

TÜRKİSFUND SICAV

AUDITED ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2002

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L-2953 Luxembourg

Board of Directors:*Chairman:*

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President and CEO
ISBANK GmbH, Frankfurt

Directors:

Ibrahim HIZLIKAN
Head of the Capital Markets Department
TÜRKİYE IS BANKASI A.S., Istanbul

Dr. Gürman TEVFIK
Managing Director
IS PORTFOLIO MANAGEMENT CO., Istanbul

Klaus SCHREIBER
General Manager
ISBANK GmbH, Frankfurt

Léon HILGER
Vice President
DEXIA BANQUE INTERNATIONALE À LUXEMBOURG,
Luxembourg

Investment Adviser:

IS PORTFOLIO MANAGEMENT COMPANY
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TR-80620 Levent Istanbul, Turkey

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L-2953 Luxembourg

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ISBANK GMBH
Rossmarkt 9
D-60311 Frankfurt/Main

Auditors:

DR. WOLLERT – DR. ELMENDORFF S.C.
52, avenue de la Gare
L-1610 Luxembourg

The annual general meeting of shareholders of the SICAV will be held at the registered office of the SICAV, or other duly notified place in Luxembourg, at 11 a.m. on the first Tuesday in May in each year, or, if this is not a bank business day in Luxembourg, 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 first report of the SICAV 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. 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.

The fifth business year of the fund again was marked by the external events that put a negative influence on the Turkish capital market. Although the turbulences of the crisis year 2001 were not repeated, one can expect that the development of the Turkish economy remains volatile. The portfolio of the fund could not be removed from the deviations of the markets.

The year 2002 started with the ISE 100-index at the level of 13,783, then having the all-year-high in January and afterwards falling continuously. In July 2002 the all-year-low of the ISE 100-index was reached at 8,740, thereafter recovering under the impression of the result of the election in November 2002 to the level at the beginning of the year. The index closed the year at 10,370, clearly below the situation as of the start of the year. This development affected primarily the Equities subfund, that showed a decrease of the net asset value of 29 %.

The bond portfolio showed a more positive performance, so that the Bond and Eurobond subfunds slightly increased the net asset value in comparison to the previous year. This development conclusively had its impact on the total assets of the fund. At the end of the year 2002 the net assets of the fund stood at EURO 136,8 mio.

Due to the changed legal framework in Luxembourg we used the chance to split the shares of the fund in shares for institutional investors (class I shares) and for private investors (class A shares). For the institutional investor this results in reduced tax burdens in Luxembourg, whereas there is no change for the private investor.

The subfund Gothaer Anadolu Equities that was newly established in the previous year was terminated by the end of the year 2002, as the cooperation between the Gothaer insurance group and Anadolu Sigorta A.S. was finished.

The capital markets in Turkey will depend to a great extent on the further development of the Iraq conflict. Due to the up to now quite unfavorable economic circumstances of this conflict for Turkey we assess the current year with a certain caution.

We thank investors in TÜRKISFUND for their confidence in us.

Luxembourg, March 20, 2003

TÜRKISFUND SICAV

Hilger Hizlikan Schreiber Dr. Tefvik Türeli

Having audited the annual report and financial statements of the TÜRKISFUND SICAV investment company as of December 31, 2002 with due professional diligence and found no cause to raise objections, we hereby grant the following unqualified certification:

We have audited the financial statements, including net assets and changes in net assets (income statement) and the portfolio of investments and other assets as well as the Notes to the financial statements of Türkisfund SICAV and each of its sub-funds for the fiscal year ending December 31, 2002. Responsibility for the accuracy of these financial statements lies with the board of directors of Türkisfund SICAV. Our responsibility is to express an opinion of these financial statements based on our audit.

We have conducted our audit in accordance with internationally accepted accounting standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a random sample basis evidence of the figures and disclosures provided in the financial statements. It also includes assessing the accounting principles and methods used and significant judgements made by the board of directors of Türkisfund SICAV in preparing the financial statements, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the attached financial statements and the statement of the holdings of Türkisfund SICAV and each of its sub-funds as of December 31, 2002 conform to the legal requirements. They give a true and fair picture of the assets, financial position and earnings position of Türkisfund SICAV and each of its sub-funds as of December 31, 2002, as well as changes in net worth over the preceding year.

