

# TÜRKISFUND

Société d'Investissement à Capital Variable

incorporated under the laws of the Grand Duchy of Luxembourg

## PROSPECTUS

August 2003

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Distribution of this Prospectus is not authorised unless it is accompanied, when available, by the latest annual report and any subsequent semi-annual report. These reports form an integral part of this Prospectus.

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## Notice

TÜRKISFUND (the "SICAV") is an open-ended investment company registered on the official list of collective investment undertakings pursuant to part I of the Luxembourg law of 30th March, 1988 on collective investment undertakings (the "law of 1988"). The registration however does not imply approval by any Luxembourg authority of the contents of this Prospectus or the portfolios of securities held by the SICAV.

The shares of the SICAV are offered on the basis of the information and representations contained in this Prospectus. Any information or representation given or made by any selling agent or other person not contained herein or in the documents referred to herein should be regarded as unauthorised and should accordingly not be relied upon.

No action has been taken in order to authorise the distribution of the shares of the SICAV or the distribution of this Prospectus in any country the laws of which require any such action. Consequently this Prospectus cannot be distributed for the purpose of making any offering or solicitation of shares in any country and in any circumstance where such offer or solicitation is unauthorised.

The Directors of the SICAV, whose names appear in chapter 2. "Management and Administration", have taken all reasonable care to ensure that the facts stated herein be correctly and fairly presented with respect to all questions of importance and that no important fact, the omission of which would make misleading any of the statements herein, be omitted. All the Directors accept responsibility accordingly.

Statements made in this Prospectus are based on the law and practice currently in force in the Grand Duchy of Luxembourg and are subject to changes therein.

A subscription of a subscriber residing in a country which has not adhered to the Financial Action Task Force (FATF) regulation will only be taken into consideration if the application is accompanied by the identification documents of the subscriber duly certified by the local authorities of his country of residence. The list of the countries having adhered to the FATF regulation is available upon request at the registered office of the SICAV or can be consulted on the Internet under <http://www.oecd.org/>.

Prospective subscribers who are in any doubt about the contents of this Prospectus or, when available, the annual or semi-annual reports, should as well as in general inform themselves and consult their financial adviser as to the possible tax consequences, the legal requirements and any foreign exchange restriction or exchange control requirements which they might encounter under the laws of the countries of their citizenship, residence or domicile and which might be relevant to the subscription, holding or disposal of shares.

The SICAV has not been registered under the U.S. Investment Company Act of 1940. In addition, the shares of each Sub-Fund have not been registered under the U.S. Securities Act of 1933, as amended, and may not be and will not be offered for sale or sold in the United States of America, its territories or possessions or to a "United States person" (as hereinafter defined). The Articles of Incorporation of the SICAV contain certain restrictions on the sale and transfer of shares of each Sub-Fund to such persons.

It is recommended to potential subscribers to inquire at the offices of the SICAV whether the SICAV has published a subsequent Prospectus.

It should be appreciated that the value of the shares and the income from them can fall as well as rise and that accordingly the amount realised by a shareholder on the redemption of shares may be less than the original investment made. Past performance of the SICAV may not be construed as a guarantee of future successful results.

Copies of the prospectus are available at the registered office of the fund and with the Paying Agent in Germany, Isbank GmbH, Rossmarkt 9, D - 60311 Frankfurt/Main.

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## Definitions

The following definitions apply throughout the Prospectus:

Business day	a bank business day in Luxembourg
Class	one or more classes of Shares within a Sub-Fund, whose assets shall be commonly invested according to the investment objective of that Sub-Fund, but where a specific sales and/or redemption charge structure, fee structure, distribution policy, Reference Currency, hedging policy or other specificity shall be applied.
Director	member of the board of directors of the SICAV
EURO	the currency (= base currency) of the SICAV
FATF	the Financial Action Task Force on Money Laundering
Financial year	ends on the last day of December of each year
Net asset value per share	net asset value of a given Sub-Fund and class, computed by subtracting from the total value of its assets an amount equal to all its liabilities, divided by the total number of shares of the relevant Sub-Fund and class outstanding on a given valuation day
OECD	Organisation for Economic Cooperation and Development
Redemption price	net asset value per share of the relevant Sub-Fund and class on a given valuation day (no redemption fee applicable)
Reference Currency	the currency in which the Net Asset Value of a given Sub-Fund or Class is expressed
Share	a share of any Sub-Fund and class in the capital of the SICAV
Shareholder	the holder of one or more Shares in the Capital of the SICAV
SICAV	TÜRKISFUND
Sub-Fund	a portfolio of assets invested according to a specific investment policy
Subscription price	net asset value per share of the relevant Sub-Fund and class on a given valuation day, plus a sales fee as detailed for each Sub-Fund in the Appendix to this Prospectus
Valuation day	each Luxembourg business day as defined for each Sub-Fund in the relevant Appendix. If this so determined valuation day is not a Luxembourg bank business day, the net asset value will be calculated on the next Luxembourg bank business day
State Economic Enterprises	corporations owned and controlled by the government

# Prospectus

## 1. PRINCIPAL FEATURES OF TÜRKISFUND

The information set out under this chapter is a summary of the principal features of the SICAV and should be read in conjunction with the full text of this Prospectus.

### 1.1. Structure

The SICAV is incorporated in Luxembourg under the laws of the Grand Duchy of Luxembourg as a "Société Anonyme" qualifying as a "Société d'Investissement à Capital Variable" ("SICAV"). At the date of this Prospectus, it offers shares in several Sub-Funds, each linked to a separate investment portfolio of transferable securities.

The Directors may create additional Sub-Funds in the future with different investment objectives, subject to inclusion of the relevant Appendix or Appendices in the current Prospectus.

This "umbrella" structure enables subscribers to select from a range of Sub-Funds, the Sub-Fund(s) which best suit their individual requirements and thus make their own strategic allocation by combining holdings in various Sub-Funds of their own choosing. Each Sub-Fund shall be designated by a generic name.

The SICAV operates as an open-ended company: its shares may be issued, redeemed and converted at prices based on their respective net asset value.

Although the SICAV constitutes one sole legal entity, for the purpose of the relations between shareholders, each Sub-Fund will be deemed to be a separate entity.

Moreover, the Board of Directors may decide to issue, within each Sub-Fund, one or more classes of Shares, whose assets will be commonly invested pursuant to a specific investment policy of the respective Sub-Fund, but where a specific sales and/or redemption charge structure, fee structure, distribution policy, hedging policy, Reference Currency or other specificity is applied to each such Class.

### 1.2. Investment objective

The objective of the SICAV is to offer its shareholders the opportunity to invest in a diversified portfolio of stocks and bonds listed on the main stock exchanges of the world through a set of several Sub-Funds. The SICAV will seek capital appreciation while trying to maintain an adequate level of annual income. Emphasis will be placed on minimizing the risks of the portfolios through efficient sectoral diversification giving due consideration to liquidity. The SICAV may use derivatives for hedging purposes.

Each Sub-Fund is described in the relevant Appendix attached to this Prospectus. The SICAV may, at its sole discretion, issue shares in other newly created Sub-Funds. This Prospectus will be amended accordingly.

### 1.3. The Sub-Funds

Shares are at present offered in the following Sub-Funds, each Sub-Fund having its own specific investment objectives and strategies:

Sub-Fund	Reference Currency
TURKISFUND EQUITIES (hereinafter "Equities")	EUR
TURKISFUND BONDS (hereinafter "Bonds")	EUR
TURKISFUND EUROBONDS (hereinafter "Eurobonds")	EUR

### 1.4. Share prices

The subscription and redemption prices of shares of each Sub-Fund are calculated by reference to the net asset value per share determined on each valuation day in the manner described in the chapter "Net Asset Value".

These prices and the net asset values per share are available at the registered office of the SICAV and published in one or more large newspapers as the Directors may decide on from time to time, namely in the countries in which the shares are publicly offered. The rate at which all or part of the shares of a Sub-Fund (the "initial Sub-Fund") are converted into shares of another Sub-Fund (the "new Sub-Fund") is determined by the formula described in the chapter "How to Convert Shares".

## 2. MANAGEMENT AND ADMINISTRATION

The SICAV is created on an initiative of Isbank GmbH.

<b>Chairman</b>	Hamdi Engin TÜRELI General Manager ISBANK GmbH Frankfurt
<b>Directors</b>	Riza Ihsan KUTLUSOY Head of Capital Markets Department TÜRKIYE İS BANKASI A.S., Istanbul
	Dr. Gürman TEVFIK General Manager IS Portfolio Management Company, Istanbul
	Klaus SCHREIBER Assistant General Manager ISBANK GmbH, Frankfurt
	Léon HILGER Executive Assistant Dexia Banque Internationale à Luxembourg S.A., Luxembourg
<b>Registered Office</b>	69, route d'Esch L-1470 Luxembourg
<b>Investment Adviser</b>	IS PORTFOLIO MANAGEMENT COMPANY Is Kuleleri N°4 80620 LEVENT - ISTANBUL Turkey

<b>Custodian</b>	Dexia Banque Internationale à Luxembourg S.A. 69, route d'Esch L-2953 Luxembourg
<b>Central Administration, Net Asset Value calculation</b>	Dexia Banque Internationale à Luxembourg S.A. 69, route d'Esch L-2953 Luxembourg
<b>Registrar and Transfer Agent</b>	First European Transfer Agent, S.A. 5, rue Thomas Edison L-1445 Strassen
<b>Distributor</b>	ISBANK GmbH Frankfurt Rossmarkt 9 D-60311 Frankfurt/ Main
<b>Paying Agent in Germany</b>	ISBANK GmbH Frankfurt Rossmarkt 9 D-60311 Frankfurt/ Main
<b>Auditors</b>	Dr. Wollert – Dr. Elmendorff S.C. 291, route d'Arlon L-1150 Luxembourg

### 3. GENERAL INFORMATION

#### 3.1. History of the SICAV

TÜRKISFUND is an investment company organised as a société anonyme under the laws of the Grand Duchy of Luxembourg and qualifies as a société d'investissement à capital variable (SICAV). The SICAV was incorporated in Luxembourg on November 19, 1997 for an unlimited period, with an initial capital of DM 70.000,-. The Articles of Incorporation of the SICAV were published in the Mémorial, Recueil des Sociétés et Associations, of Luxembourg, on December 18, 1997. The SICAV is registered with the "Registre de Commerce", Luxembourg under number B-61 596.

