

Matthews Asia Funds China Dividend Fund

31 March 2018



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



Matthews Asia

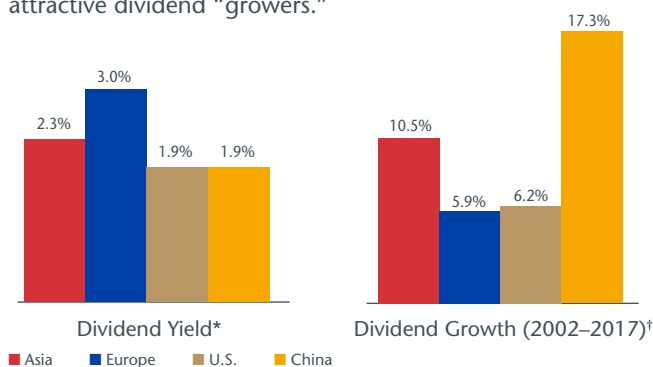
Risk Considerations

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

Why Invest in the Matthews China Dividend Fund?

1. China: An Attractive Source of Yield and Dividend Growth

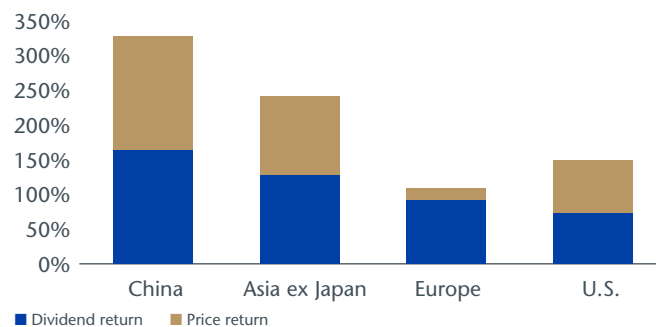
The portfolio seeks to blend stable dividend “payers” with attractive dividend “growers.”



*Trailing dividend yield estimates for 2018, as of 31/3/18, based on Factset Aggregates.
†Compound annual growth rate based on index constituents of Europe (Bloomberg European 500 Index), Asia Pacific (MSCI AC Asia Pacific Index), U.S. (S&P 500 Index), China (MSCI China Index) as of 12/31/02, excluding those that are no longer in existence as of fiscal year 2017.
Sources: FactSet Research Systems, MSCI, S&P, Bloomberg

2. Dividends—Important Contributor to Total Return

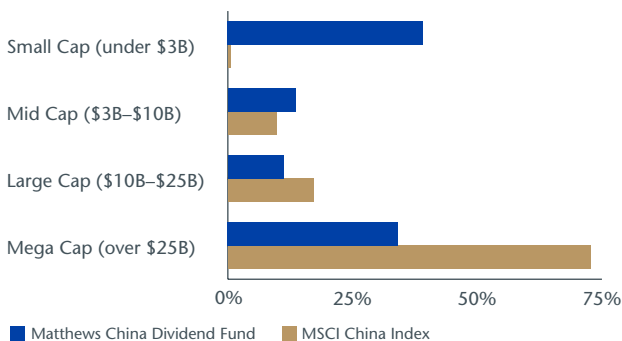
Over the past 17 years, more than 50% of total return of the MSCI China Index was derived from dividends received and reinvested.



Breakdown of total returns chart in US\$ currency returns
Time period: 31 December 1999-31 December 2017.
Past performance is no guarantee of future results.
Sources: MSCI Barra, Matthews Asia

3. Unconstrained All-Cap Approach

The portfolio has a strategic focus on small- to mid-cap stocks to capitalize on China's domestic consumption story and the burgeoning middle class.



Source: FactSet Research Systems, Data as of 31/3/18; Equity market cap of issuer.

4. Track Record of Strong Returns

A lower volatility way to access China's growth relative to traditional Chinese equity strategies.



Data as of 31/3/18. Performance reflects Class I (ACC) Shares, USD.
Source: Morningstar

Annual returns for the 12 month period ended 31 March	2018	2017	2016	2015	2014
Matthews China Dividend Fund (I Acc, USD)	28.18%	17.66%	-1.37%	12.60%	6.01%
MSCI China Index	39.15%	19.93%	-18.66%	24.34%	2.51%

All performance quoted represents past performance and is no guarantee of future results. Investment return and principal value will fluctuate with market conditions so that when redeemed, shares may be worth more or less than the original cost. Current performance may be lower or higher than performance shown. Investors investing in funds denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal. Performance details provided are based on a NAV to NAV basis with any dividends reinvested, and are net of management fees and other expenses. Volatility is the standard deviation of returns.

Source for the 12-month period returns: Brown Brothers Harriman (Luxembourg) S.C.A.

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

MATTHEWS CHINA DIVIDEND FUND

Strategy Highlights

- ☼ **Total Return Approach**
The portfolio aims to blend stable dividend yielders with attractive dividend growers in seeking to provide both capital growth and a sustainable dividend yield.
- ☼ **Dividends Validate Corporate Governance**
Dividends are a useful lens through which we assess a company's earnings, cash flow and commitment to minority shareholders.
- ☼ **Highly Experienced Team***
Sherwood Zhang, CFA, is Lead Manager and Yu Zhang, CFA, is Co-Manager of the Fund, with over 25 years of combined investment experience.
- ☼ **Track Record of Superior Returns with a Focus on Downside Protection**
Matthews Asia has offered a dedicated China dividend strategy since 2009. The China Dividend Fund has outperformed its benchmark in the 5-year and since inception periods.†

*As of 30/4/18.

†As of 31/3/18. Inception date: 31/1/13, annualised. Performance reflects Class I (ACC) Shares, USD.

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

Why Matthews Asia†?

- ☼ **25 years of Experience Investing in Asian Equity Markets**
We have invested in dividend-paying equity income strategies since 1994 and have offered our dedicated China Dividend Strategy since 2009.
- ☼ **Specialist Firm Focused Solely on Investing in Asia**
Independent and privately owned, Matthews Asia has a 40+ 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)

Class I (ACC) Shares

Total Fund Assets \$13.7 million

Total # of Positions 51

Inception 31 January 2013

ISIN LU0871673488 (USD)

Benchmark MSCI China Index

Important Information

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