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, our certificate does not cover such information. In the context of the financial statements as a whole, however, we found no cause to raise any matters concerning this information.

Luxembourg, April 24, 2003

Dr. Wollert – Dr. Elmendorff S.C.
Auditors

(Dr. Kläs)
Auditor

STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2002

TÜRKISFUND SICAV

	TÜRKISFUND- EQUITIES	TÜRKISFUND- BONDS	TÜRKISFUND- EUROBONDS	TOTAL
	(expressed in EUR)	(expressed in EUR)	(expressed in EUR)	(expressed in EUR)
ASSETS				
Investments in securities at market value (Note 2)	18,314,155.69	96,153,950.41	1,739,922.98	116,208,029.08
<i>Acquisition cost</i>	49,101,025.86	115,448,230.49	1,768,229.28	166,317,485.63
Cash at bank	13,864,609.01	7,362,829.18	75,169.70	21,302,607.89
Amounts receivable on sales of investments	204,503.94	435,226.18	0.00	639,730.12
Interest and dividends receivable, net	27,691.90	206,721.68	78,952.44	313,366.02
Formation expenses, net	1,980.16	1,980.16	0.00	3,960.32
Other receivables	500.00	500.00	12,687.56	13,687.56
	<u>32,413,440.70</u>	<u>104,161,207.61</u>	<u>1,906,732.68</u>	<u>131,481,380.99</u>
LIABILITIES				
Amounts payable on purchases of investments	877,632.78	417,118.10	0.00	1,294,750.88
Advisory fees (Note 3)	65,169.81	114,121.23	4,450.24	183,741.28
Provisions for expenses payable	32,673.77	105,550.32	6,582.65	144,806.74
	<u>975,476.36</u>	<u>636,789.65</u>	<u>11,032.89</u>	<u>1,623,298.90</u>
Total net assets	<u>31,437,964.34</u>	<u>103,524,417.96</u>	<u>1,895,699.79</u>	<u>136,858,082.09</u>
Number of shares outstanding				
Class A	46,814.117	7,992.245	133,451.934	
Class I	3,440,108.702	5,960,754.349		
Net asset value per share				
Class A	9.02	17.34	14.21	
Class I	9.02	17.34		

CHANGES IN SHARES OUTSTANDING DURING THE YEAR ENDING DECEMBER 31, 2002

	TÜRKISFUND- EQUITIES		TÜRKISFUND- BONDS		TÜRKISFUND- EUROBONDS	TÜRKISFUND- GOTHAER ANADOLU EQUITIES*
	CLASS A	CLASS I	CLASS A	CLASS I	CLASS A	CLASS A
Number of shares at beginning of fiscal year	3,470,000.825	0.000	5,967,259.986	0.000	80,000.000	20,000.000
Number of shares issued	19,855.001	3,440,108.702	2,269.704	5,960,754.349	56,854.032	50.804
Number of shares redeemed	(3,443,041.709)	0.000	(5,961,537.445)	0.000	(3,402.098)	(20,050.804)
Number of shares at end of fiscal year	<u>46,814.117</u>	<u>3,440,108.702</u>	<u>7,992.245</u>	<u>5,960,754.349</u>	<u>133,451.934</u>	<u>0.000</u>

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

* The sub-fund TÜRKISFUND-Gothaer Anadolu Equities was liquidated with effect from December 16, 2002.