The Articles of Incorporation of the SICAV and a notice required 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" of Luxembourg.

#### 3.2. Investment Adviser

The SICAV has appointed an Investment Adviser to advise on general investment strategies for the different Sub-Funds. The Investment Adviser has been allocated a number of Sub-Funds as detailed in the Appendices to this Prospectus.

The agreements between the SICAV and the Investment Adviser provides that it will remain in force for an unlimited period and that it may be terminated by either party at any time upon 90 days' notice.

As remuneration for its services, the Investment Adviser will receive from the SICAV a fee ("Advisory Fee") at an annual rate applicable on the average net assets of each Sub-Fund and/or Class as indicated in the relevant Sub-Fund Appendix.

### **3.3. Distribution of Shares**

Pursuant to agreements dated November 19, 1997, ISBANK GmbH has been appointed distributor of the shares of the SICAV.

ISBANK GmbH was founded in 1992 and has a capital of EUR 51.129.188,12. It has a full banking license and is active in the retail business mainly with Turkish clients, export financing and corporate finance.

The Distributor may in turn conclude contractual arrangements with financial institutions (selling agents) for the distribution of the shares.

The agreement between the SICAV and the Distributor provides that it will remain in force for an unlimited period and that it may be terminated by either party at any time upon 90 days' notice. For its services, the Distributor shall receive from the SICAV (a) fee(s), the details of which are set forth in section 10. "Charges and Expenses".

### **3.4. Custodian**

Dexia Banque Internationale à Luxembourg S.A., Luxembourg has been appointed Custodian of all the assets, including the securities and cash, of the SICAV which will be held either directly or, under its responsibility, through nominees, agents or delegates of the Custodian.

The Custodian must moreover:

- a) ensure that the sale, issue, redemption and cancellation of shares effected by or on behalf of the SICAV are carried out in accordance with the law and the Articles of Incorporation of the SICAV;
- b) ensure that in transactions involving the assets of the SICAV, any consideration is remitted to it within the usual time limits;
- c) ensure that the income of the SICAV is applied in accordance with its Articles of Incorporation.

Dexia Banque Internationale à Luxembourg was incorporated in Luxembourg as a société anonyme on 8th March, 1856 and has its registered office at 69, route d'Esch, Luxembourg. It has engaged in banking activities since its incorporation and as at 31st December, 2002 its consolidated capital and reserves ("Tier 1 and Tier 2 capital) amounted to EUR 2,098,716,322.-.

The agreement between the SICAV and the Custodian provides that it will remain in force for an unlimited period and that it may be terminated by either party at any time upon 90 days' notice.

The fees and costs of Dexia Banque Internationale à Luxembourg for its function as Custodian are met by the SICAV and are those generally charged in Luxembourg. The Custodian fee which is payable the end of each quarter is based on the average net assets of the SICAV for each quarter.

### **3.5. Central Administration**

Dexia Banque Internationale à Luxembourg, Luxembourg is the central administrative agent of the SICAV.

As such, Dexia Banque Internationale à Luxembourg is responsible for the general administrative functions required by law, the calculation of the net asset value of the shares of each Sub-Fund and the maintenance of accounting records.

The agreement between the SICAV and the Central Administrative Agent provides that it will remain in force for an unlimited period and that it may be terminated by either party at any time upon 90 days' notice.

### **3.6. Registrar and Transfer Agent**

First European Transfer Agent, S.A., Luxembourg has been appointed Registrar and Transfer Agent of the SICAV.

First European Transfer Agent, S.A., which is an affiliate of and controlled by Dexia Banque Internationale à Luxembourg S.A., was incorporated in Luxembourg in 1994 and has its registered office at 5, rue Thomas Edison, L-1445 Strassen, Luxembourg.

As such, First European Transfer Agent, S.A. is responsible for processing the issue, redemption, conversion and transfer of shares, as well as for the keeping of the register of shareholders.

The agreement between the SICAV and the Registrar and Transfer Agent provides that it will remain in force for an unlimited period and that it may be terminated by either party at any time upon 90 days' notice.

In consideration of the services rendered, the Registrar and Transfer Agent receives a fee as detailed in section 10. "Charges and Expenses" hereafter.

Measures aimed towards the prevention of money laundering, as provided by the laws of the Grand Duchy of Luxembourg, the IML Circulars 91/75, 89/57, 94/112, the BCL Circular 98/153 and the CSSF Circular 00/16, are under the supervision of the Registrar and Transfer Agent and may require a detailed verification of the applicant's identity. Depending on the circumstances of each application, a detailed verification might not be required where

- (i) the applicant makes the payment from an account held in the applicant's name at a recognised financial institution or
- (ii) the application is made through a recognised intermediary.

These exceptions will only apply if the financial institution or intermediary referred to above are located in a country recognised by the Registrar and Transfer Agent as having equivalent anti-money laundering regulations as stipulated by the Financial Action Task Force (FATF). The list of the countries, which comply with the FATF regulation is available upon request at the registered office of the Company or can be consulted in the Internet under <http://www.oecd.org/>.

By way of example, an individual may be required to produce a copy of a passport or identification card duly certified by a notary public, together with evidence of his/her address such as a utility bill or bank statement and date of birth. In the case of corporate applicants this may require production of a certified copy of the certificate of incorporation (and any change of name), memorandum and articles of association (or equivalent), the names, occupations, dates of birth and residential and business addresses of all directors.

Shares cannot be attributed to the applicant unless full details of registration and money laundering have been completed. Shares cannot be redeemed or converted unless their attribution has been completed.

The Company reserves the right to request such information as is necessary to verify the identity of an applicant. In the event of delay or failure by the applicant to produce any information required for verification purposes, the Company may refuse to accept the application and will not be liable for any interest, costs or compensation.

The Company reserves the right to reject an application, for any reason, in whole or in part in which event the application monies or any balance thereof will be returned without unnecessary delay to the applicant by transfer to the applicant's designated account or by post at the applicant's risk. In such event, the Company will not be liable for any interest, costs or compensation.

## **4. INVESTMENT OBJECTIVES AND POLICIES**

### **4.1. Investment objective of the SICAV**

The SICAV's objective is to offer its shareholders the opportunity to invest in diversified portfolios of stocks and bonds listed on the main stock exchanges of the world. The SICAV will seek capital appreciation while trying to maintain an adequate level of annual income. Emphasis will be placed on minimizing the risks of the portfolios through efficient sectoral diversification giving due consideration to liquidity. The SICAV may use derivatives for hedging purposes.

The SICAV gives the subscribers direct access to professionally managed and diversified portfolios. Individual subscribers may participate in an investment vehicle with a substantial amount of funds invested; they are therefore able to take advantage of investment terms normally only available to larger professional investors.

The SICAV will comply with the limits set forth under the Chapter 11 "Investment Restrictions".

The SICAV may also seek to protect and enhance the asset value of its different Sub-Funds through hedging strategies consistent with the SICAV's investment objectives by utilizing in general derivatives like currency options, forward contracts and futures contracts, all as set forth under the Chapter 12 "Risk Management".

The investments of the SICAV are subject to normal market fluctuations and, accordingly, it should be emphasized that the price of shares in any of the Sub-Funds, and their income, can vary.

### **4.2. Investment policy of each Sub-Fund**

The specific investment policies of the different Sub-Funds are described in the relevant Appendix or Appendices.

Each Sub-Fund's objective is to aim at a performance consistent with that of the market as a whole in which it invests, while containing volatility of performance and while respecting the principle of risk diversification.

### **4.3. Investment Risks**

#### **RISK FACTORS IN RESPECT OF THE INVESTMENTS IN TURKEY**

##### **Country Risks**

**The SICAV and the Net Asset Values and liquidity of the Shares may be affected generally by exchange rates and controls, interest rates, changes in Turkish governmental policy, taxation, social and religious instability and political, economic or other developments in or affecting Turkey.**

The Istanbul Stock Exchange (ISE) is undergoing a period of rapid growth and in many respects the standards of regulation are less stringent than the stock exchange of Germany. There may be changes in regulations which may lead to difficulties interpreting and applying the relevant regulations.

#### *Currency*

The Sub-Funds will invest primarily in securities denominated in Turkish Lira but the base currency of the Sub-Funds will be EURO. Investments that are denominated in a foreign currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies long-term opportunities for investment and capital appreciation and political developments. Turkish Lira are exchangeable by the Fund into EURO at prevailing market rates. With the high rate of inflation which Turkey has experienced in recent years there has been a continuing devaluation of the Turkish Lira against the EURO. The Investment Adviser will take into account, and may hedge to reduce the risk of, or may take a position to increase returns from, such risks by investing in foreign currencies, foreign currency futures contracts and options thereon, forward foreign currency exchange contracts, or any combination thereof, within the limits described in Chapter 12. Such transactions involve a significant degree of risk and the markets in which foreign exchange transactions are effected may be highly volatile. No assurance can be made that such strategies will be effective. The Sub-Funds are not limited in the percentage of its assets that may be denominated in currencies other than the EURO.

#### *Interest rates*

The average maturity of any debt securities of the Fund will vary upon the Investment Adviser's assessment of economic and market conditions. As with all debt securities, changes in interest rates will affect the Sub-Fund's asset values as the prices of portfolio securities generally increase when interest rates decline and decrease when interest rates rise. Prices of longer-term securities generally fluctuate more in response to interest rate changes than do shorter-term securities.

#### *Illiquid Assets*

The securities markets of Turkey are substantially less developed than the securities markets of Germany and may be subject to substantially greater price volatility and lesser liquidity as a result of a high degree of concentration of market capitalization and trading volume in a small number of companies. In addition, a high proportion of the shares in a significant number of the higher capitalized quoted companies is held by a small number of persons, which may limit liquidity.

