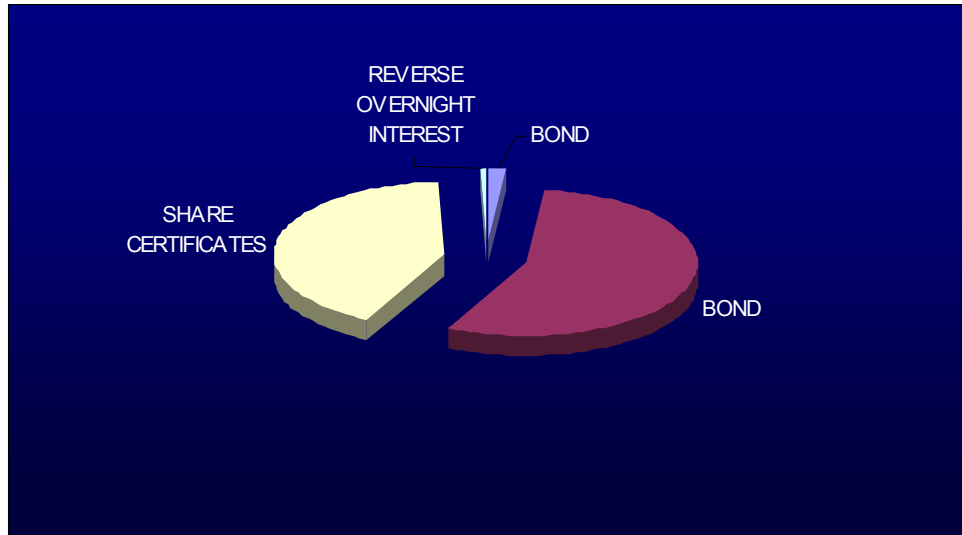


Figure-46 GARANTİ TYPE A MIXED FUND

3.2.3 TYPE A U100 INDEX FUND



Figure-47⁶⁹ THE PRICE DIFFERENCES OF TYPE A U100 FUND ACCORDING

⁶⁹ http://www.fonbul.com/fon_grafik_karsilastir.asp

TO THE DAYS OF YEAR-2004

As we can see from the FIGURE-45 , the highest price for type A U100 fund in year-2004 is 0,39 YTL and the lowest price is 0,27 YTL.

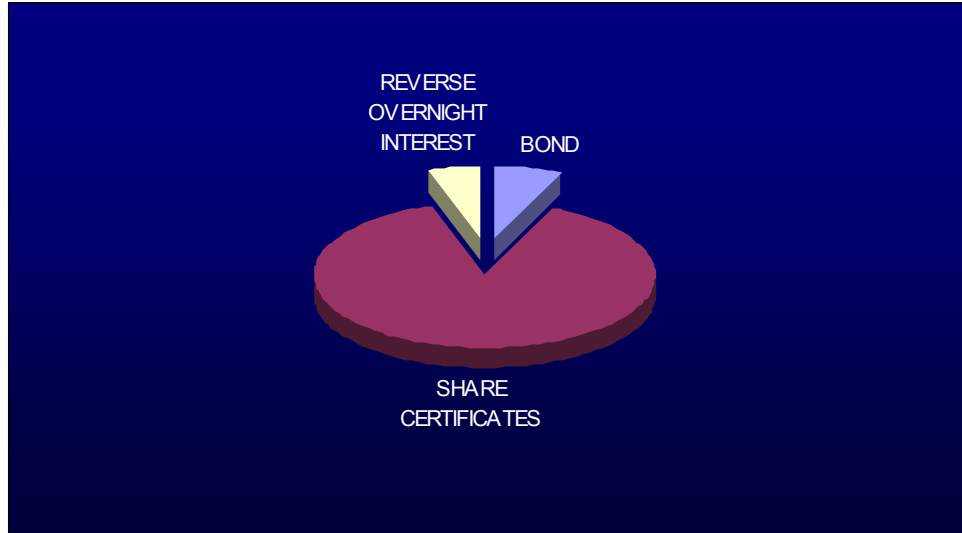


Figure-48 GARANTİ TYPE A U100 FUND

3.2.4 TYPE B VARIABLE FUND

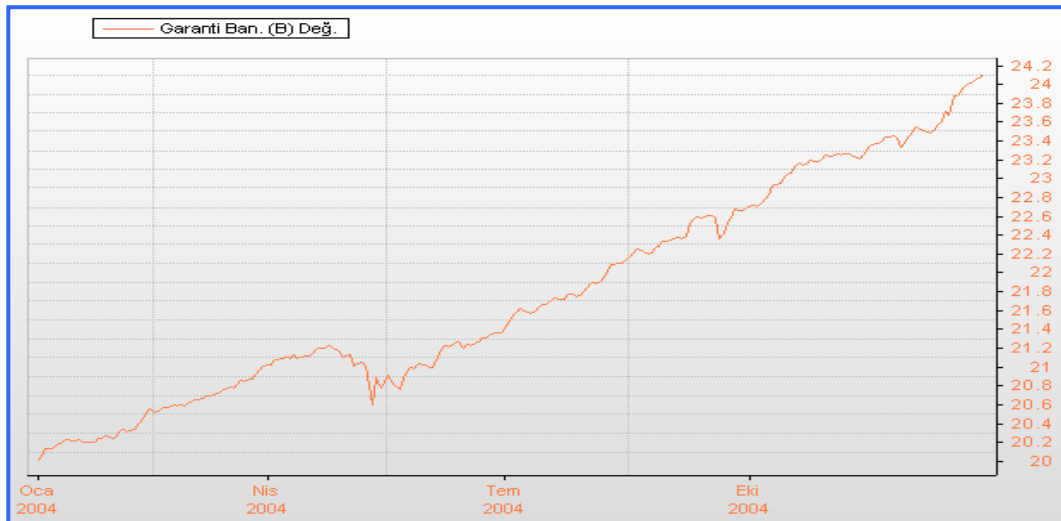


Figure-49⁷⁰ THE PRICE DIFFERENCES OF TYPE B VARIABLE FUND ACCORDING

⁷⁰ http://www.fonbul.com/fon_grafik_karsilastir.asp

TO THE DAYS OF YEAR-2004

As we can see from the FIGURE-47 , the highest price for type B variable fund in year-2004 is 24,2 YTL and the lowest price is 20 YTL.

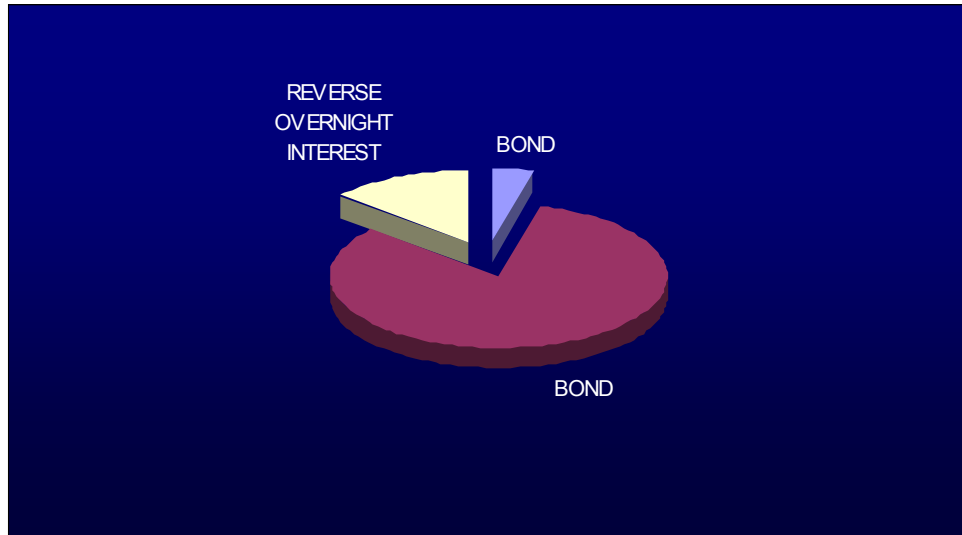


Figure-50 GARANTİ TYPE B VARIABLE FUND

3.2.4 TYPE B LIQUID FUND

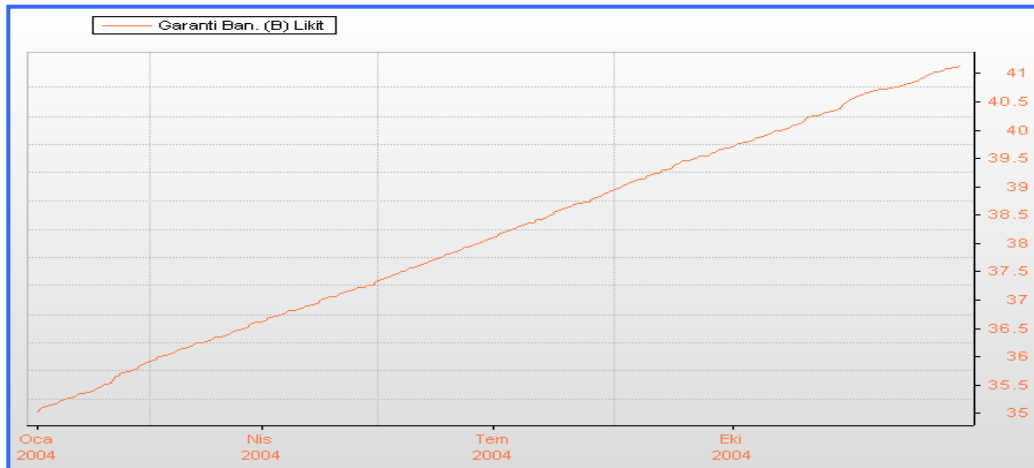


Figure-51⁷¹ THE PRICE DIFFERENCES OF TYPE B LIQUID FUND ACCORDING TO THE DAYS OF YEAR-2004

⁷¹ http://www.fonbul.com/fon_grafik_karsilastir.asp

As we can see from the FIGURE-49 , the highest price for type B liquid fund in year-2004 is 41 YTL and the lowest price is 35 YTL.

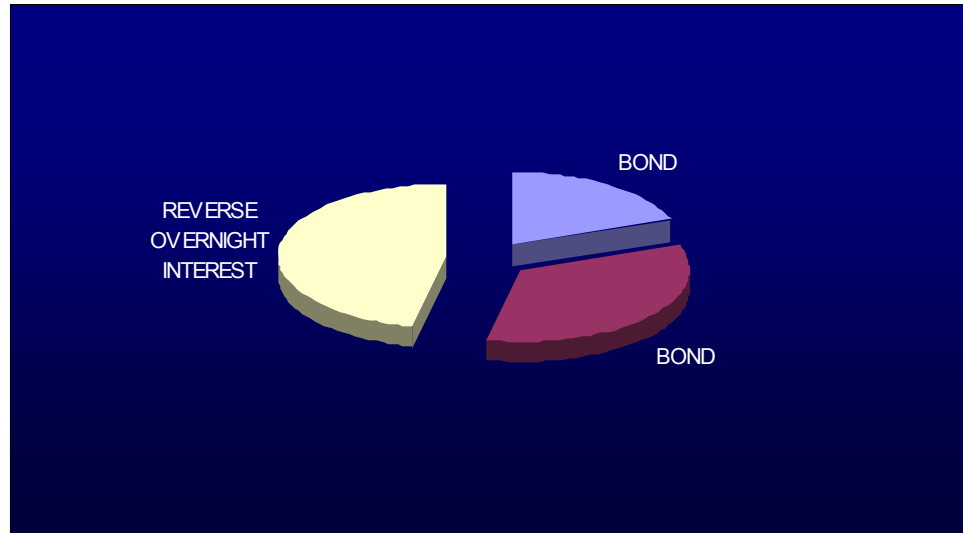


Figure-52 GARANTİ TYPE B LIQUID FUND

3.2.5 TYPE B BOND FUND

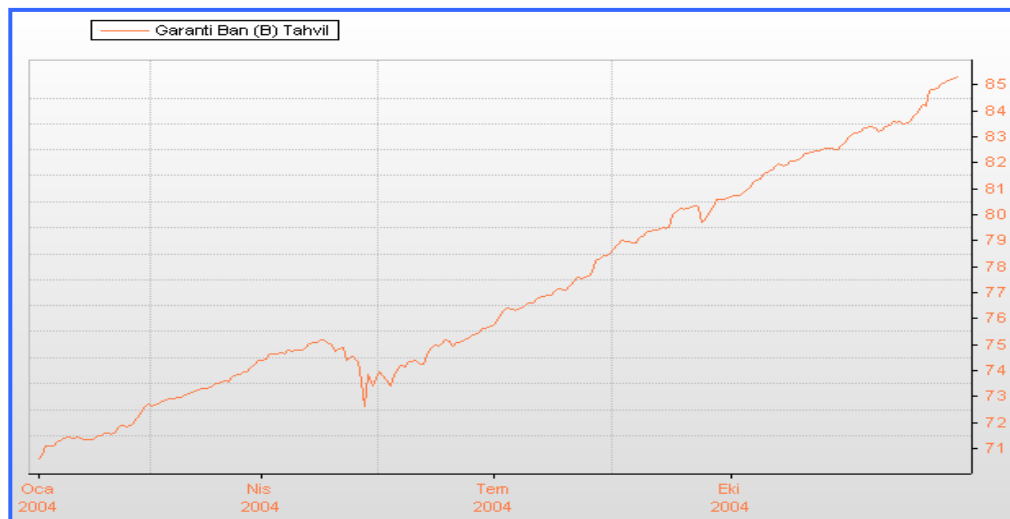


Figure-53⁷² THE PRICE DIFFERENCES OF TYPE B BOND FUND ACCORDING

⁷² http://www.fonbul.com/fon_grafik_karsilastir.asp

TO THE DAYS OF YEAR-2004

As we can see from the FIGURE-51 , the highest price for type B bond fund in year-2004 is 85 YTL and the lowest price is 71 YTL.

