

# Matthews Asia Funds | Annual Report

31 March 2012



ASIA DIVIDEND FUND  
PACIFIC TIGER FUND  
CHINA FUND  
INDIA FUND  
CHINA SMALL COMPANIES FUND



Matthews Asia

Société d'investissement à Capital Variable  
Luxembourg  
RCS Luxembourg B 151 275

### *Special Notice to Investors*

Please note that the Annual Report is a global document and therefore also contains information concerning the China Small Companies Fund which is not authorized by the Hong Kong Securities and Futures Commission.



## General Information

Matthews International Capital Management, LLC (“Matthews”), formed under the laws of Delaware and regulated by the U.S. Securities and Exchange Commission, acts as Investment Manager to the Matthews Asia Funds (“the Fund”). Matthews believes in the long-term growth of Asia. Since Matthews was founded in 1991 by Paul Matthews, the firm has focused its efforts and expertise within the Asian region, investing through a variety of market environments. As an independent, privately owned firm, Matthews is the largest dedicated Asia investment specialist in the United States.

The Fund has an “umbrella” structure comprising a number of separate Sub-Funds. At the date of this report, five Sub-Funds were available for investment: Asia Dividend, Pacific Tiger, China, India and China Small Companies Funds. This report covers the period from 1 April 2011 to 31 March 2012. The last day on which official prices were calculated was 30 March 2012. The valuation point for the year presented in the Annual Report was at 31 March 2012. The figures presented in the financial statements are as at that date.

The annual general meeting of Shareholders will be held at the registered office of the Fund in Luxembourg on the third Tuesday of the month of June of each year at 2:00 p.m. or, if any such day is not a Business Day in Luxembourg, on the next following Business Day, and for the first time in 2011. 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 Shareholders of registered Shares in accordance with Luxembourg Law to their addresses shown on the register of Shareholders. Such notices should 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.

Each Share confers the right to one vote. The vote on the payment of a dividend on a particular Class requires a separate majority vote from the meeting of Shareholders of the Class 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.

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.

The Fund’s accounting year ends on 31 March in each year.

The Base Currency of the Fund is U.S. dollars (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.

Shares have not been registered under the United States Securities Act of 1933, as amended, nor the Investment Companies Act of 1940, as amended, and may not be offered directly or indirectly in the United States of America (including its territories and possessions) to nationals or residents thereof or to persons normally resident therein, or to any partnership or persons connected thereto unless pursuant to any applicable statute, rule or interpretation available under United States Law.

The Board of Directors confirms adherence to the ALFI Code of Conduct for Luxembourg investment funds.

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*This report does not constitute or form part of any offer of shares or an invitation to apply for shares of the Matthews Asia Funds (the "Fund"). Subscriptions are to be made on the basis of the current simplified prospectus accompanied by the current full prospectus, and supplemented by the latest Annual Report or the most recent Semi-Annual Report.*

*The views and opinions in this report were current as at 31 March 2012. They are not guarantees of performance or investment results and should not be taken as investment advice. Investment decisions reflect a variety of factors, and the managers reserve the right to change their views about individual stocks, sectors and the markets at any time. As a result, the views expressed should not be relied upon as a forecast of a Fund's future investment intent.*

*The subject matter contained herein has been derived from several sources believed to be reliable and accurate at the time of compilation. Matthews International Capital Management, LLC does not accept any liability for losses either direct or consequential caused by the use of this information.*

*The Fund's most current full and simplified prospectus, and most recent Semi-Annual Report and Annual Report, can be found at [global.matthewsasiasia.com](http://global.matthewsasiasia.com). Please read the prospectus carefully before investing.*

# Matthews Asia Funds

## *Management and Administration*

### **BOARD OF DIRECTORS**

#### **Chairman**

William J. Hackett, Chief Executive Officer  
Matthews International Capital Management, LLC  
Four Embarcadero Center, Suite 550  
San Francisco, CA 94111, United States of America

#### **Directors**

Timothy B. Parker, General Counsel  
Matthews International Capital Management, LLC  
Four Embarcadero Center, Suite 550  
San Francisco, CA 94111, United States of America

John P. McGowan, Senior Vice President  
Matthews International Capital Management, LLC  
Four Embarcadero Center, Suite 550  
San Francisco, CA 94111, United States of America

Richard Goddard, Independent Director  
The Directors' Office, S.A.  
19, rue de Bitbourg, L-1273 Luxembourg  
Grand Duchy of Luxembourg

#### **Conducting Officers**

Timothy B. Parker  
Richard Goddard

### **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

### **CUSTODIAN, ADMINISTRATIVE AGENT AND LISTING AGENT**

J.P. Morgan Bank Luxembourg S.A.  
European Bank & Business Centre  
6c, route de Trèves  
L-2633 Senningerberg  
Grand Duchy of Luxembourg

### **REVISEUR D'ENTREPRISES AGREE**

Deloitte Audit  
*Société à responsabilité limitée*  
560, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

### **LEGAL ADVISOR**

Elvinger, Hoss & Prussen  
2, Place Winston Churchill  
L-1340 Luxembourg  
Grand Duchy of Luxembourg

### **REGISTERED OFFICE**

J.P. Morgan Bank Luxembourg S.A.  
European Bank & Business Centre  
6c, route de Trèves  
L-2633 Senningerberg  
Grand Duchy of Luxembourg



*“Our approach, in the midst of what are admittedly absorbing macro discussions, has been to focus on finding good businesses, rather than try to speculate on events.”*

## Investment Manager’s Report

It was a difficult 12 months for Asia’s equity markets, which ended more strongly than they began despite media coverage about the sluggish U.S. recovery and debt problems in the Eurozone. While macroeconomic news seemed to overwhelm sentiment in the markets, valuations in Asia at the end of March remained below long-run historical averages. Over recent months I have commonly heard investors say: “I’m waiting for the pullback.”

The Funds held up well relative to markets, which were volatile: rising and falling in line with short-term news on growth and risk sentiment. During brief rallies, the Funds typically lagged, for this is when commodity companies and more cyclical business did well. Our Funds, which own comparatively less in such businesses, did not keep pace. However, the Funds’ focus on investing for the long run in businesses with more transparent cash earnings streams helped relative performance for the 12 months ending 31 March 2012. We do not seek to time abrupt cycles. Rather, we continue to test our long-term assumptions and beliefs and “get on the road” to speak with managers in Asia.

Three areas received particular attention of late: Japan, India and small Chinese companies. Japanese valuations are very low—shares on average trade at book value. In addition, new markets are opening up for some Japanese companies, including factory automation, health care and consumer goods. All of these industries benefit from rising wages in Asia—a trend that we believe will continue and can only bring prosperity to Asia’s households. India and smaller companies in China suffered severe dislocations in 2011. India’s stock market and currency fell: despite a recent rally in both, the market capitalisations of many Indian businesses in U.S. dollar terms are still well below levels attained in the last five years and valuation multiples have also contracted. Several members of our investment team, from different Funds, spent some 50 person-days in India during the first quarter of 2012 alone to research ideas. China’s smaller companies were hit hard by corporate governance scandals among some Chinese companies listed in the U.S. and Canada. In addition, there was a credit squeeze in China as bank lending dried up and informal capital-raising became a high-profile legal issue.

Several lead portfolio managers visited and talked extensively with entrepreneurs from Wenzhou, the heartland of Chinese entrepreneurialism and informal financing. The entrepreneurs reported that labour and raw material costs were more challenging than funding, but that business was good. Entrepreneurs candidly admitted mistakes of over-diversification and unrelated property investments, but noted that their mistakes just made them more determined than ever to focus on their core business.

We remain confident in the long-term growth and prosperity of Asia. Therefore, our approach, in the midst of what are admittedly absorbing macro discussions, has been to focus on finding good businesses, rather than try to speculate on events. As much as we all like to discuss the big issues of the day, for members of the Matthews investment team, the real excitement and challenge comes in discovering businesses whose future prospects are underappreciated by the average view of the investment community.

It is a privilege to act as your investment advisor in Asia’s equity markets.

Robert Horrocks, PhD  
Chief Investment Officer  
Matthews International Capital Management, LLC



## Report of the Réviseur d'entreprises agréé To the Shareholders of Matthews Asia Funds

c/o J.P. Morgan Bank Luxembourg S.A.  
European Bank & Business Centre  
6c, route de Trèves  
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Grand Duchy of Luxembourg

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Société à responsabilité limitée  
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Following our appointment by the general meeting of the Shareholders dated 21 June 2011, we have audited the accompanying financial statements of Matthews Asia Funds (the "SICAV") and each of its Sub-Funds, which comprise the Statement of Assets and Liabilities and the Schedule of Investments as at 31 March 2012 and the Statement of Operations and Changes in Net Assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Responsibility of the Board of Directors of the SICAV for the financial statements

The Board of Directors of the SICAV is responsible for the preparation and fair presentation of these financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements and for such internal control as the Board of Directors of the SICAV determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors of the SICAV, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Matthews Asia Funds and each of its Sub-Funds as of 31 March 2012, and of the results of their operations and changes in their net assets for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the financial statements.

### Other matter

Supplementary information included in the annual report has been reviewed in the context of our mandate but has not been subject to specific audit procedures carried out in accordance with the standards described above. Consequently, we express no opinion on such information. However, we have no observation to make concerning such information in the context of the financial statements taken as a whole.

For Deloitte Audit, *Cabinet de révision agréé*

Luxembourg, 18 June 2012

  
Johnny Yip, *Réviseur d'entreprises agréé*

Partner  
Société à responsabilité limitée  
RCS Luxembourg B 67.895  
Autonsation d'établissement: n°88607  
Member of Deloitte Touche Tohmatsu

**PORTFOLIO MANAGERS**

**Jesper O. Madsen, CFA**  
Lead Manager

**Yu Zhang, CFA**  
Co-Manager

## Asia Dividend Fund

### *Fund Manager Report*

*Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).*

For the one-year period ending 31 March 2012, the Asia Dividend Fund returned 2.20% while its benchmark, the MSCI All Country Asia Pacific Index fell -4.02%.

The 12-month period was a challenging one for most asset managers punctuated by volatility, which was fed by fleeting worries over both natural and man-made disasters in Japan, Europe's debt crisis and slowing global growth. More pertinent to Asia, China's moderating growth outlook weighed on the share prices of companies historically tied to the country's investment-led expansion. The first three months of 2012, however, saw optimism return in equity markets globally. The European Central Bank stepped up its support of Europe's banking sector and, by extension, sovereign bond markets. The financial sector rallied in response, not just in Europe, but in Asia as well. Economic data out of the U.S., while still patchy, seemed to indicate the economy had bottomed and was on a slow path to recovery. This sentiment buoyed equities of more cyclical businesses, such as the consumer discretionary and information technology sectors.

In spite of the market volatility, we remained focused on our aim of investing with companies that grow dividends. The Fund's holdings in the consumer staples, utilities, health care and telecommunication services sectors delivered positive performance. Within the Fund's consumer discretionary holdings, Shenzhou International Group, a Chinese clothing manufacturer, posted strong performance on the back of ongoing earnings and dividend growth. The company grew its dividend 39% in calendar year 2011.

The Fund's holdings in KT&G and Japan Tobacco were strong performers as investors found the cash-generative nature of the tobacco business attractive. Another strong performer was Cheung Kong Infrastructure, a Hong Kong-listed utility company with assets mainly in developed economies with better regulatory frameworks. The high dividend yield relative to low interest rates in Hong Kong, combined with yield-accretive acquisitions offered an attractive combination of growth and dividend income.

In mid-February, the Bank of Japan initiated an explicit inflation target of 1%, resulting in a sharp 7.2% sell-off in the yen during the first three months of 2012, as markets expected a more expansionary monetary policy would be needed to fight Japan's entrenched price deflation. The yen's weakness did present some headwinds for the value of the Fund's Japanese holdings. In spite of this, on the whole, our Japanese holdings managed to deliver positive absolute performance.

Our holdings within apparel retailers continued to negatively impact performance during the period. Esprit Holdings, Li Ning, Point and Billabong International all posted steep losses for the 12-month period, and ultimately we exited Point and Billabong. While we generally aim to be long-term shareholders of our holdings, these retailers fell short of our initial expectations. In the case of Point, a multi-brand clothing store operator in Japan, it became apparent that the company's competitive position had been eroded, raising questions about the ongoing profitability and growth in future dividends.

In recent months, the Fund also exited and took profits in two small Thai holdings, LPN Development and Glow Energy, after the dividend yield had compressed because of significant share price appreciation.

Asia continues to look attractive compared to other regional markets for investors seeking both dividend income and growth. With a dividend yield of about 3.9% at the end of March, the Fund's holdings offered a higher-than-average yield versus the region, with businesses that we believe seem well-poised to deliver future dividend growth.



