

Financial Markets, Institutions and Instruments

Finansal Piyasalar, Kurumlar ve Enstrümanlar

Introduction to Financial Markets

Markets are where supply and demand meet and turn into transactions, i.e., a place where buyers and sellers exchange money.



Physical or electronic
Example: Stock Exchanges

Real markets:

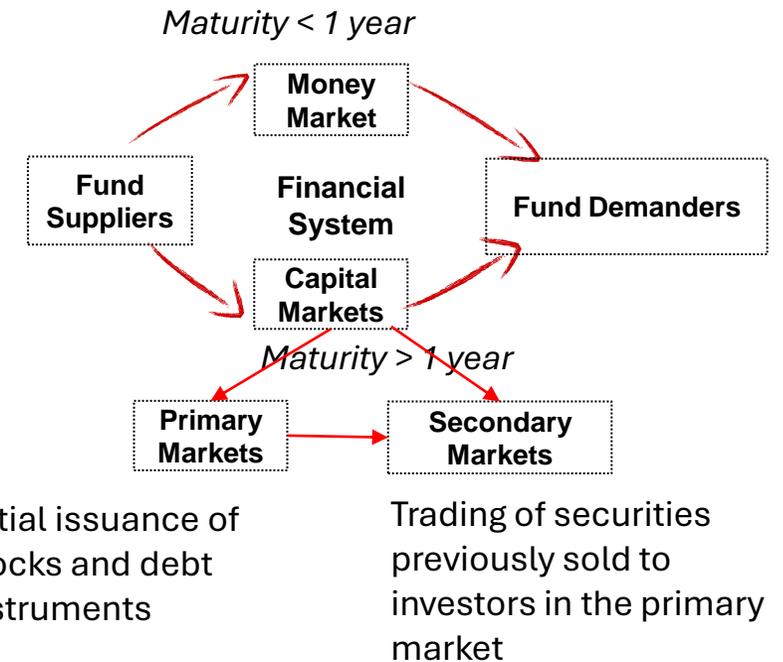


Supply and demand for goods and services

Financial markets:



Supply and demand for funds



Definition of Financial Markets

- Financial markets are platforms where **buyers** and **sellers trade** financial instruments, such as stocks, bonds, derivatives, currencies, and commodities.

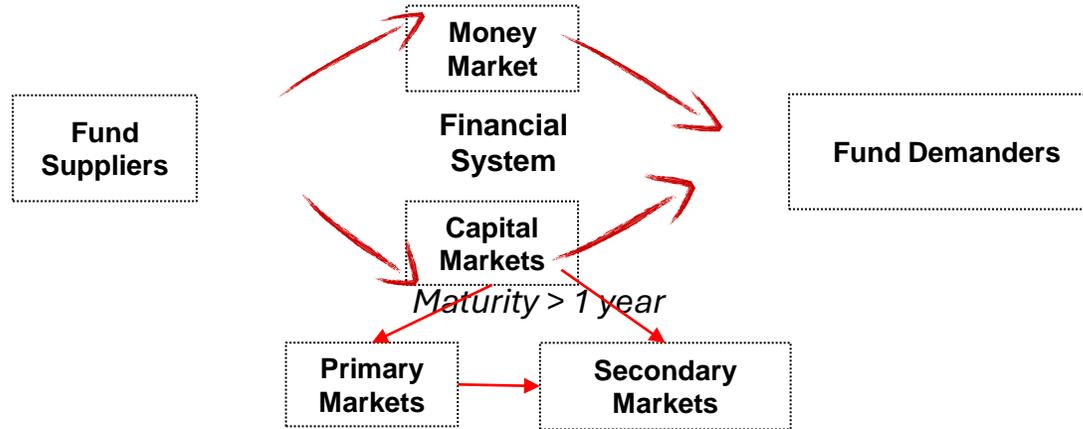
A Closer Look at Financial Markets

Money market example: Treasury Bill, short term corporate bond

Maturity < 1 year

Individual investors

Institutional Investors
(mutual funds etc.)



Corporations
(raising capital for projects)

Governments
(issuing bonds for public spending)

Capital market example: Stocks and bonds

Initial issuance of stocks and debt instruments (IPO)

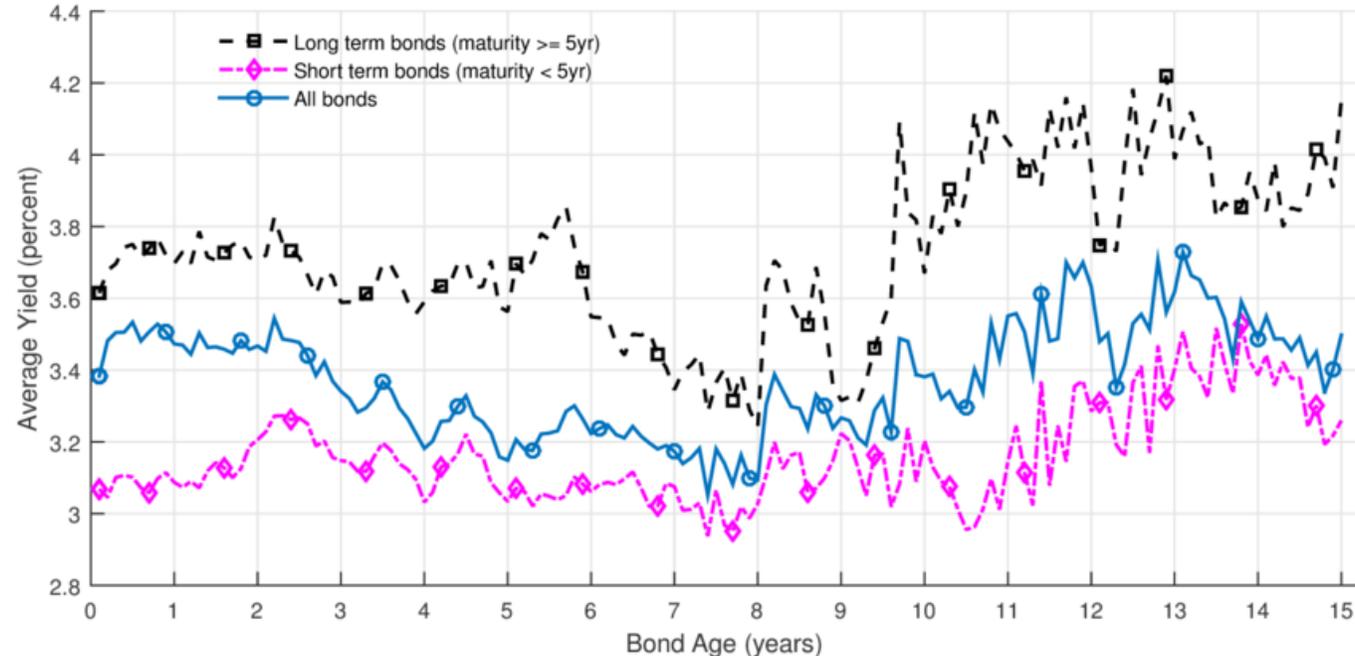
Trading of securities previously sold to investors in the primary market (stock exchanges, like Borsa Istanbul, NYSE, Nasdaq)

Example of a bond (Money market)

