

ASIA GROWTH AND INCOME STRATEGIES



Matthews China Dividend Fund

March 31, 2018

Investment Objective

Total return with an emphasis on providing current income.

Strategy

Under normal market conditions, the Matthews China Dividend Fund seeks to achieve its investment objective by investing at least 80% of its total net assets, which include borrowings for investment purposes, in income-paying equity securities of companies located in China. China includes its administrative and other districts, such as Hong Kong. The Fund may also invest in convertible debt and equity securities. The Fund seeks to provide a level of current income that is higher than the yield generally available in Chinese equity markets over the long term.

Risks

All investments involve risks, including possible loss of principal. Investing in international and emerging markets may involve additional risks, such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. In addition, single-country and sector funds may be subject to a higher degree of market risk than diversified funds because of concentration in a specific industry, sector or geographic region. There is no guarantee that the Fund or the companies in its portfolio will pay or continue to pay dividends.

FUND FACTS

	Investor Class	Institutional Class
Ticker	MCDFX	MICDX
CUSIP	577125305	577130735
Inception	11/30/09	10/29/10
NAV	\$17.95	\$17.96
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	1.22%	1.06%

Portfolio Statistics

Total # of Positions	52
Net Assets	\$333.1 million
Weighted Average Market Cap	\$64.7 billion
Portfolio Turnover	69.14% ²

Benchmark

MSCI China Index³

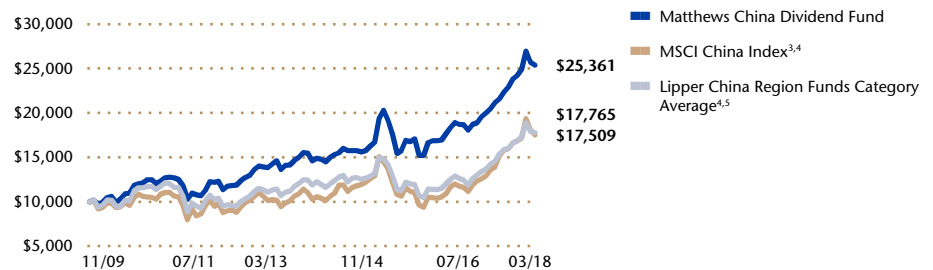
INVESTMENT APPROACH

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 is the largest dedicated Asia-only investment specialist in the United States. With \$35.1 billion in assets under management as of March 31, 2018 Matthews Asia employs a bottom-up, fundamental investment philosophy with a focus on long-term investment performance.

PERFORMANCE AS OF MARCH 31, 2018

	3 Months	YTD	1 Year	Average Annual Total Returns			Since Inception	Since Inception
				3 Years	5 Years	10 Years		
Investor Class	1.93%	1.93%	29.59%	14.94%	12.86%	n.a.	11.82%	11/30/09
Institutional Class	1.99%	1.99%	29.75%	15.14%	13.06%	n.a.	10.81%	10/29/10
MSCI China Index	1.82%	1.82%	39.15%	10.72%	11.59%	n.a.	6.95% ⁴	n.a.

GROWTH OF A \$10,000 INVESTMENT SINCE INCEPTION — INVESTOR



The performance data and graph do not reflect the deduction of taxes that a shareholder would pay on dividends, capital gain distributions or redemption of fund shares. Values are in US\$. Source: BNY Mellon Investment Servicing (US) Inc.

- Matthews Asia Funds does not currently charge 12b-1 fees.
- The lesser of fiscal year 2017 long-term purchase costs or sales proceeds divided by the average monthly market value of long-term securities.
- 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. Index is for comparative purposes only and it is not possible to invest directly in an index.
- Calculated from 11/30/09.
- The Lipper Category Average does not reflect sales charges and is based on total return, including reinvestment of dividends and capital gains for the stated period.

Performance assumes reinvestment of all dividends and/or distributions before taxes. 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 their original cost. Current performance may be lower or higher than the return figures quoted. Returns would have been lower if certain of the Fund's fees and expenses had not been waived. For the Fund's most recent month-end performance visit matthewsasias.com.