*Schedule of Investments* (Audited)

Transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market. As at 31 March 2012, expressed in U.S. dollars.

**COMMON EQUITIES: 98.5%**

	Shares	Value	% of Net Assets		Shares	Value	% of Net Assets
<b>CHINA/HONG KONG: 28.1%</b>				<b>TAIWAN: 9.0%</b>			
China Mobile Ltd - ADR	53,300	2,881,546	2.99	Taiwan Semiconductor Manufacturing Co Ltd - ADR	182,300	2,763,320	2.87
Cheung Kong Infrastructure Holdings Ltd	453,000	2,759,528	2.87	Johnson Health Tech Co Ltd	448,550	1,394,156	1.45
Shenzhou International Group Holdings Ltd	1,256,000	2,413,627	2.51	Taiwan Hon Chuan Enterprise Co Ltd	523,754	1,190,247	1.24
Television Broadcasts Ltd	323,000	2,178,429	2.26	TXC Corp	725,219	1,147,034	1.19
China Shenhua Energy Co Ltd - H Shares	425,000	1,793,266	1.86	Chunghwa Telecom Co Ltd - ADR	31,560	961,790	1.00
Guangdong Investment Ltd	2,486,000	1,732,302	1.80	St Shine Optical Co Ltd	61,000	792,568	0.82
Cafe de Coral Holdings Ltd	594,000	1,653,036	1.72	Cyberlink Corp	140,059	436,095	0.45
Yuexiu Transport Infrastructure Ltd	3,030,000	1,509,563	1.57	<b>Total Taiwan</b>	<b>8,685,210</b>	<b>9.02</b>	
Link REIT	359,000	1,336,606	1.39	<b>AUSTRALIA: 8.9%</b>			
China Fishery Group Ltd	1,442,000	1,333,634	1.39	Metcash Ltd	812,435	3,640,589	3.78
Jiangsu Express Co Ltd - H Shares	1,342,000	1,299,287	1.35	QBE Insurance Group Ltd	150,274	2,220,139	2.31
Minth Group Ltd	1,062,000	1,231,562	1.28	Coca-Cola Amatil Ltd	108,754	1,412,633	1.47
Li Ning Co Ltd	1,030,000	1,096,131	1.14	David Jones Ltd	503,000	1,264,721	1.31
Esprit Holdings Ltd	489,100	982,328	1.02	<b>Total Australia</b>	<b>8,538,082</b>	<b>8.87</b>	
Sichuan Expressway Co Ltd - H Shares	2,546,000	921,509	0.96	<b>THAILAND: 6.7%</b>			
Kingboard Laminates Holdings Ltd	1,743,500	824,203	0.86	Thai Beverage Public PCL	8,757,000	2,266,033	2.35
Haitian International Holdings Ltd	429,000	482,351	0.50	PTT Exploration & Production PCL - Foreign	357,000	2,017,322	2.10
Yip's Chemical Holdings Ltd	578,000	417,241	0.43	Tisco Financial Group PCL - Foreign	1,015,000	1,364,616	1.42
Xingda International Holdings Ltd	445,000	203,388	0.21	Tesco Lotus Retail Growth Freehold & Leasehold Property Fund	1,995,200	763,651	0.79
<b>Total China/Hong Kong</b>	<b>27,049,537</b>	<b>28.11</b>		<b>Total Thailand</b>	<b>6,411,622</b>	<b>6.66</b>	
<b>JAPAN: 22.3%</b>				<b>SOUTH KOREA: 4.6%</b>			
Japan Tobacco Inc	645	3,673,233	3.82	KT&G Corp	38,990	2,767,787	2.88
Itochu Corp	298,700	3,298,482	3.43	MegaStudy Co Ltd	8,360	863,716	0.90
Orix Corp	30,170	2,917,217	3.03	Woongjin Thinkbig Co Ltd	72,880	821,210	0.85
NTT DoCoMo Inc	1,435	2,407,052	2.50	<b>Total South Korea</b>	<b>4,452,713</b>	<b>4.63</b>	
Pigeon Corp	49,800	1,875,239	1.95	<b>INDONESIA: 3.2%</b>			
Lawson Inc	29,500	1,874,638	1.95	PT Perusahaan Gas Negara	5,218,000	2,164,366	2.25
Hisamitsu Pharmaceutical Co Inc	35,400	1,695,535	1.76	PT Telekomunikasi Indonesia - ADR	30,500	922,067	0.96
EPS Co Ltd	528	1,173,229	1.22	<b>Total Indonesia</b>	<b>3,086,433</b>	<b>3.21</b>	
Miraca Holdings Inc	25,000	986,376	1.02	<b>SINGAPORE: 11.2%</b>			
Shinko Plantech Co Ltd	106,400	917,046	0.95	Singapore Technologies Engineering Ltd	939,500	2,432,963	2.53
Hokuto Corp	32,600	693,371	0.72	ARA Asset Management Ltd 144A	1,662,100	2,026,975	2.11
<b>Total Japan</b>	<b>21,511,418</b>	<b>22.35</b>		United Overseas Bank Ltd	128,000	1,872,830	1.95
				Ascendas Real Estate Investment Trust REIT	890,000	1,432,153	1.49
				CapitaRetail China Trust	1,366,000	1,343,214	1.39
				Super Group Ltd	793,000	1,139,667	1.18
				Ascendas India Trust - REIT	827,000	547,107	0.57
				<b>Total Singapore</b>	<b>10,794,909</b>	<b>11.22</b>	
				<b>UNITED KINGDOM: 2.7%</b>			
				HSBC Holdings PLC - ADR	59,700	2,647,659	2.75
				<b>Total United Kingdom</b>	<b>2,647,659</b>	<b>2.75</b>	

*Schedule of Investments (Audited) (continued)***COMMON EQUITIES (continued)**

	Shares	Value	% of Net Assets		Shares	Value	% of Net Assets
<b>PHILIPPINES: 1.7%</b>				<b>TOTAL COMMON EQUITIES</b>			
Globe Telecom Inc	60,770	1,603,837	1.67	(Cost \$90,473,990)		<b>94,831,807</b>	
<b>Total Philippines</b>		<b>1,603,837</b>	<b>1.67</b>				
<b>MALAYSIA: 0.1%</b>				<b>TOTAL INVESTMENTS: 98.5%</b>			
Top Glove Corp BHD	34,300	50,387	0.05	(Cost \$90,473,990)		<b>94,831,807</b>	
<b>Total Malaysia</b>		<b>50,387</b>	<b>0.05</b>				
				<b>CASH AND OTHER ASSETS,</b>			
				<b>LESS LIABILITIES: 1.5%</b>		<b>1,408,479</b>	
				<b>NET ASSETS: 100.0%</b>		<b>96,240,286</b>	

144A: security may be offered and sold only to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933

ADR: American Depositary Receipt

BHD: Berhad

H Shares: Mainland Chinese companies listed on the Hong Kong exchange but incorporated in mainland China

REIT: Real Estate Investment Trust



#### PORTFOLIO MANAGERS

**Richard H. Gao**  
Lead Manager

**Sharat Shroff, CFA**  
Lead Manager

## Pacific Tiger Fund

### *Fund Manager Report*

*Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).*

For the one-year period ending 31 March 2012, the Pacific Tiger Fund declined –1.49% while its benchmark, the MSCI All Country Asia ex Japan Index, fell –6.79%. For the past year, the performance of Asian capital markets was dominated by macroeconomic events with correlation across different asset classes running at relatively high levels. Some of the portfolio's holdings in the region's consumer staples sector provided a rare bright spot of positive returns, and were important drivers of relative performance. The portfolio's financial holdings, especially in some of the smaller markets like Thailand and Philippines, and an underweight in Chinese financials also helped relative performance.

By contrast, for the quarter ending 31 March 2012, the Fund returned 10.06%, underperforming the benchmark which gained 13.76%. Asian equities staged a partial recovery on the back of easing global liquidity, and some early signs of stabilising economic fundamentals, particularly in such developed economies as the United States. As a result, some of the stocks in sectors like industrials, which experienced sharp declines last year, posted strong gains for the first three months of 2012. Consequently, our underweight in industrials was one of the factors behind the Fund's relative underperformance in the quarter.

Another significant reason for the Fund's relative underperformance in the last quarter was our holdings in South Korea. In recent periods, the Korean government has become rather active in micro-managing price levels across a broad basket of goods and services, such as insurance and health care, which impacted some Fund holdings. Separately, we exited a relatively newer holding in the portfolio, Himart, a leading South Korean home appliance retailer. While Himart's operational performance continues to be encouraging, in recent months the divisions within its board and between members of senior management have become more entrenched. It became our view that this might hinder the progress of the company. We held a somewhat modestly sized position which was eliminated earlier this calendar year.

During the past year, we also added to select infrastructure-related Indian equities, particularly as valuations became increasingly attractive toward the second half of 2011. A recovery in the operating performance of these companies is likely to be predicated on the resolution of some of the regulatory bottlenecks that have long been an overhang on the sector. We also continue to see opportunities within small to medium enterprises (SMEs), particularly in China despite the challenges they have faced over the past few years. Following our recent trips to the country, we are increasingly convinced that SMEs continue to make up some of the most vibrant segments of China's economy, and offer an attractive way to participate in the difficult rebalancing of economic growth that is currently underway in the country.

We believe that confidence is gradually returning among companies and consumers although there is still some wariness about the direction of both the global economy and inflation, which could again become a threat. In our view, in spite of the appreciation in equity prices this year, valuations remain at attractive levels. Furthermore, the progression in earnings revisions may get some boost from a relatively more accommodative monetary cycle, and perhaps lower commodity prices. The near-term business environment may also become more favourable. However, we remain focused on finding businesses that can deliver appreciation in shareholder value across cycles.

*Schedule of Investments (Audited)*

Transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market. As at 31 March 2012, expressed in U.S. dollars.

**COMMON EQUITIES: 99.9%**

	Shares	Value	% of Net Assets		Shares	Value	% of Net Assets
<b>CHINA/HONG KONG: 33.5%</b>				<b>SOUTH KOREA: 14.5%</b>			
Ping An Insurance Group Co - H Shares	13,000	98,447	2.39	Samsung Electronics Co Ltd	86	97,058	2.36
Dairy Farm International Holdings Ltd	9,000	94,006	2.29	Dongbu Insurance Co Ltd	1,684	72,951	1.77
Hang Lung Group Ltd	14,000	90,526	2.20	Green Cross Corp	576	64,437	1.57
China Mobile Ltd - ADR	1,500	81,094	1.97	NHN Corp	280	64,368	1.57
Digital China Holdings Ltd	37,000	73,527	1.79	Cheil Worldwide Inc	3,934	63,013	1.53
Sinopharm Group Co ITD - H Shares	25,600	71,539	1.74	Hyundai Mobis	234	59,406	1.45
Lenovo Group Ltd	76,000	68,448	1.66	Amorepacific Corp	49	51,873	1.26
China Resources Land Ltd	38,000	65,753	1.60	Yuhan Corp	480	50,061	1.22
Li & Fung Ltd	28,000	64,374	1.57	Posco	146	49,128	1.19
Tingyi (Cayman Islands) Holding Corp	22,000	63,669	1.55	MegaStudy Co Ltd	240	24,795	0.60
Hengan International Group Co Ltd	6,000	60,747	1.48	<b>Total South Korea</b>		<b>597,090</b>	<b>14.52</b>
Shangri-La Asia Ltd	25,666	56,103	1.36	<b>INDONESIA: 8.8%</b>			
Baidu Inc - ADR	370	54,626	1.33	PT Perusahaan Gas Negara	252,000	104,527	2.54
China Vanke Co Ltd - B Shares	42,590	50,553	1.23	PT Astra International	10,500	84,764	2.06
Swire Pacific Ltd - A Shares	4,500	50,464	1.23	PT Indofood CBP Sukses Makmur	111,000	66,022	1.61
China Resources Enterprise Ltd	14,000	48,913	1.19	PT Bank Central Asia	71,000	61,998	1.51
New Oriental Education & Technology Group - ADR	1,700	45,469	1.11	PT Telekomunikasi Indonesia - ADR	1,500	45,348	1.10
Hong Kong Exchanges and Clearing Ltd	2,600	43,724	1.06	<b>Total Indonesia</b>		<b>362,659</b>	<b>8.82</b>
Li Ning Co Ltd	38,500	40,972	1.00	<b>TAIWAN: 8.5%</b>			
Dongfeng Motor Group Co Ltd - H Shares	22,000	39,735	0.96	Synnex Technology International Corp	38,297	95,343	2.32
Ctrip.com International - ADR	1,850	39,617	0.96	Delta Electronics Inc	30,000	88,152	2.15
Tencent Holdings Ltd	1,400	39,084	0.95	President Chain Store Corp	14,000	78,021	1.90
China Merchants Bank Co Ltd - H Shares	15,500	31,752	0.77	Yuanta Financial Holding Co Ltd	97,962	51,119	1.24
Swire Properties Ltd	2,450	6,090	0.15	Taiwan Semiconductor Manufacturing Co Ltd	12,000	34,593	0.84
<b>Total China/Hong Kong</b>		<b>1,379,232</b>	<b>33.54</b>	<b>Total Taiwan</b>		<b>347,228</b>	<b>8.45</b>
<b>INDIA: 16.2%</b>				<b>THAILAND: 6.6%</b>			
Tata Power Co Ltd	44,676	88,606	2.15	Bank of Ayudhya PCL - Foreign	116,400	103,806	2.52
HDFC Bank Ltd	7,564	77,252	1.88	PTT Exploration & Production PCL - Foreign	15,100	85,326	2.08
Kotak Mahindra Bank Ltd	7,127	76,360	1.86	Central Pattana PCL - Foreign	54,100	80,560	1.96
Housing Development Finance Corp	5,769	76,312	1.86	<b>Total Thailand</b>		<b>269,692</b>	<b>6.56</b>
ITC Ltd	15,794	70,406	1.71	<b>MALAYSIA: 5.7%</b>			
Sun Pharmaceutical Industries Ltd	5,090	56,995	1.39	Genting - BHD	34,800	123,212	3.00
Dabur India Ltd	22,255	46,609	1.13	Public Bank - BHD	16,800	74,817	1.82
Container Corp of India Ltd	2,399	45,004	1.09	Top Glove Corp - BHD	23,300	34,228	0.83
Titan Industries Ltd	9,830	44,138	1.07	<b>Total Malaysia</b>		<b>232,257</b>	<b>5.65</b>
Infosys Ltd - ADR	700	39,787	0.97	<b>PHILIPPINES: 2.5%</b>			
Sun TV Network Ltd	4,338	25,921	0.63	SM Prime Holdings Inc	264,600	104,124	2.53
Larsen & Toubro Ltd	774	19,905	0.49	<b>Total Philippines</b>		<b>104,124</b>	<b>2.53</b>
<b>Total India</b>		<b>667,295</b>	<b>16.23</b>				

