

Guotai Junan Greater China Growth Fund

Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"

Monthly Report - 31 Mar 2014



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	2014 ²
The Fund (%)	12.93	-61.96	99.44	12.15	-33.37	18.42	12.02	-5.33
Hang Seng Total Return Index (%)	1.55	-46.40	56.65	8.57	-17.38	27.46	6.55	-4.55

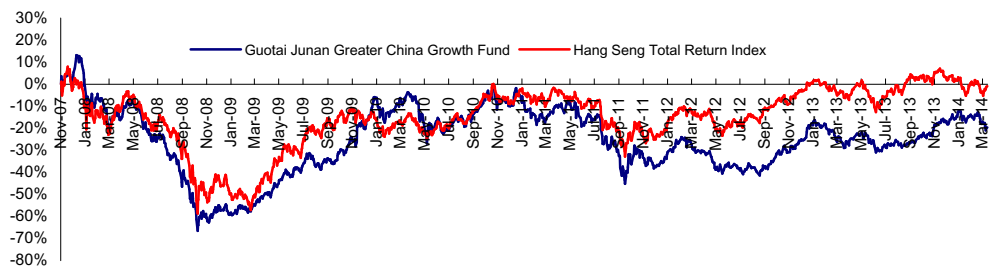
- Calculated since the launch of the Fund as at 19 November 2007.
- Measured as of 31 Mar 2014

	1 Mth	3 Mths	6 Mths	YTD	1 Yrs	3 Yrs	5 Yrs
The Fund (%)	-6.70	-5.33	9.60	-5.33	7.94	-8.15	70.93
Hang Seng Total Return Index (%)	-2.65	-4.55	-2.45	-4.55	2.95	4.53	92.30

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 80.39
Bloomberg Code	GJGCHGR HK Equity
ISIN Code	KYG421241004

Performance Since Launch



Source: Guotai Junan Assets (Asia) Limited

Last update: 31 Mar 2014

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

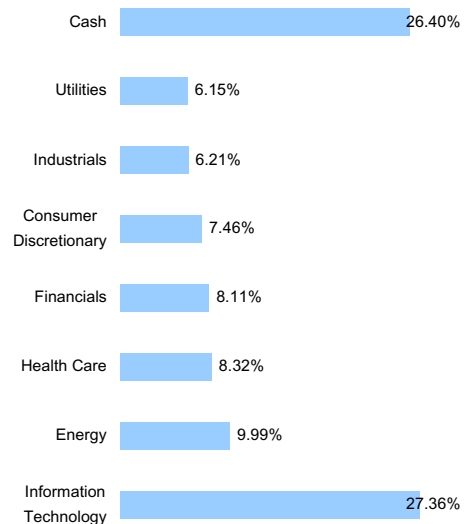
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^The Fund is approved as Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme" of Hong Kong Special Administrative Region

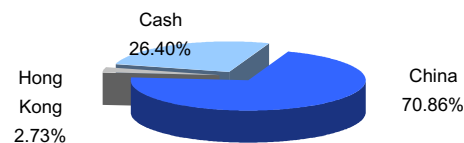
Top Ten Holdings

	%
China All Access	6.89
Tencent	6.78
Merry Garden Holdings	3.74
SMIC	3.14
China Everbright International	3.11
China Medical System	3.08
Lenovo Group	2.47
Sound Global	2.28
Guotai Junan International	2.25
SPT Energy Group	2.12

Industry Allocation⁴



Exposure by Major Revenue Source³



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

4. Based on the Bloomberg: Industry Classification System.

Market Outlook and Investment

In the face of China's economic down-cycle, growing risks in domestic trust and property industries, and the US' tapering of quantitative easing (QE) policy, we hold a relatively cautious view towards the Hong Kong stock market in 2014 and expect higher market volatility.

We believe economic reforms in China will be the market focus in 2014. However, the reform process, in our view, can be an odyssey and sometimes painful in the short term. Investors' expectations may swing between an extreme optimism due to the benefits from reform and an extreme pessimism of the throes of economic transition.

We prefer sectors with more concrete fundamentals amid the uncertain environment. Specifically, we believe there are chances for the following sectors:

- Pharmaceuticals:** Most of the listed companies in this sector reported decent FY13 results despite the constant pressure on price-cut. The increase in the sales volumes in both the special drugs and ordinary drugs offsets the effect. We still prefer bellwethers with advanced technologies and wide product range.
- Environmental protection:** This sector got some correction due to profit-taking recently. Most of the listed companies reported in-line growths for FY13 results, and they also reported promising outlook for 2014 increasing new orders. As more supportive policies are to be launched in the further detailed action plans, we are still optimistic on this sector.

Disclaimer

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