

TÜRKISFUND

SICAV

**Audited Annual Report
as of December 31, 2007**

No subscriptions may be accepted on the basis of the Annual or Semi-annual Reports. Subscriptions may only be made on the basis of the current Prospectus, to which the most recent Annual Report and, if available, the most recent Semi-annual Report are appended.

TÜRKISFUND

Management and Administration

Registered Office:

5, Allée Scheffer
L-2520 Luxembourg

Board of Directors:

Chairman:

Bayram ÖZTÜRK General Manager
ISBANK GmbH, Frankfurt

Directors:

Riza Ihsan KUTLUSOY (until May 2, 2007)
Branch Manager
TÜRKIYE IS BANKASI A.S., Istanbul

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

Klaus SCHREIBER (until October 31, 2007)
Managing Director
ISBANK GmbH, Frankfurt

Selami DÜZ (since October 31, 2007)
Managing Director
ISBANK GmbH, Frankfurt

Kaan TOKAT (since May 2, 2007)
Branch Manager
TÜRKIYE IS BANKASI A.S., London

Investment Manager:

IS PORTFOLIO MANAGEMENT COMPANY
IS Kuleleri 4, Kule:2, Kat:3,
34330 4. Levent Istanbul – Turkey

Custodian Bank:

CACEIS Bank Luxembourg
5, Allée Scheffer
L-2520 Luxembourg

Central Administration:

CACEIS Bank Luxembourg
5, Allée Scheffer
L-2520 Luxembourg

Registrar and Transfer Agent:

CACEIS Bank Luxembourg
5, Allée Scheffer
L-2520 Luxembourg

Distributor:

ISBANK GMBH
Rossmarkt 9
D-60311 Frankfurt am Main

Paying and Information Agent in Germany:

ISBANK GMBH
Rossmarkt 9
D-60311 Frankfurt am Main

Auditors:

DR. WOLLERT – DR. ELMENDORFF S.à r.l.
51, Avenue de la Gare
L-1611 Luxembourg

Conducting Persons:

Cenk Aksoy
Assistant General Manager
IS PORTFOLIO MANAGEMENT COMPANY
IS Kuleleri, Kule: 2, Kat:3,
34330 4. Levent Istanbul – Turkey

Huseyin Gayde (until June 28, 2007)
Türkisfund SICAV
5, Allée Scheffer
L-2520 Luxembourg

Zeynep Aslan (since July 2, 2007)
Director
Türkisfund SICAV
5, Allée Scheffer
L-2520 Luxembourg

TÜRKISFUND

Information for Shareholders

The Annual General Meeting of the SICAV's shareholders is held at the SICAV's registered office or at another place in Luxembourg each year at 11 a.m. on the first Tuesday in May. If this is a bank holiday in Luxembourg, the Annual General Meeting will be held on the next bank working day in Luxembourg.

Invitations to the Annual General Meeting are sent to the holders of registered shares by registered mail at the addresses entered in the register of shareholders at least 8 days before the Meeting. These invitations also include the agenda and indicate the time and place of the Meeting and the conditions of admission. In addition, they refer to the statutory requirements in Luxembourg with regard to voting majorities and the presence of a quorum.

The SICAV's fiscal year ends on December 31. The first Annual Report was prepared as of 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 four months of the end of the fiscal year and unaudited semi-annual reports within two months of the end of the relevant period. These reports are sent to each registered shareholder at the address given in the register. Paper copies of the detailed and simplified prospectus, the annual and semi-annual reports and a list of changes to the investment portfolio are available free of charge from the SICAV's registered office as well as from the German paying and information agent.

Savings Directive

European Union Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (the "Savings Directive") was implemented into Luxembourg law by way of the Act dated June 21, 2005 (the "Act").

The Savings Directive is designed to ensure the effective taxation of interest payments arising from debt claims ("savings income in the form of interest payments") made in a member state of the European Union ("member state") to private individuals ("beneficial owners") who are resident in another member state. Under the Savings Directive, member states are obliged to provide the relevant authorities in the beneficial owner's member state with a certain minimum amount of information on the savings income in the form of interest payments and on the beneficial owner's identity ("exchange of information"). Exceptions to this Directive are Austria, Belgium and Luxembourg, which will levy withholding taxes on such savings income for a transitional period. Other countries, including Switzerland, dependent or associated territories of the EU member states, the Principalities of Monaco, Liechtenstein and Andorra as well as the Republic of San Marino, have also taken measures similar to the exchange of information or withholding taxation.