#### *Settlements Risks*

Most equity securities traded on the ISE are in bearer form. All ISE transactions are conducted on a cash basis and settlement must take place on the second business day following the trade. However, as most equity securities traded on the ISE are in bearer form, settlement of transactions in bearer securities in Turkey is subject to risks not encountered in respect of settlement of registered securities.

#### *Accounting and Disclosure Standards*

Companies in Turkey are subject to accounting, auditing and financial standards which are not as extensive or consistent as those applicable to German securities. Less information is available to investors in Turkish securities than to investors in German securities.

In addition, the Sub-Funds may make use of futures contracts or acquire or write options thereon in limited circumstances, and such instruments may also be subject to illiquid situations when market activity decreases or when a daily price fluctuation limit has been reached.

There are currently no such futures contracts or options available on the Turkish market. The Sub-Funds may decide to make use of such instruments in the future as and when they become available.

Most futures exchanges limit fluctuations in futures contract prices during a single day by regulations referred to as "day limits". During a single trading day no trades may be executed at prices beyond the daily limit. Once the price of a futures contract has increased or decreased to the limit point, positions can neither be taken nor liquidated. Futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the SICAV from promptly liquidating unfavourable positions and therefore, result in losses to the respective Sub-Fund and corresponding decrease in the net asset values per Share.

## **5. TYPES OF SHARES**

Shares will only be issued in registered form.

In the absence of a request for share certificates to be issued, subscribers will be deemed to have requested that their shares be issued in registered form without certificates; confirmation of shareholding will be issued and delivered instead.

### **5.1. Registered shares**

Registered shares are evidenced by entries in the SICAV's register of shareholders. The SICAV shall consider the person in whose name the shares are registered as the full owner of the shares.

Registered shares may be issued with fractions of up to 3 decimals. Shareholders may not take part in the voting for fractions of shares, but are entitled to pro rata dividends and pro rata liquidation proceeds.

Title to shares in registered form is transferred upon delivery of (a) the certificate with the transfer form on the reverse side duly completed or (b) if no share certificate has been issued, another instrument of transfer satisfactory to the SICAV, and by inscription of the name of the transferee in the SICAV's register of shareholders.

### **5.2. Share certificates**

Delivery of share certificates to subscribers, when specifically requested, is made at the risk and at the expense of those subscribers.

### **5.3. General**

The SICAV recommends that subscribers hold registered shares in non-certificated form for security and ease of dealing. Investors will receive instead a confirmation of their shareholding. Registered shares so issued may be redeemed, converted or transferred upon written instruction to the Transfer Agent of the SICAV; in the other cases, the Transfer Agent must first receive the certificates.

## **6. HOW TO APPLY FOR SHARES**

### **6.1. General**

Applications for subscriptions of shares may be sent to either the SICAV or directly to the Transfer Agent of the SICAV in Luxembourg; however, processing of the applications received through the SICAV will only commence once they are received by the Transfer Agent in Luxembourg.

The SICAV reserves the right to reject any application for subscription as a whole or in part.

No shares of any Sub-Fund will be issued during any period when the determination of the net asset value of the relevant Sub-Fund is suspended by the SICAV as described in chapter 14.2. "Suspension of the determination of the Net Asset Value".

Subscribers are invited to complete the Application Form attached hereto. Application for subscription may be made otherwise in writing, provided that all information required in the Application Form are given.

### **6.2. Minimum investment**

For each Sub-Fund and/or Class, the Board of Directors may fix a minimum subscription in number of Shares or amount in the Reference Currency ("Minimum Subscription") of the relevant Sub-Fund and/or Class. In addition the Board of Directors may fix a Minimum Subscription for subsequent subscriptions made by existing Shareholders in that same Sub-Fund or Class ("Minimum Subsequent Subscription").

The Board of Directors may also define from time to time, for a given Sub-Fund or Class, a Minimum Holding requirement in number of Shares or amount in Reference Currency (the "Minimum Holding") for Shareholders, which will however only apply for redemption or conversion requests for Shares held in that Sub-Fund or Class.

If the Minimum Holding requirement is not met, the Company may decide to ask for the redemption of the remaining Shares of a given Shareholder or may invite him to convert his Shares in another Sub-Fund so as to comply with the Minimum Holding requirement.

Such Minimum Subscription and Minimum Holding requirements are detailed for each Sub-Fund in the relevant Appendix to this Prospectus.

### **6.3. Procedure**

After expiry of the initial offering period for Shares in a Sub-Fund and/or Class, Shares will be issued according to the current Prospectus and the respective Appendix at a Subscription Price corresponding to the relevant Net Asset Value per Share plus a sales fee in favour of the Distributor, as described in the relevant Appendix to this Prospectus.

Applications received by the Transfer Agent or the SICAV in Luxembourg until a specific Time Limit on a Valuation Day, will be dealt with on the applicable Valuation Day at the Subscription Price of the relevant Sub-Fund and/or Class prevailing on that valuation day.

Any applications received after the Time Limit of a Valuation Day will be processed on the next Valuation Day at the conditions applicable for that Valuation Day.

The Time Limit and Valuation Day applicable for each Sub-Fund and/or Class are set out in the relevant Appendix to this Prospectus.

#### **6.4. Payments**

The subscription price (excluding the sales fee to be retained directly by the Distributors/or other Sales Agents) is payable according to the instructions as detailed for each Sub-Fund in the relevant Appendix to this prospectus.

The subscription price per share in the payment currencies will be based on a calculation made by the Central Administrative Agent converting the net asset value per share into the payment currencies by reference to relevant average spot rates on the relevant valuation day, as used to value the relevant Sub-Fund(s)'s and/or Class' assets provided that the Directors may (i) adjust or cause the subscription price per share payable to be adjusted by reference to the market rate of such currencies at the time of the calculation of the applicable subscription price per share in case of a de- or reevaluation of such currencies, or (ii) reject subscriptions paid in a payment currency other than the reference currency of the relevant Sub-Fund and/or Class, if exceptional circumstances or fluctuations in the international currency markets exist, which justify such decision in the interest of the shareholders of the relevant Sub-Fund and/or Class.

Payments must be made either by cheque or by bank transfer for the benefit of the respective Sub-Fund or Class with the Custodian, as described in the Application Form.

Transfer of funds should be made under arrangements giving the SICAV notice of the amount transferred and the value date at which it will be available. When payment is made by cheque, the shares will not be allotted until the funds are collected on behalf of the SICAV.

### **7. HOW TO REDEEM SHARES**

#### **7.1. General**

Any shareholder has the right at any time to have all or part of its shares redeemed by the SICAV. Any shares redeemed by the SICAV will be cancelled.

Redemption requests may be sent to either the SICAV or directly to the Transfer Agent of the SICAV in Luxembourg; however, processing of the requests received through the SICAV will only commence once they are received by the Transfer Agent in Luxembourg.

Any request for redemptions shall be irrevocable except during any period when the determination of the net asset value of the relevant Sub-Fund is suspended by the SICAV as described in chapter 14.2. "Suspension of the determination of the Net Asset Value" hereafter. In the absence of revocation, redemptions will occur as of the first applicable valuation day after the end of the suspension.

The redemption price of shares may be higher or lower than the subscription price paid by the shareholder at the time of subscription, depending on whether the net asset value has appreciated or depreciated.

#### **7.2. Procedure**

The redemption requests must be addressed in writing to the Transfer Agent or the SICAV and state the Sub-Fund, the number and the form of shares to be redeemed, the payment currency in which the redemption price

is to be paid, and all necessary references enabling the payment of the redemption proceeds. If there is no indication on the redemption request as to the payment currency in which the redemption price should be paid, the Transfer Agent will take into account the reference currency in which the relevant Sub-Fund and/or Class is denominated (see the relevant Appendix).

The redemption requests must be accompanied in the case of bearer shares, by the certificates to be redeemed with all unmatured coupons attached and in the case of registered shares, by the certificates (if any) with the documents (if any) evidencing any transfer of shares.

Redemption requests received by the Transfer Agent of the SICAV in Luxembourg until a specific Time Limit on a Valuation day will be dealt with on that Valuation day at the Redemption Price of the relevant Sub-Fund and/or Class prevailing on that Valuation day.

Any Redemption requests received after the Time Limit of a Valuation day will be processed on the next Valuation day at the conditions applicable for that Valuation day

The Time Limit and Valuation day applicable for each Sub-Fund are set out in the relevant Appendix to this Prospectus.

The redemption price will correspond to the applicable net asset value per share.

### **7.3. Payments**

The redemption price is payable according to the instructions as detailed for each Sub-Fund in the relevant Appendix to this prospectus, provided that all the documents evidencing the redemption as mentioned hereabove have been received by the Transfer Agent of the SICAV.

## **8. HOW TO CONVERT SHARES**

### **8.1. General**

Any shareholder may request the conversion of all or part of its shares into shares of any other existing Sub-Fund and/or Class.

Acceptance of any applications for conversion is contingent upon the satisfaction of any conditions (including any minimum subscription requirements or institutional investor quality) applicable to the Sub-Fund or Class into which the conversion is to be effected.

Requests may be sent to either the SICAV or directly to the Transfer Agent of the SICAV in Luxembourg; however, processing of the requests received through the SICAV will only commence once they are received by the Transfer Agent in Luxembourg.

Any request for conversions shall be irrevocable except during any period when the determination of the net asset value of the relevant Sub-Fund is suspended by the SICAV as described in chapter 14.2. hereafter. In the absence of revocation, conversions will occur as of the first applicable Valuation day after the end of the suspension.

## 8.2. Procedure

The conversion requests must be addressed in writing to the Transfer Agent of the SICAV and state the Sub-Fund, the number and the form of the shares to be converted, and the form of the shares to be issued in the new selected Sub-Fund and/or Class.

The conversion requests must be accompanied in the case of bearer shares, by the certificates to be converted with all unmatured coupons attached and in the case of registered shares, by the certificates (if any) with the documents (if any) evidencing any transfer of shares.

Conversion requests received by the Transfer Agent of the SICAV in Luxembourg until a specific Time Limit on a Valuation day will be dealt with on that Valuation day.

Applications received after the Time Limit of a Valuation day will be dealt with on the next Valuation day at the conditions applicable for that Valuation day.

