

Matthews Asia Funds | Hong Kong Offering Document

May 2018



Société d'investissement à capital variable
Luxembourg



Matthews Asia Funds

Matthews Asia Funds – Pacific Tiger Fund
Matthews Asia Funds – China Fund
Matthews Asia Funds – Asia Dividend Fund
Matthews Asia Funds – India Fund
Matthews Asia Funds – China Small Companies Fund
Matthews Asia Funds – China Dividend Fund
Matthews Asia Funds – Asia Small Companies Fund
Matthews Asia Funds – Asia Focus Fund

Supplement for

Hong Kong Investors

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IMPORTANT INFORMATION FOR INVESTORS

Important – If you are in any doubt about the contents of the Prospectus of Matthews Asia Funds (the “Fund”) dated May 2018 (the “Prospectus”) or this Supplement (as defined below) or the Product Key Facts Statements (“KFS”) relating to the HK Sub-Funds (as defined below), you should seek independent professional financial advice.

This document contains additional information for Hong Kong investors (the “Supplement”) and forms part of and should be read in the context of and together with the Prospectus. Investors should refer to the Prospectus for full information. Unless otherwise provided in this Supplement, terms defined in the Prospectus have the same meaning in this Supplement. This Supplement, the Prospectus and the KFS relating to the HK Sub-Funds (as defined below) shall be collectively referred to as the “**Hong Kong Offering Document**”.

The purpose of this Supplement is to set out all the information relating to the Fund and each of its sub-funds which are offered to the public in Hong Kong (a “**HK Sub-Fund**”).

Each HK Sub-Fund is subject to certain principal risks based on its investment objective and policies. Each of these principal risks and other applicable risks are described in greater detail in the “Risk Considerations” section of the Prospectus. Before you invest in any HK Sub-Fund, you should consider the risks of investing in that HK Sub-Fund.

The Directors of the Fund, whose names appear in the “Management and Administration” section of the Prospectus, are the persons responsible for the information contained in the Hong Kong Offering Document. The Directors accept full responsibility for the accuracy of the information contained in the Hong Kong Offering Document and confirm, having made all reasonable enquiries, that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement as at the date of publication, whether of fact or opinion, misleading. However, neither the delivery of the Hong Kong Offering Document nor the offer or issue of Shares shall under any circumstances constitute a representation that the information contained in the Hong Kong Offering Document is correct as of any time subsequent to such date. The Hong Kong Offering Document may from time to time be updated. Prospective applicants for Shares should ask the Hong Kong representative (the “**Hong Kong Representative**”) if any changes to the Hong Kong Offering Document have been issued.

All decisions to subscribe for Shares are deemed to be made on the basis of the information contained in the Hong Kong Offering Document and (where applicable) the latest annual and semi-annual reports of the Fund (if any), which are available from the Hong Kong Representative (contact details are provided under the heading “Application Procedures”).

No person is authorized to give any information or to make any representations concerning the Fund other than as contained in the Hong Kong Offering Document, and any purchase made by any person on the basis of statements or representations not contained in or inconsistent with the information and representations contained in the Hong Kong Offering Document shall be solely at the risk of the investor.

Warning: In relation to the Sub-Funds as set out in the Prospectus, only the Fund and its following HK Sub-Funds are authorized by the Hong Kong Securities and Futures Commission (the “**SFC**”) pursuant to Section 104 of the Securities and Futures Ordinance of Hong Kong (Cap. 571, Laws of Hong Kong, the “**SFO**”) and hence may be offered to the public of Hong Kong:

- Pacific Tiger Fund
- Asia Dividend Fund
- China Fund
- India Fund
- China Small Companies Fund
- China Dividend Fund
- Asia Small Companies Fund
- Asia Focus Fund

In giving such authorization, the SFC does not take responsibility for the financial soundness of the Fund or for the correctness of any statements made or opinions expressed in this regard.

Please note that the Prospectus is a global offering document and therefore also contains information of the following Sub-Funds which are not authorized by the SFC:

- Asia Strategic Income Fund
- Asia Credit Opportunities Fund
- Japan Fund
- Asia ex Japan Dividend Fund

No offer shall be made to the public of Hong Kong in respect of the above unauthorized Sub-Funds. The issue of the Prospectus was authorized by the SFC only in relation to the offer of the eight SFC-authorized Sub-Funds to the public of Hong Kong. Intermediaries should take note of this restriction.

SFC authorization is not a recommendation or endorsement of a product nor does it guarantee the commercial merits of a product or its performance. It does not mean the product is suitable for all investors nor is it an endorsement of its suitability for any particular investor or class of investors.

The Hong Kong Offering Document is published in English and Chinese. Insofar as Hong Kong investors are concerned, and as long as the Fund remains authorized by the SFC for sale to retail investors in Hong Kong, the English version and Chinese version of the Hong Kong Offering Document shall have equal standing, notwithstanding any disclosure in the Prospectus to the effect that the English language Prospectus will prevail in the event of any inconsistency between the English language Prospectus and the Prospectus in another language. Hong Kong investors should note that both the Fund's (i) unaudited interim reports; and (ii) audited annual reports (together with the accounts of the Fund and any investment management report) will be available in the English language only. No Chinese language reports will be issued.

Investors should note that a key investor information document (a “**KIID**”) may be available in respect of each HK Sub-Fund. The KIID will not be distributed in Hong Kong and will only be available upon specific request of investors in Hong Kong, following their receipt of the Hong Kong Offering Document. The KIID will only be sent to investors in Hong Kong directly from the Fund’s Administrative Agent outside Hong Kong, together with a copy of the Hong Kong Offering Document and a personalized cover letter.

The Hong Kong Offering Document does not constitute an offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not lawful or in which the person

making the offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Potential investors should refer to the Prospectus for further information on the Fund. Investors should note that the information under Section 4 of each Appendix of the Prospectus headed “Profile of the Typical Investor” is provided for your reference only. Before making an investment decision, investors should consider their individual special circumstances, including, without limitation, their own risk tolerance level, financial circumstances, investment objective, etc. If in any doubt, investors should consult their stock brokers, wealth managers, solicitors, accountants, representative banks or financial advisors.

Notwithstanding the incorporation into the Prospectus of the availability of expanded investment powers and range of permissible investments permitted under the UCITS Directive, for so long as the Fund and any HK Sub-Fund remain authorized by the SFC in Hong Kong and unless otherwise approved by the SFC, it is not the Fund’s intention that any of the SFC-authorized Sub-Funds will use financial derivative instruments (“**FDIs**”) for any purpose, whether for hedging, efficient portfolio management or investment purposes.

Should the Fund propose to change this policy in the future, the Fund will seek prior approval to do so from the SFC and give all Shareholders at least one month’s prior notice before such change taking effect. Shareholders who do not agree with such change may redeem or convert their Shares during that notice period without being subject to any redemption or conversion charges.

Application Procedures

The procedure for application for Hong Kong investors is described in the section headed “Subscription of Shares” appearing in this Supplement below. Additional copies of the Hong Kong Offering Document may be obtained from the office of the Hong Kong Representative as shown below:

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Pursuant to the provisions of the Personal Data (Privacy) Ordinance (“**PDPO**”, Cap. 486 of the Laws of Hong Kong), Matthews, the Global Distributor, Administrative Agent, Depository, Distributors, the Hong Kong Representative or any of their respective delegates (each a “**Data User**”) may collect, hold, use personal data of individual investors in the Fund only for the purposes for which such data was collected and shall comply with personal data protection principles and requirements as set out in the PDPO and all applicable other regulations and rules governing personal data use in Hong Kong from time to time. Accordingly, each Data User shall take all practicable steps to ensure that personal data collected, held and processed by them are protected against unauthorized or accidental access, processing, erasure or other use.

1. OVERVIEW OF MATTHEWS ASIA FUNDS

1.1 Share Classes Available for Investment

A Class and I Class Shares are available to Hong Kong investors, which are further offered as accumulation (“**Acc**”) or distribution (“**Dist**”) Shares. C Class and S Class Shares are not available to retail investors in Hong Kong. For details, please refer to information provided under the heading “Distribution Policy” below.

1.2 Investment Objectives and Policies

The investment objective and policies of each HK Sub-Fund are described in Appendices I to VIII to the Prospectus in the sections headed “Investment Objective and Policy”.

Selection of equities and securities for each HK Sub-Fund will be on the basis of fundamental company analysis, as described in more details under the heading “Fundamental Analysis” below. In addition, environmental, social and governance factors will also be taken into account. Beyond this approach, Matthews does not use any particular selection criteria when selecting equities and securities for investment by an HK Sub-Fund unless it is a sector, market capitalization or country-specific fund (as evidenced by its name, for example, in which case the universe of investment options will be limited to that particular sector, market capitalization or country). When an HK Sub-Fund focuses its investments on a designated region, the HK Sub-Fund will, unless otherwise specified, invest in companies that are selected regardless of their market capitalization (micro-, small-, mid-, or large-cap), sector or geographical location within that region.

Although each Sub-Fund is permitted to use FDIs for investment, hedging or efficient portfolio management purposes, Matthews does not currently use FDIs for any of the SFC-authorized Sub-Funds for any purpose. For so long as the relevant Sub-Fund remains authorized in Hong Kong, the Sub-Fund will provide Shareholders with prior written notification of not less than one month should it intend to use FDIs for any purpose, whether for hedging, efficient portfolio management or investment purposes. In addition, the Hong Kong Offering Document will be updated to reflect this change in investment strategy with respect to the use of FDIs.

Although the Fund is permitted under its investment powers to enter into securities lending, repurchase (including reverse repurchase) and similar over-the-counter transactions, the Fund currently has no intention of doing so for any Sub-Fund that is authorized in Hong Kong, provided that the Fund may review this policy from time to time depending on prevailing market conditions. Should there be a policy change which leads to definitive plans to enter into such transactions, all necessary prior regulatory approval (including the approval of the SFC) will be obtained, and the Fund will give all affected Shareholders one month’s prior notice before such change takes effect. The Hong Kong Offering Document will also then be updated to provide details of the arrangements relating to any such transactions as required by the SFC.

Each HK Sub-Fund may, in seeking to achieve its investment objectives and to obtain the best investment return for its Shareholders, invest up to 20% of its net assets into other permitted assets in sectors or jurisdictions falling outside any designated sector or region that such HK Sub-Fund primarily invests in. Under Luxembourg law, such other permitted assets are currently defined to include equities, transferrable securities and money market

instruments admitted to or dealt in on a Regulated Market¹, units of other UCITS and/or UCIs (whether situated in an EU Member State or not) and other assets, which are considered by the HK Sub-Fund to be of good potential growth value and, thus, able to contribute to an increase in the overall value of the HK Sub-Fund's investment portfolio.

Notwithstanding the foregoing paragraph, each HK Sub-Fund's investments in "other permitted assets" shall be subject to the general investment restrictions as set out in the "Investment Policies and Restrictions" section of the Prospectus and any special investment restrictions set out in the relevant Appendix of the Prospectus relating to that HK Sub-Fund. None of the HK Sub-Funds has the intention 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.

Should the Fund and/or any HK Sub-Fund(s) propose to change its investment objectives and policies in the future, the Fund and/or the relevant HK Sub-Fund(s) will seek prior approval to do so from the SFC (if required) and give all Shareholders of the Fund and/or the relevant HK Sub-Fund(s) no less than one month's prior notice of such change taking effect (if required). Shareholders who do not agree with such change may redeem or convert their shares during that notice period (if any) without being subject to any redemption or conversion charges.

1.3 Investment Strategy

Matthews believes that the countries in Asia are on paths toward economic development and, in general, deregulation and greater openness to market forces. Matthews believes in the potential for these economies, and that the intersection of development and deregulation will give rise to new markets and create opportunities for further growth.

Fundamental Analysis. Matthews invests in the Asia Pacific² region based on its assessment of the future development and growth prospects of companies located in the region. Matthews researches the fundamental characteristics of individual companies to help to understand the foundation of a company's long-term growth, and to assess whether it is generally consistent with Matthews' expectations for the region's economic evolution. Matthews evaluates potential portfolio holdings on the basis of their individual merits, and invests in those companies that it believes are positioned to help an HK Sub-Fund achieve its investment objectives.

Such fundamental investing and "bottom-up" approach is based on identifying, analyzing and understanding basic information about a company or security. These factors may include matters such as balance sheet information; number of employees; size and stability of cash flow; management's depth, adaptability and integrity; product lines; marketing strategies; corporate governance; and financial health. Matthews utilizes such a "bottom-up" approach in its management of all the HK Sub-Funds.

¹ "Regulated Market" is a market defined in item 14 of Article 4 of the European Parliament and the Council Directive 2004/39/EC of 21 April 2004 on markets in financial instruments, as may be amended or replaced from time to time, as well as any other market in an Eligible State which is regulated, operates regularly and is recognized and open to the public. It generally includes a regulated market in any Member States 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.

² The "Asia Pacific" region shall be deemed to consist of all countries and markets in Asia, as well as Australia and New Zealand, including all developed, emerging and frontier countries and markets in Asia.

Investment in Smaller Companies. Companies that each HK Sub-Fund may invest in are selected on a diversified basis regardless of their market capitalization, sector, or geographical (save for market capitalization or country-specific funds) area provided that, based on comprehensive analysis including the investee company's growth potential, they are an appropriate investment. The HK Sub-Funds may invest significantly in smaller companies. Larger portions of the stocks of such smaller companies may be held by a small number of investors (including founders and management) in the companies than is typical of larger companies. The rights of minority owners may be restricted or not fully respected in corporate governance or corporate actions.

Matthews Invests for the Long Term. Matthews has long-term investment goals, and aims to develop an understanding of a company's long-term business prospects. Matthews' fundamental process aims to identify potential portfolio investments that can be held over an indefinite time horizon. Matthews regularly tests its beliefs and adjusts portfolio holdings in light of prevailing market conditions and other factors, including, among other things, economic, political or market events (e.g., changes in credit conditions or military action), changes in relative valuation (of a company's growth prospects relative to other issuers), liquidity requirements and corporate governance.

Matthews is an Active Manager. Matthews uses an active approach to investment management (rather than relying on passive or index strategies) because it believes that the current composition of the stock markets and indices may not be the best guide to the most successful industries and companies of the future.

Matthews Believes in Being Fully Invested. Matthews believes that investors benefit in the long term when the HK Sub-Funds are fully invested. **Although each HK Sub-Fund is permitted to hedge various risks, Matthews has no current intention to, and does not, engage in hedging activities, including currency risks for the HK Sub-Funds.**

Direct and Indirect Investment. Under normal market conditions, each HK Sub-Fund seeks to achieve its investment objective by investing at least 80% 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 companies located in the region where the HK Sub-Fund's investment focuses.

Investment in Mainland China. Certain Sub-Funds, specifically Pacific Tiger, Asia Dividend, China, China Small Companies, China Dividend, Asia Small Companies and Asia Focus Funds, may invest in securities of companies located in the People's Republic of China ("China" or "PRC"), including, but not limited to, China A Shares and China B Shares.

A HK Sub-Fund may invest (whether directly or indirectly) in China A Shares, either directly via a Qualified Foreign Institutional Investor ("QFII") license awarded to a Matthews group entity, or via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect programs, or indirectly via investment in access products. In any event where an HK Sub-Fund invests directly in China A Shares, under normal market conditions, it is expected that the HK Sub-Fund will not hold more than 10% of its net assets in China A Shares. A HK Sub-Fund may directly invest not more than 10% of its total assets in China B Shares.

Although the HK Sub-Funds do not intend to exceed the limits on direct investment in China A and B Shares as described above, it is possible that, under certain market conditions, an HK Sub-Fund may hold (directly and indirectly) up to 30% of its net assets in aggregate in China A and B Shares. As such, that HK Sub-Fund may be subject to a higher degree of risk and volatility.

Asia Dividend Fund and China Dividend Fund. Each of the two Sub-Funds invests its assets primarily in companies that exhibit attractive dividend yields and the propensity (in Matthews' judgment) to pay dividends in order to seek a current income which is higher than the yield generally available in the equity markets of its specific geographical sectors over the long term (*i.e.* Asia Pacific in respect of the Asia Dividend Fund and China³ in respect of the China Dividend Fund). In addition, although the China Dividend Fund may also invest in convertible fixed-income securities, no more than 15% of its net assets will be invested in convertible fixed-income securities which are rated below investment grade. Companies that are assessed to have growth potential, and higher levels of yield and which distribute dividends more frequently as compared with their peer companies in the same sector or region may all be deemed to be companies that exhibit "attractive dividend yields and the propensity to pay dividends." Matthews' analysis will consider a variety of factors of each company, including but not limited to, the company's distribution history, debt-to-equity ratio, overall performance, growth potential and distribution policy, as well as the macro-economic, social, political and business environments.

There is no pre-set targeted percentage for either Sub-Fund to achieve a level of current income that is higher than the yield generally available in the equity markets of their respective specific geographical sectors over the long term. Each Sub-Fund seeks to provide income which is higher than that provided by its peer funds with similar investment objectives, policies and strategies. The Directors intend to achieve each Sub-Fund's respective investment objectives by investing the relevant Sub-Funds' assets primarily in companies that exhibit "attractive dividend yields and the propensity to pay dividends" as discussed in the preceding paragraph.

With respect to "Dist" Shares of each Sub-Fund, it is the intention of the Board of Directors to undertake distributions at least annually. The amount of dividends (if any) is not guaranteed.

China Small Companies Fund and Asia Small Companies Fund. On an ancillary basis, each of the two Sub-Funds may invest up to 20% of its total net assets in assets other than equities of smaller companies available in the equity markets of its specific geographical sectors (*i.e.* China in respect of the China Small Companies Fund and Asia ex Japan Region⁴ in respect of the Asia Small Companies Fund), which include equities of Large Companies. However, each of the two Sub-Funds may continue to hold equities of an investee company if such investee company grows into a Large Company after purchase. Notwithstanding this investment capacity, neither of the two Sub-Funds will acquire equities in any Large Company, at any time when more than 20% of the relevant Sub-Fund's assets are invested in equities of Large Companies. "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 relevant Sub-Fund's primary benchmark index (*i.e.* the MSCI China Small Cap Index in respect of the China Small Companies Fund and the MSCI All Country Asia ex Japan Small Cap Index in respect of the Asia Small Companies Fund).

³ In the context of the China Dividend Fund, "China" includes the People's Republic of China, its administrative regions and other districts, such as Hong Kong, as well as Taiwan.

⁴ The "Asia ex Japan Region" shall be deemed to consist of all countries and markets in Asia excluding Japan, but including all other developed, emerging and frontier countries and markets in Asia.

Asia Focus Fund. The Asia Focus Fund primarily invests in companies located in the Asia ex-Japan region. Within this region, the Sub-Fund is unconstrained by the sector, geographic area or the market capitalization of the companies in which it invests. However, the Sub-Fund typically expects to invest in medium capitalization companies or large capitalization companies. The Sub-Fund typically expects to hold stocks of between 25 and 35 companies under normal market conditions.

1.4 Risk Considerations

Information about the risks attributable to investing in securities and other assets in which the HK Sub-Funds may invest are discussed in the “*Risk Considerations*” section of the Prospectus. The sentence “The risks referred to below do not purport to be exhaustive.” appearing in the “*Risk Considerations*” section of the Prospectus is deemed to be deleted. Matthews believes that the Hong Kong Offering Document has set out all the risks that it is aware of, pertaining to the Fund and the HK Sub-Funds, that a potential investor should be aware of in assessing its proposed investment in the relevant HK Sub-Fund(s).

1.4.1 General Investment Risk

Each of the HK Sub-Funds’ investment portfolios may fall in value due to any of the key risk factors below and therefore your investment in the relevant HK Sub-Fund may suffer losses. There is no guarantee of the repayment of principal.

1.4.2 Equity Market Risk

The HK Sub-Funds’ 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.

1.4.3 Emerging Market Risk

The HK Sub-Funds may invest 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.

1.4.4 Risks Associated with Investments in Frontier Countries⁵

Certain HK Sub-Funds may make significant investments in issuers located in frontier countries. Risks associated with investments in emerging markets may also apply to investments in frontier countries. Please refer to the “*Risk Considerations*” section in the Prospectus under the heading “*Risks Associated with Emerging Markets*” for details of risks associated with investments in frontier countries.

1.4.5 Concentration Risk

The HK Sub-Funds may concentrate their investments in companies located in a specific geographic region (*i.e.* the Asia, Asia Pacific or Asia ex Japan region) or a certain country (*i.e.* China, India, Korea, Japan, *etc.*). The value of the HK Sub-Funds may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory events affecting the geographic region or country. This may result in greater volatility than portfolios which are more geographically diverse.

⁵ “Frontier countries” mean those less developed emerging countries.

In addition, certain HK Sub-Funds may focus investments on a limited number of companies. The value of such HK Sub-Funds may be more volatile than that of a fund that typically has a larger number of holdings.

The value of HK Sub-Funds with concentrated investments may be more volatile than that of a fund having a more diverse portfolio of investments. Greater volatility may have an adverse impact on the NAV of the relevant HK Sub-Funds.

1.4.6 Risk Associated with High Volatility of the Equity Market in the Asia Pacific or 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 HK Sub-Fund.

1.4.7 Risk Associated with Regulatory Requirements of the Equity Market in the Asia Pacific or Asia ex Japan Region

Securities exchanges in the Asia Pacific or 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 HK Sub-Funds.

1.4.8 India Investment Risk

Certain HK Sub-Funds may make investments in India. Government actions, bureaucratic obstacles and inconsistent economic reform within the Indian government have had a significant effect on the economy and could adversely affect market conditions, economic growth and the profitability of private enterprises. Global factors and foreign actions may inhibit the flow of foreign capital on which India is dependent to sustain its growth. Large portions of many Indian companies remain in the hands of their founders (including members of their families). Corporate governance standards of family-controlled companies may be weaker and less transparent, which increases the potential for loss and unequal treatment of investors. India experiences many of the risks associated with developing economies, including relatively low levels of liquidity, which may result in extreme volatility in the prices of Indian securities.

Certain HK Sub-Funds may invest in securities denominated in Indian rupees (“**Rupees**”). Changes in foreign currency exchange rates between the Rupee and the HK Sub-Fund’s Base Currency may adversely affect the value of the HK Sub-Fund’s investments and its NAV.

The regulations and controls governing the activities of investors, brokers and other agents on the Indian markets are less stringent than those applied in most OECD (Organization for Economic Co-operation and Development) markets.

The Securities and Exchange Board of India (the “**SEBI**”) has enforcement powers to combat fraudulent practices in stock exchange transactions, such as insider trading, and to regulate the purchase of controlling interests and the acquisition of companies. As these regulations were adopted only relatively recently, their implementation may be less effective than in countries in which such regulations have already been in force for several years.

Foreign investment in the securities of issuers in India is usually restricted or controlled to some degree. In addition, the availability of financial instruments with exposure to Indian financial markets may be substantially limited by restrictions on foreign investors. In India, only certain foreign entities are permitted to invest in exchange-traded securities, subject to

the conditions specified in Indian guidelines and regulations. Matthews was initially granted Foreign Institutional Investor (“**FII**”) status by the SEBI. The Fund was therefore eligible to invest in Indian securities through Matthews’ FII status according to the Securities and Exchange Board of India Foreign Institutional Investors Regulation, 1995.

In 2014, SEBI issued new Foreign Portfolio Investor (“**FPI**”) regulations (the “**Guidelines**”), replacing the regulations relating to FII investment. The following HK Sub-Funds are now registered as FPIs: Asia Focus Fund, Asia Dividend Fund, Asia Small Companies Fund, India Fund and Pacific Tiger Fund. Any of the other HK Sub-Funds would need to apply for and receive registration as an FPI to enable its direct investment in exchange-traded securities in India. As with the prior FII regulations, the Guidelines require SEBI to review the professional experience and reputation of the FPI, and custodian arrangements for Indian securities. There can be no assurance that SEBI would grant an FPI application by an HK Sub-Fund that is not currently an FPI. Moreover, investment in India may be subject to the withdrawal or non-renewal of an HK Sub-Fund’s FPI license. Investments made through such FPI status are also therefore subject to any statutory or regulatory limits or changes imposed by the Indian authority, the SEBI, from time to time. Investors should note the risks due to any such regulatory changes.

FPIs are required to observe certain investment restrictions, including limiting the aggregate ownership of any one company by an FPI and its investors to less than 10 percent of the company’s total issued share capital. In addition, the shareholdings of all registered FPIs may not exceed 24% of the issued share capital of most companies. It is possible that this restriction could be raised or potentially lifted, subject to that company’s approval. Under normal circumstances, income, gains and initial capital with respect to such investments are freely repatriable, subject to payment or withholding of applicable Indian taxes. Please see the discussion of “Risks Associated with Emerging Markets – Taxation” in the section “Risk Considerations” of the Prospectus. There can be no assurance that these investment control regimes will not change in a way that makes it more difficult or impossible for the HK Sub-Funds to reach their investment objectives or repatriate their income, gains and initial capital from India.

If the investments in India reach FII statutory limits, the India Fund may be required to seek approval from the Reserve Bank of India for any subsequent purchase, and such approval may not be forthcoming. This may restrict the investment options of the India Fund.

1.4.9 *Dividend Paying Equities Risk*

There can be no guarantee that companies that the HK Sub-Funds invests in, and which have historically paid dividends, will continue to pay them or to pay them at the current rates in the future. A reduction or discontinuation of dividend payments may have a negative impact on the value of the HK Sub-Funds’ holdings in these companies and, consequently, the NAV of the HK Sub-Funds.

1.4.10 *Liquidation Risk*

The Fund is incorporated for an unlimited period and liquidation shall normally be decided upon by an extraordinary general meeting of Shareholders. Such a meeting must be convened and held by the Directors and held within 40 days if the net assets of the Fund become less than two thirds of the minimum capital required by law. The meeting, for which no quorum shall be required, shall decide on the dissolution by a simple majority of Shares represented at the meeting. If the net assets of the Fund fall below one fourth of the minimum capital required by law, the dissolution may be resolved by Shareholders holding one fourth of the

Shares in issue, who are present at the meeting. The net liquidation proceeds of each HK Sub-Fund shall be distributed to the Shareholders of the relevant HK Sub-Fund in proportion to their respective holdings. The detailed procedures of liquidation of the Fund are discussed in the “General Information” section of the Prospectus under the heading “Liquidation of the Fund.”

1.4.11 *Swing Pricing*

The actual costs of transactions of the underlying securities in an HK Sub-Fund may differ from the costs calculated for the NAV per Share of the HK Sub-Fund. The actual costs may vary significantly due to the fiscal and/or dealing costs or spread between buying/selling of the underlying securities and may thus cause a significant net increase or decrease in the NAV per Share of the HK Sub-Fund.

The NAV of each HK Sub-Fund will be adjusted on any Valuation Day (by an amount not exceeding 2% of the relevant NAV) when the HK Sub-Fund experiences such a significant net increase or decrease of Shares which exceeds a threshold pre-set by the Board of Directors, reflecting estimated charges incurred by the HK Sub-Fund and the estimated bid/offer spread. The adjustment is to avoid disadvantaging ongoing Shareholders. Subject to the 2% adjustment limit, the impact of the adjustment will depend on, among other factors, the volume of the transactions, transaction prices and the valuation method used to calculate the value of the underlying assets of the HK Sub-Fund.

1.4.12 *Termination Risk*

The Directors may also decide to liquidate any HK Sub-Fund under the conditions and circumstances set out in the “General Information” section of the Prospectus under the heading “Merger or Liquidation of HK Sub-Funds”. The detailed procedures of liquidation of HK Sub-Funds are also discussed therein.

1.4.13 *Non-hedging Risk*

Although each HK Sub-Fund is permitted to use hedging techniques to attempt to offset certain market risks, Matthews does not currently use such hedging techniques in respect of any of the HK Sub-Funds. Hedging against a decline in the value of a portfolio position seeks to establish other positions which are designed to gain from the decline in the value of a portfolio position and thus moderate the values of, or prevent losses to, the relevant HK Sub-Fund, if the value of its portfolio position declines. Non-use of hedging techniques may expose each HK Sub-Fund to the risk of full losses resulting from the decline in the value of its portfolio positions, thereby subjecting its NAV to greater fluctuation than if such hedging techniques had been utilized.

1.4.14 *Currency Risk*

Underlying investments of certain HK Sub-Funds may be denominated in currencies other than the base currency of the relevant HK Sub-Fund. Also, a class of shares may be designated in a currency other than the base currency of the relevant HK Sub-Fund. The NAV of the relevant HK 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.

1.4.15 *Taxation Risk*

Each of the HK Sub-Funds may invest in securities that produce income that is subject to withholding and/or income tax. Such tax may have an adverse effect on the HK Sub-Funds. Shareholders and potential investors are advised to consult their professional advisers

concerning possible taxation or other consequences of subscribing, holding, selling, switching or otherwise disposing of Shares in the HK Sub-Funds. A summary of some of the tax consequences potentially applicable to the Fund is set out in the “Taxation” section in the Prospectus as well as Section 5 in this Hong Kong Supplement. However, Shareholders and potential investors should note that the information contained in those sections does not purport to deal with all of the tax consequences applicable to the Fund or all categories of investors, some of whom may be subject to special rules.

1.5 Risk-Management Process

Matthews, to whom the Directors of the Fund have delegated under its responsibility such functions, employs a risk-management process that enables the monitoring and measurement at any time the risk of the positions (including exposures to FDIs) and their contribution to the overall risk profile of each Sub-Fund. The process applied across all Sub-Funds is consistent with the Fund’s latest risk management policies and procedures (“**Risk Management Policies and Procedures**”).

The Fund qualifies as a non-sophisticated fund with respect to the use of a method for the management of financial risks, as well as the use of FDIs. The Sub-Funds are permitted to use a range of FDIs to the extent permitted by the Commission de Surveillance de Secteur Financier (“**CSSF**”) and as set forth in the Prospectus. However, Matthews does not currently intend to use FDIs for any purpose.

Any derivative exposure globally will be calculated by using the “commitment” approach. Although the use of FDIs (whether used for hedging, efficient portfolio management or investment purposes or any other purposes) may give rise to increased investment exposure, the Fund will ensure that any additional exposure arising in a Sub-Fund as a result of the use of FDIs will not cause the Fund to exceed the applicable investment risk limits, in accordance with the requirements of the CSSF. For details of the Fund's application of the commitment approach, investors may refer to the Risk Management Policies and Procedures available from the Hong Kong Representative upon request.

Matthews monitors portfolio risk on a daily basis using a commitment approach that “maps” simple derivatives (*e.g.*, swaps and futures) to equivalent positions in the underlying asset or instrument, and utilizes the delta approach to valuation in the case of options and certain other instruments, for purposes of calculating global exposure to FDIs. Global exposure to FDIs cannot exceed the NAV of any Sub-Fund. The total commitment to FDIs is considered to be the sum of the absolute value of individual positions, after taking into account applicable netting rules and cover for FDI positions. Matthews also monitors credit exposure to any single counterparty to ensure compliance with applicable limitations.

1.6 Liquidity Risk Management

Liquidity risk is the risk that a particular position cannot be easily unwound or offset due to insufficient market depth or market disruption; or that an HK Sub-Fund’s financial obligations (such as investor redemptions) cannot be met. An inability to sell a particular investment or portion of an HK Sub-Fund’s assets may have a negative impact to the value of the relevant HK Sub-Fund and to the HK Sub-Fund’s ability to meet its investment objectives. Additionally, an inability to sell HK Sub-Fund assets may have negative implications for investors being able to redeem in a timely fashion, and also to investors who remain invested in the HK Sub-Fund.

The Board of Directors has established a Liquidity Risk Management Policy. Such policy, combined with the liquidity management tools available, seeks to achieve fair treatment of

Shareholders and safeguard the interests of remaining Shareholders against the redemption behavior of other investors and mitigate against systemic risk.

Tools to Manage Liquidity Risk

Tools available to manage liquidity risk include the following:

- The Board of Directors may apply “swing pricing” as part of its daily valuation policy. This will mean that in certain circumstances the Board of Directors may make adjustments in the calculations of the Net Asset Values per Share, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.
- The Fund may not borrow for the account of any HK Sub-Fund amounts in excess of 10% of the net assets of that HK Sub-Fund.
- In the event that redemption requests are received for redemption of Shares representing in aggregate more than 10% of the total value of Shares of an HK Sub-Fund then in issue, the Fund is entitled to reduce the requests rateably and pro rata amongst all Shareholders seeking to redeem Shares on the relevant Valuation Day and carry out only sufficient redemptions which, in aggregate, amount to 10% of the value of Shares of the HK Sub-Fund then in issue.
- Where the value of certain assets is not ascertainable by normal valuation methods or if the Directors consider that some other method of valuation better reflects the fair value of such assets, the method of valuation will be such as the Directors shall decide.
- The Board of Directors may suspend the determination of the Net Asset Value of Shares of one or several HK Sub-Funds in certain circumstances.

Further details of the above tools can be found in the Prospectus.

Liquidity Risk Management Policy

The Board of Directors relies on the Investment Manager and the risk management function to implement the Liquidity Risk Management Policy. The risk management function monitors the liquidity risk of each HK Sub-Fund, including liquidity of holdings and market liquidity. Portfolio liquidity and redemption risk are regularly assessed using different qualitative and quantitative indicators. Key metrics may be used to measure and monitor liquidity risk. Periodic liquidity reports are provided to senior management and to the Directors.

Investors should note that there is a risk that the tools may be ineffective to manage liquidity and redemption risk.

1.7 The Hong Kong Representative and Other Service Providers

The Fund has appointed Brown Brothers Harriman (Hong Kong) Limited to act as the Hong Kong Representative in relation to the transmission of applications and requests for subscriptions, redemptions and conversions of Shares and the receipt and transmission of moneys in respect of the HK Sub-Funds.

Under the Hong Kong Representative Agreement, the Hong Kong Representative agrees to

carry out the duties of a Representative as set out in Chapter 9 of the Hong Kong Code on Unit Trusts and Mutual Funds.

Matthews, the Global Distributor, Investment Advisor, Depositary and Administrative Agent for the Fund are described in the “Management and Administration” section of the Prospectus.

In its capacity as registrar and transfer agent of the Fund, Brown Brothers Harriman (Luxembourg) S.C.A. is also responsible for processing the registration, redemption and conversion of Shares in the Fund, for the settlement arrangements thereof, as well as for maintaining official records of the Registrar of the Shareholders.

The legal adviser to the Fund as to matters of Hong Kong law is Deacons, whose address is at 5th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong.

2. DEALING IN SHARES

2.1 Minimum Investment and Holding, Frequency of Dealing and Dealing Deadlines

The minimum initial investment and holding amounts, minimum subsequent investment amount, frequency of dealing and deadline for submitting subscription, redemption or conversion applications to the Hong Kong Representative (the “**Hong Kong Dealing Deadline**”) in any HK Sub-Fund, are listed in the table below.

Class of Shares (Note 1)	Minimum Initial Investment (Note 2)	Minimum Holding (Note 2)	Minimum Subsequent Investment (Note 2)	Frequency of Dealing (Notes 3 and 4)	Hong Kong Dealing Deadline (Note 5)
A Class Shares	GBP 500 for the GBP Class, or USD 1,000 for the other Classes (or the equivalent of the USD amount in the currency of other relevant Class)	GBP 500 for the GBP Class, or USD 1,000 for the other Classes (or the equivalent of the USD amount in the currency of other relevant Class)	GBP 250 for the GBP Class, USD 500 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Class)	Each Valuation Day	6:00 p.m. Hong Kong time
I Class Shares	GBP 500,000 for the GBP Class, or USD 1,000,000 for the other Classes (or its equivalent in the currency of the relevant	GBP 500,000 for the GBP Class, or USD 1,000,000 for the other Classes (or its equivalent in the currency of the relevant	GBP 125,000 for the GBP Class, or USD 250,000 for the other Classes (or its equivalent in the currency of the relevant	Each Valuation Day	6:00 p.m. Hong Kong time

	Class)	Class)	Class)		
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Note 1: C Class and S Class Shares of the HK Sub-Funds are not available to retail investors in Hong Kong.

Note 2: The minimum initial investment and holding amounts, and minimum subsequent investment amount may be waived or varied at the discretion of the Directors for any particular case or generally.

Note 3: A request for subscription, redemption or conversion may be made through the Hong Kong Representative prior to the Hong Kong Dealing Deadline on any day that is a business day for the Hong Kong Representative (typically, any day other than a Saturday or Sunday on which banks in Hong Kong are open for normal banking business unless, banks are closed for part of any such day due to adverse weather conditions, a “**Hong Kong Business Day**”). Such applications will be processed at the NAV per Share of the relevant Class of the relevant HK Sub-Fund determined as of the next Valuation Point (as defined in the Prospectus).

Applications for subscription, redemption and conversion received by the Hong Kong Representative on a day that is not a Hong Kong Business Day (but that is a Business Day in Luxembourg) will be automatically forwarded to the Fund’s Administrative Agent in Luxembourg. If such applications are received in Luxembourg before 12:00 noon (Luxembourg time) that day they will be processed at the NAV per Share of the relevant Class of the relevant HK Sub-Fund calculated on that Business Day.

Note 4: Shareholders may transact in Shares of the relevant Class of an HK Sub-Fund after the Hong Kong Dealing Deadline on any Hong Kong Business Day, or on a day that is not a Hong Kong Business Day (but that is a Business Day in Luxembourg) by directing their application (including any supporting documents and, in the case of a subscription, payment for the subscription amount) directly to the Fund in Luxembourg, in the manner described in the Fund’s Prospectus. Such applications will be processed as follows:

- (a) Applications received in Luxembourg on or *before* 12:00 noon (Luxembourg time) on a Business Day will be processed at the NAV per Share of the relevant Class of the relevant HK Sub-Fund calculated on that Business Day in Luxembourg;
- (b) Applications received in Luxembourg *after* 12:00 noon (Luxembourg time) on a Business Day will be processed at the NAV per Share of the relevant Class of the relevant HK Sub-Fund calculated on the next Business Day in Luxembourg;
- (c) Any application for subscription, redemption or conversion that is received on any day that is not a Business Day in Luxembourg will be processed at the NAV per Share of an HK Sub-Fund calculated as of the Valuation Point on the next Business Day in Luxembourg.

Note 5: Shareholders should note that the dealing deadline is 12:00 noon (Luxembourg time) for all applications for subscription, redemption or conversion that are sent directly to, and received by, the Fund. For all other applications that are sent to, and received by, the Hong Kong Representative, the Hong Kong Dealing Deadline (as specified above) will apply, and such applications will be processed by reference to the NAV

per Share of the relevant Class of the relevant HK Sub-Fund determined as of the next Valuation Point. An investor generally subscribes and redeems shares at an HK Sub-Fund's next-determined NAV after the Hong Kong Representative receives the investor's request in good order on or before the Hong Kong Dealing Deadline. Different distributors may impose different dealing deadlines for receiving requests from investors.

2.2 Subscription of Shares

Share application forms are made available through the Hong Kong Representative on any Hong Kong Business Day.

Initial subscription applications must be made by post, using the subscription application form or such other documentation satisfactory to the Hong Kong Representative, accompanied by the relevant supporting documents as the Hong Kong Representative may require. Subsequent subscriptions may be made by fax (using the relevant forms obtainable from the Hong Kong Representative) once the initial subscription application form has been completed and accepted. None of the Fund, the Administrative Agent or the Hong Kong Representative shall be responsible for any loss arising from the non-receipt of any applications, instructions, requests or other documents transmitted by fax. Nor will the Hong Kong Representative accept telephone orders.

A request for subscription may be made through the Hong Kong Representative prior to the Hong Kong Dealing Deadline on any day. Investors may also subscribe for Shares directly with the Fund's Administrative Agent in Luxembourg. All subscription requests will be processed in the manner and with reference to the Valuation Point described in Section 2.1 above.

Shareholders should note that the dealing deadline is 12:00 noon (Luxembourg time) for all applications for subscription that are sent directly to, and received by, the Fund in Luxembourg. For all other applications that are sent to, and received by, the Hong Kong Representative, the Hong Kong Dealing Deadline (as specified above) will apply. An investor generally subscribes for Shares at the next-determined NAV of the relevant Class of the relevant HK Sub-Fund after the Hong Kong Representative receives the investor's request in good order on or before the relevant Hong Kong Dealing Deadline. Subscriptions will be effected at the NAV per Share of such Class of such HK Sub-Fund plus any applicable sales charge (the "**Subscription Price**").

The procedures (including imposing dealing deadlines earlier than those of the Fund) for subscription may vary depending upon the Fund's sub-distributors through whom an investor chooses to subscribe for Shares. Investors should consult his/her relevant sub-distributor before placing orders in any HK Sub-Fund.

2.3 Currencies for Settlement

Applicants may pay their subscription monies by bank transfer in U.S. Dollars, Euro, GBP, or JPY submitted to one of the accounts specified in the Account Opening Form.

2.4 Payment Details

Please refer to the application / subscription form for payment details for subscription monies.

No money should be paid to any intermediary in Hong Kong who is not licensed or registered to carry on Type 1 regulated activity (dealing in securities) under Part V of the SFO. Cash payment and any third party payments (whether by cheque, telegraphic or bank transfer) will not under any circumstances be accepted.

2.5 Redemption of Shares

Each Shareholder may at any time submit an application to redeem any or all of the Shares that he or she holds in any Class in any HK Sub-Fund, subject to the minimum holding amounts set out in Section 2.1 above, headed “Minimum Investment and Holding, Frequency of Dealing and Dealing Deadlines” and to the suspension of determination of NAV as discussed in the “General Information” section of the Prospectus under the heading “Temporary Suspension of Issues, Redemptions and Conversions” appearing in the Prospectus. In the event that a partial redemption of a Shareholder’s holding of Shares would leave a balance of Shares held by such Shareholder of less than any minimum holding as defined in the relevant Appendix to the Prospectus, the Board of Directors may redeem the whole of that Shareholder’s holding of Shares. Any request that would reduce a holding below the minimum holding referred to above may be treated as a request to redeem the entire holding.

Redemption requests must be made in writing to the Hong Kong Representative or directly to the Fund’s Administrative Agent in Luxembourg. All redemption requests will be processed in the manner and as of the Valuation Point described in Section 2.1 above.

For all applications that are sent to, and received by, the Hong Kong Representative, the Hong Kong Dealing Deadline (as specified above) will apply. For any applications sent directly to the Fund’s Administrative Agent on a Business Day in Luxembourg, the dealing deadline is 12:00 noon, Luxembourg time. An investor generally redeems Shares at the next-determined NAV of the relevant Class of the relevant HK Sub-Fund after receipt of the investor’s request in good order prior to the Hong Kong Dealing Deadline or the dealing deadline in Luxembourg, as applicable (the “**Redemption Price**”).

The procedures (including imposing dealing deadlines earlier than those of the Fund) for redemptions may vary depending upon the Fund’s sub-distributors through whom an investor chooses to redeem Shares. Investors should consult his/her sub-distributor before submitting any such redemption requests.

The Fund may also process redemptions in kind upon the request of redeeming Shareholder(s) and with the consent of the relevant redeeming Shareholder although redemptions in kind will not be available to retail investors in Hong Kong.

2.6 Payment of Redemption Proceeds

After receipt of the Shareholder's duly completed redemption request form together with all relevant supporting documentation, the redemption proceeds will normally be remitted by telegraphic transfer (or dispatched by cheque if the Shareholder so elects on the redemption request form), usually within three Hong Kong Business Days (or more if payment of redemption proceeds is required by the Shareholder to be made in available prescribed currencies other than the relevant Base Currency but in no event exceeding one calendar month) of the relevant Valuation Day in respect of which the redemption request is accepted. Redemption proceeds will be paid within this period notwithstanding any provision to the contrary which may appear in the Prospectus.

The redemption proceeds will generally be paid in the Base Currency. Shareholders may also request to receive their redemption proceeds in the available prescribed currencies, currently USD, GBP, EUR, JPY or Hong Kong dollars (“**HKD**”). Any currency conversion costs, currency risk and other related administrative expenses including bank charges will be borne by the relevant redeeming Shareholders.

2.7 Conversion of Shares

Shareholders have the right, subject to the provisions set forth in the Prospectus and hereinafter specified, to convert all or part of their Shares of one Class in any HK Sub-Fund for Shares of the same Class in another HK Sub-Fund, or for Shares of another Class of the same HK Sub-Fund, in all cases offered or sold to Hong Kong investors, on any Valuation Day.

Requests for conversion of Shares should be made using the relevant form obtainable from the Hong Kong Representative (or such other written notification acceptable to the Hong Kong Representative), and sent to the Hong Kong Representative or directly to the Administrative Agent of the Fund, in the manner and with reference to the relevant dealing deadlines as detailed in Section 2.1 above.

2.8 Transfer of Shares

Shareholders are entitled to transfer Shares by instrument in writing or using such form (as acceptable to the Hong Kong Representative) which must be signed by the transferor and the transferee and the transferor's signature must be verified by a person acceptable to the Hong Kong Representative. Standard forms are available from the Hong Kong Representative. Transfers will not be accepted if, as a result, the Shares are held by any person which, under the Articles of Incorporation, the Directors have the power to require the compulsory redemption of their Shares. The Fund, Administrative Agent and/or the Hong Kong Representative may refuse a transfer if, as a result of the transfer, the transferor or the transferee would hold less than the minimum holding amounts.

2.9 Suspension of Issues, Redemptions and Conversions

The calculation of the NAV of Shares of one or more HK Sub-Funds may be suspended under certain circumstances as set out in the Articles of Association of the Fund, (as summarized in "Temporary Suspension of Issues, Redemptions and Conversions" section of the Prospectus). Such suspension (and subsequent termination of the suspension period) of the issue, redemption and conversion of Shares of the relevant HK Sub-Funds will be notified to the SFC in writing immediately as well as published in the South China Morning Post and the Hong Kong Economic Journal following the Directors' decision on suspension and at least once a month during the period of the suspension.

3. CONFLICTS OF INTEREST

As at the date of the Hong Kong Offering Document, Matthews, a connected person of certain of the Directors, has purchased shares of each HK Sub-Fund to provide initial capital. Except as described in the preceding sentence, no Director or any of his connected persons has any interest, beneficial or non-beneficial, in the share capital of the Fund or any material interest in the Fund or in any agreement or arrangement with the Fund. No Director has any direct or indirect interest in any contract or arrangement which was either unusual in its nature or significant to the business of the Fund.

In the event that any conflict of interest with any counterparty or service provider to the Fund cannot be avoided, and provided that investors' interests can be sufficiently protected, the Directors shall ensure that any such conflict shall be managed and minimized by appropriate safeguards, measures and product structure, and shall ensure that such measures and safeguards shall be properly disclosed to investors in the Fund. The Directors must ensure that transactions are effected on terms which are not less favorable to the relevant HK Sub-Fund than if the potential conflict had not existed. If such potential conflicts of interest arise, any such dealings must be carried out as if effected on normal commercial terms negotiated on an arm's length basis, and all transactions must be consistent with the best

interest of Shareholders. The UCITS Directive has rules to manage conflicts of interest. In addition, the Prospectus contains guidelines on the valuation of, among others, any OTC derivative instruments.

The potential conflict of interest between the Fund and its service providers is also monitored by the Compliance Department of Matthews. For example, Matthews has adopted procedures with respect to personal account dealing by its employees, which limit the potential for conflicts and permit Matthews to monitor personal account dealing for any conflicts that do arise. Similarly, the Compliance Department reviews any transaction between the Fund and a service provider to determine that it was conducted on an arm's length basis and otherwise in compliance with applicable laws.

Except as described above with respect to the initial investment in an HK Sub-Fund by Matthews, the Fund will not engage in any transactions with any of Matthews, the Investment Advisor, any Director of the Fund or any of their respective connected persons as principal.

4. ADDITIONAL INFORMATION

4.1 Publication of Share Prices

Dealing prices representing both the Subscription Price and the Redemption Price of A Class Shares are published in the South China Morning Post and the Hong Kong Economic Journal in Hong Kong. Investors are advised that such published prices are for information only. Notwithstanding the disclosure in the Prospectus, none of the Fund, Administrative Agent, Hong Kong Representative or Hong Kong Distributor accepts responsibility for any error in publication or for omission of publication of prices if such error or omission is due to the error of the newspaper publishers.

4.2 Fees and Expenses

Fees and expenses are disclosed in further details under the "Fees and Expenses" section of the Prospectus. Investors should also refer to Appendices I to VIII of the Prospectus for detailed information on the fees and expenses applicable to an investment in an HK Sub-Fund.

The Prospectus currently discloses the maximum fees and expenses applicable to an investment in the HK Sub-Funds. If, at a future date the Hong Kong Offering Document discloses the then-current increased fees and expenses that are less than the maximum fees and expenses, no less than one month's prior notice will be given to Hong Kong investors for an increase in the then-current fees and expenses up to such maxima. Any decrease of fees will also take effect with appropriate notice to Shareholders.

