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# **TÜRKISFUND**

**SICAV**

**Unaudited Semi-Annual Report  
as at June 30, 2006**

# TÜRKISFUND

## Management and Administration

### **Registered Office:**

69, route d'Esch  
L-1470 Luxembourg

### **Board of Directors:**

#### *Chairman:*

Bayram ÖZTÜRK  
President and CEO  
ISBANK GmbH, Frankfurt

#### *Directors:*

Riza Ihsan KUTLUSOY  
Head of the Capital Markets Department  
TÜRKIYE IS BANKASI A.S., Istanbul

Dr. Gürman TEVFIK  
General Manager  
IS PORTFOLIO MANAGEMENT COMPANY, Istanbul

Klaus SCHREIBER  
Managing Director  
ISBANK GmbH, Frankfurt

Léon HILGER (until March 13, 2006)  
Vice President  
RBC Dexia Investor Services Bank S.A., Luxembourg

### **Investment Adviser:**

IS PORTFOLIO MANAGEMENT COMPANY  
IS Kuleleri 4,  
80620 Levent Istanbul - Turkey

### **Custodian Bank:**

RBC Dexia Investor Services Bank S.A.  
5, rue Thomas Edison  
L-1445 Strassen

### **Central Administration:**

RBC Dexia Investor Services Bank S.A.  
5, rue Thomas Edison  
L-1445 Strassen

### **Registrar and Transfer Agent:**

RBC Dexia Investor Services Bank S.A.  
5, rue Thomas Edison  
L-1445 Strassen

### **Distributors:**

ISBANK GMBH  
Rossmarkt 9  
D-60311 Frankfurt am Main

### **Paying Agent in Germany:**

ISBANK GMBH  
Rossmarkt 9  
D-60311 Frankfurt am Main

### **Auditors:**

DR. WOLLERT - DR. ELMENDORFF S.à r.l.  
560, rue de Neudorf  
L-2220 Luxembourg

# TÜRKISFUND

## Information to Shareholders

The annual general meeting of the SICAV's shareholders will be held at the fund's registered office, or other duly notified place in Luxembourg, at 11 a.m. on the first Tuesday in May each year, or, if this is a bank holiday, on the next bank business day in Luxembourg.

Notices of all general meetings will be sent to the holders of registered shares by registered mail at least 8 days prior to the meeting at their addresses listed in the register of shareholders. Such notices will include the agenda, specify the time and place of the meeting and the conditions of admission and refer to the requirements of Luxembourg law with regard to the quorum and majorities required at the meeting.

The SICAV's fiscal year ends on December 31. The first annual accounts were published for the year ending December 31, 1998.

The SICAV's first report was an unaudited semi-annual report as of June 30, 1998.

Audited annual reports are published within 4 months after the end of the fiscal year and unaudited semi-annual reports within 2 months after the end of the relevant period. The prospectus and such reports are mailed to each registered shareholder at their registered addresses and are made available during normal business hours at the registered offices of the SICAV and of the paying agent in Germany.

# TÜRKISFUND

## Statement of Net Assets as at June 30, 2006

		TÜRKISFUND - EQUITIES	TÜRKISFUND - BONDS	TÜRKISFUND - EUROBONDS	Consolidated
	Note	EUR	EUR	EUR	EUR
<b>ASSETS</b>					
Investment portfolio at market value	(2)	24,184,777.11	34,623,369.39	3,441,974.00	62,250,120.50
Cash at bank		16,986,861.49	14,066,145.29	70,713.64	31,123,720.42
Amounts receivable on sale of investments		102,631.12	73,627.54	0.00	176,258.66
Amounts receivable on subscriptions		0.00	0.00	19,651.55	19,651.55
Interest and dividends receivable, net		8,711.28	164,203.83	134,723.29	307,638.40
<b>TOTAL ASSETS</b>		<b>41,282,981.00</b>	<b>48,927,346.05</b>	<b>3,667,062.48</b>	<b>93,877,389.53</b>
<b>LIABILITIES</b>					
Bank overdraft		0.00	448,568.64	0.00	448,568.64
Amounts payable on redemptions		52,790.95	17,541.64	2,728.81	73,061.40
Interest payable		974.87	0.00	202.52	1,177.39
Investment advisory fee	(3)	139,983.23	264,383.40	10,170.33	414,536.96
Taxes and expenses payable		47,742.37	77,287.73	22,169.42	147,199.52
Other liabilities		8,434,480.86	6,726,081.42	0.00	15,160,562.28
<b>TOTAL LIABILITIES</b>		<b>8,675,972.28</b>	<b>7,533,862.83</b>	<b>35,271.08</b>	<b>16,245,106.19</b>
<b>TOTAL NET ASSETS</b>		<b>32,607,008.72</b>	<b>41,393,483.22</b>	<b>3,631,791.40</b>	<b>77,632,283.34</b>
<b>Net asset value per share</b>					
Class A		25.62	44.27	17.41	
Class I		25.65	44.34	-	
<b>Number of shares outstanding</b>					
Class A		230,580.944	130,983.260	208,585.852	
Class I		1,041,082.507	802,847.370	-	