In Luxembourg, the Act provides for the levy of a withholding tax that will be raised in three stages from an initial 15% (July 1, 2005 to June 30, 2008) through 20% (July 1, 2008 to June 30, 2011) to 35% (from July 1, 2011).

However, Article 9 of the Act states that no withholding tax will be retained if the beneficial owner authorizes the paying agent in writing to pass on information as part of the exchange of information.

The dividends paid by the sub-fund of the SICAV fall within the scope of the Savings Directive if more than 15% of the relevant portfolio's assets is invested in debt claims (see the Act for a definition). The Savings Directive applies to redemption proceeds generated by shareholders when redeeming shares, insofar as more than 40% of the relevant sub-fund's assets is invested in debt claims.

The Company is entitled to reject applications to subscribe for shares if the applicant does not supply the SICAV with the information required by law sufficiently and in full.

TÜRKISFUND

Information for Shareholders (continued)

Savings Directive (continued)

Name of sub-fund	Tax status on redemption	Tax status on distribution	Procedure used to determine status	Period of validity of status
TÜRKISFUND EQUITIES	I	I	PROSPECTUS	Jan. 1, 2008 - Dec. 31, 2008
TÜRKISFUND BONDS	I	I	PROSPECTUS	Jan. 1, 2008 - Dec. 31, 2008
TÜRKISFUND EUROBONDS	I	I	PROSPECTUS	Jan. 1, 2008 - Dec. 31, 2008

I = In scope of the Act

0 = Out of the scope of the Act

TÜRKISFUND

Report of the Board of Directors

Mr. Rıza İhsan Kutlusoy resigned from Türkisfund's Board of Directors in May 2007. Mr. Kaan Tokat was appointed as his successor. Mr. Tokat has been with the London branch of Türkiye İş Bankası A.S. since 1990, working initially in the Internal Audit Department and then, after 1997, in a number of positions in the Capital Markets Department. In August 2006, Mr. Tokat was appointed as the Branch Manager of İşbank's representative office in London. Mr. Klaus Schreiber resigned from Türkisfund's Board of Directors effective October 31, 2007, and Mr. Selami Düz was appointed as his successor. Mr. Düz is the Managing Director of İşbank GmbH and can look back on many years of experience at the İşbank Group.

Two conducting persons were also appointed for Türkisfund SICAV: Mr. Cenk Aksoy as a non-resident conducting person and Mr. Hüseyin Gayde as a resident conducting person. However, Mr. Hüseyin Gayde had to resign from his position as of the end of June. On June 2, 2007, Ms. Zeynep Aslan was appointed as his successor and as Director of the Company. Ms. Aslan previously managed various types of investment funds with assets of over USD 2.8 billion and therefore has extensive experience in Turkish financial markets and fund management.

Preparations for two distribution offices in London, UK – the London branch of Türkiye İş Bankası A.S. and Maxis Securities – were completed at the Luxembourg level in 2007. The London branch of Türkiye İş Bankası A.S. has also implemented all measures on the UK side.

Turkish markets are recording an increase in domestic savings, consumption and investments and Turkey enjoys high levels of foreign reserves. Strong economic fundamentals are supporting solid economic growth and bode well for ongoing corporate profits. The increased economic stability and performance are being threatened by declining competitiveness due to a sharp increase in capital inflows. Against this background, the government is attempting to restore budgetary discipline – which would support the central bank in making additional interest rate cuts – and to increase the flexibility of product and labor markets to prepare the economy for a strong currency appreciation.

The Turkish economy, which had slowed early in the year as a result of tighter monetary policy in 2006 and political uncertainties in the spring of 2007, gained momentum after the summer elections. Barring further shocks, we expect economic growth to settle at around 5% in 2008 and 2009.

We would like to thank Türkisfund's investors for the trust they placed in us.

Luxembourg, February 11, 2008

TÜRKISFUND

To the shareholders of Türkisfund SICAV
5, Allée Scheffér
L-2520 Luxembourg

Independent Auditor's Report

We have audited the accompanying annual financial statements of Türkisfund SICAV and its respective sub-funds, which include the list of net fund assets, the investment portfolio and other assets as of December 31, 2007, the statement of operations and changes in net fund assets for the fiscal year ended on this date, as well as a summary of key accounting policies and the other notes to the statements.

