

ISSUER

MATTHEWS INTERNATIONAL CAPITAL MANAGEMENT, LLC

April 2019

This statement provides you with key information about this product.

This statement is a part of the offering document.

You should not invest in this product based on this statement alone.

QUICK FACTS

Fund Manager: Matthews International Capital Management, LLC

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

Ongoing Charges Over a Year[^]: Class A Acc USD* 2.22%
 Class I Acc GBP* 1.47%
 Class I Acc USD* 1.47%

Dealing Frequency: Every Valuation Day which is also a Hong Kong Business Day

Base Currency: USD

Dividend Policy: No dividends will be declared or distributed for accumulation (“**Acc**”) shares.
 Dividends for distribution (“**Dist**”) shares will be discretionary and if distributed will be made at least annually. Dividends (if any) may be distributed to the relevant Shareholders or reinvested into the Sub-Fund (defined below). Distributions may be paid out of capital or effectively out of capital and, if so, may reduce the Sub-Fund’s net asset value (“**NAV**”).

Financial Year End of the Sub-Fund: 31 March

Minimum Investment:

	Initial Investment	Subsequent Investment
Class A USD:	USD 1,000	USD 100
Class I GBP:	GBP 50,000	GBP 50
Class I USD:	USD 100,000	USD 100

[^] The ongoing charges figures for Class A Shares and Class I Shares are capped at 2.25% and 1.75% respectively, per annum of the average NAV of the relevant share class and shall not exceed such maximum level. Should the actual ongoing charges figure exceed such maximum level, the Fund Manager shall waive fees and/or reimburse expenses to the extent necessary to limit the ongoing charges to the stated maximum.

* The ongoing charges figure is based on expenses for the 12 months ended 30 September 2018 as stated in the Fund’s semi-annual report dated 30 September 2018 and expressed as a percentage over the average NAV of the relevant share class for the corresponding period. This figure may vary from year to year.

WHAT IS THIS PRODUCT?

Asia Small Companies Fund (the “**Sub-Fund**”) is a sub-fund of the Matthews Asia Funds (the “**Fund**”) which is constituted in the form of an umbrella mutual fund. It is domiciled in Luxembourg and its home regulator is the Commission de Surveillance du Secteur Financier.

OBJECTIVE AND INVESTMENT STRATEGY**Objective**

The Sub-Fund seeks to achieve long-term capital appreciation.

Strategy

Under normal market conditions, the Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. at least 65% of its total net assets) directly or indirectly through collective investment schemes, convertible securities or other similar instruments, in equities and other equity-related instruments of small companies located in or with substantial ties to the Asia ex Japan region*. On an ancillary basis, the Sub-Fund may invest in other permitted assets on a worldwide basis including equities (including equities of Large Companies), and other securities which are transferrable, collective investment schemes, and/or other similar instruments admitted to or dealt in on a Regulated Market,† and other assets which are considered by the Sub-Fund to be of good potential growth in its value and which may, thus, increase the overall value of the Sub-Fund’s investment portfolio. However, the Sub-Fund may continue to hold equities of an investee company if such investee company grows into a Large Company after purchase. Notwithstanding this investment capacity, the Sub-Fund will not acquire equities of any Large Company, at any time when 30% or more of the Sub-Fund’s net assets are invested in equities of Large Companies. The Sub-Fund currently intends to invest in Large Companies on an ancillary basis (i.e. less than 30% of its net assets). “Large Companies” refer to companies with a market capitalization which is higher than the greater of:

- US\$3 billion or
- the market capitalization of the largest company included in the Sub-Fund's primary benchmark index, *i.e.* the MSCI All Country Asia ex Japan Small Cap Index.

It is not the intention of the Sub-Fund to invest more than 10% of its net assets in securities issued, or guaranteed, by any single sovereign (including the relevant government, public or local authority) which has a credit rating that is below investment grade.

Investments in contingent convertible bonds are allowed up to 20% of the Sub-Fund’s net assets.

The Fund Manager has latitude in determining whether a company is “located in or with substantial ties to” the Asia ex Japan region, taking into account factors including (i) the region, country or jurisdiction in which it is organized; (ii) the primary market in which its equity securities are listed, quoted or traded; (iii) the region, country or jurisdiction from which it derives at least 50% of its revenues or profits; (iv) the region, country or jurisdiction in which at least 50% of its assets are located; (v) the primary region, country or jurisdiction of its risks; and (vi) where the issuer is a governmental entity, the region, country or jurisdiction of which it is an agency, instrumentality or political subdivision.