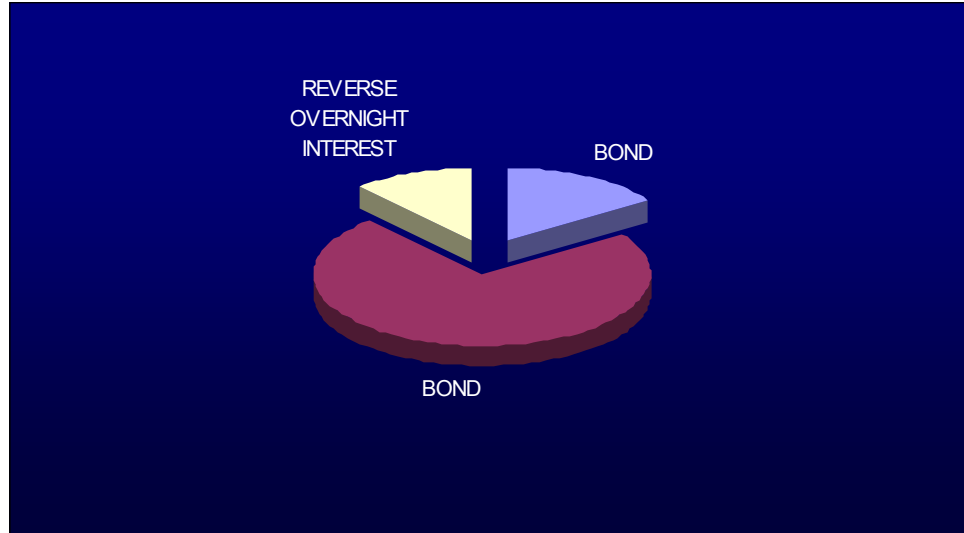


Figure-54 GARANTİ TYPE B BOND FUND

3.3 İŞBANK MUTUAL FUNDS

3.3.1 TYPE A VARIABLE FUND



Figure-55⁷³ THE PRICE DIFFERENCES OF TYPE A VARIABLE FUND ACCORDING

⁷³ http://www.fonbul.com/fon_grafik_karsilastir.asp

TO THE DAYS OF YEAR-2004

As we can see from the FIGURE-53 , the highest price for type A variable fund in year-2004 is 2,3 YTL and the lowest price is 1,85 YTL.

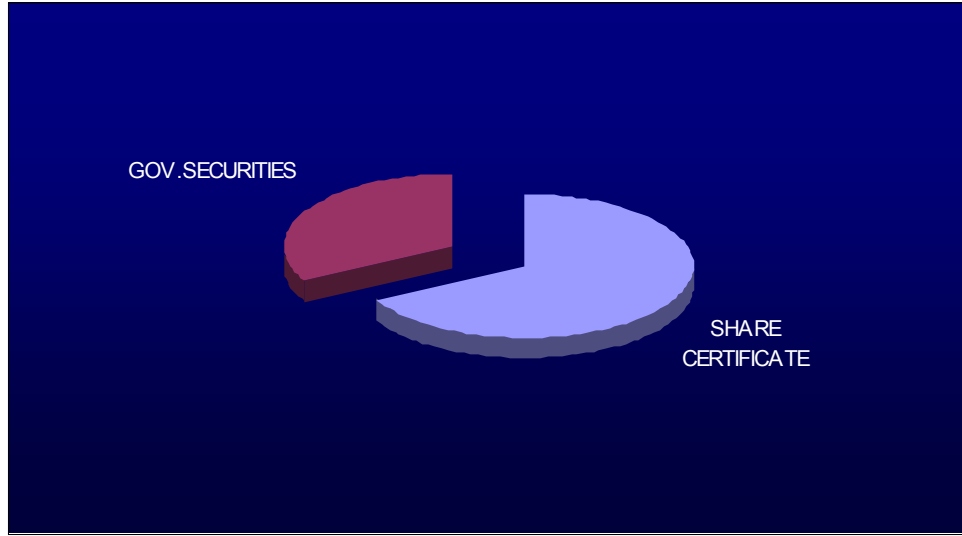


Figure-56 İŞBANK TYPE A VARIABLE FUND

3.3.2 TYPE A STOCK FUND



Figure-57⁷⁴ THE PRICE DIFFERENCES OF TYPE A STOCK FUND ACCORDING

⁷⁴ http://www.fonbul.com/fon_grafik_karsilastir.asp

TO THE DAYS OF YEAR-2004

As we can see from the FIGURE-55 , the highest price for type A stock fund in year-2004 is 14,4 YTL and the lowest price is 11,2 YTL.

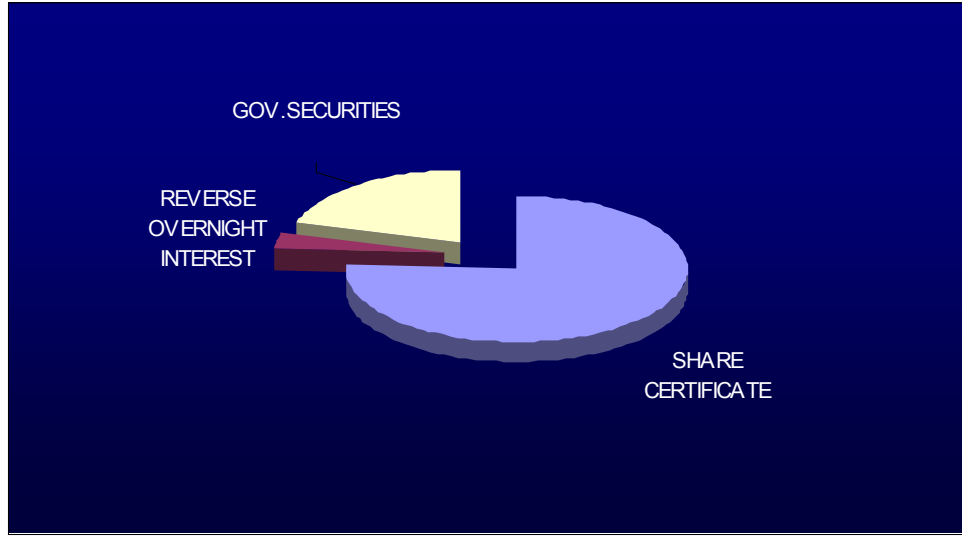


Figure-58 İŞBANK TYPE A STOCK FUND

3.3.3 TYPE A PARTICIPATION FUND



Figure-59⁷⁵ THE PRICE DIFFERENCES OF TYPE A PARTICIPATION FUND ACCORDING TO THE DAYS OF YEAR-2004

⁷⁵ http://www.fonbul.com/fon_grafik_karsilastir.asp

As we can see from the FIGURE-57 , the highest price for type A participation fund in year-2004 is 10,6 YTL and the lowest price is 7,6 YTL.

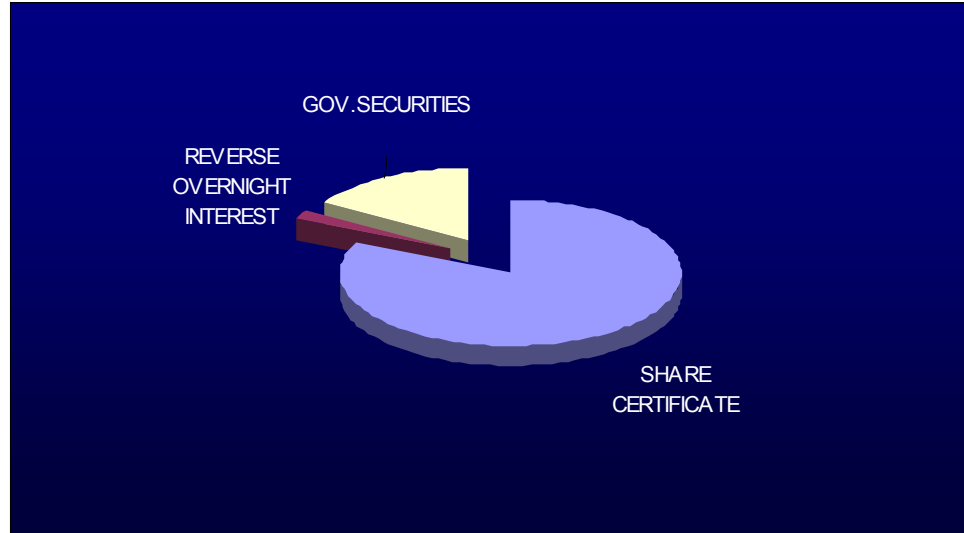


Figure-60 İŞBANK TYPE A PARTICIPATION FUND

3.3.4 TYPE A U30 FUND



Figure-61⁷⁶ THE PRICE DIFFERENCES OF TYPE A U30 FUND ACCORDING TO THE DAYS OF YEAR-2004

⁷⁶ http://www.fonbul.com/fon_grafik_karsilastir.asp

As we can see from the FIGURE-59 , the highest price for type A U30 fund in year-2004 is 0,014 YTL and the lowest price is 0,009 YTL.

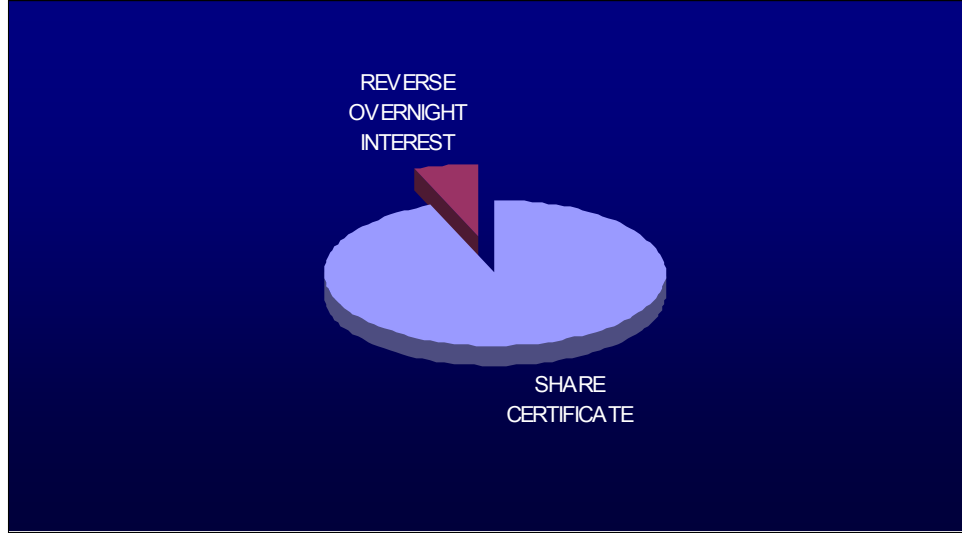


Figure-62 İŞBANK TYPE A U30 FUND

3.3.5 TYPE A FINANCIAL INDEX FUND



Figure-63⁷⁷ THE PRICE DIFFERENCES OF TYPE A FINANCIAL INDEX FUND ACCORDING TO THE DAYS OF YEAR-2004

⁷⁷ http://www.fonbul.com/fon_grafik_karsilastir.asp

As we can see from the FIGURE-61 , the highest price for type A U30 fund in year-2004 is 0,019 YTL and the lowest price is 0,012 YTL.

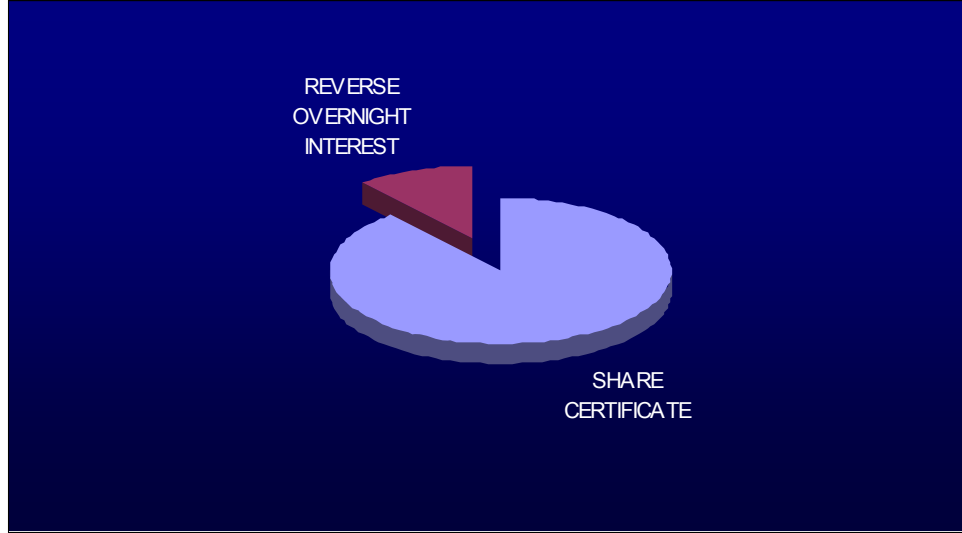


Figure-64 İŞBANK TYPE A FINANCIAL INDEX FUND

3.3.6 TYPE B VARIABLE FUND

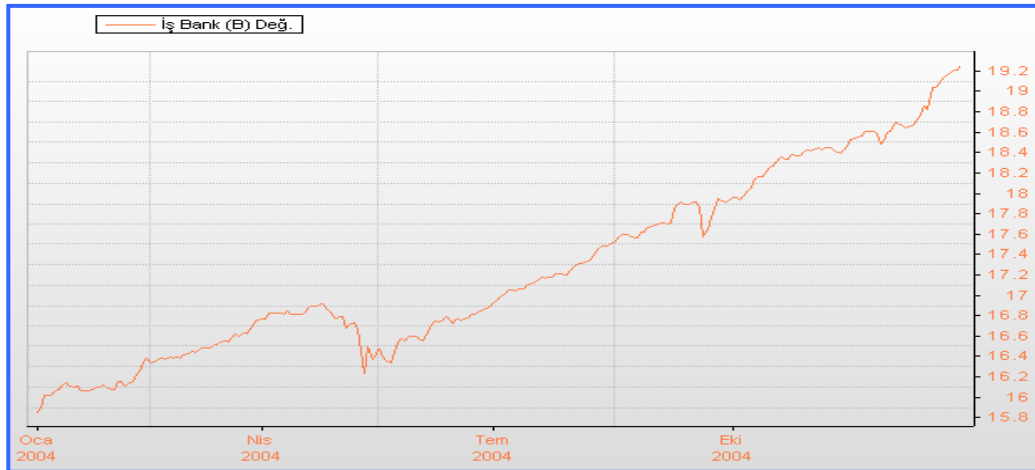


Figure-65⁷⁸ THE PRICE DIFFERENCES OF TYPE B VARIABLE FUND ACCORDING TO THE DAYS OF YEAR-2004

⁷⁸ http://www.fonbul.com/fon_grafik_karsilastir.asp

As we can see from the FIGURE-63 , the highest price for type B variable fund in year-2004 is 19,2 YTL and the lowest price is 15,8 YTL

