

TÜRKİSFUND SICAV

AUDITED ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2003

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Registered Office:

69, route d'Esch
L-2953 Luxembourg

Board of Directors:*Chairman:*

Hamdi Engin TÜRELI
President and CEO
ISBANK GmbH, Frankfurt

Directors:

Ibrahim HIZLIKAN
Head of the Capital Markets Department
TÜRKİYE İS 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
IS Kuleleri 4,
TR-80620 Levent Istanbul, Turkey

Custodian Bank:

DEXIA BANQUE INTERNATIONALE À LUXEMBOURG
69, route d'Esch
L-2953 Luxembourg

Central Administration:

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D-60311 Frankfurt/Main

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ISBANK GMBH
Rossmarkt 9
D-60311 Frankfurt/Main

Auditors:

DR. WOLLERT – DR. ELMENDORFF S.C.
291, route d'Arlon
L-1150 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.

In its sixth fiscal year, the Fund was influenced by developments on the Turkish capital markets, the impact of which was on the whole positive. The measures taken in Turkey to stabilise the national economy and to control inflation showed themselves to be having an effect. Nevertheless, the upheavals of the crisis year 2001 should not be forgotten, and we must continue to assume that economic development in Turkey will remain volatile.

The year 2003 began with the ISE 100 index standing at 10,599. In March 2003 it reached a low of 8,900. As a result in particular of the outcome of the war in Iraq, the first indications of successes on the economic front and the continuing support of the International Monetary Fund, the capital markets showed a positive trend, especially from August 2003 onwards. At year end the index closed at 18,293, substantially up on the start of the year.

This encouraging development was reflected positively in the performance of the net assets of the Fund and its sub-funds.

In 2004 Turkey's capital markets will essentially be dependent on the further progress of the country's economic and structural reforms. Assuming that Turkey's economic policy remains firmly geared towards the maintenance of stability and that there are no negative developments in Iraq, we are cautiously optimistic in our assessment of the current year.

Mr. Ibrahim Hizlikan has taken on new responsibilities in the Isbank Group in Turkey, and has consequently resigned from his position as a director. He has been succeeded by Mr. Riza Ihsan Kutlusoy. Our thanks are due to Mr. Hizlikan for his contribution towards the positive development of TÜRKISFUND SICAV.

We thank all TÜRKISFUND SICAV's investors for the confidence they have placed in us.

Luxembourg, March 25, 2004

TÜRKISFUND SICAV

Hilger Kutlusoy Schreiber Dr. Tevfik Türeli

As instructed by the board of directors of TÜRKISFUND SICAV, we have audited the annual financial statements, consisting of the statement of net assets, the changes in net assets (income statement), the portfolio of investments and the other assets, as well as the Notes to the financial statements of TÜRKISFUND SICAV and of its sub-funds for the fiscal year ending December 31, 2003. Responsibility for the accuracy of these financial statements lies with the board of directors of the 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 the 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 certificate.

In our opinion, the statements of the holdings of TÜRKISFUND SICAV and its sub-funds as of December 31, 2003 contained in the attached financial statements conform to the statutory provisions and regulations applying in Luxembourg. They give a true and fair picture of the assets, financial position and earnings position of TÜRKISFUND SICAV and its sub-funds as of December 31, 2003, as well as the income situation and changes in net worth over the year ending on that date.

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 14, 2004

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

(Prof. Dr. Kläs)
Auditor

(Dr. Brühl)
Auditor

**STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2003**

TÜRKISFUND SICAV

	<u>TÜRKISFUND- EQUITIES</u>	<u>TÜRKISFUND- BONDS</u>	<u>TÜRKISFUND- EUROBONDS</u>	<u>TOTAL</u>
	(expressed in EUR)	(expressed in EUR)	(expressed in EUR)	(expressed in EUR)
ASSETS				
Investments in securities at market value (Note 2)	52,424,452.97	174,731,811.94	2,535,500.00	229,691,764.91
Acquisition cost	66,062,932.33	167,220,006.69	2,266,082.61	235,549,021.63
Cash at bank	366,556.15	179,633.27	30,593.19	576,782.61
Amounts receivable from subscriptions	0.00	0.00	88.24	88.24
Interest and dividends receivable, net	78,807.80	300,443.59	137,770.70	517,022.09
	<u>52,869,816.92</u>	<u>175,211,888.80</u>	<u>2,703,952.13</u>	<u>230,785,657.85</u>
LIABILITIES				
Advisory fees (Note 3)	81,041.82	140,974.18	1,837.87	223,853.87
Provisions for expenses payable	36,517.00	107,313.86	1,620.22	145,451.08
	<u>117,558.82</u>	<u>248,288.04</u>	<u>3,458.09</u>	<u>369,304.95</u>
Total net assets	<u>52,752,258.10</u>	<u>174,963,600.76</u>	<u>2,700,494.04</u>	<u>230,416,352.90</u>
Number of shares outstanding				
Class A	20,287.816	11,674.437	82,600.413	
Class I	3,451,073.614	5,960,754.349	80,000.000	
Net asset value per share				
Class A	15.20	29.28	16.61	
Class I	15.20	29.30	16.61	