The accompanying notes form an integral part of these financial statements.

# TÜRKISFUND

## Changes in the Number of Shares for the Period ended June 30, 2006

	TÜRKISFUND - EQUITIES	TÜRKISFUND - BONDS	TÜRKISFUND - EUROBONDS
<b>Class A</b>			
Number of shares outstanding at the beginning of the period	257,516.281	172,801.103	223,579.280
Number of shares issued	113,896.355	105,022.535	63,439.162
Number of shares redeemed	(140,831.692)	(146,840.378)	(78,432.590)
Number of shares outstanding at the end of the period	230,580.944	130,983.260	208,585.852
<b>Class I</b>			
Number of shares outstanding at the beginning of the period	2,988,193.345	3,168,191.964	70,000.000
Number of shares issued	4,310.569	2,744.306	0.000
Number of shares redeemed	(1,951,421.407)	(2,368,088.900)	(70,000.000)
Number of shares outstanding at the end of the period	1,041,082.507	802,847.370	0.000

## Statistics

	TÜRKISFUND - EQUITIES	TÜRKISFUND - BONDS	TÜRKISFUND - EUROBONDS
	EUR	EUR	EUR
<b>Total Net Asset Value</b>			
June 30, 2006	32,607,008.72	41,393,483.22	3,631,791.40
December 31, 2005	114,860,268.81	205,423,734.12	5,467,090.48
December 31, 2004	57,216,643.61	140,552,598.48	5,641,922.93
<b>NAV per share at the end of the period</b>			
<b>June 30, 2006</b>			
Class A	25.62	44.27	17.41
Class I	25.65	44.34	-
<b>December 31, 2005</b>			
Class A	35.36	61.41	18.62
Class I	35.39	61.49	18.64
<b>December 31, 2004</b>			
Class A	19.57	38.15	17.66
Class I	19.58	38.18	17.67

# TÜRKISFUND

## TÜRKISFUND - EQUITIES

### Statement of Investments as at June 30, 2006

(expressed in EUR)

