
TÜRKISFUND

SICAV

**Audited Annual Report
for the year ended December 31, 2004**

TÜRKISFUND

Management and Administration

Registered Office:

69, route d'Esch
L-2953 Luxembourg

Board of Directors:

Chairman:

Hamdi Engin TÜRELI
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
Vice President
DEXIA BANQUE INTERNATIONALE À LUXEMBOURG,
Luxembourg

Investment Adviser:

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

Custodian Bank:

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

Central Administration:

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

Registrar and Transfer Agent:

FIRST EUROPEAN TRANSFER AGENT 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.C.
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. 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

Current Status

In its seventh fiscal year, the Fund was influenced by developments on the Turkish capital market which generally had a positive impact. The measures taken by the Turkish government continue to contribute to a market stability not seen in recent years. Inflation has returned to single-digit figures. In December 2004, the decision was taken to commence accession negotiations for membership of the European Union. The crisis of 2001 is already forgotten, and the outlook for the future is seen as positive.

The year 2004 began with the ISE 100 index standing at 18,293. The first half of the year saw a relatively sharp decline, reaching its lowest level of 15,804 on 18 May. This was followed by a strong rally which lasted to end of 2004. The index closed at 24,972, an all-time historic high.

This encouraging development was reflected positively in the performance of the net assets of the Fund. Although the Fund had to cope with large scheduled repayments of nearly € 94 million, the volume of trading reached € 203 million again at year end. We continue our efforts to absorb the scheduled repayments by increasing activities in the institutional and individual field.

The assessment of the capital markets in Turkey continues to be positive for 2005. However, we must point out that this judgement is essentially tied to further progress of the country's economic and structural reforms. Assuming that Turkey's political situation remains stable, and there are no major economic setbacks, we are optimistic in our assessment of the current year.

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

Luxembourg, March 22, 2005

TÜRKISFUND SICAV

Hilger Kutlusoy Schreiber Dr. Tevfik Türel

TÜRKISFUND

Independent Auditor's Report

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 statement of changes in net assets (income statement), the statement of investments and the other assets, as well as the Notes to the financial statements of TÜRKISFUND SICAV and its sub-funds for the fiscal year ending December 31, 2004. 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 judgments 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, 2004 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, 2004, 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 1, 2005

Dr. Wollert - Dr. Elmendorff S.C.
Auditors

(Prof. Dr. Kläs)
Auditor

(Dr. Brühl)
Auditor

TÜRKISFUND

Statement of Net Assets as at December 31, 2004

		TÜRKISFUND - EQUITIES	TÜRKISFUND - BONDS	TÜRKISFUND - EUROBONDS	Consolidated
	Note	EUR	EUR	EUR	EUR
ASSETS					
Investment portfolio at market value	(2)	54,083,261.43	138,157,973.30	5,388,915.00	197,630,149.73
Cash at bank		3,099,593.12	3,913,439.01	0.00	7,013,032.13
Amounts receivable on investments sold		32,247.02	96,462.38	0.00	128,709.40
Amounts receivable on subscriptions		251.73	495.04	1,422,141.17	1,422,887.94
Interest and dividends receivable, net		133,520.22	703,059.44	303,448.18	1,140,027.84
Other assets		500.00	500.00	500.00	1,500.00
TOTAL ASSETS		57,349,373.52	142,871,929.17	7,115,004.35	207,336,307.04
LIABILITIES					
Bank overdraft		0.00	0.00	21,769.85	21,769.85
Amounts payable on purchase of investments		0.00	2,075,353.21	0.00	2,075,353.21
Amounts payable on redemptions		7,065.08	12,052.63	1,441,976.10	1,461,093.81
Investment advisory fee	(3)	90,052.13	140,375.18	4,096.73	234,524.04
Taxes and expenses payable		35,612.70	91,549.67	5,238.74	132,401.11
TOTAL LIABILITIES		132,729.91	2,319,330.69	1,473,081.42	3,925,142.02
TOTAL NET ASSETS		57,216,643.61	140,552,598.48	5,641,922.93	203,411,165.02
Net asset value per share					
Class A		19.57	38.15	17.66	
Class I		19.58	38.18	17.67	
Number of shares outstanding					
Class A		35,513.782	25,971.557	239,484.864	
Class I		2,887,057.822	3,655,470.564	80,000.000	