153 Gün Vadeli Tek Kupon Ödemeli Finansman Bonosu İhraç Özeti	
İhraççı	Aztek Teknoloji Ürünleri Ticaret A.Ş.
Aracı Kurum	Halk Yatırım Menkul Değerler A.Ş.
İhraççı Kredi Notu	JCR Avrasya Derecelendirme A.Ş. (31.01.2024) Uzun Vadeli Ulusal Kredi Derecelendirme Notu: A (TR) Kısa Vadeli Ulusal Kredi Derecelendirme Notu: J1 (TR) Görünüm: Stabil
Kıymet Türü	Finansman Bonosu
Nominal Değer (İhraç Tutarı)	300.000.000 TL (Talep gelmesi durumunda limit dahilinde artırılabilir)
Satış Yöntemi	Nitelikli Yatırımcıya Satış
Talep Sınırları (min. Talep Tutarı)	Minimum talep tutarı nominal 100.000-TL ve katları
Talep Toplama	26 Kasım 2024
ISIN	Ayrıca belirtilecektir.
Vade	153 Gün
İhraç Tarihi	27 Kasım 2024
Vade Sonu (İtfa Tarihi)	29 Nisan 2025
Yıllık Basit Getiri	%52,00
Yıllık Bileşik Getiri	%60,07
Kupon Oranı	21,79726
Fiyat	1 TL
Kotasyon	BİAŞ Borçlanma Araçları Piyasası Kesin Alım Satım Pazarı
Kaydedilen Finansman Bonoların İzlendiği Kuruluş	Merkezi Kayıt Kuruluşu
İtfa Metodu	Anapara ve faiz ödemesi vade sonunda yapılacaktır.

Short Term Bond vs Long Term Bond

- Interest Rate Risk causes higher volatility in long term bonds
- But offers higher yields in return
- Shorter duration for higher safety and liquidity
- Longer duration for higher returns and increased risk appetite



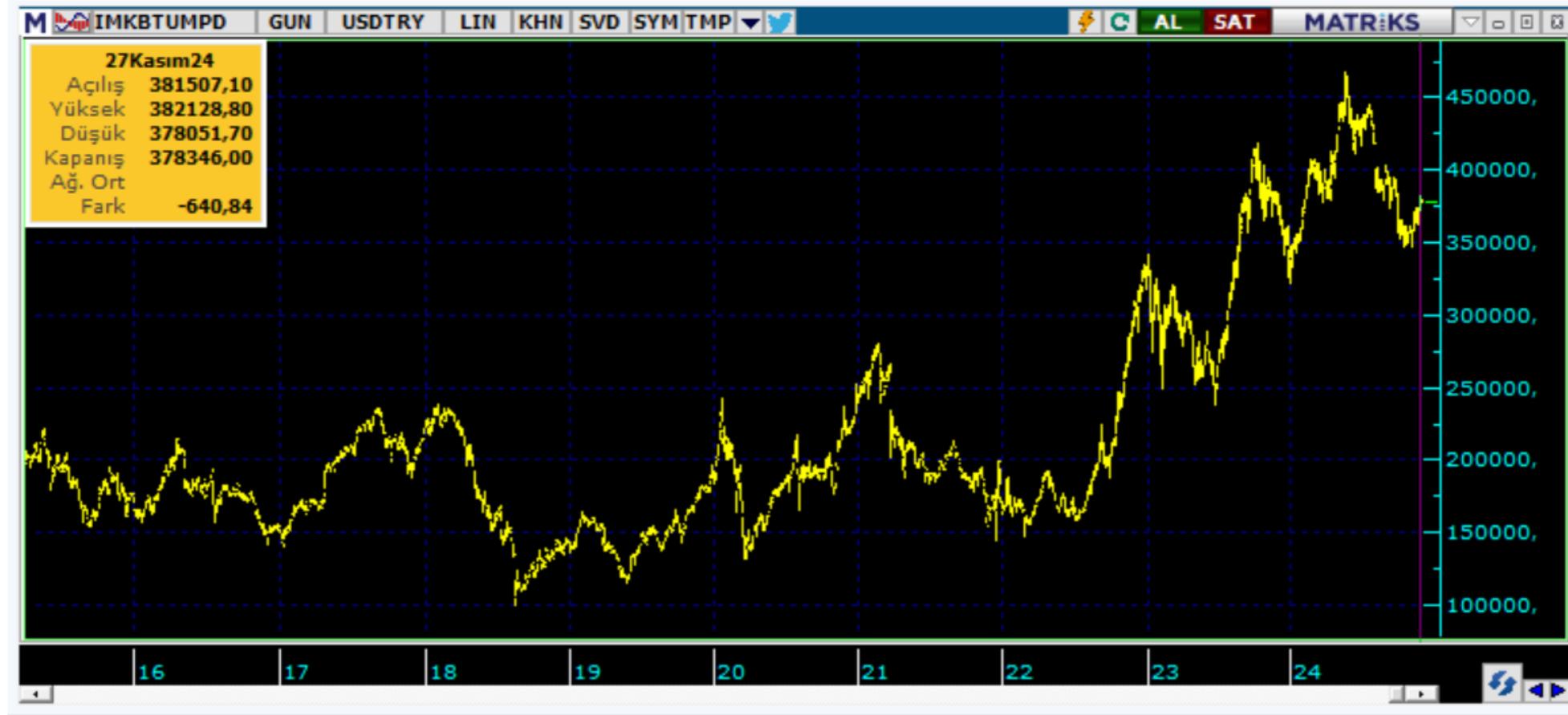
Short Term Bond Price Graph



Long Term Bond Price Graph



Borsa Istanbul's Market Cap: 378 billion USD



NVIDIA: 3.48 trillion USD, Microsoft: 3.06 trillion USD; **Netflix 385 billion USD**

Low Market Cap Yet High Turnover

- We like short-term trading.
- It provides liquidity (easy enter and exit, low cost).
- Yet, a vast amount of research indicates that trading frequency is detrimental to the returns (women is better than men as per to a brokerage house Research in the US).

Risk Tolerance and Investment Horizon

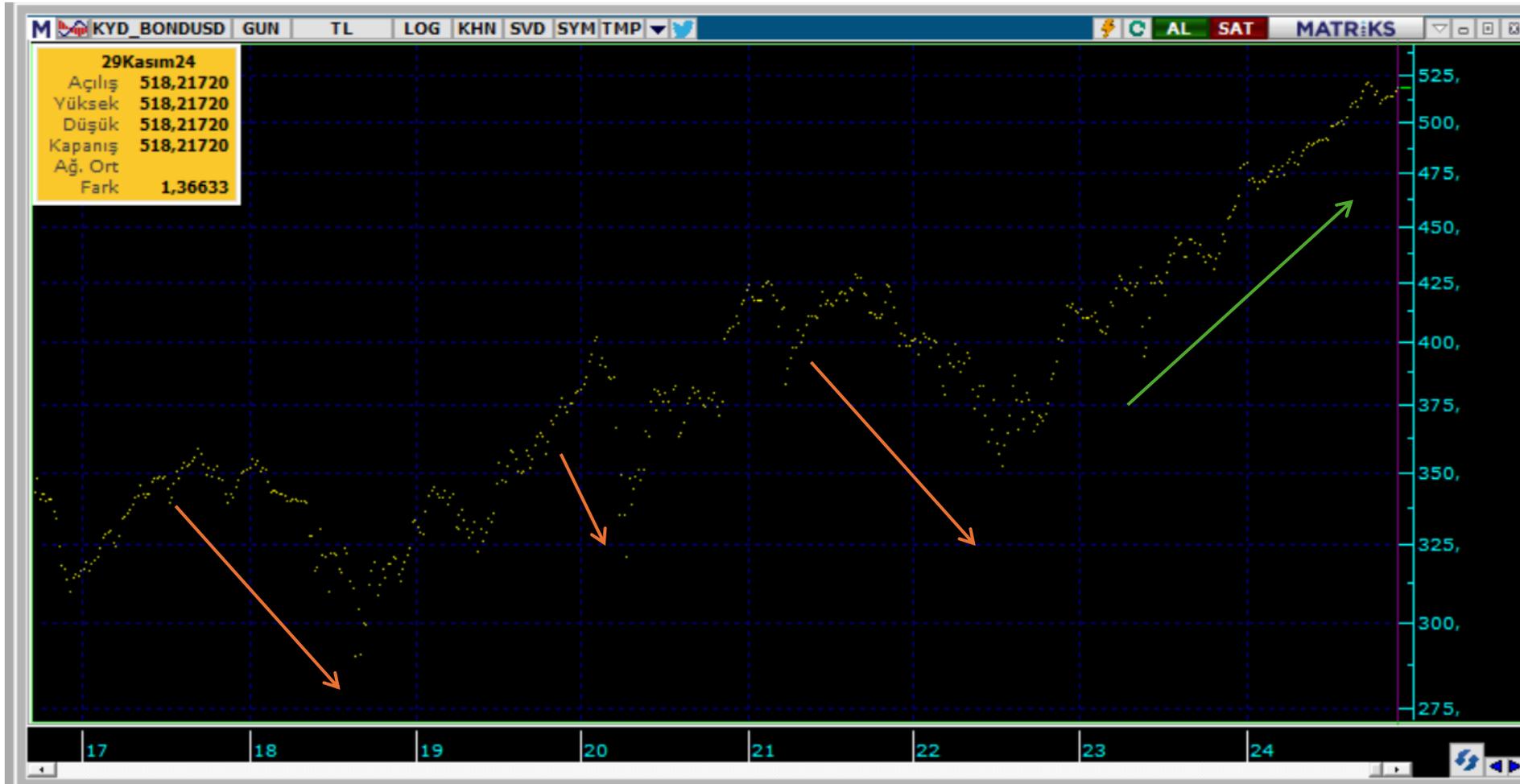
If the investment horizon is short and investor does not want to lose from its principle, short term bonds is fine. Especially, in the year of 2024.