Description	Quantity / Face value	Currency	Cost	Evaluation	% net assets
<b>Transferable securities admitted to an official stock exchange listing</b>					
<b>Shares</b>					
<b>Turkey</b>					
AKSIGORTA AS	41,682	TRY	82,371.04	88,777.22	0.27
ANADOLU HAYAT SIGORTA AS	855,167	TRY	2,218,320.83	1,389,342.74	4.26
ANADOLU SIGORTA AS	3,180,000	TRY	2,384,619.96	2,866,705.06	8.79
ARCELIK AS	135,000	TRY	550,926.83	621,872.33	1.91
DENIZBANK AS	100,000	TRY	734,056.58	693,445.85	2.13
DOGAN SIRKETLER GRUBU HOLDINGS AS	200,000	TRY	477,613.14	549,803.49	1.69
FORD OTOMOTIV SANAYI AS	122,694	TRY	813,479.44	619,880.56	1.90
IS FINANSAL KIRALAMA A.S.	138,578	TRY	608,500.39	282,797.80	0.87
IS YATIRIM ORTAKLIGI AS	637,500	TRY	1,592,132.63	934,665.94	2.87
ISGYO	880,000	TRY	1,215,707.95	1,019,959.78	3.13
MIGROS TURKEY T.A.S.	29,500	TRY	148,209.21	165,114.41	0.51
PETROL OFISI AS	50,000	TRY	168,297.84	134,974.28	0.41
TOFAS TURK OTOMOBIL FABRIKASI AS	413,447	TRY	605,393.29	798,672.94	2.45
TRAKYA CAN SANAYII AS	710,000	TRY	1,082,922.08	1,399,670.91	4.29
TUPRAS TURKIYE PETROL RAFINEL AS	113,350	TRY	1,635,594.97	1,459,753.04	4.48
TURK SISE CAM AS	1,542,982	TRY	3,382,507.57	3,011,213.84	9.22
TURKCELL ILETISIM HIZMET AS	128,424	TRY	417,422.31	438,914.37	1.35
TURKIYE GARANTI BANKASI /NOM. AS	350,000	TRY	520,986.40	655,306.33	2.01
YAPI KREDI BANKA AS	634,451	TRY	829,900.36	751,070.03	2.30
YATIRIM FIN. YATIRM ORTAKLIGI	300,000	TRY	194,111.11	114,418.56	0.35
YAZICILAR HOLDING ANONIM SIRKE	5,000	TRY	142,759.83	76,774.36	0.24
			<b>19,805,833.76</b>	<b>18,073,133.84</b>	<b>55.43</b>
<b>Total - Shares</b>			<b>19,805,833.76</b>	<b>18,073,133.84</b>	<b>55.43</b>
<b>Bonds</b>					
<b>Turkey</b>					
TURKEY 20% 04-17.10.07	94,390	TRY	51,158.13	45,304.70	0.14
			<b>51,158.13</b>	<b>45,304.70</b>	<b>0.14</b>
<b>Total - Bonds</b>			<b>51,158.13</b>	<b>45,304.70</b>	<b>0.14</b>
<b>Total - Transferable securities admitted to an official stock exchange listing</b>			<b>19,856,991.89</b>	<b>18,118,438.54</b>	<b>55.57</b>

# TÜRKISFUND

## TÜRKISFUND - EQUITIES

### Statement of Investments (continued) as at June 30, 2006

(expressed in EUR)

Description	Quantity / Face value	Currency	Cost	Evaluation	% net assets
<b>Debt instruments</b>					
<b>Treasury bills</b>					
<b>Turkey</b>					
TURKEY 0% 05-27.6.06 TB	15,000,000	TRY	7,704,349.45	6,066,338.57	18.60
			<b>7,704,349.45</b>	<b>6,066,338.57</b>	<b>18.60</b>
<b>Total - Treasury bills</b>			<b>7,704,349.45</b>	<b>6,066,338.57</b>	<b>18.60</b>
<b>Total - Debt instruments</b>			<b>7,704,349.45</b>	<b>6,066,338.57</b>	<b>18.60</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>			<b>27,561,341.34</b>	<b>24,184,777.11</b>	<b>74.17</b>

The accompanying notes form an integral part of these financial statements.

# TÜRKİSFUND

## TÜRKİSFUND - BONDS

### Statement of Investments as at June 30, 2006

(expressed in EUR)

Description	Quantity / Face value	Currency	Cost	Evaluation	% net assets
<b>Transferable securities admitted to an official stock exchange listing</b>					
<b>Shares</b>					
<b>Turkey</b>					
ANADOLU HAYAT SIGORTA AS	1,349,230	TRY	3,989,103.89	2,192,019.86	5.30
ANADOLU SIGORTA AS	3,866,667	TRY	3,028,332.53	3,485,721.04	8.42
FORD OTOMOTIV SANAYI AS	60,000	TRY	409,196.64	303,134.90	0.73
ISGYO	704,290	TRY	1,115,013.53	816,303.95	1.97
TRAKYA CAN SANAYII AS	412,086	TRY	425,830.39	812,372.94	1.96
TURK SISE CAM AS	2,032,018	TRY	746,167.72	3,965,594.36	9.59
YAPI KREDI BANKA AS	900,000	TRY	1,755,150.52	1,065,430.01	2.57
YATIRIM FIN. YATIRM ORTAKLIGI	380,000	TRY	253,208.99	144,930.18	0.35
			<b>11,722,004.21</b>	<b>12,785,507.24</b>	<b>30.89</b>
<b>Total - Shares</b>			<b>11,722,004.21</b>	<b>12,785,507.24</b>	<b>30.89</b>
<b>Bonds</b>					
<b>Turkey</b>					
TURKEY TV 05-17.2.10	5,360,808	TRY	3,046,340.59	2,614,787.19	6.32
TURKEY 0% 05-03.7.07	11,300,000	TRY	5,764,209.31	4,872,554.22	11.77
TURKEY 0% 05-09.5.07	23,200,000	TRY	12,379,071.55	9,614,499.88	23.22
TURKEY 20% 04-17.10.07	38,595	TRY	20,917.10	18,524.58	0.04
			<b>21,210,538.55</b>	<b>17,120,365.87</b>	<b>41.35</b>
<b>Total - Bonds</b>			<b>21,210,538.55</b>	<b>17,120,365.87</b>	<b>41.35</b>
<b>Total - Transferable securities admitted to an official stock exchange listing</b>			<b>32,932,542.76</b>	<b>29,905,873.11</b>	<b>72.24</b>
<b>Debt instruments</b>					
<b>Treasury bills</b>					
<b>Turkey</b>					
TURKEY 0% 05-27.6.06 TB	11,664,770	TRY	5,969,932.13	4,717,496.28	11.40
			<b>5,969,932.13</b>	<b>4,717,496.28</b>	<b>11.40</b>
<b>Total - Treasury bills</b>			<b>5,969,932.13</b>	<b>4,717,496.28</b>	<b>11.40</b>
<b>Total - Debt instruments</b>			<b>5,969,932.13</b>	<b>4,717,496.28</b>	<b>11.40</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>			<b>38,902,474.89</b>	<b>34,623,369.39</b>	<b>83.64</b>