*Schedule of Investments (Audited) (continued)***COMMON EQUITIES** (continued)

	Shares	Value	% of Net Assets	Shares	Value	% of Net Assets
<b>SINGAPORE: 2.3%</b>				<b>TOTAL COMMON EQUITIES</b>		
Keppel Land Ltd	17,000	47,053	1.14		<b>4,105,718</b>	
Hyflux Ltd	39,000	46,462	1.13		(Cost \$4,028,759)	
<b>Total Singapore</b>		<b>93,515</b>	<b>2.27</b>			
<b>VIETNAM: 1.3%</b>				<b>TOTAL INVESTMENTS: 99.9%</b>		
Vietnam Dairy Products JSC	11,925	52,626	1.28		<b>4,105,718</b>	
<b>Total Vietnam</b>		<b>52,626</b>	<b>1.28</b>		(Cost \$4,028,759)	
				<b>CASH AND OTHER ASSETS,</b>		
				<b>LESS LIABILITIES: 0.1%</b>		
					<b>6,016</b>	
				<b>NET ASSETS: 100.0%</b>		
					<b>4,111,734</b>	

ADR: American Depositary Receipt

B Shares: Mainland Chinese companies listed on the Shanghai and Shenzhen stock exchanges, available to both Chinese and non-Chinese investors

BHD: Berhad

H Shares: Mainland Chinese companies listed on the Hong Kong exchange but incorporated in mainland China

The accompanying notes form an integral part of these financial statements.

**PORTFOLIO MANAGERS**

**Richard H. Gao**  
Lead Manager

**Henry Zhang, CFA**  
Co-Manager

# China Fund

## *Fund Manager Report*

*Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).*

For the one-year period ending 31 March 2012, the China Fund returned -8.83%, while its benchmark, the MSCI China Index, returned -12.65%. Volatility among Chinese equities remained high during the period as the stocks were swayed by their own set of macroeconomic events including weak domestic economic data and worries over a hard landing. During the first two months of 2012, stocks posted gains as investors were encouraged by signs of easing monetary policy and an improved global economic outlook.

The most important economic events during the period were the government's efforts to fight inflation and the continued decline of inflation during the second half of the period. This decline was in line with government expectations, which allowed authorities to shift monetary policy toward further easing. In February, the central bank cut the bank reserve ratio by 50 basis points (0.50%)—its second cut since November.

For the 12-month period, the Fund saw negative returns from nearly all major sectors except utilities, health care and telecommunication services. For the first three months of 2012, the Fund benefited most from holdings in consumer discretionary and information technology, both of which were overweight the benchmark. Hotel, casino and education-related companies continued to post strong growth and momentum. Conversely, consumer staples holdings were among the biggest detractors to Fund performance, as we maintain an overweight in this sector. While some service-related consumer stocks performed well during the most recent quarter, we continued to see an overall slowdown of retail activity within the country. Department stores, supermarkets, apparel makers and airlines have all reported weak sales data over the past two quarters. We believe the tighter economic policy that China carried out for most of last year was the main cause.

We made some small changes to the portfolio during the period, exiting some industrial sector positions. Earlier this year, we initiated a position in China Mengniu Dairy, a producer of milk, ice cream and yogurt, and one of China's largest dairy companies. China's dairy industry is one in which we believe long-term growth potential is strong. The industry famously underwent some product safety and quality issues some years back and is still under consolidation as a result. We believe that as a leader in the field, Mengniu should benefit from further industry consolidation.

One recent banking sector concern has centered on the issue of local government funding in China. In late February, we dedicated time on a research trip to further evaluate this financing platform, and found assurance in the legitimacy of some of the projects funded via this channel. The projects had reasonable cash flow for debt repayment, and we found that new lending through these vehicles was reasonably limited.

Although there are signs of stabilisation in property markets throughout many Chinese cities, monetary tightening policies should continue to be in place for some time. Property markets may still come under pressure, but it appears that leverage in the property market is very low. Despite some persistent skepticism amongst commentators, overall, we continue to believe that a hard landing in China is unlikely and economic activities will gain momentum as monetary policies gradually ease.



*Schedule of Investments (Audited)*

Transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market. As at 31 March 2012, expressed in U.S. dollars.

**COMMON EQUITIES: CHINA/HONG KONG: 98.6%**

	Shares	Value	% of Net Assets		Shares	Value	% of Net Assets
<b>CONSUMER DISCRETIONARY: 22.6%</b>				<b>FINANCIALS (continued)</b>			
<b>Hotels, Restaurants &amp; Leisure: 7.8%</b>				<b>Insurance: 4.8%</b>			
Cafe de Coral Holdings Ltd	24,000	66,789	2.12	Ping An Insurance Group Co - H Shares	10,000	75,729	2.40
Sands China Ltd	16,400	64,267	2.04	China Life Insurance Co Ltd - H Shares	22,000	57,121	1.81
Shangri-La Asia Ltd	22,000	48,090	1.53	China Life Insurance Co Ltd - ADR	500	19,520	0.62
Home Inns & Hotels Management Inc - ADR	1,500	37,926	1.20			<b>152,370</b>	<b>4.83</b>
Ctrip.com International - ADR	1,325	28,374	0.90	<b>Diversified Financial Services: 1.6%</b>			
		<b>245,446</b>	<b>7.79</b>	Hong Kong Exchanges and Clearing Ltd	2,900	48,769	1.55
<b>Multiline Retail: 3.5%</b>						<b>48,769</b>	<b>1.55</b>
Golden Eagle Retail Group Ltd	29,000	74,168	2.35	<b>Total Financials</b>			
Parkson Retail Group Ltd	32,500	37,085	1.18			<b>631,891</b>	<b>20.05</b>
		<b>111,253</b>	<b>3.53</b>	<b>CONSUMER STAPLES: 13.0%</b>			
<b>Diversified Consumer Services: 2.4%</b>				<b>Food Products: 4.6%</b>			
New Oriental Education & Technology Group - ADR	2,900	77,565	2.46	Tingyi (Cayman Islands) Holding Corp	28,000	81,033	2.57
		<b>77,565</b>	<b>2.46</b>	China Mengniu Dairy Co Ltd	12,000	35,132	1.11
<b>Distributors: 2.3%</b>				China Yurun Food Group Ltd	21,000	29,870	0.95
Li & Fung Ltd	32,000	73,570	2.33			<b>146,035</b>	<b>4.63</b>
		<b>73,570</b>	<b>2.33</b>	<b>Food &amp; Staples Retailing: 4.1%</b>			
<b>Automobiles; 2.1%</b>				China Resources Enterprise Ltd	16,000	55,901	1.77
Dongfeng Motor Group Co Ltd - H Shares	36,000	65,021	2.06	Lianhua Supermarket Holdings Co Ltd - H Shares	36,800	41,922	1.33
		<b>65,021</b>	<b>2.06</b>	Sun Art Retail Group Ltd	22,000	29,815	0.95
<b>Specialty Retail: 1.9%</b>						<b>127,638</b>	<b>4.05</b>
Belle International Holdings Ltd	33,000	59,301	1.88	<b>Personal Products: 2.2%</b>			
		<b>59,301</b>	<b>1.88</b>	Hengan International Group Co Ltd	7,000	70,872	2.25
<b>Textiles, Apparel &amp; Luxury Goods: 1.5%</b>						<b>70,872</b>	<b>2.25</b>
Ports Design Ltd	19,500	23,191	0.74	<b>Beverages: 2.1%</b>			
Li Ning Co Ltd	21,500	22,881	0.73	Tsingtao Brewery Co Ltd - H Shares	12,000	64,851	2.06
		<b>46,072</b>	<b>1.47</b>			<b>64,851</b>	<b>2.06</b>
<b>Media: 1.1%</b>				<b>Total Consumer Staples</b>			
Television Broadcasts Ltd	5,000	33,722	1.07			<b>409,396</b>	<b>12.99</b>
		<b>33,722</b>	<b>1.07</b>	<b>INFORMATION TECHNOLOGY: 12.7%</b>			
<b>Total Consumer Discretionary</b>		<b>711,950</b>	<b>22.59</b>	<b>Internet Software &amp; Services: 4.2%</b>			
<b>FINANCIALS: 20.1%</b>				Tencent Holdings Ltd	1,900	53,042	1.68
<b>Real Estate Management &amp; Development: 7.2%</b>				NetEase.com Inc - ADR	850	49,895	1.58
Hang Lung Group Ltd	11,000	71,128	2.26	Sina Corp	450	29,845	0.95
China Resources Land Ltd	32,000	55,371	1.76			<b>132,782</b>	<b>4.21</b>
China Vanke Co Ltd - B Shares	45,500	54,007	1.71	<b>Electronic Equipment, Instruments &amp; Components: 2.9%</b>			
Swire Pacific Ltd - A Shares	3,500	39,250	1.25	Digital China Holdings Ltd	45,000	89,425	2.84
Swire Properties Ltd	2,450	6,090	0.19			<b>89,425</b>	<b>2.84</b>
		<b>225,846</b>	<b>7.17</b>	<b>Computers &amp; Peripherals: 2.3%</b>			
<b>Commercial Banks: 6.5%</b>				Lenovo Group Ltd	82,000	73,852	2.34
China Merchants Bank Co Ltd - H Shares	31,455	64,435	2.04			<b>73,852</b>	<b>2.34</b>
BOC Hong Kong Holdings Ltd	19,500	53,942	1.71	<b>Communications Equipment: 2.1%</b>			
China Construction Bank - H Shares	61,340	47,460	1.51	ZTE Corp - H Shares	24,680	66,495	2.11
Agricultural Bank of China Ltd - H Shares	91,000	39,069	1.24			<b>66,495</b>	<b>2.11</b>
		<b>204,906</b>	<b>6.50</b>	<b>Software: 1.2%</b>			
<b>FINANCIALS (continued)</b>				Kingdee International Software Group Co Ltd	154,800	37,310	1.18
						<b>37,310</b>	<b>1.18</b>
<b>Total Information Technology</b>						<b>399,864</b>	<b>12.68</b>

