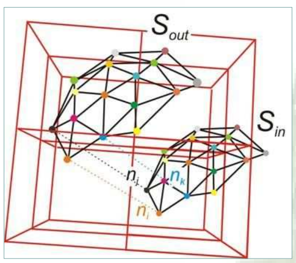
GBC BLUE CHIP
GROUP OF FUNDS

MARKET INDEPENDENT RETURNS

GBC BLUE CHIP VALUE AVERAGING FUND

AN INVESTMENT SUMMARY



STABLE LONG TERM GROWTH

Reduced Volatility—Enhanced Returns

Value Averaging has statistically been proven to outperform other investment methods, especially in periods of high market volatility. The GBC Blue Chip Value Averaging Fund will inherently reduce an investor's risk level and enhance their investment returns.

Focus of Investment Activity:

1. The power of the Value Averaging (VA) method derives from its marriage of two proven but separate techniques: Dollar Cost Averaging and Portfolio Rebalancing.

2. The Value Averaging Fund uses a mechanical system that is mathematically driven using computer software to determine the dollar amount to invest or sell periodically.

LONG TERM GAINS THROUGH A

SYSTEMATIC INVESTMENT PROGRAM

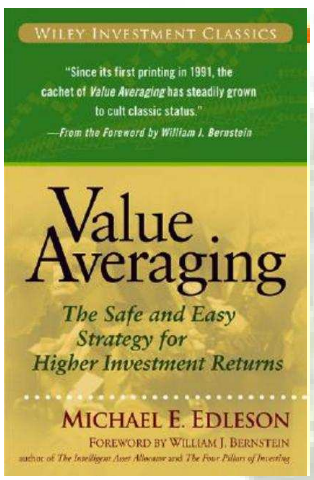
When the stock market is in a downturn, is it a good practice to increase contributions to your investment accounts, thus buying more shares at a lower price? And when the market has provided a high return, would it not make sense to scale back contributions, buying fewer shares at the higher price?

What the above question is asking about is the strategy called Value Averaging.

WHAT IS VALUE AVERAGING?

Value Averaging is a combination of its better-known cousin—"Dollar-Cost Averaging"—and a process known as "Portfolio Rebalancing."

The Value Averaging method has been shown to produce better results over time than the old "Dollar-Cost Averaging" method. Finance Professor and former Nasdaq Chief Economist Michael E. Edleson first wrote about Value Averaging back in 1988. Edleson went on to publish a book dedicated to the topic of Value Averaging, and has tested Value Averaging using simulations to compare Value Averaging to Dollar Cost Averaging and purchases of a constant number of shares in each investment period. Without considering possible differences in risk, Edleson concludes:



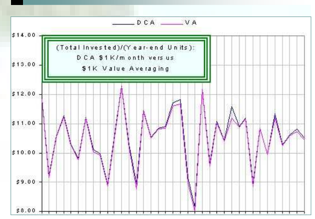
- "(There is an) inherent return advantage of Value Averaging (over Dollar-Cost Averaging and purchase of a constant number of shares)."
- "It's about as close to 'buy low, sell high' as we're going to get without a crystal ball."

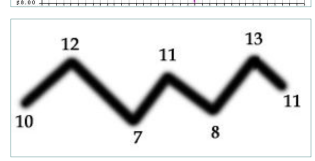
The rule under value averaging is simple: ... make the value not (the market price) of your investment go up by a fixed amount each month.

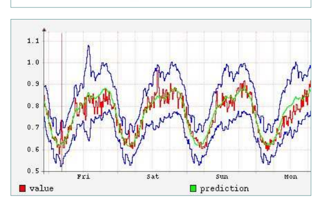
Edleson, who was also a managing director at Morgan Stanley (MS), relied on one crucial piece of information that was missing from the "Dollar-Cost Averaging" method to come up with "Value Averaging." By considering a portfolio's expected rate of return (something that the "Dollar-Cost Averaging" method neglects), the "Value Averaging" method helps to identify periods of over and underperformance.

When a portfolio is underperforming, share prices are likely to be low. And that's when you'll be investing more to make up for the underperformance. When the portfolio is outperforming your target rate return, share prices are likely to be high. That means it is not a good time to buy and you could even sell for a profit, provided you maintain your predetermined average growth rate.

The method is particularly valuable during times of high volatility to help ensure investors maintain discipline in their investing. And in these difficult market conditions, it's certainly worth considering.







HOT ZONES

HOW DOES IT WORK?

Basically, the idea behind Dollar-Cost Averaging is that instead of investing a sum of money all at once, you dole it out a bit at a time over a specific period. So, for example, if at the beginning of the year you had $12,000 you wanted to invest in stocks, you might invest $1,000 each month over the course of a year instead of all at once.