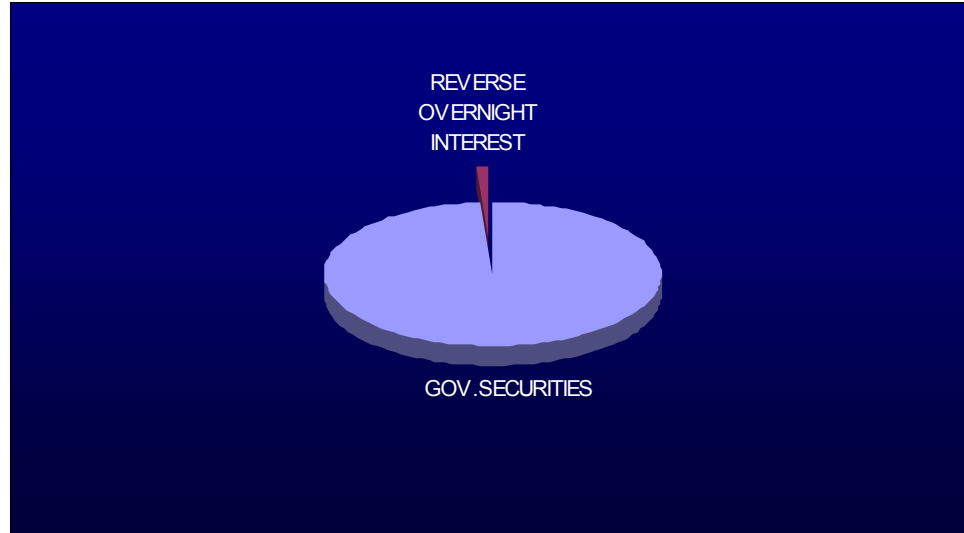


Figure-66 İŞBANK TYPE B VARIABLE FUND

3.3.7 TYPE B MIXED FUND



Figure-67⁷⁹ THE PRICE DIFFERENCES OF TYPE B MIXED FUND ACCORDING TO THE DAYS OF YEAR-2004

⁷⁹ http://www.fonbul.com/fon_grafik_karsilastir.asp

As we can see from the FIGURE-65 , the highest price for type B mixed fund in year-2004 is 0,015 YTL and the lowest price is 0,013 YTL

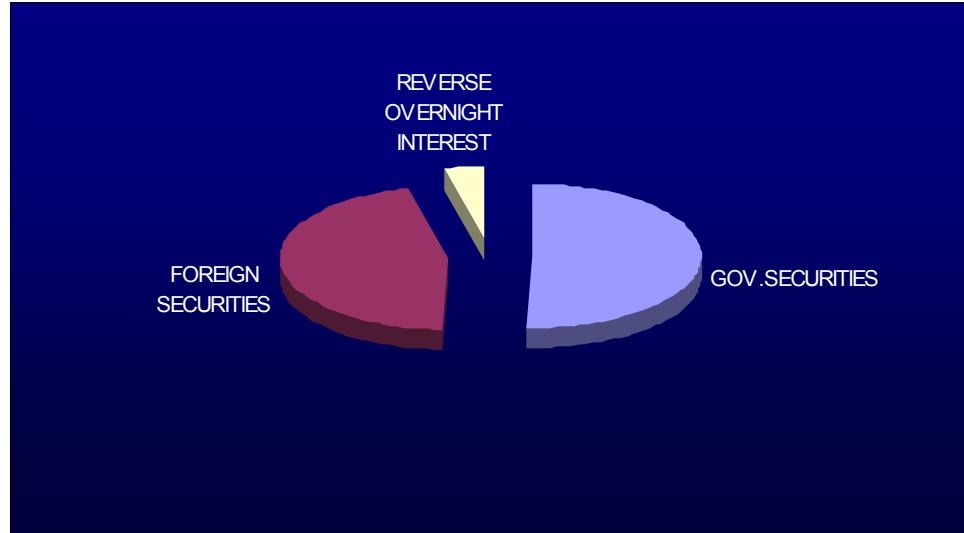


Figure-68 İŞBANK TYPE B MIXED FUND

3.3.8 TYPE B LIQUID FUND

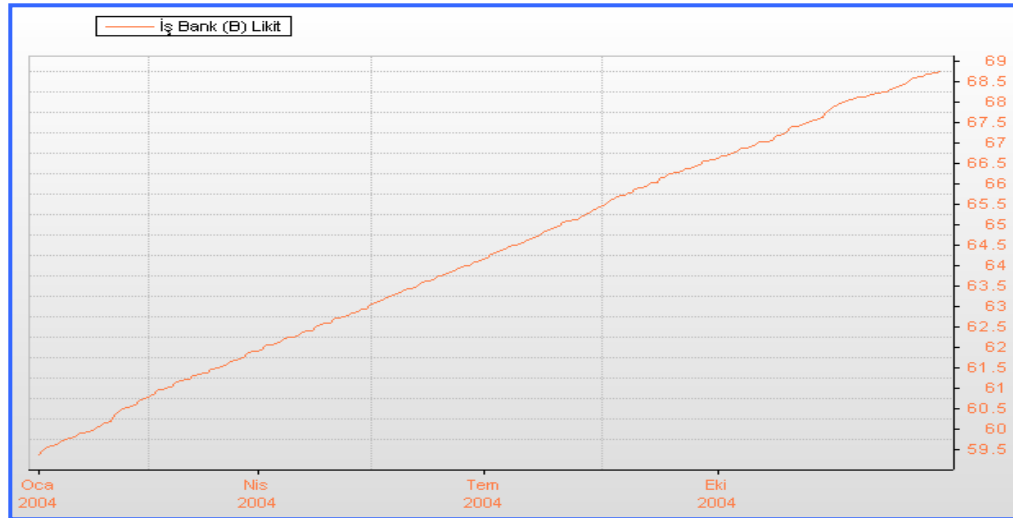


Figure-69⁸⁰ THE PRICE DIFFERENCES OF TYPE B LIQUID FUND ACCORDING TO THE DAYS OF YEAR-2004

⁸⁰ http://www.fonbul.com/fon_grafik_karsilastir.asp

As we can see from the FIGURE-67 , the highest price for type B liquid fund in year-2004 is 69 YTL and the lowest price is 59,5 YTL

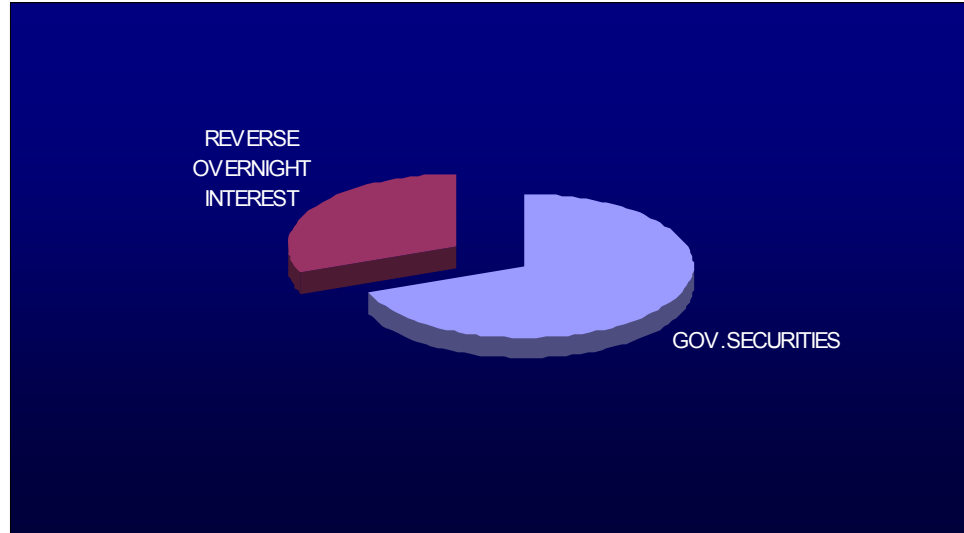


Figure-70 İŞBANK TYPE B LIQUID FUND

3.3.9 TYPE B BOND FUND

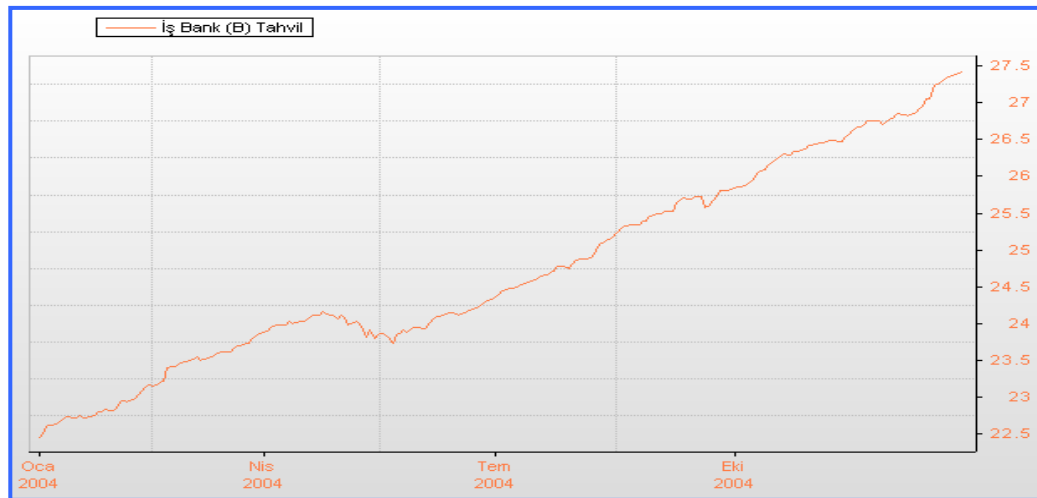


Figure-71⁸¹ THE PRICE DIFFERENCES OF TYPE B BOND FUND ACCORDING TO THE DAYS OF YEAR-2004

⁸¹ http://www.fonbul.com/fon_grafik_karsilastir.asp

As we can see from the FIGURE-69 , the highest price for type B bond fund in year-2004 is 27,5 YTL and the lowest price is 22,5 YTL

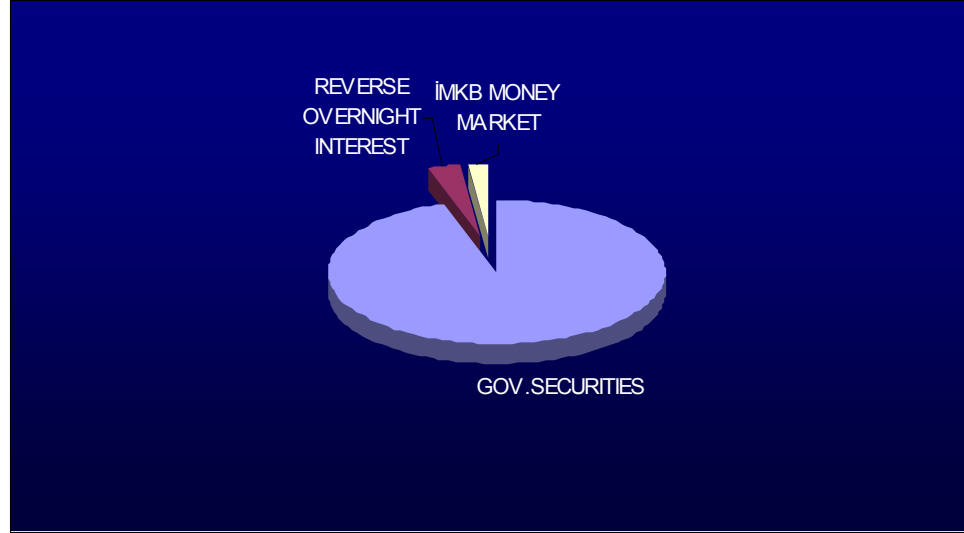


Figure-72 İŞBANK TYPE B BOND FUND

3.4 KOÇBANK MUTUAL FUNDS

3.4.1 TYPE A VARIABLE FUND



Figure-73⁸² THE PRICE DIFFERENCES OF TYPE A VARIABLE FUND ACCORDING TO THE DAYS OF YEAR-2004

⁸² http://www.fonbul.com/fon_grafik_karsilastir.asp

As we can see from the FIGURE-71 , the highest price for type A variable fund in year-2004 is 210,8 YTL and the lowest price is 9,15 YTL

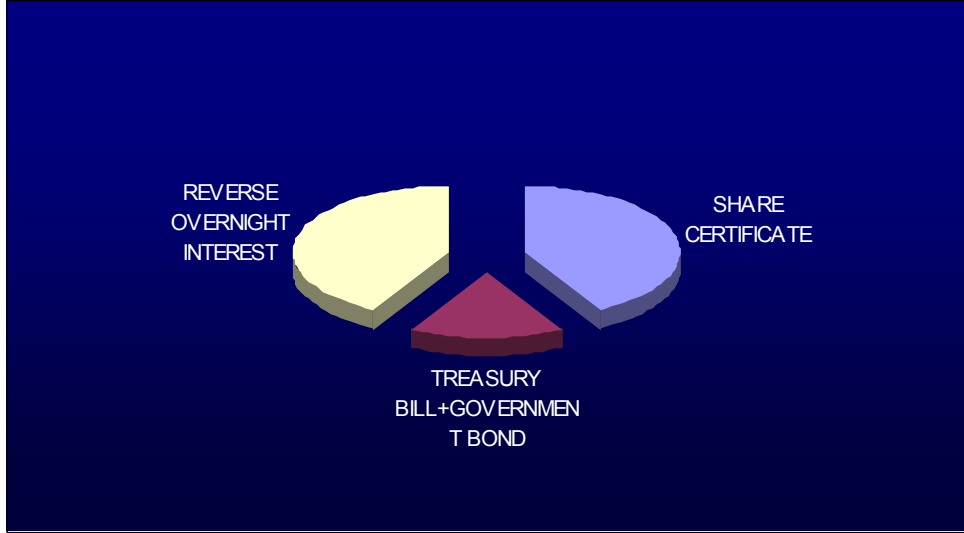


Figure-74 KOÇBANK TYPE A VARIABLE FUND

3.4.2 TYPE A STOCK FUND



Figure-75⁸³ THE PRICE DIFFERENCES OF TYPE A STOCK FUND ACCORDING TO THE DAYS OF YEAR-2004

⁸³ http://www.fonbul.com/fon_grafik_karsilastir.asp

As we can see from the FIGURE-73 , the highest price for type A stock fund in year-2004 is 0,255 YTL and the lowest price is 0,202 YTL

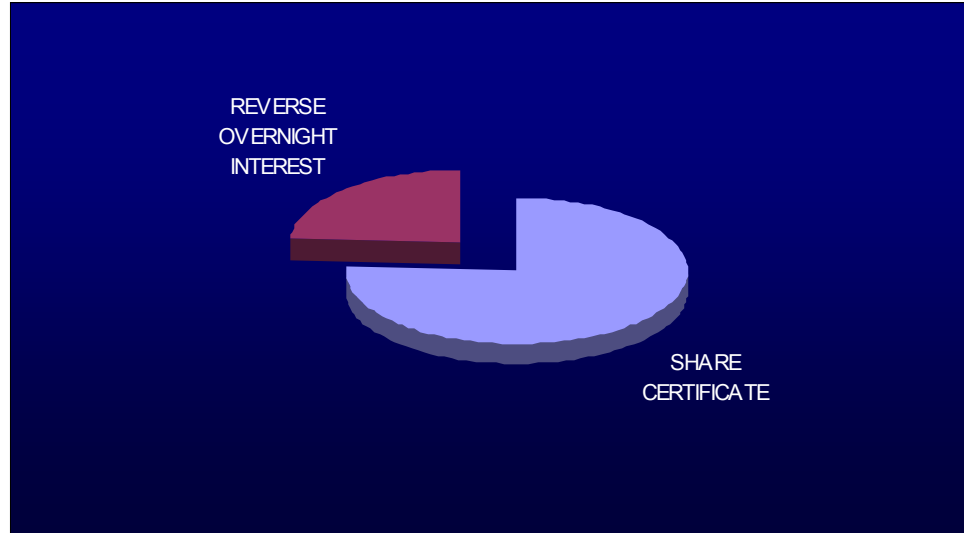


Figure-76 KOÇBANK TYPE A STOCK FUND

3.4.3 TYPE A U30 FUND



Figure-77⁸⁴ THE PRICE DIFFERENCES OF TYPE A U30 FUND ACCORDING TO

⁸⁴ http://www.fonbul.com/fon_grafik_karsilastir.asp

THE DAYS OF YEAR-2004

As we can see from the FIGURE-75 , the highest price for type A U30 fund in year-2004 is 0,88 YTL and the lowest price is 0,59 YTL