*Schedule of Investments (Audited) (continued)***COMMON EQUITIES (continued)**

	Shares	Value	% of Net Assets		Shares	Value	% of Net Assets
<b>INDUSTRIALS: 8.2%</b>				<b>TELECOMMUNICATION SERVICES: 5.5%</b>			
<b>Machinery: 3.3%</b>				<b>Wireless Telecommunication Services: 3.8%</b>			
CSR Corp Ltd - H Shares	68,000	46,456	1.48	China Mobile Ltd	7,500	82,578	2.62
China National Materials Co Ltd - H Shares	70,000	28,428	0.90	China Mobile Ltd - ADR	700	37,844	1.20
Sany Heavy Equipment International Holdings Co Ltd	37,500	28,368	0.90			<b>120,422</b>	<b>3.82</b>
		<b>103,252</b>	<b>3.28</b>	<b>Diversified Telecommunication Services: 1.7%</b>			
<b>Transportation Infrastructure: 2.7%</b>				China Communications Services Corp Ltd - H Shares			
China Merchants Holdings International Co Ltd	16,000	53,635	1.70	108,000	52,205	1.66	
Yuexiu Transport Infrastructure Ltd	66,000	32,882	1.04		<b>52,205</b>	<b>1.66</b>	
		<b>86,517</b>	<b>2.74</b>	<b>Total Telecommunication Services</b>			
<b>Airlines: 1.2%</b>						<b>172,627</b>	<b>5.48</b>
Air China Ltd - H Shares	56,000	38,849	1.23	<b>HEALTH CARE: 3.6%</b>			
		<b>38,849</b>	<b>1.23</b>	<b>Health Care Equipment &amp; Supplies: 1.9%</b>			
<b>Industrial Conglomerates: 1.0%</b>				Mindray Medical International Ltd - ADR			
NWS Holdings Ltd	21,500	32,877	1.04	1,850	61,228	1.94	
		<b>32,877</b>	<b>1.04</b>		<b>61,228</b>	<b>1.94</b>	
<b>Total Industrials</b>		<b>261,495</b>	<b>8.29</b>	<b>Health Care Providers &amp; Services: 1.7%</b>			
<b>ENERGY: 7.0%</b>				Sinopharm Group Co Ltd - H Shares			
<b>Oil, Gas &amp; Consumable Fuels: 5.4%</b>				19,200	53,654	1.70	
CNOOC Ltd	33,000	67,925	2.16		<b>53,654</b>	<b>1.70</b>	
China Shenhua Energy Co Ltd - H Shares	13,000	54,853	1.74	<b>Total Health Care</b>			
China Petroleum & Chemical Corp - H Shares	44,000	47,963	1.52			<b>114,882</b>	<b>3.64</b>
		<b>170,741</b>	<b>5.42</b>	<b>TOTAL COMMON EQUITIES</b>			
<b>Energy Equipment &amp; Services: 1.6%</b>				<b>3,106,357</b>			
China Oilfield Services Ltd - H Shares	34,000	48,821	1.55	(Cost \$ 3,173,872)			
		<b>48,821</b>	<b>1.55</b>	<b>TOTAL INVESTMENTS: 98.6%</b>			
<b>Total Energy</b>		<b>219,562</b>	<b>6.97</b>	<b>3,106,357</b>			
<b>UTILITIES: 5.9%</b>				<b>(Cost \$ 3,173,872)</b>			
<b>Electric Utilities: 2.9%</b>				<b>CASH AND OTHER ASSETS, LESS LIABILITIES: 1.4%</b>			
Cheung Kong Infrastructure Holdings Ltd	15,000	91,375	2.90	<b>45,680</b>			
		<b>91,375</b>	<b>2.90</b>	<b>NET ASSETS: 100.0%</b>			
<b>Gas Utilities: 2.3%</b>				<b>3,152,037</b>			
Hong Kong & China Gas Co Ltd	27,940	71,598	2.27				
		<b>71,598</b>	<b>2.27</b>				
<b>Independent Power Producers &amp; Energy Traders: 0.7%</b>							
China Longyuan Power Group Corp - H Shares	26,000	21,717	0.69				
		<b>21,717</b>	<b>0.69</b>				
<b>Total Utilities</b>		<b>184,690</b>	<b>5.86</b>				

ADR: American Depositary Receipt

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H Shares: Mainland Chinese companies listed on the Hong Kong exchange but incorporated in mainland China

The accompanying notes form an integral part of these financial statements.



#### PORTFOLIO MANAGERS

**Sharat Shroff, CFA**

Lead Manager

**Sunil Asnani**

Co-Manager

## India Fund

### *Fund Manager Report*

*Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).*

The India Fund was launched on 30 June 2011. From its inception through 31 March 2012, the Fund fell -16.90% while its benchmark, the Bombay Stock Exchange 100 Index, returned -17.57%. About two-thirds of the decline was due to a depreciation of the Indian rupee against the U.S. dollar, which reached an all-time low level in December. The quarter ended 31 March 2012 saw some recovery both in the market and in the currency amid resurgent foreign portfolio inflows and central bank indications that the monetary tightening cycle had peaked. Additionally, the government signaled it would take measures to conduct power sector reforms. However, concerns over worsening fiscal and external account deficits, and the impending maturity of upcoming external debt remained.

The government's proposed budget in March did attempt to address the fiscal deficit by monitoring growth in subsidies, but fell short of introducing any bold reforms. In fact, a long overdue proposed hike in railway passenger fares elicited strong political backlash, leading to the proposal getting scrapped for the most part. Weakening political support for India's federal governing party has been part of the problem, as demonstrated by several recent regional election results.

In terms of performance drivers, the biggest source of negative returns came from the portfolio's exposure to industrials, where the Fund's allocation has risen over the last three years, predicated on the belief that infrastructure as a percentage of GDP is likely to inch up. However, the lack of regulatory clarity has taken a toll on the smooth passage of infrastructure projects, many of which are held up for want of government approvals or policy reforms. Another source of negative returns was our financial sector holdings, most notably in public sector banks. Rising interest rates, delays in infrastructure project completions and some loose lending practices were the primary reasons for the increase in nonperforming loans. That said, the market did reward a few private sector banks that demonstrated better lending standards.

Factors that were helpful in mitigating losses on a relative basis were a somewhat higher cash balance at the time of the portfolio's inception, the strategy's convertible bond holdings and its underweight in the energy sector. The convertibles held up much better during the first six months of the reporting period amid the widespread correction but also underperformed during the last quarter as the market rallied. During the last quarter we exited two of our convertible bond holdings—Reliance Communications and Sesa Goa. The former was close to maturity while the latter was sold to rebalance the portfolio in favour of equities. During the last quarter, we also exited truck finance company Shriram Transport as we had increasing concerns over changes in regulations that impact financing terms that might be severe enough to affect the firm's business model. As a result of this and other reallocation decisions, the portfolio became more concentrated within financials.

Going forward, we anticipate that policy reforms will face some headwinds. India's ruling Congress Party fared poorly in regional elections, and uncertainties related to upcoming general elections might tempt federal leaders to bow to populist measures. A relatively more favourable monetary climate may help the outlook for investment spending, which remains critical in our view to sustain long-term growth rates. Market valuations are at, or lower than, historical averages. We strive to be fully invested across cycles, and continue to employ our bottom-up stock selection process.

*Schedule of Investments (Audited)*

Transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market. As at 31 March 2012, expressed in U.S. dollars.

**COMMON EQUITIES: INDIA: 90.9%**

	Shares/ Units	Value	% of Net Assets
<b>FINANCIALS: 20.1%</b>			
<b>Commercial Banks: 12.4%</b>			
HDFC Bank Ltd	49,763	508,237	4.06
ICICI Bank Ltd	23,291	407,341	3.26
Allahabad Bank	109,889	401,667	3.21
Corporation Bank	17,141	143,055	1.14
Axis Bank Ltd	4,051	91,223	0.73
		<b>1,551,523</b>	<b>12.40</b>
<b>Diversified Financial Services: 5.4%</b>			
Multi Commodity Exchange of India Ltd	127	3,169	0.03
Kotak Mahindra Bank Ltd	38,191	409,184	3.27
Infrastructure Development Finance Co Ltd	96,540	256,049	2.05
		<b>668,402</b>	<b>5.35</b>
<b>Thriffs &amp; Mortgage Finance: 2.3%</b>			
Housing Development Finance Corp	22,241	294,202	2.35
		<b>294,202</b>	<b>2.35</b>
<b>Total Financials</b>		<b>2,514,127</b>	<b>20.10</b>
<b>INDUSTRIALS: 16.2%</b>			
<b>Machinery: 7.9%</b>			
Ashok Leyland Ltd	730,242	435,419	3.48
Thermax Ltd	26,556	242,343	1.94
Jain Irrigation Systems Ltd	49,954	96,620	0.77
AIA Engineering Ltd	30,148	217,877	1.74
		<b>992,259</b>	<b>7.93</b>
<b>Road &amp; Rail: 2.9%</b>			
Container Corp of India Ltd	19,564	367,008	2.93
		<b>367,008</b>	<b>2.93</b>
<b>Electrical Equipment: 2.0%</b>			
Crompton Greaves Ltd	91,069	247,085	1.98
		<b>247,085</b>	<b>1.98</b>
<b>Transportation Infrastructure: 1.9%</b>			
Gujarat Pipavav Port Ltd	205,798	240,165	1.92
		<b>240,165</b>	<b>1.92</b>
<b>Industrial Conglomerates: 1.5%</b>			
Max India Ltd	56,423	187,449	1.50
		<b>187,449</b>	<b>1.50</b>
<b>Total Industrials</b>		<b>2,033,966</b>	<b>16.26</b>
<b>CONSUMER DISCRETIONARY: 11.4%</b>			
<b>Media: 5.1%</b>			
Sun TV Network Ltd	49,969	298,587	2.39
Jagran Prakashan Ltd	137,816	273,331	2.18
Dish TV India Ltd	50,611	63,537	0.51
		<b>635,455</b>	<b>5.08</b>
<b>Auto Components: 5.0%</b>			
Exide Industries Ltd	213,720	626,464	5.01
		<b>626,464</b>	<b>5.01</b>
<b>Textiles, Apparel &amp; Luxury Goods 1.3%</b>			
Titan Industries Ltd	35,533	159,549	1.27
		<b>159,549</b>	<b>1.27</b>
<b>Total Consumer Discretionary</b>		<b>1,421,468</b>	<b>11.36</b>

	Shares/ Units	Value	% of Net Assets
<b>CONSUMER STAPLES: 11.1%</b>			
<b>Personal Products: 7.9%</b>			
Bajaj Corp Ltd	65,070	147,398	1.18
Emami Ltd	57,558	457,128	3.65
Dabur India Ltd	183,781	384,893	3.08
		<b>989,419</b>	<b>7.91</b>
<b>Tobacco: 3.2%</b>			
ITC Ltd	89,629	399,545	3.19
		<b>399,545</b>	<b>3.19</b>
<b>Total Consumer Staples</b>		<b>1,388,964</b>	<b>11.10</b>
<b>INFORMATION TECHNOLOGY: 10.7%</b>			
<b>IT Services: 5.8%</b>			
Infosys Ltd	7,674	432,141	3.46
CMC Ltd	15,167	296,427	2.37
		<b>728,568</b>	<b>5.83</b>
<b>Internet Software &amp; Services: 3.3%</b>			
Info Edge India Ltd	28,865	413,410	3.30
		<b>413,410</b>	<b>3.30</b>
<b>Software: 1.6%</b>			
Polaris Financial Technology Ltd	62,430	201,395	1.61
		<b>201,395</b>	<b>1.61</b>
<b>Total Information Technology</b>		<b>1,343,373</b>	<b>10.74</b>
<b>MATERIALS: 10.3%</b>			
<b>Chemicals: 9.0%</b>			
Asian Paints Ltd	8,491	540,822	4.32
Castrol India Ltd	36,512	384,811	3.07
Grasim Industries Ltd	3,849	198,655	1.59
		<b>1,124,288</b>	<b>8.98</b>
<b>Metals &amp; Mining: 1.3%</b>			
NMDC Ltd	50,875	160,921	1.29
		<b>160,921</b>	<b>1.29</b>
<b>Total Materials</b>		<b>1,285,209</b>	<b>10.27</b>
<b>HEALTH CARE: 5.4%</b>			
<b>Pharmaceuticals: 5.4%</b>			
Sun Pharmaceutical Industries Ltd	51,428	575,862	4.60
Cipla Ltd	17,531	105,083	0.84
		<b>680,945</b>	<b>5.44</b>
<b>Total Health Care</b>		<b>680,945</b>	<b>5.44</b>
<b>UTILITIES: 4.6%</b>			
<b>Gas Utilities: 3.1%</b>			
GAIL India Ltd	52,584	388,698	3.11
		<b>388,698</b>	<b>3.11</b>
<b>Electric Utilities: 1.5%</b>			
CESC Ltd	34,580	184,585	1.47
		<b>184,585</b>	<b>1.47</b>
<b>Total Utilities</b>		<b>573,283</b>	<b>4.58</b>

