

**ISSUER**

**MATTHEWS INTERNATIONAL CAPITAL MANAGEMENT, LLC**

**February 2024**

*This statement provides you with key information about this product.*

*This statement is a part of the offering document.*

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

**QUICK FACTS**

**Management Company:** Carne Global Fund Managers (Luxembourg) S.A.

**Investment Manager:** Matthews International Capital Management, LLC  
(located in United States, external delegation)

**Sub-Investment Manager:** Matthews Global Investors (Hong Kong) Limited  
(located in Hong Kong, internal delegation)

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

**Ongoing Charges Over a Year<sup>^</sup>:**

Class A Dist USD*	1.80%	Class A Acc GBP*	1.80%
Class A Acc USD*	1.80%	Class A Dist GBP*	1.80%
Class I Acc USD*	0.90%	Class I Acc GBP*	0.90%
Class I Dist USD*	0.90%	Class I Dist GBP*	0.90%
		Class I Acc EUR*	0.90%

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

**Base Currency:** USD

**Dividend Policy:** No dividends will be declared or distributed for accumulation (“**Acc**”) shares.

Dividends for distribution (“**Dist**”) shares will be discretionary. It is currently intended that distributions will be made at least annually (and usually on a quarterly basis). Investors should note that there is no guarantee that a distribution payment will be made for the “Dist” shares at each period. Dividends (if any) may be distributed to the relevant Shareholders or reinvested into the Sub-Fund (defined below). Distributions may be paid out of capital or effectively out of capital and, if so, may reduce the Sub-Fund’s net asset value (“**NAV**”).

**Financial Year End of the Sub-Fund:** 31 March

**Minimum Investment:**

	Initial Investment	Subsequent Investment
Class A and I GBP:	GBP 500	GBP 50
Class A and I USD:	USD 1,000	USD 100
Class I EUR :	EUR 1,000	EUR 100

<sup>^</sup> The ongoing charges figure for Class A Shares and Class I Shares are capped at 2.00% and 1.50% respectively, per annum of the average NAV of the relevant share class and shall not exceed such maximum level. Should the actual ongoing charges figure exceed such maximum level, the Investment Manager shall waive fees and/or reimburse expenses to the extent necessary to limit the ongoing charges to the stated maximum.

\* The ongoing charges figure is an annualised figure based on expenses for the period ended 30 September 2023 and is the total expense ratio as stated in the Fund’s semi-annual report dated 30 September 2023. This figure may vary from year to year.

**WHAT IS THIS PRODUCT?**

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

**OBJECTIVE AND INVESTMENT STRATEGY****Objective**

The Sub-Fund seeks total return through capital appreciation and current income.

**Strategy**

Under normal market conditions, the Sub-Fund seeks to achieve its investment objective by investing primarily (i.e. at least 65% of its total net assets) directly or indirectly through collective investment schemes or other similar instruments, in income-paying publicly traded common stocks, preferred stocks, convertible debt and equity securities of any maturity and in those that are unrated, or would be below investment grade if rated (i.e. lower than Baa by Moody’s Investors Service, Inc., BBB by Standard and Poor’s Corporation or Fitch Inc. or comparable securities), and other equity-related instruments (including investment trusts and other financial instruments) of companies located in or with substantial ties to the Asia Pacific region that exhibit attractive dividend yields and the propensity (as assessed by the Investment Manager) to pay dividends.

For the purpose of this Sub-Fund, 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.

It is intended that the Sub-Fund will invest less than 30% of its total net assets in convertible debt securities on an ancillary basis. The Sub-Fund’s investment in convertible debt securities rated below investment grade will be limited to 15% of its net assets. The Sub-Fund may invest in debt instruments with loss-absorption features (“**LAP**”), e.g. contingent convertible bonds. These instruments may be subject to contingent write-down or contingent conversion to ordinary shares on the occurrence of trigger event(s). The Sub-Fund’s expected total maximum investments in LAP will be up to 20% of its net assets.

On an ancillary basis, the Sub-Fund may invest in other permitted assets on a worldwide basis including equities, and other securities which are transferrable, collective investment schemes, and/or other similar instruments admitted to or dealt in on a Regulated Market<sup>†</sup>, and other assets which are considered by the Sub-Fund to be of good potential growth in its value and which may, thus, increase the overall value of the Sub-Fund’s investment portfolio.

The Sub-Fund may hold ancillary liquid assets which may not typically represent more than 20% of its net assets. The Sub-Fund may also hold cash equivalents to achieve its investment objective, for treasury purposes and in case of unfavorable market conditions. Under exceptional circumstances (e.g. market crash or major crisis), the Sub-Fund may invest temporarily up to 100% in liquid assets such as cash, bank deposits, certificates of deposit, commercial paper or treasury bills for cash flow management purposes.

