

SHELTON GREATER CHINA FUND
Form N-CSRS/A
September 08, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-05617

Shelton Greater China Fund
(Exact name of registrant as specified in charter)

c/o CCM Partners, L.P.
44 Montgomery Street, Suite 2100
San Francisco, CA 94104
(Address of principal executive offices) (Zip code)

Brown Brothers Harriman & Co.
40 Water Street
Boston, MA 02196-3604
(Name and address of agent for service)

Registrant's telephone number, including area code: (800) 955-9988.

Date of fiscal year end: December 31

Date of reporting period: June 30, 2011

ITEM 1. REPORTS TO STOCKHOLDERS

Semi-Annual Report
Shelton Greater China Fund | June 30, 2011

TRUSTEES AND OFFICERS

Edward B. Collins, Trustee
Frederick C. Copeland, Jr., Trustee
Kevin T. Kogler, Trustee
James W. Miller, Jr., Trustee
Robert P. Parker, Trustee
Stephen H. Sutro, Trustee
Stephen C. Rogers, Trustee, Chairman,
Secretary, Chief Executive Officer,
Interim Chief Compliance Officer
William P. Mock, Treasurer

MANAGER

Shelton Capital Management
44 Montgomery Street, Suite 2100
San Francisco, CA 94104 U.S.A.
Tel: (800) 955-9988

SUB-ADVISER

Nikko Asset Management Co., Ltd.
Midtown Tower, 9-7-1
Akasaka, Minato-ku, Tokyo 107-6242 Japan
Tel: +81-(0)3-6447-6000

ADMINISTRATOR AND CUSTODIAN

Brown Brothers Harriman & CO.
40 Water Street
Boston, MA 02109 U.S.A.
Tel: (617) 742-1818

TRANSFER AGENT, PAYING AND PLAN AGENT

American Stock Transfer & Trust Company, LLC
59 Maiden Lane – Plaza Level
New York, NY 10038 U.S.A.
Tel: (866) 624-4110

INVESTOR RELATIONS AND COMMUNICATIONS

JCPR, Inc.
1 Gatehall Drive, Suite 107
Parsippany, New Jersey 07054 U.S.A.
Tel: (973) 850-7300

U.S. LEGAL COUNSEL

Clifford Chance US LLP
31 West 52nd Street
New York, NY 10019-6131 U.S.A.
Tel: (212) 878-8000

For information on the Fund, please check the Fund's website at www.sheltoncap.com or call toll free (800) 955-9988

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or email Shelton Capital Management at info@sheltoncap.com.

Portfolio Manager Commentary

Current Unstable Market Environment

The Greater China stock markets in 2Q 2011 saw their worst quarterly declines since the markets were first shocked by the European debt crisis in late April 2010. Although the capital flight out of the Greater China region that took place again in 2Q this year was believed to be related to this same European debt problem, the more important background for the poor stock market performance in the last quarter was the 'internal' issue - fear of a hard-landing by the Chinese economy (i.e. a sharp economic slowdown as a result of a prolonged monetary tightening in response to high inflation).

There is a debate in the market currently, between the pessimistic investors who believe that China's economy is facing an economic hard-landing and the optimistic investors who expect a policy reversal or relaxation. The debate may continue for many more months, as economic statistics that are to be released in the near future are likely to be mixed, and therefore not indicating any clear trend to justify either further tightening or an immediate policy loosening.

Under such circumstances, we believe 3Q will see a volatile and largely range-bound stock market, which is trendless and basically sideways moving.

Portfolio Strategy Response

A portfolio strategy that focuses on stocks rather than industries, make more sense to us as most cyclical industries offer low visibility given the complicated economic environment and policy uncertainty. However, many individual stocks with strong and more predictable fundamentals tend to have a good chance of outperforming the market.

From a risk management perspective, we prefer an emphasis on value stocks rather than growth stocks, which can run a relatively higher risk of not being able to meet earnings expectations given the slowing economy and economic uncertainty. On the other hand, we would also pay attention to investment opportunities in companies with good long-term competitiveness, but which have had their share prices substantially reduced for various reasons ranging from short-term negative earnings disappointment and unfavorable government industry policies, to a market liquidity crunch and small cap liquidity premium problem.

