

GCA Greater China Fund – June 2006 (-2.56%)

NAV* per share \$1157.40

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.gerkencaital.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:** The Fund management team consists of nineteen investment professionals. Team members include:

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	Albeert 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	Rusty Nagarwalla
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

Summary Data - Dec 1, 2005 to date *

Return Data:	GCAC Actual*
Monthly Return (%)	-2.56%
YTD Return (%)	+12.78
Best Month (%)	+ 6.25
Worst Month (%)	-2.56
Since Inception Return (%)	+15.74
Annualized Return (%)	+29.37%
Risk/Return:	
Gross Exposure (%)	+39.25
Net Exposure (%)	+21.86
Sharpe Ratio (x)	2.41
Annualized Std Deviation (%)	10.13
Max Drawdown (%)	-3.13
% Positive Months	71.43

*Note: Actual results for Fund and NAV calculations are net of management fee of 1.5% and performance fee of 15% and expenses.

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@gerkencaital.com Greg Madding, President greg@gerkencaital.com Hugh B.L. McClung, MD Greater China hugh@gerkencaital.com 110 Tiburon Blvd., Suite 5 Mill Valley, CA 94941 +1 415 383 1464 www.gerkencaital.com
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 of Fund:	Lou Gerken, Hunter Ashby Financial Services Ltd., Salinger Holdings
Contact Person(s):	Valerie Rios, Client Services
Email Address:	Valerie@gerkencaital.com
Telephone Number:	+1 415 383 1464

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 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):	7.10
Fund Capacity (\$mn):	300
Firm’s Total Assets (\$bn):	\$1.5 (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

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Service Providers

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

Overview and Outlook

June was not a good month despite the fact that regional and US markets started to recover in late June. In Hong Kong the HIS Index gained 2.6%. H Shares and Red Chips gained 1.8% and 7.0% in June. Out of 22 trading days in June, China was negative 9 days with the biggest drawdown being 2.98% on June 8.

Similarly, June was a bumpy month for Chinese equities, featured like a sharp V shape rebound. The Chinese market fell sharply during the first two weeks of the month, in synchrony with global markets on declining risk appetite and concerns about rising interest rates to contain inflationary pressures. Falling commodity prices and the reiteration of property tightening measures by the China Government added further weight to the China market. Bank of China attracted \$84.6 billion of bids for China's biggest domestic public offering, 32 times oversubscribed; highlighting immense demand on China IPO activities. Bank of China is a litmus test for efforts to channel part of the nation's \$1.9 trillion of household savings into equities. The China market remains very attractive: high growth rate, strong economic fundamentals and huge return from rising domestic consumption.

The TWSE TAIEX was down 2.07% in June. Lowest point was 6290 on June 21, having dropped 15.8% from a high point of 7476 on May 9. Total trading volume in June was down 36% from May. Foreign investors were net selling of NTD 46.2 billion compared to NTD 30 billion in May. The best performing sectors were food, up 13.56%, construction, up 6.08%; the worst performing sectors were electrical down 5.38% and cement down 4.75%.

We see the TAIEX trading between 6450 and 6850 in July. Starting at the end of June, there will be many corporate actions such as dividend and stock payouts which will impact price fluctuations. Trading idea surrounding the discount based on future prices will be implemented in our themes. We will focus on groups of stocks which we are confident in mid term will perform well. Out of 22 trading days in June, Taiwan was negative 12 days with biggest drawdown being -3.7% on June 8.

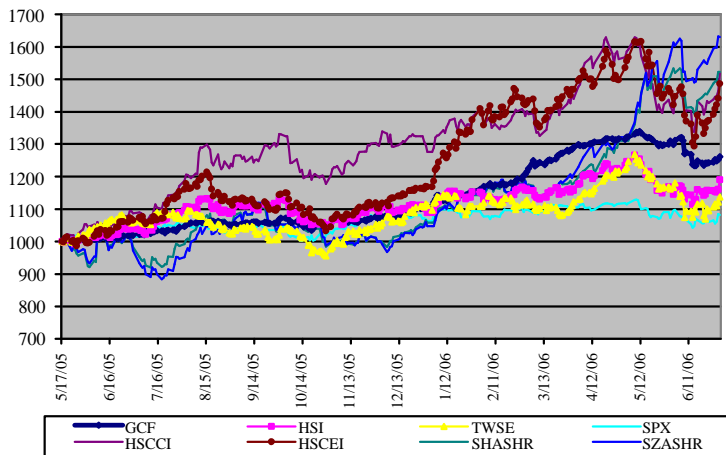
After June 7, the market began to drop significantly and we suffered accordingly, hence the large drawdown on June 8. During the week of June 13, we immediately reduced our overall exposure to 30% which remained in that range for the balance of June.

Track Record – Monthly*

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							12.78 1.76

*Note: Actual results for 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 Greater China track records not contained in the table above but are available upon request.

GCA Fund with Indices



Notwithstanding, our performance in June, we compare very favorably against other hedge funds. The HFN Hedge Fund Aggregate Average of all single manager hedge funds was down .14% in June and plus 5.92% year to date. The HFN data base consists of 6,300 hedge funds. The HFN Emerging Market Average was down 1.08% in June and is +8.21% year to date. Funds investing in Asia performed worse than global counterparts and were down 1.37% and up 1.67% year to date. We were up 14.02% year to date.

Our objective is to be the best risk adjusted Greater China Fund. Using the Eurekahedge Database of 51 Greater China Funds, and comparing risk/return as defined as annual return divided by standard deviation, we had the best risk/return ratio of any of the listed 51 Greater China Funds.

Performance vs. Key Indices – Jun' 06 *

Indices	MTD	YTD	Since Inception (12/05)
GCA Greater China	-2.56%	+12.78%	+15.74%
MSCI World	-1.99%	+4.94%	+7.19%
MSCI Emerging Market	-0.46%	+5.81%	+11.91%
S&P 500	+0.01%	+1.76%	+1.66%

Portfolio Breakdown

Sector	%	Asset Class	%
Basic Materials	1.04	Equities	30.55
Banking & Finance	11.24	Futures	(8.69)
Energy	5.48	Fixed Income	n/a
Consumer Cyclical	3.52	Derivatives	n/a
Telecom	5.04	Options	n/a
Technology	4.23	Foreign Exchange	n/a
		Indexes	n/a
		ETFs	n/a

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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