The Time Limit and Valuation day applicable for each Sub-Fund are set out in the relevant Appendix to this Prospectus.

A conversion order may require the conversion of currency from one Sub-Fund and/or Class to another Sub-Fund and/or Class. In such event, the number of shares of the new Sub-Fund and/or Class obtained on a conversion will be affected by the net foreign currency exchange rate, if any, applied to the conversion.

The SICAV has established the following formula to determine the number of shares of the new Sub-Fund and/or Class into which the shares of the initial Sub-Fund and/or Class will be converted:

$$E = \frac{A \times B \times D}{C}$$

A: number of shares of the existing Sub-Fund and/or Class subject to the conversion order;

B: net asset value per share of the existing Sub-Fund and/or Class

C: net asset value per share of the new Sub-Fund and /or Class;

D: exchange rate between the currency of the initial Sub-Fund and/or Class and the currency of the new Sub-Fund and/or Class. If the currency of the initial Sub-Fund and/or Class and the currency of the new Sub-Fund and/or Class are the same, D will be equal to 1;

E: number of shares of the new Sub-Fund and/or Class obtained in the conversion.

Fractions of shares of the new Sub-Fund and/or Class will only be issued to registered shareholders. Holders of bearer shares will not receive fractions of shares; the corresponding amount will be reimbursed to them.

The conversion shall in principle be made free of charge to the Shareholders. However, the Directors of the SICAV reserve the right to levy a conversion fee (the "Conversion Fee"). Such a fee, if any, is detailed for each Sub-Fund in the relevant Appendix.

## 9. DIVIDENDS

For the time being only distribution shares are issued.

The annual general meeting of shareholders shall each year make the proposals of the Directors in this matter.

The Directors will make a distribution within the limits laid down in Article 26 of the law.

The Directors may, if they deem it advisable, make interim payment of dividends.

Any dividends remaining unclaimed after 5 years following the date of declaration will be forfeited and revert to the respective Sub-Funds.

## **10. CHARGES AND EXPENSES**

### **10.1. Setting-up costs**

The SICAV bears the costs of its establishment, including the costs of introduction with the regulatory authorities, notarial charges, the cost of preparing and printing this Prospectus and share certificates, and any other fees and costs incurred in connection with the establishment and launching of the SICAV.

These costs are estimated at approximately EUR 75,000 and will be amortized on the assets of the Sub-Funds existing at the setting up of the SICAV. They will be amortized over the 5 first financial years.

Costs in relation with the subsequent launching of new Sub-Funds are amortized on the assets of these new Sub-Funds over 5 financial years.

### **10.2. Investment advisory fees**

As remuneration for its services, the Investment Adviser will receive from the SICAV a fee ("Advisory Fee") at an annual rate applicable on the average net assets of each Sub-Fund and/or Class as indicated in the relevant Sub-Fund Appendix.

### **10.3. Distributors**

The Distributors or other Sales Agents are entitled to receive a sales fee of up to 5% of the net asset value per share of the relevant Sub-Fund and/or Class which they may directly deduct from the subscription monies received from the subscribers.

In addition, as remuneration for its services, the Distributors will receive a Fee as described in the relevant Sub-Fund Appendix.

### **10.4. Central Administration**

Dexia Banque Internationale à Luxembourg S.A., Luxembourg, for its rendering of services as Central Administration and Custodian, is entitled to its customary fees and charges payable at the end of each quarter at rates in accordance with normal banking practice in Luxembourg.

### **10.5. Registrar and Transfer Agent**

First European Transfer Agent S.A., Luxembourg, for its rendering of services as Registrar and Transfer Agent, is entitled to its customary fees and charges at rates in accordance with normal practice in Luxembourg.

### **10.6. Other expenses**

The SICAV bears all its operating expenses, including without limitation the costs of buying and selling securities, governmental charges, legal and auditing fees, interest, printing, reporting and publication expenses, paying agency fees, postage, telephone and facsimile, etc..

### **10.7. Allocation of liabilities**

Any charges and costs attributable to a specific Sub-Fund will be allocated directly to that Sub-Fund.

Any charges and costs that cannot be directly attributable to a specific Sub-Fund will be allocated equally to the various Sub-Funds or, if the amounts so require, they will be allocated to the Sub-Funds in proportion to their respective net assets.

### **10.8. Single legal entity**

Notwithstanding the fact that, under current law and practice, which may change from time to time according to decision of the Luxembourg government, each Sub-Fund constitutes a separate body of assets and liabilities, the SICAV is a single legal entity.

With regard to the SICAV's creditors, each Sub-Fund shall be exclusively responsible for all debts, liabilities and obligations attributable to it.

## **11. INVESTMENT RESTRICTIONS**

The Directors shall, based upon the principle of spreading risks, have power to determine the corporate and investment policy for the investments and the course of conduct of the management and business affairs of each Sub-Fund of the SICAV.

The Directors have resolved that:

- (1) (a) Each Sub-Fund may invest solely in:
  - (i) transferable securities admitted to official listing on a stock exchange in an Eligible State;
  - (ii) transferable securities dealt in on another regulated market which operates regularly and is recognised and open to the public (a "Regulated Market") in an Eligible State; and/or
  - (iii) recently issued transferable securities, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange in an Eligible State or a Regulated Market which in such case qualifies as an Eligible Market and such admission is achieved within the period of one year of the issue.

For this purpose, an "Eligible State" shall mean any member state of the Organization for Economic Cooperation and Development ("OECD"), and all other countries of North and South America, Africa, Europe, the Pacific Basin and Australasia and an "Eligible Market" shall mean an official stock exchange or a Regulated Market in such an Eligible State.

All such securities under (i), (ii) and (iii) above are hereby defined as "Eligible Transferable Securities".

Nevertheless, a Sub-Fund may invest in transferable securities which are not Eligible Transferable Securities or in debt instruments which, because of their characteristics being, inter alia, transferable, liquid assets having a value which can be accurately determined on each Valuation day (as defined in the relevant Appendix.), are treated as equivalent to transferable securities, provided that the total of such debt instruments and of transferable securities other than Eligible Transferable Securities shall not exceed 10% of the net assets of the Sub-Fund.

- (1) (b) A Sub-Fund may hold ancillary liquid assets.
- (1) (c) (i) A Sub-Fund may invest no more than 10% of its net assets in transferable securities issued by the same issuing body. Moreover, the total value of the transferable securities held by a Sub-Fund in the issuing bodies in each of which it invests more than 5% of its net assets must not exceed 40% of the value of its total net assets;
- (ii) The limit of 10% laid down in paragraph (1) (c) (i) above may be a maximum of 35% in respect to the transferable securities which are issued or guaranteed by a member State of the European Union (a "Member State"), its local authorities, by another Eligible State or by public international bodies of which one or more Member States are members and such securities shall not be included in the calculation of the limit of 40% stated in clause (1) (c) (i) above; the limits set out in sub-paragraphs (i) and (ii) may not be aggregated and, accordingly, investments in transferable securities issued by the same issuing body effected in accordance with sub-paragraphs (i) and (ii) may not, in any event, exceed a total of 35% of a Sub-Fund's net assets.
- (iii) **Notwithstanding clauses (1) (c) (i) and (1) (c) (ii) above, where a Sub-Fund has invested in accordance with the principle of risk spreading in transferable securities issued or guaranteed by a Member State, by its local authorities, or by another member State of the OECD or by public international bodies of which one or more Member States are members, such Sub-Fund is authorized to invest up to 100% of its net assets in such securities, provided that the Sub-Fund holds securities from at least six different issues and securities from any one issue do not account for more than 30% of its total net assets.**
- (1) (d) The SICAV may not acquire
- (i) any shares carrying voting rights which would enable it to exercise significant influence over the management of an issuing body; nor
- (ii) more than
- 10% of the non-voting shares of any single issuing body;
  - 10% of the debt securities of any single issuing body;
  - 10% of the units/shares of any single collective investment undertaking
- provided that such limits shall not apply to the securities referred to under Article 45 (3) a), b), c) and e) of the law and that the limits under (1) (d) (ii) second and third indents hereabove may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or the net amount of the securities in issue cannot be calculated.

The limits described hereabove shall further not apply to investments by a Sub-Fund in the capital of a company incorporated in a non-Member State of the European Union investing its assets mainly in the securities of issuing bodies having their registered offices in that State, where under the legislation of that State such a holding represents the only way in which the SICAV can invest in the securities of issuing bodies of that State. This derogation, however, shall apply only if in its investment policy the company from the non-Member State of the European Union complies with the limits laid down in the investment policies and restrictions referred to in this Prospectus.

- (iii) more than 9% of the total capital of any single issuing body.

Each Sub-Fund will further not:

- (2) make investments in or enter into transactions involving precious metals, commodities or certificates representing these;
- (3) purchase or sell real estate or any option, right or interest therein, provided that a Sub-Fund may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein;
- (4) invest more than 5% of its net assets in securities of other collective investment undertakings of the open-ended type. Such investments may be made only if:
  - (a) such collective investment undertaking of the open-ended type is recognised as an undertaking for collective investment in transferable securities within the meaning of the first and second indents of Article 1(2) of the EEC Directive 85/611 of 20th December, 1985 (a "UCITS");
  - (b) in the case of a UCITS linked to the SICAV by common management or control or by a substantial direct or indirect holding (i) the UCITS must be one which, in accordance with its constitutional documents, specializes in investment in a specific geographical area or economic sector and (ii) no fees or costs on account of the transactions relating to the units in the UCITS may be charged by the SICAV;
- (5) purchase any securities on margin (except that a Sub-Fund may obtain such short-term credit as may be necessary for the clearance of purchases and sales of securities) or make short sales of securities or maintain a short position; deposits or other accounts in connection with option, forward or futures contracts, permitted within the limits referred to under the Chapter 12 "Risk Management", are not considered margin for this purpose;
- (6) make loans to other persons or act as guarantor on behalf of third parties or assume, endorse or otherwise become directly or indirectly or contingently liable for, or in connection with, any obligation or indebtedness of any person in respect of borrowed monies, provided that for the purpose of this restriction the acquisition of Eligible Transferable Securities in fully or partly paid form shall not be deemed to be the making of a loan or to be prohibited by this clause;
- (7) borrow other than amounts which do not in the aggregate exceed 10% of its total net assets and then only as a temporary measure.