- Risk levels
- Impact of age (human capital vs financial capital)
- Impact of investment horizon

Eurobonds

- Eurobonds are international bonds issued in a currency that is different from the currency of the country or market where they are issued.
- Eurobonds are typically used to raise capital in global markets and are traded internationally, offering issuers access to a broader investor base.
- They are also a vehicle that have relation with CDS (Credit Default Swap) premiums + global rates

You need to be careful with Eurobonds



Money Market Funds: 2024's Market Trend

- This year money market fund AuM (Assets under Management) have increased from 200 billion TRY to 1.2 billion TRY.
- Question: Why interest for money market funds increased dramatically?

Tarih Aralığı: 29.12.2023 - 29.11.2024 Karşılaştır

Kopyala Yazdır Excel CSV PDF Sayfada 15 kayıt Filtrele: Ara

Fon Kodu	Fon Adı	İlk Portföy Büyüklüğü	Son Portföy Büyüklüğü	Portföy Büyüklüğü Değişimi (%)	Tedavüldeki İlk Pay Adedi
BGP	AK PORTFÖY ÜÇÜNCÜ PARA PİYASASI (TL) FONU	636.993.128,78	84.249.041.784,10	13.126,05	311.415.955,00
DL2	DENİZ PORTFÖY İKİNCİ PARA PİYASASI (TL) FONU	0,00	77.131.504.608,49	0,00	0,00
DLY	DENİZ PORTFÖY PARA PİYASASI (TL) FONU	12.005.451.429,82	67.958.200.197,20	466,06	6.168.460.215,00
IOO	İŞ PORTFÖY İKİNCİ PARA PİYASASI (TL) FONU	1.008.632.421,55	41.326.531.682,83	3.997,28	691.636.962,00
ZBJ	ZİRAAT PORTFÖY BAŞAK PARA PİYASASI (TL) FONU	535.600.133,39	36.956.459.111,24	6.800,01	329.629.194,40
PPZ	AZİMUT PORTFÖY PARA PİYASASI (TL) FONU	7.037.977.175,91	21.426.040.956,90	204,43	3.374.979.826,00
PPN	NUROL PORTFÖY PARA PİYASASI (TL) FONU	292.648.308,31	20.167.953.930,06	6.791,53	164.346.630,00
HSL	HSBC PORTFÖY PARA PİYASASI (TL) FONU	1.540.709.329,93	19.368.614.521,56	1.157,12	11.682.892,00
IDL	AKTİF PORTFÖY PARA PİYASASI (TL) FONU	666.304.639,93	16.905.771.339,60	2.437,24	344.746.090,00
FIL	FİBA PORTFÖY PARA PİYASASI (TL) FONU	1.856.805.273,41	15.352.717.840,49	726,84	15.710.042.125,00
HYV	HEDEF PORTFÖY PARA PİYASASI (TL) FONU	5.157.648.982,36	10.941.132.118,84	112,13	2.608.075.714,00
RPP	ROTA PORTFÖY PARA PİYASASI (TL) FONU	7.518.185.630,02	10.087.259.385,57	34,17	4.810.957.533,00
PPI	YAPI KREDİ PORTFÖY ÜÇÜNCÜ PARA PİYASASI (TL) FONU	0,00	8.049.337.413,34	0,00	0,00
NVB	NEO PORTFÖY İKİNCİ PARA PİYASASI (TL) FON	2.000.907.652,61	8.000.153.530,63	299,83	1.318.248.885,00
CFO	ROTA PORTFÖY İKİNCİ PARA PİYASASI FONU	0,00	6.863.177.221,38	0,00	0,00

Other types of Financial Markets

- **Foreign Exchange (Forex) Market:**
 - Trading of currencies
- **Commodity Markets:**
 - Trading of various commodities like precious metals (Gold, Silver, etc.), industrial metals, agricultural inputs (Corn, Coffee, Cocoa, etc.), Energy (Crude oil, natural gas, etc.)
 - Commodity trades can take many forms that includes physical trades, OTC contracts, or trading of futures contracts provided by organized exchanges like CME.
- **Derivatives Market:**
 - Trading of contracts based on underlying assets (e.g., futures, options)

Functions of Financial Markets

Capital Formation: Facilitates the flow of savings to investments and helps raising capital from investors to businesses and governments (bonds and stock IPOs).

Price Discovery: Determines the price of traded assets through supply and demand.

Liquidity: Enables quick buying/selling of financial instruments.

Risk Management: Provides tools like derivatives for hedging risks.

Capital Formation

- Facilitates the flow of savings to investments.
- **Raising Capital**
 - Financial markets provide platforms for businesses and governments to raise funds through the issuance of securities like stocks and bonds.
- **Efficient Allocation**
 - Directing funds from savers and investors to entities requiring capital for productive uses, ensuring efficient resource allocation (good for economic growth).

Price Discovery

- Determines the price of traded assets through supply and demand.
- If there is no transaction, determining the price is difficult.
 - It is even valid for real estate

Liquidity

- Liquidity enables quick buying/selling of financial instruments.
- Hence, **a liquid asset** is an asset that can be readily **converted to cash**. This means the asset can easily be **sold with little impact on its value**. Most liquid financial assets are:
 - Cash and Cash Equivalents (money market funds, treasury bills, commercial papers)
 - Short-term Certificates of Deposit
 - Short-term Government Bonds
 - Publicly Traded Stocks
 - Exchange-Traded Funds (ETFs) and Open-Ended Mutual Funds
 - Foreign Currencies
- Assets like real estate, private equity, physical precious metals and collectibles are considered **illiquid assets**.

