

## GCA Greater China Fund Ltd.

### Performance June 2009 +4.60%<sup>1</sup>

#### Monthly Summary of Returns (%)<sup>1</sup>

GCAGC	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	2.62
2006	3.61	3.72	6.25	1.96	-0.58	-2.56	-0.39	-0.20	2.13	3.10	3.22	2.31	24.69
2007	2.60	3.49	-0.98	2.28	1.83	5.86	8.22	1.54	5.98	-0.35	-7.34	0.47	25.24
2008	-5.02	-4.05	-0.41	-0.80	-3.58	-5.03	-0.60	0.55	-1.89	-1.78	-2.86	0.18	-22.73
2009	2.25	0.88	1.86	-1.91	1.44	4.60							9.36

#### Performance Summary

	GCAGC	MSCI Golden Dragon	S&P 500
<b>Return Data<sup>1</sup>:</b>			
NAV per share (\$)	1,354.19	115.18	919.32
Monthly Return (%)	4.60	-1.12	0.02
YTD Return (%)	9.36	34.54	1.78
Best Month (%)	8.22	16.05	9.39
Worst Month (%)	-7.34	-21.22	-16.94
Since Inception Return (%)	35.42	24.20	-26.42
Annualized Since Inception	8.83	6.23	-8.21
<b>Risk/Return:</b>			
Sharpe Ratio (x) <sup>2</sup>	0.77	0.21	-0.48
Ann. Std Deviation (%)	11.26	29.43	17.54
YTD Std. Deviation (%)	7.59	32.77	34.41
Max Drawdown (%)	-28.44	-60.86	-52.56
% Positive Months	58.14	55.81	60.47
Market Correlation	1.00	0.47	0.32
<b>Exposure: (% NAV)</b>			
Long	33.80	n/a	n/a
Short	-19.92	n/a	n/a
Gross	53.72	n/a	n/a
Net	13.88	n/a	n/a
Cash	86.11	n/a	n/a
Gross Assets	139.83	n/a	n/a
<b>Risk Indicators: (% NAV)</b>	<b>(Hist./YTD)</b>	<b>(Hist./YTD)</b>	<b>(Hist./YTD)</b>
1 day 95% VAR <sup>6</sup>	-1.00 / -0.71	-3.07 / -3.14	-2.79 / -3.53
1 day 99% VAR	-1.44 / -1.03	-4.36 / -4.55	-3.94 / -5.01
30 day 95% VAR	-4.60 / -3.25	-14.08 / -14.40	-12.79 / -16.17
30 day 99% VAR	-6.59 / -4.74	-19.99 / -20.85	-18.04 / -22.94
Loss @ fire sale/avg. Days	-1.79	n/a	n/a

#### Summary Statistics<sup>4,5</sup>

Allocation by Asset Class:	% NAV	Allocation by Region:	% NAV
Equity	14.91	China	8.47
FX	0.00	Hong Kong	5.72
Options	-1.03	Taiwan	0.16
Cash	86.11	Other	-0.47
Bonds	0.00		
Derivatives	0.00		
Commodities	0.00		
<b>Allocation by Sector:</b>	<b>% NAV</b>	<b>Attribution of P&amp;L:</b>	<b>% NAV</b>
Basic Materials	0.92	Basic Materials	-0.46
Communications	-0.07	Communications	0.11
Consumer Cyclical	3.71	Consumer Cyclical	-0.21
Consumer, Non-cyclical	0.33	Consumer, Non-cyclical	-0.01
Energy	0.09	Energy	-0.40
Financial	-1.57	Financial	0.01
Funds	6.55	Funds	3.00
Healthcare	2.62	Healthcare	0.52
Industrials	0.74	Industrials	0.86
Technology	0.51	Technology	1.14
Utilities	0.05	Utilities	0.04
Derivatives	0.00	Derivatives	0.00
<b>Allocation by Market Cap:</b>	<b>% NAV</b>		
Small (<\$500m)	1.48		
Mid(\$500m-\$2bn)	-2.42	<b>P&amp;L by Long/Short</b>	<b>% NAV</b>
Large (>\$2bn)	14.82	Long	2.02
Derivatives	0.00	Short	2.58

#### Monthly Commentary

Greater China markets delivered mixed returns in June. China was up 4.13%, whereas Taiwan was down 7.60%. The GCA Greater China Fund was +4.6% for the month. The fund volatility was 7.59% vs 32.77% for the index. The fund's Sharpe ratio since inception is 0.77 and the fund's alpha is 0.08. Stocks that performed well for the month included on the long side The9 and on the short side First Solar.

The fund delivered strong returns in June, despite market exposure continuing to be low. Our spread trade on the China A-share market to short the premium on a closed-end fund worked in our favor this month. Additionally, a valuation spread trade among three solar energy related companies also did well. The large fiscal stimulus package and aggressive lending growth in China have created an improvement in economic growth. Taiwan has been helped by an inventory rebuild cycle, though export numbers continue to be weak. In the absence of an economic recovery in the developed world,

we think there will continue to be considerable economic risks in the Greater China area. We expect the current cyclical recovery to be weaker and shorter-lasting than normal cyclical recoveries. Equity markets have the potential to sustain the current cyclical rally. However, they will remain susceptible to the significant economic risks that remain in the global economy. We expect to maintain net market exposure in the current environment, with a focus on maintaining a balance between both long and short ideas.

