



BMD SECURITIES, INC.

DOW JONES ISLAMIC MARKET TURKEY

EXCHANGE TRADED FUND

PRODUCT INTRODUCTION

**A Pioneer Both In Turkey And The World
The First ETF In The World
Based On An Islamic Market Index
On Its Way Of Public Offering**

Exchange Traded Fund is a special variation of an investment fund that the fund portfolio is formed of stocks in an index by their proportions in the index and fund shares are traded in the stock exchange. Thus it provides the investors the opportunity to buy and sell the index that the fund represents.

BMD Securities, Inc. Dow Jones DJIM Turkey Exchange Traded Fund is a Dow Jones Islamic Market Turkey Index based ETF. Fund shares are traded on Istanbul Stock Exchange. Investors can buy and sell BMD Securities, Inc. Dow Jones DJIM Turkey ETF as they buy and sell other stocks.

Net Asset Value of the fund that will be published on the web site shows portion of the total value of stocks and cash component in each fund share. Net Asset Value is updated every minute during Istanbul Stock Exchange session hours and published both by the fund's web site and data providing institutions. Thus, investors can observe the difference between fund's portfolio value and the price traded in stock exchange. There will be detailed information for investors about the fund and the index in the fund web page, <http://www.djimtr.com>.

Another significant value for BMD Securities, Inc. Dow Jones DJIM Turkey ETF is the value of Dow Jones Islamic Market Turkey Index that the fund follows. There is a close relationship between the Net Asset Value of the fund and the index value since stocks and ratios that fund portfolio includes are very close to those of the index. They move almost parallel to a large extend.

Dow Jones Islamic Market Turkey Index, which is tracked by BMD Securities, Inc. Dow Jones DJIM Turkey ETF is an index launched by Dow Jones. At present, it includes 15 stocks that are traded on the Istanbul Stock Exchange. Dow Jones, as its other indexes, determines the companies that will be in the index by considering the floating market capital of the companies. Additionally, Dow Jones takes into account appropriateness of some financial ratios and operating fields of the companies based on Dow Jones Islamic Market criteria. The first step is to exclude from the index universe any industry group that represents an incompatible line of business. According to the criteria, also excluded are companies whose total debt

divided by trailing 12-month average market capitalization is 33% or more, those whose cash plus interest-bearing securities divided by trailing 12-month average market capitalization is 33% or more, and those whose accounts receivables divided by total assets is 45% or more. Detailed information about the index methodology can be found at <http://www.djindexes.com>.

BMD Securities, Inc. Dow Jones DJIM Turkey ETF has fundamental advantages compared to regular investment funds. It enables close tracking of index with low management fee. Furthermore, since changes in index only occur in special cases such as capital increase by rights issue, considerably fewer portfolio transactions are required compared to other funds. Thus commission expenses remain in low levels. Besides, it is much easier to buy and sell the fund. Investors can buy and sell BMD Securities, Inc. Dow Jones DJIM Turkey ETF through any bank or brokerage house account exactly as they practice stock trading. Fund operations can be also carried out by telephone, internet or ATMs. There is no need for opening another account, additional applications or agreements.

Income of the fund portfolio itself is tax-free. Income generated by the investors through the transactions of ETF shares in the stock market is taxed same as the other stocks, there is a 15% sales tax on profit calculated according to FIFO costs, without a discrimination between local and foreign investors. Also there is no withdrawal tax on dividends delivered by stocks in the portfolio and transferred to the investors. Based on specific agreements between Turkey and other countries to prevent double taxing, taxing practices may differ for particular countries.

ETF has also an important advantage regarding transaction simplicity and investment risk. When an investor buys fund shares, actually he/she has a certificate representing 15 stocks in his/her portfolio (this number may change as the number of stocks in the index changes) by only one operation and thus disperses the risk compared to investing in only one or few stocks. When the investor wants to sell the shares, again one operation will be enough. In addition to following the stock exchange price of the fund, the investors have the opportunity of continuously observing and comparing Net Asset Value that is always updated and Dow Jones Islamic Market Turkey Index itself. As it is known, in other investment funds, the price is determined once a day and even if market conditions change during the day, it is not reflected to the fund price immediately. On the other hand, in ETF, investor can react to the changes in the market right away and can sell or buy the fund with its up-to-the-minute price.

ETF is an investment instrument that is also preferred by professional investors, institutional investors and asset managers in the world market. This is due to simple and low cost management of country and sector positions with only a few transactions plus consistency of an ETF related to price stability and index tracking. ETF enables investors exchanging their fund shares with stocks in the fund portfolio through 'Creation' or 'Redemption' process that is a major part of its structure.

The exchange of the fund shares with stocks in the fund portfolio is made by Creation and Redemption transactions. Creation and Redemption for BMD Securities, Inc. Dow Jones DJIM Turkey ETF can be carried out with a minimum of 10,000 shares or with its multiples. The minimum number of shares with the transactions can be completed is called the ETF Unit. Investors can provide the

necessary cash and stocks composition in their portfolio in return for fund shares in the Creation process. In Redemption, they give out their fund shares to the fund in return for the cash and stocks composition corresponding to the fund shares. The composition of the ETF Unit is announced every morning before stock market session starts.

Similarly, with a minimum of 10,000 shares, an investor who has bought fund shares in the stock market can get corresponding amount of stocks and cash from the fund by giving fund shares directly to the fund through the Redemption process, or the investor can sell fund shares that he/she obtained by Creation via the stock exchange at the price quoted in the market. This opportunity of making bilateral transactions enables the difference between stock exchange price of the fund and its portfolio value to remain at the least possible level. If price difference increases an arbitrage opportunity will occur, transactions in the stock exchange will lead stock exchange price to get close to the Net Asset Value again.

Dividends delivered by stocks in the BMD Securities, Inc. Dow Jones DJIM Turkey ETF portfolio will not be reinvested and held in the portfolio, they will be transferred to the investors proportionally to their fund shares after expenses, legal payments and fees are deducted. Thus investors can differentiate their dividends delivered by stocks in the fund portfolio and the fund earnings. They can also immediately get their dividends without waiting sale of their fund shares.



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