**CHANGES IN NET ASSETS
DURING THE YEAR ENDING DECEMBER 31, 2002**

TÜRKISFUND SICAV

	TÜRKISFUND- EQUITIES	TÜRKISFUND- BONDS	TÜRKISFUND- EUROBONDS	TÜRKISFUND- GOTHAER ANADOLU EQUITIES *	TOTAL
	(expressed in EUR)	(expressed in EUR)	(expressed in EUR)	(expressed in EUR)	(expressed in EUR)
Net assets at the beginning of fiscal year	44,193,828.09	101,843,955.11	1,117,210.13	1,132,632.68	148,287,626.01
Income					
Net dividends on securities held	561,111.57	801,438.92	0.00	9,161.59	1,371,712.08
Net interest on bonds	1,656,601.02	28,087,899.38	119,860.96	98,001.07	29,962,362.43
Interest on bank accounts	2,501,290.46	3,262,264.86	121.77	83,491.16	5,847,168.25
Income adjustment	(3,752,222.59)**	(28,884,343.22)**	13,838.54	(46,838.64)	(32,669,565.91)
Other income	0.00	0.00	0.05	0.00	0.05
	<u>966,780.46</u>	<u>3,267,259.94</u>	<u>133,821.32</u>	<u>143,815.18</u>	<u>4,511,676.90</u>
Expenses					
Advisory fees (Note 3)	267,800.02	446,040.84	14,774.50	7,125.06	735,740.42
Custodian bank fee	21,697.76	62,674.41	730.68	8,675.00	93,777.85
Domiciliation, administration and transfer agent fees	28,967.04	35,401.73	32,378.86	34,665.73	131,413.36
Audit fees, printing, publishing and advertising expenses	18,017.21	45,743.39	3,395.04	537.23	67,692.87
Sub-custodian's fees	74,650.67	215,563.98	2,034.00	15,896.05	308,144.70
Transaction fees	54,152.20	110,215.59	850.00	13,250.00	178,467.79
Liquidation costs	0.00	0.00	0.00	50,000.00	50,000.00
Subscription tax (Note 5)	13,080.82	39,257.33	774.62	465.69	53,578.46
Other bank charges	5.88	1,010.24	38.90	0.00	1,055.02
Amortization of establishment costs	7,665.11	7,665.11	0.00	4,816.76	20,146.98
Other expenses	46,318.35	143,634.28	7,909.19	7,828.27	205,690.09
	<u>532,355.06</u>	<u>1,107,206.90</u>	<u>62,885.79</u>	<u>143,259.79</u>	<u>1,845,707.54</u>
Net income from investments	434,425.40	2,160,053.4	70,935.53	555.39	2,665,969.36
Net realized capital gains (losses) on sales of investments (Note 2)	(11,891,892.49)	(38,468,316.03)	9,237.62	78,673.78	(50,272,297.12)
Net realized losses on foreign exchange	(1,705,336.55)	(1,329,606.69)	(4,573.15)	(138,888.88)	(3,178,405.27)
Net realized profit (loss)	(13,162,803.64)	(37,637,869.68)	75,600.00	(59,659.71)	(50,784,733.03)
Changes in net unrealised appreciation/depreciation on investments	(3,556,371.25)	10,406,545.95	(28,217.75)	(88,261.53)	6,733,695.42
Income (loss) from ordinary activities	(16,719,174.89)	(27,231,323.73)	47,382.25	(147,921.24)	(44,051,037.61)
Changes in net assets					
Issue of shares	40,839,509.82	124,997,051.80	790,761.19	2,930.88	166,630,253.69
Redemption of shares	(40,628,421.27)	(124,969,608.44)	(45,815.24)	(1,034,480.96)	(166,678,325.91)
	<u>211,088.55</u>	<u>27,443.36</u>	<u>744,945.95</u>	<u>(1,031,550.08)</u>	<u>(48,072.22)</u>
Income adjustment	3,752,222.59	28,884,343.22	(13,838.54)	46,838.64	32,669,565.91
Net assets at the end of fiscal year	31,437,964.34	103,524,417.96	1,895,699.79	0.00	136,858,082.09

Net income from investments has been reinvested.
The accompanying Notes form an integral part of these financial statements.

* The sub-fund TÜRKISFUND-Gothaer Anadolu Equities was liquidated with effect from December 16, 2002.

** In the case of TÜRKISFUND-Equities and TÜRKISFUND-Bonds, the size of the income adjustment is materially affected by the redemption of a significant number of Class A shares by institutional investors, who instead purchased the newly created Class I shares.

