

Monthly & Quarterly Report

March 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 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).

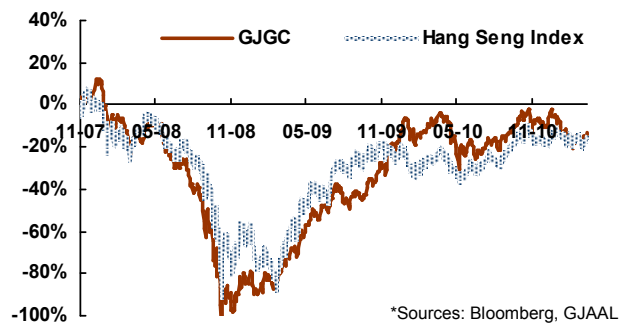
Fund Facts

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 10 million
NAV in total (as of MAR 31):	HKD 83.65 million
NAV per Unit (as of MAR 31):	HKD 87.51

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

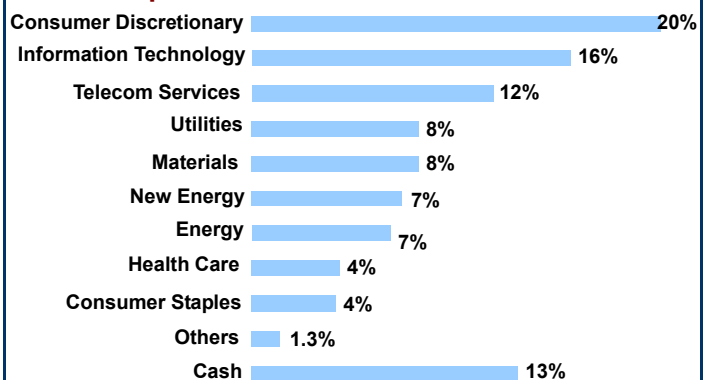
Fund Performance Since Inception



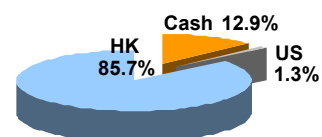
Performance Update

	Total Return	Hang Seng Index
1 Month	4.9%	0.8%
3 Months	-8.9%	2.1%
6 Months	-1.1%	5.2%
YTD Return	-8.9%	2.1%
1 Year	-5.5%	10.8%
Since Launch		
Annualized Return	-4.2%	-5.0%
Annualized Volatility	31.9%	35.5%

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	-4.5	4.9										-8.9	-12.5
Hang Seng Index (%)	1.8	-0.5	0.8										2.1	-14.3
Information Ratio*	-9.7	-5.4	5.8											

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	9.9%
2	Yanzhou Coal	Energy	6.7%
3	Thunder Sky battery Limited	New Energy	6.3%
4	China Unicom	Telecom Services	6.1%
5	Haier Electronics	Consumer Discretionary	6.0%
6	China Telecom	Telecom Services	5.6%
7	Chigo Holdings Ltd	Consumer Discretionary	5.4%
8	China Gas Holding	Utilities	5.2%
9	China Timber	Materials	4.1%
10	Intime Departmental Store	Consumer Discretionary	4.0%

*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://hk2.gtja.com/english/qtja_Invest/zcqlij/qcqh.aspx

Economic Review

US economy recovery continued as better employment figures reported in March. The 4-week moving average on jobless claims has registered below 400k for five out of the past six weeks. Personal spending showed more positive sign as it was up 0.7% MoM, the best result since last October. The strength in durables consumption might suggest that consumers are becoming more confident in the economic outlook. CPI remained stable at 2.1% YoY, and US Fed indicated to continue expanding monetary policy despite that the European Central Bank has raised the interest rate. Given that US economy is getting on the right track, it is well expected the QE II plan will be terminated by the end of June without rolling out new stimulus plan.

China reported a surprise trade deficit for February, its first in 11 months, as export growth slowed sharply and import growth remained strong in part because of rising prices for oil and other commodities. China imported \$7.3 billion more than it exported last month. China's exports in February rose 2.4% from a year earlier, down from January's 37.7% rise and below the Dow Jones Newswires survey's forecast of a 25.9% expansion. February CPI inflation stayed flat at 4.9% YoY. The People's Bank of China (PBOC) announced to raise RRR again by 50 bps in March. The market expects CPI may surpass 5% in March. The new yuan-dominated loans hit 535.6 billion yuan in February, down by 164.5 billion yuan, but the lending was slowing down as expected under the guidance of policies.

Market Review

Rising oil price, globally inflation and Japan earthquake all tested investors' confidence. US QE II plan is expected to expire in June, which might lead to possible funding shortage in the market. Valuation of equity market might get knock as well. The major indices remained flat with lighter trading volume in March. For the month, the Dow rose 0.8% to 12,319, the S&P 500 dropped 0.1% to 1,325 and the Nasdaq decreased 0.4% to 2,781. The Dow, S&P500 and Nasdaq increased by 6.4%, 5.4% and 4.8% respectively in the 1st quarter.

