

GCA Greater China Fund - July 2006 (- 0.39%)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						12.35 2.27

Performance Summary – July 2006

Return Data ¹ :	GCAGC	MSCI Asia (x Japan)	S&P 500
NAV per share (\$):	1,152.90	n/a	n/a
Monthly Return (%)	-0.39	0.19	0.51
YTD Return (%)	+12.35	3.78	2.27
Best Month (%)	+ 6.25	7.19	3.52
Worst Month (%)	-2.56	-7.26	-3.09
Since Inception Return (%)	+15.29	8.56	2.18
Annualized Return (%)	+23.80	n/a	n/a
Risk/Return:			
Sharpe Ratio (x) ²	2.08	n/a	n/a
Annualized Std Deviation (%)	9.79	n/a	n/a
Max Drawdown (%)	-3.26	n/a	n/a
% Positive Months	62.50	n/a	n/a
1 day 95% VAR ³	-0.281	n/a	n/a
1 day 99% VAR	-0.436	n/a	n/a
30 day 95% VAR	-1.54	n/a	n/a
30 day 99% VAR	-2.39	n/a	n/a
Exposure (% NAV):			
Long	34.44	n/a	n/a
Short	-27.4	n/a	n/a
Gross	+61.83	n/a	n/a
Net	+7.04	n/a	n/a
Cash	n/a	n/a	n/a
Gross Assets	n/a	n/a	n/a

Summary Statistics^{3,4} – July 2006

Allocation by Asset Class:	% NAV	Allocation by Region:	% NAV
Equity	34.44	China	2.30
FX	n/a	Hong Kong	6.42
Options	n/a	Taiwan	-1.68
Cash	n/a	Other	n/a
Debt	n/a		
Derivatives	-27.4		
Commodities	n/a		
Allocation by Sector:	% NAV	Attributables:	P&L (% NAV)
Cash	n/a	Cash	n/a
Oil & Gas	2.47	Oil & Gas	0.12
Metals & Mining	n/a	Metals & Mining	n/a
Banking & Finance	9.99	Banking & Finance	0.38
Consumer Cyclical	3.03	Consumer Cyclical	0.15
Telecom	3.86	Telecom	-0.10
Technology	8.03	Technology	-0.01
Other	7.05	Other	-0.08
Futures	-27.4	Futures	-0.37

Monthly Commentary

The markets increased in July 2006. The HSI index was up 3.9%; the HSCCI index up 6.76% and the HSCEI index up 5.44%. In Hong Kong, stock rose as investment sentiment improved from June, with investors anticipating that the US Federal Reserve's two year run of interest rate increases may end. The HSCEI index rose due to gains in the heavily weighted shares of China Construction Bank, PetroChina and China Shenhua Energy which more than offset losses by airlines and auto makers. Out of 21 trading days in July, China was negative 9 days with the biggest drawdown being - 0.62 on July 14, 2006. At the end of the month, on the China side we ended up with a gross exposure of 51.61% and net exposure of 11.35%. Our market gains in July were limited due to a market decline on the Taiwan stock market (down 3.7%) and our low net exposure (over hedged) in the rising stock market on the China side.

In July China equities stock indexes fell to new lows partly due to consolidation pressure. There was also dampened sentiment in the market resulting from moves by the Chinese government to tighten liquidity conditions. Concern that new share sales would divert capital from existing equities also caused a dent in investment sentiment.

The Chinese economy continued to steam ahead, with GDP expanding at a higher than expected rate of 11.3% YOY ending Q2. This sparked speculation that administrative measures would be enforced to cool the economy.

On a policy front, the Chinese government accelerated the implementation of its Qualified Domestic Institutional Investors (QDII) scheme. The move is a step toward the reform of the foreign exchange management system and is aimed at easing the pressure on the RMB as the country's foreign exchange soared.

The TAIEX dropped 3.7% in July with the index closing at 6,454 resulting in a market decline of 1.4% for the year. Turnover for the month was NT \$1,494 billion, a drop of 25.4% as most tech companies were hit with seasonality and market sentiments turned conservative as macro issues lingered. All sectors

performed poorly with Steels - 11.9%, followed by Automobile and Tourism, - 8.5% and - 8.4% respectively. Financials declined by 4.2% while Tech edged lower by 3%.

After the sizable correction in July, the market was able to show some bounce in August, +2.4% as of August 14, 2006 as investors believed most of the fundamental negativities have been factored into prices. The index is near our original target of 6,550 with growing volume. Therefore, we have revised our index target to 6,800-7,000 and would consider either profit taking at that level or increasing our hedge ratio to a neutral position.

Out of 21 trading days in July, Taiwan was negative 9 days with the biggest drawdown being -0.81 on July 17, 2006. At the end of the month, on the Taiwan side we ended up with a gross exposure of 85.5% and net exposure of - 6.45%. For the portfolio on the whole, we ended up with a net exposure of 7.04% and a gross exposure of 61.83%.

Early estimates show the HFN Hedge Fund Aggregate Average, an equally weighted average of all single manager hedge funds in the HedgeFund.net database, was - 0.24% in July and is + 5.44% year-to-date. July was the third negative month in a row for the Aggregate, the first time there has been three consecutive down months since Q3 2000. The HedgeFund.net database consists of over 6,500 current hedge funds, fund of funds and CTA's.

As stated in the June 2006 newsletter, our investment objective is to be on a risk adjusted basis one of the top 5 performing Greater China focused funds. Using the EurekaHedge Database of 51 Greater China focused funds and comparing risk/return as defined as annual return divided by standard deviation, we were ranked fourth in June 2006, down from number one in May 2006. Over 50% of the funds shown in the EurekaHedge Greater China database showed losses for the month of June.

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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:	Valerie Rios
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Telephone Number:	+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

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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