

ASIA SMALL COMPANY STRATEGIES



FUND FACTS

	Investor Class	Institutional Class
Ticker	MCSMX	MICHX
CUSIP	577125404	577125842
Inception	05/31/11	11/30/17
NAV	\$12.66	\$12.65
Initial Investment	\$2,500	\$100,000
Gross Expense Ratio ¹	2.24%	2.19%
Net Expense Ratio ²	1.50%	1.25%

Portfolio Statistics

Total # of Positions	63
Net Assets	\$46.9 million
Weighted Average Market Cap	\$2.0 billion
Portfolio Turnover	67.22% ³

Benchmark

MSCI China Small Cap Index⁴

Redemption Fee

2% within first 90 calendar days of purchase

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.

Matthews China Small Companies Fund

March 31, 2018

Investment Objective

Long-term capital appreciation.

Strategy

Under normal market conditions, the Fund seeks to achieve its investment objective by investing at least 80% of its total assets, which include borrowings for investment purposes, in the common and preferred stocks of Small Companies located in China. China includes its administrative and other districts, such as Hong Kong. The Fund seeks to invest in smaller companies capable of sustainable growth based on the fundamental characteristics of those companies, including balance sheet information; number of employees; size and stability of cash flow; management's depth, adaptability and integrity; product lines; marketing strategies; corporate governance; and financial health.

Risks

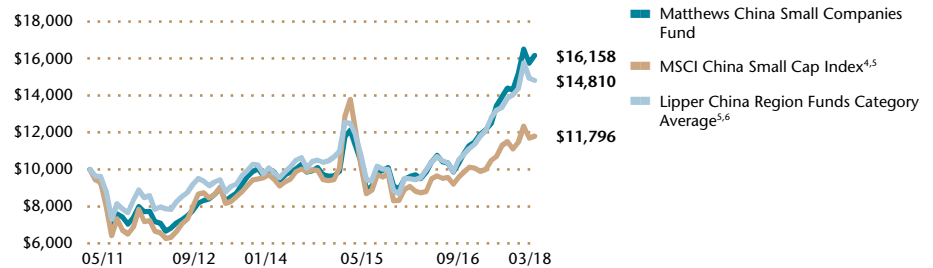
All investments involve risks, including possible loss of principal. Investing in international and emerging markets may involve additional risks, such as social and political instability, market illiquidity, exchange-rate fluctuations, a high level of volatility and limited regulation. In addition, 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.

PERFORMANCE AS OF MARCH 31, 2018

	Average Annual Total Returns							Since Inception	Since Inception
	3 Months	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception		
Investor Class	6.48%	6.48%	42.95%	17.76%	13.97%	n.a.	7.27%	05/31/11	
Institutional Class	6.57%	6.57%	43.11%	17.81%	14.00%	n.a.	7.29%	11/30/17	
MSCI China Small Cap Index	2.87%	2.87%	16.63%	5.38%	6.88%	n.a.	2.45% ⁵	n.a.	

Institutional Class Shares were first offered on November 30, 2017. Performance since that date was 13.17%. Performance for the Institutional Class shares prior to its inception is based on the performance of the Investor Class. Performance differences between the Institutional Class and Investor Class may arise due to differences in fees charged to each class.

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.
- After contractual fee waiver, expense reimbursement and/or recoupment effective through April 30, 2018.
- 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 Small Cap Index is a free float—adjusted market capitalization-weighted small cap index of the Chinese equity securities markets, including H shares listed on the Hong Kong Exchange, B shares listed on the Shanghai and Shenzhen exchanges, and Hong Kong-listed securities known as Red Chips (issued by entities owned by national or local governments in China) and P Chips (issued by companies controlled by individuals in China and deriving substantial revenues in China). Index is for comparative purposes only and it is not possible to invest directly in an index.
- Calculated from 5/31/11.
- 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 Small Companies Fund

March 31, 2018

TOP TEN HOLDINGS ⁷		
	Sector	% of Net Assets
Silergy Corp.	Information Technology	6.0%
TK Group Holdings, Ltd.	Industrials	4.5%
Sunny Friend Environmental Technology Co., Ltd.	Industrials	4.1%
SITC International Holdings Co., Ltd.	Industrials	3.8%
China Aviation Oil Singapore Corp., Ltd.	Energy	3.2%
Shanghai Haohai Biological Technology Co., Ltd.	Health Care	2.9%
Times Property Holdings, Ltd.	Real Estate	2.5%
Kingdee International Software Group Co., Ltd.	Information Technology	2.3%
China Resources Cement Holdings, Ltd.	Materials	2.1%
Dah Sing Banking Group, Ltd.	Financials	2.0%
% OF ASSETS IN TOP TEN		33.4%

SECTOR ALLOCATION (%) ⁸				MARKET CAP EXPOSURE (%) ^{8,9}			
	Fund	Benchmark	Difference		Fund	Benchmark	Difference
Information Technology	24.0	16.2	7.8	Mega Cap (over \$25B)	0.0	0.0	0.0
Industrials	20.2	14.7	5.5	Large Cap (\$10B-\$25B)	0.0	0.0	0.0
Health Care	15.1	10.3	4.8	Mid Cap (\$3B-\$10B)	17.8	20.1	-2.3
Consumer Discretionary	12.1	17.7	-5.6	Small Cap (under \$3B)	78.4	79.9	-1.5
Materials	8.6	7.6	1.0	Cash and Other Assets, Less Liabilities	3.8	0.0	3.8
Real Estate	6.9	18.2	-11.3	Source: FactSet Research Systems			
Energy	4.8	2.3	2.5	P/E RATIOS ¹⁰			
Consumer Staples	2.5	3.9	-1.4	P/E Using FY1 Estimates			13.1x
Financials	2.0	3.7	-1.7	P/E Using FY2 Estimates			10.7x
Utilities	0.0	5.3	-5.3	Source: FactSet Research Systems (P/E est. as of 03/31/18)			
Telecom Services	0.0	0.1	-0.1				
Cash and Other Assets, Less Liabilities	3.8	0.0	3.8				

CHINA EXPOSURE (%) ^{8,11}	
SAR (Hong Kong)	37.5
Overseas Limited Companies (OL)	35.1
China-affiliated corporations (CAC)	9.1
H Shares	7.0
A Shares	6.5
B Shares	1.0
Cash and Other Assets, Less Liabilities	3.8
Source: FactSet Research Systems	

⁷ Holdings may combine more than one security from the same issuer and related depositary receipts.

⁸ 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.

⁹ Equity market cap of issuer. The Fund defines Small Companies as companies with market capitalization generally between \$100 million and \$3 billion or the largest company included in the Fund's primary benchmark, the MSCI China Small Cap Index. The Portfolio's market cap exposure breakdown presented is used for comparison purposes and the definition of the capitalization breakdown is from MSCI.

¹⁰ 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.

¹¹ 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

Tiffany Hsiao, CFA
Lead Manager

Kenichi Amaki
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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