Major listed companies in China reported decent financial results of year 2010, which boosted the investors' confidence. Amid the uncertainty from overseas markets, rising oil and gold prices and still high inflation in domestic market, Chinese stock market performed well instead. After the PBOC raising RRR and Interest rate recently, investors expect less tightening control is ahead. For the month, the Hang Seng Index (HSI) gained 0.8% to 23,528, and the Hang Seng China Enterprises Index (HSCEI) hiked 6.5% to 13,316. The top 3 outperforming sectors in this quarter were technology, energy and materials, which are all cyclical sectors. The HSI and HSCEI increased by 2.1% and 4.9% respectively in the 1st quarter.

Brief Trading Summary

The Fund's NAV gained 4.9% in March compared to the HSI's return of 0.8%. But we still underperformed the HSI in the 1st quarter of 2011 as the small and medium stocks in our portfolio got deeper correction than HSI components. Our top gainers in this month are China Gas (00384 HK, +31%), Yanzhou Coal (01171HK, +22%) and Haier Electronics (01169 HK, +22%). Yanzhou Coal (01171 HK, +19%), China Telecom (00728 HK, +17%) and China Unicom (00762 HK, +16%) are top performers in this quarter.

We have actively shifted the holdings of our portfolio since the beginning of this year. We prefer conservative sectors amid the much uncertainty of the equity market. We believe telecom service providers offer stable profit with reasonable valuation. We also try to catch the recently rally of cyclical players such as materials and energy. Therefore, our portfolio is balanced between the staple and cyclical stocks. In March, we continued loading China All Access (00633 HK) as we believe it has huge potential on its satellite navigation service. We added VST Holdings (00856 HK) given its cheap valuation vs. rapid growth. We also took profit on Chigo Holdings (00449 HK).

Investment Strategy

Uncertainty remains the major theme for the equity market in the near future. In the markets overseas, the volatile MENA, Japan's radiation risk, the huge financial deficit in US and the European sovereign debt crisis are all testing the investors' confidence. In domestic market, PBOC's next move is more important. Given that March's PMI rebounded less than expected, concerns on hard landing of China's economy loom again. We sensed that tightening measures are having their intended effects on cooling China's growth slightly earlier than expected. Even though we agree that there could be more interest hike in the near future as the readings of CPI are expected to remain high, we think the central government will be more careful to roll out additional tightening policies.

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

- 1) Banks. FY10 results of most banks are decent. There are potentials for more upside surprise in FY2011. We believe the valuation of banking sector will also recover.
- 2) Alternative Energy. The accident of Japan's nuclear radiation led to suspension of China's development program on nuclear power. There is huge gap between the aggressive target set by NDRC, which determined to change China's energy mix with 15% of energy from non fossil fuels (NFF), and the current energy mix with only 9% of NFF. Alternative energy, especially wind and solar are more attractive to nuclear power now.
- 3) Property. The sector's valuation is now at the trough. With the pause of policy headwind, we think sentiment on property will improve, and trading opportunities might appear.

Brief of Top 5 holdings (as of March 31, 2011)

Company	Ticker	Market Cap (MN HKD)	11 PE (E)*	Industry	Comments
China All Access	633 HK	3,030	10.4	Information Technology	The company offers satellite and wireless data communications services. It serves city public safety and disaster emergency management agencies. It also expands to 3G value-added services.
Yanzhou Coal	1171 HK	185,514	12.0	Energy	Yanzhou Coal is one of the largest coal mining companies in China with annual production exceeding 50 million tonnes per annum. The company also own subsidiaries in Australia.
Thunder Sky battery Limited	729 HK	7,097	N.A.	New Energy	The company got restructuring and switched its major business into manufacturing Fe-Li motive batteries and components for electric vehicles. As the China central government has issued supportive policies on automobiles powered by electric batteries by the end of last May, the company will benefit from the policies.
China Unicom	762 HK	344,008	43.1	Telecom Services	China Unicom is one of the biggest telecom services providers in domestic China. Its services include mobile phone, paging, long distance, data and internet services. The company benefits from the enlarging 3G subscribers in China.
Haier Electronics	1169 HK	22,554	16.8	Consumer Discretionary	Haier Electronics is one of the most famous brands of home appliance in mainland China. The company finished restructuring, and it became a listed company for sales, logistics and post-sale services, firstly developing low-tier cities and rural markets. The company gets benefits from the country's rural subsidiary program for home appliance purchase.

* Year 2011 Estimated PE is based on market consensus forecast as derived from Bloomberg

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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