

GCA Greater China Fund – August 2006 (-0.20%)¹

Monthly Summary of Returns (%)¹

GCAGC S&P 500	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
2005	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	2.62 -0.10	2.62 -0.10
2006	3.61 2.55	3.72 0.05	6.25 1.11	1.96 1.22	-0.58 -3.09	-2.56 0.01	-0.39 0.51	-0.20 2.13					12.13 4.45

Performance Summary – August 2006

Return Data ¹ :	GCAGC	MSCI Golden Dragon	S&P 500
NAV per share (\$):	1,150.55	105.85	1,303.82
Monthly Return (%)	-0.20	2.49	2.13
YTD Return (%)	+12.13	3.78	4.45
Best Month (%)	+ 6.25	7.16	3.52
Worst Month (%)	-2.56	-6.51	-3.09
Since Inception Return (%)	+15.06	14.14	4.35
Annualized Return (%)	+24.54	20.55	6.01
Risk/Return:			
Sharpe Ratio (x) ²	1.97	n/a	n/a
Annualized Std Deviation (%)	9.88	n/a	n/a
Max Drawdown (%)	-3.70	n/a	n/a
% Positive Months	55.56	n/a	n/a
1 day 95% VAR ⁵	-0.244	n/a	n/a
1 day 99% VAR	-0.480	n/a	n/a
30 day 95% VAR	-1.34	n/a	n/a
30 day 99% VAR	-2.63	n/a	n/a
Exposure (% NAV):			
Long	31.60	n/a	n/a
Short	-20.34	n/a	n/a
Gross	+51.94	n/a	n/a
Net	+11.26	n/a	n/a
Cash	70.94	n/a	n/a
Gross Assets	122.88	n/a	n/a

Summary Statistics^{3,4} – August 2006

Allocation by Asset Class:	% NAV	Allocation by Region:	% NAV
Equity	31.60	China	1.09
FX	n/a	Hong Kong	9.33
Options	n/a	Taiwan	0.84
Cash	70.94	Other	n/a
Debt	n/a	China	n/a
Derivatives	-20.34		
Commodities	n/a		
Allocation by Sector:	% NAV	Attributables:	P&L (% NAV)
Cash	70.94	Cash	0.22
Oil & Gas	1.60	Oil & Gas	0.03
Metals & Mining	n/a	Metals & Mining	-0.08
Banking & Finance	1.99	Banking & Finance	0.20
Consumer Cyclical	5.92	Consumer Cyclical	-0.11
Telecom	6.84	Telecom	-0.06
Technology	11.71	Technology	1.27
Other	3.55	Other	-0.12
Derivatives	-20.34	Derivatives	-1.35

Monthly Commentary

Markets increased in August 2006. The HSI index was up 420 (2.5%), the HSCCI index was up 94 (3.8%) and the HSCEI index was up 52 (0.8%).

Out of 23 trading days in August, China was negative 10 days with the biggest drawdown being -.54% on August 21. At the end of the month, the China side ended up with a gross exposure of 46.6% and net exposure of 13.6%. Again, the erratic trading made developing a trend exposure difficult. At the end of August we held 13 China related stocks with most holdings in large caps. Our focus has been on China large cap stocks, wanting to maintain liquidity in choppy markets and avoiding downside risks sometimes associated with mid caps.

The China Securities Regulatory Commission announced on August 25, 2006 that overseas fund management and insurance companies with assets of at least USD \$5 billion can apply for investment licenses, down from a previous threshold of USD \$10 billion. The change will take effect next month, enabling more funds from abroad to flow into China stocks which should impact China market value.

