

Monthly Report

April 30, 2010

Guotai Junan Greater China Growth Fund

Portfolio Summary

Upfront Disclosure

The Fund may invest in listed companies that derive a significant portion of their revenues from goods proceed or sold, investments made or services performed in the Greater China region, which includes the People's Republic of China, the Hong Kong & Macau Special Administrative Region and Taiwan. The Fund may invest in the Greater China securities markets, which are emerging markets. As such, the Fund may involve a higher degree of risk and are usually more sensitive to price movements. The value of the Fund can be volatile and could go down substantially within a short period of time. The investment decision is yours. You should not invest unless the intermediary who sells this Fund to you has advised you that this Fund is suitable for you and has explained why, including how investing in it would be consistent with your investment objectives.

Investment Objective

To achieve medium- to long-term capital appreciation by investing in listed companies which are domiciled in or have operating incomes from the Greater China region (Mainland China, Hong Kong, Macau & Taiwan).

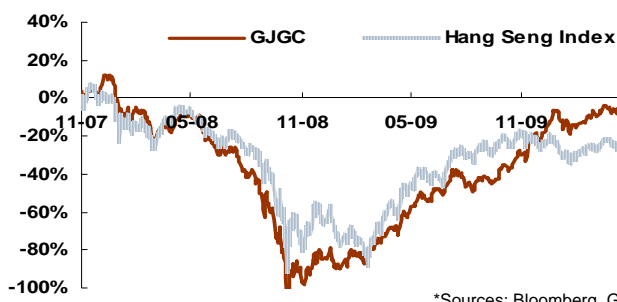
Fund Facts

Management:	Guotai Junan Assets (Asia) Limited
Inception Date:	2007-11-19
Domicile:	Cayman Islands
Base Currency:	HKD
Bloomberg Ticker:	GJGCHGR HK
Redemption Day:	Every Trading Day
Custodian:	HSBC Trustee (Cayman) Limited
Auditor:	Ernst & Young
Minimum amount for HK immigration investment:	HKD 6.5 million
NAV in total (as of Apr 30):	HKD 84.2 million
NAV per Unit (as of Apr 30):	HKD 91.94

Fee Structure

Minimum Subscription:	HK\$ 10,000
Subscription Fee:	Up to 5%
Management Fee:	1.5% p.a.
Redemption Fee:	
Less than 6 Months	1%
6 months or more but less than 12 Months	0.75%
12 months or more but less than 18 Months	0.50%
18 months or more but less than 24 Months	0.25%
24 Months or more	Waived

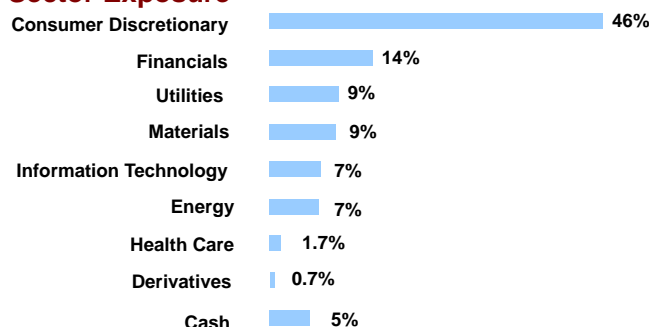
Fund Performance Since Inception



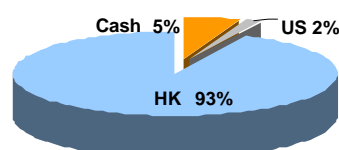
Performance Update

	Total Return	Hang Seng Index
1 Month	-0.7%	-0.6%
3 Months	7.0%	4.9%
6 Months	33.4%	-3.0%
YTD Return	7.3%	-3.5%
1 Year	81.8%	36.0%
Since Launch		
Annualized Return	-3.6%	-12.0%
Annualized Volatility	34.5%	40.3%

Sector Exposure



Geographic Exposure



Monthly Performance Summary

2008	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since Launch
Performance (%)	-21.0	4.9	-9.0	5.2	1.1	-14.5	-0.7	-10.8	-19.9	-27.7	1.7	6.2	-62.0	-57.0
Hang Seng Index (%)	-15.7	3.7	-6.1	12.7	-4.7	-9.9	2.8	-6.5	-15.3	-22.5	-0.6	3.6	-48.3	-47.6
Information Ratio	-3.1	1.0	-2.2	-11.5	8.0	-5.8	-5.0	-4.8	-3.6	-2.6	1.7	1.8		
2009	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since Launch
Performance (%)	-0.1	-0.1	9.7	7.5	14.9	5.6	10.1	-9.4	5.5	6.8	7.0	16.2	99.4	-14.3
Hang Seng Index (%)	-7.7	-3.5	6.0	14.3	17.1	1.1	11.9	-4.1	6.2	3.8	0.3	0.2	52.0	-20.3
Information Ratio	6.3	3.3	2.2	-4.2	-1.7	3.0	-1.8	-7.2	-0.8	2.8	6.6	9.2		
2010	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since Launch
Performance (%)	0.3	2.3	5.4	-0.7									7.3	-8.4
Hang Seng Index (%)	-8.0	2.4	3.1	-0.6									-3.5	-26.3
Information Ratio*	4.5	-0.2	3.3	-0.1										

Notes: Information ratio is defined as expected active return divided by tracking error, where active return is the difference between the return of the fund and the return of Hang Seng Index, and tracking error is the standard deviation of the active return.

