



# Matthews Asia

## RATINGS

Overall Morningstar Rating™ ★★☆☆

## FUND FACTS (USD)

Total Fund Assets	\$58.2 million
Total # of Positions	40
Modified Duration <sup>1</sup>	4.2
Yield <sup>2</sup>	6.09%
Benchmarks	50% Markit iBoxx ALBI/50% JACI, Markit iBoxx ALBI
Management Fee	0.65%
Minimum Initial Investment	\$100,000*
Minimum Subsequent Investment	\$100*
Fund Domicile	Luxembourg
Available Share Classes	A, I
Base Currency	USD
Net Asset Value	
I Acc (USD)	\$12.42
I Dist (USD)	\$8.81

## PORTFOLIO MANAGEMENT

**Teresa Kong, CFA**  
Lead Manager

**Satya Patel** Co-Manager  
**Wei Zhang** Co-Manager

## RISKS

The value of an investment in the Fund can go down as well as up and possible loss of principal is a risk of investing. Investments in international and emerging market securities may involve risks such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. Fixed income investments are subject to additional risks, including, but not limited to, interest rate, credit and inflation risks. The Fund may invest in the following: derivatives which can be volatile and affect Fund performance; high yield bonds (junk bonds) which can subject the Fund to substantial risk of loss; and structured investments which can change the risk or return, or replicate the risk or return of an underlying asset. The Fund invests in holdings denominated in foreign currencies, and is exposed to the risk that the value of the foreign currency will increase or decrease. These and other risks associated with investing in the Fund can be found in the Prospectus.

## MATTHEWS ASIA

Matthews Asia believes in the long-term growth of Asia, one of the world's fastest-growing regions. Since 1991, we have focused our efforts and expertise in these countries, investing through a variety of market environments. Matthews Asia employs a bottom-up, fundamental investment philosophy with a focus on long-term investment performance. As of 30 September 2020, Matthews Asia had US\$23.7 billion in assets under management.

## CONTACT INFORMATION\*\*

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The J.P. Morgan Asia Credit Index (JACI) tracks the total return performance of the Asia fixed-rate dollar bond market. JACI is a market cap-weighted index comprising sovereign, quasi-sovereign and corporate bonds and is partitioned by country, sector and credit rating. JACI includes bonds from the following countries: China, Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, South Korea and Thailand. Index is for comparative purposes only it is not possible to invest directly in an index. Source: Brown Brothers Harriman (Luxembourg) S.C.A., Index data from J.P. Morgan.

# Asia Total Return Bond Fund

Formerly known as the Asia Strategic Income Fund

Class I Shares

Matthews Asia Funds

30 September 2020

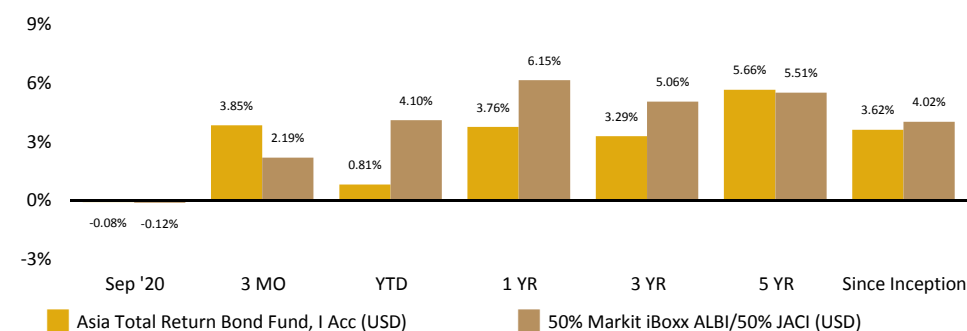
## Investment Objective

Seeks total return over the long term with an emphasis on income.