Fung Kwok On
Head of China Fund Management Team/Chief Portfolio Manager

June 30, 2011

SHELTON GREATER CHINA FUND
Schedule of Investments (Unaudited) / June 30, 2011

Shares		% of Net Assets	U.S. Dollar Value
COMMON STOCK — 96.94%			
Basic Materials — 5.03%			
Chemicals — 3.09%			
150,897	Formosa Chemicals & Fiber Corp.	0.71	\$ 561,511
300,271	Formosa Plastics Corp.	1.37	1,080,807
300,968	Nan Ya Plastics Corp.	1.01	801,758
			2,444,076
Iron/Steel — 1.52%			
1,000,513	China Steel Corp.	1.52	1,203,907
Mining — 0.42%			
100,000	Jiangxi Copper Co., Ltd.	0.42	332,794
Communications — 8.04%			
Internet — 1.72%			
50,000	Tencent Holdings Ltd.	1.72	1,358,158
Telecommunications — 6.32%			
350,000	China Mobile Ltd.	4.10	3,242,490
350,000	China Unicom Hong Kong Ltd.	0.89	706,062
200,000	Chunghwa Telecom Co., Ltd.	0.87	687,197
100,000	ZTE Corp.	0.46	361,062
			4,996,811
Consumer Cyclical — 12.87%			
Auto Parts & Equipment — 1.57%			
200,000	Tong Yang Industry Co., Ltd.	0.32	247,613
1,000,000	Xinyi Glass Holdings Ltd.	1.25	990,672
			1,238,285
Distribution/Wholesale — 0.88%			
350,000	Li & Fung Ltd.	0.88	697,068
Home Furnishings — 0.78%			
500,000 *	Haier Electronics Group Co., Ltd.	0.78	621,258
Leisure Time — 1.39%			
273,263	Giant Manufacturing Co., Ltd.	1.39	1,097,632
Lodging — 2.08%			
7,470	Formosa International Hotels Corp.	0.18	141,323
130,000	Shangri-La Asia Ltd.	0.40	318,711

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500,000		SJM Holdings Ltd.	1.50	1,187,264
				1,647,298
Retail — 6.17%				
86,046		Far Eastern Department Stores Co., Ltd.	0.22	172,065
3,000,000		GOME Electrical Appliances Holding Ltd.	1.51	1,194,973
1,000,000		Hengdeli Holdings Ltd.	0.67	530,671
1,000,000	*	Maoye International Holdings Ltd.	0.63	499,833
220,445		President Chain Store Corp.	1.61	1,272,631
1,200,000		S.A. International Holdings Ltd.	0.98	769,409
200,000		Zhongsheng Group Holdings Ltd.	0.55	436,872
				4,876,454

See accompanying notes to unaudited financial statements and independent accountants' review report.

SHELTON GREATER CHINA FUND
Schedule of Investments (Continued) (Unaudited) / June 30, 2011

Shares		% of Net Assets	U.S. Dollar Value
Consumer Non-cyclical — 7.45%			
Food — 5.09%			
150,000	China Yurun Food Group Ltd.	0.53	\$ 422,096
151,943	Great Wall Enterprises Co.	0.22	174,377
1,500,000 *	Heng Tai Consumables Group Ltd.	0.19	152,263
800,000	Shenguan Holdings Group Ltd.	0.72	565,364
1,378,992	Uni-President Enterprise Corp.	2.52	1,995,029
742,000	Want Want China Holdings, Ltd.	0.91	718,870
			4,027,999
Healthcare — 0.77%			
40,000	St Shine Optical Co., Ltd.	0.77	605,818
Pharmaceuticals — 1.59%			
300,000	Sinopharm Group Co., Ltd.	1.27	1,006,091
50,000 *	TTY Biopharm Co., Ltd.	0.32	252,134
			1,258,225
Diversified — 2.12%			
Holding Companies - Diversified — 2.12%			
500,000	Dah Chong Hong Holdings Ltd.	0.75	594,274
100,000	Hutchison Whampoa Ltd.	1.37	1,079,331
			1,673,605
Energy — 7.30%			
Coal — 2.68%			
150,000	China Shenhua Energy Co., Ltd.	0.91	716,984
300,000	Hidili Industry International Development Ltd.	0.33	258,269
300,000	Yanzhou Coal Mining Co., Ltd.	1.44	1,142,934
			2,118,187
Oil & Gas — 4.62%			
1,300,000	China Petroleum & Chemical Corp.	1.66	1,311,258
1,000,000	CNOOC Ltd.	2.96	2,338,550
			3,649,808
Financial — 22.48%			
Banks — 6.73%			
180,000	BOC Hong Kong Holdings Ltd.	0.66	521,548
1,500,000	China Construction Bank Corp.	1.57	1,245,085
80,000	Hang Seng Bank Ltd.	1.62	1,277,722

