

Monthly Report June 30, 2011

Guotai Junan Greater China Growth Fund

Portfolio Summary

Important Notes:

- 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 Regions 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 is 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.
- Investors should not base on this material alone to make investment decision. Please refer to the explanatory memorandum, including the risk factors involved.
- Investment involves risks. The price of units may go down as well as up. Past performance is not indicative of future performance. Please refer to the explanatory memorandum for further details and the risk factors.

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 Limited Minimum amount for HK HKD 10 million immigration investment: HKD 80.59 million NAV in total (as of JUN 30): HKD 84.85 NAV per Unit (as of JUN 30):

HK\$ 10,000

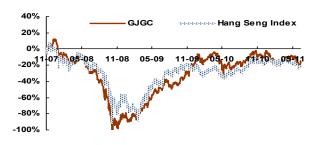
Fee Structure

Minimum Subscription:

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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

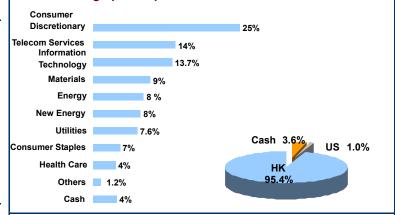
(measured by the percentage change in NAV-to-NAV basis)



Performance Update (measured by the percentage change in NAV-to-NAV basis)

	Total Return	Hang Seng Index
1 Month	-7.3%	-5.4%
3 Months	-3.0%	-4.8%
6 Months	-11.7%	-2.8%
YTD Return	-11.7%	-2.8%
1 Year	7.1%	11.3%
Since Launch		
Annualized Return	-5.0%	-6.2%
Annualized Volatility	31.2%	34.5%

Sector & Geographic Exposure



Calendar year performance (%)

(measured by the percentage change in NAV-to-NAV basis)

	2007 ¹	2008	2009	2010	2011 ²
The Fund	12.9%	-62.0%	99.4%	12.1%	-11.7%
Hang Seng Index	1.3%	-48.3%	52.0%	5.3%	-2.8%

- . Calculated since the launch of the Fund as at 19 November 2007.
- 2. Measured as of June 30, 2011.

Investment Team

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Fund Information Resources

Bloomberg Ticker: GJGCHGR HK EQUITY

Web URL: http://www.gtja.com.hk/english/gtja_Invest/zcgljj/gcgf.aspx

Top Ten Security Holdings

#	Name	Industry	%
1	China All Access	Information Technology	8.8%
2	China Unicom	Telecom Services	7.6%
3	Yanzhou Coal	Energy	7.2%
4	Haier Electronics	Consumer Discretionary	6.8%
5	Sinopoly Battery Limited	New Energy	6.7%
6	China Telecom	Telecom Services	6.1%
7	Chigo Holdngs Ltd	Consumer Discretionary	5.1%
8	Intime Departmental Store	Consumer Discretionary	5.1%
9	China Gas Holding	Utilities	4.4%
10	China Timber	Materials	3.9%

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



Monthly Performance Summary (measured by the percentage change in NAV-to-NAV basis)

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	2.0	2.6	-7.3							-11.7	-15.2
Hang Seng Index (%)	1.8	-0.5	8.0	8.0	-0.2	-5.4							-2.8	-18.4
Information Ratio*	-9.7	-5.4	5.8	1.1	3.0	-2.3								

Sources: Bloomberg, GJAAL

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.

Market Review

US economy growth remained sluggish in May. GDP growth for the first quarter was finally revised down to 1.9%, well below the previous 2.2%. Housing market saw no improvement, as the purchase of existing homes decreased 3.8% MoM, and new home sales dropped 2.1% MoM. Unemployment rate hovered at 9.1%. The deadlock between the Congress and the US government for lift of the debt Cap had driven funds to de-risk and to exit the equity market. For June, Dow Jones dropped 1.2% to 12,414. The S&P 500 dropped 1.8% to 1,321 and the NASDAQ decreased 2.2% to 2,774.

China's macro figures for May showed gradually slowing down of the economy. May's Industrial Production increased 13.3% YoY, vs. 13.4% in April. The retail sales growth further slowed to 16.9% vs. 17.1% in previous month. Export and import growth were 19.4% YoY and 28.4% YoY respectively. The M2 growth declined to 15.1%, and the new Yuan loans shrank to Rmb552 billion, vs. Rmb740 billion in last month. Inflation soared, as CPI and PPI came as 5.5% YoY and 6.8% YoY respectively. Even though the PBOC stuck to "tight monetary policy", there was early signal of "loose fiscal policy" as the government cut import tax for series of commodities. Market declined most of the month mainly on the ongoing Europe debt crisis, US debt issue along with its economic growth momentum weakening, China and emerging markets' tightening measures, similar factors as for the weak performance during the previous month. For June, the Hang Seng Index decreased 5.4% to 22,398, and HSCEI dropped 5.2% to 12,577.

Brief Trading Summary

The Fund's NAV lost 7.3% in June, underperformed the HSI by 1.9%. Universally price correction was observed in this month as both the blue chips and small caps tumbled. Our top gainers in this month are Luk Fook Holdings (00590 HK, +15%), Dah Chong Hong (01828 HK, +12%) and Zhongsheng Holdings (00881 HK, +12%).

Amid the volatile market, we did not trade much in June. We only added China Yurun Food (01068 HK) to the portfolio when the stock slumped against series of negative news. We believed that the core business of Yurun Food remained rather solid and the company could survive from the temporary headwind. It turned out that the company later issued positive profit alert for the 1H of 2011.

Investment Strategy

Both the PMI and Non-manufactory PMI of China further slid down in June, which indicated that the domestic economy growth may continue to slow down in the following months. The hike of income tax exemption threshold from RMB 2K to 3.5K is the early sign of possible policy ease, which also may boost the domestic consumption. We need to watch closely if any fine-tune of monetary policy will follow. Sentiment in equity market obviously has improved recently. But given the macro figures for June will be released soon and the higher CPI growth has been widely expected, we suggest waiting till the central government / PBOC gives out clear policy signal upon those unfavorable figures.

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

- 1) High-end retailing. The SSSG of high-end retailing continued gaining significant growth in the 1H 2011. The income tax reform in this year and possible import tax cut will further stimulate its growth.
- 2) Cement. China's FAI growth remained rather strong in the 1H 2011, and the construction of social housing projects will further stimulate the demand for cement. Both the volume and profit of big cement producers will improve in this year.

Notes

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