The accompanying notes form an integral part of these financial statements.

# TÜRKISFUND

## TÜRKISFUND - EUROBONDS

### Statement of Investments as at June 30, 2006

(expressed in EUR)

Description	Face value	Currency	Cost	Evaluation	% net assets
<b>Transferable securities admitted to an official stock exchange listing</b>					
<b>Bonds</b>					
<b>Turkey</b>					
TURKEY 4.75% 05-6.7.12	340,000	EUR	340,544.00	305,932.00	8.42
TURKEY 5.5% 04-21.9.09	740,000	EUR	760,548.12	727,642.00	20.04
TURKEY 6.5% 04-10.2.14	190,000	EUR	210,686.10	185,060.00	5.10
TURKEY 9.25% 00-9.2.10	650,000	EUR	768,595.00	705,250.00	19.42
TURKEY 9.5% 03-18.1.11	700,000	EUR	848,904.17	774,620.00	21.32
TURKEY 9.875% 03-24.1.08	700,000	EUR	755,650.00	743,470.00	20.47
			<b>3,684,927.39</b>	<b>3,441,974.00</b>	<b>94.77</b>
<b>Total - Bonds</b>			<b>3,684,927.39</b>	<b>3,441,974.00</b>	<b>94.77</b>
<b>Total - Transferable securities admitted to an official stock exchange listing</b>			<b>3,684,927.39</b>	<b>3,441,974.00</b>	<b>94.77</b>
<b>TOTAL INVESTMENT PORTFOLIO</b>			<b>3,684,927.39</b>	<b>3,441,974.00</b>	<b>94.77</b>

The accompanying notes form an integral part of these financial statements.

# TÜRKISFUND

## Notes to the Financial Statements

as at June 30, 2006

### **NOTE 1 – GENERAL**

TÜRKISFUND SICAV (“the Fund”) is an investment company organized as a public corporation (société anonyme) under the laws of the Grand Duchy of Luxembourg and qualifies as a SICAV (société d’investissement à capital variable). The SICAV was incorporated in Luxembourg on November 19, 1997 for an unlimited period, with an initial capital of DEM 70,000. It is subject to Section I of the Law of March 30, 1988. The Articles of Incorporation of the SICAV were published in the Mémorial, the official gazette of Luxembourg, on December 18, 1997. The SICAV is registered with the Register of Commerce, Luxembourg under number B-61596.

The Articles of Incorporation of the SICAV and the only notice required so far by Luxembourg law in respect of the issue and sale of shares by the SICAV are on file with the Greffe du Tribunal d’Arrondissement (Clerk of the Circuit Court) of Luxembourg.

Shares are at present offered in the following sub-funds, each sub-fund having its own specific investment objectives and strategies:

- TÜRKISFUND - EQUITIES
- TÜRKISFUND - BONDS
- TÜRKISFUND - EUROBONDS

The objective of the sub-fund TÜRKISFUND - EQUITIES is mainly to invest in equities issued by Turkish issuers as well as equities denominated in Turkish Lira.

The objective of the sub-fund TÜRKISFUND - BONDS is mainly to invest in Turkish bonds.

