

GCA Greater China Fund – December 2006 +2.31%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	2.13 2.46	3.10 3.15	3.22 1.65	2.31 1.26	24.69 13.62

Performance Summary – December 2006

	GCAGC	MSCI Golden Dragon	S&P 500
Return Data¹:			
NAV per share (\$)	1,279.56	130.43	1,418.30
Monthly Return (%)	2.31	6.99	1.26
YTD Return (%)	24.69	35.02	13.62
Best Month (%)	+6.25	9.09	3.15
Worst Month (%)	-2.56	-6.51	-3.09
Since Inception Return (%)	27.96	40.64	13.51
Annualized Return (%)	25.56	37.00	12.41
Risk/Return:			
Sharpe Ratio (x) ²	2.63	n/a	n/a
Ann. Std Deviation (%)	8.05	n/a	n/a
Max Drawdown (%)	-3.70	n/a	n/a
% Positive Months	70.00	n/a	n/a
Market Correlation:	1.0	0.640	0.096
Exposure:	(% NAV)		
Long	80.04	n/a	n/a
Short	-19.85	n/a	n/a
Gross	+99.89	n/a	n/a
Net	+60.19	n/a	n/a
Cash	13.09	n/a	n/a
Gross Assets	112.98	n/a	n/a
Risk Indicators:	(% NAV)		
1 day 95% VAR ³	0.939	n/a	n/a
1 day 99% VAR	1.328	n/a	n/a
30 day 95% VAR	4.18	n/a	n/a
30 day 99% VAR	5.91	n/a	n/a
Loss @ fire sale/avg. Days ⁷	-0.045/1day	n/a	n/a

Summary Statistics^{3,4} – December 2006

Allocation by Asset Class:	% NAV	Allocation by Region:	% NAV
Equity	80.04	China	7.61
FX	n/a	Hong Kong	41.65
Options	n/a	Taiwan	10.95
Cash	13.09	Other	n/a
Bonds	n/a	Cash	13.09
Derivatives	-19.85		
Commodities	n/a		
Allocation by Sector:	% NAV	Attributables:	P&L (% NAV)
Cash	13.09	Cash	-0.15
Oil & Gas	3.11	Oil & Gas	0.08
Metals & Mining	n/a	Metals & Mining	n/a
Banking & Finance	22.82	Banking & Finance	2.57
Consumer Cyclical	7.61	Consumer Cyclical	-0.76
Telecom	9.38	Telecom	2.80
Technology	15.47	Technology	0.68
Other	21.64	Other	3.36
Derivatives	-19.85	Derivatives	-5.77

Monthly Commentary

Overview

Markets increased in December 2006. The HSI index was up 5.2% and the HSCEI index was up 20.9%. MSCI Golden Dragon (MXGD) was up 6.9%. The HSI index passed the 20,000 point barrier for the first time in the last week of 2006, representing an all time high on December 28. The day's turnover was HK \$54 billion or 61.5% more than the average daily volume. The HSCEI also hit a new high.

Strong buying interest in the heavily-weighted China telecom and financial stocks accounted for most of the index gains in December. The insurance sector was encouraged by incoming A-share listing of Chinese companies and bank sector was pushed up by liquidity and strong performance of A-share counterparts. Excellent performance of A-share in December helps push up H-share and increase investor's confidence and also increase market speculation. China Life which was listed on A-share on January 9th, surged in December and other H-share companies that may go IPO on A-share market also surged. At the end of December over 80 percent of 35 dual-listed firms had their A-shares at premiums to their H-shares (source: Reuters).

The China side's average net exposure was 41% while gross exposure is 114% in December. Regarding cap size, 77% of our portfolio was large caps which provided great liquidity. The largest drawdown was -0.7% meanwhile H-share index dropped 1.5% on December 15. There were 17 stocks in our portfolio at the end of the month.

The TAIEX climbed 3.34% in December with the index closing at 7833. Turnover for the month was NT \$2329 billion, a slight decrease from November. In December, all sectors performed well except Construction and Cement which declined by .9% and .7% respectively. Paper led all sectors with a 7.6% gain, followed by Steel with 6.7%, Plastic 5.6% and Transportation with 6.4%. Electronics and Financials gained 2.5% and 2.2% respectively. At the end of the month the Taiwan side ended up with a net and gross exposure of 37.26%.

Outlook

The central Chinese government projects the yuan to appreciate by 3 to 4% percent in 2007 against the US dollar due to the continued rapid growth of the Chinese economy which will impact the attractiveness of yuan A shares. Local Chinese market will maintain its upward momentum in the near term as investors continue to believe Chinese companies will benefit from a further appreciation of the yuan.

The soaring share prices of some of China's biggest companies like ICBC and China Life Insurance underline a new trend in the Chinese related stock markets. Shanghai, not Hong Kong, is starting to take the lead in setting the values of Chinese firms. China is expected to surpass the Hong Kong stock exchange in attracting listings as more of the nation's largest companies return to the Mainland capital market (source: PricewaterhouseCoopers). This trend will cause foreign investors to focus more attention and resources on the domestic Chinese stock markets, even though their buying of yuan-denominated A-shares is limited by quotas. It will also encourage some Chinese firms raising funds, as well as Chinese investors, to go to Shanghai rather than Hong Kong or overseas markets.

Overall in 2007 we expect the world wide equity markets to perform well and we expect to continue our strong risk adjusted performance.

