

**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
Benchmark:	Nil
Bloomberg Ticker:	GJGCHGR HK
Redemption Day:	Every Trading Day
Custodian:	HSBC Trustee (Cayman) Limited
Auditor:	Ernst & Young Limited
Minimum amount for HK immigration investment:	HKD 10 million
NAV in total (as of JUL 29):	HKD 86.03 million
NAV per Unit (as of JUL 29):	HKD 85.48

**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

**Investment Team**

**Chief Investment Officer: Mr. Yuan Junping**

Contact information:

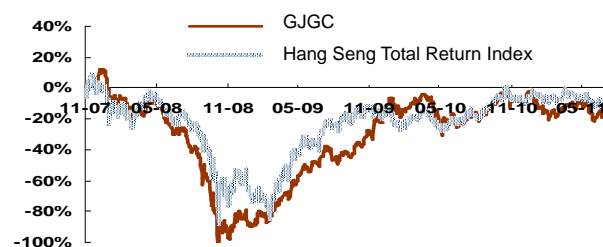
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**Fund Information Resources**

Bloomberg Ticker: GJGCHGR HK EQUITY  
Web URL: [http://www.gtja.com.hk/english/qtja\\_invest/zcqlij/gcgf.aspx](http://www.gtja.com.hk/english/qtja_invest/zcqlij/gcgf.aspx)

**Fund Performance Since Inception**

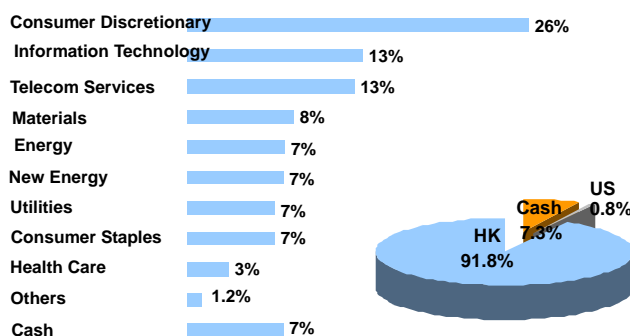
(measured by the percentage change in NAV-to-NAV basis)



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

	Total Return	Hang Seng Total Return Index
1 Month	0.7%	0.2%
3 Months	-4.3%	-4.0%
6 Months	-2.2%	-2.4%
YTD Return	-11.0%	-0.6%
1 Year	3.6%	9.9%
Since Launch		
Annualized Return	-4.6%	-2.4%
Annualized Volatility	30.9%	34.2%

**Sector & Geographic Exposure**



**Calendar year performance (%)**

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

	2007 <sub>1</sub>	2008	2009	2010	2011 <sub>2</sub>
The Fund	12.90%	-62.00%	99.40%	12.10%	-11.00%
Hang Seng Total Return Index	1.50%	-46.40%	56.50%	8.60%	-0.60%

- Calculated since the launch of the Fund as at 19 November 2007.
- Measured as of July 29, 2011.

**Top Ten Security Holdings**

#	Name	Industry	%
1	China All Access	Information Technology	8.8%
2	China Unicom	Telecom Services	7.0%
3	Yanzhou Coal	Energy	6.7%
4	Sinopoly Battery Limited	New Energy	6.6%
5	Haier Electronics	Consumer Discretionary	6.2%
6	China Telecom	Telecom Services	5.7%
7	Intime Departmental Store	Consumer Discretionary	4.6%
8	Chigo Holdings Ltd	Consumer Discretionary	3.9%
9	Hengdeli	Consumer Discretionary	3.9%
10	China Timber	Materials	3.9%

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

Notes:  
 • All of the charts and tables in this page are prepared based on the data from Bloomberg and Guotai Junan Assets (Asia) Limited ("GJAAL").  
 • From 29 July 2011, Hang Seng Total Return Index is used as an index which most closely reflects the investment focus of the Fund for the comparison purpose. Hang Seng Total Return Index includes dividend reinvestment.