The Management Company or the Investment Manager has latitude in determining whether a company is “located in or with substantial ties to” the Asia Pacific region, taking into account factors including (i) the region, country or jurisdiction in which it is organized; (ii) the primary trading markets in which its equity securities are listed, quoted or traded; (iii) the region, country or jurisdiction from which it derives at least 50% of its revenues or profits from goods produced or sold, investments made, or services performed; (iv) the region, country or jurisdiction in which at least 50% of its assets are located; (v) the region, country or jurisdiction where it has its principal place of business in or is otherwise headquartered in that country or any country in the region; and (vi) where the issuer is a governmental entity, the region, country or jurisdiction of which it is an agency, instrumentality or political subdivision. In determining whether an instrument or issue is “located in or with substantial ties to” the Asia Pacific region, the Management Company or the Investment Manager may take into account factors including (i) its issuer is headquartered or organized in that country or region; (ii) it is issued to finance a project that has at least 50% of its assets or operations in that country or region; (iii) it is at least 50% secured or backed by assets located in that country or region; (iv) it is a

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

component of or its issuer is included in the applicable benchmark index of the Sub-Fund; or (v) it is denominated in the currency of the respective country and addresses at least one of the other above criteria.

The choice of stocks and equity-related instruments held by the Sub-Fund would not be restricted by industry/sector of the issuers. There is also no focus or limits on any particular market capitalisation of the companies that the Sub-Fund may invest in. The Sub-Fund may invest significantly in smaller companies with growth potential and good investment value.

The primary benchmark index for the Sub-Fund is the MSCI All Country Asia Pacific Index and is indicated for performance comparison only. The Sub-Fund is actively managed and does not aim to replicate or track the primary benchmark. Consequently, the Investment Manager may freely select the securities in which it invests, and the Sub-Fund's portfolio composition and performance may deviate materially from the primary benchmark.

The Sub-Fund may invest (whether directly or indirectly) in China A Shares, either directly via a Qualified Foreign Investor ("QFI") license awarded to a Matthews group entity, or via the Shanghai-Hong Kong Stock Connect and/or the Shenzhen-Hong Kong Stock Connect programs (collectively the "Stock Connects"), or indirectly via investment in access products. The Sub-Fund may directly or indirectly only invest less than 70% of its net assets in aggregate in China A and B Shares.

The Sub-Fund is permitted to use financial derivative instruments ("FDIs") for investment, hedging or efficient portfolio management purposes. In particular, although it does not currently intend to engage in hedging at the Sub-Fund level, the Board of Directors of the Fund in its entire discretion may, in the future, seek to reduce currency risk from the Sub-Fund's portfolio holdings denominated in local currency by hedging such risk to the Sub-Fund's base currency.

#### USE OF DERIVATIVES

The Sub-Fund's net derivative exposure may be up to 50% of the Sub-Fund's NAV.

#### WHAT ARE THE KEY RISKS?

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

- **General Investment Risk**

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

- **Dividend Paying Equities Risk**

There can be no guarantee that companies that the Sub-Fund 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 Sub-Fund's holdings in these companies and, consequently, the NAV of the Sub-Fund.

- **Equity Market Risk**

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

- **Concentration Risk**

The Sub-Fund's investments are concentrated in the Asia Pacific region (in particular this may include the People's Republic of China ("PRC")). The value of the Sub-Fund may be more volatile than that of a fund having a more diverse portfolio of investments. The value of the Sub-Fund may be more susceptible to adverse economic, political, policy, foreign exchange, liquidity, tax, legal or regulatory event affecting the Asia Pacific region (including the PRC).

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

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

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

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

- **Emerging and Frontier Countries and Markets Risk**

The Sub-Fund invests in emerging countries and markets (including the PRC) 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.

The Sub-Fund may also invest in frontier countries and markets which are less developed emerging countries and markets. Investments in frontier countries and markets involve risks similar to investments in emerging countries and markets but to a greater extent since they tend to be even smaller, less developed, and less accessible than other emerging countries and markets. Frontier countries and markets tend to be more volatile than emerging countries and markets and the value of the Sub-Fund could move sharply up or down. In some circumstances, the underlying investments may become less liquid which may constrain the Investment Manager's ability to realise some or all of the portfolio. Additional risks of investing in frontier countries and markets may include: (a) unfavorable changes in regulations and laws; (b) failure to enforce laws or regulations, or to recognise the rights of investors as understood in developed markets; (c) excessive fees, trading costs or taxation, or outright seizure of assets; (d) lack of uniform accounting, auditing and financial reporting standards; (e) manipulation of market prices by large investors; (f) arbitrary delays and market closures; (g) fraud, corruption and error; (h) delay or disruption in execution or settlement of trades; and (i) absence of segregation of assets under custody.