The ongoing charges of each Share Class are subject to a maximum level of fees and expenses chargeable to the relevant Share Class. Should the actual ongoing charges figure exceed such maximum level, the Investment Manager shall waive fees and / or reimburse expenses to the extent necessary to limit the ongoing charges to the stated maximum. The cost of establishing an HK Sub-Fund may, at the discretion of the Board of Directors be amortized on a straight line basis over the first five years of the HK Sub-Fund's operation and charged to the HK Sub-Fund. If any unamortized organizational costs remain at the termination of an HK Sub-Fund, such costs are recognized as a reduction to the NAV realized at termination.

Notwithstanding anything to the contrary in the Prospectus, fees, costs and charges arising out of advertising or promotional activities in connection with the Fund or the HK Sub-Funds

will not be paid out of fund assets.

Matthews may not obtain a rebate on any fees or charges levied by an underlying investment scheme or its management company.

4.3 Cash Commissions and Soft Commissions

All cash commissions received by any Matthews group entity or any of its connected persons arising out of the sale and purchase of investments for the Fund are credited to the account of the relevant HK Sub-Fund managed or advised by such Matthews group entity.

However, such persons may receive, and retain, goods and services and other soft dollar benefits (“**soft commissions**”) (these goods and services include, but are not limited to, qualifying research services, computer hardware and software obtained to enhance investment decision making and appropriate order execution services) which are of demonstrable benefit to the Shareholders as may be permitted under relevant regulations including, but not limited to, the Hong Kong Code on Unit Trusts and Mutual Funds (and for which such person makes no direct payment) from brokers and other persons through whom such investment transactions are carried out. In all cases where such soft commissions are received, the relevant Matthews group entity shall ensure that transaction execution is consistent with best execution standards and that brokerage commissions borne by an HK Sub-Fund will not exceed customary institutional full service brokerage rates for such transactions. Matthews shall also ensure periodic disclosure of its soft commission practices, including that (as the case may be), a description of the goods and services received (if any) by Matthews is made in the Fund’s annual report.

4.4 Distribution Policy

The Articles of Incorporation of the Fund empower, but do not require, the Directors to declare dividends (if any) in respect of the Shares. Dividends of an HK Sub-Fund (if any) may be reinvested into the HK Sub-Fund. The distribution policy for each Class of Shares of an HK Sub-Fund is set forth in the relevant Appendix of the Prospectus.

The Fund may offer both “Acc” Shares and “Dist” Shares. Unless otherwise provided for in the relevant Appendix, in relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the HK Sub-Fund will be reflected in the NAV of such Shares. In relation to Shares referenced as “Dist” Shares, it is the intention of the Directors to undertake distributions periodically as set out in the relevant Appendix of the Prospectus.

Unless otherwise provided for a Class of Shares of an HK Sub-Fund, distributions made by “Dist” Shares will be out of net income. The Directors may, in their discretion, declare that certain “Dist” Shares will pay dividends out of capital. The Directors may also, in their discretion, pay dividends out of gross income while paying all or part of such Shares’ fees and expenses out of the capital of such Shares, resulting in an increase in distributable income for the payment of dividends by the relevant class of an HK Sub-Fund and therefore, in respect of such Shares, dividends may be paid effectively out of capital of the relevant HK Sub-Fund. Payment of dividends out of, or effectively out of, capital (if any) amounts to a return or withdrawal of part of an investor’s original investment, or from any capital gains attributable to that original investment. Similar to distributions of income, any distributions involving payment of dividends out of, or effectively out of, an HK Sub-Fund’s capital may result in an immediate decrease of NAV per such Share of the relevant HK Sub-Fund. The composition of dividends (i.e., the relative amounts paid out of net distributable income and capital) (if any) paid on such Shares for the preceding 12 months (or if an HK Sub-Fund was

launched less than 12 months ago, since its inception) for each HK Sub-Fund is available from the Fund or the Hong Kong Representative upon request.

Dividends (if any) will be distributed out of the net distributable income (i.e., after deduction of all fees and charges, taxes and other expenses attributable to that HK Sub-Fund) or out of capital of the relevant HK Sub-Fund. There is no fixed minimum or maximum percentage of net income or capital defining distributing “substantially” all of the HK Sub-Fund’s net income or capital.

Instead, the Directors, when deciding whether and how to distribute the available net income or capital of an HK Sub-Fund, will consider the economic and market conditions, distributions made by other peer funds, the HK Sub-Fund’s own investment performance and other relevant factors in order to determine the appropriate amounts for distribution.

Under normal circumstances, the Asia Dividend Fund intends to declare interim dividends (if any) out of its net income or out of its capital, at least once every quarter after the end of the relevant quarter, or at other time(s) to be determined by the Directors. The amount of dividends in respect of the Asia Dividend Fund (if any) is not guaranteed.

Under normal circumstances, the China Dividend Fund intends to declare interim dividends (if any) out of its net income or out of its capital, at least semi-annually after the end of the relevant semi-annual period, or at other time(s) to be determined by the Directors. The amount of dividends in respect of the China Dividend Fund (if any) is not guaranteed.

Dividends (if any) may be declared in respect of any HK Sub-Fund at the discretion of the Directors. Therefore, the amount of dividends (if any), is not guaranteed.

The Board of Directors of the Fund may, at any time, amend the dividend policy relating to any HK Sub-Fund(s), subject to the SFC’s prior approval (if required) and by giving not less than one month’s prior notice to the relevant Shareholders (if required).

4.5 Mergers and Liquidation of HK Sub-Funds

Where prior approval of Shareholders at a meeting of Shareholders is not required for such merger or liquidation, no less than one month’s prior notice of a merger or liquidation of an HK Sub-Fund will be given to the regulators and the relevant Shareholders.

5. TAXATION

It is expected that Shareholders in the Fund will be resident for tax purposes in many different countries. Consequently, no attempt is made in this Supplement to summarize the taxation consequences for each investor. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances.

Dividends, interest and capital gains (if any) received by the Fund on its investments may be subject to non-recoverable withholding or other taxes in the countries of origin.

Hong Kong

Under the existing Hong Kong law and practice, for so long as the Fund and such HK Sub-Funds are authorized by the SFC pursuant to Section 104 of the SFO and are carried on in accordance with the requirements of the SFC, the Fund and HK Sub-Funds are exempt from

Hong Kong profits tax or other withholding taxes on dividends received, on interest from any source and on profits realized on the sale of securities. In addition, Shareholders resident in Hong Kong generally will not be subject to tax in Hong Kong in respect of their acquisition, holding, redemption or disposal of Shares or on the income from such Shares. Where transactions in Shares form part of a trade, profession or business carried on in Hong Kong, relevant gains received may attract Hong Kong profits tax. No Hong Kong stamp duty or estate duty will be payable by Shareholders in respect of their Shares.

China

Matthews currently has no intention to make provision in respect of potential China tax liability in respect of any HK Sub-Fund's investments in China B Shares. This approach may be changed if, in the opinion of Matthews, a provision is warranted, and the change will be implemented after giving one month's notice to the relevant Shareholders. Please refer to the "Taxation" section of the Prospectus under the heading "China Tax Consideration" for more information on taxes in relation to investments in China.

Foreign Account Tax Compliance Act ("FATCA")

The Hiring Incentives to Restore Employment Act was signed into U.S. law in March 2010 and includes provisions commonly referred to as FATCA. Broadly, regulations implementing the FATCA provisions require financial institutions to report to the U.S. Internal Revenue Service ("IRS") certain information on U.S. persons that hold accounts outside the U.S., as a safeguard against U.S. tax evasion. In addition, FATCA provisions generally impose a 30% withholding tax on certain U.S. source payments (including dividends and, effective 1 January 2019, gross proceeds from the sale or other disposal of property that can produce U.S. source interest or dividends) when made to an individual or entity that does not comply with FATCA provisions. The 30% withholding could also apply to payments otherwise attributable to U.S. source income (also known as "foreign passthru payments") to the extent provided in future Treasury regulations, but in no event before 1 January 2019.

The basic terms of FATCA provisions currently appear to include the Fund (or each of the HK Sub-Funds) as a 'Reporting (Foreign) Financial Institution' such that, in order to comply, the Fund (or each HK Sub-Fund) may require all Shareholders to provide mandatory documentary evidence of their U.S. and/or non-U.S. status.

Based on legal and tax advice that the Fund has received to date, in order to protect Shareholders from the effect of any FATCA withholding, it is the intention of the Fund to be compliant with the requirements of FATCA. Hence, it is possible that this may require the Fund and/or any distributor of Shares and/or any other entity duly designated by the Fund, as far as they may be legally permitted to do so, to gather, store, use, process, disclose and report such information as is required under FATCA, including that on the holdings or investment returns, of any Shareholders to the IRS and/or any other relevant governmental or regulatory authority, and the Fund may compulsorily redeem and/or withhold any payments to Shareholders in respect of Shares held by such Shareholders in certain circumstances, including where such Shareholders fail to provide the information and documents required pursuant to FATCA, or are non-FATCA compliant financial institutions, or who fall within other categories specified in the FATCA provisions and regulations, provided that the Fund has acted in good faith and on reasonable grounds and as permitted by applicable laws and regulations.

The Fund fully intends to meet the obligations imposed on it under FATCA. To that end, the Fund has registered with the IRS to be treated as a "Reporting Model 1 FFI" for FATCA purposes. In the unlikely event that the Fund is unable to satisfy its FATCA obligations, the

imposition of any withholding tax may result in material losses to the Fund (or relevant HK Sub-Fund) which has a significant exposure to U.S.-source income. Such tax may have an adverse effect on the Fund (or HK Sub-Fund).

Luxembourg and the U.S. have entered into a Model 1 FATCA intergovernmental agreement (“**IGA**”) meaning that foreign financial institutions (“**FFIs**”) in Luxembourg, like the Fund (or its Sub-Funds), will be required to report tax information about “U.S. reportable accounts” (as such term is defined in the IGA) directly to the Luxembourg tax authorities which will in turn relay that information to the IRS. It is expected that under the IGA, the Fund and/or each Sub-Fund will be treated as a reporting FFI and, therefore, will not be subject to withholding and generally will not be required to withhold on investors under FATCA absent “significant non-compliance” (as determined by the relevant U.S. authority) with its obligations under the IGA.

It is possible that administrative costs of the Fund could increase as a result of complying with FATCA. Shareholders should consult their own tax advisors regarding the possible implications of FATCA on them and the Fund and the requirements with respect to their own situation. In particular, Shareholders who hold their Shares through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer U.S. withholding tax on their investment returns.

Automatic Exchange of Financial Account Information

The Inland Revenue (Amendment) (No. 3) Ordinance (the “**Ordinance**”) of Hong Kong came into force on 30 June 2016. This is the legislative framework for the implementation in Hong Kong of the Standard for Automatic Exchange of Financial Account Information (“**AEOI**”). The AEOI requires financial institutions (“**FI**”) in Hong Kong to collect information relating to non-Hong Kong tax residents holding accounts with FIs, and to file such information with the Hong Kong Inland Revenue Department (“**IRD**”) who in turn will exchange such information with the jurisdiction(s) in which that account holder is resident. Generally, tax information will be exchanged only with jurisdictions with which Hong Kong has a Competent Authority Agreement (“**CAA**”); however, FIs may further collect information relating to residents of other jurisdictions.

By investing in the Fund and/or continuing to invest in the Fund through FIs in Hong Kong, investors acknowledge that they may be required to provide additional information to the relevant FI in order for the relevant FI to comply with AEOI. The investor’s information (and information on beneficial owners, beneficiaries, direct or indirect shareholders or other persons associated with such investors that are not natural persons), may be communicated by the IRD to authorities in other jurisdictions.

Each Shareholder and prospective investor should consult its own professional advisor(s) on the administrative and substantive implications of AEOI on its current or proposed investment in the Fund through FIs in Hong Kong.

India

Indian Income Tax

Indian income tax is imposed by reference to the provisions of the Indian Income Tax Act, which is amended every year by the Finance Act for that year.

The basis of the charge of Indian income tax depends upon the residential status of the taxpayer during a tax year and the nature of the income earned. The Indian tax year runs from 1st April in any year until 31st March in the following year. A company is a resident of India

for the purposes of the Indian Income Tax Act if it is incorporated in India, or the control and the management of its affairs is situated wholly in India. It is intended that Matthews will be treated as a nonresident for the purposes of the Indian Income Tax Act.

A company that is treated as a non-resident for Indian income tax purposes is generally subject to Indian income tax in accordance with the Indian Income Tax Act only on that company's Indian-sourced income or income received in India. Indian-sourced income or income received in India will include dividends declared by Indian companies or mutual funds, interest received in respect of debt instruments issued by Indian companies and capital gains arising on the transfer of Indian securities. The Indian income tax treatment of Indian sourced dividends, interest and capital gains is described in more detail below.

- (i) Under current law, a dividend declared by an Indian company or mutual fund is not taxable in the hands of a corporate shareholder or unitholder and may be paid to a corporate shareholder or unitholder without withholding tax.

The Indian company paying the dividend is subject to dividend distribution tax at the rate of 16.2225% on the dividend distributed. Further, mutual funds, other than equity oriented mutual funds are subject to dividend distribution tax.

- (ii) Indian-sourced interest income earned by a non-resident that is a foreign institutional investor is taxable at a rate of 21.012%⁶ irrespective of the denomination of the debt. The subsidiary should be a foreign institutional investor/sub-account of a foreign institutional investor for these purposes.
- (iii) Gains arising on the sale of securities (including shares) of Indian companies held by a non-resident as capital assets would normally be subject to Indian income tax. The Indian income tax treatment of such gains (and the rate of tax applied to those gains) will vary depending on the nature of the securities, the period for which the securities were held by the non-resident and whether securities transaction tax has not been paid on the transaction (please refer to the disclosure under the section headed "Securities Transaction Tax" below). For example, gains arising from transactions in unlisted equity shares that have been held by a non-resident that is a foreign institutional investor for a period of 12 months or less are subject to tax at 31.518%. Where unlisted equity shares are held by a non-resident that is a foreign institutional investor for a period of more than 12 months, any gains arising on the sale of those shares would be subject to tax at 10.506%⁷.

Indian income tax imposed by the Indian Income Tax Act on a non-resident may be reduced or eliminated by the provisions of an applicable double tax treaty.

A non-resident is required to discharge its tax liabilities for the financial year prior to remittance of the proceeds out of India or year end, whichever is earlier.

The Indian Government has recently published a Draft Direct Taxes Code Bill, 2010 for public comments which could substantially change the Indian tax system if enacted. However, the tax considerations discussed above are based on the current Indian Income Tax Act. This may impact the taxation of Matthews in India, but at this stage it is unclear what those impacts would be.

⁶ Tax rate based on the assumption that income of the corporate FII exceeds INR 10 million during a relevant tax year.

⁷ Same as footnote 6 above.

The intended implementation date for the new Tax Code is 1st April 2012. Considering that the draft legislation is still being reviewed by the Indian Government, there is a possibility that the implementation date may be postponed.

Securities Transaction Tax

All transactions entered into on a recognized stock exchange in India are subject to a securities transaction tax levied on the transaction value at the applicable rates.

Where a purchase or sale of equity shares or units of closed ended equity oriented mutual funds is settled by way of actual delivery or transfer of the relevant shares or units, securities transaction tax is levied at the rate of 0.125% of the consideration given for the sale and is payable by both the buyer and seller of the shares or units. Where such a sale or purchase is not settled by way of actual delivery or transfer, securities transaction tax is levied at the rate of 0.025% of the consideration given for the sale and is payable by the seller of the relevant shares or units. Sellers of derivatives being futures and options are subject to securities transaction tax at the rate of 0.017% on the price at which future is traded or on the option premium. Further, where the options are exercised, the purchasers of options are subject to securities transaction tax at the rate of 0.125% on the settlement price. Redemptions of units in an open ended equity oriented mutual fund are subject to securities transaction tax at the rate of 0.25% of the redemption proceeds.

Securities transaction tax is not applicable to transactions in debt securities, to primary issuances of equity shares by an Indian company or to transactions that are not undertaken on a recognized Indian stock exchange.

Investors may refer to the section headed “Taxation” in the Prospectus for more information on possible tax implications. Investors should inform themselves of, and where appropriate consult their professional advisors on, the possible tax consequences of subscribing for, buying, holding, redeeming, converting, transferring or otherwise disposing of Shares under the laws of their country of citizenship, residence, or domicile or incorporation.

6. REPORTS, ACCOUNTS AND FINANCIAL INFORMATION

The Fund’s accounting year commences on 1 April of each year, and ends on 31 March of the following year.

All financial reports of the Fund, including annual reports and interim reports will be published in English only. Upon receipt of a written request from a registered Shareholder, hard copies of the reports will be made available to such Shareholder. Hard copies of all reports will also be made available at the Hong Kong Representative’s office as mentioned above within four months of the end of the Fund’s financial year for annual reports and within two months for each interim report, of the end of the respective period covered by the relevant interim report.

Shareholders will be notified in writing as and when the Fund’s annual reports and interim reports are available.

7. MEETINGS OF SHAREHOLDERS

As disclosed in further detail in the Prospectus, the Fund will hold annual general meetings of Shareholders. For so long as the relevant HK Sub-Fund remains authorized in Hong Kong, Hong Kong Shareholders will be provided with at least 14 days' prior notice with respect to

general meetings, and at least 21 days' prior notice with respect to general meetings at which a special resolution is to be proposed. Such general meetings will, inter alia, approve the remuneration (if any) payable to each Director of the Fund.

8. AVAILABLE INFORMATION

The Hong Kong Offering Document, reports and dealing prices are also available from the Hong Kong Representative upon request.

Please note that the website(s) mentioned in the Prospectus have not been reviewed by the SFC and may contain information in respect of funds which are not authorized by the SFC and may not be offered to retail investors in Hong Kong.

9. ENQUIRIES AND COMPLAINTS HANDLING

Enquiries and complaints about the Fund should be sent to the Hong Kong Representative by post to:

Brown Brothers Harriman (Hong Kong) Limited
13/F Man Yee Building
68 Des Voeux Road Central
Hong Kong
Telephone: +852 3971 7133
Fax: +852 3971 7134
Email: MatthewsAsiaFunds@bbh.com

10. AVAILABLE DOCUMENTS

Copies of the following documents may be inspected free of charge at the office of, or obtained on payment of a reasonable charge from, the Hong Kong Representative during usual business hours at its Hong Kong address:

- (i) The Hong Kong Offering Document (i.e., the Prospectus, this Supplement and the Product Key Facts Statement relating to each HK Sub-Fund);
- (ii) The Memorandum and Articles of Incorporation of the Fund;
- (iii) The latest audited report of the Fund or, if later, its semi-annual report;
- (iv) An Investment Management Agreement, dated 25 February 2010 and as amended or supplemented from time to time, among the Fund, Matthews and Matthews Global Investors Advisory S.a r.l. ("MGI");
- (v) An Investment Advisory Agreement, dated 25 February 2010 and as amended or supplemented from time to time, between the Fund and MGI;
- (vi) A Distribution Agreement, dated 25 February 2010 and as amended or supplemented from time to time, between the Fund and Matthews;
- (vii) A Depositary Agreement, dated 4 April 2016 and as amended or supplemented from time to time, between the Fund and Brown Brothers Harriman (Luxembourg) S.C.A.;
- (viii) An Administration Agreement, dated 4 April 2016 and as amended or supplemented from time to time, between the Fund and Brown Brothers Harriman (Luxembourg) S.C.A.; and

- (ix) A Hong Kong Representative Agreement, dated 4 April 2016 and as amended or supplemented from time to time, between the Fund and Brown Brothers Harriman (Hong Kong) Limited.

Matthews Asia Funds | Prospectus

May 2018



Société d'investissement à capital variable
Luxembourg

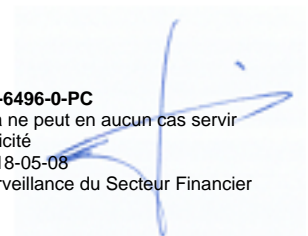


Matthews Asia

VISA 2018/112425-6496-0-PC

L'apposition du visa ne peut en aucun cas servir
d'argument de publicité
Luxembourg, le 2018-05-08

Commission de Surveillance du Secteur Financier



IMPORTANT INFORMATION

MATTHEWS ASIA FUNDS (the “Fund”) is a public limited company (“*société anonyme*”) qualifying as an investment company organized with variable share capital within the meaning of the Luxembourg law of 17 December 2010 on collective investment undertakings. The Fund is a self-managed fund. The Fund’s registered office is at 80, route d’Esch, L-1470 Luxembourg. The Fund was incorporated on 5 February 2010 by a deed of Maître Henri Hellinckx, notary residing in Luxembourg, and published in the Memorial C. *Recueil des Sociétés et Associations* (the “Memorial”), under number 404, on 25 February 2010.

The Articles of Incorporation have been amended for the last time on 31 March 2016 and the last version of the Articles of Incorporation has been published in the Memorial under number 1725 on 14 June 2016.

The Fund is recorded at the Luxembourg Trade and Companies Register under registration reference B151.275. The Fund is registered pursuant to Part I of the 2010 Law. The Fund is authorized by the CSSF.

The Fund is a single legal entity incorporated as an umbrella fund comprised of separate Sub-Funds. Shares in the Fund are shares in a specific Sub-Fund. The Fund may issue Shares of different Classes of Shares in each Sub-Fund; such Classes of Shares may each have specific characteristics. Certain Classes of Shares may be reserved to certain categories of investors. Investors should refer to the appendices of this Prospectus for further information on characteristics of Classes of Shares.

NOTICE TO PROSPECTIVE INVESTORS

The distribution of this Prospectus and the offering or purchase of the Shares may be restricted in certain jurisdictions. No persons receiving a copy of this Prospectus or the accompanying application form in any such jurisdiction may treat this Prospectus or such application form as constituting an invitation to them to subscribe for Shares, nor should they in any event use such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements.

Accordingly, this Prospectus does not constitute an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make such offer or solicitation.

It is the responsibility of any persons in possession of this Prospectus and any person wishing to apply for Shares pursuant to this Prospectus to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for Shares should inform themselves as to the legal requirements of so applying and any applicable exchange control regulations and taxes in the countries of their respective citizenship, residence or domicile.

The Shares are offered only on the basis of the information contained in this Prospectus and, as appropriate, the most recent report and accounts of the Fund. Any further information or representations given or made by any dealer, broker or other person should be disregarded and, accordingly, should not be relied upon. No person has been authorized to give any information or to make any representation in connection with the offering of Shares in the Fund other than those contained in this Prospectus and in any subsequent annual report for the Fund and, if given or made, such information or representations must not be relied on as having been authorized by the Fund, the Directors, the Investment Manager, the Administrative Agent or the Depositary. Certain statements in this Prospectus are based on the law and practice currently in force in the Grand Duchy of Luxembourg at the date hereof and are subject to change. Neither the delivery of this Prospectus nor the issue of Shares shall under any circumstances, create any implication or constitute any representation that the affairs of the Fund have not changed since the date hereof.

All references herein to times and hours are to Luxembourg local time.

UNITED STATES

None of the Shares have been or will be registered under the United States Securities Act of 1933, as amended (the “1933 Act”) or

registered or qualified under applicable state statutes and (except in a transaction which is exempt from registration under the 1933 Act and such applicable state statutes) none of the Shares may be offered or sold, directly or indirectly, in the U.S., or to any U.S. Person (as defined herein) regardless of location. The Fund may, at its discretion, sell Shares to U.S. Persons on a limited basis and subject to the condition that such purchasers make certain representations to the Fund which are intended to satisfy the requirements imposed by U.S. law on the Fund, which limit the number of its Shareholders who are U.S. Persons, and which ensure that the Fund is not engaged in a public offering of its Shares in the U.S.

In addition, the Fund has not been and will not be registered under the United States Investment Company Act of 1940, as amended (the "1940 Act") and investors will not be entitled to the benefits of the 1940 Act. Based on interpretations of the 1940 Act by the staff of the United States Securities and Exchange Commission relating to foreign investment entities, if an investment company has more than 100 beneficial owners of its Shares who are U.S. Persons, the Fund may become subject to the 1940 Act.

The Fund will not knowingly offer or sell Shares to any investor to whom such offer or sale would be unlawful, or if such a sale might result in the Fund incurring any liability to taxation or suffering any other pecuniary disadvantages which the Fund might not otherwise incur or suffer or would result in the Fund being required to register under the 1933 Act or 1940 Act.

However, it is contemplated that the Fund may decide to accept applications for Shares in the Fund from a limited number of accredited investors (as defined in the 1933 Act) in the U.S. provided that the Fund receives evidence satisfactory to it that the sale of Shares to such an investor is exempt from registration under the securities laws of the U.S. including, but not limited to, the 1933 Act and that, in all events there will be no adverse tax consequences to the Fund or to Shareholders as a result of such a sale.

The foregoing information is based on the law and practice currently in force in the U.S. and is based on the Board of Directors understanding of such law and practice. The information is not exhaustive and, if potential investors are in any

doubt as to their position in regard to the foregoing, they should consult their professional adviser. Investors should note that such law and practice as well as its interpretation can change and that such changes may alter the benefits of investment in the Fund.

CANADA

The Shares will not be publicly offered in Canada. Any offering of Shares in Canada will be made only by way of private placement: (i) pursuant to a Canadian offering memorandum containing certain prescribed disclosure, (ii) on a basis which is exempt from the requirement that the Fund prepare and file a prospectus with the relevant Canadian securities regulatory authorities and pursuant to applicable requirements in the relevant Canadian jurisdictions, and (iii) to persons or entities that are "permitted clients" (as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and On-going Registrant Obligations).

Neither the Fund nor the Investment Manager is registered in any capacity in any jurisdiction in Canada and may rely on one or more exemptions from various registration requirements in certain Canadian jurisdictions. If a Canadian-resident investor, or an investor that has become a Canadian-resident after purchasing Shares, is required to be a "permitted client" and does not qualify, or no longer qualifies, as a "permitted client", the investor will not be able to purchase any additional Shares and may be required to redeem its outstanding Shares.

FINLAND

The Fund has notified the Finnish financial supervisory authority (the "FIN-FSA") of its intention to publicly distribute certain Classes of Shares in Finland.

Applications for subscription, redemption and conversion of Shares should be sent to the Transfer Agent.

The Prospectus, KIIDs, Articles of Incorporation, the audited annual report and unaudited semi-annual report of the Fund may be obtained free of charge from the Transfer Agent. Any additional information which is available at the registered office of the Fund will also be available at the Transfer Agent.

Subscription prices, redemption prices and conversion prices are available at the offices of the Transfer Agent.

Tax regulations and the practices of financial authorities are constantly subject to change. Because of the complexity of Finnish tax law, it is recommended that investors contact a tax adviser regarding the effect on their individual tax situation.

FRANCE

The Fund has notified the French financial supervisory authority (the “AMF”) of its intention to publicly distribute certain Classes of Shares in France.

The Centralising Correspondent and Paying Agent for the Fund in France is

CACEIS Bank France
1-3 Place Valhubert
75013 Paris, France

Applications for subscription, redemption and conversion of Shares should be sent to the Transfer Agent but may also be sent to the Centralising Correspondent and Paying Agent for onward transmission to the Transfer Agent. Shareholders resident in France may request to have all payments (redemption proceeds, distributions and any other payments) to be made for their benefit through the French Centralising Correspondent and Paying Agent.

The Prospectus, KIIDs, Articles of Incorporation, the audited annual report and unaudited semi-annual report of the Fund may be obtained free of charge and in paper form from the French Centralising Correspondent and Paying Agent. Any additional information which is available at the registered office of the Fund will also be available at the French Centralising Correspondent and Paying Agent.

Subscription prices, redemption prices and conversion prices are available at the offices of the Transfer Agent and the French Centralising Correspondent and Paying Agent.

Tax regulations and the practices of financial authorities are constantly subject to change. Because of the complexity of French tax law, it is recommended that investors contact a tax adviser regarding the effect on their individual tax situation.

GERMANY

The Fund has notified the German financial supervisory authority (the “BaFin”) of its intention to publicly distribute certain Classes of Shares in Germany.

The Paying and Information Agent for the Fund in Germany is:

BNP Paribas Securities Services S.C.A
Zweigniederlassung
Europa-Allee 12
60327 Frankfurt am Main
Germany

Applications for subscription, redemption and conversion of Shares should be sent to the Transfer Agent but may also be sent to the German Paying and Information Agent for onward transmission to the Transfer Agent. Shareholders resident in Germany may request to have all payments (redemption proceeds, distributions and any other payments) to be made for their benefit through the German Paying and Information Agent. The Prospectus, KIIDs, Articles of Incorporation, the audited annual report and unaudited semi-annual report of the Fund may be obtained free of charge and in paper form from the German Paying and Information Agent. Any additional information which is available at the registered office of the Fund will also be available at the German Paying and Information Agent. Any notices to Shareholders will be published on the Fund’s website at <https://global.matthewsasias.com/>.

Subscription prices, redemption prices and conversion prices are available at the offices of the Transfer Agent and the German Paying and Information Agent, as well as published at www.wmdaten.de and www.fundinfo.com.

Tax regulations and the practices of financial authorities are constantly subject to change. Because of the complexity of German tax law, it is recommended that investors contact a tax adviser regarding the effect on their individual tax situation.

ITALY

The Fund has notified the Italian financial supervisory authority (the “Consob”) of its intention to publicly distribute certain Classes of Shares in Italy.

Investors should note that as at the date of this Prospectus, only the following Sub-Funds are authorized for public sale in Italy:

- Asia Dividend Fund
- Pacific Tiger Fund

Applications for subscription, redemption and conversion of Shares should be sent to the Transfer Agent.

The Prospectus, KIIDs, Articles of Incorporation, the audited annual report and unaudited semi-annual report of the Fund may be obtained free of charge from the Transfer Agent. Any additional information which is available at the registered office of the Fund will also be available at the Transfer Agent.

Subscription prices, redemption prices and conversion prices are available at the offices of the Transfer Agent.

Tax regulations and the practices of financial authorities are constantly subject to change. Because of the complexity of Italian tax law, it is recommended that investors contact a tax adviser regarding the effect on their individual tax situation.

SINGAPORE

The offer or invitation which is the subject of this Prospectus does not relate to a collective investment scheme which is authorized under Section 286 of the Securities and Futures Act (Chapter 289) of Singapore (the "SFA") or recognized under Section 287 of the SFA. The Fund is not authorized or recognized by the Monetary Authority of Singapore (the "MAS") and Shares are not allowed to be offered to the retail public in Singapore. This Prospectus is not a prospectus as defined in the SFA. Accordingly, statutory liability under the SFA in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

As this Prospectus has not been registered as a prospectus with the MAS, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Shares may not be circulated or distributed, nor may Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an accredited investor or other relevant

person, and in accordance with the conditions, specified in Section 305 of the SFA, (ii) to an institutional investor as specified in Section 304 of the SFA, or (iii) in accordance with the conditions of any other applicable provisions of the SFA, as the same may be amended from time to time. Shares subscribed or purchased pursuant to Sections 304 or 305 of the SFA may only be transferred in accordance with provisions of Sections 304A and 305A of the SFA respectively.

Where the Shares are acquired under Section 305 of the SFA by a relevant person which is a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the securities (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for 6 months after that corporation has acquired the Shares under Section 305 except:

- (a) to an institutional investor or to a relevant person as defined in Section 305(5) or arising from an offer under Section 275(1A) of the SFA;
- (b) where no consideration is given for the transfer; or
- (c) where the transfer is by operation of law.

Where the Shares are acquired under Section 305 of the SFA by a relevant person which is a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments, and each beneficiary is an individual who is an accredited investor, the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that trust has acquired the Shares under Section 305 except:

- (a) to an institutional investor or to a relevant person as defined in Section 305(5) of the SFA or arising from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) (or such other amount as may be prescribed under the SFA) for each

transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets;

- (b) where no consideration is given for the transfer; or
- (c) where the transfer is by operation of law.

SPAIN

The Fund has notified the Spanish financial supervisory authority (the “CNMV”) of its intention to publicly distribute certain Classes of Shares in Spain.

Applications for subscription, redemption and conversion of Shares should be sent to the Transfer Agent.

The Prospectus, KIIDs, Articles of Incorporation, the audited annual report and unaudited semi-annual report of the Fund may be obtained free of charge from the Transfer Agent. Any additional information which is available at the registered office of the Fund will also be available at the Transfer Agent.

Subscription prices, redemption prices and conversion prices are available at the offices of the Transfer Agent.

Tax regulations and the practices of financial authorities are constantly subject to change. Because of the complexity of Spanish tax law, it is recommended that investors contact a tax adviser regarding the effect on their individual tax situation.

SWEDEN

The Fund has notified the Swedish financial supervisory authority (the “SFSA”) its intention to publicly distribute certain Classes of Shares in Sweden.

The Paying and Information Agent for the Fund in Sweden is:

MFEX Mutual Funds Exchange AB
Grev Turegatan 19, Box 5378
102 49 Stockholm
Sweden

Applications for subscription, redemption and conversion of Shares should be sent to the Transfer Agent but may also be sent to the Paying and Information Agent for onward transmission to the Transfer Agent. Shareholders resident in Sweden may request to have all

payments (redemption proceeds, distributions and any other payments) to be made for their benefit through the Swedish Paying and Information Agent.

The Prospectus, KIIDs, Articles of Incorporation, the audited annual report and unaudited semi-annual report of the Fund may be obtained free of charge and in paper form from the Swedish Paying and Information Agent. Any additional information which is available at the registered office of the Fund will also be available at the Swedish Paying and Information Agent.

Subscription prices, redemption prices and conversion prices are available at the offices of the Transfer Agent.

Tax regulations and the practices of financial authorities are constantly subject to change. Because of the complexity of Swedish tax law, it is recommended that investors contact a tax adviser regarding the effect on their individual tax situation.

SWITZERLAND

The Fund has notified the Swiss financial supervisory authority (the “FINMA”) of its intention to publicly distribute certain Classes of Shares in Switzerland.

Investors should note that as at the date of this Prospectus, only the following Sub-Funds are authorized for public sale in Switzerland:

- Asia Dividend Fund
- China Fund
- India Fund
- Pacific Tiger Fund

1. Representative

The representative in Switzerland is:

1741 Fund Solutions AG
Burggraben 16
9000 St. Gallen
Switzerland

2. Paying agent

The paying agent in Switzerland is:

Notenstein La Roche Privatbank AG
Bohl 17
P.O Box
9004 St. Gallen
Switzerland

3. Location at which the relevant documentation is available

The Prospectus, KIIDs, Articles of Incorporation, as well as the annual and semi-annual reports may be obtained free of charge from the Swiss Representative.

4. Publications

- (a) Publications concerning the foreign collective investment scheme are made in Switzerland on fundinfo AG (www.fundinfo.com).
- (b) Each time units are issued or redeemed, the issue and redemption prices or the net asset value together with a reference stating “excluding commissions” are published daily for all share classes on fundinfo AG (www.fundinfo.com).

5. Payment of retrocessions and rebates

- (a) The Fund and its agents may pay retrocessions as remuneration for distribution activity in respect of fund units in or from Switzerland. This remuneration may be deemed payment for the following services in particular:
 - Administrative services
 - On-going operational support
 - Recordkeeping
 - Sub-accounting
 - Dividend payment processing
 - Proxy voting
 - Tax reporting
 - Shareholder communications

Retrocessions are not deemed to be rebates even if they are ultimately passed on, in full or in part, to the investors.

The recipients of the retrocessions must ensure transparent disclosure and inform investors, unsolicited and free of charge, about the amount of remuneration they may receive for distribution.

On request, the recipients of retrocessions must disclose the amounts they actually receive for distributing the collective investment schemes of the investors concerned.

- (b) In the case of distribution activity in or from Switzerland, the Fund and its agents may, upon request, pay rebates

directly to investors. The purpose of rebates is to reduce the fees or costs incurred by the investor in question. Rebates are permitted provided that:

- They are paid from fees received by the Fund and therefore do not represent an additional charge on the fund assets;
- They are granted on the basis of objective criteria;
- All investors who meet these objective criteria and demand rebates are also granted these within the same timeframe and to the same extent.

The objective criteria for the granting of rebates by the Fund are as follows:

- The volume subscribed by the investor or the total volume they hold in the collective investment scheme or, where applicable, in the product range of the promoter;
- The amount of the fees generated by the investor;
- The investment behavior shown by the investor (*e.g.* expected investment period);
- The investor’s willingness to provide support in the launch phase of a collective investment scheme.

At the request of the investor, the Fund must disclose the amounts of such rebates free of charge.

6. Place of performance and place of jurisdiction

In respect of the units distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the Representative.

7. Language

The distribution of this Prospectus in certain countries may require that this Prospectus and the KIIDs be translated into the languages specified by the regulatory authorities of those countries. Notwithstanding anything to the contrary in this Prospectus, should any inconsistency arise between the translated and the English version of this Prospectus, the English version will always prevail. With the

exclusive exception being that the text of the signed German prospectus and KIIDs, as they were submitted to the FINMA, prevail in the legal relationship between the foreign collective investment scheme and the holders of the units distributed in Switzerland or from Switzerland.

UNITED KINGDOM

The Fund is categorized as a “recognized scheme” in the United Kingdom under Section 264 of the Financial Services and Markets Act 2000, as amended (FSMA).

In connection with the Fund’s recognition under Section 264 of FSMA, the Fund has appointed the following UK Facilities Agent to maintain the facilities required of the operator of a recognized scheme pursuant to the rules contained in the Collective Investment Schemes Sourcebook published by the Financial Conduct Authority (FCA) as part of the FCA’s Handbook of Rules and Guidance:

BNP Paribas Securities Services
10 Harewood Avenue
London, NW1 6AA
United Kingdom

Applications for subscription, redemption and conversion of Shares should be sent to the Transfer Agent but may also be sent to the UK Facilities Agent for onward transmission to the Transfer Agent. Subscription prices, redemption prices and conversion prices are available at the offices of the Transfer Agent and the UK Facilities Agent. Fees and expenses of the UK Facilities Agent are charged at normal commercial rates.

Facilities will be maintained at the offices of the UK Facilities Agent so that any person who has a complaint to make about the operation of the Fund may submit the complaint for transmission to the Fund.

The Prospectus, KIIDs, Articles of Incorporation, the audited annual report and unaudited semi-annual report of the Fund may be obtained free of charge from the UK Facilities Agent. Any additional information which is available at the registered office of the Fund will also be available at the UK Facilities Agent.

This Prospectus is issued in the United Kingdom by Matthews Global Investors (UK) Limited (FRN 667893), which is authorized and

regulated in the conduct of its investment business by the FCA.

Potential investors should be aware that some or all of the rules made under FSMA for the protection of retail clients will not apply to an investment in the Fund and compensation under the Financial Services Compensation Scheme will not generally be available. Any individual who is in doubt about an investment to which this Prospectus relates should consult an authorized person specializing in advising on investments of this kind.

The Fund will make available on an annual basis the reportable excess income of each Sub-Fund which may be subject to specific tax treatment in the United Kingdom. Shareholders resident in the United Kingdom may obtain this information on the Fund’s website or by contacting the Administrative Agent. For further information on applicable taxes in the United Kingdom, please see the section of the Prospectus entitled “*Taxation – UK Tax Consideration.*”

DATA PROTECTION

Pursuant to the Luxembourg Data Protection law of 2002 (as amended from time to time), and, after replacement, Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (“EU General Data Protection Regulation”), any personal data that is furnished in connection with an investment in the Fund may be held on computers and processed by the Investment Manager, Global Distributor, Administrative Agent, Depository, Distributors (each as defined hereafter) or their delegates as Data Processor, as appropriate, with the latter however only acting on documented instruction from the Fund, behaving as data controller. Personal data processed will be as follows: investor’s name, investor’s address, tax identification number(s) of the investor, date and place of birth of the investor, account number of the investor or its functional equivalent (the “Personal Data”). Personal Data may be processed for the purposes of carrying out the services of the Investment Manager, Global Distributor, Distributors or Administrative Agent and to comply with legal obligations, including legal obligations under applicable company law and anti-money laundering legislation as well as other applicable regulation like the FATCA Law and the CRS Law (as defined below under section “Taxation – 4. FATCA and CRS”). Personal Data may be used in connection with investments in other investment fund(s) managed or administered by the Investment Manager and its affiliates (“Matthews”). Personal Data shall be disclosed to third parties where necessary for legitimate business interests only. This may include disclosure to third parties such as auditors, regulators, and agents of the Investment Manager, Global Distributor, Administrative Agent, Depository, or Distributors who process such data, (whether these parties are situated in the United States or elsewhere), for the purposes of surveillance of market timing activities, for anti-money laundering purposes, or for compliance with foreign regulatory requirements.

No Personal Data shall be disclosed without prior specific written authorization of the Fund.

By subscribing to the Fund, investors consent to the processing of their Personal Data and the disclosure of their Personal Data by the parties above in the parties’ legitimate interest, to Matthews, including to companies situated in countries outside of the European Economic Area, which may not have the same data protection laws as in Luxembourg. The transfer of data to the aforementioned entities may transit via and/or be processed in countries which may not have data protection requirements deemed equivalent to those prevailing in the European Economic Area. Further details with respect to the companies to which Personal Data might be disclosed as well as the related processes/treatments involving such data can be found in the Matthews’ subscription form. Investors may request access to, rectification of or deletion of any data provided to any of the parties above or stored by any of the parties above in accordance with applicable data protection legislation.

Reasonable measures have been taken to ensure confidentiality of the Personal Data transmitted within Matthews. However, due to the fact that the information is transferred electronically and made available outside of Luxembourg, the same level of confidentiality and the same level of protection in relation to data protection regulation as currently in force in Luxembourg may not be guaranteed while the information is kept abroad.

Matthews will accept no liability with respect to any unauthorized third party receiving knowledge of or having access to such Personal Data, except in the case of negligence by Matthews. Investors have a right of access and of rectification of the Personal Data in cases where such data is incorrect or incomplete by writing to the Fund at the following address:

Matthews Asia Funds
c/o Matthews International Capital Management, LLC
Four Embarcadero Center, Suite 550
San Francisco, CA 94111
United States of America

Personal Data shall not be held for longer than necessary with regard to the purpose of the data processing, and after expiration of such period, existing copies will be deleted.

Matthews and/or the Administrative Agent may use telephone recording procedures to record any conversation. Investors are deemed to consent to the tape-recording of conversations with Matthews and/or the Administrative Agent and to the use of such tape recordings by the Fund and/or Matthews and/or the Administrative Agent in legal proceedings or otherwise at their discretion.

The Fund draws the investors' attention to the fact that any investor will only be able to fully exercise his or her investor rights directly against the Fund, notably the right to participate in general shareholders' meetings if the investor is registered him or herself and in his or her own name in the shareholders' register of the Fund. In cases where an investor invests in the Fund through an intermediary investing into the Fund in its own name but on behalf of the investor, it may not always be possible for the investor to exercise certain shareholder rights directly against the Fund. Investors are advised to seek their own professional advice on their rights.

MATTHEWS ASIA FUNDS

Société d'Investissement à Capital Variable

Registered office: 80, route d'Esch

L-1470 Luxembourg

Grand Duchy of Luxembourg

R.C.S. Luxembourg B 151275

BOARD OF DIRECTORS

William J. Hackett (Chairman)

Chief Executive Officer

Matthews International Capital Management, LLC

Four Embarcadero Center, Suite 550

San Francisco, CA 94111

United States of America

Hanna E. Duer (Independent Director)

370, route de Longwy

L-1940 Luxembourg

Grand Duchy of Luxembourg

Richard Goddard (Independent Director)

The Director's Office S.A.

19, rue de Bitbourg

L-1273 Luxembourg

Grand Duchy of Luxembourg

John P. McGowan

Head of Fund Administration

Matthews International Capital Management, LLC

Four Embarcadero Center, Suite 550

San Francisco, CA 94111

United States of America

Timothy B. Parker

Director

Matthews Global Investors (Hong Kong) Limited

Two Pacific Place, Suite 3602

88 Queensway

Admiralty, Hong Kong

DELEGATES OF THE BOARD OF DIRECTORS

Richard Goddard

The Director's Office S.A.

19, rue de Bitbourg

L-1273 Luxembourg

Grand Duchy of Luxembourg

Timothy B. Parker

Director

Matthews Global Investors (Hong Kong) Limited

Two Pacific Place, Suite 3602

88 Queensway
Admiralty, Hong Kong

**INVESTMENT MANAGER AND
GLOBAL DISTRIBUTOR**

Matthews International Capital Management, LLC
Four Embarcadero Center, Suite 550
San Francisco, CA 94111
United States of America

INVESTMENT ADVISOR

Matthews Global Investors S.à r.l.
19, rue de Bitbourg
L-1273 Luxembourg
Grand Duchy of Luxembourg

DEPOSITARY

Brown Brothers Harriman (Luxembourg) S.C.A.
80, route d'Esch
L-1470 Luxembourg
Grand Duchy of Luxembourg

**ADMINISTRATIVE AGENT, DOMICILIARY AGENT,
REGISTRAR AND TRANSFER AGENT AND PAYING AGENT**

Brown Brothers Harriman (Luxembourg) S.C.A.
80, route d'Esch
L-1470 Luxembourg
Grand Duchy of Luxembourg

AUDITORS

Deloitte Audit S.à r.l.
560, rue de Neudorf
L-2220 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISORS

Arendt & Medernach S.A.
41A, Avenue J.F. Kennedy
L-2082 Luxembourg
Grand Duchy of Luxembourg

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DEFINITIONS

In this Prospectus, in addition to words and phrases specifically defined elsewhere in this Prospectus, the following words and phrases have the meaning set forth below:

<i>2010 Law</i>	The Luxembourg Law of 17 December 2010 regarding undertakings for collective investment, as may be amended.
<i>Accounting Period</i>	Each period ending on 31 March with the first accounting period ending on 31 March 2011.
<i>Administrative Agent</i>	Brown Brothers Harriman (Luxembourg) S.C.A. or such other company as may for the time being be appointed as administrator to the Fund.
<i>Administration Fee</i>	The administration fee which the Investment Adviser is entitled to receive out of the assets of each Sub-Fund as provided in each Sub-Fund's Appendix.
<i>Articles of Incorporation</i>	The articles of incorporation of the Fund.
<i>Base Currency</i>	The currency in which the accounts of the Fund and/or the Sub-Funds will be prepared.
<i>Board of Directors</i>	The board of directors of the Fund.
<i>Business Day</i>	A day on which banks in Luxembourg are open for business (excluding 24 December) unless otherwise defined in an Appendix.
<i>Class(es)</i>	Any class of Shares of any Sub-Fund issued by the Fund each as described in section 2 "The Shares" of the General Information part of the Prospectus, in the relevant Sub-Fund's appendix and in the Articles of Incorporation.
<i>Class Currency</i>	In respect of any Class of Shares, the currency in which Shares are issued.
<i>Controlling Person</i>	The natural persons who exercise control over an entity. In the case of a trust, the settlor(s), the trustee(s), the protector(s) (if any), the beneficiary(ies) or class(es) of beneficiaries, and any other natural person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term means persons in equivalent or similar positions. The term "Controlling Person" must be interpreted in a manner consistent with the Financial Action Task Force Recommendations.
<i>CRS</i>	Common Reporting Standard.
<i>CSSF</i>	<i>Commission de Surveillance du Secteur Financier</i> , the Luxembourg supervisory authority of the financial sector.
<i>Depository</i>	Brown Brothers Harriman (Luxembourg) S.C.A. or such other company as may for the time being be appointed as depository to the Fund.
<i>Directors</i>	The members of the Board of Directors for the time being and any successors to such members as they may be appointed from time to time.

<i>Directive 2004/39/EC</i>	Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, as may be amended from time to time.
<i>Directive 2013/34/EU</i>	Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 43/349/EEC, as may be amended from time to time.
<i>Distribution Agreement</i>	The agreement entered into between the Fund and the Global Distributor governing the appointment of the Global Distributor, as may be amended or supplemented from time to time.
<i>Distributor</i>	Any entity appointed for the distribution of the Fund's Shares from time to time.
<i>Domiciliary</i>	Brown Brothers Harriman (Luxembourg) S.C.A. or such other company as may for the time being be appointed as domiciliary to the Fund.
<i>Eligible State</i>	Any Member State or any other state in Eastern and Western Europe, Asia, Africa, Australia, North and South America and Oceania.
<i>EU</i>	The European Union.
<i>EUR</i>	The single currency of participating member states of the European Monetary Union introduced on 1 st January 1999.
<i>FATCA</i>	Foreign Account Tax Compliance Act.
<i>Fund</i>	Matthews Asia Funds, an investment company organized under Luxembourg law as a <i>société anonyme</i> qualifying as a <i>société d'investissement à capital variable</i> ("SICAV").
<i>GBP</i>	Great British Pound, the lawful currency of the United Kingdom.
<i>Global Distributor</i>	The global distributor agent appointed by the Fund in accordance with the provisions of the 2010 Law and the Distribution Agreement, as identified in this section "Definitions."
<i>Group of Companies</i>	Companies which are included in the same group for the purposes of consolidated accounts, as defined in accordance with Directive 2013/34/EU or in accordance with recognized international accounting rules.
<i>Hedged Share Class(es)</i>	A separate Class of Shares within each Sub-Fund that includes "Hedged" in its name.
<i>Institutional Investor</i>	An institutional investor as defined for the purposes of the 2010 Law and by the administrative practice of the CSSF.
<i>Investment Advisor</i>	Matthews Global Investors S.à r.l. and/or such company or companies as may for the time being be appointed as investment advisor to the Fund. If such companies are appointed, this Prospectus will be updated accordingly.