**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	16.2	99.4	-14.3
Hang Seng Total Return Index (%)	-7.7	-3.5	6.4	14.5	18.4	1.6	11.9	-3.9	6.7	3.8	0.5	0.3	56.6	-14.7
Information Ratio*	6.3	3.3	2	-4.4	-2.6	2.7	-1.8	-7.5	-1.3	2.8	6.4	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	-0.2	-10.7	-3.9	4.1	-1.9	9.3	5.1	0.4	2.9	12.1	-3.9
Hang Seng Total Return Index (%)	-8	2.4	3.3	-0.4	-5.2	2.2	4.5	-2.1	9.4	3.3	-0.2	0.1	8.6	-7.4
Information Ratio*	4.8	-0.2	3	0.2	-2.9	-5.7	-0.6	0.3	-0.2	2.5	0.6	2.9		
2011	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	Since Launch
Performance (%)	-9	-4.5	4.9	2	2.6	-7.3	0.7						-11	-14.5
Hang Seng Total Return Index (%)	1.8	-0.5	1.1	1	0.7	-4.8	0.2						-0.6	-8
Information Ratio*	-9.7	-5.4	5.5	0.9	2.1	-3.1	0.6							

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 Total Return Index, and tracking error is the standard deviation of the active return.

**Market Review**

The mounting concern over the U.S debt ceiling has pushed up the gold price to a new high of US\$1,622 per ounce. In the Eurozone, the debt crisis contagion hit Italy and the problem seemed never ending. The US economy's recovery seemed rather stumbling and might remain lackluster for years, given heavy household debt, a financial system still damaged by the mortgage crisis, fragile confidence and a government with limited options for supporting growth. The latest unemployment rate came high at 9.2% in June, and the 2Q GDP growth was further revised down to 1.3%. In July, Dow Jones dropped by 2.2% to 12,143. The S&P 500 dropped by 2.1% to 1,292 and the NASDAQ, decreased by 0.6% to 2,756.

China's macro figures for Jun and the first half of year 2011 were generally in line with market expectations. The fixed assets investment growth in the first half year remained high at 25.6% YoY. The industrial production growth in June hiked to 15.1% YoY, 1.8% higher than the previous month. M2 growth came at 15.9% YoY, up by 0.8% compared with May's figure. As it had been widely expected, Jun's CPI came at two-year high at 6.4% YoY. In response to the soaring CPI, the PBOC announced one interest rate hike in Jul. Exports in the 1H slightly beat the market expectation with a growth rate of 24% YoY. The 2Q GDP growth came at 9.5% YoY, which was 0.2% lower than the previous quarter. Jul's PMI was 50.7, which was still above the 50 level, but with a decelerating pace. In July, the Hang Seng Index mildly increased by 0.2% to 22,440, and HSCEI dropped by 1.6% to 12,374.

**Brief Trading Summary**

The Fund's NAV gained by 0.7% in July, while Hang Seng Total Return Index gained by 0.2% in the same period. July's market was generally weak with light trading volume. Our top gainers of this month were China All Access (00633 HK, +18%), VST Holdings (00856 HK, +15%) and Sinopoly Battery Limited (00729 HK, +7.4%).

The holdings of the portfolio were not changed much in July. Consumer discretionary remained the largest sector with weighing of 26% of the NAV. Defensive sectors comprised a big trunk of the portfolio. We only added Hengdeli (03389 HK) to the portfolio when the stock slumped against the negative news that its largest holder had pledged his shares for banking loans. We believed that the core business of Hengdeli remained strong, and it would benefit from the high inflation environment.

**Investment Strategy**

We expect the central government will not release the tight control on property market and the money supply will remain stringent for the rest of this year. With the declining inflation in the 2H, the operation environment for manufacturers will improve. Even though the tightening monetary policy will not be changed, we believe there will be some fine-tune of fiscal policy to further expand the export and FAI growth. Thanks to the stimulus polices from central government, the domestic consumption might boost in the 2H. In contrast to the gloomy economic outlook for the US and European markets, we remain relatively optimistic on the performance of domestic market in the 2H. We suggest weighing on those sectors with clear growth prospects or those sectors enjoying supporting polices from the central government. Investment opportunities are likely to exist in following areas for the next month.

1) Consumer discretionary. As we expect the inflation will come down in 2H, we are positive on the rapid domestic consumption growth. The consumer discretionary sector, such as the medium to high level appeals and retailers will benefit most.

2) Information Technology. As the number of 3G subscribers in China grows exponentially, there will be drastically increasing demand for IT supporting services and advanced IT equipments. The growth of this sector is relatively promising in 2H 2011.

3) Solar Upstream. The NDRC set a unified PV feed-in-tariff price for China, at the time ahead of market's expectation. The domestic demand for solar panel will double in this year as the total capacity will reach 1.5GW by the end of this year. Also demand from Europe and the US will pick up in the 2H. We prefer upstream supplier with cost advantages.

**Notes:**

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