A Sub-Fund will not purchase securities while borrowings are outstanding except to fulfill prior commitments and/or exercise subscription rights.

- (8) mortgage, pledge, hypothecate or in any manner encumber as security for indebtedness, any securities owned or held by a Sub-Fund, except as may be necessary in connection with the borrowings mentioned in (7) above, and then such mortgaging, pledging, hypothecating or encumbering may not exceed 10% of the Sub-Fund's total net assets taken at market value; the deposit of securities or other assets in a separate account in connection with option or futures transactions shall not be considered as a mortgage, pledge, hypothecation or encumbrance for this purpose.

If the limitations in (1), (4), (7) and (8) are exceeded for reasons beyond the control of a Sub-Fund or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its shareholders.

## **12. RISK MANAGEMENT**

The SICAV may employ techniques and instruments relating to transferable securities for the purpose of efficient portfolio management.

The SICAV may also employ techniques and instruments which are intended to provide cover against exchange risks in the context of the management of its assets and liabilities.

There can be no assurance that the objective sought to be obtained from the use of the herebelow described techniques and instruments will be achieved.

### **12.1. Techniques and instruments relating to transferable securities**

#### **12.1.1. Options on transferable securities**

The SICAV may purchase and sell call and put options on securities provided that these contracts are traded on a Regulated Market.

The total of premiums paid for the acquisition of call and put options on securities may not exceed 15% of the net asset value of the relevant Sub-Fund.

At the time of selling call options on securities, the relevant Sub-Fund must hold either the underlying securities, matching call options or other instruments which provide sufficient coverage of the commitments resulting from the contracts in question (such as warrants). The underlying securities of all call options sold may not be realized as long as these options exist, unless they are covered by matching options or by other instruments which can be used for the same purpose. The same applies also to matching call options or other instruments that the relevant Sub-Fund must hold when it does not have the underlying securities at the time of the sale of the relevant options.

As an exception to that rule, a Sub-Fund may write uncovered call options on securities that it does not own at the conclusion of the option contract if the following conditions are met:

- the exercise price of call options sold in this way does not exceed 25% of the net asset value of the relevant Sub-Fund;
- the relevant Sub-Fund must at all times be able to cover the positions taken on these sales.

When a put option is sold, the relevant Sub-Fund must be covered for the full duration of the option contract by liquid resources sufficient to pay for the securities deliverable to it on the exercise of the option by the counterparty.

The total commitment arising on the sale of call and put options (excluding the sale of call options for which the Sub-Fund concerned has adequate coverage), together with the total commitment arising on the transactions referred to in section 2. c) hereafter, may at no time exceed the total net asset value of the Sub-Fund concerned.

### **12.1.2. Transactions relating to futures and options on financial instruments**

Except for transactions by mutual agreement, which are described in item b) below, the transactions hereunder described may only relate to contracts which are dealt in on a Regulated Market.

Subject to the conditions defined herebelow, such transactions may be undertaken for hedging or other purposes.

a) hedging operations relating to the risks attached to the general movement of stock markets

As a global hedge against the risk of unfavourable stock market movements, a Sub-Fund may sell futures on stock market indices. For the same purpose, a Sub-Fund may also sell call options or buy put options on stock market indices. The use of these operations assumes that a sufficient correlation exists between the composition of the index used and the corresponding Sub-Fund's portfolio.

In principle, the total commitment relating to futures and option contracts on stock market indices may not exceed the global valuation of securities held by the relevant Sub-Fund in the market corresponding to each index.

b) transactions relating to interest rate hedging

As a global hedge against interest rate fluctuations, a Sub-Fund may sell interest rate futures contracts. For the same purpose, it can also sell call options or buy put options on interest rates or make interest rate swaps on a mutual agreement basis with first class financial institutions specialising in this type of transaction.

In principle, the total commitment on financial futures contracts, option contracts and interest rate swaps may not exceed the global valuation of the assets to be hedged held by the Sub-Fund concerned in the currency corresponding to these contracts.

c) transactions undertaken for purposes other than hedging

Apart from option contracts on securities and contracts relating to currencies, a Sub-Fund may, for a purpose other than hedging, buy and sell futures contracts and option contracts on any type of financial instrument, provided that the total commitment resulting from these purchase and sale transactions together with the total commitment resulting from the sale of call and put options on securities at no time exceeds the net asset value of the relevant Sub-Fund.

Sales of call options on securities for which the Sub-Fund has sufficient coverage are not included in the calculation of the total commitment referred to above.

In this context, the concept of the commitments relating to transactions other than options on securities is defined as follows:

- the commitment arising from futures contracts is deemed equal to the value of the underlying net positions payable on those contracts which relate to identical financial instruments (after setting off all sale positions against buying positions), without taking into account the respective maturity dates, and
- the commitment deriving from options purchased and written is equal to the aggregate of the exercise (striking) prices of net uncovered sales positions which relate to single underlying assets without taking into account respective maturity dates.

d) general

The total of the premiums paid to acquire call and put options on securities, together with the total of the premiums paid to acquire options on financial instruments undertaken for purposes other than hedging as mentioned hereabove, may not exceed 15% of the net asset value of the relevant Sub-Fund.

### 12.1.3. Securities lending

A Sub-Fund may enter into securities lending transactions provided that they comply with the following regulations:

a) regulations to ensure the proper completion of lending transactions

A Sub-Fund may only lend securities through a standardised lending system organised by a recognised clearing institution or through a first class financial institution specialising in this type of transaction.

As part of the lending transaction, the relevant Sub-Fund must in principle receive a guarantee, the value of which at the time of the conclusion of the contract must be at least equal to the global valuation of the securities lent. This guarantee must be given in the form of liquid assets and/or in the form of securities issued or guaranteed by a member State of the OECD or by their local authorities or by supranational institutions and undertakings of a community, regional or worldwide nature and blocked in the name of the SICAV until the expiry of the loan contract.

b) conditions and limits of securities lending

These transactions may not exceed 50% of the global valuation of the securities portfolio concerned. This limit however does not apply where the SICAV is entitled at all times to the cancellation of the contract and the restitution of the securities lent.

These transactions may not extend beyond a period of 30 days.

### 12.1.4. Repurchase Agreements

On an ancillary basis, a Sub-Fund may enter into repurchase agreements which consist of the purchase and sale of securities with a clause reserving the seller the right to repurchase from the purchaser the securities sold at a price and term specified by the two parties in the contractual agreement.

A Sub-Fund can act either as purchaser or seller in repurchase agreements. Its involvement in such transactions is however subject to the following regulations:

a) regulations to ensure the proper completion of repurchase agreements

A Sub-Fund may not buy or sell securities using a repurchase agreement unless the counterparty in such transaction is a first class financial institution specialising in this type of transaction.

b) conditions and limits of repurchase agreements

During the life of a repurchase agreement, a Sub-Fund cannot sell the securities which are the object of the agreement, either before the right to repurchase these securities has been exercised by the counterparty, or the repurchase term has expired.

The Sub-Fund must ensure that the level of its exposure to repurchase transactions is such that it is able, at all times, to meet its repurchase obligations.

## **12.2. Techniques and instruments to hedge exchange risks to which the SICAV is exposed in the management of its assets and liabilities**

To protect its assets against the fluctuation of currencies, a Sub-Fund may enter into transactions the purpose of which is the sale of forward foreign exchange contracts, the sale of call options or the purchase of put options in respect of currencies.

These transactions may only be entered into via contracts which are dealt in on a Regulated Market.

For the same purpose, a Sub-Fund may also sell currencies forward or exchange currencies on a mutual agreement basis with first class financial institutions specialising in this type of transaction.

The objective of these transactions presupposes the existence of a direct relationship between these transactions and the assets which are being hedged and implies that, in principle, transactions in a given currency cannot exceed the total valuation of assets denominated in that currency nor may the duration of these transactions exceed the period for which the respective assets are held.

## **13. TAXATION**

### **13.1. The SICAV**

Under current 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.

However, the Sub-Funds of the SICAV are liable in Luxembourg to a tax of 0.05% of its net assets per annum for the Class A, and to a tax of 0.01% of its net assets per annum for the Class I, such tax being payable quarterly and calculated on the basis of the net assets of all Sub-Funds at the end of the relevant quarter.

No stamp duty or other tax is payable in Luxembourg on the issue of shares in the SICAV except a once and for all tax of LUF 50,000.- which was paid upon incorporation.

Under current law and practice, no capital gains tax is payable in Luxembourg on the realised or unrealised capital appreciation of the assets of the SICAV.

Income derived by the SICAV from different sources may be subject to withholding taxes in the countries of origin.

### **13.2. The shareholders**

Under current legislation and practice, shareholders are not subject to any capital gains, income, withholding, inheritance or other taxes in Luxembourg (except for shareholders domiciled, resident or having a permanent establishment in Luxembourg and for certain former residents of Luxembourg owning more than 10% of the share capital of the SICAV).

Investors should consult their professional advisors on the possible tax or other consequences of buying, holding, converting, transferring or selling any of the shares under the laws of their countries of citizenship, residence or domicile.

## **14. NET ASSET VALUE**

### **14.1. Determination of the Net Asset Value**

The net asset value per share shall be calculated as a per share figure in the reference currency of the relevant Sub-Fund and/or Class and shall be determined in respect of each Valuation day by dividing the total net asset value of the relevant Sub-Fund and/or Class, being the value of the assets of the Sub-Fund and/or Class less its liabilities, by the number of shares of the relevant Sub-Fund and/or Class then outstanding.

The "Valuation day" is defined, in the relevant Appendix, in respect of each Sub-Fund and/or Class, provided that if any such day is not a Luxembourg bank business day, the shares will be valued on the next Luxembourg bank business day.