The objective of the sub-fund TÜRKISFUND - EUROBONDS is mainly to invest in Eurobonds issued by the Republic of Turkey.

### **NOTE 2 – SUMMARY OF THE MAIN ACCOUNTING POLICIES**

#### *a) Determination of the Net Asset Value*

The net asset value per share is calculated by dividing the total net asset value of the relevant sub-fund, i.e., the value of the sub-fund’s assets less its liabilities, by the number of shares of the relevant sub-fund then outstanding.

It should be noted that net asset values shown in the semi annual report as of June 30, 2006 are based on the exchange rates prevailing on June 30, 2006. Since June 30, 2000, the reference currency for the Fund has been the EURO.

#### *b) Valuation of investments*

The value of each security listed or traded on any stock exchange is the last known price or the officially listed price on the exchange which is normally the principal market for such security.

The securities traded on any other regulated market are valued in a manner as near as possible to that described in the preceding paragraph.

In the event that any of the securities held in any portfolio on the relevant valuation day are not listed or traded on an exchange or another regulated market, or if no price quotation is available, or if the price as determined pursuant to the last two paragraphs is not, in the opinion of the Directors, representative of the fair market value of the relevant securities, the value of such securities will be determined on the basis of the sale price, determined prudently and in good faith, that may reasonably be expected.

# TÜRKISFUND

## Notes to the Financial Statements (continued)

as at June 30, 2006

### **NOTE 2 – SUMMARY OF THE MAIN ACCOUNTING POLICIES (continued)**

#### *c) Foreign currency conversion*

The SICAV maintains its accounting records in euros.

The value of assets and liabilities denominated in currencies other than the euro will be converted at the rates of exchange prevailing at the end of the fiscal period. Transactions in foreign currencies are converted into euros at the rates prevailing on the transaction date.

Exchange rate as of June 30, 2006:

1 TRY = 0.495318 EUR

#### *d) Net realized capital gains (losses) on sales of investments*

The net realized capital gains or losses on sales of investments are determined on the basis of the average acquisition cost of the investments sold.

#### *e) Forward foreign exchange contracts*

Unrealized capital gains or losses on outstanding forward foreign exchange contracts are valued on the basis of forward exchange rates prevailing at the relevant valuation date and included in the Statement of Changes in Net Assets.

### **NOTE 3 – ADVISORY FEES**

Until Juli 6, 2005, the SICAV pay the Investment Adviser, for the sub-funds TÜRKISFUND - EQUITIES, TÜRKISFUND - BONDS, quarterly remuneration based on the following table:

Annual remuneration for the average quarterly value in euros of each portfolio:

For the first 10 million	1.00 %
For the next 15 million	0.75 %
For the next 25 million	0.50 %
For the remainder of the portfolio	0.20 %

The Investment Adviser receives until July 6, 2005 a quarterly fee in respect of the sub-fund TÜRKISFUND - EURO BONDS. The fee is set at an annual rate of 0.3 % of the average net asset value of the sub-fund.

With effect from July 7, 2005, the SICAV receives for each subfund a quarterly dividend of 1.00% of the average net asset value of the relevant subfund.

### **NOTE 4 – DISTRIBUTORS**

Distributors receive a sales fee of up to 5 % of the net asset value per share of the relevant sub-fund, which they may recover directly from subscription payments.

As remuneration for their services, the Distributors receive an annual fee of 0.1 % for each sub-fund, based upon the average net asset value of each sub-fund, payable quarterly.

# TÜRKISFUND

## Notes to the Financial Statements (continued)

as at June 30, 2006

### **NOTE 5 – SUBSCRIPTION TAX**

Under present Luxembourg law and practice, the SICAV is not liable to any Luxembourg income tax, nor are dividends paid by the SICAV to investors domiciled in Luxembourg liable to any Luxembourg withholding tax. The SICAV is, however, liable to a subscription tax on its net asset value amounting to 0.05 % per annum for Class A shares and 0.01 % per annum for Class I shares.

This tax is calculated and payable quarterly on the basis of the net asset values of all the sub-funds at the end of the relevant quarter.

No subscription tax is due on assets held by the SICAV in other UCITSs already subject in Luxembourg to that subscription tax.

### **NOTE 6 – MISCELLANEOUS**

A detailed schedule of portfolio changes during the period covered by the report is available free of charge upon request at the Fund's registered office and from the paying agent in Germany.