

Monthly Report

January 31, 2011

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 produced 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 and Taiwan).

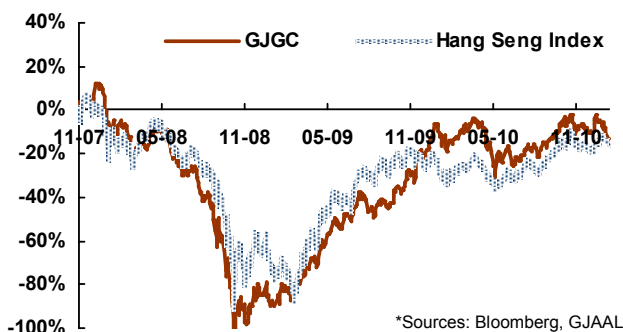
Fund Facts

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 10 million
NAV in total (as of JAN 31):	HKD 76.5 million
NAV per Unit (as of JAN 31):	HKD 87.41

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

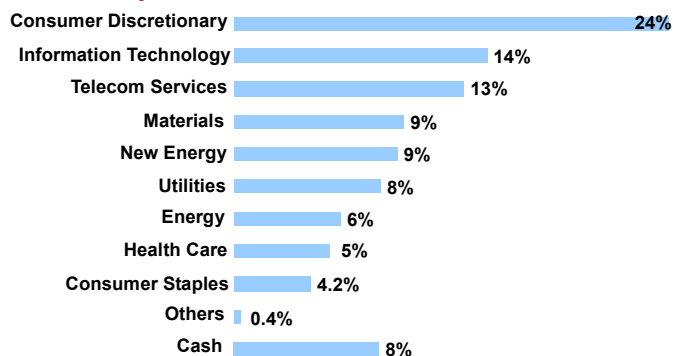
Fund Performance Since Inception



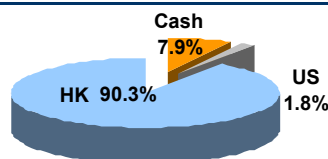
Performance Update

	Total Return	Hang Seng Index
1 Month	-9.0%	1.8%
3 Months	-6.0%	1.5%
6 Months	6.0%	11.5%
YTD Return	-9.0%	1.8%
1 Year	1.8%	16.5%
Since Launch		
Annualized Return	-4.5%	-5.3%
Annualized Volatility	32.4%	36.1%

Sector Exposure



Geographic Exposure



Monthly Performance Summary

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	2.9	12.1	-3.9
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	0.1	5.3	-16.1
Information Ratio*	4.5	-0.2	3.3	-0.1	-2.1	-5.3	-0.6	0.5	0.6	2.5	0.7	2.9		
2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since Launch
Performance (%)	-9.0												-9.0	-12.6
Hang Seng Index (%)	1.8												1.8	-14.6
Information Ratio*	-9.7													

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	China All Access	Information Technology	9.2%
2	Chigo Holdings Ltd.	Consumer Discretionary	8.2%
3	Thunder Sky battery Ltd.	New Energy	7.9%
4	China Unicom	Telecom Services	6.6%
5	Haier Electronics	Consumer Discretionary	6.1%
6	China Telecom	Telecom Services	6.0%
7	Yanzhou Coal	Energy	5.8%
8	China Timber	Materials	5.1%
9	China Gas Holding	Utilities	5.0%
10	Intime Departmental Store	Consumer Discretionary	4.6%

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

Investment Team

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Fund Information Resources

Bloomberg Ticker: GJGCHGR HK EQUITY

Web URL:

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

Market Review

US stock market had a decent gain in the first month of year 2011 along with the improving economic figures released recently. The 2010 4th quarter's GDP growth in US was estimated at 3.2%. Consumption was the major driver of the economy as the personal consumption increased 2.4% YOY in December. Employment also improved as December's unemployment rate decreased 0.4% to 9.4%. Prices of US treasury bonds and gold fluctuated fiercely given much uncertainty in the rest of world, such as Egyptian riot, the European debt crisis and the increasing inflation pressure from the developing countries. For January, the Dow increased 2.7% to 11,892, the S&P 500 increased 2.2% to 1,286 and the Nasdaq increased 1.8% to 2,700.

China reported ambiguous economic figures for January 2011. PMI Manufacturing index further slowed down to 52.9%. The market talked that the New Yuan loan in the first month 2011 has reached 1 trillion Yuan. It is also well expected by the market that the CPI in January would be rather high. Facing rising pressure of inflation, PBOC announced the first interest hike by 0.25% just at the end of the Lunar new year holidays, along with the RRR hike by 50 bps in January. The two major Hong Kong indices got divergent result in the first month of 2011, due to the tightening control on domestic property market and interest rate hike. For January, the Hang Seng Index increased 1.8% to 23,447, and HSCEI decreased -1% at 12,561.

Brief Trading Summary

The Fund underperformed to Hang Seng Index in January as we have actively shifted the fund holdings to defensive sectors and high-techs. Consumer stocks generally got profit taking in this month, which also dragged down the fund's performance. Our top gainer in this month is China Timber (00269 HK), which gained 40% since we took part in its placement.

As the central government rolled out more tightening policies, most Chinese companies listed in Hong Kong got corrections. Turmoil in Egypt also drove some funds back to developed economies for safety. We began to adjust our investment strategy by lowering the weights of consumption names, while adding more weights on those defensive sectors such as Telecom Services. We also believe some high-tech stocks, such as China All Access (00633 HK), have cheap valuation but very positive growth potential given the expanding user base of 3G subscribers in mainland China. We therefore added it for the fund.

Investment Strategy

China 2010 GDP came out at 10.3 percent, indicating resilient economy recovery. CPI and PPI remain at high level and PBOC raised RRR by another 50 bps accordingly. We believe there is still pressure for further monetary tightening as economy momentum remains strong and inflation not cooled. Chongqing and Shanghai released the property tax detail, which were less stringent than market have imagined. We believe the government will wait for a while to see the effect of the trial property tax before releasing any further tightening measure. We believe those sectors which were less impacted by tightening measures and those were favored by fiscal policies will outperform the broad market in the near term.

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) Solar energy. Solar energy providers are likely to outperform as the government will not approve any new poly-silicon capacity in principle. Strong oil price will also help the sentiment.
- 3) Pharmaceuticals may present investment opportunities after recent decline on stringent regulations as valuation becomes reasonable while fundamental not changed much.

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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