If investment horizon is long, then it is ok to invest in illiquid assets

Daily volume is also important

SEMB		SON	GUN.F	GUN.F	G.YUKSEK	G.DUSUK	G.HACIM
XU100	↑	9628,01	-0,13	-12,07	9658,61	9595,54	54.723.346.575
XU030	↑	10614,97	-0,25	-26,30	10660,80	10573,68	37.358.912.174
BIMAS	↑	474,50	-2,37	-11,50	486,25	472,25	1.360.112.299
SUWEN	↑	28,56	-1,52	-0,44	29,16	28,50	5.898.911
THYAO	↓	284,50	-0,96	-2,75	287,75	284,00	3.530.583.910

SUWEN ★ 29,92
18:08:00 % 3,17

Ana Sayfa > Suwen Tekstil Sanayi Pazarlama A.Ş. (SUWEN)

Fon Pozisyonları

Hisse senedi adetleri KAP'ta yayınlanan portföy dağılım raporlarından elde edilmiştir.

Mevcut Dağılım Lot	Önceki Dağılım Lot
42,94 mn (35 Fon)	43,06 mn (37 Fon)

Fon	Son Portföy (Lot)
ZVO 29 Kas 3,784228 % 0,42	21.235.720 % 74,82
KPC 29 Kas 11,858770 % 0,85	3.082.551 % 2,03

Along with depth: What happens if I want to sell 90 million TRY SUWEN

SUWEN SUWEN TEKSTIL <ADBTKGHSRE					
Açılış	Yuksek	Tavan	O.G.Kpn	T.Lot	G.Hacim
29,16	29,16	31,90	29,00	205661	5.901.767
A.Ort	Dusuk	Taban	G.Fark	G.Fark%	Bu Haf.%
28,697	28,50	26,10	-0,44	-1,52	-2,46
ALICILA	N.ADET	MALİYET	SATICILAR	N.ADET	MALİYET
QNB YAT	17332	28,761	BANK-OF-AM	44325	28,704
DENİZ	14865	28,699	INFO	13630	28,664
IS	14621	28,678	YAPI KREDI	13313	28,982
DiGER	46876	-	DiGER	22426	-
Emir	Adet	Alis	Satis	Adet	Emir
5	4169	28,56	28,62	1132	2
3	411	28,52	28,70	4887	2
13	3244	28,50	28,86	780	5
2	502	28,48	28,88	1010	2
2	4	28,46	28,90	50	1
2	3600	28,44	28,92	10	1
3	115	28,40	28,94	1000	1
1	50	28,38	28,96	1010	2
2	1002	28,34	28,98	1042	2
1	3	28,32	29,00	5384	164
34	13100	28,49	28,86	16305	182
100,00	39734	28,056	0,000	0	0,00
FIYAT	ADET	ALAN	SATAN		
28,560	100	GEDİK	GLOBAL		
28,560	1	GEDİK	OSMANLI		
28,560	100	GEDİK	GLOBAL		
28,560	100	GEDİK	GLOBAL		
28,860	116	IS	BANK-OF-AMERICA		
28,920	2	IS	YAPI KREDI		
28,900	148	IS	BANK-OF-AMERICA		
28,900	112	IS	BANK-OF-AMERICA		
28,900	1	OYAK	BANK-OF-AMERICA		

THYAO TURK HAVA YOLLARI AS<ADBTKGHSRE					
Açılış	Yuksek	Tavan	O.G.Kpn	T.Lot	G.Hacim
287,25	287,75	315,75	287,25	12440962	3.551.464.026
A.Ort	Dusuk	Taban	G.Fark	G.Fark%	Bu Haf.%
285,465	284,00	258,75	-2,50	-0,87	1,88
ALICILA	N.ADET	MALİYET	SATICILAR	N.ADET	MALİYET
YAPI KR	611451	286,730	BANK-OF-AM	479195	285,194
TEB	387072	285,884	GARANTI	378322	283,919
IS	291273	285,134	INFO	319945	286,986
DiGER	1246749	-	DiGER	135908	-
Emir	Adet	Alis	Satis	Adet	Emir
140	82175	284,50	284,75	29893	37
196	124230	284,25	285,00	81878	80
758	178710	284,00	285,25	42170	171
180	55149	283,75	285,50	46660	137
211	46350	283,50	285,75	35627	85
111	61550	283,25	286,00	57164	109
257	47687	283,00	286,25	76902	54
76	27356	282,75	286,50	43586	65
105	26243	282,50	286,75	41364	57
50	23450	282,25	287,00	71094	131
2086	672915	283,74	285,92	526352	926
41,93	2125471	270,932	297,562	2943750	58,07
FIYAT	ADET	ALAN	SATAN		
284,750	5	GARANTI	TACIRLER		
284,500	214	YAPI KREDI	VAKIF		
284,750	10	ZIRAAT	TACIRLER		
284,750	351	IS	TACIRLER		
284,750	133	OYAK	TACIRLER		
284,750	7	IS	TACIRLER		
284,750	3	VAKIF	TACIRLER		
284,750	1	MIDAS	TACIRLER		
284,750	35	IS	TACIRLER		

GARANTI | 284,75 | 5 Adet

Regulation of Financial Markets

- Ensure transparency
- Protect investors
- Prevent market manipulation

Capital Markets Board (SPK) has the responsibility

Challenges in Financial Markets

- Market volatility
- Economic instability
 - Recession, global shocks like covid-19, inflation
- Regulatory changes
 - Money market funds to invest in government bond now
 - Changes in tax regimes
 - Changes in collaterals
- Technological disruptions
 - HFTs, algos
 - Blockchain based market structures

Risk Management in Financial Markets

- Let's assume we are an importer company.
- We imported paper at a price of 100 USD and promised to sell it before it arrives at a price of 4000 TL after two months and receive the payment.
- The current USDTRY rate is at 34.6 and we will make a profit of 540 TL ($4000 - 100 * 34.6$).
- What happens if the currency exceeds 40?
- What can I do to protect my profit?

A short note on asset class returns in Turkey*

At first, **asset allocation decisions** are very important in Turkey.

* This note is captured from an article written by Bayram Veli Salur, published at Kurumsal Yatırımcı magazine (67/2024).