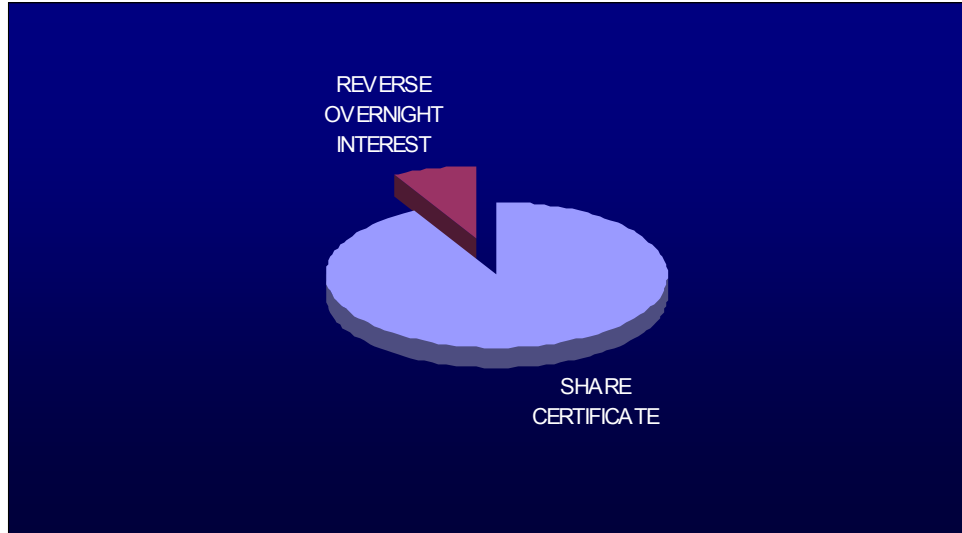


Figure-78 KOÇBANK TYPE A U30 FUND

3.4.4 TYPE B VARIABLE FUND

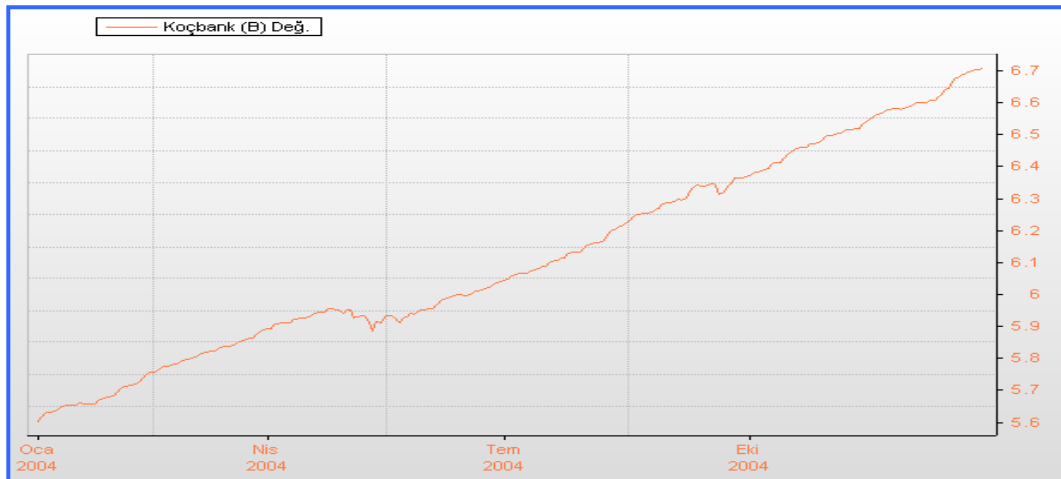


Figure-79⁸⁵ THE PRICE DIFFERENCES OF TYPE B VARIABLE FUND ACCORDING TO

⁸⁵ http://www.fonbul.com/fon_grafik_karsilastir.asp

THE DAYS OF YEAR-2004

As we can see from the FIGURE-77 , the highest price for type B variable fund in year-2004 is 6,7 YTL and the lowest price is 5,6 YTL

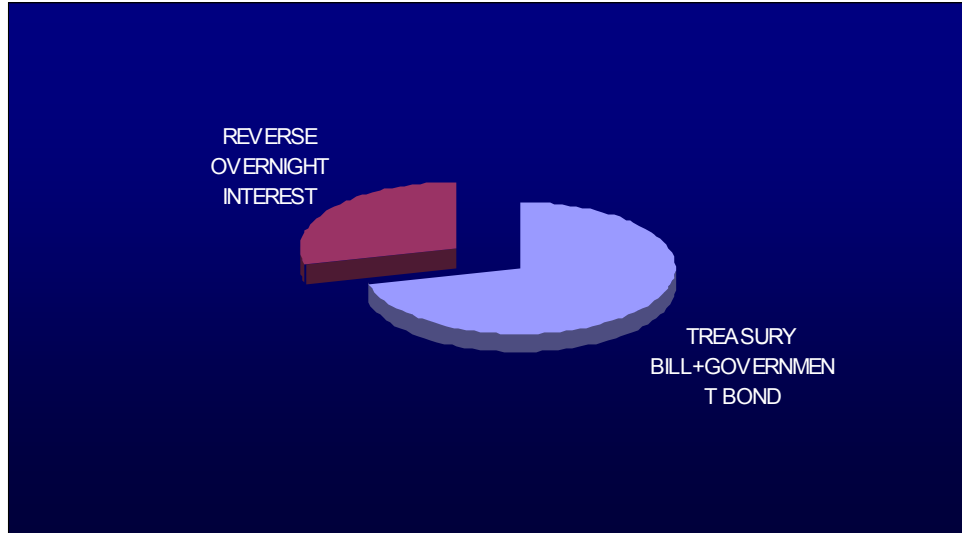


Figure-80 KOÇBANK TYPE B VARIABLE FUND

3.4.5 TYPE B LIQUID FUND

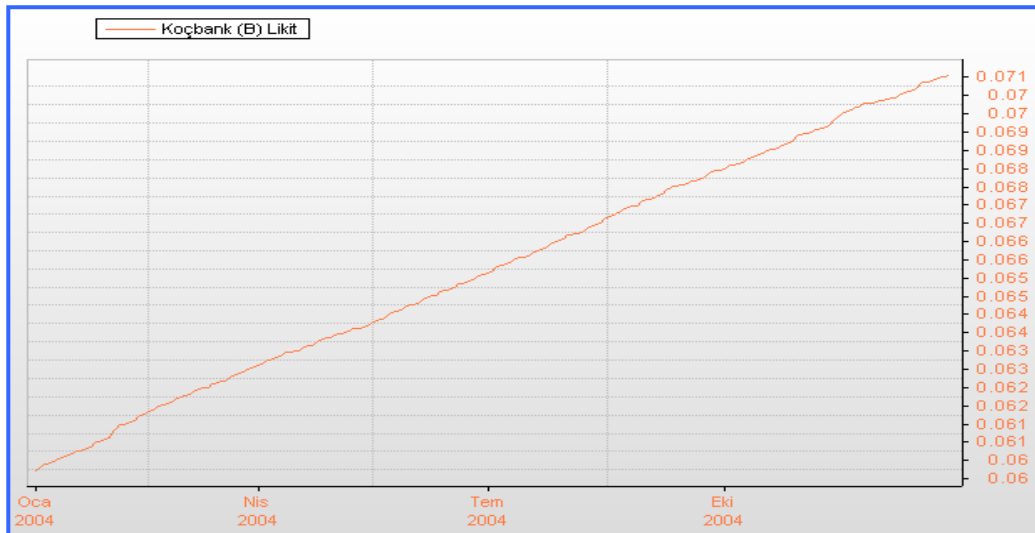


Figure-81⁸⁶ THE PRICE DIFFERENCES OF TYPE B LIQUID FUND ACCORDING TO

⁸⁶ http://www.fonbul.com/fon_grafik_karsilastir.asp

THE DAYS OF YEAR-2004

As we can see from the FIGURE-79 , the highest price for type B liquid fund in year-2004 is 0,071 YTL and the lowest price is 0,061 YTL

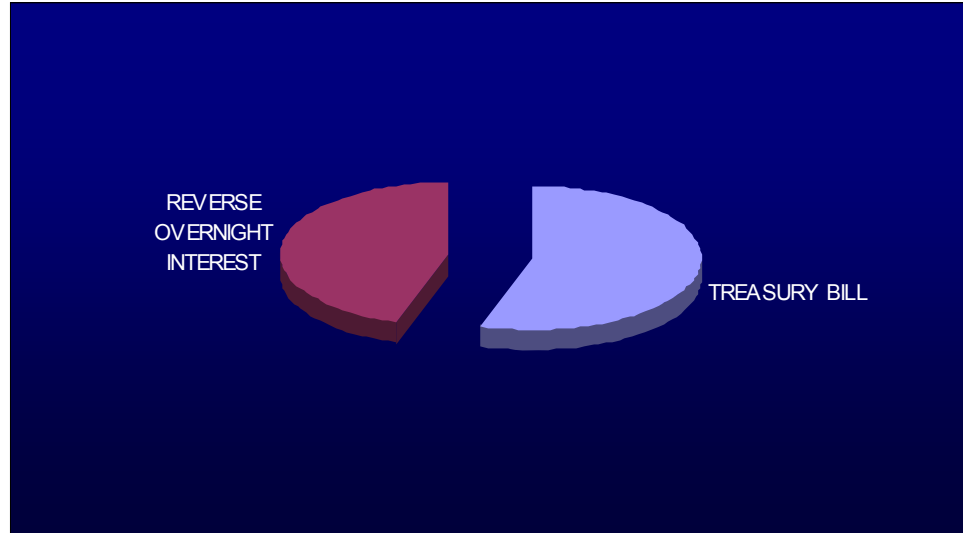


Figure-82 KOÇBANK TYPE B LIQUID FUND

3.4.6 TYPE B BOND FUND

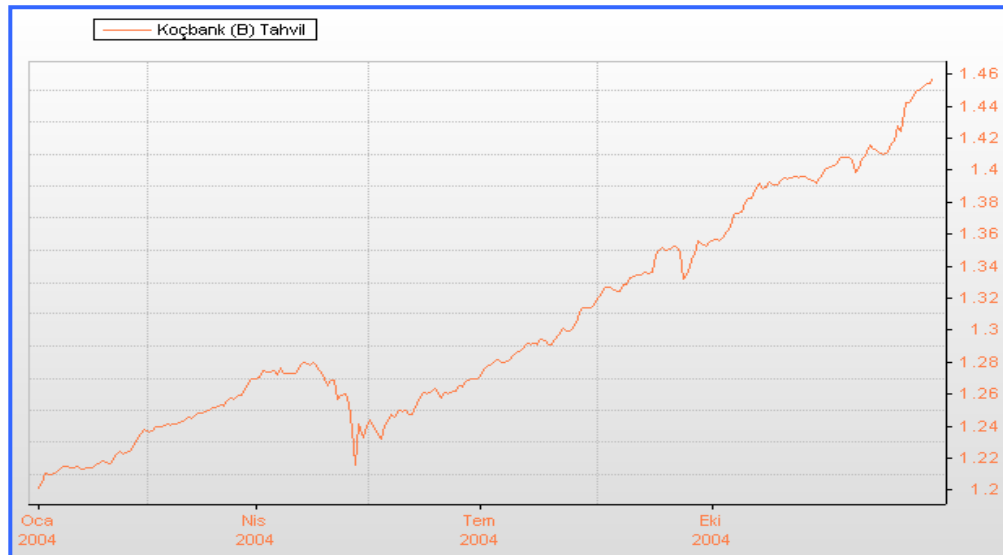


Figure-83⁸⁷ THE PRICE DIFFERENCES OF TYPE B BOND FUND ACCORDING TO

⁸⁷ http://www.fonbul.com/fon_grafik_karsilastir.asp

THE DAYS OF YEAR-2004

As we can see from the FIGURE-81 , the highest price for type B liquid fund in year-2004 is 1,46 YTL and the lowest price is 1,2 YTL

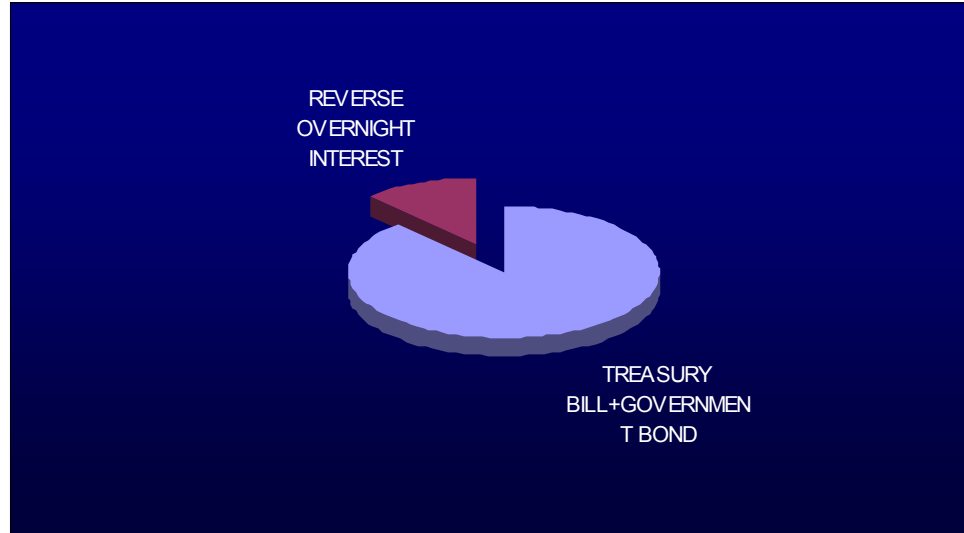


Figure-84 KOÇBANK TYPE B BOND FUND

3.5 ZİRAAT BANK MUTUAL FUNDS

3.5.1 TYPE A VARIABLE FUND



Figure-85⁸⁸ THE PRICE DIFFERENCES OF TYPE A VARIABLE FUND ACCORDING TO THE DAYS OF YEAR-2004

As we can see from the FIGURE-83 , the highest price for type A variable fund in year-2004 is 17,6 YTL and the lowest price is 13,2 YTL