- **Currency Risk**

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

- **Risk Associated with Securities Rated Below Investment Grade**

The Sub-Fund may invest in securities rated below investment grade or unrated. Such securities are generally subject to lower liquidity, higher volatility and greater risk of loss of principal and interest than high-rated debt securities.

- **Downgrading Risk**

The credit rating of an instrument or its issuer may subsequently be downgraded. In the event of such downgrading, the value of the Sub-Fund may be adversely affected. The Investment Manager may or may not be able to dispose of the instruments that are being downgraded.

- **Credit Rating Risk**

Credit ratings assigned by rating agencies are subject to limitations and do not guarantee the creditworthiness of the security and/or issuer at all times.

- **Risk Associated with Smaller Companies**

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

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

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

- **RMB Currency and Conversion Risk**

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

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

The Sub-Fund's ability to make the relevant investments or to fully implement or pursue its investment objective and strategy is subject to the applicable laws, rules and regulations (including restrictions on investments and repatriation of principal and profits) in the PRC, which are subject to change and such change may have potential retrospective effect. The Sub-Fund may suffer losses if the approval of the QFI status of the Investment Manager is being revoked, terminated or otherwise invalidated as the Sub-Fund may be prohibited from trading of relevant securities and repatriation of the Sub-Fund's monies, or if any of the key operators or parties (including the QFI custodian(s) or brokers) is bankrupt, in default, or is disqualified from performing its obligations (including execution or settlement of any transaction or transfer of monies or securities).

- **Risk Associated with the Stock Connects**

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

- **PRC Tax Risk**

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

- **Risk Associated with Investment in LAP**

The Sub-Fund may invest up to 20% of its net assets in LAP, including contingent convertible bonds ("CoCos").

LAP are subject to greater risks when compared to traditional debt instruments as such instruments are typically subject to the risk of being written down or converted to ordinary shares upon the occurrence of pre-defined trigger events (e.g. when the issuer is near or at the point of non-viability or when the issuer's capital ratio falls to a specified level), which are likely to be outside of the issuer's control. Such trigger events are complex and difficult to predict and may result in a significant or total reduction in the value of such instruments. In the event of the activation of a trigger, there may be potential price contagion and volatility to the entire asset class. LAP may also be exposed to liquidity, valuation and sector concentration risk.

CoCos are highly complex and are of high risk. Upon the occurrence of the trigger event, CoCos may be converted into shares of the issuer (potentially at a discounted price), or may be subject to the permanent write-down to zero. Coupon payments on CoCos are discretionary and may be cancelled by the issuer at any point, for any reason, and for any length of time.

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

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

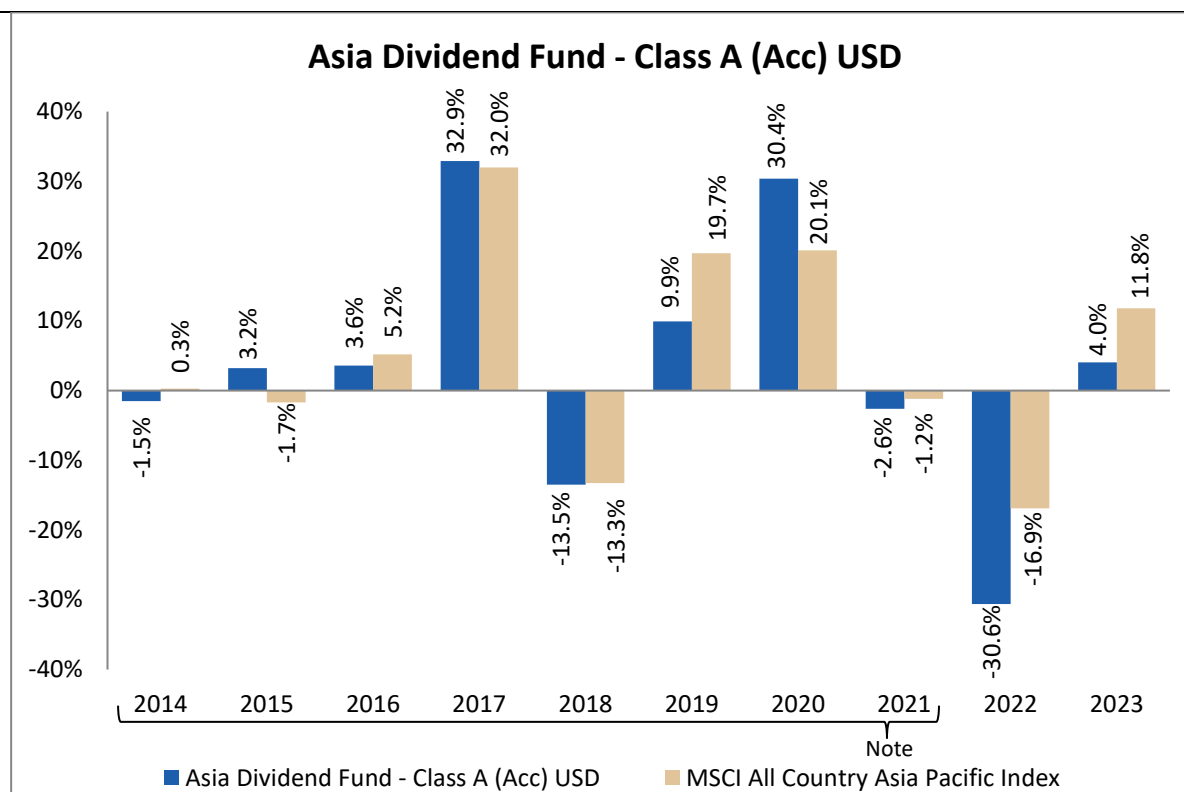
- **Risk Associated with Investment in FDIs**