The basic accounting principles for determining the net asset value of the Sub-Funds and/or Class are set forth in the Articles of Incorporation, the material provisions of which provide as follows:

- 1) the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof, unless in any case the same is unlikely to be paid or received in full, in which case the value thereof shall be arrived at after making such discount as the Directors may consider appropriate in such case to reflect the true value thereof;
- 2) the value of securities which are quoted or dealt in on any stock exchange shall be in respect of each security, the last known price, and where appropriate, the middle market price on the stock exchange which is normally the principle market for such security;
- 3) securities dealt in on another regulated market are valued in a manner as near as possible to that described in the preceding sub-paragraph;
- 4) in the event that any of the securities held in any portfolio on the relevant Valuation day are not quoted or dealt in on a stock exchange or another regulated market or, for any of the securities, no price quotation is available, or if the price as determined pursuant to sub-paragraphs 2) and/or 3) 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 based on the reasonably foreseeable sales price determined prudently and in good faith;
- 5) all other assets will be valued at their respective fair values as determined in good faith by the Directors in accordance with generally accepted valuation principles and procedures.

If since the last Valuation day there has been a material change in the quotations on the markets on which a substantial portion of the investments of the SICAV attributable to a particular Sub-Fund is listed or dealt in, the Directors may, in order to safeguard the interests of the shareholders and the SICAV, cancel the first valuation and carry out a second valuation.

The Directors may also adopt, when circumstances so require, other valuation methods in accordance with generally accepted procedures.

The value of the assets denominated in a currency other than the reference currency of the relevant Sub-Fund will be converted at the rates of exchange prevailing in Luxembourg at the time of the determination of the corresponding net asset value.

The total net asset value of the SICAV is equal to the sum of the net assets of the various activated Sub-Funds converted into EUR at the rates of exchange prevailing in Luxembourg on the relevant Valuation day.

The capital of the SICAV shall at any time be equal to the total net asset value of the SICAV. The minimum capital of the SICAV, as required by the law, shall be the equivalent EURO 1.239.467,62.

The net asset value per share of each Sub-Fund and/or Class is calculated in its relevant reference currency.

#### **14.2. Suspension of the determination of the Net Asset Value**

The SICAV may suspend the determination of the net asset value of shares of any particular Sub-Fund and/or Class and the issue and redemption of the shares in such Sub-Fund and/or Classes well as the conversion from and to shares of such Sub-Fund and/or Class during:

- 1) any period when any of the principal markets or stock exchanges on which a substantial portion of the investments of any Sub-Fund of the SICAV from time to time is quoted, is closed otherwise than for ordinary holidays, or during which dealings thereon are restricted or suspended;
- 2) the existence of any state of affairs which constitutes an emergency as a result of which disposal or valuation of assets owned by any Sub-Fund of the SICAV would be impracticable;
- 3) any breakdown in the means of communication normally employed in determining the price or value of any of the investments attributable to any Sub-Fund or the current prices or values on any market or stock exchange;
- 4) any period when the SICAV is unable to repatriate funds for the purpose of making payments on the redemption of shares of any Sub-Fund or during which any transfer of funds involved in the realisation or acquisition of investments or payments due on redemption of shares of any Sub-Fund cannot in the opinion of the Directors be effected at normal prices or rates of exchange;
- 5) any period when the SICAV is being liquidated or as from the date on which notice is given of a meeting of shareholders at which a resolution to liquidate the SICAV is proposed.

Any such suspension shall be published by the SICAV and shall be notified to shareholders requesting subscription, redemption or conversion of their shares by the SICAV at the time of the filing of their request for such subscription, redemption or conversion.

Such suspension as to any Sub-Fund shall have no effect on the determination of the net asset value, the issue, redemption and conversion of the shares of any other Sub-Fund if the circumstances referred to above do not exist in respect of the other Sub-Funds.

Pending issues, redemptions and/or conversions are taken into consideration on the next Valuation day after the end of such suspension.

## **15. MEETINGS AND REPORTS**

The annual general meeting of shareholders of the SICAV will be held at the registered office of the SICAV or at such other place in Luxembourg on the first Tuesday in May in each year at 11 a.m., or if any such day 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 in the register of shareholders. Such notices will include the agenda and specify the time and place of the meeting and the conditions of admission and will refer to the requirements of Luxembourg law with regard to the necessary quorum and majorities required for the meeting. The requirements as to attendance, quorum and majorities at all general meetings will be those laid down in Articles 67 and 67-1 of the law of 10th August, 1915 (as amended) of the Grand Duchy of Luxembourg and in the Articles of Incorporation.

Each share is entitled to one vote.

Resolutions of meetings of shareholders will apply to the SICAV as a whole and to all shareholders of the SICAV, provided that any amendment affecting the rights attached to the shares of any Sub-Fund(s) and the rights of the holders of such shares may further be submitted to a prior vote of the shareholders of the relevant Sub-Fund(s) as far as the shareholders of the fund(s) in question are present or represented.

Except as otherwise required by law or as otherwise provided in the Articles of Incorporation, resolutions at a meeting of shareholders duly convened will be passed by a simple majority of those present or represented and voting.

The Directors may determine all other conditions that must be fulfilled by shareholders for them to take part in any meeting of shareholders.

The Financial Year-end of the SICAV will be the last day of December of each year.

Audited annual reports will be published within 4 months after the financial year-end and unaudited semi-annual reports will be published within 2 months after the end of the relevant period. Such reports will be mailed to each registered shareholder at their registered address and will be made available at the registered office of the SICAV during normal business hours.

## **16. LIQUIDATION - DISSOLUTION OF THE SICAV**

### **16.1 Liquidation — Dissolution of the SICAV**

If the capital of the SICAV falls below two-thirds of the minimum capital as required by the law, the Directors must submit the question of the dissolution of the SICAV to a general meeting of shareholders for which no quorum shall be prescribed and which shall decide the matter by a simple majority of the shares present or represented at the meeting.

If the capital of the SICAV falls below one-fourth of such minimum capital, the Directors must submit the question of the dissolution of the SICAV to a general meeting of shareholders for which no quorum shall be prescribed; dissolution may be resolved by shareholders holding one-fourth of the shares present or represented at the meeting.

The meeting must be convened so that it is held within a period of forty days from the ascertainment that the total net asset value of the SICAV has fallen to two-thirds or one-fourth of the minimum capital, as the case may be.

In the event of voluntary liquidation, the operations shall be conducted by one or several liquidators, who shall be appointed by a shareholders' extraordinary general meeting which shall determine their powers and compensation.

The net product of the liquidation relating to each Sub-Fund shall be distributed to the shareholders in the relevant Sub-Fund in the proportion of the number of shares which they hold in such Sub-Fund.

Should the SICAV be voluntarily or compulsorily liquidated, then its liquidation will be carried out in accordance with the provisions of the law which specifies the steps to be taken to enable shareholders to participate in the liquidation distribution(s) and in this connection provides for deposit in escrow at the Caisse de Consignations of any such amounts which have not been claimed by any shareholder as at the close of the liquidation.

Amounts not claimed from escrow within the prescription period are liable to be forfeited in accordance with the provisions of Luxembourg law.

#### **16.2. Liquidation - merger of Sub-Funds**

The Directors may decide to merge one or several Sub-Fund(s). The Directors may also decide to liquidate one or several Sub-Fund(s) by cancellation of the relevant shares and refunding to the shareholders of such Sub-Fund(s) the full net asset value of the shares of such Sub-Fund(s).

The Directors may also decide to merge one or several Sub-Fund(s) with one or several Sub-Fund(s) of another Luxembourg SICAV subject to part I of the law.

The Directors are also empowered to take any of the above decisions in case of substantial unfavourable changes of the social, political or economical situation in countries where investments for the relevant Sub-Fund(s) are made, or shares of the relevant Sub-Fund(s) are distributed.

Notices of such decisions will be sent to the holders of registered shares by mail to their address in the register of shareholders. Holders of bearer shares will be informed by way of publication of the same notice in the newspapers selected by the Directors, namely in the countries in which shares are publicly offered.

In case of a merger with another Sub-Fund of TÜRKISFUND or with a Sub-Fund of another Luxembourg SICAV subject to part I of the law, shareholders of the Sub-Fund(s) to be merged may continue to ask for the redemption of their shares, this redemption being made without cost to the shareholders during a minimum period of one month beginning on the date of publication of the decision of merger. At the end of that period, all the remaining shareholders will be bound by the decision of merger.

In case of the liquidation of a Sub-Fund by decision of the Directors, the shareholders of the Sub-Fund(s) to be liquidated may continue to ask for the redemption of their shares until the effective date of the liquidation. For redemption made under these circumstances, the SICAV will apply a net asset value taking the liquidation fees into consideration and will not charge any other fees. The proceeds of liquidation not claimed by the

shareholders entitled thereto as at the close of the operations of liquidation will remain in deposit with the Custodian for a six months period and will thereafter be deposited with the Caisse de Consignations in Luxembourg.

The decision of merger of one or several Sub-Fund(s) with a Luxembourg collective investment undertaking organised under the form of a mutual fund (FCP) subject to part I of the law and the decision of merger of one or several Sub-Fund(s) with another foreign collective investment undertaking belong to the shareholders of the Sub-Fund(s) to be merged. Resolutions in that regard will be passed by the shareholders of the relevant Sub-Fund(s). Only the shareholders having voted for the merger will be bound by the decision of merger. The remaining shareholders will be considered as having asked for the redemption of their shares, this redemption being made without cost to the shareholders at the decision of merger.

## **17. PUBLICATIONS**

The net asset values and the issue, conversion and redemption prices of the shares in any Sub-Fund will be made public and available at the registered office of the SICAV.

The SICAV will arrange for regular publication of the net asset values in the Handelsblatt and such newspapers as the Directors may decide on.

## **18. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the Articles of Incorporation of the SICAV and of the material contracts referred to above are available for inspection during usual business hours at the registered office of the SICAV in Luxembourg.

A copy of the Articles of Incorporation of the SICAV and of its most recent financial reports and statements may be obtained free of charge upon request at the registered office of the SICAV.

## **19. ADDITIONAL INFORMATION FOR GERMAN SHAREHOLDERS**

Isbank GmbH has been appointed to act as Paying Agent in Germany.

Any redemption and exchange applications may be lodged with the German Paying Agent for transmission to the SICAV.

