

Guotai Junan Greater China Growth Fund

Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"

Monthly Report - 31 Dec 2013



國泰君安國際
GUOTAI JUNAN INTERNATIONAL
ASSET MANAGEMENT

Important Information

- 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 make investment decisions based on this material alone. 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 Performance

	2007 ¹	2008	2009	2010	2011	2012	2013 ²
The Fund (%)	12.93	-61.96	99.44	12.15	-33.37	18.42	12.02
Hang Seng Total Return Index (%)	1.55	-46.40	56.65	8.57	-17.38	27.46	6.55

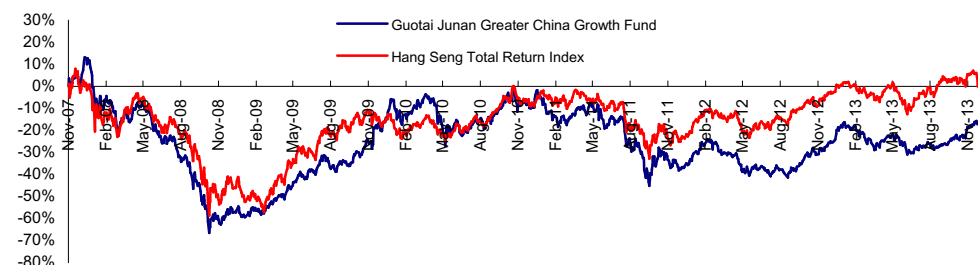
- Calculated since the launch of the Fund as at 19 November 2007.
- Measured as of 31 Dec 2013

	1 Mth	3 Mths	6 Mths	YTD	1 Yrs	3 Yrs	5 Yrs
The Fund (%)	2.83	15.77	19.45	12.02	12.02	-11.62	97.67
Hang Seng Total Return Index (%)	-2.39	2.20	13.14	6.55	6.55	12.20	90.82

Fund Facts

Manager	Guotai Junan Assets (Asia) Limited
Inception Date	19 Nov 2007
Domicile	Cayman Islands
Trustee & Registrar	HSBC Trustee (Cayman) Limited
Auditor	Ernst & Young Limited
Dealing Frequency	Daily
Base Currency	Hong Kong Dollar
NAV	HKD 84.92
Fund Size	HKD 138.09 Million
Bloomberg Code	GJGCHGR HK Equity
ISIN Code	KYG421241004

Performance Since Launch



Source: Guotai Junan Assets (Asia) Limited

Last update: 31 Dec 2013

The performance is measured in NAV-to-NAV in fund currency with net income re-investment

Subscription and Redemption

Min. Initial Subscription	HKD 10,000
Subscription Fee	Up to 5%
Annual Management Fee	1.5% p.a.
Redemption Fee*	
Less than 6 mths	1%
6 mths or more but less than 12 mths	0.75%
12 mths or more but less than 18 mths	0.50%
18 mths or more but less than 24 mths	0.25%
24 mths or more	Waived

* Redemption fee will be waived for investors who subscribed through nominee account.

Contact

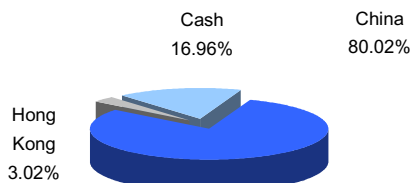
Mr. Adrian Au	Ms. Kathy Yuen
Phone: (852) 2509 2652	Phone: (852) 2509 7746
Fax: (852) 2509 7784	Fax: (852) 2509 7784

^The Fund is approved as Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme" of Hong Kong Special Administrative Region

Top Ten Holdings

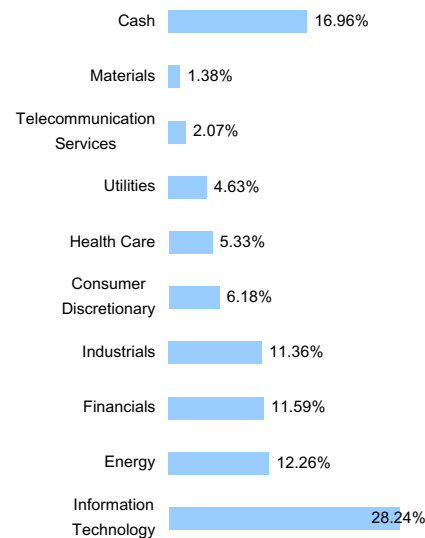
	%
China All Access	7.38
Tencent	6.30
Lenovo Group	3.92
Hilong Holding	3.77
China Everbright International	3.76
Citic Securities	3.27
China Medical System	3.12
China State Construction Intl	3.02
SMIC	2.65
Ping An Insurance	2.64

Exposure by Major Revenue Source³



3. Sources: Bloomberg, Guotai Junan Assets (Asia) Ltd.

Industry Allocation⁴



4. Based on the Bloomberg: Industry Classification System.

Market Outlook and Investment

The US continued to report encouraging economic data and the employment rate remained rather positive. Even though US Fed would start tapering in 2014, the magnitude may remain rather small and we are bullish on US equity market given its ample liquidity and strong growth outlook.

China's latest PMI moderated to 51.0 in December 2013, representing the first month fell since July 2013. As PMI is a leading indicator for economy, this economic recovery was likely to be peaked in October 2013. Even though the 3rd Plenum set up a clear reform roadmap for China in mid-to-long term, the growth could still remain sluggish in the 1H14.

2013 turned out to be a tough year for the Chinese market. For the whole year, the Shanghai Composite was dropped by 7% and Hang Seng index was up only by 3%. For the year 2014, we believe liquidity and growth will be the important issues impacting on China's equity market. As the liquidity will still remain relatively tight while the growth rate in economy is expected to slow down at around 7%, we expect the A-share market will remain sluggish in the 1H14. Therefore, in short term, we suggest playing defensive and cherry picking sectors with solid growth outlook.

Disclaimer

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