## Available Share Classes

Share Class	ISIN	SEDOL	CUSIP
I Acc (USD)	LU1061983224	BMJ6P52	L6263Q744
I Dist (USD)	LU1061983497	BMJ6P63	L6263Q751

## Performance as of 30 September 2020<sup>†</sup>



Asia Total Return Bond Fund	Sep '20	3 MO	YTD	1 YR	3 YR	5 YR	Since Inception	Inception
I Acc (USD)	-0.08%	3.85%	0.81%	3.76%	3.29%	5.66%	3.62%	29 Aug 2014
I Dist (USD)	-0.05%	3.91%	0.87%	3.80%	3.33%	5.69%	3.63%	29 Aug 2014
50% Markit iBoxx ALBI/50% JACI (USD)	-0.12%	2.19%	4.10%	6.15%	5.06%	5.51%	4.02%	n.a.
Markit iBoxx Asian Local Bond Index (USD)	0.22%	2.26%	3.73%	6.63%	5.04%	5.45%	3.14%	n.a.

## Rolling 12 Month Returns (For the period ended 30 September 2020)

Asia Total Return Bond Fund	2020	2019	2018	2017	2016
I Acc (USD)	3.76%	8.72%	-2.31%	5.43%	13.36%
I Dist (USD)	3.80%	8.69%	-2.21%	5.33%	13.45%
50% Markit iBoxx ALBI/50% JACI (USD)	6.15%	10.28%	-0.96%	1.05%	11.63%
Markit iBoxx Asian Local Bond Index (USD)	6.63%	9.74%	-0.95%	-0.11%	12.64%

\* For U.K. residents only, the minimum initial investment is \$1,000 and the minimum subsequent investment is \$100.

† All returns over 1 year are annualised

1 Modified duration measures the percent change in value of the fixed income portion of the portfolio in response to a 1% change in interest rates. In a multi-currency denominated portfolio with sensitivities to different interest rate regimes, modified duration will not accurately reflect the change in value of the overall portfolio from a change in any one interest rate regime. Source: FactSet Research Systems, Bloomberg.

2 Yield is yield to worst, which is the lowest potential yield that can be received on a bond without the issuer actually defaulting. Yield to worst is for the bond-only portion of the portfolio and is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call or sinking fund, are used by the issuer. It does not represent the yield that an investor should expect to receive. Source: FactSet Research Systems

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

Due to current market volatility associated with the COVID-19 pandemic, funds may experience significant negative short-term performance.

Effective 25 May 2020 the Fund changed its benchmark to a blended benchmark comprised of 50% Markit iBoxx Asian Local Bond Index (ALBI) and 50% J.P. Morgan Asia Credit Index (JACI). Prior to that, the Fund's benchmark was the Markit iBoxx Asian Local Bond Index. Matthews believes that the blended benchmark is more appropriate in light of the current investment strategy.

The Markit iBoxx Asian Local Bond Index (ALBI) tracks the total return performance of a bond portfolio consisting of local-currency denominated, high quality and liquid bonds in Asia ex-Japan. The Markit iBoxx Asian Local Bond Index includes bonds from the following countries: China (on- and offshore markets), Hong Kong, India, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan and Thailand. Index is for comparative purposes only, it is not possible to invest directly in an index. Source: Brown Brothers Harriman (Luxembourg) S.C.A., Index data from HSBC, iBoxx (Markit).

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Overall Morningstar Ratings are reflective of the USD Accumulation Share class.

Fund ratings represent an opinion only and are not a recommendation to buy or sell any fund.

# Asia Total Return Bond Fund

30 September 2020

## TOP TEN POSITIONS<sup>3</sup>

	Sector	Currency	% of Net Assets
Network i2i, Ltd., 5.650%, 04/15/2068	Communication Services	USD	5.8%
Viet Nam Debt & Asset Trading Corp., 1.000%, 10/10/2025	Financials	USD	4.9%
Wanda Properties Int'l Co., Ltd., 7.250%, 01/29/2024	Real Estate	USD	4.6%
PB Int'l BV, 7.625%, 01/26/2022	Consumer Discretionary	USD	4.4%
Luye Pharma Group, Ltd., Cnv., 1.500%, 07/09/2024	Health Care	USD	4.4%
Bosideng Int'l Holdings, Ltd., Cnv., 1.000%, 12/17/2024	Consumer Discretionary	USD	4.2%
King Talent Management, Ltd., 5.600%, 06/04/2068	Financials	USD	3.9%
CIFI Holdings Group Co., Ltd., 6.700%, 04/23/2022	Real Estate	CNY	3.9%
KWG Group Holdings, Ltd., 5.875%, 11/10/2024	Real Estate	USD	3.7%
Indonesia Government Bond, 7.000%, 05/15/2027	Foreign Govt Bonds	IDR	3.6%
<b>% OF ASSETS IN TOP TEN</b>			<b>43.4%</b>