Tablo 1
Farklı Varlıkların Yıllık TL Bazındaki Getirileri

2006	Gümüş 53.6%	Paladyum 37.8%	Altın (Ons) 29.2%	Platin 22.9%	TÜFE 7.9%	USD TRY 5.0%	BİST 100 -1.7%
2007	BİST 100 42.0%	Platin 11.0%	TÜFE 9.9%	Altın (Ons) 8.2%	Gümüş -5.3%	Paladyum -8.9%	USD TRY -17.4%
2008	Altın (Ons) 35.8%	USD TRY 30.9%	TÜFE 8.2%	Gümüş 0.7%	Platin -19.9%	Paladyum -33.5%	BİST 100 -51.6%
2009	Paladyum 113.4%	BİST 100 96.6%	Platin 54.0%	Gümüş 45.1%	Altın (Ons) 21.7%	TÜFE 9.5%	USD TRY -2.2%
2010	Paladyum 102.2%	Gümüş 88.4%	Altın (Ons) 33.4%	BİST 100 24.9%	Platin 24.1%	TÜFE 8.2%	USD TRY 3.0%
2011	Altın (Ons) 34.7%	USD TRY 22.4%	Gümüş 10.3%	TÜFE 4.9%	Paladyum 0.2%	Platin -3.2%	BİST 100 -22.3%
2012	BİST 100 52.6%	TÜFE 10.6%	Platin 3.9%	Gümüş 2.7%	Paladyum 1.3%	Altın (Ons) 1.0%	USD TRY -5.7%
2013	Paladyum 22.5%	USD TRY 20.6%	Platin 7.4%	TÜFE 7.3%	Altın (Ons) -13.2%	BİST 100 -13.3%	Gümüş -22.6%
2014	BİST 100 26.4%	Paladyum 21.0%	USD TRY 8.7%	TÜFE 7.8%	Altın (Ons) 6.7%	Platin -4.3%	Gümüş -12.3%
2015	USD TRY 25.0%	Altın (Ons) 12.0%	Gümüş 10.3%	TÜFE 7.2%	Platin -7.8%	Paladyum -11.8%	BİST 100 -16.3%
2016	Paladyum 46.0%	Gümüş 38.9%	Altın (Ons) 31.0%	Platin 21.1%	USD TRY 20.8%	TÜFE 9.6%	BİST 100 8.9%
2017	Paladyum 68.1%	BİST 100 47.6%	Altın (Ons) 21.7%	Gümüş 14.4%	Platin 10.8%	TÜFE 9.2%	USD TRY 7.5%
2018	Paladyum 66.7%	USD TRY 39.6%	Altın (Ons) 37.4%	Gümüş 27.5%	TÜFE 20.3%	Platin 19.6%	BİST 100 -20.9%
2019	Paladyum 72.0%	Platin 36.3%	Altın (Ons) 33.0%	Gümüş 29.8%	BİST 100 25.4%	USD TRY 12.4%	TÜFE 11.8%
2020	Gümüş 84.8%	Paladyum 58.0%	Altın (Ons) 56.5%	Platin 39.4%	BİST 100 29.1%	USD TRY 25.0%	TÜFE 14.6%
2021	USD TRY 80.3%	Altın (Ons) 73.5%	Platin 62.3%	Gümüş 58.9%	Paladyum 40.2%	TÜFE 36.1%	BİST 100 25.8%
2022	BİST 100 196.6%	TÜFE 64.3%	USD TRY 39.6%	Platin 54.4%	Gümüş 43.5%	Altın (Ons) 39.1%	Paladyum 31.3%
2023	Altın (Ons) 78.2%	TÜFE 64.8%	USD TRY 57.5%	Gümüş 56.6%	Platin 45.9%	BİST 100 35.6%	Paladyum -3.4%
2024/07	BİST 100 42.4%	Gümüş 37.1%	Altın (Ons) 33.4%	TÜFE 28.8%	USD TRY 12.5%	Platin 11.0%	Paladyum -5.1%

Daily trade is like flipping a coin. Stay invested!

Tablo 2
Pozitif Getirilerin Dönemsel Frekansı

Dönemler	Dönem Sayısı			Yüzdesel	
	Pozitif	Negatif	Toplam	Pozitif	Negatif
Günlük Getiriler	4923	4355	9278	53.1%	46.9%
Aylık Getiriler	260	185	445	58.4%	41.6%
Çeyreklik Getiriler	94	53	147	63.9%	36.1%
Yıllık Getiriler	26	11	37	70.3%	29.7%
Rolling 1 Yıllık Getiri*	325	107	432	75.2%	24.8%
Rolling 5 Yıllık Getiri*	324	0	324	100.0%	0.0%

Kaynak: Matriks ve Kuveyt Türk Portföy Hesaplamaları

*Aylık getiriler üzerinden her dönem birer ay kaydırılarak getiriler hesaplanmıştır.

Bu tablo Ken Fisher'ın The Little Book of Market Myths kitabından esinlenerek Türkiye getirileri için hazırlanmıştır. Fisher bu tip çalışmayı ABD verileri ile hazırlamıştır. Çalışmada Ağustos 1987 ile Temmuz 2024 dönemi verileri kullanılmıştır.

No risk no return! (in majority of years)

Tablo 3

Hisse ve Sabit Getiriden Oluşan Portföylerin 5 Yıllık Getirileri

We need to take risk
to accumulate
wealth.

Dönem	5 Yıllık Portföy Getirileri			
	Hisse			Sabit Getiri
	100	70/30	50/50	100
2020 Başlangıç*	56.2%	45.5%	38.3%	20.4%
2019 Başlangıç	52.3%	42.4%	35.9%	19.5%
2018 Başlangıç	36.7%	31.0%	27.1%	17.6%
2017 Başlangıç	18.9%	18.0%	17.3%	15.7%
2016 Başlangıç	15.5%	15.1%	14.8%	14.1%
2015 Başlangıç	5.9%	8.4%	10.1%	14.2%
2014 Başlangıç	6.1%	7.9%	9.1%	12.1%

Kaynak: Matriks ve Kuveyt Türk Portföy Hesaplamaları

*2020 Ocak ile 2024 Temmuz arası.

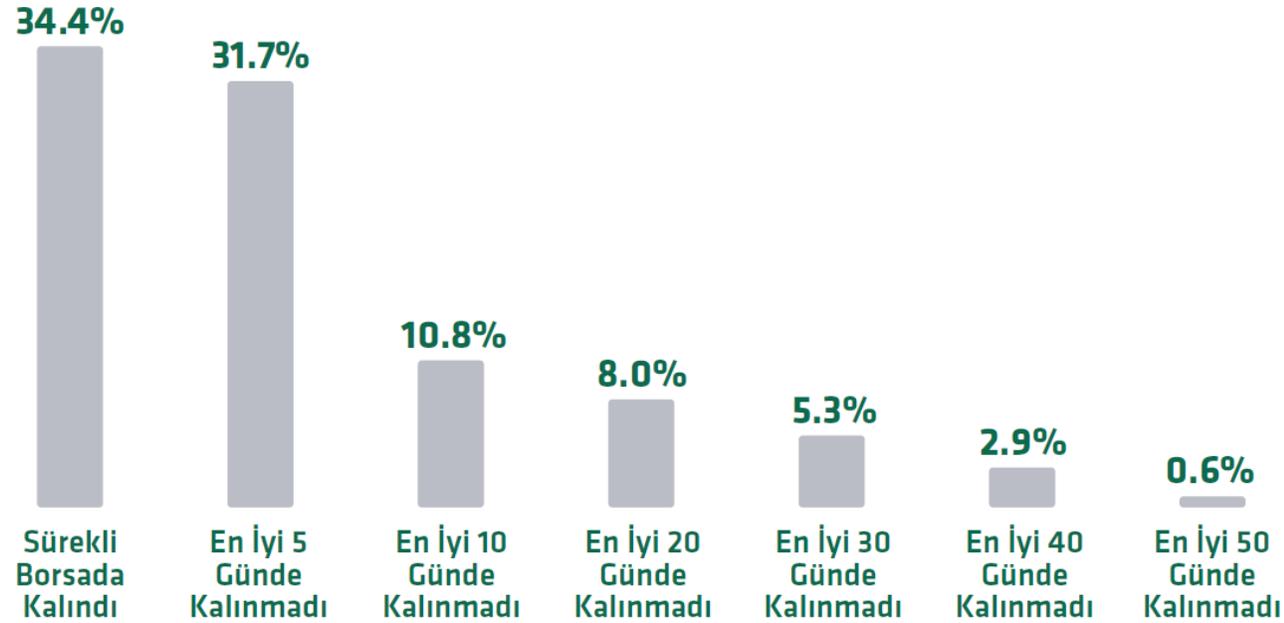
İlk kolonda (100) %100 XU100 endeksinden oluşan portföy getirilerini işaret etmektedir. İkinci kolon ise (70 / 30) %70 XU100 endeksinden %30 ise sabit getiriden oluşan bir portföy getirilerini göstermektedir. Sabit getiri için BIST-KYD Özel Sektör Kira Sertifikaları Endeksi'nin getirileri baz alınmıştır. Dönem getirileri başlangıç yılında başlamak üzere 5 yıllık olarak seçilmiştir.