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3,000,000	Industrial & Commercial Bank of China	2.88	2,278,159
			5,322,514
Commercial Banks — 0.66%			
600,000	China Trust Financial Holding	0.66	521,658
Diversified Financial Services — 4.02%			
1,114,557	Fubon Financial Holding Co., Ltd.	2.16	1,711,304
70,000	Hong Kong Exchanges & Clearing Ltd.	1.86	1,467,890
			3,179,194

See accompanying notes to unaudited financial statements and independent accountants' review report.

SHELTON GREATER CHINA FUND
Schedule of Investments (Continued) (Unaudited) / June 30, 2011

Shares			% of Net Assets	U.S. Dollar Value
Financial — 22.48% (continued)				
Insurance — 4.36%				
700,000	*	AIA Group Ltd.	3.07	\$ 2,428,494
400,550		Cathay Financial Holding Co., Ltd.	0.79	619,188
300,000		China Life Insurance Co., Ltd.	0.50	396,460
				3,444,142
Real Estate — 6.71%				
300,000		China Overseas Land & Investment Ltd.	0.81	643,744
1,500,000		Evergrande Real Estate Group Ltd.	1.24	982,962
300,000		Hang Lung Properties Ltd.	1.56	1,233,521
200,000		Hysan Development Co., Ltd.	1.26	991,956
100,000		Sun Hung Kai Properties Ltd.	1.84	1,451,957
				5,304,140
Food - Flour & Grain — 1.63%				
Food — 1.63%				
416,000		Tingyi (Cayman Islands) Holdings Corp.	1.63	1,288,207
Industrial — 23.48%				
Building Materials — 7.52%				
400,000		Anhui Conch Cement Co., Ltd.	2.38	1,881,119
865,043		Asia Cement Corp.	1.56	1,233,434
500,000	*	China Singyes Solar Technologies Holdings Ltd.	0.58	457,431
1,303,715		Taiwan Cement Corp.	2.46	1,940,531
243,995		Taiwan Glass Industrial Corp.	0.54	428,515
				5,941,030
Electrical Components & Equipment — 1.72%				
85,210		Simplo Technology Co., Ltd.	0.87	686,018
200,000		Zhuzhou CSR Times Electric Co. Ltd.	0.85	673,297
				1,359,315
Electronics — 7.09%				
1,000,000		China Automation Group Ltd.	0.88	700,280
700,363		Hon Hai Precision Industry Co., Ltd.	3.03	2,399,129
50,535		HTC Corp.	2.15	1,697,710
150,000		Silitech Technology Corp.	0.45	354,206
15,000	*	TPK Holding Co., Ltd.	0.58	456,450
				5,607,775

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Engineering & Construction — 2.57%				
2,000,000	China State Construction International Holdings Ltd.	2.57	2,030,170	
Machinery - Construction & Mining — 1.92%				
800,000	Changsha Zoomlion Heavy Industry Science & Technology Development Co. Ltd.	1.92	1,521,342	
Machinery - Diversified — 1.26%				
800,000	First Tractor Co., Ltd.	1.26	995,040	
Miscellaneous Manufacturers — 1.01%				
25,000	Largan Precision Co., Ltd.	1.01	799,875	
Transportation — 0.39%				
144,000	U-Ming Marine Transport Corp.	0.39	307,987	

See accompanying notes to unaudited financial statements and independent accountants' review report.

SHELTON GREATER CHINA FUND
Schedule of Investments (Continued) (Unaudited) / June 30, 2011

Shares		% of Net Assets	U.S. Dollar Value
Technology — 6.54%			
Computers — 1.13%			
680,896	Lite-on Technology Corp.	1.13	\$ 895,090
Semiconductors — 4.87%			
100,044	MediaTek Inc	1.37	1,085,525
1,100,284	Taiwan Semiconductor Manufacturing Co., Ltd.	3.50	2,762,716 3,848,241
Software — 0.54%			
800,000	Kingdee International Software Group Co., Ltd.	0.54	429,676
TOTAL COMMON STOCK (COST \$68,128,567)		96.94	\$ 76,642,779
SHORT TERM SECURITIES — 1.25%			
Time Deposit — 1.25%			
Citibank - London, 0.03%, Due 07/01/11		1.25	987,861
TOTAL SHORT-TERM SECURITIES (COST \$987,861)			\$ 987,861
TOTAL INVESTMENTS IN SECURITIES AT FAIR VALUE (COST \$69,116,428)		98.19	\$ 77,630,640
OTHER ASSETS (LESS LIABILITIES)		1.81	1,430,223
NET ASSETS		100.00	\$ 79,060,863

* Non-income producing: These stocks did not pay a cash dividend during the past year.