A company is considered to be a “small company” based on the size of its revenues, number of employees, net assets, the size and depth of its product line, level of development, and other factors compared to other companies in its industry, sector or region. Larger portions of stocks of such small companies may be held by a small number of investors (including founders and management) in the companies than is typical of larger companies and the rights of minority owners of such small companies may be restricted or not fully respected in corporate governance or corporate

* The “Asia ex Japan region” consists of all countries and markets in Asia excluding Japan, but including all other developed, emerging and frontier countries and markets in Asia.

† “Regulated Market” generally includes a regulated market in any Member States of the EU or any other state in Eastern and Western Europe, Asia, Africa, Australia, North and South America and Oceania, which operates regularly and is recognized and open to the public.

actions. The primary benchmark index of the Sub-Fund is the MSCI All Country Asia ex Japan Small Cap Index. The Sub-Fund does not aim to replicate or track the primary benchmark.

The Sub-Fund may invest (whether directly or indirectly) in China A Shares, either directly via a Qualified Foreign Institutional Investor (“QFII”) licence awarded to a Matthews group entity, or via the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect programs (collectively the “**Stock Connects**”), or indirectly via investment in access products. Under normal market conditions, it is expected that the Sub-Fund will hold (directly and indirectly) less than 30% of its net assets in aggregate in China A and B Shares.

The Sub-Fund is permitted to use financial derivative instruments (“**FDIs**”) for investment, hedging or efficient portfolio management purposes. However, it is intended that the Sub-Fund will not use FDIs extensively for investment purposes.

WHAT ARE THE KEY RISKS?

Investment involves risks. Please refer to the offering document for details including the risk factors.

- **General Investment Risk**

The Sub-Fund’s investment portfolio may fall in value due to any of the key risk factors below and therefore your investment in the Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

- **Risk Associated with Smaller Companies**

Larger portions of smaller companies may be held by a small number of investors (including founders and management) in such companies than is typical of larger companies. As a result, the rights of minority owners may be restricted or not fully respected in corporate governance or corporate actions. Securities of smaller companies may trade less frequently, in lower volumes and with less liquidity and be subject to greater price movements than more widely held securities or the securities of larger, more established companies, or the market indices in general.

- **Equity Market Risk**

The Sub-Fund’s investment in equity securities is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors.

- **Concentration Risk**

The Sub-Fund’s investments are concentrated in the Asia ex Japan region. The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Asia ex Japan region.

- **Risk Associated with High Volatility of the Equity Market in the Asia ex Japan Region**

High market volatility and potential settlement difficulties in the markets may also result in significant fluctuations in the prices of the securities traded on such markets and thereby may adversely affect the value of the Sub-Fund.

- **Risk Associated with Regulatory Requirements of the Equity Market in the Asia ex Japan Region**

Securities exchanges in the Asia ex Japan region typically have the right to suspend or limit trading in any security traded on the relevant exchange. The government or the regulators may also implement policies that may affect the financial markets. All these may have a negative impact on the Sub-Fund.

- **Emerging Markets Risk**

The Sub-Fund invests in emerging markets which may involve increased risks and special considerations not typically associated with investment in more developed markets, such as liquidity risks, currency risks/control, political and economic uncertainties, legal and taxation risks, settlement risks, custody risk and the likelihood of a high degree of volatility.

- **Currency Risk**

Underlying investments of the Sub-Fund may be denominated in currencies other than the base currency of the Sub-

Fund. Also, a class of shares may be designated in a currency other than the base currency of the Sub-Fund. The NAV of the Sub-Fund may be affected unfavorably by fluctuations in the exchange rates between these currencies and the base currency and by changes in exchange rate controls.

- **Risk Associated with Investment in China A Shares**

The Sub-Fund may invest in securities of companies based in the People's Republic of China ("PRC"), listed and traded on China's domestic stock exchanges and denominated in renminbi ("China A Shares"). The Sub-Fund's investment in China A Shares is subject to general market risks, whose value may fluctuate due to various factors, such as changes in investment sentiment, political and economic conditions and issuer-specific factors. Investments in China A Shares may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the PRC. China A Shares may have lower liquidity and their prices are more volatile to adverse economic developments than those of securities traded in a more developed market.