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

TÜRKISFUND

Statement of Changes in Net Assets for the Year ended December 31, 2004

		TÜRKISFUND - EQUITIES	TÜRKISFUND - BONDS	TÜRKISFUND - EUROBONDS	Consolidated
	Note	EUR	EUR	EUR	EUR
NET ASSETS AT THE BEGINNING OF THE YEAR		52,752,258.10	174,963,600.76	2,700,494.04	230,416,352.90
INCOME					
Dividends, net		462,669.98	1,068,087.50	0.00	1,530,757.48
Interest on bonds, net		4,271,738.67	28,190,210.16	341,844.45	32,803,793.28
Bank interest		303,611.37	694,005.57	1,410.02	999,026.96
Other income		4,507.11	0.00	0.05	4,507.16
Income Adjustment		0.00	0.00	35,015.78	35,015.78
TOTAL INCOME		5,042,527.13	29,952,303.23	378,270.30	35,373,100.66
EXPENSES					
Investment advisory fees	(3)	353,613.64	606,779.51	14,080.28	974,473.43
Custodian fees		34,888.91	111,203.48	2,814.97	148,907.36
Domiciliation, administration and transfer agent fees		36,697.71	91,793.24	53,531.95	182,022.90
Audit, printing and publication expenses		10,000.21	30,423.70	1,436.42	41,860.33
Subscription tax	(5)	6,119.91	18,756.69	1,949.39	26,825.99
Bank charges		130,380.50	407,088.01	5,099.63	542,568.14
Interest paid		2,466.15	2,235.42	428.89	5,130.46
Other charges		67,280.40	199,319.43	11,799.97	278,399.80
Income Adjustment		675,525.06	9,845,325.40	0.00	10,520,850.46
TOTAL EXPENSES		1,316,972.49	11,312,924.88	91,141.50	12,721,038.87
NET INCOME / (LOSS) FROM INVESTMENTS		3,725,554.64	18,639,378.35	287,128.80	22,652,061.79
Net realised gain / (loss) on sales of investments	(2)	2,067,689.71	8,979,267.68	59,391.28	11,106,348.67
Net realised gain / (loss) on foreign exchange		(197,260.63)	(714,107.35)	(47.98)	(911,415.96)
NET REALISED PROFIT / (LOSS)		5,595,983.72	26,904,538.68	346,472.10	32,846,994.50
Change in net unrealised appreciation / (depreciation) on investments		7,926,534.68	8,803,673.95	9,832.23	16,740,040.86
NET INCREASE / (DECREASE) IN NET ASSETS AS A RESULT OF OPERATIONS		13,522,518.40	35,708,212.63	356,304.33	49,587,035.36
EVOLUTION OF THE CAPITAL					
Subscriptions of shares		623,431.11	983,046.30	5,279,931.30	6,886,408.71
Redemptions of shares		(10,357,089.06)	(80,947,586.61)	(2,659,790.96)	(93,964,466.63)
Income Adjustment		675,525.06	9,845,325.40	(35,015.78)	10,485,834.68
NET ASSETS AT THE END OF THE YEAR		57,216,643.61	140,552,598.48	5,641,922.93	203,411,165.02

TÜRKISFUND

Changes in the Number of Shares for the Year ended December 31, 2004

	TÜRKISFUND - EQUITIES	TÜRKISFUND - BONDS	TÜRKISFUND - EUROBONDS
Class A			
Number of shares outstanding at the beginning of the year	20,287.816	11,674.437	82,600.413
Number of shares issued	34,834.699	27,688.886	230,286.403
Number of shares redeemed	(19,608.733)	(13,391.766)	(73,401.952)
Number of shares outstanding at the end of the year	35,513.782	25,971.557	239,484.864
Class I			
Number of shares outstanding at the beginning of the year	3,451,073.614	5,960,754.349	80,000.000
Number of shares issued	921.445	1,799.539	80,000.000
Number of shares redeemed	(564,937.237)	(2,307,083.324)	(80,000.000)
Number of shares outstanding at the end of the year	2,887,057.822	3,655,470.564	80,000.000