Any redemption proceeds, dividends and other payments to the shareholders may, upon their request be transmitted to and /or by the German Paying Agent in cash in EURO.

The prospectus, copies of the articles of incorporation, the Custodian Agreement and the Investment Advisory Agreement, the annual and semi-annual reports as well as the subscription and redemption price are available at no cost with the German Paying Agent.

The subscription and redemption price, the interim profits as well as the deemed distributable amount will be published in the Handelsblatt and such newspaper as the Directors may decide on.

## Appendices to the Prospectus

Appendix relating to the Sub-Fund

### — TÜRKISFUND EQUITIES —

#### **1. Investment Policy**

The objective of this Sub-Fund is mainly to invest in equities issued by Turkish issuers as well as equities expressed in Turkish Lira.

In the management of the Sub-Fund, the assets which are easy to convert to cash and that carry less risk are preferred out of capital markets securities. Therefore, at least 51% of the portfolio will be invested in shares of companies established in Turkey including State Economic Enterprises which are listed on Istanbul Stock Exchange. On the other hand, the total amount of fixed income securities issued by Turkish Republic, Turkish Government Treasury, public local authorities or Turkish companies as well as in eurobonds and global bonds may vary between 0% and 49% of the portfolio.

The Sub-Fund may invest in transferable securities issued by the Republic of Turkey via initial public offerings by Central Bank of Turkish Republic and Under secretariat of Treasury.

The Sub-Fund may use techniques and instruments for the purpose of hedging interest rate and stock market fluctuations and currency risks, as further detailed under chapter 12 "Risk Management". Moreover, the Sub-Fund may, for a purpose other than hedging, purchase and sell futures contracts and options as further detailed under the same chapter 12. These techniques and instruments are not used so as to have an important impact on the investment policy of the different Sub-Funds.

The attention of the investors is drawn to the fact that the Sub-Fund, when using the techniques and instruments mentioned hereabove, bears some greater risks due to the leverage effect, which may be unfavourable to the performance of the Sub-Fund.

Investors should also be aware that Investments in TÜRKISFUND - EQUITIES bear further special risks (e.g. the country of investments, currency, settlement and accounting) as described more detailed under chapter 4.3. Investment Risks.

#### **2. Investment Adviser**

Pursuant to an agreement dated March 14, 2001 IS PORTFOLIO MANAGEMENT COMPANY has been appointed Investment Adviser to advise the Directors of TÜRKISFUND on the management of the securities portfolios of this Sub-Fund.

IS PORTFOLIO MANAGEMENT COMPANY was established on October 6, 2000 in Istanbul. The initial capital of the corporation was 1,000,000,000,000- Turkish Lira. After the decree of Capital Markets Board, banks are not authorized to do some of the capital markets activities especially equity trading. Because of this decree, Türkiye İs Bankası A.S. has established IS PORTFOLIO MANAGEMENT COMPANY in order to transfer some of the services of its Capital Markets Department including portfolio management.

### 3. Reference Currency

The Sub-Fund is denominated in EURO.

### 4. Classes of Shares

The Shares of the Sub-Fund are issued in the following Classes of Shares:

- Class A, exclusively available to retail investors
- Class I, exclusively available to institutional investors

### 5. Form of Shares

Shares will only be issued in registered form.

In the absence of a request for share certificates to be issued, subscribers will be deemed to have requested that their shares be issued in registered form without certificates; confirmation of shareholding will be issued and delivered instead.

### 6. Offering of Shares

The shares are issued at a subscription price corresponding to the relevant net asset value per share plus a sales fee of maximum

- for the Class A                    5% and
- for the Class I                    2,5%

of that net asset value in favour of the Distributor.

### 7. Minimum investment

The minimum initial investment amounts to

- in the Class A                    EUR 50,-
- in the Class I                    EUR 10.000,-

The minimum subsequent investment amounts to

- in the Class A                    EUR 50,-
- in the Class I                    EUR 5.000,-

The minimum holding requirement per shareholder for the Class A of the Sub-Fund equals EUR 50,-. No minimum holding is requested for the Class I of the Sub-Fund.

If the minimum holding requirement for a Class is not met any more after a redemption or a conversion request, the SICAV may decide to ask the redemption of the remaining shares of the relevant Class of a given

shareholder or may invite him to convert his shares of this Class in another Sub-Fund or class, so as to comply with the holding requirement.

## 8. Valuation day and Time Limit

For the purpose of this Sub-Fund, the following definitions apply:

Valuation day            each Monday and Wednesday which is a Bank Business Day in Luxembourg

Time Limit:              4 p.m., Luxembourg time

Applications for subscription, redemption or conversion received by the Transfer Agent or the SICAV in Luxembourg on a Valuation day before the Time Limit will be dealt with on that Valuation day at the subscription/redemption price of the relevant Sub-Fund prevailing on that Valuation day. Any applications received thereafter will be processed on the next Valuation day.

## 9. Settlement periods

The subscription price (excluding the sales fee to be retained directly by the Distributors/or other Sales Agents) is payable within 2 business days following the Valuation day.

The redemption price is payable within 2 business days following the Valuation day, provided that all the documents evidencing the redemption as mentioned in the Prospectus have been received..

## 10. Fees

### 10.1. Investment Advisory Fee

As remuneration for its services, IS Portfolio Management Company, acting as the Investment Adviser will quarterly receive for TÜRKISFUND - EQUITIES a fee at the following sliding scale:

Quarterly average portfolio value (EURO)	Annual Rate
First 10 million	1%
Following 15 million	0,75%
Following 25 million	0,50%
Rest of the portfolio	0,20%

### 10.2. Distributor Fee

As remuneration for its services, Isbank GmbH will quarterly receive for the TÜRKISFUND - EQUITIES a fee at the annual rate of 0,1%, based upon the average total net assets of the Sub-Fund.

## 11. Listing

Shares of TÜRKISFUND – EQUITIES might be listed on the Istanbul Stock Exchange or any other international stock exchange.

## Appendix relating to the Sub-Fund

**— TÜRKISFUND BONDS —****1. Investment Policy**

The objective of this sub-fund is mainly to invest in Turkish Bonds.

In the management of the Sub-fund, the assets which are easy to convert to cash and that carry less risk are preferred out of capital markets securities. At least 51% of the portfolio will be invested in public and/or private sector bonds and bills. The Sub-fund will invest between 25% to 49% of its portfolio in Turkish shares listed on the Istanbul Stock Exchange to get tax advantage and the rest of its portfolio may be invested in fixed income securities. The Sub-fund may also invest in euro-bonds and global bonds between 0% and 24%. The Sub-fund may hold liquid assets on an ancillary basis.

The Sub-fund may invest in transferable securities issued by the Republic of Turkey via initial public offerings by Central Bank of Turkish Republic and Undersecretariat of Treasury.

The Sub-Fund may use techniques and instruments for the purpose of hedging interest rate and stock market fluctuations and currency risks, as further detailed under chapter 12 "Risk Management". Moreover, the Sub-Fund may, for a purpose other than hedging, purchase and sell futures contracts and options as further detailed under the same chapter 12. These techniques and instruments are not used so as to have an important impact on the investment policy of the different Sub-Funds.

The attention of the investors is drawn to the fact that the Sub-Fund, when using the techniques and instruments mentioned hereabove, bears some greater risks due to the leverage effect, which may be unfavourable to the performance of the Sub-Fund.

Investors should also be aware that Investments in TÜRKISFUND BONDS bear further special risks (e.g. the country of investments, currency, settlement and accounting) as described more detailed under chapter 4.3. Investment Risks.

**2. Investment Adviser**

Pursuant to an agreement dated March 14, 2001 IS PORTFOLIO MANAGEMENT COMPANY has been appointed Investment Adviser to advise the Directors of TÜRKISFUND on the management of the securities portfolios of this Sub-Fund.

IS PORTFOLIO MANAGEMENT COMPANY was established on October 6, 2000 in Istanbul. The initial capital of the corporation was 1,000,000,000,000- Turkish Lira. After the decree of Capital Markets Board, banks are not authorized to do some of the capital markets activities especially equity trading. Because of this decree, Türkiye İs Bankası A.S. has established IS PORTFOLIO MANAGEMENT COMPANY in order to transfer some of the services of its Capital Markets Department including portfolio management.

**3. Reference Currency**

The Sub-Fund is denominated in EURO.

#### 4. Classes of Shares

The Shares of the Sub-Fund are issued in the following Classes of Shares:

- Class A, exclusively available to retail investors
- Class I, exclusively available to institutional investors

#### 5. Form of Shares

Shares will only be issued in registered form.

In the absence of a request for share certificates to be issued, subscribers will be deemed to have requested that their shares be issued in registered form without certificates; confirmation of shareholding will be issued and delivered instead.

#### 6. Offering of Shares

The shares are issued at a subscription price corresponding to the relevant net asset value per share plus a sales fee of maximum

- for the Class A                      5% and
- for the Class I                      2,5%

of that net asset value in favour of the Distributor.

#### 7. Minimum investment

The minimum initial investment amounts to

- in the Class A                      EUR 50,-
- in the Class I                      EUR 10.000,-

The minimum subsequent investment amounts to

- in the Class A                      EUR 50,-
- in the Class I                      EUR 5.000,-

The minimum holding requirement per shareholder for the Class A of the Sub-Fund equals EUR 50,-.

No minimum holding is requested for the Class I of the Sub-Fund.

If the minimum holding requirement for a Class is not met any more after a redemption or a conversion request, the SICAV may decide to ask the redemption of the remaining shares of the relevant Class of a given shareholder or may invite him to convert his shares of this Class in another Sub-Fund or class, so as to comply with the holding requirement.

#### 8. Valuation day and Time Limit

For the purpose of this Sub-Fund, the following definitions apply:

Valuation day each Monday and Wednesday which is a Bank Business Day in Luxembourg

Time Limit: 4 p.m., Luxembourg time

Applications for subscription, redemption or conversion received by the Transfer Agent or the SICAV in Luxembourg on a Valuation day before the Time Limit will be dealt with on that Valuation day at the subscription/redemption price of the relevant Sub-Fund prevailing on that Valuation day. Any applications received thereafter will be processed on the next Valuation day.

