

**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 OCT 31):	HKD 65.5 million
NAV per Unit (as of OCT 31):	HKD 70.75

**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:

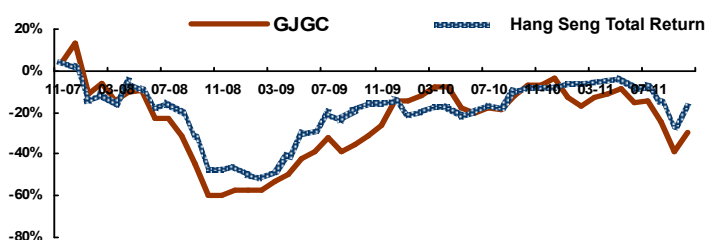
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**Fund Information Resources**

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

**Fund Performance Since Inception**

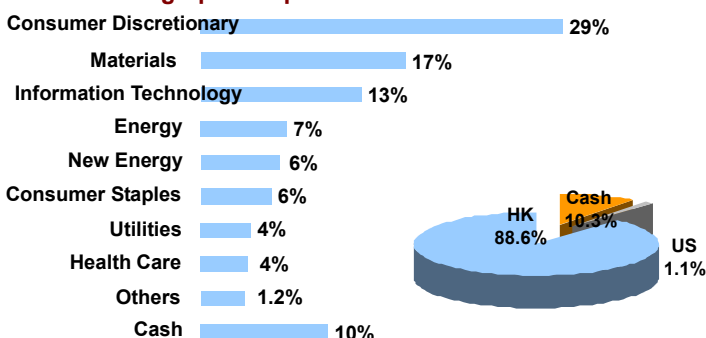
(measured by the percentage change in NAV-to-NAV basis)



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

	Total Return	Hang Seng Total Return Index
1 Month	15.9%	12.9%
3 Months	-17.2%	-10.7%
6 Months	-20.8%	-14.2%
YTD Return	-26.4%	-11.2%
1 Year	-23.9%	-11.3%
3 Years	77.9%	56.7%
Since Launch		
Annualized Return	-8.6%	-5.0%
Annualized Volatility	32.3%	34.5%

**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%	-26.37%
Hang Seng Total Return Index	1.50%	-46.40%	56.50%	8.60%	-11.24%

- Calculated since the launch of the Fund as at 19 November 2007.
- Measured as of Oct. 31, 2011.

**Top Ten Security Holdings**

#	Name	Industry	%
1	Hengdeli	Consumer Discretionary	9.4%
2	China All Access	Information Technology	8.7%
3	Haier Electronics	Consumer Discretionary	6.6%
4	Yanzhou Coal	Energy	6.1%
5	Sinopoly Battery Limited	New Energy	5.6%
6	Lumena Resources Corp	Materials	5.4%
7	Intime Departmental Store	Consumer Discretionary	5.3%
8	China Timber	Materials	4.0%
9	China Gas Holding	Utilities	3.9%
10	Chigo Holdings Ltd	Consumer Discretionary	3.4%

\*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 ("GJAL").  
 • 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
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*											0.02	-0.11		
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	-11.3	-19.4	15.9			-26.4	-29.3
Hang Seng Total Return Index (%)	1.8	-0.5	1.1	1	0.7	-4.8	0.2	-8.2	-13.8	12.9			-11.2	-17.8
Information Ratio*	-0.21	-0.30	-0.18	-0.02	-0.09	-0.03	0.04	0.07	0.06	0.27				

Sources: Bloomberg, GJAAL

Notes: \* Information ratio (IR) 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. We started to calculate IR based on 3-year data since Nov.2010.

**Market Review**

Not all of the reported US economic figures were bad, as 3Q GDP growth was at 2.5%, which was better-than-expected. But the US employment situation was not improved yet, and the housing market was still deep in the mud. Encouraging news from Europe was that the Euro zone finally reached a temporary agreement to tackle the sovereign debt issue, even though the solution was far away from a thorough and comprehensive one. Also the US Fed hinted that the QE3 might be underway soon if the market situation got deterioration. The US market finally got a relief rally in October. The Dow Jones rallied by 9.5% to 11,955. The S&P 500 hiked by 10.8% to 1,253 and the NASDAQ increased by 11.1% to 2,684.

China reported slower-paced September's macro figures, which were just as expected. Export growth decelerated to 17.1% YoY, which was expected to fall further to single-digit in the rest of this year. Both the CPI and the PPI growth declined to 6.1% and 6.5% respectively, as the pressure of inflation gradually eased. The 3Q GDP growth also declined to 9.1% YoY, compared to 9.5% in 2Q. Given that China's economy slowing down became more evident, the tone of central government fine-tuned as well. Premier Wen mentioned recently that the macro policy needed to be forward-looking and would make necessary timely adjustments. But it seemed that the government's resolution to control property sector unchanged yet. In October, the Hang Seng Index rallied by 12.9% to 19,865, and HSCEI hiked by 17.9% to 10,513.

**Brief Trading Summary**

The Fund's NAV gained by 15.9% in October, outperformed Hang Seng Total Return Index by 3% in the same period. Hong Kong market embraced a relief rally as high cyclical players rebounded most. In this month, the best players in our portfolio were VST Holdings (00856 HK, +65.8%), Boshiwa International (01698 HK, 63.9%) and China National Building Material (03323 HK, 52.2%).

In this month, we tried to shift the holdings of portfolio to gain more risk exposure amid the universal rally. We took profit from the defensive telecom player China Unicom (00762) and added positions on high-beta players with solid fundamentals, such as Maoye International (00848 HK) and China National Building Material (03323 HK).

**Investment Strategy**

The Hong Kong market finally rebounded strongly in October. But the sustainability of the rally is questionable, given that the Euro zone debt issue is far from a final comprehensive solution and the economic outlook in US blurs. Bad news is that China is slowing down at an accelerating pace, as the latest record of PMI was far below market's expectation. China's export situation deteriorated fast, and the FAI growth declined as well. There is early signal of policy easing on certain sectors, and market expects possible RRR cut or even interest rate cut by the end of this year. We believe that the domestic equity market should have bottomed thanks to the turning around of the monetary policy; but it is uncertain for Hong Kong market, as the influence of developed world still weighs much more. The market may trade range-bounded with huge volatility.

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

- 1) Consumption Staple. Both of the CPI and the PPI will come down gradually since this October. The declining raw material costs will improve the margins of this sector. As the top-line growth remains stable, we expect improving profitability of this sector as well.
- 2) Thermal Coal. Most of the coal mining players reported decent 3Q operating results. As the thermal coal price remains at a historical high level before the winter peak season, the major coal miners will enjoy much stable profit margin in the whole year of 2011.
- 3) Selected industrial manufacturers. Even though the overall FAI growth is slowing down, the government will consistently support the high-end manufacturing with advanced technology. Also the agriculture machinery sector will benefit from the increasing scale of the government's financial subsidies.

Notes:

- This document is provided strictly for informational purposes only and is not to be used or considered as an offer, an invitation to offer or solicitation to buy, sell or subscribe for any investment products.
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