*Schedule of Investments (Audited) (continued)***COMMON EQUITIES: INDIA (continued)**

	Shares/ Units	Value	% of Net Assets
<b>ENERGY: 1.1%</b>			
<b>Oil, Gas &amp; Consumable Fuels: 1.1%</b>			
Reliance Industries Ltd	9,223	136,008	1.09
		<b>136,008</b>	<b>1.09</b>
<b>Total Energy</b>		<b>136,008</b>	<b>1.09</b>

<b>TOTAL COMMON EQUITIES: INDIA</b>	<b>11,377,343</b>
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(Cost \$12,892,276)

**COMMON EQUITIES: SINGAPORE: 2.7%**

<b>FINANCIALS: 2.7%</b>			
<b>Real Estate Management &amp; Development: 2.7%</b>			
Ascendas India Trust REIT	506,000	334,747	2.68
		<b>334,747</b>	<b>2.68</b>
<b>Total Financials</b>		<b>334,747</b>	<b>2.68</b>

<b>TOTAL COMMON EQUITIES: SINGAPORE</b>	<b>334,747</b>	<b>2.68</b>
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(Cost \$368,952)

<b>TOTAL COMMON EQUITIES</b>	<b>11,712,090</b>
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**CONVERTIBLE BONDS: INDIA: 2.9%**

	Shares/ Units	Value	% of Net Assets
<b>MATERIALS: 2.1%</b>			
<b>Metals &amp; Mining: 2.1%</b>			
Welspun Corp Ltd 4.5%			
17/10/2014	300,000	258,000	2.06
		<b>258,000</b>	<b>2.06</b>
<b>Total Materials</b>		<b>258,000</b>	<b>2.06</b>

**UTILITIES: 0.8%**

<b>Electric Utilities: 0.8%</b>			
Tata Power Company Ltd 1.75%			
21/11/2014	100,000	98,125	0.79
		<b>98,125</b>	<b>0.79</b>
<b>Total Utilities</b>		<b>98,125</b>	<b>0.79</b>

<b>TOTAL CONVERTIBLE BONDS</b>	<b>356,125</b>
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(Cost \$389,000)

<b>TOTAL INVESTMENTS: 96.5%</b>	<b>12,068,215</b>
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(Cost \$13,650,228)

<b>CASH AND OTHER ASSETS, LESS LIABILITIES: 3.5%</b>	<b>442,124</b>
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<b>NET ASSETS: 100.0%</b>	<b>12,510,339</b>
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REIT: Real Estate Investment Trust



#### PORTFOLIO MANAGERS

**Richard Gao**  
Lead Manager

**Henry Zhang, CFA**  
Co-Manager

## China Small Companies Fund

### *Fund Manager Report*

*Performance figures discussed in any of the Fund Manager Commentaries reflect that of the Institutional Accumulation Class Shares (USD).*

The China Small Companies Fund was launched on 29 February 2012. From its inception through 31 March 2012, the Fund declined -4.60% while its benchmark, the MSCI China Small Cap Index, fell -8.35%.

The Fund was introduced based on our conviction that small businesses are benefiting from China's shift to a market economy and are playing an increasingly important role in China's overall economy. It is estimated that small and medium enterprises (SMEs) account for more than half of both China's total GDP and its industrial output. Compared to China's traditional state-owned enterprises, the mostly privately run SMEs are generally more efficient and dynamic, with better-incentivized management teams seeking to maximize profitability. In constructing this portfolio, we seek companies (generally with market capitalizations under US\$3 billion) that are in their initial stage of growth and have the potential to become industry leaders. We focus on companies with compelling business models and management teams capable of delivering sustainable growth. We also look for companies with the ability to capitalize on favorable long-term trends and that employ a disciplined use of capital.

Following the launch of the Fund, in March, the Chinese government lowered its 2012 GDP growth target to 7.5% from the long-standing 8% annual growth target it has maintained since 2005. The slower anticipated speed of growth should be beneficial to the sustainable long-term development of China's economy. The stock market retreated in March due to weaker-than-expected economic numbers and growing concerns about a hard landing.

Towngas China Company Ltd., a Hong Kong-based utility company that focuses on city gas projects in mainland China, was among the top contributors to performance during this period. The firm exemplifies some attributes of the companies we seek—those that benefit from China's long-term trend of urbanisation and increased adoption of clean energy. With experienced management and a solid financial position, the company delivered outstanding operating results. We believe the company is well-positioned to benefit from China's strong commitment to natural gas development and gas pipeline expansion.

Challenges facing the market during this period included ongoing wage inflation that continued to shrink corporate margins. Lianhua Supermarket Holdings, a leading retail chain operator in eastern China reported weaker-than-expected results due to a sharp increase in staffing costs. However, this cost pressure was shared across the industry, and Lianhua has been proactive in its strategy of optimising both its merchandise system and distribution network to achieve better operating efficiency. We hold this position as we believe the company can strengthen its regional leadership and benefit from increasing domestic consumption.

China's economic growth appears to be moderating at a steady pace, and inflation seems to be well-contained. We believe a slowdown in growth could help China address some of the structural imbalances in its economy. While wage inflation may continue to pressure businesses, higher wages should lead to increasing domestic demand and better social stability.

***Investing in small- and mid-size companies is more risky and volatile than investing in large companies as they may be more volatile and less liquid than larger companies.***



*Schedule of Investments* (Audited)

Transferable securities and money market instruments admitted to official exchange listing or dealt in on another regulated market. As at 31 March 2012, expressed in U.S. dollars.

**COMMON EQUITIES: CHINA/HONG KONG: 95.2%**

	Shares	Value	% of Net Assets		Shares	Value	% of Net Assets
<b>CONSUMER DISCRETIONARY: 22.9%</b>				<b>CONSUMER STAPLES: 15.6%</b>			
<b>Hotels, Restaurants &amp; Leisure: 5.4%</b>				<b>Household Products: 6.0%</b>			
Ajisen China Holdings Ltd	24,000	31,504	3.31	NVC Lighting Holdings Ltd	72,000	26,719	2.80
Home Inns & Hotels Management Inc - ADR	800	20,227	2.12	Vinda International Holdings Ltd	20,000	30,924	3.25
		<b>51,731</b>	<b>5.43</b>			<b>57,643</b>	<b>6.05</b>
<b>Textiles, Apparel &amp; Luxury Goods: 3.8%</b>				<b>Food &amp; Staples Retailing: 5.0%</b>			
Trinity Ltd	30,000	24,714	2.59	Wumart Stores Inc - H Share	13,000	28,592	3.00
Anta Sports Products Ltd	11,000	11,496	1.20	Lianhua Supermarket Holdings Co Ltd - H Share	17,000	19,366	2.03
		<b>36,210</b>	<b>3.79</b>			<b>47,958</b>	<b>5.03</b>
<b>Distributors: 3.8%</b>				<b>Food Products: 4.6%</b>			
Sparkle Roll Group Ltd	160,000	14,425	1.51	China Fishery Group Ltd	14,000	12,948	1.36
Dah Chong Hong Holdings Ltd	20,000	21,242	2.23	Shenguan Holdings Group Ltd	26,000	15,408	1.61
		<b>35,667</b>	<b>3.74</b>	Tenfu Cayman Holdings Co Ltd	20,000	15,413	1.62
<b>Media: 3.5%</b>				<b>Total Consumer Staples</b>			
Television Broadcasts Ltd	5,000	33,722	3.54			<b>149,370</b>	<b>15.67</b>
		<b>33,722</b>	<b>3.54</b>	<b>INFORMATION TECHNOLOGY: 12.9%</b>			
<b>Speciality Retail: 3.0%</b>				<b>Electronic Equipment, Instruments &amp; Comp: 4.8%</b>			
Hengdeli Holdings Ltd	68,000	28,729	3.01	Digital China Holdings Ltd	23,000	45,706	4.79
		<b>28,729</b>	<b>3.01</b>			<b>45,706</b>	<b>4.79</b>
<b>Diversified Consumer Services: 1.7%</b>				<b>Semiconductors &amp; Semiconductor Equipment: 2.9%</b>			
TAL Education Group - ADR	1,500	16,548	1.74	Spreadtrum Communications Inc - ADR	1,000	16,042	1.68
		<b>16,548</b>	<b>1.74</b>	RDA Microelectronics Inc - ADR	1,000	11,442	1.20
<b>Leisure Equipment &amp; Products: 0.9%</b>				<b>Internet Software &amp; Services: 2.0%</b>			
Goodbaby International Holdings Ltd	25,000	8,765	0.92	21Vianet Group Inc - ADR	1,700	19,506	2.05
		<b>8,765</b>	<b>0.92</b>			<b>19,506</b>	<b>2.05</b>
<b>Multiline Retail: 0.8%</b>				<b>Communications Equipment: 1.8%</b>			
PCD Stores Group Ltd	52,000	7,370	0.77	Comba Telecom Systems Holdings Ltd	31,000	17,177	1.80
		<b>7,370</b>	<b>0.77</b>			<b>17,177</b>	<b>1.80</b>
<b>Total Consumer Discretionary</b>				<b>Software: 1.4%</b>			
		<b>218,742</b>	<b>22.94</b>	Kingdee International Software Group Co Ltd	56,000	13,497	1.42
<b>INDUSTRIALS: 21.0%</b>				<b>Total Information Technology</b>			
<b>Machinery: 8.2%</b>							
EVA Precision Industrial Holdings Ltd	40,000	7,422	0.78			<b>123,370</b>	<b>12.94</b>
China National Materials Co Ltd - H Share	38,000	15,432	1.62	<b>HEALTH CARE: 8.7%</b>			
Haitian International Holdings Ltd	29,000	32,607	3.42	<b>Life Sciences Tools &amp; Services: 3.4%</b>			
Sany Heavy Equipment International Holdings Co Ltd	30,000	22,694	2.38	WuXi PharmaTech Cayman Inc - ADR	2,200	32,018	3.36
		<b>78,155</b>	<b>8.20</b>			<b>32,018</b>	<b>3.36</b>
<b>Electrical Equipment: 5.4%</b>				<b>Pharmaceuticals: 2.9%</b>			
Zhuzhou CSR Times Electric Co Ltd - H Share	12,000	30,669	3.22	Sino Biopharmaceutical	92,000	24,658	2.59
Hangzhou Steam Turbine Co - B Share	15,800	20,504	2.15	The United Laboratories International Holdings Ltd	6,000	2,984	0.31
		<b>51,173</b>	<b>5.37</b>			<b>27,642</b>	<b>2.90</b>
<b>Transportation Infrastructure: 4.5%</b>				<b>Health Care Equipment &amp; Supplies: 2.4%</b>			
Yuexiu Transport Infrastructure Ltd	62,000	30,889	3.24	China Kanghui Holdings Inc - ADR	1,200	22,628	2.37
Dalian Port PDA Co Ltd - H Share	48,000	12,306	1.29			<b>22,628</b>	<b>2.37</b>
		<b>43,195</b>	<b>4.53</b>	<b>Total Health Care</b>			
<b>Marine: 1.5%</b>							
SITC International Holdings Co Ltd	46,000	14,400	1.51			<b>82,288</b>	<b>8.63</b>
		<b>14,400</b>	<b>1.51</b>	<b>INDUSTRIALS CONGLOMERATES: 1.4%</b>			
<b>Industrials Conglomerates: 1.4%</b>							
Chongqing Machinery & Electric Co Ltd - H Share	70,000	13,082	1.37				
		<b>13,082</b>	<b>1.37</b>				
<b>Total Industrials</b>							
		<b>200,005</b>	<b>20.98</b>				

## Schedule of Investments (Audited) (continued)

### COMMON EQUITIES: CHINA/HONG KONG (continued)

	Shares	Value	% of Net Assets
<b>FINANCIALS: 6.6%</b>			
<b>Real Estate Management &amp; Development: 6.6%</b>			
Franshion Properties China Ltd	94,000	24,223	2.54
China Overseas Grand Oceans Group Ltd	35,000	38,340	4.02
		<b>62,563</b>	<b>6.56</b>
<b>Total Financials</b>		<b>62,563</b>	<b>6.56</b>
<b>UTILITIES: 4.1%</b>			
<b>Gas Utilities: 4.1%</b>			
Towngas China Co Ltd	54,000	39,158	4.11
		<b>39,158</b>	<b>4.11</b>
<b>Total Utilities</b>		<b>39,158</b>	<b>4.11</b>
<b>MATERIALS: 3.4%</b>			
<b>Chemicals: 2.0%</b>			
Yip's Chemical Holdings Ltd	26,000	18,769	1.97
		<b>18,769</b>	<b>1.97</b>
<b>Containers &amp; Packaging 1.4%</b>			
Greatview Aseptic Packaging Co Ltd	26,000	13,677	1.43
		<b>13,677</b>	<b>1.43</b>
<b>Total Materials</b>		<b>32,446</b>	<b>3.40</b>
<b>TOTAL COMMON EQUITIES: CHINA/HONG KONG:</b>			
		<b>907,942</b>	
(Cost \$950,885)			