**Attribution:** Top four position gains and losses as a % of NAV for the investment period were as follows:

Top 4 Gains	% NAV	Top 4 Losses	% NAV
iShares A50 China Tracker	2.06	Market Vectors Gold Miners	-0.56
Morgan Stanley China A	1.05	Yanzhou Coal Mining	-0.31
The9 Ltd.	0.76	Focus Media Holding	-0.27
Suntech Power Holdings	0.65	Yingli Green Energy	-0.22

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## Fund Manager Profile

**•Manager** Founded in 1989, Gerken Capital Associates (“GCA”) is a San Francisco based emerging markets, alternative asset fund manager. GCA presently manages/advises \$1.3 billion in AUM. The Fund is structured as a separate share class of BVI-domiciled Master Feeder GCA Funds Limited. Other hedge funds (share classes) currently offered and proposed include GCA Latam, Greater India and CEE. GCA also manages a vintage series of private equity fund of funds as well as separately managed accounts for clients requiring customized product. GCA is a Registered Investment Advisor. The firm has thirteen professionals with multiple business cycle investment experience each and long term affiliation. For additional firm details please refer to [www.gerkencapital.com](http://www.gerkencapital.com).

Lou Gerken, founder and chairman has been active in the emerging markets since the mid-70s where he began his career as an analyst & portfolio manager with emerging markets pioneer GT Capital. Eswar Menon, a twenty-year emerging markets investment veteran with both Nicholas Applegate and Loomis Sayles is GCA’s Group Portfolio Manager. Oliver Chen, Portfolio Manager, has been an active Greater China investment manager since 1993 having worked with US Global Investors in Texas, Dingtian Asset Management in Beijing and Nanfang Securities. He received his MBA from Vanderbilt University; earned masters degree in finance from Graduate School of People’s Bank of China and is a CFA III candidate.

As part of its institutional grade management approach, GCA has negotiated a long-term and exclusive agreement with China Merchant Securities (“CMS”), China’s third largest securities firm with presence in HK and throughout China. CMS is affiliated with China’s 6<sup>th</sup> largest bank, China Merchant Bank and China Merchant Group, China’s oldest commercial enterprise and one of the largest State owned Enterprises. As part of the agreement, CMS’s Research Center, the 3<sup>rd</sup> largest in China, provides GCA with 24x7 on the ground research, is an investor in the Fund, assists with capital introductions in Hong Kong and participates with GCA in other related activities. For further information: [www.cms-hk.com](http://www.cms-hk.com).

## Portfolio Management Team:

Chief Investment Officer	Lou Gerken*
Group Portfolio Manager	Eswar Menon*
Portfolio Manager	Oliver Chen*
Investment Analyst	Klaus Johannsmeier
Finance, Compliance & Risk	Peter Britto
Marketing	A. Moore
Client Services	Valerie Rios, E. Barr
Back Office/Administration	Carla Boy

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\*Investment Committee Member

## Differentiators

### Performance, Risk Management, Pedigree, Philosophy, Transparency

- Greater China footprint (China, HK & Taiwan)
- Emerging markets investment experience since mid 70s
- Multi-strategy skill-set and flexibility
- Risk-adjusted return profile for consistent returns and soft landings
- Actively managed on the ground by institutional grade investment team
- Established research, trading and risk management infrastructure
- Leading Prime Broker, Fund Administrator and Audit relationships.
- Scalable operations with ample investment capacity
- Majority owned by principals with significant investment in fund
- Long term, exclusive research affiliation with recognized local partner
- Access to fastest growing GDP sector (SME)
- Part of GCA “BRIC” Master Fund providing flexibility and alpha

## Manager Details

Fund:	GCA Funds Limited BVI International Business Company Regulated under the BVI MF Act 1996
Investment Committee:	Lou Gerken, Eswar Menon, Oliver Chen,

<sup>1</sup>Annual results for the Fund and NAV calculations are net of management fee of 1.5% and performance fee of 15% and expenses and net of estimated financing costs; Manager and Advisor related and historical track records are available upon request; <sup>2</sup>Risk-free rate used for Sharpe-ratio is U.S. 90-day T-bills; <sup>3</sup>Annualized Standard Deviation uses data available since inception. <sup>4</sup>Net Allocation by asset class and region represent portfolio net exposure; <sup>5</sup>Exposure data represents Fund’s net exposure including adjustments for options delta. Note that Gross Assets=long+short+cash+gain/loss on derivatives; <sup>6</sup>Value at Risk (VAR) defined as quantitative market or event risk estimate of potential loss to fund; <sup>7</sup>Equalization refers to accounting method designed to ensure alignment of incentive fees amongst investors. Not applicable as Fund utilizes Series of Shares Method;

Directors:	Lou Gerken, Dakshesh Patel
Contact Person:	Lou Gerken, Founder, CIO Lou@gerkencapital.com Valerie Rios, Client Services Valerie@gerkencapital.com +1 415 383 1464
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B Share Class: Fund Manager:	GCA Greater China Fund Limited Gerken Capital Associates

## Fee and Redemption Structure<sup>1</sup>

Subscription Frequency:	Monthly
Redemption Frequency:	Monthly
Redemption Notification Period:	45 days
Redemption Fee:	None
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 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 accesses China’s fastest growing mid-cap sector by way of its on the ground investment team. Fund adheres to “best of breed” AIMA compliant risk controls and 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):	\$1.3bn (managed/advised)
Inception Date:	December 1, 2005 (Actual)
Bloomberg Code:	GCAGRCH VI
Domicile:	BVI
Base Currency:	USD
Equalization/Share Class <sup>7</sup> :	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 \$1,000,000
Manager Investment:	Yes from inception; no withdrawals
Tax Reporting:	U.S. PFIC
AIMA Compliant:	Yes (Member)

## Service Providers

Prime Broker:	Merlin Securities, LLC
Custodian:	J.P. Morgan Clearing Corp.
Administrator:	Apex Fund Services Limited
Paying Bank:	VP Bank BVI
Auditor:	Deloitte & Touche LLP
BVI Counsel:	Walkers BVI
Regional Partner:	China Merchant Securities

7/13/2009

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