

Monthly Report

May 31, 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).

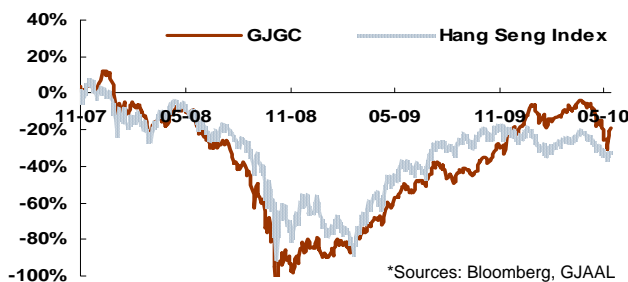
Fund Facts

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 May 31):	HKD 75.6 million
NAV per Unit (as of May 31):	HKD 82.49

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

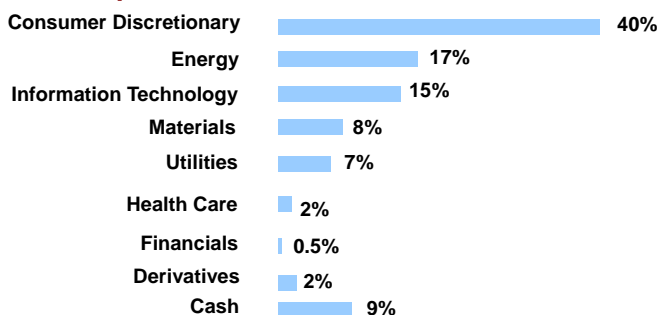
Fund Performance Since Inception



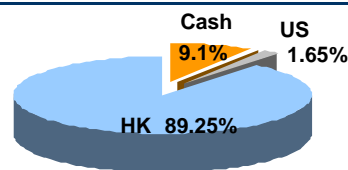
Performance Update

	Total Return	Hang Seng Index
1 Month	-10.3%	-6.4%
3 Months	-6.1%	-4.1%
6 Months	11.9%	-9.4%
YTD Return	-3.7%	-9.6%
1 Year	42%	8.8%
Since Launch		
Annualized Return	-8.3%	-15%
Annualized Volatility	35%	40%

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	-10.3								-3.7	-19.2
Hang Seng Index (%)	-8.0	2.4	3.1	-0.6	-6.4								-9.6	-32.9
Information Ratio*	4.5	-0.2	3.3	-0.1	-2.1									

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	Jia Sheng Holdings Ltd	Energy	9.8%
2	Lumena Resources Corp	Materials	7.9%
3	Chigo Holdings Ltd	Consumer Discretionary	7.0%
4	Kunlun Energy	Energy	6.9%
5	Lenovo Group	Information Technology	6.2%
6	China Gas Holdings	Utilities	5.6%
7	Peak Sport	Consumer Discretionary	5.4%
8	Bosideng	Consumer Discretionary	4.8%
9	Haier Electronics	Consumer Discretionary	4.4%
10	Intime Departmental Store	Consumer Discretionary	4.2%

*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

US market got serious correction in May amid of the massive concern on European credit crisis, the domestic financial reform proposed by President Obama and the possible slow down of China Economy. Market volatility increased sharply as funds fled to safer assets quickly. The 1st quarter GDP growth of US was revised down to 3.0% YOY from the preliminary 3.2% YOY. The performance of US stock market in May was the worst in the past 15 months. For the month, the Dow reduced -7.92% to 10,137, the S&P 500 slumped -8.2% to 1,089 and the Nasdaq was slashed -8.3% to 2,257.

China central government carried on the tightening control on property market as the property tax is in the pipeline to roll out this year. Inflation pressure remained significant given that the CPI growth in April was 2.8% YOY, and the M1 and M2 growth were still at historical high level, which were 31.3% and 21.5% YOY respectively. The government focused on adjusting the economic structure to further stimulate the domestic consumption. NDRC (National Development and Reform Commission) just announced the price hike of domestic natural gas by 24.9%. The external market fluctuation was further exacerbated by the ongoing tightening measures in the domestic property market, resulting in heavy sell-offs in both Hong Kong and domestic markets. For the month, the Hang Seng Index decreased -6.4% at 19,765, and the HSCEI decreased -5.6% to 11,494.

Brief Trading Summary

The Fund's NAV corrected -10.3% in May, mainly due to the severe correction of the small cap equities in our portfolio. The top gainer of May is Jia Sheng Holdings (00729 HK) as the stock has gained 30% since we took participated in its latest placement. The newly IPO stock China Titans Energy Technology (02188 HK) also recorded a decent gain at 23.3% on its debut. However, the rest components of the funds performed rather weak since the small cap stocks got broadly heavy sell-off in this month.

We tried to shift our positions heavily in this severe market correction in order to catch the possible rising stars for the next upward cycle. We noticed that some technology names and new energy stocks were extremely attractive after the massive sell-off. Therefore we squared the positions on Ping An (02318 HK), Brilliance China Automotive (01114 HK) and Renhe Commercials (01387 HK). In return, we bought in VST Holding (00856 HK), Tianneng Power (00819 HK) and Sim Tech (02000 HK) for the fund. The recent IPOs and placement we have participated in also contributed extra earnings.

Investment Strategy

Though global investors eased a little from panic sentiment of EU credit crisis, the financial system remains fragile and global economy recovery remains uncertain. China Premier Wen reiterated that three major tasks of year 2010 are economy growth, economy structure adjusting and inflation control. We expect that Chinese government will fine-tune the current tightening measures to guarantee the economy growth. Some severe policies such as property tax may be postponed to roll out. The probability of interest rate hike also decreases in the near future. We expect market to remain volatile on economy data and policy flow. Investment opportunities are likely to exist in following areas for the next month:

- 1) Pharmaceuticals. The medical system reform is being pushed forward and medicine manufacturers and distributors will have better operating environment and their operating margin will improve.
- 2) New Energy. The central government just released the subsidizing scheme to manufactories of alternative energy automobiles. The power battery suppliers to the automobiles are supposed to benefit most as the sales of the batteries will increase sharply thanks to the supporting policy.
- 3) Sportswear. The industry is still in rapid expanding period and more new stores are opened in smaller cities. With larger scale and better brand effect, there is still potential room for major sportswear players to 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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