<i>Investment Manager</i>	Matthews International Capital Management LLC, and/or such company or companies as may for the time being be appointed as investment manager to the Fund. If such companies are appointed, this Prospectus will be updated accordingly.
<i>JPY</i>	Japanese Yen, the lawful currency of Japan.
<i>KIIDs</i>	The Key Investor Information Documents.
<i>Management Fee</i>	The management fee which the Investment Advisor is entitled to receive out of the net assets of each Sub-Fund as provided in each Sub-Fund Appendix.
<i>Member State</i>	The member states of the EU. The states that are contracting parties to the agreement creating the EEA other than the member states of the EU are considered equivalent to the member states of the EU.
<i>Money Market Instruments</i>	Instruments normally dealt in on the money market which are liquid and have a value which can be accurately determined at any time.
<i>Net Asset Value or NAV</i>	The total net asset value of a Sub-Fund or a Class of Shares calculated as described in this Prospectus.
<i>Net Asset Value per Share</i>	The net asset value per Share calculated as described in this Prospectus.
<i>Other Regulated Market</i>	A market which is regulated, operates regularly and is recognized and open to the public, namely a market (i) that meets the following cumulative criteria: liquidity; multilateral order matching (general matching of bid and ask prices in order to establish a single price); transparency (the circulation of complete information in order to give clients the possibility of tracking trades, thereby ensuring that their orders are executed on current conditions); (ii) on which the securities are dealt in at a certain fixed frequency, (iii) which is recognized by a state or by a public authority which has been delegated by that state or by another entity which is recognized by that State or by that public authority such as a professional association; and (iv) on which the securities dealt in are accessible to the public.
<i>Paying Agent</i>	Brown Brothers Harriman (Luxembourg) S.C.A. or such other company as may, for the time being, be appointed as paying agent to the Fund.
<i>Predominant Currency</i>	The currency in which all or most of the assets of the relevant Sub-Fund are denominated.
<i>Prospectus</i>	Refers to the present document.
<i>Registrar and Transfer Agent</i>	Brown Brothers Harriman (Luxembourg) S.C.A. or such other company as may for the time being be appointed as registrar and transfer agent to the Fund.
<i>Regulated Market</i>	A market defined in item 14 of Article 4 of the European Parliament and the Council Directive 2004/39/EC of 21 April 2004 on markets in financial instruments, as may be amended from time to time, as well as any other market in an Eligible State which is regulated, operates regularly and is recognized and open to the public.

<i>RESA</i>	<i>Recueil électronique des sociétés et associations.</i>
<i>Restricted Person</i>	Any person considered as a Restricted Person in the opinion of the Board of Directors according to the criteria set out in article eight of the Articles of Incorporation.
<i>SFTs</i>	Securities financing transactions, which are defined in the SFTR as a repurchase or reverse-repurchase transaction, securities lending and securities borrowing, a buy-sell back transaction or sell-buy back transaction or a margin lending transaction.
<i>SFTR</i>	Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012.
<i>Shareholder</i>	A holder of Shares.
<i>Shares</i>	Shares of any Class of Shares of any Sub-Fund issued by the Fund as described in section 2 “The Shares” of the General Information part of the Prospectus, in the relevant Sub-Fund’s appendix and in the Articles of Incorporation.
<i>Share Class</i>	Any class of Shares of any Sub-Fund issued by the Fund each as described in the section 2 “The Shares” of the General Information part of the Prospectus, in the relevant Sub-Fund’s appendix and in the Articles of Incorporation.
<i>Sub-Fund(s)</i>	One or several compartments (sub-funds) created within the Fund in accordance with article 181 of the 2010 Law which are distinguished mainly by their specific investment policies described in the Appendices to this Prospectus.
<i>Total Expense Ratio</i>	The ratio of a Sub-Fund's total expenses to its total assets. A Sub-Fund's total expenses includes the Management and Administrative Fees, administration charges, depositary charges, distribution charges, professional charges of the auditors and legal advisers, registration charges and duties. A Sub-Fund's total expenses do not include fees paid directly by an investor, such as subscription and redemption fees nor any commissions or other costs on portfolio transactions.
<i>Transferable Securities</i>	Shares in companies and other securities equivalent to shares in companies, bonds, and other forms of securitized debt, and any other negotiable securities which carry the right to acquire any such transferable securities by subscription or exchange.
<i>UCI</i>	Undertakings for Collective Investment.
<i>UCITS</i>	Undertakings for Collective Investment in Transferable Securities.
<i>UCITS Directive</i>	Directive 2009/65/EC of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, amended by Directive 2014/91/EU of the European Parliament and Council of 23 July 2014 as regards depositary functions, remuneration policies and sanctions and as may be further amended in the future.
<i>U.S. or United States</i>	The United States of America, its territories and possessions (including the States and the District of Columbia).

<i>USD</i>	United States Dollars, the lawful currency of the United States.
<i>U.S. Person</i>	The term “U.S. Person” shall have the same meaning as in (i) Regulation S of the 1933 Act, as amended; (ii) as defined in CFTC rule 4.7; and/or (iii) as defined in any other applicable law, regulation or rule (including but not limited to FATCA). The Board of Directors may further define the term “U.S. Person.”
<i>Valuation Day</i>	Each day on which the Net Asset Value per Share is calculated as specified in the relevant Appendix to this Prospectus for each Sub-Fund.
<i>Valuation Point</i>	A time determined by the Board of Directors for each Valuation Day for the valuation of the assets.

INVESTMENT POLICIES AND RESTRICTIONS

1. Investment Objectives and Policies

The objective of the Fund is to provide investors with access to markets of the Asia Pacific region, through diversification of investments. Each Sub-Fund will have a specific investment objective as detailed in the relevant Appendix.

Investments of each Sub-Fund must comply with the provisions of the 2010 Law. The investment restrictions and policies set out in this section apply to all Sub-Funds, without prejudice of any specific rules adopted for a Sub-Fund, as described in its Appendix. The Board of Directors may impose additional investment guidelines for each Sub-Fund from time to time, for instance where it is necessary to comply with local laws and regulations in countries where Shares are distributed. Each Sub-Fund should be regarded as a separate UCITS for the purposes of the present section.

- I (1) The Fund, for each Sub-Fund, may invest in:
- (a) Transferable Securities and Money Market Instruments admitted to or dealt in on a Regulated Market;
 - (b) Transferable Securities and Money Market Instruments dealt in on an Other Regulated Market in a Member State;
 - (c) Transferable Securities and Money Market Instruments admitted to an official listing on a stock exchange in an Eligible State or dealt in on an Other Regulated Market in a Eligible State;
 - (d) Recently issued Transferable Securities and Money Market Instruments, provided that the terms of issue include an undertaking that application will be made for admission to official listing on a stock exchange in an Eligible State or dealing on a Regulated Market or an Other Regulated Market referred to under a) to c) above and such admission is secured within one year of the issue;
 - (e) Shares or units of UCITS and/or other UCIs, whether situated in a Member State or not, provided that:
 - such other UCIs are authorized under laws which provide that they are subject to supervision considered by the CSSF to be equivalent to that laid down in EU law and that cooperation between authorities is sufficiently ensured;
 - the level of protection for shareholders or unitholders in such other UCIs is equivalent to that provided for shareholders or unitholders in a UCITS, and in particular that the rules on assets segregation, borrowing, lending, and uncovered sales of Transferable Securities and Money Market Instruments are equivalent to the requirements of the UCITS Directive;
 - the business of such other UCIs is reported in half-yearly and annual reports to enable an assessment of the assets and liabilities, income and operations over the reporting period;
 - no more than 10% of the assets of the UCITS or of the other UCIs, whose acquisition is contemplated, can, according to their constitutional documents, in aggregate be invested in units of other UCITS or other UCIs.
 - (f) Deposits with credit institutions that are repayable on demand or have the right to be withdrawn, and maturing in no more than 12 months, provided that the credit institution has its registered office in a Member State or, if the registered office of

the credit institution is situated in a Member State, provided that it is subject to prudential rules considered by the CSSF as equivalent to those laid down in EU law;

- (g) Financial derivative instruments, including equivalent cash-settled instruments, dealt in on a Regulated Market or an Other Regulated Market referred to in a) to c) above and/or financial derivative instruments dealt in over-the-counter (“OTC derivatives”), provided that:
- The underlying consists of instruments covered by this section I(1), financial indices, interest rates, foreign exchange rates or currencies, in which the Sub-Funds may invest according to their investment objective;
 - The counterparties to OTC derivative transactions are institutions subject to prudential supervision, and belonging to the categories approved by the CSSF;
 - The OTC derivatives are subject to reliable and verifiable valuation on a daily basis and can be sold, liquidated or closed by an offsetting transaction at any time at their fair value at the Fund's initiative;

and/or

- (h) Money Market Instruments other than those dealt in on a Regulated Market or dealt in on an Other Regulated Market, if the issue or the issuer of such instruments is itself regulated for the purpose of protecting investors and savings, and provided that such instruments are:
- Issued or guaranteed by a central, regional or local authority or by a central bank of a Member State, the European Central Bank, the EU or the European Investment Bank, a non-Member State or, in case of a Federal State, by one of the members making up the federation, or by a public international body to which one or more Member States belong;
 - Issued by an undertaking any securities of which are listed on a stock exchange or dealt in on a Regulated Market or an Other Regulated Market referred to in a) to c) above;
 - Issued or guaranteed by an establishment subject to prudential supervision, in accordance with criteria defined by EU law, or by an establishment which is subject to and complies with prudential rules considered by the CSSF to be at least as stringent as those laid down by EU law; or
 - Issued by other bodies belonging to the categories approved by the CSSF provided that investments in such instruments are subject to investor protection equivalent to that laid down in the first, the second or the third indent above and provided that the issuer (i) is a company whose capital and reserves amount to at least ten million EUR (EUR 10,000,000), (ii) which presents and publishes its annual accounts in accordance with Directive 2013/34/EU, (iii) is an entity which, within a Group of Companies which includes one or several listed companies, is dedicated to the financing of the group, or (iv) is an entity which is dedicated to the financing of securitization vehicles which benefit from a banking liquidity line.

- (2) In addition, the Fund may invest a maximum of 10% of the net assets of any Sub-Fund in Transferable Securities and Money Market Instruments other than those referred to under (1) above.
- II Liquid assets held to cover exposure to financial derivative instruments do not fall under this section. Each Sub-Fund may exceptionally and temporarily hold liquid assets on a principal basis if the Board of Directors considers this to be in the best interest of its shareholders.
- III (a) (i) The Fund will invest no more than 10% of the net assets of any Sub-Fund in Transferable Securities and Money Market Instruments issued by the same issuing body.
- (ii) The Fund may not invest more than 20% of the net assets of any Sub-Fund in deposits made with the same body.
- (iii) The risk exposure of a Sub-Fund to a counterparty in an OTC derivative transaction may not exceed 10% of its net assets when the counterparty is a credit institution referred to in I (1) (f) above or 5% of its net assets in other cases.
- (b) Moreover, where the Fund holds on behalf of a Sub-Fund, investments in Transferable Securities and Money Market Instruments of issuing bodies which individually exceed 5% of the net assets of such Sub-Fund, the total of all such investments must not account for more than 40% of the total net assets of such Sub-Fund.
- This limitation does not apply to deposits and OTC derivative transactions made with financial institutions subject to prudential supervision.
- Notwithstanding the individual limits laid down in sub-paragraph (a) the Fund may not combine, where this would lead to investment of more than 20% of its assets in a single body, for each Sub-Fund:
- Investments in Transferable Securities or Money Market Instruments issued by a single body;
 - Deposits made with a single body; and/or
 - Exposures arising from OTC derivative transactions undertaken with a single body.
- (c) The limit of 10% laid down in sub-paragraph III(a)(i) above is increased to a maximum of 35% in respect of Transferable Securities or Money Market Instruments which are issued or guaranteed by a Member State, its public local authorities, or by Eligible State, or by public international bodies of which one or more Member States belong.
- (d) The limit of 10% laid down in sub-paragraph III(a)(i) above is increased to 25% for certain bonds when they are issued by a credit institution which has its registered office in a Member State and is subject by law, to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of these bonds must be invested in conformity with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in case of bankruptcy of the issuer, would be used on a priority basis for the repayment of principal and payment of the accrued interest.
- If a Sub-Fund invests more than 5% of its net assets in the bonds referred to in this sub-paragraph and issued by one issuer, the total value of such

investments may not exceed 80% of the net assets of the Sub-Fund.

- (e) The Transferable Securities and Money Market Instruments referred to in sub-paragraphs III(c) and (d) shall not be included in the calculation of the limit of 40% in sub-paragraph (b).

The limits set out in sub-paragraphs III(a), (b), (c) and (d) may not be aggregated and, accordingly, investments in Transferable Securities or Money Market Instruments issued by the same issuing body, in deposits or in derivative instruments effected with the same issuing body may not, in any event, exceed a total of 35% of any Sub-Fund's net assets;

Companies which are part of the same group for the purposes of the establishment of consolidated accounts, as defined in accordance with directive 2013/2013/34/EU or in accordance with recognized international accounting rules, are regarded as a single body for the purpose of calculating the limits contained in this paragraph III(a) to (e).

The Fund may cumulatively invest up to 20% of the net assets of a Sub-Fund in Transferable Securities and Money Market Instruments within the same group.

- (f) **Notwithstanding the above provisions, the Fund is authorized to invest up to 100% of the net assets of any Sub-Fund, in accordance with the principle of risk spreading, in Transferable Securities and Money Market Instruments issued or guaranteed by a Member State, by its local authorities or agencies, or by another member State of the OECD, by a member State of the G20, by Singapore, Brazil, Russia, India or South Africa or by public international bodies of which one or more Member States are members, provided that such Sub-Fund must hold securities from at least six different issues and securities from one issue do not account for more than 30% of the net assets of such Sub-Fund.**

- IV (a) Without prejudice to the limits laid down in paragraph V, the limits provided in paragraph III(a) to (e) are raised to a maximum of 20% for investments in shares and/or bonds issued by the same issuing body if the aim of the investment policy of a Sub-Fund is to replicate the composition of a certain stock or bond index which is recognized by the CSSF and meets the following criteria :

- The index's composition is sufficiently diversified,
- The index represents an adequate benchmark for the market to which it refers,
- The index is published in an appropriate manner and disclosed in the relevant Sub-Fund's investment policy.

- (b) The limit laid down in sub-paragraph (a) is raised to 35% where this proves to be justified by exceptional market conditions, in particular on Regulated Markets where certain Transferable Securities or Money Market Instruments are highly dominant. The investment up to this limit is only permitted for a single issuer.

- V (a) The Fund may not acquire shares carrying voting rights which should enable it to exercise significant influence over the management of an issuing body.

- (b) The Fund may acquire no more than:
- 10% of the non-voting shares of the same issuer;
 - 10% of the debt securities of the same issuer;

- 25% of the shares or units of the same UCITS or other UCI.
- 10% of the Money Market Instruments of the same issuer.

These limits under second and fourth indents may be disregarded at the time of acquisition, if at that time the gross amount of debt securities or of the Money Market Instruments cannot be calculated.

The provisions of paragraph V (a) and (b) shall not be applicable to Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or its local authorities or by any Eligible State, or issued by public international bodies of which one or more Member States are members.

These provisions are also waived as regards shares held by the Fund in the capital of a company incorporated in a Eligible State which invests its assets mainly in the securities of issuing bodies having their registered office in that state, where under the legislation of that state, such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that state provided that the investment policy of the company from the Eligible State complies with the limits laid down in paragraph III(a) to (e), V(a) and (b) and VI.

The provision of paragraph V(a) and (b) above shall not be applicable to shares held in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country/state where the subsidiary is located, in regard to the repurchase of the shares at the shareholders request exclusively on its or their behalf.

- VI (a) The Fund may acquire units of the UCITS and/or other UCIs referred to in paragraph I(1)(e), provided that no more than 10% of a Sub-Fund's net assets be invested in aggregate in the units of such UCITS or other UCIs, unless otherwise provided for in the relevant Appendix, in which case no more than 20% of a Sub-Fund's net assets will be invested in the shares or units of a single UCITS or other UCI.

Investments made in shares or units of UCIs other than UCITS may not in aggregate exceed 30% of the net assets of a Sub-Fund.

For the purpose of the application of this investment limit, each sub-fund of a UCI with multiple sub-funds is to be considered as a separate issuer provided that the principle of segregation of the obligations of the various sub-funds vis-à-vis third parties is ensured.

- (b) The underlying investments held by the UCITS or other UCIs in which the Fund invests do not have to be considered for the purpose of the investment and borrowing restrictions set forth under III (a) to (e) above.
- (c) When the Fund invests in the units of UCITS and/or other UCIs that are managed, directly or by delegation, by the same management company or by any other company with which the management company is linked by common management or control, or by a substantial direct or indirect holding, that management company or other company may not charge subscription or redemption fees on account of the Fund's investment in the shares or units of such other UCITS and/or UCIs.

In respect of a Sub-Fund's investments in UCITS and other UCIs linked to the Fund as described in the preceding paragraph, the total management fee (excluding any performance fee, if any) charged to such Sub-Fund and each of the UCITS or other UCIs concerned shall not exceed 5% of the relevant net assets under management. The Fund will indicate in its annual report the

total management fees charged both to the relevant Sub-Fund and to the UCITS and other UCIs in which such Sub-Fund has invested during the relevant period.

- (d) The Fund may acquire no more than 25% of the units of the same UCITS or other UCI. This limit may be disregarded at the time of acquisition if at that time the net amount of the units in issue cannot be calculated at the Sub-Fund level.
- (e) The Fund may not borrow for the account of any Sub-Fund amounts in excess of 10% of the net assets of that Sub-Fund, any such borrowings (i) to be effected only on a temporary basis or (ii) to enable the acquisition of immovable property essential for the direct pursuit of its business.

Where the Fund is authorized to borrow under points (i) and (ii), that borrowing shall not exceed 15% of its net assets in total.

However, the Fund may acquire foreign currencies by means of back to back loans.

- (f) Without prejudice to the possibility of the Sub-Funds to acquire debt securities and to hold bank deposits, the Fund may not grant loans to or act as guarantor on behalf of third parties. This restriction shall not prevent the Fund from acquiring Transferable Securities, Money Market Instruments or other financial instruments referred to in I(1)(e), (g) and (h) which are not fully paid.
- (g) The Fund may not carry out uncovered sales of Transferable Securities, Money Market Instruments or other financial instruments.
- (h) The Fund may only acquire movable or immovable property which is essential for the direct pursuit of its business, provided that the limits indicated in item (a) above are complied with.
- (i) The Fund may not acquire either precious metals or certificates representing them or hold any option, right or interest therein. Investments in debt instruments linked to, or backed by the performance of, commodities or precious metals do not fall under this restriction.

- VII (a) The Fund need not comply with the limits laid down in the chapter “Investment Policies and Restrictions” of the Prospectus when exercising subscription rights attaching to Transferable Securities or Money Market Instruments which form part of its assets. While ensuring observance of the principle of risk spreading, recently created Sub-Funds may derogate from paragraphs III(a) to (e), IV and VI(a) and (b) for a period of six months following the date of their creation.
- (b) If the limits referred to in sub-paragraph (a) of section VII of chapter “Investment Policies and Restrictions” of the Prospectus are exceeded for reasons beyond the control of the Fund or as a result of the exercise of subscription rights, it must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interest of its Shareholders.
- (c) To the extent that an issuer is a legal entity with multiple sub-funds where the assets of the sub-fund are exclusively reserved to the investors in such sub-fund and to those creditors whose claim has arisen in connection with the creation, operation or liquidation of that sub-fund, each sub-fund is to be considered as a separate issuer for the purpose of the application of the risk spreading rules set out in paragraphs III (a) to (e), IV and VI.

- (d) The Fund will comply with such further restrictions as may be required by the regulatory authorities in any country in which the Shares are marketed. Such additional restrictions will be disclosed in this Prospectus.

VIII FINANCIAL DERIVATIVE INSTRUMENTS

As specified in section I (1) (e) above, the Fund may in respect of each Sub-Fund invest in financial derivative instruments.

The Fund shall ensure that the global exposure of each Sub-Fund relating to financial derivative instruments does not exceed the total net assets of that Sub-Fund.

The global exposure relating to financial derivative instruments is calculated taking into account the current value of the underlying assets, the counterparty risk, foreseeable market movements and the time available to liquidate the positions. This shall also apply to the following sub-paragraphs.

Each Sub-Fund may invest, as a part of its investment policy and within the limits laid down in section I (1)(g) and section III(e), in financial derivative instruments provided that the exposure to the underlying assets does not exceed in aggregate the investment limits laid down in sections III. When a Sub-Fund invests in index-based financial derivative instruments, these investments do not have to be combined with the limits laid down in section III. When a Transferable Security or Money Market Instrument embeds a financial derivative instrument, the latter must be taken into account when complying with the requirements of these instrument restrictions. The Sub-Funds may use financial derivative instruments for investment purposes and for hedging purposes, within the limits of the 2010 Law. Under no circumstances shall the use of these instruments and techniques cause a Sub-Fund to diverge from its investment policy or objective or substantially increase the stated risk profile of the Sub-Fund. The risks against which the Sub-Funds could be hedged may be, for instance, market risk, foreign exchange risk, interest rates risk, credit risk, volatility or inflation risks.

- IX Under the conditions and within the limits laid down by the 2010 Law, the Fund may, to the widest extent permitted by Luxembourg laws and regulations (i) create any Sub-Fund qualifying either as a feeder UCITS (a “Feeder UCITS”) or as a master UCITS (a “Master UCITS”), (ii) convert any existing Sub-Fund into a Feeder UCITS or Master UCITS, or (iii) change the Master UCITS of any of its Feeder UCITS. A Feeder UCITS shall invest at least 85% of its assets in the units of another Master UCITS. A Feeder UCITS may hold up to 15% of its assets in one or more of the following:

- (a) ancillary liquid assets in accordance with Article 41 (2), second paragraph of the 2010 Law;
- (b) financial derivative instruments, which may be used only for hedging purposes in accordance with Article 41 (1)(g) and Articles 42 (2) and (3) of the 2010 Law;
- (c) movable and immovable property which is essential for the direct pursuit of the Fund’s business.

For the purposes of compliance with section VIII above, the Feeder UCITS shall calculate its global exposure relating to financial derivative instruments by combining its own direct exposure under the second indent of the preceding paragraph with either:

- (a) the Master UCITS' actual exposure to financial derivative instruments in proportion to the Feeder UCITS' investment into the Master UCITS; or
- (b) the Master UCITS' potential maximum global exposure to financial derivative instruments provided for in the Master UCITS' management regulations or instruments of incorporation in proportion to the Feeder UCITS' investment into the Master UCITS.

Should a Sub-Fund qualify as a Feeder UCITS, a description of all remuneration and reimbursement of costs payable by the Feeder UCITS by virtue of its investments in shares/units of the Master UCITS, as well as the aggregate charges of both the Feeder UCITS and the Master UCITS, shall be disclosed in the relevant Sub-Fund's Appendix. In its annual report, the Fund shall include a statement on the aggregate charges of both the Feeder UCITS and the Master UCITS.

- X A Sub-Fund (the "Investing Fund") may subscribe, acquire and/or hold securities to be issued by one or more Sub-Funds (each, a "Target Fund") without the Fund being subject to the requirements of the law of 10 August 1915 on commercial companies, as amended, with respect to the subscription, acquisition and/or the holding by a company of its own shares, under the condition however that:
- (a) the Target Fund does not, in turn, invest in the Investing Fund invested in this Target Fund; and
 - (b) no more than 10% of the assets of the Target Fund whose acquisition is contemplated may, according to its investment policy, be invested in shares or units of other UCITS or other UCIs; and
 - (c) the Investing Fund may not invest more than 20% of its net assets in units of a single Target Fund; and
 - (d) the voting right linked to the securities of the Target Fund are suspended during the period of investment; and
 - (e) for as long as these securities are held by the Investing Fund, their value will not be taken into consideration for the calculation of the net assets of the Fund for the purposes of verifying the minimum threshold of the net assets imposed by the 2010 Law; and
 - (f) to the extent required by applicable laws and regulations there is no duplication of management/subscription or redemption fees between those at the level of the Investing Fund having invested in the Target Fund, and this Target Fund.

Use of Techniques and Instruments Relating to Transferable Securities and Money Market instruments

To the maximum extent allowed by, and within the limits set forth in, the 2010 Law as well as any present or future related Luxembourg laws or implementing regulations, circulars and CSSF's positions, in particular the provisions of (i) article 11 of the Grand-Ducal regulation of 8 February 2008 relating to certain definitions of the 2002 Law; (ii) CSSF Circular 08/356 relating to the rules applicable to undertakings for collective investments when they use certain techniques and instruments relating to Transferable Securities and Money Market Instruments (as these pieces of regulations may be amended or replaced from time to time); (iii) CSSF Circular 14/592 relating to the European Securities Markets Authority (ESMA) Guidelines on ETFs and other UCITS issues; and (iv) SFTR each Sub-Fund may for the purpose of generating additional capital or income or for reducing costs or risks engage in securities lending transactions and enter, either as purchaser or seller, into optional as well as non-optional repurchase transactions

The counterparties to the transactions described below must be a first class financial institution from OECD subject to prudential supervision rules considered by the CSSF as equivalent to those prescribed by EU law and specialized in this type of transaction and approved by the Investment Manager, that specializes in this type of transaction and that is of good reputation and with a minimum credit rating of investment grade.

Any transaction expenses in connection with any techniques and instruments referred to below will be met by the Sub-Fund concerned.

All revenues arising from efficient portfolio management techniques, net of direct and indirect operational costs and fees, will be returned to the relevant Sub-Fund. In particular, fees and costs may be paid to agents of the Fund and other intermediaries providing services in connection with efficient portfolio management techniques as normal compensation of their services. Such fees may be calculated as a percentage of gross revenues earned by the Fund through the use of such techniques. Information on direct and indirect operational costs and fees that may be incurred in this respect as well as the identity of the entities to which such costs and fees are paid – as well as any relationship they may have with the Depositary or the Investment Manager – will also be available in the annual report of the Fund.

Repurchase/Reverse Repurchase Agreements

Repurchase agreements, also known as “repos”, are financial instruments used in securities and money markets.

Where specified in the relevant Appendix, the Fund, for that Sub-Fund, may invest in securities subject to repurchase agreements executed with high quality financial institutions specialized in this type of transaction. Under such agreements, the seller agrees with the buyer, upon entering into the contract, to repurchase the securities at a mutually agreed upon time and price, thereby determining the repo rate during the time of the agreement. This investment technique permits the buyer to earn a fixed rate of return independent from market fluctuations during such period. During the lifetime of a repurchase agreement, the buyer may not sell the securities which are the subject of the agreement either before the repurchase of the securities by the counterparty has been carried out or before the repurchase period has expired.

The provisions of CSSF Circular 14/592, CSSF Circular 08/356 and SFTR shall at all time be complied with.

The Fund will ensure to maintain the importance of purchased securities subject to a repurchase obligation at a level such that it is able, at all times to meet redemption requests from its shareholders. In addition the Fund will ensure that all repurchase agreements may be terminated at any time and that the securities, or objects of such repurchase agreement, may be recalled at any time.

The Fund may act either as a seller (in a repo) or as a buyer (a reverse repo).

For the time being, none of the Sub-Funds enter into repurchase agreements and/or firm repurchase transactions as buyer or seller of securities or instruments. Should any Sub-Funds enter into such transactions in the future, it would be expressly detailed in the relevant Appendix of the Sub-Fund.

Securities Lending

Securities lending transactions consist of transactions whereby a lender transfers securities or instruments to a borrower, subject to a commitment that the borrower will return equivalent securities or instruments on a future date or when requested to do so by the lender, such transaction being considered as securities lending for the party transferring the securities or instruments and being considered as securities borrowing for the counterparty to which they are transferred.

Where specified in the relevant Appendix, a Sub-Fund may enter into securities lending transactions as lender of securities or instruments subject to the provision of this section.

In relation to securities lending transactions, the Fund must in principle receive for the Sub-Fund concerned, securities of a value which at the time of the conclusion of the lending agreement must be at least equal to the value of the global valuation of the securities lent.

All securities lending transactions will be entered into on arms-length commercial terms. The written consent of the Board of Directors is required for any such transactions that are entered into with the Investment Manager or Investment Adviser or its connected persons.

For the time being, none of the Sub-Funds enter into securities lending transactions. Should any Sub-Funds enter into such transactions in the future, it would be expressly detailed in the relevant Appendix of the Sub-Fund.

Collateral Policy

In relation to securities lending transactions and in accordance with its collateral policy, the Fund will ensure that its counterparty delivers and each day maintains collateral of at least the market value of the securities lent. Such collateral must be in the form of:

- (i) liquid assets (*i.e.*, cash and short term bank certificates, Money Market Instruments as defined in Council Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provision relating to certain UCITS as regards the clarification of certain definitions) and their equivalent (including letters of credit and a guarantee at first-demand given by a first class credit institution not affiliated with the counterparty);
- (ii) bonds issued or guaranteed by a member state of the OECD or their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope;
- (iii) shares or units issued by money market UCIs calculating a net asset value on a daily basis and assigned a rating of AAA or its equivalent;
- (iv) shares or units issued by UCITS investing mainly in bonds/shares satisfying the conditions under (v) and (vi) hereafter;
- (v) bonds issued or guaranteed by first class issuers offering an adequate liquidity;
or
- (vi) shares admitted to or dealt in on a Regulated Market or on a stock exchange of a member state of the OECD, provided that these shares are included in a main index.

Each Sub-Fund may invest in financial derivative instruments that are traded “over-the-counter” (“OTC”) including, without limitation, total return swaps or other financial derivative instruments with similar characteristics, in accordance with the conditions set out in this section and the investment objective and policy of the Sub-Fund as detailed in the relevant Appendix.

When using OTC derivatives and/or efficient portfolio management techniques, assets provided as collateral by the counterparties to such transactions may take the form of the assets listed above and shall always comply with the criteria provided by the CSSF Circular 14/592 or any applicable laws or regulations. When exposure arising from OTC financial derivative transactions and efficient portfolio management techniques exceeds 10% of the net assets of a Sub-Fund, the level of collateral received shall at all times equal at least 100% (taking into account any haircut) of the exceeding counterparty exposure.

Where a Sub-Fund enters into OTC financial derivative transactions and efficient portfolio management techniques, all collateral used to reduce counterparty risk exposure should comply with the following criteria at all times:

- (i) liquidity: any collateral received other than cash should be highly liquid and traded on a regulated market or multilateral trading facility with transparent pricing;
- (ii) valuation: collateral received should be valued on at least a daily basis and assets that exhibit high price volatility should not be accepted as collateral unless suitability conservative haircuts are in place;
- (iii) issuer credit quality: collateral received should be of high quality;

- (iv) correlation: the collateral received by the Sub-Fund should be issued by an entity that is independent from the counterparty and is expected not to display a high correlation with the performance of the counterparty;
- (v) collateral diversification: any collateral received other than cash should not represent more than 20% of the Sub-Fund's net asset value, even if the Sub-Fund is exposed to different counterparties; and
- (vi) safe-keeping: Collateral must be held by the Depositary or its delegate.

As the case may be, cash collateral received by each Sub-Fund in relation to any of these transactions may be reinvested in a manner consistent with the investment objectives of such Sub-Fund in (a) shares or units issued by short-term money market undertakings for collective investment as defined in the CESR's Guidelines on a common definition of European money market funds (Ref.: CESR/10-049) and the ESMA Opinion 2014/1103, (b) short-term bank deposits, (c) high-quality government bonds issued or guaranteed by an EU member state, Switzerland, Canada, Japan or the United States or by their local authorities or by supranational institutions and undertakings with EU, regional or world-wide scope, and (d) reverse repurchase agreement transactions according to the provisions described under section XII. Article 43. J) of ESMA Guidelines on ETFs and other UCITS issues released by the CSSF under CSSF Circular 14/592. Each Sub-Fund is also authorized to reinvest cash collateral received in any other type of assets which would be or become authorized from time to time by the 2010 Law. Such reinvestment will be taken into account for the calculation of each concerned Sub-Fund's global exposure, in particular if it creates a leverage effect.

Collateral will be valued, on a daily basis, using available market prices and taking into account appropriate discounts for each asset class, and the nature of the collateral received, such as the issuer's credit standing, the maturity, currency, price volatility of the assets and, where applicable, the outcome of liquidity stress tests under normal and exceptional liquidity conditions. For the valuation of the collateral presenting a significant risk of value fluctuation, the Fund will apply prudent discount rates. Except as otherwise decided by the Fund on a case by case basis, a discount of 20% will be applied for shares or convertible bonds which are comprised in a main index, and 15% for debt and debt-related securities issued by a non-governmental issuer rated at least BBB- by at least one ratings agency. Collateral in the form of cash deposits in a currency other than the relevant Base Currency is also subject to a discount of 10%.

Non cash collateral received shall not be re-invested, sold or pledged.

Cash collateral received by a Sub-Fund should be:

- (i) placed on deposit with entities prescribed in section I.A.6) of this Prospectus;
- (ii) invested in high-quality government bonds;
- (iii) used for the purpose of reverse repo transactions provided the transactions are with credit institutions subject to prudential supervision and that the Fund, for each Sub-Fund, is able to recall at any time the full amount of cash on accrued basis;
- (iv) invested in short-term money markets funds.

The counterparties to any OTC financial derivative transactions, such as total return swaps or other financial derivative instruments with similar characteristics, entered into by the Fund, for each Sub-Fund, are selected from a list of authorized counterparties established with the Investment Manager. The counterparties will be first class institutions, from OECD which are either credit institutions or investment firms, which are subject to prudential supervision and specialized in the relevant type of transaction, being of good reputation and with a minimum credit rating of investment grade.

The risk exposure to a counterparty generated through efficient portfolio management techniques and OTC financial derivatives must be combined when calculating counterparty risk limits referred to under section “Risks Considerations.”

The annual report of the Fund will contain details of (i) the identity of such counterparties, (ii) the underlying exposure obtained through financial derivative transactions, and (iii) the type and amount of collateral received by the Sub-Funds to reduce counterparty exposure.

All revenues arising from total return swaps or other financial derivative instruments with similar characteristics (including, where applicable, Swap Agreements), net of fees and costs, will be returned to the Sub-Fund. The Fund may pay fees and costs, such as brokerage fees and transaction costs, to agents or other third parties for services rendered in connection with total return swaps or other financial derivative instruments with similar characteristics, upon entering into such swaps or other instruments and/or any increase or decrease of their notional amount, and/or out of the revenues paid to a Sub-Fund under such swap or other instruments, as compensation for their services. Recipients of such fees and costs may be affiliated with the Fund or the Investment Manager, as may be applicable, as permitted by applicable laws. Fees may be calculated as a percentage of revenues earned by the Fund through the use of such swaps or other instruments. If the Sub-Fund makes use of such swaps or other instruments, additional information on revenues earned through the use of such swaps or other instruments, the fees and costs incurred in this respect as well as the identity of the recipients thereof, will be available in the annual report.

For the time being, none of the Sub-Funds intend to enter into total return swaps. Should that change in the future, the intent to enter into total return swaps would be expressly detailed in the relevant Appendix of the Sub-Fund.

XI Additional Investment Restrictions

Direct investments by any Sub-Fund in China A Shares of Chinese companies shall not exceed 30% of its net assets.

RISK CONSIDERATIONS

Investment in the Fund carries a high degree of risk including, but not limited to, the risks referred to below. No assurance can be given that Shareholders will realize a profit on their investment. Moreover, Shareholders may lose some or all of their investment. The risks referred to below do not purport to be exhaustive. Potential investors should review this Prospectus carefully, in its entirety, and consult with their professional advisers before making an application for Shares.

1. General Risks

Political, Social and Economic Risks

The value of the Fund's assets may be adversely affected by political, economic, social and religious instability; inadequate investor protection; changes in laws or regulations of countries within the Asia Pacific region (including countries in which the Fund invests, as well as the broader region); international relations with other nations; natural disasters; corruption and military activity. The Fund may have difficulty in obtaining or enforcing judgments against companies of Asia Pacific countries or their management. Furthermore, the economies of many Asia Pacific countries differ from the economies of more developed countries in many respects, such as rate of growth, inflation, capital reinvestment, resource self-sufficiency, financial system stability, the national balance of payments position and sensitivity to changes in global trade. The governments of certain countries have placed restrictions on the operational freedom of private enterprise, and have or may nationalize privately owned assets including companies held by the Fund. From time to time, a relatively small number of companies and industries may represent a large portion of the total stock market in a particular country or region, and these companies and industries may be especially sensitive to adverse social, political, economic or regulatory developments. Asia Pacific countries also have different accounting standards, corporate disclosure, governance and regulatory requirements than do more developed countries. As a result, there may be less publicly available information about companies in Asia Pacific countries. There is generally less governmental regulation of stock exchanges, brokers and issuers than in more developed countries, which may result in less transparency with respect to a company's operations. The economies of many Asia Pacific countries are dependent on exports and global trade and some have limited natural resources (such as oil), resulting in dependence on foreign sources for certain raw materials, and vulnerability to global fluctuations in price or supply. Changes in the economies or markets of the main trading partners of Asia Pacific countries, could negatively impact the growth prospects of Asia Pacific countries and markets.

A decline in the markets of other countries could result in a significant decline in Asia Pacific markets. Because each Sub-Fund concentrates its investments in a single region of the world (or in a single country within that region), a Sub-Fund's performance may be more volatile than that of funds that invest globally. If securities of Asia Pacific countries (or the securities of companies from individual countries in the region) fall out of favor, it may cause the Fund to underperform funds that do not concentrate in a single region or country.

Currency Risks

When Sub-Funds buy or sell securities in an Asia Pacific market, the transaction is usually undertaken in the local currency rather than in USD. To execute such transactions, the Sub-Fund must purchase or sell a specified amount of the local currency, which exposes the Sub-Fund to the risk that the value of the foreign currency will increase or decrease. Similarly, when the Sub-Fund receives income from Asia Pacific securities, the Sub-Fund receives local currency rather than USD. As a result, the value of that Sub-Fund's portfolio holdings as well as the income derived from these holdings may be impacted. Additionally, Asia Pacific countries may utilize formal or informal currency-exchange controls (or "capital controls"). Currency controls may artificially affect the value of the Sub-Fund's holdings and may negatively impact the Sub-Fund's ability to calculate its NAV. Such controls may also restrict or prohibit the Sub-Fund's ability to repatriate both investment capital and income; this, in turn, may undermine the value of the Sub-Fund's holdings and potentially place the Sub-Fund's assets at risk of total loss. In extreme circumstances, such as the imposition of capital controls that

substantially limit repatriation, the Sub-Fund may suspend Shareholders' redemption privileges for an indefinite period.

Where a Class of Shares is denominated in another currency than the Base Currency of the Sub-Fund, each investor will make an investment in that currency, which will be converted into the Base Currency and invested. Such subscriptions may be hedged by the Sub-Fund to seek to minimize foreign currency risk although no guarantee can be given that the foreign currency risk is eliminated or that a hedge will be successful. The cost of the hedging will be borne by that Class of Shares not denominated in the Base Currency.

Class Currency Hedging Risks

The Investment Manager may seek to hedge all or any portion of the foreign currency exposure of a Class of Shares denominated in a currency other than the Predominant Currency through foreign exchange hedging ("Class Currency Hedging"). There can be no assurance that foreign exchange hedging will be effective. Foreign exchange hedging may not fully protect investors from a decline in the value of the Predominant Currency against the Class Currency of the relevant Class of Shares because, among other reasons, the valuations of the underlying assets of the Sub-Fund used in connection with foreign exchange hedging could be materially different from the actual value of such assets at the time the foreign exchange hedging is implemented, or because a substantial portion of the assets of the Sub-Fund may lack a readily ascertainable market value. In addition, while foreign exchange hedging aims to protect investors from a decline in the Predominant Currency against the relevant Class Currency of the Class of Shares, it is not intended to protect investors against fluctuations in the Predominant Currency against the Base Currency or any other currency. To the extent Class Currency Hedging is employed, investors in the relevant share class will not generally benefit when the Predominant Currency appreciates against the Class Currency of the relevant Class of Shares and the value of the relevant Class of Shares will be exposed to fluctuations reflecting the profits and losses on, and the costs of, the foreign exchange hedging.

Any Class Currency Hedging utilized by a Sub-Fund will be solely for the benefit of the relevant Class of Shares and the profits, losses and costs related thereto will be for the account of such relevant Class of Shares only. Notwithstanding the foregoing, the techniques and instruments used to implement any foreign exchange hedging will constitute assets and liabilities of the Sub-Fund as a whole.

In addition, foreign exchange hedging will generally require the use of a portion of a Sub-Fund's assets for margin or settlement payments or other purposes. Moreover, due to volatility in the currency markets and changing market circumstances, the Investment Manager may not be able to accurately predict future margin requirements, which may result in a Sub-Fund holding excess or insufficient cash and liquid securities for such purposes. Where a Sub-Fund does not have cash or assets available for such purposes, the Sub-Fund may be unable to comply with its contractual obligations, including without limitation, failing to meet margin calls or settlement or other payment obligations. If a Sub-Fund defaults on any of its contractual obligations, the Sub-Fund and its Shareholders may be materially adversely affected.

Risks Associated with Emerging Markets

Many Asia Pacific countries are considered emerging markets. Investing in emerging markets involves the political, social, economic, and currency risks described above, as well as different and greater risks than investing in more developed markets because, among other things, emerging markets are often less stable politically and economically, and their markets are smaller and less developed. Their stock exchanges and brokerage industries do not have the level of government oversight as do those in more developed countries. Securities markets of such countries are substantially smaller, less liquid and more volatile than securities markets in more developed countries. Local regulation frequently imposes limits (collars) on intra-day changes in trading prices for securities, which may artificially constrain trading volume and distort market pricing mechanisms. Many markets also require the suspension of trading in securities at times or for reasons that are unusual in developed markets (*e.g.*, trading may be suspended prior to shareholder meetings or in

connection with the distribution of dividends, stock splits or other corporate actions). Trading suspensions may make a determination of the Fund's NAV more difficult and may result in the security being treated as being illiquid during the suspension. The absence of negotiated brokerage commissions in certain countries may result in higher brokerage and other fees. The procedures and rules governing foreign transactions and custody also may involve delays in payment, delivery or recovery of money or investments. In addition, standards related to corporate governance may be weaker, and transactions with or among management may be less transparent. As a result, the rights of the Fund and other independent Shareholders may be adversely impacted in corporate actions. Brokerage commissions, custodian services fees, withholding taxes and other costs relating to investment in emerging markets are generally higher than in developed markets.

Furthermore the following risks should be considered:

Legal Environment

- The interpretation and application of decrees and legislative acts often can be uncertain or inconsistent, particularly in respect of matters relating to taxation.
- Legislation could be imposed retrospectively or may be issued in the form of internal regulations that the public may not be made aware of.
- Judicial independence and political neutrality cannot be guaranteed.
- State bodies and judges may not adhere to the requirements of the law and the relevant contract.
- There is no certainty that investors will be compensated in full or in part for any damage incurred or loss suffered as a result of legislation imposed or decisions of state bodies or judges.
- Some markets (such as the People's Republic of China ("China")) are only beginning to develop the concept of legal/formal ownership and of beneficial ownership and consequently how a beneficial owner of the relevant securities exercises and enforces its rights over such securities in the courts is yet to be tested.

Market and Settlement Risks

- The securities markets of some countries lack the liquidity, efficiency, and regulatory and supervisory controls of more developed markets.
- Lack of liquidity may adversely affect the value or ease of disposal of assets.
- The share register may not be properly maintained and the ownership interests may not be, or remain, fully protected.
- Registration of securities may be subject to delay and during the period of delay it may be difficult to prove beneficial ownership of the securities or assert the rights of a beneficial owner.

Taxation

- Investors should note in particular that the proceeds from the sale of securities in some markets or the receipt of any dividends or other income may be, or may become subject to taxes, levies, duties or other fees or charges imposed by the authorities in that market, including taxation levied by withholding at the source. Tax law and practice in certain countries into which a Sub-Fund invests or may invest in the future may not be clearly established. It is possible therefore that the current interpretation of the law or understanding of practice might change, or that the law might be changed with retrospective effect. It is therefore possible that the Fund could become subject to additional taxation in such countries that is not anticipated either at the date of the Prospectus or when investments are made, valued or disposed of.

These factors make the prices of securities of emerging market companies, especially smaller companies, in which the Fund may invest, generally more volatile than the prices of securities of companies in developed markets, and increase the risk of loss to the Fund.

Exchange of information (FATCA/CRS)

Under the terms of the regulations known as FATCA and CRS, the Fund is likely to be treated as a Reporting (Foreign) Financial Institution (“FI” or “FFI”). As such, the Fund may require all investors to provide documentary evidence of their tax residence and any other information deemed necessary to comply with the above mentioned regulations.

Should the Fund become subject to a withholding tax and/or to penalties as a result of non-compliance under the FATCA Law (as defined below) and/or penalties as a result of non-compliance under the CRS Law (as defined below), the value of the Shares held by all Shareholders may be materially affected.

Furthermore, the Fund may also be required to withhold tax on certain payments to its Shareholders who would not be compliant with FATCA (i.e. the so-called foreign pass-through payments withholding tax obligation).

Risks Associated with Smaller Companies

Smaller companies may offer substantial opportunities for capital growth; they also involve substantial risks, and investments in smaller companies may be considered speculative. Such companies often have limited product lines, markets or financial resources. Smaller companies may be more dependent on one or few key persons and may lack depth of management. Larger portions of their stock may be held by a small number of investors (including founders and management) 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. In addition, credit may be more difficult to obtain (and on less advantageous terms) than for larger companies. As a result, the influence of creditors (and the impact of financial or operating restrictions associated with debt financing) may be greater than in larger or more established companies. Both of these factors may dilute the holdings, or otherwise adversely impact the rights of the Fund and smaller shareholders in corporate governance or corporate actions.

Small companies also may be unable to generate funds necessary for growth or development, or be developing or marketing new products or services for which markets are not yet established and may never become established. The Fund may have more difficulty obtaining information about smaller companies, making it more difficult to evaluate the impact of market, economic, regulatory and other factors on them. Informational difficulties may also make valuing or disposing of their securities more difficult than it would for larger companies. Securities of smaller companies may trade less frequently and in lesser volume than more widely held securities and the securities of such companies generally are subject to more abrupt or erratic price movements than more widely held or larger, more established companies or the market indices in general. Among the reasons for the greater price volatility are the less certain growth prospects of smaller companies, the lower degree of liquidity in the markets for such securities, and the greater sensitivity of smaller companies to changing economic conditions. For these and other reasons, the value of securities of smaller companies may react differently to political, market and economic developments than the markets as a whole or than other types of stocks.

Risks Associated with Medium-Size Companies

Medium-size companies may be subject to a number of risks not associated with larger, more established companies, potentially making their stock prices more volatile and increasing the risk of loss.

Trading Markets and Depositary Receipts

Securities of companies from the Asia Pacific region typically are listed on their respective stock exchanges, but may also be traded on other markets within or outside of the Asia Pacific region.

Certain countries have established different share classes (or “tranches”) for local and foreign investors. Typically, foreign tranches are limited in volume, in part, to restrict foreign investment. Foreign investors, such as the Fund, as holders of securities purchased in a foreign tranche are entitled to voting rights and to participate in corporate actions. However, when a foreign tranche is filled (that is, all shares allocated to that tranche have been sold and the secondary market is not active), the Fund may invest in the domestic tranche. As the holder of securities purchased in a domestic tranche, the Fund may not be entitled to voting rights or to participate in corporate actions. Alternatively, the Fund may pay a premium to acquire securities from the foreign tranche. Asia Pacific securities may also trade in the form of depositary receipts, including American, European and Global Depositary Receipts. Although depositary receipts have risks similar to the securities that they represent, they may also involve higher expenses, and may lack fungibility, which may result in their trading at a discount (or premium) to the underlying security. In addition, depositary receipts may not pass through voting and other shareholder rights, and may be less liquid than the underlying securities listed on an exchange.

Volatility

The smaller size and lower levels of liquidity in the markets of developing countries, as well as other factors may result in changes in the prices of Asia Pacific securities that are more dramatic, or volatile, than those of companies in more developed regions. This volatility can cause the NAV to go up or down dramatically. Volatility in the price of an investment can be disadvantageous because you may have planned, or may need, to sell your investment at a time when its value has decreased.

