

Matthews Asia Funds

Asia Small Companies Fund

31 March 2018



Overall Morningstar Rating™ (31/3/18)*



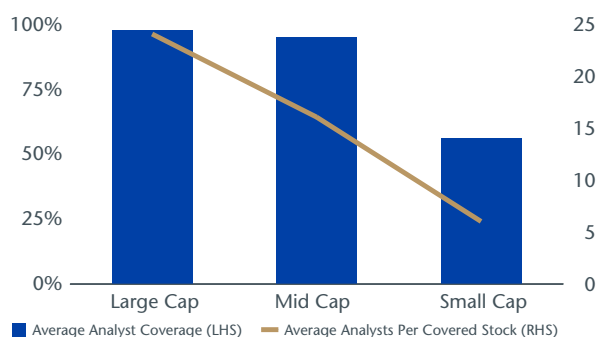
Matthews Asia

Risk Considerations

Investment involves risk. It is possible to lose the principal capital of your investment. | The Fund invests primarily in Asian countries and economies. Investment in such emerging markets may be subject to increased risks such as political, tax, economic, market, liquidity, custody and settlement, currency, legal and regulatory risks. | The Fund invests primarily in equity securities, which may result in increased volatility. | The Fund may invest in smaller companies, which are likely to carry higher risks than larger companies. | The Fund does not hedge to attempt to offset certain market risks. This may expose the Fund to the risk of full losses resulting from a decline in a security's value. | Investors should not invest in the Fund solely based on the information in this material alone. Please contact Matthews Global Investors (Hong Kong) Limited for further details of the risk factors.

Why Invest in the Matthews Asia Small Companies Fund?

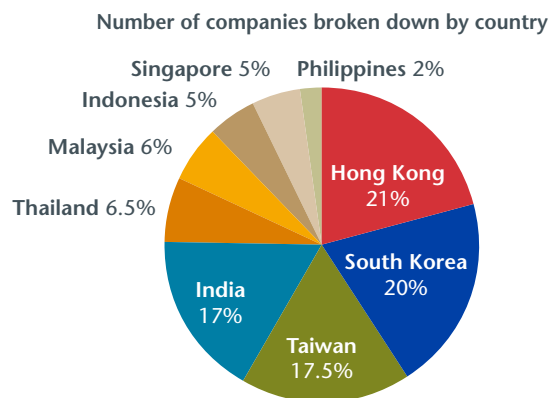
1. Small Caps are Under-Researched—Active Management Can Add Value



Note: Broker coverage by market cap, Asia ex Japan. Mid cap is defined as US\$3 bn to US\$5 bn. Small cap is defined as under US\$3 bn. Source: Bloomberg, data as of 31 March 2018

2. Tapping an Expanding Small-Cap Universe

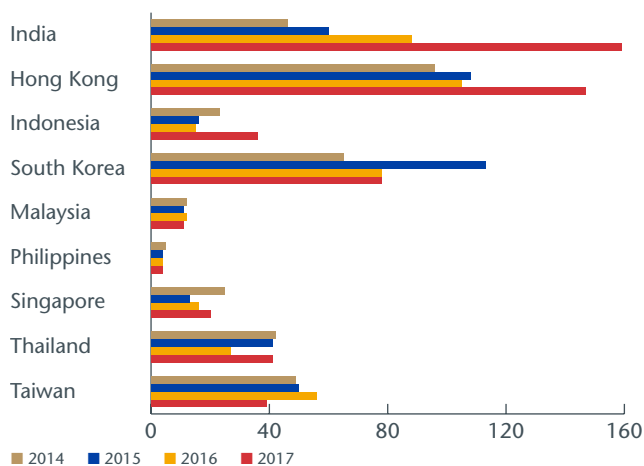
Today, Asia can boast a growing universe of over 5,000 small-cap stocks



Source: Bloomberg, data as of 31 December 2017

3. An Increasing Rate of IPOs Feeds Asia's Growing Small-cap Universe

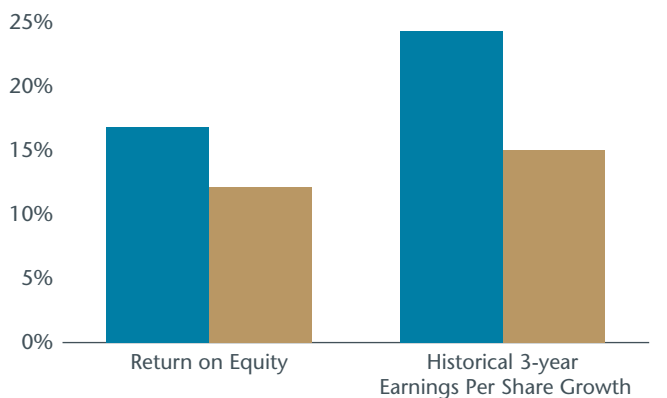
IPOs from companies with under US\$3 billion market cap



Source: Bloomberg, data as of 31 December 2017

4. Return on Equity, Growth Approach

A focus on companies with higher return on equity and higher estimated earnings growth than the benchmark index.



■ Matthews Asia Small Companies Fund ■ MSCI All Country Asia ex Japan Small Cap Index
Past performance is no guarantee of future results.

Source: FactSet Research Systems
Data as of 31 March 2018

*Overall Morningstar Ratings are reflective of the I (ACC) USD share class.

MATTHEWS ASIA SMALL COMPANIES FUND

Strategy Highlights

- ✿ **Small companies in Asia may lack access to capital and, thus, must be more:**
 - competitive
 - innovative
 - capital-efficient than their larger peers to survive and thrive
- ✿ **Inefficiencies for Asia small caps include:**
 - lack of analyst coverage
 - short-term market focus
 - perception of inferior quality/higher risks
- ✿ **Taking Advantage of Shifting Consumption Trends**
 - We seek innovative yet capital-efficient companies with strong brands and unique offerings that cater to Asia's growing middle class
 - We focus on corporate governance; hold long-term growth projections; conduct extensive checks of factories/stores/supply chain channels; and hold over 100 annual management team meetings throughout the region
- ✿ **Highly Experienced Team***
 - Lydia So, CFA, is Lead Manager and Tiffany Hsaio, CFA, and Beini Zhou, CFA, are Co-Managers of the Fund, with more than four decades of combined investment experience.

*As of 30 April 2018

Why Matthews Asia?

- ✿ **25 years of Experience Investing in Asian Equity Markets**
We have invested in Asian equity markets, including small caps, since 1991 through multi-year market cycles.
- ✿ **Specialist Firm Focused Solely on Investing in Asia**
Independent and privately owned, Matthews Asia has a 45+ person investment team dedicated to investing in Asia.
- ✿ **Clear Investment Philosophy**
We believe that a long-term investment horizon and benchmark-agnostic approach provides value creation opportunities for our clients. This is reflected in a portfolio with low turnover and high active share.
- ✿ **Research-driven, Bottom-up Approach**
Our disciplined process is anchored in an active, bottom up approach to stock picking. Our dedicated investment team holds over 2,500 company meetings per year.

FUND FACTS (USD)	Total Fund Assets	\$15.6 million	Inception	30 April 2013	Benchmark	MSCI All Country Asia
Class I (ACC) Shares	Total # of Positions	77	ISIN	LU0871674296 (USD) LU0871674379 (GBP)		ex Japan Small Cap Index

Important Information

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The MSCI All Country Asia ex Japan Small Cap Index is a free float-adjusted market capitalization-weighted small cap index of the stock markets of China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand.

Indexes are unmanaged and for comparative purposes only. It is not possible to invest directly in an index.