Top Ten Security Holdings

#	Name	Industry	%
1	Ping An Insurance	Financials	8.1%
2	Chigo Holdings Ltd	Consumer Discretionary	7.4%
3	Lumena Resources Corp	Materials	7.2%
4	Lenovo Group	Information Technology	7.0%
5	Kunlun Energy	Energy	6.8%
6	Brilliance China Automotive	Consumer Discretionary	6.6%
7	China Gas Holding	Utilities	6.4%
8	Peak Sport	Consumer Discretionary	5.0%
9	Haier Electronics	Consumer Discretionary	4.6%
10	Hisense Kelon Electrical	Consumer Discretionary	4.6%

*Industry Classification is based on Global Industry Classification Standard (GICS).

Investment Team

Chief Investment Officer: Mr. Yuan Junping

Contact information:

Ms. Kathy Yuen
 Phone: (852) – 2509 7746
 Fax: (852) – 2509 7784

Ms. Ming Liang
 Email: mingliang@gtjas.com

Market Review

The IMF was optimistic about the strength of global economic recovery, lifting its forecast for 2010 global growth to 4.2% in its latest World Economic Outlook. Despite the more encouraging macro figures for the 1st quarter of 2010 in US, investors chose to sell off heavily in the last week of April as the Goldman Sachs' fraud and the downgrading of European countries disturbed their confidence. The FOMC decided to remain the interest rate unchanged at 0.25% again for the next two months. For the month, the Dow increased +1.4% to 11,009, the S&P 500 gained +1.5% to 1,187 and the Nasdaq increased +2.6% to 2,461.

The 1st quarter economic figures of China were as strong as expected. GDP was +11.9% YOY; IP growth was 19.6% YOY in 1Q, vs. 5.1% same period last year. The risk of overheating was looming as the CPI in March was 2.4% YOY and PPI was 5.9% YOY. It was a pertinent task for the PBOC to curb the excess liquidity. The PBOC has issued huge sum of central bank notes to mop up the liquidity in April. It also raised the RRR by 0.5% for the 3rd time in this year. The central government showed firm resolve to control the overheated domestic real estate market. Series of stringent control policies were issued in one month. The weak stock movement in China domestic market and developed world dragged down Hong Kong market. Property and financial sectors were heavily sold off. Healthcare sector was the last resort which got gain by +26.3% YTD when others recorded losses. For the month, the Hang Seng Index decreased mildly -0.6% to 21,109, and the HSCEI decreased -1.75% to 12,181.

Brief Trading Summary

The Fund's NAV retreated -0.7% in April. Our top gainer is Brilliance China Automotive (01114 HK) as the stock has gained 34.3% since we loaded for the fund. Hisense Kelon Electrical (00921 HK) also received decent gain of 14.08% MOM. However, the rest components of the funds performed relatively weak, in line with the broad market's performance.

As most of the Hong Kong listed companies have reported their FY09 results, we tried to discover those undervalued names. We found that Lumena Resources (00067 HK) has solid foundation but rather cheap valuation with the 09 PE at only 7.3x. We are confident that Lumena Resources will report decent result as well for year 2010 and added it for the fund. We added Chigo Holdings (00449 HK) as we believe it is another efficient home appliance player which will benefit from the booming domestic consumption in this year. Meanwhile, we reduced our US exposure by unloading the Shanda Games Limited (GAME US) and Concord Medical Services (CCM US). We took profit from the call warrants of China Life (20211 HK) as well.

Investment Strategy

PBOC raised RRR by 50 bps for the 3rd time this year. We expect 1st interest hike may happen in the 3rd quarter of this year. Tightening measures on property sectors remain very intense as we expected, and related sectors such as building materials and steels are also under pressure. India and Australia intend to raise resources tax and iron ore prices are expected to rise further, which will put higher cost pressure on China's downstream manufacturers. We believe stock market will remain weak until next month, when the decent macro data might boost investors' confidence. We expect investment opportunities are likely to exist in the following areas for the next month:

- 1) Technology. Enterprises begin to expand IT expenses amid economy recovery. The rapid growth of 3G telecom users will increase demand for 3G applications. The related IT companies will benefit.
- 2) City gas suppliers. Resource price reform will begin this year and some cities have raised the gas transportation price. We believe end-user price will be raised by around 20% in this year and city gas operators will gain from it.
- 3) Sportswear. The industry is still in rapid expanding period and more new stores are opened in 3rd and 4th tier cities. With larger scale and better brand effect, major sportswear players still can improve their gross margin.

Notes: Investment involves risks. Past performance is not indicative of future performance. Please refer to the explanatory memorandum for further details.

27F, Low Block, Grand Millennium Plaza, 181 Queen's Road, Central, Hong Kong Tel: (852) – 2509 7740 Fax: (852) – 2509 7784

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