Credit Ratings

In this Prospectus, references are made to credit ratings of debt securities, which measure an issuer’s expected ability to pay principal and interest over time (but not other risks, including market risks). Credit ratings are determined by rating organizations, such as Moody’s Investors Service, Inc. (“Moody’s”), Standard & Poor’s Corporation (“S&P”) and Fitch Inc. (“Fitch”), based on their view of past and potential developments related to an issuer (or security). Such potential developments may not reflect actual developments or a rating organization’s evaluation may be incomplete or inaccurate.

Convertible Securities

Convertible securities may, under specific circumstances, be converted into the common or preferred stock of the issuing company, and may be denominated in USD, EUR or a local currency. The value of convertible securities varies with a number of factors including the credit rating of the issuers of convertible securities, the value and volatility of the underlying stock, the level and volatility of interest rates, the passage of time, dividend policy and other variables.

Convertible bonds and debentures carry different kinds of risks than those of common and preferred stocks. These risks include repayment risk and interest rate risk. Repayment risk is the risk that a borrower does not repay the amount of money that was borrowed (or “principal”) when the bond was issued. This failure to repay the amount borrowed is called a “default,” and could result in the Fund losing its investment. Interest rate risk is the risk that market rates of interest may increase over the rate paid by a bond held by the Fund. When interest rates increase, the market value of a bond paying a lower rate generally will decrease. If the Fund were to sell such a bond, the Fund might receive less than it originally paid for it. In addition, many Asia Pacific convertible securities are not rated by rating agencies like Moody’s, S&P or Fitch, or, if they are rated, they may be rated below investment grade. These securities are commonly referred to as “junk bonds” and may have a greater risk of default. Investing in a convertible security denominated in a currency different from that of the security into which it is convertible may expose the Fund to currency risk as well as risks associated with the level and volatility of the foreign exchange rate between the security’s currency and the underlying stock’s currency. Some convertible securities may trade less frequently, in lower volumes and with less liquidity than more widely held securities, which, in turn, may reduce the Fund’s ability to sell these securities and also affect the value of these securities.

High-Yield Securities

Securities rated lower than Baa by Moody's, or equivalently rated by S&P or Fitch, and unrated securities of similar credit quality are referred to as "high-yield securities" or "junk bonds." Investing in these securities involves special risks in addition to the risks associated with investments in higher-rated fixed income securities. While offering a greater potential opportunity for capital appreciation and higher yields, high-yield securities typically entail greater potential price volatility, entail greater levels of credit and repayment risks, and may be less liquid than higher-rated securities. High-yield securities are considered predominantly speculative with respect to the issuer's continuing ability to meet principal and interest payments. They may also be more susceptible to real or perceived adverse economic and competitive industry conditions than higher-rated securities. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce the Sub-Fund's ability to sell these securities (liquidity risk). Issuers of securities in default may fail to resume principal and interest payments, in which case the Fund may lose its entire investment. Investments in junk bonds may be subject to greater levels of credit and liquidity risk.

Dividend-Paying Equities

There can be no guarantee that companies that have historically paid dividends will continue to pay them or pay them at the current rates in the future. A reduction or discontinuation of dividend payments may have a negative impact on the value of a Fund's holdings in these companies. In addition, dividend-paying equity securities, in particular those whose market price is closely related to their yield, may exhibit greater sensitivity to interest rate changes. During periods of rising interest rates, such securities may decline. The Fund's investment in such securities may also limit its potential for appreciation during a broad market advance.

Initial Public Offerings (IPOs)

IPOs of securities issued by unseasoned companies with little or no operating history are risky and their prices are highly volatile, but they can result in very large gains in their initial trading. Attractive IPOs are often oversubscribed and may not be available to the Fund, or only in very limited quantities. There can be no assurance that the Fund will have favorable IPO investment opportunities in the future, or that the Fund's investments in IPOs will have a positive impact on the Fund's performance.

Preferred Stocks

Preferred stock represents an equity or ownership interest in a company. Preferred stock normally pays dividends at a specified rate and has precedence over common stock in the event the issuer is liquidated or declares bankruptcy. However, in the event a company is liquidated or declares bankruptcy, the claims of owners of bonds take precedence over the claims of those who own preferred and common stock. Preferred stock, unlike common stock, often has a stated dividend rate payable from the corporation's earnings. Preferred stock dividends may be cumulative or non-cumulative, participating, or auction rate. If interest rates rise, the fixed dividend on preferred stocks may be less attractive, causing the price of such stocks to decline. Preferred stock may have mandatory sinking fund provisions, as well as provisions allowing the stock to be called or redeemed, which can limit the benefit of a decline in interest rates. Preferred stock is subject to many of the risks to which common stock and debt securities are subject.

Risks Associated with Securities Lending and Repurchase Transactions

In relation to repurchase transactions, investors must notably be aware that (A) in the event of the failure of the counterparty with which cash of a Sub-Fund has been placed there is the risk that collateral received may yield less than the cash placed out, whether because of inaccurate pricing of the collateral, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (B) (i) locking cash in transactions of excessive size or duration, (ii) delays in recovering cash placed out, or (iii) difficulty in realizing collateral may restrict the ability of the Sub-Fund to meet redemption requests, security purchases or, more generally, reinvestment; and that (C) repurchase transactions will, as the case may

be, further expose a Sub-Fund to risks similar to those associated with optional or forward derivative financial instruments, which risks are further described in other sections of this Prospectus.

In relation to securities lending transactions, investors must notably be aware that (A) if the borrower of securities lent by a Sub-Fund fail to return these there is a risk that the collateral received may realize less than the value of the securities lent out, whether due to inaccurate pricing, adverse market movements, a deterioration in the credit rating of issuers of the collateral, or the illiquidity of the market in which the collateral is traded; that (B) in case of reinvestment of cash collateral such reinvestment may (i) create leverage with corresponding risks and risk of losses and volatility, (ii) introduce market exposures inconsistent with the objectives of the Sub-Fund, or (iii) yield a sum less than the amount of collateral to be returned; and that (C) delays in the return of securities on loans may restrict the ability of a Sub-Fund to meet delivery obligations under security sales.

Derivatives

Each of the Sub-Funds may use derivative instruments, such as options, futures and swap contracts and enter into forward foreign exchange transactions. The ability to use these instruments may be limited by market conditions and regulatory limits and there can be no assurance that the objective sought to be attained from the use of these instruments will be achieved. Participation in the options or futures markets, in swap contracts and in foreign exchange transactions involves investment risks and transaction costs to which a Sub-Fund would not be subject if it did not use these instruments. If the Investment Manager's predictions of movements in the direction of the securities, foreign currency and interest rate markets are inaccurate, the adverse consequences to a Sub-Fund may leave the Sub-Fund in a less favorable position than if such instruments were not used.

Risks inherent in the use of options, foreign currency, swaps and futures contracts and options on futures contracts include, but are not limited to (a) dependence on the Investment Manager's ability to predict correctly movements in the direction of interest rates, securities prices and currency markets; (b) imperfect correlation between the price of options and futures contracts and options thereon and movements in the prices of the securities or currencies being hedged; (c) the fact that skills needed to use these strategies are different from those needed to select portfolio securities; (d) the possible absence of a liquid secondary market for any particular instrument at any time; and (e) the possible inability of a Sub-Fund to purchase or sell a portfolio security at a time that otherwise would be favorable for it to do so, or the possible need for a Sub-Fund to sell a portfolio security at a disadvantageous time.

Where a Sub-Fund enters into swap transactions it is exposed to a potential counterparty risk. In case of insolvency or default of the swap counterparty, such event would affect the assets of the Sub-Fund.

A Sub-Fund may take short positions by way of financial derivative instruments. Short positions through financial derivative instruments involve trading on margin and accordingly can involve greater risk than investments based on a long position.

OTC Financial Derivative Instruments

In general, there is less government regulation and supervision of transactions in OTC markets than of transactions entered into on organized exchanges. OTC derivatives are executed directly with the counterparty rather than through a recognized exchange and clearing house. Counterparties to OTC derivatives are not afforded the same protections as may apply to those trading on recognized exchanges, such as the performance guarantee of a clearing house.

The principal risk when engaging in OTC derivatives (such as non-exchange traded options, forwards, swaps or contracts for difference) is the risk of default by a counterparty who has become insolvent or is otherwise unable or refuses to honor its obligations as required by the terms of the instrument. OTC derivatives may expose a Sub-Fund to the risk that the counterparty will not settle a transaction in accordance with its terms, or will delay the settlement of the transaction, because of a dispute over the terms of the contract (whether or not bona fide) or because of the insolvency, bankruptcy or other credit or liquidity problems of the counterparty. Counterparty risk is generally mitigated by the transfer or pledge of collateral in favor of the Sub-Fund. The value of the collateral may fluctuate,

however, and it may be difficult to sell, so there are no assurances that the value of collateral held will be sufficient to cover the amount owed to a Fund.

The Fund may enter into OTC derivatives cleared through a clearinghouse that serves as a central counterparty. Central clearing is designed to reduce counterparty risk and increase liquidity compared to bilaterally-cleared OTC derivatives, but it does not eliminate those risks completely. The central counterparty will require margin from the clearing broker which will in turn require margin from the Fund. There is a risk of loss by a Fund of its initial and variation margin deposits in the event of default of the clearing broker with which the Fund has an open position or if margin is not identified and correctly report to the particular Fund, in particular where margin is held in an omnibus account maintained by the clearing broker with the central counterparty. In the event that the clearing broker becomes insolvent, the Fund may not be able to transfer or "port" its positions to another clearing broker.

EU Regulation 648/2012 on OTC derivatives, central counterparties and trade repositories (also known as the European Market Infrastructure Regulation or EMIR) requires certain eligible OTC derivatives to be submitted for clearing to regulated central clearing counterparties and the reporting of certain details to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure monitor and mitigate operational and counterparty risk in respect of OTC derivatives which are not subject to mandatory clearing. Ultimately, these requirements are likely to include the exchange and segregation of collateral by the parties, including by the Fund. While some of the obligations under EMIR have come into force, a number of the requirements are subject to phase-in periods and certain key issues have not been finalized by the date of this Prospectus. It is as yet unclear how the OTC derivatives market will adapt to the new regulatory regime. ESMA has published an opinion calling for the UCITS Directive to be amended to reflect the requirements of EMIR and in particular the EMIR clearing obligation. However, it is unclear whether, when and in what form such amendments would take effect. Accordingly, it is difficult to predict the full impact of EMIR on the Fund, which may include an increase in the overall costs of entering into and maintaining OTC derivatives.

Investors should be aware that the regulatory changes arising from EMIR and other applicable laws requiring central clearing of OTC derivatives may in due course adversely affect the ability of the Sub-Funds to adhere to their respective investment policies and achieve their investment objective when such changes are implemented.

Investments in OTC derivatives may be subject to the risk of differing valuations arising out of different permitted valuation methods. Although the Fund has implemented appropriate valuation procedures to determine and verify the value of OTC derivatives, certain transactions are complex and valuation may only be provided by a limited number of market participants who may also be acting as the counterparty to the transactions. Inaccurate valuation can result in inaccurate recognition of gains or losses and counterparty exposure.

Unlike exchange-traded derivatives, which are standardized with respect to their terms and conditions, OTC derivatives are generally established through negotiation with the other party to the instrument. While this type of arrangement allows greater flexibility to tailor the instrument to the needs of the parties, OTC derivatives may involve greater legal risk than exchange-traded instruments, as there may be a risk of loss if the agreement is deemed not to be legally enforceable or not documented correctly. There also may be a legal or documentation risk that the parties may disagree as to the proper interpretation of the terms of the agreement. However, these risks are generally mitigated, to a certain extent, by the use of industry-standard agreements such as those published by the International Swaps and Derivatives Association ("ISDA").

Credit Default Swaps ("CDS")

A CDS is a bilateral financial contract in which one counterpart (the protection buyer) pays a periodic fee in return for a contingent payment by the protection seller following a credit event of a reference issuer. The protection buyer must either sell particular obligations, issued by the reference issuer at their par value (or some other designated reference or strike price) when a credit event occurs or

receive a cash settlement based on the difference between the market price and such reference or strike price. A credit event is commonly defined as bankruptcy, insolvency, receivership, material adverse restructuring of debt, or failure to meet payment obligations when due. The ISDA has produced standardized documentation for these transactions under the umbrella of its ISDA Master Agreement.

When these transactions are used in order to eliminate a credit risk in respect of the issuer of a security, they imply that the Fund bears a counterparty risk in respect of the protection seller.

This risk is, however, mitigated by the fact that the Fund will only enter into CDS transactions with highly rated financial institutions.

CDS used for a purpose other than hedging, such as for efficient portfolio management purposes or if disclosed in relation to any, as part of the principal investment policy, may present a risk of liquidity if the position must be liquidated before its maturity for any reason. The Fund will mitigate this risk by limiting in an appropriate manner the use of this type of transaction. Furthermore, the valuation of CDS may give rise to difficulties which traditionally occur in connection with the valuation of OTC contracts.

Insofar as the Sub-Fund(s) use CDS for efficient portfolio management or hedging purposes, investors should note that such instruments are designed to transfer credit exposure of fixed income products between the buyer and seller.

The Sub-Fund(s) would typically buy a CDS to protect against the risk of default of underlying investments, known as the reference entity and would typically sell a CDS for which it receives payment for effectively guaranteeing the creditworthiness of the reference entity to the buyer. In the latter case, the Sub-Fund(s) would incur exposure to the creditworthiness of the reference entity but without any legal recourse to such reference entity. In addition, as with all OTC derivatives, CDS expose the buyer and seller to counterparty risk and a Sub-Fund may suffer losses in the event of a default by the counterparty of its obligations under the transaction and/or disputes as to whether a credit event has occurred, which could mean the Sub-Fund cannot realize the full value of the CDS.

Interest Rate Swaps

The Fund may enter into derivatives called interest rate swaps. Risks associated with interest rate swaps include changes in market conditions that may affect the value of the contract or the cash flows, and the possible inability of the counterparty to fulfill its obligations under the agreement. Certain interest rate swap arrangements also may involve the risk that they do not fully offset adverse changes in interest rates. Interest rate swaps may in some cases be illiquid and may be difficult to trade or value, especially in the event of market disruptions. Under certain market conditions, the investment performance of the Fund may be less favorable than it would have been if the Fund had not used the swap agreement.

Collateral Management

Counterparty risk arising from investments in OTC financial derivative instruments and securities lending transactions, repurchase and reverse repurchase agreements is generally mitigated by the transfer or pledge of collateral in favor of the Sub-Fund. However, transactions may not be fully collateralized. Fees and returns due to the Sub-Fund may not be collateralized. If a counterparty defaults, the Sub-Fund may need to sell non-cash collateral received at prevailing market prices. In such a case the Sub-Fund could realize a loss due, *inter alia*, to inaccurate pricing or monitoring of the collateral, adverse market movements, deterioration in the credit rating of issuers of the collateral or illiquidity of the market on which the collateral is traded. Difficulties in selling collateral may delay or restrict the ability of the Sub-Fund to meet redemption requests.

A Sub-Fund may also incur a loss in reinvesting cash collateral received, where permitted. Such a loss may arise due to a decline in the value of the investments made. A decline in the value of such investments would reduce the amount of collateral available to be returned by the Sub-Fund to the counterparty as required by the terms of the transaction. The Sub-Fund would be required to cover the

difference in value between the collateral originally received and the amount available to be returned to the counterparty, thereby resulting in a loss to the Sub-Fund.

Credit Risk

Credit risk refers to the likelihood that an issuer will default in the payment of the principal or interest on an instrument and is broadly gauged by the credit ratings of the securities in which a Sub-Fund invests. However, ratings are only the opinions of rating agencies and are not guarantees of the quality of the securities. In addition, the depth and liquidity of the market for a fixed income security may affect its credit risk. Credit risk of a security may change over its life and rated securities are often reviewed and may be subject to downgrade by a rating agency. Each Sub-Fund faces the risk that the creditworthiness of an issuer may decline, causing the value of the bonds to decline. In addition, an issuer may not be able to make timely payments on the interest and/or principal on the bonds it has issued. Because the issuers of high-yield bonds or junk bonds (bonds rated below the fourth highest category) may be in uncertain financial health, the prices of these bonds may be more vulnerable to bad economic news or even the expectation of bad news, than investment-grade bonds. In some cases, bonds, particularly high-yield bonds, may decline in credit quality or go into default. Because the Sub-Funds may invest in securities not paying current interest or in securities already in default, these risks may be more pronounced. Fixed income securities are not traded on exchanges. The over-the-counter market may be illiquid, and there may be times when no counterparty is willing to purchase or sell certain securities. The nature of the market may make valuations difficult or unreliable.

Laws governing creditors' rights, insolvency and bankruptcy are less developed in many Asia Pacific countries compared to the United States, and may have less ability to protect the rights of investors, especially non-local investors, such as the Sub-Funds. In many countries, local bankruptcy and insolvency laws have not kept pace with the globalization of companies, resulting in substantial uncertainty and extensive delays in bankruptcy proceedings. For these reasons, the Sub-Funds may not be able to recover assets or other proceeds if the issuer of a debt security is not able to pay its debt.

Interest Rate and Related Risks

Interest rates have an effect on the value of each Sub-Fund's fixed income investments because the value of those investments will vary as interest rates fluctuate. Changes in interest rates in each of the countries in which a Sub-Fund may invest, as well as interest rates in more developed countries, may cause a decline in the market value of an investment. In a portfolio with bonds linked to multiple interest rate regimes, the duration of the portfolio is the weighted average of all the interest rate durations across all the interest rate regimes and does not indicate price sensitivity to changes on any one interest rate regime. Generally, fixed income securities will decrease in value when interest rates rise and can be expected to rise in value when interest rates decline. The longer the effective maturity of a Sub-Fund's securities, the more sensitive the Sub-Fund will be to interest rate changes. (As an approximation, a 1% rise in interest rates means a 1% fall in value for every year of duration.) Duration is a measure of the average life of a fixed income security that was developed as a more precise alternative to the concepts of "term to maturity" or "average dollar weighted maturity" as measures of "volatility" or "risk" associated with changes in interest rates. With respect to the composition of a fixed income portfolio, the longer the duration of the portfolio, generally the greater the anticipated potential for total return, with, however, greater attendant interest rate risk and price volatility than for a portfolio with a shorter duration.

Prepayment Risk—As interest rates decline, debt issuers may repay or refinance their loans or obligations earlier than anticipated. The issuers of callable corporate bonds and similar securities may, therefore, repay principal in advance. This forces a Sub-Fund to reinvest the proceeds from the principal prepayments at lower rates, which reduces the Sub-Fund's income. In addition, changes in prepayment levels can increase the volatility of prices and yields on bonds and similar securities held by a Sub-Fund. If a Sub-Fund pays a premium (a price higher than the principal amount of the bond) for a security and that security is prepaid, the Sub-Fund may not recover the premium, resulting in a capital loss.

Extension Risk—Extension risk is the risk that principal repayments will not occur as quickly as anticipated, causing the expected maturity of a security to increase. Rapidly rising interest rates may cause prepayments to occur more slowly than expected, thereby lengthening the maturity of the securities held by a Sub-Fund and making their prices more sensitive to rate changes and more volatile.

Income Risk—A Sub-Fund's income could decline during periods of falling interest rates.

Loan Risk

Portfolio transactions in loans may settle in as short as seven days but typically can take up to two or three weeks, and in some cases much longer. Unlike the securities markets, there is no central clearinghouse for loan trades, and the loan market has not established enforceable settlement standards or remedies for failure to settle. Credit risk is heightened for loans in which a Sub-Fund invests because companies that issue such loans tend to be highly leveraged and thus are more susceptible to the risks of interest deferral, default and/or bankruptcy.

Bank Obligations

Bank obligations are obligations issued or guaranteed by U.S. or foreign banks. Bank obligations, including without limitation, time deposits, bankers' acceptances and certificates of deposit, may be general obligations of the parent bank or may be limited to the issuing branch by the terms of the specific obligations or by government regulations. Banks are subject to extensive but different governmental regulations which may limit both the amount and types of loans which may be made and interest rates which may be charged. General economic conditions as well as exposure to credit losses arising from possible financial difficulties of borrowers play an important part in the operation of the banking industry.

Bank Loans

To the extent a Sub-Fund invests in bank loans, it is exposed to additional risks beyond those normally associated with more traditional debt securities. A Sub-Fund's ability to receive payments in connection with the loan depends primarily on the financial condition of the borrower and whether or not a loan is secured by collateral, although there is no assurance that the collateral securing a loan will be sufficient to satisfy the loan obligation. In addition, bank loans often have contractual restrictions on resale, which can delay the sale and adversely impact the sale price. Transactions in many bank loans settle on a delayed basis, and a Sub-Fund may not receive the proceeds from the sale of a bank loan for a substantial period of time after the sale. As a result, those proceeds will not be available to make additional investments or to meet the Sub-Fund's redemption obligations. The value of a bank loan may be impaired due to difficulties (actual or perceived) in liquidating collateral securing the obligation, or to declines in the value of that collateral. There may not be an active trading market for certain bank loans and the liquidity of some actively traded loans may be impaired due to adverse market conditions. A Sub-Fund's access to the collateral could be limited by bankruptcy or by the type of loan it purchases. As a result, a collateralized senior loan may not be fully collateralized and can decline significantly in value. In addition, because the bank loans in which a Sub-Fund invests are typically rated below investment grade, the risks associated with bank loans are similar to the risks of below investment grade bonds.

While high yield corporate bonds are typically issued with a fixed interest rate, bank loans have floating interest rates that reset periodically (typically quarterly or monthly). Bank loans represent amounts borrowed by companies or other entities from banks and other lenders. In many cases, the borrowing companies have significantly more debt than equity and the loans have been issued in connection with recapitalizations, acquisitions, leveraged buyouts, or refinancings. The loans held by a Sub-Fund may be senior or subordinate obligations of the borrower, and may or may not be secured by collateral. A Sub-Fund may acquire bank loans directly from a lender or through the agent, as an assignment from another lender who holds a floating rate loan, or as a participation interest in another lender's floating rate loan or portion thereof. A Sub-Fund may invest up to 50% of its net assets in bank loans.

Sovereign Debt Risk

Investment in sovereign debt can involve a high degree of risk. Legal protections available with respect to corporate issuers (e.g., bankruptcy, liquidation and reorganization laws) do not generally apply to governmental entities or sovereign debt. Accordingly, creditor seniority rights, claims to collateral and similar rights may provide limited protection and may be unenforceable. The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A government entity's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy toward the International Monetary Fund, and the political constraints to which a governmental entity may be subject. A Sub-Fund may have limited recourse to compel payment in the event of a default.

Risk Associated With Investing In Contingent Capital Securities (CoCos)

In the framework of new banking regulations, banking institutions are required to increase their capital buffers and have therefore issued certain types of financial instrument known as subordinated contingent capital securities (often referred to as a "CoCo" or "CoCos"). The main feature of a CoCo is its ability to absorb losses as required by banking regulations, but other corporate entities may also choose to issue them.

Under the terms of a CoCo, the instruments become loss absorbing upon certain triggering events, including events under the control of the management of the CoCo issuer which could cause the permanent write-down to zero of principal investment and / or accrued interest, or a conversion to equity. These triggering events may include (i) a deduction in the issuing bank's capital ratio below a pre-set limit, (ii) a regulatory authority making a subjective determination that an institution is "non-viable" or (iii) a national authority deciding to inject capital. Furthermore, the trigger event calculations may also be affected by changes in applicable accounting rules, the accounting policies of the issuer or its group and the application of these policies. Any such changes, including changes over which the issuer or its group has a discretion, may have a material adverse impact on its reported financial position and accordingly may give rise to the occurrence of a trigger event in circumstances where such a trigger event may not otherwise have occurred, notwithstanding the adverse impact this will have on the position of holders of the CoCos.

Upon such occurrence, there is a risk of a partial or total loss in nominal value or conversion into the common stock of the issuer which may cause a Sub-Fund as a CoCo bondholder to suffer losses (i) before both equity investors and other debt holders which may rank *pari passu* or junior to CoCo investors and (ii) in circumstances where the bank remains a going concern.

The value of such instrument may be impacted by the mechanism through which the instruments are converted into equity or written-down which may vary across different securities which may have varying structures and terms. CoCo structures may be complex and terms may vary from issuer to issuer and bond to bond.

CoCos are valued relative to other debt securities in the issuer's capital structure, as well as equity, with an additional premium for the risk of conversion or write-down. The relative riskiness of different CoCos will depend on the distance between the current capital ratio and the effective trigger level, which once reached would result in the CoCo being automatically written-down or converted into equity. CoCos may trade differently to other subordinated debt of an issuer which does not include a write-down or equity conversion feature which may result in a decline in value or liquidity in certain scenarios.

It is possible in certain circumstances for interest payments on certain CoCos to be cancelled in full or in part by the issuer, without prior notice to bondholders. Therefore, there can be no assurances that investors will receive payments of interest in respect of CoCos. Unpaid interest may not be cumulative or payable at any time thereafter, and bondholders shall accordingly have no right to claim the payment of any foregone interest which may impact the value of the relevant Sub-Fund.

Notwithstanding that interest not being paid or being paid only in part in respect of CoCos or that the principal value of such instruments may be written down to zero, there may be no restriction on the issuer paying dividends on its ordinary shares or making pecuniary or other distributions to the holders of its ordinary shares or making payments on securities ranking pari passu with the CoCos resulting in other securities by the same issuer potentially performing better than CoCos.

Coupon cancellation may be at the option of the issuer or its regulator but may also be mandatory under certain European directives and related applicable laws and regulations. This mandatory deferral may be at the same time that equity dividends and bonuses may also be restricted, but some CoCo structures allow the bank at least in theory to keep on paying dividends whilst not paying CoCo holders. Mandatory deferral is dependent on the amount of required capital buffers a bank is asked to hold by regulators.

CoCos generally rank senior to common stock in an issuer's capital structure and are consequently higher quality and entail less risk than the issuer's common stock; however, the risk involved in such securities is correlated to the solvency and/or the access of the issuer to liquidity of the issuing financial institution.

Shareholders should be aware that the structure of CoCos is yet to be tested and there is some uncertainty as to how they may perform in a stressed environment. Depending on how the market views certain triggering events, as outlined above, there is the potential for price contagion and volatility across the entire asset class. Furthermore, this risk may be increased depending on the level of underlying instrument arbitrage and in an illiquid market price formation may be increasingly difficult.

Cyber Security Risks

Information and technology systems relied upon by the Fund, Matthews, the Fund's service providers (including, but not limited to, fund accountants, custodians, transfer agents, administrators, distributors and other financial intermediaries) and/or the issuers of securities in which a Sub-Fund invests may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons, security breaches, usage errors, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Matthews has implemented measures to manage risks relating to these types of events, systems failures may still occur from time to time. The failure of these systems and/or of disaster recovery plans could cause significant interruptions in the operations of the Fund, Matthews, the Fund's service providers and/or issuers of securities in which a Sub-Fund invests and may result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could also harm the reputation of the Fund, Matthews, the Fund's service providers and/or issuers of securities in which a Sub-Fund invests, and subject such entities and their respective affiliates to legal claims or otherwise affect their business and financial performance.

Regional and Country Risks

In addition to the risks discussed above, there are specific risks associated with investing in the Asia Pacific region, including the risk of severe economic, political or military disruption. The Asia Pacific region comprises countries in all stages of economic development. Some Asia Pacific economies may experience overextension of credit, currency devaluations and restrictions, rising unemployment, high inflation, underdeveloped financial services sectors, heavy reliance on international trade and prolonged economic recessions.

Global economies and financial markets are becoming increasingly interconnected. This increases the possibility that conditions in one country or region might adversely impact the issuers of securities in a different country or region. The economies of many Asia Pacific countries are dependent on the economies of the United States, Europe and other Asian countries, and, as seen in the recent developments in global credit and equity markets, events in any of these economies could negatively impact the economies of Asia Pacific countries.

Currency fluctuations, devaluations and trading restrictions in any one country can have a significant effect on the entire Asia Pacific region. Increased political and social instability in any Asia Pacific country could cause further economic and market uncertainty in the region, or result in significant downturns and volatility in the economies of Asia Pacific countries. As an example, in the late 1990s, the economies in the Asian region suffered significant downturns and increased volatility in their financial markets.

The development of Asia Pacific economies, and particularly those of China, Japan and South Korea, may also be affected by political, military, economic and other factors related to North Korea. Since 1953, the United States has maintained a military force in South Korea to help deter the ongoing military threat from North Korean forces. The situation remains a source of tension and is currently volatile, particularly as North Korea appears to continue to develop nuclear capabilities, and tactical and strategic missile systems. Negotiations to ease tensions and resolve the political division of the Korean peninsula have been carried on from time to time producing sporadic and inconsistent results. Recently, there have also been efforts to increase economic, cultural and humanitarian contacts among North Korea, South Korea, Japan and other nations. There can be no assurance that such negotiations or efforts will continue or will ease tensions in the region.

Military action or the risk of military action or strains on the economy of North Korea could have a materially adverse effect on all countries in the region, particularly China, Japan and South Korea. Consequently, any military action or other instability could adversely impact the ability of the Fund to achieve its investment objective. Lack of available information regarding North Korea is also a significant risk factor.

Some companies in the region may have less established shareholder governance and disclosure standards than in developed markets. Some companies are controlled by family and financial institutional investors whose investment decisions may be hard to predict based on standard developed market-based equity analysis. Consequently, investments may be vulnerable to unfavorable decisions by the management or shareholders.

Corporate protectionism (*e.g.*, adoption of poison pills and restrictions on shareholders seeking to influence management) appears to be increasing, which could adversely impact the value of affected companies.

2. Country Specific Risks

Australia

The Australian economy is dependent, in particular, on the price and demand for agricultural products and natural resources. The United States and China are Australia's largest trade and investment partners, which may make the Australian markets sensitive to economic and financial events in those two countries. Australian markets may also be susceptible to sustained increases in oil prices as well as weakness in commodity and labor markets.

Bangladesh

Bangladesh is facing many economic hurdles, including weak political institutions, poor infrastructure, lack of privatization of industry and a labor force that has outpaced job growth in the country. High poverty and inflationary tensions may cause social unrest, which could weigh negatively on business sentiment and capital investment. Bangladesh's developing capital markets rely primarily on domestic investors. The recent overheating of the stock market and subsequent correction underscored weakness in capital markets and regulatory oversight. Corruption remains a serious impediment to investment and economic growth in Bangladesh, and the country's legal system makes debt collection unpredictable, dissuading foreign investment. Bangladesh is geographically located in a part of the world that is historically prone to natural disasters and is economically sensitive to environmental events.

Cambodia

Cambodia is experiencing a period of political stability and relative peace following years of violence under the Khmer Rouge regime. Cambodia has one of the highest economic growth rates in Asia, supported by the shift of manufacturing investment from China, preferential tariff treatment by the European Union and other major trading partners, and strong growth of foreign visitors, and it is reducing its reliance on foreign aid. Despite its continued growth and stability, Cambodia faces risks from a weak infrastructure (particularly power generation capacity and the high cost of electric power), a poorly developed education system, inefficient bureaucracy and charges of government corruption. Very low foreign exchange reserves make Cambodia vulnerable to sudden capital flight, and the banking system suffers from a lack of oversight and very high dollarization. Further, destruction of land-ownership records during the Khmer Rouge regime has resulted in numerous land disputes, which strain the country's institutional capacity and threaten violence and demonstrations.

China

China Market Risk

Investing in the China market is subject to the risks of investing in emerging markets generally and the risks specific to the China market.

Since 1978, the China government has implemented economic reform measures which emphasize decentralization and the utilization of market forces in the development of the Chinese economy, moving from the previous planned economy system. However, many of the economic measures are experimental or unprecedented and may be subject to adjustment and modification. Any significant change in China's political, social or economic policies may have a negative impact on investments in the China market.

The regulatory and legal framework for capital markets and joint stock companies in China may not be as well developed as those of developed countries. Chinese accounting standards and practices may deviate significantly from international accounting standards. The settlement and clearing systems of the Chinese securities markets may not be well tested and may be subject to increased risks of error or inefficiency.

The above factors could negatively affect the value of the investments held by the relevant Sub-Funds.

Onshore versus Offshore Renminbi Differences Risk

While both onshore Renminbi ("CNY") and offshore Renminbi ("CNH") are the same currency, they are traded in different and separated markets. CNY and CNH are traded at different rates and their movement may not be in the same direction. Although there has been a growing amount of Renminbi held offshore (*i.e.* outside China), CNH cannot be freely remitted into China and is subject to certain restrictions and vice versa. Investors should note that subscriptions and redemptions will be in USD and will be converted to/from CNH and the investors will bear the foreign exchange expenses associated with such conversion and the risk of a potential difference between the CNY and CNH rates. Any divergence between CNH and CNY may adversely impact investors.

Renminbi Currency and Conversion Risk

Renminbi is not currently a freely convertible currency and is subject to exchange controls and restrictions imposed by the Chinese government. Such control of currency conversion and movements in the Renminbi exchange rates may adversely affect the operations and financial results of companies in China. Insofar as a Sub-Fund's assets are invested in China, it will be subject to the risk of the China government's imposition of restrictions on the repatriation of funds or other assets out of the country, limiting the ability of the Sub-Fund to satisfy payments to investors.

Where a Sub-Fund invests in Renminbi denominated investments, the value of such investments may be affected favorably or unfavorably depending on the changes in exchange rate between Renminbi

and the Base Currency of the Sub-Fund. There can be no assurance that Renminbi will not be subject to devaluation. Any devaluation of the Renminbi could adversely affect the value of investors' investments in the relevant Sub-Fund.

The supply of Renminbi and the conversion of foreign currency into Renminbi are subject to exchange control policies and restrictions imposed by the Chinese authorities. Liquidity of Renminbi could deteriorate due to government controls and restrictions which would adversely affect investors' ability to exchange Renminbi into other currencies as well as the conversion rates of Renminbi. As Renminbi is not freely convertible, currency conversion is subject to availability of Renminbi at the relevant time. As such, in case of sizable redemption requests, there is a risk that there may not be sufficient Renminbi for currency conversion by the relevant Sub-Fund for settlement purpose.

Restricted Markets Risk

A Sub-Fund may invest in securities in respect of which China imposes limitations or restrictions on foreign ownership or holdings. Such legal and regulatory restrictions or limitations may have adverse effects on the liquidity and performance of the Sub-Fund holdings.

Government Intervention and Restriction Risk

Governments and regulators may intervene in the financial markets, such as by the imposition of trading restrictions, a ban on "naked" short selling or the suspension of short selling for certain stocks. This may affect the operation and market making activities of a Sub-Fund, and may have an unpredictable impact on the Sub-Fund. Furthermore, such market interventions may have a negative impact on the market sentiment which may in turn affect the performance of the Sub-Fund.

Local Market Rules, Foreign Shareholding Restrictions and Disclosure Obligations

China listed companies and trading of China A Shares are subject to market rules and disclosure requirements in the China stock market. Any changes in laws, regulations, rules and policies of the China A Share market may affect share prices. There are foreign shareholding restrictions and disclosure obligations applicable to China A Shares. The Sub-Funds will be subject to restrictions on trading (including restriction on retention of proceeds) in China A Shares as a result of its interest in the China A Shares.

Hong Kong

Since Hong Kong reverted to Chinese sovereignty in 1997, it has been governed by the Basic Law, a "quasi-constitution." The Basic Law guarantees a high degree of autonomy in certain matters until 2047, while defense and foreign affairs are the responsibility of the central government in Beijing. If China were to exert its authority so as to alter the economic, political or legal structures or the existing social policy of Hong Kong, investor and business confidence in Hong Kong could be negatively affected, which in turn could negatively affect markets and business performance and have an adverse effect on the Fund's investments. There is uncertainty as to whether China will continue to respect the relative independence of Hong Kong and refrain from exerting a tighter grip on Hong Kong's political, economic and social concerns. The economy of Hong Kong may be significantly affected by increasing competition from the emerging economies of Asia, including that of China itself. In addition, the Hong Kong dollar trades within a fixed trading band rate to (or is "pegged" to) the USD. This fixed exchange rate has contributed to the growth and stability of the Hong Kong economy. However, some market participants have questioned the continued viability of the currency peg. It is uncertain what affect any discontinuance of the currency peg and the establishment of an alternative exchange rate system would have on capital markets generally and the Hong Kong economy.

Macau

Although Macau is a Special Administrative Region (SAR) of China, it maintains a high-degree of autonomy from China in economic matters. The Government of Macau maintains a relatively transparent, non-discriminatory free-market economy, and Macau has a separate membership in the World Trade Organization. Overall, Macau is a stable society. Large institutions, such as power and water supply, communication, transportation, and education institutions have remained stable for

decades. Nevertheless, Macau's economy is heavily dependent on the gaming sector and tourism industries, and its exports are dominated by textiles and apparel. Accordingly, Macau's growth and development are highly dependent upon external economic conditions, particularly those in China.

Taiwan

The political reunification of China and Taiwan, over which China continues to claim sovereignty, is a highly complex issue and is unlikely to be settled in the near future. The continuing hostility between China and Taiwan may have an adverse impact on the values of investments in both China and Taiwan, or make investments in China and Taiwan impractical or impossible. Any escalation of hostility between China and Taiwan would likely distort Taiwan's capital accounts, as well as have a significant adverse impact on the value of investments in both countries and the region.

Taiwan's growth has to a significant degree been export-driven. While the percentage of Taiwan's exports purchased by the United States has been declining recently, the United States has remained a key export market. Accordingly, Taiwan is affected by changes in the economies of the United States and other main trading partners, by protectionist impulses in those countries and by the development of export sectors in lower-wage economies. In the event that growth in the export sector declines in the future, the burden of future growth will increasingly be placed on domestic demand.

Taiwan has limited natural resources, resulting in dependence on foreign sources for certain raw materials and vulnerability to global fluctuations of price and supply. This dependence is especially pronounced in the energy sector. In recent years, over half of Taiwan's crude oil has been supplied by Kuwait and Saudi Arabia. A significant increase in energy prices could have an adverse impact on Taiwan's economy.

India

In India, the government has exercised and continues to exercise significant influence over many aspects of the economy. Government actions, bureaucratic obstacles and inconsistent economic reform within the Indian government have had a significant effect on the economy and could adversely affect market conditions, deter economic growth and the profitability of private enterprises. Global factors and foreign actions may inhibit the flow of foreign capital on which India is dependent to sustain its growth. Large portions of many Indian companies remain in the hands of their founders (including members of their families). Corporate governance standards of family-controlled companies may be weaker and less transparent, which increases the potential for loss and unequal treatment of investors. India experiences many of the risks associated with developing economies, including relatively low levels of liquidity, which may result in extreme volatility in the prices of Indian securities.

Religious, cultural and military disputes persist in India, and between India and Pakistan (as well as sectarian groups within each country). The longstanding dispute with Pakistan over the bordering Indian state of Jammu and Kashmir remains unresolved. In recent years, terrorists believed to be based in Pakistan struck Mumbai (India's financial capital), further damaging relations between the two countries. If the Indian government is unable to control the violence and disruption associated with these tensions (including both domestic and external sources of terrorism), the result may be military conflict, which could destabilize the economy of India. Both India and Pakistan have tested nuclear arms, and the threat of deployment of such weapons could hinder development of the Indian economy, and escalating tensions could impact the broader region, including China.

The regulations and controls governing the activities of investors, brokers and other agents on the Indian markets are less stringent than those applied in most OECD markets.

Foreign investment in the securities of issuers in India is usually restricted or controlled to some degree. In addition, the availability of financial instruments with exposure to Indian financial markets may be substantially limited by restrictions on foreign investors. In India, only certain foreign entities are permitted to invest in exchange-traded securities, subject to the conditions specified in Indian guidelines and regulations. The Investment Manager was initially granted Foreign Institutional Investor ("FII") status by the Securities and Exchange Board of India ("SEBI"). The Fund was

therefore eligible to invest in Indian securities through the Investment Manager's FII status according to the Securities and Exchange Board of India Foreign Institutional Investors Regulation, 1995. In 2014, SEBI issued new Foreign Portfolio Investor ("FPI") regulations (the "Guidelines"), replacing the regulations relating to FII investment. Eight Sub-Funds are now registered as FPIs: Asia Strategic Income Fund, Asia Focus Fund, Asia Credit Opportunities Fund, Asia ex Japan Dividend Fund, Asia Dividend Fund, Asia Small Companies Fund, India Fund and Pacific Tiger Fund. Any of the other Sub-Funds would need to apply for and receive registration as an FPI to enable its direct investment in exchange-traded securities in India. As with the prior FII regulations, the Guidelines require SEBI to review the professional experience and reputation of the FPI, and custodian arrangements for Indian securities. There can be no assurance that SEBI would grant an FPI application by a Sub-Fund that is not currently an FPI. Moreover, investment in India may be subject to the withdrawal or non-renewal of a Sub-Fund's FPI License. Investments made through such FPI status are also therefore subject to any statutory or regulatory limits imposed by SEBI from time to time. Investors should note the risks due to any such regulatory changes.

FPIs are required to observe certain investment restrictions, including limiting the aggregate ownership of any one company by an FPI and its investors to less than 10 percent of the company's total issued share capital. In addition, the shareholdings of all registered FPIs may not exceed 24% of the issued share capital of most companies. It is possible that this restriction could be raised or potentially lifted, subject to that company's approval. Under normal circumstances, income, gains and initial capital with respect to such investments are freely repatriable, subject to payment or withholding of applicable Indian taxes. Please see the discussion of "Risks Associated with Emerging Markets – Taxation" in the section "Risk Considerations." There can be no assurance that these investment control regimes will not change in a way that makes it more difficult or impossible for the Funds to reach their investment objectives or repatriate their income, gains and initial capital from India.

Indonesia

Indonesia's political institutions and democracy have a relatively short history, increasing the risk of political instability. Indonesia has in the past faced political and militant unrest within several of its regions, and further unrest could present a risk to the local economy and stock markets. The country has also experienced acts of terrorism, predominantly targeted at foreigners, which has had a negative impact on tourism. Corruption and the perceived lack of a rule of law in dealings with international companies in the past may have discouraged much needed foreign direct investment. Should this issue remain, it could negatively impact the long-term growth of the economy. In addition, many economic development problems remain, including high unemployment, a fragile banking sector, endemic corruption, inadequate infrastructure, a poor investment climate and unequal resource distribution among regions.

Japan

The Japanese economy and financial markets produced disappointing returns over the past two decades. Despite significant monetary and fiscal action by the government of Japan as well as the Bank of Japan (BoJ), the Japanese stock market, as measured by the Tokyo Stock Price Index, has been volatile, and the footing of the Japanese economy remains uncertain. The Japanese yen has also shown volatility over this period. Such currency volatility could affect returns in the future. The Japanese yen may also be affected by currency volatility elsewhere in Asia, especially Southeast Asia. Depreciation of the yen, and any other currencies in which the Fund's securities are denominated, will decrease the value of the Fund's holdings. Japan's economy could be negatively impacted by many factors, including rising interest rates, tax increases and budget deficits.

Poor performance of the global economy has negatively affected equity returns in Japan, and may continue to do so. Japan's economy and stock market have in the recent past had a strong correlation with the U.S. economic cycle and U.S. stock markets, and thus Japan's economy may continue to be affected by current economic problems in the U.S. Japan also has a growing economic relationship with China and other Southeast Asian countries, and thus Japan's economy may also be affected by

economic, political or social instability in those countries (whether resulting from local or global events).

In the longer term, Japan will have to address the effects of an aging population, such as a shrinking workforce and higher welfare costs. To date, Japan has had restrictive immigration policies that, combined with other demographic concerns, appear to be having a negative impact on the economy. Japan's growth prospects appear to be dependent on its export capabilities. Japan's neighbors, in particular China, have become increasingly important export markets. Despite a deepening in the economic relationship between Japan and China, the countries' political relationship has at times been strained in recent years. Should political tension increase, it could adversely affect the economy, especially the export sector, and destabilize the region as a whole. Japan also remains heavily dependent on oil imports, and higher commodity prices could therefore have a negative impact on the economy.

Japan is largely dependent on foreign economies for raw materials. International trade is important to Japan's economy, as exports provide the means to pay for many of the raw materials it must import. Because of the concentration of Japanese exports in highly visible products such as automobiles, machine tools and semiconductors, and the large trade surplus ensuing from there, Japan has entered a difficult phase in its relations with its trading partners, particularly with respect to the United States, with whom its trade imbalance is the greatest. The export-sector of the Japanese economy is heavily dependent on exports to the United States and other countries whose currencies are tied to or that utilize the USD for foreign exchange. Changes in the dollar/yen exchange rate could adversely affect the profitability and value of export-oriented Japanese companies.

Laos

Laos is a poor, developing country ruled by an authoritarian, Communist, one-party government. It is politically stable, with political power centralized in the Lao People's Revolutionary Party. Laos is one of the ten fastest growing economies in the world, with economic growth largely driven by the construction, mining and hydroelectric sectors. Laos is likely to accede to the World Trade Organization within the next two years and committed to joining the ASEAN Economic Community in 2015, both of which will require considerable trade and regulatory reforms. Despite its political stability, Laos is a poorly regulated economy with limited rule of law. Corruption, patronage and a weak legal system threaten to slow economic development. Additionally, the increased development of natural resources could lead to social imbalances, particularly in light of Laos's underdeveloped health care and education systems. Another major risk for Laos is the stability of its banks, which, despite the significant credit growth since 2009, are under-capitalized and inadequately supervised.

Malaysia

Malaysia has previously imposed currency controls and a 10% "exit levy" on profits repatriated by foreign entities such as the Fund and has limited foreign ownership of Malaysian companies (which may artificially support the market price of such companies). The Malaysian capital controls have been changed in significant ways since they were first adopted without prior warning on September 1, 1998. Malaysia has also abolished the exit levy. However, there can be no assurance that the Malaysian capital controls will not be changed adversely in the future or that the exit levy will not be re-established, possibly to the detriment of the Fund and their Shareholders. In addition, Malaysia is currently exhibiting political instability which could have an adverse impact on the country's economy.

Mongolia

Although Mongolia is a relatively stable, peaceful, and ethnically cohesive democracy, it may continue to experience political instability in conjunction with election cycles. Mongolian governments have a history of cycling favorable treatment among China, Russia, Japan, the United States and Europe and may at any time abruptly change current policies in a manner adverse to investors. In addition, assets in Mongolia may be subject to nationalization, requisition or confiscation

(whether legitimate or not) by any government authority or body. Government corruption and inefficiencies are also a problem. Mongolia is currently experiencing strong economic growth driven by foreign direct investment in its mining sector, but the instability of economic policies and regulations towards foreign investors threaten to impede necessary growth of production capacity. Additionally, the Mongolian economy is extremely dependent on the price of minerals and Chinese demand for Mongolian exports.

Myanmar

Myanmar (formerly Burma) is emerging from nearly half a century of isolation under military rule and from the gradual suspension of sanctions by Western governments imposed as punishment for alleged human-rights violations. However, despite modest political reforms and a wealth of untapped mineral resources, Myanmar struggles with rampant corruption, poor infrastructure (including basic infrastructure, such as transport, telecoms and electricity), ethnic tensions, a shortage of technically proficient workers and a dysfunctional bureaucratic system. Myanmar has no established corporate bond market or stock exchange and has a limited banking system. Additionally, despite democratic trends and progress on human rights, Myanmar's political situation remains fluid, and there remains the possibility of reinstated sanctions by Western countries.

New Zealand

New Zealand is generally considered to be a developed market, and investments in New Zealand generally do not have risks associated with them that are present with investments in developing or emerging markets. The health of the economy is strongly tied to commodity exports and has historically been vulnerable to global slowdowns. New Zealand is a country heavily dependent on free trade, particularly in agricultural products. This makes New Zealand particularly vulnerable to international commodity prices and global economic slowdowns. Its principal export industries are agriculture, horticulture, fishing and forestry.

Pakistan

Changes in the value of investments in Pakistan and in companies with significant economic ties to that country largely depend on continued economic growth and reform in Pakistan, which remains uncertain and subject to a variety of risks. Adverse developments can result in substantial declines in the value of investments. Pakistan has and continues to face high levels of political instability and social unrest at both the regional and national levels. Such instability has and may erupt again into wide-scale disorder. The Pakistan government recently imposed a state of emergency following riots and the deaths of opposition leaders. Social and political instability may also result in increased levels of terrorism, prolonged economic disruption and may discourage foreign investment.

Ongoing disputes with India over the Kashmir border region may result in armed conflict between the two nations, both of which possess nuclear capabilities. Even in the absence of armed conflict, the lingering threat of war with India may depress economic growth and investment in Pakistan. Additionally, Pakistan's geographic location and its shared borders with Afghanistan and Iran increase the risk that it will be involved in, or otherwise affected by, international conflict. Pakistan's recent economic growth is in part attributable to high levels of foreign aid, loans and debt forgiveness. Such international support, however, may be significantly reduced or terminated in response to changes in the political leadership of Pakistan.

