

Matthews Asia Funds

Asia Credit Opportunities Fund

30 September 2018



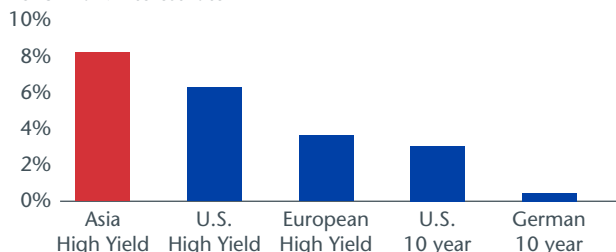
Matthews Asia

Why Invest in the Matthews Asia Credit Opportunities Fund?

1. Attractive Source of Income

U.S. dollar-denominated Asia high yield debt has compared favorably to other bond markets.

Benchmark interest rate



Asia High Yield (BofA Merrill Lynch Asian Dollar High Yield Index), U.S. High Yield (BofA Merrill Lynch US High Yield Index), European High Yield (BofA Merrill Lynch European Currency High Yield Index), U.S. 10 year (U.S. 10 Year Treasury Note), German 10 Year (German 10 Year Government Bond)

Sources: Bloomberg; Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofAML"), used with permission, see Disclosures for full disclaimer.
Data as of 30/9/18

2. Diversification Benefits

U.S. dollar-denominated Asia high yield can provide diversification benefits through lower correlations with developed bond and equity markets.

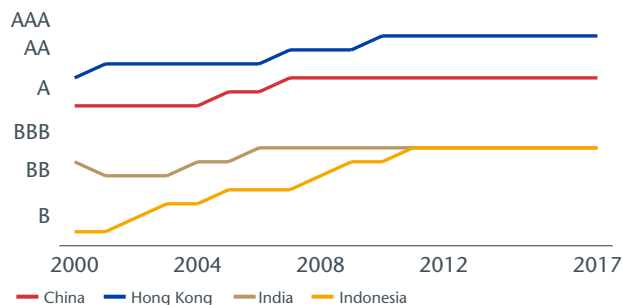
	U.S. Bond	Euro Bond	Global Bond	U.S. Equity	Europe Equity	EM Bond	Asia USD Credit	Euro High Yield	U.S. High Yield	Asia USD High Yield	U.S. High Yield Credit
U.S. Bond	1.00										
Euro Bond	0.69	1.00									
Global Bond	0.72	0.48	1.00								
U.S. Equity	-0.08	-0.11	0.14	1.00							
Europe Equity	-0.16	-0.11	-0.09	0.83	1.00						
EM Bond	0.49	0.27	0.49	0.50	0.46	1.00					
Asia USD Credit	0.64	0.42	0.56	0.36	0.28	0.78	1.00				
Euro High Yield	0.03	0.07	0.12	0.59	0.62	0.51	0.49	1.00			
U.S. High Yield	0.19	0.05	0.29	0.64	0.59	0.66	0.62	0.85	1.00		
Asia USD High Yield	0.39	0.21	0.40	0.51	0.43	0.77	0.90	0.59	0.70	1.00	
U.S. Credit	0.84	0.59	0.68	0.20	0.14	0.66	0.80	0.41	0.56	0.62	1.00

Correlations shown based on monthly-returns for the period 31/12/99 to 31/12/17. Past performance is no guarantee of future results. Diversification does not ensure a profit or protect one against a loss. It is not possible to invest directly in an index. Returns calculated in USD, except Euro Bond, Europe Equity and Euro HY, which are calculated in euro.

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3. Stronger Country Fundamentals and Creditworthiness

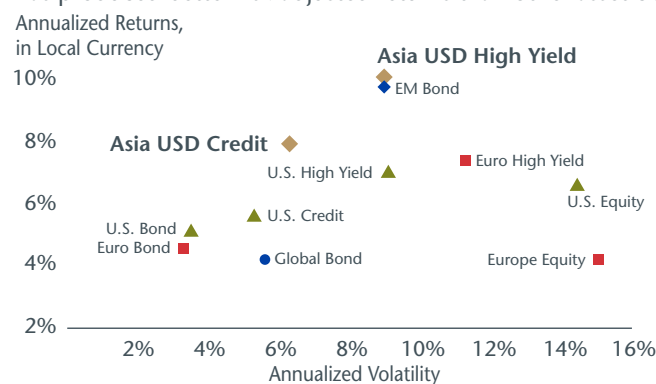
Structural reforms have led to sovereign rating upgrades and strong credit fundamentals across Asia.



