

GCA Greater China Fund Limited – December' 05 (+ 2.62%)

Fund Manager Profile

• **Manager.** Founded in 1989, Gerken Capital Associates (GCA) is a San Francisco based alternative asset fund manager. The firm specializes in managing and/or advising emerging market fund as well as differentiated emerging manager strategies. Since inception, the firm has managed and/or advised funds with aggregate AUM of \$4.6 billion. The firm currently manages and/or advises funds with aggregate AUM of \$1.5 billion. To ensure compliance, GCA is a U.S. 1940 Act Registered Investment Advisor. Select firm principals hold Series 7, 24 & 63 licenses and are NASD Registered Representative.

As Manager and Chair of the Investment Committee, GCA is responsible for setting overall asset allocation and investment strategy, reviewing and approving daily investment activity, overseeing third party service providers and responsible for marketing and client services. GCA has appointed PCI Investment Management (PCIIM) and Polaris Group (PG) as Investment Advisors. As Advisors, they will be responsible for reviewing investment opportunities, performing research & due diligence, making investment recommendations, monitoring investments and developing exit and liquidity.

• **Advisor - Greater China.** PCIIM is the asset management arm of Pacific Century Insurance Group, one of the largest publicly listed life insurance groups in Hong Kong. PCIIM provides professional investment and advisory services to unit trusts, provident funds, institutional clients as well as high net worth private individuals. Directors and senior investment professional of PCIIM have an established international track record and combined experience of over 120 years in the financial field. As of March 2005, PCIIM managed 12 funds with AUM of \$1.6 billion. Two of the funds are hedge funds with AUM of USD \$ 53 million. PCIIM received Best Fund Awards for 2001 and 2002 from Standard & Poor's.

• **Advisor - Taiwan.** PG is one of Taiwan's leading publicly listed financial services conglomerates 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 States Street Global Advisors, Merrill Lynch and Schroders. As of March 2005, PG 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.

Differentiators

- A dedicated "Greater China" region hedge fund
- Managed on the ground to yield risk adjusted benefits
- Manager/Advisor investment team model enhances performance
- Absolute return, multi-strategy encompassing all asset classes
- Established team of investment professionals
- Infrastructure for deeper research capability to cover region
- \$300mn in capacity for substantial bandwidth and scalable
- "Right sized" for performance
- Established Greater China track record (c. 2000)
- Substantial investment by Manager/Advisor team
- Manager/Investor economic alignment

Summary Data

Actual: Dec 2005 to date **Model: May 18 thru Nov 2005**

	<u>Actual</u>	<u>Model + Actual</u>
Return Data:		
Monthly Return (%)	+ 2.62%	+ 2.62%
YTD Return (%)		+ 10.87%
Best Month (%)		+ 2.62%
Worst Month (%)		- 1.66%
Since Inception Return (%)	+ 2.62%	+ 9.22%
Av Ann Return (%)		+ 13.83%
Risk/Return:		
Gross Exposure (%)		+ 44.94%
Net Exposure (%)		+ 44.94%
Sharpe Ratio	7.91	2.728
Av Ann Standard Deviation (%)	5.28%	5.89%
Max Drawdown (%)		- 3.41%
% Positive Months	100%	85.71%

Manager Details

Fund:	GCA Funds Limited BVI International Business Company Regulated by the BVI Mutual Funds Act 1996 GCA Greater China Fund Limited
B Share Class:	Gerken Capital Associates
Sponsor:	Gerken Capital Associates
Fund Manager:	Gerken Capital Associates Louis C. Gerken, CEO lou@gerkencapital.com Greg Madding, President greg@gerkencapital.com Hugh B.L. McClung, MD Greater China hugh@gerkencapital.com 110 Tiburon Blvd., Suite 5 Mill Valley, CA 94941 +1 415 383 1464 www.gerkencapital.com
Advisor (Greater China):	PCI Investment Management www.pciim.com Walter Wu, Head Equity Investments Bing Nam, China Portfolio Manager Polaris Investment Management Group www.polaris.com.tw Gary Tan, President Equity Derivatives Sean Tseng, EVP Research
Advisor (Taiwan):	Nancy Chen, Taiwan Portfolio Manager Lou Gerken, Hugh McClung, Gary Tan, Walter Wu
Investment Committee:	Lou Gerken, Hunter Ashby Financial Services Ltd. , Salinger Holdings
Directors of Fund:	Valerie Rios, Client Services Valerie@gerkencapital.com +1 415 383 1464
Contact Person(s):	
Email Address:	
Telephone Number:	

Fee and Redemption Structure

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 >15% per annum, average annual volatility <15% and a correlation to public indices <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:	Multi-Strategy
Investment Geography:	Greater China (Hong Kong, Taiwan, China & Related Markets)
Fund Size (\$mn):	150 (current target)
Fund Capacity (\$mn):	300
Firm's Total Assets (\$bn):	(refer: Manager Profiles)
Model Portfolio Inception Date:	May 18, 2005
Inception Date:	December 1, 2005 (Actual)
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
Listed on Exchange:	No
Minimum Investment Size:	US\$250,000
Manager Investment	Yes

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Service Providers

Prime Broker:	Morgan Stanley
Administrator:	Hedge Funds Services BVI
Paying Bank:	VP Bank BVI
Auditor:	Deloitte & Touche LLP
BVI Counsel:	WalkerSmith BVI

drop in the market is buying opportunities. At the same time we will carefully manage the market volatility.