- **RMB Currency and Conversion Risk**

Renminbi ("RMB") is currently not freely convertible and is subject to exchange controls and restrictions. Non-RMB based investors are exposed to foreign exchange risk and there is no guarantee that the value of RMB against the investors' base currency (for example HKD) will not depreciate. Any depreciation of RMB could adversely affect the value of investor's investment in the Sub-Fund. Although offshore RMB (CNH) and onshore RMB (CNY) are the same currency, they trade at different rates. Any divergence between CNH and CNY may adversely impact investors.

- **Risk Associated with Investment made through QFII Regime**

The Sub-Fund may suffer losses if there is insufficient QFII quota allocated for the Sub-Fund to make investments, the approval of the QFII status of the Fund Manager is being revoked, terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including the QFII custodian or brokers) is bankrupt, in default, or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

- **Risk Associated with the Stock Connects**

The relevant rules and regulations on the Stock Connects are subject to change which may have potential retrospective effect. The Stock Connects are subject to quota limitations. Where a suspension in the trading through the program is effected, the Sub-Fund's ability to invest in China A Shares or access the PRC market through the program will be adversely affected. In such event, the Sub-Fund's ability to achieve its investment objective could be negatively affected.

- **PRC Tax Risk**

There are risks and uncertainties associated with the current PRC tax laws, regulations and practice in respect of capital gains realized via QFII quota or Stock Connects or access products on the Sub-Fund's investments in the PRC (which may have retrospective effect). Any increased tax liabilities on the Sub-Fund may adversely affect the Sub-Fund's value. Because the Sub-Fund did not hold any China A Shares prior to 17 November 2014, based on professional and independent tax advice, the Sub-Fund will not make any provisions for tax on gross realized or unrealized capital gains derived from trading China A Shares.

- **Risk Associated with Contingent Convertible Bonds**

The Sub-Fund may invest up to 20% of its net assets in contingent convertible bonds ("CoCos"). CoCos generally provide for mandatory or automatic conversion into common stock of the issuer under certain circumstances or may have principal write down features. Because the timing of conversion may not be anticipated, and conversion may occur when prices are unfavorable, reduced returns or losses may occur. Some CoCos may be leveraged, which can make those CoCos more volatile in changing interest rate or other conditions.

- **Risk Relating to Dividends Paid out of Capital**

Payment of dividends out of capital and/or effectively out of capital amounts to a return or withdrawal of part of an investor's original investment or from any capital gains attributable to that original investment. Any such distributions may result in an immediate reduction of the NAV per share of the Sub-Fund.