The idea is that you reduce risk because you're buying stocks at a variety of prices throughout the year instead of buying all the shares at a single price. Dollar cost averaging is a “Buy low, buy less high” strategy, as there are no rules for selling.

Value Averaging works a bit differently. With Value Averaging, you first figure out how much money you will need to accumulate for a goal such as retirement. Then, based on the annualized return you expect to earn on your investments, you figure out how much you must invest each month to achieve that goal.

So let's say you have a goal of accumulating $500,000 over the next 20 years. If you figure you can earn an annualized 8 percent, then you would need to put away about $875 a month. You can then chart your progress month by month towards that goal.

Here's where the "value" part of value averaging comes in. Let's say that, at the end of the first year, instead of having the $10,950 you should have to be on track toward your goal, a downturn in the markets leaves you with just $10,000.

That would mean that the next month, instead of investing your usual $875, you would invest an additional $950 to bring your portfolio's value to where it should have been to remain on track toward your goal. In fact, you would go through this process each month. In months where you fall behind, you would add to the amount you invest each month. And in months where your returns are higher than expected and your portfolio's value gets beyond where it needs to be, you would scale back your monthly investment, or even possibly end up selling some shares.

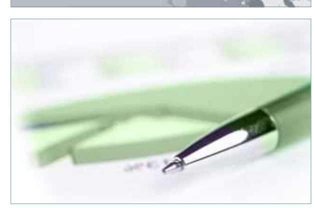
HOW VALUE AVERAGING DIFFERS

At first glance the Value Averaging strategy may not seem too different from Dollar-Cost Averaging, however there are significant differences:

- A large upward price swing often results in the sale of shares, instead of a purchase.
- Value Averaging also results in a net average cost per share that is much lower than the average cost per share with Dollar-Cost Averaging.
- There is often a tendency to sell shares when the share price is high; the best Dollar-Cost Averaging can do is buy fewer of the more expensive shares.
- Value Averaging takes a more extreme response to market dips and rises than does Dollar-Cost Averaging. The return is enhanced greatly by the larger purchases at low prices and by the profit taking as shares are sold at generally higher prices.
- Value Averaging forces you to avoid big moves into a peaked market or panic selling at the bottom.

Value Averaging tends to provide the highest returns in the stock market over short to immediate term investment periods.

"Value averaging" is a nice way to ensure you follow one of the most well known investment mandates: **Buy low and sell high.**



OVERVIEW OF THE OFFERING

Incorporation

GBC Blue Chip Value Averaging Fund is organized under the laws of the Commonwealth of The Bahamas as a Standard Investment Fund. The Investment Manager is organized under the laws of the Commonwealth of The Bahamas.

The Offering

This offering ("Offering") consists of a maximum of 499,000 Preference Shares (the "Shares") of GBC Blue Chip Value Averaging Fund (the "Fund") at an initial offering price of USD $10,000 per Share (the "Purchase Price"). The minimum initial subscription for Units is USD $10,000, with further subscriptions in increments of a minimum of USD $10,000.

Closing Date

The Offering is a continuous offering and will be open until the maximum amount is completed. There is no minimum offering amount. Subscriptions will be closed and registered as received and accepted.

Use of Proceeds

The net proceeds of the Offering, after the payment of the expenses of the Offering, will be utilized to execute the Fund's execution of the Value Averaging system that is mathematically driven using computer software to determine the dollar amount to invest or sell periodically.

Investment Manager

GBC Blue Chip Fund Management acts as the Investment Manager and as the Investment Advisor of the GBC Blue Chip Value Averaging Fund, responsible for the allocation and the management of the Fund's assets.

Shares Outstanding

The Fund presently has 499,000 Preference Shares each with an initial value of USD $10,000. Upon completion of the Offering, the Fund will have a maximum of 499,000 Units, with a value calculated by adding all the holdings of the Fund, less the Fund's liabilities.

Price Per Share

Upon completion of the Offering, the value of the Preference Shares will be equal to the assets less liabilities, determined in accordance with International Accounting Standards.

THE BOTTOM LINE

Investors who should use Value Averaging—those who should invest in the GBC Blue Chip Value Averaging Fund– include:

- **Any investor with a pool of cash or periodic cash flows who seeks to invest in a risky asset, who has a long-term investment horizon, and who feels that he cannot forecast short-term moves in the market.**
- **Any investor who is having difficulty finding the right moment to move into the market (or back into the market if he was temporarily out of the market).**

If you wish to invest, please visit our website at GBCBlueChip.com or contact us at 268-480-2240.

Value Averaging helps investors to tide over market volatility without worrying too much about market timing.

GBC BLUE CHIP GROUP OF FUNDS

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