Strategy

In 2006 hedge funds generated double digit returns for the first time since 2003, with net gains of between 12% and 14% anticipated for the industry as a whole according to preliminary estimates. The Eurekahedge Hedge Index showed a return of 1.99% for December and 13.61% for 2006. On a regional basis, The Eurekahedge Asian Hedge Index showed a return of 3.27% for December and 16.69% for 2006. Clearly China and India lead the emerging markets in 2006. On a gross basis we were up 40.44% on our China portfolio and 0.43% on our Taiwan portfolio. The Taiwan portfolio was negatively impacted as a result of the Taiwan political situation, principally Presidential uncertainties, which should improve in 2007 as we near the election in 2008.

DISCLAIMER: The information and summaries contained herein appear as a matter of record only and are provided for information purposes only. This information does not, and should not be construed to, constitute an offer to sell or a solicitation of an offer to buy any of the shares, or any other interest, in any fund or form the basis of any contract or commitment whatsoever. This summary is based on information and data received from the subjects of each and from other third party sources and no guarantee of completeness or accuracy can be made nor is any representation or warranty made in this regard. We understand that many of the funds may not be sold into, or that their sales may be restricted in, particular jurisdictions (including the United States). Accordingly you are advised to seek independent professional advice before taking any action in relation to any fund mentioned herein. We accept no liability whatsoever for any direct or indirect loss arising out of the use of this directory or reliance on anything found in this directory.

GCA Greater China Fund – December 2006 +2.31%¹

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. As part of its institutional grade manager approach, GCA has entered into a long-term investment affiliation agreement with the Polaris Group. 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.

•Institutional Grade Investment Team:

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	James Sa, Changer Ho

Administration:

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

Differentiators

- Benefits of dedicated “Greater China” footprint (China, HK & Taiwan)
- Target top decile risk adjusted performance
- Absolute return, multi-asset fund with low volatility & correlation targets
- Equity long/short, broad value, global macro overlay
- Four-dimensional strategy (capital preservation, alpha, beta and gamma)
- Managed on the ground by institutional grade investment team
- Established research, trading and risk management presence
- Scalable operations with ample investment capacity
- Significant investment by Manager and investor alignment
- Long-term partner affiliation and economic alignment
- Access to mid-cap fastest growing GDP sector
- Part of GCA “BRIC” Master Fund providing flexibility and alpha

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
Fund Manager:	Gerken Capital Associates
San Francisco Address:	110 Tiburon Blvd., Suite 5 Mill Valley, CA 94941 +1 415 383 1464
Hong Kong Address:	Room 1003-4

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. ⁶Equalization refers to accounting method designed to insure alignment of incentive fees amongst investors. ⁷Percentage daily loss based on the trailing trading volume of the securities within the portfolio.

Investment Committee: 10F Tower 1 18 Harcourt Road
Admiralty Center, HK
Lou Gerken, Hugh McClung,
Gary Tan, Sean Tseng
Directors: Lou Gerken, Dakshesh Patel
Contact Person: Bonnie George, Director of Marketing
Bonnie@gerkencapital.com
Valerie Rios, Client Services
Valerie@gerkencapital.com
+1 415 383 1464

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

Investment objective is to achieve optimal, risk adjusted, absolute returns (ann. target return >15% and ann. target volatility <15%) while maintaining a public index correlation <40%. Fund utilizes a four-dimensional trading strategy consisting of capital preservation, alpha, beta and gamma. Fund combines bottom-up sector/company analysis (alpha generation) and top-down macro derivatives overlay (beta risk management). Additional alpha derived from cross-BRIC trading emanating from GCA’s BRIC fund platform. Fund utilizes all asset classes (equities, fixed income, derivatives & options and foreign exchange) and assets are dynamically managed across Greater China markets (China, Hong Kong and Taiwan). Fund also invests in company securities listed on other international exchanges and access China’s fastest growing mid-cap sector by way of its on the ground investment team. Fund adheres to “best of breed” risk controls and fund governance practices.

Fund Details

Investment Style:	Absolute return, multi-asset & macro overlay
Investment Geography:	Greater China (Hong Kong, Taiwan, China)
Fund Size (\$mn):	Not disclosed
Fund Capacity (\$mn):	500
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 ⁶ :	Series shares; Master Feeder Structure
Dividend Policy:	None
Hurdle Rate:	No
High Water Mark:	Yes
Ann. Target Return:	>15%
Ann. Target Volatility:	<15%
Maximum Leverage:	2.5:1 (not currently utilized)
Long & Short Maximum:	150% & 100%
Listed on Exchange:	No
Minimum Investment Size:	US\$250,000
Manager Investment:	Yes from inception; no withdrawals
Tax Reporting:	U.S. PFIC

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

DISCLAIMER: The information and summaries contained herein appear as a matter of record only and are provided for information purposes only. This information does not, and should not be construed to, constitute an offer to sell or a solicitation of an offer to buy any of the shares, or any other interest, in any fund or form the basis of any contract or commitment whatsoever. This summary is based on information and data received from the subjects of each and from other third party sources and no guarantee of completeness or accuracy can be made nor is any representation or warranty made in this regard. We understand that many of the funds may not be sold into, or that their sales may be restricted in, particular jurisdictions (including the United States). Accordingly you are advised to seek independent professional advice before taking any action in relation to any fund mentioned herein. We accept no liability whatsoever for any direct or indirect loss arising out of the use of this directory or reliance on anything found in this directory.