Responsibility of the SICAV's Board of Directors for the annual financial statements

The SICAV's Board of Directors is responsible for the true and fair presentation of the annual financial statements in accordance with the statutory provisions and regulations applicable in Luxembourg to the preparation and presentation of financial statements. This responsibility includes developing, implementing and maintaining the internal control system with regard to the preparation and true and fair presentation of the annual financial statements to ensure that these are free from material misstatement, whether due to fraud or error, as well as selecting and applying appropriate accounting policies and making reasonable accounting estimates.

Responsibility of the independent auditor

Our responsibility is to express an opinion on the annual financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing adopted by the Institut des Réviseurs d'Entreprises. Those standards require that we comply with professional duties and standards and that we plan and perform the audit so as to ascertain with reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts recognized and disclosures in the annual financial statements. The audit procedures selected depend on the independent auditor's judgment, as does the assessment of the risks of material misstatement in the annual financial statements, whether due to fraud or error. In making those risk assessments, the independent auditor considers the internal control system set up to enable the preparation and true and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control system.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the SICAV's Board of Directors, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

TÜRKISFUND

Opinion

In our opinion, the accompanying annual financial statements give a true and fair view of the net assets and financial position of Türkisfund SICAV and its respective sub-funds as of December 31, 2007, and of the results of operations and the development of net fund assets for the fiscal year ended on this date, in accordance with the statutory provisions and regulations applicable in Luxembourg to the preparation and presentation of annual financial statements.

Other matter

The supplementary information included in the Annual Report was reviewed by us in the context of our mandate, but was not subject to specific audit procedures performed in accordance with the standards described above. Our auditor's report therefore does not cover this information. In the context of the overall presentation of the annual financial statements, however, this information did not give us any reason for comment.

Luxembourg, April 16, 2008

Dr. Wollert – Dr. Elmendorff S.à r.l.
Réviseurs d'Entreprises

(Dr. Brühl)
Réviseur d'Entreprises

(Jung)
Réviseur d'Entreprises

TÜRKISFUND

Statement of Net Assets as of December 31, 2007

ASSETS	Note	TÜRKISFUND	TÜRKISFUND	TÜRKISFUND	Total
		EQUITIES	BONDS	EUROBONDS	
		EUR	EUR	EUR	EUR
Investment portfolio	(2)	17,890,474.53	17,935,675.90	1,463,111.38	37,289,261.81
Bank balances		15,823.04	49,254.13	9,462.66	74,539.83
Amounts receivable on subscriptions		0.00	0.00	0.00	0.00
Interest and dividends receivable, net	(2)	271,020.81	2,173,022.17	75,307.80	2,519,350.78
TOTAL ASSETS		18,177,318.38	20,157,952.20	1,547,881.84	39,883,152.42
LIABILITIES					
Investment Manager's fee	(3)	36,879.68	39,830.87	3,602.39	80,312.94
Amounts payable on redemptions		0.00	0.00	0.00	0.00
Expenses payable		49,315.18	56,437.85	6,936.80	112,689.83
TOTAL LIABILITIES		86,194.86	96,268.72	10,539.19	193,002.77
TOTAL NET ASSETS		18,091,123.52	20,061,683.48	1,537,342.65	39,690,149.65
Net asset value per share					
Class A		42.02	71.97	18.49	
Class I		42.08	72.10	-	
Number of shares outstanding					
Class A		141,487.174	82,913.110	83,162.861	
Class I		288,651.185	195,479.166	-	

The accompanying Notes are an integral part of the Annual Report.