### COMMON EQUITIES: TAIWAN: 3.7%

<b>MATERIALS: 1.9%</b>			
<b>Containers &amp; Packaging: 1.9%</b>			
Taiwan Hon Chuan Enterprise Co Ltd	8,000	18,180	1.91
		<b>18,180</b>	<b>1.91</b>
<b>Total Materials</b>		<b>18,180</b>	<b>1.91</b>
<b>CONSUMER DISCRETIONARY: 1.8%</b>			
<b>Hotels, Restaurants &amp; Leisure: 1.8%</b>			
Gourmet Master Co Ltd	2,000	16,610	1.74
		<b>16,610</b>	<b>1.74</b>
<b>Total Consumer Discretionary</b>		<b>16,610</b>	<b>1.74</b>
<b>TOTAL COMMON EQUITIES: TAIWAN</b>			
		<b>34,790</b>	
(Cost \$36,588)			
<b>TOTAL COMMON EQUITIES</b>			
		<b>942,732</b>	
<b>TOTAL INVESTMENTS: 98.9%</b>			
		<b>942,732</b>	
(Cost \$987,473)			
<b>CASH AND OTHER ASSETS, LESS LIABILITIES: 1.1%</b>			
		<b>10,617</b>	
<b>NET ASSETS: 100.0%</b>			
		<b>953,349</b>	

ADR: American Depositary Receipt

B Shares: Mainland Chinese companies listed on the Shanghai and Shenzhen stock exchanges, available to both Chinese and non-Chinese investors

H Shares: Mainland Chinese companies listed on the Hong Kong exchange but incorporated in mainland China

# Statement of Assets and Liabilities

*As at 31 March 2012*

	Asia Dividend Fund (USD)	Pacific Tiger Fund (USD)	China Fund (USD)	India Fund (USD)	China Small Companies Fund (USD)	Combined (USD)
<b>ASSETS</b>						
Investment in securities at value	94,831,807	4,105,718	3,106,357	12,068,215	942,732	115,054,829
At cost	90,461,007	4,027,164	3,172,883	13,634,575	986,661	112,282,290
Cash at bank	764,307	59,013	68,903	495,685	10,193	1,398,101
Amount receivable on sales of investments	92,628	33,613	–	–	–	126,241
Interests and dividends receivable	514,267	5,772	1,385	13,194	–	534,618
Formation expenses (note 2I)	24,234	24,234	22,940	33,419	–	104,827
Prepaid expenses and other receivables (note 2H)	234,958	20,316	18,632	31,819	5,682	311,407
<b>TOTAL ASSETS</b>	<b>96,462,201</b>	<b>4,248,666</b>	<b>3,218,217</b>	<b>12,642,332</b>	<b>958,607</b>	<b>117,530,023</b>
<b>LIABILITIES</b>						
Amounts payable on purchases of investments	40,387	–	–	–	–	40,387
Redemptions payable	–	56,199	–	–	–	56,199
Management fees (note 4)	78,617	2,854	2,053	7,973	1,039	92,536
Payable for foreign taxes (note 7B)	–	–	–	56,845	–	56,845
Accrued expenses and other payables	102,911	77,879	64,127	67,175	4,219	316,311
<b>TOTAL LIABILITIES</b>	<b>221,915</b>	<b>136,932</b>	<b>66,180</b>	<b>131,993</b>	<b>5,258</b>	<b>562,278</b>
<b>TOTAL NET ASSETS</b>	<b>96,240,286</b>	<b>4,111,734</b>	<b>3,152,037</b>	<b>12,510,339</b>	<b>953,349</b>	<b>116,967,745</b>

The accompanying notes form an integral part of these financial statements.

# Statement of Operations and Changes in Net Assets

For the year/period ended 31 March 2012

	Asia Dividend Fund (USD)	Pacific Tiger Fund (USD)	China Fund (USD)	India Fund* (USD)	China Small Companies Fund** (USD)	Combined (USD)
<b>NET ASSETS AT THE BEGINNING OF THE YEAR/PERIOD</b>	<b>85,975,876</b>	<b>3,967,306</b>	<b>1,961,415</b>	<b>-</b>	<b>-</b>	<b>91,904,597</b>
<b>INCOME</b>						
Dividends income, net	2,959,327	59,050	40,614	69,109	-	3,128,100
Interest income, net	120	-	-	10,019	-	10,139
<b>TOTAL INCOME</b>	<b>2,959,447</b>	<b>59,050</b>	<b>40,614</b>	<b>79,128</b>	<b>-</b>	<b>3,138,239</b>
<b>EXPENSES</b>						
Overdraft interest on bank accounts	9	128	88	811	-	1,036
Management fees (note 4)	857,752	27,615	19,126	54,076	1,039	959,608
Domiciliation, Administration and Transfer agency fees	107,205	55,439	60,196	45,599	3,105	271,544
Professional fees	208,117	90,322	82,028	46,661	2,549	429,677
Printing fees	28,899	7,112	6,868	7,651	445	50,975
Custodian fees	28,379	22,785	10,883	11,527	-	73,574
Amortization of formation expenses (note 2I)	7,891	7,891	7,891	5,929	-	29,602
Taxe d'abonnement (note 7A)	41,079	531	380	724	25	42,739
Other fees	225,661	19,400	12,877	15,263	149	273,350
<b>TOTAL EXPENSES</b>	<b>1,504,992</b>	<b>231,223</b>	<b>200,337</b>	<b>188,241</b>	<b>7,312</b>	<b>2,132,105</b>
Transaction fees (note 9)	108,935	28,948	8,548	61,108	1,692	209,231
Fee waiver (note 2H)	657,477	196,315	169,263	98,023	5,682	1,126,760
<b>NET INVESTMENT INCOME/(LOSS)</b>	<b>2,002,997</b>	<b>(4,806)</b>	<b>992</b>	<b>(72,198)</b>	<b>(3,322)</b>	<b>1,923,663</b>
Net realised gain/(loss) on investments	(1,539,892)	132,148	(23,393)	(155,684)	728	(1,586,093)
Net realised gain/(loss) on forward foreign exchange contracts	(1,444)	1,301	(8)	116	-	(35)
Net realised gain/(loss) on foreign exchanges	(14,540)	(7,569)	100	10,140	(128)	(11,997)
<b>Net realised gain/(loss) for the year/period</b>	<b>(1,555,876)</b>	<b>125,880</b>	<b>(23,301)</b>	<b>(145,428)</b>	<b>600</b>	<b>(1,598,125)</b>
Net change in unrealised gain/(loss) on investments	2,403,829	5,517	(40,874)	(1,566,360)	(43,929)	758,183
Net change in unrealised gain/(loss) on foreign tax provision (note 7B)	-	-	-	(56,845)	-	(56,845)
Net change in unrealised gain/(loss) on foreign exchanges	(7,284)	(158)	(6)	7	-	(7,441)
<b>Net change in unrealised gain/(loss) for the year/period</b>	<b>2,396,545</b>	<b>5,359</b>	<b>(40,880)</b>	<b>(1,623,198)</b>	<b>(43,929)</b>	<b>693,897</b>
<b>Increase/(decrease) in net assets as a result of operations</b>	<b>2,843,666</b>	<b>126,433</b>	<b>(63,189)</b>	<b>(1,840,824)</b>	<b>(46,651)</b>	<b>1,019,435</b>
Subscriptions	8,627,373	2,799,795	1,293,805	14,998,014	1,000,000	28,718,987
Redemptions	(1,160,694)	(2,781,800)	(39,994)	(646,851)	-	(4,629,339)
Dividend distributions (note 11)	(45,935)	-	-	-	-	(45,935)
<b>NET ASSETS AT THE END OF THE YEAR/ PERIOD</b>	<b>96,240,286</b>	<b>4,111,734</b>	<b>3,152,037</b>	<b>12,510,339</b>	<b>953,349</b>	<b>116,967,745</b>

\* For the period from 30 June 2011 (date of launch) to 31 March 2012.

\*\* For the period from 29 February 2012 (date of launch) to 31 March 2012.

The accompanying notes form an integral part of these financial statements.

# Statement of Changes in Number of Shares

For the year/period ended 31 March 2012

	I Acc (USD)	I Dist (USD)	A Acc (USD)	A Dist (USD)	C Acc (USD)	I Acc (GBP)	I Dist (GBP)	A Acc (GBP)	A Dist (GBP)
<b>ASIA DIVIDEND FUND</b>									
Shares outstanding at the beginning of the year	171,189	46,734	9,304	355	8,009,833	215	216	215	216
Shares subscribed	222,919	428,360	21,484	49,127	–	44,442	14,958	5,984	3
Shares redeemed	102,235	1,693	1,153	29	4,917	–	–	–	–
Shares outstanding at the end of the year	291,873	473,401	29,635	49,453	8,004,916	44,657	15,174	6,199	219
<b>PACIFIC TIGER FUND</b>									
Shares outstanding at the beginning of the year	322,519	n.a.	24,517	n.a.	n.a.	215	n.a.	215	n.a.
Shares subscribed	161,859	n.a.	16,253	n.a.	n.a.	51,336	n.a.	–	n.a.
Shares redeemed	232,838	n.a.	3,708	n.a.	n.a.	–	n.a.	–	n.a.
Shares outstanding at the end of the year	251,540	n.a.	37,062	n.a.	n.a.	51,551	n.a.	215	n.a.
<b>CHINA FUND</b>									
Shares outstanding at the beginning of the year	143,628	n.a.	27,269	n.a.	n.a.	215	n.a.	215	n.a.
Shares subscribed	129,045	n.a.	5,095	n.a.	n.a.	11	n.a.	–	n.a.
Shares redeemed	–	n.a.	4,500	n.a.	n.a.	11	n.a.	–	n.a.
Shares outstanding at the end of the year	272,673	n.a.	27,864	n.a.	n.a.	215	n.a.	215	n.a.
<b>INDIA FUND*</b>									
Shares outstanding at the beginning of the period	–	n.a.	–	n.a.	n.a.	–	n.a.	–	n.a.
Shares subscribed	1,589,908	n.a.	1,012	n.a.	n.a.	622	n.a.	630	n.a.
Shares redeemed	87,636	n.a.	12	n.a.	n.a.	–	n.a.	–	n.a.
Shares outstanding at the end of the period	1,502,272	n.a.	1,000	n.a.	n.a.	622	n.a.	630	n.a.
<b>CHINA SMALL COMPANIES FUND**</b>									
Shares outstanding at the beginning of the period	–	n.a.	–	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Shares subscribed	50,000	n.a.	50,000	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Shares redeemed	–	n.a.	–	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Shares outstanding at the end of the period	50,000	n.a.	50,000	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

\* For the period from 30 June 2011 (date of launch) to 31 March 2012.

\*\* For the period from 29 February 2012 (date of launch) to 31 March 2012.

The accompanying notes form an integral part of these financial statements.