See accompanying notes to unaudited financial statements and independent accountants' review report.

SHELTON GREATER CHINA FUND (Note 1)
Statement of Assets and Liabilities
June 30, 2011 (Unaudited) (Expressed in U.S. Dollars)

Assets

Investments in securities at market value (Notes 2B, 2D, 3 and 8)	
Common stock (cost — \$68,128,567)	\$76,642,779
Short-term securities (cost — \$987,861)	987,861
Total investment in securities at fair value (cost — \$69,116,428)	77,630,640
Foreign cash (cost — \$5,697,162)	5,697,166
Receivables:	
Investments sold	1,434,163
Dividends	142,101
Prepaid expenses and other assets	14,540
Total assets	84,918,610

Liabilities

Payable for investments purchased	5,284,747
Professional fees payable	355,472
Shareholder communication fees payable	105,999
Management fee payable (Note 4)	49,531
Custodian fee payable (Note 5)	24,000
Administration fee payable (Note 6)	22,777
Trustee fees and expense payable	13,594
Other accrued expenses	1,627
Total liabilities	5,857,747

Net assets	\$79,060,863
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Components of net assets

Par value of shares of beneficial interest (Note 9A)	\$101,075
Additional paid-in capital (Note 9)	62,369,836
Accumulated net investment income	61,332,051
Accumulated net realized loss on investments and foreign currency transactions	(14,641,326)
Unrealized net appreciation on investments (Note 8)	8,514,212
Cumulative translation adjustment (Note 2F)	(38,614,985)

Net assets	\$79,060,863
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Net asset value per share (10,107,567 shares issued and outstanding, par value \$0.01)	\$7.82
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See accompanying notes to unaudited financial statements and independent accountants' review report.

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SHELTON GREATER CHINA FUND (Note 1)

Statement of Operations

For the Six Months Ended June 30, 2011 (Unaudited) (Expressed in U.S. Dollars)

Investment income (Note 2D)	
Dividends	\$182,266
Interest and other income	525
Total investment income	182,791
Republic of China taxes (Note 2H)	(30,890)
Total investment income net of taxes	151,901
Expenses	
Management fee (Note 4)	529,555
Legal fees and expenses	453,045
Shareholder communication expenses	146,921
Trustee fees and expenses	117,656
Custodian fee (Note 5)	63,534
Audit and tax fee	61,285
Administrative fee (Note 6)	47,115
Insurance expenses	44,098
Other expenses (Note 7)	262,738
Total expenses	1,725,947
Net investment loss	(1,574,046)
Net realized and unrealized gain on investments and foreign currencies (Notes 2F and 8)	
Net realized gain on:	
investments (including short-term securities)	11,980,057
foreign currency transactions	7,727
Net realized gain	11,987,784
Net change in unrealized depreciation on:	
investments	(9,333,133)
translation of assets and liabilities in foreign currencies	(3,601,348)
Net change in unrealized depreciation	(12,934,481)
Net realized and unrealized loss from investments and foreign currencies	(946,697)
Net decrease in net assets resulting from operations	\$(2,520,743)

See accompanying notes to unaudited financial statements and independent accountants' review report.

SHELTON GREATER CHINA FUND (Note 1)

Statements of Changes in Net Assets

For the Six Months Ended June 30, 2011 and the Year Ended December 31, 2010 (Expressed in U.S. Dollars)

	Six Months Ended June 30, 2011 (Unaudited)	Year Ended December 31, 2010
Net increase (decrease) in net assets resulting from operations		
Net investment loss	\$ (1,574,046)	\$ (479,828)
Net realized gain on investments and foreign currency transactions	11,987,784	2,193,019
Net change in unrealized appreciation (depreciation) on investments and translation of assets and liabilities in foreign currencies	(12,934,481)	7,384,797
Net increase (decrease) in net assets resulting from operations	(2,520,743)	9,097,988
Net increase (decrease) in net assets resulting from capital share transactions		
Cost of semi-annual repurchase offer (Note 9B)	(4,048,345)	(8,060,115)
Net increase (decrease) in net assets	(6,569,088)	1,037,873
Net assets, beginning of period	85,629,951	84,592,078
Net assets, end of period	\$ 79,060,863	\$ 85,629,951
Including undistributed net investment income of	\$ 61,332,051	\$ 62,906,097

See accompanying notes to unaudited financial statements and independent accountants' review report.