Timing or not timing

Tablo 4

Piyasa Zamanlaması

En iyi bazı günlerin çıkarılması halinde BİST100 endeksinin yıllıklandırılmış getirileri (Ağustos 1987-Ağustos 2024)



Kaynak: Matriks ve Kuveyt Türk Portföy Hesaplamaları

BNY Mellon Wealth Management'ın ABD piyasası için yaptığı çalışmadan esinlenerek Türkiye verisi ile hazırlanmıştır.

A short introduction of investment funds

- Exchange-Traded Funds (ETFs)
- Mutual funds
- Hedge funds
- Pension funds
- Alternative investments (private equity, real estate, commodity)

*Open-ended, closed-ended

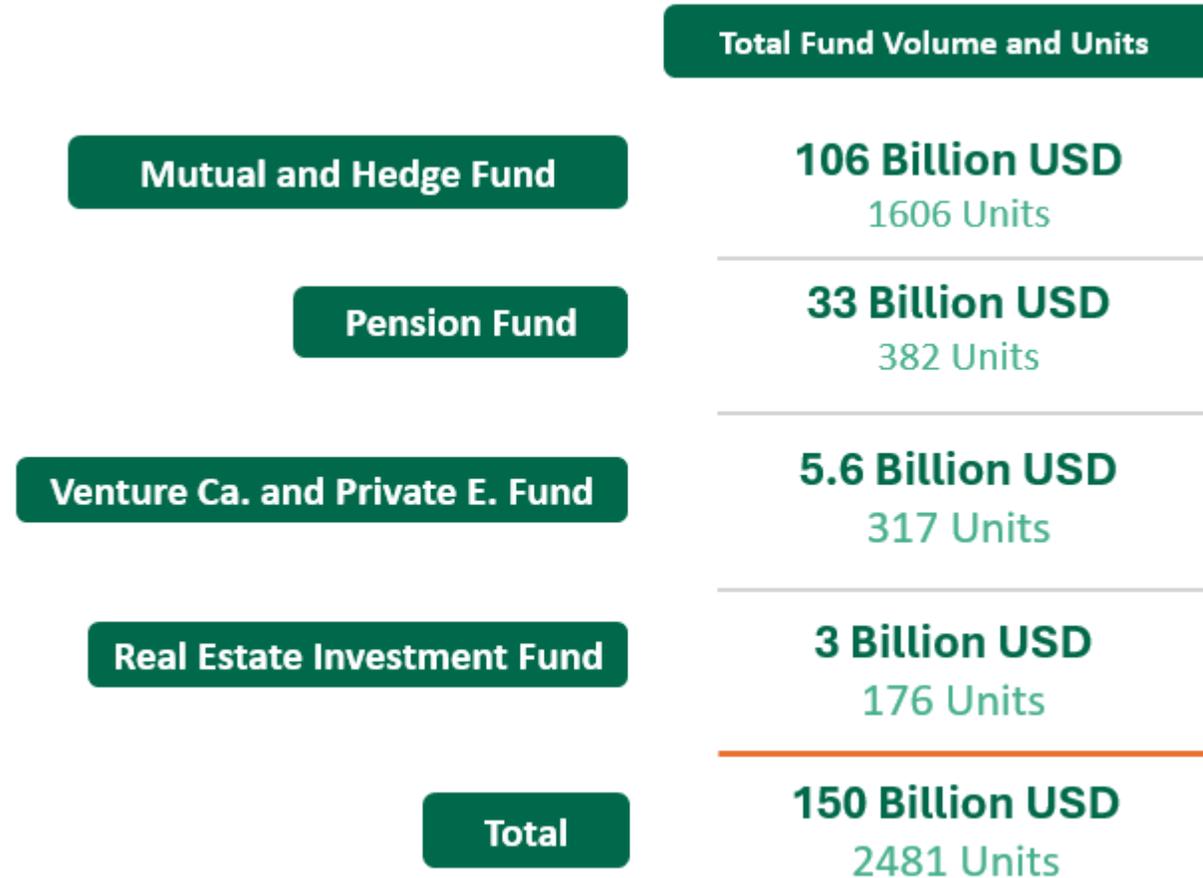
A Fast Growing Sector: Asset Management

2022			2023			2024-10		
		SHARE			SHARE			SHARE
KT Portföy	47 billion TL	%2.95	KT Portföy	127 billion TL	%4.0	KT Portföy	274.5 billion TL	%4.52
Participation	176 billion TL	%10.9	Participation	480 billion TL	%14.2	Participation	860.6 billion TL	%14.2
All	1,603 billion TL	%100	All	3,162 billion TL	%100	All	6,075 billion TL	%100

Possible Future Trends:

- Foreign stocks
- Private Equity
- Rising number of thematic funds (defense, airlines, energy, etc.)
- Discretionary portfolio management
- Robo Advisors to be used by wider population

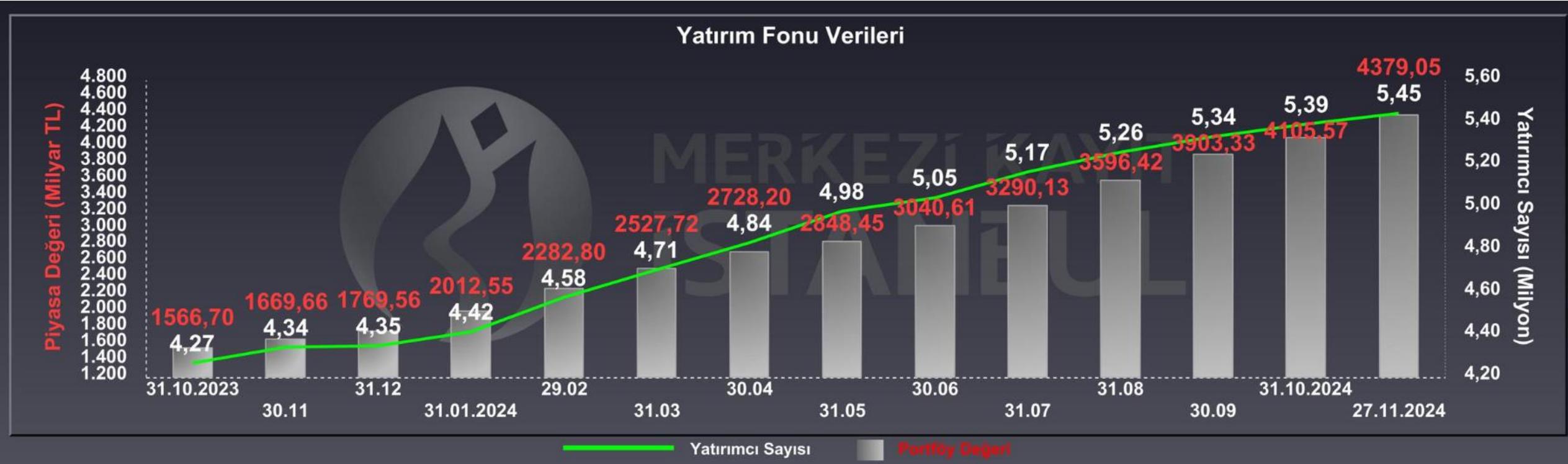
Breakdown of Asset Management



There are 69 Portfolio Management Companies (PMC) in Turkiye. There are 50 more applications.

Figures are as of October 2024.

What are the reasons of the increase in # of investors?