TÜRKISFUND

Statement of Operations and Changes in Net Assets for the Fiscal Year ended December 31, 2007

		TÜRKISFUND – EQUITIES	TÜRKISFUND – BONDS	TÜRKISFUND – EUROBONDS	Total
	Note	EUR	EUR	EUR	EUR
NET ASSETS AT THE BEGINNING OF THE FISCAL YEAR		32,899,298.62	40,971,531.81	3,177,967.35	77,048,797.78
INCOME					
Dividends from investment portfolio, net		428,465.76	131,501.72	0.00	559,967.48
Interest on bonds, net		762,867.98	2,498,377.31	148,715.50	3,409,960.79
Interest on bank balances, net		3,770.19	4,963.12	92.98	8,826.29
Other income		108.80	108.24	0.00	217.04
TOTAL INCOME		1,195,212.73	2,634,950.39	148,808.48	3,978,971.60
EXPENSES					
Investment Manager's fee	(3)	194,984.24	230,341.96	17,728.06	443,054.26
Custodian bank fees		13,103.95	13,598.22	1,670.22	28,372.39
Domiciliation, administration, accounting and transfer fees		45,609.54	51,405.83	34,377.71	131,393.08
Audit fees, printing and publication expenses		35,318.95	44,028.97	3,294.04	82,641.96
Subscription tax (taxe d'abonnement)	(5)	7,613.05	8,752.69	1,336.56	17,702.30
Bank charges		1,328.13	1,840.09	0.00	3,168.22
Bank interest		942.67	509.53	863.86	2,316.06
Other expenses		270,313.48	260,256.82	21,489.68	552,059.98
TOTAL EXPENSES		569,214.01	610,734.11	80,760.13	1,260,708.25
NET INCOME / NET EXPENSE FROM INVESTMENTS		625,998.72	2,024,216.28	68,048.35	2,718,263.35
Net realized gain / loss on sales of investments		7,899,754.45	9,170,499.90	-100,018.75	16,970,235.60
Net realized gain / loss on foreign exchange transactions		-1,327,782.18	-1,124,388.24	0.00	-2,452,170.42
NET REALIZED GAIN / LOSS		7,197,970.99	10,070,327.94	-31,970.40	17,236,328.53
Change in unrealized gain / loss on investments		-201,458.44	-1,996,838.67	12,339.15	-2,185,957.96
NET INCREASE / DECREASE IN NET ASSETS AS A RESULT OF OPERATIONS		6,996,512.55	8,073,489.27	-19,631.25	15,050,370.57
CHANGES IN FUND ASSETS					
Subscriptions of shares		1,746,695.21	1,470,598.66	461,665.45	3,678,959.32
Redemptions of shares		-23,551,382.86	-30,453,936.26	-2,082,658.90	-56,087,978.02
NET ASSETS AT THE END OF THE FISCAL YEAR		18,091,123.52	20,061,683.48	1,537,342.65	39,690,149.65

The accompanying Notes are an integral part of the Annual Report.

TÜRKISFUND

Changes in the Number of Shares outstanding for the Fiscal Year ended December 31, 2007

	TÜRKISFUND - EQUITIES	TÜRKISFUND - BONDS	TÜRKISFUND - EUROBONDS
Class A			
Number of shares outstanding at the beginning of the fiscal year	199,438.366	125,698.806	170,570.185
Number of shares issued	43,861.758	15,603.499	24,933.794
Number of shares redeemed	(-101,812.950)	(-58,389.195)	(-112,341.118)
Number of shares outstanding at the end of the fiscal year	141,487.174	82,913.110	83,162.861
Class I			
Number of shares outstanding at the beginning of the fiscal year	833,302.561	611,129.129	-
Number of shares issued	-	7,005.995	-
Number of shares redeemed	(-544,651.376)	(-422,655.958)	-
Number of shares outstanding at the end of the fiscal year	288,651.185	195,479.166	-

Statistics

	TÜRKISFUND - EQUITIES	TÜRKISFUND - BONDS	TÜRKISFUND - EURO-BONDS
	EUR	EUR	EUR
TOTAL NET ASSETS			
December 31, 2007	18,091,123.52	20,061,683.48	1,537,342.65
December 31, 2006	32,899,298.62	40,971,531.81	3,177,967.35
December 31, 2005	114,860,268.81	205,423,734.12	5,467,090.48
Net asset value per share at the end of the fiscal year			
December 31, 2007			
Class A	42.02	71.97	18.49
Class I	42.08	72.10	-
December 31, 2006			
Class A	31.83	55.54	18.63
Class I	31.86	55.62	-
December 31, 2005			
Class A	35.36	61.41	18.62
Class I	35.39	61.49	18.64

The accompanying Notes are an integral part of the Annual Report.

