



# Matthews Asia

## RATINGS\*

Overall Morningstar Rating™ ★★★★★

## FUND FACTS (USD)

Total Fund Assets‡	\$13.1 million
Total # of Positions‡	51
Weighted Average Market Cap††	\$38.2 billion
Benchmark	MSCI China Index
Management Fee	0.75%
Minimum Initial Investment	\$1,000,000, or equivalent/£500,000
Minimum Subsequent Investment	\$250,000, or equivalent/£125,000
Fund Domicile	Luxembourg
Available Share Classes	A, I
Base Currency	USD
Net Asset Value‡	
I Acc (USD)	\$15.15
I Dist (USD)	\$13.35

Source:

‡ Brown Brothers Harriman (Luxembourg) S.C.A.

†† FactSet Research Systems

†† FactSet Research Systems

## PORTFOLIO MANAGEMENT

**Sherwood Zhang, CFA**

Lead Manager

**Yu Zhang, CFA**

Co-Manager

## MATTHEWS ASIA

Matthews Asia believes in the long-term growth of Asia, one of the world's fastest-growing regions. Since 1991, we have focused our efforts and expertise in these countries, investing through a variety of market environments. Matthews Asia employs a bottomup, fundamental investment philosophy with a focus on long-term investment performance. As of 31 October 2018, Matthews Asia had US\$29.1 billion in assets under management.

## CONTACT INFORMATION\*\*

**Brown Brothers Harriman (Hong Kong) Limited**

13/F Man Yee Building  
68 Des Voeux Road Central  
Hong Kong

Phone: +852-3971-7133

Email: MatthewsAsiaFunds@bbh.com

# China Dividend Fund

Class I Shares

Matthews Asia Funds

31 October 2018

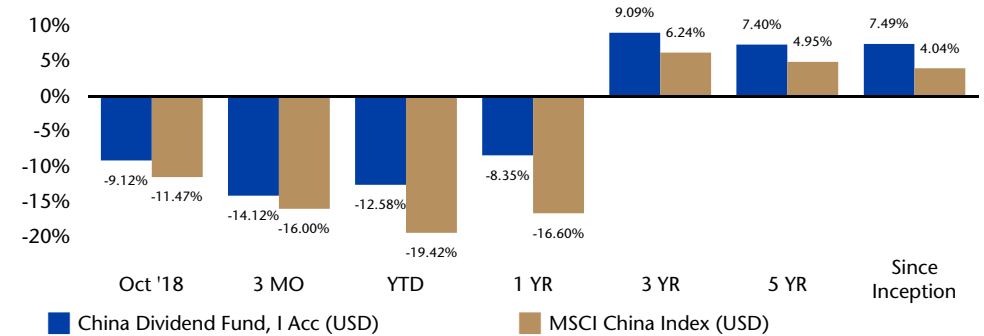
## Investment Objective

Seeks to provide a level of current income that is higher than the yield generally available in China's equity markets over the long term.

## Risk Considerations

- ✳ Investment involves risk. It is possible to lose the principal capital of your investment.
- ✳ The Fund invests primarily in Mainland China-related companies. Investment in such companies may be subject to increased risks such as political, tax, economic, market, liquidity, custody and settlement, currency, legal and regulatory risks.
- ✳ The Fund may, at its discretion, pay dividends out of the capital or effectively out of capital in respect of the distribution shares. Payment of dividends out of capital and/or effectively out of capital represents a return or withdrawal of part of an investor's original investment, or from any capital gains attributable to that original investment. Such dividends may result in an immediate reduction of the net asset value per share of the Fund.
- ✳ The Fund invests primarily in equity securities, concentrated in China, which may result in increased volatility.
- ✳ The Fund may invest in smaller companies which are likely to carry higher risks than larger companies.
- ✳ The Fund does not hedge to attempt to offset certain market risks. This may expose the Fund to the risk of full losses resulting from a decline in a security's value.
- ✳ Investors should not invest in the Fund solely based on the information in this document.

## Performance as of 31 October 2018†



China Dividend Fund	Oct '18	3 MO	YTD	1 YR	3 YR	5 YR	Since Inception	Inception
I Acc (USD)	-9.12%	-14.12%	-12.58%	-8.35%	9.09%	7.40%	7.49%	31 Jan 2013
I Dist (USD)	-9.12%	-14.09%	-12.52%	-8.31%	9.09%	7.43%	7.50%	31 Jan 2013
MSCI China Index (USD)	-11.47%	-16.00%	-19.42%	-16.60%	6.24%	4.95%	4.04% <sup>1</sup>	n.a.