# Statement of NAV per Share and Net Asset Statistics

	Inception Dates	As at 31 March 2012			As at 31 March 2011		
		Net Assets	NAV per Share	Shares Outstanding	Net Assets	NAV per Share	Shares Outstanding
<b>ASIA DIVIDEND FUND</b>							
I Acc (USD)	30 April 2010	USD 3,252,785	USD 11.14	291,873	USD 1,865,135	USD 10.90	171,189
I Dist (USD)	26 August 2010	USD 5,166,215	USD 10.91	473,401	USD 507,455	USD 10.86	46,734
A Acc (USD)	26 August 2010	USD 327,371	USD 11.05	29,635	USD 100,932	USD 10.85	9,304
A Dist (USD)	26 August 2010	USD 539,544	USD 10.91	49,453	USD 3,847	USD 10.82	355
C Acc (USD)	20 September 2010	USD 85,850,265	USD 10.72	8,004,916	USD 83,484,402	USD 10.42	8,009,833
I Acc (GBP)	28 February 2011	GBP 467,210	GBP 10.46	44,657	GBP 2,192	GBP 10.18	215
I Dist (GBP)	28 February 2011	GBP 155,095	GBP 10.22	15,174	GBP 2,192	GBP 10.16	216
A Acc (GBP)	28 February 2011	GBP 64,510	GBP 10.41	6,199	GBP 2,191	GBP 10.17	215
A Dist (GBP)	28 February 2011	GBP 2,241	GBP 10.23	219	GBP 2,191	GBP 10.16	216
<b>PACIFIC TIGER FUND</b>							
I Acc (USD)	30 April 2010	USD 2,834,141	USD 11.27	251,540	USD 3,690,709	USD 11.44	322,519
A Acc (USD)	26 August 2010	USD 398,656	USD 10.76	37,062	USD 269,171	USD 10.98	24,517
I Acc (GBP)	28 February 2011	GBP 546,260	GBP 10.60	51,551	GBP 2,308	GBP 10.72	215
A Acc (GBP)	28 February 2011	GBP 2,270	GBP 10.54	215	GBP 2,307	GBP 10.71	215
<b>CHINA FUND</b>							
I Acc (USD)	26 February 2010	USD 2,871,942	USD 10.53	272,673	USD 1,659,160	USD 11.55	143,628
A Acc (USD)	26 August 2010	USD 273,614	USD 9.82	27,864	USD 295,130	USD 10.82	27,269
I Acc (GBP)	28 February 2011	GBP 2,028	GBP 9.42	215	GBP 2,214	GBP 10.28	215
A Acc (GBP)	28 February 2011	GBP 2,017	GBP 9.36	215	GBP 2,214	GBP 10.28	215
<b>INDIA FUND</b>							
I Acc (USD)	30 June 2011	USD 12,485,436	USD 8.31	1,502,272	n.a.	n.a.	n.a.
A Acc (USD)	30 June 2011	USD 8,277	USD 8.28	1,000	n.a.	n.a.	n.a.
I Acc (GBP)	30 June 2011	GBP 5,167	GBP 8.31	622	n.a.	n.a.	n.a.
A Acc (GBP)	30 June 2011	GBP 5,209	GBP 8.27	630	n.a.	n.a.	n.a.
<b>CHINA SMALL COMPANIES FUND</b>							
I Acc (USD)	29 February 2012	USD 476,776	USD 9.54	50,000	n.a.	n.a.	n.a.
A Acc (USD)	29 February 2012	USD 476,573	USD 9.53	50,000	n.a.	n.a.	n.a.

The accompanying notes form an integral part of these financial statements.



# Notes to Financial Statements *(Audited)*

*As at 31 March 2012*

## 1. GENERAL

MATTHEWS ASIA FUNDS (the “Fund”) is a self-managed investment company organised under the laws of the Grand Duchy of Luxembourg as a “société d’investissement à capital variable” (SICAV) and is authorised under Part I of the Luxembourg Law of 20 December 2002 until 30 June 2011 and under Part I of the Luxembourg Law of 17 December 2010 since 1 July 2011 relating to collective investment undertakings. The Fund was incorporated on 5 February 2010.

The Fund’s articles of incorporation have been deposited with the Luxembourg Trade and Companies Register and were published in the *Mémorial C, Recueil des Sociétés et Associations* (the “Mémorial”) on 25 February 2010.

The Fund has been registered under number B-151275 with the Luxembourg Trade and Companies Register.

The objective of the Fund is to achieve long-term capital appreciation through diversification of investments. Each Sub-Fund will have a specific investment objective.

At the date of the report, five Sub-Funds were available for investments.

The Fund offers the following Classes of Shares; Shares may further be made available as accumulation and for distribution Shares:

MATTHEWS ASIA FUNDS					
SHARE CLASS	ASIA DIVIDEND FUND	PACIFIC TIGER FUND	CHINA FUND	INDIA FUND	CHINA SMALL COMPANIES FUND
I Acc (USD)	x	x	x	x	x
I Dist (USD)	x				
A Acc (USD)	x	x	x	x	x
C Acc (USD)	x				
A Dist (USD)	x				
I Acc (GBP)	x	x	x	x	
I Dist (GBP)	x				
A Acc (GBP)	x	x	x	x	
A Dist (GBP)	x				

The Fund may offer both accumulation (“Acc”) and distribution Shares (“Dist”), but 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 periodically distribute substantially all the net income earned on investment. All classes belonging to the same Sub-Fund will be commonly invested in adherence with the specific investment objective of the relevant Sub-Fund but may differ with regard to fee structure, minimum subscription amount, dividend policy or other particular features described in the Fund’s prospectus.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A) PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with Luxembourg regulations relating to Undertakings for Collective Investment.

### B) COMBINED FINANCIAL STATEMENTS

The Combined Statement of Assets and Liabilities and Combined Statements of Operations and Changes in Net Assets are expressed in USD.

### C) VALUATION OF THE INVESTMENTS IN SECURITIES AND MONEY MARKET INSTRUMENTS

The Fund’s equity securities are valued based on market quotations or at fair value as determined in good faith by or under the direction of the Board of Directors (the “Board”) when no market quotations are available or when market quotations have become unreliable.

Market values for equity securities are determined based on the last sale price on the principal (or most advantageous) market on which the security is traded. If a reliable last sale price is not available, market values for equity securities are determined using the mean between the last available bid and asked price. Securities are valued through valuations obtained from a commercial pricing service or at the most recent mean of the bid and asked prices provided by investment dealers in accordance with the Fund’s Pricing Policies.

Events affecting the value of foreign investments may occur between the time at which they are determined and the Fund’s valuation point of 2:00 p.m. Luxembourg. Such events would not normally be reflected in a calculation of a Fund’s NAV on that day. If events that materially affect the value of the Fund’s foreign investments occur during such period, and the impact of such events can be reasonably determined, the investments will be valued at their fair value.

# Notes to Financial Statements *(Audited) (Continued)*

*As at 31 March 2012*

The Board has delegated the responsibility of making fair value determinations to the Investment Manager's Valuation Committee (the "Valuation Committee"), subject to the Fund's Pricing Policies. The Fund has retained third-party pricing services that may be utilized by the Valuation Committee under circumstances described in the Pricing Policies to provide fair value prices for certain securities held by the Fund. When fair value pricing is employed, the prices of securities used by a Sub-Fund to calculate its NAV differ from quoted or published prices for the same securities for that day. All fair value determinations are made subject to the Board's oversight.

## **D) NET REALISED AND UNREALISED GAIN/(LOSS) ON SALES OF INVESTMENTS**

Realised and unrealised gains or losses on sales of investments are calculated on the basis of first in first out cost method of the investments sold.

## **E) CONVERSION OF FOREIGN CURRENCIES**

The books and records of the Fund are maintained in USD.

Transactions denominated in foreign currencies are recorded at the current prevailing exchange rates. All assets and liabilities denominated in foreign currencies are translated into USD at the current exchange rate.

Translation gains or losses resulting from changes in the exchange rate during the reporting year/period and realised gains and losses on the settlement of foreign currency transactions are reported in the results of operations for the current year/period.

The Fund does not isolate that portion of gains and losses on investments in equity securities that are due to changes in the foreign exchange rate from those that are due to changes in market prices of equity securities.

The accounting records and the financial statements of each Sub-Fund are expressed in the currency indicated below:

<b>MATTHEWS ASIA FUNDS</b>	<b>CURRENCY</b>
Asia Dividend Fund	USD
Pacific Tiger Fund	USD
China Fund	USD
India Fund	USD
China Small Companies Fund	USD

Bank accounts, other net assets and market value of the investments in securities expressed in currencies other than the currency of a Sub-Fund are converted at the exchange rates prevailing on the date of the balance sheet. Income and expenses in currencies other than the currency of a Sub-Fund are converted at the rate of exchange prevailing at payment date.

Net realised and unrealised gains and losses on foreign exchange transactions represent: (i) foreign exchange gains and losses from the sale and holding of foreign currencies; (ii) gains and losses between trade date and settlement date on securities transactions and (iii) gains and losses arising from the difference between amounts of dividends and interest recorded and the amounts actually received.

The Vietnamese dong ("VND") trades within an established exchange rate with the USD. Upon the sale of a Vietnamese asset, the Fund may not be able to exchange significant amounts of VND directly for USD. However, the Investment Manager believes that the Fund would be able to exchange significant amounts of VND for Hong Kong dollars, which it can exchange directly for USD. Accordingly, the Fund values its Vietnamese assets in terms of USD taking into account the VND/Hong Kong dollar and Hong Kong dollar/USD exchange rates (a "triangulated exchange rate"), which it believes is more representative of the net value it would actually receive in connection with a significant sale of Vietnamese assets and the repatriation of the proceeds to Luxembourg.

## **F) COST OF INVESTMENTS IN SECURITIES**

Cost of investments in securities in currencies other than the currency of a Sub-Fund is converted into the Sub-Fund's currency at the exchange rate applicable at purchase date.

## **G) INCOME**

Interest income is accrued on a daily basis and may include the amortisation of premiums and accretions of discounts. Bank and time deposits interest income is recognised on an accrual basis.

Dividends are credited to income on the date upon which the relevant securities are first listed as 'ex dividend' provided that the amount of a dividend is known with reasonable certainty. This income is shown net of any withholding taxes, except where the withholding tax has been received or is receivable.

## **H) FEE WAIVER**

The Investment Manager may, for such time as it considers appropriate, choose to waive all or part of the fees that it is entitled to receive, as well as other Fund expenses, in order to reduce the impact such fees and expenses may have on the performance of the Class. The investment manager will reimburse on a monthly basis the amount of the fee waiver to the respective Sub-Fund.

# Notes to Financial Statements *(Audited) (Continued)*

*As at 31 March 2012*

The amount of such fee waiver is separately disclosed as a “Fee Waiver” in the Statements of Operations and Changes in Net Assets.

## I) FORMATION EXPENSES

The cost of establishing the Fund amounted to 134,429 USD. The establishment costs are amortised on a straight line basis over five years from the date of which the Fund commenced business.

## J) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## 3. EXCHANGE RATES

The exchange rates used in the financial statements as at 31 March 2012 are:

Australian Dollar (AUD)	0.9611	Japanese Yen (JPY)	82.03	Singapore Dollar (SGD)	1.256
Hong Kong Dollar (HKD)	7.7643	South Korean Won (KRW)	1,132.6	Thai Bhat (THB)	30.83
Indonesian Rupiah (IDR)	9,168	Malaysian Ringgit (MYR)	3.0635	Taiwan New Dollar (TWD)	29.498
Indian Rupee (INR)	50.9	Philippine Peso (PHP)	42.95	Vietnamese Dong (VND) *	20,847.01
British Pound (GBP)	1.6024				

\*Please refer to note 2E.

## 4. MANAGEMENT FEES AND ADMINISTRATION FEES

The Investment Advisor is entitled to a Management Fee of up to 1.25% 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. These fees also represent the effective fees paid to the Advisor.

MATTHEWS ASIA FUNDS	I Acc (USD)	I Dist (USD)	A Acc (USD)	A Dist (USD)	C Acc (USD)	I Acc (GBP)	I Dist (GBP)	A Acc (GBP)	A Dist (GBP)
Asia Dividend Fund	0.75%	0.75%	1.25%	1.25%	0.75%	0.75%	0.75%	1.25%	1.25%
Pacific Tiger Fund	0.75%	—	1.25%	—	—	0.75%	—	1.25%	—
China Fund	0.75%	—	1.25%	—	—	0.75%	—	1.25%	—
India Fund	0.75%	—	1.25%	—	—	0.75%	—	1.25%	—
China Small Companies Fund	0.75%	—	1.25%	—	—	—	—	—	—

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. These fees also represent the effective fees paid to the Advisor.

MATTHEWS ASIA FUNDS	
Asia Dividend Fund	0.25%
Pacific Tiger Fund	0.25%
China Fund	0.25%
India Fund	0.25%
China Small Companies Fund	0.25%

## 5. CUSTODIAN AND CENTRAL ADMINISTRATION FEES

The Custodian 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 (see note 8 for more details). The fees effectively charged to each Sub-Fund will be disclosed in the semi-annual and annual reports of the Fund. The Custodian and Administration Agent fees are payable monthly in arrears.

## 6. INDEPENDENT DIRECTOR FEE

The Fund pays Richard Goddard 35,000 EUR on an annual basis in connection with his services as Independent Director and Conducting Officer. The Directors and Conducting Officer who are employees of Matthews International Capital Management, LLC do not receive additional compensation in respect of these roles.

# Notes to Financial Statements *(Audited) (Continued)*

*As at 31 March 2012*

## 7. TAXATION

### A) TAXE D'ABONNEMENT

The subscription tax is payable quarterly and calculated on the total net assets of each Sub-Fund at the end of the relevant quarter at a rate of 0.05% per annum.

This rate is reduced to 0.01% (i) for sub-funds or individual classes of shares reserved to one or more institutional investors or (ii) funds or sub-funds having the exclusive object to invest in money market instruments as defined by the Grand-Ducal Decree of 14 April 2003.