## 9. Settlement periods

The subscription price (excluding the sales fee to be retained directly by the Distributors/or other Sales Agents) is payable within 2 business days following the Valuation day.

The redemption price is payable within 2 business days following the Valuation day, provided that all the documents evidencing the redemption as mentioned in the Prospectus have been received..

## 10. Fees

### 10.1. Investment Advisory Fee

As remuneration for its services, IS Portfolio Management Company, acting as the Investment Adviser will quarterly receive for TÜRKISFUND BONDS a fee at the following sliding scale:

Quarterly average portfolio value (EURO)	Annual Rate
First 10 million	1%
Following 15 million	0,75%
Following 25 million	0,50%
Rest of the portfolio	0,20%

### 10.2. Distributor Fee

As remuneration for its services, Isbank GmbH will quarterly receive for the TÜRKISFUND BONDS a fee at the annual rate of 0,1%, based upon the average total net assets of the Sub-Fund.

## 11. Listing

Shares of TÜRKISFUND BONDS might be listed on the Istanbul Stock Exchange or any other international stock exchange.

Appendix relating to the Sub-Fund  
— TÜRKISFUND EUROBONDS —

### 1. Investment Policy

The objective of this Sub-Fund is mainly to invest in eurobonds issued by the Republic of Turkey.

In the management of the Sub-fund the assets, which are easy to convert to cash and that carry less risk are preferred out of capital markets securities. The Sub-Fund will invest in eurobonds issued by the Republic of Turkey between 51 and 100% of the assets of its portfolio. Furthermore the Sub-Fund may invest between 0 and 49% of its assets in eurobonds and global bonds issued by a member State of the European Union (a "Member State), its local authorities, by another Eligible State or by public international bodies of which one or more Member States are members or by corporations incorporated in the Republic of Turkey or a Member State

The Sub-Fund may use techniques and instruments for the purpose of hedging interest rate and stock market fluctuations and currency risks, as further detailed under chapter 12 "Risk Management". Moreover, the Sub-Fund may, for a purpose other than hedging, purchase and sell futures contracts and options as further detailed under the same chapter 12. These techniques and instruments are not used so as to have an important impact on the investment policy of the different Sub-Funds.

The attention of the investors is drawn to the fact that the Sub-Fund, when using the techniques and instruments mentioned hereabove, bears some greater risks due to the leverage effect, which may be unfavourable to the performance of the Sub-Fund.

Investors should also be aware that Investments in TÜRKISFUND EUROBONDS bear further special risks (e.g. the country of investments, currency, settlement and accounting) as described more detailed under chapter 4.3. Investment Risks.

### 2. Investment Adviser

Pursuant to an agreement dated March 14, 2001 IS PORTFOLIO MANAGEMENT COMPANY has been appointed Investment Adviser to advise the Directors of TÜRKISFUND on the management of the securities portfolios of this Sub-Fund.

IS PORTFOLIO MANAGEMENT COMPANY was established on October 6, 2000 in Istanbul. The initial capital of the corporation was 1,000,000,000,000- Turkish Lira. After the decree of Capital Markets Board, banks are not authorized to do some of the capital markets activities especially equity trading. Because of this decree, Türkiye Is Bankasi A.S. has established IS PORTFOLIO MANAGEMENT COMPANY in order to transfer some of the services of its Capital Markets Department including portfolio management.

### 3. Reference Currency

The Sub-Fund is denominated in EURO.

### 4. Classes of Shares

The Shares of the Sub-Fund are issued in the following Classes of Shares:

- Class A, exclusively available to retail investors
- Class I, exclusively available to institutional investors

## 5. Form of Shares

Shares will only be issued in registered form.

In the absence of a request for share certificates to be issued, subscribers will be deemed to have requested that their shares be issued in registered form without certificates; confirmation of shareholding will be issued and delivered instead.

## 6. Offering of Shares

The shares are issued at a subscription price corresponding to the relevant net asset value per share plus a sales fee of maximum

- for the Class A                    5% and
- for the Class I                    2,5%

of that net asset value in favour of the Distributor.

## 7. Minimum investment

The minimum initial investment amounts to

- in the Class A                    EUR 50,-
- in the Class I                    EUR 10.000,-

The minimum subsequent investment amounts to

- in the Class A                    EUR 50,-
- in the Class I                    EUR 5.000,-

The minimum holding requirement per shareholder for the Class A of the Sub-Fund equals EUR 50,-. No minimum holding is requested for the Class I of the Sub-Fund.

If the minimum holding requirement for a Class is not met any more after a redemption or a conversion request, the SICAV may decide to ask the redemption of the remaining shares of the relevant Class of a given shareholder or may invite him to convert his shares of this Class in another Sub-Fund or class, so as to comply with the holding requirement.

## 8. Valuation day and Time Limit

For the purpose of this Sub-Fund, the following definitions apply:

Valuation day                    each Monday and Wednesday which is a Bank Business Day in Luxembourg

Time Limit: 4 p.m., Luxembourg time

Applications for subscription, redemption or conversion received by the Transfer Agent or the SICAV in Luxembourg on a Valuation day before the Time Limit will be dealt with on that Valuation day at the subscription/redemption price of the relevant Sub-Fund prevailing on that Valuation day. Any applications received thereafter will be processed on the next Valuation day.

## **9. Settlement periods**

The subscription price (excluding the sales fee to be retained directly by the Distributors/or other Sales Agents) is payable within 2 business days following the Valuation day.

The redemption price is payable within 2 business days following the Valuation day, provided that all the documents evidencing the redemption as mentioned in the Prospectus have been received..

## **10. Fees**

### **10.1. Investment Advisory Fee**

As remuneration for its services, IS Portfolio Management Company, acting as the Investment Adviser will quarterly receive for TÜRKISFUND EUROBONDS a fee at the annual rate of 0,3%, based upon the average total net assets of the Sub-Fund.

### **10.2. Distributor Fee**

As remuneration for its services, Isbank GmbH will quarterly receive for the TÜRKISFUND EUROBONDS a fee at the annual rate of 0,1%, based upon the average total net assets of the Sub-Fund.

## **11. Listing**

Shares of TÜRKISFUND EUROBONDS might be listed on the Istanbul Stock Exchange or any other international stock exchange.

**TÜRKISFUND**

Société d'investissement à Capital Variable

69, route d'esch  
L-1470 Luxembourg  
R.C. LUXEMBOURG No. B-61596

**Application Form**

To: First European Transfer Agent S.A.  
Registrar and Transfer Agent  
5, rue Thomas Edison  
L-1445 STRASSEN  
Tel (+352) 25 47 01 92 59  
Fax (+352) 25 47 01 95 00

I/We, the undersigned:

.....  
.....

natural person (name and first name) or legal person (name of company or organisation)

.....  
.....

domiciled at.....

.....  
(phone - fax number).....

having received the prospectus and the attached reports and having taken note of these documents, wish to acquire registered shares with no par value in TÜRKISFUND:

	<u>Number</u>	<u>Amount</u>
TÜRKISFUND - Equities		
Class A	.....shares	.....EURO
Class I	.....shares	.....EURO
TÜRKISFUND - Bonds		
Class A	.....shares	.....EURO
Class I	.....shares	.....EURO
TÜRKISFUND - Eurobonds		
Class A	.....shares	.....EURO
Class I	.....shares	.....EURO

These shares are to be issued in registered form, to be registered in the name of .....

The certificates and/or the confirmations of registration in the register of shareholders (\*), as well as any correspondence, should be sent at the risk of the undersigned to:

(name) .....  
(address) .....

(\*) delete whichever is not applicable

In the absence of any express instructions relating to the issue of a registered share certificate, a confirmation of registration will be issued to the shareholder.

The subscription price in the currency of the Sub-Fund and/or Class will be paid within 2 business days following the applicable valuation day by transfer:

in EURO to account no. .... of Dexia Banque Internationale à Luxembourg S.A., Luxembourg with ISBANK GmbH in favour of TÜRKISFUND – Equities Class A.

in EURO to account no. .... of Dexia Banque Internationale à Luxembourg S.A., Luxembourg with ISBANK GmbH in favour of TÜRKISFUND – Equities Class I.

in EURO to account no. .... of Dexia Banque Internationale à Luxembourg S.A., Luxembourg with ISBANK GmbH in favour of TÜRKISFUND – Bonds Class A.

in EURO to account no. .... of Dexia Banque Internationale à Luxembourg S.A., Luxembourg with ISBANK GmbH in favour of TÜRKISFUND – Bonds Class I.

in EURO to account no. .... of Dexia Banque Internationale à Luxembourg S.A., Luxembourg with ISBANK GmbH in favour of TÜRKISFUND – Eurobonds Class A.

in EURO to account no. .... of Dexia Banque Internationale à Luxembourg S.A., Luxembourg with ISBANK GmbH in favour of TÜRKISFUND – Eurobonds Class I.

Made in duplicate in .....

on .....

Signature(s)

**Notes:**

In case of a joint subscription, this Application Form must be signed by each subscriber.

The joint subscribers shall be represented towards the SICAV by the first signatory who shall represent all the signatories in their relations with the SICAV, except as otherwise agreed upon with the SICAV. This mandate shall remain in force until such time as that another representative is designated for this purpose.

In case of a subscription by a legal person, this Application Form must be completed and signed by a duly authorised natural person who must furnish proof of his/her powers of representation.

A subscription of a subscriber residing in a country which has not adhered to the Financial Action Task Force (FATF) regulation will only be taken into consideration if this Application Form is accompanied by the identification documents of the subscriber duly certified by the local authorities of his/her country of residence. The list of the countries having adhered to the FATF regulation is available upon request at the registered office of the SICAV.

The SICAV has not been registered under the U.S. Investment Company Act of 1940. In addition, the Shares of each Sub-Fund have not been registered under the U.S. Securities Act of 1933, as amended, and may not be and will not be offered for sale or sold in the United States of America, its territories or possessions or to a "United States person" The Articles of Incorporation of the SICAV contain certain restrictions on the sale and transfer of Shares of each Sub-Fund to such persons.