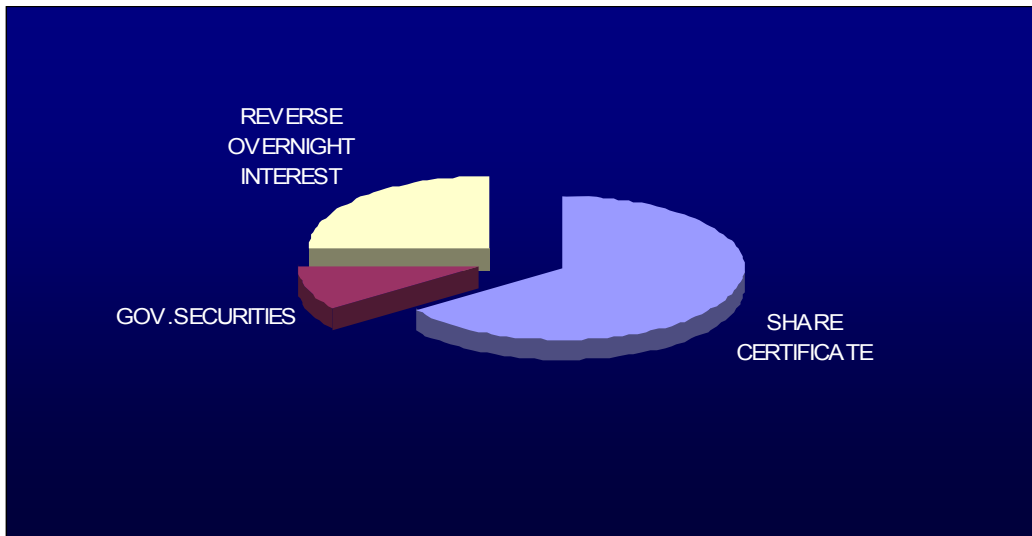


Figure-86 ZİRAAT BANK TYPE A VARIABLE FUND

3.5.2 TYPE A MIXED FUND



⁸⁸ http://www.fonbul.com/fon_grafik_karsilastir.asp

Figure-87⁸⁹ THE PRICE DIFFERENCES OF TYPE A MIXED FUND ACCORDING TO THE DAYS OF YEAR-2004

As we can see from the FIGURE-85 , the highest price for type A mixed fund in year-2004 is 0,03 YTL and the lowest price is 0,02 YTL

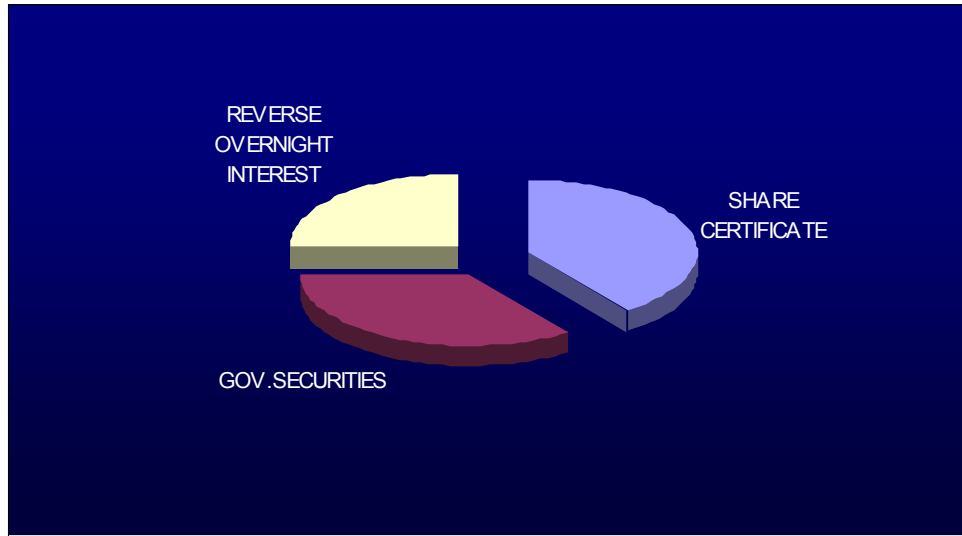


Figure-88 ZİRAAT BANK TYPE A MIXED FUND

3.5.3 TYPE B BOND FUND

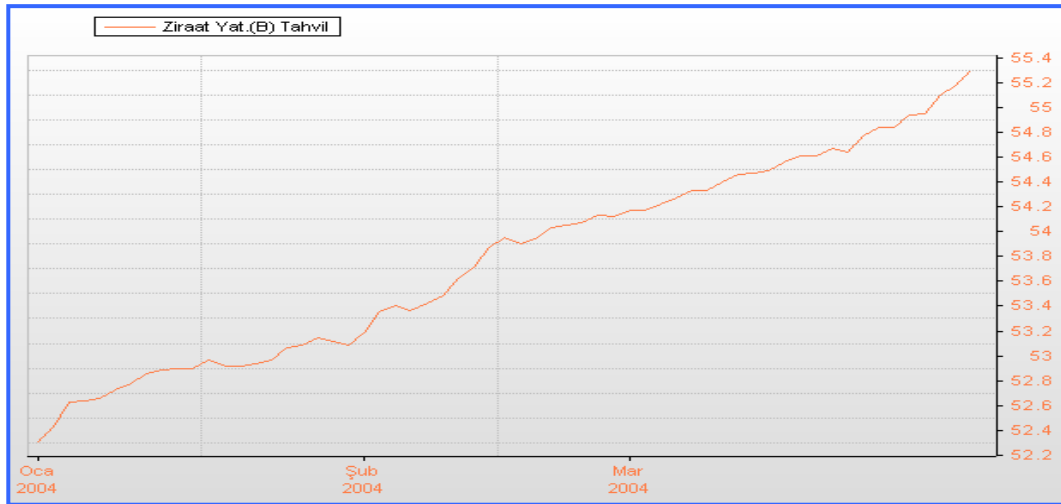


Figure-89⁹⁰ THE PRICE DIFFERENCES OF TYPE B BOND FUND ACCORDING TO

⁸⁹ http://www.fonbul.com/fon_grafik_karsilastir.asp

THE DAYS OF YEAR-2004

As we can see from the FIGURE-87 , the highest price for type B bond fund in year-2004 is 55,4 YTL and the lowest price is 52,3 YTL

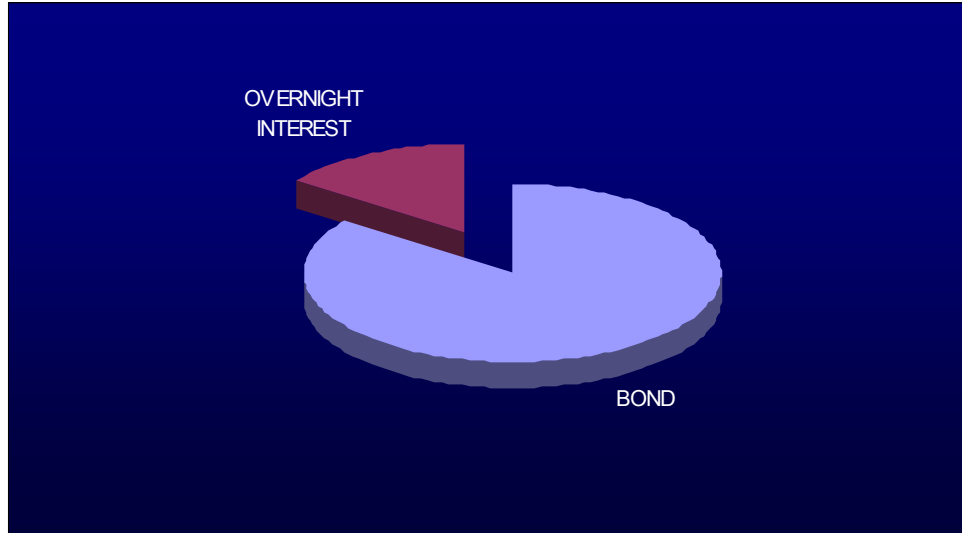
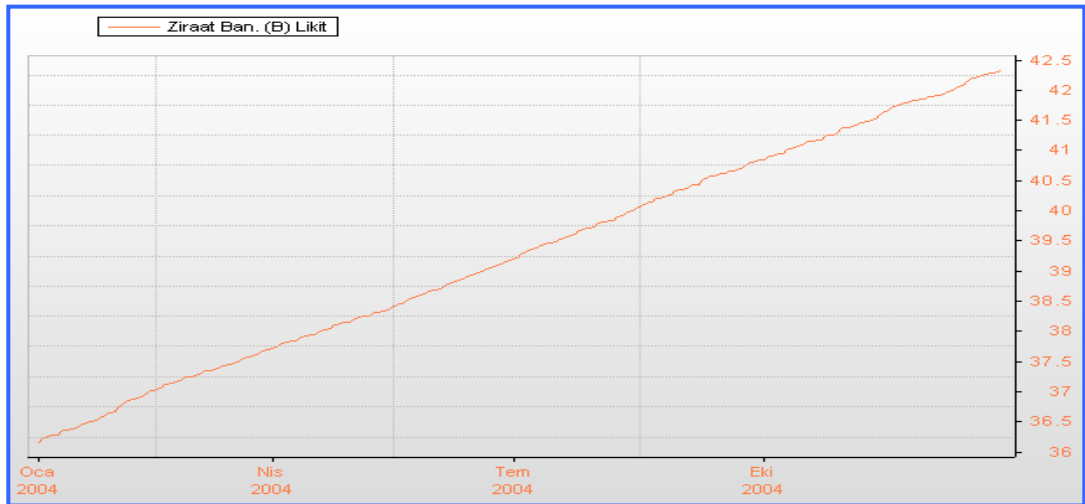


Figure-90 ZİRAAT BANK TYPE B BOND FUND

3.5.4 TYPE B LIQUID FUND



⁹⁰ http://www.fonbul.com/fon_grafik_karsilastir.asp

Figure-91⁹¹ THE PRICE DIFFERENCES OF TYPE B LIQUID FUND ACCORDING TO THE DAYS OF YEAR-2004

As we can see from the FIGURE-89 , the highest price for type B liquid fund in year-2004 is 42,5 YTL and the lowest price is 36,25 YTL



Figure-92 ZİRAAT BANK TYPE B LIQUID FUND

3.5.5 TYPE B VARIABLE FUND

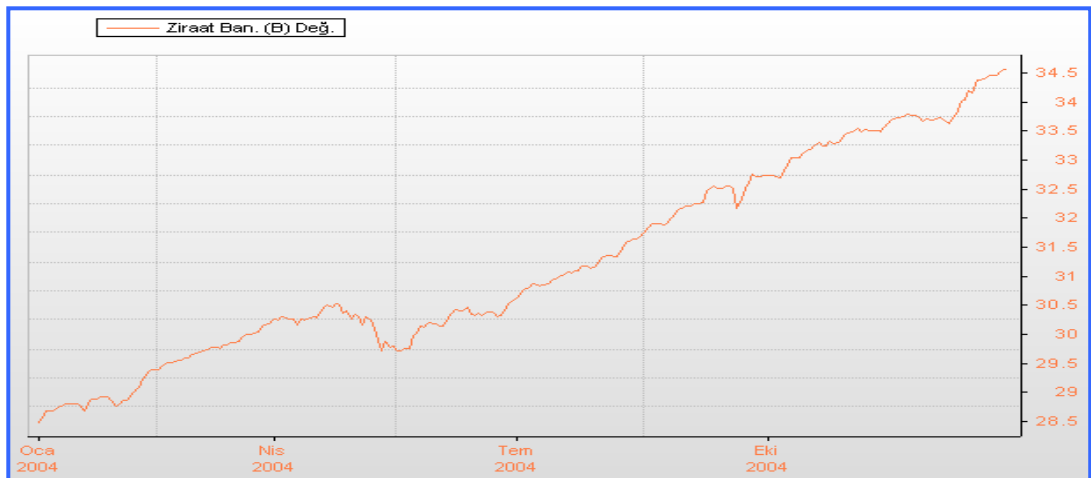


Figure-93⁹² THE PRICE DIFFERENCES OF TYPE B VARIABLE FUND ACCORDING

⁹¹ http://www.fonbul.com/fon_grafik_karsilastir.asp

⁹² http://www.fonbul.com/fon_grafik_karsilastir.asp

TO THE DAYS OF YEAR-2004

As we can see from the FIGURE-91 , the highest price for type B variable fund in year-2004 is 34,5 YTL and the lowest price is 28,5 YTL

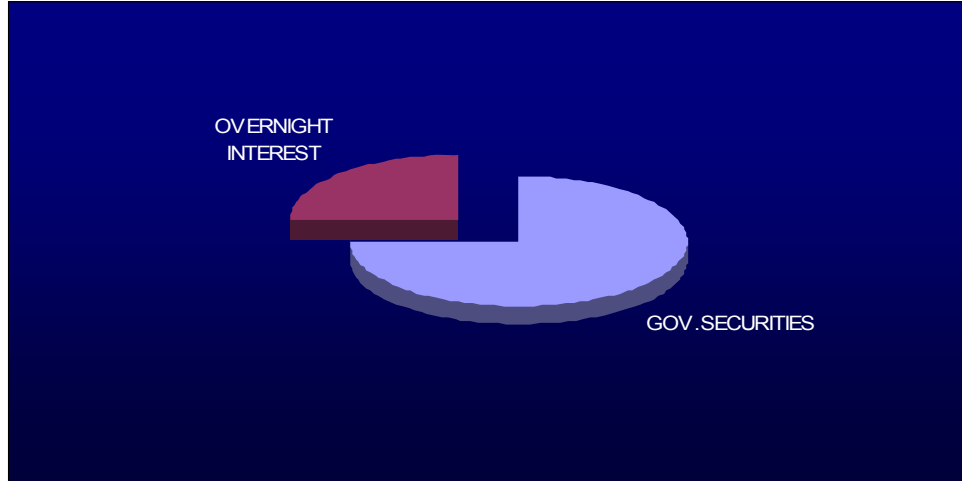


Figure-94 ZİRAAT BANK TYPE B VARIABLE FUND

3.6 YAPI KREDİ BANK MUTUAL FUNDS

3.6.1 TYPE A MIXED FUND

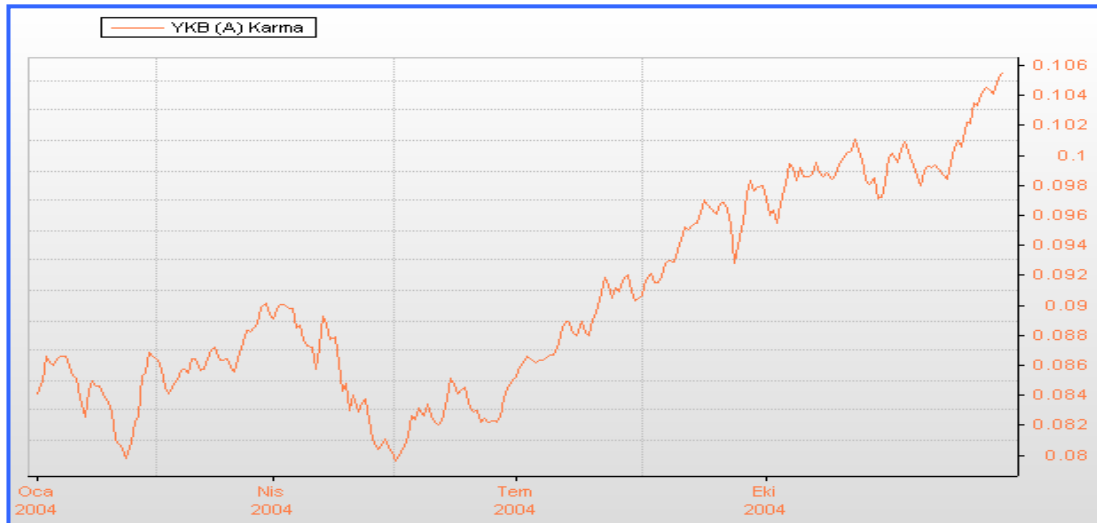


Figure-95⁹³ THE PRICE DIFFERENCES OF TYPE A MIXED FUND ACCORDING TO

⁹³ http://www.fonbul.com/fon_grafik_karsilastir.asp

THE DAYS OF YEAR-2004

As we can see from the FIGURE-93 , the highest price for type A mixed fund in year-2004 is 0,106 YTL and the lowest price is 0,08 YTL