Market Overview

Taiwan

Taiwan market continues its up trend. TAIEEX move up 5.56%. The tech sector performed well in December 2005. Although we remain positive on the profit growth outlook for the tech sector in 2006, we believe tech shares face the risk of a correction over coming weeks. An appreciating NT dollar, slow seasonality and profit taking could act as triggers. Despite short-term down side risk concern, we remain positive on mid-term outlook for tech sector, we believe every big drop in the market is buying opportunities.

China

China domestic market continues its November up trend after October drop. Shanghai B share move up 1.78% and Shenzhen B shares increased by 0.93%. Shanghai A share climbed 5.66% and Shenzhen A share went up 4.62%. Liquidity and market sentiment both improved in December. Hang Seng Index went down 0.41%, H share rose 5.88% and Red Chips drop by 1.44% in November. Financial companies outperformed the market. IPOs were still hot. Overall the December market is disappointing and there was no real December rally, HSI lost 2% in the past three trading days. China growth will moderately slow down in 2006 and corporate earnings likely face overcapacity pressure. However, market already reflects this slow down and now has become more focus on RMB appreciation story. Liquidity will play more important role in near term. We believe every big

Performance vs. Key Indices – December '05

Index	MTD	YTD (Model +/- Actual)	Inception (Model +/- Actual)
GCA Greater China	+2.62%	+10.87	+10.87%
MSCI World	+2.14%	+10.21	+10.21
MSCI Emerging Market	+5.76%	+30.03	+30.03%
S&P 500	-0.10%	+4.90	+4.90%

Portfolio – Key Sector Breakdown

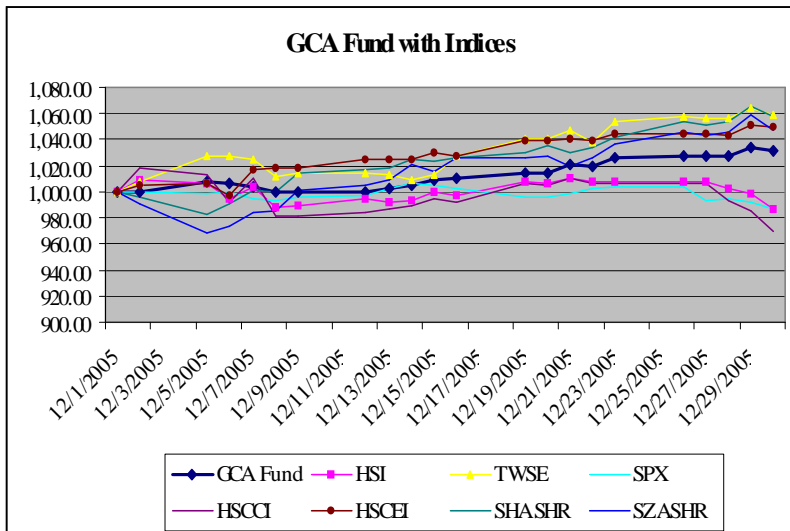
Sector	% Portfolio
Basic Materials	5.29
Banking & Finance	1.98
Telecom	2.10
Energy	3.05
Consumer staple	3.53
Conglomerates	4.11
Industrials	0.77
Technology	17.46
Properties	6.65

Track Record - Monthly

GCAGC/ S&P 500	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
2002	0.64 -1.56	0.38 -2.08	1.55 3.67	1.37 -6.14	3.41 -0.91	-3.00 -7.25	-2.14 -7.90	-3.10 0.49	1.06 -11.0	0.62 8.64	2.07 5.71	-1.84 -6.03	0.78 -24.36
2003	7.92 -2.74	1.28 -1.70	0.24 0.84	-1.32 8.10	2.47 5.09	3.61 1.13	7.12 1.62	7.46 1.79	1.61 -1.19	3.66 5.50	1.43 0.71	2.72 5.08	45.00 24.23
2004	3.09 1.73	2.18 1.22	6.18 -1.64	2.60 -1.68	-0.21 1.21	-2.77 1.80	5.65 -3.43	3.43 0.23	2.06 0.94	4.88 1.40	-1.59 3.86	-0.59 3.25	27.42 8.89
2005	0.74 -2.53	2.20 1.89	-0.28 -1.91	-1.56 -2.01	0.60 3.00	0.67 -0.01	2.40 3.60	0.55 -1.12	1.71 0.69	-1.66 -1.77	2.05 3.52	2.62 -1.10	10.87 3.25

1 st colour	Backdate
2 nd colour	Model
3 rd colour	Actual

Note: Since inception thru May '05 figures reflect actual performance results for both PG and PCIM. These results have been restated to reflect the Fund's capital allocation of 30% to Taiwan markets and 70% to Greater China x-Taiwan markets. May 18, 2005 thru Nov. figures reflect results for the Fund's \$25mn model portfolio. Dec. 1 results onward reflect actual results.



HSI – Hang Seng Index (all companies on HK main exchange)

TWSE – Taiwan Stock Exchange Weighted Index

SPX – US S&P 500 Index

HSCCI – Hang Seng China-Aff Corp Index (Red Chip) – China controlled companies with >30% mainland Chinese shareholders.

HSCEI – Hang Seng China Enterprise Index (H – Share) – mainly Chinese registered and/or State Owned Enterprises listed in HK.

SHASHR – China Shanghai A Share Index – mainland Chinese companies primarily for investment by local investors.

SZASHR – China Shenzhen A Share Index – mainland Chinese companies primarily for investment by local investors.

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