

**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			-20.59

**Performance Summary**

	GCAGC	MSCI Golden Dragon	S&P 500
<b>Return Data<sup>1</sup>:</b>			
NAV per share (\$)	1,272.53	81.42	968.75
Monthly Return (%)	-1.78	-21.22	-16.94
YTD Return (%)	-20.59	-53.51	-34.03
Best Month (%)	8.22	13.74	4.75
Worst Month (%)	-7.34	-21.22	-16.94
Since Inception Return (%)	27.25	-12.21	-22.47
Annualized Since Inception	8.61	-4.37	-8.36
<b>Risk/Return:</b>			
Sharpe Ratio (x) <sup>2</sup>	0.68	-0.17	-0.59
Ann. Std Deviation (%)	11.95	28.85	14.99
Max Drawdown (%)	-26.33	-59.42	-37.47
% Positive Months	54.29	57.14	60.00
Market Correlation	1.00	0.58	0.43
<b>Exposure:</b>	(% NAV)		
Long	25.77	n/a	n/a
Short	-10.12	n/a	n/a
Gross	35.89	n/a	n/a
Net	15.65	n/a	n/a
Cash	96.37	n/a	n/a
Gross Assets	110.02	n/a	n/a
<b>Risk Indicators:</b>	(% NAV)		
1 day 95% VAR <sup>6</sup>	-0.93	n/a	n/a
1 day 99% VAR	-1.32	n/a	n/a
30 day 95% VAR	-4.93	n/a	n/a
30 day 99% VAR	-7.28	n/a	n/a
Loss @ fire sale/avg. Days	-2.28%/ 3 day	n/a	n/a

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

Allocation by Asset Class:	% NAV	Allocation by Region:	% NAV
Equity	14.70	China	-0.67
FX	0.00	Hong Kong	14.30
Options	-1.07	Taiwan	0.00
Cash	84.35	Other	2.02
Bonds	0.00		
Derivatives	-2.02		
Commodities	0.00		
<b>Allocation by Sector:</b>	<b>% NAV</b>	<b>Attribution of P&amp;L:</b>	<b>% NAV</b>
Basic Materials	0.00	Basic Materials	0.21
Communications	0.00	Communications	0.05
Consumer Cyclical	5.73	Consumer Cyclical	-0.17
Consumer, Non-cyclical	9.04	Consumer, Non-cyclical	-0.07
Energy	2.42	Energy	0.15
Financial	-9.05	Financial	1.10
Funds	2.02	Funds	-0.24
Healthcare	0.00	Healthcare	-0.19
Industrials	0.99	Industrials	-0.40
Technology	-0.34	Technology	-1.30
Utilities	4.84	Utilities	-0.84
Derivatives	0.00	Derivatives	0.00
<b>Allocation by Market Cap:</b>	<b>% NAV</b>	Cash	-0.08
Small (<\$500m)	1.93		
Mid(\$500m-\$2bn)	0.87		
Large (>\$2bn)	12.85		
Derivatives	0.00		

**Monthly Commentary**

We witnessed the most volatile markets in the past several decades in October 2008: the S&P 500 fell by 16.94% while HSCEI and TWSE lost 27.11% and 14.84% ; the benchmark MSCI Golden Dragon, lost 21.22% on lingering global growth concerns, rising sovereign debt risks across EM and liquidity stress. The fund was down 1.78% in October, however, it outperformed the MSCI Golden Dragon by more than 1900 basis points due to our defensive strategy.

We have seen the massive panic selling caused by the financial crisis. Yet, if we put previous crises into a historical perspective and examine the potential risk/reward trade off of investing in the aftermath of a crisis, we notice that the prospect of generating positive returns by buying into market crashes, seems to be skewed to the positive on most occasions. China is probably going into a cyclical downturn while we believe strongly that China's long-term secular growth story remains valid and that China's strong fiscal/external positions could help it weather unexpected external shocks - in stark contrast with the challenges faced by many Western democracies.

Looking forward, we tend to think that the markets as a discount mechanism have priced in most of the negative side. Yes, the Chinese macro economy is still worsening. However, as Buffet once said, "the market will move higher, perhaps substantially so, well before either sentiment or the economy turns up. So if you wait for the robins, spring will be over." The potential upside, in our opinion could be driven primarily by multiples and liquidity normalization, potential signs of global/domestic growth stabilization and economic stimulus policies. With the above in mind, we will become more aggressive, and currently think there are some excellent opportunities with consumer staple stocks.

**Attribution:** The top positions which helped and hurt the portfolio were:

Top 4 Gains	% NAV	Top 4 Losses	% NAV
Morgan Stanley China A	3.12%	Ultrashort FTSE/Xinhua	-0.83%
Zijin Mining Group Co	0.49%	Home Inns & Hotel	-0.64%
China Life Insurance Co	0.48%	FXI US Puts	-0.59%
Ctrip.com International	0.42%	Tencent Holdings Ltd	-0.59%

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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. 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, CEE and MENA. GCA also manages a vintage series of private equity fund of funds and separately managed accounts. GCA is a Registered Investment Advisor. The firm has twelve investment professionals with twenty plus years of 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-70’s where he began his career as an analyst & portfolio manager with emerging markets pioneer GT Capital. 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 team approach, GCA has entered into a long-term and exclusive affiliate relationship with the Polaris Group (“PG”) which provides the Fund with enhanced on the ground research, mid-office, execution platforms and risk management infrastructure. Taiwan based 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, China and Singapore. PG has a customer base of over one million with international partnerships with State Street Global Advisors, Merrill Lynch and Schroders. PG manages AUM of USD \$3.8 billion and 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.

### GCA Manager Team:

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

### Polaris Regional Affiliate:

Portfolio Manager	Sean Tseng*
Chief Strategist	Gary Tan*
Taiwan Investment Desk	Nancy Chen, Kenner Wang
China Investment Desk	Yanbo Tian, Michael Li
HK Investment Desk	Dapin Liou
Greater China Research	K.Y. Liang
Back Office/Administration	Angela Chen

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\*Investment Committee Member

## Differentiators

### Actively managed on the ground by institutional grade investment team

- Greater China footprint (China, HK & Taiwan)
- Emerging markets investment experience going back to mid 70’s
- 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
- Scalable operations with ample investment capacity
- Majority owned by principals with significant investment in fund
- Long term, exclusive affiliation with recognized regional investment partner
- Access to fasted growing GDP sector (SME)
- Part of GCA “BRIC” Master Fund providing flexibility and alpha

<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 insure alignment of incentive fees amongst investors. Not applicable as Fund utilizes Series of Shares Method;

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## Manager Details

Fund:	GCA Funds Limited BVI International Business Company Regulated under the BVI MF Act 1996
Investment Committee:	Lou Gerken, Oliver Chen, Gary Tan, Sean Tseng
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
Hong Kong Address:	Room 1003-4 10F Tower 1 18 Harcourt Road Admiralty Center, Central, Hong Kong
San Francisco Address:	110 Tiburon Blvd., Suite 5 Mill Valley, CA 94941
B Share Class:	GCA Greater China Fund Limited
Fund Manager:	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 it’s 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):	\$1.4bn (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 (unless waived)
Manager Investment:	Yes from inception; no withdrawals
Tax Reporting:	U.S. PFIC
AIMA Compliant:	Yes (Member)

## Service Providers

Prime Broker:	Citigroup
Administrator:	Apex Fund Services Limited
Paying Bank:	VP Bank BVI
Auditor:	Deloitte & Touche LLP
BVI Counsel:	Walkers BVI

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