TÜRKISFUND

TÜRKISFUND - EQUITIES

Statement of Investments as of December 31, 2007

(Amounts in EUR)

Description	Number/ face value	Currency	Cost price	Market value	% of net assets
Quoted Securities					
Shares					
Turkey					
AKBANK A.S.	215,000	TRY	903,880.08	1,092,052.43	6.04
ANADOLU HAYAT SIGORTA A.S.	348,787	TRY	910,082.02	1,000,194.51	5.53
ANADOLU SIGORTA A.S. Bearer	600,000	TRY	327,220.81	703,557.96	3.89
DOGAN SIRKETLER GRUBU HOLDINGS A.S.	350,000	TRY	523,749.50	449,011.32	2.48
EREGLI DEMIR VE CELIK A.S.	1	TRY	4.73	5.84	0.00
HACI OMER SABANCI HOLDING A.S.	175,000	TRY	627,415.79	655,231.46	3.62
HURRIYET GAZETE A.S.	227,299	TRY	468,232.35	482,919.54	2.67
IS YATIRIM ORTAKLIGI A.S.	860,200	TRY	1,897,733.55	1,448,086.19	8.00
KOC HOLDING A.S. -B-	225,000	TRY	597,456.13	816,318.26	4.51
TOFAS TURK OTOMOBIL FABRIKASI A.S.	150,000	TRY	219,639.10	531,152.25	2.94
TRAKYA CAM SANAYII A.S.	442,215	TRY	325,567.61	718,767.33	3.97
TUPRAS TURKIYE PETROL RAFINELERI A.S.	45,000	TRY	673,149.81	894,684.81	4.95
TURK DIS TICARET BANKASI A.S.	180,000	TRY	260,678.51	239,279.21	1.32
TURK SISE CAM A.S.	547,240	TRY	535,122.01	749,699.10	4.14
TURKIYE GARANTI BANKASI A.S. (NAMEN-AKT)	225,000	TRY	847,350.83	1,410,597.96	7.80
TURKIYE VAKIFLAR BANKASI TAO A.S.	250,001	TRY	427,448.42	600,811.68	3.32
YAPI VE KREDI BANKASI A.S.	450,000	TRY	743,281.55	1,076,234.96	5.95
YATIRIM FINANSMAN YATIRM ORTAKLIGI A.S.	300,000	TRY	194,111.11	146,284.23	0.81
			10,482,123.91	13,014,889.04	71.94
Total Shares			10,482,123.91	13,014,889.04	71.94
Bonds					
Turkey					
TURKEY 0% 06-13.08.08U (*)	300,000	TRY	120,947.88	120,947.88	0.67
TURKEY 0% 07-04.02.09U (*)	5,000,000	TRY	2,268,984.94	2,268,984.94	12.54
TURKEY 0% 07-06.05.09U (*)	2,000,000	TRY	931,489.61	931,489.61	5.15
TURKEY 0% 08-16.07.08U (*)	800,000	TRY	382,055.71	382,055.71	2.11
TURKEY 14% 06-19.01.11S	2,000,000	TRY	1,126,189.14	1,172,107.35	6.48
			4,829,667.28	4,875,585.49	26.95
Total Bonds			4,829,667.28	4,875,585.49	26.95
Total Quoted Securities			15,311,791.19	17,890,474.53	98.89
TOTAL INVESTMENT PORTFOLIO			15,311,791.19	17,890,474.53	98.89

The accompanying Notes are an integral part of the Annual Report.

(*) Changes in the value of the zero coupon bonds are included in "interest and dividends receivable, net"

TÜRKISFUND

TÜRKISFUND - BONDS

Statement of Investments as of December 31, 2007

(Amounts in EUR)