Statistics

	TÜRKISFUND - EQUITIES	TÜRKISFUND - BONDS	TÜRKISFUND - EUROBONDS
	EUR	EUR	EUR
Total Net Asset Value			
December 31, 2004	57,216,643.61	140,552,598.48	5,641,922.93
December 31, 2003	52,752,258.10	174,963,600.76	2,700,494.04
December 31, 2002	31,437,964.34	103,524,417.96	1,895,699.79
NAV per share at the end of the year			
December 31, 2004			
Class A	19.57	38.15	17.66
Class I	19.58	38.18	17.67
December 31, 2003			
Class A	15.20	29.28	16.61
Class I	15.20	29.30	16.61
December 31, 2002			
Class A	9.02	17.34	14.21
Class I	9.02	17.34	-

TÜRKISFUND

TÜRKISFUND - EQUITIES

Statement of Investments as at December 31, 2004

(expressed in EUR)

Description	Quantity / Face value	Currency	Cost	Evaluation	% net assets
Transferable securities admitted to an official stock exchange listing					
Shares					
Turkey					
AKBANK	200,000,000	TRL	524,990.83	918,524.49	1.61
AKSIGORTA	150,000,000	TRL	234,930.33	445,511.88	0.78
ANADOLU CAM SANAYII AS	991,674,000	TRL	1,242,378.60	2,454,458.60	4.29
ANADOLU HAYAT SIGORTA AS	1,846,153,000	TRL	8,380,672.11	4,021,028.46	7.02
ANADOLU SIGORTA	1,250,000,000	TRL	977,924.15	2,241,309.77	3.92
ARCELIK AS	211,220,000	TRL	783,323.12	958,436.31	1.68
FORD OTOMOTIV SANAYI AS	75,000,000	TRL	456,442.90	441,386.77	0.77
IS YATIRIM ORTAKLIGI AS	1,000,000,000	TRL	3,257,887.34	1,727,046.05	3.02
ISGYO	1,269,000,000	TRL	1,046,548.92	1,340,099.74	2.34
IZMIR DEMIR CELIK	400,000,000	TRL	267,699.38	739,219.71	1.29
KOC HLD AS	100,000,000	TRL	332,570.17	484,012.91	0.85
MARAMARIS ALTI.TURIST.TESISLER	250,000,000	TRL	397,419.64	563,765.03	0.99
PETROL OFISI A.S.	861,648,000	TRL	1,877,969.76	2,123,157.29	3.71
SODA SANAYII AS	1,085,002,000	TRL	6,558,306.77	1,456,111.51	2.54
TOFAS TURK OTOMOBIL FABRIKASI	300,000,000	TRL	441,603.56	452,112.06	0.79
TRAKYA CAN SANAYII AS	1,380,477,000	TRL	2,105,562.26	2,794,159.96	4.88
TURK SISE CAM	742,982,000	TRL	343,706.40	1,520,181.71	2.66
TURKIYE GARANTI BANKASI /NOM.	300,000,000	TRL	426,238.30	702,918.74	1.23
TURKIYE SINAI KALKINMA BANKASI	7,690,688,000	TRL	7,993,811.65	5,541,288.47	9.67
VESTEL ELEKTR.SANAYI TICARET	150,000,000	TRL	409,299.01	429,011.44	0.75
			38,059,285.20	31,353,740.90	54.79
Total - Shares			38,059,285.20	31,353,740.90	54.79
Bonds					
Turkey					
TURKEY TV 04-15.3.06	4,000,000,000,000	TRL	2,542,349.38	2,247,403.93	3.93
TURKEY 0% 04-07.12.05	1,200,000,000,000	TRL	497,394.76	555,404.81	0.97
TURKEY 0% 04-12.04.06	5,700,000,000,000	TRL	2,233,921.63	2,466,370.28	4.31
TURKEY 0% 04-22.2.06	10,498,125,000,000	TRL	4,189,504.83	4,666,819.21	8.16
TURKEY 20% 04-17.10.07	3,194,390,000,000	TRL	1,731,317.18	1,881,600.19	3.29
TURKEY 25% 03-16.11.05	2,400,000,000,000	TRL	1,364,549.24	1,374,064.24	2.40
			12,559,037.02	13,191,662.66	23.06
Total - Bonds			12,559,037.02	13,191,662.66	23.06
Total - Transferable securities admitted to an official stock exchange listing			50,618,322.22	44,545,403.56	77.85
Debt instruments					
Treasury bills					
Turkey					
TURKEY 0% 04-05.10.05 TB	2,000,000,000,000	TRL	862,311.34	954,649.46	1.67
TURKEY 0% 04-24.5.06 TB	5,159,170,000,000	TRL	1,972,204.73	2,187,378.74	3.82
TURKEY 0% 04-27.07.05 TB	8,000,000,000,000	TRL	3,671,422.86	3,952,009.39	6.91
TURKEY 0% 04-28.9.05 TB	5,000,000,000,000	TRL	2,188,977.78	2,391,958.79	4.18

