

Monthly Report

July 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).

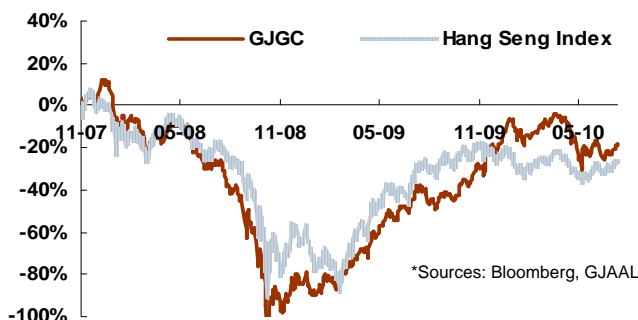
Fund Facts

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 JUL 30):	HKD 78.31 million
NAV per Unit (as of JUL 30):	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

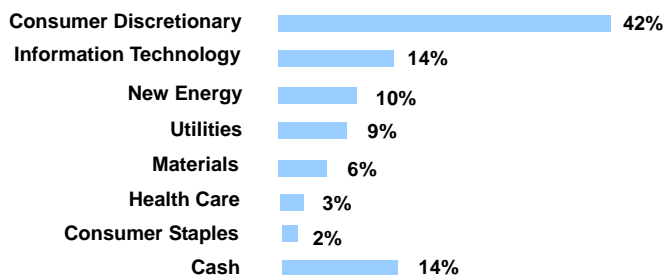
Fund Performance Since Inception



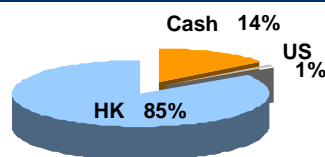
Performance Update

	Total Return	Hang Seng Index
1 Month	+4.1%	+4.5%
3 Months	-10.3%	-0.4%
6 Months	-4.0%	+4.5%
YTD Return	-3.7%	-3.9%
1 Year	22.1%	2.2%
Since Launch		
Annualized Return	-7.8%	-11.1%
Annualized Volatility	34.4%	38.9%

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	4.1						-3.7	-19.2
Hang Seng Index (%)	-8.0	2.4	3.1	-0.6	-6.4	1.8	4.5						-3.9	-26.7
Information Ratio*	4.5	-0.2	3.3	-0.1	-2.1	-5.3	-0.6							

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	Chigo Holdings Ltd.	Consumer Discretionary	7.9%
2	Thunder Sky battery Limited	New Energy	7.4%
3	Lenovo Group	Information Technology	6.3%
4	Lumena Resources Corp	Materials	6.1%
5	Bosideng	Consumer Discretionary	6.1%
6	China Gas Holding	Utilities	5.5%
7	Haier Electronics	Consumer Discretionary	5.1%
8	Peak Sport	Consumer Discretionary	4.8%
9	Intime Departmental Store	Consumer Discretionary	4.7%
10	Hisense Kelon Electrical	Consumer Discretionary	4.7%

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

Investment Team

Chief Investment Officer: Mr. Yuan Junping

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Market Review

No doubt that the US economy growth is slowing down given that the 2nd quarter of GDP growth has been revised down to 2.4%, lower than the expected 2.6% YOY. But technically the US is not going to have a double-dip recession as since last June, US GDP has reported positive growth for one year. But the FED (Federal Reserve) and most of the investors all expect that the growth of US will remain rather mild for a fairly long time in the future, nevertheless, the FED is in no hurry to increase the interest rate. For the month, the Dow rebounded +7.1% to 10,466, the S&P 500 increased +6.9% to 1,102 and the Nasdaq increased 6.9% to 2,255.

China's economic figures for the 1st half of 2010 confirmed the investors concern that China's economic growth is at slower pace in June, and maybe in the rest of year. The PMI (Purchasing Managers' Index) dropped to 52.1, which has dropped for three consecutive months. The M1 and M2 growth also slowed to 24.6% YOY and 18.5% YOY respectively. The GDP growth in the 2nd quarter was 10.3%, dropped from the previous 11.9% in the 1st quarter. Both the Hong Kong equities and domestic equities rebounded during the reporting season given that most of the blue chips have reported significant growth in the 1st half. For the month, the Hang Seng Index increased +4.5% to 21,030, and the HSCEI increased +3.8% to 11,905.

Brief Trading Summary

The Fund's NAV increased +4.1% in July, mainly in line with the performance of the broad market. The top gainers of July are home appliance names such as Chigo Holdings (00449 HK) and Hisense Kelon Electrical (00921 HK), as both rebounded 29% and 21% in one month. Xinao Gas (02688 HK) also reported decent gain at 22% since we loaded it for the fund. We picked it from its trough when the market had been over-reacted against its business bribery, which latterly turned out to be an unreal rumor.

We didn't trade much and keep cautious on the recent equity rebound given the uncertainty ahead for the macro environment. In July, we only picked up some bargains such as Xinao Gas (02688 HK) and Lijun International (02005 HK) when the market got over-reaction to Xinao's unreal business bribery rumor and Lijun's stock placement respectively. We maintain relatively high cash level at 14% of the fund's NAV, so as to better prepare for new bargains which may emerge in the future.

Investment Strategy

Given the universally economic slow-down around the world, We expect the government will be quite flexible in tightening implementation so as to achieve economic soft landing. We also expect more policies to be released out to support emerging industries, such as alternative energy, new materials, environment-protection related industry, etc. Though the ministry of housing and urban-rural development reiterated to stick to the tightening measures on property sector, we believe there will be some extent of policy stance change in local government level and bank system. Overall speaking, tightening measures will not be that severe unless economy recovery is ensured or inflation rises to insufferable level. 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 following 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 potentially new economy growth driver. The sector will benefit from subsequent supporting policies.
- 3) Properties. Though government officials keep saying that there will be no policy change, we can still see fine-tunings in local government level and bank system. There were also signs of trade volume recovery in some big cities. The sector is attractive given its current cheap valuation.

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

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