A short review of TEFAS and BEFAS

- A successful, democratic platform
- Well enough to manage wealth of individuals
- <https://www.tefas.gov.tr/>

A relatively new market: Crowdfunding



Alternative investments

- A rising investment category all around the World
 - Private Capital
 - Private Equity & Private Debt
 - Real Assets
 - Real Estate & Infrastructure
 - Hedge Funds
 - Various Strategies of Hedge Funds
 - Digital Assets
 - Bitcoin and Cryptocurrencies
- Private markets are very popular in these years: PE and Private Debt

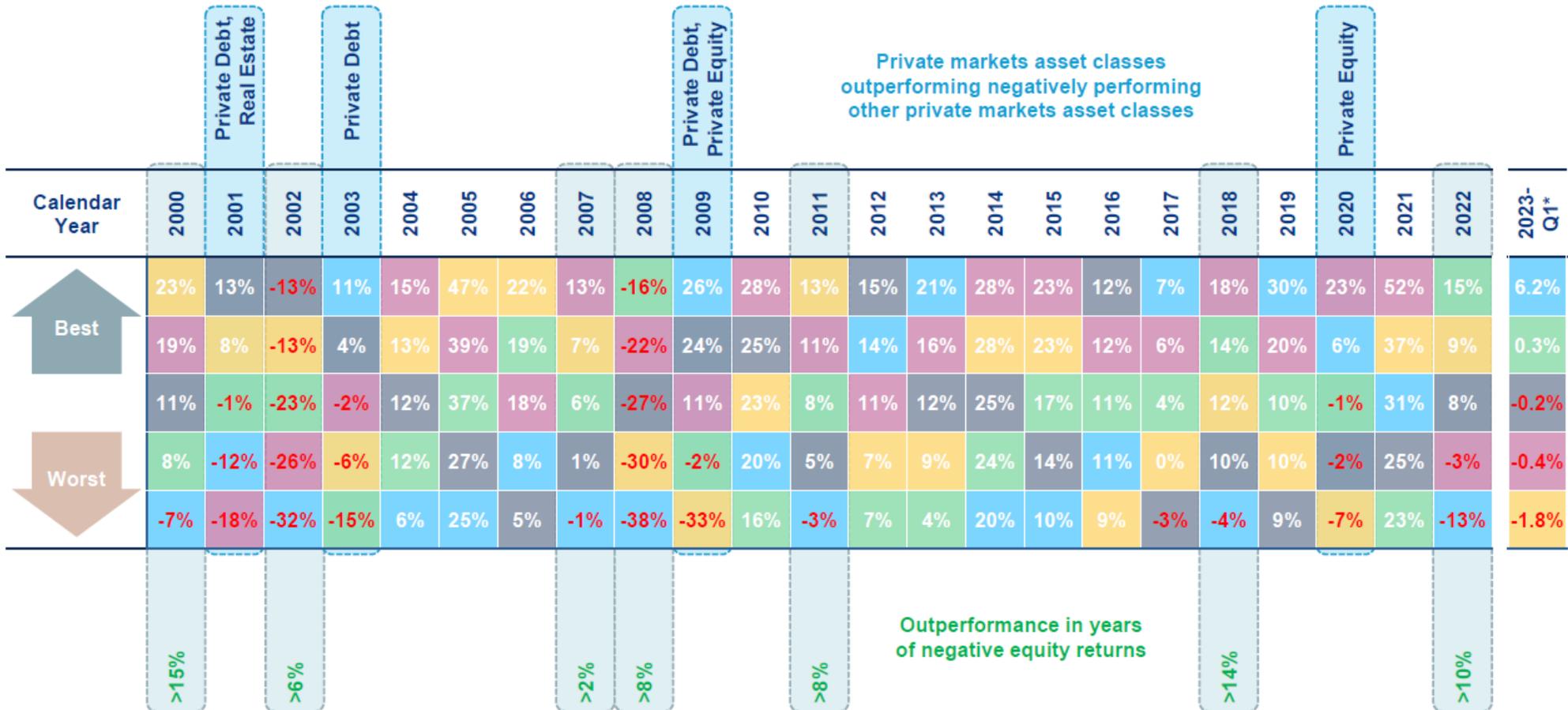
Private Capital

- Private capital refers to investments made in private companies or assets, not traded on public markets. It includes funding through **equity** or **debt** instruments to finance growth, acquisitions, or restructuring.
- **Private Equity**
 - Investment in private companies through the purchase of equity or ownership stakes.
 - Typically involves active management to increase the value of the company before an eventual exit, such as a sale or IPO.
- **Private Debt (will start soon in our House)**
 - Non-publicly traded loans or debt instruments provided to companies.
 - Includes forms like direct lending, mezzanine debt, and distressed debt, often with fixed repayment terms and interest.

Why Private Equity?

IRR performance of private markets and equities by calendar year

Legend				
Private Equity	Private Debt	Infrastructure	Real Estate	MSCI World



Source: Allianz Global Investors / risklab, September 2023. Bloomberg and Burgiss data as of 03/31/2023. Pooled YTD net IRR's in EUR across all vintages. * Latest available data as of Q1-2023. This is for illustrative/discussion purposes only and no guarantee of expected results or indicative of future allocation. Past performance does not predict future returns

Real Assets

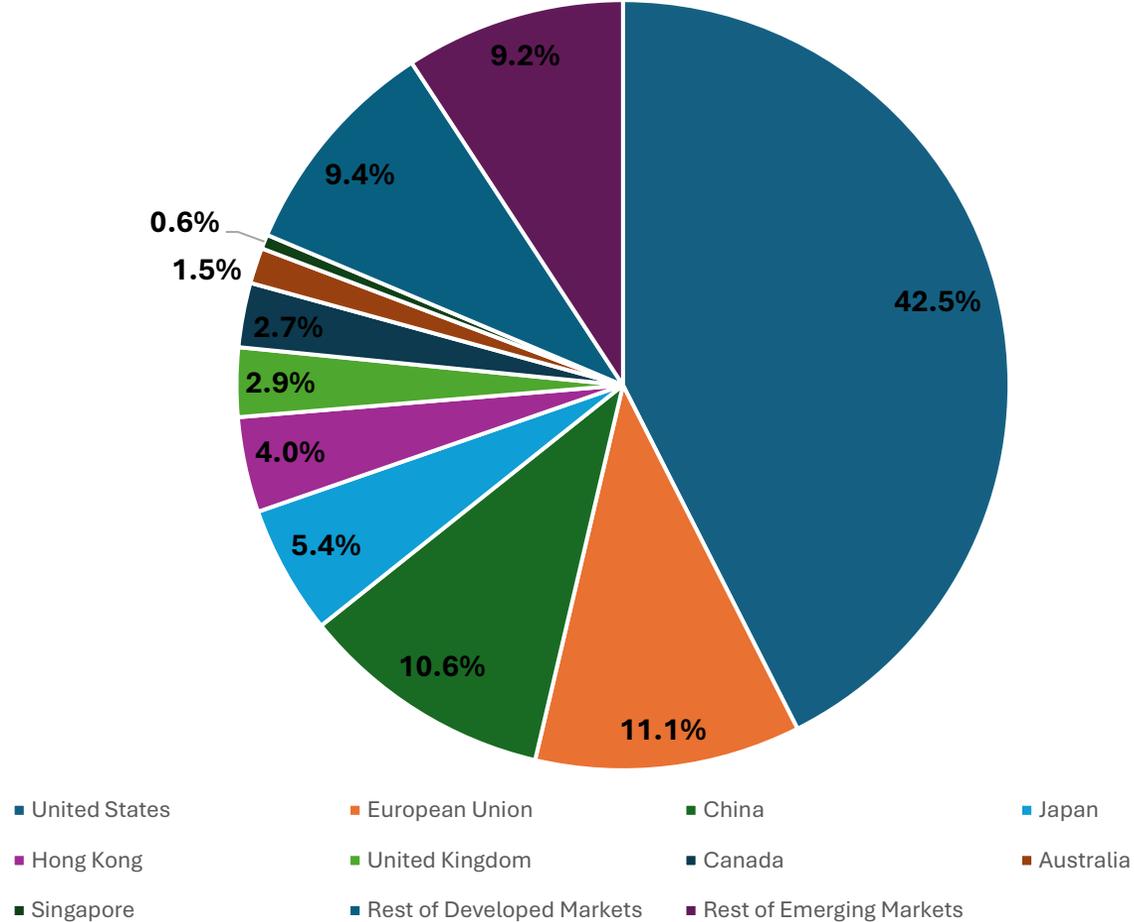
- Real assets refer to tangible investments that have intrinsic value due to their physical properties and utility.
- **Real Estate (new fund focuses on logistics, data center and out of Istanbul)**
 - Broadly defined, real estate comprises **land and buildings**. Real estate investments involve developed land, including commercial and industrial real estate and residential real estate.
 - Real estate has some unique features, including heterogeneity (not two properties are identical), long lives, and fixed geographical or physical location.
- **Infrastructure**
 - Infrastructure investments have a societal purpose; facilitate broad economic, technological, and social development purposes; and usually combine land, buildings, and other long-lived fixed assets.
 - Infrastructure investments supports public transportation, airports, utilities (water, gas, and electricity), and more recently, information (telecommunication, cable, and wireless networks).
 - These investments are usually structured as PPPs (Public-Private Partnerships) – Think of Kuzey Marmara Highway Project.