STATEMENT OF INVESTMENTS
AS OF DECEMBER 31, 2002

TÜRKISFUND-Equities

	Quantity/ Face value	Description	Acquisition cost	Market value	%-of net assets
A) LISTED SECURITIES					
1) SHARES					
TURKEY					
TRL	200,000,000	AKBANK	690,962.26	640,970.53	2.04
TRL	9,965,000	ALARKO HLD.	248,027.56	107,422.29	0.34
TRL	140,000,000	ALCATEL TELETAS	1,823,310.82	668,940.15	2.13
TRL	547,040,683	ANADOLU CAM SANAYII AS	1,177,977.98	430,327.17	1.37
TRL	1,214,569,560	ANADOLU HAYAT SIGORTA AS	8,482,420.11	955,435.86	3.04
TRL	1,004,498,609	ANADOLU SIGORTA	982,323.44	629,220.96	2.00
TRL	175,000,000	ARCELIK AS	1,469,667.29	1,351,136.74	4.30
TRL	1,040,498,000	IS YATIRIM ORTAKLIGI AS	3,389,825.26	515,353.88	1.64
TRL	1,273,598,883	ISGYO	1,530,051.46	578,858.81	1.84
TRL	600,000,000	ISMIR DEMIR CELIK	405,719.34	311,162.06	0.99
TRL	150,000,000	MIGROS TURKEY T. AS	2,128,165.84	1,267,373.55	4.03
TRL	2,262,000	NETAS NORTH. EL. TELEKOMUNIK.	32,061.29	31,963.16	0.10
TRL	666,665,000	SABANCI HOLDING	2,680,936.35	1,650,980.57	5.25
TRL	1,109,959,415	SODA SANAYII AS	6,709,172.62	905,483.44	2.88
TRL	301,520,000	TOFAS TURK OTOMOBIL FABRIKASI	1,135,412.99	588,581.10	1.87
TRL	861,957,960	TRAKYA CAN SANAYII AS	2,135,182.93	1,582,129.46	5.03
TRL	500,000,512	TURK SISE CAM	323,987.09	444,309.57	1.41
TRL	750,000,000	TURKIYE GARANTI BANKASI	1,294,120.72	928,678.89	2.95
TRL	7,168,550,641	TURKIYE SINAI KALKINMA BANKASI	9,313,868.23	2,339,186.03	7.44
TRL	650,000,000	VESTEL ELEKTR. SANAYI TICARET	1,895,582.28	1,174,141.47	3.74
TOTAL SHARES			47,848,775.86	17,101,655.69	54.39
2) BONDS					
TURKEY					
EUR	1,250,000	VAKIF FIN. 00/07.08.03/VAR.	1,252,250.00	1,212,500.00	3.86
TOTAL BONDS			1,252,250.00	1,212,500.00	3.86
TOTAL LISTED SECURITIES			49,101,025.86	18,314,155.69	58.25
TOTAL INVESTMENTS			49,101,025.86	18,314,155.69	58.25

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

A detailed statement of portfolio changes during the fiscal year is available free of charge upon request at the registered office of the Fund and from the paying agent in Germany.