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

## COUNTRY ALLOCATION (%)<sup>4,5</sup>

By Issuer's country of risk	
China/Hong Kong	45.6
Indonesia	13.4
India	12.1
Philippines	7.7
Malaysia	6.7
Thailand	5.0
Vietnam	4.9
Switzerland	3.3
Cash and Other Assets, Less Liabilities	1.2

Source: FactSet Research Systems

## CURRENCY (%)<sup>4,5</sup>

	Weight	Contribution to Duration <sup>†</sup>
U.S. Dollar	50.8	2.0
China Renminbi	10.3	0.3
South Korean Won	8.9	0.0
Singapore Dollar	7.6	0.0
Malaysian Ringgit	7.1	0.7
Philippines Peso	5.8	0.1
Thai Baht	5.2	0.7
Indonesian Rupiah	4.3	0.4

<sup>†</sup>Fixed income portion of the portfolio. Contribution to Duration is defined as the market value of the security in the portfolio multiplied by the security's duration.

Source: FactSet Research Systems

## QUALITY DISTRIBUTION (%)<sup>6</sup>

Rating	
A-	6.7
BBB+	5.0
BBB	12.1
BBB-	3.3
BB+	1.5
BB	14.6
BB-	16.9
B+	10.5
B	1.1
B-	4.4
Not Rated	22.7
Cash and Other Assets, Less Liabilities	1.2

Source: FactSet Research Systems, Moody's, S&P and Fitch

## ASSET TYPE BREAKDOWN (%)<sup>4,5</sup>

Corporate Bonds	58.2
Government Bonds	28.7
Convertible Bonds	11.8
Cash and Other Assets, Less Liabilities	1.2

Source: FactSet Research Systems

## SECTOR ALLOCATION (%)<sup>4,5</sup>

Real Estate	24.6
Foreign Government Bonds*	23.8
Financials	16.1
Consumer Discretionary	12.0
Communication Services	7.3
Materials	6.4
Health Care	4.4
Energy	3.7
Industrials	0.6
Cash and Other Assets, Less Liabilities	1.2

\*Foreign Government Bonds includes supranationals. Sector data (excluding Government Bonds) based on MSCI's revised Global Industry Classification Standards. For more details, visit [www.msci.com](http://www.msci.com).

Source: FactSet Research Systems

## IMPORTANT INFORMATION

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. It is authorised by the Commission de Surveillance du Secteur Financier (CSSF) as a UCITS and is only registered for public offer and sale in Finland, France, Germany, Italy, Luxembourg, Spain, Sweden and the United Kingdom. Not all share classes are registered in each jurisdiction. For investors in Singapore, the Matthews Asia Funds (the "Funds") are not authorised or recognised by the Monetary Authority of Singapore, and Shares of the Funds are not allowed to be offered to the retail public. Shares in the Funds may only be offered to (i) to an accredited investor or other relevant person, or (ii) to an institutional investor.

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Please contact Matthews Global Investors (Hong Kong) Limited at (852)-3901-0880 directly for more information relating to the fund.

3 Holdings may combine more than one security from the same issuer and related depositary receipts.

4 Percentage values in data are rounded to the nearest tenth of one percent; the values may not sum to 100% due to rounding. Percentage values may be derived from different data sources and may not be consistent with other Fund literature.

5 Cash and Other Assets may include the mark-to-market value of forward currency exchange contracts and certain derivative instruments.

6 Credit quality is provided for the underlying bond holdings of the Fund and does not include common equities, cash and other assets and percentage values will not total 100%. Credit quality rating symbols reflect that of S&P and generally credit ratings range from AAA (highest) to D (lowest). When ratings from Moody's, S&P and Fitch are available for a bond in the Fund, the middle rating of the three is used. When two ratings are available, the lowest rating is used. When only one rating is provided, that one is used. Foreign government bonds without a specific rating are assigned the country rating provided by one of the three agencies. Securities that are not rated by any one of the three agencies are reflected as such.