



Matthews Asia

**RATINGS**

Overall Morningstar Rating™ ★★★

**FUND FACTS (USD)**

Total Fund Assets	\$10.7 million
Total # of Positions	25
Modified Duration <sup>1</sup>	2.5
Yield <sup>2</sup>	7.30%
Benchmark	Markit iBoxx Asian Local Bond Index
Management Fee	0.65%
Minimum Initial Investment	\$1,000,000/£500,000
Minimum Subsequent Investment	\$250,000/£125,000
Fund Domicile	Luxembourg
Available Share Classes	A, I
Base Currency	USD
Net Asset Value	
I Acc (USD)	\$10.81
I Dist (USD)	\$8.60

**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 bottomup, fundamental investment philosophy with a focus on long-term investment performance. As of 31 October 2018, Matthews Asia had US\$29.1 billion in assets under management.

# Asia Strategic Income Fund

Class I Shares

Matthews Asia Funds

31 October 2018

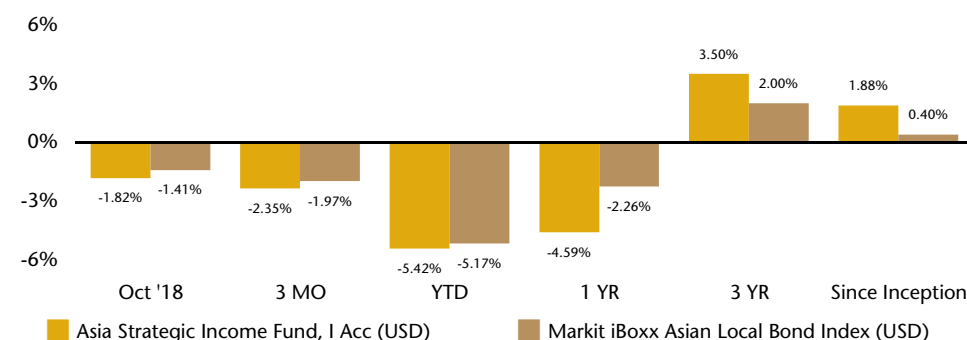
*Investment Objective*

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 31 October 2018<sup>†</sup>*



Asia Strategic Income Fund	Oct '18	3 MO	YTD	1 YR	3 YR	5 YR	Since Inception	Inception
I Acc (USD)	-1.82%	-2.35%	-5.42%	-4.59%	3.50%	n.a.	1.88%	29 Aug 2014
I Dist (USD)	-1.94%	-2.40%	-5.53%	-4.61%	3.47%	n.a.	1.86%	29 Aug 2014
Markit iBoxx Asian Local Bond Index (USD)	-1.41%	-1.97%	-5.17%	-2.26%	2.00%	n.a.	0.40%	n.a.

*Annual Returns (For the 12 month period ended 30 September)*

Asia Strategic Income Fund	2018	2017	2016	2015	2014
I Acc (USD)	-2.31%	5.43%	13.36%	-3.38%	n.a.
I Dist (USD)	-2.21%	5.33%	13.45%	-3.43%	n.a.
Markit iBoxx Asian Local Bond Index (USD)	-0.95%	-0.11%	12.64%	-5.59%	n.a.

<sup>†</sup> 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. For detailed modified duration exposures by currency, please see the next page.

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.

The Markit iBoxx Asian Local Bond Index 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: Korea, Hong Kong, India, Singapore, Taiwan, Malaysia, Thailand, Philippines, Indonesia and China. 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 iBoxx (Markit).

Copyright © 2018 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is provided for reference purposes only. Past performance is no guarantee of future results.

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 Strategic Income Fund

31 October 2018

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

	Sector	Currency	% of Net Assets
CP Foods Holdings, Ltd., Cnv., 0.500%, 09/22/2021	Consumer Staples	USD	5.8%
National Savings Bank, 5.150%, 09/10/2019	Financials	USD	5.6%
Debt and Asset Trading Corp., 1.000%, 10/10/2025	Financials	USD	5.2%
West China Cement, Ltd., 6.500%, 09/11/2019	Materials	USD	4.7%
Standard Chartered PLC, 6.500%, 12/29/2049	Financials	USD	4.6%
Ctrip.com Int'l, Ltd., Cnv., 1.250%, 09/15/2022	Consumer Discretionary	USD	4.5%
Chinalco Capital Holdings, Ltd., 4.000%, 08/25/2021	Materials	USD	4.5%
Wanda Properties Int'l Co., Ltd., 7.250%, 01/29/2024	Real Estate	USD	4.3%
KWG Group Holdings, Ltd., 6.000%, 09/15/2022	Real Estate	USD	4.0%
Franshion Brilliant, Ltd., 5.200%, 03/08/2021	Real Estate	CNY	4.0%
<b>% OF ASSETS IN TOP TEN</b>			<b>47.2%</b>

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

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

By Issuer's country of risk

China/Hong Kong	51.1
Indonesia	8.9
Thailand	8.6
Vietnam	8.0
Sri Lanka	5.6
Japan	2.9
South Korea	2.6
Singapore	1.8
Cash and Other Assets, Less Liabilities	10.5