STATEMENT OF INVESTMENTS
AS OF DECEMBER 31, 2002

TÜRKISFUND-Bonds

	Quantity/ Face value	Description	Acquisition cost	Market value	%-of net assets	
A) LISTED SECURITIES						
1) SHARES						
TURKEY						
TRL	350,000,000	AKBANK	1,230,638.58	1,121,698.43	1.08	
TRL	45,000,000	AKSA	512,008.48	393,322.83	0.38	
TRL	200,000,000	AKSIGORTA	787,470.60	536,084.44	0.52	
TRL	684,001,747	ANADOLU HAYAT SIGORTA AS	4,302,146.56	538,067.00	0.52	
TRL	4,572,118,777	ANADOLU SIGORTA	8,952,088.00	2,863,989.00	2.77	
TRL	117,636,000	ARCELIK AS	959,107.81	908,241.84	0.88	
TRL	100,000,000	FORD OTOMOTIV SANAYI AS	958,728.95	786,645.65	0.76	
TRL	777,000,000	IS YATIRIM ORTAKLIGI AS	953,931.37	384,844.53	0.37	
TRL	8,551,160,204	ISGYO	13,351,508.57	3,886,556.84	3.75	
TRL	1,277,382,000	IZMIR DEMIR CELIK	1,022,500.21	662,454.69	0.64	
TRL	37,500,000	NETAS NORTH. EL. TELEKOMUNIK.	630,696.72	529,893.25	0.51	
TRL	300,000,000	SABANCI HOLDING	1,047,999.60	742,943.12	0.72	
TRL	215,000,000	TOFAS TURK OTOMOBIL FABRIKASI	679,153.21	419,690.02	0.41	
TRL	2,772,242,209	TRAKYA CAN SANAYII AS	4,652,539.33	5,088,468.65	4.92	
TRL	3,051,655,000	TURK SISE CAM	1,136,684.56	2,711,756.28	2.62	
TRL	1,500,000,000	TURKIYE GARANTI BANKASI	2,494,237.47	1,857,357.79	1.79	
TRL	1,925,695,750	TURKIYE SINAI KALKINMA BANKASI	2,923,442.93	628,378.15	0.61	
TRL	900,000,000	VESTEL ELEKTR. SANAYI TICARET	2,244,629.18	1,625,734.35	1.57	
TOTAL SHARES			48,839,512.13	25,686,126.86	24.82	
2) BONDS						
TURKEY						
EUR	2,000,000	TURKEY	01/16.02.04/8.25 %	1,997,000.00	2,027,600.00	1.96
EUR	750,000	TURKEY	02/8.05.07/9.750 %	745,725.00	744,375.00	0.72
EUR	3,400,000	TURKEY	00/13.06.03/VAR.	3,275,050.00	3,386,400.00	3.27
TOTAL BONDS			6,017,775.00	6,158,375.00	5.95	
TOTAL LISTED SECURITIES			54,857,287.13	31,844,501.86	30.77	
B) FINANCIAL INSTRUMENTS						
TREASURY BILLS						
TURKEY						
TRL	1,000,000,000,000	TURKEY TB	02/05.02.03/0 %	550,940.18	560,458.81	0.54
TRL	19,500,000,000,000	TURKEY TB	02/05.02.03/0 %	10,763,349.58	10,930,310.22	10.56
TRL	5,000,000,000,000	TURKEY TB	02/05.03.03/0 %	2,360,224.41	2,708,217.03	2.62
TRL	19,500,000,000,000	TURKEY TB	02/19.03.03/0 %	10,559,627.08	10,391,038.40	10.04
TRL	26,400,000,000,000	TURKEY TB	02/02.07.03/0 %	11,203,023.90	12,304,019.03	11.88
TRL	4,000,000,000,000	TURKEY TB	02/21.05.03/0 %	2,128,021.19	1,968,362.23	1.90
TRL	24,000,000,000,000	TURKEY TB	02/27.08.03/0 %	9,768,585.13	10,445,535.45	10.08
TRL	30,000,000,000,000	TURKEY TB	02/07.05.03/0 %	13,257,171.89	15,001,507.38	14.49
TOTAL FINANCIAL INSTRUMENTS			60,590,943.36	64,309,448.55	62.11	
TOTAL INVESTMENTS			115,448,230.49	96,153,950.41	92.88	

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

A detailed statement of portfolio changes during the fiscal year is available free of charge upon request at the registered office of the Fund and from the paying agent in Germany.

