

Monthly Report

October 29, 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).

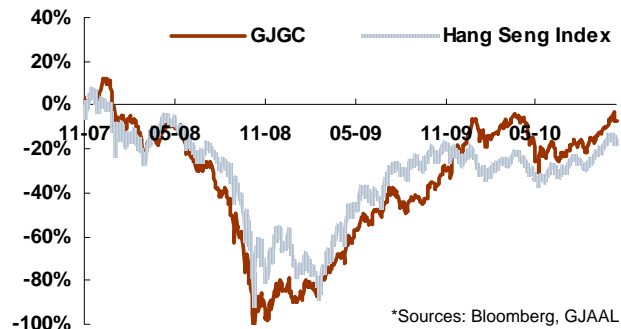
Fund Facts

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 OCT 29):	HKD 86.66 million
NAV per Unit (as of OCT 29):	HKD 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

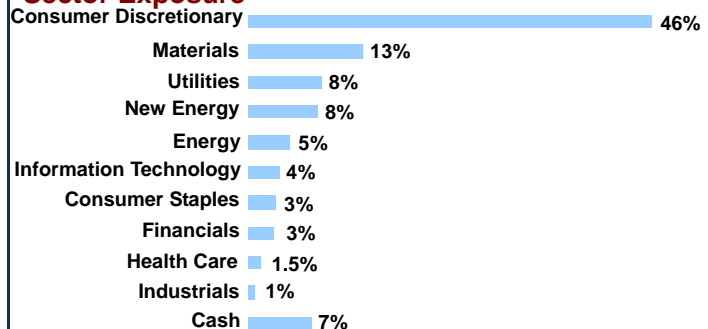
Fund Performance Since Inception



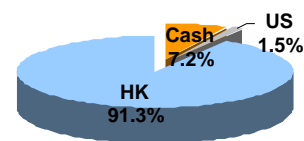
Performance Update

	Total Return	Hang Seng Index
1 Month	5.1%	3.3%
3 Months	12.7%	9.8%
6 Months	1.2%	9.4%
YTD Return	8.5%	5.6%
1 Year	35.0%	6.2%
Since Launch		
Annualized Return	-2.6%	-6.4%
Annualized Volatility	33.2%	37.4%

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	4.1	-1.9	9.3	5.1			8.5	-7.0
Hang Seng Index (%)	-8.0	2.4	3.1	-0.6	-6.4	1.8	4.5	-2.3	8.9	3.3			5.6	-15.9
Information Ratio*	4.5	-0.2	3.3	-0.1	-2.1	-5.3	-0.6	0.5	0.6	2.5				

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	Bosideng	Consumer Discretionary	8.4%
2	Chigo Holdings Ltd	Consumer Discretionary	8.1%
3	Lumena Resources Corp	Materials	5.9%
4	Thunder Sky battery Limited	New Energy	5.8%
5	Haier Electronics	Consumer Discretionary	5.7%
6	China Gas Holding	Utilities	5.2%
7	Yanzhou Coal	Energy	4.8%
8	China Precious Metal	Materials	4.6%
9	Peak Sport	Consumer Discretionary	4.6%
10	361 Degrees International Ltd.	Consumer Discretionary	4.1%

*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

Fund Information Resources

Bloomberg Ticker: GJGCHGR HK EQUITY

Web URL:

http://www.gtja.com.hk/english/gtja_invest/zcqlij/qcwf.aspx

Market Review

The 3Q US macro figures were generally in line with the expectation. The preliminary 3Q GDP growth was 2%, slightly better than the market expectation. The housing market was still struggling with the rising foreclosure claims, but positive signals showed up in consumption sectors. The advanced retail sales in September increased 0.6%, and the personal consumption increased 2.6% as well. As the US FED rolled out the QEII (Quantitative Ease Phase II) plan, the USD dollar index decreased 1.9% in one month. The prices of major agriculture commodities, such as cotton and wheat, also reached historical high. The US stock market got rally as the FED would remain very excessive monetary policy. For the month, the Dow increased 3.1% to 11,119, the S&P 500 gained 3.7% to 1,183 and the Nasdaq hiked 5.9% to 2,507.

China's 3Q macro figures indicated that the economy has been stabilized. The GDP growth in 3Q slowed to 9.6% YOY, and the growth of industrial production and FAI kept declining on YTD base. Thanks to the Golden Week holiday, the retail sales increased by historical high growth at 18.8% YOY. The pressure of inflation is still pertinent, with the CPI growth reached 3.6% YOY, and PPI growth was 4.3% YOY. In order to curb the increasing CPI, the PBOC unexpected raised the interest rate by 25 bps first time after more than 3 years. For the month, the Hang Seng Index (HSI) gained 3.3% to 23,096, and the Hang Seng China Enterprises Index (HSCEI) hiked 6.1% to 13,169.

Brief Trading Summary

The Fund's NAV gained 5.1% in October compared to the HSI's return of 3.3%. Our top gainers in this month are Directel Holdings (08337 HK, +26%), China Titans Energy Technology (02188 HK, +18%) and Bosideng (03998 HK, +16%). Bosideng is also the top performer in our portfolio, which gained more than 90% since we loaded it.

Since the major developed countries' central banks remain excess loose monetary policy, we believe the Hong Kong stock market will benefit from this excessive liquidity and will keep the upward trend in the near term. We shifted around 20% of the fund's holdings from low betas to high betas, as we have bought in material stocks such as Yanzhou Coal (01171 HK), China Precious Metals (01194 HK), Fushan Energy (00639 HK) and Zijin Mining (02899 HK).

Investment Strategy

The PBOC's rate hike this month has limited impact on economy recovery except for property sector, while the movement signaled that the government was confident on growth momentum. The newly released strong October PMI confirmed the judgment. Based on historical experiences, economy growth and stock market will have good performance in the initial period of interest rate hike cycle. Fed's second round of quantitative ease will increase some uncertainties as the scale is below market expectation, but we believe strong economy data will help to relieve investors' concerns. We believe the market will continue its strength in the near term.

Investment opportunities are likely to exist in following areas for the next month:

- 1) Chemicals. Chemical prices have jumped in past months amid rising demand and inflation environment. Enterprises in the industries will improve their utilization ratio and gross margins. We expect some loss-making companies will turn profit amid price hike.
- 2) Insurance. Third quarter results of insurance companies were a little disappointing due to higher provision. However, premium growth momentum remained intact and investment gains will be improved amid strong equity market. We still hold positive view on the sector in the long term.
- 3) Precious metals. Though some countries such as Australia and India have begun to raise interest rates, we believe global liquidity will remain abundant as major central banks of developed economies planed more loosening measures. We expect precious metals will continue its momentum amid excessive liquidity.

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

www.gtja.com.hk