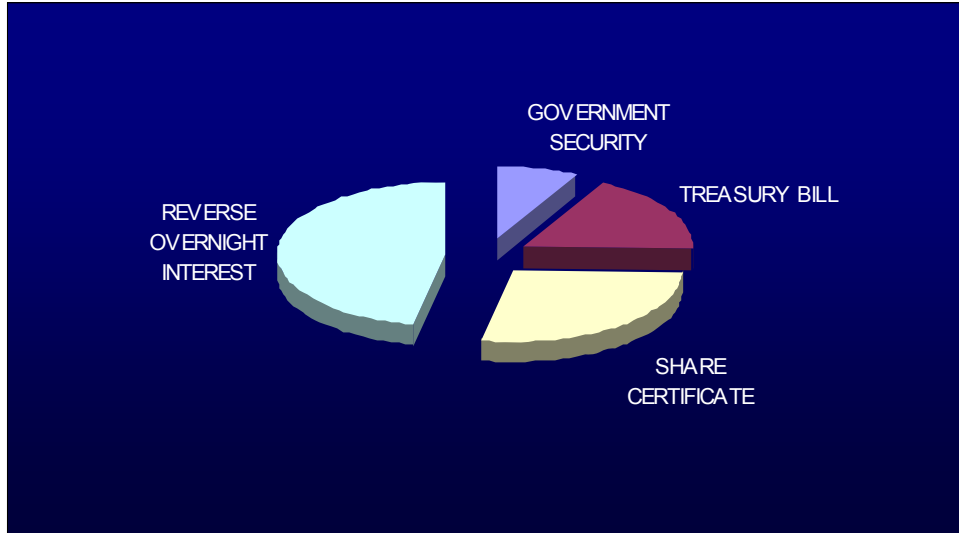


Figure-96 YAPI KREDİ BANK TYPE A MIXED FUND

3.6.2 TYPE A STOCK FUND



Figure-97⁹⁴ THE PRICE DIFFERENCES OF TYPE A STOCK FUND ACCORDING TO

⁹⁴ http://www.fonbul.com/fon_grafik_karsilastir.asp

THE DAYS OF YEAR-2004

As we can see from the FIGURE-95 , the highest price for type A stock fund in year-2004 is 0,017 YTL and the lowest price is 0,013 YTL

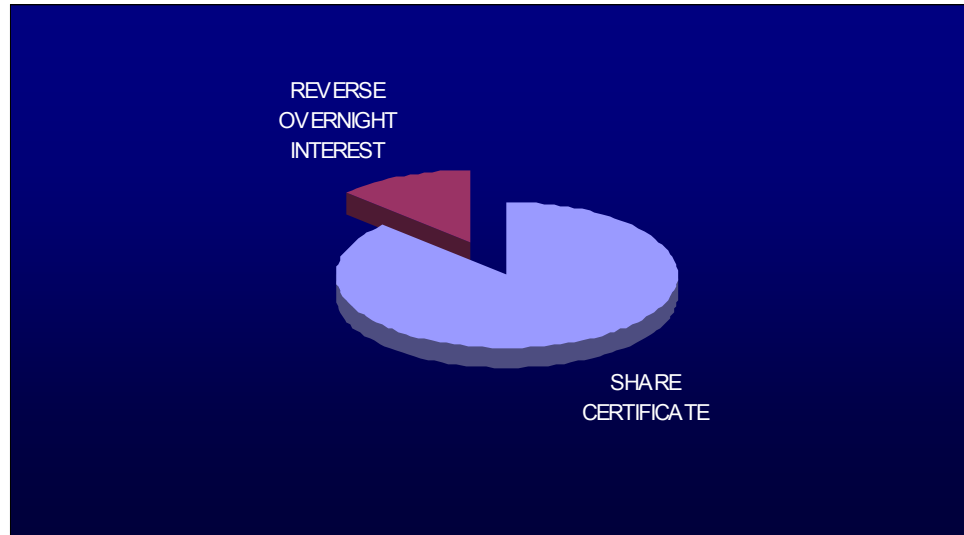


Figure-98 YAPI KREDİ BANK TYPE A STOCK FUND

3.6.3 TYPE B LIQUID FUND

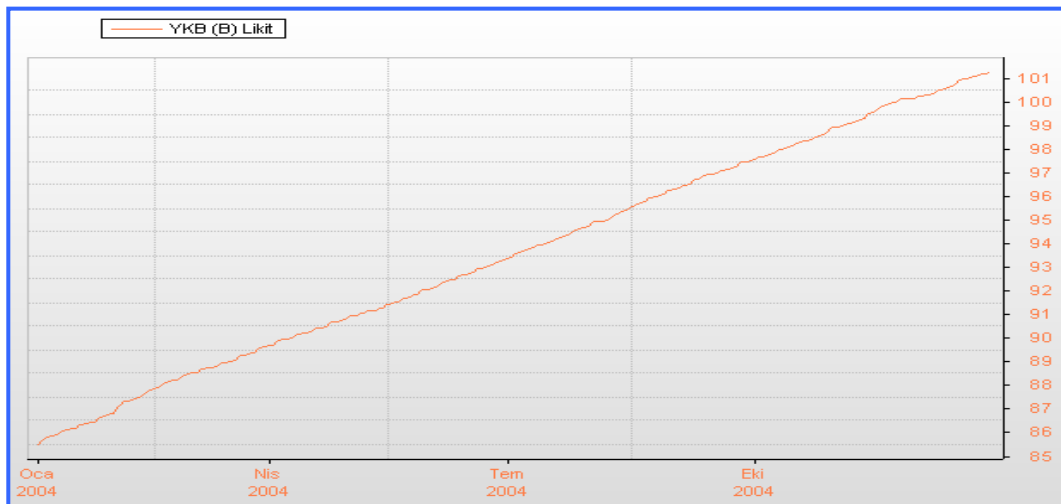


Figure-99⁹⁵ THE PRICE DIFFERENCES OF TYPE B LIQUID FUND ACCORDING TO THE DAYS OF YEAR-2004

As we can see from the FIGURE-97 , the highest price for type B liquid fund in year-2004 is 101 YTL and the lowest price is 85,5 YTL

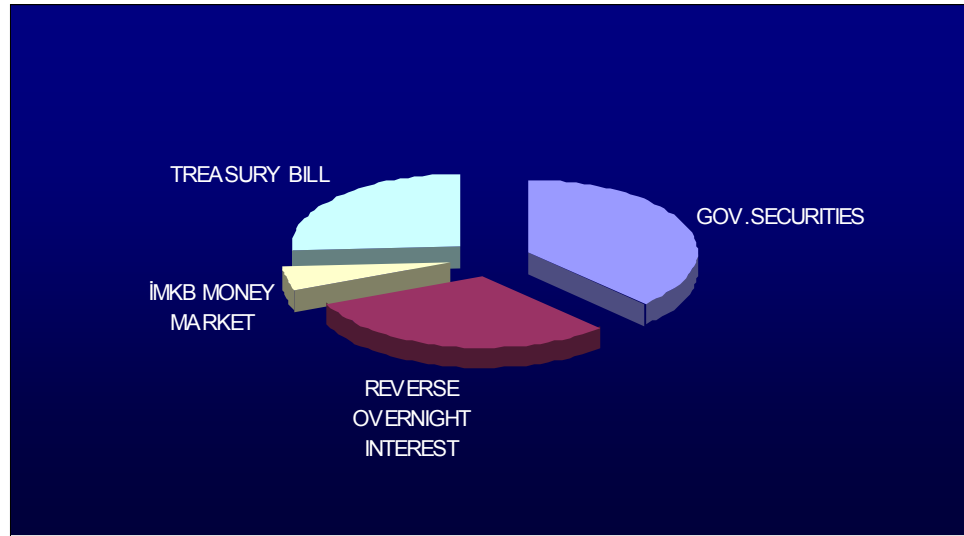


Figure-100 YAPI KREDİ BANK TYPE B LIQUID FUND

3.6.4 TYPE B BOND FUND



⁹⁵ http://www.fonbul.com/fon_grafik_karsilastir.asp

Figure-101⁹⁶ THE PRICE DIFFERENCES OF TYPE B BOND FUND ACCORDING TO THE DAYS OF YEAR-2004

As we can see from the FIGURE-99 , the highest price for type B bond fund in year-2004 is 29 YTL and the lowest price is 24 YTL

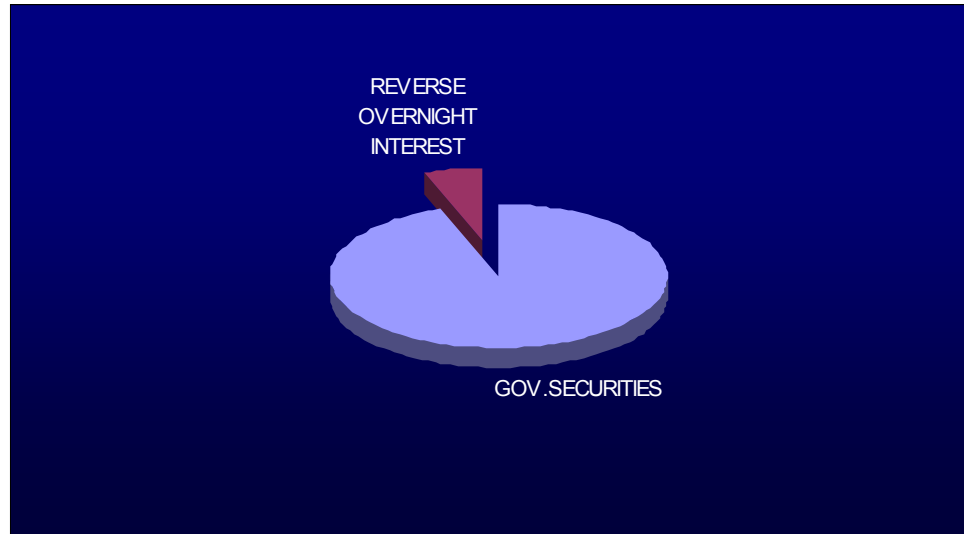


Figure-102 THE PRICE DIFFERENCES OF TYPE B BOND FUND ACCORDING TO THE DAYS OF YEAR-2004

As we can see from the FIGURE-100 , the highest price for type B bond fund in year-2004 is 29 YTL and the lowest price is 24 YTL.

3.7 THE SITUATION OF MUTUAL FUNDS IN TURKISH FINANCIAL MARKETS IN YEAR 2004

In year 2004, there were a lot of positive things for capital markets. If we look at the whole year, we see that the economy grew in a big number. The Membership Process for European Community and the new economic program with IMF caused the IMKB index and interest to follow a positive way. Approximately, IMKB index started with 18,625 points to the 2004 year, at the end of the year the index was 24,500 points. It was an

⁹⁶ http://www.fonbul.com/fon_grafik_karsilastir.asp

increase about 30%. On the other side the bond interests started with 25% rate to the 2004 year.

At the end of the year, the rates decreased 5 points and it was 20-21%. In Year 2004, the increase in IMKB index and decrease in interest rates caused type A mutual funds to have high performance. These mutual funds invest in share stocks. Beside this, type B stocks-bonds funds had a high performance because these funds invested in mid-term and long term maturity securities and bonds. Towards the end of the year, the profitability of type A index- 30 funds was 24% and profitability of type B security-bond was 21%. The highest performance belongs to financial sector funds. The profitability of these funds is 30%. These funds are estimated in financial sector share stocks heavily in banking sector in IMKB.

The year- 2004 was a brilliant year for Turkish economy. The markets were effected in a positive manner. The basic reason for this positive manner was European Community Process of Turkey. This case was reflected positively in money markets consequently share stocks were more valuable because of this positive situation so, type A mutual funds which invest in share stocks heavily were more profitable for the investors. Generally, financial sector funds were the most profitable funds among the other type A mutual funds. Type A industry sector funds are also profitable according to the other type A mutual funds. The investors who wanted to get a profit close to the index chose type A IMKB-30 mutual funds.

The investor group who did not want to get more risk preferred type A mixed fund. If we want to make a summary for type B mutual funds; European Community Process and the new program of IMF were the positive cases for type B mutual funds again. Generally, this positive manner was reflected in bond interests. The investors who wanted to make profit in mid and long term chose type B variable funds and type B security-bond funds. The interest rates are generally high in Turkish economy because of this reason, the investors who invested in at least 2-3 months maturities gained a lot by the interest rates.

The investors who wanted to gain yield from overnight interest chose type B liquid funds. Type B liquid funds have advantage of being turned to cash, because of this advantage investors chose this fund also.

Generally, the effect of European Community Process was positive for the markets. This positiveness got lowered the risk rates in the markets so, investors chose type A mutual funds for good profit.