Pakistan faces a wide range of other economic problems and risks. Pakistan had undertaken a privatization initiative, but recently halted that effort. There is substantial uncertainty over whether privatization will continue and whether existing efforts will be reversed. Pakistan is subject to substantial natural resource constraints, which both hamper development and make Pakistan's economy vulnerable to price fluctuations in these resources. Pakistan maintains large budgetary and current account deficits. The resulting high levels of national debt may not be sustainable. Pakistan also maintains a trade deficit, which could be worsened if relations with the United States, the largest market for Pakistani exports, deteriorate. The rights of investors and other property owners in Pakistan are subject to protection by a developing judicial system that is widely perceived as lacking transparency. Inflation threatens long-term economic growth and may deter foreign investment in the

country. Leaders of the recently installed civil government have previously adopted policies that increased legal and economic uncertainty and inhibited foreign investment.

Papua New Guinea

Papua New Guinea is a small country rich in natural resources, though it faces challenges in developing those resources and maintaining political stability. Papua New Guinea's newly elected government promises reforms to address rampant corruption and revolving-door politics, but the success of these efforts remains to be seen. Other challenges facing the Papua New Guinea government include providing physical security for foreign investors, regaining investor confidence, restoring integrity to state institutions, privatizing state institutions and maintaining good relations with Australia. Exploitation of Papua New Guinea's natural resources is limited by terrain, land tenure issues and the high cost of developing infrastructure. Papua New Guinea has several thousand distinct and heterogeneous indigenous communities, which create additional challenges in dealing with tribal conflicts, some of which have been going on for millennia.

Philippines

Philippines' consistently large budget deficit has produced a high debt level and has forced the country to spend a large portion of its national government budget on debt service. Large, unprofitable public enterprises, especially in the energy sector, contribute to the government's debt because of slow progress on privatization. Some credit rating agencies have expressed concerns about Philippines' ability to sustain its debt.

Singapore

As a small open economy, Singapore is particularly vulnerable to external economic influences, such as the Asian economic crisis of the late 1990s. Although Singapore has been a leading manufacturer of electronics goods, the extent to which other countries can successfully compete with Singapore in this and related industries, and adverse Asian economic influences generally, may negatively affect Singapore's economy.

South Korea

Investing in South Korean securities has special risks, including political, economic and social instability, and the potential for increasing militarization in North Korea (as discussed above under Japan). The market capitalization and trading volume of issuers in South Korean securities markets are concentrated in a small number of issuers, which results in potentially fewer investment opportunities for the Fund. South Korea's financial sector has shown certain signs of systemic weakness and illiquidity, which, if exacerbated, could prove to be a material risk for any investments in South Korea.

There are also a number of risks to the Fund associated with the South Korean government. The South Korean government has historically exercised and continues to exercise substantial influence over many aspects of the private sector. The South Korean government from time to time has informally influenced the prices of certain products, encouraged companies to invest or to concentrate in particular industries and induced mergers between companies in industries experiencing excess capacity. The South Korean government has sought to minimize excessive price volatility on the South Korean Stock Exchange through various steps, including the imposition of limitations on daily price movements of securities, although principal risks of investing in the Fund there is no assurance that this would prevent the value of an investment from declining over time.

South Korea is dependent on foreign sources for its energy needs. A significant increase in energy prices could have an adverse impact on South Korea's economy.

Sri Lanka

Civil war and terrorism have disrupted the economic, social and political stability of Sri Lanka for decades. In 2009, the Sri Lankan government announced that it had achieved victory over the Liberation Tigers of Tamil Eelam (LTTE), an armed insurgency group that had been active for many years. Nonetheless, remnants of LTTE remain and there is potential for continued instability resulting

from ongoing ethnic conflict. Sri Lanka faces severe income inequality, high inflation and a sizeable public debt load. Additionally, Sri Lanka's economy is dependent on a strong global economy for foreign investment and a market for its exports, which have suffered during the global economic decline. Sri Lanka relies heavily on foreign assistance in the form of grants and loans from a number of countries and international organizations such as the World Bank and the Asian Development Bank. Changes in international political sentiment may have significant adverse effects on the Sri Lankan economy. Sri Lanka also faces a number of threats related to weather and climate, and certain coastal regions of the country were devastated by the 2004 Asian tsunami.

Thailand

In recent years Thailand has experienced increased political and military unrest in its predominantly Muslim southern provinces. While the unrest and associated acts of violence have been contained in the south, they could spread to other parts of the country, negatively impacting tourism and the broader economy. Thailand's political institutions remain unseasoned, increasing the risk of political instability. In September 2006, Thailand's elected government was overthrown in a military coup and replaced by new leadership backed by a military junta. The impact of the coup and military rule on investments in Thai securities was initially negative and subsequently has been uneven. Following the coup, the new government imposed investment controls that appear to have been designed to control volatility in the Thai baht and to support certain export-oriented Thai industries. These controls have been revised and updated since their initial imposition, and more recently have largely been suspended (although there is no guarantee that such controls will not be re-imposed). However, partially in response to these controls, an offshore market for the exchange of Thai baht developed. The depth and transparency of this market have been uncertain. With the general suspension of investment controls, it is unclear whether this offshore market will continue. Accordingly, this market's impact on the Fund is uncertain. Political instability continues in Thailand. The military junta gave way to a democratically elected government but that government was subsequently ousted by a political movement that used public protest and civil unrest to remove the government. This lack of stability may lead to a deterioration of economic conditions in the country.

Vietnam

In 1992, Vietnam initiated the process of privatization of state-owned enterprises, and expanded that process in 1996. The Vietnamese government has exercised and continues to exercise significant influence over many aspects of the economy. Accordingly, government and bureaucratic actions have a significant effect on the economy and could adversely affect market conditions, deter economic growth and the profitability of private enterprises. Some Vietnamese industries, including commercial banking, remain dominated by state-owned enterprises. To date, economic, political and legal reform has proceeded at a slow pace, and foreign direct investment remains at a developmental stage. Currently, employees and management boards hold a majority of the equity of most privatized enterprises. In addition, the government of Vietnam continues to hold, on average, more than one-third of the equity in such firms. Only a small percentage of the shares of privatized companies are held by investors. In addition, Vietnam continues to impose limitations on foreign ownership of Vietnamese companies. Vietnamese authorities have in the past imposed arbitrary repatriation taxes on foreign owners, and the government may levy withholding and other taxes on dividends, interest and gains. There can be no guarantee that Vietnam's privatization process, or its efforts to reform its economic, political or legal systems will continue.

The development of Vietnam's economy is dependent on export markets and is vulnerable to events in these markets. There is also a greater risk involved in currency fluctuations, currency convertibility and interest rate fluctuations. Inflation threatens long-term economic growth and may deter foreign investment in the country. In addition, foreign currency reserves in Vietnam may not be sufficient to support conversion into the U.S. dollar (or other currencies), which may result in a fund being unable to repatriate proceeds from the sales of Vietnamese holdings and negatively impact the valuation of a Sub-Fund's holdings. Business and overseas investment patterns may exacerbate currency conversion and repatriation at certain times of the year. The Funds may attempt to repatriate from the Vietnamese Dong using a third currency (*e.g.* Hong Kong Dollar or Euro), which could expose the Funds to risks

associated with that currency and additional costs. Perhaps to a greater extent than markets in other emerging market countries, Vietnamese markets have relatively low levels of liquidity, which may result in extreme volatility in the prices of Vietnamese securities. Market volatility may also be heightened by the actions of a small number of investors.

Foreign investors in Vietnam are currently required to purchase and sell securities of Vietnamese companies through a single, pre-selected broker-dealer. This procedure decreases transparency in the market, may result in higher execution costs and limits the Fund's ability to utilize competition amongst broker-dealers to enhance the quality of execution. Use of a single broker also increases the risk to a Fund if the broker cannot fulfill its obligations (known as counterparty risk). That risk is enhanced further because of the requirement to pay for securities purchased before receiving them. This procedure may also decrease the confidentiality of the Fund's transactions, exposing the Fund to a greater potential for front running and similar practices.

3. Risks Associated With Investing In China A Shares

China A Share Market Risk

Investments in China and more specifically, investments in securities of the Chinese domestic securities market and listed and traded on China's domestic stock exchanges (including China A Shares) are currently subject to certain additional risks. Purchase and ownership of China A Shares is generally restricted to Chinese investors and may only be accessible to foreign investors under certain regulatory frameworks as described herein. China A Shares may only be bought from, or sold to, a Sub-Fund from time to time where the relevant China A Shares may be sold or purchased on the Shanghai Stock Exchange or the Shenzhen Stock Exchange, as appropriate. The existence of a liquid trading market for China A Shares may depend on whether there is supply of, and demand for, China A Shares. Investors should note that the Shanghai Stock Exchange and Shenzhen Stock Exchange on which China A Shares are traded are undergoing development and the market capitalization of, and trading volumes on, those exchanges may be lower than those in more developed financial markets. Market volatility and settlement difficulties in the China A Share markets may result in significant fluctuation in the prices of the securities traded on such markets and thereby changes in the Net Asset Value of a Sub-Fund. The China A Share market is considered volatile and unstable (with the risk of suspension of a particular stock or government intervention).

China QFII Investment Risk

Part of the assets of certain Sub-Funds may be invested in China A Shares through the use of a Qualified Foreign Institutional Investor ("QFII") license. Under the prevailing regulations in China, foreign investors can invest in China A Shares pursuant to the applicable QFII rules and regulations ("QFII Eligible Securities") through institutions that have obtained QFII status in China. The Fund itself is not a QFII, but may invest directly in QFII Eligible Securities via the QFII status of an entity having QFII status. The Investment Manager has been granted QFII status and a QFII investment quota (the "QFII Quota") through which the relevant Sub-Funds will be able to invest in QFII Eligible Securities.

A Sub-Fund's ability to make the relevant investment to fully implement or pursue its investment objective or strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in China, which are subject to change and such change may have potential retrospective effect.

There are rules and restrictions under current QFII regulations including rules on remittance of principal, investment restrictions, lock-up periods, and repatriation of principal and profits. Due to Chinese legal restrictions on repatriation of assets, proceeds from sales of China A Shares cannot be immediately received by a Sub-Fund. QFII restrictions on repatriations may apply to the QFII Quota granted to the Investment Manager as the QFII as a whole and may not simply apply to investments made by the relevant Sub-Fund. The capacity of the Sub-Fund to make investments in QFII Eligible Securities and the ability to repatriate funds may be thus adversely affected by the investments, performance and/or repatriation of funds invested by other client accounts or open-ended funds

managed by the Investment Manager utilizing its QFII investment quota or by the Investment Manager itself.

The QFII status of the Investment Manager could be revoked, in particular because of material violations of rules and regulations by the Investment Manager. If the Investment Manager loses its QFII status, the Sub-Funds may not be able to invest directly in QFII Eligible Securities and may be required to dispose of their holdings which would likely have a material adverse effect on the Sub-Funds.

As the QFII, the Investment Manager will be responsible for ensuring that all transactions and dealings will be dealt with in compliance with the constitutive documents of the Fund as well as the relevant laws and regulations applicable to the Investment Manager as QFII. If any conflicts of interest arise, the Investment Manager will seek to ensure that the Fund is managed in the best interests of Shareholders and the Shareholders are treated fairly.

The QFII Quota is granted to the Investment Manager as a whole and not simply to investments made by the Fund or the Sub-Funds. There can be no assurance that the QFII will be able to allocate a sufficient portion of its QFII investment quota to meet all applications for subscription to the Fund and the Sub-Funds, or that redemption requests can be processed in a timely manner due to adverse changes in relevant laws or regulations, including changes in QFII repatriation restrictions.

In extreme circumstances, the Sub-Funds may incur significant loss if there is insufficient QFII Quota allocated for the Sub-Funds to make investments, the approval of the Investment Manager as QFII is revoked/terminated or otherwise invalidated as the Sub-Funds may be prohibited from trading of relevant securities and repatriating of the Sub-Funds' monies, or if any of the key operators or parties (including the QFII custodian/brokers) is bankrupt/in default and/or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

Risks Associated with Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

A Sub-Fund may invest and have direct access to certain eligible China A Shares via the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect (each a "Stock Connect" and together the "Stock Connects") upon approval by the relevant regulatory authority. The Shanghai-Hong Kong Stock Connect is a securities trading and clearing linked program developed by Hong Kong Exchanges and Clearing Limited ("HKEx"), Shanghai Stock Exchange ("SSE") and China Securities Depository and Clearing Corporation Limited ("ChinaClear"). The Shenzhen-Hong Kong Stock Connect is a securities trading and clearing linked program developed by HKEx, Shenzhen Stock Exchange ("SZSE") and China Clear. The aim of each Stock Connect is to achieve mutual stock market access between mainland China and Hong Kong.

Under both Stock Connects, overseas investors (including the Sub-Funds) may be allowed, subject to rules and regulations issued and amended from time to time, to trade certain China A Shares listed on either the SSE or SZSE through the relevant "Northbound Trading Link." At this time, the China A Shares available via the Stock Connects include all the constituent stocks of the SSE 180 Index, SSE 380 Index, SZSE Component Index, SZSE Small/Mid Cap Innovation Index, and all the China A Shares listed on the SSE or SZSE that have corresponding H Shares listed on the Stock Exchange of Hong Kong Limited ("SEHK"). The list of eligible securities may be changed subject to the review and approval by the relevant Chinese regulators from time to time and the Sub-Funds may invest in any security made available through the Stock Connects.

Hong Kong and overseas investors (including the Sub-Funds) may only trade and settle SSE securities and SZSE securities in RMB.

Further information about the Stock Connects is available online at the website: http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/chinaconnect.htm.

Quota Limitations Risk

Each of the Stock Connects is subject to a daily quota. If the daily quota is exceeded, further buy orders will be rejected. The daily quota is not particular to either the Sub-Funds or the Investment Manager; instead, they apply to all market participants generally. Thus, the Investment Manager of the Sub-Funds will not be able to control the use or availability of the quota. If the Investment Manager is unable to purchase additional Stock Connect securities, it may affect the Investment Manager's ability to implement the Sub-Funds' respective investment strategies.

Suspension Risk

The SEHK, SZSE and SSE reserve the right to suspend trading if necessary for ensuring an orderly and fair market and managing risks prudently which could adversely affect the relevant Sub-Funds' ability to access the mainland China market.

Differences in Trading Day

The Stock Connects only operate on days when both the mainland China and Hong Kong markets are open for trading and when banks in both markets are open on the corresponding settlement days. It is possible that there are occasions when it is a normal trading day for the mainland China market but Hong Kong and overseas investors (such as the Sub-Funds) cannot carry out any China A Shares trading because it is not a day when the Hong Kong market is open for trading. The Sub-Funds may be subject to a risk of price fluctuations in China A Shares during the time when the Stock Connects are not trading as a result.

Clearing and Settlement and Custody Risks

The Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of HKEx ("HKSCC") and ChinaClear establish the clearing links and each is a participant of the other to facilitate clearing and settlement of cross-boundary trades. As the national central counterparty of China's securities market, ChinaClear operates a comprehensive network of clearing, settlement and stock holding infrastructure. ChinaClear has established a risk management framework and measures that are approved and supervised by the China Securities Regulatory Commission ("CSRC"). The chances of ChinaClear default are considered to be remote.

Should the remote event of ChinaClear default occur and ChinaClear be declared as a defaulter, HKSCC will in good faith, seek recovery of the outstanding stocks and monies from ChinaClear through available legal channels or through ChinaClear's liquidation. In that event, the relevant Sub-Fund(s) may suffer delay in the recovery process or may not be able to fully recover its losses from ChinaClear.

The China A Shares traded through the Stock Connects are issued in scripless form, so investors such as the Sub-Fund will not hold any physical China A Shares. Hong Kong and overseas investors, such as the Sub-Fund, who have acquired SSE securities and/or SZSE securities through the Stock Connects, should maintain the SSE securities and/or SZSE securities with their brokers' or custodians' stock accounts with the Central Clearing and Settlement System operated by HKSCC for the clearing securities listed or traded on SEHK.

Operational Risk

The Stock Connects are premised on the functioning of the operational systems of the relevant market participants. Market participants are able to participate in this program subject to meeting certain information technology capability, risk management and other requirements as may be specified by the relevant exchange and/or clearing house.

It should be appreciated that the securities regimes and legal systems of the two markets differ significantly and market participants may need to address issues arising from the differences on an on-going basis.

There is no assurance that the systems of the SEHK and market participants will function properly or will continue to be adapted to changes and developments in both markets. In the event that the relevant systems failed to function properly, trading in both markets through the program could be

disrupted. The Sub-Fund's ability to access the China A Share market (and hence to pursue their investment strategy) will be adversely affected.

Recalling Risk and Trading Restrictions

A stock may be recalled from the scope of eligible SSE securities or SZSE securities for trading via the Stock Connects for various reasons, and in such event the stock can only be sold but is restricted from being bought. The Investment Manager's ability to implement the Sub-Funds' investment strategies may be adversely affected.

Nominee Arrangements in Holding China A Shares

HKSCC is the "nominee holder" of the securities acquired by overseas investors (including the relevant Sub-Fund(s)) through the Stock Connects. The CSRC Stock Connect rules expressly provided that investors enjoy the rights and benefits of the securities acquired through the Stock Connects in accordance with applicable laws. However, how a beneficial owner of the relevant securities exercises and enforces its rights over such securities in the courts in China is yet to be tested. Even if the concept of beneficial ownership is recognized under Chinese law those securities may form part of the pool of assets of such nominee holder available for distribution to creditors of such nominee holder and/or that a beneficial owner may have no rights whatsoever in respect thereof. Consequently, the Sub-Fund and the Depositary cannot ensure that the Sub-Fund's ownership of these securities or title thereto is assured in all circumstances. Under the rules of the Central Clearing and Settlement System operated by HKSCC for the clearing of securities listed or traded on SEHK, HKSCC as nominee holder shall have no obligation to take any legal action or court proceeding to enforce any rights on behalf of the investors in respect of the SSE securities and/or SZSE securities in China or elsewhere. Therefore, although the relevant Sub-Funds' ownership may be ultimately recognized, these Sub-Funds may suffer difficulties or delays in enforcing their rights in China.

To the extent that HKSCC is deemed to be performing safekeeping functions with respect to assets held through it, the Depositary and the Sub-Fund will have no legal relationship with HKSCC and no direct legal recourse against HKSCC in the event that the Sub-Fund suffers losses resulting from the performance or insolvency of HKSCC.

Investor Compensation

Investments of the Sub-Fund through Northbound trading under the Stock Connects will not be covered by Hong Kong's Investor Compensation Fund. Hong Kong's Investor Compensation Fund is established to pay compensation to investors of any nationality who suffer pecuniary losses as a result of default of a licensed intermediary or authorized financial institution in relation to exchange-traded products in Hong Kong.

Since default matters in Northbound trading via the Stock Connects do not involve products listed or traded in SEHK or Hong Kong Futures Exchange Limited, they will not be covered by the Investor Compensation Fund. On the other hand, since the Sub-Fund is carrying out Northbound trading through securities brokers in Hong Kong but not mainland Chinese brokers, therefore they are not protected by the China Securities Investor Protection Fund in China.

Trading Costs

In addition to paying trading fees and stamp duties in connection with trading China A Shares, a Sub-Fund may be subject to other fees and taxes arising from stock transfers which are determined by the relevant authorities.

Regulatory Risk

Stock Connects are subject to regulations promulgated by regulatory authorities and implementation rules made by the stock exchanges in mainland China and Hong Kong. Further, new regulations may be promulgated from time to time by the regulators in connection with operations and cross-border legal enforcement in connection with cross-border trades under the Stock Connects. The relevant rules and regulations are untested so far and there is no certainty as to how they will be applied. Moreover, the rules and regulations are subject to change which may have potential retrospective effect. There

can be no assurance that the Stock Connects will not be abolished. The relevant Sub-Funds which may invest in mainland China markets through the Stock Connects may be adversely affected as a result of such changes.

Risks Associated with the Small and Medium Enterprise Board and/or ChiNext Market

Via Shenzhen-Hong Kong Stock Connect, the Sub-Funds may access securities listed on the Small and Medium Enterprise (“SME”) board and the ChiNext market of the SZSE. Listed companies on the SME board and/or the ChiNext market are usually of an emerging nature with smaller operating scale. They are subject to higher fluctuation in stock prices and liquidity and have higher risks and turnover ratios than companies listed on the main board of the SZSE. Securities listed on the SME board and/or ChiNext may be overvalued and such exceptionally high valuation may not be sustainable. Stock price may be more susceptible to manipulation due to fewer circulating shares. It may be more common and faster for companies listed on the SME board and/or ChiNext to delist. This may have an adverse impact on the Sub-Funds if the companies that they invest in are delisted. Also, the rules and regulations regarding companies listed on ChiNext market are less stringent in terms of profitability and share capital than those on the main board and SME board. Investments in the SME board and/or ChiNext market may result in significant losses for the Sub-Funds and their investors.

RISK-MANAGEMENT PROCESS

The Investment Manager, to whom the Board of Directors of the Fund has delegated under its responsibility such functions, employs a risk-management process that enables the monitoring and measurement at any time of the risk of the positions and their contribution to the overall risk profile of each Sub-Fund. If applicable, a process for accurate and independent assessment of the value of any OTC derivative instruments will be employed.

Upon request of an investor, the Fund will provide supplementary information relating to the quantitative limits that apply in the risk management of each Sub-Fund, to the methods chosen to this end and to the recent evolution of the risks and yields of the main categories of instruments.

Unless otherwise specified for a Sub-Fund, the Fund will apply a commitment approach to measuring global risk.

ISSUE, REDEMPTION AND CONVERSION OF SHARES

1. Market-Timing and Late Trading

The Fund does not accept late trading. The repeated purchase and sale of Shares designed to take advantage of pricing inefficiencies in the Fund—also known as “Market Timing”—may disrupt portfolio investment strategies and increase the Fund's expenses and adversely affect the interests of the Fund's long-term Shareholders. To deter such practice, the Board of Directors reserves the right, in case of reasonable doubt and whenever an investment is suspected to be related to Market Timing, which the Board of Directors shall be free to appreciate, to suspend, revoke or cancel any subscription or conversion order placed by investors who have been identified as doing frequent in and out trades within the Fund.

The Board of Directors, as safeguard of the fair treatment of all investors, takes appropriate measures to ensure that (i) the exposure of the Fund to Market Timing activities is adequately assessed on an ongoing basis, and (ii) sufficient procedures and controls are implemented to minimize the risks of Market Timing in the Fund.

2. Anti-Money Laundering

Pursuant to Luxembourg laws and regulations comprising, but not limited to, the law of November 12, 2004 on the fight against money laundering and financing of terrorism, as amended, the grand-ducal regulation of 1 February 2010, as amended and CSSF regulation N° 12-02 of 14 December 2012, obligations have been imposed on financial institutions to prevent the use of undertakings for collective investment for money laundering and financing of terrorism purposes. As a result of such provisions, a Luxembourg UCITS in form of a public limited company or the respective registrar agent of such Luxembourg UCITS must in principle ascertain the identity of the subscriber in accordance with Luxembourg laws and regulations. The registrar agent may therefore require subscribers to provide any document it deems necessary to effect such identification.

In case of delay or failure by an applicant to provide the documents required, the application for subscription (or, if applicable, for redemption) will not be accepted. Neither the undertakings for collective investment nor the registrar agent have any liability for delays or failure to process deals as a result of the applicant providing no or only incomplete documentation.

Shareholders may be requested to provide additional or updated identification documents from time to time pursuant to ongoing client due diligence requirements under relevant laws and regulations.

The absence of documents required for identification purposes may lead to the suspension of a request for subscription and/or redemption.

3. Hedging Policy

With respect to Hedged Share Classes, the Investment Manager may employ techniques and instruments to limit an investor's risk by reducing the effect of exchange rate fluctuations between the Class Currency of the Hedged Share Class and the Predominant Currency of the relevant Sub-Fund. Under normal market conditions, the Investment Manager expects to hedge approximately 100% of the net assets of the Hedged Share Class. While the Investment Manager may attempt to hedge the currency risk, there can be no guarantee that it will be successful in doing so.

The use of any hedging techniques and instruments may substantially limit Shareholders in a Hedged Share Class from benefiting if the Class Currency of such Hedged Share Class falls against the Predominant Currency. All costs, gains or losses arising from or in connection with such hedging transactions are borne by the relevant Hedged Share Class.

4. Issue of Shares

Instructions to subscribe, once given, are irrevocable, except in the case of a suspension of the determination of the NAV. The Fund in its absolute discretion reserves the right to reject any application in whole or in part. If an application is rejected, any subscription money received will be refunded at the cost and risk of the investor without interest. Prospective investors should inform themselves as to the relevant legal, tax and exchange control regulations in force in the countries of their respective citizenship, residence or domicile.

Shares of a Sub-Fund are originally available for issue during an initial offer period at an initial offer price specified in the relevant Appendix.

Each Sub-Fund and/or Class of Shares of such Sub-Fund may, as more fully described for each Sub-Fund in the relevant Appendix, have varying initial, subsequent and minimal investment or holding requirements. The Board of Directors may, at its entire discretion, (i) waive any of the aforementioned requirements and (ii) compulsorily redeem any shareholdings with a value below the relevant holding requirements or such other amounts as the Board of Directors may decide.

After the initial offer period, subscriptions for Shares in each Class of each Sub-Fund can be made on any day that is defined as being a Valuation Day in the relevant Appendix for each Sub-Fund. In order to be dealt with on a specific Valuation Day, applications must be received prior to the time specified

for each Sub-Fund in the relevant Appendix and (if accepted) will be dealt with at the issue price based on the Net Asset Value per Share of the relevant Class determined on that Valuation Day. Applications received after such time, will be dealt with (if accepted) at the issue price based on the Net Asset Value per Share of the relevant Class determined on the next Valuation Day.

A sales charge of up to 5% of the subscription proceeds (representing up to 5.26% of the NAV of the Shares being subscribed) may be levied for the benefit of distributors and other financial intermediaries, as described in the Appendices.

The Shares in each Class shall be issued on the basis of the Net Asset Value per Share of the Class concerned determined on the applicable Valuation Day.

Application for Shares, giving details of the amount to be invested, should be on the completed Application Form and sent by post or facsimile (with the original to follow immediately by post) to the Administrative Agent, so as to be received before such time as set out in the relevant Appendix for each Sub-Fund.

Share certificates will not be issued but written confirmation of ownership will be sent to the Shareholder as soon as practicable after the acceptance of the application for a particular Valuation Day.

Shares are issued in registered form only and up to 2 decimal places. A Share may be registered in a single name or in up to four joint names.

The Board of Directors has the authority to effect the issue of Shares and has absolute discretion to accept or reject in whole or in part any application for Shares, in particular but not limited to if the beneficial owner is a Restricted Person, without assigning any reason for their decision. The Board of Directors has power to impose such restrictions as they think necessary to ensure that no Shares are acquired by any person which might result in the legal and beneficial ownership of Shares by persons who expose the Fund to adverse tax or regulatory consequences.

The Board of Directors may accept, with full discretion, but subject to an independent auditor's report if required by law or the Board of Directors, (the cost of which is to be borne by the contributing Shareholder unless the Board of Directors determines, in the best interest of Shareholders, that such cost is to be borne by the Fund), that assets falling within the investment restrictions and relevant investment policy be contributed in kind to the Fund.

The Global Distributor may have agreements with certain Distributors pursuant to which they agree to act as or appoint nominees for investors subscribing for Shares through their facilities. In such capacity, the Distributor may effect subscriptions, switches and redemptions of Shares in nominee name on behalf of individual investors and request the registration of such operations on the register of Shareholders of the Fund in nominee name. The Distributor or nominee maintains its own records and generally provides the investor with individualized information as to its holdings of Shares. Except where local law or custom proscribes the practice, investors may invest directly in the Fund and not avail themselves of a nominee service. Unless otherwise provided by local law, any investor holding Shares in a nominee account with a Distributor has the right to claim, at any time, direct title to such Shares.

Issue of Shares of a given Sub-Fund shall be suspended whenever the determination of the Net Asset Value per Share of such Sub-Fund is suspended, as described in section entitled "*General Information.*"

Investors should be aware that not all Classes of Shares of each Sub-Fund are available. Investors should consult the Fund's website at <https://global.matthewsasiasia.com/> for an up to date list of Classes of Shares available for subscription.

Restrictions on Issue and Transfer of Shares

Shares are transferable and may be transferred to any person or any entity unless otherwise provided herein. The Board of Directors may, at its sole discretion, refuse to effect a transfer in any circumstances where such transfer would be detrimental to the Fund or its Shareholders. Any expenses incurred in the transfers shall be borne by the Shareholders concerned.

Furthermore, certain Classes of are restricted to Institutional Investors.

Taiwanese Investors

Taiwanese Investors may not hold more than 90% of the capital of any one Sub-Fund. The Board of Directors may, at its entire discretion, refuse subscriptions from Taiwanese investors.

5. Conversion of Shares

Subject to any suspension of the determination of the NAV concerned, and subject to compliance with any eligibility conditions of the Class of Shares into which the conversion is to be effected, Shareholders have the right to convert all or part of their Shares of one Class of Shares in any Sub-Fund into Shares of another Class of Shares of the same Sub-Fund or of another existing Sub-Fund by applying for conversion in the same manner as for the redemption of Shares.

Requests for conversion of Shares can be made on any day that is defined as being a Valuation Day in the relevant Appendix for each Sub-Fund. In order to be dealt with on a specific Valuation Day, applications must be received prior to the time specified for each Sub-Fund in the relevant Appendix. Requests received after such time will be held over until the next Valuation Day.

The number of Shares issued upon conversion will be based upon the respective NAV of the Shares of the two Sub-Funds or Classes of Shares concerned on the common Valuation Day for which the conversion request is accepted. Unless otherwise provided for a specific Sub-Fund in the relevant Appendix, a dealing charge of up to 1% of the NAV of the Shares to be converted may be imposed for the benefit of the Sub-Fund out of which such conversion is requested. The level of the relevant dealing charge shall be identical for Shareholders converting on the same Valuation Day. If the NAVs concerned are expressed in different currencies, the conversion will be calculated by using the exchange rate applicable on the relevant Valuation Day on which the conversion is to be effected.

Any expenses incurred in the transfers shall be borne by the Shareholders concerned.

In addition, if, as a result of a conversion, the value of a Shareholder's remaining holding in the original Sub-Fund would become less than the relevant minimum holding for each Sub-Fund or Class of Shares, the relevant Shareholder will be deemed to have requested the conversion of all of his Shares.

6. Redemption of Shares

Subject to any suspension of the determination of the Net Asset Value per Share, Shareholders may request at any time that Shares be redeemed on any Valuation Day. The Shares shall be redeemed at the Net Asset Value per Share of the relevant Class of Shares on the applicable Valuation Day.

Requests for redemptions should be made on the Redemption Request Form, which must be sent by facsimile (with the original to follow immediately by post) to the Administrative Agent so as to be received prior to such time as set out in the relevant Appendix for each Sub-Fund.

Requests received after such time will be held over until the next Valuation Day. The redemption request must be accompanied by such evidence of ownership as the Administrative Agent may request.

Redemption requests are irrevocable. Shareholders may only withdraw redemption requests when the redemption of Shares is suspended during any period when the determination of the NAV is suspended for the reasons outlined under "Temporary Suspension of Issues, Redemptions and Conversions" below. Such request must be in writing and is only effective if received before the termination of the period of suspension.

Investors should note that the Fund may refuse to accept a redemption request if it is not accompanied by such additional information as they may reasonably require. This power may, without limitation to the foregoing, be exercised where proper information has not been provided for money laundering verification purposes.

The Board of Directors may from time to time permit redemptions in kind. Any such redemption in kind will be valued in accordance with the requirements of Luxembourg law. In case of a redemption in kind, Shareholders having accepted a redemption in kind will have to bear costs incurred by the redemption in kind (mainly costs resulting from drawing-up of the independent auditor's report if required by applicable law or the Board of Directors) unless the Fund considers that the redemption in kind is in its own interest or made to protect its own interests.

In the event that a partial redemption of a Shareholder's holding of Shares would leave a balance of Shares held by such Shareholder of less than any minimum holding as defined in the relevant Appendix, the Board of Directors may redeem the whole of that Shareholder's holding of Shares. Any request that would reduce a holding below the minimum holding referred to above may be treated as a request to redeem the entire holding.

Payment of Redemption Proceeds

Payment to Shareholders will be made in the currency of the Shares being redeemed. Unless otherwise agreed with the Administrative Agent, subject to receipt of a duly completed Redemption Form, the payment of the redemption monies shall be made in the form of a wire transfer to the Shareholder's account specified in the Shareholder's Redemption Form and at the risk of the Shareholder. Full payment shall be made generally within 5 Business Days of the relevant Valuation Day.

In the event of impediments due to exchange control regulations or similar constraints in the markets in which a substantial part of the assets of the Fund shall be invested, payment will be made as soon as reasonably practicable thereafter (not exceeding, however, thirty Business Days) at the Net Asset Value per Share calculated on the relevant Dealing Day.

Deferred Redemptions

In the event that redemption requests are received for redemption of Shares representing in aggregate more than 10 percent (10%) of the total value of Shares of a Sub-Fund then in issue, the Fund is entitled to reduce the requests rateably and pro rata amongst all Shareholders seeking to redeem Shares on the relevant Valuation Day and carry out only sufficient redemptions which, in aggregate, amount to 10% of the value of Shares of the Sub-Fund then in issue. Shares of the Sub-Fund which are not redeemed but which would otherwise have been redeemed will be redeemed on the next Valuation Day (subject to further deferral if the deferred requests themselves exceed 10% of the Shares of a Sub-Fund then in issue) in priority to any other Shares of the Sub-Fund for which redemption requests have been received. Shares of the Fund will be redeemed at the Net Asset Value per Share of the relevant Class of Shares prevailing on the Valuation Day on which they are redeemed.

In addition, the Fund reserves the right to extend the period of payment of redemption proceeds to such period, not exceeding 30 days, as shall be necessary to repatriate proceeds of the sale of investments in the event of impediments due to exchange control regulations or other extraordinary circumstances in the markets in which a substantial part of the assets of a Sub-Fund are invested or in exceptional circumstances where the liquidity of a Sub-Fund is not sufficient to meet the redemption requests.

Mandatory Redemption of Shares

As more fully described in its Articles of Incorporation, the Fund may compulsorily redeem at any time Shares held by Shareholders who are excluded from purchasing or holding Shares.

Shareholders are required to notify the Fund and the Administrative Agent immediately in the event that they become Restricted Persons whereupon they may be required to dispose of their Shares by offering those Shares for sale to the Fund at a sale price equal to the Net Asset Value per Share of those Shares of the relevant Class of Shares on the next Valuation Day succeeding the offer date. The Fund reserves the right to redeem any Shares which are or become owned, directly or indirectly, for any reason, by a Restricted Person (other than as permitted in accordance with this Prospectus) or if

the holding of the Shares by any person is unlawful or may result in the Fund or its Shareholders suffering a legal, pecuniary, taxation, fiscal, regulatory or other material administrative disadvantage.

7. Transferability of Shares

Shareholders will be entitled to transfer Shares by an instrument in writing executed by or on behalf of the transferor in such form as may be approved by the Fund.

The Fund and the Administrative Agent may refuse any transfer that may result in the Fund or its Shareholders incurring any liability to taxation or suffering any other pecuniary, legal or material administrative disadvantage to the Fund or its Shareholders, as a whole, that the Fund might not otherwise have incurred or suffered.

No transfer shall be deemed to be effective until the name of the transferee has been entered in the Shareholders' register. Shareholders wishing to transfer, and investors wishing to acquire, Shares in such manner can contact the Administrative Agent or the Fund to obtain information about the conditions required to be fulfilled in order for such transfer to be entered into the Shareholders' register.

DISTRIBUTION POLICY

The Articles of Incorporation of the Fund empower, but do not require, the Board of Directors to declare dividends in respect of the Shares. The distribution policy for each Class of Shares of a Sub-Fund is set forth in the relevant Appendix.

The Fund may offer both accumulation ("Acc") and distribution Shares ("Dist"). Unless otherwise provided for in the relevant Appendix, in relation to Shares referenced as "Acc" Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the Net Asset Value of such Shares. In relation to Shares referenced as "Dist" Shares, it is the intention of the Board of Directors to undertake distributions periodically as set out in the relevant Appendix. Distributions may be made out of income, capital gains and capital and all or part of such Shares' fees and expenses may be paid out of the capital of such Shares, resulting in an increase in amounts available for the payment of distributions by such Shares. To the extent that distributions are paid out of capital, such payment of distributions 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 distributions involving payment of dividends out of the relevant Sub-Fund's capital may result in an immediate decrease in the NAV per distribution Share of the relevant Sub-Fund. Shareholders may receive a higher distribution than they would have otherwise received in a Class of Shares where fees and expenses are paid from net income.

Investors should note that the charging of fees and expenses to capital in this manner may constrain future capital growth for such Shares together with the likelihood that the value of future returns would be diminished.

The payment of fees and expenses out of the capital of such Shares amounts to payment of distributions effectively out of the capital of such Shares and, may result in reduction of the Net Asset Value per Share of the relevant Shares after the relevant distribution date. In these circumstances, distributions made in respect of such Shares should be understood by investors as a form of capital reimbursement.

Unless otherwise provided for a Class of Shares of a Sub-Fund, distributions made by "Dist" Shares will be out of net income. Classes making distributions out of gross income will be appropriately indicated. Distributions will be undertaken at least annually or more frequently as the Board of Directors may decide. The current frequency of distribution is available on <https://global.matthewsasiasia.com>.

MANAGEMENT AND ADMINISTRATION

1. The Board of Directors

The Directors of the Fund are responsible for managing the business affairs of the Fund in accordance with the Articles of Incorporation.

The Directors are listed below with their principal occupations. None of the Directors has a service contract with the Fund, nor is such proposed.

The Chairman of the Board of Directors is:

William J. Hackett, Chief Executive Officer of the Investment Manager.

The Directors of the Fund are:

Hanna Duer, Independent Director;

Richard Goddard, Independent Director, The Director's Office S.A.;

John P. McGowan, Head of Fund Administration of the Investment Manager; and

Timothy B. Parker, Director of Matthews Global Investors (Hong Kong) Limited.

Any Director who has, directly or indirectly, an interest in a transaction submitted to the approval of the Board of Directors which conflicts with the Fund's interest, must inform the Board of Directors. The Director may not take part in the discussions on and may not vote on the transaction.

No Director has any direct or indirect interest in any contract or arrangement which was either unusual in its nature or significant to the business of the Fund.

2. Delegates of the Board of Directors

The Delegates of the Board of Directors are:

Richard Goddard; and

Timothy B. Parker.

In compliance with the provisions of CSSF Circular 03/108, the Directors of the Fund have granted a mandate in order to conduct the daily business of the Fund to the Delegates of the Board of Directors (hereafter referred to as the "Conducting Officers").

The Conducting Officers shall have the duty to ensure that the different service providers to which the Fund has delegated certain functions (comprising the Investment Manager, the Administrative Agent, Global Distributor and any Distributors) perform their function in compliance with the 2010 Law, the Articles of Incorporation, the Prospectus and the provisions of the contracts that have been entered into between the Fund and each of them. The Conducting Officers shall also ensure compliance of the Fund with the investment restrictions and oversee the implementation of the Sub-Funds' investment policies.

The Conducting Officers shall also report to the Directors on a regular basis and inform each Director without delay of any non-compliance of the Fund with the investment restrictions.

The Fund has adopted various policies and procedures as foreseen by applicable rules and regulations in Luxembourg. Shareholders may, insofar as such right is provided by applicable rules and regulations, obtain more information in relation to these policies and procedures, free of charge, from the Fund upon request.

3. The Investment Manager

The Board of Directors has, pursuant to an Investment Management Agreement as of 25 February 2010, as amended, appointed Matthews International Capital Management, LLC as the Investment Manager of the Fund with discretionary investment authority to invest the assets of the Fund in furtherance of the investment objectives and in accordance with the investment policies of the Fund as described in this Prospectus.

The Investment Manager will be paid fees for its services as more fully described under “Fees and Expenses” below.

The Investment Manager invests in the Asia Pacific region based on its assessment of the future development and growth prospects of companies located in the region. The Investment Manager researches the fundamental characteristics of individual companies to help to understand the foundation of a company's long-term growth, and to assess whether it is generally consistent with the Investment Manager's expectations for the region's economic evolution. The Investment Manager evaluates potential portfolio holdings on the basis of their individual merits, and invests in those companies that it believes are positioned to help a Sub-Fund achieve its investment objectives.

Such fundamental investing and “bottom-up” approach is based on identifying, analyzing and understanding basic information about a company or security. These factors may include matters such as balance sheet information; number of employees; size and stability of cash flow; management's depth, adaptability and integrity; product lines; marketing strategies; corporate governance; and strength of balance sheet.

The Investment Manager has long-term investment goals, and aims to develop an understanding of a company's long-term business prospects. The Investment Manager's fundamental process aims to identify potential portfolio investments that can be held over an indefinite time horizon. The Investment Manager regularly tests its beliefs and adjusts portfolio holdings in light of prevailing market conditions and other factors, including, among other things, economic, political or market events (e.g., changes in credit conditions or military action), changes in relative valuation (of a company's growth prospects relative to other issuers), liquidity requirements and corporate governance.

The Investment Manager uses an active approach to investment management (rather than relying on passive or index strategies) because it believes that the current composition of the stock markets and indices may not be the best guide to the most successful industries and companies of the future.

The Investment Manager believes that investors benefit in the long term when the Sub-Funds are fully invested.

4. The Investment Advisor

The Board of Directors has, pursuant to an Investment Advisory Agreement as of 25 February 2010, as amended, appointed Matthews Global Investors S.à r.l. as the Investment Advisor of the Fund to be responsible for providing advisory services to the Fund.

The Investment Advisor was incorporated as a *société à responsabilité limitée* under the laws of the Grand-Duchy of Luxembourg pursuant to a notarial deed dated 5 February 2010, having its registered office at 19, rue de Bitbourg, L-1273 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg *Registre de Commerce et des Sociétés* under the number B 151 260.

The Investment Advisor will be paid fees for its services as more fully described under “Fees and Expenses” below.

5. Depositary

The Board of Directors has appointed Brown Brothers Harriman (Luxembourg) S.C.A. as depositary of the Fund (the “Depositary”). Brown Brothers Harriman (Luxembourg) S.C.A. was incorporated in Luxembourg as a “*société en commandite par actions*” on 16 February 1982 and has its registered office at 80, Route d’Esch, L-1470, Luxembourg, Grand Duchy of Luxembourg.

The rights and duties of the Depositary are governed by the depositary agreement, referred to under the “Material Contracts” section of this Prospectus, effective as at 4 April 2016 for an unlimited period of time from the date of its signature (the “Depositary Agreement”).

In performing its obligations under the Depositary Agreement, the Depositary shall observe and comply with (i) Luxembourg laws, (ii) the Depositary Agreement and (iii) the terms of this Prospectus. Furthermore, in carrying out its role as depositary bank, the Depositary must act solely in the interest of the Fund and of its Shareholders.

The Depositary will further, in accordance with the 2010 Law and with CSSF circular 16/644 applicable to credit institutions acting as UCITS depositaries subject to Part I of the 2010 Law:

- (a) ensure that the issue, redemption, conversion and cancellation of Shares effected by or on behalf of the Fund are carried out in accordance with the law and the Articles of Incorporation;
- (b) ensure that the Net Asset Value of the Shares of the Fund is calculated in accordance with Luxembourg laws and with the Articles of Incorporation;
- (c) carry out the instructions of the Fund, unless they conflict with Luxembourg law or with the Articles of Incorporation;
- (d) ensure that in transactions involving the assets of the Fund, the consideration is remitted to it within the usual time limits; and
- (e) ensure that the income of the Fund is applied in accordance with its Articles of Incorporation.

The Depositary is entrusted with the safe-keeping of the Fund's assets. All assets that can be held in custody are registered in the Depositary's books within segregated accounts, opened in the name of the Fund, in respect of each Sub-Fund. For the other assets, the Depositary must verify the ownership of such assets by the Fund in respect of each Sub-Fund. Furthermore, the Depositary shall ensure that the Fund's cash flows are properly monitored.

The Depositary is not allowed to carry out activities with regard to the Fund that may create conflicts of interest between the Fund, the Shareholders and the Depositary itself, unless the Depositary has properly identified any such potential conflicts of interest, has functionally and hierarchically separated the performance of its depositary tasks from its other potentially conflicting tasks, and the potential conflicts of interest are properly identified, managed, monitored and disclosed to the Shareholders. The Depositary maintains comprehensive and detailed corporate policies and procedures requiring the Depositary to comply with applicable laws and regulations. The Depositary has policies and procedures governing the management of conflicts of interests. These policies and procedures address conflicts of interests that may arise through the provision of services to the Fund. The Depositary's policies require that all material conflicts of interests involving internal or external parties are promptly disclosed, escalated to senior management, registered, mitigated and/or prevented, as appropriate. In the event a conflict of interest may not be avoided, the Depositary shall maintain and operate effective organizational and administrative arrangements in order to take all reasonable steps to properly (i) disclose the conflicts of interest to the Fund and to the shareholders, and (ii) to manage and monitor such conflicts.

The Depositary ensures that employees are informed, trained and advised of conflicts of interest policies and procedures and that duties and responsibilities are segregated appropriately to prevent conflicts of interest issues. Compliance with conflicts of interest policies and procedures is supervised and monitored by the board of managers as general partner of the Depositary and by the Depositary's authorized management, as well as the Depositary's compliance, internal audit and risk management functions. The Depositary shall take all reasonable steps to identify and mitigate potential conflicts of interest. This includes implementing its conflicts of interest policies that are appropriate for the scale, complexity and nature of its business. These policies identify the circumstances that give rise or may give rise to a conflict of interest and include the procedures to be followed and measures to be adopted in order to manage conflicts of interest. A conflict of interests register is maintained and monitored by the Depositary.

The Depositary may delegate to third party correspondents (the "Correspondents") the safe-keeping of the Fund's assets subject to the conditions laid down in the 2010 Law and the Depositary Agreement. The Depositary shall exercise due care and diligence in choosing and appointing each Correspondent so as to ensure that each Correspondent has and maintains the required expertise and competence. The Depositary shall also periodically assess whether Correspondents fulfil applicable legal and regulatory requirements and shall exercise ongoing supervision over each Correspondent to ensure that the obligations of the Correspondents continue to be appropriately discharged.

The list of Correspondents is available on Depository's website at <https://www.bbh.com/>. This list may be updated from time to time and is available from the Depository upon written request.

The Correspondents must be subject to effective prudential regulation (including minimum capital requirements, supervision in the jurisdiction concerned and external periodic audit) for the custody of financial instruments. The Depository's liability shall not be affected by any such delegation. Subject to the terms of the Depository Agreement, entrusting the custody of assets to the operator of a securities settlement system is not considered to be a delegation of custody functions.

Where the law of a third country requires that certain financial instruments be held in custody by a local entity and there are no local entities that satisfy the delegation requirement (*i.e.* the effective prudential regulation) under the Law, the Depository may, but shall be under no obligation to, delegate to a local entity to the extent required by the law of such jurisdiction and as long as no other local entity meeting such requirements exists, provided however that (i) the investors, prior to their investment in the Fund, have been duly informed of the fact that such a delegation is required, of the circumstances justifying the delegation and of the risks involved in such a delegation and (ii) instructions to delegate to the relevant local entity have been given by or for the Fund.

In accordance with the provisions of the Law and the Depository Agreement, the Depository shall be liable for the loss of a financial instrument held in custody by the Depository or a third party to whom the custody of such financial instruments has been delegated as described above. In such case, the Depository must return a financial instrument of identical type or the corresponding amount to the Fund, without undue delay. The Depository shall not be liable if it is able to prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary. The Depository shall also be liable to the Fund, or to the Shareholders for all other losses suffered by them as a result of the Depository's negligent or intentional failure to properly fulfill its obligations under the Law and the Depository Agreement.

A potential risk of conflicts of interest may occur in situations where the Correspondents may enter into or have a separate commercial and/or business relationship with the Depository in parallel to the safekeeping delegation relationship. In the conduct of its business, conflicts of interest may arise between the Depository and the Correspondent. Where a Correspondent shall have a group link with the Depository, the Depository undertakes to identify potential conflicts of interest arising from that link, if any, and to take all reasonable steps to mitigate those conflicts of interest.

The Depository does not anticipate that there would be any specific conflicts of interest arising as a result of any delegation to any Correspondent. The Depository will notify the Board of Directors of any such conflict should it so arise. To the extent that any other potential conflicts of interest exist pertaining to the Depository, they have been identified, mitigated and addressed in accordance with the Depository's policies and procedures. Updated information on the Depository's custody duties and conflicts of interest that may arise may be obtained, free of charge and upon request, from the Depository.

