Monthly & Semi-Annual Report

June 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).

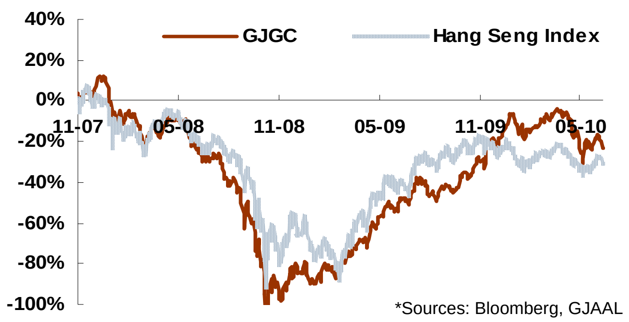
Fund Facts

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 June 30):	HKD 72.74 million
NAV per Unit (as of June 30):	HKD 79.25

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

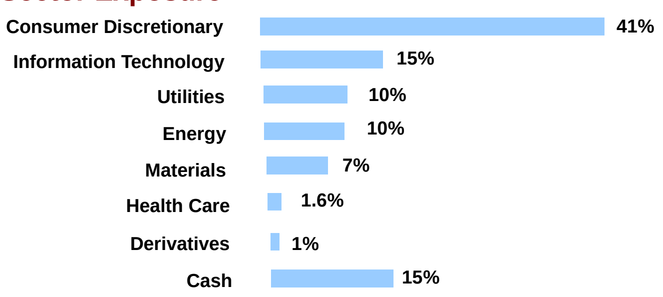


*Sources: Bloomberg, GJAAL

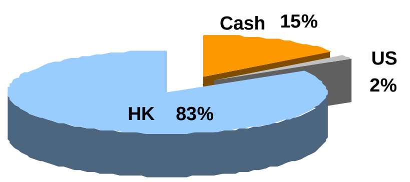
Performance Update

	Total Return	Hang Seng Index
1 Month	-3.9%	+1.8%
3 Months	-14.4%	-5.2%
6 Months	-7.5%	-8.0%
YTD Return	-7.5%	-8.0%
1 Year	+29.1%	+9.5%
Since Launch		
Annualized Return	-9.9%	-13.6%
Annualized Volatility	34.8%	39.4%

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	-3.9							-7.5	-23.3
Hang Seng Index (%)	-8.0	2.4	3.1	-0.6	-6.4	1.8							-8.0	-31.1
Information Ratio*	4.5	-0.2	3.3	-0.1	-2.1	-5.3								

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	New Energy	9.1%
2	Lumena Resources Corp	Materials	7.2%
3	Chigo Holdings Ltd	Consumer Discretionary	6.8%
4	China Gas Holdings	Utilities	6.8%
5	Lenovo Group	Information Technology	6.0%
6	Bosideng	Consumer Discretionary	5.9%
7	Intime Departmental Store	Consumer Discretionary	5.1%
8	Peak Sport	Consumer Discretionary	5.1%
9	Haier Electronics	Consumer Discretionary	5.0%
10	361 Degrees International Ltd.	Consumer Discretionary	4.4%

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

Investment Team

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Economic Review

The world economy is on the recovery track in the 1st half of 2010, and the IMF (International Monetary Fund) raised its projections for Gross World Product (GWP) growth in 2010 by 0.3% points to 4.2% in its latest *Word Economic Outlook* in April. Nevertheless, the economic growth rate slowed down in the 2nd quarter. The European countries are struggling with the sovereign debt crisis and have to slash their financial budgets for the coming year, which means there may be zero real economic growth in this region. The softer-than-expected US economic figures in the 2nd quarter also brought out the old question in investors' mind: is it the double-dip recession for the world economy? US mild inflation growth has allowed the FOMC (Federal Open Market Committee) to remain the interest rate unchanged at the historical low level for almost 20 months long. Uncertainty will remain until there will be clear turn-around signals on US employment, housing market and retail sales.