Matthews China Dividend Fund

March 31, 2018

TOP TEN HOLDINGS ⁶		
	Sector	% of Net Assets
Tencent Holdings, Ltd.	Information Technology	5.7%
Altaba, Inc.	Information Technology	3.9%
Ping An Insurance Group Co. of China, Ltd.	Financials	3.7%
China Petroleum & Chemical Corp.	Energy	3.5%
Postal Savings Bank of China Co., Ltd.	Financials	3.2%
Guangdong Provincial Expressway Development Co., Ltd.	Industrials	2.9%
WH Group, Ltd.	Consumer Staples	2.9%
Bank of China, Ltd.	Financials	2.9%
China Maple Leaf Educational Systems, Ltd.	Consumer Discretionary	2.6%
HKBN, Ltd.	Telecom Services	2.5%
% OF ASSETS IN TOP TEN		33.8%

SECTOR ALLOCATION (%) ⁷			
	Fund	Benchmark	Difference
Financials	19.2	23.0	-3.8
Information Technology	15.8	40.8	-25.0
Consumer Discretionary	14.5	9.1	5.4
Industrials	11.0	3.9	7.1
Consumer Staples	8.9	2.2	6.7
Telecom Services	6.6	4.3	2.3
Energy	6.0	4.8	1.2
Real Estate	5.5	5.3	0.2
Health Care	4.9	2.7	2.2
Materials	2.9	1.5	1.4
Utilities	2.4	2.3	0.1
Cash and Other Assets, Less Liabilities	2.4	0.0	2.4

Sector data based on MSCI's revised Global Industry Classification Standards. For more details, visit www.msci.com.
Source: FactSet Research Systems

ASSET TYPE BREAKDOWN (%) ⁷		
Common Equities and ADRs		97.5
Cash and Other Assets, Less Liabilities		2.4

Source: FactSet Research Systems

MARKET CAP EXPOSURE (%) ^{7,8}			
	Fund	Benchmark	Difference
Mega Cap (over \$25B)	34.2	72.7	-38.5
Large Cap (\$10B-\$25B)	11.1	17.2	-6.1
Mid Cap (\$3B-\$10B)	13.5	9.7	3.8
Small Cap (under \$3B)	38.8	0.5	38.3
Cash and Other Assets, Less Liabilities	2.4	0.0	2.4

Source: FactSet Research Systems

P/E RATIOS ⁹	
P/E Using FY1 Estimates	12.3x
P/E Using FY2 Estimates	10.6x

Source: FactSet Research Systems (P/E est. as of 03/31/18)

CHINA EXPOSURE (%) ^{7,10}	
SAR (Hong Kong)	34.3
H Shares	22.3
Overseas Limited Companies (OL)	13.6
China-affiliated corporations (CAC)	10.1
B Shares	9.7
A Shares	7.5
Cash and Other Assets, Less Liabilities	2.4

Source: FactSet Research Systems

⁶ Holdings may combine more than one security from the same issuer and related depositary receipts.

⁷ 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.

⁸ Equity market cap of issuer.

⁹ The P/E figures represent the Weighted Harmonic Average P/E—which measures the price/earnings ratio of the Fund's entire portfolio, excluding negative earners—weighted by the size of the company's position within the portfolio. P/E estimates are forward looking. There is no guarantee that portfolio composition will remain unchanged or P/E estimates will be realized.

¹⁰ SAR (Hong Kong) companies are companies that conduct business in Hong Kong and/or mainland China. **China affiliated Corporations [CAC]**, also known as "Red Chips," are mainland China companies with partial state ownership listed in Hong Kong, and incorporated in Hong Kong. **China A Shares** are Mainland Chinese companies incorporated in China and listed on the Shanghai or Shenzhen exchanges, available mostly to local Chinese investors and qualified institutional investors. **H Shares** are mainland Chinese companies listed on the Hong Kong exchange but incorporated in mainland China. **B Shares** are mainland Chinese companies listed on the Shanghai and Shenzhen stock exchanges, available to both Chinese and non-Chinese investors. **Overseas Listed [OL]** companies are companies that conduct business in mainland China but listed in overseas markets such as Japan, Singapore, Taiwan and the United States.

PORTFOLIO MANAGEMENT

Yu Zhang, CFA

Lead Manager

Sherwood Zhang, CFA

Co-Manager

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.

You should carefully consider the investment objectives, risks, charges and expenses of the Matthews Asia Funds before making an investment decision. A prospectus or summary prospectus with this and other information about the Funds may be obtained by visiting matthewsasia.com. Please read the prospectus carefully before investing as it explains the risks associated with investing in international and emerging markets.

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