The Fund and the Depository may terminate the Depository Agreement on 90 calendar days' prior written notice. The Depository Agreement may also be terminated on shorter notice in certain circumstances. However, the Depository shall continue to act as Depository for up to two months pending a replacement depository being appointed and until such replacement, the Depository shall take all necessary steps to ensure the good preservation of the interests of the Shareholders of the Fund and allow the transfer of all assets of the Fund to the succeeding depository.

The Depository has implemented appropriate segregation of activities between the Depository and the administration, registrar and transfer agency services, including escalation processes and governance. Moreover, the depository function is hierarchically and functionally segregated from the administration and registrar and transfer agency services business unit.

The Depository will be paid fees for its services as more fully described under "Fees and Expenses" below.

6. Administrative Agent

Brown Brothers Harriman (Luxembourg) S.C.A. also acts as administrative agent to the Fund (the “Administrative Agent”). The Administrative Agent is responsible for the determination of the Net Asset Value of the Shares in each Sub-Fund and Class of Shares and for the maintenance of accounting records and to provide share issue, redemption, transfer, valuation and certain other administrative services, pursuant to the administration agreement between the Administrative Agent and the Fund, effective as at 4 April 2016 (the “Administration Agreement”). The duties and liabilities of the Administrative Agent are more fully defined in the Administration Agreement referred to under “Material Contracts” of this Prospectus. The Administrative Agent will be paid fees for its services as more fully described under “Fees and Expenses” below.

In addition to the administrative duties set forth in the Administration Agreement, Brown Brothers Harriman (Luxembourg) S.C.A. also acts as domiciliary agent, registrar and transfer agent, and paying agent to the Fund pursuant to the Administration Agreement.

7. The Global Distributor/the Distributors

The Fund has appointed Matthews International Capital Management, LLC as Global Distributor which is authorized, in turn, to appoint distributors/nominees for the purpose of assisting in the distribution of the Shares of the Fund in the countries in which they are marketed. The Global Distributor or Distributors may not offer all the Sub-Funds/Classes of Shares to its clients. Investors are invited to consult the Global Distributors or Distributors for further details.

The Global Distributor or certain Distributors may act as nominees. In that case, the nominee shall be recorded in the register of Shareholders and not the clients who have invested in the Fund through that nominee. The terms and conditions of the agreements with nominees shall stipulate, among other things, that a client who has invested in the Fund via a nominee may at all times require that the Shares thus subscribed be transferred in his name, as a result of which the client shall be registered under his own name in the register of Shareholders with effect from the date on which the transfer instructions are received from the nominee.

Where the Global Distributor or any sub-distributor holds Shares in its own, or a nominee’s name for and on behalf of Shareholders it will act as nominee in respect of such Shares. Shareholders should consult their nominee regarding, the rights that they have in respect of Shares held through the relevant nominee service. In particular, Shareholders should ensure that their arrangements with such nominees deal with information being given regarding corporate actions and notifications arising in respect of the Fund’s Shares, as the Fund is only obliged to deliver notice to parties inscribed as a Shareholder in the Fund’s register and can have no obligation to any third party.

Subscribers may subscribe for Shares applying directly to the Fund without having to act through the Global Distributor or one of the Distributors.

8. Auditors

The Fund has appointed Deloitte Audit S.à r.l. as its approved statutory auditor (réviseur d’entreprises agréé) within the meaning of the 2010 Law. The Auditor is elected by the Fund’s general meeting of Shareholders. The Auditor will inspect the accounting information contained in the annual report and fulfill other duties prescribed by the 2010 Law.

REMUNERATION POLICY

The Fund ensures that it has in place a remuneration policy (i) that is in line with the business strategy, objectives, values and interests of the Fund and the interests of its Shareholders; (ii) that is consistent with sound and effective risk management; and (iii) which does not encourage risk taking which is inconsistent with the risk profile of the Fund. The Fund has identified its staff members whose professional activities have a material impact on its risks profile (the “Identified Staff”), and shall ensure they comply with its remuneration policy. None of the Identified Staff members receives

any variable remuneration in exchange for professional services rendered to the Fund. The details of the up-to-date remuneration policy of the Fund will be available on <https://global.matthewsasiasia.com/> and a paper copy will be available free of charge upon request to the registered office of the Fund.

DISCLOSURE POLICY

The Board of Directors may, subject to certain restrictions designed to protect the interests of the Fund and in compliance with applicable laws and regulations, such as those in relation with the prevention of market timing and related practices, authorize the disclosure on a confidential basis of information pertaining to the Fund's positions.

FEES AND EXPENSES

1. Investment Manager

The Investment Manager is entitled to a fee, payable by the Investment Advisor out of the Management Fee as agreed from time to time with the Investment Advisor.

2. Investment Advisor

The Investment Advisor is entitled to a management fee, payable out of the assets of the relevant Sub-Fund, as provided in the relevant Appendix. The Investment Advisor will remunerate the Investment Manager out of this fee.

In addition, the Investment Advisor receives an administration fee, payable out of the assets of the relevant Sub-Fund, as provided in the relevant Appendix.

3. Depositary and Administrative Agent

The Depositary and the Administrative Agent receive from the Fund aggregate fees that amount to a maximum of 2% per annum of the total net assets of each Sub-Fund. Transaction costs will be charged separately. The fees effectively charged to each Sub-Fund will be disclosed in the semi-annual and annual reports of the Fund. The Depositary and Administrative Agent fees are payable monthly in arrears.

4. Other Costs

The Fund bears its operational costs including but not limited to the cost of buying and selling portfolio securities, governmental fees, taxes, fees and out-of-pocket expenses of its Directors, legal and auditing fees, infrastructure fees, publishing and printing expenses, the cost of preparing the explanatory memoranda, financial reports and other documents for the Shareholders, postage, and telephone. The Fund may also compensate certain financial intermediaries for administrative, recordkeeping and similar services provided to Shareholders who invest in a Sub-Fund through those financial intermediaries. The Fund also pays advertising expenses and the costs of the preparation of this Prospectus and any other registration fees. All expenses are taken into account in the determination of the Net Asset Value of the Shares of each Sub-Fund.

The costs of establishing the Fund have been fully amortized. Where further Sub-Funds are created in the future, these Sub-Funds will bear, in principle, their own formation expenses. The establishment costs may, at the discretion of the Board of Directors, be amortized on a straight line basis over five years from the date on which the Fund/Sub-Funds commenced business. The Board of Directors may, in their absolute discretion, shorten the period over which such costs are amortized.

TAXATION

The following information is based on the laws, regulations, decisions and practice in force in Luxembourg at the date of this prospectus and is subject to changes therein, possibly with retrospective effect. This summary does not purport to be a comprehensive description of all

Luxembourg tax laws and Luxembourg tax considerations that may be relevant to a decision to invest in, own, hold, or dispose of Shares and is not intended as tax advice to any particular investor or potential investor. Prospective investors should consult their own professional advisers as to the implications of buying, holding or disposing of Shares and to the provisions of the laws of the jurisdiction in which they are subject to tax. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Luxembourg.

1. Taxation of the Fund

The Fund is not subject to taxation in Luxembourg on its income, profits or gains. No stamp duty, capital duty or other tax will be payable in Luxembourg upon the issue of the Shares.

The Fund is not subject to net wealth tax.

The Fund is however subject to a subscription tax (*taxe d'abonnement*) levied at the rate of 0.05% *per annum* based on its Net Asset Value at the end of the relevant quarter, calculated and paid quarterly. A reduced subscription tax of 0.01% *per annum* is applicable to Luxembourg UCIs whose exclusive object is the collective investment in Money Market Instruments, the placing of deposits with credit institutions, or both. A reduced subscription tax of 0.01% *per annum* is applicable to individual sub-funds of UCIs with multiple sub-funds referred to in the 2010 Law, as well as for individual classes of securities issued within a UCI or within a sub-fund of a UCI with multiple sub-funds, provided that the securities of such sub-funds or classes are reserved to one or more institutional investors.

Subscription tax exemption applies to (i) investments in a Luxembourg UCI subject itself to the subscription tax, (ii) UCIs, sub-funds thereof or dedicated classes reserved to retirement pension schemes, (iii) money market UCIs, (iv) UCITS and UCIs subject to the part II of the 2010 Law qualifying as exchange traded funds, and, (v) UCIs and sub-funds thereof whose main objective is the investment in microfinance institutions.

In Luxembourg, regulated investment funds such as SICAVs have the status of taxable persons for value added tax ("VAT") purposes. Accordingly, the Fund is considered as a taxable person for VAT purposes without any input VAT deduction right. A VAT exemption applies in Luxembourg for services qualifying as fund management services. Other services supplied to the Fund could potentially trigger VAT and require the VAT registration of the Fund in Luxembourg. As a result of such VAT registration, the Fund will be in a position to fulfill its duty to self-assess the VAT regarded as due in Luxembourg on taxable services (or goods to some extent) purchased from abroad.

No VAT liability arises in principle in Luxembourg in respect of any payments by the Fund to its Shareholders, to the extent such payments are linked to their subscription to the Shares and do, therefore, not constitute the consideration received for taxable services supplied.

2. Withholding Tax

Interest and dividend income received by the Fund may be subject to non-recoverable withholding tax in the source countries. The Fund may further be subject to tax on the realized or unrealized capital appreciation of its assets in the countries of origin. Distributions made by the Fund are not subject to withholding tax in Luxembourg.

3. Taxation of the Shareholders

Tax Residency

An investor will not become resident, nor be deemed to be resident, in Luxembourg, by reason only of the holding of the Shares, or the execution, performance, delivery and/or enforcement thereof.

Luxembourg Resident Individuals

Capital gains realized on the sale of the Shares by Luxembourg resident individual Shareholders who hold the Shares in their personal portfolios (and not as business assets) are generally not subject to Luxembourg income tax except if:

- (i) the Shares are sold before or within 6 months from their subscription or purchase; or
- (ii) the Shares held in the private portfolio constitute a substantial shareholding. A shareholding is considered as substantial when the seller, alone or with his/her spouse and underage children, has participated either directly or indirectly at any time during the five years preceding the date of the disposal in the ownership of more than 10% of the capital or assets of the company.

Distributions made by the Fund will be subject to income tax. Luxembourg personal income tax is levied following a progressive income tax scale, and increased by the solidarity surcharge (*contribution au fonds pour l'emploi*) giving an effective maximum marginal tax rate of 45.78%.

Luxembourg Resident Corporate Shareholders

Luxembourg resident corporate Shareholders will be subject to corporate taxation at the rate of 27.08% (in 2017 for entities having their registered office in Luxembourg-City) on the distribution received from the Fund and the gains received upon disposal of the Shares.

Luxembourg resident corporate Shareholders who benefit from a special tax regime, such as, for example, (i) a UCI subject to the 2010 Law, (ii) specialized investment funds subject to the amended law of 13 February 2007 on specialized investment funds, (iii) reserved alternative investment funds (treated as specialized investment funds for Luxembourg tax purposes) subject to the law of 23 July 2016, or (iv) family wealth management companies subject to the amended law of 11 May 2007 on family wealth management companies, are exempt from income tax in Luxembourg, but instead subject to an annual subscription tax (*taxe d'abonnement*) and thus income derived from the Shares, as well as gains realized thereon, are not subject to Luxembourg income taxes.

The taxable net wealth is subject to tax on a yearly basis at the rate of 0.5% on the net assets not exceeding EUR 500 million and at the rate of 0.05% on the portion of net assets exceeding EUR 500 million. The minimum net wealth tax ("NWT") rate is set at EUR 4,815 for Luxembourg companies whose financial assets, receivable against related companies, transferable securities and cash deposits exceed cumulatively (i) 90% of their total balance sheet and (ii) EUR 350,000. All other companies which do not meet the aforementioned conditions will be subject to minimum NWT on the basis of their total balance sheet.

The Shares shall be part of the taxable net wealth of the Luxembourg resident corporate Shareholders except if the holder of the Shares is (i) a UCI subject to the 2010 Law, (ii) a vehicle governed by the amended law of 22 March 2004 on securitization, (iii) a company governed by the amended law of 15 June 2004 relating to the investment company in risk capital on venture capital vehicles, (iv) a specialized investment fund subject to the amended law of 13 February 2007 on specialised investment funds or on specialised investment funds, (v) a family wealth management company subject to the amended law of 11 May 2007 on family wealth management companies, (vi) a professional pension institution governed by the amended law of 13 July 2005 or (vii) a reserved alternative investment fund governed by the law of 23 July 2016.

However, if the holder of Shares is (i) a company governed by the amended law of 22 March 2004 on securitization, (ii) a company governed by the amended law of 15 June 2004 relating to the investment company in risk capital, (iii) a professional pension institution governed by the amended law of 13 July 2005 and (iv) a Luxembourg resident reserved alternative investment fund governed by the law of 23 July 2016 (opting to be treated as a venture capital vehicle for Luxembourg tax purposes), it remains subject to a minimum NWT.

Non Luxembourg Residents

Non-resident individuals or collective entities who do not have a permanent establishment or a permanent representative in Luxembourg to which the Shares are attributable, are not subject to Luxembourg taxation on capital gains realized upon disposal of the Shares nor on the distribution received from the Fund and the Shares will not be subject to net wealth tax.

4. FATCA and CRS

The Fund may be subject to regulations imposed by foreign regulators in particular, the United States laws and regulations known as FATCA and CRS.

- The objective of FATCA provisions is to combat U.S. tax evasion by certain U.S. Persons and obtain from FFIs information relating to such persons that have direct or indirect accounts or investments in those FFIs. In case FFIs choose not to comply with FATCA, FATCA will impose a withholding tax of 30% on certain U.S. source income (including dividends and interest) and gross sales proceeds. To be relieved from these withholding taxes, the FFIs need to comply with the provisions of FATCA under the terms of the applicable legislation implementing FATCA. In particular, FFIs are required to report directly or indirectly through their local authority to the Internal Revenue Service (the “IRS”) certain holdings by and payments made to (i) certain U.S. Persons, (ii) certain non-financial foreign entities (“NFFEs”) owned by certain U.S. Persons, and (iii) FFIs that do not comply with the terms of FATCA (together the “U.S. Reportable Persons”).

Being established in Luxembourg and subject to the supervision of the CSSF in accordance with the law of 17 December 2010, the Fund is likely to be treated as an FFI for FATCA purposes and subject to the Luxembourg law of 24 July 2015 transposing the Intergovernmental Agreement concluded on 28 March 2014 between the Grand Duchy of Luxembourg and the United States (the “FATCA Law”). In this context, the Fund may require all investors to provide documentary evidence of their U.S. Person status and tax residence and all other personal and financial information, as exhaustively set out in Article 2 of the FATCA Law (the “FATCA Information”), deemed necessary to comply with the above mentioned regulations.

Despite anything else herein contained and as far as permitted by Luxembourg law, the Fund shall have the right to: (i) require any investor or beneficial owner of Shares to provide the FATCA Information as may be required by the Fund in order to comply with the FATCA Law and applicable regulations and/or determine the amount to be withheld if appropriate; (ii) divulge any of the FATCA Information to the Luxembourg tax authorities (the “LTA”), as may be required by the FATCA Law or applicable regulations or requested by such authority; (iii) withhold on any payment to investors an amount equal to any taxes or similar charges required by applicable laws and regulations to be withheld in respect of any shareholding in the Fund, (iv) delay payments to any investor, including any dividend or redemption proceeds, until the Fund holds sufficient information to comply with the FATCA Law and applicable regulations and/or determine the amount to be withheld.

- The Fund may also be subject to the Standard for Automatic Exchange of Financial Account Information in Tax matters (the “Standard”) and its Common Reporting Standard (the “CRS”) as set out in the Multilateral Competent Authority Agreement on the Automatic exchange of Financial Account Information (“MCAA”) signed on 29 October 2014 or in the Luxembourg Law of 18 December 2015 on the Common Reporting Standard (the “CRS Law”).

Under the terms of the CRS Law, the Fund is likely to be treated as a Luxembourg Reporting Financial Institution. As such, as of 30 June 2017 and without prejudice to other applicable data protection provisions as set out in the Fund documentation, the Fund will be required to annually report to the LTA personal and financial information related, inter alia, to the identification of, holdings by and payments made to (i) certain investors as per the CRS Law (the “Reportable Persons”), and (ii) Controlling Persons of certain non-financial entities (“NFEs”) which are themselves Reportable Persons. This information, as exhaustively set out in Annex I of the CRS Law (the “CRS Information”), will include personal data related to the Reportable Persons.

The Fund’s ability to satisfy its reporting obligations under the CRS Law will depend on each investor providing the Fund with the Information, along with the required supporting documentary evidence.

- In both FATCA Law and CRS Law context, the investors are hereby informed that, as data controller, the Fund will process the FATCA Information and CRS Information for the purposes as set out in the FATCA Law and the CRS Law. Additionally, the Fund is responsible for the processing of personal data and each investor has a right to access the data communicated to the LTA and to correct such data (if necessary). Any data obtained by the Fund are to be processed in accordance with the amended Luxembourg law dated 2 August 2002 on the protection of persons with regard to the processing of personal data. The investors undertake to inform their Controlling Persons, if applicable, of the processing of their FATCA Information and CRS Information by the Fund.

The investors are further informed that the FATCA Information and CRS Information related to (U.S.) Reportable Persons within the meaning of the FATCA Law and the CRS Law will be disclosed to the LTA annually for the purposes set out in the FATCA Law and the CRS Law. In particular, (U.S.) Reportable Persons are informed that certain operations performed by them will be reported to them through the issuance of statements, and that part of this information will serve as a basis for the annual disclosure to the LTA.

Similarly, the investors undertake to inform the Fund within thirty (30) days of receipt of these statements should any included personal data be not accurate. The investors further undertake to immediately inform the Fund of and provide the Fund with all supporting documentary evidence of any changes related to the FATCA Information or CRS Information after occurrence of such changes.

Any investor that fails to comply with the Fund's FATCA Information, CRS Information or documentation requests may be held liable for penalties imposed on the Fund and attributable to such investor's failure to provide the FATCA Information or CRS Information or subject to disclosure of the Information by the Fund to the LTA.

5. UK Tax Consideration

Under the UK's offshore fund tax rules, any gain realized on the sale, redemption or other disposal of Shares held by persons who are resident in the UK for tax purposes will be taxed at the time of such sale, disposal or redemption as income and not as a capital gain. This does not apply, however, where the relevant Class is accepted by HM Revenue & Customs as a "reporting fund" throughout the period during which Shares are held. The Board of Directors intends to obtain and maintain certification as a "reporting fund" in respect of each Class, although this cannot be guaranteed. Shareholders should refer to the list of reporting funds maintained by HM Revenue & Customs and published on its website for confirmation of those Classes approved as reporting funds.

In order for a Class to qualify as a reporting fund the Fund must apply to HM Revenue & Customs for entry of the relevant Class into the reporting fund regime, and for each accounting period it must then report to Shareholders 100 percent of the net income attributable to the relevant Class, that report being made within six months of the end of the relevant accounting period. UK resident investors will be taxable on such reported income, whether or not the income is actually distributed.

Provided a Class is approved as a reporting fund throughout the period during which Shares in such Class have been held, apart from any sums representing accrued income for the period of disposal, gains realized on the disposal of Shares by UK taxpayers will be subject to taxation as capital and not as income unless the investor is a dealer in securities. Any such gains may accordingly be reduced by any general or specific UK exemption available to a Shareholder and this may result in certain investors incurring a proportionately lower UK tax charge.

6. China Tax Consideration

QFII

The Fund may be subject to withholding income tax and other taxes imposed in China. Under current Chinese legislation and its implementation rules, incomes derived from China by non-resident enterprises that have no establishment or place in China are subject to withholding tax. Under current legislation in China, foreign investors may invest in China A Shares and certain other investment

products in China through various channels, including but not limited to, institutions that have obtained QFII status. Since the QFII's interests in China A Shares and certain other investment products are recognized under current Chinese legislations, any tax liability would, if it arises, be payable by the QFII.

QFIIs are subject to a withholding tax of 10% on cash dividends, distributions and interest from Chinese entities. Special tax treatment and tax refunds, resulting in an effective tax rate of less than 10% on dividends, distributions and interest, may sometimes be available under tax treaties, upon application to the competent tax authority.

Pursuant to the announcement "Notice on the issues of temporary exemption from the imposition of capital gains tax arising from gains from the transfer of equity investment assets such as PRC domestic stocks by QFII and RQFII" jointly issued by the Ministry of Finance ("MoF"), State of Administration of Taxation ("SAT") and CSRC with effect from 17 November 2014 ("Notice No. 79"), the capital gains realized from the trading of equity investments (including China A Shares) derived by QFIIs that have no establishment or place in China are temporarily exempted from the income tax and withholding taxes.

Moreover, QFIIs may also potentially be subject to China value added tax on capital gains derived from the trading of China A Shares in the future. Currently, Caishui [2016] No. 36 ("Notice No. 36") provides a value added tax exemption for QFIIs in respect of their gains derived from the trading of China securities. In addition, urban maintenance and construction tax, educational surcharge and local educational surcharge (collectively the "Surtaxes") are imposed based on value-added tax liabilities. Since QFIIs are exempted from value added tax, they are also exempted from the applicable Surtaxes.

However, Shareholders should note that the actual applicable tax rates imposed by the Chinese tax authorities may be different and may change from time to time. There is a possibility of the rules being changed and taxes being applied retrospectively. As such, any provision for taxation made by the Investment Manager may be excessive or inadequate to meet final Chinese tax liabilities. Consequently, Shareholders may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Shares in or from the Fund.

If the actual applicable tax rate levied by the Chinese tax authorities is higher than that provided for by the Investment Manager so that there is a shortfall in the tax provision amount, investors should note that the NAV of the Fund may suffer more than the tax provision amount as the Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Shareholders will be disadvantaged. On the other hand, if the actual applicable tax rate levied by the Chinese tax authorities is lower than that provided for by the Investment Manager so that there is an excess in the tax provision amount, Shareholders who have redeemed the Shares before the Chinese tax authorities' ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Investment Manager's over-provision. In this case, the then existing and new Shareholders may benefit if the difference between the tax provision and the actual taxation liability under that lower tax rate can be returned to the account of the Fund as assets thereof.

In general, China imposes withholding taxes at a rate of 10% on cash dividends, distributions, interest and capital gains derived from the disposal of equity investment (including China A Shares) to foreign investors (with no permanent establishment in China) from their Chinese investments. The SAT has confirmed the application to QFIIs of the withholding tax on cash dividends, distributions and interest. Special tax treatment and tax refunds, resulting in an effective tax rate of less than 10% on dividends, distributions and interest, may sometimes be available under tax treaties, upon application to and obtaining approval from the competent tax authority. Pursuant to Notice No. 79, the capital gains realized from trading of equity investments (including China A Shares) derived by QFIIs (with no permanent establishment in China) are temporarily exempted from the income tax and withholding taxes. Pursuant to Notice No. 36, QFIIs are also exempted from value added tax and the applicable Surtaxes. Non-China tax resident Shareholders will not be subject to Chinese tax on distributions received from the Fund, or on gains derived from the disposal of Shares in the same. China tax

resident Shareholders should seek their own tax advice on their tax position with regard to their investment in the Fund.

It is possible that the current tax laws, regulations and practice in China will change, including the possibility of taxes being applied retrospectively, and that such changes may result in higher taxation on Chinese investments than is currently contemplated. The Fund could become subject to additional taxation that is not anticipated as at the date hereof or when the relevant investments are made, valued or disposed of. Any of those changes may reduce the income from, and/or the value of, the relevant investments in the Fund.

Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect

On 14 November 2014, the MoF, SAT and CSRC jointly issued a notice in relation to the taxation rule on Shanghai-Hong Kong Stock Connect under Caishui [2014] No.81 (“Notice No.81”). Under Notice No.81, corporate income tax, individual income tax and business tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the Sub-Funds) on the trading of China A Shares through Shanghai-Hong Kong Stock Connect with effect from 17 November 2014. However, Hong Kong and overseas investors are required to pay income tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies.

On 5 November 2016, the MoF, SAT and CSRC jointly issued a notice in relation to the taxation rule on the Shenzhen-Hong Kong Stock Connect under Caishui [2016] No.127 (“Notice No.127”). Under Notice No.127, corporate income tax and individual income tax will be temporarily exempted on gains derived by Hong Kong and overseas investors (including the Sub-Funds) on the trading of China A Shares through the Shenzhen-Hong Kong Stock Connect with effect from 5 December 2016. However, Hong Kong and overseas investors are required to pay income tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies.

Since 1 May 2016, China has fully implemented its value added tax reform by replacing all business tax with value added tax. Under Notice No.36, capital gains derived by Hong Kong and overseas investors via the Stock Connects are exempted from value added tax.

China Taxation Risk

Various tax reform policies have been implemented by the Chinese government in recent years, and existing tax laws and regulations may be revised or amended in the future. Any changes in tax policies may reduce the after-taxation profits of the companies in China to which the performance of a Sub-Fund is linked.

Also, there are risks and uncertainties associated with the current Chinese tax laws, regulations and practice in respect of gains realized via QFIIs or the Stock Connects (which may have retrospective effect). Any increased tax liabilities on a Sub-Fund may adversely affect the value of the relevant Sub-Fund.

In light of Notice No.79, the Board of Directors has decided not to make any provision for the account of the Sub-Fund in respect of any gross realized or unrealized capital gains from investments of the Sub-Funds in China A Shares with effect from 17 November 2014. The Board of Directors has made no tax provision on the gross realized capital gains from investments in China A Shares (*i.e.* capital gains derived from the transfer of China A Shares) for the period from the inception of the Fund to 14 November 2014 since no Sub-Funds invested in China A Shares during that period.

As described under the heading “*Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect*” above, corporate income tax and individual income tax are temporarily exempted on gains derived by Hong Kong and overseas investors (including the Sub-Funds) on the trading of China A Shares through the Stock Connects, and capital gains derived by Hong Kong and overseas investors via the Stock Connects are exempted from value added tax, but Hong Kong and overseas investors are required to pay tax on dividends and/or bonus shares at the rate of 10% which will be withheld and paid to the relevant authority by the listed companies. If the Hong Kong and overseas

investors such as the Sub-Funds are eligible for treaty relief on dividends, the Hong Kong and overseas investors can apply for the entitlement of treaty relief and refund of the overpaid tax with the Chinese tax authority of the A Share issuing company.

The Board of Directors intends to make relevant provision on dividend and interest from China A Shares if the tax on dividends is not withheld at the source at the time when such income is received. The actual tax rates imposed by SAT may be different and may change from time to time. There is a possibility of the rules being changed and taxes being applied retrospectively. As such, any provision for taxation made by the Board of Directors may be excessive or inadequate to meet final Chinese tax liabilities.

Consequently, Shareholders may be advantaged or disadvantaged depending upon the final tax liabilities, the level of provision and when they subscribed and/or redeemed their Shares. If the actual applicable tax rate levied by SAT is higher or more widely applicable than that provided for by the Board of Directors so that there is a shortfall in the tax provision amount, investors should note that the Net Asset Value of the Sub-Fund may suffer more than the tax provision amount as the Sub-Fund will ultimately have to bear the additional tax liabilities. In this case, the then existing and new Shareholders will be disadvantaged.

On the other hand, if the actual applicable tax rate levied by SAT is lower or less widely applicable than that provided for by the Board of Directors so that there is an excess in the tax provision amount, Shareholders who have redeemed their Shares before SAT's ruling, decision or guidance in this respect will be disadvantaged as they would have borne the loss from the Board of Directors' overprovision. In this case, the then existing and new Shareholders may benefit if the difference between the tax provision and the actual taxation liability under that lower tax rate can be returned to the account of the Sub-Fund as assets thereof. Notwithstanding the above provisions, Shareholders who have already redeemed their Shares in the Sub-Fund before the return of any overprovision to the account of the Sub-Fund will not be entitled or have any right to claim any part of such overprovision.

7. General

Shareholders should ascertain from their professional advisers the consequences to them of acquiring, holding, redeeming, transferring, selling or converting Shares under the relevant laws of the jurisdictions to which they are subject, including the tax consequences and any exchange control requirement.

The above statements regarding taxation are based on advice received by the Fund regarding the law and practice in force at the date of this document. Prospective investors should be aware that levels and bases of taxation are subject to change and that the value of any relief from taxation depends upon the individual circumstances of the tax payer.

It is expected that Shareholders will be resident for tax purposes in many different countries. Consequently, no attempt is made in the Prospectus to summarize the taxation consequences for each Shareholder. These consequences will vary in accordance with the law and practice currently in force in a Shareholder's country of citizenship, residence, domicile or incorporation and with his personal circumstances.

GENERAL INFORMATION

1. Organization

The Fund is an investment company organized as a *société anonyme* under the laws of the Grand-Duchy of Luxembourg and qualifies as a *société d'investissement à capital variable* ("SICAV"). The Fund was incorporated in Luxembourg on 5 February 2010 for an unlimited period with an initial share capital of USD 500,000. Its Articles of Incorporation were published in the *Mémorial, Recueil des Sociétés et Associations* on 25 February 2010. The Articles of Incorporation have been amended by way of an Extraordinary General Meeting on 31 of March 2016, minutes of which were published

in the *Mémorial C* on 19 April 2016. The Fund is registered with the Luxembourg *Registre de Commerce et des Sociétés*, under number B-151275.

The Articles of Incorporation have been filed with the Luxembourg *Registre de Commerce et des Sociétés*.

The minimum capital of the Fund required by Luxembourg law is the equivalent in USD of EUR 1,250,000, to be attained within six months of its approval as a UCITS by the CSSF.

2. The Shares

The Shares in each Sub-Fund are freely transferable and are each entitled to participate equally in the profits and liquidation proceeds attributable to each Sub-Fund concerned. The rules governing such allocation are set forth under section 5 “*Allocation of Assets and Liabilities among the Sub-Funds*” hereunder. The Shares, which are of no par value and which must be fully paid upon issue, carry no preferential or pre-emptive rights and each one is entitled to one vote at all meetings of Shareholders. Shares redeemed by the Fund become null and void.

The Fund may restrict or prevent the ownership of its Shares by any person, firm or corporation, if such ownership is such that it may be against the interests of the Fund or of the majority of its Shareholders. Where it appears to the Fund that a person who is precluded from holding Shares, either alone or in conjunction with any other person, is a beneficial owner of Shares, the Fund may proceed to compulsory redemption of all Shares so owned. Under the Articles of Incorporation, the Board of Directors of the Fund may decide to issue, in respect of each Class, distribution Shares and/or capitalization Shares.

Should the Shareholders, at an annual general meeting, decide any distributions in respect of Distribution Shares (if issued) these will be paid within one month of the date of the annual general meeting. Under Luxembourg law, no distribution may be decided as a result of which the net assets of the Fund would become less than the minimum provided for under Luxembourg law.

The Board of Directors may decide to list Shares of the Fund on the Luxembourg Stock Exchange or any other stock exchange. Further information in regard to such listing is available from the registered office of the Fund.

3. Meetings

The annual general meeting of Shareholders will be held in accordance with the Articles of Incorporation and Luxembourg law. Notices of all general meetings will be published to the extent required by Luxembourg law, and in such other newspaper as the Board of Directors shall determine and will be sent to the holders of registered Shares in accordance with Luxembourg Law. Such notices will include the agenda and will specify the time and place of the meeting and the conditions of admission. They will also refer to the rules of quorum and majorities required by Luxembourg law.

Under the conditions set forth in Luxembourg laws and regulations, the notice of any General Meeting of Shareholders may provide that the quorum and the majority at this General Meeting shall be determined according to the Shares issued and outstanding at midnight the fifth day preceding the General Meeting (the “Record Date”), whereas the right of a Shareholder to attend a General Meeting of Shareholders and to exercise the voting rights attaching to his/her/its Shares shall be determined by reference to the Shares held by this Shareholder as at the Record Date.

Each Share confers the right to one vote. The vote on the payment of a dividend on a particular Class of Shares requires a separate majority of votes cast from the meeting of Shareholders of the Class of Shares concerned. Any change in the Articles of Incorporation affecting the rights of a Sub-Fund must be approved by a resolution of both the General Meeting of the Fund and the Shareholders of the Sub-Fund concerned by a simple majority of votes cast.

4. Reports and Accounts

Audited annual reports shall be published within four months following the end of the accounting year and unaudited semi-annual reports shall be published within two months following the period to which they refer. The annual reports and the semi-annual reports shall be made available at the

registered offices of the Fund during ordinary office hours and copies obtained upon request, free of charge. The Fund's accounting year ends on 31 March in each year.

The Base Currency of the Fund is the USD. The aforesaid reports will comprise consolidated accounts of the Fund expressed in USD as well as individual information on each Sub-Fund expressed in the Base Currency of each Sub-Fund.

5. Allocation of Assets and Liabilities among the Sub-Funds

For the purpose of allocating the assets and liabilities between the Sub-Funds, the Board of Directors has established a pool of assets for each Sub-Fund in the following manner:

- (a) The proceeds from the issue of each Share of each Sub-Fund are to be applied in the books of the Fund to the pool of assets established for that Sub-Fund and the assets and liabilities and income and expenditure attributable thereto are applied to such pool subject to the provisions set forth hereafter;
- (b) Where any asset is derived from another asset, such derivative asset is applied in the books of the Fund to the same pool as the asset from which it was derived and on each valuation of an asset, the increase or diminution in value is applied to the relevant pool;
- (c) Where the Fund incurs a liability which relates to any asset of a particular pool or to any action taken in connection with an asset of a particular pool, such liability is allocated to the relevant pool;
- (d) In the case where any asset or liability of the Fund cannot be considered as being attributable to a particular pool, such asset or liability is allocated to all the pools in equal parts or, if the amounts so justify, pro rata to the net asset values of the relevant Sub-Funds;
- (e) Upon the payment of dividends to the holders of Shares in any Sub-Fund, the NAV of such Sub-Fund shall be reduced by the amount of such dividends.

If there have been created within each Sub-Fund different Classes of Shares, the rules shall *mutatis mutandis* apply for the allocation of assets and liabilities among Classes.

6. Determination of the Net Asset Value of Shares

The NAV of each Sub-Fund and of each Share Class of the Sub-Funds is determined in its reference currency. It shall be determined on each Valuation Day by dividing the net assets attributable to each Sub-Fund by the number of Shares of such Sub-Fund then outstanding. The net assets of each Sub-Fund are made up of the value of the assets attributable to such Sub-Fund less the total liabilities attributable to such Sub-Fund calculated at such time as the Board of Directors shall have set for such purpose. The foregoing applies *mutatis mutandis* to the calculation of the NAV of each Share Class.

The value of the assets of the Fund shall be determined as follows:

- (a) The value of any investment that is quoted, listed or normally dealt in on a stock exchange or market, shall (save in the specific cases set out in paragraphs (c), (h) and (i) below) be based on the last available prices for such investment available to the Directors at the relevant Valuation Point, provided that:
 - (i) If an investment is quoted, listed or normally dealt in on more than one stock exchange or market the market used for the purposes of valuation shall be the one that constitutes the main market or the one which the Directors determine provides the fairest criteria in valuing the relevant investment.
 - (ii) In the case of any investment that is quoted, listed or normally dealt in on a stock exchange or market but in respect of which for any reason, prices on that market may not be available at any relevant time, or, in the opinion of the Directors, may not be representative, the value therefore shall be the probable realization value thereof estimated with care and in good faith by a competent person, firm or association making a market in such investment and/or any other competent person, in the opinion of the Directors.

- (b) The value of any investment that is not quoted, listed or normally dealt in on a stock exchange or market shall be the probable realizable value estimated with care and in good faith by a competent person, firm or association making a market in such investment and/or any other competent person, in the opinion of the Directors.
- (c) The value of any investment that is a unit of or participation in a collective investment scheme/mutual fund shall be the latest available net asset value of such unit/participation or if the latest available net asset value is not available, the estimated value based on the advice of the manager or administrator of such collective investment scheme.
- (d) The value of any cash in hand, prepaid expenses, cash dividends and interest declared or accrued as aforesaid and not yet received shall be deemed to be the full amount thereof unless in any case the Directors are of the opinion that the same is unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Directors may consider appropriate in such case to reflect the true value thereof.
- (e) Deposits shall be valued at their principal amount plus accrued interest from the date on which the same were acquired or made.
- (f) Treasury bills shall be valued at the probable realization value estimated with care and good faith by a competent person.
- (g) Bonds, notes, debenture stocks, certificates of deposit, bank acceptances, trade bills and similar assets shall be valued at the last available price on the market on which these assets are traded or admitted for trading (being the market which is the sole market or in the opinion of the Directors is the principal market on which the assets in question are quoted or dealt in) plus any interest accrued thereon from the date on which same were acquired.
- (h) Forward foreign exchange contracts will be valued by reference to the price at which a new forward contract of the same size and maturity could be undertaken.
- (i) The value of any future contracts and options which are dealt in on a market shall be calculated at the previous day's closing price as determined by the market in question, provided that where it is not the practice of the relevant market to quote a previous day's closing price or if such previous day's closing price is not available for any reason such value shall be the probable realization value estimated with care and in good faith by a competent person.
- (j) The value of any over the counter contracts shall be the quotation from the counter-party provided that such quotation is provided on at least a weekly basis and is approved or verified on a monthly basis by an independent party.
- (k) Notwithstanding any of the foregoing sub-paragraphs, the Directors may adjust the value of any investment if, having regard to currency, applicable rate of interest, maturity, marketability and/or such other considerations as they may deem relevant, they consider that such adjustment is required to reflect the fair value thereof.
- (l) If in any case a particular value is not ascertainable as above provided or if the Directors shall consider that some other method of valuation better reflects the fair value of the relevant investment then in such case the method of valuation of the relevant investment shall be such as the Directors shall decide.
- (m) Notwithstanding the foregoing, where at any time of any valuation any asset of the Fund has been realized or contracted to be realized there shall be included in the assets of the Fund in place of such asset the net amount receivable by the Fund in respect thereof provided that if such amount is not then known exactly then its value shall be the net amount estimated by the Directors as receivable by the Fund.

In certain cases where the Directors may determine that the market price of an investment does not fairly represent the value of that investment, or in cases where the value of any asset for which liquidation or third party market valuations are not available, the Directors may value such investment

as they, in their discretion reasonably determine. In such cases, when calculating the NAV and Net Asset Value per Share, the Administrative Agent may entirely rely upon and use such value determined by the Directors. In addition, the Administrative Agent may rely solely on and use the valuations provided by the Investment Manager with whom the Fund has invested its assets or their agents or other intermediaries. In such circumstances, the Administrative Agent shall not, in the absence of fraud, negligence or willful default on the part of the Administrative Agent, be liable for any loss suffered by the Fund or any Shareholder by reason of any error in the calculation of the NAV and Net Asset Value per Share resulting from any inaccuracy in the information and/or value provided by the Directors, the Investment Manager, the Managers or their agents or other intermediary.

The liabilities of the Fund shall be deemed to include:

- (a) all loans bills and notes payable and accounts payable;
- (b) all accrued and payable administrative expenses (including but not limited to all fees payable to the representatives and agents of the Fund);
- (c) all known liabilities, present and future, including all matured contractual obligations for payments of money or property, including the amount of any unpaid dividends declared by the Fund where the Valuation Day falls on the record date for determination of the person entitled thereto or is subsequent thereto; and
- (d) an appropriate provision for future taxes based on capital and income to the Valuation Day, as determined from time to time by the Fund, and other reserves, if any, authorized and approved by the Board of Directors.

The Net Asset Value per Share of each Class in a Sub-Fund and the issue and redemption prices thereof are available at the registered office of the Fund.

7. Swing Pricing

A Sub-Fund may suffer a reduction in value as a result of the transaction costs incurred in the purchase and sale of its underlying investments and the spread between the buying and selling prices of such investments caused by subscriptions, redemptions and/or switches in and out of the Sub-Fund. This is known as “dilution.” In order to counter this and to protect Shareholders’ interests, the Board of Directors may apply “swing pricing” as part of its daily valuation policy. This will mean that in certain circumstances the Board of Directors may make adjustments in the calculations of the Net Asset Values per Share, to counter the impact of dealing and other costs on occasions when these are deemed to be significant.

If on any Valuation Day the aggregate transactions in Shares of a Sub-Fund result in a net increase or decrease of Shares which exceeds a threshold preset by the Board of Directors from time to time for that Sub-Fund (relating to the cost of market dealing for that Sub-Fund), the Net Asset Value of the Sub-Fund will be adjusted by an amount (not exceeding 2% of that Net Asset Value) which reflects both the estimated fiscal charges and dealing costs that may be incurred by the Sub-Fund and the estimated bid/offer spread of the assets in which the Sub-Fund invests. The adjustment will be an addition when the net movement results in an increase of all Shares of the Fund and a deduction when it results in a decrease.

8. Temporary Suspension of Issues, Redemptions and Conversions

The determination of the Net Asset Value of Shares of one or several Sub-Funds may be suspended:

- (a) during any period when any of the principal stock exchanges or organized markets on which any substantial portion of the investments of the Fund attributable to such Sub-Fund from time to time are quoted or dealt in is closed (otherwise than for ordinary holidays), or during which dealings therein are restricted or suspended;
- (b) during the existence of any state of affairs which constitutes an emergency as a result of which disposals or valuation of assets owned by the Fund attributable to such Sub-Fund would be impracticable, not accurate or could seriously prejudice the interests of the Shareholders of the Sub-Fund;

- (c) during any breakdown or restriction in the means of communication normally employed in determining the price or value of any of the investments of such Sub-Fund or the current price or values on any stock exchange in respect of the assets attributable to such Sub-Fund;
- (d) during any period when the Fund is unable to repatriate funds for the purpose of making payments on the redemption of the Shares of such Sub-Fund or during which any transfer of funds involved in the realization or acquisition of investments or payments due on redemption of Shares cannot in the opinion of the Board of Directors be effected at normal rates of exchange;
- (e) during any period when in the opinion of the Board of Directors there exist unusual circumstances where it would be impracticable or unfair towards the Shareholders to continue dealing with Shares of any Sub-Fund or any other circumstance or circumstances where a failure to do so might result in the Shareholders of the Fund or a Sub-Fund incurring any liability to taxation or suffering other pecuniary disadvantages or other detriment which the Shareholders of the Fund or a Sub-Fund might not otherwise have suffered;
- (f) (i) in the event of the publication of the convening notice to a general meeting of Shareholders at which a resolution to wind up the Fund or a Sub-Fund is to be proposed, or (ii) in the event of the decision of the Board of Directors to wind up one or more Sub-Funds, or (iii) to the extent that such a suspension is justified for the protection of the Shareholders, of the notice of the General Meeting of Shareholders at which the merger of the Fund or a Sub-Fund is to be proposed, or of the decision of the Board of Directors to merge one or more Sub-Funds;
- (g) where a UCI in which a Sub-Fund has invested a substantial portion of its assets temporarily suspends the conversion, redemption or subscription of its units, whether on its own initiative or at the request of its competent authorities; or
- (h) in circumstances foreseen by the 2010 Law, notably in case of merger of the Fund or a Sub-Fund.

The Board of Directors has the power to suspend the issue, redemption and conversion of Shares in one or several Sub-Funds for any period during which the determination of the Net Asset Value per Share of the concerned Sub-Fund(s) is suspended by the Fund by virtue of the powers described above. Any redemption/conversion request made or in abeyance during such a suspension period may be withdrawn by written notice to be received by the Fund before the end of such suspension period. Should such withdrawal not be effected, the Shares in question shall be redeemed/converted on the first Valuation Day following the termination of the suspension period. In the event of such period being extended, notice may be published in newspapers in the countries where the Fund's Shares are publicly sold. Investors who have requested the issue, redemption or conversion of Shares shall be informed of such suspension when such request is made.

9. Merger or Liquidation of Sub-Funds

Under the conditions set out in the Articles of Incorporation and applicable law and regulations, any merger of a Sub-Fund with another Sub-Fund or with another UCITS (whether subject to Luxembourg law or not) shall be decided by the Board of Directors unless the Board of Directors decides to submit the decision for the merger to the meeting of Shareholders of the Sub-Fund concerned. In the latter case, no quorum is required for this meeting and the decision for the merger is taken by a simple majority of the votes cast. In the case of a merger of a Sub-Fund where, as a result, the Fund ceases to exist, the merger shall, notwithstanding the foregoing, be decided by a meeting of Shareholders resolving with a simple majority of the votes cast.

In addition, the Board of Directors may liquidate a Sub-Fund:

- (i) in order to proceed to an economic rationalization;
- (ii) in the event that a change in the economic or political situation relating to a Sub-Fund so justifies; or

- (iii) in the event that the total Net Asset Value of any Sub-Fund is less than the amount which the Board of Directors considers as being the minimum amount required for the existence of such Sub-Fund in the interest of the Shareholders.

Shareholders will be notified and the notice will indicate the reasons for, and the procedures of, the liquidation operations. Unless the Board of Directors otherwise decides in the interests of, or to keep equal treatment between, the Shareholders, the Shareholders of the Sub-Fund concerned may continue to request redemption or conversion of their Shares free of charge. Assets which could not be distributed to their beneficiaries upon the close of the liquidation of the Sub-Fund concerned will be deposited with the *Caisse de Consignation* on behalf of their beneficiaries.

The Board of Directors may also submit the question of the liquidation of a Sub-Fund to the Shareholders concerned and such meeting will resolve on such liquidation with a simple majority.

The Board of Directors may also, subject to regulatory approval (if required), decide to consolidate or split any Classes of Shares within a Sub-Fund. To the extent required by Luxembourg law, such decision will be published or notified in the same manner as described above and the publication and/or notification will contain information in relation to the proposed split or consolidation. The Board of Directors may also decide to submit the question of the consolidation or split of Class(es) of Shares to a meeting of holders or such Class(es) of Shares. No quorum is required for this meeting and decisions are taken by the simple majority of the votes cast.

The Board of Directors may also decide upon the reorganization of any Sub-Fund by means of a division into two or more separate Sub-Funds. Such decision will be published or notified to Shareholders and, in addition, the publication or notification will contain information in relation to the two or more separate Sub-Funds resulting from the reorganization. Such publication or notification will be made at least one month before the date on which the reorganization becomes effective in order to enable Shareholders to request redemption or switch, free of charge, of their Shares before the reorganization becomes effective.

10. Liquidation of the Fund

The Fund is incorporated for an unlimited period and liquidation shall normally be decided upon by an extraordinary general meeting of Shareholders. Such a meeting must be convened and held by the Board of Directors and held within 40 days if the net assets of the Fund become less than two thirds of the minimum capital required by law. The meeting, for which no quorum shall be required, shall decide on the dissolution by a simple majority of Shares represented at the meeting. If the net assets of the Fund fall below one fourth of the minimum capital required by law, the dissolution may be resolved by Shareholders holding one fourth of the issued Shares present or represented at the meeting.

Should the Fund be liquidated, such liquidation shall be carried out in accordance with the provisions of the 2010 Law which specifies the steps to be taken to enable Shareholders to participate in the liquidation distributions and in this connection provides for deposit in escrow at the *Caisse de Consignation* in Luxembourg of any such amounts which it has not been possible to distribute to the Shareholders at the close of liquidation. Amounts not claimed within the prescribed period are liable to be forfeited in accordance with the provisions of Luxembourg law. The net liquidation proceeds of each Sub-Fund shall be distributed to the Shareholders of the relevant Sub-Fund in proportion to their respective holdings.

11. Pooling

For the purpose of effective management, and subject to the provisions of the Articles of Incorporation and to applicable laws and regulations, the Investment Manager may invest and manage all or any part of the portfolio of assets established for two or more Sub-Funds (for the purposes hereof "Participating Funds") on a pooled basis. Any such asset pool shall be formed by transferring to it cash or other assets (subject to such assets being appropriate with respect to the investment policy of the pool concerned) from each of the Participating Funds. Thereafter, the Investment Manager may from time to time make further transfers to each asset pool. Assets may also be transferred back to a

Participating Fund up to the amount of the participation of the Class of Shares concerned. The share of a Participating Fund in an asset pool shall be measured by reference to notional units of equal value in the asset pool. On formation of an asset pool, the Investment Manager shall, in its discretion, determine the initial value of notional units (which shall be expressed in such currency as the Investment Manager considers appropriate) and shall allocate to each Participating Fund units having an aggregate value equal to the amount of cash (or to the value of other assets) contributed. Thereafter, the value of the notional unit shall be determined by dividing the net asset value of the asset pool by the number of notional units subsisting.

The entitlements of each Participating Fund to an asset pool apply to each and every line of investments of such asset pool.

When additional cash or assets are contributed to or withdrawn from an asset pool, the allocation of units of the Participating Fund concerned will be increased or reduced, as the case may be, by a number of units determined by dividing the amount of cash or the value of assets contributed or withdrawn by the current value of a unit. Where a contribution is made in cash, it will be treated for the purpose of this calculation as reduced by an amount which the Investment Manager considers appropriate to reflect fiscal charges and dealing and purchase costs which may be incurred in investing the cash concerned; in the case of cash withdrawal, a corresponding addition will be made to reflect costs which may be incurred in realizing securities or other assets of the asset pool.