3.8 THE CALCULATION OF RISK OF MUTUAL FUNDS IN TURKISH FINANCIAL MARKETS

3.8.1 THE COMPARISON OF RISKINESS OF AKBANK MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS'S RISKINESSES

BETA	IMKB-NATIONAL-100 INDEX	TYPE A COMPOUND(SIMPLE) FUND INDEX	TYPE B COMPOUND(SIMPLE) FUND INDEX	GOVERNMENT INTERNAL INDEBT. PAPERS(DIBS-2001 12 Months)
AKBANK TYPE A STOCK FUND	0,00002625	0,00027655	0,00019	0,0000212
AKBANK TYPE A MANUFACTURING SECTOR FUND	1,14E-06	1,18E-05	7,55E-06	8,17E-07
AKBANK TYPE A MIXED FUND	2,00E-06	2,35E-05	1,79E-05	2,14E-06
AKBANK TYPE A FINANCIAL SEC. FUND	3,00E-06	3,01E-05	3,28E-05	3,94E-06
AKBANK A TYPE PARTICIPATION FUND	1,80E-06	2,17E-05	1,45E-06	-1,80E-08
AKBANK A TYPE TECHNOLOGY SEC. FUND	7,55E-07	1,12E-05	-2,45E-06	-3,35E-07
AKBANK B TYPE VARIABLE FUND	7,55E-07	1,12E-05	-2,45E-06	-3,35E-07
AKBANK B TYPE LIQUID FUND	2,85E-04	2,25E-03	1,03E-02	1,29E-03
AKBANK B TYPE SECURITY FUND	1,81E-04	1,70E-03	4,68E-03	5,86E-04

Table 1- THE COMPARISON OF RISKINESS OF AKBANK MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS'S RISKINESSES

BETA	GOLD MARKETS	EURO(€):	DOLLAR(\$):	BOND PRICES:	SECURITY PRICES:
AKBANK TYPE A STOCK FUND	0,0389863	0,0003	-1,11E-05	1,69E-06	6,88E-06
AKBANK TYPE A MANUFACTURING SECTOR FUND	1,28E-03	5,85E-06	-6,00E-06	7,31E-08	3,00E-07
AKBANK TYPE A MIXED FUND	4,03E-03	-1,10E-06	7,78E-06	1,75E-07	9,15E-07
AKBANK TYPE A FINANCIAL SEC. FUND	7,02E-03	2,67E-05	1,61E-05	3,30E-07	2,00E-06
AKBANK A TYPE PARTICIPATION FUND	4,51E-04	-1,47E-05	-3,10E-05	-2,56E-08	-5,50E-07
AKBANK A TYPE TECHNOLOGY SEC. FUND	-2,90E-04	-3,70E-05	-3,51E-05	-3,87E-08	-5,00E-07
AKBANK B TYPE VARIABLE FUND	-2,90E-04	-3,70E-05	-3,51E-05	-3,78E-08	-5,00E-07
AKBANK B TYPE LIQUID FUND	2,28E+00	2,23E-02	2,23E-02	1,14E-04	8,57E-04
AKBANK B TYPE SECURITY FUND	1,07E+00	8,79E-03	8,80E-03	5,02E-05	3,69E-04

Table 2- THE COMPARISON OF RISKINESS OF AKBANK MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS'S RISKINESSES

3.8.2 THE COMPARISON OF RISKINESS GARANTİ BANK MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS' RISKINESSES

BETA	IMKB-NATIONAL-100 INDEX	TYPE A COMPOUND(SIMPLE) FUND INDEX	TYPE B COMPOUND(SIMPLE) FUND INDEX	GOVERNMENT INTERNAL INDEBT. PAPERS(DIBS-2001 12 Months)
GARANTİ TYPE A VARIABLE FUND	0,001275	0,0138175	0,003325	3,20E-04
GARANTİ TYPE A MIXED FUND	7,35E-04	8,92E-03	6,45E-03	7,72E-04
GARANTİ TYPE A U100 FUND	2,73E-05	3,10E-04	1,43E-04	1,63E-05
GARANTİ TYPE B VARIABLE FUND	7,00E-04	6,59E-03	2,21E-02	2,76E-03
GARANTİ TYPE B LIQUID FUND	9,90E-04	6,86E-03	4,16E-02	5,24E-03
GARANTİ TYPE B BOND FUND	2,58E-03	2,29E-02	7,73E-02	9,67E-03

Table 3- THE COMPARISON OF RISKINESS OF GARANTİ BANK MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS' RISKINESSES

BETA	GOLD MARKETS	EURO(€):	DOLLAR(\$):	BOND PRICES:	SECURITY PRICES:
GARANTİ TYPE A VARIABLE FUND	0,8151875	-0,0109625	-2,07E-02	1,34E-05	-1,50E-04
GARANTİ TYPE A MIXED FUND	1,62E+00	3,11E-03	1,74E-04	5,82E-05	3,05E-04

GARANTİ TYPE A U100 FUND	4,06E-02	-6,45E-05	-1,90E-04	1,00E-16	3,50E-06
GARANTİ TYPE B VARIABLE FUND	4,93E+00	4,61E-02	4,57E-02	2,41E-04	1,79E-03
GARANTİ TYPE B LIQUID FUND	9,14E+00	9,36E-02	9,51E-02	4,62E-04	3,53E-03
GARANTİ TYPE B BOND FUND	1,73E+01	1,61E-01	1,58E-01	8,41E-04	6,63E-03

**Table 4- THE COMPARISON OF RISKINESS OF GARANTİ BANK MUTUAL FUNDS
WITH THE OTHER INVESTMENT INSTRUMENTS' RISKINESSES**

3.8.3 THE COMPARISON OF RISKINESS OF İŞBANK MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS' RISKINESSES

BETA	İMKB-NATIONAL-100 INDEX	TYPE A COMPOUND (SIMPLE) FUND INDEX	TYPE B COMPOUND (SIMPLE) FUND INDEX	GOVERNMENT INTERNAL INDEBT. PAPERS(DİBS-2001 12 Months)
İŞBANK TYPE A VARIABLE FUND	0,00013875	0,0015985	0,0013375	1,57E-04
İŞBANK TYPE A STOCK FUND	1,01E-03	1,14E-02	6,80E-03	7,77E-04
İŞBANK TYPE A PARTICIPATION FUND	1,04E-03	1,14E-02	1,72E-02	2,11E-03
İŞBANK TYPE A İMKB30 INDEX FUND	1,15E-06	1,32E-05	1,25E-05	1,48E-06
İŞBANK TYPE A FINANCIAL INDEX FUND	1,05E-06	1,10E-05	2,75E-06	2,60E-07
İŞBANK TYPE B VARIABLE FUND	4,90E-04	4,63E-03	3,12E-02	1,90E-03
İŞBANK TYPE B MIXED FUND	-8,50E-07	-2,37E-05	-0,000033	-0,000003725
İŞBANK TYPE B LIQUID FUND	0,0016075	0,0121085	0,062	0,007814
İŞBANK TYPE B BOND FUND	0,0008875	0,0080625	0,026125	0,003275

Table 5- THE COMPARISON OF RISKINESS OF İŞBANK MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS' RISKINESSES

BETA	GOLD MARKETS	EURO(€):	DOLLAR(\$):	BOND PRICES:	SECURITY PRICES:
İŞBANK TYPE A VARIABLE FUND	0,2836	0,0013875	4,58E-04	1,28E-05	6,75E-05
İŞBANK TYPE A STOCK FUND	1,58E+00	8,89E-03	-1,11E-03	5,67E-05	2,30E-04
İŞBANK TYPE A PARTICIPATION FUND	3,89E+00	3,10E-02	2,51E-02	1,77E-04	1,20E-03

İŞBANK TYPE A İMKB30 INDEX FUND	2,75E-03	2,08E-05	1,04E-05	1,21E-07	6,75E-07
İŞBANK TYPE A FINANCIAL INDEX FUND	4,10E-04	-1,10E-05	-1,92E-05	1,83E-08	-1,25E-07
İŞBANK TYPE B VARIABLE FUND	3,33E+00	2,59E-02	2,81E-02	1,68E-04	1,23E-03
İŞBANK TYPE B MIXED FUND	-0,0078525	-7,86E-05	-7,55E-05	-3,15E-07	-0,000002175
İŞBANK TYPE B LIQUID FUND	13,9514125	0,1378525	0,139268	0,000681425	0,0052175
İŞBANK TYPE B BOND FUND	5,8659375	0,0480125	0,049975	0,000285625	0,0021125

Table 6- THE COMPARISON OF RISKINESS OF İŞBANK MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS' RISKINESSES

BETA	IMKB-NATIONAL-100 INDEX	TYPE A COMPOUND(SIMPLE) FUND INDEX	TYPE B COMPOUND(SIMPLE) FUND INDEX	GOVERNMENT INTERNAL INDEBT. PAPERS(DIBS-2001 12 Months)
KOÇBANK TYPE A VARIABLE FUND	0,00035	0,0045505	0,000675	4,20E-05

KOÇBANK TYPE A STOCK FUND	1,40E-05	1,74E-04	8,73E-05	9,60E-06
KOÇBANK TYPE A U30 FUND	6,30E-05	7,39E-04	4,70E-03	5,29E-05
KOÇBANK TYPE B VARIABLE FUND	2,05E-04	1,17E-03	6,55E-03	8,23E-04
KOÇBANK TYPE B LIQUID FUND	2,00E-06	1,51E-05	7,63E-05	9,62E-06
KOÇBANK TYPE B BOND FUND	4,23E-05	4,42E-04	1,15E-03	1,43E-04

3.8.4 THE COMPARISON OF RISKINESS OF KOÇBANK MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS' RISKINESSES

Table 7- THE COMPARISON OF RISKINESS OF KOÇBANK MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS' RISKINESSES

BETA	GOLD MARKETS	EURO(€):	DOLLAR(\$):	BOND PRICES:	SECURITY PRICES:
KOÇBANK TYPE A VARIABLE FUND	0,0346125	-0,0062575	-8,20E-03	2,28E-06	-8,50E-05
KOÇBANK TYPE A STOCK FUND	1,38E-02	-1,12E-04	-2,02E-04	8,74E-07	2,20E-06
KOÇBANK TYPE A U30 FUND	9,19E-02	2,05E-04	-3,00E-04	4,43E-06	1,75E-05
KOÇBANK TYPE B VARIABLE FUND	1,47E+00	1,37E-02	1,37E-02	7,16E-05	5,38E-04
KOÇBANK TYPE B LIQUID FUND	1,70E-02	1,71E-04	1,71E-04	8,40E-07	6,40E-06
KOÇBANK TYPE B BOND FUND	2,56E-01	1,98E-03	2,06E-03	1,25E-05	9,00E-05

Table 8- THE COMPARISON OF RISKINESS OF KOÇBANK MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS' RISKINESSES

3.8.5 THE COMPARISON OF RISKINESS OF ZĪRAAT BANK MUTUAL FUNDS RISKINESSES WITH THE OTHER INVESTMENT INSTRUMENTS' RISKINESSES

BETA	IMKB-NATIONAL L-100 INDEX	TYPE A COMPOUND(SIMPLE) FUND INDEX	TYPE B COMPOUND(SIMPLE) FUND INDEX	GOVERNMENT INTERNAL INDEBT. PAPERS(DIBS-2001 12 Months)
ZĪRAAT TYPE A VARIABLE FUND	0,00098	0,010131	0,01135	1,34E-03
ZĪRAAT TYPE A MIXED FUND	1,58E-06	1,72E-05	1,45E-05	1,71E-06
ZĪRAAT TYPE B BOND FUND	4,95E-04	3,39E-03	2,37E-03	2,96E-03
ZĪRAAT TYPE B LIQUID FUND	1,05E-03	8,00E-03	3,93E-02	4,94E-03
ZĪRAAT TYPE B VARIABLE FUND	1,27E-03	1,14E-02	3,40E-02	4,25E-03

Table 9- THE COMPARISON OF RISKINESS OF ZĪRAAT BANK MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS' RISKINESSES

BETA	GOLD MARKETS	EURO(€):	DOLLAR(\$):	BOND PRICES:	SECURITY PRICES:
ZİRAAT TYPE A VARIABLE FUND	2,194725	0,014265	6,89E-03	1,18E-04	6,70E-04
ZİRAAT TYPE A MIXED FUND	3,08E-03	1,83E-05	5,26E-06	1,39E-07	7,25E-07
ZİRAAT TYPE B BOND FUND	4,83E+00	3,75E-02	4,49E-02	2,75E-04	2,03E-03
ZİRAAT TYPE B LIQUID FUND	8,77E+00	8,60E-02	8,68E-02	4,32E-04	3,28E-03
ZİRAAT TYPE B VARIABLE FUND	7,55E+00	6,51E-02	6,45E-02	3,70E-04	2,70E-03

Table 10- THE COMPARISON OF RISKINESS OF ZİRAAT BANK MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS' RISKINESSES

3.8.6 THE COMPARISON OF RISKINESS OF YAPI KREDİ BANK MUTUAL FUNDS RISKINESSES WITH THE OTHER INVESTMENT INSTRUMENTS'S RISKINESSES

BETA	IMKB-NATIONAL-100 INDEX	TYPE A COMPOUND(SIMPLE) FUND INDEX	TYPE B COMPOUND(SIMPLE) FUND INDEX	GOVERNMENT INTERNAL INDEBT. PAPERS(DIBS-2001 12 Months)
YAPI KREDİ BANK TYPE A MIXED FUND	0,000006325	6,79E-05	0,000107	1,31E-05
YAPI KREDİ BANK TYPE A STOCK FUND	1,25E-06	1,30E-05	1,18E-05	1,40E-06
YAPI KREDİ BANK TYPE B LIQUID FUND	2,60E-03	1,99E-02	1,02E-01	1,29E-02
YAPI KREDİ BANK TYPE B BOND FUND	1,03E-03	9,55E-03	2,34E-02	2,93E-03

Table 11- THE COMPARISON OF RISKINESS OF YAPI KREDİ BANK MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS' RISKINESSES

BETA	GOLD MARKETS	EURO(€):	DOLLAR(\$):	BOND PRICES:	SECURITY PRICES:
YAPI KREDİ BANK TYPE A MIXED FUND	0,023674	0,000209025	1,63E-04	1,10E-06	7,35E-06
YAPI KREDİ BANK TYPE A STOCK FUND	2,58E-03	1,29E-05	5,25E-06	1,11E-07	6,50E-07
YAPI KREDİ BANK TYPE B LIQUID FUND	2,29E+01	2,28E-01	2,30E-01	1,13E-03	8,60E-03
YAPI KREDİ BANK TYPE B BOND FUND	5,29E+00	4,14E-02	4,02E-02	2,51E-04	1,80E-03

Table 12- THE COMPARISON OF RISKINESS OF YAPI KREDİ BANK MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS' RISKINESSES

3.9 THE INCOMES OF THE MUTUAL FUNDS IN YEAR 2004

3.9.1 THE INCOMES OF AKBANK MUTUAL FUNDS

AKBANK	AKBANK TYPE A STOCK FUND	AKBANK TYPE A MANUFACTURING SECTOR FUND	AKBANK TYPE A MIXED FUND	AKBANK TYPE A FINANCIAL SEC. FUND	AKBANK A TYPE PARTICIPATION FUND	AKBANK A TYPE TECHNOLOGY SEC. FUND
PROFIT	14,70%	5,50%	21%	43%	15%	6,25%