## Annual Returns (For the Years Ended 31 December)

China Dividend Fund	2017	2016	2015	2014	2013
I Acc (USD)	38.09%	6.09%	7.94%	0.92%	8.60% <sup>‡</sup>
I Dist (USD)	38.01%	6.17%	7.88%	1.03%	8.49% <sup>‡</sup>
MSCI China Index (USD)	54.33%	1.11%	-7.62%	8.26%	-0.16% <sup>‡</sup>

† All returns over 1 year are annualised

<sup>1</sup> Index calculated from 31 January 2013

<sup>‡</sup> Performance shown from share class launch date to calendar year end.

**All performance quoted represents past performance and is no guarantee of future results.** Investment return and principal value will fluctuate with market conditions so that when redeemed, shares may be worth more or less than the original cost. Current performance may be lower or higher than performance shown. Investors investing in Funds denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal.

Performance details provided are based on a NAV-to-NAV basis with any dividends reinvested, and are net of management fees and other expenses. Source: Brown Brothers Harriman (Luxembourg) S.C.A.

# China Dividend Fund

31 October 2018

## TOP TEN HOLDINGS<sup>2</sup>

	Sector	% of Net Assets
HKBN, Ltd.	Communication Services	3.8%
China Petroleum & Chemical Corp.	Energy	3.6%
CITIC Telecom International Holdings, Ltd.	Communication Services	3.5%
Postal Savings Bank of China Co., Ltd.	Financials	3.4%
HSBC Holdings PLC	Financials	3.2%
Tencent Holdings, Ltd.	Communication Services	3.0%
China Mobile, Ltd.	Communication Services	2.9%
China Resources Power Holdings Co., Ltd.	Utilities	2.9%
Sun Art Retail Group, Ltd.	Consumer Staples	2.7%
Bank of China, Ltd.	Financials	2.7%
<b>% OF ASSETS IN TOP TEN</b>		<b>31.7%</b>

Source: Brown Brothers Harriman (Luxembourg) S.C.A.

## CHINA EXPOSURE (%)<sup>3,6</sup>

SAR (Hong Kong)	31.7
H Shares	17.8
China-affiliated corporations (CAC)	15.8
Overseas Limited Companies (OL)	13.2
B Shares	9.8
A Shares	7.2
Unassigned	0.1
Cash and Other Assets, Less Liabilities	4.3

Source: FactSet Research Systems

## MARKET CAP EXPOSURE (%)<sup>3,4</sup>

	Fund	Benchmark	Difference
Mega Cap (over \$25B)	21.1	66.1	-45.0
Large Cap (\$10B-\$25B)	8.3	14.1	-5.8
Mid Cap (\$3B-\$10B)	13.7	16.7	-3.0
Small Cap (under \$3B)	52.5	3.1	49.4
Cash and Other Assets, Less Liabilities	4.3	0.0	4.3

Source: FactSet Research Systems

## DIVIDEND YIELD<sup>7</sup>

4.48%

Source: FactSet Research Systems, Bloomberg, Matthews Asia

## SECTOR ALLOCATION (%)<sup>3</sup>

	Fund	Benchmark	Difference
Financials	17.1	23.8	-6.7
Communication Services	13.2	26.1	-12.9
Industrials	12.5	5.4	7.1
Consumer Staples	12.2	2.6	9.6
Consumer Discretionary	9.9	20.1	-10.2
Health Care	6.2	3.4	2.8
Energy	5.7	6.0	-0.3
Information Technology	5.7	2.6	3.1
Materials	5.4	2.0	3.4
Real Estate	4.0	5.2	-1.2
Utilities	3.8	3.0	0.8
Cash and Other Assets, Less Liabilities	4.3	0.0	4.3

Sector data based on MSCI's revised Global Industry Classification Standards. For more details, visit [www.msci.com](http://www.msci.com).  
Source: FactSet Research Systems

## P/E RATIOS<sup>5</sup>

P/E Using FY1 Estimates	10.7x
P/E Using FY2 Estimates	9.4x

Source: FactSet Research Systems (P/E est. as of 31/10/18)

## DISCLOSURES

The Fund is a sub-fund of Matthews Asia Funds, an open end umbrella fund with variable capital and incorporated with limited liability under the laws of Luxembourg. NOT FOR SALE IN THE U.S. OR TO U.S. PERSONS. This document does not constitute or contain an offer, solicitation or investment advice with respect to the purchase of the Fund described herein or any security. This information is not to be construed as a prospectus, a public offering or an offering memorandum as defined under applicable securities legislation.