CHANGES IN SHARES OUTSTANDING DURING THE YEAR ENDING DECEMBER 31, 2003

	<u>TÜRKISFUND- EQUITIES</u>		<u>TÜRKISFUND- BONDS</u>		<u>TÜRKISFUND- EUROBONDS</u>	
	<u>CLASS A</u>	<u>CLASS I</u>	<u>CLASS A</u>	<u>CLASS I</u>	<u>CLASS A</u>	<u>CLASS I</u>
Number of shares at beginning of fiscal year	46,814.117	3,440,108.702	7,992.245	5,960,754.349	133,451.934	0.000
Number of shares issued	10,808.830	10,964.912	4,397.668	0.000	60,711.236	160,000.000
Number of shares redeemed	<u>(37,335.131)</u>	<u>0.000</u>	<u>(715.476)</u>	<u>0.000</u>	<u>(111,562.757)</u>	<u>(80,000.000)</u>
Number of shares at end of fiscal year	<u>20,287.816</u>	<u>3,451,073.614</u>	<u>11,674.437</u>	<u>5,960,754.349</u>	<u>82,600.413</u>	<u>80,000.000</u>
Total expense ratio						
Class A		1.36		0.92		2.22
Class I		1.32		0.88		2.19

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

	<u>TÜRKISFUND- EQUITIES</u>	<u>TÜRKISFUND- BONDS</u>	<u>TÜRKISFUND- EUROBONDS</u>
	(expressed in EUR)	(expressed in EUR)	(expressed in EUR)
Total net assets			
31.12.2003	52,752,258.10	174,963,600.76	2,700,494.04
31.12.2002	31,437,964.34	103,524,417.96	1,895,699.79
31.12.2001	44,193,828.09	101,843,955.11	1,117,210.13
Net asset value per share at end of fiscal year			
31.12.2003 (Class A)	15.20	29.28	16.61
31.12.2003 (Class I)	15.20	29.30	16.61
31.12.2002 (Class A)	9.02	17.34	14.21
31.12.2002 (Class I)	9.02	17.34	-
31.12.2001	12.74	17.07	13.97