Table 13- THE INCOMES OF AKBANK TYPE A MUTUAL FUNDS

AKBANK	AKBANK B TYPE VARIABLE FUND	AKBANK B TYPE LIQUID FUND	AKBANK B TYPE SECURITY FUND
PROFIT	26,70%	18%	23%

Table 14- THE INCOMES OF AKBANK TYPE B MUTUAL FUNDS

3.9.2 THE INCOMES OF GARANTİ MUTUAL FUNDS

GARANTİ	GARANTİ TYPE A VARIABLE FUND	GARANTİ TYPE A MIXED FUND	GARANTİ TYPE A U-100 FUND
PROFIT	13,59%	17,93%	20%

Table 15- THE INCOMES OF GARANTİ TYPE A MUTUAL FUNDS

GARANTİ	GARANTİ TYPE B VARIABLE FUND	GARANTİ TYPE B LIQUID FUND	GARANTİ TYPE B BOND FUND
PROFIT	20,50%	17,43%	20,90%

Table 16- THE INCOMES OF GARANTİ TYPE B MUTUAL FUNDS

3.9.3 THE INCOMES OF İŞBANK MUTUAL FUNDS

İŞBANK	İŞBANK TYPE A VARIABLE FUND	İŞBANK TYPE A STOCK FUND	İŞBANK TYPE A PARTICIPATION FUND	İŞBANK TYPE A İMKB30 INDEX FUND	İŞBANK TYPE A FINANCIAL INDEX FUND
PROFIT	15,67%	10,81%	34,74%	25,88%	27,78%

Table 17- THE INCOMES OF İŞBANK TYPE A MUTUAL FUNDS

İŞBANK	İŞBANK TYPE B VARIABLE FUND	İŞBANK TYPE B MIXED FUND	İŞBANK TYPE B LIQUID FUND	İŞBANK TYPE B BOND FUND
PROFIT	21,49%	11,30%	15,81%	22%

Table 18- THE INCOMES OF İŞBANK TYPE B MUTUAL FUNDS

3.9.4 THE INCOMES OF KOÇBANK MUTUAL FUNDS

KOÇBANK	KOÇBANK TYPE A VARIABLE FUND	KOÇBANK TYPE A STOCK FUND	KOÇBANK TYPE A U30 FUND
PROFIT	8,50%	15,64%	27%

Table 19- THE INCOMES OF KOÇBANK TYPE A MUTUAL FUNDS

KOÇBANK	KOÇBANK TYPE B VARIABLE FUND	KOÇBANK TYPE B LIQUID FUND	KOÇBANK TYPE B BOND FUND
PROFIT	19,73%	18,14%	21,35%

Table 20- THE INCOMES OF KOÇBANK TYPE B MUTUAL FUNDS

3.9.5 THE INCOMES OF ZİRAAT BANK MUTUAL FUNDS

ZİRAAT	ZİRAAT TYPE A VARIABLE FUND	ZİRAAT TYPE A MIXED FUND
PROFIT	18,65%	23,37%

Table 21- THE INCOMES OF ZİRAAT BANK TYPE A MUTUAL FUNDS

	ZİRAAT TYPE B BOND FUND	ZİRAAT TYPE B LIQUID FUND	ZİRAAT TYPE B VARIABLE FUND
PROFIT	22,23%	17,91%	21,88%

Table 22- THE INCOMES OF ZİRAAT BANK TYPE B MUTUAL FUNDS

3.9.6 THE INCOMES OF YAPI KREDİ BANK MUTUAL FUNDS

YAPI KREDİ BANK	YAPI KREDİ BANK TYPE A MIXED FUND	YAPI KREDİ BANK TYPE A STOCK FUND
PROFIT	25,42%	24,24%

Table 23- THE INCOMES OF YAPI KREDİ BANK TYPE A MUTUAL FUNDS

YAPI KREDİ BANK	YAPI KREDİ BANK TYPE B LIQUID FUND	YAPI KREDİ BANK TYPE B BOND FUND
PROFIT	18,42%	22,78%

Table 24- THE INCOMES OF YAPI KREDİ BANK TYPE B MUTUAL FUNDS

3.10 THE COMPARISON OF INCOMES OF MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS' INCOMES

COMPARISON OF INCOMES	INCOMES %
TYPE A STOCK FUND INDEX	11,5
TYPE A INDEX FUND INDEX	11
TYPE A PARTICIPATION FUND INDEX	17
TYPE A MIXED FUND INDEX	16
TYPE A SECTOR FUND INDEX	11,5
TYPE A VARIABLE FUND INDEX	18
TYPE A SPECIAL FUND INDEX	23
TYPE B VARIABLE FUND INDEX	23
TYPE B SECURITY-BOND FUND INDEX	22
TYPE B LIQUID FUND INDEX	18
TYPE B MIXED FUND INDEX	20
IMKB NATIONAL 100 INDEX	13
IMKB NATIONAL 50 INDEX	11
IMKB NATIONAL 30 INDEX	10,9
GOVERNMENT IND.PAPER 2001	22
GOLD	13,6
OVERNIGHT INTEREST	32
EURO	4,2
USD	3,3
TYPE A MUTUAL FUNDS	19,75
TYPE B MUTUAL FUNDS	19,98

Table 25- THE COMPARISON OF INCOMES OF MUTUAL FUNDS WITH THE OTHER INVESTMENT INSTRUMENTS' INCOMES

4. CONCLUSIONS

In this thesis, the relationship of type A and B mutual funds of some big banks in Turkey between each other and between the other investment instruments has been analyzed. As mentioned before, it was shown that type A mutual funds were the high risk funds compared to the type B mutual funds and the other investment instruments.

At the end of all these studyings I reached these conclusions:

4.1) GARANTI BANKASI:

The Beta between Euro and Garanti type B liquid fund is the highest beta among the others. The value of beta is 0,094. As we know type B liquid funds have lowest risk rates because the investment instruments are riskless in the portfolio like overnight interest, securities and treasury bills. On the other side another investment instrument Euro has more risk according to type B liquid fund. In year 2004 export reached to 62,8 billion dollars. This is the result of %31 increase. The foreign investors explored Turkey in year 2004. They began to make investments. In addition to these the interest rates went down. Inflation rate decreased. All of this reasons caused the volatility of Euro. In other words; Euro lost its value. Euro supply increased in the markets. Euro lost value ; as a result the beta of Euro- Garanti type B liquid fund is high. The Beta between Euro and Garanti type A U100 fund is the lowest

beta among the others. The value of beta is -0,0000645. As we explained above Euro had volatility because of decreasing of inflation, interest rates and increasing number of foreign investments. As we know Garanti type A U100 fund has a high risk according to the other investment instruments. It has approximately % 80 share certificates in its portfolio. It means that this fund is in high risk category. The portfolio of Garanti type A U100 fund has stock shares of the firms which are in İMKB-100 index. The lowest beta

shows us Garanti type A U100 fund and Euro have similar risk rates. The yield of Euro in year 2004 is %4,2 and the yield of Garanti type A U-100 fund is % 20. The yield of Euro in year 2004 is %4,2 and the yield of Garanti type B liquid fund is %17,43 .

4.2) AKBANK

The Beta between Akbank type B liquid fund and gold is the highest among the others. The value of beta is 2,28. As we know type B liquid funds' risk rates are almost none. In year 2004, the yield of Akbank type B liquid fund is %18 but, the yield of the gold market index is -%65 and the volatility of gold prices in year 2004 was high but there is no volatility of Akbank type B liquid fund. These reasons caused beta of gold market index to be the highest. The Beta between Akbank type A manufacturing sector fund and Dollar is the lowest. The value of the beta is -0,000006. In year 2004, the interest rates decreased, the production rate went up. As a result, There was a development in Turkish economy. Inflation rate also went down. The inflation rate was %68,5 in year 2001 but in year 2004 it was %9,3. The export rate became %62,8 as an increase of % 32,8. These reasons caused Dollar lost its value because Dollar supply increased in the markets. The yield of Dollar in year 2004 is %3,3. In year 2004, the increase in production rate caused the increase in the prices of share stocks of manufacturing sector so, it effected the yield of Akbank type A manufacturing sector fund in a positive way. The yield of Akbank type A manufacturing sector fund is %5,5 and the yield of Dollar is %3,3. Beta value of Akbank type A manufacturing sector fund is very less according to Dollar.

4.3) İŞ BANKASI

The Beta of Gold and İşbank type A participation fund is the highest among the others. The value of beta is 3,89. The gold prices had more volatility in year 2004. Generally, the import of gold and losing value of Dollar effected beta value. In year 2004 , Dollar lost value. This situation effected the import prices of gold in year 2004 so, the volatilities of gold price occurred. On the other side, İşbank type A participation fund's value increased because of increasing value of share certificates. The number of investment increased in Turkish economy in addition, the values of share certificates in stock exchanges went up. As a result, beta value between gold and İşbank type A participation fund was the highest. The Beta of Gold and İşbank type B mixed fund is the lowest among the others. The value of beta is $-0,0078$. I can say that İşbank type B mixed fund's risk rate is similar with gold's. This is the result of similarity of volatilities of these instruments' prices' .

4.4) KOÇBANK

The Beta of Gold with Koçbank type B variable fund is the highest among the others. The value of beta is 1,47. As I said before, gold prices had more volatilities in year 2004 because of Dollar price. Dollar lost value because of current loss in American economy and strength of Euro in global markets. This situation effected the prices at importation of Dollar in year 2004. On the other side, Koçbank type B variable fund's risk rate is medium. It has T-bills, government bonds and overnight interest in its portfolio so, the prices of this fund are not volatile beside gold's prices because of this reason, beta of gold and Koçbank type B variable fund is high. The Beta of Dollar and type A variable fund is the lowest among the others. The value of beta is $-0,0082$. Dollar prices in year 2004 lost

value because of current loss in American economy and getting more valuable of Euro in global markets. Koçbank type A variable fund's portfolio has share certificates in a big amount. The risk levels of Dollar and Koçbank type A variable fund is similar. They have high risks. The beta value is low because of this situation.

4.5) ZİRAAT BANKASI

The Beta of Gold and Ziraat type B liquid fund is the highest among the others. The value of beta is 8,77. Ziraat type B liquid fund is a non-risky fund because of its investment instruments in portfolio. Portfolio has securities and overnight interest. Gold prices were more volatile according to Ziraat type B liquid fund. This makes gold riskier than Ziraat type B liquid fund. As a result, beta value of gold and Ziraat type B Liquid fund is high.

The Beta of Bond and Ziraat type A mixed fund is the lowest among the others. The value of beta is 0,0000001. The interest rates in year 2004 decreased and the opposite of this; bond and security prices increased. The export of government bonds to the other countries grew. The demand for government bonds from other countries was big. Dollar captured %65,2 of government bond's export and Euro captured %34,8 of government bond's export. This reason also made price of government bonds go up in year 2004. Ziraat type A mixed fund's portfolio has share certificates, government bond and overnight interest. In year 2004, share certificates in İMKB and government bond gained value according to the other investment instruments. As a result, the beta value is low between bond and Ziraat type A mixed fund.

4.6) YAPI KREDİ BANK

The Beta of Gold and Yapı Kredi Bank type B bond fund is the highest among others. The beta value is 5,29. Gold prices were volatile in year 2004 because of Dollar. Dollar lost

value as a result of current loss in American economy , increasing export rate of Turkey and gaining value of Euro. Yapı Kredi Bank type B bond fund's portfolio has government bond and reverse overnight interest. The risk level is low for this fund. As a result, beta value between gold and Yapı Kredi Bank type B bond fund is high.

The Beta of bond and Yapı Kredi Bank type A stock fund is the lowest among the others.

The beta value is 0,0000001. The bond prices increased in year 2004 as a result of decreasing of interest rates and share certificates in İMKB gained value as a result of growing Turkish economy. Both investment instruments yield increased in year 2004 because of this reason, beta value is low.

4.7) I realised that type A mutual funds are in high risk group and investors can gain or loose more by investing these mutual funds. The investors can invest in type A mutual funds in long term(At least 6 months and more)

4.8) I realised that type B mutual funds are in low risk group and investors can gain average yield by investing these mutual funds. The investors can invest in type B mutual funds in short term(At most 6 months).

4.9) Type B liquid fund has the lowest risk among type A and B mutual funds. I realised that type B variable fund and type A special fund index have the highest profit. Type B variable fund's portfolio has lower risk according to the type A mutual funds so, the investors can gain constant yield. The result supports this idea. Type A index fund index has the lowest yield because type A index fund index's portfolio has the highest risk rate according to type B mutual funds so, this result supports this idea.

4.10) Type B mutual funds' yield is the highest among the other investment instruments for year 2004. The yield rate is %19,98.

4.11) Dollar yield is the lowest among the other investment instruments for year 2004. The yield rate is %3,3.

4.12) The yield of type B mutual funds(%19,98) is better than type A mutual funds(%19,75) for year 2004. That is because of volatility of type A mutual funds is higher than type B mutual funds.

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ABBREVIATIONS

- 1) IMKB: İstanbul Menkul Kıymetler Borsası
- 2) IMF: International Monetary Fund
- 3) DİBS: Devlet İç Borçlanma Senetleri
- 4) Y.O: Yatırım Ortaklığı
- 5) Menkul Kıym: Menkul Kıymet
- 6) Inv.Part: Investment Partnership
- 7) Gov: Government
- 8) Int: Internal
- 9) Indebt: Indebtmnt
- 10) Pap: Paper
- 11) M: Months
- 12) Perfor: Performance
- 13) Ind: Indebtmnt
- 14) P: Paper
- 15) EU: European Union
- 16) Tech: Technology
- 17) Sec: Sector
- 18) Man: Manufacturing

ÖZET

TÜRK FİNANS PİYASALARINDA YATIRIM FONLARI

Çağatay Güven

İşletme Yüksek Lisans ,Finans Bölümü

Tez Yöneticisi: Prof. Dr. Hülya Tütek

Haziran 2006 , 115 sayfa

Bu çalışma , Türk finans piyasalarındaki yatırım fonlarını inceler.İlk olarak ,Türk finans piyasasındaki yatırım fonları hakkında genel bilgi verilmiştir daha sonra Türk finans piyasasındaki yatırım fonlarının tarihsel gelişimi araştırılmıştır.Bir sonraki bölümde yatırım fonlarının çeşitleri ve özellikleri araştırılmıştır.Bu bölümü takiben , bir yatırım fonunun diğer yatırım araçlarıyla olan karşılaştırılması incelenmiştir.Bundan sonraki bölümde yatırım fonlarının Türk finans piyasasındaki durumu ele alınmıştır bunu müteakiben Türk finans piyasalarında yatırım fonları hakkında bir sonuca varılmıştır.

To My Parents

I want to thank you to my parents who always supported and helped me to finish this thesis.

I want to dedicate this thesis to them.

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