Description	Number/ face value	Currency	Cost price	Market value	% of net assets
Quoted securities					
Shares					
Turkey					
ANADOLU HAYAT SIGORTA A.S.	221,352	TRY	654,445.47	634,758.02	3.16
IS YATIRIM ORTAKLIGI A.S.	966,812	TRY	1,704,090.58	1,627,559.66	8.11
TURK SISE CAM A.S.	56,046	TRY	9,180.13	76,780.70	0.38
YATIRIM FINANSMAN YATIRM ORTAKLIGI A.S.	295,632	TRY	196,991.25	144,154.33	0.72
			2,564,707.43	2,483,252.71	12.38
Total shares			2,564,707.43	2,483,252.71	12.38
Bonds					
Turkey					
TURKEY 0% 06-13.08.08U (*)	5,743,233	TRY	2,298,980.33	2,298,980.33	11.46
TURKEY 0% 07-04.02.09U (*)	2,500,000	TRY	1,171,201.95	1,171,201.95	5.84
TURKEY 0% 07-06.05.09U (*)	12,000,000	TRY	5,217,218.95	5,217,218.95	26.01
TURKEY 0% 07-26.11.08U (*)	7,037,639	TRY	2,769,295.14	2,769,295.14	13.80
TURKEY 0% 08-16.07.08U (*)	2,000,000	TRY	889,642.35	889,642.35	4.43
TURKEY 14% 06-19.01.11S	5,300,000	TRY	3,004,093.43	3,106,084.47	15.48
			15,350,432.15	15,452,423.19	77.02
Total bonds			15,350,432.15	15,452,423.19	77.02
Total quoted securities			17,915,139.58	17,935,675.90	89.40
TOTAL INVESTMENT PORTFOLIO			17,915,139.58	17,935,675.90	89.40

The accompanying Notes are an integral part of the Annual Report.

(*) Changes in the value of the zero coupon bonds are included in "interest and dividends receivable, net"

TÜRKISFUND

TÜRKISFUND - EUROBONDS

Statement of Investments as of December 31, 2007

(Amounts in EUR)

Description	Number/ face value	Currency	Cost price	Market value	% of net assets
Quoted securities					
Bonds					
Turkey					
TURKEY 4.75% 05-06.07.12A	210,000	EUR	209,081.81	202,691.26	13.18
TURKEY 5% 06-01.03.16A	100,000	EUR	94,425.00	93,506.27	6.08
TURKEY 5.5% 04-21.09.09A	190,000	EUR	195,275.86	191,483.50	12.46
TURKEY 5.5% 05-16.02.17A	250,000	EUR	240,010.00	238,272.81	15.50
TURKEY 5.875% 07-02.04.19A	170,000	EUR	164,475.00	163,965.94	10.67
TURKEY 6.5% 04-10.02.14A	120,000	EUR	127,734.81	123,738.61	8.05
TURKEY 9.25% 00-09.02.10A	200,000	EUR	236,490.76	216,223.05	14.06
TURKEY 9.5% 03-18.01.11A	210,000	EUR	254,671.25	233,229.94	15.17
			1,522,164.49	1,463,111.38	95.17
Total bonds			1,522,164.49	1,463,111.38	95.17
Total quoted securities			1,522,164.49	1,463,111.38	95.17
TOTAL INVESTMENT PORTFOLIO			1,522,164.49	1,463,111.38	95.17

The accompanying Notes are an integral part of the Annual Report.

TÜRKISFUND

Notes to the Annual Report
as of December 31, 2007

NOTE 1 – GENERAL

TÜRKISFUND SICAV (the "Fund") is an investment company that was established as a public company (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 DM 70,000.00. It was governed by Part I of the Act dated March 18, 1988 until January 10, 2007. Since January 11, 2007, it has been governed by Part I of the Act dated December 20, 2002. The Articles of Incorporation of the SICAV were published in the Mémorial, Recueil des Sociétés et Associations (official gazette) of Luxembourg on December 18, 1997. The SICAV is entered in the Luxembourg commercial register under number B-61596.

Shares are currently offered in the following sub-funds, which each pursue their own investment objectives and strategies:

- TÜRKISFUND EQUITIES
- TÜRKISFUND BONDS
- TÜRKISFUND EUROBONDS

The main objective of the TÜRKISFUND EQUITIES sub-fund is to invest in equities issued by Turkish issuers and in equities denominated in Turkish lira.

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

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

NOTE 2 – SUMMARY OF KEY ACCOUNTING POLICIES

a) Determination of 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 total number of shares of the relevant sub-fund then outstanding.

It should be noted that the net asset values for the annual financial statements at December 31, 2007 are based on the exchange rates prevailing on December 31, 2007.

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 official average price on the exchange which is normally the principal market for the security in question.

Securities traded on another regulated market are valued in a manner as near as possible to that described in the following paragraph.