China has been the leading engine for the world to drive the world economy away from the recession in the past two years. Thanks to Beijing's stimulus program, the 1st quarter GDP growth hit 11.9% YOY. The M1 and M2 growth rates also remain at historical level in the 1st half of 2010. China's economy seemed was on the edge of over-heating as the CPI in May was reported at 3.1% YOY, which breached the PBOC's target 3%. But the leading indicator, PMI (Purchasing Managers Index), has dropped for two months. It might signal that China's growth is loosing steam as well. Export and fixed assets investment traditionally count more than 2/3 of China's GDP growth, but neither of them will grow easily without the extra stimulus from the government. Since the beginning of this year, the China central government showed steadfast resolution to restructure China's economy to focus on the domestic consumption. Meanwhile, stringent policies were cast on domestic property sector in order to curb the soaring housing price. The State council and NDRC also has set aggressive target to eliminate the backward production capacity of the *high energy consumption and high pollution* industries. All the restructuring are painful but necessary for China to develop in a more sustainable and healthy way.

Market Review

The 1st half of 2010 ended up with the US stock market indices reached the new low level for the year. The challenge for investors is that the worries run the gamut of economic, fiscal and regulatory issues -- none of which are likely to be resolved overnight. Such 'macro' issues have pushed to the background 'micro' positives, mainly continued good news from U.S. corporate earnings. Headwind is ahead given that Europe is still struggling with the sovereign credit downgrading, and China seemed lost its steam to further drive the world recovery engine. US stock market got serious correction with both Dow and S&P500 fell more than 12% from its 2010 high set in April. For June, the Dow reduced -3.6% to 9,774, the S&P 500 decreased -5.4% to 1,031 and the Nasdaq was slashed -6.5% to 2,109. In the 1st half of 2010, The Dow, S&P500 and Nasdaq decreased by -6.3%, -7.6% and -7% respectively.

The Chinese stock market has declined in the 1st half of 2010 even as the country's gross domestic product and companies' earnings grow by double digits. The slide reflects deeper concerns among Chinese investors about several wild cards, including the effectiveness of Beijing's attempts to cool the housing market; the country's ability to sustain its strong economic growth amid rising labor costs; and the implications of a rising CNY. The major concern of investors is that China may not grow at the same fast pace as it did in the previous 2 years, and this has been signaled by the drop of PMI and the electricity consumption on monthly base. For June, the Hang Seng Index increased +1.8% at 20,129, and the HSCEI decreased mildly -0.2% to 11,466. In the 1st half of 2010, both the Hang Seng Index and HSCEI decreased by -8% and -10.4% respectively.

Fund Performance Review

The fund's NAV decreased -7.5% in the 1st half of 2010. The Hang Seng index decreased -8% in the same period. The fund reported 29.1% 1-year return, which was 3-times higher than the Hang Seng index's return in the same period. Since the major components of the fund are small to mid cap equities, which usually have higher beta and thus are more volatile in market turmoil, the fund underperformed the Hang Seng Index in the recent three months.

As we had stated at the beginning of the year, we believe the sectors related to domestic consumption would outperformed in a fairly long period thanks to the consumption upgrading from the first-tier cities and the expanding numbers of affluent people in the smaller cities and rural areas. The endeavor of the central government to adjust the economy structure also helped the consumption related sectors. The consumption equities now weighed 41% of the fund's NAV. Our holdings on Xtep International (01368 HK), Intime Departmental Store (01833 HK) and Peak Sport (01968 HK) have reported 33.9%, 21.5% and 11% return respectively since we loaded them.

We also prefer defensive names as their stable operations offer nature hedge to the market volatility. We found that the city gas suppliers would get benefit from the increasing consumption volume of natural gas as the supply bottleneck of the natural gas will lift gradually in the coming years. Our holdings of Xinao Gas (02688 HK) and China Gas (00384 HK) increased 15.6% and 6.9% respectively since we bought them.

