

Matthews Asia Funds

Asia Small Companies Fund

31 March 2018



Matthews Asia



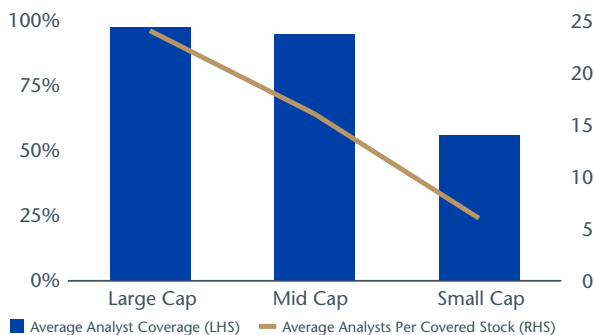
Overall Morningstar Rating™ (31/3/18)*



Square Mile Academy of Funds Rating as of May 2016

Why Invest in the Matthews Asia Small Companies Fund?

1. Small Caps are Under-Researched—Active Management Can Add Value

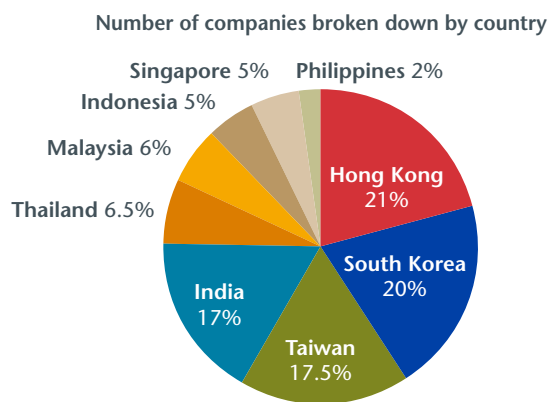


Note: Broker coverage by market cap, Asia ex Japan. Mid cap is defined as US\$3 bn to US\$5 bn. Small cap is defined as US\$3 bn or less.

Source: Bloomberg, data as of 31 March 2018

2. Tapping an Expanding Small-Cap Universe

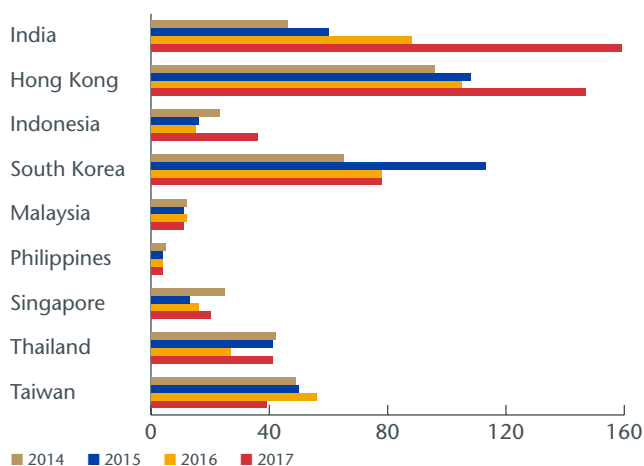
Today, Asia can boast a growing universe of over 5,000 small-cap stocks



Source: Bloomberg, data as of 31 December 2017

3. IPOs Feed Asia's Growing Small-cap Universe

IPOs from companies with US\$3 billion market cap or less



Source: Bloomberg, data as of 31 December 2017

4. Return on Equity, Growth Approach

A focus on companies with higher return on equity and higher earnings growth than the benchmark index.*



■ Matthews Asia Small Companies Fund ■ MSCI All Country Asia ex Japan Small Cap Index
Past performance is no guarantee of future results.

Source: FactSet Research Systems

Data as of 31 March 2018

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. 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. The Fund invests primarily in equity securities, which may result in increased volatility. The Fund invests in smaller companies, which are more volatile and less liquid than larger companies. These and other risks associated with investing in the Fund can be found in the Prospectus.

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

MATTHEWS ASIA SMALL COMPANIES FUND

Strategy Highlights

- ✿ **Small companies in Asia may lack access to capital and, thus, must be more:**
 - competitive
 - innovative
 - capital-efficient than their larger peers to survive and thrive
- ✿ **Inefficiencies for Asia small caps include:**
 - lack of analyst coverage
 - short-term market focus
 - perception of inferior quality/higher risks
- ✿ **Taking Advantage of Shifting Consumption Trends**
 - We seek innovative yet capital-efficient companies with strong brands and unique offerings that cater to Asia's growing middle class
 - We focus on corporate governance; hold long-term growth projections; conduct extensive checks of factories/stores/supply chain channels; and hold over 100 annual management team meetings throughout the region
- ✿ **Highly Experienced Team***
 - Lydia So, CFA, is Lead Manager and Tiffany Hsaio, CFA, and Beini Zhou, CFA, are Co-Managers of the Fund, with more than four decades of combined investment experience.

*As of 30 April 2018

Why Matthews Asia?

- ✿ **25 years of Experience Investing in Asian Equity Markets**
We have invested in Asian equity markets, including small caps, since 1991 through multi-year market cycles.
- ✿ **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. 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.

FUND FACTS (USD)	Total Fund Assets	\$15.6 million	Inception	30 April 2013	Benchmark	MSCI All Country Asia
Class I (ACC) Shares	Total # of Positions	77	ISIN	LU0871674296 (USD) LU0871674379 (GBP)		ex Japan Small Cap Index

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.

Investment involves risk. Past performance is no guarantee of future results. The value of an investment in the Fund can go down as well as up. This document is not a Prospectus/Offering Document and does not constitute an offer to the public. No public offering or advertising of investment services or securities is intended to have taken effect through the provision of these materials. This is not intended for distribution or use in any jurisdiction in which such distribution, publication, issue or use is not lawful. Investors should not invest in a Fund solely based on the information in this document. An investment in Matthews Asia Funds may be subject to risks, such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. The current prospectus, Key Investor Information Document or other offering documents ("Offering Documents") contain this and other information and can be obtained by visiting global.matthewsasia.com. Please read the Offering Documents carefully before investing as they explain the risks associated with investing in international and emerging markets. It is the responsibility of any persons wishing to subscribe for shares to inform themselves of and to observe all applicable laws and regulations of any relevant jurisdictions. Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of shares, and any foreign exchange restrictions that may be relevant thereto.

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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Square Mile Academy of Funds rating as of May 2016.

For Fund ratings reports and additional details on Fund ratings definitions, please go to global.matthewsasia.com.

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

Indexes are unmanaged and for comparative purposes only. It is not possible to invest directly in an index.

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