Dividends, interest and other distributions of an income nature received in respect of the assets in an asset pool will be immediately credited to the Participating Funds in proportion to their respective participation in the asset pool at the time of receipt. Upon the dissolution of the Fund, the assets in an asset pool will be allocated to the Participating Funds in proportion to their respective participation in the asset pool.

12. Material Contracts

The following material contracts have been entered into:

- (a) Agreement between the Fund and Brown Brothers Harriman (Luxembourg) S.C.A. pursuant to which the latter was appointed Depositary. The Agreement is entered into for an unlimited period and may be terminated by either party upon 90 days written notice.
- (b) Agreement between the Fund and Brown Brothers Harriman (Luxembourg) S.C.A. pursuant to which the latter was appointed Administrative Agent, Registrar and Transfer Agent, Domiciliary and Paying Agent. The Agreement is entered into for an unlimited period and may be terminated by either party upon 90 days written notice.
- (c) Agreement between the Fund and Matthews International Capital Management, LLC pursuant to which the latter was appointed Investment Manager. The Agreement is entered into for an unlimited period and may be terminated by either party upon three months written notice.
- (d) Agreement between the Fund and Matthews International Capital Management, LLC pursuant to which the latter was appointed Global Distributor. The Agreement is entered into for an unlimited period and may be terminated by either party upon 60 days written notice.
- (e) Agreement between the Fund and Matthews Global Investors S.à r.l. pursuant to which the latter was appointed Investment Advisor. The Agreement is entered into for an unlimited period and may be terminated by either party upon three months written notice.

13. Documents

Copies of the contracts mentioned above are available for inspection, and copies of the Articles of Incorporation of the Fund, the current Prospectus, the KIIDs and the latest annual and semi-annual reports may be obtained free of charge during normal office hours at the registered office of the Fund in Luxembourg. Any notices to Shareholders will be published on the Fund's website at <https://global.matthewsasia.com/>.

APPENDIX I

PACIFIC TIGER FUND

1. Name of the Sub-Fund

Matthews Asia Funds – Pacific Tiger Fund (hereinafter referred to as the “Sub-Fund”).

2. Investment Objective and Policy

The Sub-Fund’s investment objective is to achieve long-term capital appreciation.

Under normal market conditions, the Sub-Fund seeks to achieve its investment objective by investing, directly or indirectly, at least 80% of its total net assets, in equities of companies located in the Asia ex Japan Region. On an ancillary basis, the Sub-Fund may invest in other permitted assets on a worldwide basis.

For the purpose of the Sub-Fund:

The Asia ex Japan region (the “Region”) shall be deemed to consist of all countries and markets in Asia, excluding Japan but including all developed, emerging and frontier countries and markets in Asia.

A company is considered to be “located” in the Region if it has substantial ties to the Region, including for example, it (i) is organized under the laws of a country in the Region; (ii) derives at least 50% of its revenues or profits from goods produced or sold, investments made, services performed in the Region, or has at least 50% of its assets located within the Region; (iii) has the primary trading markets for its securities in the Region; or (iv) is a governmental entity or an agency, instrumentality or political subdivision of a country in the Region.

The Sub-Fund may invest (whether directly or indirectly) in China A Shares either directly via a Qualified Foreign Institutional Investor (“QFII”) license awarded to a Matthews group entity or via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect programs, or indirectly via investment in access products. In any event, where the Sub-Fund invests directly in China A Shares, under normal market conditions, it is expected that the Sub-Fund will not hold more than 10% of its net assets in China A Shares. The Sub-Fund may invest not more than 10% of its total assets in China B Shares.

A detailed description of the investments in China A Shares through the use of a QFII license and the Stock Connects, as well as risks linked thereto can be found under the section entitled “*Risks Associated with Investing in China A Shares.*”

3. Sub-Fund's Risk Profile

The investments in equity securities and other assets the Sub-Fund may invest in involve risks linked to stock markets, including volatility risk, and risks associated with investments in different countries as described in section “*Risk Considerations*” of the main part of this Prospectus. The Sub-Fund’s investments are subject to market fluctuations. No assurance can, therefore, be given that the Sub-Fund’s investment objective will be achieved. Neither can it be guaranteed that the value of a Share in the Sub-Fund will not fall below its value at the time of acquisition.

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

4. Profile of the Typical Investor

The Sub-Fund is suitable for investors who wish to gain exposure to the Asian equity market. It is suitable for experienced investors wishing to attain defined investment objectives and accepting volatility that is inherent to equity markets with an investment horizon of at least 5 years.

5. Base Currency

The Base Currency of the Sub-Fund is the USD.

6. *Classes of Shares*

- A Class Shares (USD);
- A Class Shares (GBP);
- A Class Shares (EUR);
- A Class Shares (JPY);
- I Class Shares (USD);
- I Class Shares (GBP);
- I Class Shares (EUR); and
- I Class Shares (JPY).

Class A Shares are available to all investors. Class I Shares are only available to investors who are approved by the Fund, including, among others, Institutional Investors, recognized financial intermediaries or institutions which provide fee-based investment advisory services to underlying investors. Class A and Class I Shares are available in the base currency of the Sub-Fund as well as such other currencies as may be determined by the Directors from time to time.

Although it does not currently intend to do so, the Board of Directors, in its entire discretion, may seek to reduce currency risk from portfolio holdings denominated in local currency by hedging such risk to USD or the currency of a share class. The Board of Directors may also seek, in its entire discretion, to reduce currency risk of non-USD denominated share classes by hedging USD to the currency of a relevant share class. Any such hedging may be, in full or in part, and may be active or passive. Moreover, the Board of Directors shall have no obligation to hedge. The costs and effects of any such hedging will be reflected in the NAV and in the performance of these classes. These Classes of Shares may be offered as accumulation (Acc) or distribution (Dist) Shares, in the discretion of the Board of Directors.

7. *Offer of Shares*

The minimum initial investment and holding for Class A Shares is GBP 500 for the GBP Class, or USD 1,000 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes). The minimum subsequent investment for Class A Shares is GBP 250 for the GBP Class, USD 500 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes).

The minimum initial investment and holding for Class I Shares is GBP 500,000 for the GBP Class (except for U.K. residents for whom it is GBP 500), or USD 1,000,000 (or its equivalent in the currency of the relevant Class). The minimum subsequent investment for Class I Shares is GBP 125,000 for the GBP Class (except for U.K. residents for whom it is GBP 250) and USD 250,000 (or its equivalent in the currency of the relevant Class).

Shares will be issued at the current Net Asset Value per Share of the relevant Class of Shares on every Valuation Day plus any applicable sales charge of up to 5.26% of the applicable Net Asset Value per Share.

8. *Applicable Valuation Day for Subscriptions, Redemptions and Conversions*

The Net Asset Value per Share in the Sub-Fund is calculated on every Business Day (each a "Valuation Day").

9. *Issue, Conversion and Redemption of Shares*

Requests for the issue and conversion of Shares must be received by 12 noon (Luxembourg time) on a Valuation Day in order to be dealt with on that Valuation Day.

Subscription proceeds must be received in full within 3 Business Days following the relevant Valuation Day.

Requests for the redemption of Shares must be received by 12 noon (Luxembourg time) on the Valuation Day on which the redemption is to be made. Redemption proceeds will generally be paid within 5 Business Days of the relevant Valuation Day.

10. Dividend Policy

In relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the NAV of the Shares. In relation to Shares referenced as “Dist” Shares, it is the intention of the Board of Directors to undertake distributions at least annually. Investors should read section “*Distribution Policy*” of the main part of the Prospectus.

11. Fees

The Investment Advisor receives a Management Fee, as shown below, calculated as an annual percentage of the NAV of the Sub-Fund (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears.

In addition, the Investment Advisor is entitled to an Administration Fee of up to 0.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears. The Investment Advisor shall pay the Administration Fee to the Investment Manager for administrative services provided to the Sub-Fund.

The Total Expense Ratio for Class A and Class I Shares of the Sub-Fund, calculated on each Valuation Day, shall not exceed the per annum percentage of the NAV of the Sub-Fund calculated on each Valuation Day.

	Class A Shares (USD, GBP, EUR, JPY)	Class I Shares (USD, GBP, EUR, JPY)
Management Fee	1.25%	0.75%
Administration Fee	Up to 0.25%	Up to 0.25%
Total Expense Ratio	Up to 2.00%	Up to 2.00%

The Investment Manager is entitled to a fee, payable by the Investment Advisor out of the Management Fee as agreed from time to time between the Investment Advisor and the Investment Manager. Depositary, Administrative Agent and other fees will be paid out of the assets of the Fund as described in the Prospectus.

APPENDIX II

CHINA FUND

1. Name of the Sub-Fund

Matthews Asia Funds – China Fund (hereinafter referred to as the “Sub-Fund”).

2. Investment Objective and Policy

The Sub-Fund’s investment objective is to achieve long-term capital appreciation.

Under normal market conditions, the Sub-Fund seeks to achieve its investment objective by investing, directly or indirectly, at least 80% of its total net assets, in equities of companies located in China (as defined hereafter). On an ancillary basis, the Sub-Fund may invest in other permitted assets on a worldwide basis.

For the purpose of this Sub-Fund:

- a) China consists of the People’s Republic of China, its administrative regions and other districts, such as Hong Kong, as well as Taiwan (collectively “China”).
- b) A company is considered to be “located” in China if it (i) is organized under the laws of China; (ii) derives at least 50% of its revenues or profits from goods produced or sold, investments made, services performed in China, or has at least 50% of its assets located within China; (iii) has the primary trading markets for its securities in China; or (iv) is a governmental entity or an agency, instrumentality or political subdivision of China.

The Sub-Fund may invest (whether directly or indirectly) in China A Shares, either directly via a Qualified Foreign Institutional Investor (“QFII”) license awarded to a Matthews group entity, or via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect programs, or indirectly via investment in access products. In any event where the Sub-Fund invests directly in China A Shares, under normal market conditions, it is expected that the Sub-Fund will not hold more than 10% of its net assets in China A Shares. The Sub-Fund may invest not more than 10% of its total assets in China B Shares.

A detailed description of the investments in China A Shares through the use of a QFII license and the Stock Connects as well as risks linked thereto can be found under section entitled “*Risks Associated with Investing in China A Shares.*”

3. Sub-Fund's Risk Profile

The investments in equity securities and other assets the Sub-Fund may invest in involve risks linked to stock markets, including volatility risk, as described in section “*Risk Considerations*” of the main part of this Prospectus. The Sub-Fund’s investments are subject to market fluctuations. No assurance can, therefore, be given that the Sub-Fund’s investment objective will be achieved. Neither can it be guaranteed that the value of a Share in the Sub-Fund will not fall below its value at the time of acquisition.

The primary benchmark index is the MSCI China Index. The Sub-Fund does not aim to replicate or track the primary benchmark.

4. Profile of the Typical Investor

The Sub-Fund is suitable for investors who wish to gain exposure to Chinese equity markets. It is suitable for experienced investors wishing to attain defined investment objectives and accepting volatility that is inherent to equity markets with an investment horizon of at least 5 years.

5. Base Currency

The Base Currency of the Sub-Fund is the USD.

6. *Classes of Shares*

- A Class Shares (USD);
- A Class Shares (GBP);
- A Class Shares (EUR);
- I Class Shares (USD);
- I Class Shares (GBP);
- I Class Shares (EUR);
- S Class Shares (USD);
- S Class Shares (GBP); and
- S Class Shares (EUR).

Class A Shares are available to all investors. Class I Shares are only available to investors who are approved by the Fund, including, among others, Institutional Investors, recognized financial intermediaries or institutions which provide fee-based investment advisory services to underlying investors. Class S Shares are only available to investors who are approved by the Fund. Class S Shares will only be available until the total net assets of the Sub-Fund reaches or is greater than USD 100,000,000, or any other amount as determined by the Fund (the “Seed Investment Limit”). Upon attaining the Seed Investment Limit, Class S Shares may be closed to new investors at the discretion of the Fund.

Class A, Class I and Class S Shares are available in the base currency of the Sub-Fund as well as such other currencies as may be determined by the Directors from time to time.

Although it does not currently intend to do so, the Board of Directors, in its entire discretion, may seek to reduce currency risk from portfolio holdings denominated in local currency by hedging such risk to USD or the currency of a share class. The Board of Directors may also seek, in its entire discretion, to reduce currency risk of non USD denominated share classes by hedging USD to the currency of a relevant share class. Any such hedging may be, in full or in part, and may be active or passive. Moreover, the Board of Directors shall have no obligation to hedge. The costs and effects of any such hedging will be reflected in the NAV and in the performance of these classes.

These Classes of Shares may be offered as accumulation (Acc) or distribution (Dist) Shares, in the discretion of the Board of Directors.

7. *Offer of Shares*

The minimum initial investment and holding for Class A Shares is GBP 500 for the GBP Class, or USD 1,000 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes). The minimum subsequent investment for Class A Shares is GBP 250 for the GBP Class, USD 500 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes).

The minimum initial investment and holding for Class I Shares is GBP 500,000 for the GBP Class (except for U.K. residents for whom it is GBP 500), or USD 1,000,000 (or its equivalent in the currency of the relevant Class). The minimum subsequent investment for Class I Shares is GBP 125,000 for the GBP Class (except for U.K. residents for whom it is GBP 250) and USD 250,000 (or its equivalent in the currency of the relevant Class).

The minimum initial investment and holding for Class S Shares is USD 20,000,000 (or the equivalent of the USD amount in the currency of the relevant Class). The minimum subsequent investment for Class S Shares is USD 250,000 (or the equivalent of the USD amount in the currency of the relevant Class).

Shares will be issued at the current Net Asset Value per Share of the relevant Class of Shares on every Valuation Day plus any applicable sales charge of up to 5.26% of the applicable Net Asset Value per Share.

8. *Applicable Valuation Day for Subscriptions, Redemptions and Conversions*

The Net Asset Value per Share in the Sub-Fund is calculated on every Business Day (each a “Valuation Day”).

9. *Issue, Conversion and Redemption of Shares*

Requests for the issue and conversion of Shares must be received by 12 noon (Luxembourg time) on a Valuation Day in order to be dealt with on that Valuation Day.

Subscription proceeds must be received in full within 3 Business Days following the relevant Valuation Day at the latest.

Requests for the redemption of Shares must be received by 12 noon (Luxembourg time) on the Valuation Day on which the redemption is to be made. Redemption proceeds will generally be paid within 5 Business Days of the relevant Valuation Day.

10. *Dividend Policy*

In relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the NAV of the Shares. In relation to Shares referenced as “Dist” Shares, it is the intention of the Board of Directors to undertake distributions at least annually. Investors should read section “*Distribution Policy*” of the main part of the Prospectus.

11. *Fees*

The Investment Advisor receives a Management Fee, as shown below, calculated as an annual percentage of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears.

In addition, the Investment Advisor is entitled to an Administration Fee of up to 0.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears. The Investment Advisor shall pay the Administration Fee to the Investment Manager for administrative services provided to the Sub-Fund.

The Total Expense Ratio for Class A, Class I and Class S Shares of the Sub-Fund, calculated on each Valuation Day, shall not exceed the per annum percentage of the NAV of the Sub-Fund calculated on each Valuation Day.

	Class A Shares (USD, GBP, EUR)	Class I Shares (USD, GBP, EUR)	Class S Shares (USD, GBP, EUR)
Management Fee	1.25%	0.75%	Up to 0.75%
Administration Fee	Up to 0.25%	Up to 0.25%	Up to 0.25%
Total Expense Ratio	Up to 2.00%	Up to 2.00%	Up to 1.00%

The Investment Manager is entitled to a fee, payable by the Investment Advisor out of the Management Fee as agreed from time to time between the Investment Advisor and the Investment Manager. Depositary, Administrative Agent and other fees will be paid out of the assets of the Fund as described in the Prospectus.

APPENDIX III

ASIA DIVIDEND FUND

1. Name of the Sub-Fund

Matthews Asia Funds – Asia Dividend Fund (hereinafter referred to as the “Sub-Fund”).

2. Investment Objective and Policy

The Sub-Fund seeks to provide a level of current income that is higher than the yield generally available in Asia Pacific equity markets over the long term.

Under normal market conditions, the Sub-Fund seeks to achieve its investment objective by investing, directly or indirectly, at least 80% of its total net assets, in income-paying publicly traded common stocks, preferred stocks, convertible preferred stocks and other equity-related instruments (including, for example, investment trusts and other financial instruments) of companies located in the Asia Pacific region. On an ancillary basis, the Sub-Fund may invest in other permitted assets on a worldwide basis.

Because of the Sub-Fund’s objective of seeking total return with an emphasis on providing current income (*i.e.*, income and capital appreciation), the Sub-Fund will primarily invest in companies that exhibit attractive dividend yields and the propensity (in Matthews’ judgment) to pay dividends.

For the purpose of this Sub-Fund:

- a) The Asia Pacific region (the “Region”) shall be deemed to consist of all countries and markets in Asia, as well as Australia and New Zealand including all developed, emerging and frontier countries and markets in Asia.
- b) A company is considered to be “located” in the Region if it has substantial ties to the Region including, for example if it (i) is organized under the laws of a country in the Region; (ii) derives at least 50% of its revenues or profits from goods produced or sold, investments made, services performed in the Region, or has at least 50% of its assets located within the Region; (iii) has the primary trading markets for its securities in the Region; or (iv) is a governmental entity or an agency, instrumentality or political subdivision of a country in the Region.

The Sub-Fund may invest (whether directly or indirectly) in China A Shares, either directly via a Qualified Foreign Institutional Investor (“QFII”) license awarded to a Matthews group entity, or via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect programs, or indirectly via investment in access products. In any event where the Sub-Fund invests directly in China A Shares, under normal market conditions, it is expected that the Sub-Fund will not hold more than 10% of its net assets in China A Shares. The Sub-Fund may invest not more than 10% of its total assets in China B Shares.

A detailed description of the investments in China A Shares through the use of a QFII license and the Stock Connects as well as risks linked thereto can be found under the section entitled “*Risks Associated with Investing in China A Shares.*”

3. Sub-Fund's Risk Profile

The investments in equity securities and other assets the Sub-Fund may invest in involve risks linked to stock markets, including volatility risk, as described in section “*Risk Considerations*” of the main part of this Prospectus. The Sub-Fund’s investments are subject to market fluctuations. No assurance can, therefore, be given that the Sub-Fund’s investment objective will be achieved. Neither can it be guaranteed that the value of a Share in the Sub-Fund will not fall below its value at the time of acquisition.

The primary benchmark index is the MSCI All Country Asia Pacific Index. The Sub-Fund does not aim to replicate or track the primary benchmark.

4. Profile of the Typical Investor

The Sub-Fund is suitable for investors who wish to gain exposure to Asia-Pacific equity markets. It is suitable for experienced investors wishing to attain defined investment objectives and accepting volatility that is inherent to equity markets with an investment horizon of at least 5 years.

5. Base Currency

The Base Currency of the Sub-Fund is the USD.

6. Classes of Shares

- A Class Shares (USD);
- A Class Shares (GBP);
- A Class Shares (EUR);
- I Class Shares (USD);
- I Class Shares (GBP);
- I Class Shares (EUR); and
- C Class Shares (USD).

Class A Shares are available to all investors. Class I Shares are only available to investors who are approved by the Fund, including, among others, Institutional Investors, recognized financial intermediaries or institutions which provide fee-based investment advisory services to underlying investors. Class C Shares are only available to Institutional Investors having a benevolent or philanthropic purpose (*i.e.* charitable organizations).

Class A, Class I and Class C Shares are available in the base currency of the Sub-Fund as well as such other currencies as may be determined by the Directors from time to time.

Although it does not currently intend to do so, the Board of Directors, in its entire discretion, may seek to reduce currency risk from portfolio holdings denominated in local currency by hedging such risk to USD or the currency of a share class. The Board of Directors may also seek, in its entire discretion, to reduce currency risk of non USD denominated share classes by hedging USD to the currency of a relevant share class. Any such hedging may be, in full or in part, and may be active or passive. Moreover, the Board of Directors shall have no obligation to hedge. The costs and effects of any such hedging will be reflected in the NAV and in the performance of these classes.

These Classes of Shares may be offered as accumulation (Acc) or distribution (Dist) Shares, in the discretion of the Board of Directors.

Class C Shares are currently only offered as accumulation Shares.

7. Offer of Shares

The minimum initial investment and holding for Class A Shares is GBP 500 for the GBP Class, or USD 1,000 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes). The minimum subsequent investment for Class A Shares is GBP 250 for the GBP Class, USD 500 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes).

The minimum initial investment and holding for Class I Shares is GBP 500,000 for the GBP Class (except for U.K. residents for whom it is GBP 500), or USD 1,000,000 (or its equivalent in the currency of the relevant Class). The minimum subsequent investment for Class I Shares is GBP 125,000 for the GBP Class (except for U.K. residents for whom it is GBP 250) and USD 250,000 (or its equivalent in the currency of the relevant Class).

The minimum initial investment for Class C Shares is USD 5,000,000 (or its equivalent in the currency of the relevant Class) and the minimum holding is USD 1,000,000 (or its equivalent in the currency of the relevant Class). The minimum subsequent investment for Class C Shares is USD 500 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Class).

Shares will be issued at the current Net Asset Value per Share of the relevant Class of Shares on every Valuation Day plus any applicable sales charge of up to 5.26% of the applicable Net Asset Value per Share.

8. *Applicable Valuation Day for Subscriptions, Redemptions and Conversions*

The Net Asset Value per Share in the Sub-Fund is calculated on every Business Day (each a “Valuation Day”).

9. *Issue, Conversion and Redemption of Shares*

Requests for the issue and conversion of Shares must be received by 12 noon (Luxembourg time) on a Valuation Day in order to be dealt with on that Valuation Day.

Subscription proceeds must be received in full within 3 Business Days following the relevant Valuation Day at the latest.

Requests for the redemption of Shares must be received by 12 noon (Luxembourg time) on the Valuation Day on which the redemption is to be made. Redemption proceeds will generally be paid within 5 Business Days of the relevant Valuation Day.

10. *Dividend Policy*

In relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the NAV of the Shares. In relation to Shares referenced as “Dist” Shares, it is the intention of the Board of Directors to undertake distributions at least annually. Investors should read section “*Distribution Policy*” of the main part of the Prospectus.

11. *Fees*

The Investment Advisor receives a Management Fee, as shown below, calculated as an annual percentage of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears.

In addition, the Investment Advisor is entitled to an Administration Fee of up to 0.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears. The Investment Advisor shall pay the Administration Fee to the Investment Manager for administrative services provided to the Sub-Fund.

In relation to Class C Shares, a Management Fee of up to 0.75% per annum and an Administrative Fee of up to 0.25% per annum of the NAV of the Class may be levied. The Investment Advisor shall be entitled to that proportion of the Management Fee and the Administrative Fee so that, after taking into account all expenses attributable to Class C Shares the total amount of fees (including the Management and Administration Fees and the Depositary and Administrative Agent Fees) will not exceed 0.95% of the Class’s NAV.

The Total Expense Ratio for Class A and Class I Shares of the Sub-Fund, calculated on each Valuation Day, shall not exceed the per annum percentage of the NAV of the Sub-Fund calculated on each Valuation Day.

	Class A Shares (USD, GBP, EUR)	Class I Shares (USD, GBP, EUR)	Class C Shares (USD)
Management Fee	1.25%	0.75%	Up to 0.75%
Administration Fee	Up to 0.25%	Up to 0.25%	Up to 0.25%
Total Expense Ratio	Up to 2.00%	Up to 2.00%	Up to 2.00%

The Investment Manager is entitled to a fee, payable by the Investment Advisor out of the Management Fee as agreed from time to time between the Investment Advisor and the Investment Manager. Depositary, Administrative Agent and other fees will be paid out of the assets of the Fund as described in the Prospectus.

APPENDIX IV

INDIA FUND

1. Name of the Sub-Fund

Matthews Asia Funds – India Fund (hereinafter referred to as the “Sub-Fund”).

2. Investment Objective and Policy

The Sub-Fund’s investment objective is to achieve long-term capital appreciation.

Under normal market conditions, the Sub-Fund seeks to achieve its investment objective by investing, directly or indirectly, at least 80% of its total net assets, in publicly traded common stocks, preferred stocks and convertible securities of companies located in India. On an ancillary basis, the Sub-Fund may invest in other permitted assets on a worldwide basis.

For the purpose of this Sub-Fund, a company is considered to be “located” in India if it has substantial ties to India, including, for example, it (i) is organized under the laws of India; (ii) derives at least 50% of its revenues or profits from goods produced or sold, investments made, services performed in India, or has at least 50% of its assets located within India; (iii) has the primary trading markets for its securities in India or (iv) is a governmental entity or an agency, instrumentality or political subdivision of India.

3. Sub-Fund's Risk Profile

The investments in equity securities and other assets the Sub-Fund may invest in involve risks linked to stock markets, including volatility risk, as described in section “*Risk Considerations*” of the main part of this Prospectus. The Sub-Fund’s investments are subject to market fluctuations. No assurance can, therefore, be given that the Sub-Fund’s investment objective will be achieved. Neither can it be guaranteed that the value of a Share in the Sub-Fund will not fall below its value at the time of acquisition.

The primary benchmark index is the S&P Bombay Stock Exchange 100 Index. The Sub-Fund does not aim to replicate or track the primary benchmark.

4. Profile of the Typical Investor

The Sub-Fund is suitable for investors who wish to gain exposure to Indian equity markets. It is suitable for experienced investors wishing to attain defined investment objectives and accepting volatility that is inherent to equity markets with an investment horizon of at least 5 years.

5. Base Currency

The Base Currency of the Sub-Fund is the USD.

6. Classes of Shares

- A Class Shares (USD);
- A Class Shares (GBP);
- A Class Shares (EUR);
- I Class Shares (USD);
- I Class Shares (GBP);
- I Class Shares (EUR);
- S Class Shares (USD);
- S Class Shares (GBP); and
- S Class Shares (EUR).

Class A Shares are available to all investors. Class I Shares are only available to investors who are approved by the Fund, including, among others, Institutional Investors, recognized financial intermediaries or institutions which provide fee-based investment advisory services to underlying investors. Class S Shares are only available to investors who are approved by the Fund. Class S

Shares will only be available until the total net assets of the Sub-Fund reaches or is greater than USD 100,000,000, or any other amount as determined by the Fund (the “Seed Investment Limit”). Upon attaining the Seed Investment Limit, Class S Shares may be closed to new investors at the discretion of the Fund.

Class A, Class I and Class S Shares are available in the base currency of the Sub-Fund as well as such other currencies as may be determined by the Directors from time to time.

Although it does not currently intend to do so, the Board of Directors, in its entire discretion, may seek to reduce currency risk from portfolio holdings denominated in local currency by hedging such risk to USD or the currency of a share class. The Board of Directors may also seek, in its entire discretion, to reduce currency risk of non USD denominated share classes by hedging USD to the currency of a relevant share class. Any such hedging may be, in full or in part, and may be active or passive. Moreover, the Board of Directors shall have no obligation to hedge. The costs and effects of any such hedging will be reflected in the NAV and in the performance of these classes.

These Classes of Shares may be offered as accumulation (Acc) or distribution (Dist) Shares, in the discretion of the Board of Directors.

7. Offer of Shares

The minimum initial investment and holding for Class A Shares is GBP 500 for the GBP Class, or USD 1,000 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes). The minimum subsequent investment for Class A Shares is GBP 250 for the GBP Class, USD 500 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes).

The minimum initial investment and holding for Class I Shares is GBP 500,000 for the GBP Class (except for U.K. residents for whom it is GBP 500), or USD 1,000,000 (or its equivalent in the currency of the relevant Class). The minimum subsequent investment for Class I Shares is GBP 125,000 for the GBP Class (except for U.K. residents for whom it is GBP 250) and USD 250,000 (or its equivalent in the currency of the relevant Class).

The minimum initial investment and holding for Class S Shares is USD 20,000,000 (or the equivalent of the USD amount in the currency of the relevant Class). The minimum subsequent investment for Class S Shares is USD 250,000 (or the equivalent of the USD amount in the currency of the relevant Class).

Shares will be issued at the current Net Asset Value per Share of the relevant Class of Shares on every Valuation Day plus any applicable sales charge of up to 5.26% of the applicable Net Asset Value per Share.

8. Applicable Valuation Day for Subscriptions, Redemptions and Conversions

The Net Asset Value per Share in the Sub-Fund is calculated on every Business Day (each a “Valuation Day”).

9. Issue, Conversion and Redemption of Shares

Requests for the issue and conversion of Shares must be received by 12 noon (Luxembourg time) on a Valuation Day in order to be dealt with on that Valuation Day.

Subscription proceeds must be received in full within 3 Business Days following the relevant Valuation Day at the latest.

Requests for the redemption of Shares must be received by 12 noon (Luxembourg time) on the Valuation Day on which the redemption is to be made. Redemption proceeds will generally be paid within 5 Business Days of the relevant Valuation Day.

10. Dividend Policy

In relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the NAV of the Shares. In relation to Shares

referenced as “Dist” Shares, it is the intention of the Board of Directors to undertake distributions at least annually. Investors should read section “*Distribution Policy*” of the main part of the Prospectus.

II. Fees

The Investment Advisor receives a Management Fee, as shown below, calculated as an annual percentage of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears.

In addition, the Investment Advisor is entitled to an Administration Fee of up to 0.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears. The Investment Advisor shall pay the Administration Fee to the Investment Manager for administrative services provided to the Sub-Fund.

The Total Expense Ratio for Class A, Class I and Class S Shares of the Sub-Fund, calculated on each Valuation Day, shall not exceed the per annum percentage of the NAV of the Sub-Fund calculated on each Valuation Day.

	Class A Shares (USD, GBP, EUR)	Class I Shares (USD, GBP, EUR)	Class S Shares (USD, GBP, EUR)
Management Fee	1.25%	0.75%	Up to 0.75%
Administration Fee	Up to 0.25%	Up to 0.25%	Up to 0.25%
Total Expense Ratio	Up to 2.00%	Up to 2.00%	Up to 1.00%

The Investment Manager is entitled to a fee, payable by the Investment Advisor out of the Management Fee as agreed from time to time between the Investment Advisor and the Investment Manager. Depositary, Administrative Agent and other fees will be paid out of the assets of the Fund as described in the Prospectus.

APPENDIX V

CHINA SMALL COMPANIES FUND

1. Name of the Sub-Fund

Matthews Asia Funds – China Small Companies Fund (hereinafter referred to as the “Sub-Fund”).

2. Investment Objective and Policy

The Sub-Fund’s investment objective is to achieve long-term capital appreciation.

Under normal market conditions, the Sub-Fund seeks to achieve its investment objective by investing, directly or indirectly, at least 80% of its total net assets, in equities of small companies located in China (as defined hereafter). On an ancillary basis, the Sub-Fund may invest in other permitted assets on a worldwide basis.

For the purpose of this Sub-Fund:

- a) China includes the People’s Republic of China, its administrative regions and other districts, such as Hong Kong, as well as Taiwan (collectively “China”).
- b) A company is considered to be “located” in China if it has substantial ties to China, including for example if it (i) is organized under the laws of China; (ii) derives at least 50% of its revenues or profits from goods produced or sold, investments made, services performed in China, or has at least 50% of its assets located within China; (iii) has the primary trading markets for its securities in China; or (iv) is a governmental entity or an agency, instrumentality or political subdivision of China.
- c) 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. The Sub-Fund will not invest in any company that has a market capitalization (the number of the company's shares outstanding times the market price per share for such shares) higher than the greater of \$3 billion or the market capitalization of the largest company included in the Sub-Fund's primary benchmark index, if, at the time of purchase, more than 20% of the Sub-Fund's assets are invested in such companies. “Such 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.

The primary benchmark index is the MSCI China Small Cap Index. The Sub-Fund does not aim to replicate or track the primary benchmark. The Sub-Fund may continue to hold a security if its market capitalization increases above these levels after purchase.

The Sub-Fund may invest (whether directly or indirectly) in China A Shares, either directly via a Qualified Foreign Institutional Investor (“QFII”) license awarded to a Matthews group entity, or via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect programs, or indirectly via investment in access products. In any event where the Sub-Fund invests directly in China A Shares, under normal market conditions, it is expected that the Sub-Fund will not hold more than 10% of its net assets in China A Shares. The Sub-Fund may invest not more than 10% of its total assets in China B Shares.

A detailed description of the investments in China A Shares through the use of a QFII license and the Stock Connects as well as risks linked thereto can be found under the section entitled “*Risks Associated with Investing in China A Shares.*”

3. *Sub-Fund's Risk Profile*

The investments in equity securities and other assets the Sub-Fund may invest in involve risks linked to stock markets, including volatility risk, as described in section “*Risk Considerations*” of the main part of this Prospectus. The Sub-Fund’s investments are subject to market fluctuations. No assurance can, therefore, be given that the Sub-Fund’s investment objective will be achieved. Neither can it be guaranteed that the value of a Share in the Sub-Fund will not fall below its value at the time of acquisition.

4. *Profile of the Typical Investor*

The Sub-Fund is suitable for investors who wish to gain exposure to Chinese equity markets. It is suitable for experienced investors wishing to attain defined investment objectives and accepting volatility that is inherent to equity markets with an investment horizon of at least 5 years.

5. *Base Currency*

The Base Currency of the Sub-Fund is the USD.

6. *Classes of Shares*

- A Class Shares (USD);
- A Class Shares (GBP);
- A Class Shares (EUR);
- I Class Shares (USD);
- I Class Shares (GBP);
- I Class Shares (EUR);
- S Class Shares (USD);
- S Class Shares (GBP); and
- S Class Shares (EUR).

Class A Shares are available to all investors and Class I Shares are only available to investors who are approved by the Fund, including, among others, Institutional Investors, recognized financial intermediaries or institutions which provide fee-based investment advisory services to underlying investors. Class S Shares are only available to investors who are approved by the Fund. Class S Shares will only be available until the total net assets of the Sub-Fund reaches or is greater than USD 50,000,000, or any other amount as determined by the Fund (the “Seed Investment Limit”). Upon attaining the Seed Investment Limit, Class S Shares may be closed to new investors at the discretion of the Fund. Class A, Class I, and Class S Shares are available in the base currency of the Sub-Fund as well as such other currencies as may be determined by the Directors from time to time.

Although it does not currently intend to do so, the Board of Directors, in its entire discretion, may seek to reduce currency risk from portfolio holdings denominated in local currency by hedging such risk to USD or the currency of a share class. The Board of Directors may also seek, in its entire discretion, to reduce currency risk of non USD denominated share classes by hedging USD to the currency of a relevant share class. Any such hedging may be, in full or in part, and may be active or passive. Moreover, the Board of Directors shall have no obligation to hedge. The costs and effects of any such hedging will be reflected in the NAV and in the performance of these classes.

These Classes of Shares may be offered as accumulation (Acc) or distribution (Dist) Shares, in the discretion of the Board of Directors.

7. *Offer of Shares*

The minimum initial investment and holding for Class A Shares is GBP 500 for the GBP Class, or USD 1,000 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes). The minimum subsequent investment for Class A Shares is GBP 250 for the GBP Class, USD 500 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes).

The minimum initial investment and holding for Class I Shares is GBP 500,000 for the GBP Class (except for U.K. residents for whom it is GBP 500), or USD 1,000,000 (or its equivalent in the

currency of the relevant Class). The minimum subsequent investment for Class I Shares is GBP 125,000 for the GBP Class (except for U.K. residents for whom it is GBP 250) and USD 250,000 (or its equivalent in the currency of the relevant Class).

The minimum initial investment and holding for Class S Shares is USD 5,000,000 (or the equivalent of the USD amount in the currency of the relevant Class). There is no minimum subsequent investment for Class S Shares.

Shares will be issued at the current Net Asset Value per Share of the relevant Class of Shares on every Valuation Day plus any applicable sales charge of up to 5.26% of the applicable Net Asset Value per Share.

8. *Applicable Valuation Day for Subscriptions, Redemptions and Conversions*

The Net Asset Value per Share in the Sub-Fund is calculated on every Business Day (each a “Valuation Day”).

9. *Issue, Conversion and Redemption of Shares*

Requests for the issue and conversion of Shares must be received by 12 noon (Luxembourg time) on a Valuation Day in order to be dealt with on that Valuation Day.

Subscription proceeds must be received in full within 3 Business Days following the relevant Valuation Day at the latest.

Requests for the redemption of Shares must be received by 12 noon (Luxembourg time) on the Valuation Day on which the redemption is to be made. Redemption proceeds will generally be paid within 5 Business Days of the relevant Valuation Day.

10. *Dividend Policy*

In relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the NAV of the Shares. In relation to Shares referenced as “Dist” Shares, it is the intention of the Board of Directors to undertake distributions at least annually. Investors should read section “*Distribution Policy*” of the main part of the Prospectus.

11. *Fees*

The Investment Advisor receives a Management Fee, as shown below, calculated as an annual percentage of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears.

In addition, the Investment Advisor is entitled to an Administration Fee of up to 0.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears. The Investment Advisor shall pay the Administration Fee to the Investment Manager for administrative services provided to the Sub-Fund.

The Total Expense Ratio for Class A, Class I and Class S Shares of the Sub-Fund, calculated on each Valuation Day, shall not exceed the per annum percentage of the NAV of the Sub-Fund set forth below:

	Class A Shares (USD, GBP, EUR)	Class I Shares (USD, GBP, EUR)	Class S Shares (USD, GBP, EUR)
Management Fee	1.50%	1.00%	up to 1.00%
Administration Fee	Up to 0.25%	Up to 0.25%	up to 0.25%
Total Expense Ratio	Up to 2.25%	Up to 2.00%	up to 1.00%

The Investment Manager is entitled to a fee, payable by the Investment Advisor out of the Management Fee as agreed from time to time between the Investment Advisor and the Investment Manager. Depositary, Administrative Agent and other fees will be paid out of the assets of the Fund as described in the Prospectus.

APPENDIX VI

CHINA DIVIDEND FUND

1. Name of the Sub-Fund

Matthews Asia Funds – China Dividend Fund (hereinafter referred to as the “Sub-Fund”).

2. Investment Objective and Policy

The Sub-Fund 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.

Under normal market conditions, the Sub-Fund seeks to achieve its investment objective by investing, directly or indirectly, at least 80% of its total net assets, in income-paying publicly traded common stocks, preferred stocks, convertible preferred stocks and other equity-related instruments (including, for example, investment trusts and other financial instruments) of companies located in China (as defined hereafter). The Sub-Fund may also invest in convertible fixed-income securities. On an ancillary basis, the Sub-Fund may invest in other permitted assets on a worldwide basis. Because of the Sub-Fund’s objective of seeking total return with an emphasis on providing current income (*i.e.*, income and capital appreciation), the Sub-Fund will primarily invest in companies that exhibit attractive dividend yields and the propensity to pay dividends.

For the purpose of this Sub-Fund:

- a) China includes the People’s Republic of China, its administrative regions and other districts, such as Hong Kong, as well as Taiwan (collectively “China”).
- b) A company is considered to be “located” in China if it has substantial ties to China, including for example, if it (i) is organized under the laws of China; (ii) derives at least 50% of its revenues or profits from goods produced or sold, investments made, services performed in China, or has at least 50% of its assets located within China; (iii) has the primary trading markets for its securities in China; or (iv) is a governmental entity or an agency, instrumentality or political subdivision of China.

The Sub-Fund may invest (whether directly or indirectly) in China A Shares, either directly via a Qualified Foreign Institutional Investor (“QFII”) license awarded to a Matthews group entity, or via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect programs, or indirectly via investment in access products. In any event where the Sub-Fund invests directly in China A Shares, under normal market conditions, it is expected that the Sub-Fund will not hold more than 10% of its net assets in China A Shares. The Sub-Fund may invest not more than 10% of its total assets in China B Shares.

A detailed description of the investments in China A Shares through the use of a QFII license and the Stock Connects as well as risks linked thereto can be found under the section entitled “*Risks Associated with Investing in China A Shares.*”

3. Sub-Fund's Risk Profile

The investments in equity securities and other assets the Sub-Fund may invest in involve risks linked to stock markets, including volatility risk, as described in section “*Risk Considerations*” of the main part of this Prospectus. The Sub-Fund’s investments are subject to market fluctuations. No assurance can, therefore, be given that the Sub-Fund’s investment objective will be achieved. Neither can it be guaranteed that the value of a Share in the Sub-Fund will not fall below its value at the time of acquisition.

The primary benchmark index is the MSCI China Index. The Sub-Fund does not aim to replicate or track the primary benchmark.

4. Profile of the Typical Investor

The Sub-Fund is suitable for investors who wish to gain exposure to Chinese equity markets. It is suitable for experienced investors wishing to attain defined investment objectives and accepting volatility that is inherent to equity markets with an investment horizon of at least 5 years.

5. Base Currency

The Base Currency of the Sub-Fund is the USD.

6. Classes of Shares

- A Class Shares (USD);
- A Class Shares (GBP);
- A Class Shares (EUR);
- I Class Shares (USD);
- I Class Shares (GBP);
- I Class Shares (EUR);
- S Class Shares (USD);
- S Class Shares (GBP); and
- S Class Shares (EUR).

Class A Shares are available to all investors. Class I Shares are only available to investors who are approved by the Fund, including, among others, Institutional Investors, recognized financial intermediaries or institutions which provide fee-based investment advisory services to underlying investors. Class S Shares are only available to investors who are approved by the Fund. Class S Shares will only be available until the total net assets of the Sub-Fund reaches or is greater than USD 100,000,000, or any other amount as determined by the Fund (the "Seed Investment Limit"). Upon attaining the Seed Investment Limit, Class S Shares may be closed to new investors at the discretion of the Fund.

Class A, Class I and Class S Shares are available in the base currency of the Sub-Fund as well as such other currencies as may be determined by the Directors from time to time.

Although it does not currently intend to do so, the Board of Directors, in its entire discretion, may seek to reduce currency risk from portfolio holdings denominated in local currency by hedging such risk to USD or the currency of a share class. The Board of Directors may also seek, in its entire discretion, to reduce currency risk of non USD denominated share classes by hedging USD to the currency of a relevant share class. Any such hedging may be, in full or in part, and may be active or passive. Moreover, the Board of Directors shall have no obligation to hedge. The costs and effects of any such hedging will be reflected in the NAV and in the performance of these classes

Classes of Shares may be offered as accumulation (Acc) or distribution (Dist) Shares, in the discretion of the Board of Directors.

7. Offer of Shares

The minimum initial investment and holding for Class A Shares is GBP 500 for the GBP Class, or USD 1,000 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes). The minimum subsequent investment for Class A Shares is GBP 250 for the GBP Class, USD 500 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes).

The minimum initial investment and holding for Class I Shares is GBP 500,000 for the GBP Class (except for U.K. residents for whom it is GBP 500), or USD 1,000,000 (or its equivalent in the currency of the relevant Class). The minimum subsequent investment for Class I Shares is GBP 125,000 for the GBP Class (except for U.K. residents for whom it is GBP 250) and USD 250,000 (or its equivalent in the currency of the relevant Class).

The minimum initial investment and holding for Class S Shares is USD 20,000,000 (or the equivalent of the USD amount in the currency of the relevant Class). The minimum subsequent investment for

Class S Shares is USD 250,000 (or the equivalent of the USD amount in the currency of the relevant Class).

Shares will be issued at the current Net Asset Value per Share of the relevant Class of Shares on every Valuation Day plus any applicable sales charge of up to 5.26% of the applicable Net Asset Value per Share.

8. *Applicable Valuation Day for Subscriptions, Redemptions and Conversions*

The Net Asset Value per Share in the Sub-Fund is calculated on every Business Day (each a “Valuation Day”).

9. *Issue, Conversion and Redemption of Shares*

Requests for the issue and conversion of Shares must be received by 12 noon (Luxembourg time) on a Valuation Day in order to be dealt with on that Valuation Day.

Subscription proceeds must be received in full within 3 Business Days following the relevant Valuation Day at the latest.

Requests for the redemption of Shares must be received by 12 noon (Luxembourg time) on the Valuation Day on which the redemption is to be made. Redemption proceeds will generally be paid within 5 Business Days of the relevant Valuation Day.

10. *Dividend Policy*

In relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the NAV of the Shares. In relation to Shares referenced as “Dist” Shares, it is the intention of the Board of Directors to undertake distributions at least annually. Investors should read section “*Distribution Policy*” of the main part of the Prospectus.

11. *Fees*

The Investment Advisor receives a Management Fee, as shown below, calculated as an annual percentage of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears.

In addition, the Investment Advisor is entitled to an Administration Fee of up to 0.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears. The Investment Advisor shall pay the Administration Fee to the Investment Manager for administrative services provided to the Sub-Fund.

The Total Expense Ratio for Class A, Class I and Class S Shares of the Sub-Fund, calculated on each Valuation Day, shall not exceed the per annum percentage of the NAV of the Sub-Fund calculated on each Valuation Day.

	Class A Shares (USD, GBP, EUR)	Class I Shares (USD, GBP, EUR)	Class S Shares (USD, GBP, EUR)
Management Fee	1.25%	0.75%	Up to 0.75%
Administration Fee	Up to 0.25%	Up to 0.25%	Up to 0.25%
Total Expense Ratio	Up to 2.00%	Up to 2.00%	Up to 1.00%

The Investment Manager is entitled to a fee, payable by the Investment Advisor out of the Management Fee as agreed from time to time between the Investment Advisor and the Investment Manager. Depositary, Administrative Agent and other fees will be paid out of the assets of the Fund as described in the Prospectus.

APPENDIX VII

ASIA SMALL COMPANIES FUND

1. Name of the Sub-Fund

Matthews Asia Funds – Asia Small Companies Fund (hereinafter referred to as the “Sub-Fund”).

2. Investment Objective and Policy

The Sub-Fund’s investment objective is to achieve long-term capital appreciation.

Under normal market conditions, the Sub-Fund seeks to achieve its investment objective by investing, directly or indirectly, at least 80% of its total net assets, in equities of small companies located in the Asia Ex-Japan region. On an ancillary basis, the Sub-Fund may invest in other permitted assets on a worldwide basis.

For the purpose of this Sub-Fund:

- a) The Asia Ex Japan region (the “Region”) consists of all countries and markets in Asia excluding Japan, but including all other developed, emerging and frontier countries and markets in Asia.
- b) A company is considered to be “located” in the Region if it has substantial ties to the Region, including for example, if it (i) is organized under the laws of a country in the Region; (ii) derives at least 50% of its revenues or profits from goods produced or sold, investments made, services performed in the Region, or has at least 50% of its assets located within the Region; (iii) has the primary trading markets for its securities in the Region; or (iv) is a governmental entity or an agency, instrumentality or political subdivision of a country in the Region.
- c) 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. The Sub-Fund will not invest in any company that has a market capitalization (the number of the company's shares outstanding times the market price per share for such shares) higher than the greater of \$3 billion or the market capitalization of the largest company included in the Sub-Fund's primary benchmark index, if, at the time of purchase, more than 20% of the Sub-Fund's assets are invested in such companies. “Such 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.

The primary benchmark index is the MSCI All Country Asia ex Japan Small Cap Index. The Sub-Fund does not aim to replicate or track the primary benchmark index. The Sub-Fund may continue to hold a security if its market capitalization increases above these levels after purchase.

The Sub-Fund may invest (whether directly or indirectly) in China A Shares, either directly via a Qualified Foreign Institutional Investor (“QFII”) license awarded to a Matthews group entity, or via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect programs, or indirectly via investment in access products. In any event where the Sub-Fund invests directly in China A Shares, under normal market conditions, it is expected that the Sub-Fund will not hold more than 10% of its net assets in China A Shares. The Sub-Fund may invest not more than 10% of its total assets in China B Shares.

A detailed description of the investments in China A Shares through the use of a QFII license and the Stock Connects as well as risks linked thereto can be found under the section entitled “*Risks Associated with Investing in China A Shares.*”

3. *Sub-Fund's Risk Profile*

The investments in equity securities and other assets the Sub-Fund may invest in involve risks linked to stock markets, including volatility risk, as described in section “*Risk Considerations*” of the main part of this Prospectus. The Sub-Fund’s investments are subject to market fluctuations. No assurance can, therefore, be given that the Sub-Fund’s investment objective will be achieved. Neither can it be guaranteed that the value of a Share in the Sub-Fund will not fall below its value at the time of acquisition.

4. *Profile of the Typical Investor*

The Sub-Fund is suitable for investors who wish to gain exposure to Asian equity markets. It is suitable for experienced investors wishing to attain defined investment objectives and accepting volatility that is inherent to equity markets with an investment horizon of at least 5 years.

5. *Base Currency*

The Base Currency of the Sub-Fund is the USD.

6. *Classes of Shares*

- A Class Shares (USD);
- A Class Shares (GBP);
- A Class Shares (EUR);
- I Class Shares (USD);
- I Class Shares (GBP);
- I Class Shares (EUR);
- S Class Shares (USD);
- S Class Shares (GBP); and
- S Class Shares (EUR).