### B) PROVISION FOR FOREIGN TAXES

The Sub-Funds may be subject to short-term capital gains tax in India on gains realised upon disposition of Indian securities held less than one year. The tax is computed on net realised gains; any realised losses in excess of gains may be carried forward for a period of up to eight years to offset future gains. Any net taxes payable must be remitted to the Indian government prior to repatriation of sales proceeds. The Sub-Funds that invest in Indian securities accrue a deferred tax liability for net unrealised short-term gains in excess of available carry forwards on Indian securities. This accrual may reduce a Sub-Fund's net asset value. As of 31 March 2012, the Matthews India Fund has recorded a payable of 56,845 USD as an estimate for potential future India capital gains taxes.

During the financial year, the South Korean tax authorities issued a ruling advising that the reduced South Korea/Luxembourg double tax treaty withholding rates would not apply to SICAVs, and the Seoul Regional Tax Office has claimed withholding taxes on dividend and income from August 2010 from the following Sub-Funds: Matthews Asia Funds Pacific Tiger Fund and Matthews Asia Funds Asia Dividend Fund.

Those amounts have been recorded as a reduction of "Dividend Income, Net".

For the other countries, no specific provision is necessary.

## 8. TRANSACTIONS WITH CONNECTED PARTIES

All transactions with connected parties were carried out on an arm's length basis.

JPMorgan Bank Luxembourg SA and its affiliates are counterparties for all portfolio transactions. The Investment Advisor, Custodian, Administrative and Listing Agent, the Investment Manager and Global Distributor and other related Agents of the Fund are considered as connected parties. The following is a summary of transactions entered into during the year between the Fund and the Manager and its connected parties. Connected parties of the Manager are those as defined in the Code on Unit Trusts and Mutual Funds established by the Securities and Futures Commission of Hong Kong. All such transactions were entered into in the ordinary course of business and normal commercial terms. All the amounts are in Fund Currency.

SUB-FUND	Percentage of				
	Total purchases and sales	Currency of the Sub-Fund	Sub-Fund's total transactions* for the year	Total brokerage commission paid	Average rate of commission paid
Asia Dividend Fund	2,910,532	USD	1.20	2,819	0.10
Pacific Tiger Fund	251,862	USD	0.07	247	0.10
China Fund	9,919	USD	0.67	20	0.20
India Fund	17,040	USD	0.12	51	0.30

\* Total transactions is the total value in Sub-Fund currency of purchases and sales dealt during the year ended 31 March 2012.

## 9. TRANSACTION COSTS

For the year ended 31 March 2012, the Fund incurred transaction costs which have been defined as brokerage fees and custody transaction fees relating to purchase or sale of transferable securities or other eligible assets as follows:

SUB-FUND (USD)	Brokerage fees and commissions		
	Transaction costs	Custody transaction fees	
Asia Dividend Fund	108,935	7,612	101,323
Pacific Tiger Fund	28,948	18,818	10,130
China Fund	8,548	5,843	2,705
India Fund	61,108	18,775	42,333
China Small Companies Fund	1,692	152	1,540

## 10. SOFT COMMISSION ARRANGEMENTS

The Investment Manager may effect transactions with or through the agency of another person with whom the Investment Manager or an entity affiliated to the Investment Manager has arrangements under which that person will, from time to time, provide to or procure for the Investment Manager and/or an affiliated party goods, services or other benefits such as research and advisory services, specialised computer hardware or software. No direct payment may be made for such goods or services but the Investment Manager may undertake to place business with that person provided that person has agreed to provide best execution with respect to such business and the services provided must be of a type which assist in the provision of investment services to the Company. The total monetary value of these arrangements for the year ended 31 March 2012 are \$6,619.

## 11. DIVIDENDS

The Company intends to declare and distribute dividends representing substantially all of the net investment income attributable to Distributing Shares. Dividends in respect of these Shares will normally be payable annually, will be declared in the currency of denomination of the relevant Fund and will be recorded on ex-date. Interim dividends in respect of the Distributing Shares of any particular Fund may be paid from the attributable net investment income and realised capital gains with a frequency and at such intervals as the Board of Directors may decide.

The following dividend payments were made during the year ended 31 March 2012:

Class	Currency	Amount per Share	Ex-Date
<b>ASIA DIVIDEND FUND</b>			
I Dist (USD)	USD	0.0763	22 June 2011
A Dist (USD)	USD	0.0099	21 March 2012
I Dist (GBP)	USD	0.0417	21 March 2012
A Dist (GBP)	USD	0.0146	21 March 2012
I Dist (USD)	USD	0.0448	21 September 2011
A Dist (USD)	USD	0.0514	21 September 2011
I Dist (GBP)	USD	0.1147	21 September 2011
A Dist (GBP)	USD	0.0946	21 September 2011
I Dist (USD)	USD	0.0354	7 December 2011
A Dist (USD)	USD	0.0208	7 December 2011
I Dist (GBP)	USD	0.0518	7 December 2011
A Dist (GBP)	USD	0.0323	7 December 2011
I Dist (USD)	USD	0.0277	21 March 2012
A Dist (USD)	USD	0.0099	21 March 2012
I Dist (GBP)	USD	0.0417	21 March 2012
A Dist (GBP)	USD	0.0146	21 March 2012

## 12. SWING PRICING

The Board of Directors of the Company implemented a price adjustment policy in order to protect the interests of the Fund's Shareholders. The purpose of the price adjustment policy is to allocate the costs associated with large inflows and outflows to investors transacting that day, thereby protecting the long-term Shareholder from the worst effects of dilution. It achieves this purpose by adjusting the price at which deals in a sub-fund are transacted. In other words, sub-fund prices may be adjusted up or down depending on the level and type of investor transactions on a particular day. In this way the existing and remaining Shareholders do not suffer an inappropriate level of dilution. The Fund will only trigger an adjustment in the price when there are significant net flows likely to have a material impact on existing and remaining Shareholders. The adjustment will be based on the normal dealing costs for the particular assets in which a sub-fund is invested but will not exceed 2% of the price. Once an adjustment is made to the price, that price is the official price for that sub-fund for all deals that day.

### Further information

#### STATEMENT OF CHANGES IN PORTFOLIO

A copy of the changes in the securities portfolio for the year/period is available free of charge at the registered office of the SICAV.

# Performance and Expenses *(Unaudited)*

As at 31 March 2012

	Total Return <sup>1</sup>				Inception Date	Portfolio Turnover <sup>2</sup>	Total Expense Ratio <sup>3</sup>
	1 year	3 years	5 years	Since Inception			
<b>ASIA DIVIDEND FUND</b>							
I Acc (USD)	2.20%	n.a.	n.a.	5.79%	30 April 2010	47.34%	1.50%
I Dist (USD)	2.25%	n.a.	n.a.	6.93%	26 August 2010	47.34%	1.50%
A Acc (USD)	1.84%	n.a.	n.a.	5.51%	26 August 2010	47.34%	2.00%
A Dist (USD)	1.83%	n.a.	n.a.	6.45%	26 August 2010	47.34%	2.00%
C Acc (USD)	2.98%	n.a.	n.a.	4.73%	20 September 2010	47.34%	0.95%
I Acc (GBP)	2.75%	n.a.	n.a.	4.23%	28 February 2011	47.34%	1.50%
I Dist (GBP)	2.76%	n.a.	n.a.	4.20%	28 February 2011	47.34%	1.50%
A Acc (GBP)	2.36%	n.a.	n.a.	3.77%	28 February 2011	47.34%	2.00%
A Dist (GBP)	2.29%	n.a.	n.a.	3.73%	28 February 2011	47.34%	2.00%
<b>MSCI AC Asia Pacific Index (USD)</b>	<b>-4.02%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>3.15%<sup>4</sup></b>			
<b>PACIFIC TIGER FUND</b>							
I Acc (USD)	-1.49%	n.a.	n.a.	6.43%	30 April 2010	-16.34%	1.50%
A Acc (USD)	-2.00%	n.a.	n.a.	6.04%	26 August 2010	-16.34%	1.99%
I Acc (GBP)	-1.12%	n.a.	n.a.	5.52%	28 February 2011	-16.34%	1.50%
A Acc (GBP)	-1.59%	n.a.	n.a.	4.97%	28 February 2011	-16.34%	2.00%
<b>MSCI AC Asia ex Japan Index (USD)</b>	<b>-6.79%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>4.79%<sup>4</sup></b>			
<b>CHINA FUND</b>							
I Acc (USD)	-8.83%	n.a.	n.a.	2.50%	26 February 2010	6.44%	1.50%
A Acc (USD)	-9.24%	n.a.	n.a.	2.07%	26 August 2010	6.44%	2.00%
I Acc (GBP)	-8.37%	n.a.	n.a.	-5.36%	28 February 2011	6.44%	1.50%
A Acc (GBP)	-8.85%	n.a.	n.a.	-5.82%	28 February 2011	6.44%	2.00%
<b>MSCI China Index (USD)</b>	<b>-12.65%</b>	<b>n.a.</b>	<b>n.a.</b>	<b>0.43%<sup>4</sup></b>			
<b>INDIA FUND</b>							
I Acc (USD)	n.a.	n.a.	n.a.	-16.90%	30 June 2011	-1.74%	1.50%
A Acc (USD)	n.a.	n.a.	n.a.	-17.20%	30 June 2011	-1.74%	2.00%
I Acc (GBP)	n.a.	n.a.	n.a.	-16.90%	30 June 2011	-1.74%	1.50%
A Acc (GBP)	n.a.	n.a.	n.a.	-17.20%	30 June 2011	-1.74%	2.00%
<b>Bombay Stock Exchange 100 Index (USD)</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-17.57%<sup>4</sup></b>			
<b>CHINA SMALL COMPANIES FUND</b>							
I Acc (USD)	n.a.	n.a.	n.a.	-4.60%	29 February 2012	-1.28%	1.75%
A Acc (USD)	n.a.	n.a.	n.a.	-4.70%	29 February 2012	-1.28%	2.25%
<b>MSCI China Small Cap Index (USD)</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>-8.35%<sup>4</sup></b>			

1 Annualised performance for periods of at least one year, otherwise cumulative.

2 The Portfolio Turnover is calculated in accordance with the CSSF Circular 03/122 i.e. the aggregated sales and purchases less aggregated subscriptions and redemptions, divided by average net assets. The portfolio turnover ratio may be negative as a result of shareholder transactions exceeding the investment transactions for the accounting period. The Portfolio Turnover is not disclosed for funds which are less than 12 months old.

3 The Total Expense Ratio include such fees as the Management and Administration fee, Domiciliation, Administration and Transfer agency fees, Professional fees, Printing fees, Custodian fee and Taxe d'abonnement. The total expense ratio is annualised for periods of less than 12 months.

4 Based on the inception date of the I Acc (USD) Share Class.

## Calculation method of the risk exposure

The methodology used in order to calculate the global exposure is the commitment approach in accordance with the CSSF Circular 11/512. As of 31 March 2012, the Sub-Funds did not hold any derivatives.

## Investor Disclosure

A Class, Accumulation Shares (USD) were first offered on 26 August 2010. Performance prior to its inception is based on the performance of the I Class, Accumulation Shares (USD). Performance differences between the A Class and I Class may arise due to differences in fees charged to each class.

All performance quoted represents past performance and is no guarantee of future results. The performance data do not take into account of the commissions and costs incurred on the issue and redemption of units. Investment returns 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 the return figures quoted. Investors investing in Sub-Funds denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal.



# Performance and Expenses *(Unaudited) (Continued)*

*As at 31 March 2012*

Performance details provided for the Sub-Funds are based on a NAV to NAV basis, assume reinvestment of dividends and capital gains, and are net of management fees and other expenses.

## **Index Definitions**

The **MSCI All Country Asia Pacific Index** is a free float-adjusted market capitalisation-weighted index of the stock markets of Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Singapore, South Korea, Taiwan and Thailand.

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

The **MSCI China Index** is a free float-adjusted market capitalisation-weighted index of Chinese equities that includes China-affiliated corporations and H shares listed on the Hong Kong Exchange, and B shares listed on the Shanghai and Shenzhen Exchanges.

The **Bombay Stock Exchange 100 (BSE100) Index** is a free float-adjusted market capitalisation-weighted index of the 100 stocks listed on the Bombay Stock Exchange.

The **MSCI China Small Cap Index** is a free float-adjusted market capitalization-weighted small cap index of the Chinese equity securities markets, including H shares listed on the Hong Kong Exchange, B shares listed on the Shanghai and Shenzhen exchanges, and Hong Kong-listed securities known as Red Chips (issued by entities owned by national or local governments in China) and P Chips (issued by companies controlled by individuals in China and deriving substantial revenues in China).





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