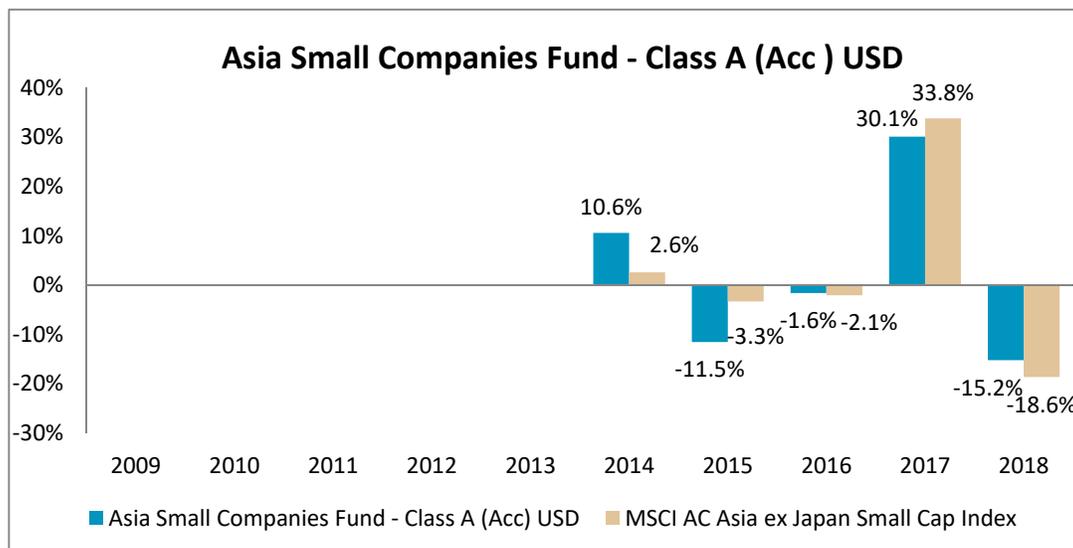
Risk Associated with Investment in FDIs

Risks associated with FDIs include counterparty/credit risk, liquidity risk, valuation risk, volatility risk and over-the-counter transaction risk. The leverage element/component of an FDI can result in a loss significantly greater than the amount invested in the FDIs by the Sub-Fund. Exposure to FDIs may lead to a high risk of significant loss by the Sub-Fund.

Hedging Risk

The Sub-Fund may use hedging techniques to attempt to offset certain market risks. There is no guarantee that hedging techniques will fully and effectively achieve their desired result. The success of hedging much depends on the Fund Manager’s expertise and hedging may become inefficient or ineffective. This may have adverse impact on the Sub-Fund and its investors.

HOW HAS THE SUB-FUND PERFORMED?



- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The performance shown is for the representative Class A (Acc) USD. Class A (Acc) USD is selected as the representative share class as it is open for investment by Hong Kong retail investors and broadly indicative of the Sub-Fund’s performance characteristics. Past performance for all other share classes is available in English only from the Hong Kong Representative upon request.
- The bar chart shows the representative share class’ yearly returns. The returns are provided for all the years for which performance data is available for the complete calendar year since the launch of the representative share class. Where no past performance is shown, there is insufficient data available in that year to provide a useful indication of past performance to investors.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividends reinvested.
- Performance figures have been calculated in USD, including ongoing charges and excluding any subscription fee and redemption fee you might have to pay.
- The Benchmark for the Sub-Fund is the MSCI AC Asia ex Japan Small Cap Index.
- Sub-Fund launch date: 30 April 2013.

- Class A (Acc) USD launch date: 30 April 2013.

IS THERE ANY GUARANTEE?

This Sub-Fund does not have any guarantees. You may not get back the full amount of money you invest.

WHAT ARE THE FEES AND CHARGES?**Charges which may be payable by you**

You may have to pay the following fees when dealing in the shares of the Sub-Fund.

Fee	What you pay
Subscription fee (Initial Sales Charge)	Up to 5% of the amount you buy
Switching fee (Conversion Charge)	Up to 1% of the NAV of the share to be converted
Redemption fee	N/A

Ongoing fees payable by the Sub-Fund

The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the return you get on your investments.

Management Fee

The Sub-Fund pays a management fee (the "**Management Fee**") to Matthews Global Investors S.à.r.l., (the "**Investment Advisor**"). The Fund Manager is entitled to a fee payable by the Investment Advisor out of the Management Fee.

Annual rate (as a % per annum of the Sub-Fund's value)

1.50% for Class A (Acc) USD

1.00% for Class I (Acc) USD, GBP

Depositary Fee

Up to 2% (excluding transaction costs)

Performance Fee

N/A

Administration Fee

The Sub-Fund pays an administration fee to the Investment Advisor (the "**Administration Fee**"). The Fund Manager is entitled to a fee payable by the Investment Advisor out of the Administration Fee.

Up to 0.25%

Other fees

You may have to pay other fees when dealing in the shares of the Sub-Fund.

ADDITIONAL INFORMATION

- You generally buy and redeem shares at the Sub-Fund's next-determined NAV after the Hong Kong Representative receives your request in good order on or before 6:00PM (Hong Kong Time) on a Valuation Day which is also a Hong Kong Business Day, being the dealing cut-off time. Third party distributors may impose different dealing deadlines for receiving requests from investors.
- The NAV of this Sub-Fund is calculated, and the price of shares published in the South China Morning Post and the Hong Kong Economic Journal in Hong Kong, on each Valuation Day which is also a Hong Kong Business Day.
- The composition of dividends (*i.e.* the relative amounts paid out of net distributable income and capital), if any, paid on the distribution shares of the Sub-Fund for the preceding 12 months is available from the Fund or the Hong Kong Representative upon request.

IMPORTANT

If you are in doubt, you should seek professional advice.

The SFC takes no responsibility for the contents of this statement and makes no representation as to its accuracy or completeness.