SHELTON GREATER CHINA FUND (Note 1)

Financial Highlights

(Expressed in U.S. Dollars)

	Six Months Ended June 30, 2011 (Unaudited)	2010	2009	2008	2007	2006
Per share operating performance:						
Net asset value, beginning of period	\$8.05	\$7.18	\$3.81	\$8.02	\$7.07	\$5.87
Net investment income (loss) (a)	(0.15)	(0.04)	(0.03)	0.15	0.02	0.01
Net realized and unrealized gain (loss) on investments	0.25	0.45	3.24	(4.21)	0.92	1.21
Net realized and unrealized appreciation (depreciation) on translation of foreign currencies	(0.34)	0.45	0.15	(0.16)	(0.01)	(0.03)
Total from investment operations	(0.24)	0.86	3.36	(4.22)	0.93	1.19
Capital Stock Transactions:						
Share Tender Offer/Repurchase	0.01 (a)	0.01 (a)	0.01 (a)	0.01 (a)	0.02 (a)	0.01
Net asset value, end of period	\$7.82	\$8.05	\$7.18	\$3.81	\$8.02	\$7.07
Per share market price, end of period	7.59	7.60	6.36	3.53	7.23	6.61
Total investment return (%):						
Based on Trust's market price	(0.13)(b)	19.50	80.18	(51.18)	9.38	24.72
Based on Trust's net asset value	(2.86)(b)	12.12	88.45	(52.49)	13.44	20.44
Ratios and supplemental data:						
Net assets, end of period (in thousands)	\$79,061	\$85,630	\$84,592	\$49,720	\$116,031	\$113,391
Ratio of expenses to average net assets (%)	4.09 (c)	3.15	2.80	2.37	2.30	2.55
Ratio of net investment income (loss) to average net assets (%)	(3.73)(c)	(0.61)	(0.64)	2.29	0.28	0.22
Portfolio turnover ratio (%)	60 (b)(d)	5	11	22	26	24

(a) Based on average daily shares outstanding.

(b) Not annualized.

(c) Annualized.

(d) Effective June 13, 2011, the Fund expanded its primary geographic scope from the Republic of China ("Taiwan") to the Greater China region (this includes: Taiwan, Hong Kong, Singapore and the People's Republic of China) and

has subsequently increased trading in the Greater China region.

See accompanying notes to unaudited financial statements and independent accountants' review report.

SHELTON GREATER CHINA FUND

Notes to Financial Statements / June 30, 2011 (Expressed in U.S. Dollars) (Unaudited)

Note 1 — Summary of Fund Organization

The Shelton Greater China Fund (the “Fund” or the “Trust”), formerly the Taiwan Greater China Fund, is a Massachusetts business trust formed in July 1988 and registered with the U.S. Securities and Exchange Commission (the “SEC”) as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended.

The Trust commenced operations in May 1989 as the R.O.C. Taiwan Fund. It was formed in connection with the reorganization (the “Reorganization”) of The Taiwan (R.O.C.) Fund which commenced operations in October 1983 and was liquidated in 2004 after the assets held were transferred to the direct account of the Trust. The R.O.C. Taiwan Fund changed its name to the Taiwan Greater China Fund on December 29, 2003 and the change became effective on the New York Stock Exchange on January 2, 2004.

At the Annual Meeting of Shareholders held on June 21, 2005, shareholders approved the adoption by the Trust of an interval fund structure. Since then, the Trust has been making semi-annual repurchase offers with respect to its shares (see Note 9B).

