

Monthly Report

November 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).

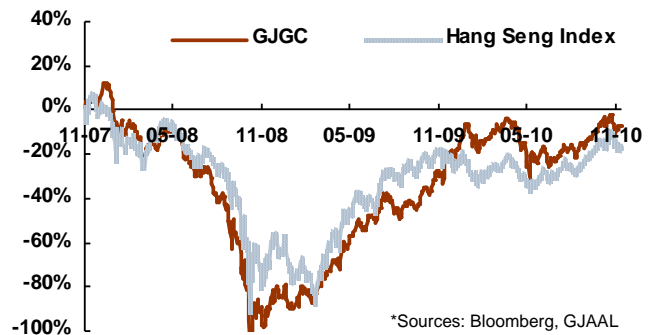
**Fund Facts**

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 NOV 30):	HKD 81.72 million
NAV per Unit (as of NOV 30):	HKD 93.4

**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

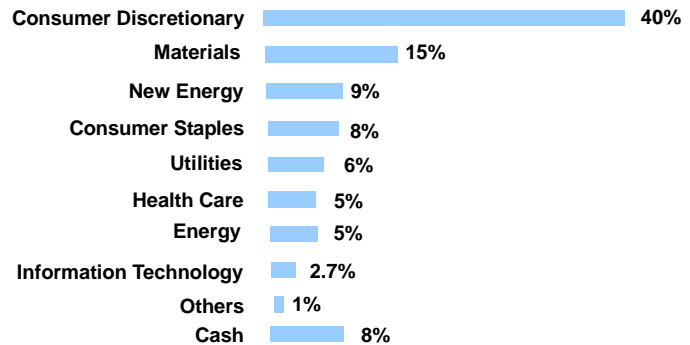
**Fund Performance Since Inception**



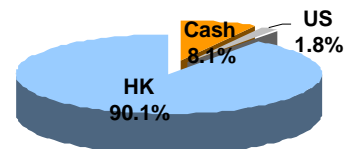
**Performance Update**

	Total Return	Hang Seng Index
1 Month	0.4%	-0.4%
3 Months	15.4%	12.0%
6 Months	13.2%	16.4%
YTD Return	9.0%	5.2%
1 Year	26.7%	5.4%
<b>Since Launch</b>		
Annualized Return	-2.4%	-6.4%
Annualized Volatility	33.0%	37.0%

**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	0.4		9.0	-2.4
Hang Seng Index (%)	-8.0	2.4	3.1	-0.6	-6.4	1.8	4.5	-2.3	8.9	3.3	-0.4		5.2	-6.4
Information Ratio*	4.5	-0.2	3.3	-0.1	-2.1	-5.3	-0.6	0.5	0.6	2.5	0.7			

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	9.8%
2	Chigo Holdings Ltd	Consumer Discretionary	9.3%
3	Lumena Resources Corp.	Materials	7.0%
4	Haier Electronics	Consumer Discretionary	6.5%
5	Thunder Sky battery Limited	New Energy	6.0%
6	Yanzhou Coal	Energy	5.2%
7	China Precious Metal	Materials	4.9%
8	Intime Departmental Store	Consumer Discretionary	4.6%
9	Bawang Group	Consumer Staples	4.5%
10	Dah Chong Hong Holdings Ltd	Consumer Discretionary	4.1%

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

## Investment Team

Chief Investment Officer: Mr. Yuan Junping

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## Fund Information Resources

Bloomberg Ticker: GJGCHGR HK EQUITY

Web URL:

[http://www.gtja.com.hk/english/gtja\\_invest/zcqlij/gcaf.aspx](http://www.gtja.com.hk/english/gtja_invest/zcqlij/gcaf.aspx)

## Market Review

The US economy figures in October are mixed. Personal consumption showed resilience as the personal spending increased 0.4% MOM, and the advance retail sales increased 1.2% MOM. But US housing market was still stumble, as the pending home sales decreased further 1.8% MOM, and the existing home sales decreased 2.2% MOM. The US stock market was influenced by the international tension on the Korean Peninsula conflicts. The gloomy outlook in Euro Zone drove funds to flee back to US dollar and other safe assets such as T-bonds. For the month, the Dow decreased 1% to 11,006, the S&P 500 decreased 0.2% to 1,181 and the Nasdaq decreased 0.4% to 2,498.

China faced critical inflation pressure in the past month. CPI increased 4.4% in October, and the M1 and M2 growth accelerated to 22.1% and 19.3% respectively. Nonetheless, the economy is still in good shape as the latest PMI manufacturing index came at 55.2 in November. The central government rolled out stringent control policy to curb the inflation, including the temporary price control on certain key products. The PBOC raised the RRR twice in one month by 100 bps in total to mop off the excessive liquidity. The mainland and Hong Kong stock indices moved like riding roller coaster as the equity markets were deeply influenced by China's anti-inflation policies. For the month, the Hang Seng Index (HSI) decreased 0.4% to 23,008, and the Hang Seng China Enterprises Index (HSCEI) corrected 2.7% to 12,818.

## Brief Trading Summary

The Fund's NAV almost unchanged by the end of November, although it had reached the year-high 98.18 before the broad market got correction. Our top gainers in this month are Ports (00589 HK, +28%), Chigo Holdings (00449 HK, +21%) and China Wireless (02369 HK, +20%).

The mainland's stringent anti-inflation policies halted the up-trend of Hong Kong market, and those high beta sectors got severe correction. We stuck to our investment strategy set at the beginning of the year and continued loading consumer related stocks such as Hua Han Bio-Pharm (00587 HK), Bawang Group (01338 HK) and China Agriculture industries (00606 HK). We decided to take profits on those sport wear makers, i.e., Peak Sport (01968 HK), 361 Degrees (01361 HK) and Xtep International (01368 HK), as we found that their growth will slow down in the next year.

## Investment Strategy

China's November PMI came out at 55.2 points, higher than market estimation and indicated a solid economy recovery. On the other side of the coin, some investors worried that strong economy data and rising CPI reading may trigger more severe tightening measures. We do agree that there are some further measures ahead given negative real interest environment, but we also believe that the government won't go too far in tightening, which might hurt economy growth. Ireland government finally reached an agreement with EU and IMF to get the 85 billion Euro financial aids. Though risk appetite of global investors decreased recently, we believe the overall risk of European debt is controllable.

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

- 1) Telecom equipment. Rising 3G applications and broad network upgrade will increase demand for telecom equipment and related companies will benefit.
- 2) Insurance. Insurance companies can benefit from the rising interest rates as they can get higher returns from fixed income investment. Strong premium growth momentum will also boost share prices.
- 3) Property. Tightening measures on property sector will take a breath after previous measures. Rising land auctions and house trades in recent weeks are likely to trigger a rebound given the cheap valuation of property stocks.

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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