

Guotai Junan Greater China Growth Fund

Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme"

Monthly Report - 31 May 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	-7.65
Hang Seng Total Return Index (%)	1.55	-46.40	56.65	8.57	-17.38	27.46	6.55	0.66

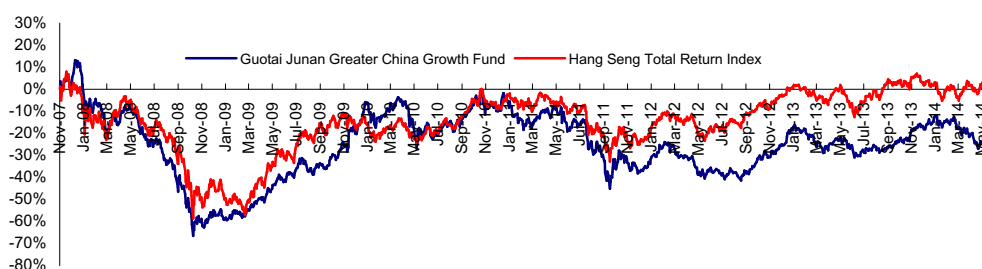
- Calculated since the launch of the Fund as at 19 November 2007.
- Measured as of 31 May 2014

	1 Mth	3 Mths	6 Mths	YTD	1 Yrs	3 Yrs	5 Yrs
The Fund (%)	3.94	-8.98	-5.04	-7.65	1.04	-14.37	34.95
Hang Seng Total Return Index (%)	5.44	2.67	-1.75	0.66	7.35	8.44	49.63

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 78.42
Bloomberg Code	GJGCHGR HK Equity
ISIN Code	KYG421241004

Performance Since Launch



Source: Guotai Junan Assets (Asia) Limited

Last update: 31 May 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

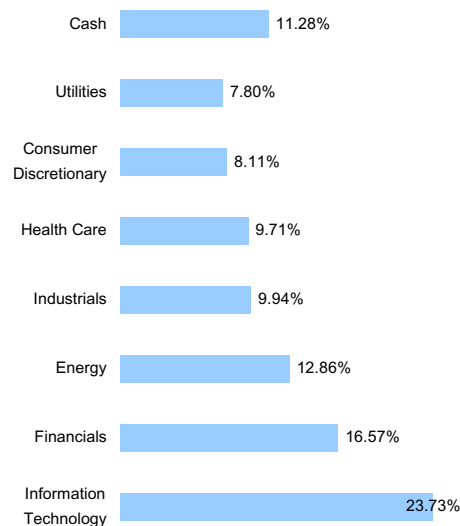
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^The Fund is approved as Eligible Collective Investment Scheme under "Capital Investment Entrant Scheme" of Hong Kong Special Administrative Region

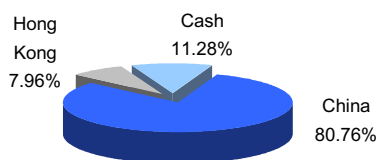
Top Ten Holdings

	%
Guotai Junan International	6.19
China All Access	5.75
Tencent	5.40
Merry Garden Holdings	4.24
Sound Global	3.43
China Suntien Green Energy	3.34
Kulun Energy	3.17
SPT Energy	3.03
Guodian Technology & Environment	2.85
SMIC	2.85

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

Both the US and German stock markets hit new highs in May, thanks to the improving economic fundamentals. China also announced better-than-expected PMI figures for May. The central government further expanded the benefited financial institution list which can enjoy the targeted RRR cut. It is also widely expected that the HPR policies in the most of the cities may be released except the top-tier cities. We noticed the recent improvement of investors' sentiment on Hong Kong market as the "bottom-fishing" trades increased. Even though we remained cautious on China's near term economic performance, we agreed that the valuations for the most of the blue chips remained low and the possibility of revaluation existed. Specifically, we believe there are opportunities for the following sectors:

- (1) Mobile internet application. China's low-end smart phone shipments retained high growth in 1Q14. The major domestic telecom service providers also started offering attractive data service packages with lower charges. We still believe that the application demands for mobile internet will remain high and the growth momentum will continue.
- (2) Oil and gas services. China and Russia finally signed the long-term gas supply agreement via the eastern pipelines to China. We also notice further market reform in this sector given that the central government will open up the upstream exploration sector to the private players. There are opportunities for both the upstream exploration service providers as well as for the downstream city gas distributors.

Disclaimer

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