TÜRKISFUND

TÜRKISFUND - EQUITIES

Statement of Investments (continued) as at December 31, 2004

(expressed in EUR)

Description	Quantity / Face value	Currency	Cost	Evaluation	% net assets
TURKEY 0% 04-9.02.05 TB	96,040,000,000	TRL	46,621.16	51,861.49	0.09
			8,741,537.87	9,537,857.87	16.67
Total -Treasury bills			8,741,537.87	9,537,857.87	16.67
Total - Debt instruments			8,741,537.87	9,537,857.87	16.67
TOTAL INVESTMENT PORTFOLIO			59,359,860.09	54,083,261.43	94.52

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

TÜRKISFUND

TÜRKISFUND - BONDS

Statement of Investments as at December 31, 2004

(expressed in EUR)

Description	Quantity / Face value	Currency	Cost	Evaluation	% net assets
Transferable securities admitted to an official stock exchange listing					
Shares					
Turkey					
AKBANK	100,000,000	TRL	245,840.30	459,262.25	0.33
AKSIGORTA	85,000,000	TRL	133,018.24	252,456.73	0.18
ANADOLU HAYAT SIGORTA AS	989,999,000	TRL	4,047,403.83	2,156,275.32	1.53
ANADOLU SIGORTA	5,660,000,000	TRL	8,865,704.61	10,148,650.63	7.23
ARCELIK AS	204,000,000	TRL	662,370.74	925,674.68	0.66
FORD OTOMOTIV SANAYI AS	70,000,000	TRL	174,555.46	411,960.99	0.29
IS YATIRIM ORTAKLIGI AS	350,000,000	TRL	429,698.85	604,466.12	0.43
ISGYO	7,456,000,000	TRL	8,699,512.90	7,873,745.97	5.60
KOC HLD AS	100,000,000	TRL	223,467.49	484,012.91	0.34
TOFAS TURK OTOMOBIL FABRIKASI	250,000,000	TRL	227,745.87	376,760.05	0.27
TRAKYA CAN SANAYII AS	4,400,992,000	TRL	4,547,779.33	8,907,845.35	6.34
TURK SISE CAM	4,532,018,000	TRL	1,256,310.58	9,272,756.10	6.60
TURKIYE GARANTI BANKASI /NOM.	350,000,000	TRL	446,610.20	820,071.87	0.58
TURKIYE SINAI KALKINMA BANKASI	5,134,311,000	TRL	4,346,308.21	3,699,369.73	2.63
VESTEL ELEKTR.SANAYI TICARET	100,000,000	TRL	222,775.69	286,007.63	0.20
			34,529,102.30	46,679,316.33	33.21
Total - Shares			34,529,102.30	46,679,316.33	33.21
Bonds					
Turkey					
TURKEY TV 04-15.3.06	25,400,000,000,000	TRL	15,420,438.02	14,322,425.93	10.19
TURKEY 0% 04-12.04.06	9,500,000,000,000	TRL	3,684,253.07	4,110,617.12	2.92
TURKEY 0% 04-22.2.06	45,027,680,000,000	TRL	17,898,879.86	20,016,530.76	14.25
TURKEY 0% 04-24.8.05	24,600,000,000,000	TRL	11,293,524.34	11,973,422.19	8.52
TURKEY 0% 04-27.04.05	88,960,000,000,000	TRL	43,170.99	46,199.54	0.03
TURKEY 0% 04-5.7.06	5,000,000,000,000	TRL	2,050,237.87	2,080,677.98	1.48
TURKEY 20% 04-17.10.07	12,673,595,000,000	TRL	6,868,632.90	7,465,161.98	5.31
TURKEY 25% 03-16.11.05	17,008,000,000,000	TRL	9,867,527.17	9,737,535.26	6.93
			67,126,664.22	69,752,570.76	49.63
Total - Bonds			67,126,664.22	69,752,570.76	49.63
Total - Transferable securities admitted to an official stock exchange listing			101,655,766.52	116,431,887.09	82.84
Debt instruments					
Treasury bills					
Turkey					
TURKEY 0% 04-24.5.06 TB	15,402,710,000,000	TRL	5,916,830.94	6,530,422.60	4.65
TURKEY 0% 04-27.07.05 TB	30,720,000,000,000	TRL	14,097,950.53	15,175,716.05	10.80