**CHANGES IN NET ASSETS
DURING THE YEAR ENDING DECEMBER 31, 2003**

TÜRKISFUND SICAV

	<u>TÜRKISFUND- EQUITIES</u>	<u>TÜRKISFUND- BONDS</u>	<u>TÜRKISFUND- EUROBONDS</u>	<u>TOTAL</u>
	(expressed in EUR)	(expressed in EUR)	(expressed in EUR)	(expressed in EUR)
Net assets at beginning of fiscal year	31,437,964.34	103,524,417.96	1,895,699.79	136,858,082.09
Income				
Net dividends from securities held	624,499.16	1,058,053.09	0.00	1,682,552.25
Net interest from bonds	3,660,058.41	32,176,694.26	166,247.45	36,003,000.12
Interest on bank accounts	1,110,295.13	1,725,001.32	0.00	2,835,296.45
Income adjustment	(11,784.11)	18,089.58	11,788.98	18,094.45
Other income	0.00	0.00	0.01	0.01
	<u>5,383,068.59</u>	<u>34,977,838.25</u>	<u>178,036.44</u>	<u>40,538,943.28</u>
Expenses				
Advisory fees (Note 3)	280,158.69	506,760.41	15,205.19	802,124.29
Custodian bank fee	125,157.73	446,518.55	1,272.47	572,948.75
Domiciliation, administration and transfer agent fees	43,190.01	54,701.85	32,246.17	130,138.03
Audit fees, printing, publishing and advertising expenses	9,959.74	31,176.31	2,562.74	43,698.79
Subscription tax (Note 5)	4,258.29	14,454.75	621.87	19,334.91
Other bank charges	12,946.45	22,657.75	2,726.54	38,330.74
Amortization of establishment costs	1,980.16	1,980.16	0.00	3,960.32
Other expenses	47,462.46	124,287.38	6,420.88	178,170.72
	<u>525,113.53</u>	<u>1,202,537.16</u>	<u>61,055.86</u>	<u>1,788,706.55</u>
Net income from investments	<u>4,857,955.06</u>	<u>33,775,301.09</u>	<u>116,980.58</u>	<u>38,750,236.73</u>
Net realized capital gains (losses) on sales of investments (Note 2)	(214,229.11)	8,405,290.83	(44,151.60)	8,146,910.12
Net realized (gains) losses on foreign exchange	67,110.10	1,806,776.91	(10,715.14)	1,863,171.87
Net realized profit (loss)	<u>4,710,836.05</u>	<u>43,987,368.83</u>	<u>62,113.84</u>	<u>48,760,318.72</u>
Changes in net unrealized appreciation on investments	16,781,588.58	27,368,696.29	297,723.69	44,448,008.56
Income (loss) from ordinary activities	<u>21,492,424.63</u>	<u>71,356,065.12</u>	<u>359,837.53</u>	<u>93,208,327.28</u>
Changes in net assets				
Issue of shares	165,940.19	118,494.74	2,290,264.62	2,574,699.55
Redemption of shares	(355,855.17)	(17,287.48)	(1,833,518.92)	(2,206,661.57)
	<u>(189,914.98)</u>	<u>101,207.26</u>	<u>456,745.70</u>	<u>368,037.98</u>
Income adjustment	<u>11,784.11</u>	<u>(18,089.58)</u>	<u>(11,788.98)</u>	<u>(18,094.45)</u>
Net assets at end of fiscal year	<u>52,752,258.10</u>	<u>174,963,600.76</u>	<u>2,700,494.04</u>	<u>230,416,352.90</u>

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

STATEMENT OF INVESTMENTS
AS OF DECEMBER 31, 2003

TÜRKISFUND-Equities

	Quantity/ Face value	Description	Acquisition cost	Market value	%-of net assets	
A) LISTED SECURITIES						
1) SHARES						
TURKEY						
TRL	950,000,000	AKBANK	2,900,316.77	3,957,988.19	7.50	
TRL	309,762,657	AKSIGORTA	471,519.35	782,294.66	1.48	
TRL	100,401,000	ALCATEL TELETAS	1,233,821.90	790,760.84	1.50	
TRL	1,017,256,500	ANADOLU CAM SANAYII AS	1,274,429.28	1,410,797.81	2.67	
TRL	1,200,000,560	ANADOLU HAYAT SIGORTA AS	8,380,671.82	2,414,174.17	4.58	
TRL	1,000,000,609	ANADOLU SIGORTA	977,924.74	1,084,380.99	2.06	
TRL	250,000,000	ARCELIK AS	781,774.14	1,105,782.57	2.10	
TRL	1,000,000,000	IS YATIRIM ORTAKLIGI AS	3,257,887.34	1,055,844.00	2.00	
TRL	1,650,000,883	ISGYO	1,731,734.81	1,214,791.98	2.30	
TRL	635,501,000	ISMIR DEMIR CELIK	425,308.05	598,450.47	1.13	
TRL	185,000,000	KOC HLD AS	1,713,844.83	2,460,116.52	4.66	
TRL	150,000,000	MIGROS TURKEY TAS	2,128,165.84	1,695,057.67	3.21	
TRL	474,261,000	OTOKAR OTOBUS KAROSERI SANAYI	952,715.74	1,021,791.76	1.94	
TRL	749,259,178	PETROL OFISI AS	1,877,969.88	2,063,276.43	3.91	
TRL	850,000,000	SABANCI HOLDING	2,292,303.58	3,201,775.59	6.07	
TRL	1,100,002,147	SODA SANAYII AS	6,648,975.33	1,079,816.62	2.05	
TRL	746,205,772	TOFAS TURK OTOMOBIL FABRIKASI	1,064,111.51	1,277,638.20	2.42	
TRL	1,380,477,448	TRAKYA CAN SANAYII AS	2,105,562.94	2,422,715.76	4.59	
TRL	500,000,000	TURK SISE CAN	323,986.76	777,614.84	1.47	
TRL	550,000,000	TURKIYE GARANTI BANKASI/NOM	732,605.80	1,271,293.25	2.41	
TRL	7,168,550,641	TURKIYE SINAI KL	9,313,868.23	4,459,497.08	8.45	
TRL	500,000,000	VESTEL ELEKTR. SANAYI TICARET	1,364,330.01	1,655,106.81	3.14	
TOTAL SHARES			<u>51,953,828.65</u>	<u>37,800,966.21</u>	<u>71.64</u>	
2) BONDS						
TURKEY						
TRL	10,200,000,000,000	TURKEY	03/15.12.04/0 %	4,474,135.73	4,669,527.75	8.85
TRL	4,800,000,000,000	TURKEY	03/16.11.05/25 %	2,729,098.48	2,797,838.21	5.30
TOTAL BONDS			<u>7,203,234.21</u>	<u>7,467,365.96</u>	<u>14.15</u>	
TOTAL LISTED SECURITIES			<u>59,157,062.86</u>	<u>45,268,332.17</u>	<u>85.79</u>	