Class A Shares are available to all investors and Class I Shares are only available to investors who are approved by the Fund, including, among others, Institutional Investors, recognized financial intermediaries or institutions which provide fee-based investment advisory services to underlying investors. Class S Shares are only available to investors who are approved by the Fund. Class S Shares will only be available until the total net assets of the Sub-Fund reaches or is greater than USD 50,000,000, or any other amount as determined by the Fund (the “Seed Investment Limit”). Upon attaining the Seed Investment Limit, Class S Shares may be closed to new investors at the discretion of the Fund. Class A, Class I and Class S Shares are available in the base currency of the Sub-Fund as well as such other currencies as may be determined by the Directors from time to time.

Although it does not currently intend to do so, the Board of Directors, in its entire discretion, may seek to reduce currency risk from portfolio holdings denominated in local currency by hedging such risk to USD or the currency of a share class. The Board of Directors may also seek, in its entire discretion, to reduce currency risk of non USD denominated share classes by hedging USD to the currency of a relevant share class. Any such hedging may be, in full or in part, and may be active or passive. Moreover, the Board of Directors shall have no obligation to hedge. The costs and effects of any such hedging will be reflected in the NAV and in the performance of these classes.

These Classes of Shares may be offered as accumulation (Acc) or distribution (Dist) Shares, in the discretion of the Board of Directors.

7. *Offer of Shares*

The minimum initial investment and holding for Class A Shares is GBP 500 for the GBP Class, or USD 1,000 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes). The minimum subsequent investment for Class A Shares is GBP 250 for the GBP Class, USD 500 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes).

The minimum initial investment and holding for Class I Shares is GBP 500,000 for the GBP Class (except for U.K. residents for whom it is GBP 500), or USD 1,000,000 (or its equivalent in the

currency of the relevant Class). The minimum subsequent investment for Class I Shares is GBP 125,000 for the GBP Class (except for U.K. residents for whom it is GBP 250) and USD 250,000 (or its equivalent in the currency of the relevant Class).

The minimum initial investment and holding for Class S Shares is USD 5,000,000 (or the equivalent of the USD amount in the currency of the relevant Class). There is no minimum subsequent investment for Class S Shares.

Shares will be issued at the current Net Asset Value per Share of the relevant Class of Shares on every Valuation Day plus any applicable sales charge of up to 5.26% of the applicable Net Asset Value per Share.

8. *Applicable Valuation Day for Subscriptions, Redemptions and Conversions*

The Net Asset Value per Share in the Sub-Fund is calculated on every Business Day (each a “Valuation Day”).

9. *Issue, Conversion and Redemption of Shares*

Requests for the issue and conversion of Shares must be received by 12 noon (Luxembourg time) on a Valuation Day in order to be dealt with on that Valuation Day.

Subscription proceeds must be received in full within 3 Business Days following the relevant Valuation Day at the latest.

Requests for the redemption of Shares must be received by 12 noon (Luxembourg time) on the Valuation Day on which the redemption is to be made. Redemption proceeds will generally be paid within 5 Business Days of the relevant Valuation Day.

10 *Dividend Policy*

In relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the NAV of the Shares. In relation to Shares referenced as “Dist” Shares, it is the intention of the Board of Directors to undertake distributions at least annually. Investors should read section “*Distribution Policy*” of the main part of the Prospectus.

11. *Fees*

The Investment Advisor receives a Management Fee as shown below, calculated as an annual percentage of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears.

In addition, the Investment Advisor is entitled to an Administration Fee of up to 0.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears. The Investment Advisor shall pay the Administration Fee to the Investment Manager for administrative services provided to the Sub-Fund.

The Total Expense Ratio for Class A, Class I, and Class S Shares of the Sub-Fund, calculated on each Valuation Day, shall not exceed the per annum percentage of the NAV of the Sub-Fund set forth below:

	Class A Shares (USD, GBP, EUR)	Class I Shares (USD, GBP, EUR)	Class S Shares (USD, GBP, EUR)
Management Fee	1.50%	1.00%	up to 1.00%
Administration Fee	Up to 0.25%	Up to 0.25%	up to 0.25%
Total Expense Ratio	Up to 2.25%	Up to 2.00%	up to 1.00%

The Investment Manager is entitled to a fee, payable by the Investment Advisor out of the Management Fee as agreed from time to time between the Investment Advisor and the Investment Manager. Depositary, Administrative Agent and other fees will be paid out of the assets of the Fund as described in the Prospectus.

APPENDIX VIII

ASIA FOCUS FUND

1. Name of the Sub-Fund

Matthews Asia Funds – Asia Focus Fund (hereinafter referred to as the “Sub-Fund”).

2. Investment Objective and Policy

The Sub-Fund’s investment objective is to achieve long-term capital appreciation.

Under normal market conditions, the Sub-Fund seeks to achieve its investment objective by investing, directly or indirectly, at least 80% of its total net assets, in equities of companies located in the Asia ex-Japan region. On an ancillary basis, the Sub-Fund may invest in other permitted assets on a worldwide basis.

For the purpose of this Sub-Fund:

- (a) The Asia Ex Japan region (the “Region”) consists of all countries and markets in Asia excluding Japan, but including all other developed, emerging and frontier countries and markets in Asia.
- (b) A company is considered to be “located” in the Region if it has substantial ties to the Region, including for example, if it (i) is organized under the laws of a country in the Region; (ii) derives at least 50% of its revenues or profits from goods produced or sold, investments made, services performed in the Region, or has at least 50% of its assets located within the Region; (iii) has the primary trading markets for its securities in the Region; or (iv) is a governmental entity or an agency, instrumentality or political subdivision of a country in the Region.

The Sub-Fund may invest (whether directly or indirectly) in China A Shares, either directly via a Qualified Foreign Institutional Investor (“QFII”) license awarded to a Matthews group entity, or via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect programs, or indirectly via investment in access products. In any event where the Sub-Fund invests directly in China A Shares, under normal market conditions, it is expected that the Sub-Fund will not hold more than 10% of its net assets in China A Shares. The Sub-Fund may invest not more than 10% of its total assets in China B Shares.

A detailed description of the investments in China A Shares through the use of a QFII license and the Stock Connects as well as risks linked thereto can be found under the section entitled “*Risks Associated with Investing in China A Shares.*”

Although the Sub-Fund is unconstrained by sector, geographic area or market capitalization, companies in which the Sub-Fund invests are typically expected to be medium capitalization companies or large capitalization companies. The Sub-Fund is currently expected to hold stocks of between 25 and 35 companies under normal market conditions.

3. Sub-Fund's Risk Profile

The investments in equity securities and other assets the Sub-Fund may invest in involve risks linked to stock markets, including volatility risk, and risks associated with investments in different countries as described in section “*Risk Considerations*” of the main part of this Prospectus. The Sub-Fund’s investments are subject to market fluctuations. No assurance can, therefore, be given that the Sub-Fund’s investment objective will be achieved. Neither can it be guaranteed that the value of a Share in the Sub-Fund will not fall below its value at the time of acquisition.

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

4. Profile of the Typical Investor

The Sub-Fund is suitable for investors who wish to gain exposure to Asian equity markets. It is suitable for experienced investors wishing to attain defined investment objectives and accepting volatility that is inherent to equity markets with an investment horizon of at least 5 years.

5. Base Currency

The Base Currency of the Sub-Fund is the USD.

6. Classes of Shares

- A Class Shares (USD);
- A Class Shares (GBP);
- A Class Shares (EUR);
- I Class Shares (USD);
- I Class Shares (GBP);
- I Class Shares (EUR);
- S Class Shares (USD);
- S Class Shares (GBP); and
- S Class Shares (EUR).

Class A Shares are available to all investors. Class I Shares are only available to investors who are approved by the Fund, including, among others, Institutional Investors, recognized financial intermediaries or institutions which provide fee-based investment advisory services to underlying investors. Class S Shares are only available to investors who are approved by the Fund. Class S Shares will only be available until the total net assets of the Sub-Fund reaches or is greater than USD 100,000,000, or any other amount as determined by the Fund (the "Seed Investment Limit"). Upon attaining the Seed Investment Limit, Class S Shares may be closed to new investors at the discretion of the Fund.

Class A, Class I and Class S Shares are available in the base currency of the Sub-Fund as well as such other currencies as may be determined by the Directors from time to time.

Although it does not currently intend to do so, the Board of Directors, in its entire discretion, may seek to reduce currency risk from portfolio holdings denominated in local currency by hedging such risk to USD or the currency of a share class. The Board of Directors may also seek, in its entire discretion, to reduce currency risk of non USD denominated share classes by hedging USD to the currency of a relevant share class. Any such hedging may be, in full or in part, and may be active or passive. Moreover, the Board of Directors shall have no obligation to hedge. The costs and effects of any such hedging will be reflected in the NAV and in the performance of these classes. These Classes of Shares may be offered as accumulation (Acc) or distribution (Dist) Shares, in the discretion of the Board of Directors.

7. Offer of Shares

The minimum initial investment and holding for Class A Shares is GBP 500 for the GBP Class or USD 1,000 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes). The minimum subsequent investment for Class A Shares is GBP 250 for the GBP Class, USD 500 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes).

The minimum initial investment and holding for Class I Shares is GBP 500,000 for the GBP Class (except for U.K. residents for whom it is GBP 500), or USD 1,000,000 (or its equivalent in the currency of the relevant Class). The minimum subsequent investment for Class I Shares is GBP 125,000 for the GBP Class (except for U.K. residents for whom it is GBP 250) and USD 250,000 (or its equivalent in the currency of the relevant Class).

The minimum initial investment and holding for Class S Shares is USD 20,000,000 (or the equivalent of the USD amount in the currency of the relevant Class). The minimum subsequent investment for

Class S Shares is USD 250,000 (or the equivalent of the USD amount in the currency of the relevant Class).

Shares will be issued at the current Net Asset Value per Share of the relevant Class of Shares on every Valuation Day plus any applicable sales charge of up to 5.26% of the applicable Net Asset Value per Share.

8. *Applicable Valuation Day for Subscriptions, Redemptions and Conversions*

The Net Asset Value per Share in the Sub-Fund is calculated on every Business Day (each a “Valuation Day”).

9. *Issue, Conversion and Redemption of Shares*

Requests for the issue and conversion of Shares must be received by 12 noon (Luxembourg time) on a Valuation Day in order to be dealt with on that Valuation Day.

Subscription proceeds must be received in full within 3 Business Days following the relevant Valuation Day.

Requests for the redemption of Shares must be received by 12 noon (Luxembourg time) on the Valuation Day on which the redemption is to be made. Redemption proceeds will generally be paid within 5 Business Days of the relevant Valuation Day.

10. *Dividend Policy*

In relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the NAV of the Shares. In relation to Shares referenced as “Dist” Shares, it is the intention of the Board of Directors to undertake distributions at least annually. Investors should read section “*Distribution Policy*” of the main part of the Prospectus.

11. *Fees*

The Investment Advisor receives a Management Fee, as shown below, calculated as an annual percentage of the NAV of the Sub-Fund (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears.

In addition, the Investment Advisor is entitled to an Administration Fee of up to 0.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears. The Investment Advisor shall pay the Administration Fee to the Investment Manager for administrative services provided to the Sub-Fund.

The Total Expense Ratio for Class A, Class I and Class S Shares of the Sub-Fund, calculated on each Valuation Day, shall not exceed the per annum percentage of the NAV of the Sub-Fund calculated on each Valuation Day.

	Class A Shares (USD, GBP, EUR)	Class I Shares (USD, GBP, EUR)	Class S Shares (USD, GBP, EUR)
Management Fee	1.25%	0.75%	Up to 0.75%
Administration Fee	Up to 0.25%	Up to 0.25%	Up to 0.25%
Total Expense Ratio	Up to 2.00%	Up to 2.00%	Up to 1.00%

The Investment Manager is entitled to a fee, payable by the Investment Advisor out of the Management Fee as agreed from time to time between the Investment Advisor and the Investment Manager. Depositary, Administrative Agent and other fees will be paid out of the assets of the Fund as described in the Prospectus.

APPENDIX IX**ASIA STRATEGIC INCOME FUND****1. Name of the Sub-Fund**

Matthews Asia Funds – Asia Strategic Income Fund (hereinafter referred to as the “Sub-Fund”).

2. Investment Objective and Policy

The Sub-Fund’s investment objective is to seek total return over the long term, with an emphasis on income.

Under normal market conditions, the Sub-Fund seeks to achieve its investment objective by investing at least 80% of its net assets in income-producing securities including, but not limited to, debt and debt-related instruments and/or dividend paying equity securities and derivative instruments with fixed income characteristics, issued by governments, quasi-governmental entities, supra-national institutions and companies in Asia. Investments may be denominated in any currency, and may represent any part of a company’s capital structure from debt to equity or with features of both. Debt and debt-related instruments typically include, but are not limited to, bonds, debentures, bills, notes, certificates of deposit and other bank obligations, senior secured bank debt, convertible debt securities, credit-linked notes, inflation-linked instruments and/or repurchase agreements. Investment in contingent convertible bonds (“CoCos”) is allowed up to 20% of the Sub-Fund’s net assets¹.

For the purpose of this Sub-Fund:

- a) Asia consists of all countries and markets in Asia and includes developed, emerging, and frontier countries and markets in Asia.
- b) A company is considered to be “located” in Asia if it has substantial ties to Asia, including for example, if it (i) is organized under the laws of a country in Asia; (ii) derives at least 50% of its revenues or profits from goods produced or sold, investments made, or services performed in Asia, or has at least 50% of its assets located, within Asia or region; (iii) has the primary trading markets for its securities in Asia; or (iv) is a governmental entity or an agency, instrumentality or a political subdivision of a country in Asia.
- c) Instruments will be deemed to be Asian securities if the issuer is headquartered in an Asia country, the instrument is denominated in the currency of an Asian country, or the instrument is issued with respect to a project located in, or secured or backed by assets located in Asia, or is otherwise linked to Asia. On an ancillary basis, the Sub-Fund may invest in other permitted assets on a worldwide basis.

Up to 50% of the Sub-Fund’s total net assets may be invested in securities of issuers from a single country (including the government of that country, its agencies, instrumentalities and political subdivisions), and up to 25% of the Sub-Fund’s total net assets may be invested in the securities issued or guaranteed by any one Asian government (including its agencies, instrumentalities and political subdivisions).

The Sub-Fund reserves the right to hedge its exposure to currencies other than USD to reduce the risk of loss from fluctuations in currency exchange rates, but normally does not expect to do so.

The Sub-Fund may use financial derivative instruments for hedging and/or investment purposes, including swaps, managing interest rate, currency and credit exposure, involving a variety of underlying instruments, including for example, currencies, debt securities (such as credit default swaps, credit interest swaps), securities indexes, futures and options on swaps (commonly referred to as swaptions). In particular, the Sub-Fund may seek to take on currency exposure by using derivatives such as currency forwards and, as a result, the Sub-Fund’s exposure to a currency could exceed the value of the Sub-Fund’s assets denominated in that currency.

¹ Until 4 January 2018 investment in CoCos are allowed up to 10% of the Sub-Fund’s net assets.

The Sub-Fund may invest in debt securities of any quality, including high yield debt securities rated below investment grade (commonly referred to as “junk bonds”) and unrated debt securities. The Sub-Fund has no stated maturity or duration target and the average effective maturity or duration may change.

The Sub-Fund may employ a currency overlay strategy in an effort to enhance returns and moderate volatility. This strategy would involve long and short positions on one or more currencies, with a total or gross notional value of these positions that may amount to substantial portion of the NAV of the Sub-Fund, although the net market value of these positions, on a marked-to-market basis, at most times, is expected to be substantially lower.

The Sub-Fund may invest (whether directly or indirectly) in China A Shares or onshore debt securities listed on the Shanghai or Shenzhen Stock Exchanges (“Onshore Debt Investments”), either directly via a Qualified Foreign Institutional Investor (“QFII”) license awarded to a Matthews group entity, or via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect programs, or indirectly via investment in access products. In any event where the Sub-Fund invests directly in China A Shares or Onshore Debt Investments, under normal market conditions, it is expected that the Sub-Fund will not i) hold more than 10% of its net assets in China A Shares nor ii) hold more than 10% of its net assets in Onshore Debt Instruments. The Sub-Fund may invest not more than 10% of its total assets in China B Shares.

A detailed description of the investments in China A Shares through the use of a QFII license and the Stock Connects as well as risks linked thereto can be found under the section entitled “*Risks Associated with Investing in China A Shares.*”

3. Sub-Fund's Risk Profile

The investments in equity securities and other assets the Sub-Fund may invest in involve risks linked to stock markets, including volatility risk, and risks associated with investments in different countries as described in section “*Risk Considerations*” of the main part of this Prospectus. The Sub-Fund’s investments are subject to market fluctuations. No assurance can, therefore, be given that the Sub-Fund’s investment objective will be achieved. Neither can it be guaranteed that the value of a Share in the Sub-Fund will not fall below its value at the time of acquisition.

The primary benchmark index is the Markit iBoxx Asian Local Bond Index. Prior to 1 May 2016, the Markit iBoxx Asian Local Bond Index was known as the HSBC Asian Local Bond Index. The Sub-Fund does not aim to replicate or track the primary benchmark index.

4. Profile of the Typical Investor

The Sub-Fund is suitable for investors who wish to gain exposure to Asian financial markets. It is suitable for experienced investors wishing to attain defined investment objectives and accepting volatility that is inherent to equity markets with an investment horizon of at least 5 years.

5. Base Currency

The Base Currency of the Sub-Fund is the USD.

6. Classes of Shares

- A Class Shares (USD);
- A Class Shares (GBP);
- A Class Shares (EUR);
- I Class Shares (USD);
- I Class Shares (GBP);
- I Class Shares (EUR);

- S Class Shares (USD);
- S Class Shares (GBP); and
- S Class Shares (EUR).

Class A Shares are available to all investors. Class I Shares are only available to investors who are approved by the Fund, including, among others, Institutional Investors, recognized financial intermediaries or institutions which provide fee-based investment advisory services to underlying investors. Class S Shares are only available to investors who are approved by the Fund. Class S Shares will only be available until the total net assets of the Sub-Fund reaches or is greater than USD 100,000,000, or any other amount as determined by the Fund (the “Seed Investment Limit”). Upon attaining the Seed Investment Limit, Class S Shares may be closed to new investors at the discretion of the Fund.

Class A, Class I and Class S Shares are available in the base currency of the Sub-Fund as well as such other currencies as may be determined by the Directors from time to time.

The Board of Directors may also seek, in its entire discretion, to reduce currency risk of non USD denominated share classes by hedging USD to the currency of a relevant share class. Any such hedging may be, in full or in part, and may be active or passive. Moreover, the Board of Directors shall have no obligation to hedge. The costs and effects of any such hedging will be reflected in the NAV and in the performance of these classes. These Classes of Shares may be offered as accumulation (Acc) or distribution (Dist) Shares, in the discretion of the Board of Directors.

7. Offer of Shares

The minimum initial investment and holding for Class A Shares is GBP 500 for the GBP Class or USD 1,000 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes). The minimum subsequent investment for Class A Shares is GBP 250 for the GBP Class, USD 500 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes).

The minimum initial investment and holding for Class I Shares is GBP 500,000 for the GBP Class (except for U.K. residents for whom it is GBP 500), or USD 1,000,000 (or its equivalent in the currency of the relevant Class). The minimum subsequent investment for Class I Shares is GBP 125,000 for the GBP Class (except for U.K. residents for whom it is GBP 250) and USD 250,000 (or its equivalent in the currency of the relevant Class).

The minimum initial investment and holding for Class S Shares is USD 5,000,000 (or the equivalent of the USD amount in the currency of the relevant Class of Shares). The minimum subsequent investment for Class S Shares is USD 250,000 (or the equivalent of the USD amount in the currency of the relevant Class).

Shares will be issued at the current Net Asset Value per Share of the relevant Class of Shares on every Valuation Day plus any applicable sales charge of up to 5.26% of the applicable Net Asset Value per Share.

8. Applicable Valuation Day for Subscriptions, Redemptions and Conversions

The Net Asset Value per Share in the Sub-Fund is calculated on every Business Day (each a “Valuation Day”).

9. Issue, Conversion and Redemption of Shares

Requests for the issue and conversion of Shares must be received by 12 noon (Luxembourg time) on a Valuation Day in order to be dealt with on that Valuation Day.

Subscription proceeds must be received in full within 3 Business Days following the relevant Valuation Day.

Requests for the redemption of Shares must be received by 12 noon (Luxembourg time) on the Valuation Day on which the redemption is to be made. Redemption proceeds will generally be paid within 5 Business Days of the relevant Valuation Day.

10. Dividend Policy

In relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the NAV of the Shares. In relation to Shares referenced as “Dist” Shares, it is the intention of the Board of Directors to periodically distribute substantially all the income earned on investment. Investors should read section “*Distribution Policy*” of the main part of the Prospectus.

11. Fees

The Investment Advisor receives a Management Fee, as shown below, calculated as an annual percentage of the NAV of the Sub-Fund (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears.

In addition, the Investment Advisor is entitled to an Administration Fee of up to 0.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears. The Investment Advisor shall pay the Administration Fee to the Investment Manager for administrative services provided to the Sub-Fund.

In relation to Class S Shares, a Management Fee of up to 0.65% per annum and an Administrative Fee of up to 0.25% per annum of the NAV of the Class may be levied. The Investment Advisor shall be entitled to that proportion of the Management Fee and the Administrative Fee so that, after taking into account all expenses attributable to Class S Shares the total amount of fees (including the Management and Administration Fees and the Depositary and Administrative Agent Fees) will not exceed 0.75% of the NAV of the Class S Shares.

The Total Expense Ratio for Class A, Class I and Class S Shares of the Sub-Fund, calculated on each Valuation Day, shall not exceed the per annum percentage of the NAV of the Sub-Fund calculated on each Valuation Day.

	Class A Shares (USD, GBP, EUR)	Class I Shares (USD, GBP, EUR)	Class S Shares (USD, GBP, EUR)
Management Fee	1.20%	0.65%	Up to 0.65%
Administration Fee	Up to 0.25%	Up to 0.25%	Up to 0.25%
Total Expense Ratio	Up to 1.75%	Up to 1.25%	Up to 0.75%

The Investment Manager is entitled to a fee, payable by the Investment Advisor out of the Management Fee as agreed from time to time between the Investment Advisor and the Investment Manager. Depositary, Administrative Agent and other fees will be paid out of the assets of the Fund as described in the Prospectus.

APPENDIX X**ASIA CREDIT OPPORTUNITIES FUND****1. Name of the Sub-Fund**

Matthews Asia Funds – Asia Credit Opportunities Fund (hereinafter referred to as the “Sub-Fund”).

2. Investment Objective and Policy

The Sub-Fund’s investment objective is to seek total return over the long term.

Under normal market conditions, the Sub-Fund seeks to achieve its investment objective by investing at least 80% of its net assets in income-producing securities including, but not limited to, debt and debt-related instruments and derivative instruments with fixed income characteristics, issued by governments, quasi-governmental entities, supra-national institutions and companies in Asia. On an ancillary basis the Sub-Fund may invest in dividend paying equity securities of the foregoing issuers. Investments may be denominated in any currency, and may represent any part of a company’s capital structure from debt to equity or with features of both. Debt and debt-related instruments typically include, but are not limited to, bonds, debentures, bills, notes, certificates of deposit and other bank obligations, senior secured bank debt, convertible debt securities, credit-linked notes, inflation-linked instruments and/or repurchase agreements. Investment in contingent convertible bonds (“CoCos”) is allowed up to 20% of the Sub-Fund’s net assets².

For the purpose of this Sub-Fund:

- a) Asia consists of all countries and markets in Asia and includes developed, emerging, and frontier countries and markets in Asia.
- b) A company is considered to be “located” in Asia if it has substantial ties to Asia, including for example, if it (i) is organized under the laws of a country in Asia; (ii) derives at least 50% of its revenues or profits from goods produced or sold, investments made, or services performed in Asia, or has at least 50% of its assets located, within Asia or region; (iii) has the primary trading markets for its securities in Asia; or (iv) is a governmental entity or an agency, instrumentality or a political subdivision of a country in Asia.
- c) Instruments will be deemed to be Asian securities if the issuer is headquartered in an Asia country, the instrument is denominated in the currency of an Asian country, or the instrument is issued with respect to a project located in, or secured or backed by assets located in Asia, or is otherwise linked to Asia. On an ancillary basis, the Sub-Fund may invest in other permitted assets on a worldwide basis.

Up to 50% of the Sub-Fund’s total net assets may be invested in securities of issuers from a single country (including the government of that country, its agencies, instrumentalities and political subdivisions), and up to 25% of the Sub-Fund’s total net assets may be invested in the securities issued or guaranteed by any one Asian government (including its agencies, instrumentalities and political subdivisions).

The Sub-Fund reserves the right to hedge its exposure to currencies other than USD to reduce the risk of loss from fluctuations in currency exchange rates, but normally does not expect to do so.

The Sub-Fund may use financial derivative instruments for hedging and/or investment purposes, including managing interest rate (such as interest rate swaps), currency and credit exposure (such as credit default swaps), involving a variety of underlying instruments, including for example, currencies, debt securities, securities indexes, futures and options on swaps (commonly referred to as swaptions). In particular, the Sub-Fund may seek to take on currency exposure by using derivatives

² Until 4 January 2018 investment in CoCos are allowed up to 10% of the Sub-Fund’s net assets.

such as currency forwards and, as a result, the Sub-Fund's exposure to a currency could exceed the value of the Sub-Fund's assets denominated in that currency.

The Sub-Fund may invest in debt securities of any quality, including high yield debt securities rated below investment grade (commonly referred to as "junk bonds") and unrated debt securities. The Sub-Fund has no stated maturity or duration target and the average effective maturity or duration may change.

The Sub-Fund may invest (whether directly or indirectly) in China A Shares or onshore debt securities listed on the Shanghai or Shenzhen Stock Exchanges ("Onshore Debt Investments"), either directly via a Qualified Foreign Institutional Investor ("QFII") license awarded to a Matthews group entity, the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect programs or indirectly via investment in access products. In any event where the Sub-Fund invests directly in China A Shares or Onshore Debt Investments, under normal market conditions, it is expected that the Sub-Fund will not (i) hold more than 10% of its net assets in China A Shares nor (ii) hold more than 10% of its net assets in Onshore Debt Instruments. The Sub-Fund may invest not more than 10% of its total assets in China B Shares.

A detailed description of the investments in China A Shares through the use of a QFII license and the Stock Connects as well as risks linked thereto can be found under the section entitled "*Risks Associated with Investing in China A Shares.*"

3. Sub-Fund's Risk Profile

The investments in debt securities and other assets the Sub-Fund may invest in involve risks linked to debt markets, including volatility risk, and risks associated with investments in different countries as described in section "*Risk Considerations*" of the main part of this Prospectus. The Sub-Fund's investments are subject to market fluctuations. No assurance can, therefore, be given that the Sub-Fund's investment objective will be achieved. Neither can it be guaranteed that the value of a Share in the Sub-Fund will not fall below its value at the time of acquisition.

The primary benchmark index is the J.P. Morgan Asia Credit Index. The Sub-Fund does not aim to replicate or track the primary benchmark index.

4. Profile of the Typical Investor

The Sub-Fund is suitable for investors who wish to gain exposure to Asian financial markets. It is suitable for experienced investors wishing to attain defined investment objectives and accepting volatility that is inherent to debt markets with an investment horizon of at least 5 years.

5. Base Currency

The Base Currency of the Sub-Fund is the USD.

6. Classes of Shares

- A Class Shares (USD);
- A Class Shares (GBP);
- A Class Shares (EUR);
- I Class Shares (USD);
- I Class Shares (GBP);
- I Class Shares (EUR);
- S Class Shares (USD);
- S Class Shares (GBP); and
- S Class Shares (EUR).

Class A Shares are available to all investors. Class I Shares are only available to investors who are approved by the Fund, including, among others, Institutional Investors, recognized financial intermediaries or institutions which provide fee-based investment advisory services to underlying investors. Class S Shares are only available to investors who are approved by the Fund. Class S Shares will only be available until the total net assets of the Sub-Fund reaches or is greater than USD

100,000,000, or any other amount as determined by the Fund (the “Seed Investment Limit”). Upon attaining the Seed Investment Limit, Class S Shares may be closed to new investors at the discretion of the Fund.

Class A, Class I and Class S Shares are available in the base currency of the Sub-Fund as well as such other currencies as may be determined by the Directors from time to time.

The Board of Directors may also seek, in its entire discretion, to reduce currency risk of non USD denominated share classes by hedging USD to the currency of a relevant share class. Any such hedging may be, in full or in part, and may be active or passive. Moreover, the Board of Directors shall have no obligation to hedge. The costs and effects of any such hedging will be reflected in the NAV and in the performance of these classes. These Classes of Shares may be offered as accumulation (Acc) or distribution (Dist) Shares, in the discretion of the Board of Directors.

7. Offer of Shares

The minimum initial investment and holding for Class A Shares is GBP 500 for the GBP Class or USD 1,000 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes). The minimum subsequent investment for Class A Shares is GBP 250 for the GBP Class, USD 500 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes).

The minimum initial investment and holding for Class I Shares is GBP 500,000 for the GBP Class (except for U.K. residents for whom it is GBP 500), or USD 1,000,000 (or its equivalent in the currency of the relevant Class). The minimum subsequent investment for Class I Shares is GBP 125,000 for the GBP Class (except for U.K. residents for whom it is GBP 250) and USD 250,000 (or its equivalent in the currency of the relevant Class).

The minimum initial investment and holding for Class S Shares is USD 5,000,000 (or the equivalent of the USD amount in the currency of the relevant Class). The minimum subsequent investment for Class S Shares is USD 250,000 (or the equivalent of the USD amount in the currency of the relevant Class).

Shares will be issued at the current Net Asset Value per Share of the relevant Class of Shares on every Valuation Day plus any applicable sales charge of up to 5.26% of the applicable Net Asset Value per Share.

8. Applicable Valuation Day for Subscriptions, Redemptions and Conversions

The Net Asset Value per Share in the Sub-Fund is calculated on every Business Day (each a “Valuation Day”).

9. Issue, Conversion and Redemption of Shares

Requests for the issue and conversion of Shares must be received by 12 noon (Luxembourg time) on a Valuation Day in order to be dealt with on that Valuation Day.

Subscription proceeds must be received in full within 3 Business Days following the relevant Valuation Day.

Requests for the redemption of Shares must be received by 12 noon (Luxembourg time) on the Valuation Day on which the redemption is to be made. Redemption proceeds will generally be paid within 5 Business Days of the relevant Valuation Day.

10. Dividend Policy

In relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the NAV of the Shares. In relation to Shares referenced as “Dist” Shares, it is the intention of the Board of Directors to periodically distribute substantially all the income earned on investment. Investors should read section “*Distribution Policy*” of the main part of the Prospectus.

11. Fees

The Investment Advisor receives a Management Fee, as shown below, calculated as an annual percentage of the NAV of the Sub-Fund (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears.

In addition, the Investment Advisor is entitled to an Administration Fee of up to 0.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears. The Investment Advisor shall pay the Administration Fee to the Investment Manager for administrative services provided to the Sub-Fund.

In relation to Class S Shares, a Management Fee of up to 0.65% per annum and an Administrative Fee of up to 0.25% per annum of the NAV of the Class may be levied. The Investment Advisor shall be entitled to that proportion of the Management Fee and the Administrative Fee so that, after taking into account all expenses attributable to Class S Shares the total amount of fees (including the Management and Administration Fees and the Depositary and Administrative Agent Fees) will not exceed 0.75% of the NAV of the Class S Shares.

The Total Expense Ratio for Class A, Class I and Class S Shares of the Sub-Fund, calculated on each Valuation Day, shall not exceed the per annum percentage of the NAV of the Sub-Fund calculated on each Valuation Day.

	Class A Shares (USD, GBP, EUR)	Class I Shares (USD, GBP, EUR)	Class S Shares (USD, GBP, EUR)
Management Fee	1.20%	0.65%	Up to 0.65%
Administration Fee	Up to 0.25%	Up to 0.25%	Up to 0.25%
Total Expense Ratio	Up to 1.75%	Up to 1.25%	Up to 0.75%

The Investment Manager is entitled to a fee, payable by the Investment Advisor out of the Management Fee as agreed from time to time between the Investment Advisor and the Investment Manager. Depositary, Administrative Agent and other fees will be paid out of the assets of the Fund as described in the Prospectus.

APPENDIX XI

JAPAN FUND

1. Name of the Sub-Fund

Matthews Asia Funds – Japan Fund (hereinafter referred to as the “Sub-Fund”).

2. Investment Objective and Policy

The Sub-Fund’s investment objective is to achieve long-term capital appreciation.

Under normal market conditions, the Sub-Fund seeks to achieve its investment objective by investing, directly or indirectly, at least 80% of its total net assets, in publicly traded common stocks, preferred stocks and convertible securities of companies located in Japan. On an ancillary basis, the Sub-Fund may invest in other permitted assets on a worldwide basis.

For the purpose of this Sub-Fund, a company is considered to be “located” in Japan if it has substantial ties to Japan, including, for example, it (i) is organized under the laws of Japan; (ii) derives at least 50% of its revenues or profits from goods produced or sold, investments made, services performed in Japan, or has at least 50% of its assets located within Japan; (iii) has the primary trading markets for its securities in Japan or (iv) is a governmental entity or an agency, instrumentality or political subdivision of Japan.

3. Sub-Fund's Risk Profile

The investments in equity securities and other assets the Sub-Fund may invest in involve risks linked to stock markets, including volatility risk, as described in section “*Risk Considerations*” of the main part of this Prospectus. The Sub-Fund’s investments are subject to market fluctuations. No assurance can, therefore, be given that the Sub-Fund’s investment objective will be achieved. Neither can it be guaranteed that the value of a Share in the Sub-Fund will not fall below its value at the time of acquisition.

The primary benchmark index is the MSCI Japan Index. The Sub-Fund does not aim to replicate or track the primary benchmark.

4. Profile of the Typical Investor

The Sub-Fund is suitable for investors who wish to gain exposure to Japanese equity markets. It is suitable for experienced investors wishing to attain defined investment objectives and accepting volatility that is inherent to equity markets with an investment horizon of at least 5 years.

5. Base Currency

The Base Currency of the Sub-Fund is the USD.

6. Classes of Shares

- A Class Shares (USD);
- A Class Shares (GBP);
- A Class Shares (EUR);
- A Class Shares (JPY);
- I Class Shares (USD);
- I Class Shares (GBP);
- I Class Shares (EUR);
- I Class Shares (JPY);
- S Class Shares (USD);
- S Class Shares (GBP);
- S Class Shares (EUR);
- S Class Shares (JPY);
- A Hedged Class Shares (USD);
- A Hedged Class Shares (GBP);

- A Hedged Class Shares (EUR);
- I Hedged Class Shares (USD);
- I Hedged Class Shares (GBP);
- I Hedged Class Shares (EUR);
- S Hedged Class Shares (USD);
- S Hedged Class Shares (GBP); and
- S Hedged Class Shares (EUR).

Class A Shares and Class A Hedged Shares are available to all investors. Class I Shares and Class I Hedged Shares are only available to investors who are approved by the Fund, including, among others, Institutional Investors, recognized financial intermediaries or institutions which provide fee-based investment advisory services to underlying investors. Class S Shares and Class S Hedged Shares are only available to investors who are approved by the Fund. Class S Shares and Class S Hedged Shares will only be available until the total net assets of the Sub-Fund reaches or is greater than USD 100,000,000, or any other amount as determined by the Fund (the “Seed Investment Limit”). Upon attaining the Seed Investment Limit, Class S Shares and Class S Hedged Shares may be closed to new investors at the discretion of the Fund.

Class A, Class A Hedged, Class I, Class I Hedged, Class S and Class S Hedged Shares are available in the base currency of the Sub-Fund as well as such other currencies as may be determined by the Directors from time to time.

Although it does not currently intend to do so, the Board of Directors, in its entire discretion, may seek to reduce currency risk from portfolio holdings denominated in local currency by hedging such risk to USD at the Sub-Fund level. The Board of Directors may also seek, in its entire discretion, to reduce currency risk of non USD denominated share classes by hedging USD to the currency of a relevant share class. Any such hedging may be, in full or in part, and may be active or passive. Moreover, the Board of Directors shall have no obligation to hedge. The costs and effects of any such hedging will be reflected in the NAV and in the performance of these classes. With respect to Hedged Share Classes of the Sub-Fund, the Board of Directors seeks to reduce currency risk of each Hedged Share Class by hedging exposure to fluctuations of the Predominant Currency of the Sub-Fund, the Japanese yen (“JPY”), against the Class Currency of the relevant Hedged Share Class, through foreign exchange transactions. For example, Class A, I and S Hedged Shares (USD) of the Sub-Fund will be hedged against JPY to reduce the effect of exchange rate fluctuations between JPY and USD; Class A, I and S Hedged Shares (GBP) of the Sub-Fund will be hedged against JPY to reduce the effect of exchange rate fluctuations between JPY and GBP; and Class A, I and S Hedged Shares (EUR) will be hedged against JPY to reduce the effect of exchange rate fluctuations between JPY and EUR. To achieve this hedging objective, the Investment Manager may, at its absolute discretion, engage, for the exclusive account of and at the cost of each Hedged Share Class, in foreign exchange transactions. The costs and effects of any such hedging will be reflected in the NAV and in the performance of the relevant Classes.

These Classes of Shares may be offered as accumulation (Acc) or distribution (Dist) Shares, in the discretion of the Board of Directors.

7. Offer of Shares

The minimum initial investment and holding for Class A Shares or Class A Hedged Shares is GBP 500 for the GBP Class, or USD 1,000 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes). The minimum subsequent investment for Class A Shares or Class A Hedged Shares is GBP 250 for the GBP Class, USD 500 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes).

The minimum initial investment and holding for Class I Shares or Class I Hedged Shares is GBP 500,000 for the GBP Class (except for U.K. residents for whom it is GBP 500), or USD 1,000,000 (or its equivalent in the currency of the relevant Class). The minimum subsequent investment for Class I Shares or Class I Hedged Shares is GBP 125,000 for the GBP Class (except for U.K. residents for whom it is GBP 250) and USD 250,000 (or its equivalent in the currency of the relevant Class).

The minimum initial investment and holding for Class S Shares or Class S Hedged Shares is USD 20,000,000 (or the equivalent of the USD amount in the currency of the relevant Class). The minimum subsequent investment for Class S Shares or Class S Hedged Shares is USD 250,000 (or the equivalent of the USD amount in the currency of the relevant Class).

Shares will be issued at the current Net Asset Value per Share of the relevant Class of Shares on every Valuation Day plus any applicable sales charge of up to 5.26% of the applicable Net Asset Value per Share.

8. *Applicable Valuation Day for Subscriptions, Redemptions and Conversions*

The Net Asset Value per Share in the Sub-Fund is calculated on every Business Day (each a “Valuation Day”).

9. *Issue, Conversion and Redemption of Shares*

Requests for the issue and conversion of Shares must be received by 12 noon (Luxembourg time) on a Valuation Day in order to be dealt with on that Valuation Day.

Subscription proceeds must be received in full within 3 Business Days following the relevant Valuation Day at the latest.

Requests for the redemption of Shares must be received by 12 noon (Luxembourg time) on the Valuation Day on which the redemption is to be made. Redemption proceeds will generally be paid within 5 Business Days of the relevant Valuation Day.

10. *Dividend Policy*

In relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the NAV of the Shares. In relation to Shares referenced as “Dist” Shares, it is the intention of the Board of Directors to undertake distributions at least annually. Investors should read section “*Distribution Policy*” of the main part of the Prospectus.

11. *Fees*

The Investment Advisor receives a Management Fee, as shown below, calculated as an annual percentage of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears.

In addition, the Investment Advisor is entitled to an Administration Fee of up to 0.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears. The Investment Advisor shall pay the Administration Fee to the Investment Manager for administrative services provided to the Sub-Fund.

The Total Expense Ratio for Class A, Class I and Class S Shares of the Sub-Fund, calculated on each Valuation Day, shall not exceed the per annum percentage of the NAV of the Sub-Fund calculated on each Valuation Day.

	Class A Shares Class A Hedged Shares (USD, GBP, EUR, JPY)	Class I Shares Class I Hedged Shares (USD, GBP, EUR, JPY)	Class S Shares Class S Hedged Shares (USD, GBP, EUR, JPY)
Management Fee	1.25%	0.75%	Up to 0.75%
Administration Fee	Up to 0.25%	Up to 0.25%	Up to 0.25%
Total Expense Ratio	Up to 2.00%	Up to 2.00%	Up to 1.00%

The Investment Manager is entitled to a fee, payable by the Investment Advisor out of the Management Fee as agreed from time to time between the Investment Advisor and the Investment Manager. Depositary, Administrative Agent and other fees will be paid out of the assets of the Fund as described in the Prospectus.

APPENDIX XII

ASIA EX JAPAN DIVIDEND FUND

1. Name of the Sub-Fund

Matthews Asia Funds – Asia ex Japan Dividend Fund (hereinafter referred to as the "Sub-Fund").

2. Investment Objective and Policy

The Sub-Fund's investment objective is to achieve total return through capital appreciation and current income. The Sub-Fund pursues its objective by primarily investing in companies that exhibit attractive dividend yields and/or the potential (in the Investment Manager's judgment) to grow dividends over time.

Under normal market conditions, the Sub-Fund invests, directly or indirectly, at least 80% of its total net assets, in income-paying publicly traded common stocks, preferred stocks, convertible preferred stocks and other equity-related instruments (including, for example, investment trusts and other financial instruments) of companies located in the Asia ex Japan region. On an ancillary basis, the Sub-Fund may invest in other permitted assets on a worldwide basis.

For the purpose of this Sub-Fund:

- a) The Asia ex Japan region (the "Region") shall be deemed to consist of all countries and markets in Asia, excluding Japan but including all developed, emerging and frontier countries and markets in Asia.
- b) A company is considered to be "located" in the Region if it has substantial ties to the Region including, for example if it (i) is organized under the laws of a country in the Region; (ii) derives at least 50% of its revenues or profits from goods produced or sold, investments made, services performed in the Region, or has at least 50% of its assets located within the Region; (iii) has the primary trading markets for its securities in the Region; or (iv) is a governmental entity or an agency, instrumentality or political subdivision of a country in the Region.

The Sub-Fund may invest (whether directly or indirectly) in China A Shares, either directly via a Qualified Foreign Institutional Investor ("QFII") license awarded to a Matthews group entity, or via the Shanghai-Hong Kong Stock Connect and/or Shenzhen-Hong Kong Stock Connect programs, or indirectly via investment in access products.

A detailed description of the investments in China A Shares through the use of a QFII license and the Stock Connects as well as risks linked thereto can be found under the section entitled "*Risks Associated with Investing in China A Shares.*"

3. Sub-Fund's Risk Profile

The investments in equity securities and other assets the Sub-Fund may invest in involve risks linked to stock markets, including volatility risk, as described in section "*Risk Considerations*" of the main part of this Prospectus. The Sub-Fund's investments are subject to market fluctuations. No assurance can, therefore, be given that the Sub-Fund's investment objective will be achieved. Neither can it be guaranteed that the value of a Share in the Sub-Fund will not fall below its value at the time of acquisition.

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

4. Profile of the Typical Investor

The Sub-Fund is suitable for investors who wish to gain exposure to the Asian equity market. It is suitable for experienced investors wishing to attain defined investment objectives and accepting volatility that is inherent to equity markets with an investment horizon of at least 5 years.

5. Base Currency

The Base Currency of the Sub-Fund is the USD.

6. Classes of Shares

- A Class Shares (USD);
- A Class Shares (GBP);
- A Class Shares (EUR);
- A Class Shares (JPY);
- I Class Shares (USD);
- I Class Shares (GBP);
- I Class Shares (EUR);
- I Class Shares (JPY);
- S Class Shares (USD);
- S Class Shares (GBP);
- S Class Shares (EUR); and
- S Class Shares (JPY).

Class A Shares are available to all investors. Class I Shares are only available to investors who are approved by the Fund, including, among others, Institutional Investors, recognized financial intermediaries or institutions which provide fee-based investment advisory services to underlying investors. Class S Shares are only available to investors who are approved by the Fund. Class S Shares will only be available until the total net assets of the Sub-Fund reaches or is greater than USD 100,000,000, or any other amount as determined by the Fund (the "Seed Investment Limit"). Upon attaining the Seed Investment Limit, Class S Shares may be closed to new investors at the discretion of the Fund.

Class A, Class I and Class S Shares are available in the base currency of the Sub-Fund as well as such other currencies as may be determined by the Board of Directors from time to time.

Although it does not currently intend to do so, the Board of Directors, in its entire discretion, may seek to reduce currency risk from portfolio holdings denominated in local currency by hedging such risk to USD or the currency of a share class. The Board of Directors may also seek, in its entire discretion, to reduce currency risk of non USD denominated share classes by hedging USD to the currency of a relevant share class. Any such hedging may be, in full or in part, and may be active or passive. Moreover, the Board of Directors shall have no obligation to hedge. The costs and effects of any such hedging will be reflected in the NAV and in the performance of these classes.

These Classes of Shares may be offered as accumulation (Acc) or distribution (Dist) Shares, in the discretion of the Board of Directors.

7. Offer of Shares

The minimum initial investment and holding for Class A Shares is GBP 500 for the GBP Class, or USD 1,000 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes). The minimum subsequent investment for Class A Shares is GBP 250 for the GBP Class and USD 500 for the USD Class (or the equivalent of the USD amount in the currency of other relevant Classes).

The minimum initial investment and holding for Class I Shares is GBP 500,000 for the GBP Class (except for U.K. residents for whom it is GBP 500), or USD 1,000,000 for the USD Class (or its equivalent in the currency of the relevant Class). The minimum subsequent investment for Class I

Shares is GBP 125,000 for the GBP Class (except for U.K. residents for whom it is GBP 250) and USD 250,000 (or its equivalent in the currency of the relevant Class).

The minimum initial investment and holding for Class S Shares is USD 20,000,000 (or the equivalent of the USD amount in the currency of the relevant Class). The minimum subsequent investment for Class S Shares is USD 250,000 (or the equivalent of the USD amount in the currency of the relevant Class).

Shares will be issued at the current Net Asset Value per Share of the relevant Class of Shares on every Valuation Day plus any applicable sales charge of up to 5.26% of the applicable Net Asset Value per Share.

8. *Applicable Valuation Day for Subscriptions, Redemptions and Conversions*

The Net Asset Value per Share in the Sub-Fund is calculated on every Business Day (each a “Valuation Day”).

9. *Issue, Conversion and Redemption of Shares*

Requests for the issue and conversion of Shares must be received by 12 noon (Luxembourg time) on a Valuation Day in order to be dealt with on that Valuation Day.

Subscription proceeds must be received in full within 3 Business Days following the relevant Valuation Day at the latest.

Requests for the redemption of Shares must be received by 12 noon (Luxembourg time) on the Valuation Day on which the redemption is to be made. Redemption proceeds will generally be paid within 5 Business Days of the relevant Valuation Day.

10. *Dividend Policy*

In relation to Shares referenced as “Acc” Shares, no distributions will be made and all interests and other income earned by the Sub-Fund will be reflected in the NAV of the Shares. In relation to Shares referenced as “Dist” Shares, it is the intention of the Board of Directors to undertake distributions at least annually. Investors should read section “*Distribution Policy*” of the main part of the Prospectus.

11. *Fees*

The Investment Advisor receives a Management Fee, as shown below, calculated as an annual percentage of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears.

In addition, the Investment Advisor is entitled to an Administration Fee of up to 0.25% per annum of the NAV of the Sub-Fund calculated (before deduction of accrued Management and Advisory Fees) on each Valuation Day. Such fees and any and all properly incurred expenses are payable out of the assets of the Sub-Fund monthly in arrears. The Investment Advisor shall pay the Administration Fee to the Investment Manager for administrative services provided to the Sub-Fund.

The Total Expense Ratio for Class A, Class I and Class S Shares of the Sub-Fund, calculated on each Valuation Day, shall not exceed the per annum percentage of the NAV of the Sub-Fund calculated on each Valuation Day.

	Class A Shares (USD, GBP, EUR, JPY)	Class I Shares (USD, GBP, EUR, JPY)	Class S Shares (USD, GBP, EUR, JPY)
Management Fee	1.25%	0.75%	Up to 0.75%
Administration Fee	Up to 0.25%	Up to 0.25%	Up to 0.25%
Total Expense Ratio	Up to 2.00%	Up to 2.00%	Up to 1.00%

The Investment Manager is entitled to a fee, payable by the Investment Advisor out of the Management Fee as agreed from time to time between the Investment Advisor and the Investment Manager. Depositary, Administrative Agent and other fees will be paid out of the assets of the Fund as described in the Prospectus.