In the event that the securities held in a portfolio on the valuation date 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 does not reflect the fair market value of the relevant securities in the opinion of the Board of Directors, the value of these 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 Annual Report (continued)
as of December 31, 2007

NOTE 2 – SUMMARY OF KEY ACCOUNTING POLICIES (continued)

c) Foreign currency translation

The SICAV prepares its accounts in euros.

Assets and liabilities denominated in currencies other than the euro are translated at the exchange rates prevailing at the end of the reporting period. Transactions in foreign currencies are translated into euros at the exchange rates prevailing at the transaction date.

Exchange rates as of December 31, 2007:

TRY 1 = EUR 0.58049

USD 1 = EUR 0.67822

d) Net realized gain/loss on sales of investments

The gains or losses realized on sales of investments are calculated on the basis of the average cost price of investments sold.

e) Measurement of forward exchange contracts

Unrealized gains or losses on outstanding forward exchange contracts are calculated and entered at the forward exchange rate prevailing at the measurement date and are recognized in the changes in net assets.

f) Treatment of zero coupon bonds

Zero coupon bonds are recognized at cost in the investments item. Unrealized gains are reported under "Interest and dividends receivable, net".

NOTE 3 – INVESTMENT MANAGER'S FEE

Since July 7, 2005, the SICAV has received remuneration for each sub-fund of up to 1.00% p.a. of the average net asset value of the respective sub-fund as a fee each quarter.

NOTE 4 – DISTRIBUTOR FEES

The distributor receives a sales fee of up to 5% of the net asset value per share of the relevant sub-fund, which it may deduct directly from the subscription monies.

As remuneration for its services, the distributor receives 0.2% p.a. of the average net asset value of each sub-fund every quarter.

TÜRKISFUND

Notes to the Annual Report (continued)
as of December 31, 2007

NOTE 5 – SUBSCRIPTION TAX

Under current law, the SICAV is not subject to income tax in Luxembourg, nor are the dividends paid by the SICAV subject to withholding tax for investors resident in Luxembourg. However, the SICAV must pay a subscription tax (taxe d'abonnement) on its net asset value in Luxembourg amounting to 0.05% p.a. for Class A shares and 0.01% p.a. for Class I shares.

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

No subscription tax is due on assets held by the Company in other UCITSs (undertakings for collective investment in transferable securities) already subject to a taxe d'abonnement in Luxembourg.

NOTE 6 – MISCELLANEOUS

A list of changes to the investment portfolio during the period under review is available on request from the Company's registered office and the paying agents.

NOTE 7 – TOTAL EXPENSE RATIO (TER)

	TÜRKISFUND EQUITIES		TÜRKISFUND BONDS		TÜRKISFUND EUROBONDS	
	CLASS A	CLASS I	CLASS A	CLASS I	CLASS A	CLASS I
TER 2006	1.59%	1.55%	1.52%	1.50%	2.97%	N/A
TER 2007	1.83%	1.69%	1.80%	1.67%	3.37%	N/A

NOTE 8 – REPO AND REVERSE REPO TRANSACTIONS

Repo transactions represent borrowings that are guaranteed by the underlying asset contained in the investment portfolio of the sub-fund, which remains exposed to market risk. Reverse repos are comparable with guaranteed loans. In this case, the sub-fund is not subject to the risk of the underlying asset losing value. Repos and reverse repos are recognized as borrowings or loans in the amount of the cash received or paid. Income and expenses from repos and reverse repos are reported in the annual financial statements.

TÜRKISFUND does not currently hold any reverse repo transactions.

TURKISFUND SICAV

Certification of the Information on the Investment Fund in Accordance with Section 5(1) of the *Investmentsteuergesetz* (InvStG – German Investment Tax Act)

TÜRKISFUND – BONDS

For the period from
January 1, 2007
to
December 31, 2007

Base of taxation in accordance with section 5.1 of the InvStG:

Section 5(1) of the InvStG	Description: ISIN: Class:	TÜRKISFUND – BONDS Class A LU0085872132 Accumulating			TÜRKISFUND – BONDS Class 1 LU0144591038 Accumulating		
		Private investors	Business investors (KStG)	Business investors (EStG)	Private investors	Business investors (KStG)	Business investors (EStG)
	All figures in EUR per unit						
No. 1a	Distribution amount	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
No. 2	Distribution-equivalent income	10.2935	10.2935	10.2935	10.3767	10.3767	10.3767
No. 1b	Distributed income	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Amounts included in the distribution/retained							
No. 1c, II	Income as defined in section 2(2a) of the InvStG	–	6.4381	6.4381	–	6.4540	6.4540
No. 1d, aa	Basis of calculation for the ZaSt	10.2935	10.2935	10.2935	10.3767	10.3767	10.3767
No. 1d, bb	Basis of calculation for the KapESt	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
No. 1e, aa	Imputable/reimbursable ZaSt	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
No. 1e, bb	Imputable/reimbursable KapESt	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
No. 1g	Depreciation or depletion	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
No. 1h	Corporation tax credit	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

TURKISFUND SICAV

Certification of the Tax Information on the Investment Fund in Accordance with Section 5(1) of the *Investmentsteuergesetz* (InvStG – German Investment Tax Act)

Türkisfund – Eurobonds

For the period from
January 1, 2007
to
December 31, 2007

Base of taxation in accordance with section 5(1) of the InvStG:

		Description: ISIN: Class:	Türkisfund – Eurobonds LU0098970113 Accumulating		
			Private investors	Business investors (KStG)	Business investors (EStG)
Section 5(1) of the InvStG	All figures in EUR per unit				
No. 1a	Distribution amount		0.0000	0.0000	0.0000
No. 2	Distribution-equivalent income		0.6699	0.6699	0.6699
No. 1b	Distributed income		0.0000	0.0000	0.0000
Amounts included in the distribution/retained					
No. 1c, II	Income as defined in section 2(2a) of the InvStG		–	0.6699	0.6699
No. 1d, aa	Basis of calculation for the ZaSt		0.6699	0.6699	0.6699
No. 1d, bb	Basis of calculation for the KapESt		0.0000	0.0000	0.0000
No. 1e, aa	Imputable/reimbursable ZaSt		0.0000	0.0000	0.0000
No. 1e, bb	Imputable/reimbursable KapESt		0.0000	0.0000	0.0000
No. 1g	Depreciation or depletion		0.0000	0.0000	0.0000
No. 1h	Corporation tax credit		0.0000	0.0000	0.0000

TURKISFUND SICAV

Certification of the Tax Information on the Investment Fund in Accordance with Section 5(1) of the *Investmentsteuergesetz* (InvStG – German Investment Tax Act)

Türkisfund – Equities

For the period from
January 1, 2007
to
December 31, 2007

Basis for taxation in accordance with section 5(1) of the InvStG:

Section 5 (1) of the InvStG	Description: ISIN: Class:	Türkisfund – Equities Class I LU0144591384 Accumulating			Türkisfund – Equities Class A LU0085872058 Accumulating		
		Private investors	Business investors (KStG)	Business investors (EStG)	Private investors	Business investors (KStG)	Business investors (EStG)
	All figures in EUR per unit						
No. 1a	Distribution amount	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
No. 2	Distribution-equivalent income	2.4550	2.4550	2.4550	2.4893	2.4893	2.4893
No. 1b	Distributed income	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Amounts included in the distribution/retained							
No. 1c, cc	Dividends subject to the <i>Halbeinkünfteverfahren</i> (half-income system) (section 3(40) of the EStG)	0.2851	–	0.2851	0.3085	–	0.3085
No. 1c, dd	Dividends subject to the <i>Beteiligungsprivileg</i> (participation exemption) (section 8b(1) of the KStG)	–	0.2851	–	–	0.3085	–
No. 1c, jj	Foreign income for imputation of withholding tax	0.2851	0.2851	0.2851	0.3085	0.3085	0.3085
No. 1c, ll	Income as defined in section 2(2a) of the InvStG	–	1.4759	1.4759	–	1.4740	1.4740
No. 1d, aa	Basis of calculation for the ZaSt	2.1699	2.1699	2.1699	2.1808	2.1808	2.1808
No. 1d, bb	Basis of calculation for the KapESt	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
No. 1e, aa	Imputable/reimbursable ZaSt	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
No. 1e, bb	Imputable/reimbursable KapESt	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
No. 1f, aa	Imputable foreign withholding tax	0.0594	0.0594	0.0594	0.0593	0.0593	0.0593
No. 1g	Depreciation or depletion	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
No. 1h	Corporation tax credit	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000