TÜRKISFUND

TÜRKISFUND - BONDS

Statement of Investments (continued) as at December 31, 2004

(expressed in EUR)

Description	Quantity / Face value	Currency	Cost	Evaluation	% net assets
TURKEY 0% 04-9.02.05 TB	36,940,000,000	TRL	17,948.90	19,947.56	0.01
			20,032,730.37	21,726,086.21	15.46
Total -Treasury bills			20,032,730.37	21,726,086.21	15.46
Total - Debt instruments			20,032,730.37	21,726,086.21	15.46
TOTAL INVESTMENT PORTFOLIO			121,688,496.89	138,157,973.30	98.30

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

TÜRKISFUND

TÜRKISFUND - EUROBONDS

Statement of Investments as at December 31, 2004

(expressed in EUR)

Description	Face value	Currency	Cost	Evaluation	% net assets
Transferable securities admitted to an official stock exchange listing					
Bonds					
Turkey					
TURKEY 5.5% 04-21.09.09	400,000	EUR	395,760.00	412,120.00	7.30
TURKEY 6.5% 04-10.02.14	700,000	EUR	677,000.00	738,850.00	13.10
TURKEY 8.125% 97-22.10.07	500,000	EUR	543,075.38	550,000.00	9.75
TURKEY 9.25% 00-9.02.2010	575,000	EUR	658,337.50	680,225.00	12.06
TURKEY 9.5% 03-18.1.11	500,000	EUR	583,512.50	606,000.00	10.74
TURKEY 9.625% 99-30.11.06	200,000	EUR	211,880.00	220,660.00	3.91
TURKEY 9.75% 02-8.5.07	700,000	EUR	760,500.00	786,660.00	13.94
TURKEY 9.875% 03-24.01.08	1,200,000	EUR	1,279,600.00	1,394,400.00	24.72
			5,109,665.38	5,388,915.00	95.52
Total - Bonds			5,109,665.38	5,388,915.00	95.52
Total - Transferable securities admitted to an official stock exchange listing			5,109,665.38	5,388,915.00	95.52
TOTAL INVESTMENT PORTFOLIO			5,109,665.38	5,388,915.00	95.52

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

TÜRKISFUND

Notes to the Financial Statements

as at December 31, 2004

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 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 annual report as of December 31, 2004 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.

TÜRKISFUND

Notes to the Financial Statements (continued)

as at December 31, 2004

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 December 31, 2004:

TRL 1,000 = EUR 0.00055001

USD 1 = EUR 0.733353

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.

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, 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 %

With effect from August 15, 2003, the Investment Adviser, IS Portfolio Management Company, receives a quarterly fee in respect of the sub-fund TÜRKISFUND-Eurobonds. The fee is set at an 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.

TÜRKISFUND

Notes to the Financial Statements (continued)

as at December 31, 2004

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 assets held by the SICAV in other UCITs already subject in Luxembourg to that subscription tax.

NOTE 6 – MISCELLEANOUS

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.

NOTE 7 – TOTAL EXPENSE RATIO

	TÜRKISFUND - EQUITIES		TÜRKISFUND - BONDS		TÜRKISFUND - EUROBONDS	
	CLASS A	CLASS I	CLASS A	CLASS I	CLASS A	CLASS I
TER	1.04%	1.00%	0.75%	0.71%	1.89%	1.84%