Brief Trading Summary

The broad market was basically on downward trend in June. We didn't trade frequently given the volatile market situation. In order to hold enough cash, we unloaded several stocks such as Kunlun Energy (00135 HK) and Lumena (00067 HK). The fund now holds more than 10 million HKD in Cash, which is 15% of the NAV.

In June, the leading factors of the fund are Bosideng (03998 HK), Intime Departmental Store (01833 HK) and China Gas (00384 HK), which gained 15.3%, 14.4% and 13.4% respectively. Jia Sheng holdings (00729 HK) also provided decent return as it has increased 12.6% since its latest placement. The biggest lagging factor is Tianneng Power (00819 HK) which slumped -38.9% in one month after it announced the profit warning due to the hike of raw material cost.

Investment Strategy

China economic data in May indicated that economy growth is likely to slow down in 2nd half of 2010. Fixed assets investments growth continued to fall from high level and exports growth will be impacted by RMB appreciation. The major growth engine will come from consumption sector, and the growth strength is closely related to economic structure adjustment. The economic slowdown in the 2nd half of 2010 will pose considerable downside risks to earnings growth, though GDP reading may remain above 9%. The good news is that policy tightening may be eased for somewhat amid economic slowdown and interest rate hike will be postponed further. Investment opportunities are likely to exist in following areas for the next month:

1) Consumer staples. More labor strikes and rising CPI readings have put much pressure on wage level. We expect wage level to be raised significantly in coming years and consumer staples will benefit from that important move.

2) Alternative energy and new materials. As for economic structure adjustment, alternative energy and new materials have been chosen to be the potential new economy growth driver. The sector will benefit from subsequent supporting policies.

3) Telecom operators. We see rising demands for 3G applications and telecom operators can provide more value-added services for customers on the 3G platform.

Brief of Top 5 holdings (as of June 30, 2010)

Company	Ticker	Market Cap (MN HKD)	10 PE (E)*	Industry	Comments
Jia Sheng Holdings	00729 HK	5,316	N.A.	Energy	The company recently got restructuring and switched its major business into manufacturing Fe-Li motive batteries and components for electric vehicles. As the China central government has issued supportive policies on automobiles powered by electric batteries by the end of this May, the company will benefit from the policies.
Lumena Resources	00067 HK	3,849	4.7	Materials	Lumena is one of the largest thenardite producers in the world in terms of production capacity. It is also the only producer in China which obtained the GMP Certificate for medical thenardite and the Pharmaceutical Production Permit. As the company will further expand its capacity, we expect Lumena will enjoy higher than the industry average growth rate in the future 2 years. The company's valuation is rather attractive.
Chigo Holdings	00449 HK	2,304	5.4	Consumer Discretionary	Chigo manufactures and sells highly-efficient air conditioning products domestically and abroad. As the China central government decided to prolong the cash-reimbursement program for energy-efficient home appliances, Chigo will enjoy another year of fast growth. We found Chigo's valuation is attractive compared to its domestic home appliance peers.
China Gas Holding	00384 HK	14,139	25.8	Utilities	China Gas owns the largest number of city gas projects in mainland China, and it is the biggest LPG supplier domestically. The China NDRC just raised the ex-factory price of natural gas by 10% by the end of this May. With the consumption volume of natural gas expanding each year, China Gas will get benefit mostly given its large number of projects in hand.
Lenovo Group	00992 HK	40,642	18.4	Information Technology	Lenovo is the biggest domestic IT hardware manufactory which sells and manufactures Lenovo brand personal computers and handheld devices. We believe IT hardware demand will soar in this year thanks to the economy recovery worldwide. We expect Lenovo will benefit from this trend and report solid earnings growth.

* Year 2010 Estimated PE is based on market consensus forecast as derived from Bloomberg

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