

Monthly Report

August 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).

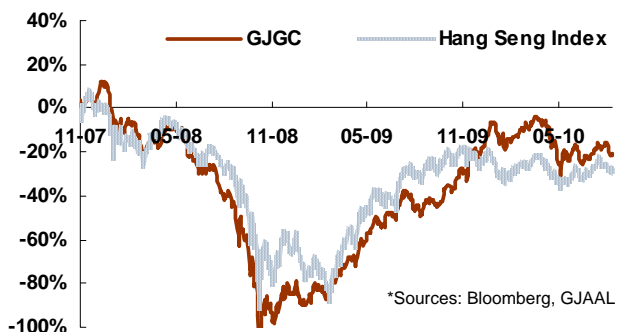
Fund Facts

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 AUG 31):	HKD 76.1 million
NAV per Unit (as of AUG 31):	HKD 80.93

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

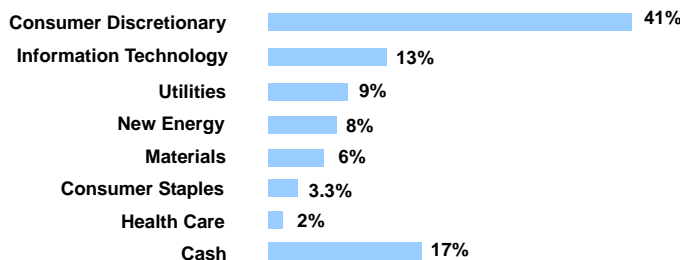
Fund Performance Since Inception



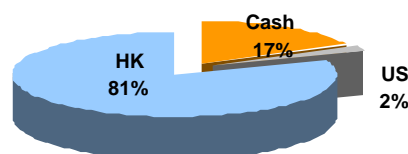
Performance Update

	Total Return	Hang Seng Index
1 Month	-1.9%	-2.3%
3 Months	-1.9%	3.9%
6 Months	-7.9%	-0.4%
YTD Return	-5.5%	-6.1%
1 Year	32.3%	4.1%
Since Launch		
Annualized Return	-8.4%	-11.9%
Annualized Volatility	33.9%	38.3%

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	-10.3	-3.9	4.1	-1.9					-5.5	-19.1
Hang Seng Index (%)	-8.0	2.4	3.1	-0.6	-6.4	1.8	4.5	-2.3					-6.1	-25.2
Information Ratio*	4.5	-0.2	3.3	-0.1	-2.1	-5.3	-0.6	0.5						

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	7.6%
2	Bosideng	Consumer Discretionary	6.5%
3	Thunder Sky battery Ltd.	New Energy	6.4%
4	Lumena Resources Corp	Materials	6.3%
5	Lenovo Group	Information Technology	5.8%
6	China Gas Holding	Utilities	5.6%
7	361 Degrees International Ltd.	Consumer Discretionary	4.7%
8	Haier Electronics	Consumer Discretionary	4.7%
9	Peak Sport	Consumer Discretionary	4.7%
10	Hisense Kelon Electrical	Consumer Discretionary	4.6%

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

Investment Team

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Market Review

US Stock market limped to its worst August since year 2001, battered by a wave of discouraging data that cast doubt on the faltering economic recovery. The housing market in US got deteriorating in August, as both the existing home sales and new home sales numbers dropped by accelerating rates. The 2nd quarter GDP growth of US was further revised down to 1.6% from the preliminary 2.4%. The Investors' appetite for risk further receded, and the US treasury bonds yield dropped to record low. The gold price also increased by 5.6% in one month. Mr. Bernanke, the chairman of US Fed, has promised to bolster the US economy by all means. For the month, the Dow decreased -4.3% to 10,015, the S&P 500 decreased -4.7% to 1,049 and the Nasdaq dropped -6.2% to 2,114.

China reported lower-than-expected economic figures for July. Both the retail sales growth and Fixed Assets Investment (FAI) growth have slowed to 17.9% YOY and 24.9% YOY respectively. The total sum of New Yuan Loan dropped to 532.8 billion. Policy news flow this month was sporadic but mostly unfavorable to equities. The central government vowed to fight the increasing housing prices and would maintain the control policies on real estate sectors. Intra-month performance was volatile, mainly driven by interim results. For the month, the Hang Seng Index decreased -2.3% to 20,537, and the HSCEI decreased -4.2% to 11,403.

Brief Trading Summary

The Fund's NAV decreased -1.9% in August, mainly in line with the performance of the broad market. The top gainers of August are consumer related names such as Intime Department Store (01833 HK) and 361 Degrees (01361 HK), as both rebounded 19% and 12% in one month. Xinao Gas (02688 HK) got back to the price level before its bribery rumor as it further rebounded 13.4% in this month.

We maintained high level of cash in hand, which is about 17% of the fund's NAV. We didn't trade much as we are still cautious for the future economic trend in the globally slow-down environment. We took profit on Intime Department Store (01833 HK) and Lijun International (02005 HK) in this month. We also added more Bawang Group (01338 HK) as we believe its fundamentals are still intact and its share price shall climb up from its trough in the future.

Investment Strategy

China's August PMI (Purchasing Manager Index) rebounded slightly by 0.5 percent to 51.7%, mainly due to seasonal factors. The declining growth rates of Fixed Assets Investment (FAI) and M2 still indicated slowdown of economy growth. The government continued to face with the dilemma of economic growth and rebalancing. We expect that the monetary tightening measures will be maintained to deal with rising inflation pressure and high house prices, while fiscal policies will be relative loose to boost the economy growth. New regional development plans such as Xinjiang and north-east China will be pushed forward and also more policies to be released out to support emerging industries, such as alternative energy, new materials, and environment-protection related industry, etc. Investment opportunities are likely to exist in following areas for the next month:

- 1) Food and beverages. Food prices such as pork and edible cooking oils surged sharply in past weeks and we expect the trend to continue in following months. Enterprise in the sector with bargaining power will have higher revenues without margin deterioration.
- 2) 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.
- 3) 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.

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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