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, 2003**

TÜRKISFUND-Equities

	Quantity/ Face value	Description		Acquisition cost	Market value	%-of net assets
B) FINANCIAL INSTRUMENTS						
TREASURY BILLS						
TURKEY						
TRL	44,010,000,000	TURKEY TB	03/03.03.04/0 %	23,693.22	24,111.46	0.05
TRL	1,500,000,000,000	TURKEY TB	03/18.08.04/0 %	735,570.84	737,615.47	1.40
TRL	3,500,000,000,000	TURKEY TB	03/21.07.04/0 %	1,697,898.22	1,751,505.37	3.33
TRL	1,200,000,000,000	TURKEY TB	03/22.09.04/0 %	574,239.12	578,018.08	1.10
TRL	1,800,000,000,000	TURKEY TB	03/22.09.04/0 %	821,029.01	867,027.13	1.64
TRL	2,000,000,000,000	TURKEY TB	03/22.09.04/0 %	924,818.19	963,363.48	1.83
TRL	5,000,000,000,000	TURKEY TB	03/26.01.05/0 %	<u>2,128,620.87</u>	<u>2,234,479.81</u>	<u>4.24</u>
TOTAL FINANCIAL INSTRUMENTS				<u>6,905,869.47</u>	<u>7,156,120.80</u>	<u>13.59</u>
TOTAL INVESTMENTS				<u>66,062,932.33</u>	<u>52,424,452.97</u>	<u>99.38</u>

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, 2003

TÜRKISFUND-Bonds

	Quantity/ Face value	Description	Acquisition cost	Market value	%-of net assets	
A) LISTED SECURITIES						
1) SHARES						
TURKEY						
TRL	1,231,952,000	AKBANK	3,544,944.56	5,132,685.75	2.93	
TRL	388,926,554	AKSIGORTA	598,717.88	982,220.29	0.56	
TRL	650,000,000	ANADOLU HAYAT SIGORTA AS	4,088,286.73	1,307,677.06	0.75	
TRL	4,550,000,777	ANADOLU SIGORTA	8,908,781.54	4,933,931.32	2.82	
TRL	450,000,000	ARCELIC AS	1,327,677.93	1,990,408.62	1.14	
TRL	40,000,000	EREGLI DEMIR CELIK	605,275.55	924,576.91	0.53	
TRL	460,000,000	FORD OTOMOTIV SANAYI AS	1,147,078.76	2,415,314.49	1.38	
TRL	750,000,000	IS YATIRIM ORTAKLIGI AS	920,783.17	791,883.00	0.45	
TRL	8,800,000,000	ISGYO	13,456,042.41	6,478,887.08	3.70	
TRL	1,422,371,000	IZMIR DEMIR CELIK	1,073,967.76	1,339,444.93	0.77	
TRL	225,000,000	KOC HLD AS	1,975,339.60	2,992,033.61	1.71	
TRL	120,000,000	MIGROS TURKEY T.A.S.	975,460.84	1,356,046.13	0.78	
TRL	37,500,000	NORTEL NETWORKS NETAS TELEKOM.	656,338.99	829,336.93	0.47	
TRL	1,250,000,000	SABANCI HOLDING	2,736,321.03	4,708,493.52	2.69	
TRL	1,250,000,000	TOFAS TURK OTOMOBIL FABRIKASI	1,138,729.37	2,140,224.33	1.22	
TRL	4,466,247,839	TRAKYA CAN SANAYII AS	4,615,211.50	7,838,193.27	4.48	
TRL	3,050,000,000	TURK SISE CAM	1,136,068.10	4,743,450.52	2.71	
TRL	1,218,245,000	TURKIYE GARANTI BANKASI	1,742,980.25	2,815,902.99	1.61	
TRL	3,091,448,750	TURKIYE SINAI KALKINMA BANKASI	3,439,454.51	1,923,165.14	1.10	
TRL	1,400,000,000	VESTEL ELEKTR. SANAYI TICARET	3,017,312.18	4,634,299.08	2.65	
TOTAL SHARES			57,104,772.66	60,278,174.97	34.45	
2) BONDS						
TURKEY						
TRL	60,000,000,000,000	TURKEY	03/15.12.04/0 %	26,252,525.55	27,467,810.23	15.70
TRL	10,100,000,000,000	TURKEY	03/26.05.04/0 %	5,016,689.72	5,243,068.48	2.98
TRL	18,300,000,000,000	TURKEY	03/16.11.05/0 %	10,423,044.33	10,666,758.19	6.10
TOTAL BONDS			41,692,259.60	43,377,636.90	24.78	
TOTAL LISTED SECURITIES			98,797,032.26	103,655,811.87	59.23	