Matthews Asia is the brand for Matthews International Capital Management, LLC and its direct and indirect subsidiaries.

The information contained herein has been derived from sources believed to be reliable and accurate at the time of compilation, but no representation or warranty (express or implied) is made as to the accuracy or completeness of any of this information. Matthews Asia and its affiliates do not accept any liability for losses either direct or consequential caused by the use of this information. Information contained herein is sourced from Matthews Asia and as of the report date unless otherwise stated.

Investments involve risk. Past performance is not a guide to future performance. The value of an investment in the Fund can go down as well as up.

Investors should carefully consider the investment objectives, risks, charges and expenses of the Matthews Asia Funds before making an investment decision. The current prospectus, Supplement for Hong Kong Investors, Product Key Facts Statements or other offering documents ("Hong Kong Offering Document") contain this and other information and can be obtained by visiting [hk.matthewsasia.com](http://hk.matthewsasia.com). Please read the Hong Kong Offering Document carefully for further details including risk factors before investing. Prospective investors should consult professional legal, tax and financial advisers as to the suitability of any investment in light of your particular circumstances and applicable citizenship, residence or domicile. Fees and expenses vary among Funds and share classes. Portfolio characteristics for the Fund may vary from time to time from what is shown. It should not be assumed that any investment in the securities listed was or will be profitable.

The MSCI China Index is a free float-adjusted market capitalisation—weighted index of Chinese equities that includes China—affiliated corporations and H shares listed on the Hong Kong Exchange, and B shares listed on the Shanghai and Shenzhen exchanges and P Chips and foreign listings (e.g. ADRs). Index is for comparative purposes only and it is not possible to invest directly in an index.

\*Overall Morningstar Rating™ is reflective of the USD Accumulation Share class. Fund ratings represent an opinion only and are not a recommendation to buy or sell any fund. Copyright © 2018 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is provided for reference purposes only.

\*\* You are invited to contact Matthews Global Investors (Hong Kong) Limited at (852)-3901-0880, Email: [globalfunds@matthewsasia.com](mailto:globalfunds@matthewsasia.com) directly for more information relating to the Fund only if you are categorized as a professional investor in Hong Kong.

This document is issued by Matthews Global Investors (Hong Kong) Limited and has not been reviewed by the Securities and Futures Commission.

## Available Share Classes

Share Class	ISIN	SEDOL	CUSIP
I Acc (USD)	LU0871673488	B99JYB9	L6263Q678
I Dist (USD)	LU0875301086	B8N3J04	L6263Q694

- Holdings may combine more than one security from the same issuer and related depository receipts.
- Percentage values in data are rounded to the nearest tenth of one percent; the values may not sum to 100% due to rounding. Percentage values may be derived from different data sources and may not be consistent with other Fund literature.
- Equity market cap of issuer.
- The P/E Ratio is the share price of a stock as of the report date, divided by the forecasted earnings per share for a 12-month period (FY1) and 24 month period (FY2). For the Fund, this is the weighted harmonic average estimated P/E ratio of all the underlying stocks in the Fund, excluding negative earners. There is no guarantee that the composition of the Fund will remain unchanged, or that forecasted earnings of a stock will be realized. Information provided is for illustrative purposes only.
- SAR** (Hong Kong) companies are companies that conduct business in Hong Kong and/or mainland China. **China affiliated Corporations [CAC]**, also known as "Red Chips," are mainland China companies with partial state ownership listed in Hong Kong, and incorporated in Hong Kong. **China A Shares** are Mainland Chinese companies incorporated in China and listed on the Shanghai or Shenzhen exchanges, available mostly to local Chinese investors and qualified institutional investors **H Shares** are mainland Chinese companies listed on the Hong Kong exchange but incorporated in mainland China. **B Shares** are mainland Chinese companies listed on the Shanghai and Shenzhen stock exchanges, available to both Chinese and non-Chinese investors. **Overseas Listed [OL]** companies are companies that conduct business in mainland China but listed in overseas markets such as Japan, Singapore, Taiwan and the United States.
- The Dividend Yield (trailing) for the portfolio is the weighted average sum of the dividends paid by each equity security held by the Fund over the last 12 months divided by the current price as of report date. The annualised dividend yield for the Fund is for the equity-only portion of the portfolio. Please note that this is based on gross equity portfolio holdings and does not reflect the actual yield an investor in the Fund would receive. A positive distribution yield does not imply positive return, and past yields are no guarantee of future yields. Information provided is unaudited.