STATEMENT OF INVESTMENTS
AS OF DECEMBER 31, 2002

TÜRKISFUND-Eurobonds

	Quantity/ Face value	Description		Acquisition cost	Market value	%-of net assets
LISTED SECURITIES						
BONDS						
ITALY						
EUR	120,000	ITALY BTB	98/15.02.03/5.000 %	<u>120,894.00</u>	<u>120,292.80</u>	<u>6.35</u>
TURKEY						
USD	20,000	TURKEY S. INTL	02/13.01.08/10.500 %	19,619.92	19,750.68	1.03
EUR	200,000	TURKEY	01/07.02.05/11 %	206,500.00	212,300.00	11.20
USD	200,000	TURKEY	01/27.11.06/11.375 %	234,400.73	206,810.91	10.91
USD	50,000	TURKEY	00/30/11.875 %	54,841.95	49,854.32	2.63
USD	150,000	TURKEY	99/04/11.875 %	171,852.68	156,899.27	8.28
EUR	250,000	TURKEY	00/05/7.75 %	249,000.00	250,125.00	13.19
EUR	400,000	TURKEY	01/16.02.04/8.25 %	399,460.00	405,520.00	21.39
EUR	100,000	TURKEY	02/08.05.07/9.75 %	99,850.00	99,250.00	5.24
EUR	90,000	TURKEY	00/13.06.03/VAR.	87,660.00	89,640.00	4.73
EUR	130,000	TURKEY	00/13.06.03/VAR.	<u>124,150.00</u>	<u>129,480.00</u>	<u>6.83</u>
				<u>1,647,335.28</u>	<u>1,619,630.18</u>	<u>85.43</u>
TOTAL INVESTMENTS				<u>1,768,229.28</u>	<u>1,739,922.98</u>	<u>91.78</u>

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

A detailed schedule of portfolio changes during the fiscal year is available free of charge upon request at the registered office of the Fund and from the paying agent in Germany.

The sub-fund TÜRKISFUND-Gothaer Anadolu Equities was liquidated with effect from December 16, 2002.

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. The Articles of Incorporation of the SICAV were published in the *Memorial*, 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 Clerk of the Circuit Court (*Greffe du Tribunal d'Arrondissement*) 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
- TÜRKISFUND-Gothaer Anadolu Equities (liquidated as of December 16, 2002)

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.

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

* The sub-fund TÜRKISFUND-Gothaer Anadolu Equities was liquidated with effect from December 16, 2002.

NOTE 2 – SUMMARY OF THE MOST IMPORANT 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 assets of the sub-fund less its liabilities, by the number of shares of the relevant sub-fund then outstanding.

It should be noted that the net asset values as of December 31, 2002 are based on the exchange rates prevailing on that date.

Since June 30, 2000, the reference currency for the Fund is 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.

c) Foreign currency conversion

The SICAV maintains its accounting records in Euros.

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

Exchange rate as of December 31, 2002:
TRL 1,000 = EUR 0.00058270

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 are included in the Statement of Changes in Net Assets.

f) Formation expenses

Formation expenses are capitalized and amortized over 5 fiscal years.

NOTE 3 – ADVISORY FEES

As remuneration for its services, the Investment Adviser, IS Portfolio Management Company, receives a quarterly fee for the sub-funds TÜRKISFUND-Equities, TÜRKISFUND-Bonds and TÜRKISFUND-Eurobonds. The fee is set at an annual rate of 1% of the average net asset value of each sub-fund.

With effect from December 1, 2000, the SICAV will pay the Investment Adviser, for the sub-funds TÜRKISFUND-Equities, TÜRKISFUND-Bonds and TÜRKISFUND-Eurobonds, 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 %

For the sub-fund TÜRKISFUND-Gothaer Anadolu Equities*, IS Portfolio Management Company receives quarterly a fee at the annual rate of 0.75% of the average net asset value of the sub-fund.

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.

Gothaer Anadolu Hayat Versicherungsdienst GmbH, as the distributor of the sub-fund TÜRKISFUND-Gothaer Anadolu Equities*, receives an annual fee of 0.5% of the average net asset value of that sub-fund.

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 liable to any Luxembourg withholding tax. The SICAV is, however, liable in Luxembourg 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. For this reason, a new class of shares (Class I) was introduced for institutional investors with effect from December 2, 2002. 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 the assets held by the SICAV in other UCITS already subject in Luxembourg to that subscription tax.

* The sub-fund TÜRKISFUND-Gothaer Anadolu Equities was liquidated with effect from December 16, 2002.