The TAIEX climbed 2.4% in August with the index closing at 6,611. Turnover for the month was NT \$17,297 billion, an increase of 15.7% month on month as investors flocked back into the market after a severe dip in July. The Fed's decision on August 8, 2006 to suspend rate hikes also boosted market confidence. However, the TAIEX dropped dramatically on August 21, by -3.2% rattled by a protest demonstration to have the President step down. Tech and Plastic were bright spots with a gain of +5.9% and +5.2% respectively. Construction showed the poorest performance by dropping -8.1%, followed by the financial sector by -4.9%, cement by -3.9% and transportation by -3.4%. Companies will start to disclose August revenue by September 10, 2006 and so far the market expects sales figures to rebound from August. Our action plan calls for the market to stay above 6,523 with third quarter fundamental growth in sight. Notwithstanding, political risk remains a concern of investors.

Out of 23 trading days in August 2006, Taiwan was negative 11 days with biggest drawdown being 1.06% on August 21. At the end of the month on the Taiwan side, we ended up with a net exposure of 3.18% and a gross exposure of 61.91%. Similar to the China side, the daily performance of the indexes was up and down, making directional bets difficult. At the end of August we held 12 Taiwan related stocks, all large caps.

In its overview of performance in the alternative investment sector for August, hedge fund analysts CogentHedge confirmed what has generally been perceived as a mixed month for hedge fund returns: "55% of all reporting entities are showing gains for the month, yet the average alternative investment was down 0.06%". The MSCI Hedge Fund Composite Index-equal weighted was up slightly in August +.78%, YTD + 3.78%.

Our general strategy has been to be one of the top 5 risk adjusted Greater China focused funds. Given the frequent daily up and down movement of the China and Taiwan markets in August, we made a decision to keep our net exposure low in August, similar to our strategy in July. This strategy limits our upside potential but minimizes the downside risk of the portfolio which we have been sensitive to given our drawdown in June of this year. We will re-address this strategy as our view of China and Taiwan markets change and as we increase our net exposure we anticipate we will realize greater monthly returns going forward. With this report we introduce the most comparable fund index, MSCI Golden Dragon (MXGD) which is a free float index with weightings of 40% Taiwan, 30% China and 30% Hong Kong with no A share composition currently.

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Fund Manager Profile

•**Manager.** Founded in 1989, Gerken Capital Associates (“GCA”) is a San Francisco based alternative asset fund manager. The firm is a recognized emerging market and emerging manager specialist. The firm has nine investment professionals with twenty plus years of investment experience each and long term affiliation. Lou Gerken, founder and chairman has been active in the emerging markets since the mid-70’s where he began his career as an analyst & portfolio manager with emerging markets leader GT Capital. Since inception, GCA and its Principals have managed/advised \$4.7 billion in AUM representing 22 managers. The Firm currently manages/advises \$1.5 Billion in AUM. Funds are structured as separate share classes of BVI-domiciled GCA Funds Limited. GCA is a Registered Investment Advisor. For additional firm details please refer to www.gerkencapital.com.

•**Advisor:** GCA has been professionally affiliated with the Polaris Group for nearly a decade and has appointed it as its Greater China Advisor. Taiwan based Polaris Group (“PG”) is a recognized Greater China’s listed financial services conglomerate offering financial services from banking, stock broking, futures, investment banking, mutual funds and asset management. PG employs over 2,000 employees, has presence through 48 branches in Taiwan and offices in Hong Kong and China. PG has a customer base of over one million with international partnerships with State Street Global Advisors, Merrill Lynch and Schroders. PG has managed AUM of USD \$ 3.8 billion. Since 2002, it has managed an in house proprietary hedge fund portfolio with current AUM of USD \$51 million. PG received Fund House of the Year Award from Asian Investor in 2004.

•**Fund management team consists of nineteen investment professionals:**

Investment:

Chair, Investment Committee	Lou Gerken*
Fund Portfolio Manager	Hugh McClung*
Chief Investment Officer	Gary Tan*
Chief Strategist	Sean Tseng*
Risk Management	Thomas Huang
Taiwan Investment Desk	Nancy Chen, Kenner Wang, K.Y. Liang
China Investment Desk	Albert Lai, Max Lee, Leo Zhang
HK Investment Desk	Nicole Chien, James Sa, Changer Ho

Administration:

President & COO	Greg Madding
Chief Financial Officer	Bashir Wada
Dir. Marketing & Sales	Bonnie George
Legal, Compliance & B/O	Lawrence Jian, Angela Chen

*Investment Committee Members

Differentiators

- Dedicated “Greater China” footprint (China, HK & Taiwan)
- Absolute return, low volatility, multi-asset strategy
- Equity long/short focus for 2006
- Four-dimensional strategy (capital preservation; alpha; beta and gamma)
- Managed on the ground by established team of investment professionals
- Significant research, trading and risk management commitment
- \$300M in capacity and scalable
- Seasoned team with established track record
- Significant investment by Manager and investor alignment
- Long-term partner affiliation and economic alignment
- Part of the GCA “BRIC” Master Share Class Fund structure

Manager Details

Fund:	GCA Funds Limited BVI International Business Company Regulated under the BVI Mutual Funds Act 1996
B Share Class:	GCA Greater China Fund Limited
Sponsor:	Gerken Capital Associates
Fund Manager:	Gerken Capital Associates Louis C. Gerken, CEO lou@gerkencapital.com

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Advisor:	Polaris Investment Management Group www.polaris.com.tw Gary Tan, President Equity Derivatives Sean Tseng, EVP Research
Investment Committee:	Lou Gerken, Hugh McClung, Gary Tan, Sean Tseng
Directors:	Lou Gerken, Hunter Ashby Financial Services Ltd., Salinger Holdings
Contact Person:	Bonnie George bonnie@gerkencapital.com Valerie Rios valerie@gerkencapital.com

Fee and Redemption Structure¹

Subscription Frequency:	Monthly
Redemption Frequency:	Monthly
Redemption Notification Period:	45 days
Redemption Fee:	3% 1 st year; 1% 2 nd year, 0% afterwards
Management Fees:	2% p.a.
Performance Fees:	20% p.a.

Strategy

The Fund’s investment objective is to achieve absolute returns greater than 15% per annum, average annual volatility less than 15% whilst only showing a correlation to public indices of less than 40%. Fund to adhere to best of breed risk control and fund governance practices. Fund will utilize all asset classes (equities, fixed income, derivatives & options and foreign exchange). Assets will be dynamically managed across Greater China. At inception, 70% allocated to the Hong Kong and China markets and 30% to Taiwan. The Fund may also invest in other assets and/or international companies headquartered outside of Greater China where Greater China derived turnover exceeds 40%.

Fund Details

Investment Style:	Absolute return, low volatility, multi-asset
Investment Geography:	Greater China (Hong Kong, Taiwan, China)
Fund Size (\$mn):	10
Fund Capacity (\$mn):	300
Firm’s Total Assets (\$bn):	\$1.5bn (managed/advised)
Inception Date:	December 1, 2005 (Actual)
Bloomberg Code:	GCAGRCH VI
Domicile:	BVI
Base Currency:	USD
Equalization/Share Class:	N/A
Dividend Policy:	None
Hurdle Rate:	No
High Water Mark:	Yes
Maximum Leverage:	2.5:1
Long & Short Maximum:	150% & 100%
Listed on Exchange:	No
Minimum Investment Size:	US\$250,000
Manager Investment:	Yes from inception; no withdrawals

Service Providers

Prime Broker:	Citigroup
Administrator:	Fortis Prime Fund Solutions (BVI) Limited
Paying Bank:	VP Bank BVI
Auditor:	Deloitte & Touche LLP
BVI Counsel:	Walkers BVI

¹Annual results for the Fund and NAV calculations are net of management fee of 1.5% and performance fee of 15% and expenses; Manager and Advisor related and historical track records are available upon request; ²Risk free rate used for Sharpe-ratio is U.S. 90-day T-bills; ³Net Allocation by asset class and region represent portfolio net exposure; ⁴Exposure data represents Fund’s net exposure including adjustments for options delta. Note that Gross Assets=long+short+cash+gain/loss on derivatives; ⁵Value at Risk (VAR) defined as quantitative market or event risk estimate of potential loss to fund.

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