Source: FactSet Research Systems

## CURRENCY (%)<sup>1,4,5</sup>

	Weight	Modified Duration <sup>1</sup>
US Dollar	74.1	2.5
China Renminbi	6.6	1.8
Hong Kong Dollar	3.3	2.5
Vietnam Dong	2.9	2.9
Korean Won	2.6	4.9
Cash and Other Assets, Less Liabilities	10.5	0.0

<sup>1</sup>Fixed income portion of the portfolio

Source: FactSet Research Systems

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

Rating	
AA-	2.6
A-	2.6
BBB-	4.0
BB+	4.6
BB	3.3
BB-	11.9
B+	14.8
B	11.1
B-	1.8
Not Rated	32.6

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

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

Real Estate	29.5
Financials	18.2
Consumer Staples	11.2
Consumer Discretionary	10.5
Materials	9.2
Foreign Government Bonds*	5.5
Communication Services	2.9
Industrials	2.6
Cash and Other Assets, Less Liabilities	10.5

\*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

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

Corporate Bonds	55.1
Convertible Bonds	23.7
Government Bonds	10.7
Cash and Other Assets, Less Liabilities	10.5

Source: FactSet Research Systems

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

## 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, 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. **NOT FOR SALE IN THE U.S. OR TO U.S. PERSONS.**

Matthews Asia is the brand for Matthews International Capital Management, LLC and its direct and indirect subsidiaries.

Warning: The Fund mentioned in this document is not authorized by the Securities and Futures Commission of Hong Kong (the "SFC") and the contents of this document has not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This document must not be issued, or possessed for the purpose of issue, to persons in Hong Kong, other than professional investors as defined by applicable law or in circumstances which do not constitute an offer to the public.

Investors should consider the Fund's investment objectives, risks, charges, and expenses carefully before investing. The prospectus, Key Investor Information Document or other offering documents ("Offering Documents") contain this and other information about the Fund. To obtain the Offering Documents, please contact the entities listed below. Please read the Offering Documents carefully before investing. Fees and expenses vary among Funds and share classes.

This material does not constitute or contain an offer, solicitation, recommendation or investment advice with respect to the purchase of the Funds described herein or any security. Prospective investors should carefully review the information contained in the Offering Documents and consult their professional legal, tax and financial advisers as to the suitability of any investment in light of their particular circumstances and applicable citizenship, residence or domicile, including any tax or foreign exchange control restrictions. The Fund's shares may not be sold to citizens or residents of the United States or in any other state, country or jurisdiction where it would be unlawful to offer, solicit an offer for, or sell the shares. No securities commission or regulatory authority has in any way passed upon the merits of an investment in the Fund or the accuracy or adequacy of this information or the material contained herein or otherwise. Neither this factsheet nor the Offering Documents have been approved in any jurisdiction where the Fund has not been registered for public offer and sale. This information is not, and under no circumstances is to be construed as the Offering Documents, a public offering or an offering memorandum as defined under applicable securities legislation. Application for shares may only be made by way of the Fund's most recent Offering Documents.

The information contained herein has been derived from sources believed to be reliable and accurate at the time of compilation, but no representation or warranty (express or implied) is made as to the accuracy or completeness of any of this information. Matthews Asia and its affiliates do not accept any liability for losses either direct or consequential caused by the use of this information.

Portfolio characteristics for the Fund may vary from time to time from what is shown. It should not be assumed that any investment in the securities listed was or will be profitable.

Matthews International Capital Management, LLC is the Investment Manager to the Matthews Asia Funds, and is a U.S.-based investment adviser registered with the U.S. Securities and Exchange Commission who has not represented and will not represent that it is otherwise registered with any other regulator or regulatory body.

In Singapore, this document is available to, and intended for Institutional Investors under Section 304 of the Securities and Futures Act. It should not be circulated or distributed to the retail public in Singapore. Issued in Singapore by Matthews Global Investors (Singapore) Pte. Ltd. (Co. Reg. No. 201807631D).

In the UK, this document is only made available to professional clients and eligible counterparties as defined by the Financial Conduct Authority ("FCA"). Under no circumstances should this document be forwarded to anyone in the UK who is not a professional client or eligible counterparty as defined by the FCA. Issued in the UK by Matthews Global Investors (UK) Limited, which is authorised and regulated by the FCA, FRN 667893.

In Hong Kong, this document is issued by Matthews Global Investors (Hong Kong) Limited and has not been reviewed by the SFC.

## CONTACT INFORMATION

Matthews International Capital Management, LLC  
4 Embarcadero Center, Suite 550  
San Francisco, CA 94111 USA  
Phone: +1 (415) 954-4510

Matthews Global Investors (U.K.) Limited  
12 Mason's Avenue  
London  
EC2V 5BT  
Phone: +44 20 3728 2660

Email: [globalfunds@matthewsasia.com](mailto:globalfunds@matthewsasia.com)  
Web: [global.matthewsasia.com](http://global.matthewsasia.com)

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