As required by the Trust’s Declaration of Trust, if the Trust’s shares trade on the market at an average discount to net asset value per share (“NAV”) of more than 10% in any consecutive 12-week period, the Trust must submit to the shareholders for a vote at its next annual meeting a binding resolution that the Trust be converted from a closed-end to an open-end investment company. The affirmative vote of a majority of the Trust’s outstanding shares is required to approve such a conversion. Because the Trust’s shares traded at an average discount to NAV of more than 10% for the 12-week period ended December 4, 2009, the Trust’s shareholders were asked to consider the conversion of the Trust to an open-end investment company at the Trust’s 2010 Annual Meeting of Shareholders (the “2010 Annual Meeting”).

On May 27, 2011, shareholders of the Taiwan Greater China Fund voted to approve Shelton Capital Management LLC (Shelton Capital or the “Adviser”), an institutional investment management firm based in San Francisco and Nikko Asset Management Co., Ltd. (“Nikko AM”), a leading Asian investment management company headquartered in Tokyo, as the Trust’s investment adviser and sub adviser, respectively. Shareholders also voted to approve the Fund’s conversion from a closed-end investment company to an open-end investment company, which is expected to occur in September 2011. Shelton Capital became the Fund’s investment adviser on June 12, 2011. Shareholders also voted to approve an amendment to the investment objective and an investment policy of the Trust to expand the primary geographic scope of the Trust’s investments from the Republic of China to the Greater China region. As a result, the Taiwan Greater China Fund changed its name to the Shelton Greater China Fund, effective as of June 13, 2011.

Note 2 — Summary of Significant Accounting Policies

A — Basis of presentation — The accompanying financial statements of the Trust have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”).

B — Valuation of investments — Common stocks represent securities that are traded on the Taiwan Stock Exchange or the Taiwan over-the-counter market or Hong Kong Stock Exchange. Securities traded on a principal securities exchange are valued at the closing price on such exchange. Short-term investments are valued at NAV or at amortized cost, which approximates fair value. Securities for which market quotations are not readily available are, or if a development/event occurs that may significantly impact the value of a security may be, fair-valued in good faith pursuant to procedures established by the Board of Trustees.

C — Lending of Portfolio Securities —The Trust may lend portfolio securities up to 33 1/3% of the market value of the Fund’s total assets to qualified broker-dealers or financial institutions. All loans of portfolio securities are required to be secured by cash, U.S. government or government agency securities, or bank letters of credit, in each case in an amount equal, at the inception of the loan and continuing throughout the life of loan, to 105% of the market value of securities lent, which are marked-to-market daily. The Trust receives compensation for securities lending activities from interest earned on the invested cash collateral net of fee rebates paid to the borrower. The Trust did not have any lending agency agreement nor any securities on loan during the six months ended June 30, 2011.

D — Security transactions and investment income —Security transactions are recorded on the date the transactions are entered into (the trade date). Dividend income is recorded on the ex-dividend date, and interest income is recorded on an accrual basis as it is earned.

E — Realized gains and losses — For U.S. federal income tax purposes and financial reporting purposes, realized gains and losses on securities transactions are determined using the first-in, first-out method. For the fiscal year ended December 31, 2010, the Trust had \$14,818,263 of capital loss carryover expire with a total loss carryover of \$26,343,455 remaining. This capital loss carryforward may be used to offset any future capital gains generated by the Trust.

The capital loss carryforwards and related expiration dates, as of June 30, 2011, are as follows:

	Expiration Date			
2011	2013	2017		Total
\$11,721,463	\$3,691,414	\$10,930,578		\$26,343,455

In accordance with federal income tax regulations, the Trust expects to elect to defer currency losses of \$1,238,013, realized on investment transactions from November 1, 2010 through December 31, 2010 and treat them as arising during the fiscal year ending December 31, 2011 for U.S. federal income tax purposes.

SHELTON GREATER CHINA FUND

Notes to Financial Statements / June 30, 2011 (Expressed in U.S. Dollars) (Unaudited)
(continued)

The Regulated Investment Company Modernization Act of 2010 (the “Act”) was enacted on December 22, 2010. The Act makes changes to several rules impacting the Fund. In general, the provisions of the Act will be effective for the Fund’s fiscal year ending December 31, 2011. Although the Act provides several benefits, including the unlimited carryover of future capital losses, there may be a greater likelihood that all or a portion of the Fund’s pre-enactment capital loss carryovers may expire without being utilized due to the fact that post-enactment capital losses are required to be utilized before pre-enactment capital loss carryovers. Relevant information regarding the impact of the Act on the Fund will be contained within this section of the Fund’s fiscal year ending December 31, 2011 financial statements.