Source: Fitch Ratings, Bloomberg, Data as of 31/12/17

4. Attractive Risk-Adjusted Returns

Asian credit, particularly U.S. dollar-denominated Asia high yield, has produced better risk-adjusted returns than other asset classes.



Past performance is no guarantee of future results. Volatility is the standard deviation of returns. Sources: Bloomberg; Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofAML"), used with permission, see Disclosures for full disclaimer. Data period 31 December 1999 to 31 December 2017

Annual returns for the 12 month period ended 30 September	2018	2017	2016	2015	2014
U.S. Bond (Barclays U.S. Aggregate Bond Index)	1.22%	0.07%	5.19%	2.94%	3.96%
Euro Bond (Barclays Euro Aggregate Bond Index)	1.49%	-2.29%	6.45%	2.67%	9.82%
Global Bond (Barclays Global Aggregate Bond Index)	-1.32%	-1.26%	8.87%	-3.26%	1.19%
U.S. Equity (S&P 500 Index)	17.91%	18.61%	15.43%	-0.61%	19.73%
Europe Equity (MSCI Europe Index)	1.47%	16.26%	1.80%	2.61%	22.74%
EM Bond (JP Morgan Emerging Markets Bond Index Global)	-2.94%	4.15%	16.82%	-1.96%	8.28%
Asia USD Credit (J.P. Morgan Asia Credit Index-JACI)	-1.01%	2.17%	10.55%	2.84%	8.55%
Euro High Yield (Barclays Pan-European High Yield Index)	0.75%	7.91%	5.78%	2.36%	10.21%
U.S. High Yield (BofA Merrill Lynch High Yield Master II Index)	2.94%	9.06%	12.82%	-3.60%	7.21%
Asia USD High Yield (high yield portion of J.P. Morgan Asia Credit Index)	-1.39%	5.89%	14.37%	1.65%	10.30%
U.S. Credit (BofA Merrill Lynch U.S. Corporate Master Index)	-1.10%	2.26%	7.09%	1.33%	7.07%

All performance quoted represents past performance and is no guarantee of future results. Indexes are unmanaged and it is not possible to invest directly in an index.

Sources: Bloomberg; Merrill Lynch, Pierce, Fenner & Smith Incorporated ("BofAML"), used with permission, see Disclosures for full disclaimer. Data as of 30/9/18.

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 CREDIT OPPORTUNITIES FUND

Strategy Highlights

- ❁ **Long-Term, Total Return Approach**
Seeks to generate an attractive total return over the long term.
- ❁ **Focus on U.S Dollar-Denominated High Yield Bonds**
Dedicated credit portfolio that invests predominantly in U.S. dollar-denominated Asia high yield credit.
- ❁ **Bottom-up Investors**
The fixed income team engages in fundamental, bottom-up credit analysis and works closely to evaluate ideas with equity team colleagues on the broader investment team.
- ❁ **Highly Experienced Team**
Teresa Kong, CFA, and Satya Patel are Co-Lead Managers of the Fund. They have over 30 years of combined industry experience.

Why Invest with Matthews Asia?

- ❁ **Specialist Firm Focused Solely on Investing in Asia**
Independent and privately owned, Matthews Asia has a 45+ 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.
- ❁ **Dedicated Risk Management**
Dedicated team who contributes to portfolio strategy and monitoring of risk exposures.
- ❁ **Research-driven, Bottom-up Approach**
Our disciplined process is anchored in an active, bottom-up investment approach. Our dedicated investment team holds over 2,500 company meetings per year.

FUND FACTS (USD)	Total Fund Assets	\$19.7 million	Inception	30 September 2015	Benchmark	J.P. Morgan Asia Credit Index
Class I (DIST) Shares	Total # of Positions	30	ISIN	LU1275263116 (USD) LU1275263389 (GBP)		

Important Information

For Institutional/Professional Investors Only

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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An investment in the Matthews Asia Funds is not available in all jurisdictions. 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.

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Index is for comparative purposes only and it is not possible to invest directly in an index.

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