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, 2003**

TÜRKISFUND-Bonds

	Quantity/ Face value	Description		Acquisition cost	Market value	%-of net assets
B) FINANCIAL INSTRUMENTS						
TURKEY						
TRL	50,550,000,000	TURKEY TB	03/03.03.04/0 %	21,079.59	27,694.48	0.02
TRL	43,000,000,000,000	TURKEY TB	03/18.08.04/0 %	20,198,141.90	21,144,976.89	12.10
TRL	12,000,000,000,000	TURKEY TB	03/21.07.04/0 %	5,811,429.60	6,005,161.27	3.43
TRL	14,900,000,000,000	TURKEY TB	03/22.09.04/0 %	6,885,679.17	7,177,057.93	4.11
TRL	65,200,000,000,000	TURKEY TB	03/26.01.05/0 %	28,201,155.98	29,137,616.66	16.65
TRL	16,000,000,000,000	TURKEY TB	03/27.10.04/0 %	7,269,290.69	7,546,099.95	4.32
TRL	74,020,000,000	TURKEY TB	03/07.07.04/0 %	36,197.50	37,392.89	0.02
TOTAL FINANCIAL INSTRUMENTS				68,422,974.43	71,076,000.07	40.65
TOTAL INVESTMENTS				167,220,006.69	174,731,811.94	99.88

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, 2003**

TÜRKISFUND-Eurobonds

	Quantity/ Face value	Description		Acquisition cost	Market value	%-of net assets
LISTED SECURITIES						
BONDS						
TURKEY						
EUR	460,000	TURKEY	97/22.10.07/8,125 %	441,682.61	494,040.00	18.29
EUR	600,000	TURKEY	00/09.02.10/9,25 %	585,000.00	682,500.00	25.27
EUR	300,000	TURKEY	03/18.01.11/9,5 %	341,250.00	347,160.00	12.86
EUR	100,000	TURKEY	99/25.08.05/9,625 %	98,000.00	106,100.00	3.93
EUR	100,000	TURKEY	99/30.11.06/9,625 %	96,400.00	110,000.00	4.07
EUR	100,000	TURKEY	02/08.05.07/9,75 %	99,850.00	112,000.00	4.15
EUR	600,000	TURKEY	03/12.01.08/9,875 %	603,900.00	683,700.00	25.32
				<u>2,266,082.61</u>	<u>2,535,500.00</u>	<u>93.89</u>
TOTAL INVESTMENTS				<u>2,266,082.61</u>	<u>2,535,500.00</u>	<u>93.89</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.

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

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 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 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.

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, 2003:
TRL 1,000 = EUR 0.00057072

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 the first 5 fiscal years.

NOTE 3 – ADVISORY FEES

With effect from December 1, 2000, the SICAV will pay the Investment Adviser, for the sub-funds TÜRKISFUND-Equities, TÜRKISFUND-Bonds and TÜRKISFUND-Eurobonds (until August 14, 2003), 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 %

For the sub-fund TÜRKISFUND-Eurobonds, the Investment Adviser IS Portfolio Management Company receives quarterly, with effect from August 15, 2003, a fee at the annual rate of 0.3 % 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.

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. 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 UCITSs already subject in Luxembourg to that subscription tax.