Global Equity Markets

- Why should we invest in global equity markets?
 - Turkey is a pretty small country in global terms
 - Geopolitical Risks and Geographical Diversification
 - Exposure to industries, sectors, and themes that doesn't exist in Turkey
 - Long-term return profile

Turkey's Share is 0.34%. Wanna ignore the rest?

Global Hisse Senedi Piyasalarının Ülke Bazında Dağılımı



Veriler "World Federation of Exchanges" ve "Securities Industry and Financial Markets Association" kurumlarından alınmış olup, 2023 2. Çeyrek dönemini yansıtmaktadır.

Where is the new industries and technologies?

BIST En Büyük 10 Şirket ve Sektörler - 1990 ve Güncel			
1990		2024	
Akbank	Finans	QNB Bank	Finans
Koç Holding	Sanayi	Garanti Bankası	Finans
Petkim	Sanayi	Koç Holding	Sanayi
Eczacıbaşı İlaç	Sağlık	Türk Hava Yolları	Havayolları
Ereğli Demir Çelik	Sanayi	Ford Otosan	Sanayi
Şişe Cam	Sanayi	Enka İnşaat	Sanayi
İş Bankası (C)	Finans	İş Bankası (C)	Finans
Aksa	Sanayi	Aselsan	Sanayi
Yapı ve Kredi Bank.	Finans	Tüpraş	Enerji
Garanti Bankası	Finans	Akbank	Finans

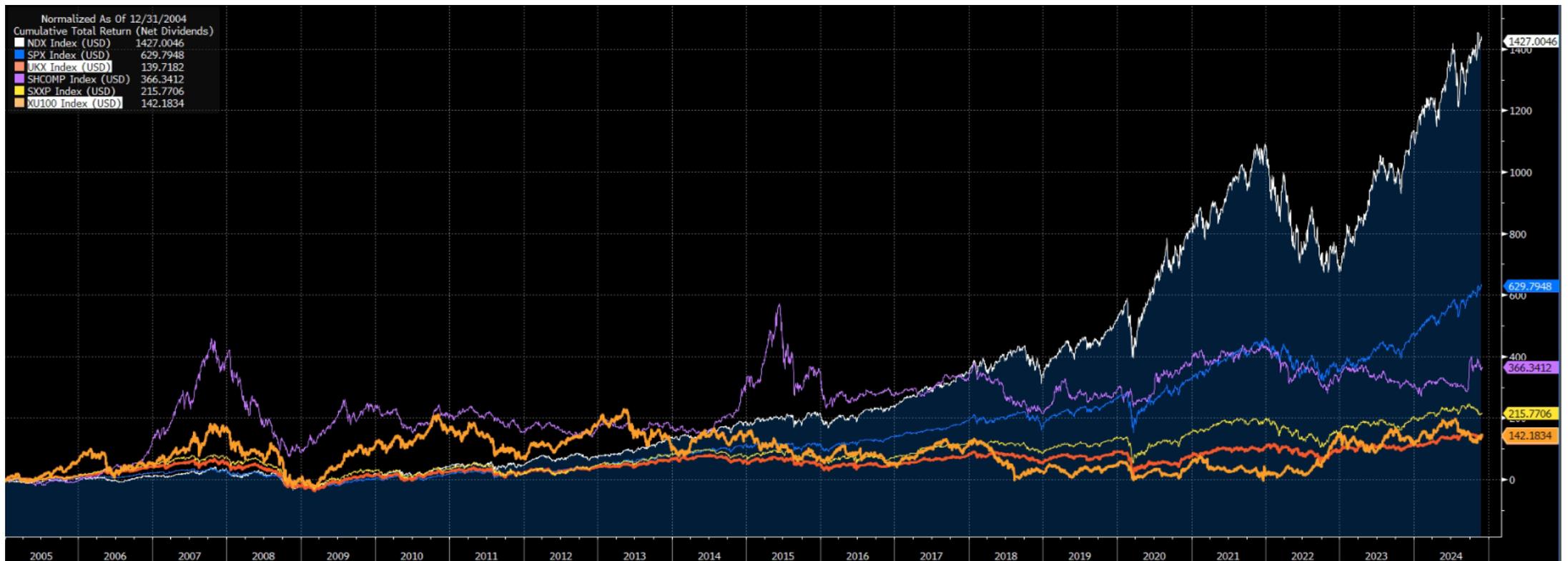
S&P 500 En Büyük 10 Şirket ve Sektörler - 1990 ve Güncel			
1990		2024	
IBM	Teknoloji	Apple	Teknoloji
Exxon Mobil	Enerji	Nvidia	Teknoloji
General Electric	Sanayi	Microsoft	Teknoloji
Phillip Morris	Sanayi	Amazon	Teknoloji
Royal Dutch Shell	Enerji	Meta	Teknoloji
Bristol-Myers Squibb	Sağlık	Alphabet	Teknoloji
Merck & Co	Sağlık	Berkshire Hathaway	Finans
Walmart	Tüketim Ürünleri	Broadcom	Teknoloji
AT&T	Telekom	Tesla	Teknoloji / Sanayi
Coca-Cola	Tüketim Ürünleri	Eli Lilly & Co.	Sağlık

Investing abroad helps us diversify the risk

- Investment opportunities in sectors, industries, and themes that does not exist in Turkey
 - AI, biotech, semi-conductor etc.
- Investing abroad decreases systematic risks related to Turkey (both market risks and geopolitical risks)

Long-Term Returns (20Y)

- BIST100 & FTSE100 had the worst performance across the indices group.
- Nasdaq significantly differentiated itself with its disruptive innovation and growth approach
- Clear difference can be seen between US and others. Even S&P500 almost doubles the return of its closest competitor.
- Net Dividends included Cumulative Returns (USD).



Behavioral Issues in Financial Markets

- Following what is popular (celebrities are in this bias)
- Becoming greedy when the market rises (creates momentum, then sadness)
- Keeping the losers, selling the winners (disposition effect)
- Bad news are more effective
- Availability
- Conservation, confirmation..
- Status quo
- ...

A smart investor also focuses on behavioral side of the market

Conclusion

- Financial markets play a crucial role in **economic development**.
- They facilitate **efficient allocation** of resources, liquidity, and risk management.
- Understanding their structure and function is essential for investors and policymakers.

Other Financial Institutions

- Capital Markets Board (SPK)
- Takasbank
- Central Depository (Merkezi Kayıt Kuruluşu)
- Central Bank
- Insurance companies (Insurance)
- Investment Banks