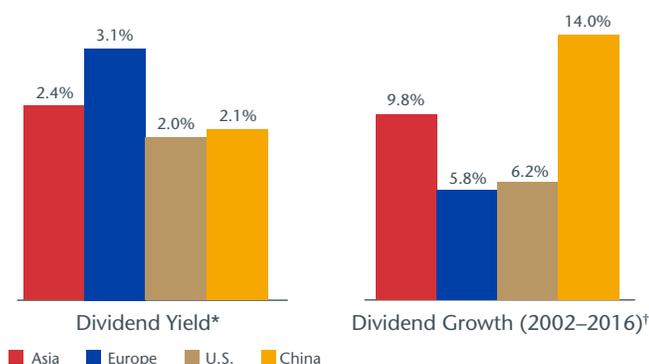




## Why Invest in the Matthews China Dividend Fund?

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

The portfolio blends stable dividend “payers” with attractive dividend “growers.”

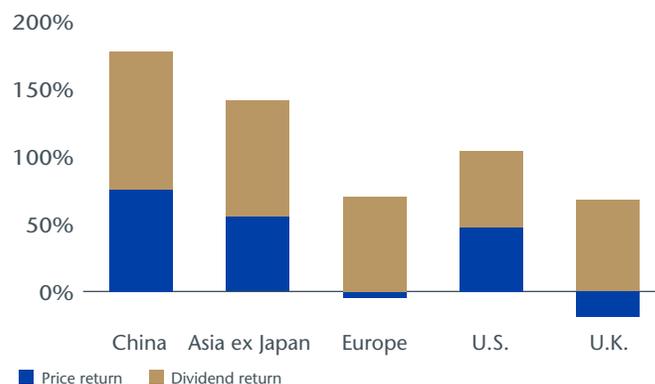


\*Trailing dividend yield estimates for 2016, as of 31/3/17, based on Factset Aggregates.  
†Compound annual growth rate (CAGR) based on index constituents of Europe (Bloomberg European 500 Index), Asia Pacific (MSCI AC Asia Pacific Index), U.S. (S&P 500 Index), China (MSCI China Index), as of 31/12/02, excluding those that are no longer in existence as of calendar year 2016.

Sources: FactSet Research Systems, MSCI, S&P, Bloomberg

### 2. Dividends—Important Contributor to Total Return

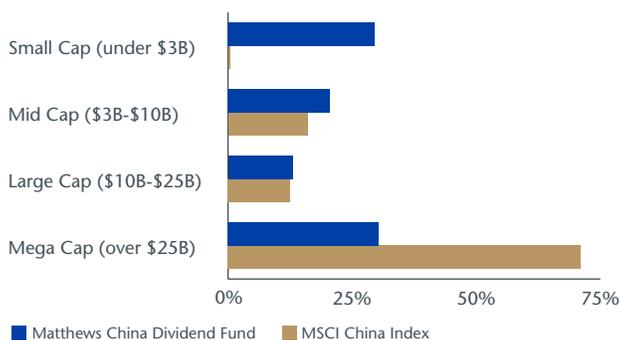
Over the past 17 years, more than 50% of total return of the MSCI China Index was derived from dividends received and reinvested.



Local currency returns.  
Time period: 31 December 1999–31 December 2016.  
**Past performance is no guarantee of future results.**  
Sources: MSCI Barra, Matthews Asia

### 3. Unconstrained All-Cap Approach

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



Source: FactSet Research Systems, Data as of 30/6/17; Equity market cap of issuer.

### 4. Track Record of Strong Returns Over the Long Term

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



**All performance quoted represents past performance and is no guarantee of future results.** Investment return and principal value will fluctuate with market conditions so that when redeemed, shares may be worth more or less than the original cost. Current performance may be lower or higher than performance shown. Investors investing in funds denominated in non-local currency should be aware of the risk of currency exchange fluctuations that may cause a loss of principal. Performance details provided are based on a NAV-to-NAV basis with any dividends reinvested, and are net of management fees and other expenses. Volatility is the standard deviation of returns.  
Data as of 30/6/17. Performance reflects Class I (ACC) Shares, USD.  
Source: Zephyr Associates

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

**Strategy Highlights**

- Total Return Approach**  
 The portfolio blends stable dividend yielders with attractive dividend growers in seeking to provide both capital growth and a sustainable dividend yield.
- Dividends Validate Corporate Governance**  
 Dividends are a useful lens through which we assess a company’s earnings, cash flow and commitment to minority shareholders.
- Highly Experienced Team**  
 Yu Zhang, CFA, is Lead Manager and Sherwood Zhang, CFA, is Co-Manager of the Fund, with over 25 years of combined investment experience.
- Long-term Track Record of Superior Returns with a Focus on Downside Protection**  
 Matthews Asia has offered a dedicated China dividend strategy since 2009. The China Dividend Fund has outperformed its benchmark in 3 year and since inception periods\*.

\*As of 30/6/17. Inception date: 31/1/13, annualised. Performance reflects Class I (ACC) Shares, USD.  
 Source: Brown Brothers Harriman (Luxembourg) S.C.A.

FUND FACTS (USD)	
Class I (ACC) Shares	
Total Fund Assets	\$10.6 million
Total # of Positions	45
Inception	31 January 2013
ISIN	LU0871673488 (USD)
<b>Benchmark</b>	<b>MSCI China Index</b>

**Why Matthews Asia†?**

- 25 years of Experience Investing in Asian Equity Markets**  
 We have invested in dividend-paying equity income strategies since 1994 and have offered our dedicated China Dividend Strategy since 2009.
- Specialist Firm Focused Solely on Investing in Asia**  
 Independent and privately owned, Matthews Asia has a 40+ person investment team dedicated to investing in Asia.
- Clear Investment Philosophy**  
 We believe that a long-term investment horizon and benchmark-agnostic approach provides value creation opportunities for our clients. This is reflected in a portfolio with low turnover and high active share.
- Research-driven, Bottom-up Approach**  
 Our disciplined process is anchored in an active, bottom up approach to stock picking. Our dedicated investment team holds over 2,500 company meetings per year.

**Disclosure and Notes**

**For Institutional/Professional Investor Use Only**

†Matthews International Capital Management, LLC (“Matthews Asia”) is the Investment Manager to Matthews Asia Funds.

Investment team members in this report include employees of Matthews Asia and its subsidiaries.

The Fund is a sub-fund of Matthews Asia Funds SICAV, an umbrella fund, with segregated liability between sub-funds, established as an open-ended investment company with variable capital and incorporated with limited liability under the laws of Luxembourg.

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The S&P 500 Index is a broad market-weighted index dominated by blue-chip stocks in the U.S. The Bloomberg European 500 Index is a free float capitalization-weighted index of the 500 most highly capitalized European companies. The MSCI All Country Asia ex Japan Index is a free float-adjusted market capitalization-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 capitalization-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. It is not possible to invest directly in an index. The MSCI Europe Index is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of the developed markets in Europe. The MSCI Europe Index consists of the following 15 developed market country indexes: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom. The MSCI USA Index is a free float-adjusted market capitalization index that is designed to measure large and mid-cap US equity market performance. The MSCI United Kingdom Index is a free float-adjusted market capitalization index that is designed to measure large and mid-cap UK equity market performance.

It is not possible to invest directly in an index.

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