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

- **Hedging Risk**

The Sub-Fund may use hedging techniques to attempt to offset certain market risks. For example, although the Sub-Fund does not currently intend to engage in hedging at the Sub-Fund level, the Sub-Fund may, in the future, enter into hedging transactions which seek to reduce the currency risk arising from the difference and/or fluctuations between the currencies of the underlying investments of the Sub-Fund and the base currency of the Sub-Fund. However, there is no guarantee that hedging techniques will fully and effectively achieve their desired result. The success of hedging much depends on the Investment Manager's expertise and hedging may become inefficient or ineffective. This may have adverse impact on the Sub-Fund and its investors.

## HOW HAS THE SUB-FUND PERFORMED?



- Note: The performance in these years were achieved under circumstances that no longer apply. The investment policy was changed on 15 December 2021.
- Past performance information is not indicative of future performance. Investors may not get back the full amount invested.
- The performance shown is for the representative Class A (Acc) USD. Class A (Acc) USD is selected as the representative share class as it is open for investment by Hong Kong retail investors and broadly indicative of the Sub-Fund's performance characteristics.
- The bar chart shows the representative share class' yearly returns. The returns are provided for all the years for which performance data is available for the complete calendar year since the launch of the representative share class.
- The computation basis of the performance is based on the calendar year end, NAV-to-NAV, with dividends reinvested.
- These performance figures show by how much the representative share class increased or decreased in value during the calendar year being shown. Performance figures have been calculated in USD, including ongoing charges and excluding any subscription fee and redemption fee you might have to pay.
- The primary benchmark index for the Sub-Fund is the MSCI All Country Asia Pacific Index.
- Sub-Fund launch date: 30 April 2010.
- Class A (Acc) USD launch date: 26 August 2010.

#### IS THERE ANY GUARANTEE?

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

<b>WHAT ARE THE FEES AND CHARGES?</b> <b>Charges which may be payable by you</b> You may have to pay the following fees when dealing in the shares of the Sub-Fund.	
<b>Fee</b>	<b>What you pay</b>
<b>Subscription fee (Initial Sales Charge)</b>	For Class A Shares, up to 5%* of the amount you buy.  For Class I Shares, there is no initial sales charge.  * Actual amounts can be obtained from your financial advisor or distributor.
<b>Switching fee (Conversion Charge)</b>	Up to 1% of the NAV of the share to be converted
<b>Redemption fee</b>	N/A
<b>Ongoing fees payable by the Sub-Fund</b> The following expenses will be paid out of the Sub-Fund. They affect you because they reduce the return you get on your investments.	
	<b>Annual rate (as a % <i>per annum</i> of the Sub-Fund's value)</b>
<b>Management Company Fee</b>	Up to 0.02%
<b>Management Fee</b>  The Sub-Fund pays a management fee to the Investment Manager for the investment management services that the Investment Manager provides to the Sub-Fund. The Sub-Investment Manager is paid out of the assets of the Investment Manager for the advice and management services it provides to the Investment Manager in relation to the Sub-Fund.	1.25% for Class A Shares  0.75% for Class I Shares
<b>Depositary and Administrative Agent Fee</b>  To the extent that fees paid to the Depositary and the Administrative Agent exceed the referenced maximum amount, the Sub-Fund will remain subject to the maximum Total Expense Ratio as disclosed in the offering document.	Up to 0.5% (excluding transaction costs)
<b>Performance Fee</b>	N/A
<b>Administration Fee</b>  The Sub-Fund pays an administration fee to the Investment Manager for the shareholder servicing and administration services that the Investment Manager provides to the Sub-Fund.	Up to 0.25%
<b>Other fees</b> You may have to pay other fees when dealing in the shares of the Sub-Fund.	

**ADDITIONAL INFORMATION**

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

# The Fund's website has not been reviewed by the SFC.

**IMPORTANT**

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

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